ANNUAL FINANCIAL REPORT

MACON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2009

TENNESSEE
COMPTROLLER
OF THE TREASURY

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ANNUAL FINANCIAL REPORT

MACON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2009

DEPARTMENT OF AUDIT
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Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
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State Auditors

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Audit Highlights

Annual Financial Report
Macon County, Tennessee
For the Year Ended June 30, 2009

Scope

We have audited the basic financial statements of Macon County as of and for the year ended June 30, 2009.

Results

Our report on Macon County's financial statements is unqualified.

Our audit resulted in ten findings and recommendations, which we have reviewed with Macon County management. The detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings

The following is a summary of the audit findings:

OFFICE OF COUNTY MAYOR

- Material audit adjustments were required in the General Fund for proper financial statement presentation.
- All financial activity of the Macon County Library Board was not subject to the budgetary control of the County Commission.
- Some Ambulance Service collections were not deposited within three days.
- The Codes Enforcement Office had deficiencies in computer system backup procedures.
- The Codes Enforcement Office did not have adequate controls for its computer application.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

- Deficiencies were noted in the maintenance of accounting records in Juvenile Court.

OFFICE OF REGISTER

- The office maintained a duplicate set of accounting records.

OFFICE OF SHERIFF

- The department's endorsement of a calendar sale is questionable.

OTHER FINDINGS

- Duties were not segregated adequately in the Offices of County Mayor; Supervisor of Roads; Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff.
- County officials had not adopted a central system of accounting, budgeting, and purchasing.

INTRODUCTORY SECTION

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Macon County Officials
June 30, 2009

Officials

Shelvy Linville, County Mayor
Audie Cook, Road Supervisor
Darrel Law, Director of Schools
Diane Cook, Trustee
Rick Shoulders, Assessor of Property
James Howser, County Clerk
Rick Gann, Circuit, General Sessions, and Juvenile Courts Clerk
Gwendolyn Linville, Clerk and Master
Melinda Ferguson, Register
Mark Gammons, Sheriff

Board of County Commissioners

Shelvy Linville, County Mayor, Chairman
Billy Bransford
David Crowder
Vernon Biggs
Jeff Hughes
Billy West
Phillip Snow
Jerry Ray
Scott Gammons
Larry Tucker
Mike East
Ralph Doss
Tony Boles
Annette Looper
Junior Spears
Ronnie McDuffee
Helen Hesson
Phillip Spears
Robert Grant Malo
Benton Bartley
Rosetta Day Driver

Purchasing Commission

Shelvy Linville, County Mayor
James Howser, County Clerk
Gwendolyn Linville, Clerk and Master

Board of Education

Bill Wilmore, Chairman
Ronald Birdwell
John Wheeley
Jimmy Cook
Steve Walton

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FINANCIAL SECTION

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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INDEPENDENT AUDITOR'S REPORT

March 17, 2010

Macon County Mayor and
Board of County Commissioners
Macon 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 Macon County, Tennessee, as of and for the year ended June 30, 2009, which collectively comprise Macon County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Macon County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Macon County Library System's Public Library Fund, a special revenue fund, which represent 5.5 percent and 7.8 percent, respectively, of the assets and revenues of the aggregate remaining fund information as of June 30, 2009. In addition, we did not audit the financial statements of the Macon County Emergency Communications District, which represent 1.5 percent and one percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Macon County Library System's Public Library Fund and the Macon County Emergency Communications District, is based solely on the reports of other auditors.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Macon County, Tennessee, as of June 30, 2009, 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 March 17, 2010, on our consideration of Macon County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Macon County has implemented the provisions of Governmental Accounting Standards Board Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments.

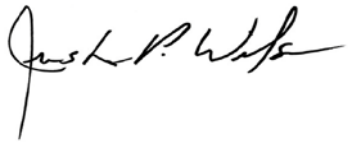
The management of Macon County did not prepare a management's discussion and analysis. The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison, pension, and other postemployment benefits information on pages 69 through 75 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 Macon 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 Macon 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 Macon County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our report, 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 by us in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury

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BASIC FINANCIAL STATEMENTS

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Exhibit A

Macon County, Tennessee
Statement of Net Assets
June 30, 2009

	Primary Government	Component Units	
	Governmental Activities	Macon County School Department	Macon County Emergency Communications District
ASSETS			
Cash	$ 83,833	$ 0	$ 58,079
Equity in Pooled Cash and Investments	4,034,236	4,880,589	0
Accounts Receivable	840,415	27,992	7,923
Allowance for Uncollectible	(262,456)	0	0
Due from Other Governments	374,471	545,805	25,098
Property Taxes Receivable	4,586,186	3,068,940	0
Allowance for Uncollectible Property Taxes	(86,317)	(57,760)	0
Capital Assets:			
Assets Not Depreciated:			
Land	760,894	346,263	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	7,113,860	12,804,451	47,608
Other Capital Assets	1,511,129	1,585,381	213,368
Infrastructure	14,416,471	0	0
Total Assets	$ 33,372,722	$ 23,201,661	$ 352,076
LIABILITIES			
Accounts Payable	$ 0	$ 866,560	$ 0
Accrued Payroll	0	22,534	0
Payroll Deductions Payable	9,560	17,329	0
Accrued Interest Payable	24,011	60,835	0
Deferred Revenue - Current Property Taxes	4,329,695	2,897,304	0
Noncurrent Liabilities:			
Due Within One Year	825,533	455,000	24,954
Due in More Than One Year	7,674,981	5,257,178	17,481
Total Liabilities	$ 12,863,780	$ 9,576,740	$ 42,435
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	$ 19,449,172	$ 9,626,095	$ 218,541
Restricted for:			
Debt Service	1,087,719	0	0
Highway/Public Works	747,687	0	0
School Federal Projects	0	83,626	0
Basic Education Program	0	2,850,139	0
Driver Education	0	38,285	0
Career Ladder	0	21,004	0
Technology	0	33,802	0
Unrestricted	(775,636)	971,970	91,100
Total Net Assets	$ 20,508,942	$ 13,624,921	$ 309,641

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

Exhibit B

Macon County, Tennessee
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Component Units: Macon County School Department	Net (Expense) Revenue and Changes in Net Assets: Component Units: Macon County Emergency Communications District
Primary Government:							
Governmental Activities:							
General Government	$ 1,123,702	$ 121,978	$ 13,317	$ 566,984	$ (421,423)	$ 0	$ 0
Finance	891,180	652,868	8,162	0	(230,150)	0	0
Administration of Justice	851,421	508,330	24,450	0	(318,641)	0	0
Public Safety	3,111,912	805,569	174,408	0	(2,131,935)	0	0
Public Health and Welfare	2,360,420	1,625,051	952,610	0	217,241	0	0
Social, Cultural, and Recreational Services	245,347	39,260	13,278	0	(192,809)	0	0
Agriculture and Natural Resources	69,550	0	0	0	(69,550)	0	0
Other Operations	371,914	0	0	161,454	(210,460)	0	0
Highways/Public Works	2,395,030	668	1,458,880	205,563	(729,919)	0	0
Education	1,220,349	0	0	0	(1,220,349)	0	0
Interest on Long-term Debt	174,821	0	0	0	(174,821)	0	0
Other Debt Service	36,475	0	0	0	(36,475)	0	0
Total Primary Government	$ 12,852,121	$ 3,753,724	$ 2,645,105	$ 934,001	$ (5,519,291)	$ 0	$ 0
Component Units:							
School Department	$ 27,163,181	$ 117,049	$ 3,082,683	$ 1,220,349	$ 0	$ (22,743,100)	$ 0
Emergency Communications District	349,315	210,628	84,303	0	0	0	(54,384)
Total Component Units	$ 27,512,496	$ 327,677	$ 3,166,986	$ 1,220,349	$ 0	$ (22,743,100)	$ (54,384)

(Continued)

Exhibit B

Macon County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total Governmental Activities	Component Units: Macon County School Department	Component Units: Macon County Emergency Communications District
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					$ 4,229,053	$ 2,829,613	$ 0
Local Option Sales Tax					206,272	1,752,930	0
Interstate Telecommunications Tax					1,846	2,377	0
Wheel Tax					802,097	0	0
Litigation Tax					162,423	0	0
Business Tax					125,702	0	0
Adequate Facilities/Development Tax					156,055	0	0
Wholesale Beer Tax					127,350	0	0
Grants and Contributions Not Restricted to Specific Purposes					330,669	18,289,861	0
Unrestricted Investment Earnings					129,397	41	429
Miscellaneous					198,530	29,543	0
Total General Revenues					$ 6,469,394	$ 22,904,365	$ 429
Change in Net Assets					$ 950,103	$ 161,265	$ (53,955)
Prior-period Adjustment					518,082	0	0
Net Assets, July 1, 2008					19,040,757	13,463,656	363,596
Net Assets, June 30, 2009					$ 20,508,942	$ 13,624,921	$ 309,641

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

Exhibit C-1

Macon County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2009

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Govern-mental Funds
ASSETS					
Cash	$ 0	$ 0	$ 0	$ 83,833	$ 83,833
Equity in Pooled Cash and Investments	2,344,084	485,074	1,050,310	154,768	4,034,236
Accounts Receivable	830,112	8,552	800	951	840,415
Allowance for Uncollectibles	(262,456)	0	0	0	(262,456)
Due from Other Governments	48,232	265,619	60,620	0	374,471
Property Taxes Receivable	4,038,079	424,859	0	123,248	4,586,186
Allowance for Uncollectible Property Taxes	(76,001)	(7,997)	0	(2,319)	(86,317)
Total Assets	$ 6,922,050	$ 1,176,107	$ 1,111,730	$ 360,481	$ 9,570,368
LIABILITIES AND FUND BALANCES					
Liabilities					
Payroll Deductions Payable	$ 8,131	$ 700	$ 0	$ 729	$ 9,560
Deferred Revenue - Current Property Taxes	3,812,242	401,098	0	116,355	4,329,695
Deferred Revenue - Delinquent Property Taxes	139,286	14,654	0	4,252	158,192
Other Deferred Revenues	521,996	131,365	0	0	653,361
Total Liabilities	$ 4,481,655	$ 547,817	$ 0	$ 121,336	$ 5,150,808
Fund Balances					
Reserved for Alcohol and Drug Treatment	$ 59,310	$ 0	$ 0	$ 0	$ 59,310
Reserved for Sexual Offender Registration	3,708	0	0	0	3,708
Reserved for Courtroom Security	16,848	0	0	0	16,848
Reserved for Computer System - Register	17,877	0	0	0	17,877
Reserved for Automation Purposes - Chancery Court	2,225	0	0	0	2,225
Reserved for Automation Purposes - Sheriff	13,467	0	0	0	13,467
Reserved for Other General Purposes	0	0	0	2,159	2,159
Unreserved, Reported In:					
General Fund	2,326,960	0	0	0	2,326,960
Special Revenue Funds	0	628,290	0	236,986	865,276
Debt Service Funds	0	0	1,111,730	0	1,111,730
Total Fund Balances	$ 2,440,395	$ 628,290	$ 1,111,730	$ 239,145	$ 4,419,560
Total Liabilities and Fund Balances	$ 6,922,050	$ 1,176,107	$ 1,111,730	$ 360,481	$ 9,570,368

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

Exhibit C-2

Macon County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2009

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)			$ 4,419,560
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	$	760,894	
Add: buildings and improvements net of accumulated depreciation		7,113,860	
Add: infrastructure net of accumulated depreciation		14,416,471	
Add: other capital assets net of accumulated depreciation		1,511,129	23,802,354
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			811,553
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	$	(2,148,416)	
Less: other loans payable		(5,746,440)	
Less: accrued interest on notes		(24,011)	
Less: compensated absences payable		(141,316)	
Less: landfill postclosure costs		(464,342)	(8,524,525)
Net assets of governmental activities (Exhibit A)			$ 20,508,942

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

Exhibit C-3

Macon County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
Revenues					
Local Taxes	$ 4,494,206	$ 395,862	$ 847,836	$ 119,234	$ 5,857,138
Licenses and Permits	38,266	0	0	0	38,266
Fines, Forfeitures, and Penalties	126,773	0	0	13,125	139,898
Charges for Current Services	1,599,463	0	0	265,273	1,864,736
Other Local Revenues	347,325	10,796	7,900	18,834	384,855
Fees Received from County Officials	827,009	0	0	0	827,009
State of Tennessee	437,059	1,659,442	718,970	18,300	2,833,771
Federal Government	1,591,639	61,055	0	0	1,652,694
Other Governments and Citizens Groups	116,729	0	0	3,500	120,229
Total Revenues	$ 9,578,469	$ 2,127,155	$ 1,574,706	$ 438,266	$ 13,718,596
Expenditures					
Current:					
General Government	$ 1,575,754	$ 0	$ 0	$ 20,064	$ 1,595,818
Finance	535,424	0	0	184,271	719,695
Administration of Justice	646,520	0	0	990	647,510
Public Safety	2,775,385	0	0	25,203	2,800,588
Public Health and Welfare	2,274,999	0	0	233,214	2,508,213
Social, Cultural, and Recreational Services	163,937	0	0	25,360	189,297
Agriculture and Natural Resources	69,550	0	0	0	69,550
Other Operations	1,196,434	0	0	0	1,196,434
Highways	0	2,160,299	0	0	2,160,299
Instruction	14,964	0	0	0	14,964
Support Services	3,005	0	0	0	3,005
Debt Service:					
Principal on Debt	0	0	1,279,965	0	1,279,965
Interest on Debt	0	0	166,528	0	166,528
Other Debt Service	0	0	36,475	0	36,475
Capital Projects	4,545	0	0	0	4,545
Capital Projects - Donated	0	0	0	1,220,349	1,220,349
Total Expenditures	$ 9,260,517	$ 2,160,299	$ 1,482,968	$ 1,709,451	$ 14,613,235
Excess (Deficiency) of Revenues Over Expenditures	$ 317,952	$ (33,144)	$ 91,738	$ (1,271,185)	$ (894,639)
Other Financing Sources (Uses)					
Notes Issued	$ 0	$ 0	$ 0	$ 1,220,349	$ 1,220,349
Insurance Recovery	40,647	6,152	0	0	46,799
Transfers In	2,400	0	0	0	2,400
Transfers Out	0	(2,400)	0	0	(2,400)
Total Other Financing Sources (Uses)	$ 43,047	$ 3,752	$ 0	$ 1,220,349	$ 1,267,148
Net Change in Fund Balances	$ 360,999	$ (29,392)	$ 91,738	$ (50,836)	$ 372,509
Fund Balance, July 1, 2008	2,079,396	657,682	1,019,992	289,981	4,047,051
Fund Balance, June 30, 2009	$ 2,440,395	$ 628,290	$ 1,111,730	$ 239,145	$ 4,419,560

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

Exhibit C-4

Macon 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, 2009

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)		$ 372,509
(1)	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
	Add: capital outlays in the current period	$ 1,040,281	
	Less: current year depreciation	(569,195)	471,086
(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		(20,505)
(3)	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
	Less: deferred delinquent property taxes and other deferred June 30, 2008	$ (727,925)	
	Add: deferred delinquent property taxes and other deferred June 30, 2009	811,553	83,628
(4)	The issuance of long-term debt (e.g., notes, bonds) 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.		
	Less: note proceeds	$ (1,220,349)	
	Add: principal payments on notes	172,520	
	Add: principal payments on other loans	432,445	
	Add: principal payments on bonds	675,000	59,616
(5)	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
	Change in accrued interest payable	$ (8,293)	
	Change in landfill postclosure care costs	5,085	
	Change in compensated absences payable	(13,023)	(16,231)
	Change in net assets of governmental activities (Exhibit B)		$ 950,103

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

Exhibit D

Macon County, Tennessee
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Agency Funds
ASSETS	
Cash	$ 494,615
Accounts Receivable	256
Due from Other Governments	253,332
Total Assets	$ 748,203
LIABILITIES	
Due to Other Taxing Units	$ 253,332
Due to Litigants, Heirs, and Others	494,871
Total Liabilities	$ 748,203

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

MACON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Macon 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 Macon County:

A. Reporting Entity

Macon County is a public municipal corporation governed by an elected 20-member board. As required by GAAP, these financial statements present Macon County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Macon County School Department operates the public school system in the county, and the voters of Macon 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 Macon County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Macon County, and the Macon 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 Macon County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Macon County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Macon County Emergency Communications District
P.O. Box 188
30 Weldon Drive
Lafayette, TN 37083

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 Macon 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 Macon 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.

Macon County issues most debt for the discretely presented Macon County School Department. Net debt issues totaling $1,220,349 were contributed by the county to the School Department during the year ended June 30, 2009.

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

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

Macon 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.

Additionally, Macon County reports the following fund types:

> **Capital Projects Fund** – The Education Capital Projects Fund accounts for debt issued by Macon County that is subsequently contributed to the discretely presented Macon County School Department for construction and renovation projects.
>
> **Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Macon County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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

Special Revenue Fund – The School Federal Projects Fund accounts for restricted federal revenues, which must be expended on specific education programs.

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; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds (excluding the Public Library Fund) and the discretely presented Macon 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 General Fund. Macon County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit 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. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to one 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 and an estimated useful life in excess of 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:

Assets	Years
Building and Improvements	5-40
Other Capital Assets	5-20
Infrastructure:	
Roads	20-50
Bridges	75
Waterway	30-50

4. Compensated Absences

It is the county's policy to permit employees to accumulate earned but unused vacation (excluding the Highway Department, which closes the week of Christmas and the week of July 4th for vacation) and sick leave benefits. There is no liability for unpaid accumulated sick leave (excluding the Highway Department, which guarantees payment) since Macon 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.

It is the School Department's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Custodians, maintenance employees, mechanics, bookkeepers, and cafeteria managers are paid for all unused sick leave at the end of the fiscal year. The School Department's leave policy does not guarantee payment for accumulated vacation when employees separate from service with the department.

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 is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

6. Net Assets and Fund Equity

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

a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2009, the Macon County primary government had $3,541,674 in outstanding debt for capital purposes for the discretely presented Macon County School Department. This debt is a liability of Macon County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Macon 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, 2009.

Fund/Purpose		Amount
General:		
Community Enhancement	$	4,589
Welcome Center		9,340
Dog Pound		20,567

7. Prior-period Adjustment

Capital assets were restated $518,082 from the prior-year because several roads had been omitted, and various assets had been recorded twice.

