
ANNUAL FINANCIAL REPORT FAYETTE COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2009



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ANNUAL FINANCIAL REPORT
FAYETTE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2009

DEPARTMENT OF AUDIT
JUSTIN P. WILSON
Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
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Director

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State Auditors

This financial report is available at www.tn.gov/comptroller

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FAYETTE COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		9-10
<u>INTRODUCTORY SECTION</u>		11
Fayette County Officials		13
<u>FINANCIAL SECTION</u>		15
Independent Auditor's Report		17-19
BASIC FINANCIAL STATEMENTS:		21
Government-wide Financial Statements:		
Statement of Net Assets	A	23-24
Statement of Activities	B	25-26
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	27
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	28
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	30
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	31
Notes to the Financial Statements		33-71
REQUIRED SUPPLEMENTARY INFORMATION:		73
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	E-1	75-76
Highway/Public Works Fund	E-2	77-78
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Fayette County School Department	E-3	79
Schedule of Funding Progress – Pension Plan – Discretely Presented Fayette County Emergency Communications District	E-4	80

	Exhibit	Page(s)
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Fayette County School Department	E-5	81
Notes to the Required Supplementary Information		83
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		85
Nonmajor Governmental Funds:		87-88
Combining Balance Sheet	F-1	89-90
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	91-92
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Solid Waste/Sanitation Fund	F-3	93
Drug Control Fund	F-4	94
Adequate Facilities/Development Tax Fund	F-5	95
Major Governmental Fund:		97
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	99
Fiduciary Funds:		101
Combining Statement of Fiduciary Assets and Liabilities	H-1	103
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	104
Component Unit:		
Discretely Presented Fayette County School Department:		105
Statement of Activities	I-1	107
Balance Sheet – Governmental Funds	I-2	108
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	I-3	109
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	110
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	111
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	112
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	113
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-8	114-115
School Federal Projects Fund	I-9	116
Central Cafeteria Fund	I-10	117

	Exhibit	Page(s)
Miscellaneous Schedules:		119
Schedule of Changes in Long-term Notes, Capital Leases, and Bonds – Primary Government and Discretely Presented Fayette County School Department	J-1	121-122
Schedule of Long-term Debt Requirements by Year – Primary Government and Discretely Presented Fayette County School Department	J-2	123-124
Schedule of Transfers – Primary Government and Discretely Presented Fayette County School Department	J-3	125
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Fayette County School Department	J-4	126
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	127-131
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Fayette County School Department	J-6	132-133
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	134-157
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Fayette County School Department	J-8	158-170
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	J-9	171
 <u>SINGLE AUDIT SECTION</u>		 173
Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		175-177
Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>		179-181
Schedule of Expenditures of Federal Awards and State Grants		183-184
Schedule of Audit Findings Not Corrected		185
Schedule of Findings and Questioned Costs		187-194
Auditee Reporting Responsibilities		195

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Audit Highlights
Annual Financial Report
Fayette County, Tennessee
For the Year Ended June 30, 2009

Scope

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

Results

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

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

Findings

The following are summaries of the audit findings:

FAYETTE COUNTY AND FAYETTE COUNTY SCHOOL DEPARTMENT

- ◆ Fayette County and the Fayette County School Department do not have the resources to produce financial statements and notes to the financial statements.
- ◆ The General, General Debt Service, and General Purpose School funds required material audit adjustments for proper financial statement presentation.

OFFICE OF COUNTY MAYOR

- ◆ The office had deficiencies in budget operations.
- ◆ The office did not implement adequate controls to protect its information resources.

OFFICE OF PUBLIC WORKS SUPERINTENDENT

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

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ In numerous instances, salaries exceeded line-item appropriations in the General Purpose School, School Federal Projects, and Central Cafeteria funds by amounts ranging from \$289 to \$6,590.
-

OFFICE OF CLERK AND MASTER

- ◆ The office did not review software audit logs.
-

OTHER FINDING

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.

INTRODUCTORY SECTION

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Fayette County Officials
June 30, 2009

Officials

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

Board of County Commissioners

Rhea Taylor, County Mayor, Chairman	Ron Gant
Ed Allen	Willie German, Jr.
Joann Allen	Ronnie Harris
Steve Anderson	Tom Karcher
Charles Brewer, Sr.	Bill Kelley
Joe Burnette, Jr.	David Lillard, Sr.
Larry Cook	Sylvester Logan
Odis Cox	George McCloud
Sissy Dowdle	Claude Oglesby, Jr.
John Dowdy	Myles Wilson

Board of Education

Marandy Wilkerson, Chairman Pro-tem	Bryon O'Brien
David Barnes	Evangeline Shaw
Patricia Burnette	Nadalyn Shelton
Linda Barton	Robert Redditt

Board of Public Works

Hank Franck, Chairman
Andrew Avery
Ricky McQueen
Wesley Parks
Russell Wicker

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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

February 9, 2010

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fayette County, Tennessee, as of and for the year ended June 30, 2009, which collectively comprise Fayette County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Fayette County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Fayette County Emergency Communications District, which represent 4.5 percent and 1.5 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Fayette County Emergency Communications District, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fayette 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 February 9, 2010, on our consideration of Fayette County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

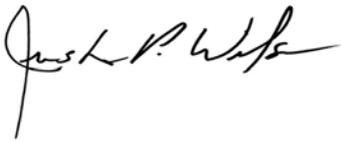
The management of Fayette County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States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

The budgetary comparison, pension, and other postemployment benefits information on pages 75 through 83 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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BASIC FINANCIAL STATEMENTS

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Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Fayette County School Department	Emergency Communications District
<u>ASSETS</u>			
Cash	\$ 50,487	\$ 0	\$ 744,072
Equity in Pooled Cash and Investments	9,006,260	1,266,779	0
Accounts Receivable	1,238,174	7,600	24,193
Due from Other Governments	549,495	1,789,860	44,779
Allowance for Uncollectible	(314,481)	0	0
Property Taxes Receivable	8,001,979	6,347,059	0
Allowance for Uncollectible Property Taxes	(318,617)	(261,542)	0
Accrued Interest Receivable	80,985	0	5,351
Prepaid Expenses	0	0	9,007
Deferred Charges - Debt Issuance Costs	182,717	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	1,616,337	359,607	0
Assets Net of Accumulated Depreciation:			
Land Improvements	0	1,978	0
Buildings and Improvements	15,753,530	11,932,956	290,489
Infrastructure	26,258,429	13,671	0
Other Capital Assets	2,919,700	2,091,236	742
Total Assets	<u>\$ 65,024,995</u>	<u>\$ 23,549,204</u>	<u>\$ 1,118,633</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 196	\$ 0
Accrued Payroll	0	179,855	0
Compensated Absences Payable	0	0	2,139
Payroll Deductions Payable	0	200,015	0
Contracts Payable	51,773	7,500	0
Retainage Payable	2,221	0	0
Accrued Interest Payable	201,861	20,570	0
Deferred Revenue - Current Property Taxes	7,362,125	5,811,618	0
Noncurrent Liabilities:			
Due Within One Year	2,657,261	349,921	0
Due in More Than One Year (net of unamortized discounts on debt)	25,518,314	694,662	0
Total Liabilities	<u>\$ 35,793,555</u>	<u>\$ 7,264,337</u>	<u>\$ 2,139</u>

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Units	
		Fayette County School Department	Emergency Communications District
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 31,683,950	\$ 13,875,339	\$ 0
Invested in Capital Assets	0	0	290,489
Restricted for:			
Capital Projects	539,953	7,618	0
Debt Service	3,308,655	0	0
Highway/Public Works	1,894,174	0	0
Adequate Facilities Development	628,621	0	0
Solid Waste/Sanitation	837,446	0	0
Drug Control	275,902	0	0
Computer Systems	130,605	0	0
Aging Programs	10,582	0	0
Jail Construction	539,023	0	0
Food Service	0	698,037	0
School Federal Projects	0	391,356	0
Drug Treatment	48,894	0	0
Other Purposes	102,651	99,716	0
Unrestricted	(10,769,016)	1,212,801	826,005
Total Net Assets	<u>\$ 29,231,440</u>	<u>\$ 16,284,867</u>	<u>\$ 1,116,494</u>

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

Exhibit B

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Total Governmental Activities	Fayette County School Department	Emergency Communications District	
Primary Government:								
Governmental Activities:								
General Government	\$ 1,941,517	\$ 420,348	\$ 14,912	\$ 83,100	\$ (1,423,157)	\$ 0	\$ 0	0
Finance	1,102,855	838,931	43,469	0	(220,455)	0	0	0
Administration of Justice	1,244,386	650,179	428	0	(593,779)	0	0	0
Public Safety	6,815,576	584,400	159,429	469,101	(5,602,646)	0	0	0
Public Health and Welfare	3,088,427	1,322,382	960,618	0	(805,427)	0	0	0
Social, Cultural, and Recreational Services	270,513	5,946	0	0	(264,567)	0	0	0
Agriculture and Natural Resources	187,443	0	0	0	(187,443)	0	0	0
Other Operations	1,231,534	171,000	21,034	311,348	(728,152)	0	0	0
Highways/Public Works	4,210,841	13,705	1,962,347	683,581	(1,551,208)	0	0	0
Education	1,080,000	0	0	0	(1,080,000)	0	0	0
Interest on Long-term Debt	1,055,126	0	0	0	(1,055,126)	0	0	0
Other Debt Service	33,775	0	0	0	(33,775)	0	0	0
Total Primary Government	\$ 22,261,993	\$ 4,006,891	\$ 3,162,237	\$ 1,547,130	\$ (13,545,735)	\$ 0	\$ 0	0
Component Units:								
Fayette County School Department	\$ 33,219,932	\$ 507,831	\$ 7,008,694	\$ 1,080,000	\$ 0	\$ (24,623,407)	\$ 0	0
Emergency Communications District	260,963	475,485	0	0	0	0	0	214,522
Total Component Units	\$ 33,480,895	\$ 983,316	\$ 7,008,694	\$ 1,080,000	\$ 0	\$ (24,623,407)	\$ 0	214,522

(Continued)

Exhibit B

Fayette County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
				Total Governmental Activities	Fayette County School Department	Emergency Communications District	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 6,847,344	\$ 6,346,342	\$	0
Property Taxes Levied for Debt Service				563,600	0		0
Local Option Sales Taxes				493,740	2,360,876		0
Wheel Tax				1,971,604	0		0
Adequate Facilities/Development Tax				261,369	0		0
Litigation Tax				247,878	0		0
Business Tax				198,472	0		0
Wholesale Beer Tax				116,071	0		0
Other Local Taxes				7,499	3,394		0
Grants and Contributions Not Restricted to Specific Programs				964,397	17,270,779		28,575
Unrestricted Investment Earnings				545,301	0		10,263
Miscellaneous				216,666	54,757		0
Total General Revenues				\$ 12,433,941	\$ 26,036,148	\$	38,838
Change in Net Assets				\$ (1,111,794)	\$ 1,412,741	\$	253,360
Prior-period Adjustment				133,804	0		0
Net Assets, July 1, 2008				30,209,430	14,872,126		863,134
Net Assets, June 30, 2009				\$ 29,231,440	\$ 16,284,867	\$	1,116,494

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

Exhibit C-1

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

	Major Funds		Nonmajor Funds		Total
	Highway /	General	Other	Governmental	Governmental
	Public	Debt	Governmental	Funds	Funds
	Works	Service	Funds		
	General				
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 50,487	\$ 50,487
Equity in Pooled Cash and Investments	1,816,602	1,497,116	3,484,865	2,207,677	9,006,260
Accounts Receivable	1,213,016	225	904	24,029	1,238,174
Allowance for Uncollectibles	(314,481)	0	0	0	(314,481)
Due from Other Governments	59,610	440,391	0	49,494	549,495
Due from Other Funds	30,629	0	0	10,925	41,554
Property Taxes Receivable	6,790,889	658,265	552,825	0	8,001,979
Allowance for Uncollectible Property Taxes	(269,028)	(26,770)	(22,819)	0	(318,617)
Accrued Interest Receivable	0	0	0	80,985	80,985
Total Assets	\$ 9,327,237	\$ 2,569,227	\$ 4,015,775	\$ 2,423,597	\$ 18,335,836
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Contracts Payable	\$ 0	\$ 0	\$ 0	\$ 51,773	\$ 51,773
Retainage Payable	0	0	0	2,221	2,221
Due to Other Funds	10,925	0	0	30,629	41,554
Deferred Revenue - Current Property Taxes	6,252,203	603,859	506,063	0	7,362,125
Deferred Revenue - Delinquent Property Taxes	226,249	23,187	20,089	0	269,525
Other Deferred Revenues	868,771	220,980	92,356	117,917	1,300,024
Total Liabilities	\$ 7,358,148	\$ 848,026	\$ 618,508	\$ 202,540	\$ 9,027,222
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 0	\$ 9,984	\$ 0	\$ 526,014	\$ 535,998
Reserved for Alcohol and Drug Treatment	48,894	0	0	0	48,894
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	539,023	0	0	0	539,023
Reserved for Drug Court	4,095	0	0	0	4,095
Reserved for Sexual Offender Registration	6,695	0	0	0	6,695
Reserved for Courtroom Security	1,404	0	0	0	1,404
Reserved for Computer System - Register	33,241	0	0	0	33,241
Reserved for Automation Purposes - Circuit Court	5,742	0	0	0	5,742
Reserved for Automation Purposes - General Sessions Court	48,464	0	0	0	48,464
Reserved for Automation Purposes - Chancery Court	4,712	0	0	0	4,712
Reserved for Automation Purposes - Sheriff	35,752	0	0	0	35,752
Reserved for Automation Purposes - County Clerk	2,694	0	0	0	2,694
Reserved for Aging Programs	10,582	0	0	0	10,582
Reserved for Other General Purposes	53,525	0	0	0	53,525
Unreserved, Reported In:					
General Fund	1,174,266	0	0	0	1,174,266
Special Revenue Funds	0	1,711,217	0	1,681,104	3,392,321
Debt Service Funds	0	0	3,397,267	0	3,397,267
Capital Projects Funds	0	0	0	13,939	13,939
Total Fund Balances	\$ 1,969,089	\$ 1,721,201	\$ 3,397,267	\$ 2,221,057	\$ 9,308,614
Total Liabilities and Fund Balances	\$ 9,327,237	\$ 2,569,227	\$ 4,015,775	\$ 2,423,597	\$ 18,335,836

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

Exhibit C-2

Fayette County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 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)		\$	9,308,614
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,616,337	
Add: buildings and improvements net of accumulated depreciation		15,753,530	
Add: infrastructure net of accumulated depreciation		26,258,429	
Add: other capital assets net of accumulated depreciation		<u>2,919,700</u>	46,547,996
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: capital leases payable	\$	(118,012)	
Less: bonds payable		(23,879,049)	
Less: notes payable		(3,085,389)	
Add: deferred charges - debt issuance costs		182,717	
Add: deferred discount on debt issuances		35,687	
Less: compensated absences payable		(367,083)	
Less: landfill postclosure care costs		(728,658)	
Less: other postemployment benefits liability		(33,071)	
Less: accrued interest on bonds, notes, and capital leases		<u>(201,861)</u>	(28,194,719)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>1,569,549</u>
Net assets of governmental activities (Exhibit A)		\$	<u>29,231,440</u>

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

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 7,060,689	\$ 1,846,530	\$ 1,527,051	\$ 261,369	\$ 10,695,639
Licenses and Permits	183,367	0	0	0	183,367
Fines, Forfeitures, and Penalties	142,703	0	0	72,814	215,517
Charges for Current Services	1,052,089	0	0	497,927	1,550,016
Other Local Revenues	314,889	18,499	0	567,962	901,350
Fees Received from County Officials	1,384,858	0	0	0	1,384,858
State of Tennessee	1,708,151	2,632,277	0	263,340	4,603,768
Federal Government	279,762	13,651	0	121,568	414,981
Other Governments and Citizens Groups	32,432	0	0	0	32,432
Total Revenues	\$ 12,158,940	\$ 4,510,957	\$ 1,527,051	\$ 1,784,980	\$ 19,981,928
<u>Expenditures</u>					
Current:					
General Government	\$ 1,203,543	\$ 0	\$ 0	\$ 154,589	\$ 1,358,132
Finance	874,908	0	0	0	874,908
Administration of Justice	827,294	0	0	8,000	835,294
Public Safety	5,734,575	0	0	48,965	5,783,540
Public Health and Welfare	1,920,776	0	0	1,187,975	3,108,751
Social, Cultural, and Recreational Services	258,462	0	0	0	258,462
Agriculture and Natural Resources	167,478	0	0	0	167,478
Other Operations	2,001,094	0	0	8,821	2,009,915
Highways	0	4,476,733	0	0	4,476,733
Debt Service:					
Principal on Debt	0	110,594	2,190,951	189,650	2,491,195
Interest on Debt	0	8,280	1,211,682	8,350	1,228,312
Other Debt Service	0	0	22,719	0	22,719
Capital Projects	0	29,980	0	1,757,038	1,787,018
Total Expenditures	\$ 12,988,130	\$ 4,625,587	\$ 3,425,352	\$ 3,363,388	\$ 24,402,457
Excess (Deficiency) of Revenues					
Over Expenditures	\$ (829,190)	\$ (114,630)	\$ (1,898,301)	\$ (1,578,408)	\$ (4,420,529)
<u>Other Financing Sources (Uses)</u>					
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 600,000	\$ 600,000
Notes Issued	112,039	0	0	1,278,000	1,390,039
Capital Leases Issued	0	70,350	0	0	70,350
Insurance Recovery	4,790	26,343	0	0	31,133
Transfers In	0	265,358	832,670	0	1,098,028
Transfers Out	(32,670)	0	0	(1,065,358)	(1,098,028)
Total Other Financing Sources (Uses)	\$ 84,159	\$ 362,051	\$ 832,670	\$ 812,642	\$ 2,091,522
Net Change in Fund Balances					
Fund Balance, July 1, 2008	\$ (745,031)	\$ 247,421	\$ (1,065,631)	\$ (765,766)	\$ (2,329,007)
	2,714,120	1,473,780	4,462,898	2,986,823	11,637,621
Fund Balance, June 30, 2009					
	\$ 1,969,089	\$ 1,721,201	\$ 3,397,267	\$ 2,221,057	\$ 9,308,614

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

Exhibit C-4

Fayette County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 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)		\$ (2,329,007)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 2,693,446	
Less: current year depreciation expense	<u>(2,841,826)</u>	(148,380)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized	\$ 350,670	
Less: loss on disposal of capital assets	(135,408)	
Less: proceeds received from the disposal of capital assets	<u>(171,476)</u>	43,786
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2009	\$ 1,569,549	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(751,948)</u>	817,601
(4) The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Less: note proceeds	\$ (1,390,039)	
Less: capital lease proceeds	(70,350)	
Less: bond proceeds	(600,000)	
Less: change in deferred debt issuance costs	(9,252)	
Less: change in discount on debt issuances	(1,804)	
Add: principal payments on bonds	1,075,951	
Add: principal payments on notes	1,304,650	
Add: principal payments on capital leases	<u>110,594</u>	419,750
(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	\$ 173,186	
Change in compensated absences payable	(58,617)	
Change in other postemployment benefits liability	(16,509)	
Change in landfill postclosure care costs (net of prior-period adjustment)	<u>(13,604)</u>	84,456
Change in net assets of governmental activities (Exhibit B)		<u>\$ (1,111,794)</u>

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,257,197
Equity in Pooled Cash and Investments	42,792
Accounts Receivable	7,433
Due from Other Governments	<u>300,410</u>
Total Assets	<u>\$ 1,607,832</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 343,202
Due to Litigants, Heirs, and Others	<u>1,264,630</u>
Total Liabilities	<u>\$ 1,607,832</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

The Fayette County School Department operates the public school system in the county, and the voters of Fayette County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Fayette County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Fayette County, and the Fayette County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Fayette County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Fayette County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

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

B. Government-wide and Fund Financial Statements

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

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

Fayette County issues all debt for the discretely presented Fayette County School Department. Net debt issues (\$1,080,000) 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 funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not

measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

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

Fayette County reports the following major governmental funds:

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

Highway/Public Works Fund – This fund accounts for transactions of the county’s Highway Department.

