

**ANNUAL FINANCIAL REPORT
FAYETTE COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2007



ANNUAL FINANCIAL REPORT
FAYETTE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2007

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

FAYETTE COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Fayette County, Tennessee
For the Year Ended June 30, 2007

Scope

We have audited the basic financial statements of Fayette County as of and for the year ended June 30, 2007.

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 ten findings and recommendations, which we have reviewed with Fayette County management. Detailed findings, recommendations, and management's responses are included in the Single Audit Section of this report.

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The payment of principal and interest on a school bond anticipation note from the General Fund is of questionable legality.
 - ◆ General Fund expenditures exceeded appropriations approved by the County Commission at the major appropriation category level of control (the legal level of control). Also, the Adequate Facilities/Development Tax Fund (nonmajor special revenue fund) was not budgeted.
 - ◆ The Ambulance Service had deficiencies in accounts receivable.
 - ◆ Some payroll time records were not signed by supervisors as evidence of supervisory review and approval.
-

OFFICE OF PUBLIC WORKS SUPERINTENDENT

- ◆ The office did not file a Report of Debt Obligations with the state director of Local Finance for capital leases issued during the year.
 - ◆ The department did not properly maintain a system to account for the use of some road materials.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Central Cafeteria Fund total expenditures exceeded appropriations approved by the County Commission by \$2,952. General Purpose School Fund expenditures exceeded appropriations approved by the County Commission at the major appropriation category level of control (the legal level of control). Also, in numerous instances, salaries exceeded line-item appropriations approved by the County Commission in the General Purpose School, School Federal Projects, and Central Cafeteria Funds.
 - ◆ Competitive bids were not solicited for the purchase of security cameras.
-

OFFICE OF CIRCUIT COURT CLERK

- ◆ The office did not implement adequate controls to protect its information resources.
-

OTHER FINDING

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

INTRODUCTORY SECTION

Fayette County Officials

June 30, 2007

Officials

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

Board of County Commissioners

Rhea Taylor, Chairman
Ronnie Harris, Chairman Pro Tempore
Ed Allen
Joann Allen
Steve Anderson
Charles Brewer, Sr.
Joe Burnette, Jr.
Larry Cook
Odis Cox
Sissy Dowdle

John Dowdy
Ron Gant
Willie German, Jr.
Tom Karcher
Bill Kelley
David Lillard, Sr.
Sylvester Logan
George McCloud
Claude Oglesby, Jr.
Myles Wilson

Board of Education

Rickey Hoskins, Chairman
Nadalyn Shelton, Chairman Pro Tempore
David Barnes
Patricia Burnette

Dorothy Lewis
Bob Morris
Greg Phelps
Robert Redditt
Marandy Wilkerson

Budget Committee

Ronnie Harris, Chairman
Joe Burnett, Jr.
Sissy Dowdle
John Dowdy
Willie German, Jr.
Claude Oglesby, Jr.
Myles Wilson

Board of Public Works

Hank Franck, Chairman
Buck Matthews
Robert McQueen
Robert Turpen
Russell Wicker

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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INDEPENDENT AUDITOR'S REPORT

October 23, 2007

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, 2007, 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 financial statements referred to above do not include amounts for 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 financial position of the aggregate discretely presented component units of Fayette County, Tennessee, as of June 30, 2007, and the results of operations of the aggregate discretely presented component units for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Fayette County, Tennessee, as of June 30, 2007, 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 October 23, 2007, 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.

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 and pension information on pages 55 through 61 are not required parts of the basic financial statements but they do provide 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), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements,

budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Fayette County School Department (a discretely presented component unit), and 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/rc

BASIC FINANCIAL STATEMENTS

Exhibit A

Fayette County, Tennessee
Statement of Net Assets
June 30, 2007

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Fayette County School Department</u>
<u>ASSETS</u>		
Cash	\$ 59,841	\$ 0
Equity in Pooled Cash and Investments	11,580,274	878,900
Investments	612,288	0
Accounts Receivable	98,752	6,690
Due from Other Governments	722,672	1,306,594
Property Taxes Receivable	5,715,217	4,647,932
Allowance for Uncollectible Property Taxes	(250,696)	(203,880)
Accrued Interest Receivable	237,208	0
Deferred Charges - Debt Issuance Costs	201,221	0
Capital Assets:		
Assets Not Depreciated:		
Land	1,576,618	359,607
Construction in Progress	12,991,725	0
Assets Net of Accumulated Depreciation:		
Land Improvements	0	1,978
Buildings and Improvements	1,825,490	13,922,868
Infrastructure	23,572,772	39,359
Other Capital Assets	2,388,525	1,161,043
Total Assets	<u>\$ 61,331,907</u>	<u>\$ 22,121,091</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 133,244
Accrued Payroll	0	194,941
Payroll Deductions Payable	0	336,644
Contracts Payable	462,685	6,500
Accrued Interest Payable	382,679	16,692
Deferred Revenue - Current Property Taxes	5,228,127	4,251,803
Noncurrent Liabilities:		
Due Within One Year	1,286,028	270,773
Due in More Than One Year (net of unamortized discounts on debt)	24,979,072	543,204
Total Liabilities	<u>\$ 32,338,591</u>	<u>\$ 5,753,801</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	\$ 30,197,490	\$ 14,869,793
Restricted for:		
Capital Projects	0	7,618
Debt Service	4,300,671	0
Highway/Public Works	1,488,882	0
Adequate Facilities Development	1,022,221	0
Solid Waste/Sanitation	915,431	0
Drug Control	250,225	0
Computer Systems	99,175	0
Aging Programs	75,000	0
Jail Construction	367,600	0
Food Service	0	622,139
School Federal Projects	0	259,030
Other Purposes	104,958	22,922
Unrestricted	<u>(9,828,337)</u>	<u>585,788</u>
Total Net Assets	<u>\$ 28,993,316</u>	<u>\$ 16,367,290</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, 2007

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
					Governmental	Unit
					Total	Fayette
					Governmental	County
					Activities	School
						Department
Primary Government:						
Governmental Activities:						
General Government	\$ 1,208,811	\$ 707,842	\$ 16,380	\$ 241,600	\$ (242,989)	\$ 0
Finance	972,057	734,196	12,145	0	(225,716)	0
Administration of Justice	987,925	789,509	2,412	65,687	(130,317)	0
Public Safety	4,713,035	445,617	32,539	1,383,253	(2,851,626)	0
Public Health and Welfare	2,638,809	1,183,152	305,511	0	(1,150,146)	0
Social, Cultural, and Recreational Services	178,490	0	0	0	(178,490)	0
Agriculture and Natural Resources	171,057	0	0	0	(171,057)	0
Other Operations	755,918	9,581	106,566	0	(639,771)	0
Highways/Public Works	3,690,024	18,010	2,049,342	2,971,612	1,348,940	0
Interest on Long-term Debt	1,097,575	0	0	0	(1,097,575)	0
Other Debt Service	40,979	0	0	0	(40,979)	0
Total Primary Government	\$ 16,454,680	\$ 3,887,907	\$ 2,524,895	\$ 4,662,152	\$ (5,379,726)	\$ 0
Component Unit:						
Fayette County School Department	\$ 30,930,321	\$ 597,457	\$ 6,383,581	\$ 6,029	\$ 0	\$ (23,943,254)
Total Component Unit	\$ 30,930,321	\$ 597,457	\$ 6,383,581	\$ 6,029	\$ 0	\$ (23,943,254)

(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
					Governmental	Unit
				Total	Fayette	
				Governmental	School	
				Activities	Department	
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 5,341,901	\$ 5,162,129
Property Taxes Levied for Debt Service					1,023,319	0
Local Option Sales Tax					445,321	1,884,140
Other Local Taxes					2,949,880	4,655
Grants and Contributions Not Restricted to Specific Programs					824,182	15,757,447
Unrestricted Investment Earnings					655,569	0
Miscellaneous					284,348	61,213
Total General Revenues					<u>\$ 11,524,520</u>	<u>\$ 22,869,584</u>
Change in Net Assets					\$ 6,144,794	\$ (1,073,670)
Net Assets, July 1, 2006					22,786,440	17,440,960
Prior Period Adjustment					62,082	0
Net Assets, June 30, 2007					<u>\$ 28,993,316</u>	<u>\$ 16,367,290</u>

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

Exhibit C-1

Fayette County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2007

	Major Funds				Nonmajor	Total
	General	Highway/ Public Works	General Debt Service	General Capital Projects	Funds Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 276	\$ 59,565	\$ 59,841
Equity in Pooled Cash and Investments	3,858,148	1,121,358	4,639,204	8,811	1,952,753	11,580,274
Investments	0	0	0	612,288	0	612,288
Accounts Receivable	61,371	2,465	1,064	0	33,852	98,752
Due from Other Governments	296,296	424,844	0	0	1,532	722,672
Due from Other Funds	43,762	0	0	0	0	43,762
Property Taxes Receivable	4,211,369	578,311	925,537	0	0	5,715,217
Allowance for Uncollectible Property Taxes	(184,730)	(25,367)	(40,599)	0	0	(250,696)
Accrued Interest Receivable	0	0	0	0	237,208	237,208
Total Assets	\$ 8,286,216	\$ 2,101,611	\$ 5,525,206	\$ 621,375	\$ 2,284,910	\$ 18,819,318
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Contracts Payable	\$ 0	\$ 0	\$ 0	\$ 462,685	\$ 0	\$ 462,685
Due to Other Funds	0	0	0	0	43,762	43,762
Deferred Revenue - Current Property Taxes	3,852,447	529,024	846,656	0	0	5,228,127
Deferred Revenue - Delinquent Property Taxes	137,681	18,906	30,258	0	0	186,845
Other Deferred Revenues	0	210,930	0	0	274,140	485,070
Total Liabilities	\$ 3,990,128	\$ 758,860	\$ 876,914	\$ 462,685	\$ 317,902	\$ 6,406,489
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 0	\$ 102,415	\$ 0	\$ 2,581,701	\$ 0	\$ 2,684,116
Reserved for Alcohol and Drug Treatment	26,467	0	0	0	0	26,467
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	367,600	0	0	0	0	367,600
Reserved for Sexual Offender Registration	2,245	0	0	0	0	2,245

(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	Funds Other Govern- mental Funds	
<u>LIABILITIES AND FUND BALANCES (Cont.)</u>						
<u>Fund Balances (Cont.)</u>						
Reserved for Courtroom Security	\$ 814	\$ 0	\$ 0	\$ 0	\$ 0	\$ 814
Reserved for Computer System - Register	31,214	0	0	0	0	31,214
Reserved for Automation Purposes - Circuit Court	4,230	0	0	0	0	4,230
Reserved for Automation Purposes - General Sessions Court	35,788	0	0	0	0	35,788
Reserved for Automation Purposes - Chancery Court	1,928	0	0	0	0	1,928
Reserved for Automation Purposes - Sheriff	26,015	0	0	0	0	26,015
Reserved for Aging Programs	75,000	0	0	0	0	75,000
Reserved for Other General Purposes	38,500	0	0	0	0	38,500
Unreserved, Reported In:						
General Fund	3,686,287	0	0	0	0	3,686,287
Special Revenue Funds	0	1,240,336	0	0	1,966,553	3,206,889
Debt Service Funds	0	0	4,648,292	0	0	4,648,292
Capital Projects Funds (Deficit)	0	0	0	(2,423,011)	455	(2,422,556)
Total Fund Balances	<u>\$ 4,296,088</u>	<u>\$ 1,342,751</u>	<u>\$ 4,648,292</u>	<u>\$ 158,690</u>	<u>\$ 1,967,008</u>	<u>\$ 12,412,829</u>
Total Liabilities and Fund Balances	<u>\$ 8,286,216</u>	<u>\$ 2,101,611</u>	<u>\$ 5,525,206</u>	<u>\$ 621,375</u>	<u>\$ 2,284,910</u>	<u>\$ 18,819,318</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, 2007

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)		\$	12,412,829
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,576,618	
Add: construction in progress		12,991,725	
Add: buildings and improvements net of accumulated depreciation		1,825,490	
Add: infrastructure net of accumulated depreciation		23,572,772	
Add: other capital assets net of accumulated depreciation		<u>2,388,525</u>	42,355,130
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: capital leases payable	\$	(170,444)	
Less: bonds payable		(25,375,000)	
Add: deferred charges - debt issuance costs		39,295	
Add: deferred discount on debt issuances		201,221	
Less: compensated absences payable		(273,281)	
Less: landfill closure/postclosure care costs		(485,670)	
Less: accrued interest on bonds, notes, and capital leases		<u>(382,679)</u>	(26,446,558)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>671,915</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>28,993,316</u></u>

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

Exhibit C-3

Fayette County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007

	Major Funds				Nonmajor	Total	
	General	Highway/ Public Works	General Debt Service	General Capital Projects	Funds Other Govern- mental Funds		Governmental Funds
<u>Revenues</u>							
Local Taxes	\$ 5,679,054	\$ 1,807,490	\$ 1,903,175	\$ 0	\$ 581,280	\$ 9,970,999	
Licenses and Permits	320,416	0	0	0	0	320,416	
Fines, Forfeitures, and Penalties	214,195	0	0	0	69,691	283,886	
Charges for Current Services	784,440	0	0	0	460,132	1,244,572	
Other Local Revenues	78,255	118,021	7,813	425,068	651,788	1,280,945	
Fees Received from County Officials	1,516,155	0	0	0	0	1,516,155	
State of Tennessee	1,418,951	2,787,534	0	0	13,392	4,219,877	
Federal Government	1,386,331	0	0	0	0	1,386,331	
Other Governments and Citizens Groups	73,824	0	0	0	0	73,824	
Total Revenues	\$ 11,471,621	\$ 4,713,045	\$ 1,910,988	\$ 425,068	\$ 1,776,283	\$ 20,297,005	
<u>Expenditures</u>							
Current:							
General Government	\$ 1,107,825	\$ 0	\$ 0	\$ 0	\$ 136,955	\$ 1,244,780	
Finance	757,657	0	0	0	0	757,657	
Administration of Justice	689,897	0	0	0	62,899	752,796	
Public Safety	4,618,928	0	0	0	31,303	4,650,231	
Public Health and Welfare	1,695,749	0	0	0	689,683	2,385,432	
Social, Cultural, and Recreational Services	163,333	0	0	0	0	163,333	
Agricultural and Natural Resources	148,086	0	0	0	0	148,086	
Other Operations	1,712,620	0	0	0	7,730	1,720,350	
Highways	0	4,341,711	0	0	0	4,341,711	
Debt Service:							
Principal on Debt	611,080	96,090	1,005,000	0	440,000	2,152,170	
Interest on Debt	41,308	2,555	1,029,773	0	0	1,073,636	
Other Debt Service	0	0	31,863	0	0	31,863	
Capital Projects	0	44,941	0	11,377,644	0	11,422,585	
Total Expenditures	\$ 11,546,483	\$ 4,485,297	\$ 2,066,636	\$ 11,377,644	\$ 1,368,570	\$ 30,844,630	

(Continued)

Exhibit C-3

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	Funds Other Govern- mental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ (74,862)	\$ 227,748	\$ (155,648)	\$ (10,952,576)	\$ 407,713	\$ (10,547,625)
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 4,950,000	\$ 0	\$ 4,950,000
Capital Leases Issued	0	266,534	0	0	0	266,534
Discounts on Debt Issued	0	0	0	(4,806)	0	(4,806)
Total Other Financing Sources (Uses)	\$ 0	\$ 266,534	\$ 0	\$ 4,945,194	\$ 3,235	\$ 5,214,963
Net Change in Fund Balances	\$ (74,862)	\$ 494,282	\$ (155,648)	\$ (6,007,382)	\$ 410,948	\$ (5,332,662)
Fund Balance, July 1, 2006	4,370,950	848,469	4,803,940	6,166,072	1,556,060	17,745,491
Fund Balance, June 30, 2007	\$ 4,296,088	\$ 1,342,751	\$ 4,648,292	\$ 158,690	\$ 1,967,008	\$ 12,412,829

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

Exhibit C-4

Fayette County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2007

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (5,332,662)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 14,067,616	
Less: current year depreciation expense	<u>(1,866,103)</u>	12,201,513
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized	\$ 2,294,667	
Less: loss on disposal of capital assets	<u>(27,302)</u>	2,267,365
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2007	\$ 671,915	
Less: deferred delinquent property taxes and other deferred June 30, 2006	<u>(640,328)</u>	31,587
(4) The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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 effect of these differences in the treatment of long-term debt and related items.		
Less: capital lease proceeds	\$ (266,534)	
Less: bond proceeds	(4,950,000)	
Add: change in deferred debt issuance costs	95,885	
Add: change in discount on debt issuances	3,089	
Add: principal payment on notes	1,015,128	
Add: principal payment on bonds	1,005,000	
Add: principal payment on capital leases	<u>132,042</u>	(2,965,390)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in accrued interest payable	\$ (23,939)	
Change in compensated absences	(44,985)	
Change in landfill closure/postclosure care costs	<u>11,305</u>	<u>(57,619)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 6,144,794</u>

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

Exhibit D

Fayette County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 42,792
Cash	2,284,483
Due from Other Governments	<u>238,934</u>
Total Assets	<u>\$ 2,566,209</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 281,726
Due to Litigants, Heirs, and Others	<u>2,284,483</u>
Total Liabilities	<u>\$ 2,566,209</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, 2007

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. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Fayette County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Fayette County School Department component unit only reports governmental activities in the government-wide financial statements.

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

Fayette County issues all debt for the discretely presented Fayette County School Department.

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

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

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

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

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

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

amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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

Fayette County reports the following major governmental funds:

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

Highway/Public Works Fund – This 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 and assets held in a custodial capacity for a watershed district. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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 2.11 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 School Department does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the School Department. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

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 refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences and landfill 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.

The government-wide statement of net assets reports \$8,624,163 of restricted net assets for the primary government, of which \$1,022,221 is restricted by enabling legislation.