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 Macon 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 Macon 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 Constitutional Officers - Fees and the Public Library funds (special revenue funds), which are not budgeted, and the capital projects fund, which adopts project length budgets. All annual appropriations lapse at fiscal year end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances

may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

B. Expenditures Exceeded Appropriations

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

Fund/Major Category	Amount
Primary Government	
General:	
Employee Benefits	$ 144
General Debt Service:	
Other Debt Service - General Government	6,475
Discretely Presented Macon County School Department	
General Purpose School:	
Food Service	8,963

Such overexpenditures are a violation of state statutes. These overexpenditures were funded from available fund balances.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Macon County (excluding the Public Library Fund) and the Macon 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 reflected on the balance sheets or statements of net assets represents nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase

agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2009.

B. Capital Assets

Capital assets activity for the year ended June 30, 2009, was as follows:

Governmental Activities:

	Balance 7-1-08 Restated*	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	$ 760,894	$ 0	$ 0	$ 760,894
Total Capital Assets Not Depreciated	$ 760,894	$ 0	$ 0	$ 760,894
Capital Assets Depreciated:				
Buildings and Improvements	$ 8,940,098	$ 592,085	$ 0	$ 9,532,183
Infrastructure	17,146,196	0	0	17,146,196
Other Capital Assets	3,242,752	448,196	(72,601)	3,618,347
Total Capital Assets Depreciated	$ 29,329,046	$ 1,040,281	$ (72,601)	$ 30,296,726
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 2,220,178	$ 198,145	$ 0	$ 2,418,323
Infrastructure	2,579,455	150,270	0	2,729,725
Other Capital Assets	1,938,534	220,780	(52,096)	2,107,218
Total Accumulated Depreciation	$ 6,738,167	$ 569,195	$ (52,096)	$ 7,255,266
Total Capital Assets Depreciated, Net	$ 22,590,879	$ 471,086	$ (20,505)	$ 23,041,460
Governmental Activities Capital Assets, Net	$ 23,351,773	$ 471,086	$ (20,505)	$ 23,802,354

* — Capital assets were restated $518,082 from the prior-year because several roads had been omitted, and various assets had been recorded twice.

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

Governmental Activities:

General Government	$ 8,145
Administration of Justice	110,735
Public Safety	85,098
Public Health and Welfare	67,177
Social, Cultural, and Recreational	39,973
Other General Government	18,730
Highways/Public Works	239,337
Total Depreciation Expense - Governmental Activities	$ 569,195

Discretely Presented Macon County School Department

Governmental Activities:

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	$ 346,263	$ 0	$ 0	$ 346,263
Total Capital Assets Not Depreciated	$ 346,263	$ 0	$ 0	$ 346,263
Capital Assets Depreciated:				
Buildings and Improvements	$ 22,366,229	$ 80,317	$ 0	$ 22,446,546
Other Capital Assets	3,237,954	202,252	(206,684)	3,233,522
Total Capital Assets Depreciated	$ 25,604,183	$ 282,569	$ (206,684)	$ 25,680,068

Governmental Activities (Cont.):

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 9,055,795	$ 586,300	$ 0	$ 9,642,095
Other Capital Assets	1,619,897	234,928	(206,684)	1,648,141
Total Accumulated Depreciation	$ 10,675,692	$ 821,228	$ (206,684)	$ 11,290,236
Total Capital Assets Depreciated, Net	$ 14,928,491	$ (538,659)	$ 0	$ 14,389,832
Governmental Activities Capital Assets, Net	$ 15,274,754	$ (538,659)	$ 0	$ 14,736,095

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

Governmental Activities:

Instruction	$ 586,300
Support Services	234,928
Total Depreciation Expense - Governmental Activities	$ 821,228

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2009, is as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Discretely Presented Macon County School Department:		
Nonmajor governmental	General Purpose School	$ 7,315

This balance 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.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2009, consisted of the following amounts:

Primary Government

Transfer Out	Transfer In: General Fund
Highway/Public Works Fund	$ 2,400

Discretely Presented Macon County School Department

Transfer Out	Transfer In: General Purpose School Fund
Nonmajor governmental fund	$ 9,740

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.

D. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, other loans, and capital outlay notes are direct obligations and pledge the full faith and credit of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to up to nine years for notes and up to 20 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes and other loans included in long-term debt as of June 30, 2009, will be retired from the General Debt Service Fund.

Capital outlay notes and other loans outstanding as of June 30, 2009, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
Other Loans	variable %	$ 8,759,000	$ 5,746,440
Capital Outlay Notes	0 to 4.5	2,874,230	2,148,416

In prior years, Macon County entered into loan agreements with the Montgomery County Public Building Authority. Under these loan agreements, the authority loaned $6,721,000 and $2,038,000 to Macon County for various renovation and construction projects. These loans are repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans. At June 30, 2009, the variable interest rate was .48 percent; other fees totaled approximately .35 percent on the $6,721,000 loan and .3 percent on the $2,038,000 loan (letter of credit); .08 percent (remarketing); and $85 per month (trustee) of the outstanding loan principal.

The annual requirements to amortize all notes and other loans outstanding as of June 30, 2009, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	$ 337,517	$ 79,878	$ 417,395
2011	350,270	67,126	417,396
2012	363,497	53,896	417,393
2013	309,182	40,020	349,202
2014	292,534	28,684	321,218
2015-2016	495,416	24,297	519,713
Total	$ 2,148,416	$ 293,901	$ 2,442,317

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2010	$ 449,445	$ 27,583	$ 26,023	$ 503,051
2011	469,445	25,426	24,136	519,007
2012	488,445	23,172	22,166	533,783
2013	508,445	20,828	20,116	549,389
2014	529,445	18,387	17,982	565,814
2015-2019	2,996,215	51,642	54,436	3,102,293
2020-2021	305,000	2,213	3,657	310,870
Total	$ 5,746,440	$ 169,251	$ 168,516	$ 6,084,207

There is $1,111,730 available in the General Debt Service Fund to service long-term debt. Debt per capita, including notes and other loans totaled $387, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

Governmental Activities:	Bonds	Notes	Other Loans
Balance, July 1, 2008	$ 675,000	$ 1,100,587	$ 6,178,885
Additions	0	1,220,349	0
Deductions	(675,000)	(172,520)	(432,445)
Balance, June 30, 2009	$ 0	$ 2,148,416	$ 5,746,440
Balance Due Within One Year	$ 0	$ 337,517	$ 449,445

	Compensated Absences	Landfill Postclosure Care Costs
Balance, July 1, 2008	$ 128,293	$ 469,427
Additions	168,691	10,883
Deductions	(155,668)	(15,968)
Balance, June 30, 2009	$ 141,316	$ 464,342
Balance Due Within One Year	$ 14,132	$ 24,439

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	$ 8,500,514
Less: Balance Due Within One Year	(825,533)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 7,674,981

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

Discretely Presented Macon County School Department

General Obligation Bonds

The county issued general obligation bonds on behalf of the School Department to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds were issued for original terms of up to 20 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. These bonds are included in long-term debt as of June 30, 2009, and will be retired from the General Purpose School Fund.

General obligation bonds outstanding as of June 30, 2009, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
General Obligation Bonds	3.7 to 4.85 %	$ 8,900,000	$ 5,100,000

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2009, including interest payments, are presented in the following table:

Year Ending June 30	Bond Principal	Bond Interest	Bond Total
2010	$ 455,000	$ 243,338	$ 698,338
2011	480,000	222,862	702,862
2012	500,000	200,542	700,542
2013	525,000	177,042	702,042
2014	545,000	152,105	697,105
2015-2018	2,605,000	334,930	2,939,930
Total	$ 5,110,000	$ 1,330,819	$ 6,440,819

Debt per capita for these bonds totaled $251, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Macon County School Department for the year ended June 30, 2009, was as follows:

Governmental Activities:

	Bonds	Other Postemployment Benefits
Balance, July 1, 2008	$ 5,545,000	$ 294,525
Additions	0	424,254
Deductions	(435,000)	(116,601)
Balance, June 30, 2009	$ 5,110,000	$ 602,178
Balance Due Within One Year	$ 455,000	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	$ 5,712,178
Less: Balance Due Within One Year	(455,000)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 5,257,178

E. On-Behalf Payments – Discretely Presented Macon County School Department

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

Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2009, were $70,292 and $14,761, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Macon County and the discretely presented Macon County School Department decided to purchase commercial insurance for the risks of employee health losses for the primary government and the School Department's non-certified personnel to which it is exposed. Pre-65 retirees are not allowed to participate in the plan. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Macon County is exposed to various risks related to general liability, property, casualty, and workers' compensation. The primary government decided it was more economically feasible to join a public entity risk pool than to purchase commercial insurance for general liability, property, casualty, and workers' compensation coverage. The government's risks of loss relating to general liability, property, and casualty are covered by participation in the Local Government Property and Casualty Fund (LGPCF). The government's risks of loss relating to workers' compensation are covered by participation in the Local Government Workers' Compensation Fund (LGWCF). These funds are public entity risk pools established by the Tennessee County Services Association, an association of member counties. The county pays annual premiums to the LGPCF and the LGWCF for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the LGPCF and the LGWCF provide for them to be self-sustaining through member's premiums.

The School Department participates in the Local Education Group Insurance Fund (LEGIF) for its certified personnel, a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, 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 Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays annual premiums to the

TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments became effective for the year ended June 30, 2009.

GASB Statement No. 49 requires county governments to measure and report their pollution remediation liabilities. A county has a pollution remediation problem if one of five obligating events occurs. The statement requires governments to restate beginning net assets in government-wide and proprietary fund financial statements for pollution remediation liabilities that existed as of July 1, 2008. Previous to Statement No. 49, counties were not required to measure and record pollution remediation liabilities. GASB Statement No. 49 had no effect on the financial statements of Macon County for the year ended June 30, 2009, since the county had none of the obligating events. However, it is reasonably expected that Macon County could have pollution remediation liabilities in subsequent years.

GASB Statement No. 52 requires endowments to report land and other real estate investments at fair value. Previous to Statement No. 52, land and other real estate held by endowments were reported at historical cost. Changes in fair value between years will be reported as investment income (loss). GASB Statement No. 52 had no effect on the financial statements of Macon County for the year ended June 30, 2009, since the county had no endowment investments. However, it is reasonably expected that Macon County could have endowment investments in subsequent years.

C. Subsequent Events

Director of Schools, Darrel Law, resigned July 30, 2009, and was succeeded by Jimmy Wheeley, as interim director of schools effective August 1, 2009.

Dan Hampton was appointed director of schools effective September 1, 2009.

On September 1, 2009, Macon County issued capital outlay notes totaling $4,645,531 for highway paving and roof repairs.

Clerk and Master, Gwendolyn Linville, retired on January 29, 2010, and was succeeded by Kristin Reid effective February 1, 2010.

On February 22, 2010, the Macon County Commission authorized the issuance of capital outlay notes totaling $224,500 for lighting equipment replacements.

D. Contingent Liabilities

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

E. Change in Administration

On August 31, 2008, Charles Porter left the Office of Road Supervisor and was succeeded by Audie Cook.

F. Landfill Closure/Postclosure Care Costs

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Macon County closed its sanitary landfill in 1998. The $464,342 reported as postclosure care liability at June 30, 2009, represents amounts based on what it would cost to perform all postclosure care in 2009. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. Joint Ventures

The Macon County Joint Economic and Community Development/Industrial Board is a joint venture between Macon County and the cities of Lafayette and Red Boiling Springs. The board comprises the county mayor, city mayors, and five additional members. The purpose of the board is to foster communication relative to economic and community development between and among governmental entities, industry, and private citizens. The county and cities will provide the majority of funding for the board based on the percentage of their population compared to the total census of the county when financial activity begins. During the year ended June 30, 2009, the county did not appropriate any operating subsidies to the Macon County Joint Economic and Community Development/Industrial Board.

H. Retirement Commitments

Employees

Plan Description

Employees of Macon 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 Macon County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Macon 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, 2009, was 6.54 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Macon County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2009, Macon County's annual pension cost of $508,195 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, 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 postretirement 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. Macon 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, 2007, was nine years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-09	$508,195	100%	$0
6-30-08	554,346	100	0
6-30-07	494,217	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 90.82 percent funded. The actuarial accrued liability for benefits was $8.07 million, and the actuarial value of assets was $7.33 million, resulting in an unfunded actuarial accrued liability (UAAL) of $.74 million. The covered payroll (annual payroll of active employees covered by the plan) was $6.76 million, and the ratio of the UAAL to the covered payroll was 10.96 percent.

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

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

School Teachers

Plan Description

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

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

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 Macon County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2009, was 6.42 percent of annual covered payroll. The employer contribution requirement for the Macon 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, 2009, 2008, and 2007, were $753,925, $705,192, and $653,438, respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2009, the School Department made contributions totaling $103,701 for other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Insurance Plan
ARC	$ 411,000
Interest on the NPO	13,254
Adjustment to the ARC	(12,900)
Annual OPEB cost	$ 411,354
Amount of contribution	(103,701)
Increase/decrease in NPO	$ 307,653
Net OPEB obligation, 7-1-08	294,525
Net OPEB obligation, 6-30-09	$ 602,178

Fiscal Year Ended*	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	$ 394,000	25 %	$ 294,525
6-30-09	"	411,000	25	602,178

* Data only available for two years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows:

	Local Education Group Insurance Plan
Actuarial valuation date	7-1-07
Actuarial accrued liability (AAL)	$ 3,555,000
Actuarial value of plan assets	$ 0
Unfunded actuarial accrued liability (UAAL)	$ 3,555,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	$ 11,380,000
UAAL as a % of covered payroll	31%

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

Actuarial Methods and Assumptions

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

In the July 1, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

J. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Office of County Mayor are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated (TCA), and Chapter 161, Private Acts of 1937. The private act provides for a purchasing committee, including the county mayor, county clerk, and clerk and master, to make all purchases for all county departments except the Highway and the School departments. The County Purchasing Law of 1983 provides for purchases exceeding $10,000 to be made on a competitive basis after public advertisement.

Office of Supervisor of Roads

Purchasing procedures for the Office of Supervisor of Roads are governed by Chapter 234, Private Acts of 1965, as amended, and the Uniform Road Law, Section 54-7-113, TCA. These statutes provide for the supervisor of roads to make all purchases and for all purchases exceeding $10,000 to be made on a competitive basis solicited through public advertisement.

Office of Director of Schools

Purchasing procedures for the 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 advertisements on all purchases exceeding $10,000.

VI. OTHER NOTES – MACON COUNTY LIBRARY SYSTEM (SPECIAL REVENUE FUND)

A. Summary of Significant Accounting Policies

The Public Library Fund is a part of the Macon County Library System, which is a department of Macon County, Tennessee. Macon County has allowed the Macon County Library System to have authority over certain funds, primarily funds donated to the Library Board and earned from various fines and fees. The audit of the Macon County Library System's Public Library Fund presented here is only for those funds mentioned above. The Macon County Library System's Public Library Fund does not contain any of the capital assets of the Macon County Library System nor does it cover the significant costs (personnel, occupancy, and books) of the Macon County Library System. Macon County provides for the personnel and occupancy costs and a majority of the book cost of the Macon County Library System.

1. Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity requires that financial statements present the reporting entity, which consists of the primary government and any component unit organizations for which the primary government is financially accountable and any other component unit organizations for which the nature and significance of their relationship with the primary government are such that exclusion, could cause the library's financial statements to be misleading. There were no component units requiring blended or discrete presentation under the requirements of GASB Statement No. 14.

2. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental fund revenues 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 collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are recorded generally when a liability is incurred, as under accrual accounting.

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

3. Cash and Cash Equivalents

Cash and cash equivalents consist primarily of deposit accounts and certificates of deposit with original maturities of three months or less.

4. Fund Equity

In the 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 a specific purpose.

5. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

6. Deferred Revenue

Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to resources, the deferred revenue is removed from the balance sheet and revenue is recognized. There was no deferred revenue at year end.

7. Budgets and Budgetary Accounting

The library board follows these procedures in establishing the budgetary data reflected in the financial statements:

a. Formal budgets are adopted and approved by board vote on an annual basis consistent with generally accepted accounting principles.

b. The budget amounts are not shown in the financial statements as these amounts were not approved by the County Commission, which is required by Tennessee Code Annotated, and as such the fund does not have a legally adopted budget.

B. Cash and Cash Equivalents

The library is authorized to invest funds in financial institutions demand deposit accounts and certificates of deposit. During the year, the library invested funds that were not immediately needed in certificates of deposit and savings accounts. The library has deposit policies to minimize custodial credit risks. Deposits in financial institutions are required by state statute to be secured and collateralized by the institutions.

The collateral must meet certain requirements and be deposited in an escrow account in a second bank for the benefit of the library and must total a minimum of 105 percent of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. The library's deposits with financial institutions are fully insured or collateralized by securities held in the government's name.

C. Risk Management

The activities of the Macon County Library System are covered under the insurance policies of Macon County, Tennessee. The Macon County Library System's Public Library Fund has no insurance for their activities. Based on discussion with the library's management additional insurance coverage is not carried given their limited activities.

D. Reserved Fund Balance

The library has reserved $2,159 for the purchase of certain types of books.

VII. OTHER NOTES – DISCRETELY PRESENTED MACON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

The Macon County Emergency Communications District was established for the purpose of providing an enhanced level of 911 service to the Macon County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and more effectively due to increased speed in the transmittal of critical information and improved reliability of address and information. It is a component unit of Macon County. The Macon County Emergency Communications District is run by a board of directors, which is appointed by Macon County. The district must file a budget with Macon County each year. Any bond issued by the district is subject to approval by Macon County.

The district uses the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governments (GASB 34 Edition), and by the Financial Accounting Standards Board. As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the board has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989.

Capital Assets – Capital assets are defined by the district as assets with an initial, individual cost of more than $2,500 and an estimated useful life in excess of two years. 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.

Capital assets of the district are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and Improvements	5-30
Furniture and Fixtures	5-7
Communications Equipment	5-12
Vehicle	5
Office Equipment	5-12

Major Source of Revenue – The major source of operating revenue is emergency telephone and wireless surcharges. Nonoperating revenue consists of interest income.