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

Additionally, Fayette County reports the following fund types:

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

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

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

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

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

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

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Fayette County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the primary government's Solid Waste/Sanitation Fund. Fayette County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit 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 receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 2.13 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.

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

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more (buildings and improvements \$10,000, heavy equipment \$10,000, and infrastructure \$25,000), and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

4. **Compensated Absences**

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

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

5. **Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

The government-wide Statement of Net Assets reports \$8,316,506 of restricted net assets for the primary government, of which \$628,621 is restricted by enabling legislation.

As of June 30, 2009, Fayette County had \$12,000,000 in outstanding debt for capital purposes for the discretely presented Fayette County School Department. This debt is a liability of Fayette County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Fayette County has incurred a liability significantly decreasing its unrestricted net 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:

<u>Fund/Purpose</u>	<u>Amount</u>
Primary Government:	
General:	
Parks and Recreation	\$ 120,750
Fire Service	16,720
Discretely Presented Fayette County School Department:	
General Purpose School:	
Extended School Program	54,884
High Schools That Work	353

7. Prior-period Adjustment

The postclosure care cost liability was restated \$133,804 from the prior-year due to a change in the procedure of obtaining cost estimates.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Fayette County School Department

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

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

Primary Government

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

Discretely Presented Fayette County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

B. Fund Deficit

The Other Capital Projects Fund had a deficit in unreserved fund balance of \$135,809 at June 30, 2009. This deficit resulted from the unperformed

portions of construction contracts of \$526,014 being reserved as encumbrances. Funding for these future expenditures is expected to be received from grants.

C. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations in the General Debt Service Fund by \$147,973.

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

Fund	Major Appropriation Category	Amount Overspent
General	County Coroner/Medical Examiner	\$ 2,783
"	Housing and Urban Development	7,685
"	Other Charges	5,594
"	Employee Benefits	29,258
"	Miscellaneous	2,823
Solid Waste/Sanitation	Convenience Centers	8,956

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Fayette County and the 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:

Primary Government

Governmental Activities:

	Balance			Balance
	7-1-08	Increases	Decreases	6-30-09
Capital Assets Not Depreciated:				
Land	\$ 1,577,264	\$ 84,750	\$ 45,677	\$ 1,616,337
Construction in Progress	293,052	0	293,052	0
Total Capital Assets Not Depreciated	\$ 1,870,316	\$ 84,750	\$ 338,729	\$ 1,616,337
Capital Assets Depreciated:				
Buildings and Improvements	\$ 18,818,505	\$ 57,640	\$ 528,697	\$ 18,347,448
Infrastructure	111,294,734	1,847,268	0	113,142,002
Other Capital Assets	6,491,710	1,347,510	254,199	7,585,021
Total Capital Assets Depreciated	\$ 136,604,949	\$ 3,252,418	\$ 782,896	\$ 139,074,471
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,148,965	\$ 728,686	\$ 283,733	\$ 2,593,918
Infrastructure	85,275,771	1,607,802	0	86,883,573
Other Capital Assets	4,397,939	505,338	237,956	4,665,321
Total Accumulated Depreciation	\$ 91,822,675	\$ 2,841,826	\$ 521,689	\$ 94,142,812
Total Capital Assets Depreciated, Net	\$ 44,782,274	\$ 410,592	\$ 261,207	\$ 44,931,659
Governmental Activities Capital Assets, Net	\$ 46,652,590	\$ 495,342	\$ 599,936	\$ 46,547,996

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

Governmental Activities:

General Government	\$	58,377
Finance		4,982
Administration of Justice		154,821
Public Safety		689,358
Public Health and Welfare		141,162
Social, Cultural, and Recreational Services		10,200
Other Operations		169,485
Highway/Public Works		<u>1,613,441</u>
 Total Depreciation Expense - Governmental Activities	 \$	 <u>2,841,826</u>

Discretely Presented Fayette County School Department

Governmental Activities:

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 359,607	\$ 0	\$ 0	\$ 359,607
Total Capital Assets Not Depreciated	<u>\$ 359,607</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 359,607</u>
Capital Assets Depreciated:				
Land Improvements	\$ 127,792	\$ 0	\$ 0	\$ 127,792
Buildings and Improvements	34,447,256	35,650	0	34,482,906
Infrastructure	394,280	0	0	394,280
Other Capital Assets	5,998,370	1,028,094	482,744	6,543,720
Total Capital Assets Depreciated	<u>\$ 40,967,698</u>	<u>\$ 1,063,744</u>	<u>\$ 482,744</u>	<u>\$ 41,548,698</u>
Less Accumulated Depreciation For:				
Land Improvements	\$ 125,814	\$ 0	\$ 0	\$ 125,814
Buildings and Improvements	21,596,838	953,112	0	22,549,950
Infrastructure	367,765	12,844	0	380,609
Other Capital Assets	4,617,529	317,699	482,744	4,452,484
Total Accumulated Depreciation	<u>\$ 26,707,946</u>	<u>\$ 1,283,655</u>	<u>\$ 482,744</u>	<u>\$ 27,508,857</u>
Total Capital Assets Depreciated, Net	<u>\$ 14,259,752</u>	<u>\$ (219,911)</u>	<u>\$ 0</u>	<u>\$ 14,039,841</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,619,359</u>	<u>\$ (219,911)</u>	<u>\$ 0</u>	<u>\$ 14,399,448</u>

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

Governmental Activities:

Instruction	\$ 757,608
Support Services	332,480
Operation of Non-Instructional Services	<u>193,567</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 1,283,655</u>

C. Construction Commitments

At June 30, 2009, the Other Capital Projects Fund had uncompleted construction contracts of \$526,014 for airport renovations. Funding for these future expenditures is expected to be received from grants.

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 30,629
Nonmajor governmental	General	10,925
Component Unit:		
School Department:		
General Purpose School	Central Cafeteria	718

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

The receivable in the discretely presented General Purpose School Fund (\$718) was in transit from the Central Cafeteria Fund at June 30, 2009.

Interfund Transfers:

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

Primary Government

Transfers Out	Transfers In	
	Highway/ Public Works Fund	General Debt Service Fund
General	\$ 0	\$ 32,670
Nonmajor governmental fund	265,358	800,000
Total	<u>\$ 265,358</u>	<u>\$ 832,670</u>

Discretely Presented Fayette County School Department

Transfers Out	Transfers In
	General Purpose School Fund
School Federal Projects Fund	\$ 134,715
Nonmajor governmental fund	<u>8,719</u>
Total	<u>\$ 143,434</u>

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

E. Operating Leases

The discretely presented Fayette County School Department rents copiers under operating leases considered to be noncancelable. The rental expenditures for the year ended June 30, 2009, were \$188,637. There are no provisions for contingent or sublease rentals in the agreements. The future minimum lease payments for these leases are as follows:

Year Ending June 30	Amount
2010	\$ 116,145
2011	108,000
2012	108,000
2013	<u>45,000</u>
Total	<u>\$ 377,145</u>

F. Capital Leases

Primary Government

On February 25, 2008, Fayette County entered into a three-year lease-purchase agreement for a dump truck. The terms of the agreement require total lease payments of \$89,415 plus interest of 3.95 percent. Title to the dump truck transfers to Fayette County at the end of the lease period. The lease payments are made by the Highway/Public Works Fund.

On November 25, 2008, Fayette County entered into a three-year lease-purchase agreement for a lift truck. The terms of the agreement require total lease payments of \$70,350 plus interest of 3.45 percent. Title to the lift truck transfers to Fayette County at the end of the lease period. The lease payments are made by the Highway/Public Works Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

Year Ending June 30	Governmental Funds
2010	\$ 56,953
2011	56,952
2012	<u>10,299</u>
Total Minimum Lease Payments	\$ 124,204
Less: Amount Representing Interest	<u>(6,192)</u>
Present Value of Minimum Lease Payments	<u>\$ 118,012</u>

Discretely Presented Fayette County School Department

On September 15, 2005, the Fayette County School Department entered into a four-year lease-purchase agreement for school buses. The terms of the agreement require total lease payments of \$503,788 plus interest of 4.64 percent.

On July 27, 2006, the School Department entered into a four-year lease-purchase agreement for school buses. The terms of the agreement require total lease payments of \$199,842 plus interest of 5.14 percent.

On August 14, 2007, the School Department entered into a four-year lease-purchase agreement for school buses. The terms of the agreement require total lease payments of \$220,500 plus interest of 5.07 percent.

On September 25, 2007, the School Department entered into a four-year lease-purchase agreement for school buses. The terms of the agreement require total lease payments of \$189,000 plus interest of 4.64 percent.

Title to the buses transfers to the School Department at the end of the lease period. The lease payments are made by the General Purpose School Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2010	\$ 249,590
2011	139,185
2012	94,256
2013	94,256
Total Minimum Lease Payments	<u>\$ 577,287</u>
Less: Amount Representing Interest	<u>(53,178)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 524,109</u></u>

G. Long-term Debt

Primary Government

General Obligation Bonds and Notes

The county issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds.

Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 38 years for bonds and up to eight years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2009, will be retired from the General, Solid Waste/Sanitation, and General Debt Service funds.

General obligation bonds, capital outlay notes, and capital leases outstanding as of June 30, 2009, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
General Obligation Bonds	2.5 to 4.625 %	\$ 13,750,000	\$ 12,844,049
General Obligation Bonds - Refunding	3 to 5	12,170,000	11,035,000
Capital Outlay Notes	3.39 to 3.95	4,390,039	3,085,389
Capital Leases	3.45 to 3.95	159,765	118,012

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2010	\$ 1,105,000	\$ 1,023,347	\$ 2,128,347
2011	1,151,899	1,003,198	2,155,097
2012	1,302,201	954,208	2,256,409
2013	1,347,516	898,215	2,245,731
2014	1,397,845	839,686	2,237,531
2015-2019	8,159,682	3,188,208	11,347,890
2020-2024	4,485,351	1,582,199	6,067,550
2025-2029	4,538,565	700,598	5,239,163
2030-2034	84,935	78,415	163,350
2035-2039	105,212	58,137	163,349
2040-2044	130,332	33,019	163,351
2045-2047	70,511	5,316	75,827
Total	\$ 23,879,049	\$ 10,364,546	\$ 34,243,595

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 1,245,389	\$ 91,222	\$ 1,336,611
2011	1,130,000	42,749	1,172,749
2012	135,000	27,863	162,863
2013	140,000	22,503	162,503
2014	150,000	17,024	167,024
2015-2016	285,000	16,256	301,256
Total	<u>\$ 3,085,389</u>	<u>\$ 217,617</u>	<u>\$ 3,303,006</u>

There is \$3,397,267 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$829, based on the 2000 federal census. Debt per capita, including bonds, notes, and capital leases totaled \$940, 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	Capital Leases
Balance, July 1, 2008	\$ 24,355,000	\$ 3,000,000	\$ 158,256
Additions	600,000	1,390,039	70,350
Deductions	(1,075,951)	(1,304,650)	(110,594)
Balance, June 30, 2009	<u>\$ 23,879,049</u>	<u>\$ 3,085,389</u>	<u>\$ 118,012</u>
Balance Due Within One Year	<u>\$ 1,105,000</u>	<u>\$ 1,245,389</u>	<u>\$ 52,897</u>

	Compensated Absences	Landfill Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2008	\$ 308,466	\$ 848,858	\$ 16,562
Additions	302,315	36,079	47,101
Deductions	(243,698)	(22,475)	(30,592)
Prior-period Adjustment	0	(133,804)	0
Balance, June 30, 2009	<u>\$ 367,083</u>	<u>\$ 728,658</u>	<u>\$ 33,071</u>
Balance Due Within One Year	<u>\$ 242,805</u>	<u>\$ 11,170</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 28,211,262
Less: Balance Due Within One Year	(2,657,261)
Less: Deferred Discount on Debt	<u>(35,687)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 25,518,314</u></u>

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

Discretely Presented Fayette County School Department

Capital leases outstanding as of June 30, 2009, are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-09</u>
Capital Leases	4.64 to 5.14 %	\$ 1,113,130	\$ 524,109

Changes in Long-term Liabilities

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

Governmental Activities:

	<u>Capital Leases</u>
Balance, July 1, 2008	\$ 737,873
Deductions	<u>(213,764)</u>
Balance, June 30, 2009	<u><u>\$ 524,109</u></u>
Balance Due Within One Year	<u><u>\$ 224,078</u></u>

Governmental Activities: (Cont.)

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2008	\$ 219,982	\$ 146,955
Additions	112,402	258,865
Deductions	(126,698)	(91,032)
Balance, June 30, 2009	<u>\$ 205,686</u>	<u>\$ 314,788</u>
Balance Due Within One Year	<u>\$ 125,843</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 1,044,583
Less: Balance Due Within One Year	<u>(349,921)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 694,662</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Fayette County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2009, were \$42,614 and \$27,313, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

I. Short-term Debt

Fayette County issued a tax anticipation note in advance of property tax collections and deposited the proceeds in the General Purpose School Fund. This note was necessary because funds were not available to meet operating

expenses coming due before current tax collections. Short-term debt activity for the year ended June 30, 2009, was as follows:

	Balance 7-1-08	Issued	Paid	Balance 6-30-09
Tax Anticipation Notes	\$ 0	\$ 1,210,000	\$ (1,210,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Primary Government

Liability, Property, and Casualty

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

Workers' Compensation Insurance

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

Employee Health Insurance

Fayette County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, TCA, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the

State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Discretely Presented Fayette County School Department

Liability, Property, Casualty, and Workers' Compensation Insurance

The School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays an annual premium to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TN-RMT provides for it to be self-sustaining through member premiums. The TN-RMT reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

Employee Health Insurance

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

B. Accounting Changes

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 GASB 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 Fayette County for the year ended June 30, 2009, since the county had none of the obligating events. However, it is reasonably expected that Fayette 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 Fayette County for the year ended June 30, 2009, since the county had no endowment investments. However, it is reasonably expected that Fayette County could have endowment investments in subsequent years.

C. Subsequent Events

Subsequent to June 30, 2009, Fayette County issued tax anticipation notes to provide temporary operating funds as follows:

Fund	Date Issued	Amount
General	8-31-09	\$ 50,000
"	10-7-09	250,000
"	11-3-09	400,000
General Purpose School	8-5-09	603,000
"	11-19-09	500,000

On October 5, 2009, the Fayette County Highway Department entered into a lease-purchase agreement totaling \$88,000 for a dump truck.

On December 3, 2009, the Fayette County Board of Education voted to buy out the remainder of Director of Schools Myles Wilson's contract and appointed Louise Holloway as interim director of schools.

D. Contingent Liabilities

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

E. Landfill Closure/Postclosure Care Costs

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Fayette County closed its sanitary landfill in 1998. The \$728,658 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.

F. Joint Venture

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

Administrative Office:

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

G. Retirement Commitments

Employees

Plan Description

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

service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Fayette County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Fayette County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2009, was 8.51 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Fayette County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2009, Fayette County's annual pension cost of \$1,066,964 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. Fayette County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was eight 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	\$1,066,964	100%	\$0
6-30-08	1,057,150	100	0
6-30-07	964,806	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 88.84 percent funded. The actuarial accrued liability for benefits was \$28.59 million, and the actuarial value of assets was \$25.4 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.19 million. The covered payroll (annual payroll of active employees covered by the plan) was \$10.79 million, and the ratio of the UAAL to the covered payroll was 29.55 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 Fayette County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service.

Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEPP. 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 Fayette 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 Fayette County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2009, 2008, and 2007, were \$921,462, \$882,893, and \$814,531, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Plan Description

Fayette County and the School Department participate in the state-administered Local Government Group Insurance Plan and Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated (TCA), for local education employees and Section 8-27-207, TCA, for local governments. Prior to reaching age 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 plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2009, Fayette County and the discretely presented School Department contributed \$29,867 and \$84,596, respectively, for postemployment health care.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
	<hr/>	<hr/>
ARC	\$ 252,252	\$ 46,356
Interest on the NPO	6,613	745
Adjustment to the ARC	(6,436)	(725)
Annual OPEB cost	<hr/> \$ 252,429	<hr/> \$ 46,376
Less: Amount of contribution	(84,596)	(29,867)
Increase/decrease in NPO	<hr/> \$ 167,833	<hr/> \$ 16,509
Net OPEB obligation, 7-1-08	<hr/> 146,955	<hr/> 16,562
Net OPEB obligation, 6-30-09	<hr/> <hr/> \$ 314,788	<hr/> <hr/> \$ 33,071

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	\$ 246,381	40 %	\$ 146,955
6-30-09	"	252,429	34	314,788
6-30-08	Local Government Group	45,410	64	16,562
6-30-09	"	46,376	64	33,071

*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 Plan	Local Government Group Plan
Actuarial valuation date	7-1-07	7-1-07
Actuarial accrued liability (AAL)	\$ 2,215,346	\$ 340,073
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,215,346	\$ 340,073
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 18,147,875	\$ 7,119,620
UAAL as a % of covered payroll	12%	5%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplemental information following the notes to the financial statements, presents 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.

I. Purchasing Laws

Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated (TCA). This act provides for all purchases exceeding \$10,000 to be made based on competitive bids solicited through newspaper advertisement.

Office of Public Works Superintendent

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

Office of Director of Schools

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

VI. OTHER NOTES – DISCRETELY PRESENTED FAYETTE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Organization and Reporting Entity

The Fayette County Emergency Communications District (a component unit of Fayette County, Tennessee) was established by voter referendum in November 1988, and the assessment of service fees began May 1989.

The purpose of the district is to provide a simplified means of securing emergency services by telephone to those persons living in Fayette County, Tennessee.

The district is considered a component unit of the county because its board of directors is appointed by the Fayette County Commission. The Fayette County Commission must approve any long-term debt issued by the district, and also has the authority to decrease, but not increase, the user fees charged by the district.

B. Summary of Significant Accounting Policies

1. GASB Conformity

The district's financial statements have been prepared in conformity with generally accepted accounting principles as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB), Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principle Board (APB) Opinions, and Accounting Research Bulletins (ARBs), issued on or before November 30, 1989. After this date, the district has elected to apply only the GASB pronouncements.

2. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The district is considered an enterprise fund, which uses the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a cost of services or capital maintenance measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with this activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Enterprise fund operating statements present increases (revenues) and decreases (expenses) in net total assets.

3. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits.

4. **Accounts Receivable**

Accounts receivable represent amounts due from AT&T, other various telephone companies, and state wireless charges.

5. **Capital Assets**

The capital assets are recorded at historical cost. Maintenance repairs and minor renewals are expensed as incurred.

Depreciation has been provided over the estimated useful lives of the capital assets by the straight-line method. The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Furniture, fixtures, equipment, and vehicles	5 – 20
Building improvements	20

6. **Compensated Absences**

The district allows full-time employees one day of vacation per month. The vacation days will have monetary value and may be accrued, but only 15 days may be carried over at December 31. A liability is reflected in the financial statements for \$1,197.

The district allows employees to accrue one day per month sick leave. These days can be accrued; however, they have no monetary value, and employees will not be paid for accrued sick days upon termination. Therefore, no liability is reflected in the financial statements.

C. **Cash and Investments**

The district’s policies limit deposits and investments to those instruments allowed by applicable state laws and described below. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the district’s agent in the district’s name, or by the Federal Reserve banks acting as third-party agents. State statutes also authorize the district to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund, and mutual funds. Statutes also require that securities

underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction.

As of June 30, 2009, \$356,909 of the district's bank balance was covered by federal depository insurance, and the remaining \$408,376 was covered by the Tennessee Bank Collateral Pool.

D. Capital Assets

Capital assets activity for the year was as follows:

	Balance 7-1-08	Increases	Balance 6-30-09
Capital Assets, Depreciated:			
Furniture and Fixtures	\$ 8,628	\$ 0	\$ 8,628
Office Equipment Communication Equipment	30,667	0	30,667
Vehicles	343,175	7,000	350,175
Total Capital Assets Depreciated	<u>\$ 404,885</u>	<u>\$ 7,000</u>	<u>\$ 411,885</u>
Less Accumulated Depreciation:			
Furniture and Fixtures	\$ 3,022	\$ 1,371	\$ 4,393
Office Equipment Communication Equipment	21,567	965	22,532
Vehicles	40,138	42,685	82,823
Total Accumulated Depreciation	<u>\$ 72,207</u>	<u>\$ 49,189</u>	<u>\$ 121,396</u>
Total Capital Assets, Net	<u>\$ 332,678</u>	<u>\$ (42,189)</u>	<u>\$ 290,489</u>

E. Commitments

The district has contracted with AT&T for the provision of services relating to the operation of the VIPER system. The monthly obligation by the district under the contract is \$5,094 for a 60-month period.

F. Funding Sources

Funds for operations are provided by monthly fees from service users in Fayette County and also by the Tennessee Emergency Communications Board. AT&T and alternate local exchange carriers collect service fees from the county users and remit funds to the district. The state remits a percentage of the shared wireless charges based on the district's population.

G. Retirement Plan

Plan Description

Employees of the district 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 become vested after five years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Fayette County Emergency Communications District 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

The district requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2009, was 6.74 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2009, the district's annual pension cost of \$3,209 to TCRS was equal to the district'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 investments over a five-year period. The district'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 16 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-09	\$ 3,209	100 %	\$ 0
6-30-08	35,473	100	0
6-30-07	3,576	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 46.15 percent funded. The actuarial accrued liability for benefits was \$.03 million, and the actuarial value of assets was \$.01 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.02 million. The covered payroll (annual payroll of active employees covered by the plan) was zero, and the ration of the UAAL to the covered payroll was 38.18 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 AALs 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.

H. Risk Management

The district is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the district to purchase commercial insurance for the risks of general liability, vehicle liability, employee dishonesty, worker's compensation, and physical damage to its capital assets. Settled claims have not exceeded this commercial coverage in any coverage of the past three years.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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Exhibit E-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 7,060,689	\$ 6,915,790	\$ 6,915,790	\$ 144,899
Licenses and Permits	183,367	368,000	374,000	(190,633)
Fines, Forfeitures, and Penalties	142,703	297,500	300,280	(157,577)
Charges for Current Services	1,052,089	701,550	794,340	257,749
Other Local Revenues	314,889	243,100	293,572	21,317
Fees Received from County Officials	1,384,858	1,507,000	1,507,000	(122,142)
State of Tennessee	1,708,151	2,124,750	2,153,876	(445,725)
Federal Government	279,762	232,000	457,526	(177,764)
Other Governments and Citizens Groups	32,432	55,000	55,000	(22,568)
Total Revenues	<u>\$ 12,158,940</u>	<u>\$ 12,444,690</u>	<u>\$ 12,851,384</u>	<u>\$ (692,444)</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 176,133	\$ 67,871	\$ 217,871	\$ 41,738
Beer Board	0	1,500	0	0
County Mayor/Executive	96,166	95,852	98,302	2,136
County Attorney	110,671	49,116	111,556	885
Election Commission	240,238	243,870	243,870	3,632
Register of Deeds	22,671	37,500	37,500	14,829
Development	241,954	283,288	283,288	41,334
Building	78,935	96,648	96,648	17,713
County Buildings	167,104	226,357	226,357	59,253
Other Facilities	12,614	15,000	15,000	2,386
Other General Administration	57,057	85,077	85,077	28,020
<u>Finance</u>				
Accounting and Budgeting	169,171	180,500	180,500	11,329
Property Assessor's Office	265,519	281,790	281,790	16,271
Reappraisal Program	7,182	35,000	35,000	27,818
County Trustee's Office	175,374	178,329	178,329	2,955
County Clerk's Office	257,662	265,365	265,365	7,703
<u>Administration of Justice</u>				
Circuit Court	160,854	163,293	163,369	2,515
General Sessions Court	144,586	145,279	145,003	417
General Sessions Judge	175,236	175,359	175,359	123
General Sessions Court Clerk	62,598	64,845	65,045	2,447
Drug Court	53,823	60,000	62,780	8,957
Chancery Court	175,756	189,357	189,357	13,601
Juvenile Court	54,441	58,694	58,694	4,253
<u>Public Safety</u>				
Sheriff's Department	2,150,637	2,207,261	2,246,633	95,996
Drug Enforcement	142,836	208,536	208,536	65,700
Jail	2,230,408	2,329,540	2,329,540	99,132
Workhouse	27,935	30,308	30,308	2,373

(Continued)

Exhibit E-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Safety (Cont.)</u>				
Fire Prevention and Control	\$ 882,708	\$ 725,762	\$ 993,787	\$ 111,079
Civil Defense	97,897	101,427	101,427	3,530
Rescue Squad	35,856	42,738	42,738	6,882
County Coroner/Medical Examiner	22,783	20,000	20,000	(2,783)
Other Public Safety	143,515	144,335	144,335	820
<u>Public Health and Welfare</u>				
Local Health Center	51,434	59,937	59,937	8,503
Rabies and Animal Control	85,253	88,323	88,323	3,070
Ambulance/Emergency Medical Services	1,427,121	1,408,991	1,466,991	39,870
Dental Health Program	260,781	375,528	375,528	114,747
Crippled Children Services	2,216	2,216	2,216	0
Other Local Health Services	0	2,060	2,060	2,060
Appropriation to State	25,761	25,761	25,761	0
Aid to Dependent Children	560	2,750	2,750	2,190
Other Local Welfare Services	10,815	10,815	10,815	0
Sanitation Education/Information	56,835	60,133	60,133	3,298
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	86,563	22,145	86,563	0
Libraries	171,899	172,466	177,249	5,350
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	106,205	110,508	110,508	4,303
Soil Conservation	61,273	62,395	62,395	1,122
<u>Other Operations</u>				
Industrial Development	1,189	1,639	1,639	450
Housing and Urban Development	12,785	0	5,100	(7,685)
Airport	169,530	149,796	199,859	30,329
Veterans' Services	6,069	7,484	7,484	1,415
Other Charges	273,017	267,423	267,423	(5,594)
Contributions to Other Agencies	47,390	53,641	73,641	26,251
Employee Benefits	1,469,121	1,438,363	1,439,863	(29,258)
Miscellaneous	21,993	1,000	19,170	(2,823)
Total Expenditures	<u>\$ 12,988,130</u>	<u>\$ 13,133,171</u>	<u>\$ 13,878,772</u>	<u>\$ 890,642</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (829,190)</u>	<u>\$ (688,481)</u>	<u>\$ (1,027,388)</u>	<u>\$ 198,198</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 112,039	\$ 0	\$ 108,039	\$ 4,000
Insurance Recovery	4,790	0	0	4,790
Transfers Out	(32,670)	0	(32,670)	0
Total Other Financing Sources (Uses)	<u>\$ 84,159</u>	<u>\$ 0</u>	<u>\$ 75,369</u>	<u>\$ 8,790</u>
Net Change in Fund Balance	\$ (745,031)	\$ (688,481)	\$ (952,019)	\$ 206,988
Fund Balance, July 1, 2008	<u>2,714,120</u>	<u>3,169,891</u>	<u>3,169,891</u>	<u>(455,771)</u>
Fund Balance, June 30, 2009	<u>\$ 1,969,089</u>	<u>\$ 2,481,410</u>	<u>\$ 2,217,872</u>	<u>\$ (248,783)</u>

Exhibit E-2

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,846,530	\$ 0	\$ 0	\$ 1,846,530	\$ 2,050,625	\$ 2,050,625	\$ (204,095)
Other Local Revenues	18,499	0	0	18,499	102,300	102,300	(83,801)
State of Tennessee	2,632,277	0	0	2,632,277	2,144,000	2,813,383	(181,106)
Federal Government	13,651	0	0	13,651	0	13,650	1
Total Revenues	\$ 4,510,957	\$ 0	\$ 0	\$ 4,510,957	\$ 4,296,925	\$ 4,979,958	\$ (469,001)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 177,721	\$ 0	\$ 0	\$ 177,721	\$ 178,011	\$ 181,761	\$ 4,040
Highway and Bridge Maintenance	1,318,043	0	0	1,318,043	1,352,376	1,362,929	44,886
Operation and Maintenance of Equipment	444,270	0	0	444,270	495,460	498,060	53,790
Other Charges	219,052	0	0	219,052	216,300	231,200	12,148
Employee Benefits	587,044	0	0	587,044	609,980	605,425	18,381
Capital Outlay	1,730,603	(417,493)	9,984	1,323,094	1,409,651	1,601,872	278,778
<u>Principal on Debt</u>							
Highways and Streets	110,594	0	0	110,594	68,833	110,595	1
Interest on Debt							
Highways and Streets	8,280	0	0	8,280	0	8,280	0
<u>Capital Projects</u>							
Highway and Street Capital Projects	29,980	0	0	29,980	31,000	31,000	1,020
Total Expenditures	\$ 4,625,587	\$ (417,493)	\$ 9,984	\$ 4,218,078	\$ 4,361,611	\$ 4,631,122	\$ 413,044
Excess (Deficiency) of Revenues Over Expenditures	\$ (114,630)	\$ 417,493	\$ (9,984)	\$ 292,879	\$ (64,686)	\$ 348,836	\$ (55,957)

(Continued)

Exhibit E-2

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 70,350	\$ 0	\$ 0	\$ 70,350	\$ 0	\$ 0	\$ 70,350
Insurance Recovery	26,343	0	0	26,343	0	26,340	3
Transfers In	265,358	0	0	265,358	0	0	265,358
Total Other Financing Sources (Uses)	\$ 362,051	\$ 0	\$ 0	\$ 362,051	\$ 0	\$ 26,340	\$ 335,711
Net Change in Fund Balance	\$ 247,421	\$ 417,493	\$ (9,984)	\$ 654,930	\$ (64,686)	\$ 375,176	\$ 279,754
Fund Balance, July 1, 2008	1,473,780	(417,493)	0	1,056,287	1,100,184	1,100,184	(43,897)
Fund Balance, June 30, 2009	\$ 1,721,201	\$ 0	\$ (9,984)	\$ 1,711,217	\$ 1,035,498	\$ 1,475,360	\$ 235,857

Exhibit E-3

Fayette County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Fayette 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 (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-08	7-1-07	25,406	28,596	3,190	88.84	10,796	29.55

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

Fayette County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Fayette County Emergency Communications District
June 30, 2009

(Dollar amounts in thousands)

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)
6-30-09	7-1-07	\$ 18,000	\$ 39,000	\$ 21,000	46.15%	\$ 55,000	38.18%
6-30-08	7-1-07	18,000	39,000	21,000	46.15	55,000	38.18

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-5

Fayette County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Fayette County School Department
June 30, 2009

(Dollar amounts in thousands)

Plans	Fiscal Year Ended*	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>								
Local Government Group	6-30-08	7-1-07	\$ 0	320 \$	320	0 %	\$ 6,739	4.75 %
"	6-30-09	7-1-07	0	320	320	0	6,739	4.75
<u>DISCRETELY PRESENTED FAYETTE COUNTY SCHOOL DEPARTMENT</u>								
Local Education Group	6-30-08	7-1-07	0	2,270	2,270	0	19,760	11.49
"	6-30-09	7-1-07	0	2,270	2,270	0	19,760	11.49

*Data only available for two years.

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

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

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

B. Expenditures Exceeded Appropriations

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

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
County Coroner/Medical Examiner	\$ 2,783
Housing and Urban Development	7,685
Other Charges	5,594
Employee Benefits	29,258
Miscellaneous	2,823

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.