As of June 30, 2007, Fayette County had \$12,535,000 in outstanding debt for capital purposes for the discretely presented Fayette County School Department. This debt is a liability of Fayette County, but the capital assets acquired are reported in the financial statements of the Fayette County 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, 2007:

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Parks and Recreation	\$ 120,750
Fire Service	12,935

7. Prior-period Adjustment

Capital assets were restated (\$62,082) from the prior year because certain vehicles and other equipment had been omitted.

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 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

Discretely Presented Fayette County School Department

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

Primary Government

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

Discretely Presented Fayette County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

The budgetary level of control is at the major category level established by the 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, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Fund Deficit

The General Capital Projects Fund had a fund deficit of \$2,423,011 at June 30, 2007. This fund deficit resulted from the unperformed portions of construction contracts of \$2,581,701 being reserved as encumbrances. Funding for these future expenditures is expected to be received from the issuance of debt.

C. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations in the discretely presented School Department's Central Cafeteria Fund by \$2,952.

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

Fund	Major Appropriation Category	Amount Overspent
Primary Government:		
General	Drug Court	\$ 12,859
"	Sanitation Education/Information	933
"	Other Charges	15,768
Discretely Presented		
School Department:		
General Purpose School	Adult Education Program	2,283

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

D. The Adequate Facilities/Development Tax Fund Was Not Budgeted

The budget for the county's Adequate Facilities/Development Tax Fund (a nonmajor special revenue fund) was not presented to the County Commission for approval. State statutes provide that all funds should be appropriated by the County Commission.

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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.

Investment Balances. As of June 30, 2007, 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.

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
U.S. Treasury Bills	7-26-07	\$ 612,288
Total		<u>\$ 612,288</u>

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.

B. Capital Assets

Capital assets activity for the year ended June 30, 2007, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-06	Prior Period Adjustment	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:					
Land	\$ 1,576,618	\$ 0	\$ 0	\$ 0	\$ 1,576,618
Construction in Progress	1,547,882	0	11,443,843	0	12,991,725
Total Capital Assets Not Depreciated	<u>\$ 3,124,500</u>	<u>\$ 0</u>	<u>\$ 11,443,843</u>	<u>\$ 0</u>	<u>\$ 14,568,343</u>

Governmental Activities (Cont.):

	Balance 7-1-06	Prior Period Adjustment	Increases	Decreases	Balance 6-30-07
Capital Assets Depreciated:					
Buildings and					
Improvements	\$ 3,645,890	\$ 0	\$ 0	\$ 0	\$ 3,645,890
Infrastructure	103,869,606	0	3,474,737	0	107,344,343
Other Capital Assets	5,609,656	75,988	1,443,703	(619,012)	6,510,335
Total Capital Assets					
Depreciated	\$ 113,125,152	\$ 75,988	\$ 4,918,440	\$ (619,012)	\$ 117,500,568
Less Accumulated					
Depreciation For:					
Buildings and					
Improvements	\$ 1,690,699	\$ 0	\$ 129,701	\$ 0	\$ 1,820,400
Infrastructure	82,463,155	0	1,308,416	0	83,771,571
Other Capital Assets	4,271,628	13,906	427,986	(591,710)	4,121,810
Total Accumulated					
Depreciation	\$ 88,425,482	\$ 13,906	\$ 1,866,103	\$ (591,710)	\$ 89,713,781
Total Capital Assets					
Depreciated, Net	\$ 24,699,670	\$ 62,082	\$ 3,052,337	\$ (27,302)	\$ 27,786,787
Governmental Activities					
Capital Assets, Net	\$ 27,824,170	\$ 62,082	\$ 14,496,180	\$ (27,302)	\$ 42,355,130

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

Governmental Activities:

General Government	\$ 64,626
Finance	3,821
Administration of Justice	4,643
Public Safety	154,580
Public Health and Welfare	123,959
Social, Cultural, and Recreational Services	10,200
Other Operations	176,365
Highway/Public Works	1,327,909
Total Depreciation Expense - Governmental Activities	\$ 1,866,103

Discretely Presented Fayette County School Department

Governmental Activities:

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 359,607	\$ 0	\$ 0	\$ 359,607
Total Capital Assets Not Depreciated	<u>\$ 359,607</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 359,607</u>
Capital Assets Depreciated:				
Land Improvements	\$ 127,792	\$ 0	\$ 0	\$ 127,792
Buildings and Improvements	34,442,172	0	0	34,442,172
Infrastructure	394,280	0	0	394,280
Other Capital Assets	5,308,598	304,962	(98,690)	5,514,870
Total Capital Assets Depreciated	<u>\$ 40,272,842</u>	<u>\$ 304,962</u>	<u>\$ (98,690)</u>	<u>\$ 40,479,114</u>
Less Accumulated Depreciation For:				
Land Improvements	\$ 125,814	\$ 0	\$ 0	\$ 125,814
Buildings and Improvements	19,441,769	1,077,535	0	20,519,304
Infrastructure	342,077	12,844	0	354,921
Other Capital Assets	4,170,525	275,850	(92,548)	4,353,827
Total Accumulated Depreciation	<u>\$ 24,080,185</u>	<u>\$ 1,366,229</u>	<u>\$ (92,548)</u>	<u>\$ 25,353,866</u>
Total Capital Assets Depreciated, Net	<u>\$ 16,192,657</u>	<u>\$ (1,061,267)</u>	<u>\$ (6,142)</u>	<u>\$ 15,125,248</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,552,264</u>	<u>\$ (1,061,267)</u>	<u>\$ (6,142)</u>	<u>\$ 15,484,855</u>

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

Governmental Activities:

Instruction	\$ 766,895
Support Services	298,916
Operation of Non-Instructional Services	<u>300,418</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,366,229</u>

C. Construction Commitments

At June 30, 2007, the Highway Department had uncompleted construction contracts of \$99,238 for road paving. Funding has been received for these future expenditures.

At June 30, 2007, the General Capital Projects Fund had uncompleted construction contracts of \$2,581,701 for construction of the criminal justice complex. Funding for these future expenditures is expected to be received from the issuance of debt.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2007, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 43,762
Discretely Presented		
School Department:		
General Purpose School	School Federal Projects	18,963
General Purpose School	Nonmajor governmental	796

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

The receivable in the General Purpose School Fund (\$19,759) was in transit from the School Federal Projects Fund and the Central Cafeteria Fund at June 30, 2007.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2007, consisted of the following amounts:

Discretely Presented Fayette County School Department

Transfers Out	Transfers In
	General Purpose School Fund
School Federal Projects Fund	\$ 13,606
Nonmajor governmental funds	43,726
Total	<u>\$ 57,332</u>

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

E. Capital Leases

Primary Government

On September 25, 2006, Fayette County entered into a three-year lease-purchase agreement for a grader. The terms of the agreement require total lease payments of \$101,200 plus interest of 4.11 percent. Title to the grader transfers to Fayette County at the end of the lease period. The lease payments are made by the Highway/Public Works Fund.

On December 5, 2006, Fayette County entered into a three-year lease-purchase agreement for a dump truck. The terms of the agreement require total lease payments of \$69,244 plus interest of 4.11 percent. Title to the dump truck transfers to Fayette County at the end of the lease period. The lease payments are made by the Highway/Public Works Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2007, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2008	\$ 61,639
2009	61,639
2010	61,639
Total Minimum Lease Payments	<u>\$ 184,917</u>
Amount Representing Interest	<u>(14,473)</u>
 Present Value of Minimum Lease Payments	 <u><u>\$ 170,444</u></u>

Discretely Presented Fayette County School Department

On September 15, 2005, the Fayette County School Department entered into a four-year lease-purchase agreement for school buses. The terms of the agreement require total lease payments of \$503,788 plus interest of 4.64 percent. Title to the buses transfers to the School Department at the end of the lease period. The lease payments are made by the General Purpose School Fund.

On July 27, 2006, the Fayette County School Department entered into a four-year lease-purchase agreement for school buses. The terms of the agreement require total lease payments of \$199,842 plus interest of 5.14 percent. Title to the buses transfers to the School Department at the end of the lease period. The lease payments are made by the General Purpose School Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2007, were as follows:

Year Ending June 30	Governmental Funds
2008	\$ 155,334
2009	155,334
2010	155,334
2011	<u>44,928</u>
Total Minimum Lease Payments	\$ 510,930
Amount Representing Interest	<u>(49,430)</u>
 Present Value of Minimum Lease Payments	 <u>\$ 461,500</u>

F. Long-term Debt

Primary Government

General Obligation Bonds

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.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding were issued for original terms of up to 25 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2007, will be retired from the General Debt Service Fund.

General obligation bonds and capital leases outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds	2.5 to 5.6 %	\$ 28,150,000	\$ 13,515,000
General Obligation Bonds - Refunding	3 to 5	12,170,000	11,860,000
Capital Leases	4.11	170,444	170,444

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2007, including interest payments, are presented in the following table:

Year Ending June 30	Bonds	
	Principal	Interest
2008	\$ 1,020,000	\$ 1,111,439
2009	1,065,000	1,066,756
2010	1,105,000	1,023,347
2011	1,145,000	977,427
2012	1,295,000	928,738
2013-2017	7,405,000	3,747,370
2018-2022	6,335,000	1,997,605
2023-2027	4,095,000	965,069
2028-2029	1,910,000	127,431
Total	<u>\$ 25,375,000</u>	<u>\$ 11,945,182</u>

There is \$4,648,292 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$881, based on the 2000 federal census. Debt per capita, including bonds and capital leases totaled \$887, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

Governmental Activities:

	Bonds	Notes	Capital Leases
Balance, July 1, 2006	\$ 21,430,000	\$ 1,015,128	\$ 35,952
Additions	4,950,000	0	266,534
Deductions	(1,005,000)	(1,015,128)	(132,042)
Balance, June 30, 2007	<u>\$ 25,375,000</u>	<u>\$ 0</u>	<u>\$ 170,444</u>
Balance Due Within One Year	<u>\$ 1,020,000</u>	<u>\$ 0</u>	<u>\$ 54,500</u>

Governmental Activities (Cont.):

	Compensated Absences	Landfill Postclosure Care Costs
Balance, July 1, 2006	\$ 228,296	\$ 496,975
Additions	247,019	0
Deductions	(202,034)	(11,305)
Balance, June 30, 2007	<u>\$ 273,281</u>	<u>\$ 485,670</u>
Balance Due Within One Year	<u>\$ 200,223</u>	<u>\$ 11,305</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 26,304,395
Less: Balance Due Within One Year	(1,286,028)
Less: Deferred Discount on Debt	<u>(39,295)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 24,979,072</u>

Compensated absences will be paid from the employing funds, primarily the General Fund, the Solid Waste/Sanitation Fund, and the Highway/Public Works Fund. Landfill 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 until the old bonds are called February 1, 2008. 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, 2007, 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

Fayette County issues capital outlay notes to fund capital facilities and other capital purchases such as renovations.

Capital outlay notes are direct obligations and pledge the full faith and credit of the government. Capital outlay notes outstanding were issued for original terms of up to seven years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Capital outlay notes outstanding as of June 30, 2007, will be retired from the General Purpose School Fund.

Capital outlay notes and capital leases outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
Capital Outlay Note	3 %	\$ 500,000	\$ 153,562
Capital Leases	4.64 to 5.14	703,630	461,500

The annual requirements to amortize all notes as of June 30, 2007, including interest payments, are presented in the following table:

Year Ending June 30	Notes	
	Principal	Interest
2008	\$ 75,646	\$ 4,607
2009	77,916	2,337
Total	\$ 153,562	\$ 6,944

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Fayette County School Department for the year ended June 30, 2007, was as follows:

Governmental Activities:

	Notes	Capital Leases	Compensated Absences
Balance, July 1, 2006	\$ 227,005	\$ 394,791	\$ 188,173
Additions	0	199,842	73,728
Deductions	(73,443)	(133,133)	(62,986)
Balance, June 30, 2007	\$ 153,562	\$ 461,500	\$ 198,915
Balance Due Within One Year	\$ 75,646	\$ 133,127	\$ 62,000

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 Services Association to provide a program of workers' compensation coverage to employees of local governments. The county pays an annual premium to the LGWCF for its workers' compensation insurance coverage. The LGWCF is to be self-sustaining through member premiums and reinsures through commercial insurance companies for claims exceeding \$300,000.

It is the policy of the county to purchase commercial insurance for the risks of losses to which it is exposed. These risks include 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 Tennessee School Boards Association, an association of member school districts. The School Department pays an annual premium 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. Subsequent Events

On August 1, 2007, the Fayette County School Department entered into a \$220,500 lease-purchase agreement for school buses.

On August 24, 2007, Fayette County issued a \$3,000,000 capital outlay note for the construction of the Criminal Justice Center.

On September 25, 2007, the Fayette County School Department entered into a \$189,000 lease-purchase agreement for school buses.

C. 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.

D. Changes in Administration

On August 31, 2006, Dell Graham left the Office of County Clerk and was succeeded by Sue Culver, Jimmie German left the Office of Circuit Court Clerk and was succeeded by Connie Doyle, Barbara Walls left the Office of Clerk and Master and was succeeded by Vip Lewis, and Bill Kelley left the Office of Sheriff and was succeeded by Bobby Riles.

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 \$485,670 for landfill postclosure care costs at June 30, 2007. This amount represents the estimated postclosure care liability costs for the next 19 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Retirement Commitments

Employees

Plan Description

Employees of Fayette County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years

of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Fayette County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.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, 2007, was 9.06 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, 2007, Fayette County's annual pension cost of \$964,806 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, 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, 2005, was ten years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$964,806	100 %	\$0
6-30-06	788,133	100	0
6-30-05	799,795	100	0

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.

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, 2007, was 6.13 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, 2007, 2006, and 2005, were \$814,531, \$681,408, and \$669,495, 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 (TCA). This act provides for all purchases exceeding \$5,000 (\$10,000 effective May 10, 2007) 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, TCA (Uniform Road Law), govern purchasing procedures for the Highway Department. These statutes require all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Fayette County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,679,054	\$ 5,498,806	\$ 5,498,806	\$ 180,248
Licenses and Permits	320,416	361,700	374,975	(54,559)
Fines, Forfeitures, and Penalties	214,195	151,500	151,500	62,695
Charges for Current Services	784,440	874,000	896,669	(112,229)
Other Local Revenues	78,255	50,700	73,994	4,261
Fees Received from County Officials	1,516,155	1,356,000	1,356,000	160,155
State of Tennessee	1,418,951	1,412,200	1,767,078	(348,127)
Federal Government	1,386,331	100,000	630,746	755,585
Other Governments and Citizens Groups	73,824	76,500	105,734	(31,910)
Total Revenues	<u>\$ 11,471,621</u>	<u>\$ 9,881,406</u>	<u>\$ 10,855,502</u>	<u>\$ 616,119</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 88,392	\$ 64,879	\$ 103,037	\$ 14,645
Beer Board	432	942	942	510
County Mayor/Executive	79,657	83,451	83,451	3,794
County Attorney	36,710	46,093	45,104	8,394
Election Commission	460,359	219,007	475,517	15,158
Register of Deeds	27,664	36,023	36,023	8,359
Development	120,532	159,485	161,983	41,451
Building	88,601	106,995	111,548	22,947
County Buildings	154,222	184,343	184,343	30,121
Other Facilities	8,514	11,000	11,000	2,486
Other General Administration	42,742	42,747	42,747	5
<u>Finance</u>				
Accounting and Budgeting	138,567	133,710	159,830	21,263
Property Assessor's Office	235,095	238,009	244,746	9,651
County Trustee's Office	157,607	153,406	159,873	2,266
County Clerk's Office	226,388	212,106	237,580	11,192
<u>Administration of Justice</u>				
Circuit Court	136,053	139,477	142,717	6,664
General Sessions Court	135,179	130,098	136,300	1,121
General Sessions Judge	155,697	157,810	156,819	1,122
General Sessions Court Clerk	45,210	44,340	55,054	9,844
Drug Court	12,859	0	0	(12,859)
Chancery Court	156,067	165,922	169,889	13,822
Juvenile Court	48,832	59,203	60,194	11,362
District Attorney General	0	5,644	0	0
<u>Public Safety</u>				
Sheriff's Department	1,727,202	1,828,867	1,839,919	112,717
Drug Enforcement	145,581	147,515	148,990	3,409
Jail	1,212,333	1,256,058	1,305,165	92,832
Workhouse	24,163	32,632	32,632	8,469

(Continued)

Exhibit E-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>				
Fire Prevention and Control	\$ 693,931	\$ 517,738	\$ 725,783	\$ 31,852
Civil Defense	631,711	147,957	640,317	8,606
Rescue Squad	18,527	23,970	23,970	5,443
County Coroner/Medical Examiner	18,946	20,000	20,000	1,054
Other Public Safety	146,534	170,545	170,545	24,011
<u>Public Health and Welfare</u>				
Local Health Center	51,609	59,912	59,912	8,303
Rabies and Animal Control	77,535	83,610	83,610	6,075
Ambulance/Emergency Medical Services	1,189,316	1,192,788	1,223,399	34,083
Dental Health Program	280,296	411,251	416,185	135,889
Crippled Children Services	2,216	2,216	2,216	0
Other Local Health Services	2,000	14,000	14,000	12,000
Appropriation to State	25,761	25,761	25,761	0
Aid to Dependent Children	657	2,750	2,750	2,093
Other Local Welfare Services	10,500	10,500	10,500	0
Sanitation Education/Information	55,859	54,502	54,926	(933)
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	21,500	21,500	21,500	0
Libraries	141,833	146,059	147,486	5,653
<u>Agriculture & Natural Resources</u>				
Agriculture Extension Service	89,924	101,370	101,370	11,446
Soil Conservation	58,162	55,986	58,642	480
<u>Other Operations</u>				
Industrial Development	707	1,591	1,591	884
Airport	288,296	56,690	310,069	21,773
Veterans' Services	3,121	6,800	6,800	3,679
Other Charges	217,644	241,951	201,876	(15,768)
Contributions to Other Agencies	32,000	46,321	46,321	14,321
Employee Benefits	1,145,592	1,106,730	1,149,698	4,106
Miscellaneous	25,260	1,000	26,021	761
<u>Principal on Debt</u>				
General Government	35,952	0	35,952	0
Education	575,128	0	575,458	330
<u>Interest on Debt</u>				
General Government	2,002	0	2,002	0
Education	39,306	0	39,306	0
Total Expenditures	\$ 11,546,483	\$ 10,183,260	\$ 12,303,369	\$ 756,886
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (74,862)	\$ (301,854)	\$ (1,447,867)	\$ 1,373,005
Net Change in Fund Balance				
Fund Balance, July 1, 2006	\$ 4,370,950	\$ 3,893,660	\$ 3,893,660	\$ 477,290
Fund Balance, June 30, 2007				
	\$ 4,296,088	\$ 3,591,806	\$ 2,445,793	\$ 1,850,295