B. Deposits, Cash, and Cash Equivalents

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

The district is authorized by Section 5-8-301, Tennessee Code Annotated (TCA), to invest idle funds in bonds, notes, or treasury bills of the United States or other obligations guaranteed as to principal and interest by the United States or any of its agencies; certificates of deposit and other evidence of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the district's deposits may not be returned to it. The district's deposits are required to be secured by collateral under the same conditions as state deposits or as provided in the state collateral pool (Section 7-86-126, TCA). As of June 30, 2009, the district's bank balance of $82,406 was covered by the Federal Deposit Insurance Corporation (FDIC).

C. Risk Management

Type	Limits
Surety coverage	$ 130,000
Equipment coverage	1,000,000

No claims have been made during the past three years.

D. Capital Assets

Capital assets activity for the year ended June 30, 2009, was as follows:

Assets	Balance 7-1-08	Increase	Decrease	Balance 6-30-09
Capital Assets Depreciated:				
Buildings and Improvements	$ 90,103	$ 0	$ 0	$ 90,103
Communications Equipment	617,215	0	(45,919)	571,296
Furniture and Fixtures	3,353	0	0	3,353
Office Equipment	158,527	20,888	0	179,415
Total	$ 869,198	$ 20,888	$ (45,919)	$ 844,167
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 37,074	$ 5,421	$ 0	$ 42,495
Communications Equipment	393,770	64,060	(30,616)	427,214
Furniture and Fixtures	1,754	532	0	2,286
Office Equipment	87,574	23,622	0	111,196
Total	$ 520,172	$ 93,635	$ (30,616)	$ 583,191
Total Capital Assets	$ 349,026	$ (72,747)	$ (15,303)	$ 260,976

E. Compensated Absences

As of June 30, 2009, the district has a director and one part-time employee. The district's board has not adopted a policy for compensated absences.

F. Calculation of Invested in Capital Assets

Net Capital Assets	$ 260,976
Noncurrent Debt	(42,435)
Capital Assets, Net of Related Debt	$ 218,541

G. Lease

The district has entered into a three-year lease agreement for the acquisition of communications equipment. The asset and liability under the capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset.

Future minimum lease payments under the capital lease as of June 30, 2009, are as follows:

Year Ending	Amount
2010	$ 26,808
2011	17,872
Total Minimum Lease Payments	$ 44,680
Less: Amount Representing Interest	(2,245)
Present Value of Minimum Lease Payments	$ 42,435

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REQUIRED SUPPLEMENTARY INFORMATION

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Exhibit E-1

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 4,494,206	$ 4,576,625	$ 4,576,625	$ (82,419)
Licenses and Permits	38,266	39,700	39,700	(1,434)
Fines, Forfeitures, and Penalties	126,773	117,450	117,450	9,323
Charges for Current Services	1,599,463	1,156,850	1,373,204	226,259
Other Local Revenues	347,325	338,250	298,847	48,478
Fees Received from County Officials	827,009	858,500	866,779	(39,770)
State of Tennessee	437,059	705,258	598,642	(161,583)
Federal Government	1,591,639	500	893,958	697,681
Other Governments and Citizens Groups	116,729	500	101,205	15,524
Total Revenues	$ 9,578,469	$ 7,793,633	$ 8,866,410	$ 712,059
Expenditures				
General Government				
County Commission	$ 62,890	$ 92,980	$ 92,980	$ 30,090
Board of Equalization	1,760	2,500	2,500	740
Beer Board	213	350	350	137
Budget and Finance Committee	289	1,200	1,200	911
Other Boards and Committees	1,054	3,500	3,500	2,446
County Mayor/Executive	207,669	228,831	228,831	21,162
County Attorney	8,897	8,899	8,899	2
Election Commission	164,405	148,055	165,652	1,247
Register of Deeds	127,092	138,427	138,427	11,335
Development	535,303	82,659	544,643	9,340
Planning	52,809	56,085	56,085	3,276
County Buildings	113,383	130,583	141,751	28,368
Other Facilities	281,385	260,301	298,922	17,537
Other General Administration	1,370	1,292	1,372	2
Preservation of Records	1,669	2,000	2,000	331
Risk Management	15,566	16,593	16,593	1,027
Finance				
Property Assessor's Office	133,190	135,144	134,071	881
Reappraisal Program	14,023	8,400	15,433	1,410
County Trustee's Office	167,342	166,508	168,966	1,624
County Clerk's Office	220,869	229,638	229,638	8,769
Administration of Justice				
Circuit Court	284,230	290,269	290,668	6,438
General Sessions Court	101,210	104,251	104,321	3,111
Chancery Court	120,801	131,774	131,774	10,973
Juvenile Court	36,370	51,648	51,648	15,278
Judicial Commissioners	15,608	16,029	16,029	421
Probation Services	88,301	89,296	89,296	995
Public Safety				
Sheriff's Department	1,369,356	1,378,125	1,422,686	53,330

(Continued)

Exhibit E-1

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)				
Public Safety (Cont.)				
Administration of the Sexual Offender Registry	$ 850	$ 1,200	$ 1,200	$ 350
Jail	1,178,974	1,114,174	1,202,671	23,697
Workhouse	75,775	69,666	78,196	2,421
Fire Prevention and Control	3,113	6,660	6,660	3,547
Rural Fire Protection	15,378	16,000	16,000	622
Civil Defense	55,121	16,551	58,781	3,660
Rescue Squad	6,675	8,300	8,300	1,625
Disaster Relief	11,422	12,600	12,599	1,177
Other Emergency Management	15,020	7,350	15,242	222
County Coroner/Medical Examiner	10,415	17,150	17,150	6,735
Other Public Safety	33,286	16,000	33,300	14
Public Health and Welfare				
Local Health Center	23,287	28,100	28,100	4,813
Rabies and Animal Control	20,548	22,782	41,115	20,567
Ambulance/Emergency Medical Services	1,937,818	1,693,887	2,019,561	81,743
Crippled Children Services	1,439	1,439	1,439	0
Other Local Health Services	41,837	72,800	72,800	30,963
Regional Mental Health Center	7,953	7,953	7,953	0
Appropriation to State	41,900	41,900	41,900	0
Other Local Welfare Services	47,337	55,623	48,252	915
Sanitation Education/Information	50,570	9,000	59,077	8,507
Waste Pickup	102,310	55,225	103,959	1,649
Social, Cultural, and Recreational Services				
Adult Activities	6,000	6,000	6,000	0
Senior Citizens Assistance	7,420	7,420	7,420	0
Libraries	129,674	132,611	132,611	2,937
Parks and Fair Boards	20,843	19,880	24,880	4,037
Agriculture and Natural Resources				
Agriculture Extension Service	47,550	48,989	48,989	1,439
Soil Conservation	22,000	22,000	22,000	0
Other Operations				
Tourism	0	1,500	2,500	2,500
Industrial Development	268,344	313,151	413,041	144,697
Veterans' Services	22,812	23,120	23,120	308
Other Charges	852,515	850,108	852,960	445
Contributions to Other Agencies	22,605	22,978	22,978	373
Employee Benefits	25,570	20,700	25,426	(144)
Miscellaneous	4,588	6,575	6,575	1,987
Instruction				
Vocational Education Program	14,964	14,964	14,964	0
Support Services				
Other Programs	3,005	5,845	10,845	7,840

(Continued)

Exhibit E-1

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)				
Capital Projects				
Highway and Street Capital Projects	$ 4,545	$ 280,500	$ 201,045	$ 196,500
Total Expenditures	$ 9,260,517	$ 8,826,038	$ 10,047,844	$ 787,327
Excess (Deficiency) of Revenues Over Expenditures	$ 317,952	$ (1,032,405)	$ (1,181,434)	$ 1,499,386
Other Financing Sources (Uses)				
Insurance Recovery	$ 40,647	$ 13,000	$ 44,538	$ (3,891)
Transfers In	2,400	98,700	2,400	0
Total Other Financing Sources (Uses)	$ 43,047	$ 111,700	$ 46,938	$ (3,891)
Net Change in Fund Balance	$ 360,999	$ (920,705)	$ (1,134,496)	$ 1,495,495
Fund Balance, July 1, 2008	2,079,396	1,965,940	1,965,940	113,456
Fund Balance, June 30, 2009	$ 2,440,395	$ 1,045,235	$ 831,444	$ 1,608,951

Exhibit E-2

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 395,862	$ 402,234	$ 402,234	$ (6,372)
Other Local Revenues	10,796	12,000	12,000	(1,204)
State of Tennessee	1,659,442	2,242,619	2,242,619	(583,177)
Federal Government	61,055	78,000	78,000	(16,945)
Total Revenues	$ 2,127,155	$ 2,734,853	$ 2,734,853	$ (607,698)
Expenditures				
Highways				
Administration	$ 156,886	$ 167,338	$ 170,438	$ 13,552
Highway and Bridge Maintenance	1,156,506	1,549,593	1,543,693	387,187
Operation and Maintenance of Equipment	192,360	260,115	260,415	68,055
Other Charges	104,587	105,887	108,387	3,800
Employee Benefits	91,019	95,096	95,096	4,077
Capital Outlay	458,941	992,200	992,200	533,259
Total Expenditures	$ 2,160,299	$ 3,170,229	$ 3,170,229	$ 1,009,930
Excess (Deficiency) of Revenues Over Expenditures	$ (33,144)	$ (435,376)	$ (435,376)	$ 402,232
Other Financing Sources (Uses)				
Insurance Recovery	$ 6,152	$ 0	$ 0	$ 6,152
Transfers Out	(2,400)	(2,400)	(2,400)	0
Total Other Financing Sources (Uses)	$ 3,752	$ (2,400)	$ (2,400)	$ 6,152
Net Change in Fund Balance	$ (29,392)	$ (437,776)	$ (437,776)	$ 408,384
Fund Balance, July 1, 2008	657,682	648,200	648,200	9,482
Fund Balance, June 30, 2009	$ 628,290	$ 210,424	$ 210,424	$ 417,866

Exhibit E-3

Macon County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Macon County School Department
June 30, 2009

(Dollar amounts in thousands)

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-09	7-1-07	$ 7,335	$ 8,076	$ 741	90.82 %	$ 6,761	10.96 %
6-30-08	7-1-07	7,335	8,076	741	90.82	6,761	10.96

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the 2007-08 year; therefore, only two years of data are presented.

Exhibit E-4

Macon County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Macon County School Department
June 30, 2009

(Dollar amounts in thousands)

Plan	Fiscal Year Ended*	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	6-30-08	7-1-07	$ 0	$ 3,555	$ 3,555	0 %	$ 11,006	32 %
"	6-30-09	7-1-07	0	3,555	3,555	0	11,006	32

*Data only available for two years.

MACON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2009

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 Macon County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, Budget and Finance Committee, etc.). Management may make revisions within major categories, but only the Macon 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

Expenditures exceeded appropriations approved by the County Commission in the Employee Benefits major appropriation category (the legal level of control) of the General Fund by $144. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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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.

Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation and the recording of certain instruments. The proceeds of the tax must be used to pay for improvements or maintenance on the courthouse and jail.

Public Library Fund – The Public Library Fund is used to account for revenues received at the library from donations, fines, and fees. This fund was audited by other auditors, and the amounts reflected in the financial statements of this report were taken from the published report of the other auditors.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Macon County's transfer station and postclosure costs associated with the closed landfill.

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

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

Capital Projects Fund

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

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

Exhibit F-1

Macon County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Special Revenue Funds					
	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total Nonmajor Governmental Funds
ASSETS						
Cash	$ 0	$ 60,767	$ 50	$ 0	$ 23,016	$ 83,833
Equity in Pooled Cash and Investments	122,536	0	11,085	21,147	0	154,768
Accounts Receivable	0	0	951	0	0	951
Property Taxes Receivable	0	0	123,248	0	0	123,248
Allowance for Uncollectible Property Taxes	0	0	(2,319)	0	0	(2,319)
Total Assets	$ 122,536	$ 60,767	$ 133,015	$ 21,147	$ 23,016	$ 360,481
LIABILITIES AND FUND BALANCES						
Liabilities						
Payroll Deductions Payable	$ 0	$ 0	$ 729	$ 0	$ 0	$ 729
Deferred Revenue - Current Property Taxes	0	0	116,355	0	0	116,355
Deferred Revenue - Delinquent Property Taxes	0	0	4,252	0	0	4,252
Total Liabilities	$ 0	$ 0	$ 121,336	$ 0	$ 0	$ 121,336
Fund Balances						
Reserved for Other General Purposes	$ 0	$ 2,159	$ 0	$ 0	$ 0	$ 2,159
Unreserved	122,536	58,608	11,679	21,147	23,016	236,986
Total Fund Balances	$ 122,536	$ 60,767	$ 11,679	$ 21,147	$ 23,016	$ 239,145
Total Liabilities and Fund Balances	$ 122,536	$ 60,767	$ 133,015	$ 21,147	$ 23,016	$ 360,481

Exhibit F-2

Macon County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	Special Revenue Funds						Capital Projects Fund	
	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Education Capital Projects	Total Nonmajor Governmental Funds
Revenues								
Local Taxes	$ 5,892	$ 0	$ 113,342	$ 0	$ 0	$ 119,234	$ 0	$ 119,234
Fines, Forfeitures, and Penalties	0	0	0	13,125	0	13,125	0	13,125
Charges for Current Services	0	12,168	67,553	0	185,552	265,273	0	265,273
Other Local Revenues	0	15,737	491	2,606	0	18,834	0	18,834
State of Tennessee	0	2,500	15,800	0	0	18,300	0	18,300
Other Governments and Citizens Groups	0	3,500	0	0	0	3,500	0	3,500
Total Revenues	$ 5,892	$ 33,905	$ 197,186	$ 15,731	$ 185,552	$ 438,266	$ 0	$ 438,266
Expenditures								
Current:								
General Government	$ 20,064	$ 0	$ 0	$ 0	$ 0	$ 20,064	$ 0	$ 20,064
Finance	0	0	0	0	184,271	184,271	0	184,271
Administration of Justice	0	0	0	0	990	990	0	990
Public Safety	0	0	0	25,203	0	25,203	0	25,203
Public Health and Welfare	0	0	233,214	0	0	233,214	0	233,214
Social, Cultural, and Recreational Services	0	25,360	0	0	0	25,360	0	25,360
Capital Projects - Donated	0	0	0	0	0	0	1,220,349	1,220,349
Total Expenditures	$ 20,064	$ 25,360	$ 233,214	$ 25,203	$ 185,261	$ 489,102	$ 1,220,349	$ 1,709,451
Excess (Deficiency) of Revenues Over Expenditures	$ (14,172)	$ 8,545	$ (36,028)	$ (9,472)	$ 291	$ (50,836)	$ (1,220,349)	$ (1,271,185)
Other Financing Sources (Uses)								
Notes Issued	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,220,349	$ 1,220,349
Total Other Financing Sources (Uses)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,220,349	$ 1,220,349
Net Change in Fund Balances	$ (14,172)	$ 8,545	$ (36,028)	$ (9,472)	$ 291	$ (50,836)	$ 0	$ (50,836)
Fund Balance, July 1, 2008	136,708	52,222	47,707	30,619	22,725	289,981	0	289,981
Fund Balance, June 30, 2009	$ 122,536	$ 60,767	$ 11,679	$ 21,147	$ 23,016	$ 239,145	$ 0	$ 239,145

Exhibit F-3

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 5,892	$ 14,000	$ 14,000	$ (8,108)
Total Revenues	$ 5,892	$ 14,000	$ 14,000	$ (8,108)
Expenditures				
General Government				
County Buildings	$ 20,064	$ 26,700	$ 26,700	$ 6,636
Total Expenditures	$ 20,064	$ 26,700	$ 26,700	$ 6,636
Excess (Deficiency) of Revenues Over Expenditures	$ (14,172)	$ (12,700)	$ (12,700)	$ (1,472)
Net Change in Fund Balance	$ (14,172)	$ (12,700)	$ (12,700)	$ (1,472)
Fund Balance, July 1, 2008	136,708	136,127	136,127	581
Fund Balance, June 30, 2009	$ 122,536	$ 123,427	$ 123,427	$ (891)

Exhibit F-4

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 113,342	$ 114,085	$ 114,085	$ (743)
Charges for Current Services	67,553	117,535	117,535	(49,982)
Other Local Revenues	491	0	0	491
State of Tennessee	15,800	15,000	15,000	800
Total Revenues	$ 197,186	$ 246,620	$ 246,620	$ (49,434)
Expenditures				
Public Health and Welfare				
Transfer Stations	$ 233,214	$ 285,046	$ 285,046	$ 51,832
Total Expenditures	$ 233,214	$ 285,046	$ 285,046	$ 51,832
Excess (Deficiency) of Revenues Over Expenditures	$ (36,028)	$ (38,426)	$ (38,426)	$ 2,398
Net Change in Fund Balance	$ (36,028)	$ (38,426)	$ (38,426)	$ 2,398
Fund Balance, July 1, 2008	47,707	44,631	44,631	3,076
Fund Balance, June 30, 2009	$ 11,679	$ 6,205	$ 6,205	$ 5,474

Exhibit F-5

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Fines, Forfeitures, and Penalties	$ 13,125	$ 8,000	$ 8,000	$ 5,125
Other Local Revenues	2,606	0	0	2,606
Total Revenues	$ 15,731	$ 8,000	$ 8,000	$ 7,731
Expenditures				
Public Safety				
Drug Enforcement	$ 25,203	$ 5,200	$ 27,200	$ 1,997
Total Expenditures	$ 25,203	$ 5,200	$ 27,200	$ 1,997
Excess (Deficiency) of Revenues Over Expenditures	$ (9,472)	$ 2,800	$ (19,200)	$ 9,728
Net Change in Fund Balance	$ (9,472)	$ 2,800	$ (19,200)	$ 9,728
Fund Balance, July 1, 2008	30,619	29,085	29,085	1,534
Fund Balance, June 30, 2009	$ 21,147	$ 31,885	$ 9,885	$ 11,262

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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.