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

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

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

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

Capital Projects Funds

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

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

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

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

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

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

	Special Revenue Funds					Total
	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees		
Cash	\$ 100	\$ 0	\$ 0	\$ 50,387	\$ 50,487	
Equity in Pooled Cash and Investments	721,769	275,902	628,621	0	1,626,292	
Accounts Receivable	23,667	0	0	362	24,029	
Due from Other Governments	0	0	0	0	0	
Due from Other Funds	10,925	0	0	0	10,925	
Accrued Interest Receivable	80,985	0	0	0	80,985	
Total Assets	\$ 837,446	\$ 275,902	\$ 628,621	\$ 50,749	\$ 1,792,718	
LIABILITIES AND FUND BALANCES						
Liabilities						
Contracts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Retainage Payable	0	0	0	0	0	
Due to Other Funds	0	0	0	30,629	30,629	
Other Deferred Revenues	80,985	0	0	0	80,985	
Total Liabilities	\$ 80,985	\$ 0	\$ 0	\$ 30,629	\$ 111,614	
Fund Balances						
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Unreserved (Deficit)	756,461	275,902	628,621	20,120	1,681,104	
Total Fund Balances	\$ 756,461	\$ 275,902	\$ 628,621	\$ 20,120	\$ 1,681,104	
Total Liabilities and Fund Balances	\$ 837,446	\$ 275,902	\$ 628,621	\$ 50,749	\$ 1,792,718	

(Continued)

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

	Capital Projects Funds				Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	Total	
\$	0	0	0	0	0
149,748	36,932	394,705	581,385	2,207,677	
0	0	0	0	24,029	
0	0	49,494	49,494	49,494	
0	0	0	0	10,925	
0	0	0	0	80,985	
\$	149,748	36,932	444,199	630,879	2,423,597

ASSETS

Cash	
Equity in Pooled Cash and Investments	
Accounts Receivable	
Due from Other Governments	
Due from Other Funds	
Accrued Interest Receivable	
Total Assets	

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>				
Contracts Payable	0	0	51,773	51,773
Retainage Payable	0	0	2,221	2,221
Due to Other Funds	0	0	0	30,629
Other Deferred Revenues	0	36,932	0	36,932
Total Liabilities	0	36,932	53,994	90,926
<u>Fund Balances</u>				
Reserved for Encumbrances	0	0	526,014	526,014
Unreserved (Deficit)	149,748	0	(135,809)	13,939
Total Fund Balances	149,748	0	390,205	539,953
Total Liabilities and Fund Balances	149,748	36,932	444,199	630,879

Fayette 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					Total
	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees		
Revenues						
Local Taxes	\$ 0	\$ 0	\$ 261,369	\$ 0	\$ 0	\$ 261,369
Fines, Forfeitures, and Penalties	0	72,814	0	0	0	72,814
Charges for Current Services	334,108	0	0	163,819	0	497,927
Other Local Revenues	543,215	10,880	0	0	0	554,095
State of Tennessee	106,345	0	0	0	0	106,345
Federal Government	0	0	0	0	0	0
Total Revenues	\$ 983,668	\$ 83,694	\$ 261,369	\$ 163,819	\$ 1,492,550	
Expenditures						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 154,589	\$ 0	\$ 154,589
Administration of Justice	0	0	0	8,000	0	8,000
Public Safety	0	48,965	0	0	0	48,965
Public Health and Welfare	1,187,975	0	0	0	0	1,187,975
Other Operations	0	0	8,821	0	0	8,821
Debt Service:						
Principal on Debt	189,650	0	0	0	0	189,650
Interest on Debt	8,350	0	0	0	0	8,350
Capital Projects	0	0	0	0	0	0
Total Expenditures	\$ 1,385,975	\$ 48,965	\$ 8,821	\$ 162,589	\$ 1,606,350	
Excess (Deficiency) of Revenues Over Expenditures	\$ (402,307)	\$ 34,729	\$ 252,548	\$ 1,230	\$ (113,800)	
Other Financing Sources (Uses)						
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Notes Issued	198,000	0	0	0	0	198,000
Transfers Out	0	0	(1,065,358)	0	0	(1,065,358)
Total Other Financing Sources (Uses)	\$ 198,000	\$ 0	\$ (1,065,358)	\$ 0	\$ (867,358)	
Net Change in Fund Balances	\$ (204,307)	\$ 34,729	\$ (812,810)	\$ 1,230	\$ (981,158)	
Fund Balance, July 1, 2008	960,768	241,173	1,441,431	18,890	2,662,262	
Fund Balance, June 30, 2009	\$ 756,461	\$ 275,902	\$ 628,621	\$ 20,120	\$ 1,681,104	

(Continued)

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

	Capital Projects Funds				Total Nonmajor Governmental Funds
	General Capital Projects	Education Capital Projects	Other Capital Projects	Total	
<u>Revenues</u>					
Local Taxes	0 \$	0 \$	0 \$	0 \$	261,369
Fines, Forfeitures, and Penalties	0	0	0	0	72,814
Charges for Current Services	0	0	0	0	497,927
Other Local Revenues	0	0	13,867	13,867	567,962
State of Tennessee	0	0	156,995	156,995	263,340
Federal Government	0	0	121,568	121,568	121,568
Total Revenues	0 \$	0 \$	292,430 \$	292,430 \$	1,784,980
<u>Expenditures</u>					
Current:					
General Government	0 \$	0 \$	0 \$	0 \$	154,589
Administration of Justice	0	0	0	0	8,000
Public Safety	0	0	0	0	48,965
Public Health and Welfare	0	0	0	0	1,187,975
Other Operations	0	0	0	0	8,821
Debt Service:					
Principal on Debt	0	0	0	0	189,650
Interest on Debt	0	0	0	0	8,350
Capital Projects	174,358	1,080,000	502,680	1,757,038	1,757,038
Total Expenditures	\$ 174,358	\$ 1,080,000	\$ 502,680	\$ 1,757,038	\$ 3,363,388
Excess (Deficiency) of Revenues Over Expenditures	\$ (174,358)	\$ (1,080,000)	\$ (210,250)	\$ (1,464,608)	\$ (1,578,408)
<u>Other Financing Sources (Uses)</u>					
Bonds Issued	0 \$	0 \$	600,000 \$	600,000 \$	600,000
Notes Issued	0	1,080,000	0	1,080,000	1,278,000
Transfers Out	0	0	0	0	(1,065,358)
Total Other Financing Sources (Uses)	0 \$	1,080,000 \$	600,000 \$	1,680,000 \$	812,642
Net Change in Fund Balances Fund Balance, July 1, 2008	\$ (174,358)	0 \$	389,750 \$	215,392 \$	(765,766)
	324,106	0	455	324,561	2,986,823
Fund Balance, June 30, 2009	\$ 149,748	0 \$	390,205 \$	539,953 \$	2,221,057

Exhibit F-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 334,108	\$ 320,000	\$ 320,000	\$ 14,108
Other Local Revenues	543,215	516,500	516,500	26,715
State of Tennessee	106,345	25,000	117,660	(11,315)
Total Revenues	<u>\$ 983,668</u>	<u>\$ 861,500</u>	<u>\$ 954,160</u>	<u>\$ 29,508</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 377,116	\$ 345,500	\$ 368,160	\$ (8,956)
Landfill Operation and Maintenance	810,859	647,769	845,769	34,910
<u>Principal on Debt</u>				
General Government	189,650	0	189,650	0
<u>Interest on Debt</u>				
General Government	8,350	0	8,350	0
Total Expenditures	<u>\$ 1,385,975</u>	<u>\$ 993,269</u>	<u>\$ 1,411,929</u>	<u>\$ 25,954</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (402,307)</u>	<u>\$ (131,769)</u>	<u>\$ (457,769)</u>	<u>\$ 55,462</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 198,000	\$ 0	\$ 198,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 198,000</u>	<u>\$ 0</u>	<u>\$ 198,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (204,307)	\$ (131,769)	\$ (259,769)	\$ 55,462
Fund Balance, July 1, 2008	<u>960,768</u>	<u>677,116</u>	<u>677,116</u>	<u>283,652</u>
Fund Balance, June 30, 2009	<u>\$ 756,461</u>	<u>\$ 545,347</u>	<u>\$ 417,347</u>	<u>\$ 339,114</u>

Exhibit F-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 72,814	\$ 61,000	\$ 61,000	\$ 11,814
Other Local Revenues	10,880	0	0	10,880
Total Revenues	<u>\$ 83,694</u>	<u>\$ 61,000</u>	<u>\$ 61,000</u>	<u>\$ 22,694</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 48,965	\$ 99,163	\$ 99,163	\$ 50,198
Total Expenditures	<u>\$ 48,965</u>	<u>\$ 99,163</u>	<u>\$ 99,163</u>	<u>\$ 50,198</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 34,729</u>	<u>\$ (38,163)</u>	<u>\$ (38,163)</u>	<u>\$ 72,892</u>
Net Change in Fund Balance	\$ 34,729	\$ (38,163)	\$ (38,163)	\$ 72,892
Fund Balance, July 1, 2008	<u>241,173</u>	<u>212,062</u>	<u>212,062</u>	<u>29,111</u>
Fund Balance, June 30, 2009	<u>\$ 275,902</u>	<u>\$ 173,899</u>	<u>\$ 173,899</u>	<u>\$ 102,003</u>

Exhibit F-5

Fayette County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Adequate Facilities/Development Tax Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 261,369	\$ 450,000	\$ 724,858	\$ (463,489)
Total Revenues	\$ 261,369	\$ 450,000	\$ 724,858	\$ (463,489)
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 8,821	\$ 9,500	\$ 9,500	\$ 679
Total Expenditures	\$ 8,821	\$ 9,500	\$ 9,500	\$ 679
Excess (Deficiency) of Revenues Over Expenditures	\$ 252,548	\$ 440,500	\$ 715,358	\$ (462,810)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (1,065,358)	\$ (800,000)	\$ (1,065,358)	\$ 0
Total Other Financing Sources (Uses)	\$ (1,065,358)	\$ (800,000)	\$ (1,065,358)	\$ 0
Net Change in Fund Balance	\$ (812,810)	\$ (359,500)	\$ (350,000)	\$ (462,810)
Fund Balance, July 1, 2008	1,441,431	1,372,221	1,372,221	69,210
Fund Balance, June 30, 2009	\$ 628,621	\$ 1,012,721	\$ 1,022,221	\$ (393,600)

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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

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,527,051	\$ 2,212,666	\$ 2,212,666	\$ (685,615)
Total Revenues	\$ 1,527,051	\$ 2,212,666	\$ 2,212,666	\$ (685,615)
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,305,951	\$ 1,295,000	\$ 1,305,951	\$ 0
Education	885,000	770,000	770,000	(115,000)
<u>Interest on Debt</u>				
General Government	614,370	592,871	614,590	220
Education	597,312	564,078	564,078	(33,234)
<u>Other Debt Service</u>				
General Government	21,509	20,000	21,550	41
Education	1,210	1,000	1,210	0
Total Expenditures	\$ 3,425,352	\$ 3,242,949	\$ 3,277,379	\$ (147,973)
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,898,301)	\$ (1,030,283)	\$ (1,064,713)	\$ (833,588)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 832,670	\$ 0	\$ 32,670	\$ 800,000
Total Other Financing Sources (Uses)	\$ 832,670	\$ 0	\$ 32,670	\$ 800,000
Net Change in Fund Balance	\$ (1,065,631)	\$ (1,030,283)	\$ (1,032,043)	\$ (33,588)
Fund Balance, July 1, 2008	4,462,898	3,556,051	3,556,051	906,847
Fund Balance, June 30, 2009	\$ 3,397,267	\$ 2,525,768	\$ 2,524,008	\$ 873,259

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Fiduciary Funds

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

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

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

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

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Exhibit H-1

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

	<u>Agency Funds</u>			
	Cities - Sales Tax	Watershed District	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,257,197	\$ 1,257,197
Equity in Pooled Cash and Investment	0	42,792	0	42,792
Accounts Receivable	0	0	7,433	7,433
Due from Other Governments	300,410	0	0	300,410
Total Assets	<u>\$ 300,410</u>	<u>\$ 42,792</u>	<u>\$ 1,264,630</u>	<u>\$ 1,607,832</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 300,410	\$ 42,792	\$ 0	\$ 343,202
Due to Litigants, Heirs, and Others	0	0	1,264,630	1,264,630
Total Liabilities	<u>\$ 300,410</u>	<u>\$ 42,792</u>	<u>\$ 1,264,630</u>	<u>\$ 1,607,832</u>

Exhibit H-2

Fayette 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
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,933,125	\$ 1,933,125	\$ 0
Due from Other Governments	336,393	300,410	336,393	300,410
Total Assets	\$ 336,393	\$ 2,233,535	\$ 2,269,518	\$ 300,410
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 336,393	\$ 2,233,535	\$ 2,269,518	\$ 300,410
Total Liabilities	\$ 336,393	\$ 2,233,535	\$ 2,269,518	\$ 300,410
<u>Watershed District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 42,792	\$ 0	\$ 0	\$ 42,792
Total Assets	\$ 42,792	\$ 0	\$ 0	\$ 42,792
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 42,792	\$ 0	\$ 0	\$ 42,792
Total Liabilities	\$ 42,792	\$ 0	\$ 0	\$ 42,792
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,284,750	\$ 8,591,115	\$ 8,618,668	\$ 1,257,197
Accounts Receivable	0	7,433	0	7,433
Total Assets	\$ 1,284,750	\$ 8,598,548	\$ 8,618,668	\$ 1,264,630
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,284,750	\$ 8,598,548	\$ 8,618,668	\$ 1,264,630
Total Liabilities	\$ 1,284,750	\$ 8,598,548	\$ 8,618,668	\$ 1,264,630
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,284,750	\$ 8,591,115	\$ 8,618,668	\$ 1,257,197
Equity in Pooled Cash and Investments	42,792	1,933,125	1,933,125	42,792
Accounts Receivable	0	7,433	0	7,433
Due from Other Governments	336,393	300,410	336,393	300,410
Total Assets	\$ 1,663,935	\$ 10,832,083	\$ 10,888,186	\$ 1,607,832
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 379,185	\$ 2,233,535	\$ 2,269,518	\$ 343,202
Due to Litigants, Heirs, and Others	1,284,750	8,598,548	8,618,668	1,264,630
Total Liabilities	\$ 1,663,935	\$ 10,832,083	\$ 10,888,186	\$ 1,607,832

Fayette County School Department

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

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

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

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

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

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Exhibit I-1

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

Functions/Programs	Program Revenues			Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions		Operating Grants and Contributions	Total Governmental Activities	
Governmental Activities:							
Instruction	\$ 18,459,677	\$ 45,498	\$ 2,924,889	\$ 0	\$ 0	\$ (15,489,290)	
Support Services	11,087,225	38,592	1,755,677	1,080,000		(8,212,956)	
Operation of Non-Instructional Services	3,627,633	423,741	2,328,128	0		(875,764)	
Interest on Long-term Debt	45,397	0	0	0		(45,397)	
Total Governmental Activities	\$ 33,219,932	\$ 507,831	\$ 7,008,694	\$ 1,080,000	\$ (24,623,407)		
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 6,346,342		
Local Option Sales Taxes					2,360,876		
Other Local Taxes					3,394		
Grants and Contributions Not Restricted to Specific Programs					17,270,779		
Miscellaneous					54,757		
Total General Revenues					\$ 26,036,148		
Change in Net Assets					\$ 1,412,741		
Net Assets, July 1, 2008					14,872,126		
Net Assets, June 30, 2009					\$ 16,284,867		

Exhibit I-2

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Other</u>	
	<u>School</u>	<u>Projects</u>	<u>Governmental</u>	<u>Governmental</u>
			<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 630,813	\$ 156,158	\$ 479,090	\$ 1,266,061
Accounts Receivable	3,991	26	3,583	7,600
Due from Other Governments	1,193,426	357,253	239,181	1,789,860
Due from Other Funds	718	0	0	718
Property Taxes Receivable	6,347,059	0	0	6,347,059
Allowance for Uncollectible Property Taxes	(261,542)	0	0	(261,542)
Total Assets	\$ 7,914,465	\$ 513,437	\$ 721,854	\$ 9,149,756
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 0	\$ 196	\$ 196
Accrued Payroll	102,005	76,299	1,551	179,855
Payroll Deductions Payable	179,365	19,356	1,294	200,015
Contracts Payable	6,500	0	1,000	7,500
Deferred Revenue - Current Property Taxes	5,811,618	0	0	5,811,618
Deferred Revenue - Delinquent Property Taxes	229,808	0	0	229,808
Other Deferred Revenues	483,120	0	0	483,120
Total Liabilities	\$ 6,812,416	\$ 95,655	\$ 4,041	\$ 6,912,112
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 14,073	\$ 178,548	\$ 0	\$ 192,621
Reserved for Career Ladder Program	3,499	0	0	3,499
Reserved for Basic Education Program	96,217	0	0	96,217
Reserved for Title I Grants to Local Education Agencies	0	81,884	0	81,884
Reserved for Special Education - Grants to States	0	135,738	0	135,738
Other Federal Reserves	0	21,612	0	21,612
Unreserved, Reported In:				
General Fund	988,260	0	0	988,260
Special Revenue Funds	0	0	710,195	710,195
Capital Projects Funds	0	0	7,618	7,618
Total Fund Balances	\$ 1,102,049	\$ 417,782	\$ 717,813	\$ 2,237,644
Total Liabilities and Fund Balances	\$ 7,914,465	\$ 513,437	\$ 721,854	\$ 9,149,756

Exhibit I-3

Fayette County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Fayette County School Department
June 30, 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)		\$	2,237,644
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	359,607	
Add: land improvements net of accumulated depreciation		1,978	
Add: buildings and improvements net of accumulated depreciation		11,932,956	
Add: infrastructure net of accumulated depreciation		13,671	
Add: other capital assets net of accumulated depreciation		<u>2,091,236</u>	14,399,448
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: capital leases payable	\$	(524,109)	
Less: compensated absences payable		(205,686)	
Less: accrued interest on capital leases		(20,570)	
Less: other postemployment benefits liability		<u>(314,788)</u>	(1,065,153)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>712,928</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>16,284,867</u></u>

Exhibit I-4

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Funds</u>	
			<u>Other</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Govern-</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>mental</u>	<u>Funds</u>
			<u>Funds</u>	<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 8,712,983	\$ 0	\$ 0	\$ 8,712,983
Licenses and Permits	2,674	0	0	2,674
Charges for Current Services	49,794	0	423,741	473,535
Other Local Revenues	95,149	0	13,125	108,274
State of Tennessee	16,517,561	0	23,744	16,541,305
Federal Government	1,071,072	4,067,246	2,118,773	7,257,091
Other Governments and Citizens Groups	1,080,000	0	0	1,080,000
Total Revenues	\$ 27,529,233	\$ 4,067,246	\$ 2,579,383	\$ 34,175,862
<u>Expenditures</u>				
Current:				
Instruction	\$ 14,922,238	\$ 2,491,334	\$ 0	\$ 17,413,572
Support Services	10,585,356	1,258,748	0	11,844,104
Operation of Non-Instructional Services	808,868	0	2,455,512	3,264,380
Capital Outlay	110,825	0	0	110,825
Debt Service:				
Principal on Debt	291,680	0	0	291,680
Interest on Debt	53,973	0	0	53,973
Total Expenditures	\$ 26,772,940	\$ 3,750,082	\$ 2,455,512	\$ 32,978,534
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 756,293	\$ 317,164	\$ 123,871	\$ 119,728
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 3,024	\$ 0	\$ 0	\$ 3,024
Transfers In	143,434	0	0	143,434
Transfers Out	0	(134,715)	(8,719)	(143,434)
Total Other Financing Sources (Uses)	\$ 146,458	\$ (134,715)	\$ (8,719)	\$ 3,024
Net Change in Fund Balances	\$ 902,751	\$ 182,449	\$ 115,152	\$ 1,200,352
Fund Balance, July 1, 2008	199,298	235,333	602,661	1,037,292
Fund Balance, June 30, 2009	\$ 1,102,049	\$ 417,782	\$ 717,813	\$ 2,237,644

Exhibit I-5

Fayette County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Fayette County School Department
For the Year Ended June 30, 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)		\$ 1,200,352
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 1,063,744	
Less: current year depreciation expense	<u>(1,283,655)</u>	(219,911)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2009	\$ 712,928	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(427,347)</u>	285,581
<p>(3) The issuance of long-term debt (e.g. notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Add: principal payments on notes	\$ 77,916	
Add: principal payments on capital leases	<u>213,764</u>	291,680
<p>(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.</p>		
Change in accrued interest	\$ 8,576	
Change in compensated absences payable	14,296	
Change in other postemployment benefits liability	<u>(167,833)</u>	(144,961)
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,412,741</u>