Exhibit E-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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,807,490	\$ 0	\$ 0	\$ 1,807,490	\$ 1,607,005	\$ 1,607,005	\$ 200,485
Other Local Revenues	118,021	0	0	118,021	91,300	140,500	(22,479)
State of Tennessee	2,787,534	0	0	2,787,534	2,555,000	2,555,000	232,534
Total Revenues	\$ 4,713,045	\$ 0	\$ 0	\$ 4,713,045	\$ 4,253,305	\$ 4,302,505	\$ 410,540
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 170,047	\$ 0	\$ 0	\$ 170,047	\$ 163,365	\$ 171,193	\$ 1,146
Highway and Bridge Maintenance	1,190,084	(2,681)	3,178	1,190,581	1,242,980	1,261,992	71,411
Operation and Maintenance of Equipment	434,245	0	0	434,245	449,400	455,482	21,237
Other Charges	208,027	0	0	208,027	210,396	210,896	2,869
Employee Benefits	519,321	0	0	519,321	543,392	540,102	20,781
Capital Outlay	1,819,987	(490,232)	99,237	1,428,992	1,653,340	1,852,229	423,237
<u>Principal on Debt</u>							
Highways and Streets	96,090	0	0	96,090	0	96,090	0
<u>Interest on Debt</u>							
Highways and Streets	2,555	0	0	2,555	0	2,555	0
<u>Capital Projects</u>							
Highway & Street Capital Projects	44,941	0	0	44,941	30,000	55,000	10,059
Total Expenditures	\$ 4,485,297	\$ (492,913)	\$ 102,415	\$ 4,094,799	\$ 4,292,873	\$ 4,645,539	\$ 550,740
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 227,748	\$ 492,913	\$ (102,415)	\$ 618,246	\$ (39,568)	\$ (343,034)	\$ 961,280
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 266,534	\$ 0	\$ 0	\$ 266,534	\$ 0	\$ 266,534	\$ 0
Total Other Financing Sources (Uses)	\$ 266,534	\$ 0	\$ 0	\$ 266,534	\$ 0	\$ 266,534	\$ 0

(Continued)

Exhibit E-2

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 494,282	\$ 492,913	\$ (102,415)	\$ 884,780	\$ (39,568)	\$ (76,500)	\$ 961,280
Fund Balance, July 1, 2006	848,469	(492,913)	0	355,556	964,239	964,239	(608,683)
Fund Balance, June 30, 2007	<u>\$ 1,342,751</u>	<u>\$ 0</u>	<u>\$ (102,415)</u>	<u>\$ 1,240,336</u>	<u>\$ 924,671</u>	<u>\$ 887,739</u>	<u>\$ 352,597</u>

Exhibit E-3

Fayette County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2007

Required Supplementary Information
 Schedule of Funding Progress for Fayette County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	\$ 21,746	\$ 23,212	1,466	93.69 %	\$ 10,094	14.52 %
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

FAYETTE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2007

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

The county's budgetary basis of accounting is consistent with 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 schedule.

B. EXPENDITURES EXCEEDED APPROPRIATIONS

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

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Drug Court	\$ 12,859
Sanitation Education/Information	933
Other Charges	15,768

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

**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. This fund was closed during the year.

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

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used in 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 F-1

Fayette County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007

	Special Revenue Funds					Capital Projects Funds			Total Nonmajor Governmental Funds
	Solid Waste/ Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitu - tional Officers - Fees	Total	Community Development/ Industrial Park	Other Capital Projects	Total	
<u>ASSETS</u>									
Cash	\$ 100	\$ 0	\$ 0	\$ 59,465	\$ 59,565	\$ 0	\$ 0	\$ 0	\$ 59,565
Equity in Pooled Cash and Investments	646,267	250,225	1,018,874	0	1,915,366	36,932	455	37,387	1,952,753
Accounts Receivable	30,324	0	3,347	181	33,852	0	0	0	33,852
Due from Other Governments	1,532	0	0	0	1,532	0	0	0	1,532
Accrued Interest Receivable	237,208	0	0	0	237,208	0	0	0	237,208
Total Assets	\$ 915,431	\$ 250,225	\$ 1,022,221	\$ 59,646	\$ 2,247,523	\$ 36,932	\$ 455	\$ 37,387	\$ 2,284,910
<u>LIABILITIES AND FUND BALANCES</u>									
<u>Liabilities</u>									
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 43,762	\$ 43,762	\$ 0	\$ 0	\$ 0	\$ 43,762
Other Deferred Revenues	237,208	0	0	0	237,208	36,932	0	36,932	274,140
Total Liabilities	\$ 237,208	\$ 0	\$ 0	\$ 43,762	\$ 280,970	\$ 36,932	\$ 0	\$ 36,932	\$ 317,902
<u>Fund Balances</u>									
Unreserved	\$ 678,223	\$ 250,225	\$ 1,022,221	\$ 15,884	\$ 1,966,553	\$ 0	\$ 455	\$ 455	\$ 1,967,008
Total Fund Balances	\$ 678,223	\$ 250,225	\$ 1,022,221	\$ 15,884	\$ 1,966,553	\$ 0	\$ 455	\$ 455	\$ 1,967,008
Total Liabilities and Fund Balances	\$ 915,431	\$ 250,225	\$ 1,022,221	\$ 59,646	\$ 2,247,523	\$ 36,932	\$ 455	\$ 37,387	\$ 2,284,910

Exhibit F-2

Fayette County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2007

	Special Revenue Funds					Total	Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste/ Sanitation	Drug Control	Adequate Facilities/ Development Tax	District Attorney General	Constitu - tional Officers - Fees		Other Capital Projects	
<u>Revenues</u>								
Local Taxes	\$ 0	\$ 0	\$ 581,280	\$ 0	\$ 0	\$ 581,280	\$ 0	\$ 581,280
Fines, Forfeitures, and Penalties	0	67,717	0	1,974	0	69,691	0	69,691
Charges for Current Services	332,987	0	0	0	127,145	460,132	0	460,132
Other Local Revenues	651,488	300	0	0	0	651,788	0	651,788
State of Tennessee	13,392	0	0	0	0	13,392	0	13,392
Total Revenues	\$ 997,867	\$ 68,017	\$ 581,280	\$ 1,974	\$ 127,145	\$ 1,776,283	\$ 0	\$ 1,776,283
<u>Expenditures</u>								
Current:								
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 136,955	\$ 136,955	\$ 0	\$ 136,955
Administration of Justice	0	0	0	62,899	0	62,899	0	62,899
Public Safety	0	31,303	0	0	0	31,303	0	31,303
Public Health and Welfare	689,683	0	0	0	0	689,683	0	689,683
Other Operations	0	0	7,730	0	0	7,730	0	7,730
Debt Service:								
Principal on Debt	0	0	440,000	0	0	440,000	0	440,000
Total Expenditures	\$ 689,683	\$ 31,303	\$ 447,730	\$ 62,899	\$ 136,955	\$ 1,368,570	\$ 0	\$ 1,368,570
Excess (Deficiency) of Revenues								
Over Expenditures	\$ 308,184	\$ 36,714	\$ 133,550	\$ (60,925)	\$ (9,810)	\$ 407,713	\$ 0	\$ 407,713
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 3,235	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,235	\$ 0	\$ 3,235
Total Other Financing Sources (Uses)	\$ 3,235	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,235	\$ 0	\$ 3,235
Net Change in Fund Balances								
Fund Balance, July 1, 2006	\$ 311,419	\$ 36,714	\$ 133,550	\$ (60,925)	\$ (9,810)	\$ 410,948	\$ 0	\$ 410,948
	366,804	213,511	888,671	60,925	25,694	1,555,605	455	1,556,060
Fund Balance, June 30, 2007	\$ 678,223	\$ 250,225	\$ 1,022,221	\$ 0	\$ 15,884	\$ 1,966,553	\$ 455	\$ 1,967,008

Exhibit F-3

Fayette County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 332,987	\$ 258,000	\$ 293,700	\$ 39,287
Other Local Revenues	651,488	447,116	455,016	196,472
State of Tennessee	13,392	25,000	25,000	(11,608)
Total Revenues	<u>\$ 997,867</u>	<u>\$ 730,116</u>	<u>\$ 773,716</u>	<u>\$ 224,151</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 271,980	\$ 255,700	\$ 277,200	\$ 5,220
Landfill Operation and Maintenance	417,703	414,669	438,402	20,699
Total Expenditures	<u>\$ 689,683</u>	<u>\$ 670,369</u>	<u>\$ 715,602</u>	<u>\$ 25,919</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 308,184</u>	<u>\$ 59,747</u>	<u>\$ 58,114</u>	<u>\$ 250,070</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 3,235	\$ 0	\$ 100	\$ 3,135
Transfers In	0	0	4,400	(4,400)
Total Other Financing Sources (Uses)	<u>\$ 3,235</u>	<u>\$ 0</u>	<u>\$ 4,500</u>	<u>\$ (1,265)</u>
Net Change in Fund Balance	\$ 311,419	\$ 59,747	\$ 62,614	\$ 248,805
Fund Balance, July 1, 2006	<u>366,804</u>	<u>238,606</u>	<u>238,606</u>	<u>128,198</u>
Fund Balance, June 30, 2007	<u>\$ 678,223</u>	<u>\$ 298,353</u>	<u>\$ 301,220</u>	<u>\$ 377,003</u>

Exhibit F-4

Fayette County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 67,717	\$ 61,000	\$ 61,000	\$ 6,717
Other Local Revenues	300	0	0	300
Total Revenues	<u>\$ 68,017</u>	<u>\$ 61,000</u>	<u>\$ 61,000</u>	<u>\$ 7,017</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 31,303	\$ 37,000	\$ 37,000	\$ 5,697
Total Expenditures	<u>\$ 31,303</u>	<u>\$ 37,000</u>	<u>\$ 37,000</u>	<u>\$ 5,697</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 36,714</u>	<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ 12,714</u>
Net Change in Fund Balance	\$ 36,714	\$ 24,000	\$ 24,000	\$ 12,714
Fund Balance, July 1, 2006	<u>213,511</u>	<u>153,867</u>	<u>153,867</u>	<u>59,644</u>
Fund Balance, June 30, 2007	<u>\$ 250,225</u>	<u>\$ 177,867</u>	<u>\$ 177,867</u>	<u>\$ 72,358</u>

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 G

Fayette County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,903,175	\$ 1,796,779	\$ 1,796,779	\$ 106,396
Other Local Revenues	7,813	0	0	7,813
Total Revenues	<u>\$ 1,910,988</u>	<u>\$ 1,796,779</u>	<u>\$ 1,796,779</u>	<u>\$ 114,209</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 310,000	\$ 155,000	\$ 310,000	\$ 0
Education	695,000	640,000	695,000	0
<u>Interest on Debt</u>				
General Government	395,381	898,736	395,381	0
Education	634,392	65,750	634,392	0
<u>Other Debt Service</u>				
General Government	29,615	17,000	29,418	(197)
Education	2,248	500	2,390	142
Total Expenditures	<u>\$ 2,066,636</u>	<u>\$ 1,776,986</u>	<u>\$ 2,066,581</u>	<u>\$ (55)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (155,648)</u>	<u>\$ 19,793</u>	<u>\$ (269,802)</u>	<u>\$ 114,154</u>
Net Change in Fund Balance	\$ (155,648)	\$ 19,793	\$ (269,802)	\$ 114,154
Fund Balance, July 1, 2006	<u>4,803,940</u>	<u>4,737,318</u>	<u>4,737,318</u>	<u>66,622</u>
Fund Balance, June 30, 2007	<u>\$ 4,648,292</u>	<u>\$ 4,757,111</u>	<u>\$ 4,467,516</u>	<u>\$ 180,776</u>

Fiduciary Funds

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

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

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

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

Exhibit H-1

Fayette County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2007

	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	2,284,483	2,284,483
Due from Other Governments	238,934	0	0	238,934
Total Assets	<u>\$ 238,934</u>	<u>\$ 42,792</u>	<u>\$ 2,284,483</u>	<u>\$ 2,566,209</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 238,934	\$ 42,792	\$ 0	\$ 281,726
Due to Litigants, Heirs, and Others	0	0	2,284,483	2,284,483
Total Liabilities	<u>\$ 238,934</u>	<u>\$ 42,792</u>	<u>\$ 2,284,483</u>	<u>\$ 2,566,209</u>

Exhibit H-2

Fayette County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,443,863	\$ 1,443,863	\$ 0
Due from Other Governments	238,936	238,934	238,936	238,934
Total Assets	\$ 238,936	\$ 1,682,797	\$ 1,682,799	\$ 238,934
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 238,936	\$ 1,682,797	\$ 1,682,799	\$ 238,934
Total Liabilities	\$ 238,936	\$ 1,682,797	\$ 1,682,799	\$ 238,934
<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	\$ 2,056,605	\$ 12,259,615	\$ 12,031,737	\$ 2,284,483
Total Assets	\$ 2,056,605	\$ 12,259,615	\$ 12,031,737	\$ 2,284,483
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,056,605	\$ 12,259,615	\$ 12,031,737	\$ 2,284,483
Total Liabilities	\$ 2,056,605	\$ 12,259,615	\$ 12,031,737	\$ 2,284,483
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 42,792	\$ 1,443,863	\$ 1,443,863	\$ 42,792
Cash	2,056,605	12,259,615	12,031,737	2,284,483
Due from Other Governments	238,936	238,934	238,936	238,934
Total Assets	\$ 2,338,333	\$ 13,942,412	\$ 13,714,536	\$ 2,566,209
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 281,728	\$ 1,682,797	\$ 1,682,799	\$ 281,726
Due to Litigants, Heirs, and Others	2,056,605	12,259,615	12,031,737	2,284,483
Total Liabilities	\$ 2,338,333	\$ 13,942,412	\$ 13,714,536	\$ 2,566,209

Fayette County School Department

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

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

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

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

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

Exhibit I-1

Fayette County, Tennessee
Statement of Activities
Discretely Presented Fayette County School Department
For the Year Ended June 30, 2007

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
Governmental Activities:					
Instruction	\$ 17,619,668	\$ 53,588	\$ 3,202,832	\$ 0	\$ (14,363,248)
Support Services	9,889,827	34,635	1,250,664	6,029	(8,598,499)
Operation of Non-Instructional Services	3,383,513	509,234	1,930,085	0	(944,194)
Interest on Long-term Debt	37,313	0	0	0	(37,313)
Total Governmental Activities	<u>\$ 30,930,321</u>	<u>\$ 597,457</u>	<u>\$ 6,383,581</u>	<u>\$ 6,029</u>	<u>\$ (23,943,254)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 5,162,129
Local Option Sales Tax					1,884,140
Other Local Taxes					4,655
Grants and Contributions Not Restricted to Specific Programs					15,757,447
Miscellaneous					61,213
Total General Revenues					<u>\$ 22,869,584</u>
Change in Net Assets					\$ (1,073,670)
Net Assets, July 1, 2006					<u>17,440,960</u>
Net Assets, June 30, 2007					<u>\$ 16,367,290</u>

Exhibit I-2

Fayette County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Fayette County School Department
June 30, 2007

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Funds Other Govern- mental Funds	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 360,305	\$ 51,287	\$ 447,549	\$ 859,141
Accounts Receivable	3,777	0	2,913	6,690
Due from Other Governments	766,064	358,455	182,075	1,306,594
Due from Other Funds	19,759	0	0	19,759
Property Taxes Receivable	4,647,932	0	0	4,647,932
Allowance for Uncollectible Property Taxes	(203,880)	0	0	(203,880)
Total Assets	<u>\$ 5,593,957</u>	<u>\$ 409,742</u>	<u>\$ 632,537</u>	<u>\$ 6,636,236</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 133,017	\$ 0	\$ 227	\$ 133,244
Accrued Payroll	69,123	124,462	1,356	194,941
Payroll Deductions Payable	309,197	26,250	1,197	336,644
Contracts Payable	6,500	0	0	6,500
Deferred Revenue - Current Property Taxes	4,251,803	0	0	4,251,803
Deferred Revenue - Delinquent Property Taxes	151,953	0	0	151,953
Other Deferred Revenues	376,299	0	0	376,299
Total Liabilities	<u>\$ 5,297,892</u>	<u>\$ 150,712</u>	<u>\$ 2,780</u>	<u>\$ 5,451,384</u>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 42,391	\$ 1,744	\$ 1,000	\$ 45,135
Reserved for Career Ladder - Extended Contract	22,499	0	0	22,499
Reserved for Career Ladder Program	423	0	0	423
Reserved for Title I Grants to Local Education Agencies	0	49,151	0	49,151
Reserved for Special Education - Grants to States	0	156,398	0	156,398
Other Federal Reserves	0	51,737	0	51,737
Unreserved, Reported In:				
General Fund	230,752	0	0	230,752
Special Revenue Funds	0	0	621,139	621,139
Capital Projects Funds	0	0	7,618	7,618
Total Fund Balances	<u>\$ 296,065</u>	<u>\$ 259,030</u>	<u>\$ 629,757</u>	<u>\$ 1,184,852</u>
Total Liabilities and Fund Balances	<u>\$ 5,593,957</u>	<u>\$ 409,742</u>	<u>\$ 632,537</u>	<u>\$ 6,636,236</u>

Exhibit I-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, 2007

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	1,184,852
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	359,607	
Add: land improvements net of accumulated depreciation		1,978	
Add: buildings and improvements net of accumulated depreciation		13,922,868	
Add: infrastructure net of accumulated depreciation		39,359	
Add: other capital assets net of accumulated depreciation		<u>1,161,043</u>	15,484,855
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(153,562)	
Less: capital leases payable		(461,500)	
Less: compensated absences payable		(198,915)	
Less: accrued interest on capital leases		(15,540)	
Less: accrued interest on notes		<u>(1,152)</u>	(830,669)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>528,252</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>16,367,290</u></u>