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Exhibit G

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 847,836	$ 778,000	$ 778,000	$ 69,836
Other Local Revenues	7,900	7,800	7,800	100
State of Tennessee	718,970	700,000	700,000	18,970
Total Revenues	$ 1,574,706	$ 1,485,800	$ 1,485,800	$ 88,906
Expenditures				
Principal on Debt				
General Government	$ 440,142	$ 440,143	$ 440,143	$ 1
Education	839,823	839,823	839,823	0
Interest on Debt				
General Government	92,812	308,944	308,944	216,132
Education	73,716	73,717	73,717	1
Other Debt Service				
General Government	36,475	30,000	30,000	(6,475)
Total Expenditures	$ 1,482,968	$ 1,692,627	$ 1,692,627	$ 209,659
Excess (Deficiency) of Revenues Over Expenditures	$ 91,738	$ (206,827)	$ (206,827)	$ 298,565
Net Change in Fund Balance	$ 91,738	$ (206,827)	$ (206,827)	$ 298,565
Fund Balance, July 1, 2008	1,019,992	951,052	951,052	68,940
Fund Balance, June 30, 2009	$ 1,111,730	$ 744,225	$ 744,225	$ 367,505

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Fiduciary Funds

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

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

Constitutional Officers - Agency Funds – 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.

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Exhibit H-1

Macon County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2009

	Agency Funds		
	Cities - Sales Tax	Constitutional Officers - Agency	Total
ASSETS			
Cash	$ 0	$ 494,615	$ 494,615
Accounts Receivable	0	256	256
Due from Other Governments	253,332	0	253,332
Total Assets	$ 253,332	$ 494,871	$ 748,203
LIABILITIES			
Due to Other Taxing Units	$ 253,332	$ 0	$ 253,332
Due to Litigants, Heirs, and Others	0	494,871	494,871
Total Liabilities	$ 253,332	$ 494,871	$ 748,203

Exhibit H-2

Macon County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2009

	Beginning Balance	Additions	Deductions	Ending Balance
Cities - Sales Tax Fund				
Assets				
Equity in Pooled Cash and Investments	$ 0	$ 1,585,539	$ 1,585,539	$ 0
Due from Other Governments	296,236	253,332	296,236	253,332
Total Assets	$ 296,236	$ 1,838,871	$ 1,881,775	$ 253,332
Liabilities				
Due to Other Taxing Units	$ 296,236	$ 1,838,871	$ 1,881,775	$ 253,332
Total Liabilities	$ 296,236	$ 1,838,871	$ 1,881,775	$ 253,332
Constitutional Officers - Agency Fund				
Assets				
Cash	$ 410,188	$ 3,915,062	$ 3,830,635	$ 494,615
Accounts Receivable	261	256	261	256
Total Assets	$ 410,449	$ 3,915,318	$ 3,830,896	$ 494,871
Liabilities				
Due to Litigants, Heirs, and Others	$ 410,449	$ 3,915,318	$ 3,830,896	$ 494,871
Total Liabilities	$ 410,449	$ 3,915,318	$ 3,830,896	$ 494,871
Totals - All Agency Funds				
Assets				
Cash	$ 410,188	$ 3,915,062	$ 3,830,635	$ 494,615
Equity in Pooled Cash and Investments	0	1,585,539	1,585,539	0
Accounts Receivable	261	256	261	256
Due from Other Governments	296,236	253,332	296,236	253,332
Total Assets	$ 706,685	$ 5,754,189	$ 5,712,671	$ 748,203
Liabilities				
Due to Other Taxing Units	$ 296,236	$ 1,838,871	$ 1,881,775	$ 253,332
Due to Litigants, Heirs, and Others	410,449	3,915,318	3,830,896	494,871
Total Liabilities	$ 706,685	$ 5,754,189	$ 5,712,671	$ 748,203

Macon County School Department

This section presents fund financial statements for the Macon County School Department, a discretely presented component unit. The School Department uses a General Fund and one Special Revenue Fund.

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

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

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Exhibit I-1

Macon County, Tennessee
Statement of Activities
Discretely Presented Macon County School Department
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Total Governmental Activities
Governmental Activities:					
Instruction	$ 15,878,333	$ 79,883	$ 1,908,251	$ 0	$ (13,890,199)
Support Services	9,564,573	37,166	0	1,220,349	(8,307,058)
Operation of Non-Instructional Services	1,459,269	0	1,174,432	0	(284,837)
Interest on Long-term Debt	257,856	0	0	0	(257,856)
Other Debt Service	3,150	0	0	0	(3,150)
Total Governmental Activities	$ 27,163,181	$ 117,049	$ 3,082,683	$ 1,220,349	$ (22,743,100)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					$ 2,829,613
Local Option Sales Tax					1,752,930
Interstate Telecommunications Tax					2,377
Grants and Contributions Not Restricted to Specific Programs					18,289,861
Unrestricted Investment Income					41
Miscellaneous					29,543
Total General Revenues					$ 22,904,365
Change in Net Assets					$ 161,265
Net Assets, July 1, 2008					13,463,656
Net Assets, June 30, 2009					$ 13,624,921

Exhibit I-2

Macon County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Macon County School Department
June 30, 2009

	Major Fund	Nonmajor Fund	Total
	General Purpose School	School Federal Projects	Govern-mental Funds
ASSETS			
Equity in Pooled Cash and Investments	$ 4,800,405	$ 80,184	$ 4,880,589
Accounts Receivable	27,992	0	27,992
Due from Other Governments	545,805	0	545,805
Due from Other Funds	0	7,315	7,315
Property Taxes Receivable	3,068,940	0	3,068,940
Allowance for Uncollectible Property Taxes	(57,760)	0	(57,760)
Total Assets	$ 8,385,382	$ 87,499	$ 8,472,881
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	$ 866,560	$ 0	$ 866,560
Accrued Payroll	22,534	0	22,534
Payroll Deductions Payable	13,456	3,873	17,329
Due to Other Funds	7,315	0	7,315
Deferred Revenue - Current Property Taxes	2,897,304	0	2,897,304
Deferred Revenue - Delinquent Property Taxes	105,858	0	105,858
Other Deferred Revenues	145,163	0	145,163
Total Liabilities	$ 4,058,190	$ 3,873	$ 4,062,063
Fund Balances			
Reserved for Driver Education	$ 38,285	$ 0	$ 38,285
Reserved for Career Ladder - Extended Contract	15,899	0	15,899
Reserved for Career Ladder Program	5,105	0	5,105
Reserved for Technology	33,802	0	33,802
Reserved for Basic Education Program	2,850,139	0	2,850,139
Reserved for Title I Grants to Local Education Agencies	0	55,259	55,259
Reserved for Innovative Education Program Strategies	0	26,117	26,117
Reserved for Special Education - Grants to States	0	2,250	2,250
Unreserved, Reported In:			
General Fund	1,383,962	0	1,383,962
Total Fund Balances	$ 4,327,192	$ 83,626	$ 4,410,818
Total Liabilities and Fund Balances	$ 8,385,382	$ 87,499	$ 8,472,881

Exhibit I-3

Macon County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Assets
Discretely Presented Macon County School Department
June 30, 2009

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)		$ 4,410,818
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	$ 346,263	
Add: buildings and improvements net of accumulated depreciation	12,804,451	
Add: other capital assets net of accumulated depreciation	1,585,381	14,736,095
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	$ (5,110,000)	
Less: accrued interest on bonds	(60,835)	
Less: other postemployment benefits liability	(602,178)	(5,773,013)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		251,021
Net assets of governmental activities (Exhibit A)		$ 13,624,921

Exhibit I-4

Macon County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Macon County School Department
For the Year Ended June 30, 2009

	Major Fund	Nonmajor Fund	
	General Purpose School	School Federal Projects	Total Governmental Funds
Revenues			
Local Taxes	$ 4,637,237	$ 0	$ 4,637,237
Licenses and Permits	1,700	0	1,700
Charges for Current Services	79,883	0	79,883
Other Local Revenues	66,750	0	66,750
State of Tennessee	18,245,553	0	18,245,553
Federal Government	1,124,279	1,818,464	2,942,743
Other Governments and Citizens Groups	1,220,349	0	1,220,349
Total Revenues	$ 25,375,751	$ 1,818,464	$ 27,194,215
Expenditures			
Current:			
Instruction	$ 13,683,551	$ 1,381,146	$ 15,064,697
Support Services	7,569,606	412,725	7,982,331
Operation of Non-Instructional Services	1,324,200	0	1,324,200
Capital Outlay	1,654,145	0	1,654,145
Debt Service:			
Principal on Debt	435,000	0	435,000
Interest on Debt	262,695	0	262,695
Other Debt Service	3,150	0	3,150
Total Expenditures	$ 24,932,347	$ 1,793,871	$ 26,726,218
Excess (Deficiency) of Revenues Over Expenditures	$ 443,404	$ 24,593	$ 467,997
Other Financing Sources (Uses)			
Insurance Recovery	$ 104,579	$ 0	$ 104,579
Transfers In	9,740	0	9,740
Transfers Out	0	(9,740)	(9,740)
Total Other Financing Sources (Uses)	$ 114,319	$ (9,740)	$ 104,579
Net Change in Fund Balances	$ 557,723	$ 14,853	$ 572,576
Fund Balance, July 1, 2008	3,769,469	68,773	3,838,242
Fund Balance, June 30, 2009	$ 4,327,192	$ 83,626	$ 4,410,818

Exhibit I-5

Macon County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Discretely Presented Macon County School Department
For the Year Ended June 30, 2009

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)		$ 572,576
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	$ 282,569	
Less: current year depreciation expense	(821,228)	(538,659)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2009	$ 251,021	
Less: deferred delinquent property taxes and other deferred June 30, 2008	(255,859)	(4,838)
(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Add: principal payments on bonds		435,000
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest on bonds	$ 4,839	
Change in other postemployment benefits liability	(307,653)	(302,814)
Change in net assets of governmental activities (Exhibit B)		$ 161,265

Exhibit I-6

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Macon County School Department
General Purpose School Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 4,637,237	$ 4,696,110	$ 4,696,110	$ (58,873)
Licenses and Permits	1,700	2,000	2,000	(300)
Charges for Current Services	79,883	45,000	45,000	34,883
Other Local Revenues	66,750	45,400	45,400	21,350
State of Tennessee	18,245,553	18,008,708	18,111,461	134,092
Federal Government	1,124,279	1,090,000	1,090,000	34,279
Other Governments and Citizens Groups	1,220,349	0	1,220,350	(1)
Total Revenues	$ 25,375,751	$ 23,887,218	$ 25,210,321	$ 165,430
Expenditures				
Instruction				
Regular Instruction Program	$ 11,274,834	$ 11,427,470	$ 11,516,970	$ 242,136
Alternative Instruction Program	185,316	176,000	188,200	2,884
Special Education Program	1,506,125	1,699,910	1,594,020	87,895
Vocational Education Program	698,535	777,830	782,020	83,485
Adult Education Program	18,741	44,450	44,450	25,709
Support Services				
Attendance	97,173	108,160	101,380	4,207
Health Services	238,038	229,620	240,820	2,782
Other Student Support	501,227	498,010	511,260	10,033
Regular Instruction Program	757,693	776,100	793,450	35,757
Alternative Instruction Program	32,916	43,240	43,240	10,324
Special Education Program	247,361	257,550	258,850	11,489
Vocational Education Program	26,932	23,140	27,900	968
Adult Programs	85,662	97,850	101,710	16,048
Other Programs	85,053	0	85,053	0
Board of Education	298,770	316,730	319,030	20,260
Director of Schools	136,295	137,890	139,090	2,795
Office of the Principal	1,124,672	1,137,530	1,157,130	32,458
Fiscal Services	202,577	207,590	211,490	8,913
Operation of Plant	1,802,109	1,831,610	1,822,810	20,701
Maintenance of Plant	435,427	557,370	462,480	27,053
Transportation	1,497,701	1,511,310	1,547,060	49,359
Operation of Non-Instructional Services				
Food Service	1,053,626	1,044,663	1,044,663	(8,963)
Early Childhood Education	270,574	278,078	278,078	7,504
Capital Outlay				
Regular Capital Outlay	1,654,145	470,000	1,830,000	175,855
Principal on Debt				
Education	435,000	435,000	435,000	0
Interest on Debt				
Education	262,695	270,000	266,850	4,155

(Continued)

Exhibit I-6

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)				
Other Debt Service				
Education	$ 3,150	$ 0	$ 3,150	$ 0
Total Expenditures	$ 24,932,347	$ 24,357,101	$ 25,806,154	$ 873,807
Excess (Deficiency) of Revenues Over Expenditures	$ 443,404	$ (469,883)	$ (595,833)	$ 1,039,237
Other Financing Sources (Uses)				
Insurance Recovery	$ 104,579	$ 60,000	$ 60,000	$ 44,579
Transfers In	9,740	25,000	7,300	2,440
Total Other Financing Sources (Uses)	$ 114,319	$ 85,000	$ 67,300	$ 47,019
Net Change in Fund Balance	$ 557,723	$ (384,883)	$ (528,533)	$ 1,086,256
Fund Balance, July 1, 2008	3,769,469	3,771,371	3,771,371	(1,902)
Fund Balance, June 30, 2009	$ 4,327,192	$ 3,386,488	$ 3,242,838	$ 1,084,354

Exhibit I-7

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Macon County School Department
School Federal Projects Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Federal Government	$ 1,818,464	$ 2,090,968	$ 2,091,306	$ (272,842)
Total Revenues	$ 1,818,464	$ 2,090,968	$ 2,091,306	$ (272,842)
Expenditures				
Instruction				
Regular Instruction Program	$ 623,705	$ 742,616	$ 712,589	$ 88,884
Special Education Program	713,476	855,136	861,620	148,144
Vocational Education Program	43,965	49,000	43,965	0
Support Services				
Other Student Support	41,040	43,388	48,423	7,383
Regular Instruction Program	303,088	353,766	386,851	83,763
Special Education Program	45,546	74,714	66,214	20,668
Transportation	23,051	31,018	30,313	7,262
Total Expenditures	$ 1,793,871	$ 2,149,638	$ 2,149,975	$ 356,104
Excess (Deficiency) of Revenues Over Expenditures	$ 24,593	$ (58,670)	$ (58,669)	$ 83,262
Other Financing Sources (Uses)				
Transfers In	$ 0	$ 124,511	$ 0	$ 0
Transfers Out	(9,740)	(134,615)	(10,105)	365
Total Other Financing Sources (Uses)	$ (9,740)	$ (10,104)	$ (10,105)	$ 365
Net Change in Fund Balance	$ 14,853	$ (68,774)	$ (68,774)	$ 83,627
Fund Balance, July 1, 2008	68,773	68,774	68,774	(1)
Fund Balance, June 30, 2009	$ 83,626	$ 0	$ 0	$ 83,626

MISCELLANEOUS SCHEDULES

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Exhibit J-1

Macon County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
Primary Government and Discretely Presented Macon County School Department
For the Year Ended June 30, 2009

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-09
PRIMARY GOVERNMENT								
NOTES PAYABLE								
Payable through General Debt Service Fund								
School Roof	$ 900,000	4.3 %	5-10-06	5-10-15	$ 728,440	$ 0	$ 91,399	$ 637,041
Energy Efficiency Loan	42,279	0	10-25-05	10-31-12	30,199	0	6,040	24,159
Energy Efficiency Loan	11,602	0	4-26-06	4-15-13	8,287	0	1,657	6,630
School Roof Replacement	700,000	4.5	2-2-07	2-2-13	333,661	0	73,424	260,237
Fairlane Roof Replacement	420,349	3.8	10-24-08	10-24-15	0	420,349	0	420,349
School Upgrade Projects	661,351	3.75	4-13-09	4-13-16	0	661,351	0	661,351
Energy Efficiency Loan	138,649	0	6-3-09	6-30-16	0	138,649	0	138,649
Total Notes Payable					$ 1,100,587	$ 1,220,349	$ 172,520	$ 2,148,416
OTHER LOANS PAYABLE								
Payable through General Debt Service Fund								
Public Works Projects	6,721,000	Variable	10-1-1999	5-25-19	$ 4,638,885	$ 0	$ 345,445	$ 4,293,440
Other Public Works Projects	2,038,000	Variable	9-21-01	5-25-21	1,540,000	0	87,000	1,453,000
Total Other Loans Payable					$ 6,178,885	$ 0	$ 432,445	$ 5,746,440
BONDS PAYABLE								
Payable through General Debt Service Fund								
School Refunding	4,740,000	3.4 to 4.05	2-27-01	4-1-09	$ 675,000	$ 0	$ 675,000	$ 0
Total Bonds Payable					$ 675,000	$ 0	$ 675,000	$ 0
DISCRETELY PRESENTED MACON COUNTY SCHOOL DEPARTMENT								
BONDS PAYABLE								
Payable through General Purpose School Fund								
School Refunding	8,900,000	3.7 to 4.85	7-1-1998	4-1-18	$ 5,545,000	$ 0	$ 435,000	$ 5,110,000
Total Bonds Payable					$ 5,545,000	$ 0	$ 435,000	$ 5,110,000

Exhibit J-2

Macon County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Macon County School Department

PRIMARY GOVERNMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	$ 337,517	$ 79,878	$ 417,395
2011	350,270	67,126	417,396
2012	363,497	53,896	417,393
2013	309,182	40,020	349,202
2014	292,534	28,684	321,218
2015	303,412	17,806	321,218
2016	192,004	6,491	198,495
Total	$ 2,148,416	$ 293,901	$ 2,442,317

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2010	$ 449,445	$ 27,583	$ 26,023	$ 503,051
2011	469,445	25,426	24,136	519,007
2012	488,445	23,172	22,166	533,783
2013	508,445	20,828	20,116	549,389
2014	529,445	18,387	17,982	565,814
2015	551,445	15,845	15,761	583,051
2016	574,445	13,199	13,448	601,092
2017	597,445	10,442	11,039	618,926
2018	623,445	7,574	8,534	639,553
2019	649,435	4,582	5,654	659,671
2020	149,000	1,464	2,179	152,643
2021	156,000	749	1,478	158,227
Total	$ 5,746,440	$ 169,251	$ 168,516	$ 6,084,207

(Continued)

Exhibit J-2

Macon County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Macon County School Department (Cont.)