Exhibit I-6

Fayette County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Fayette County School Department
June 30, 2009

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Education Capital Projects	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 471,472	\$ 7,618	\$ 479,090
Accounts Receivable	3,583	0	3,583
Due from Other Governments	239,181	0	239,181
Total Assets	<u>\$ 714,236</u>	<u>\$ 7,618</u>	<u>\$ 721,854</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 196	\$ 0	\$ 196
Accrued Payroll	1,551	0	1,551
Payroll Deductions Payable	1,294	0	1,294
Contracts Payable	1,000	0	1,000
Total Liabilities	<u>\$ 4,041</u>	<u>\$ 0</u>	<u>\$ 4,041</u>
<u>Fund Balances</u>			
Unreserved	\$ 710,195	\$ 7,618	\$ 717,813
Total Fund Balances	<u>\$ 710,195</u>	<u>\$ 7,618</u>	<u>\$ 717,813</u>
Total Liabilities and Fund Balances	<u>\$ 714,236</u>	<u>\$ 7,618</u>	<u>\$ 721,854</u>

Exhibit I-7

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

	Special Revenue Fund	Capital Projects Education Capital Projects	Total Nonmajor Governmental Funds
	Central Cafeteria		
<u>Revenues</u>			
Charges for Current Services	\$ 423,741	\$ 0	\$ 423,741
Other Local Revenues	13,125	0	13,125
State of Tennessee	23,744	0	23,744
Federal Government	2,118,773	0	2,118,773
Total Revenues	<u>\$ 2,579,383</u>	<u>\$ 0</u>	<u>\$ 2,579,383</u>
<u>Expenditures</u>			
Current:			
Operation of Non-Instructional Services	\$ 2,455,512	\$ 0	\$ 2,455,512
Total Expenditures	<u>\$ 2,455,512</u>	<u>\$ 0</u>	<u>\$ 2,455,512</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 123,871</u>	<u>\$ 0</u>	<u>\$ 123,871</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (8,719)	\$ 0	\$ (8,719)
Total Other Financing Sources (Uses)	<u>\$ (8,719)</u>	<u>\$ 0</u>	<u>\$ (8,719)</u>
Net Change in Fund Balances	\$ 115,152	\$ 0	\$ 115,152
Fund Balance, July 1, 2008	595,043	7,618	602,661
Fund Balance, June 30, 2009	<u>\$ 710,195</u>	<u>\$ 7,618</u>	<u>\$ 717,813</u>

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,712,983	\$ 0	\$ 0	\$ 8,712,983	\$ 8,777,166	\$ 8,777,166	\$ (64,183)
Licenses and Permits	2,674	0	0	2,674	3,000	3,000	(326)
Charges for Current Services	49,794	0	0	49,794	61,404	61,404	(11,610)
Other Local Revenues	95,149	0	0	95,149	33,580	42,551	52,598
State of Tennessee	16,517,561	0	0	16,517,561	16,351,875	16,620,085	(102,524)
Federal Government	1,071,072	0	0	1,071,072	791,323	1,186,018	(114,946)
Other Governments and Citizens Groups	1,080,000	0	0	1,080,000	0	1,080,000	0
Total Revenues	\$ 27,529,233	\$ 0	\$ 0	\$ 27,529,233	\$ 26,018,348	\$ 27,770,224	\$ (240,991)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 12,101,915	\$ 0	\$ 0	\$ 12,101,915	\$ 12,221,523	\$ 12,314,942	\$ 213,027
Special Education Program	1,839,696	0	0	1,839,696	1,845,942	1,867,380	27,684
Vocational Education Program	954,338	0	0	954,338	910,906	984,743	30,405
Adult Education Program	26,289	0	0	26,289	34,280	33,630	7,341
<u>Support Services</u>							
Attendance	83,674	0	0	83,674	75,268	85,210	1,536
Health Services	175,293	0	0	175,293	177,754	178,084	2,791
Other Student Support	544,025	(322)	0	543,703	582,697	583,599	39,896
Regular Instruction Program	875,991	0	0	875,991	980,042	973,357	97,366
Special Education Program	335,331	0	0	335,331	324,944	335,563	232
Vocational Education Program	567,624	0	0	567,624	479,344	672,496	104,872
Adult Programs	305,630	0	0	305,630	309,393	310,373	4,743
Other Programs	69,927	0	0	69,927	0	69,927	0
Board of Education	514,120	0	0	514,120	469,890	533,142	19,022
Director of Schools	239,152	0	660	239,812	246,020	246,350	6,538
Office of the Principal	1,309,203	0	0	1,309,203	1,291,972	1,313,848	4,645

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 202,494	\$ 0	\$ 1,869	\$ 204,363	\$ 199,881	\$ 210,603	\$ 6,240
Operation of Plant	1,637,463	0	0	1,637,463	1,756,919	1,749,143	111,680
Maintenance of Plant	580,970	(7,677)	2,847	576,140	597,376	594,832	18,692
Transportation	2,927,254	0	0	2,927,254	2,108,607	3,167,401	240,147
Central and Other	217,205	0	0	217,205	190,544	222,379	5,174
<u>Operation of Non-Instructional Services</u>							
Community Services	53,433	0	0	53,433	55,404	64,375	10,942
Early Childhood Education	755,435	0	8,697	764,132	797,403	802,428	38,296
<u>Capital Outlay</u>							
Regular Capital Outlay	110,825	0	0	110,825	149,000	249,000	138,175
Principal on Debt	291,680	0	0	291,680	291,681	331,202	39,522
Interest on Debt							
Education	53,973	0	0	53,973	63,165	73,320	19,347
Total Expenditures	\$ 26,772,940	\$ (7,999)	\$ 14,073	\$ 26,779,014	\$ 26,159,955	\$ 27,967,327	\$ 1,188,313
Excess (Deficiency) of Revenues Over Expenditures	\$ 756,293	\$ 7,999	\$ (14,073)	\$ 750,219	\$ (141,607)	\$ (197,103)	\$ 947,322
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 3,024	\$ 0	\$ 0	\$ 3,024	\$ 0	\$ 0	\$ 3,024
Transfers In	143,434	0	0	143,434	141,607	144,715	(1,281)
Total Other Financing Sources (Uses)	\$ 146,458	\$ 0	\$ 0	\$ 146,458	\$ 141,607	\$ 144,715	\$ 1,743
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 902,751	\$ 7,999	\$ (14,073)	\$ 896,677	\$ 0	\$ (52,388)	\$ 949,065
Fund Balance, June 30, 2009	199,298	(7,999)	0	191,299	110,546	110,546	80,753
Fund Balance, June 30, 2009	\$ 1,102,049	\$ 0	\$ (14,073)	\$ 1,087,976	\$ 110,546	\$ 58,158	\$ 1,029,818

Exhibit I-9

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 4,067,246	\$ 0	\$ 0	\$ 4,067,246	\$ 3,610,641	\$ 4,262,732	\$ (195,486)
Total Revenues	\$ 4,067,246	\$ 0	\$ 0	\$ 4,067,246	\$ 3,610,641	\$ 4,262,732	\$ (195,486)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,800,471	\$ (58,763)	\$ 16,632	\$ 1,758,340	\$ 1,575,051	\$ 1,997,819	\$ 239,479
Special Education Program	624,386	0	0	624,386	640,300	628,989	4,603
Vocational Education Program	66,477	0	0	66,477	62,060	66,477	0
<u>Support Services</u>							
Other Student Support	50,535	0	0	50,535	56,328	51,302	767
Regular Instruction Program	848,460	(12,805)	0	835,655	921,916	892,695	57,040
Special Education Program	280,695	0	0	280,695	285,133	309,670	28,975
Vocational Education Program	3,975	0	0	3,975	3,367	3,975	0
Transportation	75,083	0	161,916	236,999	95,536	340,854	103,855
Total Expenditures	\$ 3,750,082	\$ (71,568)	\$ 178,548	\$ 3,857,062	\$ 3,639,691	\$ 4,291,781	\$ 434,719
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 317,164	\$ 71,568	\$ (178,548)	\$ 210,184	\$ (29,050)	\$ (29,049)	\$ 239,233
<u>Other Financing Sources (Uses)</u>							
Transfers In	0	0	0	0	173,463	182,389	(182,389)
Transfers Out	(134,715)	0	0	(134,715)	(308,178)	(317,104)	182,389
Total Other Financing Sources (Uses)	\$ (134,715)	\$ 0	\$ 0	\$ (134,715)	\$ (134,715)	\$ (134,715)	\$ 0
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2008	\$ 182,449	\$ 71,568	\$ (178,548)	\$ 75,469	\$ (163,765)	\$ (163,764)	\$ 239,233
	235,333	(71,568)	0	163,765	163,765	163,765	0
Fund Balance, June 30, 2009	\$ 417,782	\$ 0	\$ (178,548)	\$ 239,234	\$ 0	\$ 1	\$ 239,233

Exhibit I-10

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 423,741	\$ 438,000	\$ 468,000	\$ (44,259)
Other Local Revenues	13,125	17,000	17,000	(3,875)
State of Tennessee	23,744	23,000	23,000	744
Federal Government	2,118,773	2,109,336	2,129,336	(10,563)
Total Revenues	<u>\$ 2,579,383</u>	<u>\$ 2,587,336</u>	<u>\$ 2,637,336</u>	<u>\$ (57,953)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,455,512	\$ 2,577,336	\$ 2,621,151	\$ 165,639
Total Expenditures	<u>\$ 2,455,512</u>	<u>\$ 2,577,336</u>	<u>\$ 2,621,151</u>	<u>\$ 165,639</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 123,871</u>	<u>\$ 10,000</u>	<u>\$ 16,185</u>	<u>\$ 107,686</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (8,719)	\$ (10,000)	\$ (10,000)	\$ 1,281
Total Other Financing Sources (Uses)	<u>\$ (8,719)</u>	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>	<u>\$ 1,281</u>
Net Change in Fund Balance	\$ 115,152	\$ 0	\$ 6,185	\$ 108,967
Fund Balance, July 1, 2008	<u>595,043</u>	<u>595,042</u>	<u>595,042</u>	<u>1</u>
Fund Balance, June 30, 2009	<u>\$ 710,195</u>	<u>\$ 595,042</u>	<u>\$ 601,227</u>	<u>\$ 108,968</u>

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MISCELLANEOUS SCHEDULES

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Exhibit J-1

Fayette County, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, and Bonds
Primary Government and Discretely Presented Fayette County School Department
For the Year Ended June 30, 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								
<u>Payable through General Fund</u>								
Capital Outlay Note, Series 2008	\$ 112,039	3.39	9-16-08	6-30-10	\$ 0	112,039 \$	0 \$	112,039
Total Payable through General Fund					\$ 0	112,039 \$	0 \$	112,039
<u>Payable through Solid Waste/Sanitation Fund</u>								
Capital Outlay Note, Series 2008	198,000	3.39	9-16-08	6-30-10	\$ 0	198,000 \$	189,650 \$	8,350
Total Payable through Solid Waste/Sanitation Fund					\$ 0	198,000 \$	189,650 \$	8,350
<u>Payable through General Debt Service Fund</u>								
Criminal Justice Complex CON - Series 2007	3,000,000	3.95	8-24-07	8-24-10	\$ 3,000,000	0 \$	1,000,000 \$	2,000,000
School Capital Outlay Notes	1,080,000	3.86	9-16-08	6-01-16	0	1,080,000	115,000	965,000
Total Payable through General Debt Service Fund					\$ 3,000,000	1,080,000 \$	1,115,000 \$	2,965,000
Total Notes Payable					\$ 3,000,000	1,390,039 \$	1,304,650 \$	3,085,389
CAPITAL LEASES PAYABLE								
<u>Payable through Highway/Public Works Fund</u>								
John Deere Motor Grader	101,200	4.11	9-25-06	9-25-09	\$ 68,841	0 \$	68,841 \$	0
Mack Dump Truck	89,415	3.95	2-25-08	1-25-11	89,415	0	28,637	60,778
International Lift Truck	70,350	3.45	11-25-08	11-25-11	0	70,350	13,116	57,234
Total Payable through Highway/Public Works Fund					\$ 158,256	70,350 \$	110,594 \$	118,012
Total Capital Leases Payable					\$ 158,256	70,350 \$	110,594 \$	118,012
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School Refunding Bonds, Series 2001	9,960,000	3 to 5	12-1-01	2-1-18	\$ 9,595,000	0 \$	770,000 \$	8,825,000
School Refunding Bonds, Series 2002	2,210,000	5	1-2-02	2-1-20	2,210,000	0	0	2,210,000
General Obligation Bonds, Series 2004	8,200,000	2.5 to 4.625	10-1-04	4-1-29	7,950,000	0	150,000	7,800,000
General Obligation Bonds, Series 2006	4,950,000	3.5 to 4	11-28-06	4-1-29	4,600,000	0	145,000	4,455,000
USDA Rural Development Bonds	600,000	4.375	9-18-08	9-16-46	0	600,000	10,951	589,049
Total Bonds Payable					\$ 24,355,000	600,000 \$	1,075,951 \$	23,879,049

(Continued)

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-09
<u>DISCRETELY PRESENTED FAYETTE COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
Payable through General Purpose School Fund								
Local Government Energy Loan	\$ 500,000	3 %	3-31-02	3-31-09	\$ 77,916	0 \$	77,916 \$	0
Total Notes Payable					\$ 77,916	0 \$	77,916 \$	0
<u>CAPITAL LEASES PAYABLE</u>								
Payable through General Purpose School Fund								
School Buses	503,788	4.64	9-15-05	9-15-09	\$ 206,342	0 \$	100,832 \$	105,510
School Buses	199,842	5.14	7-27-06	12-15-10	122,031	0	38,656	83,375
School Buses	220,500	5.07	8-14-07	8-1-12	220,500	0	39,825	180,675
School Buses	189,000	4.64	9-25-07	9-24-12	189,000	0	34,451	154,549
Total Capital Leases Payable					\$ 737,873	0 \$	213,764 \$	524,109

Exhibit J-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 1,245,389	\$ 91,222	\$ 1,336,611
2011	1,130,000	42,749	1,172,749
2012	135,000	27,863	162,863
2013	140,000	22,503	162,503
2014	150,000	17,024	167,024
2015	155,000	11,154	166,154
2016	130,000	5,102	135,102
Total	\$ 3,085,389	\$ 217,617	\$ 3,303,006

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2010	\$ 52,897	\$ 4,056	\$ 56,953
2011	54,904	2,048	56,952
2012	10,211	88	10,299
Total	\$ 118,012	\$ 6,192	\$ 124,204

Year Ending June 30	Bonds		
	Principal	Interest	Total
2010	\$ 1,105,000	\$ 1,023,347	\$ 2,128,347
2011	1,151,899	1,003,198	2,155,097
2012	1,302,201	954,207	2,256,408
2013	1,347,516	898,215	2,245,731
2014	1,397,845	839,686	2,237,531
2015	1,508,188	778,163	2,286,351
2016	1,563,546	711,865	2,275,411
2017	1,628,920	641,776	2,270,696
2018	1,694,310	567,481	2,261,791
2019	1,764,718	488,923	2,253,641
2020	1,495,143	406,673	1,901,816
2021	700,587	337,509	1,038,096
2022	731,050	309,561	1,040,611
2023	761,533	279,918	1,041,451
2024	797,038	248,538	1,045,576
2025	827,564	214,775	1,042,339
2026	868,114	179,581	1,047,695
2027	903,688	142,670	1,046,358
2028	949,287	102,752	1,052,039
2029	989,912	60,820	1,050,732

(Continued)

Exhibit J-2

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

PRIMARY GOVERNMENT (Cont.)

Year Ending June 30	Bonds (Cont.)		
	Principal	Interest	Total
2030	\$ 15,564	\$ 17,106	\$ 32,670
2031	16,245	16,425	32,670
2032	16,956	15,714	32,670
2033	17,698	14,972	32,670
2034	18,472	14,198	32,670
2035	19,280	13,390	32,670
2036	20,123	12,546	32,669
2037	21,004	11,666	32,670
2038	21,923	10,747	32,670
2039	22,882	9,788	32,670
2040	23,883	8,787	32,670
2041	24,928	7,742	32,670
2042	26,019	6,652	32,671
2043	27,157	5,513	32,670
2044	28,345	4,325	32,670
2045	29,585	3,085	32,670
2046	30,879	1,791	32,670
2047	10,047	440	10,487
Total	\$ 23,879,049	\$ 10,364,545	\$ 34,243,594

DISCRETELY PRESENTED FAYETTE
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2010	\$ 224,078	\$ 25,512	\$ 249,590
2011	124,452	14,733	139,185
2012	85,702	8,554	94,256
2013	89,877	4,379	94,256
Total	\$ 524,109	\$ 53,178	\$ 577,287

Exhibit J-3

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt retirement	\$ 32,670
Adequate Facilities/Development Tax	General Debt Service	Debt retirement	800,000
Adequate Facilities/Development Tax	Highway/Public Works	Road paving	<u>265,358</u>
Total Transfers Primary Government			<u>\$ 1,098,028</u>
<u>DISCRETELY PRESENTED FAYETTE COUNTY</u>			
<u>SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 134,715
Central Cafeteria	General Purpose School	Indirect costs	<u>8,719</u>
Total Transfers Discretely Presented Fayette County School Department			<u>\$ 143,434</u>

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

Official	Authorization for Salary	\$	(1)	\$	Bond	Surety	Salary Paid During Period
County Mayor	Section 8-24-102, TCA		(1)	83,522	50,000	Western Surety Company	
Public Works Superintendent	Chapter 234, Private Acts of 1974 and Section 8-24-102, TCA		(1)	75,371	100,000	"	
Director of Schools	State Board of Education and County Board of Education		(2)	108,274	100,000	"	
Trustee	Section 8-24-102, TCA		(1)	68,581	1,014,000	"	
Assessor of Property	Section 8-24-102, TCA		(1)	68,581	10,000	"	
County Clerk	Section 8-24-102, TCA			67,081	50,000	"	
Circuit Court Clerk	Section 8-24-102, TCA			67,081	50,000	"	
Clerk and Master	Section 8-24-102, TCA		(3)	67,081	100,000	"	
Register	Section 8-24-102, TCA			67,081	25,000	"	
Sheriff	Section 8-24-102, TCA		(4)	78,716	25,000	"	

Employees Blanket Bond:

Office:	
County Mayor:	
All Employees	Local Government Property and Casualty
Public Works Superintendent:	
All Employees	"
Director of Schools:	
All Employees	Tennessee Risk Management Trust

- (1) Includes certified public administrator supplement of \$1,500.
- (2) Includes chief executive officer training supplement of \$1,000.
- (3) Does not include special commissioner fees of \$8,000.
- (4) Includes a law enforcement training supplement of \$600.