Exhibit I-4

Fayette County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Fayette County School Department
For the Year Ended June 30, 2007

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	School Federal Projects	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 7,102,730	\$ 0	\$ 0	\$ 7,102,730
Licenses and Permits	2,986	0	0	2,986
Charges for Current Services	58,676	0	509,234	567,910
Other Local Revenues	146,028	0	22,155	168,183
State of Tennessee	15,236,615	0	23,389	15,260,004
Federal Government	594,592	4,136,409	1,809,457	6,540,458
Total Revenues	<u>\$ 23,141,627</u>	<u>\$ 4,136,409</u>	<u>\$ 2,364,235</u>	<u>\$ 29,642,271</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 13,617,265	\$ 3,076,697	\$ 0	\$ 16,693,962
Support Services	8,710,157	1,022,487	0	9,732,644
Operation of Non-Instructional Services	742,643	0	2,265,060	3,007,703
Capital Outlay	341,974	0	0	341,974
Debt Service:				
Principal on Debt	206,576	0	0	206,576
Interest on Debt	36,826	0	0	36,826
Total Expenditures	<u>\$ 23,655,441</u>	<u>\$ 4,099,184</u>	<u>\$ 2,265,060</u>	<u>\$ 30,019,685</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (513,814)</u>	<u>\$ 37,225</u>	<u>\$ 99,175</u>	<u>\$ (377,414)</u>
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 199,842	\$ 0	\$ 0	\$ 199,842
Insurance Recovery	32,476	0	0	32,476
Transfers In	57,332	0	0	57,332
Transfers Out	0	(13,606)	(43,726)	(57,332)
Total Other Financing Sources (Uses)	<u>\$ 289,650</u>	<u>\$ (13,606)</u>	<u>\$ (43,726)</u>	<u>\$ 232,318</u>
Net Change in Fund Balances	\$ (224,164)	\$ 23,619	\$ 55,449	\$ (145,096)
Fund Balance, July 1, 2006	<u>520,229</u>	<u>235,411</u>	<u>574,308</u>	<u>1,329,948</u>
Fund Balance, June 30, 2007	<u>\$ 296,065</u>	<u>\$ 259,030</u>	<u>\$ 629,757</u>	<u>\$ 1,184,852</u>

Exhibit I-5

Fayette County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Fayette County School Department
For the Year Ended June 30, 2007

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	(145,096)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	304,962	
Less: current year depreciation expense		<u>(1,366,229)</u>	(1,061,267)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			
Less: loss on disposal of capital assets			(6,142)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2007	\$	528,252	
Less: deferred delinquent property taxes and other deferred June 30, 2006		<u>(384,922)</u>	143,330
(4) The issuance of long-term debt (e.g. 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.			
Less: capital lease proceeds	\$	(199,842)	
Add: principal payments on capital leases		133,133	
Add: principal payment on notes		<u>73,443</u>	6,734
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Change in accrued interest	\$	(487)	
Change in compensated absences		<u>(10,742)</u>	(11,229)
Change in net assets of governmental activities (Exhibit B)			<u>\$ (1,073,670)</u>

Exhibit I-6

Fayette County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Fayette County School Department
June 30, 2007

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Education Capital Projects	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 439,931	\$ 7,618	\$ 447,549
Accounts Receivable	2,913	0	2,913
Due from Other Governments	182,075	0	182,075
Total Assets	<u>\$ 624,919</u>	<u>\$ 7,618</u>	<u>\$ 632,537</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 227	\$ 0	\$ 227
Accrued Payroll	1,356	0	1,356
Payroll Deductions Payable	1,197	0	1,197
Total Liabilities	<u>\$ 2,780</u>	<u>\$ 0</u>	<u>\$ 2,780</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 1,000	\$ 0	\$ 1,000
Unreserved	621,139	7,618	628,757
Total Fund Balances	<u>\$ 622,139</u>	<u>\$ 7,618</u>	<u>\$ 629,757</u>
Total Liabilities and Fund Balances	<u>\$ 624,919</u>	<u>\$ 7,618</u>	<u>\$ 632,537</u>

Exhibit I-7

Fayette County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Fayette County School Department
For the Year Ended June 30, 2007

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Education Capital Projects	
<u>Revenues</u>			
Charges for Current Services	\$ 509,234	\$ 0	\$ 509,234
Other Local Revenues	22,155	0	22,155
State of Tennessee	23,389	0	23,389
Federal Government	1,809,457	0	1,809,457
Total Revenues	<u>\$ 2,364,235</u>	<u>\$ 0</u>	<u>\$ 2,364,235</u>
<u>Expenditures</u>			
Current:			
Operation of Non-Instructional Services	\$ 2,265,060	\$ 0	\$ 2,265,060
Total Expenditures	<u>\$ 2,265,060</u>	<u>\$ 0</u>	<u>\$ 2,265,060</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 99,175</u>	<u>\$ 0</u>	<u>\$ 99,175</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (43,726)	\$ 0	\$ (43,726)
Total Other Financing Sources (Uses)	<u>\$ (43,726)</u>	<u>\$ 0</u>	<u>\$ (43,726)</u>
Net Change in Fund Balances	\$ 55,449	\$ 0	\$ 55,449
Fund Balance, July 1, 2006	566,690	7,618	574,308
Fund Balance, June 30, 2007	<u><u>\$ 622,139</u></u>	<u><u>\$ 7,618</u></u>	<u><u>\$ 629,757</u></u>

Exhibit I-8

Fayette County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Fayette County School Department
General Purpose School Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 7,102,730	\$ 0	\$ 0	\$ 7,102,730	\$ 7,180,280	\$ 7,180,280	\$ (77,550)
Licenses and Permits	2,986	0	0	2,986	3,000	3,000	(14)
Charges for Current Services	58,676	0	0	58,676	34,898	34,898	23,778
Other Local Revenues	146,028	0	0	146,028	26,700	131,972	14,056
State of Tennessee	15,236,615	0	0	15,236,615	15,112,589	15,245,957	(9,342)
Federal Government	594,592	0	0	594,592	819,509	897,528	(302,936)
Total Revenues	\$ 23,141,627	\$ 0	\$ 0	\$ 23,141,627	\$ 23,176,976	\$ 23,493,635	\$ (352,008)
Expenditures							
Instruction							
Regular Instruction Program	\$ 10,887,600	\$ 0	\$ 13,642	\$ 10,901,242	\$ 10,239,000	\$ 10,916,545	\$ 15,303
Special Education Program	1,834,716	(159)	0	1,834,557	1,843,609	1,843,442	8,885
Vocational Education Program	850,267	0	0	850,267	916,293	948,338	98,071
Adult Education Program	44,682	0	0	44,682	43,047	42,399	(2,283)
Support Services							
Attendance	78,476	0	0	78,476	82,612	80,279	1,803
Health Services	75,179	0	0	75,179	88,620	77,470	2,291
Other Student Support	515,536	0	5,979	521,515	534,141	530,416	8,901
Regular Instruction Program	882,629	0	0	882,629	842,667	886,094	3,465
Special Education Program	307,572	0	0	307,572	298,088	308,251	679
Vocational Education Program	361,675	0	0	361,675	540,280	527,359	165,684
Adult Programs	225,108	0	0	225,108	185,437	248,026	22,918
Board of Education	433,898	0	0	433,898	456,158	466,366	32,468
Director of Schools	230,382	0	1,018	231,400	235,221	234,910	3,510
Office of the Principal	1,220,320	0	0	1,220,320	1,228,854	1,227,943	7,623
Fiscal Services	194,197	0	1,513	195,710	185,760	197,591	1,881

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	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	\$ 1,614,003	\$ 0	\$ 0	\$ 1,614,003	\$ 1,658,325	\$ 1,664,065	\$ 50,062
Maintenance of Plant	562,101	(5,276)	13,371	570,196	575,400	575,764	5,568
Transportation	1,847,169	0	0	1,847,169	1,982,947	1,935,868	88,699
Central and Other	161,912	0	0	161,912	136,518	162,894	982
<u>Operation of Non-Instructional Services</u>							
Community Services	31,695	0	0	31,695	29,898	36,889	5,194
Early Childhood Education	710,948	0	0	710,948	717,662	721,731	10,783
<u>Capital Outlay</u>							
Regular Capital Outlay	341,974	0	6,868	348,842	149,000	348,842	0
<u>Principal on Debt</u>							
Education	206,576	0	0	206,576	206,576	206,576	0
<u>Interest on Debt</u>							
Education	36,826	0	0	36,826	29,012	36,826	0
Total Expenditures	\$ 23,655,441	\$ (5,435)	\$ 42,391	\$ 23,692,397	\$ 23,205,125	\$ 24,224,884	\$ 532,487
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (513,814)	\$ 5,435	\$ (42,391)	\$ (550,770)	\$ (28,149)	\$ (731,249)	\$ 180,479
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 199,842	\$ 0	\$ 0	\$ 199,842	\$ 0	\$ 199,842	\$ 0
Insurance Recovery	32,476	0	0	32,476	0	32,476	0
Transfers In	57,332	0	0	57,332	28,149	63,148	(5,816)
Total Other Financing Sources (Uses)	\$ 289,650	\$ 0	\$ 0	\$ 289,650	\$ 28,149	\$ 295,466	\$ (5,816)
Net Change in Fund Balance							
Fund Balance, July 1, 2006	\$ 520,229	(5,435)	0	514,794	502,561	502,561	12,233
Fund Balance, June 30, 2007							
	\$ 296,065	\$ 0	\$ (42,391)	\$ 253,674	\$ 502,561	\$ 66,778	\$ 186,896

Exhibit I-9

Fayette County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Fayette County School Department
School Federal Projects Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 4,136,409	\$ 0	\$ 0	\$ 4,136,409	\$ 4,009,008	\$ 4,363,264	\$ (226,855)
Total Revenues	\$ 4,136,409	\$ 0	\$ 0	\$ 4,136,409	\$ 4,009,008	\$ 4,363,264	\$ (226,855)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,348,347	\$ (114,886)	\$ 1,744	\$ 2,235,205	\$ 1,975,609	\$ 2,349,154	\$ 113,949
Special Education Program	654,076	0	0	654,076	790,842	790,842	136,766
Vocational Education Program	74,274	0	0	74,274	72,588	74,274	0
<u>Support Services</u>							
Other Student Support	49,529	0	0	49,529	51,033	50,784	1,255
Regular Instruction Program	717,477	0	0	717,477	941,016	925,471	207,994
Special Education Program	151,664	0	0	151,664	146,297	171,297	19,633
Vocational Education Program	2,156	0	0	2,156	3,451	2,156	0
Transportation	101,661	0	0	101,661	130,548	101,660	(1)
Total Expenditures	\$ 4,099,184	\$ (114,886)	\$ 1,744	\$ 3,986,042	\$ 4,111,384	\$ 4,465,638	\$ 479,596
Excess (Deficiency) of Revenues Over Expenditures	\$ 37,225	\$ 114,886	\$ (1,744)	\$ 150,367	\$ (102,376)	\$ (102,374)	\$ 252,741
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (13,606)	\$ 0	\$ 0	\$ (13,606)	\$ (18,149)	\$ (18,149)	\$ 4,543
Total Other Financing Sources (Uses)	\$ (13,606)	\$ 0	\$ 0	\$ (13,606)	\$ (18,149)	\$ (18,149)	\$ 4,543
Net Change in Fund Balance	\$ 23,619	\$ 114,886	\$ (1,744)	\$ 136,761	\$ (120,525)	\$ (120,523)	\$ 257,284
Fund Balance, July 1, 2006	235,411	(114,886)	0	120,525	120,525	120,525	0
Fund Balance, June 30, 2007	\$ 259,030	\$ 0	\$ (1,744)	\$ 257,286	\$ 0	\$ 2	\$ 257,284

Exhibit I-10

Fayette County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Fayette County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 509,234	\$ 0	\$ 509,234	\$ 462,500	\$ 521,500	\$ (12,266)
Other Local Revenues	22,155	0	22,155	12,293	21,756	399
State of Tennessee	23,389	0	23,389	24,000	23,389	0
Federal Government	1,809,457	0	1,809,457	1,689,743	1,712,743	96,714
Total Revenues	\$ 2,364,235	\$ 0	\$ 2,364,235	\$ 2,188,536	\$ 2,279,388	\$ 84,847
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 2,265,060	\$ 1,000	\$ 2,266,060	\$ 2,178,940	\$ 2,263,108	\$ (2,952)
Total Expenditures	\$ 2,265,060	\$ 1,000	\$ 2,266,060	\$ 2,178,940	\$ 2,263,108	\$ (2,952)
Excess (Deficiency) of Revenues Over Expenditures	\$ 99,175	\$ (1,000)	\$ 98,175	\$ 9,596	\$ 16,280	\$ 81,895
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (43,726)	\$ 0	\$ (43,726)	\$ (10,000)	\$ (45,000)	\$ 1,274
Total Other Financing Sources (Uses)	\$ (43,726)	\$ 0	\$ (43,726)	\$ (10,000)	\$ (45,000)	\$ 1,274
Net Change in Fund Balance	\$ 55,449	\$ (1,000)	\$ 54,449	\$ (404)	\$ (28,720)	\$ 83,169
Fund Balance, July 1, 2006	566,690	0	566,690	566,690	566,690	0
Fund Balance, June 30, 2007	\$ 622,139	\$ (1,000)	\$ 621,139	\$ 566,286	\$ 537,970	\$ 83,169

MISCELLANEOUS SCHEDULES

Exhibit J-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, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Fund</u>								
School Bond Anticipation Note, Series 2005	\$ 575,128	3.96%	4-8-05	4-8-07	\$ 575,128	\$ 0	\$ 575,128	\$ 0
<u>Payable through Adequate Facilities/ Development Tax Fund</u>								
School Bond Anticipation Note, Series 2005	440,000	3.96	4-8-05	4-8-07	\$ 440,000	\$ 0	\$ 440,000	\$ 0
Total Notes Payable					\$ 1,015,128	\$ 0	\$ 1,015,128	\$ 0
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Fund</u>								
Fire Trucks	215,157	5.57	7-16-1999	7-16-06	\$ 35,952	\$ 0	\$ 35,952	\$ 0
<u>Payable through Highway/Public Works Fund</u>								
Grader	101,200	4.11	9-25-06	9-25-09	\$ 0	\$ 101,200	\$ 0	\$ 101,200
Backhoe	46,750	4.11	10-25-06	5-30-07	0	46,750	46,750	0
Broom/Sweeper	18,070	4.11	10-25-06	5-30-07	0	18,070	18,070	0
Tractor/Mower	31,270	4.11	11-10-06	5-30-07	0	31,270	31,270	0
Dump Truck	69,244	4.11	12-5-06	12-5-09	0	69,244	0	69,244
Total Payable through Highway/Public Works Fund					\$ 0	\$ 266,534	\$ 96,090	\$ 170,444
Total Capital Leases Payable					\$ 35,952	\$ 266,534	\$ 132,042	\$ 170,444
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Bonds, Series 2000	15,000,000	5 to 5.6	7-19-00	2-1-08	\$ 1,315,000	\$ 0	\$ 640,000	\$ 675,000
School Refunding Bonds, Series 2001	9,960,000	3 to 5	12-1-01	2-1-18	9,705,000	0	55,000	9,650,000
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	4-1-29	8,200,000	0	100,000	8,100,000
General Obligation Bonds, Series 2006	4,950,000	3.5 to 4	11-28-06	4-1-29	0	4,950,000	210,000	4,740,000
Total Bonds Payable					\$ 21,430,000	\$ 4,950,000	\$ 1,005,000	\$ 25,375,000

(Continued)

Exhibit J-1

Fayette County, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, and Bonds
Primary Government and Discretely Presented Fayette County School Department (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
<u>DISCRETELY PRESENTED 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	\$ 227,005	\$ 0	\$ 73,443	\$ 153,562
Total Notes Payable					\$ 227,005	\$ 0	\$ 73,443	\$ 153,562
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
School Buses	503,788	4.64	9-15-05	9-15-09	\$ 394,791	\$ 0	\$ 92,088	\$ 302,703
School Buses	199,842	5.14	7-27-06	12-15-10	0	199,842	41,045	158,797
Total Capital Leases Payable					\$ 394,791	\$ 199,842	\$ 133,133	\$ 461,500

Exhibit J-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2008	\$ 1,020,000	\$ 1,111,439	\$ 2,131,439
2009	1,065,000	1,066,756	2,131,756
2010	1,105,000	1,023,347	2,128,347
2011	1,145,000	977,427	2,122,427
2012	1,295,000	928,738	2,223,738
2013	1,340,000	873,061	2,213,061
2014	1,390,000	814,861	2,204,861
2015	1,500,000	753,681	2,253,681
2016	1,555,000	687,741	2,242,741
2017	1,620,000	618,026	2,238,026
2018	1,685,000	544,121	2,229,121
2019	1,755,000	465,971	2,220,971
2020	1,485,000	384,146	1,869,146
2021	690,000	315,426	1,005,426
2022	720,000	287,941	1,007,941
2023	750,000	258,781	1,008,781
2024	785,000	227,906	1,012,906
2025	815,000	194,669	1,009,669
2026	855,000	160,025	1,015,025
2027	890,000	123,688	1,013,688
2028	935,000	84,369	1,019,369
2029	975,000	43,062	1,018,062
Total	\$ 25,375,000	\$ 11,945,182	\$ 37,320,182

Exhibit J-3

Fayette County, Tennessee
Schedule of Investments
June 30, 2007

<u>Fund and Type</u>	<u>Amount</u>
<u>General Capital Projects Fund</u>	
United States Treasury Bills	\$ 612,288
Total Investments	\$ 612,288

Exhibit J-4

Fayette County, Tennessee
Schedule of Transfers
Discretely Presented Fayette County School Department
For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ 13,606
Central Cafeteria	General Purpose School	Indirect costs	<u>43,726</u>
Total Transfers			<u><u>\$ 57,332</u></u>

Exhibit J-5

Fayette County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Fayette County School Department
For the Year Ended June 30, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 73,001	\$ 50,000	Western Surety Company
Public Works Superintendent	Section 234, Private Acts of 1974 and Section 8-24-102, <u>TCA</u>	67,462	100,000	"
Director of Schools	State Board of Education and County Board of Education	104,717 (1)	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	56,069	1,014,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	56,069	10,000	"
County Clerk:				
Dell Graham (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	9,345	50,000	"
Sue Culver (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	46,724	50,000	"
Circuit Court Clerk:				
Jimmie German (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	9,345	50,000	"
Connie Doyle (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	46,724	50,000	"
Clerk and Master:				
Barbara Walls (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	9,345	100,000	"
Vip Lewis (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	46,724	100,000	"
Register	Section 8-24-102, <u>TCA</u>	56,069	25,000	"
Sheriff:				
Bill Kelley (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u> , and County Commission	11,588 (2)	25,000	"
Bobby Riles (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u> , and County Commission	58,537 (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 Schools:				
All Employees			150,000	Tennessee School Boards Risk Management Trust

- (1) Includes chief executive officer training supplement of \$1,000.
(2) Includes \$1,308 for serving as superintendent of the workhouse.
(3) Includes \$6,540 for serving as superintendent of the workhouse and a law enforcement training supplement of \$600.