DISCRETELY PRESENTED MACON COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Bond Principal	Bond Interest	Bond Total
2010	$ 455,000	$ 243,338	$ 698,338
2011	480,000	222,862	702,862
2012	500,000	200,542	700,542
2013	525,000	177,042	702,042
2014	545,000	152,105	697,105
2015	570,000	126,490	696,490
2016	600,000	99,415	699,415
2017	645,000	70,315	715,315
2018	790,000	38,710	828,710
Total	$ 5,110,000	$ 1,330,819	$ 6,440,819

Exhibit J-3

Macon County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Macon County School Department
For the Year Ended June 30, 2009

From Fund	To Fund	Purpose	Amount
PRIMARY GOVERNMENT			
Highway/Public Works	General	Risk management director's salary	$ 2,400
DISCRETELY PRESENTED MACON COUNTY SCHOOL DEPARTMENT			
School Federal Projects	General Purpose School	Indirect costs	$ 9,740

Exhibit J-4

Macon County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Macon County School Department
For the Year Ended June 30, 2009

Official	Authorization for Salary	Salary Paid During Period		Bond	Surety
County Mayor	Section 8-24-102, TCA, and County Commission	$ 68,502	(1)	$ 50,000	Western Surety Company
Supervisor of Roads:					
Charles Porter (7-1-08 through 8-31-08)	Section 8-24-102, TCA	10,995		100,000	"
Audie Cook (9-1-08 through 6-30-09)	Section 8-24-102, TCA	52,532		100,000	"
Director of Schools	State Board of Education and Local Board of Education	80,251	(2)	(3)	
Assessor of Property	Section 8-24-102, TCA	57,751		10,000	Western Surety Company
Trustee	Section 8-24-102, TCA	57,751		741,000	"
County Clerk	Section 8-24-102, TCA	58,951	(4)	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	57,751		60,000	"
Clerk and Master	Section 8-24-102, TCA	57,751	(5)	75,000	The Cincinnati Insurance Company
Register	Section 8-24-102, TCA	57,751		25,000	Western Surety Company
Sheriff	Section 8-24-102, TCA	63,527	(6)	25,000	"
Other Bonds					
County Employees	Public Employee - Blanket Bond			150,000	Local Government Insurance Pool
School Department Employees	Public Employee - Blanket Bond			150,000	Tennessee Risk Management Trust

(1) Includes $1,800 for serving as a consultant to the County Commission.
(2) Includes $1,000 for a chief executive officer training supplement.
(3) Includes employee blanket bond coverage for the director of schools.
(4) Includes $1,200 for attending County Commission meetings.
(5) Does not include $990 of special commissioner fees.
(6) Does not include $600 for a law enforcement training supplement.

Exhibit J-5

Macon County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2009

		Special Revenue Funds						Debt Service Fund	
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Total
Local Taxes									
County Property Taxes									
Current Property Tax	$ 3,565,964	$ 0	$ 0	$ 108,558	$ 0	$ 0	$ 375,349	$ 0	$ 4,049,871
Discount on Property Taxes	(29,627)	0	0	(905)	0	0	(3,118)	0	(33,650)
Trustee's Collections - Prior Year	108,753	0	0	2,553	0	0	11,343	0	122,649
Trustee's Collections - Bankruptcy	32	0	0	1	0	0	3	0	36
Circuit/Clerk & Master Collections - Prior Years	35,415	0	0	758	0	0	3,568	0	39,741
Interest and Penalty	20,470	0	0	471	0	0	2,140	0	23,081
Payments in-Lieu-of Taxes - Other	3	0	0	0	0	0	0	0	3
County Local Option Taxes									
Local Option Sales Tax	208,972	0	0	0	0	0	0	0	208,972
Wheel Tax	0	0	0	0	0	0	0	802,097	802,097
Litigation Tax - General	110,477	22	0	0	0	0	0	23,805	134,304
Litigation Tax - Special Purpose	0	5,870	0	0	0	0	0	256	6,126
Litigation Tax - Jail, Workhouse, or Courthouse	315	0	0	0	0	0	0	21,678	21,993
Business Tax	125,702	0	0	0	0	0	0	0	125,702
Adequate Facilities/Development Tax	156,055	0	0	0	0	0	0	0	156,055
Statutory Local Taxes									
Bank Excise Tax	62,479	0	0	1,906	0	0	6,577	0	70,962
Wholesale Beer Tax	127,350	0	0	0	0	0	0	0	127,350
Interstate Telecommunications Tax	1,846	0	0	0	0	0	0	0	1,846
Total Local Taxes	$ 4,494,206	$ 5,892	$ 0	$ 113,342	$ 0	$ 0	$ 395,862	$ 847,836	$ 5,857,138
Licenses and Permits									
Licenses									
Cable TV Franchise	$ 26,168	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 26,168
Permits									
Beer Permits	808	0	0	0	0	0	0	0	808
Building Permits	11,290	0	0	0	0	0	0	0	11,290
Total Licenses and Permits	$ 38,266	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 38,266

(Continued)

Exhibit J-5

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

		Special Revenue Funds						Debt Service Fund	
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Total
Fines, Forfeitures, and Penalties									
Circuit Court									
Fines	$ 14,279	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 14,279
Jail Fees	161	0	0	0	0	0	0	0	161
DUI Treatment Fines	1,740	0	0	0	0	0	0	0	1,740
Data Entry Fee - Circuit Court	68	0	0	0	0	0	0	0	68
General Sessions Court									
Fines	19,542	0	0	0	279	0	0	0	19,821
Officers Costs	36,708	0	0	0	0	0	0	0	36,708
Game and Fish Fines	168	0	0	0	0	0	0	0	168
Drug Control Fines	0	0	0	0	12,846	0	0	0	12,846
Jail Fees	13,187	0	0	0	0	0	0	0	13,187
District Attorney General Fees	7,875	0	0	0	0	0	0	0	7,875
DUI Treatment Fines	4,219	0	0	0	0	0	0	0	4,219
Data Entry Fee - General Sessions Court	366	0	0	0	0	0	0	0	366
Courtroom Security Fee	6,440	0	0	0	0	0	0	0	6,440
Juvenile Court									
Fines	3,645	0	0	0	0	0	0	0	3,645
Officers Costs	4,396	0	0	0	0	0	0	0	4,396
Interpreter Fees	5,533	0	0	0	0	0	0	0	5,533
Data Entry Fee - Juvenile Court	497	0	0	0	0	0	0	0	497
Courtroom Security Fee	110	0	0	0	0	0	0	0	110
Chancery Court									
Officers Costs	2,510	0	0	0	0	0	0	0	2,510
Data Entry Fee - Chancery Court	806	0	0	0	0	0	0	0	806
Judicial District Drug Program									
Data Entry Fee - Other Courts	4,523	0	0	0	0	0	0	0	4,523
Total Fines, Forfeitures, and Penalties	$ 126,773	$ 0	$ 0	$ 0	$ 13,125	$ 0	$ 0	$ 0	$ 139,898
Charges for Current Services									
General Service Charges									
Transfer Waste Stations Collection Charge	$ 0	$ 0	$ 0	$ 67,553	$ 0	$ 0	$ 0	$ 0	$ 67,553

(Continued)

Exhibit J-5

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

		Special Revenue Funds						Debt Service Fund	
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Total
Charges for Current Services (Cont.)									
General Service Charges (Cont.)									
Patient Charges	$ 1,494,134	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,494,134
Fees									
Copy Fees	226	0	0	0	0	0	0	0	226
Library Fees	0	0	12,168	0	0	0	0	0	12,168
Telephone Commissions	1,621	0	0	0	0	0	0	0	1,621
Vending Machine Collections	824	0	0	0	0	0	0	0	824
Constitutional Officers' Fees and Commissions	0	0	0	0	0	184,562	0	0	184,562
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	990	0	0	990
Data Processing Fee - Register	8,250	0	0	0	0	0	0	0	8,250
Probation Fees	88,426	0	0	0	0	0	0	0	88,426
Data Processing Fee - Sheriff	4,032	0	0	0	0	0	0	0	4,032
Sexual Offender Registration Fees - Sheriff	1,950	0	0	0	0	0	0	0	1,950
Total Charges for Current Services	$ 1,599,463	$ 0	$ 12,168	$ 67,553	$ 0	$ 185,552	$ 0	$ 0	$ 1,864,736
Other Local Revenues									
Recurring Items									
Investment Income	$ 128,510	$ 0	$ 887	$ 0	$ 0	$ 0	$ 0	$ 0	$ 129,397
Lease/Rentals	28,554	0	0	0	0	0	0	7,900	36,454
Sale of Materials and Supplies	0	0	0	0	0	0	668	0	668
Commissary Sales	8,478	0	0	0	0	0	0	0	8,478
Miscellaneous Refunds	108,360	0	7,572	491	0	0	10,128	0	126,551
Nonrecurring Items									
Sale of Equipment	6,298	0	0	0	2,606	0	0	0	8,904
Contributions and Gifts	6,050	0	7,278	0	0	0	0	0	13,328
Other Local Revenues									
Other Local Revenues	61,075	0	0	0	0	0	0	0	61,075
Total Other Local Revenues	$ 347,325	$ 0	$ 15,737	$ 491	$ 2,606	$ 0	$ 10,796	$ 7,900	$ 384,855

(Continued)

Exhibit J-5

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

		Special Revenue Funds						Debt Service Fund	
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Total
Fees Received from County Officials									
Excess Fees									
County Clerk	$ 207,940	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 207,940
Fees in-Lieu-of Salary									
Circuit Court Clerk	54,933	0	0	0	0	0	0	0	54,933
General Sessions Court Clerk	148,705	0	0	0	0	0	0	0	148,705
Clerk and Master	51,979	0	0	0	0	0	0	0	51,979
Juvenile Court Clerk	19,367	0	0	0	0	0	0	0	19,367
Register	74,412	0	0	0	0	0	0	0	74,412
Sheriff	9,307	0	0	0	0	0	0	0	9,307
Trustee	260,366	0	0	0	0	0	0	0	260,366
Total Fees Received from County Officials	$ 827,009	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 827,009
State of Tennessee									
General Government Grants									
Juvenile Services Program	$ 11,250	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 11,250
Solid Waste Grants	0	0	0	15,800	0	0	0	0	15,800
Public Safety Grants									
Law Enforcement Training Programs	13,200	0	0	0	0	0	0	0	13,200
Health and Welfare Grants									
Health Department Programs	48,734	0	0	0	0	0	0	0	48,734
Public Works Grants									
Bridge Program	0	0	0	0	0	0	205,563	0	205,563
Litter Program	20,000	0	0	0	0	0	0	0	20,000
Other State Revenues									
Income Tax	28,359	0	0	0	0	0	0	0	28,359
Beer Tax	18,701	0	0	0	0	0	0	0	18,701
Alcoholic Beverage Tax	33,462	0	0	0	0	0	0	0	33,462
State Revenue Sharing - T.V.A.	179,182	0	0	0	0	0	0	0	179,182
Contracted Prisoner Boarding	62,182	0	0	0	0	0	0	718,970	781,152
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,437,507	0	1,437,507
Petroleum Special Tax	0	0	0	0	0	0	16,372	0	16,372

(Continued)

Exhibit J-5

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

		Special Revenue Funds						Debt Service Fund	
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Total
State of Tennessee (Cont.)									
Other State Revenues (Cont.)									
Reappraisal Program Reimbursement	$ 8,162	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 8,162
Registrar's Salary Supplement	10,817	0	0	0	0	0	0	0	10,817
Other State Grants	2,500	0	2,500	0	0	0	0	0	5,000
Other State Revenues	510	0	0	0	0	0	0	0	510
Total State of Tennessee	$ 437,059	$ 0	$ 2,500	$ 15,800	$ 0	$ 0	$ 1,659,442	$ 718,970	$ 2,833,771
Federal Government									
Federal Through State									
Community Development	$ 99,891	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 99,891
Disaster Relief	692,971	0	0	0	0	0	61,055	0	754,026
Homeland Security Grants	42,230	0	0	0	0	0	0	0	42,230
Law Enforcement Grants	10,000	0	0	0	0	0	0	0	10,000
Other Federal through State	746,547	0	0	0	0	0	0	0	746,547
Total Federal Government	$ 1,591,639	$ 0	$ 0	$ 0	$ 0	$ 0	$ 61,055	$ 0	$ 1,652,694
Other Governments and Citizens Groups									
Other Governments									
Prisoner Board	$ 2,551	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 2,551
Contributions	112,178	0	3,500	0	0	0	0	0	115,678
Other									
Other	2,000	0	0	0	0	0	0	0	2,000
Total Other Governments and Citizens Groups	$ 116,729	$ 0	$ 3,500	$ 0	$ 0	$ 0	$ 0	$ 0	$ 120,229
Total	$ 9,578,469	$ 5,892	$ 33,905	$ 197,186	$ 15,731	$ 185,552	$ 2,127,155	$ 1,574,706	$ 13,718,596

Exhibit J-6

Macon County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Macon County School Department
For the Year Ended June 30, 2009

	General Purpose School	School Federal Projects	Total
Local Taxes			
County Property Taxes			
Current Property Tax	$ 2,709,791	$ 0	$ 2,709,791
Discount on Property Taxes	(22,514)	0	(22,514)
Trustee's Collections - Prior Year	81,939	0	81,939
Trustee's Collections - Bankruptcy	24	0	24
Circuit/Clerk & Master Collections - Prior Years	26,705	0	26,705
Interest and Penalty	15,456	0	15,456
Payments in-Lieu-of Taxes - Other	2	0	2
County Local Option Taxes			
Local Option Sales Tax	1,775,880	0	1,775,880
Statutory Local Taxes			
Bank Excise Tax	47,477	0	47,477
Interstate Telecommunications Tax	2,477	0	2,477
Total Local Taxes	$ 4,637,237	$ 0	$ 4,637,237
Licenses and Permits			
Licenses			
Marriage Licenses	$ 1,700	$ 0	$ 1,700
Total Licenses and Permits	$ 1,700	$ 0	$ 1,700
Charges for Current Services			
Education Charges			
Tuition - Regular Day Students	$ 4,350	$ 0	$ 4,350
Tuition - Other	3,675	0	3,675
Receipts from Individual Schools	71,858	0	71,858
Total Charges for Current Services	$ 79,883	$ 0	$ 79,883
Other Local Revenues			
Recurring Items			
Investment Income	$ 41	$ 0	$ 41
Lease/Rentals	5,200	0	5,200
Refund of Telecommunication & Internet Fees (E-Rate)	31,966	0	31,966
Miscellaneous Refunds	15,364	0	15,364
Nonrecurring Items			
Sale of Equipment	7,250	0	7,250
Damages Recovered from Individuals	2,400	0	2,400
Contributions and Gifts	4,250	0	4,250
Other Local Revenues			
Other Local Revenues	279	0	279
Total Other Local Revenues	$ 66,750	$ 0	$ 66,750

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Total
State of Tennessee			
General Government Grants			
On-Behalf Contributions for OPEB	$ 85,053	$ 0	$ 85,053
State Education Funds			
Basic Education Program	17,184,140	0	17,184,140
Early Childhood Education	270,575	0	270,575
School Food Service	19,570	0	19,570
Driver Education	7,026	0	7,026
Other State Education Funds	133,758	0	133,758
Career Ladder Program	164,895	0	164,895
Career Ladder - Extended Contract	41,400	0	41,400
Other State Revenues			
State Revenue Sharing - T.V.A.	181,630	0	181,630
Other State Grants	157,506	0	157,506
Total State of Tennessee	$ 18,245,553	$ 0	$ 18,245,553
Federal Government			
Federal Through State			
USDA School Lunch Program	$ 754,678	$ 0	$ 754,678
Breakfast	265,115	0	265,115
Adult Education State Grant Program	64,195	0	64,195
Vocational Education - Basic Grants to States	0	66,886	66,886
Title I Grants to Local Education Agencies	0	781,600	781,600
Special Education - Grants to States	40,291	741,252	781,543
Special Education Preschool Grants	0	32,066	32,066
Safe and Drug-free Schools - State Grants	0	13,813	13,813
Eisenhower Professional Development State Grants	0	172,888	172,888
Other Federal through State	0	9,959	9,959
Total Federal Government	$ 1,124,279	$ 1,818,464	$ 2,942,743
Other Governments and Citizens Groups			
Other Governments			
Contributions	$ 1,220,349	$ 0	$ 1,220,349
Total Other Governments and Citizens Groups	$ 1,220,349	$ 0	$ 1,220,349
Total	$ 25,375,751	$ 1,818,464	$ 27,194,215

Exhibit J-7

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2009

General Fund		
General Government		
County Commission		
County Official/Administrative Officer	$ 1,800	
Board and Committee Members Fees	34,328	
Social Security	2,755	
State Retirement	98	
Audit Services	6,116	
Consultants	1,250	
Dues and Memberships	1,350	
Legal Services	14,732	
Legal Notices, Recording, and Court Costs	461	
Total County Commission		$ 62,890
Board of Equalization		
Board and Committee Members Fees	$ 1,760	
Total Board of Equalization		1,760
Beer Board		
Legal Notices, Recording, and Court Costs	$ 213	
Total Beer Board		213
Budget and Finance Committee		
Legal Notices, Recording, and Court Costs	$ 289	
Total Budget and Finance Committee		289
Other Boards and Committees		
Legal Notices, Recording, and Court Costs	$ 1,000	
Other Supplies and Materials	54	
Total Other Boards and Committees		1,054
County Mayor/Executive		
County Official/Administrative Officer	$ 66,702	
Accountants/Bookkeepers	87,384	
Overtime Pay	1,900	
Social Security	11,844	
State Retirement	8,172	
Dues and Memberships	1,404	
Maintenance and Repair Services - Office Equipment	8,513	
Postal Charges	1,034	
Printing, Stationery, and Forms	3,584	
Travel	2,560	
Other Contracted Services	5,541	