Exhibit J-5

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

	Special Revenue Funds										Total	
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Debt Service Fund	Capital Projects Fund	Other Capital Projects		
Local Taxes												
<u>County Property Taxes</u>												
Current Property Tax	\$ 5,814,692	\$ 0	\$ 0	\$ 0	\$ 0	\$ 599,683	\$ 519,525	\$ 0	\$ 0	\$ 6,933,900		
Trustee's Collections - Prior Year	213,195	0	0	0	0	27,772	41,194	0	0	282,161		
Circuit/Clerk & Master Collections - Prior Years	99,414	0	0	0	0	12,859	17,557	0	0	129,830		
Interest and Penalty	36,252	0	0	0	0	4,856	6,247	0	0	47,355		
Pick-up Taxes	2,248	0	0	0	0	230	200	0	0	2,678		
Payments in-Lieu-of Taxes - Local Utilities	3,600	0	0	0	0	408	320	0	0	4,328		
Payments in-Lieu-of Taxes - Other	7,607	0	0	0	0	881	2,384	0	0	10,872		
<u>County Local Option Taxes</u>												
Local Option Sales Tax	0	0	0	0	0	448,142	0	0	0	448,142		
Hotel/Motel Tax	4,891	0	0	0	0	0	0	0	0	4,891		
Wheel Tax	187,925	0	0	0	0	751,699	939,624	0	0	1,879,248		
Litigation Tax - General	165,292	0	0	0	0	0	0	0	0	165,292		
Litigation Tax - Jail, Workhouse, or Courthouse	82,586	0	0	0	0	0	0	0	0	82,586		
Business Tax	198,472	0	0	0	0	0	0	0	0	198,472		
Adequate Facilities/Development Tax	0	0	0	261,369	0	0	0	0	0	261,369		
<u>Statutory Local Taxes</u>												
Bank Excise Tax	125,836	0	0	0	0	0	0	0	0	125,836		
Wholesale Beer Tax	116,071	0	0	0	0	0	0	0	0	116,071		
Interstate Telecommunications Tax	2,608	0	0	0	0	0	0	0	0	2,608		
Total Local Taxes	\$ 7,060,689	\$ 0	\$ 0	\$ 261,369	\$ 0	\$ 1,846,530	\$ 1,527,051	\$ 0	\$ 0	\$ 10,695,639		
<u>Licenses and Permits</u>												
<u>Licenses</u>												
Animal Registration	\$ 7,799	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,799		
Cable TV Franchise	120,562	0	0	0	0	0	0	0	0	120,562		
<u>Permits</u>												
Beer Permits	760	0	0	0	0	0	0	0	0	760		
Building Permits	54,246	0	0	0	0	0	0	0	0	54,246		
Total Licenses and Permits	\$ 183,367	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 183,367		

(Continued)

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

	General	Special Revenue Funds							Debt Service Fund	Capital Projects Fund	Total
		Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Other Capital Projects			
<u>Fines, Forfeitures, and Penalties</u>											
<u>Circuit Court</u>											
Fines	\$ 3,823	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,823
Officers Costs	12,932	0	0	0	0	0	0	0	0	0	12,932
Drug Control Fines	11,957	0	0	0	0	0	0	0	0	0	11,957
Drug Court Fees	1,130	0	0	0	0	0	0	0	0	0	1,130
Jail Fees	1,040	0	0	0	0	0	0	0	0	0	1,040
DUI Treatment Fines	1,554	0	0	0	0	0	0	0	0	0	1,554
Data Entry Fee - Circuit Court	978	0	0	0	0	0	0	0	0	0	978
<u>Criminal Court</u>											
Fines	812	0	0	0	0	0	0	0	0	0	812
Drug Control Fines	9,875	0	18,111	0	0	0	0	0	0	0	27,986
<u>General Sessions Court</u>											
Fines	21,431	0	0	0	0	0	0	0	0	0	21,431
Officers Costs	42,013	0	0	0	0	0	0	0	0	0	42,013
Game and Fish Fines	580	0	0	0	0	0	0	0	0	0	580
Drug Control Fines	3,510	0	5,588	0	0	0	0	0	0	0	9,098
Drug Court Fees	2,965	0	0	0	0	0	0	0	0	0	2,965
Jail Fees	4,197	0	0	0	0	0	0	0	0	0	4,197
DUI Treatment Fines	11,565	0	0	0	0	0	0	0	0	0	11,565
Data Entry Fee - General Sessions Court	6,045	0	0	0	0	0	0	0	0	0	6,045
Courtroom Security Fee	287	0	0	0	0	0	0	0	0	0	287
<u>Juvenile Court</u>											
Fines	223	0	0	0	0	0	0	0	0	0	223
Officers Costs	1,862	0	0	0	0	0	0	0	0	0	1,862
<u>Chancery Court</u>											
Officers Costs	2,882	0	0	0	0	0	0	0	0	0	2,882
Data Entry Fee - Chancery Court	1,038	0	0	0	0	0	0	0	0	0	1,038
<u>Judicial District Drug Program</u>											
Courtroom Security Fee	4	0	0	0	0	0	0	0	0	0	4
<u>Other Fines, Forfeitures, and Penalties</u>											
Proceeds from Confiscated Property	0	0	49,115	0	0	0	0	0	0	0	49,115
Total Fines, Forfeitures, and Penalties	\$ 142,703	\$ 0	\$ 72,814	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 215,517

(Continued)

Exhibit J-5

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

	Special Revenue Funds										Total
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Debt Service Fund	Capital Projects Fund	Other Capital Projects	
<u>Charges for Current Services</u>											
<u>General Service Charges</u>											
Solid Waste Disposal Fees		334,108 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	334,108
Patient Charges	912,501	0	0	0	0	0	0	0	0	0	912,501
Service Charges	240	0	0	0	0	0	0	0	0	0	240
<u>Fees</u>											
Airport Fees	65,161	0	0	0	0	0	0	0	0	0	65,161
Copy Fees	542	0	0	0	0	0	0	0	0	0	542
Library Fees	5,946	0	0	0	0	0	0	0	0	0	5,946
Greenbelt Late Application Fee	400	0	0	0	0	0	0	0	0	0	400
Telephone Commissions	24,694	0	0	0	0	0	0	0	0	0	24,694
Vending Machine Collections	836	0	0	0	0	0	0	0	0	0	836
Constitutional Officers' Fees and Commissions	0	0	0	0	155,819	0	0	0	0	0	155,819
Special Commissioner Fees/Special Master Fees	0	0	0	0	8,000	0	0	0	0	0	8,000
Data Processing Fee - Register	16,661	0	0	0	0	0	0	0	0	0	16,661
Data Processing Fee - Sheriff	4,439	0	0	0	0	0	0	0	0	0	4,439
Sexual Offender Registration Fees - Sheriff	2,950	0	0	0	0	0	0	0	0	0	2,950
Data Processing Fee - County Clerk	2,694	0	0	0	0	0	0	0	0	0	2,694
<u>Other Charges for Services</u>	15,025	0	0	0	0	0	0	0	0	0	15,025
Other Charges for Current Services	1,052,089 \$	334,108 \$	0 \$	0 \$	163,819 \$	0 \$	0 \$	0 \$	0 \$	0 \$	1,550,016
<u>Other Local Revenues</u>											
<u>Recurring Items</u>											
Investment Income	0	464,316	0	0	0	0	0	0	0	0	464,316
Lease/Rentals	14,902	0	0	0	0	0	0	0	0	0	14,902
Sale of Materials and Supplies	5,241	0	0	0	0	0	0	0	0	0	5,241
Commissary Sales	11,787	0	0	0	0	0	0	0	0	0	11,787
Sale of Gasoline	105,599	0	0	0	0	0	0	0	0	0	105,599
Sale of Recycled Materials	0	67,974	0	0	0	0	205	0	0	0	68,179
Miscellaneous Refunds	4,445	10,925	0	0	0	0	4,794	0	13,867	0	34,031

(Continued)

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

	Special Revenue Funds							Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works	General Debt Service			
<u>Other Local Revenues (Cont.)</u>										
Nonrecurring Items										
Sale of Equipment	\$ 40,472	\$ 0	\$ 10,880	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 51,352
Sale of Property	107,133	0	0	0	0	0	0	0	0	107,133
Contributions and Gifts	1,160	0	0	0	0	13,500	0	0	0	14,660
<u>Other Local Revenues</u>	24,150	0	0	0	0	0	0	0	0	24,150
Total Other Local Revenues	\$ 314,889	\$ 543,215	\$ 10,880	\$ 0	\$ 0	\$ 18,499	\$ 0	\$ 0	\$ 13,867	\$ 901,350
<u>Fees Received from County Officials</u>										
Excess Fees										
Register	\$ 70,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 70,000
Fees in-Lieu-of-Salary										
County Clerk	308,703	0	0	0	0	0	0	0	0	308,703
Circuit Court Clerk	113,202	0	0	0	0	0	0	0	0	113,202
General Sessions Court Clerk	160,652	0	0	0	0	0	0	0	0	160,652
Clerk and Master	157,786	0	0	0	0	0	0	0	0	157,786
Juvenile Court Clerk	29,112	0	0	0	0	0	0	0	0	29,112
Sheriff	18,811	0	0	0	0	0	0	0	0	18,811
Trustee	526,592	0	0	0	0	0	0	0	0	526,592
Total Fees Received from County Officials	\$ 1,384,858	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,384,858
<u>State of Tennessee</u>										
General Government Grants										
Airport Maintenance Program	\$ 15,360	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,360
State Reappraisal Grant	13,268	0	0	0	0	0	0	0	0	13,268
Solid Waste Grants	0	103,845	0	0	0	0	0	0	0	103,845
Public Safety Grants										
Law Enforcement Training Programs	21,000	0	0	0	0	0	0	0	0	21,000
Other Public Safety Grants	32,914	0	0	0	0	0	0	0	0	32,914
Health and Welfare Grants										
Health Department Programs	284,231	0	0	0	0	0	0	0	0	284,231

(Continued)

Exhibit J-5

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

	Special Revenue Funds							Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works	General Debt Service			
<u>State of Tennessee (Cont.)</u>										
<u>Public Works Grants</u>										
Bridge Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 365,783	\$ 0	\$ 0	\$ 365,783	
State Aid Program	0	0	0	0	0	304,147	0	0	304,147	
Litter Program	38,090	0	0	0	0	0	0	0	38,090	
<u>Other State Revenues</u>										
Beer Tax	18,701	0	0	0	0	0	0	0	18,701	
Alcoholic Beverage Tax	59,388	0	0	0	0	0	0	0	59,388	
Mixed Drink Tax	500	0	0	0	0	0	0	0	500	
State Revenue Sharing - T.V.A.	724,560	0	0	0	0	0	0	0	724,560	
Contracted Prisoner Boarding	427,213	0	0	0	0	0	0	0	427,213	
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,939,221	0	0	1,939,221	
Petroleum Special Tax	0	0	0	0	0	23,126	0	0	23,126	
Registrar's Salary Supplement	14,912	0	0	0	0	0	0	0	14,912	
Other State Grants	51,569	2,500	0	0	0	0	0	156,995	211,064	
Other State Revenues	6,445	0	0	0	0	0	0	0	6,445	
Total State of Tennessee	\$ 1,708,151	\$ 106,345	\$ 0	\$ 0	\$ 0	\$ 2,632,277	\$ 0	\$ 156,995	\$ 4,603,768	
<u>Federal Government</u>										
<u>Federal Through State</u>										
Community Development	\$ 12,785	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,785	
Civil Defense Reimbursement	45,446	0	0	0	0	0	0	0	45,446	
Disaster Relief	2,275	0	0	0	0	0	0	0	2,275	
Homeland Security Grants	199,256	0	0	0	0	13,651	0	0	212,907	
<u>Direct Federal Revenue</u>										
Other Direct Federal Revenue	20,000	0	0	0	0	0	0	121,568	141,568	
Total Federal Government	\$ 279,762	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,651	\$ 0	\$ 121,568	\$ 414,981	
<u>Other Governments and Citizens Groups</u>										
<u>Other Governments</u>										
Contributions	\$ 8,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,500	
Contracted Services	20,267	0	0	0	0	0	0	0	20,267	
Other	3,665	0	0	0	0	0	0	0	3,665	
Total Other Governments and Citizens Groups	\$ 32,432	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,432	
Total	\$ 12,158,940	\$ 983,668	\$ 83,694	\$ 261,369	\$ 163,819	\$ 4,510,957	\$ 1,527,051	\$ 292,430	\$ 19,981,928	

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 5,945,361	\$ 0	\$ 0	\$ 5,945,361
Trustee's Collections - Prior Year	229,496	0	0	229,496
Circuit/Clerk & Master Collections - Prior Years	100,433	0	0	100,433
Interest and Penalty	45,901	0	0	45,901
Pick-up Taxes	2,283	0	0	2,283
Payments in-Lieu-of Taxes - Local Utilities	7,074	0	0	7,074
Payments in-Lieu-of Taxes - Other	8,449	0	0	8,449
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,370,487	0	0	2,370,487
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	3,499	0	0	3,499
Total Local Taxes	\$ 8,712,983	\$ 0	\$ 0	\$ 8,712,983
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,674	\$ 0	\$ 0	\$ 2,674
Total Licenses and Permits	\$ 2,674	\$ 0	\$ 0	\$ 2,674
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Summer School	\$ 300	\$ 0	\$ 0	\$ 300
Tuition - Other	45,198	0	0	45,198
Lunch Payments - Children	0	0	70,680	70,680
Lunch Payments - Adults	0	0	27,947	27,947
Income from Breakfast	0	0	25,317	25,317
TBI Criminal Background Fees	4,296	0	0	4,296
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	299,797	299,797
Total Charges for Current Services	\$ 49,794	\$ 0	\$ 423,741	\$ 473,535
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 13,125	\$ 13,125
Lease/Rentals	34,296	0	0	34,296
Miscellaneous Refunds	42,651	0	0	42,651
<u>Nonrecurring Items</u>				
Sale of Equipment	60	0	0	60
Damages Recovered from Individuals	3,075	0	0	3,075
Contributions and Gifts	8,971	0	0	8,971
<u>Other Local Revenues</u>				
Other Local Revenues	6,096	0	0	6,096
Total Other Local Revenues	\$ 95,149	\$ 0	\$ 13,125	\$ 108,274
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 69,927	\$ 0	\$ 0	\$ 69,927
<u>State Education Funds</u>				
Basic Education Program	14,938,683	0	0	14,938,683

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Early Childhood Education	\$ 758,558	\$ 0	\$ 0	\$ 758,558
School Food Service	0	0	23,744	23,744
Driver Education	7,646	0	0	7,646
Other State Education Funds	290,574	0	0	290,574
Career Ladder Program	125,578	0	0	125,578
Career Ladder - Extended Contract	56,500	0	0	56,500
Other Vocational	7,388	0	0	7,388
<u>Other State Revenues</u>				
Income Tax	262,228	0	0	262,228
Mixed Drink Tax	479	0	0	479
Total State of Tennessee	<u>\$ 16,517,561</u>	<u>\$ 0</u>	<u>\$ 23,744</u>	<u>\$ 16,541,305</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,385,594	\$ 1,385,594
Breakfast	0	0	704,262	704,262
USDA - Other	0	0	28,917	28,917
Vocational Education - Basic Grants to States	0	88,033	0	88,033
Title I Grants to Local Education Agencies	0	950,278	0	950,278
Special Education - Grants to States	12,436	1,305,963	0	1,318,399
Special Education Preschool Grants	0	32,694	0	32,694
English Language Acquisition Grants	0	15,220	0	15,220
Eisenhower Professional Development State Grants	0	279,661	0	279,661
Job Training Partnership Act	236,479	0	0	236,479
Other Federal through State	822,157	1,395,397	0	2,217,554
Total Federal Government	<u>\$ 1,071,072</u>	<u>\$ 4,067,246</u>	<u>\$ 2,118,773</u>	<u>\$ 7,257,091</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 1,080,000	\$ 0	\$ 0	\$ 1,080,000
Total Other Governments and Citizens Groups	<u>\$ 1,080,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,080,000</u>
Total	<u>\$ 27,529,233</u>	<u>\$ 4,067,246</u>	<u>\$ 2,579,383</u>	<u>\$ 34,175,862</u>

Exhibit J-7

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

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	43,673	
State Retirement		1,905	
Communication		1,398	
Legal Services		121,706	
Rentals		1,215	
Travel		336	
Duplicating Supplies		3,000	
Gasoline		201	
Office Supplies		2,099	
Other Charges		600	
Total County Commission			\$ 176,133

County Mayor/Executive

County Official/Administrative Officer	\$	82,022	
Communication		2,495	
Dues and Memberships		200	
Legal Notices, Recording, and Court Costs		2,623	
Maintenance and Repair Services - Vehicles		1,176	
Postal Charges		84	
Printing, Stationery, and Forms		1,365	
Rentals		607	
Travel		1,009	
Other Contracted Services		1,963	
Gasoline		2,088	
Office Supplies		488	
Periodicals		46	
Total County Mayor/Executive			96,166

County Attorney

Other Salaries and Wages	\$	19,383	
Board and Committee Members Fees		1,506	
Other Per Diem and Fees		82,036	
Social Security		6,278	
Employer Medicare		1,468	
Total County Attorney			110,671

Election Commission

Assistant(s)	\$	30,600	
Supervisor/Director		60,373	
Deputy(ies)		27,030	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Part-time Personnel	\$	9,231	
Election Commission		7,859	
Election Workers		50,306	
In-Service Training		700	
Communication		1,822	
Data Processing Services		6,000	
Dues and Memberships		200	
Legal Notices, Recording, and Court Costs		3,208	
Maintenance and Repair Services - Office Equipment		2,000	
Postal Charges		5,566	
Printing, Stationery, and Forms		2,180	
Rentals		2,394	
Travel		7,123	
Office Supplies		8,599	
Other Supplies and Materials		3,261	
Data Processing Equipment		9,984	
Office Equipment		1,802	
Total Election Commission			\$ 240,238

Register of Deeds

Communication	\$	517	
Data Processing Services		15,287	
Postal Charges		100	
Printing, Stationery, and Forms		2,782	
Rentals		1,080	
Travel		1,765	
Office Supplies		1,140	
Total Register of Deeds			22,671

Development

Assistant(s)	\$	41,217	
Supervisor/Director		48,082	
Deputy(ies)		21,870	
Secretary(ies)		30,990	
Board and Committee Members Fees		8,321	
Communication		2,352	
Consultants		2,000	
Legal Notices, Recording, and Court Costs		3,994	
Maintenance and Repair Services - Office Equipment		800	
Postal Charges		86	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Development (Cont.)