Exhibit J-6

Fayette County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2007

	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	\$ 4,393,884	\$ 0	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	244,782	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	92,600	0	0	0	0
Interest and Penalty	38,889	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	2,863	0	0	0	0
Payments in-Lieu-of Taxes - Other	13,032	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	0
Hotel/Motel Tax	5,065	0	0	0	0
Wheel Tax	176,837	0	0	0	0
Litigation Tax - General	217,245	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	104,696	0	0	0	0
Business Tax	163,388	0	0	0	0
Adequate Facilities/Development Tax	0	0	0	581,280	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	115,933	0	0	0	0
Wholesale Beer Tax	106,553	0	0	0	0
Interstate Telecommunications Tax	3,287	0	0	0	0
Total Local Taxes	\$ 5,679,054	\$ 0	\$ 0	\$ 581,280	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Registration	\$ 2,837	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	100,238	0	0	0	0
<u>Permits</u>					
Beer Permits	1,156	0	0	0	0
Building Permits	216,185	0	0	0	0
Total Licenses and Permits	\$ 320,416	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 10,537	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-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 (Cont.)</u>					
<u>Circuit Court (Cont.)</u>					
Officers Costs	\$ 9,462	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	8,151	0	0	0	0
Drug Court Fees	978	0	0	0	0
District Attorney General Fees	0	0	0	0	381
DUI Treatment Fines	855	0	0	0	0
Data Entry Fee - Circuit Court	822	0	0	0	0
<u>Criminal Court</u>					
Fines	10,686	0	0	0	0
Game and Fish Fines	112	0	0	0	0
Drug Control Fines	0	0	13,443	0	0
<u>General Sessions Court</u>					
Fines	49,878	0	0	0	0
Officers Costs	54,696	0	0	0	0
Game and Fish Fines	1,291	0	0	0	0
Drug Control Fines	19,956	0	20,594	0	0
Drug Court Fees	11,881	0	0	0	0
Jail Fees	8,991	0	0	0	0
District Attorney General Fees	0	0	0	0	770
DUI Treatment Fines	7,429	0	0	0	0
Data Entry Fee - General Sessions Court	8,182	0	0	0	0
Courtroom Security Fee	740	0	0	0	0
<u>Juvenile Court</u>					
Fines	1,499	0	0	0	0
Officers Costs	3,655	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	2,450	0	0	0	0
Data Entry Fee - Chancery Court	1,928	0	0	0	0
<u>Courts in Other District Counties</u>					
District Attorney General Fees	0	0	0	0	823
<u>Judicial District Drug Program</u>					
Courtroom Security Fee	16	0	0	0	0

(Continued)

Exhibit J-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 (Cont.)</u>					
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	\$ 0	\$ 0	\$ 33,680	\$ 0	\$ 0
Total Fines, Forfeitures, and Penalties	\$ 214,195	\$ 0	\$ 67,717	\$ 0	\$ 1,974
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Solid Waste Disposal Fees	\$ 0	\$ 332,987	\$ 0	\$ 0	\$ 0
Patient Charges	726,475	0	0	0	0
<u>Fees</u>					
Airport Fees	1,850	0	0	0	0
Copy Fees	336	0	0	0	0
Telephone Commissions	19,275	0	0	0	0
Vending Machine Collections	4,911	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Data Processing Fee - Register	23,638	0	0	0	0
Data Processing Fee - Sheriff	6,855	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,100	0	0	0	0
Total Charges for Current Services	\$ 784,440	\$ 332,987	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 521,635	\$ 0	\$ 0	\$ 0
Lease/Rentals	29,324	0	0	0	0
Sale of Materials and Supplies	384	0	0	0	0
Commissary Sales	601	0	0	0	0
Sale of Gasoline	10,821	0	0	0	0
Sale of Recycled Materials	0	120,853	0	0	0
Miscellaneous Refunds	5,343	8,000	300	0	0
<u>Nonrecurring Items</u>					
Sale of Equipment	7,305	1,000	0	0	0
Contributions & Gifts	410	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	24,067	0	0	0	0
Total Other Local Revenues	\$ 78,255	\$ 651,488	\$ 300	\$ 0	\$ 0

(Continued)

Exhibit J-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</u>					
<u>Excess Fees</u>					
Register	\$ 230,000	\$ 0	\$ 0	\$ 0	0
<u>Fees-In-Lieu of Salary</u>					
County Clerk	308,420	0	0	0	0
Circuit Court Clerk	94,080	0	0	0	0
General Sessions Court Clerk	251,225	0	0	0	0
Clerk and Master	150,687	0	0	0	0
Juvenile Court Clerk	43,311	0	0	0	0
Sheriff	12,992	0	0	0	0
Trustee	425,440	0	0	0	0
Total Fees Received from County Officials	\$ 1,516,155	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 2,412	\$ 0	\$ 0	\$ 0	0
Airport Maintenance Program	107,989	0	0	0	0
State Reappraisal Grant	12,145	0	0	0	0
Solid Waste Grants	0	13,392	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	18,600	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	259,474	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	32,645	0	0	0	0
<u>Other State Revenues</u>					
Beer Tax	18,753	0	0	0	0
Alcoholic Beverage Tax	54,095	0	0	0	0
Mixed Drink Tax	204	0	0	0	0
State Revenue Sharing - T.V.A.	611,243	0	0	0	0
Contracted Prisoner Boarding	285,011	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0

(Continued)

Exhibit J-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>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Petroleum Special Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Registrar's Salary Supplement	16,380	0	0	0	0
Total State of Tennessee	\$ 1,418,951	\$ 13,392	\$ 0	\$ 0	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Homeland Security Grants	\$ 1,144,731	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	241,600	0	0	0	0
Total Federal Government	\$ 1,386,331	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 35,800	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	33,874	0	0	0	0
<u>Other</u>					
Other	4,150	0	0	0	0
Total Other Governments and Citizens Groups	\$ 73,824	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 11,471,621	\$ 997,867	\$ 68,017	\$ 581,280	\$ 1,974

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	
	<u>Constitutional Officers - Fees</u>	<u>Highway/Public Works</u>	<u>General Debt Service</u>	<u>General Capital Projects</u>	<u>Total</u>
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 0	\$ 608,198	\$ 965,645	\$ 0	\$ 5,967,727
Trustee's Collections - Prior Year	0	29,414	31,051	0	305,247
Circuit/Clerk & Master Collections - Prior Years	0	11,797	14,515	0	118,912
Interest and Penalty	0	4,804	5,892	0	49,585
Payments in-Lieu-of Taxes - Local Utilities	0	166	0	0	3,029
Payments in-Lieu-of Taxes - Other	0	1,444	1,889	0	16,365
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	444,321	0	0	444,321
Hotel/Motel Tax	0	0	0	0	5,065
Wheel Tax	0	707,346	884,183	0	1,768,366
Litigation Tax - General	0	0	0	0	217,245
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	104,696
Business Tax	0	0	0	0	163,388
Adequate Facilities/Development Tax	0	0	0	0	581,280
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0	0	115,933
Wholesale Beer Tax	0	0	0	0	106,553
Interstate Telecommunications Tax	0	0	0	0	3,287
Total Local Taxes	\$ 0	\$ 1,807,490	\$ 1,903,175	\$ 0	\$ 9,970,999
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,837
Cable TV Franchise	0	0	0	0	100,238
<u>Permits</u>					
Beer Permits	0	0	0	0	1,156
Building Permits	0	0	0	0	216,185
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 320,416
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,537

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	
	<u>Constitutional Officers - Fees</u>	<u>Highway/Public Works</u>	<u>General Debt Service</u>	<u>General Capital Projects</u>	<u>Total</u>
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Circuit Court (Cont.)</u>					
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	9,462
Drug Control Fines	0	0	0	0	8,151
Drug Court Fees	0	0	0	0	978
District Attorney General Fees	0	0	0	0	381
DUI Treatment Fines	0	0	0	0	855
Data Entry Fee - Circuit Court	0	0	0	0	822
<u>Criminal Court</u>					
Fines	0	0	0	0	10,686
Game and Fish Fines	0	0	0	0	112
Drug Control Fines	0	0	0	0	13,443
<u>General Sessions Court</u>					
Fines	0	0	0	0	49,878
Officers Costs	0	0	0	0	54,696
Game and Fish Fines	0	0	0	0	1,291
Drug Control Fines	0	0	0	0	40,550
Drug Court Fees	0	0	0	0	11,881
Jail Fees	0	0	0	0	8,991
District Attorney General Fees	0	0	0	0	770
DUI Treatment Fines	0	0	0	0	7,429
Data Entry Fee - General Sessions Court	0	0	0	0	8,182
Courtroom Security Fee	0	0	0	0	740
<u>Juvenile Court</u>					
Fines	0	0	0	0	1,499
Officers Costs	0	0	0	0	3,655
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	2,450
Data Entry Fee - Chancery Court	0	0	0	0	1,928
<u>Courts in Other District Counties</u>					
District Attorney General Fees	0	0	0	0	823
<u>Judicial District Drug Program</u>					
Courtroom Security Fee	0	0	0	0	16

(Continued)

Exhibit J-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>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,680
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 283,886
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Solid Waste Disposal Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 332,987
Patient Charges	0	0	0	0	726,475
<u>Fees</u>					
Airport Fees	0	0	0	0	1,850
Copy Fees	0	0	0	0	336
Telephone Commissions	0	0	0	0	19,275
Vending Machine Collections	0	0	0	0	4,911
Constitutional Officers' Fees and Commissions	127,145	0	0	0	127,145
Data Processing Fee - Register	0	0	0	0	23,638
Data Processing Fee - Sheriff	0	0	0	0	6,855
Sexual Offender Registration Fees - Sheriff	0	0	0	0	1,100
Total Charges for Current Services	\$ 127,145	\$ 0	\$ 0	\$ 0	\$ 1,244,572
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 7,813	\$ 262,746	\$ 792,194
Lease/Rentals	0	0	0	0	29,324
Sale of Materials and Supplies	0	0	0	0	384
Commissary Sales	0	0	0	0	601
Sale of Gasoline	0	0	0	0	10,821
Sale of Recycled Materials	0	0	0	0	120,853
Miscellaneous Refunds	0	811	0	162,322	176,776
<u>Nonrecurring Items</u>					
Sale of Equipment	0	99,200	0	0	107,505
Contributions & Gifts	0	18,010	0	0	18,420
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	0	24,067
Total Other Local Revenues	\$ 0	\$ 118,021	\$ 7,813	\$ 425,068	\$ 1,280,945

(Continued)

Exhibit J-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</u>					
<u>Excess Fees</u>					
Register	\$ 0	\$ 0	\$ 0	\$ 0	230,000
<u>Fees-In-Lieu of Salary</u>					
County Clerk	0	0	0	0	308,420
Circuit Court Clerk	0	0	0	0	94,080
General Sessions Court Clerk	0	0	0	0	251,225
Clerk and Master	0	0	0	0	150,687
Juvenile Court Clerk	0	0	0	0	43,311
Sheriff	0	0	0	0	12,992
Trustee	0	0	0	0	425,440
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	1,516,155
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	2,412
Airport Maintenance Program	0	0	0	0	107,989
State Reappraisal Grant	0	0	0	0	12,145
Solid Waste Grants	0	0	0	0	13,392
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	18,600
<u>Health and Welfare Grants</u>					
Health Department Programs	0	0	0	0	259,474
<u>Public Works Grants</u>					
Bridge Program	0	460,382	0	0	460,382
State Aid Program	0	281,810	0	0	281,810
Litter Program	0	0	0	0	32,645
<u>Other State Revenues</u>					
Beer Tax	0	0	0	0	18,753
Alcoholic Beverage Tax	0	0	0	0	54,095
Mixed Drink Tax	0	0	0	0	204
State Revenue Sharing - T.V.A.	0	0	0	0	611,243
Contracted Prisoner Boarding	0	0	0	0	285,011
Gasoline and Motor Fuel Tax	0	2,022,178	0	0	2,022,178

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	
	<u>Constitutional Officers - Fees</u>	<u>Highway/ Public Works</u>	<u>General Debt Service</u>	<u>General Capital Projects</u>	<u>Total</u>
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Petroleum Special Tax	\$ 0	\$ 23,164	\$ 0	\$ 0	\$ 23,164
Registrar's Salary Supplement	0	0	0	0	16,380
Total State of Tennessee	\$ 0	\$ 2,787,534	\$ 0	\$ 0	\$ 4,219,877
<u>Federal Government</u>					
<u>Federal Through State</u>					
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,144,731
Other Federal through State	0	0	0	0	241,600
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,386,331
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,800
Contracted Services	0	0	0	0	33,874
<u>Other</u>					
Other	0	0	0	0	4,150
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 73,824
Total	\$ 127,145	\$ 4,713,045	\$ 1,910,988	\$ 425,068	\$ 20,297,005

Exhibit J-7

Fayette County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Fayette County School Department
For the Year Ended June 30, 2007

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 4,849,373	\$ 0	\$ 0	\$ 4,849,373
Trustee's Collections - Prior Year	220,931	0	0	220,931
Circuit/Clerk & Master Collections - Prior Years	85,921	0	0	85,921
Interest and Penalty	38,663	0	0	38,663
Payments in-Lieu-of Taxes - Local Utilities	3,159	0	0	3,159
Payments in-Lieu-of Taxes - Other	12,272	0	0	12,272
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,887,644	0	0	1,887,644
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	4,767	0	0	4,767
Total Local Taxes	\$ 7,102,730	\$ 0	\$ 0	\$ 7,102,730
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,986	\$ 0	\$ 0	\$ 2,986
Total Licenses and Permits	\$ 2,986	\$ 0	\$ 0	\$ 2,986
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Other	\$ 53,588	\$ 0	\$ 0	\$ 53,588
Lunch Payments - Children	0	0	79,947	79,947
Lunch Payments - Adults	0	0	22,701	22,701
Income from Breakfast	0	0	26,006	26,006
TBI Criminal Background Fees	5,088	0	0	5,088
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	380,580	380,580
Total Charges for Current Services	\$ 58,676	\$ 0	\$ 509,234	\$ 567,910
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 21,756	\$ 21,756
Lease/Rentals	29,547	0	0	29,547
Miscellaneous Refunds	52,347	0	399	52,746
<u>Nonrecurring Items</u>				
Sale of Equipment	700	0	0	700
Damages Recovered from Individuals	7,767	0	0	7,767
Contributions & Gifts	6,991	0	0	6,991
<u>Other Local Revenues</u>				
Other Local Revenues	48,676	0	0	48,676
Total Other Local Revenues	\$ 146,028	\$ 0	\$ 22,155	\$ 168,183
<u>State of Tennessee</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 13,989,055	\$ 0	\$ 0	\$ 13,989,055
Early Childhood Education	703,488	0	0	703,488
School Food Service	0	0	23,389	23,389
Driver Education	4,860	0	0	4,860
Other State Education Funds	195,349	0	0	195,349

(Continued)

Exhibit J-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	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Career Ladder Program	\$ 147,751	\$ 0	\$ 0	\$ 147,751
Career Ladder - Extended Contract	64,913	0	0	64,913
Other Vocational	3,994	0	0	3,994
<u>Other State Revenues</u>				
Income Tax	126,989	0	0	126,989
Mixed Drink Tax	216	0	0	216
Total State of Tennessee	<u>\$ 15,236,615</u>	<u>\$ 0</u>	<u>\$ 23,389</u>	<u>\$ 15,260,004</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,181,717	\$ 1,181,717
Breakfast	0	0	601,459	601,459
USDA - Other	0	0	26,281	26,281
Vocational Education - Basic Grants to States	0	95,039	0	95,039
Title I Grants to Local Education Agencies	0	739,280	0	739,280
Innovative Education Program Strategies	0	6,326	0	6,326
Special Education - Grants to States	68,639	924,302	0	992,941
Eisenhower Professional Development State Grants	0	277,914	0	277,914
Title XX	1,583	0	0	1,583
Job Training Partnership Act	151,951	0	0	151,951
Other Federal through State	372,419	2,093,548	0	2,465,967
Total Federal Government	<u>\$ 594,592</u>	<u>\$ 4,136,409</u>	<u>\$ 1,809,457</u>	<u>\$ 6,540,458</u>
Total	<u>\$ 23,141,627</u>	<u>\$ 4,136,409</u>	<u>\$ 2,364,235</u>	<u>\$ 29,642,271</u>

Exhibit J-8

Fayette County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2007

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	39,754	
State Retirement		1,761	
Communication		192	
Legal Services		39,924	
Rentals		1,197	
Travel		464	
Duplicating Supplies		2,862	
Gasoline		695	
Office Supplies		1,213	
Other Charges		330	
Total County Commission			\$ 88,392

Beer Board

Board and Committee Members Fees	\$	432	
Total Beer Board			432

County Mayor/Executive

County Official/Administrative Officer	\$	73,001	
Communication		1,290	
Legal Notices, Recording, and Court Costs		1,564	
Maintenance & Repair Services - Office Equipment		53	
Maintenance & Repair Services - Vehicles		256	
Postal Charges		22	
Printing, Stationery, and Forms		910	
Rentals		599	
Travel		875	
Gasoline		941	
Office Supplies		46	
Periodicals		100	
Total County Mayor/Executive			79,657

County Attorney

Other Salaries & Wages	\$	18,548	
Board and Committee Members Fees		1,239	
Other Per Diem & Fees		16,923	
Total County Attorney			36,710

Election Commission

Assistant(s)	\$	27,566	
Supervisor/Director		50,462	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Deputy(ies)	\$	18,641	
Part-time Personnel		10,657	
Election Commission		6,312	
Election Workers		41,420	
Communication		1,789	
Dues and Memberships		200	
Legal Services		3,945	
Legal Notices, Recording, and Court Costs		7,367	
Maintenance & Repair Services - Office Equipment		4,992	
Postal Charges		2,989	
Printing, Stationery, and Forms		3,385	
Rentals		2,544	
Travel		4,743	
Office Supplies		4,307	
Other Supplies and Materials		5,988	
Data Processing Equipment		260,263	
Office Equipment		2,789	
Total Election Commission			\$ 460,359

Register of Deeds

Communication	\$	707	
Data Processing Services		21,854	
Postal Charges		98	
Printing, Stationery, and Forms		516	
Rentals		2,028	
Travel		1,325	
Office Supplies		1,136	
Total Register of Deeds			27,664

Development

Assistant(s)	\$	34,903	
Supervisor/Director		38,931	
Secretary(ies)		28,961	
Board and Committee Members Fees		4,742	
Communication		1,389	
Legal Notices, Recording, and Court Costs		2,432	
Maintenance & Repair Services - Office Equipment		342	
Postal Charges		80	
Rentals		2,104	
Travel		2,211	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Development (Cont.)