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
General Government (Cont.)		
County Mayor/Executive (Cont.)		
Office Supplies	$ 3,008	
Premiums on Corporate Surety Bonds	175	
Data Processing Equipment	3,999	
Office Equipment	1,849	
Total County Mayor/Executive		$ 207,669
County Attorney		
County Official/Administrative Officer	$ 8,265	
Social Security	632	
Total County Attorney		8,897
Election Commission		
County Official/Administrative Officer	$ 59,673	
Deputy(ies)	23,896	
Temporary Personnel	6,681	
Overtime Pay	957	
Election Commission	4,620	
Election Workers	11,310	
Social Security	6,802	
State Retirement	5,570	
Dues and Memberships	175	
Legal Notices, Recording, and Court Costs	3,347	
Maintenance and Repair Services - Equipment	7,495	
Postal Charges	504	
Printing, Stationery, and Forms	6,750	
Rentals	9,900	
Travel	2,829	
Other Contracted Services	6,200	
Office Supplies	2,459	
Utilities	5,237	
Total Election Commission		164,405
Register of Deeds		
County Official/Administrative Officer	$ 57,751	
Deputy(ies)	34,297	
Social Security	7,042	
State Retirement	5,849	
Dues and Memberships	512	
Legal Notices, Recording, and Court Costs	206	
Postal Charges	400	

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
General Government (Cont.)		
Register of Deeds (Cont.)		
Printing, Stationery, and Forms	$ 5,873	
Office Supplies	772	
Other Supplies and Materials	8,636	
Premiums on Corporate Surety Bonds	100	
Data Processing Equipment	5,356	
Office Equipment	298	
Total Register of Deeds		$ 127,092
Development		
Consultants	$ 25,403	
Other Supplies and Materials	3,400	
Other Charges	9,962	
Building Construction	496,538	
Total Development		535,303
Planning		
Supervisor/Director	$ 30,900	
Social Security	2,338	
State Retirement	2,021	
Contracts with Government Agencies	9,250	
Dues and Memberships	100	
Legal Notices, Recording, and Court Costs	237	
Postal Charges	17	
Travel	6,296	
Office Supplies	905	
Other Supplies and Materials	45	
Premiums on Corporate Surety Bonds	700	
Total Planning		52,809
County Buildings		
Supervisor/Director	$ 23,168	
Custodial Personnel	10,517	
Overtime Pay	2,752	
Social Security	2,674	
State Retirement	2,285	
Communication	24,066	
Licenses	150	
Maintenance and Repair Services - Buildings	6,417	
Other Contracted Services	774	
Electricity	13,560	

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
General Government (Cont.)		
County Buildings (Cont.)		
Water and Sewer	$ 8,013	
Other Supplies and Materials	3,221	
Other Charges	7,903	
Building Improvements	3,274	
Office Equipment	3,409	
Site Development	1,200	
Total County Buildings		$ 113,383
Other Facilities		
Custodial Personnel	$ 34,305	
Maintenance Personnel	26,945	
Overtime Pay	457	
Other Salaries and Wages	1,548	
Social Security	4,626	
State Retirement	4,141	
Communication	38,627	
Maintenance and Repair Services - Buildings	22,796	
Maintenance and Repair Services - Vehicles	1,103	
Pest Control	2,210	
Custodial Supplies	4,159	
Electricity	92,345	
Gasoline	608	
Water and Sewer	47,515	
Total Other Facilities		281,385
Other General Administration		
Supervisor/Director	$ 1,200	
Social Security	92	
State Retirement	78	
Total Other General Administration		1,370
Preservation of Records		
Other Supplies and Materials	$ 1,669	
Total Preservation of Records		1,669
Risk Management		
Supervisor/Director	$ 12,397	
Social Security	948	
Medical and Dental Services	550	
Other Contracted Services	1,671	
Total Risk Management		15,566

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Finance		
Property Assessor's Office		
County Official/Administrative Officer	$ 57,751	
Deputy(ies)	49,564	
Social Security	8,022	
State Retirement	7,018	
Contracts with Other Public Agencies	8,527	
Dues and Memberships	1,000	
Legal Notices, Recording, and Court Costs	127	
Postal Charges	441	
Travel	495	
Office Supplies	145	
Premiums on Corporate Surety Bonds	100	
Total Property Assessor's Office		$ 133,190
Reappraisal Program		
Other Salaries and Wages	$ 6,331	
Social Security	484	
Maintenance and Repair Services - Vehicles	1,042	
Postal Charges	259	
Gasoline	1,195	
Office Supplies	83	
Data Processing Equipment	329	
Motor Vehicles	4,300	
Total Reappraisal Program		14,023
County Trustee's Office		
County Official/Administrative Officer	$ 57,751	
Deputy(ies)	49,586	
Overtime Pay	2,538	
Other Salaries and Wages	9,104	
Social Security	8,737	
State Retirement	7,185	
Data Processing Services	6,784	
Dues and Memberships	497	
Legal Notices, Recording, and Court Costs	139	
Maintenance and Repair Services - Office Equipment	6,121	
Postal Charges	4,067	
Printing, Stationery, and Forms	1,034	
Travel	528	
Office Supplies	591	
Premiums on Corporate Surety Bonds	3,955	

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Finance (Cont.)		
County Trustee's Office (Cont.)		
Data Processing Equipment	$ 8,634	
Office Equipment	91	
Total County Trustee's Office		$ 167,342
County Clerk's Office		
County Official/Administrative Officer	$ 57,751	
Deputy(ies)	123,989	
Overtime Pay	1,200	
Social Security	13,891	
State Retirement	11,748	
Maintenance and Repair Services - Office Equipment	1,840	
Postal Charges	2,441	
Printing, Stationery, and Forms	1,656	
Office Supplies	1,195	
Other Supplies and Materials	2,513	
Premiums on Corporate Surety Bonds	750	
Office Equipment	1,895	
Total County Clerk's Office		220,869
Administration of Justice		
Circuit Court		
County Official/Administrative Officer	$ 57,751	
Deputy(ies)	146,500	
Overtime Pay	2,573	
Board and Committee Members Fees	150	
Jury and Witness Fees	6,709	
Social Security	14,964	
State Retirement	11,804	
Dues and Memberships	457	
Legal Notices, Recording, and Court Costs	149	
Postal Charges	3,081	
Printing, Stationery, and Forms	5,550	
Travel	884	
Other Contracted Services	12,781	
Office Supplies	5,171	
Premiums on Corporate Surety Bonds	875	
Other Charges	1,664	
Data Processing Equipment	12,221	
Office Equipment	946	
Total Circuit Court		284,230

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Administration of Justice (Cont.)		
General Sessions Court		
Judge(s)	$ 86,149	
Social Security	6,590	
State Retirement	5,634	
Dues and Memberships	50	
Travel	1,287	
Other Contracted Services	1,500	
Total General Sessions Court		$ 101,210
Chancery Court		
County Official/Administrative Officer	$ 57,751	
Deputy(ies)	25,359	
Temporary Personnel	15,085	
Social Security	7,408	
State Retirement	5,908	
Dues and Memberships	457	
Legal Notices, Recording, and Court Costs	347	
Postal Charges	739	
Printing, Stationery, and Forms	2,440	
Travel	436	
Office Supplies	1,316	
Premiums on Corporate Surety Bonds	575	
Office Equipment	2,980	
Total Chancery Court		120,801
Juvenile Court		
Youth Service Officer(s)	$ 27,987	
Social Security	2,000	
State Retirement	1,830	
Contracts with Government Agencies	1,990	
Dues and Memberships	265	
Postal Charges	44	
Printing, Stationery, and Forms	425	
Travel	1,247	
Office Supplies	460	
Other Supplies and Materials	122	
Total Juvenile Court		36,370
Judicial Commissioners		
County Official/Administrative Officer	$ 14,312	
Assistant(s)	187	

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Administration of Justice (Cont.)		
Judicial Commissioners (Cont.)		
Social Security	$ 1,109	
Total Judicial Commissioners		$ 15,608
Probation Services		
Probation Officer(s)	$ 73,815	
Overtime Pay	848	
Social Security	5,020	
State Retirement	4,883	
Evaluation and Testing	1,780	
Postal Charges	100	
Printing, Stationery, and Forms	561	
Office Supplies	738	
Premiums on Corporate Surety Bonds	100	
Office Equipment	456	
Total Probation Services		88,301
Public Safety		
Sheriff's Department		
County Official/Administrative Officer	$ 63,527	
Deputy(ies)	818,141	
Accountants/Bookkeepers	25,401	
Salary Supplements	13,200	
Overtime Pay	12,655	
Other Salaries and Wages	37,899	
In-Service Training	7,598	
Social Security	71,916	
State Retirement	60,002	
Contracts with Private Agencies	2,300	
Dues and Memberships	2,700	
Maintenance and Repair Services - Equipment	685	
Maintenance and Repair Services - Vehicles	19,389	
Travel	5,487	
Gasoline	73,512	
Lubricants	1,036	
Office Supplies	8,411	
Tires and Tubes	4,768	
Uniforms	13,011	
Premiums on Corporate Surety Bonds	3,061	
Other Charges	6,224	

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Sheriff's Department (Cont.)		
Law Enforcement Equipment	$ 23,118	
Motor Vehicles	94,861	
Office Equipment	454	
Total Sheriff's Department		$ 1,369,356
Administration of the Sexual Offender Registry		
Contracts with Government Agencies	$ 600	
Law Enforcement Equipment	250	
Total Administration of the Sexual Offender Registry		850
Jail		
County Official/Administrative Officer	$ 29,994	
Accountants/Bookkeepers	28,301	
Dispatchers/Radio Operators	158,028	
Guards	424,795	
Cafeteria Personnel	51,169	
Overtime Pay	8,592	
Other Salaries and Wages	37,852	
Social Security	55,268	
State Retirement	42,228	
Medical and Dental Services	160,133	
Travel	3,387	
Custodial Supplies	8,668	
Food Supplies	101,679	
Office Supplies	3,292	
Uniforms	3,559	
Other Supplies and Materials	7,734	
Communication Equipment	4,231	
Data Processing Equipment	12,537	
Law Enforcement Equipment	1,770	
Office Equipment	1,011	
Other Equipment	34,746	
Total Jail		1,178,974
Workhouse		
Truck Drivers	$ 20,446	
Guards	23,592	
Social Security	3,230	
State Retirement	2,674	
Maintenance and Repair Services - Vehicles	495	

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Workhouse (Cont.)		
Instructional Supplies and Materials	$ 11,605	
Other Charges	2,327	
Motor Vehicles	7,968	
Other Equipment	3,438	
Total Workhouse		$ 75,775
Fire Prevention and Control		
Contributions	$ 1,500	
Maintenance and Repair Services - Vehicles	1,256	
Diesel Fuel	357	
Total Fire Prevention and Control		3,113
Rural Fire Protection		
Other Salaries and Wages	$ 10,378	
Contributions	2,500	
Maintenance Agreements	2,500	
Total Rural Fire Protection		15,378
Civil Defense		
Supervisor/Director	$ 5,898	
Social Security	451	
Maintenance and Repair Services - Vehicles	113	
Gasoline	746	
Office Supplies	99	
Utilities	3,684	
Other Supplies and Materials	41,180	
Other Charges	1,050	
Building Improvements	1,900	
Total Civil Defense		55,121
Rescue Squad		
Other Salaries and Wages	$ 5,000	
Maintenance and Repair Services - Vehicles	700	
Gasoline	805	
Other Equipment	170	
Total Rescue Squad		6,675
Disaster Relief		
Other Salaries and Wages	$ 1,725	
In-Service Training	880	

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Disaster Relief (Cont.)		
Maintenance and Repair Services - Vehicles	$ 3,246	
Gasoline	84	
Utilities	2,289	
Other Equipment	3,198	
Total Disaster Relief		$ 11,422
Other Emergency Management		
In-Service Training	$ 300	
Maintenance and Repair Services - Equipment	1,568	
Maintenance and Repair Services - Vehicles	1,098	
Gasoline	448	
Utilities	1,195	
Other Equipment	10,411	
Total Other Emergency Management		15,020
County Coroner/Medical Examiner		
Medical Personnel	$ 900	
Medical and Dental Services	9,515	
Total County Coroner/Medical Examiner		10,415
Other Public Safety		
Maintenance Personnel	$ 3,000	
In-Service Training	64	
Maintenance and Repair Services - Buildings	7,050	
Road Signs	3,999	
Other Equipment	19,173	
Total Other Public Safety		33,286
Public Health and Welfare		
Local Health Center		
Janitorial Services	$ 6,800	
Maintenance and Repair Services - Buildings	1,746	
Custodial Supplies	627	
Drugs and Medical Supplies	586	
Office Supplies	753	
Utilities	12,775	
Total Local Health Center		23,287
Rabies and Animal Control		
Utilities	$ 339	

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Public Health and Welfare (Cont.)		
Rabies and Animal Control (Cont.)		
Building Construction	$ 615	
Site Development	19,594	
Total Rabies and Animal Control		$ 20,548
Ambulance/Emergency Medical Services		
Supervisor/Director	$ 48,204	
Accountants/Bookkeepers	29,453	
Medical Personnel	563,740	
Dispatchers/Radio Operators	154,490	
Overtime Pay	312,411	
Social Security	82,199	
State Retirement	62,668	
Data Processing Services	3,274	
Dues and Memberships	574	
Laundry Service	5,427	
Operating Lease Payments	19,110	
Licenses	2,518	
Maintenance and Repair Services - Buildings	10,265	
Maintenance and Repair Services - Vehicles	54,042	
Postal Charges	999	
Travel	165	
Other Contracted Services	16,864	
Custodial Supplies	3,157	
Drugs and Medical Supplies	50,507	
Gasoline	48,776	
Instructional Supplies and Materials	4,378	
Office Supplies	11,409	
Tires and Tubes	3,301	
Uniforms	7,046	
Utilities	47,457	
Premiums on Corporate Surety Bonds	50	
Communication Equipment	3,578	
Motor Vehicles	175,880	
Other Equipment	215,876	
Total Ambulance/Emergency Medical Services		1,937,818
Crippled Children Services		
Contracts with Government Agencies	$ 1,439	
Total Crippled Children Services		1,439

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Public Health and Welfare (Cont.)		
Other Local Health Services		
Social Workers	$ 30,534	
Part-time Personnel	4,350	
Social Security	2,596	
State Retirement	1,997	
Travel	2,360	
Total Other Local Health Services		$ 41,837
Regional Mental Health Center		
Contributions	$ 7,953	
Total Regional Mental Health Center		7,953
Appropriation to State		
Other Contracted Services	$ 41,900	
Total Appropriation to State		41,900
Other Local Welfare Services		
Temporary Personnel	$ 33,643	
Social Security	2,242	
Maintenance and Repair Services - Vehicles	85	
Pauper Burials	600	
Drugs and Medical Supplies	627	
Utilities	10,140	
Total Other Local Welfare Services		47,337
Sanitation Education/Information		
Consultants	$ 7,679	
Other Charges	42,891	
Total Sanitation Education/Information		50,570
Waste Pickup		
Other Contracted Services	$ 53,576	
Other Charges	48,734	
Total Waste Pickup		102,310
Social, Cultural, and Recreational Services		
Adult Activities		
Matching Share	$ 6,000	
Total Adult Activities		6,000

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Social, Cultural, and Recreational Services (Cont.)		
Senior Citizens Assistance		
Contributions	$ 1,540	
Utilities	5,880	
Total Senior Citizens Assistance		$ 7,420
Libraries		
Supervisor/Director	$ 24,553	
Librarians	15,852	
Clerical Personnel	41,970	
Custodial Personnel	4,511	
Other Per Diem and Fees	181	
Social Security	6,442	
State Retirement	4,247	
Communication	4,036	
Maintenance and Repair Services - Buildings	1,778	
Postal Charges	748	
Printing, Stationery, and Forms	250	
Travel	299	
Library Books/Media	5,280	
Office Supplies	248	
Utilities	16,344	
Other Supplies and Materials	1,010	
Data Processing Equipment	1,275	
Office Equipment	650	
Total Libraries		129,674
Parks and Fair Boards		
Contributions	$ 15,843	
Site Development	5,000	
Total Parks and Fair Boards		20,843
Agriculture and Natural Resources		
Agriculture Extension Service		
Salary Supplements	$ 28,303	
Secretary(ies)	7,082	
Custodial Personnel	1,428	
Social Security	92	
State Retirement	6,327	
Maintenance and Repair Services - Buildings	281	
Utilities	4,037	
Total Agriculture Extension Service		47,550

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Agriculture and Natural Resources (Cont.)		
Soil Conservation		
Contributions	$ 22,000	
Total Soil Conservation		$ 22,000
Other Operations		
Industrial Development		
Consultants	$ 12,029	
Contributions	7,000	
Legal Services	99,390	
Other Construction	149,925	
Total Industrial Development		268,344
Veterans' Services		
Supervisor/Director	$ 18,931	
Social Security	1,448	
State Retirement	1,238	
Dues and Memberships	81	
Travel	714	
Office Supplies	400	
Total Veterans' Services		22,812
Other Charges		
Medical Insurance	$ 465,981	
Liability Insurance	121,794	
Trustee's Commission	101,074	
Workers' Compensation Insurance	163,666	
Total Other Charges		852,515
Contributions to Other Agencies		
Salary Supplements	$ 100	
Maintenance and Repair Services - Buildings	2,828	
Matching Share	11,177	
Gasoline	8,500	
Total Contributions to Other Agencies		22,605
Employee Benefits		
Social Security	$ 2,031	
Unemployment Compensation	23,539	
Total Employee Benefits		25,570

(Continued)

Exhibit J-7

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

General Fund (Cont.)			
Other Operations (Cont.)			
Miscellaneous			
Dues and Memberships	$ 4,588		
Total Miscellaneous		$ 4,588	
Instruction			
Vocational Education Program			
Contracts with Government Agencies	$ 14,964		
Total Vocational Education Program		14,964	
Support Services			
Other Programs			
Consultants	$ 2,585		
Other Charges	420		
Total Other Programs		3,005	
Capital Projects			
Highway and Street Capital Projects			
Road Signs	$ 4,545		
Total Highway and Street Capital Projects		4,545	
Total General Fund			$ 9,260,517
Courthouse and Jail Maintenance Fund			
General Government			
County Buildings			
Maintenance and Repair Services - Buildings	$ 12,141		
Trustee's Commission	61		
Other Equipment	7,862		
Total County Buildings		$ 20,064	
Total Courthouse and Jail Maintenance Fund			20,064
Public Library Fund			
Social, Cultural, and Recreational Services			
Libraries			
Audit Services	$ 1,000		
Dues and Memberships	285		
Maintenance and Repair Services - Buildings	7,993		
Travel	117		
Library Books/Media	7,867		
Office Supplies	669		

(Continued)