Rentals	\$	1,980	
Travel		5,208	
Other Contracted Services		1,200	
Data Processing Supplies		3,700	
Office Supplies		5,000	
Other Charges		<u>65,154</u>	
Total Development	\$		241,954

Building

Assistant(s)	\$	62,354	
Board and Committee Members Fees		985	
In-Service Training		1,305	
Communication		1,617	
Maintenance and Repair Services - Vehicles		1,305	
Printing, Stationery, and Forms		130	
Travel		222	
Gasoline		3,416	
Office Supplies		358	
Other Charges		225	
Motor Vehicles		<u>7,018</u>	
Total Building			78,935

County Buildings

Custodial Personnel	\$	25,500	
Temporary Personnel		3,344	
Communication		586	
Maintenance and Repair Services - Buildings		38,553	
Postal Charges		20,000	
Rentals		27,513	
Custodial Supplies		5,223	
Gasoline		1,409	
Small Tools		284	
Uniforms		507	
Utilities		34,641	
Furniture and Fixtures		400	
Disabilities Act Improvements		<u>9,144</u>	
Total County Buildings			167,104

Other Facilities

Communication	\$	1,558	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Other Facilities (Cont.)

Maintenance and Repair Services - Buildings	\$	4,340	
Electricity		3,550	
Propane Gas		3,166	
Total Other Facilities			\$ 12,614

Other General Administration

Dues and Memberships	\$	57,057	
Total Other General Administration			57,057

Finance

Accounting and Budgeting

Supervisor/Director	\$	34,514	
Purchasing Personnel		41,417	
Clerical Personnel		62,220	
In-Service Training		856	
Audit Services		8,642	
Communication		784	
Data Processing Services		8,963	
Legal Notices, Recording, and Court Costs		1,426	
Printing, Stationery, and Forms		1,991	
Rentals		408	
Travel		1,204	
Duplicating Supplies		1,546	
Office Supplies		2,207	
Data Processing Equipment		1,966	
Office Equipment		1,027	
Total Accounting and Budgeting			169,171

Property Assessor's Office

County Official/Administrative Officer	\$	67,081	
Assistant(s)		30,600	
Deputy(ies)		79,935	
Investigator(s)		27,750	
Board and Committee Members Fees		1,780	
Communication		1,302	
Consultants		24,200	
Data Processing Services		18,871	
Dues and Memberships		15	
Legal Notices, Recording, and Court Costs		208	
Maintenance Agreements		3,000	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Maintenance and Repair Services - Vehicles	\$	722	
Postal Charges		1,000	
Printing, Stationery, and Forms		495	
Rentals		804	
Travel		682	
Gasoline		3,445	
Office Supplies		486	
Other Supplies and Materials		251	
Data Processing Equipment		1,218	
Furniture and Fixtures		554	
Office Equipment		1,120	
Total Property Assessor's Office			\$ 265,519

Reappraisal Program

Postal Charges	\$	6,015	
Rentals		1,167	
Total Reappraisal Program			7,182

County Trustee's Office

County Official/Administrative Officer	\$	67,081	
Assistant(s)		30,600	
Deputy(ies)		52,530	
In-Service Training		928	
Communication		1,750	
Data Processing Services		9,246	
Dues and Memberships		225	
Legal Notices, Recording, and Court Costs		184	
Maintenance and Repair Services - Office Equipment		520	
Postal Charges		168	
Printing, Stationery, and Forms		2,302	
Rentals		1,417	
Travel		2,793	
Office Supplies		1,027	
Other Supplies and Materials		654	
Data Processing Equipment		889	
Office Equipment		3,060	
Total County Trustee's Office			175,374

County Clerk's Office

County Official/Administrative Officer	\$	67,081	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Assistant(s)	\$	30,600	
Deputy(ies)		126,846	
Part-time Personnel		1,692	
Other Salaries and Wages		875	
In-Service Training		350	
Communication		3,333	
Data Processing Services		14,386	
Dues and Memberships		200	
Legal Notices, Recording, and Court Costs		614	
Maintenance and Repair Services - Office Equipment		730	
Printing, Stationery, and Forms		1,251	
Rentals		2,394	
Travel		1,232	
Office Supplies		2,918	
Other Supplies and Materials		98	
Other Charges		300	
Data Processing Equipment		762	
Office Equipment		2,000	
Total County Clerk's Office			\$ 257,662

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	67,081	
Assistant(s)		30,600	
Deputy(ies)		28,815	
Jury and Witness Fees		16,549	
In-Service Training		1,026	
Communication		2,536	
Data Processing Services		5,616	
Dues and Memberships		95	
Maintenance and Repair Services - Office Equipment		800	
Postal Charges		100	
Printing, Stationery, and Forms		2,075	
Transportation - Other than Students		1,673	
Travel		2,499	
Office Supplies		1,188	
Office Equipment		201	
Total Circuit Court			160,854

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

Assistant(s)	\$	30,600	
Deputy(ies)		102,000	
In-Service Training		200	
Communication		1,905	
Data Processing Services		2,879	
Maintenance and Repair Services - Office Equipment		799	
Postal Charges		6	
Printing, Stationery, and Forms		2,000	
Rentals		3,198	
Office Supplies		999	
Total General Sessions Court			\$ 144,586

General Sessions Judge

Judge(s)	\$	142,929	
Deputy(ies)		27,030	
In-Service Training		1,000	
Communication		1,357	
Travel		869	
Library Books/Media		1,284	
Office Supplies		148	
Other Supplies and Materials		619	
Total General Sessions Judge			175,236

General Sessions Court Clerk

Assistant(s)	\$	28,815	
Deputy(ies)		23,750	
Communication		435	
Data Processing Services		4,945	
Maintenance and Repair Services - Office Equipment		300	
Printing, Stationery, and Forms		1,280	
Rentals		1,798	
Travel		468	
Office Supplies		507	
Utilities		300	
Total General Sessions Court Clerk			62,598

Drug Court

Temporary Personnel	\$	36,862	
Social Security		2,276	
State Retirement		1,369	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court (Cont.)

Employee and Dependent Insurance	\$	5,734	
Employer Medicare		532	
Communication		58	
Evaluation and Testing		1,432	
Postal Charges		100	
Travel		1,104	
Other Contracted Services		2,535	
Office Supplies		507	
Workers' Compensation Insurance		1,314	
Total Drug Court			\$ 53,823

Chancery Court

County Official/Administrative Officer	\$	67,081	
Assistant(s)		30,600	
Deputy(ies)		52,530	
Jury and Witness Fees		200	
Communication		2,920	
Data Processing Services		6,346	
Legal Notices, Recording, and Court Costs		7,688	
Maintenance and Repair Services - Office Equipment		245	
Postal Charges		106	
Printing, Stationery, and Forms		3,150	
Rentals		2,394	
Travel		714	
Data Processing Supplies		572	
Office Supplies		1,210	
Total Chancery Court			175,756

Juvenile Court

Youth Service Officer(s)	\$	38,569	
In-Service Training		1,021	
Communication		2,931	
Contracts with Government Agencies		8,550	
Dues and Memberships		425	
Maintenance and Repair Services - Office Equipment		20	
Travel		1,102	
Other Contracted Services		619	
Office Supplies		1,204	
Total Juvenile Court			54,441

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	78,116	
Supervisor/Director		119,869	
Deputy(ies)		628,306	
Investigator(s)		119,669	
Captain(s)		82,194	
Lieutenant(s)		116,311	
Sergeant(s)		154,705	
Salary Supplements		18,600	
Part-time Personnel		36,445	
Overtime Pay		75,095	
In-Service Training		11,486	
Employee and Dependent Insurance		170,635	
Communication		20,638	
Maintenance and Repair Services - Buildings		2,032	
Maintenance and Repair Services - Office Equipment		4,783	
Maintenance and Repair Services - Vehicles		63,840	
Medical and Dental Services		7,374	
Postal Charges		1,576	
Printing, Stationery, and Forms		2,936	
Rentals		6,209	
Travel		5,078	
Gasoline		168,709	
Office Supplies		20,520	
Uniforms		42,486	
Utilities		453	
Other Supplies and Materials		14,630	
Liability Insurance		76,420	
Liability Claims		2,000	
Other Charges		326	
Communication Equipment		7,721	
Motor Vehicles		91,475	
Total Sheriff's Department			\$ 2,150,637

Drug Enforcement

Supervisor/Director	\$	19,851
Investigator(s)		79,492
Salary Supplements		1,800
Longevity Pay		1,200
Overtime Pay		8,740
Social Security		6,670

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

State Retirement	\$	9,235	
Employee and Dependent Insurance		14,288	
Employer Medicare		1,560	
Total Drug Enforcement			\$ 142,836

Jail

Assistant(s)	\$	45,421
Supervisor/Director		43,558
Lieutenant(s)		63,960
Sergeant(s)		91,842
Data Processing Personnel		30,600
Salary Supplements		600
Dispatchers/Radio Operators		289,507
Guards		525,336
Secretary(ies)		30,600
Cafeteria Personnel		35,783
Maintenance Personnel		63,649
Part-time Personnel		39,533
Overtime Pay		34,475
In-Service Training		2,927
Employee and Dependent Insurance		216,488
Contracts with Private Agencies		1,293
Data Processing Services		4,100
Maintenance and Repair Services - Buildings		35,484
Maintenance and Repair Services - Vehicles		32
Medical and Dental Services		153,890
Postal Charges		513
Printing, Stationery, and Forms		1,756
Travel		3,359
Custodial Supplies		28,509
Food Preparation Supplies		340
Food Supplies		107,471
Gasoline		13,435
Office Supplies		7,642
Prisoners Clothing		8,837
Uniforms		8,673
Utilities		277,530
Other Supplies and Materials		10,838
Liability Insurance		44,505
Communication Equipment		600

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Furniture and Fixtures	\$	1,281	
Law Enforcement Equipment		5,598	
Other Equipment		443	
Total Jail			\$ 2,230,408

Workhouse

Guards	\$	16,312	
Cafeteria Personnel		10,075	
Medical and Dental Services		1,548	
Total Workhouse			27,935

Fire Prevention and Control

Assistant(s)	\$	22,624	
Supervisor/Director		40,973	
Part-time Personnel		44,905	
In-Service Training		14,577	
Communication		8,064	
Contracts with Government Agencies		164,925	
Contracts with Other Public Agencies		1,587	
Dues and Memberships		700	
Forest Resource Services		2,000	
Operating Lease Payments		10,200	
Licenses		602	
Maintenance and Repair Services - Buildings		10,681	
Maintenance and Repair Services - Equipment		652	
Maintenance and Repair Services - Vehicles		30,766	
Postal Charges		190	
Printing, Stationery, and Forms		373	
Travel		2,805	
Data Processing Supplies		788	
Diesel Fuel		10,355	
Gasoline		9,358	
Natural Gas		4,993	
Office Supplies		150	
Propane Gas		8,421	
Uniforms		7,362	
Utilities		7,116	
Other Supplies and Materials		179,080	
Building and Contents Insurance		7,864	
Liability Insurance		6,779	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Vehicle and Equipment Insurance	\$	40,069	
Workers' Compensation Insurance		12,070	
Other Charges		14,327	
Administration Equipment		2,259	
Building Improvements		13,948	
Communication Equipment		60,329	
Motor Vehicles		114,912	
Office Equipment		3,018	
Other Equipment		4,527	
Other Construction		18,359	
Total Fire Prevention and Control			\$ 882,708

Civil Defense

Assistant(s)	\$	25,500	
Supervisor/Director		42,840	
Deputy(ies)		11,231	
Communication		4,823	
Legal Notices, Recording, and Court Costs		50	
Maintenance and Repair Services - Vehicles		1,513	
Postal Charges		160	
Rentals		897	
Travel		474	
Gasoline		5,081	
Office Supplies		787	
Uniforms		338	
Other Charges		1,899	
Office Equipment		210	
Other Equipment		2,094	
Total Civil Defense			97,897

Rescue Squad

Maintenance and Repair Services - Vehicles	\$	4,789	
Gasoline		3,506	
Other Supplies and Materials		12,033	
Liability Insurance		528	
Motor Vehicles		15,000	
Total Rescue Squad			35,856

County Coroner/Medical Examiner

Contracts with Government Agencies	\$	22,783	
Total County Coroner/Medical Examiner			22,783

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety

Mechanic(s)	\$	61,851	
Employee and Dependent Insurance		11,468	
Maintenance and Repair Services - Vehicles		194	
Rentals		7,200	
Equipment Parts - Light		41,365	
Gasoline		7,798	
Uniforms		338	
Utilities		6,910	
Other Supplies and Materials		391	
Maintenance Equipment		6,000	
Total Other Public Safety			\$ 143,515

Public Health and Welfare

Local Health Center

Board and Committee Members Fees	\$	325	
Communication		2,742	
Janitorial Services		14,069	
Maintenance and Repair Services - Buildings		12,860	
Postal Charges		244	
Travel		718	
Drugs and Medical Supplies		4,501	
Office Supplies		2,523	
Utilities		13,452	
Total Local Health Center			51,434

Rabies and Animal Control

Deputy(ies)	\$	27,391	
Investigator(s)		28,431	
Communication		956	
Maintenance and Repair Services - Buildings		705	
Maintenance and Repair Services - Vehicles		903	
Travel		340	
Veterinary Services		138	
Animal Food and Supplies		1,688	
Gasoline		10,050	
Uniforms		646	
Utilities		2,184	
Other Supplies and Materials		5,821	
Motor Vehicles		6,000	
Total Rabies and Animal Control			85,253

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services

Supervisor/Director	\$	47,704	
Secretary(ies)		30,600	
Attendants		494,580	
Part-time Personnel		44,898	
Overtime Pay		273,908	
In-Service Training		1,619	
Social Security		54,093	
State Retirement		66,865	
Employee and Dependent Insurance		100,390	
Employer Medicare		12,651	
Communication		6,368	
Licenses		2,750	
Maintenance and Repair Services - Buildings		1,448	
Maintenance and Repair Services - Office Equipment		1,339	
Maintenance and Repair Services - Vehicles		17,968	
Postal Charges		4,959	
Printing, Stationery, and Forms		2,389	
Rentals		980	
Travel		471	
Custodial Supplies		1,557	
Diesel Fuel		43,133	
Drugs and Medical Supplies		40,646	
Gasoline		1,476	
Office Supplies		2,110	
Uniforms		1,751	
Utilities		9,465	
Building and Contents Insurance		649	
Vehicle and Equipment Insurance		23,632	
Communication Equipment		1,822	
Data Processing Equipment		1,200	
Furniture and Fixtures		700	
Motor Vehicles		133,000	
Total Ambulance/Emergency Medical Services			\$ 1,427,121

Dental Health Program

Medical Personnel	\$	124,518
Paraprofessionals		22,220
Clerical Personnel		42,469
Longevity Pay		1,700
Social Security		11,686

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Dental Health Program (Cont.)