Data Processing Supplies	\$	843	
Office Supplies		2,520	
Other Supplies and Materials		1,010	
Other Charges		64	
Total Development			\$ 120,532

Building

Assistant(s)	\$	79,021	
In-Service Training		999	
Communication		1,876	
Legal Notices, Recording, and Court Costs		198	
Maintenance & Repair Services - Vehicles		1,663	
Travel		848	
Gasoline		3,761	
Office Supplies		135	
Other Charges		100	
Total Building			88,601

County Buildings

Custodial Personnel	\$	22,629	
Temporary Personnel		3,244	
Communication		843	
Maintenance & Repair Services - Buildings		49,046	
Postal Charges		19,523	
Rentals		13,931	
Custodial Supplies		9,486	
Gasoline		770	
Small Tools		1,033	
Uniforms		498	
Utilities		32,371	
Furniture and Fixtures		128	
Disabilities Act Improvements		720	
Total County Buildings			154,222

Other Facilities

Communication	\$	893	
Maintenance & Repair Services - Buildings		4,521	
Electricity		2,491	
Propane Gas		609	
Total Other Facilities			8,514

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration

Dues and Memberships	\$ 42,742	
Total Other General Administration		\$ 42,742

Finance

Accounting and Budgeting

Assistant(s)	\$ 2,692	
Supervisor/Director	39,582	
Purchasing Personnel	40,612	
Clerical Personnel	28,744	
In-Service Training	447	
Audit Services	6,977	
Communication	1,342	
Data Processing Services	9,430	
Legal Notices, Recording, and Court Costs	58	
Maintenance & Repair Services - Office Equipment	941	
Printing, Stationery, and Forms	539	
Rentals	598	
Travel	1,708	
Duplicating Supplies	1,600	
Office Supplies	1,294	
Data Processing Equipment	1,740	
Office Equipment	263	
Total Accounting and Budgeting		138,567

Property Assessor's Office

County Official/Administrative Officer	\$ 56,069
Assistant(s)	28,580
Deputy(ies)	65,094
Investigator(s)	33,169
Board and Committee Members Fees	250
Communication	919
Consultants	26,100
Data Processing Services	14,910
Dues and Memberships	233
Legal Notices, Recording, and Court Costs	218
Maintenance & Repair Services - Office Equipment	8
Maintenance & Repair Services - Vehicles	898
Postal Charges	1,428
Printing, Stationery, and Forms	459
Rentals	630

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Travel	\$	1,910	
Gasoline		3,953	
Office Supplies		267	
Total Property Assessor's Office			\$ 235,095

County Trustee's Office

County Official/Administrative Officer	\$	56,069	
Assistant(s)		28,580	
Deputy(ies)		48,954	
Longevity Pay		2,100	
In-Service Training		1,928	
Communication		1,196	
Data Processing Services		7,836	
Dues and Memberships		225	
Maintenance & Repair Services - Office Equipment		252	
Postal Charges		148	
Printing, Stationery, and Forms		2,585	
Rentals		1,118	
Travel		4,861	
Office Supplies		1,036	
Other Supplies and Materials		216	
Office Equipment		503	
Total County Trustee's Office			157,607

County Clerk's Office

County Official/Administrative Officer	\$	56,069	
Assistant(s)		28,564	
Deputy(ies)		96,006	
Communication		1,158	
Data Processing Services		26,424	
Dues and Memberships		150	
Legal Notices, Recording, and Court Costs		794	
Maintenance & Repair Services - Office Equipment		52	
Printing, Stationery, and Forms		492	
Rentals		2,594	
Travel		91	
Office Supplies		1,830	
Other Supplies and Materials		240	
Other Charges		478	
Data Processing Equipment		9,875	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Office Equipment	\$ 1,571	
Total County Clerk's Office		\$ 226,388

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$ 56,069	
Assistant(s)	21,306	
Deputy(ies)	26,202	
Jury and Witness Fees	18,161	
In-Service Training	416	
Communication	2,938	
Data Processing Services	5,041	
Dues and Memberships	95	
Maintenance & Repair Services - Office Equipment	70	
Postal Charges	98	
Printing, Stationery, and Forms	1,700	
Transportation - Other than Students	755	
Travel	1,700	
Office Supplies	1,193	
Office Equipment	309	
Total Circuit Court		136,053

General Sessions Court

Assistant(s)	\$ 28,580	
Deputy(ies)	96,426	
Communication	1,018	
Maintenance & Repair Services - Office Equipment	633	
Postal Charges	170	
Printing, Stationery, and Forms	2,354	
Rentals	3,468	
Office Supplies	2,530	
Total General Sessions Court		135,179

General Sessions Judge

Judge(s)	\$ 132,700
Other Salaries & Wages	18,129
In-Service Training	620
Communication	1,187
Travel	339
Library Books/Media	1,776

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

Office Supplies	\$	294	
Other Supplies and Materials		652	
Total General Sessions Judge			\$ 155,697

General Sessions Court Clerk

Assistant(s)	\$	24,741	
Part-time Personnel		6,342	
Communication		177	
Data Processing Services		10,336	
Maintenance & Repair Services - Office Equipment		1,044	
Printing, Stationery, and Forms		747	
Rentals		1,434	
Travel		44	
Office Supplies		345	
Total General Sessions Court Clerk			45,210

Drug Court

Remittance of Revenue Collected	\$	12,859	
Total Drug Court			12,859

Chancery Court

County Official/Administrative Officer	\$	56,069	
Assistant(s)		28,580	
Deputy(ies)		48,952	
In-Service Training		630	
Communication		882	
Data Processing Services		6,145	
Legal Notices, Recording, and Court Costs		5,533	
Maintenance & Repair Services - Office Equipment		52	
Printing, Stationery, and Forms		2,575	
Rentals		2,384	
Travel		1,261	
Data Processing Supplies		790	
Office Supplies		1,584	
Office Equipment		630	
Total Chancery Court			156,067

Juvenile Court

Youth Service Officer(s)	\$	35,329	
Secretary(ies)		4,021	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

In-Service Training	\$	328	
Social Security		182	
Employer Medicare		43	
Communication		1,843	
Contracts with Government Agencies		3,229	
Postal Charges		125	
Transportation - Other than Students		577	
Travel		1,458	
Office Supplies		1,697	
Total Juvenile Court			\$ 48,832

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	69,525
Deputy(ies)		657,272
Investigator(s)		148,714
Captain(s)		174,527
Sergeant(s)		35,240
Salary Supplements		16,200
Part-time Personnel		37,906
Overtime Pay		21,293
In-Service Training		3,946
Employee and Dependent Insurance		133,342
Communication		8,785
Maintenance & Repair Services - Buildings		293
Maintenance & Repair Services - Office Equipment		10,257
Maintenance & Repair Services - Vehicles		51,234
Medical and Dental Services		1,825
Postal Charges		1,033
Printing, Stationery, and Forms		3,361
Rentals		12,018
Travel		1,929
Gasoline		162,419
Office Supplies		7,167
Uniforms		18,095
Utilities		10,560
Other Supplies and Materials		6,522
Liability Insurance		62,574
Other Charges		220
Communication Equipment		5,260

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Motor Vehicles	\$ 65,685	
Total Sheriff's Department		\$ 1,727,202

Drug Enforcement

Supervisor/Director	\$ 34,841	
Investigator(s)	72,510	
Salary Supplements	1,800	
Longevity Pay	1,000	
Overtime Pay	2,547	
Social Security	6,684	
State Retirement	10,037	
Employee and Dependent Insurance	14,599	
Employer Medicare	1,563	
Total Drug Enforcement		145,581

Jail

Assistant(s)	\$ 39,441
Supervisor/Director	41,460
Data Processing Personnel	29,181
Salary Supplements	600
Dispatchers/Radio Operators	200,856
Guards	313,584
Secretary(ies)	29,024
Cafeteria Personnel	9,591
Overtime Pay	35,229
Employee and Dependent Insurance	113,569
Data Processing Services	10,193
Maintenance & Repair Services - Buildings	44,852
Maintenance & Repair Services - Vehicles	115
Medical and Dental Services	106,051
Postal Charges	463
Travel	2,674
Custodial Supplies	22,709
Food Supplies	105,731
Gasoline	5,461
Office Supplies	5,061
Prisoners Clothing	1,723
Uniforms	5,975
Utilities	42,988
Other Supplies and Materials	2,859

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Liability Insurance	\$	28,785	
Building Improvements		435	
Communication Equipment		3,320	
Furniture and Fixtures		1,140	
Law Enforcement Equipment		4,323	
Motor Vehicles		4,400	
Other Equipment		540	
Total Jail			\$ 1,212,333

Workhouse

Guards	\$	14,572	
Cafeteria Personnel		9,591	
Total Workhouse			24,163

Fire Prevention and Control

Assistant(s)	\$	19,638	
Supervisor/Director		33,234	
Part-time Personnel		36,000	
In-Service Training		9,181	
Communication		6,170	
Contracts with Government Agencies		140,000	
Dues and Memberships		771	
Forest Resource Services		2,000	
Operating Lease Payments		10,200	
Licenses		65	
Maintenance & Repair Services - Buildings		10,279	
Maintenance & Repair Services - Equipment		2,150	
Maintenance & Repair Services - Vehicles		26,894	
Matching Share		261,949	
Postal Charges		193	
Printing, Stationery, and Forms		241	
Travel		1,785	
Data Processing Supplies		3,500	
Diesel Fuel		10,083	
Gasoline		6,730	
Natural Gas		600	
Office Supplies		912	
Propane Gas		5,892	
Uniforms		1,667	
Utilities		9,066	

(Continued)

Exhibit J-8

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

General Fund (Cont.)Public Safety (Cont.)Fire Prevention and Control (Cont.)

Other Supplies and Materials	\$	18,201	
Building and Contents Insurance		5,480	
Liability Insurance		2,540	
Vehicle and Equipment Insurance		35,836	
Workers' Compensation Insurance		8,156	
Other Charges		2,818	
Communication Equipment		3,194	
Motor Vehicles		17	
Other Equipment		13,960	
Other Construction		4,529	
Total Fire Prevention and Control			\$ 693,931

Civil Defense

Supervisor/Director	\$	35,531	
Part-time Personnel		5,900	
Communication		3,413	
Legal Notices, Recording, and Court Costs		220	
Maintenance & Repair Services - Vehicles		1,223	
Postal Charges		72	
Printing, Stationery, and Forms		34	
Rentals		385	
Travel		565	
Gasoline		2,818	
Office Supplies		476	
Uniforms		565	
Utilities		2,505	
Other Supplies and Materials		574,525	
Other Charges		700	
Other Equipment		2,779	
Total Civil Defense			631,711

Rescue Squad

Maintenance & Repair Services - Vehicles	\$	348	
Gasoline		2,938	
Other Supplies and Materials		13,713	
Liability Insurance		1,528	
Total Rescue Squad			18,527

County Coroner/Medical Examiner

Contracts with Government Agencies	\$	18,946	
Total County Coroner/Medical Examiner			18,946

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety

Mechanic(s)	\$	57,074	
Overtime Pay		1,378	
Employee and Dependent Insurance		9,316	
Communication		11	
Maintenance & Repair Services - Vehicles		961	
Rentals		6,000	
Equipment Parts - Light		54,234	
Gasoline		6,901	
Uniforms		476	
Utilities		5,099	
Other Supplies and Materials		890	
Maintenance Equipment		4,194	
Total Other Public Safety			\$ 146,534

Public Health and Welfare

Local Health Center

Board and Committee Members Fees	\$	162	
Communication		2,612	
Janitorial Services		12,752	
Maintenance & Repair Services - Buildings		12,658	
Maintenance & Repair Services - Office Equipment		1,200	
Postal Charges		4,012	
Drugs and Medical Supplies		4,392	
Office Supplies		3,371	
Utilities		10,450	
Total Local Health Center			51,609

Rabies and Animal Control

Deputy(ies)	\$	26,072	
Investigator(s)		27,427	
Communication		216	
Maintenance & Repair Services - Buildings		111	
Maintenance & Repair Services - Vehicles		2,963	
Travel		327	
Animal Food and Supplies		186	
Gasoline		9,787	
Uniforms		829	
Utilities		1,370	
Other Supplies and Materials		2,747	
Motor Vehicles		5,500	
Total Rabies and Animal Control			77,535

(Continued)

Exhibit J-8

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	\$	45,407	
Secretary(ies)		28,204	
Attendants		514,119	
Part-time Personnel		53,217	
Overtime Pay		121,703	
In-Service Training		1,139	
Social Security		44,899	
State Retirement		58,361	
Employee and Dependent Insurance		93,134	
Employer Medicare		10,501	
Communication		4,334	
Licenses		2,250	
Maintenance & Repair Services - Buildings		1,660	
Maintenance & Repair Services - Vehicles		28,161	
Postal Charges		5,000	
Travel		255	
Custodial Supplies		1,449	
Diesel Fuel		49,104	
Drugs and Medical Supplies		49,350	
Gasoline		1,522	
Office Supplies		5,417	
Uniforms		2,765	
Utilities		9,099	
Building and Contents Insurance		607	
Vehicle and Equipment Insurance		25,206	
Communication Equipment		2,068	
Furniture and Fixtures		1,155	
Motor Vehicles		28,705	
Other Construction		525	
Total Ambulance/Emergency Medical Services			\$ 1,189,316

Dental Health Program

Medical Personnel	\$	103,000
Paraprofessionals		22,431
Clerical Personnel		76,588
Longevity Pay		900
Social Security		12,090
State Retirement		16,921
Employee and Dependent Insurance		19,466
Employer Medicare		2,931

(Continued)

Exhibit J-8

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	\$	2,632	
Travel		5,696	
Drugs and Medical Supplies		<u>17,641</u>	
Total Dental Health Program	\$		280,296

Crippled Children Services

Contracts with Government Agencies	\$	<u>2,216</u>	
Total Crippled Children Services			2,216

Other Local Health Services

Contracts with Other Public Agencies	\$	<u>2,000</u>	
Total Other Local Health Services			2,000

Appropriation to State

Contracts with Government Agencies	\$	<u>25,761</u>	
Total Appropriation to State			25,761

Aid to Dependent Children

Other Supplies and Materials	\$	<u>657</u>	
Total Aid to Dependent Children			657

Other Local Welfare Services

Contributions	\$	<u>10,500</u>	
Total Other Local Welfare Services			10,500

Sanitation Education/Information

Foremen	\$	29,139	
Social Security		1,807	
State Retirement		2,640	
Employee and Dependent Insurance		4,866	
Employer Medicare		423	
Rentals		5,900	
Uniforms		129	
Other Supplies and Materials		3,468	
Other Charges		<u>7,487</u>	
Total Sanitation Education/Information			55,859

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Matching Share	\$	<u>21,500</u>	
Total Senior Citizens Assistance			21,500

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries

Assistant(s)	\$	28,573	
Supervisor/Director		33,038	
Librarians		12,575	
Part-time Personnel		10,002	
Social Security		5,419	
State Retirement		4,064	
Employee and Dependent Insurance		4,866	
Employer Medicare		1,214	
Communication		1,668	
Maintenance & Repair Services - Buildings		3,460	
Maintenance & Repair Services - Office Equipment		180	
Library Books/Media		26,526	
Office Supplies		344	
Utilities		7,050	
Other Supplies and Materials		1,036	
Other Charges		453	
Data Processing Equipment		1,365	
Total Libraries			\$ 141,833

Agriculture & Natural Resources

Agriculture Extension Service

Board and Committee Members Fees	\$	1,986	
Communication		4,129	
Contracts with Government Agencies		58,661	
Contributions		500	
Dues and Memberships		430	
Maintenance & Repair Services - Buildings		1,500	
Rentals		12,984	
Travel		566	
Other Contracted Services		1,453	
Custodial Supplies		348	
Utilities		4,279	
Office Equipment		3,088	
Total Agriculture Extension Service			89,924

Soil Conservation

Secretary(ies)	\$	25,150
Educational Assistants		27,294
Dues and Memberships		1,645
Rentals		2,028

(Continued)

Exhibit J-8

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

General Fund (Cont.)Agriculture & Natural Resources (Cont.)Soil Conservation (Cont.)