Exhibit J-7

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

Public Library Fund (Cont.)			
Social, Cultural, and Recreational Services (Cont.)			
Libraries (Cont.)			
Other Charges	$ 2,091		
Furniture and Fixtures	5,338		
Total Libraries		$ 25,360	
Total Public Library Fund			$ 25,360
Solid Waste/Sanitation Fund			
Public Health and Welfare			
Transfer Stations			
Accountants/Bookkeepers	$ 34,195		
Equipment Operators - Heavy	63,872		
Overtime Pay	2,989		
Social Security	7,340		
State Retirement	4,926		
Medical Insurance	9,898		
Maintenance and Repair Services - Vehicles	4,693		
Travel	451		
Contracts for Landfill Facilities	54,998		
Custodial Supplies	716		
Gasoline	18,105		
Office Supplies	1,676		
Utilities	6,655		
Other Supplies and Materials	3,711		
Premiums on Corporate Surety Bonds	100		
Trustee's Commission	2,921		
Landfill Closure/Postclosure Care Costs	15,968		
Total Transfer Stations		$ 233,214	
Total Solid Waste/Sanitation Fund			233,214
Drug Control Fund			
Public Safety			
Drug Enforcement			
Confidential Drug Enforcement Payments	$ 1,000		
Trustee's Commission	143		
Law Enforcement Equipment	24,060		
Total Drug Enforcement		$ 25,203	
Total Drug Control Fund			25,203

(Continued)

Exhibit J-7

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

Constitutional Officers - Fees Fund			
Finance			
County Clerk's Office			
Constitutional Officers' Operating Expenses	$ 184,271		
Total County Clerk's Office		$ 184,271	
Administration of Justice			
Chancery Court			
Special Commissioner Fees/Special Master Fees	$ 990		
Total Chancery Court		990	
Total Constitutional Officers - Fees Fund			$ 185,261
Highway/Public Works Fund			
Highways			
Administration			
County Official/Administrative Officer	$ 63,527		
Secretary(ies)	42,432		
Overtime Pay	461		
State Retirement	36,927		
Advertising	1,039		
Data Processing Services	4,562		
Dues and Memberships	2,366		
Evaluation and Testing	604		
Postal Charges	126		
Printing, Stationery, and Forms	972		
Tuition	50		
Office Supplies	2,264		
Other Charges	1,358		
Data Processing Equipment	198		
Total Administration		$ 156,886	
Highway and Bridge Maintenance			
Equipment Operators	$ 173,106		
Truck Drivers	162,172		
Laborers	125,813		
Overtime Pay	6,383		
Rentals	150		
Other Contracted Services	2,836		
Asphalt	174,750		
Asphalt - Cold Mix	46,887		
Concrete	2,930		
Crushed Stone	298,209		

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)		
Highways (Cont.)		
Highway and Bridge Maintenance (Cont.)		
Diesel Fuel	$ 136,896	
Ice	59	
Pipe - Metal	16,344	
Road Signs	3,605	
Salt	3,329	
Small Tools	502	
Wood Products	1,986	
Other Supplies and Materials	549	
Total Highway and Bridge Maintenance		$ 1,156,506
Operation and Maintenance of Equipment		
Mechanic(s)	$ 52,430	
Overtime Pay	836	
Freight Expenses	5	
Maintenance and Repair Services - Equipment	634	
Tow-in Services	725	
Other Contracted Services	21,808	
Equipment and Machinery Parts	48,982	
Garage Supplies	6,869	
Gasoline	22,718	
Lubricants	14,028	
Small Tools	1,805	
Tires and Tubes	21,520	
Total Operation and Maintenance of Equipment		192,360
Other Charges		
Communication	$ 8,595	
Pest Control	95	
Electricity	4,216	
Water and Sewer	1,205	
Liability Insurance	65,392	
Premiums on Corporate Surety Bonds	350	
Trustee's Commission	22,361	
Liability Claims	2,373	
Total Other Charges		104,587
Employee Benefits		
Social Security	$ 38,885	
Unemployment Compensation	5,944	
Employer Medicare	9,094	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)			
Highways (Cont.)			
Employee Benefits (Cont.)			
Workers' Compensation Insurance	$ 37,096		
Total Employee Benefits		$ 91,019	
Capital Outlay			
Engineering Services	$ 31,070		
General Construction Materials	1,849		
Bridge Construction	223,744		
Highway Construction	9,681		
Highway Equipment	192,597		
Total Capital Outlay		458,941	
Total Highway/Public Works Fund			$ 2,160,299
General Debt Service Fund			
Principal on Debt			
General Government			
Principal on Notes	$ 7,697		
Principal on Other Loans	432,445		
Total General Government		$ 440,142	
Education			
Principal on Bonds	$ 675,000		
Principal on Notes	164,823		
Total Education		839,823	
Interest on Debt			
General Government			
Interest on Other Loans	$ 92,812		
Total General Government		92,812	
Education			
Interest on Bonds	$ 27,337		
Interest on Notes	46,379		
Total Education		73,716	
Other Debt Service			
General Government			
Trustee's Commission	$ 8,502		
Other Debt Service	27,973		
Total General Government		36,475	
Total General Debt Service Fund			1,482,968

(Continued)

Exhibit J-7

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

Education Capital Projects Fund			
Capital Projects - Donated			
Capital Projects Donated to School Department			
Contributions	$ 1,220,349		
Total Capital Projects Donated to School Department		$ 1,220,349	
Total Education Capital Projects Fund			$ 1,220,349
Total Governmental Funds - Primary Government			$ 14,613,235

Exhibit J-8

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Macon County School Department
For the Year Ended June 30, 2009

General Purpose School Fund		
Instruction		
Regular Instruction Program		
Teachers	$ 7,866,795	
Career Ladder Program	99,214	
Career Ladder Extended Contracts	44,725	
Homebound Teachers	61,051	
Educational Assistants	328,077	
Other Salaries and Wages	10,000	
Certified Substitute Teachers	53,550	
Non-certified Substitute Teachers	82,700	
Social Security	491,669	
State Retirement	532,848	
Life Insurance	5,672	
Medical Insurance	863,258	
Unemployment Compensation	7,189	
Employer Medicare	115,736	
Contracts with Private Agencies	49,750	
Maintenance and Repair Services - Equipment	77,596	
Instructional Supplies and Materials	68,827	
Textbooks	284,865	
Fee Waivers	16,062	
Other Charges	3,268	
Regular Instruction Equipment	211,982	
Total Regular Instruction Program		$ 11,274,834
Alternative Instruction Program		
Teachers	$ 141,972	
Career Ladder Program	3,417	
Certified Substitute Teachers	2,520	
Non-certified Substitute Teachers	1,075	
Social Security	8,483	
State Retirement	9,393	
Life Insurance	104	
Medical Insurance	15,247	
Unemployment Compensation	118	
Employer Medicare	1,993	
Instructional Supplies and Materials	994	
Total Alternative Instruction Program		185,316
Special Education Program		
Teachers	$ 954,415	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)		
Instruction (Cont.)		
Special Education Program (Cont.)		
Career Ladder Program	$ 6,957	
Homebound Teachers	7,755	
Educational Assistants	110,193	
Certified Substitute Teachers	5,270	
Non-certified Substitute Teachers	13,300	
Social Security	63,115	
State Retirement	68,132	
Life Insurance	729	
Medical Insurance	123,399	
Unemployment Compensation	1,237	
Employer Medicare	14,801	
Maintenance and Repair Services - Equipment	3,990	
Other Contracted Services	123,175	
Instructional Supplies and Materials	8,264	
Special Education Equipment	1,393	
Total Special Education Program		$ 1,506,125
Vocational Education Program		
Teachers	$ 285,839	
Career Ladder Program	3,475	
Certified Substitute Teachers	2,110	
Non-certified Substitute Teachers	3,650	
Social Security	17,835	
State Retirement	19,097	
Life Insurance	202	
Medical Insurance	23,233	
Unemployment Compensation	257	
Employer Medicare	4,196	
Contracts with Other School Systems	322,160	
Instructional Supplies and Materials	15,932	
Vocational Instruction Equipment	549	
Total Vocational Education Program		698,535
Adult Education Program		
Teachers	$ 15,945	
Social Security	292	
Unemployment Compensation	31	
Employer Medicare	231	
Other Supplies and Materials	2,242	
Total Adult Education Program		18,741

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)		
Support Services		
Attendance		
Supervisor/Director	$ 59,616	
Career Ladder Program	1,000	
Clerical Personnel	4,931	
Social Security	3,904	
State Retirement	4,214	
Life Insurance	24	
Medical Insurance	4,421	
Unemployment Compensation	33	
Employer Medicare	913	
Travel	1,080	
Other Supplies and Materials	1,946	
Attendance Equipment	15,091	
Total Attendance		$ 97,173
Health Services		
Supervisor/Director	$ 62,378	
Medical Personnel	89,598	
Other Salaries and Wages	31,811	
Social Security	10,620	
State Retirement	10,861	
Life Insurance	10	
Unemployment Compensation	251	
Employer Medicare	2,484	
Travel	7,061	
Drugs and Medical Supplies	5,677	
Other Supplies and Materials	1,101	
Other Charges	16,186	
Total Health Services		238,038
Other Student Support		
Career Ladder Program	$ 5,000	
Guidance Personnel	283,825	
Social Security	16,289	
State Retirement	18,543	
Life Insurance	179	
Medical Insurance	36,124	
Unemployment Compensation	167	
Employer Medicare	3,809	
Contracts with Government Agencies	112,178	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Other Student Support (Cont.)		
Evaluation and Testing	$ 13,320	
Other Contracted Services	11,793	
Total Other Student Support		$ 501,227
Regular Instruction Program		
Supervisor/Director	$ 64,373	
Career Ladder Program	12,000	
Career Ladder Extended Contracts	6,000	
Librarians	311,317	
Instructional Computer Personnel	65,622	
Clerical Personnel	17,826	
Other Salaries and Wages	87,986	
In-Service Training	2,000	
Social Security	33,354	
State Retirement	36,431	
Life Insurance	341	
Medical Insurance	32,899	
Unemployment Compensation	335	
Employer Medicare	7,800	
Travel	7,276	
Library Books/Media	26,055	
Other Supplies and Materials	16,855	
In Service/Staff Development	283	
Other Charges	12,174	
Other Equipment	16,766	
Total Regular Instruction Program		757,693
Alternative Instruction Program		
Supervisor/Director	$ 25,000	
Clerical Personnel	5,931	
Social Security	347	
State Retirement	388	
Unemployment Compensation	34	
Employer Medicare	444	
Travel	772	
Total Alternative Instruction Program		32,916
Special Education Program		
Supervisor/Director	$ 63,635	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Special Education Program (Cont.)		
Career Ladder Program	$ 4,000	
Psychological Personnel	55,633	
Assessment Personnel	48,834	
Clerical Personnel	20,809	
Social Security	10,803	
State Retirement	12,410	
Life Insurance	96	
Medical Insurance	20,704	
Unemployment Compensation	112	
Employer Medicare	2,526	
Travel	4,257	
Other Contracted Services	2,888	
In Service/Staff Development	654	
Total Special Education Program		$ 247,361
Vocational Education Program		
Other Salaries and Wages	$ 20,215	
Unemployment Compensation	28	
Employer Medicare	293	
Travel	5,273	
Other Supplies and Materials	1,123	
Total Vocational Education Program		26,932
Adult Programs		
Supervisor/Director	$ 55,129	
Clerical Personnel	11,498	
Social Security	3,140	
State Retirement	3,539	
Life Insurance	30	
Medical Insurance	7,721	
Unemployment Compensation	49	
Employer Medicare	874	
Travel	993	
Other Supplies and Materials	2,689	
Total Adult Programs		85,662
Other Programs		
On-Behalf Payments to OPEB	$ 85,053	
Total Other Programs		85,053

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Board of Education		
Board and Committee Members Fees	$ 9,800	
Social Security	608	
Employer Medicare	142	
Payments to Retirees	12,600	
Audit Services	4,300	
Dues and Memberships	12,497	
Legal Services	710	
Travel	1,851	
Trustee's Commission	109,475	
Workers' Compensation Insurance	104,863	
Refund to Applicant for Criminal Investigation	2,928	
Other Charges	38,996	
Total Board of Education		$ 298,770
Director of Schools		
County Official/Administrative Officer	$ 79,251	
Career Ladder Program	1,000	
Social Security	5,283	
State Retirement	5,477	
Life Insurance	37	
Medical Insurance	5,065	
Unemployment Compensation	28	
Employer Medicare	1,235	
Communication	18,854	
Dues and Memberships	1,980	
Postal Charges	4,860	
Travel	1,682	
Other Contracted Services	2,490	
Office Supplies	7,876	
Administration Equipment	1,177	
Total Director of Schools		136,295
Office of the Principal		
Principals	$ 466,540	
Career Ladder Program	8,000	
Accountants/Bookkeepers	124,568	
Assistant Principals	153,981	
Clerical Personnel	197,111	
Social Security	55,813	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Office of the Principal (Cont.)		
State Retirement	$ 55,121	
Life Insurance	384	
Medical Insurance	47,571	
Unemployment Compensation	864	
Employer Medicare	13,053	
Communication	1,666	
Total Office of the Principal		$ 1,124,672
Fiscal Services		
Accountants/Bookkeepers	$ 70,455	
Clerical Personnel	96,508	
Social Security	9,084	
State Retirement	10,919	
Unemployment Compensation	155	
Employer Medicare	2,125	
Data Processing Services	8,064	
Travel	12	
Other Contracted Services	1,484	
Data Processing Supplies	1,392	
Administration Equipment	2,379	
Total Fiscal Services		202,577
Operation of Plant		
Custodial Personnel	$ 496,181	
Other Salaries and Wages	16,000	
Social Security	30,161	
State Retirement	27,948	
Unemployment Compensation	837	
Employer Medicare	7,168	
Disposal Fees	19,943	
Custodial Supplies	118,650	
Electricity	670,592	
Fuel Oil	2,394	
Natural Gas	151,297	
Propane Gas	10,000	
Water and Sewer	101,012	
Other Supplies and Materials	5,390	
Building and Contents Insurance	144,536	
Total Operation of Plant		1,802,109

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Maintenance of Plant		
Supervisor/Director	$ 36,050	
Clerical Personnel	20,646	
Maintenance Personnel	170,565	
Social Security	12,717	
State Retirement	11,927	
Unemployment Compensation	239	
Employer Medicare	2,974	
Travel	873	
Other Contracted Services	54,944	
Other Supplies and Materials	92,440	
Maintenance Equipment	32,052	
Total Maintenance of Plant		$ 435,427
Transportation		
Supervisor/Director	$ 36,105	
Mechanic(s)	136,685	
Bus Drivers	492,395	
Other Salaries and Wages	16,392	
Social Security	41,511	
State Retirement	33,692	
Unemployment Compensation	1,116	
Employer Medicare	9,807	
Medical and Dental Services	4,346	
Travel	1,217	
Diesel Fuel	206,825	
Garage Supplies	23,814	
Lubricants	10,593	
Tires and Tubes	22,283	
Vehicle Parts	95,867	
Other Charges	7,208	
Transportation Equipment	357,845	
Total Transportation		1,497,701
Operation of Non-Instructional Services		
Food Service		
Supervisor/Director	$ 26,460	
In-Service Training	2,309	
Social Security	1,810	
State Retirement	200	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)		
Operation of Non-Instructional Services (Cont.)		
Food Service (Cont.)		
Unemployment Compensation	$ 40	
Employer Medicare	423	
Communication	645	
Payments to Schools - Breakfast	265,115	
Payments to Schools - Lunch	754,678	
Travel	12	
Other Charges	1,934	
Total Food Service		$ 1,053,626
Early Childhood Education		
Teachers	$ 129,381	
Educational Assistants	41,318	
Certified Substitute Teachers	400	
Non-certified Substitute Teachers	1,950	
Social Security	9,542	
State Retirement	10,179	
Life Insurance	89	
Medical Insurance	16,084	
Unemployment Compensation	201	
Employer Medicare	2,330	
Other Contracted Services	1,778	
Instructional Supplies and Materials	39,787	
Other Supplies and Materials	300	
In Service/Staff Development	5,235	
Other Equipment	12,000	
Total Early Childhood Education		270,574
Capital Outlay		
Regular Capital Outlay		
Architects	$ 104,540	
Building Improvements	1,426,283	
Other Capital Outlay	123,322	
Total Regular Capital Outlay		1,654,145
Principal on Debt		
Education		
Principal on Bonds	$ 435,000	
Total Education		435,000

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)			
Interest on Debt			
Education			
Interest on Bonds	$ 262,695		
Total Education		$ 262,695	
Other Debt Service			
Education			
Other Debt Service	$ 3,150		
Total Education		3,150	
Total General Purpose School Fund			$ 24,932,347
School Federal Projects Fund			
Instruction			
Regular Instruction Program			
Teachers	$ 50,351		
Educational Assistants	373,894		
Certified Substitute Teachers	3,440		
Non-certified Substitute Teachers	6,794		
Social Security	25,319		
State Retirement	22,365		
Life Insurance	30		
Unemployment Compensation	982		
Employer Medicare	6,104		
Tuition	6,774		
Other Contracted Services	6,220		
Instructional Supplies and Materials	121,432		
Total Regular Instruction Program		$ 623,705	
Special Education Program			
Educational Assistants	$ 335,899		
Speech Pathologist	201		
Other Salaries and Wages	45,186		
Social Security	22,913		
State Retirement	23,240		
Unemployment Compensation	807		
Employer Medicare	5,361		
Maintenance and Repair Services - Equipment	11,753		
Other Contracted Services	168,783		
Instructional Supplies and Materials	59,985		
Other Supplies and Materials	13,011		

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)		
Instruction (Cont.)		
Special Education Program (Cont.)		
Special Education Equipment	$ 26,337	
Total Special Education Program		$ 713,476
Vocational Education Program		
Vocational Instruction Equipment	$ 43,965	
Total Vocational Education Program		43,965
Support Services		
Other Student Support		
Travel	$ 6,839	
Other Contracted Services	6,250	
In Service/Staff Development	8,806	
Other Charges	19,145	
Total Other Student Support		41,040
Regular Instruction Program		
Supervisor/Director	$ 64,417	
Clerical Personnel	22,282	
Other Salaries and Wages	95,582	
Social Security	10,557	
State Retirement	11,729	
Life Insurance	96	
Medical Insurance	16,306	
Unemployment Compensation	94	
Employer Medicare	2,469	
Travel	393	
Other Supplies and Materials	2,074	
In Service/Staff Development	69,914	
Other Charges	194	
Other Equipment	6,981	
Total Regular Instruction Program		303,088
Special Education Program		
Other Salaries and Wages	$ 8,574	
In-Service Training	472	
Social Security	464	
State Retirement	581	
Life Insurance	5	
Medical Insurance	1,357	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)			
Support Services (Cont.)			
Special Education Program (Cont.)			
Employer Medicare	$ 108		
Maintenance and Repair Services - Equipment	1,087		
Travel	2,238		
Other Contracted Services	840		
Other Supplies and Materials	7,632		
In Service/Staff Development	22,188		
Total Special Education Program		$ 45,546	
Transportation			
Bus Drivers	$ 20,161		
Social Security	1,250		
State Retirement	1,319		
Unemployment Compensation	29		
Employer Medicare	292		
Total Transportation		23,051	
Total School Federal Projects Fund			$ 1,793,871
Total Governmental Funds - Macon County School Department			$ 26,726,218

Exhibit J-9

Macon County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2009

	Cities - Sales Tax Fund
Cash Receipts	
Local Option Sales Tax	$ 1,585,539
Total Cash Receipts	$ 1,585,539
Cash Disbursements	
Remittance of Revenues Collected	$ 1,569,684
Trustee's Commission	15,855
Total Cash Disbursements	$ 1,585,539
Excess of Cash Receipts Over (Under) Cash Disbursements	$ 0
Cash Balance, July 1, 2008	0
Cash Balance, June 30, 2009	$ 0

SINGLE AUDIT SECTION

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

March 17, 2010

Macon County Mayor and
Board of County Commissioners
Macon 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 Macon County, Tennessee, as of and for the year ended June 30, 2009, which collectively comprise Macon County's basic financial statements and have issued our report thereon dated March 17, 2010. Our report was modified to include a reference to other auditors. 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. Other auditors audited the financial statements of the Public Library Fund, a nonmajor special revenue fund, and the discretely presented Macon County Emergency Communications District, as described in our report on Macon County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Macon 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 Macon County's internal control over financial reporting.

Accordingly, we do not express an opinion on the effectiveness of Macon 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: 09.01, 09.04, 09.05, 09.06(A,B), 09.07, 09.08, and 09.09.

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 Macon 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 material weaknesses. However, of the significant deficiencies described above, we consider item 09.01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Macon 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: 09.02, 09.03, and 09.06(C,D).

We consider item 09.10 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over the financial operations. We also noted certain matters that we reported to the management of Macon County in separate communications.

Macon 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 Macon 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, supervisor of roads, County Commission, Board of Education, others within Macon 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,

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

March 17, 2010

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Macon 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, 2009. Macon 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 Macon County's management. Our responsibility is to express an opinion on Macon 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 Macon 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 Macon County's compliance with those requirements.

In our opinion, Macon 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, 2009.

Internal Control Over Compliance

The management of Macon 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 Macon 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 Macon 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 Macon County, Tennessee, as of and for the year ended June 30, 2009, and have issued our reports thereon dated March 17, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Macon 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.

Macon 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 Macon 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, supervisor of roads, County Commission, Board of Education, others within Macon 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,

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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Macon County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2009

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:				
National School Lunch Program (Commodities - Noncash Assistance)	10.555	(2)	$ 135,069	(3)
Passed-through State Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	(2)	265,115	
National School Lunch Program	10.555	(2)	754,678	(3)
Total U.S. Department of Agriculture			$ 1,154,862	
U.S. Department of Housing and Urban Development:				
Passed-through State Department of Economic and Community Development:				
Community Development Block Grants State's Program	14.228	(2)	$ 99,891	
Passed-through State Housing Development Agency:				
Home Investment of Partnerships Program	14.239	DG0924198	161,454	
Total U.S. Department of Housing and Urban Development			$ 261,345	
U.S. Department of Transportation:				
Passed-through State Department of Transportation:				
Highway Planning and Construction	20.205	(2)	$ 467,193	
Alcohol Impaired Driving Countermeasures Incentive I	20.601	(4)	10,000	
Total U.S. Department of Transportation			$ 477,193	
U.S. Department of Education:				
Passed-through State Department of Labor and Workforce Development:				
Adult Education - State Grant Program	84.002	(5)	$ 64,195	
Passed-through State Department of Education:				
Title I Grants to Local Educational Agencies	84.010	N/A	754,507	
Special Education Cluster:				
Special Education - Grants to States	84.027	N/A	788,320	
Special Education - Preschool Grants	84.173	N/A	34,044	
Vocational Education - Basic Grants to States	84.048	N/A	66,886	
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	16,803	
Education Technology State Grants	84.318	(2)	5,988	
Improving Teacher Quality State Grants	84.367	(2)	161,461	
Passed-through Wilson County School Department:				
English Language Acquisition Grants	84.365	(2)	15,893	
Total U.S. Department of Education			$ 1,908,097	
U.S. Election Assistance Commission:				
Passed-through Tennessee Secretary of State:				
Help America Vote Act Requirements Payment	90.401	Z09217197	$ 9,900	
Total U.S. Election Assistance Commission			$ 9,900	
U.S. Department of Homeland Security:				
Passed-through State Department of Military:				
Homeland Security Preparedness Technical Assistance Program	97.007	GG0824849	$ 42,230	
Public Assistance (Presidentially-Declared Disasters)	97.036	(2)	45,613	
Assistance to Firefighters Grants	97.044	(2)	108,000	
Total U.S. Department of Homeland Security			$ 195,843	
Total Expenditures of Federal Grants			$ 4,007,240	

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
State Grants			
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	$ 8,162
Juvenile Justice - State Commission on Children and Youth	N/A	Z09022878	11,250
Adult Education - State Department of Labor and Workforce Development	N/A	(6)	19,855
Coordinate School Health Grant - State Department of Education	N/A	(2)	119,951
Tennessee Three-Star Economic Development Grant - State Department of Economic and Community Development	N/A	(2)	2,500
Waste Tire Grant - State Department of Environment and Conservation	N/A	(7)	15,800
Rural Health Services - State Department of Health	N/A	(8)	48,734
School Nurse Grant - State Department of Health	N/A	(2)	17,700
Litter Program - State Department of Transportation	N/A	Z09212774	20,000
Technology Grant - State Library and Archives	N/A	Z09217847	2,500
Total State Grants			$ 266,452

CFDA = Catalog of Federal Domestic Assistance
N/A = Not Applicable
(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) Information not available.
(3) Total for National School Lunch Program (CFDA No. 10.555) is $889,747.
(4) Z08023725: $5,000; Z09214358: $5,000.
(5) Z09213485: $39,518; Z08020802: $20,047; Z09216882: $4,630.
(6) Z09213485: $13,173; Z08020802: $6,682.
(7) Z08020245: $7,197; Z09212960: $8,603.
(8) Z08020367: $10,277; Z09213748: $38,457.

Macon County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2009

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 Macon County, Tennessee, for the year ended June 30, 2008, which have not been corrected.

OFFICE OF COUNTY MAYOR

Finding Number	Page Number	Subject
08.01	166	All financial activity of the Macon County Library Board was not subject to the budgetary control of the County Commission
08.03	167	Ambulance Service collections were not deposited within three days

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

Finding Number	Page Number	Subject
08.04	168	Deficiencies were noted in the maintenance of accounting records in Juvenile Court

OFFICE OF REGISTER

Finding Number	Page Number	Subject
08.06	170	The office maintained a duplicate set of accounting records

OFFICE OF SHERIFF

Finding Number	Page Number	Subject
08.09	171	The department's endorsement of a calendar sale is questionable

OTHER FINDINGS

Finding Number	Page Number	Subject
08.10	172	Duties were not segregated adequately in the Offices of County Mayor; Supervisor of Roads; Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff
08.11	173	A central system of accounting, budgeting, and purchasing had not been adopted

MACON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2009

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Macon County is unqualified.

2. The audit of the financial statements of Macon County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.

3. The audit did not disclose any instances of noncompliance that are material to the financial statements.

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 and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Highway Planning and Construction (CFDA No. 20.205), and the Title I Grants to Local Education Agencies (CFDA No. 84.010) were determined to be major programs.

8. A $300,000 threshold was used to distinguish between Type A and Type B federal programs.

9. Macon 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 road supervisor and sheriff are paraphrased in this report.

OFFICE OF COUNTY MAYOR

FINDING 09.01 **THE GENERAL FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2009, certain general ledger account balances in the General Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Macon County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

FINDING 09.02 **ALL FINANCIAL ACTIVITY OF THE MACON COUNTY LIBRARY BOARD WAS NOT SUBJECT TO THE BUDGETARY CONTROL OF THE COUNTY COMMISSION**
(Noncompliance Under Government Auditing Standards)

The Macon County Library operated as a department within the county's General Fund. A significant portion of the library's expenditures was paid through the county's General Fund ($129,674), which is subject to the budgetary control of the County Commission; however, the Library Board maintained four checking accounts to deposit various revenues and to pay certain operating expenses ($25,360), which were not subject to the budgetary control of the County Commission. The balance of these four checking accounts totaled $60,767 on June 30, 2009. Macon County did contract for an independent audit of the four checking accounts, and that financial activity has been included in the financial statements of this report as the Public Library Fund.

Section 5-9-401, Tennessee Code Annotated states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies." This deficiency exists because management failed to correct the finding noted in the prior-year audit report. This deficiency resulted in unauthorized expenditures.

RECOMMENDATION

The Public Library Fund should be budgeted by the County Commission as required by state statute.

FINDING 09.03 **SOME AMBULANCE SERVICE COLLECTIONS WERE NOT DEPOSITED WITHIN THREE DAYS**
(Noncompliance Under Government Auditing Standards)

In some instances, Ambulance Service collections were not deposited with the county trustee within three days of collection. Section 5-8-207, Tennessee Code Annotated, requires county officials to deposit public funds within three days of receiving the funds. This deficiency exists because management failed to correct this finding noted in the prior-year audit report. The failure to deposit funds currently increases the risk of fraud and abuse.

RECOMMENDATION

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

FINDING 09.04 **THE CODES ENFORCEMENT OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Computer system backups were not performed on a regular basis and were not stored off-site. Sound business practices dictate that system backups be performed regularly and stored off-site. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Proper system backup procedures are now in place.

FINDING 09.05 **THE CODES ENFORCEMENT OFFICE DID NOT HAVE ADEQUATE CONTROLS FOR ITS COMPUTER APPLICATION**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The following computer system control deficiencies were identified:

A. The application did not provide a record of changes to previously issued receipts and permits. Users had the capability to change information on receipts and permits, leaving no evidence of the original information.

B. Permits and receipts could be deleted from the application, leaving no evidence of the original transaction.

C. In-lieu-of using prenumbered receipt stock, the office generated receipts on plain paper. Because the software did not generate the receipt number but instead allowed the user to assign the receipt number, duplicate receipt numbers could be assigned or a gap in receipt numbers could be created. This was a violation of Section 9-2-103, Tennessee Code Annotated, which provides for receipts to be prenumbered consecutively. In-lieu-of prenumbered receipts, computer-generated receipts may be printed on plain paper only if the receipt number is generated by the software and cannot be manipulated.

Sound business practices dictate that proper application controls be implemented. Because the vendor did not design the system with proper controls and because management was not aware of the importance of these controls, inappropriate system activity could occur.

RECOMMENDATION

Management should contact the software vendor concerning the addition of controls to the permit application that would provide an audit trail for any changes to receipts or permits. The capability of deleting permits and receipts should be removed from the application. Instead, an option to void receipts that properly reflects receipt activity on the daily reports should be implemented. The application should assign receipt numbers that cannot be manipulated by the user. These controls would help to ensure the reliability and integrity of the information maintained by the system.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

FINDING 09.06 **DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF ACCOUNTING RECORDS IN JUVENILE COURT**
(A. and B. – Internal Control – Significant Deficiency Under Government Auditing Standards; C. and D. – Noncompliance Under Government Auditing Standards)

Our examination of accounting records revealed the following deficiencies in the maintenance of accounting records in juvenile court. These deficiencies are the result of a lack of management oversight and are considered significant deficiencies that increase the risk of fraud and abuse and the risk that errors will not be discovered and corrected in a timely manner. These deficiencies exist because management failed to correct this finding noted in the prior-year audit report.

A. The official cash journal was not properly maintained for July 1, 2008, through December 31, 2008. The official cash journal included only monthly receipt activity. The cash journal did not reflect bank deposits, checks issued, interest earned, bank charges, investment litigant account activity, and commissions taken. Column totals were not forwarded from one page to the next page, and ending balances for the month were not forwarded to the next month. Effective January 1, 2009, the Juvenile Court clerk started using TnCIS software for accounting and case management; however, beginning cash and litigant account balances were not entered into the TnCIS software. Therefore, general ledger balances at June 30, 2009, were not accurate. It should be noted that cash receipts, disbursements, and ending balances for this office were determined by substantive testing and alternative auditing procedures.

B. Since the official cash journal was not properly maintained as noted above, bank statements were not reconciled with cash journal controls. Instead, the bookkeeper reconciled bank statements with check stub balances from July 1, 2008, through December 31, 2008. Bank statement reconciliations were not performed for January 1, 2009, through June 30, 2009. The bank balance for June 30, 2009, was determined by alternative auditing procedures.

C. At June 30, 2009, the clerk had prepared a trial balance of execution docket cause balances for the Juvenile Court as required by Section 18-2-103, Tennessee Code Annotated (TCA). However, this trial balance failed to reconcile with general ledger accounts by $36,456. Therefore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-101, TCA. This statute provides that any funds held by the court for more than one year and unclaimed by the owner are considered abandoned. Section 66-29-113, TCA, further requires these funds to be reported and paid to the state Treasurer's Office.

D. The official did not prepare an annual financial report for Juvenile Court. Section 5-8-505, TCA, states, "All appointive or elective county public

officials, official county boards, committees and commissions ... having in their charge and custody public funds or moneys are required to file with the county executive and with the county clerk ... an annual financial report ..."

RECOMMENDATION

The Juvenile Court clerk should maintain a cash journal that reflects all juvenile court activity and should reconcile the general ledger accounts with bank statements monthly. Furthermore, the clerk should reconcile the trial balance of execution docket cause balances with general ledger accounts. The office should prepare an annual financial report as required by state statute.

OFFICE OF REGISTER

FINDING 09.07 **THE OFFICE MAINTAINED A DUPLICATE SET OF ACCOUNTING RECORDS**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The office maintained a complete set of manual and automated accounting records. Both manual and electronic records are often maintained when electronic records are first installed to ease implementation problems that might arise. However, once electronic records are fully functional, sound business practices dictate that the manual records be discontinued. Maintaining both manual and electronic records results in increased costs for operations. The practice of keeping a duplicate set of accounting records is the result of management's decision. Also, this deficiency exists due to the failure of management to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The office should discontinue maintaining a duplicate set of accounting records. Accounting records should be maintained electronically, giving consideration to the costs associated with the acquisition, on-going maintenance of the computer system, and additional labor costs for maintaining manual accounting records.

OFFICE OF SHERIFF

FINDING 09.08 **THE DEPARTMENT'S ENDORSEMENT OF A CALENDAR SALE IS QUESTIONABLE**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The sheriff entered into an informal agreement with Royce Publications to endorse a calendar promotion. This agreement was not approved by the County Commission. Royce Publications sold advertisements, produced a calendar, and agreed to pay the Sheriff's

Department $2,000 for the department's endorsement. The practice of allowing the department's name to be used to earn revenues primarily for a private company is questionable. Entering into this contract was management's decision. Also, this deficiency exists because management failed to correct a similar finding noted in the prior-year audit report.

RECOMMENDATION

The sheriff should not enter into agreements or contracts without the approval of the County Commission. Also, the sheriff should consider the consequences of allowing the department's name to be used by a private company.

MANAGEMENT'S RESPONSE – SHERIFF

The department did make a calendar and has received $2,000 as of the date of this report. The finding also states that management failed to correct the finding from the prior-year. We did take this issue to the County Commission who agreed that it was permissible, but the commission failed to make it a motion. This verbal agreement was recorded on tape and is on file in the County Mayor's Office. The department is not doing a calendar for 2010. This should correct any question the Comptroller's Office may have concerning this problem.

REBUTTAL TO SHERIFF'S RESPONSE

Resolutions are formal actions of the County Commission. Verbal agreements made without adopting a formal resolution are considered merely discussions.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 09.09 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY MAYOR; SUPERVISOR OF ROADS; TRUSTEE; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

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

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – ROAD SUPERVISOR

As of September 1, 2009, the person disbursing funds cannot sign the warrants. These warrants are signed by the road supervisor and his assistant. During the audit period only one office person was employed; however, as of December 1, 2009, an additional office employee has been hired. The office is now trying to move forward in separating duties to the extent possible.

MANAGEMENT'S RESPONSE – SHERIFF

Due to the size of the county and the office, we are not staffed for the amount of work to segregate duties. I only have two employees that handle accounting records. To assist with this finding from the previous year, dispatchers receipt monies coming in to the department, and one bookkeeper deposits the money. Monies for the commissary are receipted during the day by the commissary bookkeeper and at night by a nightshift corrections officer. Deposits are prepared and funds are disbursed by the commissary bookkeeper. Deposits are typically taken to the bank by the chief deputy. I do not feel as though this should be a finding since I do not have any more staff to assist in bookkeeping. If the Comptroller's Office feels as though this still isn't sufficient, I ask that recommendations be made to the County Commission to increase personnel in the office.

REBUTTAL TO SHERIFF'S RESPONSE

The commissary bookkeeper issues receipts during the day shift, prepares all of the bank deposits, posts the accounting entries, and disburses the commissary funds. We have not recommended hiring additional employees. We realize that due to limited resources and personnel, management may not be able to fully segregate duties among employees. However, as noted above, our professional standards require that we bring this matter to management's attention.

FINDING 09.10 **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. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. This deficiency exists because management failed to correct this finding noted in the prior-year audit report. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort.

RECOMMENDATION

County officials should consider adopting either the County Financial Management System of 1981 or a private act that would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs for federal awards.

MACON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2009

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