Travel	\$ 2,045	
Total Soil Conservation		\$ 58,162

Other OperationsIndustrial Development

Board and Committee Members Fees	\$ 20	
Utilities	687	
Total Industrial Development		707

Airport

Temporary Personnel	\$ 2,290	
Communication	807	
Maintenance & Repair Services - Buildings	29,721	
Other Contracted Services	230,807	
Gasoline	8,844	
Utilities	6,034	
Liability Insurance	9,793	
Total Airport		288,296

Veterans' Services

Communication	\$ 193	
Travel	2,417	
Office Supplies	511	
Total Veterans' Services		3,121

Other Charges

Liability Insurance	\$ 61,646	
Premiums on Corporate Surety Bonds	12,071	
Trustee's Commission	127,985	
Tax Relief Program	15,942	
Total Other Charges		217,644

Contributions to Other Agencies

Contracts with Other Public Agencies	\$ 2,500	
Contributions	29,500	
Total Contributions to Other Agencies		32,000

Employee Benefits

Longevity Pay	\$ 63,400	
Social Security	235,943	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits (Cont.)

State Retirement	\$	308,616	
Employee and Dependent Insurance		211,040	
Unemployment Compensation		24,673	
Employer Medicare		55,180	
Medical and Dental Services		4,745	
Workers' Compensation Insurance		241,995	
Total Employee Benefits			\$ 1,145,592

Miscellaneous

Other Supplies and Materials	\$	325	
Refunds		24,935	
Total Miscellaneous			25,260

Principal on Debt

General Government

Principal on Capital Leases	\$	35,952	
Total General Government			35,952

Education

Principal on Notes	\$	575,128	
Total Education			575,128

Interest on Debt

General Government

Interest on Capital Leases	\$	2,002	
Total General Government			2,002

Education

Interest on Notes	\$	39,306	
Total Education			39,306

Total General Fund \$ 11,546,483

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Contracts with Public Carriers	\$	271,980	
Total Convenience Centers			\$ 271,980

(Continued)

Exhibit J-8

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

Supervisor/Director	\$	49,542	
Accountants/Bookkeepers		28,003	
Equipment Operators - Heavy		85,313	
Temporary Personnel		4,400	
Longevity Pay		3,300	
Overtime Pay		13,508	
Board and Committee Members Fees		188	
In-Service Training		986	
Social Security		11,245	
State Retirement		15,130	
Employee and Dependent Insurance		24,332	
Employer Medicare		2,630	
Communication		4,037	
Data Processing Services		6,320	
Evaluation and Testing		5,815	
Legal Notices, Recording, and Court Costs		754	
Licenses		4,183	
Maintenance & Repair Services - Equipment		6,178	
Travel		337	
Diesel Fuel		4,321	
Equipment and Machinery Parts		32,903	
Gasoline		11,889	
Lubricants		914	
Tires and Tubes		3,793	
Utilities		7,680	
Other Supplies and Materials		3,101	
Liability Insurance		35,273	
Trustee's Commission		8,689	
Workers' Compensation Insurance		16,703	
Other Charges		5,861	
Site Development		12,375	
Solid Waste Equipment		8,000	
Total Landfill Operation and Maintenance			\$ 417,703

Total Solid Waste/Sanitation Fund \$ 689,683

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	3,352	
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(Continued)

Exhibit J-8

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Contributions	\$	2,500	
Confidential Drug Enforcement Payments		4,500	
Uniforms		830	
Trustee's Commission		677	
Other Equipment		19,444	
Total Drug Enforcement			\$ 31,303

Total Drug Control Fund \$ 31,303

Adequate Facilities/Development Tax Fund

Other Operations

Other Charges

Refunds	\$	1,944	
Trustee's Commission		5,786	
Total Other Charges			\$ 7,730

Principal on Debt

Education

Principal on Notes	\$	440,000	
Total Education			440,000

Total Adequate Facilities/Development Tax Fund 447,730

District Attorney General Fund

Administration of Justice

District Attorney General

Remittance of Revenue Collected	\$	62,661	
Library Books/Media		60	
Trustee's Commission		29	
Office Equipment		149	
Total District Attorney General			\$ 62,899

Total District Attorney General Fund 62,899

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	136,955	
Total Register of Deeds			\$ 136,955

Total Constitutional Officers - Fees Fund 136,955

(Continued)

Exhibit J-8

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	67,462	
Accountants/Bookkeepers		57,160	
Board and Committee Members Fees		6,840	
In-Service Training		2,378	
Data Processing Services		13,116	
Dues and Memberships		3,729	
Rentals		2,879	
Office Supplies		3,218	
Other Charges		<u>13,265</u>	
Total Administration	\$		170,047

Highway and Bridge Maintenance

Supervisor/Director	\$	123,378	
Foremen		96,885	
Equipment Operators		190,579	
Equipment Operators - Light		77,420	
Truck Drivers		230,512	
Laborers		228,702	
Clerical Personnel		27,380	
Longevity Pay		42,300	
Overtime Pay		9,308	
Freight Expenses		97,862	
Asphalt - Liquid		11,246	
Crushed Stone		38,169	
Road Signs		10,721	
Small Tools		505	
Gravel and Chert		2,802	
Other Supplies and Materials		<u>2,315</u>	
Total Highway and Bridge Maintenance			1,190,084

Operation and Maintenance of Equipment

Mechanic(s)	\$	114,183	
Maintenance & Repair Services - Equipment		13,896	
Diesel Fuel		108,857	
Equipment and Machinery Parts		102,048	
Garage Supplies		7,664	
Gasoline		48,135	
Lubricants		9,746	
Small Tools		1,702	
Tires and Tubes		16,995	

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Other Supplies and Materials	\$	3,302	
Other Capital Outlay		<u>7,717</u>	
Total Operation and Maintenance of Equipment	\$		434,245

Other Charges

Communication	\$	7,876	
Utilities		15,566	
Liability Insurance		135,096	
Premiums on Corporate Surety Bonds		1,227	
Trustee's Commission		44,843	
Liability Claims		<u>3,419</u>	
Total Other Charges			208,027

Employee Benefits

Social Security	\$	93,090	
State Retirement		113,469	
Employee and Dependent Insurance		198,690	
Unemployment Compensation		456	
Evaluation and Testing		1,690	
Workers' Compensation Insurance		<u>111,926</u>	
Total Employee Benefits			519,321

Capital Outlay

Bridge Construction	\$	124,755	
Highway Equipment		514,901	
State Aid Projects		455,824	
Other Construction		<u>724,507</u>	
Total Capital Outlay			1,819,987

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$	<u>96,090</u>	
Total Highways and Streets			96,090

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$	<u>2,555</u>	
Total Highways and Streets			2,555

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Capital Projects

Highway & Street Capital Projects

Other Capital Outlay	\$ 44,941	
Total Highway & Street Capital Projects		\$ 44,941

Total Highway/Public Works Fund		\$ 4,485,297
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General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 310,000	
Total General Government		\$ 310,000

Education

Principal on Bonds	\$ 695,000	
Total Education		695,000

Interest on Debt

General Government

Interest on Bonds	\$ 395,381	
Total General Government		395,381

Education

Interest on Bonds	\$ 634,392	
Total Education		634,392

Other Debt Service

General Government

Trustee's Commission	\$ 29,015	
Other Debt Service	600	
Total General Government		29,615

Education

Other Debt Service	\$ 2,248	
Total Education		2,248

Total General Debt Service Fund		2,066,636
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General Capital Projects Fund

Capital Projects

Administration of Justice Projects

Architects	\$ 144,157	
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(Continued)

Exhibit J-8

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

<u>General Capital Projects Fund (Cont.)</u>		
<u>Capital Projects (Cont.)</u>		
<u>Administration of Justice Projects (Cont.)</u>		
Underwriter's Discount	\$	24,478
Other Debt Issuance Charges		78,806
Building Construction		11,128,257
Site Development		1,946
Total Administration of Justice Projects		<u>\$ 11,377,644</u>
Total General Capital Projects Fund		<u>\$ 11,377,644</u>
Total Governmental Funds - Primary Government		<u><u>\$ 30,844,630</u></u>

Exhibit J-9

Fayette County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Fayette County School Department
For the Year Ended June 30, 2007

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,759,465	
Career Ladder Program	68,595	
Career Ladder Extended Contracts	40,698	
Homebound Teachers	1,072	
Educational Assistants	539,223	
Non-certified Substitute Teachers	109,060	
Social Security	503,788	
State Retirement	524,004	
Medical Insurance	624,390	
Employer Medicare	118,257	
Maintenance & Repair Services - Equipment	1,267	
Travel	87	
Other Contracted Services	161,646	
Instructional Supplies and Materials	130,918	
Textbooks	290,829	
Other Supplies and Materials	850	
Other Charges	3,829	
Regular Instruction Equipment	9,622	
Total Regular Instruction Program		\$ 10,887,600

Special Education Program

Teachers	\$ 1,161,322	
Career Ladder Program	13,935	
Homebound Teachers	3,678	
Educational Assistants	80,103	
Other Salaries & Wages	43,017	
Non-certified Substitute Teachers	6,075	
Social Security	76,656	
State Retirement	81,402	
Medical Insurance	106,143	
Employer Medicare	17,930	
Other Fringe Benefits	37,467	
Contracts with Other School Systems	31,939	
Contracts with Private Agencies	157,411	
Maintenance & Repair Services - Equipment	4,814	
Instructional Supplies and Materials	2,384	
Other Supplies and Materials	2,498	
Special Education Equipment	7,942	
Total Special Education Program		1,834,716

(Continued)

Exhibit J-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.)

Vocational Education Program

Teachers	\$	652,242	
Career Ladder Program		7,000	
Non-certified Substitute Teachers		8,050	
Social Security		38,585	
State Retirement		39,822	
Medical Insurance		62,602	
Employer Medicare		9,024	
Other Fringe Benefits		58	
Travel		3,012	
Other Contracted Services		3,878	
Instructional Supplies and Materials		19,322	
Vocational Instruction Equipment		6,672	
Total Vocational Education Program			\$ 850,267

Adult Education Program

Supervisor/Director	\$	2,140	
Teachers		28,775	
Social Security		696	
State Retirement		23	
Employer Medicare		447	
Other Fringe Benefits		200	
Instructional Supplies and Materials		8,323	
Other Charges		4,078	
Total Adult Education Program			44,682

Support Services

Attendance

Supervisor/Director	\$	47,973	
Career Ladder Program		1,000	
Clerical Personnel		11,265	
Social Security		3,343	
State Retirement		3,955	
Medical Insurance		8,389	
Employer Medicare		782	
Travel		1,254	
Other Supplies and Materials		515	
Total Attendance			78,476

(Continued)

Exhibit J-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.)

Health Services

Medical Personnel	\$	57,497	
Social Security		3,407	
State Retirement		5,209	
Medical Insurance		4,037	
Employer Medicare		797	
Communication		531	
Travel		1,324	
Drugs and Medical Supplies		725	
In Service/Staff Development		420	
Health Equipment		1,232	
Total Health Services			\$ 75,179

Other Student Support

Career Ladder Program	\$	5,000	
Guidance Personnel		341,925	
Assessment Personnel		12,340	
Clerical Personnel		12,235	
Other Salaries & Wages		13,080	
Social Security		23,008	
State Retirement		23,926	
Medical Insurance		29,610	
Employer Medicare		5,381	
Other Fringe Benefits		38	
Contracts with Private Agencies		24,285	
Evaluation and Testing		4,510	
Travel		4,446	
Instructional Supplies and Materials		4,251	
In Service/Staff Development		1,800	
Other Charges		9,701	
Total Other Student Support			515,536

Regular Instruction Program

Supervisor/Director	\$	165,445
Career Ladder Program		11,972
Career Ladder Extended Contracts		4,788
Librarians		395,174
Instructional Computer Personnel		44,135
Social Security		37,000
State Retirement		39,385

(Continued)

Exhibit J-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.)

Regular Instruction Program (Cont.)

Medical Insurance	\$	44,223	
Employer Medicare		8,653	
Maintenance & Repair Services - Equipment		13,683	
Travel		6,360	
Library Books/Media		56,572	
Other Supplies and Materials		21,874	
In Service/Staff Development		8,000	
Other Charges		4,376	
Other Equipment		20,989	
Total Regular Instruction Program			\$ 882,629

Special Education Program

Supervisor/Director	\$	53,552	
Career Ladder Program		3,000	
Psychological Personnel		38,722	
Assessment Personnel		40,984	
Secretary(ies)		24,034	
Clerical Personnel		21,505	
Other Salaries & Wages		50,544	
Social Security		13,611	
State Retirement		15,426	
Medical Insurance		24,137	
Employer Medicare		3,183	
Other Fringe Benefits		5,000	
Communication		5,004	
Travel		8,870	
Total Special Education Program			307,572

Vocational Education Program

Supervisor/Director	\$	54,518	
Career Ladder Program		3,000	
Secretary(ies)		26,137	
Other Salaries & Wages		184,382	
Social Security		16,293	
State Retirement		18,621	
Medical Insurance		11,159	
Employer Medicare		3,810	
Other Fringe Benefits		1,112	
Communication		3,290	

(Continued)

Exhibit J-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.)

Vocational Education Program (Cont.)

Maintenance & Repair Services - Equipment	\$	4,962	
Travel		5,628	
Other Supplies and Materials		19,643	
Other Charges		9,120	
Total Vocational Education Program			\$ 361,675

Adult Programs

Supervisor/Director	\$	49,787	
Career Ladder Program		1,000	
Other Salaries & Wages		94,788	
Social Security		8,918	
State Retirement		10,824	
Medical Insurance		7,993	
Employer Medicare		2,086	
Other Fringe Benefits		500	
Travel		447	
Other Contracted Services		21,946	
Other Supplies and Materials		669	
In Service/Staff Development		2,605	
Other Charges		23,545	
Total Adult Programs			225,108

Board of Education

Longevity Pay	\$	38,550	
Board and Committee Members Fees		18,804	
Social Security		3,410	
State Retirement		3,671	
Unemployment Compensation		32,662	
Employer Medicare		814	
Audit Services		6,500	
Dues and Memberships		14,208	
Legal Services		5,873	
Travel		8,392	
Liability Insurance		42,995	
Premiums on Corporate Surety Bonds		4,030	
Trustee's Commission		165,622	
Workers' Compensation Insurance		78,906	
Criminal Investigation of Applicants - TBI		5,088	
Other Charges		4,373	
Total Board of Education			433,898

(Continued)

Exhibit J-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.)

Director of Schools

County Official/Administrative Officer	\$	103,717	
Assistant(s)		19,692	
Career Ladder Program		1,000	
Secretary(ies)		27,040	
Clerical Personnel		20,430	
Social Security		10,021	
State Retirement		11,927	
Medical Insurance		4,702	
Employer Medicare		2,497	
Communication		24,732	
Dues and Memberships		220	
Travel		3,219	
Office Supplies		965	
Other Charges		220	
Total Director of Schools			\$ 230,382

Office of the Principal

Principals	\$	522,718	
Career Ladder Program		10,000	
Career Ladder Extended Contracts		7,182	
Assistant Principals		279,882	
Secretary(ies)		154,372	
Social Security		58,341	
State Retirement		63,189	
Medical Insurance		56,020	
Employer Medicare		13,644	
Communication		50,547	
Dues and Memberships		4,425	
Total Office of the Principal			1,220,320

Fiscal Services

Supervisor/Director	\$	42,617	
Accountants/Bookkeepers		27,639	
Clerical Personnel		37,995	
Other Salaries & Wages		38,237	
Social Security		8,995	
State Retirement		12,279	
Medical Insurance		20,404	
Employer Medicare		2,104	

(Continued)

Exhibit J-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.)

Fiscal Services (Cont.)

Data Processing Services	\$	974	
Travel		1,008	
Data Processing Supplies		1,375	
Office Supplies		214	
Other Charges		356	
Total Fiscal Services			\$ 194,197

Operation of Plant

Secretary(ies)	\$	22,531	
Custodial Personnel		481,445	
Social Security		30,957	
State Retirement		42,440	
Medical Insurance		19,258	
Employer Medicare		7,240	
Rentals		9,000	
Travel		626	
Other Contracted Services		48,076	
Custodial Supplies		40,000	
Electricity		500,794	
Natural Gas		211,137	
Water and Sewer		54,323	
Other Supplies and Materials		5,733	
Boiler Insurance		7,056	
Building and Contents Insurance		128,547	
Other Charges		2,600	
Plant Operation Equipment		2,240	
Total Operation of Plant			1,614,003

Maintenance of Plant

Supervisor/Director	\$	46,064	
Maintenance Personnel		256,823	
Social Security		18,784	
State Retirement		27,441	
Medical Insurance		38,793	
Employer Medicare		4,393	
Maintenance & Repair Services - Buildings		7,000	
Maintenance & Repair Services - Equipment		42,206	
Other Contracted Services		30,108	
General Construction Materials		23,572	

(Continued)

Exhibit J-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.)

Maintenance of Plant (Cont.)

Other Supplies and Materials	\$	64,481	
Other Charges		1,666	
Maintenance Equipment		770	
Total Maintenance of Plant			\$ 562,101

Transportation

Supervisor/Director	\$	46,212	
Mechanic(s)		213,963	
Bus Drivers		662,907	
Clerical Personnel		24,034	
Social Security		57,966	
State Retirement		81,774	
Medical Insurance		37,533	
Employer Medicare		13,555	
Other Fringe Benefits		5,784	
Communication		12,555	
Maintenance & Repair Services - Vehicles		1,682	
Travel		2,218	
Other Contracted Services		3,117	
Diesel Fuel		337,228	
Equipment and Machinery Parts		4,737	
Gasoline		45,366	
Lubricants		9,401	
Tires and Tubes		51,887	
Vehicle Parts		168,869	
Other Supplies and Materials		12,568	
Vehicle and Equipment Insurance		39,690	
Other Charges		7,623	
Transportation Equipment		6,500	
Total Transportation			1,847,169

Central and Other

Other Salaries & Wages	\$	118,890	
Social Security		7,267	
State Retirement		10,772	
Employer Medicare		1,700	
Other Contracted Services		9,450	
Other Supplies and Materials		3,173	
Other Equipment		10,660	
Total Central and Other			161,912

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	5,225	
Other Salaries & Wages		16,112	
Social Security		1,323	
State Retirement		1,139	
Employer Medicare		309	
Travel		227	
Other Supplies and Materials		7,360	
Total Community Services			\$ 31,695

Early Childhood Education

Supervisor/Director	\$	37,276	
Teachers		327,329	
Career Ladder Program		3,982	
Educational Assistants		85,700	
Other Salaries & Wages		20,479	
Non-certified Substitute Teachers		3,525	
Social Security		28,185	
State Retirement		30,083	
Medical Insurance		38,204	
Employer Medicare		6,592	
Other Fringe Benefits		2,219	
Contracts with Other Public Agencies		22,954	
Travel		4,219	
Instructional Supplies and Materials		73,482	
In Service/Staff Development		5,362	
Other Charges		4,109	
Other Equipment		17,248	
Total Early Childhood Education			710,948

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	82,946	
Transportation Equipment		199,842	
Other Capital Outlay		59,186	
Total Regular Capital Outlay			341,974

Principal on Debt

Education

Principal on Notes	\$	73,443	
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(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Principal on Debt (Cont.)

Education (Cont.)

Principal on Capital Leases	\$ 133,133	
Total Education		\$ 206,576

Interest on Debt

Education

Interest on Notes	\$ 14,624	
Interest on Capital Leases	22,202	
Total Education		36,826

Total General Purpose School Fund		\$ 23,655,441
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School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 807,407	
Educational Assistants	127,641	
Other Salaries & Wages	23,120	
Non-certified Substitute Teachers	6,625	
Social Security	57,695	
State Retirement	59,870	
Medical Insurance	36,267	
Employer Medicare	13,671	
Other Fringe Benefits	2,521	
Instructional Supplies and Materials	1,006,662	
Workers' Compensation Insurance	2,850	
Other Charges	26,134	
Regular Instruction Equipment	177,884	
Total Regular Instruction Program		\$ 2,348,347

Special Education Program

Clerical Personnel	\$ 1,000
Educational Assistants	246,284
Other Salaries & Wages	48,425
Social Security	18,206
State Retirement	21,934
Employer Medicare	4,334
Other Fringe Benefits	10,725
Contracts with Private Agencies	158,792
Maintenance & Repair Services - Equipment	3,732

(Continued)

Exhibit J-9

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.)

Special Education Program (Cont.)

Other Contracted Services	\$	97,503	
Other Supplies and Materials		26,499	
Other Charges		16,642	
Total Special Education Program			\$ 654,076

Vocational Education Program

Educational Assistants	\$	14,271	
Social Security		885	
State Retirement		1,279	
Employer Medicare		207	
Other Fringe Benefits		64	
Travel		13,210	
Other Contracted Services		1,686	
Instructional Supplies and Materials		692	
T&I Construction Materials		1,299	
Other Charges		638	
Vocational Instruction Equipment		40,043	
Total Vocational Education Program			74,274

Support Services

Other Student Support

Other Salaries & Wages	\$	26,365	
Social Security		1,635	
State Retirement		2,389	
Employer Medicare		382	
Other Fringe Benefits		53	
Travel		18,608	
Other Supplies and Materials		49	
Workers' Compensation Insurance		48	
Total Other Student Support			49,529

Regular Instruction Program

Supervisor/Director	\$	75,326	
Instructional Computer Personnel		39,575	
Secretary(ies)		52,172	
Educational Incentive - Other County Employees		48,320	
Other Salaries & Wages		45,385	
Social Security		15,517	
State Retirement		18,604	

(Continued)

Exhibit J-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.)

Regular Instruction Program (Cont.)

Medical Insurance	\$	22,871	
Employer Medicare		3,629	
Other Fringe Benefits		511	
Travel		111,032	
Workers' Compensation Insurance		624	
In Service/Staff Development		260,026	
Other Charges		23,885	
Total Regular Instruction Program			\$ 717,477

Special Education Program

Supervisor/Director	\$	1,500	
Other Salaries & Wages		105,150	
Social Security		6,583	
State Retirement		9,377	
Medical Insurance		9,818	
Employer Medicare		1,540	
Other Fringe Benefits		2,467	
Travel		7,000	
Other Contracted Services		8,229	
Total Special Education Program			151,664

Vocational Education Program

In-Service Training	\$	1,179	
Social Security		73	
State Retirement		93	
Employer Medicare		17	
Travel		794	
Total Vocational Education Program			2,156

Transportation

Bus Drivers	\$	59,800	
Social Security		3,707	
State Retirement		5,356	
Employer Medicare		869	
Diesel Fuel		29,630	
Workers' Compensation Insurance		2,299	
Total Transportation			101,661

Total School Federal Projects Fund \$ 4,099,184

(Continued)

Exhibit J-9

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	48,361	
Accountants/Bookkeepers		21,661	
Cafeteria Personnel		906,894	
Longevity Pay		3,750	
Other Salaries & Wages		35,256	
Social Security		62,935	
State Retirement		80,057	
Medical Insurance		16,443	
Unemployment Compensation		6,400	
Employer Medicare		14,513	
Communication		7,700	
Maintenance & Repair Services - Equipment		6,916	
Travel		662	
Other Contracted Services		52,245	
Food Supplies		870,938	
Other Supplies and Materials		102,034	
Workers' Compensation Insurance		21,611	
Food Service Equipment		6,684	
Total Food Service			\$ 2,265,060

Total Central Cafeteria Fund \$ 2,265,060

Total Governmental Funds - Fayette County School Department \$ 30,019,685

Exhibit J-10

Fayette County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Fund
For the Year Ended June 30, 2007

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,443,863
Total Cash Receipts	<u>\$ 1,443,863</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,429,424
Trustee's Commission	14,439
Total Cash Disbursements	<u>\$ 1,443,863</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2006	<u>0</u>
Cash Balance, June 30, 2007	<u><u>\$ 0</u></u>

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

October 23, 2007

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, 2007, which collectively comprise Fayette County's basic financial statements and have issued our report thereon dated October 23, 2007. Our report on the aggregate discretely presented component units' financial statements was qualified due to not including the financial statements of the Fayette County Emergency Communications District, a discretely presented component unit, which were 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fayette County's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 07.03, 07.04, 07.06, and 07.09.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Fayette County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be significant weaknesses. However, we believe that none of the significant deficiencies described above is 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: 07.01, 07.02, 07.05, 07.07, and 07.08.

We consider item 07.10 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations. We also noted certain matters that we reported to management of Fayette County in separate communications.

Fayette County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Fayette County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the county mayor, director of schools, public works superintendent, County Commission, Board of Education, Public Works Board, others within Fayette County, 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,

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

John G. Morgan
Comptroller of the Treasury

JGM/rc



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

October 23, 2007

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, 2007. 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 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 of 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, 2007.

Internal Control Over Compliance

The management of Fayette County is responsible for establishing and maintaining effective internal control over compliance with the 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fayette County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Schedule of Expenditures of Federal Awards

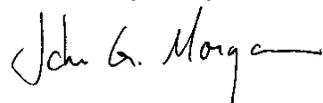
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fayette County as of and for the year ended June 30, 2007, and have issued our report thereon dated October 23, 2007. Our report on the aggregate discretely presented component units' financial statements was qualified due to not including the financial statements of the Fayette County Emergency Communications District, a discretely presented component unit, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the

financial statements that collectively comprise Fayette County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information 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.

Fayette County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Fayette County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the county mayor, director of schools, public works superintendent, County Commission, Board of Education, Public Works Board, others within Fayette County, 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.

Yours very truly,

A handwritten signature in cursive script that reads "John G. Morgan". The signature is written in black ink and is positioned below the typed name.

John G. Morgan
Comptroller of the Treasury

JGM/rc

Fayette County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2007

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	(2)	\$ 71,050
Rural Business Opportunity Grants	10.773	(2)	1,583
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	601,459
National School Lunch Program	10.555	(2)	1,181,717
Summer Food Service Program for Children	10.559	(2)	26,281
Total U.S. Department of Agriculture			<u>\$ 1,882,090</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention-Allocation to States	16.540	Z0703652600	\$ 2,412
Total U.S. Department of Justice			<u>\$ 2,412</u>
U.S. Department of Labor:			
Passed-through City of Memphis, Tennessee:			
WIA Adult Program	17.258	(2)	\$ 151,951
WIA Youth Activities	17.259	(2)	284,600
Total U.S. Department of Labor			<u>\$ 436,551</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	Z0703368800	\$ 63,555
Title I Grants to Local Educational Agencies	84.010	N/A	727,947
Special Education - Grants to States	84.027	N/A	874,379
Vocational Education - Basic Grants to States	84.048	N/A	95,039
Safe and Drug-Free Schools and Communities-State Grants	84.186A	(2)	18,768
Twenty-First Century Community Learning Centers	84.287C	(2)	240,000
State Grants for Innovative Programs	84.298	N/A	6,326
Education Technology State Grant	84.318X	(2)	9,526
Comprehensive School Reform Demonstration	84.332A	(2)	171,318
Reading First State Grants	84.357	(2)	1,717,182
English Language Acquisition Grants	84.365	N/A	15,797
Improving Teacher Quality State Grants	84.367A	N/A	298,197
Title I - School Improvement Grant	84.384A	N/A	6,949
Hurricane Education Recovery	84.938C	N/A	9,623
Total U.S. Department of Education			<u>\$ 4,254,606</u>
U.S. Elections Assistance Commission:			
Passed-through Tennessee Secretary of State's Office:			
Help America Vote Act Payments Program	90.401	(2)	\$ 241,600
Total U.S. Elections Assistance Commission			<u>\$ 241,600</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Human Services:			
Temporary Assistance for Needy Families	93.558	Z0703421600	\$ 14,641
Total U.S. Department of Health and Human Services			<u>\$ 14,641</u>

(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	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Cluster:			
State Domestic Preparedness Equipment Support Program	97.004	Z0402243802	\$ 77,491
Homeland Security Grant Program	97.067	Z0502515300	583,501
Public Assistance Grants	97.036	FEMA1482-DR-TN	4,879
Emergency Management Performance Grants	97.042	Z0603283500	36,010
Assistance to Firefighters Grant	97.044	(2)	442,850
Total U.S. Department of Homeland Security			<u>\$ 1,144,731</u>
Total Expenditures of Federal Awards			<u>\$ 7,976,631</u>
State Grants:			
Litter Program - State Department of Transportation	N/A	Z0703379206	\$ 32,645
State Reappraisal - Comptroller of the Treasury	N/A	(2)	12,145
Preventive Health and Health Service - State Department of Health	N/A	Z0703156000	259,474
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	13,392
Safe Schools Act Grant - State Department of Education	N/A	(2)	20,716
High Schools That Work - State Department of Education	N/A	(2)	3,994
Early Childhood Education - State Department of Education	N/A	(2)	703,488
Adult Basic Education - State Department of Education	N/A	Z0703368800	23,637
Job Opportunities and Basic Skills Training - State Department of Education	N/A	Z0703421600	8,361
Enforcing Underage Drinking Grants - State Department of Education	N/A	GG071268600	48,746
Total State Grants			<u>\$ 1,126,598</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, 2007

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, 2006, which have not been corrected.

OFFICE OF COUNTY MAYOR

Finding Number	Page Number	Subject
06.02	164	Expenditures exceeded appropriations

OFFICE OF PUBLIC WORKS SUPERINTENDENT

Finding Number	Page Number	Subject
06.04	167	The Public Works Department did not maintain a system to account for the use of some road materials

OFFICE OF DIRECTOR OF SCHOOLS

Finding Number	Page Number	Subject
06.05	168	Salaries exceeded line-item appropriations in the General Purpose School, School Federal Projects, and the Central Cafeteria Funds

OTHER FINDING

Finding Number	Page Number	Subject
06.09	169	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, 2007

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Fayette County disclosed significant deficiencies in internal control. None of these conditions was considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that was material to the financial statements of Fayette County.
4. The audit disclosed no significant deficiencies 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); the Reading First State Grants (CFDA No. 84.357); the Assistance to Firefighters Grant (CFDA No. 97.044); and the Homeland Security Cluster: State Domestic Preparedness Equipment Support Program and Homeland Security Grant Program (CFDA Nos. 97.004 and 97.067) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Fayette County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the county mayor are 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 07.01 THE PAYMENT OF PRINCIPAL AND INTEREST ON A SCHOOL BOND ANTICIPATION NOTE FROM THE GENERAL FUND IS OF QUESTIONABLE LEGALITY
(Material Noncompliance Under Government Auditing Standards)

During the year, the county expended \$614,434 from the General Fund to pay the principal and interest on a school bond anticipation note for the School Department. Opinion No. 92-03 issued by the Tennessee Attorney General's Office states "...a county legislative body cannot lawfully divert revenues collected for general county purposes, or other non-education purposes, and apply those moneys to education purposes." Therefore, we question the legality of using General Fund monies to pay the principal and interest on a school bond anticipation note.

RECOMMENDATION

Principal and interest payments for the School Department should be appropriated and paid from school funds or the county's General Debt Service Fund. General Fund monies should not be used to pay education expenses.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I concur with your recommendation and steps will be taken to address this in the future. This action was taken on the direction and knowledge of the Fayette County Commission.

FINDING 07.02 THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS
(Noncompliance Under Government Auditing Standards)

Our audit of the Fayette County Mayor's Office revealed the following deficiencies in budget operations:

- A. General Fund expenditures exceeded appropriations approved by the County Commission in the Drug Court (\$12,859), Sanitation Education/Information (\$933), and Other Charges (\$15,768) major appropriation categories (the legal level of control).
- B. The Adequate Facilities/Development Tax Fund (nonmajor special revenue fund) was not budgeted.

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 that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission, and the Adequate Facilities/Development Tax Fund should be budgeted.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

I concur with your recommendation and steps will be taken to address this finding.

FINDING 07.03 **THE AMBULANCE SERVICE HAD DEFICIENCIES IN ACCOUNTS RECEIVABLE**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Our audit of receivables at the Fayette County Ambulance Service revealed the following deficiencies:

- A. The Ambulance Service has computer software capable of generating an accounts receivable report. However, personnel did not utilize the software and prepare a detailed listing of accounts receivable at June 30, 2007.
- B. Fayette County does not have a policy concerning the write-off of uncollectible Ambulance Service receivables.

RECOMMENDATION

Management should prepare a detailed accounts receivable listing each June 30. Also, the Fayette County Commission should adopt a policy concerning the write-off of uncollectible Ambulance Service receivables.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

I concur with your recommendation and steps will be taken to address this finding.

FINDING 07.04 SOME PAYROLL TIME RECORDS WERE NOT SIGNED BY SUPERVISORS
(Internal Control – Significant Deficiency Under Government Auditing Standards)

In some instances, supervisors did not sign the employees' time sheets or time cards as evidence of supervisory review and approval. If the supervisor does not review and approve time sheets, improper payments could result.

RECOMMENDATION

Supervisors should sign employees' time sheets or time cards as evidence of review and approval.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I concur with your recommendation and steps will be taken to address this finding.

OFFICE OF PUBLIC WORKS SUPERINTENDENT

FINDING 07.05 THE OFFICE DID NOT FILE A DEBT OBLIGATIONS REPORT WITH THE STATE DIRECTOR OF LOCAL FINANCE
(Noncompliance Under Government Auditing Standards)

The office did not file a Report of Debt Obligations with the state director of Local Finance for \$266,534 in capital leases issued during the year. Section 9-21-151, Tennessee Code Annotated, requires that within 45 days following the issuance of debt, a county must provide to the state director of Local Finance certain information, such as a description of the purchase for which the debt is issued, a description of the debt obligation, and an itemized description of the cost of issuance.

RECOMMENDATION

All debt obligations should be reported to the state director of Local Finance as required by state statute.

FINDING 07.06 THE PUBLIC WORKS DEPARTMENT DID NOT PROPERLY MAINTAIN A SYSTEM TO ACCOUNT FOR THE USE OF SOME ROAD MATERIALS
(Internal Control – Significant Deficiency 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. During the year, the department installed a system to account for materials used on other types of road projects. Purchases of materials

had been entered into this system; however, materials used had not been entered into the system. The failure to properly maintain the 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 ensure that the system to account for materials used on all types of road projects is properly maintained.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 07.07 **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS (Noncompliance Under Government Auditing Standards)**

Our audit of the Fayette County School Department revealed the following deficiencies in budget operations:

- A. Central Cafeteria Fund total expenditures exceeded appropriations approved by the County Commission by \$2,952.
- B. General Purpose School Fund expenditures exceeded appropriations approved by the County Commission in the Adult Education Program major appropriation category (the legal level of control) by \$2,283.
- C. In numerous instances, salaries exceeded line-item appropriations in the General Purpose School Fund, School Federal Projects Fund, and Central Cafeteria Fund by amounts ranging from \$1 to \$16,627. The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county will not exceed expenditures that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

Section 5-9-401, Tennessee Code Annotated, states, “All funds from whatever source derived including, but not limited to taxes, county aid funds, federal funds, and fines that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission. Salary expenditures should be held within line-item appropriations as required by the budget resolution.

FINDING 07.08 COMPETITIVE BIDS WERE NOT SOLICITED FOR THE PURCHASE OF SECURITY CAMERAS
(Noncompliance Under Government Auditing Standards)

Competitive bids were not solicited for the purchase of security cameras (\$10,660). Section 49-2-203, Tennessee Code Annotated, requires competitive bids to be solicited through public advertisement for purchases exceeding \$10,000.

RECOMMENDATION

Competitive bids should be solicited for purchases exceeding \$10,000 as required by state statute.

OFFICE OF CIRCUIT COURT CLERK

FINDING 07.09 THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated. We provided the official with detailed information regarding the specific vulnerabilities we identified, as well as our recommendations for improvement.

RECOMMENDATION

The office should ensure that adequate controls over information systems and the resources associated with those systems are implemented. Also, the office should take steps to establish or improve any compensating controls until these conditions are remedied.

OTHER FINDING AND RECOMMENDATION

FINDING 07.10 A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED
(Internal Control – Control Deficiency 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.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I concur with your recommendation and steps will be taken to address this finding.

**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, 2007

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