State Retirement	\$	14,893	
Employee and Dependent Insurance		17,202	
Employer Medicare		2,733	
Other Fringe Benefits		2,586	
Travel		2,224	
Drugs and Medical Supplies		18,550	
Total Dental Health Program			\$ 260,781

Crippled Children Services

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

Appropriation to State

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

Aid to Dependent Children

Other Supplies and Materials	\$	560	
Total Aid to Dependent Children			560

Other Local Welfare Services

Contributions	\$	10,815	
Total Other Local Welfare Services			10,815

Sanitation Education/Information

Foremen	\$	30,613	
Social Security		1,853	
State Retirement		2,605	
Employee and Dependent Insurance		5,734	
Employer Medicare		433	
Rentals		1,182	
Uniforms		361	
Other Supplies and Materials		3,184	
Other Charges		10,870	
Total Sanitation Education/Information			56,835

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Matching Share	\$	86,563	
Total Senior Citizens Assistance			86,563

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries

Assistant(s)	\$	30,600	
Supervisor/Director		31,518	
Librarians		17,583	
Part-time Personnel		15,777	
Social Security		5,883	
State Retirement		5,286	
Employee and Dependent Insurance		11,468	
Employer Medicare		1,376	
Communication		2,238	
Maintenance and Repair Services - Buildings		8,686	
Maintenance and Repair Services - Office Equipment		589	
Postal Charges		600	
Printing, Stationery, and Forms		190	
Library Books/Media		22,859	
Office Supplies		518	
Utilities		8,676	
Other Supplies and Materials		2,619	
Other Charges		1,957	
Data Processing Equipment		3,476	
Total Libraries			\$ 171,899

Agriculture and Natural Resources

Agriculture Extension Service

Board and Committee Members Fees	\$	1,712	
Communication		4,515	
Contracts with Government Agencies		70,169	
Contributions		1,000	
Dues and Memberships		380	
Maintenance and Repair Services - Buildings		1,620	
Rentals		12,798	
Travel		2,054	
Other Contracted Services		1,457	
Custodial Supplies		384	
Utilities		5,116	
Office Equipment		5,000	
Total Agriculture Extension Service			106,205

Soil Conservation

Secretary(ies)	\$	27,030
Educational Assistants		29,172

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

Dues and Memberships	\$	1,645	
Rentals		2,028	
Travel		1,398	
Total Soil Conservation			\$ 61,273

Other Operations

Industrial Development

Board and Committee Members Fees	\$	20	
Utilities		1,169	
Total Industrial Development			1,189

Housing and Urban Development

Building Construction	\$	12,785	
Total Housing and Urban Development			12,785

Airport

Supervisor/Director	\$	15,000	
Temporary Personnel		35,711	
Communication		3,038	
Maintenance and Repair Services - Buildings		15,775	
Matching Share		2,976	
Other Contracted Services		1,770	
Gasoline		76,072	
Utilities		9,003	
Liability Insurance		10,185	
Total Airport			169,530

Veterans' Services

Communication	\$	269	
Travel		2,376	
Office Supplies		3,424	
Total Veterans' Services			6,069

Other Charges

Boiler Insurance	\$	692	
Liability Insurance		78,197	
Premiums on Corporate Surety Bonds		11,917	
Trustee's Commission		157,142	
Tax Relief Program		25,069	
Total Other Charges			273,017

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Contributions to Other Agencies

Contracts with Other Public Agencies	\$	7,575	
Contributions		<u>39,815</u>	
Total Contributions to Other Agencies	\$		47,390

Employee Benefits

Educational Incentive - Official/Admin Officer	\$	4,500	
Educational Incentive - Other County Employees		9,000	
Longevity Pay		69,600	
Social Security		306,278	
State Retirement		406,083	
Employee and Dependent Insurance		252,208	
Unemployment Compensation		14,138	
Employer Medicare		72,162	
Medical and Dental Services		2,755	
Workers' Compensation Insurance		<u>332,397</u>	
Total Employee Benefits			1,469,121

Miscellaneous

Other Supplies and Materials	\$	350	
Refunds		<u>21,643</u>	
Total Miscellaneous			<u>21,993</u>

Total General Fund \$ 12,988,130

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Contracts with Public Carriers	\$	<u>377,116</u>	
Total Convenience Centers	\$		377,116

Landfill Operation and Maintenance

Supervisor/Director	\$	52,049	
Accountants/Bookkeepers		31,438	
Equipment Operators - Heavy		123,223	
Temporary Personnel		26,954	
Longevity Pay		3,700	
Overtime Pay		16,820	
Board and Committee Members Fees		329	
In-Service Training		760	
Social Security		15,558	

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Landfill Operation and Maintenance (Cont.)

State Retirement	\$	17,526	
Employee and Dependent Insurance		35,786	
Employer Medicare		3,639	
Communication		3,731	
Data Processing Services		5,354	
Evaluation and Testing		5,800	
Legal Notices, Recording, and Court Costs		2,519	
Licenses		4,351	
Maintenance and Repair Services - Equipment		3,245	
Travel		446	
Diesel Fuel		5,155	
Equipment and Machinery Parts		28,382	
Gasoline		12,911	
Lubricants		31	
Tires and Tubes		8,897	
Utilities		9,156	
Other Supplies and Materials		2,704	
Liability Insurance		37,137	
Trustee's Commission		8,059	
Workers' Compensation Insurance		26,112	
Other Charges		5,674	
Site Development		52,829	
Solid Waste Equipment		260,584	
Total Landfill Operation and Maintenance			\$ 810,859

Principal on Debt

General Government

Principal on Notes	\$	189,650	
Total General Government			189,650

Interest on Debt

General Government

Interest on Notes	\$	8,350	
Total General Government			8,350

Total Solid Waste/Sanitation Fund \$ 1,385,975

(Continued)

Exhibit J-7

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

<u>Drug Control Fund</u>			
<u>Public Safety</u>			
<u>Drug Enforcement</u>			
Communication	\$	4,746	
Contributions		772	
Confidential Drug Enforcement Payments		3,000	
Trustee's Commission		698	
Other Equipment		<u>39,749</u>	
Total Drug Enforcement			<u>\$ 48,965</u>
Total Drug Control Fund			\$ 48,965
 <u>Adequate Facilities/Development Tax Fund</u>			
<u>Other Operations</u>			
<u>Other Charges</u>			
Refunds	\$	6,207	
Trustee's Commission		<u>2,614</u>	
Total Other Charges			<u>\$ 8,821</u>
Total Adequate Facilities/Development Tax Fund			8,821
 <u>Constitutional Officers - Fees Fund</u>			
<u>General Government</u>			
<u>Register of Deeds</u>			
Constitutional Officers' Operating Expenses	\$	<u>154,589</u>	
Total Register of Deeds			\$ 154,589
 <u>Administration of Justice</u>			
<u>Chancery Court</u>			
Special Commissioner Fees/Special Master Fees	\$	<u>8,000</u>	
Total Chancery Court			<u>8,000</u>
Total Constitutional Officers - Fees Fund			162,589
 <u>Highway/Public Works Fund</u>			
<u>Highways</u>			
<u>Administration</u>			
County Official/Administrative Officer	\$	75,371	
Accountants/Bookkeepers		61,200	
Educational Incentive - Other County Employees		3,000	
Board and Committee Members Fees		6,840	
In-Service Training		2,941	
Data Processing Services		7,781	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Dues and Memberships	\$	3,734	
Rentals		2,668	
Office Supplies		2,451	
Other Charges		11,735	
Total Administration			\$ 177,721

Highway and Bridge Maintenance

Supervisor/Director	\$	141,816	
Foremen		105,900	
Equipment Operators		207,556	
Equipment Operators - Light		85,068	
Truck Drivers		264,439	
Laborers		230,705	
Clerical Personnel		28,717	
Longevity Pay		41,400	
Overtime Pay		9,941	
Freight Expenses		89,793	
Other Contracted Services		10,022	
Asphalt - Liquid		31,934	
Crushed Stone		53,726	
Road Signs		14,995	
Small Tools		494	
Other Supplies and Materials		1,537	
Total Highway and Bridge Maintenance			1,318,043

Operation and Maintenance of Equipment

Mechanic(s)	\$	123,085	
Maintenance and Repair Services - Equipment		16,116	
Diesel Fuel		116,989	
Equipment and Machinery Parts		96,501	
Garage Supplies		6,235	
Gasoline		43,913	
Lubricants		9,056	
Small Tools		1,349	
Tires and Tubes		19,513	
Other Supplies and Materials		4,204	
Other Capital Outlay		7,309	
Total Operation and Maintenance of Equipment			444,270

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges

Communication	\$	11,451	
Utilities		19,209	
Liability Insurance		140,090	
Premiums on Corporate Surety Bonds		1,267	
Trustee's Commission		47,035	
Total Other Charges			\$ 219,052

Employee Benefits

Social Security	\$	102,838	
State Retirement		114,844	
Employee and Dependent Insurance		232,177	
Evaluation and Testing		680	
Workers' Compensation Insurance		136,505	
Total Employee Benefits			587,044

Capital Outlay

Bridge Construction	\$	86,696	
Highway Equipment		343,250	
State Aid Projects		417,493	
Other Construction		856,416	
Other Capital Outlay		26,748	
Total Capital Outlay			1,730,603

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$	110,594	
Total Highways and Streets			110,594

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$	8,280	
Total Highways and Streets			8,280

Capital Projects

Highway and Street Capital Projects

Other Capital Outlay	\$	29,980	
Total Highway and Street Capital Projects			29,980

Total Highway/Public Works Fund \$ 4,625,587

(Continued)

Exhibit J-7

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 305,951	
Principal on Notes	1,000,000	
Total General Government		\$ 1,305,951

Education

Principal on Bonds	\$ 770,000	
Principal on Notes	115,000	
Total Education		885,000

Interest on Debt

General Government

Interest on Bonds	\$ 524,398	
Interest on Notes	89,972	
Total General Government		614,370

Education

Interest on Bonds	\$ 564,077	
Interest on Notes	33,235	
Total Education		597,312

Other Debt Service

General Government

Trustee's Commission	\$ 21,159	
Other Debt Service	350	
Total General Government		21,509

Education

Other Debt Service	\$ 1,210	
Total Education		1,210

Total General Debt Service Fund \$ 3,425,352

General Capital Projects Fund

Capital Projects

Administration of Justice Projects

Legal Services	\$ 14,700	
Site Development	159,658	
Total Administration of Justice Projects		\$ 174,358

Total General Capital Projects Fund 174,358

(Continued)

Exhibit J-7

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

<u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Contributions	\$ 1,080,000	
Total Education Capital Projects		<u>\$ 1,080,000</u>
Total Education Capital Projects Fund		\$ 1,080,000
 <u>Other Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Other General Government Projects</u>		
Legal Services	\$ 5,201	
Matching Share	221,952	
Maintenance Equipment	77,231	
Site Development	<u>198,296</u>	
Total Other General Government Projects		<u>\$ 502,680</u>
Total Other Capital Projects Fund		<u>502,680</u>
Total Governmental Funds - Primary Government		<u><u>\$ 24,402,457</u></u>

Exhibit J-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 8,614,630	
Career Ladder Program	59,452	
Career Ladder Extended Contracts	50,984	
Homebound Teachers	1,680	
Educational Assistants	478,137	
Non-certified Substitute Teachers	144,032	
Social Security	557,680	
State Retirement	595,369	
Medical Insurance	752,098	
Employer Medicare	131,074	
Other Fringe Benefits	204	
Maintenance and Repair Services - Equipment	471	
Other Contracted Services	269,826	
Instructional Supplies and Materials	131,777	
Textbooks	311,027	
Other Charges	3,474	
Total Regular Instruction Program	\$ 12,101,915	

Special Education Program

Teachers	\$ 1,200,907	
Career Ladder Program	11,485	
Educational Assistants	94,592	
Other Salaries and Wages	42,405	
Non-certified Substitute Teachers	8,130	
Social Security	80,079	
State Retirement	86,148	
Medical Insurance	119,754	
Employer Medicare	18,735	
Other Fringe Benefits	35,667	
Contracts with Other School Systems	13,875	
Contracts with Private Agencies	113,667	
Instructional Supplies and Materials	4,389	
Special Education Equipment	9,863	
Total Special Education Program	1,839,696	

Vocational Education Program

Teachers	\$ 716,688
Career Ladder Program	6,000
Non-certified Substitute Teachers	6,120

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Social Security	\$	42,908	
State Retirement		46,286	
Medical Insurance		56,862	
Employer Medicare		10,035	
Other Fringe Benefits		457	
Travel		1,018	
Other Contracted Services		3,700	
Instructional Supplies and Materials		17,498	
Vocational Instruction Equipment		46,766	
Total Vocational Education Program			\$ 954,338

Adult Education Program

Teachers	\$	21,645	
Social Security		268	
State Retirement		368	
Employer Medicare		314	
Instructional Supplies and Materials		3,694	
Total Adult Education Program			26,289

Support Services

Attendance

Supervisor/Director	\$	49,476	
Career Ladder Program		1,000	
Clerical Personnel		12,970	
Social Security		3,562	
State Retirement		4,344	
Medical Insurance		9,488	
Employer Medicare		833	
Travel		1,127	
Other Supplies and Materials		874	
Total Attendance			83,674

Health Services

Medical Personnel	\$	113,476	
Other Salaries and Wages		18,000	
Non-certified Substitute Teachers		120	
Social Security		7,966	
State Retirement		10,230	
Medical Insurance		7,101	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Employer Medicare	\$	1,863	
Communication		1,126	
Travel		6,510	
Other Contracted Services		2,058	
Drugs and Medical Supplies		954	
Other Supplies and Materials		3,436	
In Service/Staff Development		780	
Other Charges		1,673	
Total Health Services			\$ 175,293

Other Student Support

Career Ladder Program	\$	5,000	
Guidance Personnel		369,738	
Assessment Personnel		13,660	
Clerical Personnel		16,970	
Other Salaries and Wages		10,000	
Social Security		24,967	
State Retirement		26,530	
Medical Insurance		27,409	
Employer Medicare		5,839	
Other Fringe Benefits		58	
Contracts with Private Agencies		18,000	
Evaluation and Testing		8,131	
Travel		4,401	
Instructional Supplies and Materials		4,497	
Other Charges		8,825	
Total Other Student Support			544,025

Regular Instruction Program

Supervisor/Director	\$	170,686	
Career Ladder Program		11,755	
Career Ladder Extended Contracts		4,924	
Librarians		397,664	
Instructional Computer Personnel		45,935	
Other Salaries and Wages		3,954	
Social Security		37,310	
State Retirement		41,716	
Medical Insurance		54,722	
Employer Medicare		8,726	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Maintenance and Repair Services - Equipment	\$	2,699	
Travel		5,207	
Other Contracted Services		22,958	
Other Supplies and Materials		800	
In Service/Staff Development		60,801	
Other Charges		6,134	
Total Regular Instruction Program			\$ 875,991

Special Education Program

Supervisor/Director	\$	55,254	
Career Ladder Program		3,000	
Psychological Personnel		41,135	
Assessment Personnel		42,694	
Secretary(ies)		25,630	
Clerical Personnel		25,920	
Other Salaries and Wages		48,173	
Social Security		14,093	
State Retirement		16,601	
Medical Insurance		26,076	
Employer Medicare		3,296	
Other Fringe Benefits		5,947	
Communication		8,731	
Travel		18,781	
Total Special Education Program			335,331

Vocational Education Program

Supervisor/Director	\$	56,247	
Career Ladder Program		3,000	
Secretary(ies)		27,190	
Other Salaries and Wages		201,972	
Social Security		17,494	
State Retirement		19,564	
Medical Insurance		12,056	
Employer Medicare		4,091	
Other Fringe Benefits		3,228	
Communication		3,023	
Maintenance and Repair Services - Equipment		7,190	
Travel		6,386	
Other Supplies and Materials		49,645	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Other Charges	\$ 156,538	
Total Vocational Education Program		\$ 567,624

Adult Programs

Supervisor/Director	\$ 53,587	
Career Ladder Program	1,000	
Other Salaries and Wages	119,779	
Social Security	9,881	
State Retirement	11,546	
Medical Insurance	12,856	
Employer Medicare	2,422	
Other Fringe Benefits	600	
Travel	951	
Other Contracted Services	52,300	
Other Charges	40,708	
Total Adult Programs		305,630

Other Programs

On-Behalf Payments to OPEB	\$ 69,927	
Total Other Programs		69,927

Board of Education

Longevity Pay	\$ 38,050	
Board and Committee Members Fees	15,822	
Social Security	3,175	
State Retirement	3,336	
Unemployment Compensation	27,619	
Employer Medicare	766	
Audit Services	6,500	
Dues and Memberships	18,049	
Legal Services	22,272	
Travel	9,654	
Liability Insurance	38,180	
Premiums on Corporate Surety Bonds	3,660	
Trustee's Commission	233,758	
Workers' Compensation Insurance	85,745	
Criminal Investigation of Applicants - TBI	3,060	
Other Charges	4,474	
Total Board of Education		514,120

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools

County Official/Administrative Officer	\$	107,274	
Assistant(s)		20,486	
Career Ladder Program		1,000	
Secretary(ies)		28,130	
Clerical Personnel		21,876	
Social Security		10,665	
State Retirement		12,522	
Medical Insurance		5,080	
Employer Medicare		2,591	
Communication		25,744	
Dues and Memberships		220	
Travel		3,122	
Office Supplies		336	
Other Charges		106	
Total Director of Schools			\$ 239,152

Office of the Principal

Principals	\$	564,680	
Career Ladder Program		7,500	
Assistant Principals		283,547	
Secretary(ies)		168,351	
Social Security		61,122	
State Retirement		68,665	
Medical Insurance		69,879	
Employer Medicare		14,295	
Communication		58,474	
Dues and Memberships		4,850	
Administration Equipment		7,840	
Total Office of the Principal			1,309,203

Fiscal Services

Supervisor/Director	\$	44,335	
Accountants/Bookkeepers		28,753	
Clerical Personnel		28,130	
Other Salaries and Wages		39,778	
Social Security		8,708	
State Retirement		11,999	
Medical Insurance		20,722	
Employer Medicare		2,037	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Data Processing Services	\$	936	
Dues and Memberships		50	
Travel		2,304	
Data Processing Supplies		5,000	
Office Supplies		408	
Other Charges		498	
Administration Equipment		8,836	
Total Fiscal Services			\$ 202,494

Operation of Plant

Secretary(ies)	\$	24,065	
Custodial Personnel		459,484	
Social Security		28,536	
State Retirement		39,060	
Medical Insurance		20,752	
Employer Medicare		6,913	
Rentals		12,350	
Travel		593	
Other Contracted Services		36,811	
Custodial Supplies		40,070	
Electricity		587,049	
Natural Gas		199,722	
Water and Sewer		55,049	
Other Supplies and Materials		1,201	
Boiler Insurance		6,289	
Building and Contents Insurance		114,577	
Other Charges		3,096	
Plant Operation Equipment		1,846	
Total Operation of Plant			1,637,463

Maintenance of Plant

Supervisor/Director	\$	47,920	
Maintenance Personnel		271,356	
Social Security		19,833	
State Retirement		27,171	
Medical Insurance		41,955	
Employer Medicare		4,638	
Maintenance and Repair Services - Buildings		1,699	
Maintenance and Repair Services - Equipment		48,239	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Other Contracted Services	\$	29,830	
General Construction Materials		19,496	
Other Supplies and Materials		66,730	
Other Charges		1,762	
Maintenance Equipment		341	
Total Maintenance of Plant			\$ 580,970

Transportation

Supervisor/Director	\$	48,074	
Mechanic(s)		225,010	
Bus Drivers		709,294	
Clerical Personnel		25,003	
Social Security		60,888	
State Retirement		80,121	
Medical Insurance		40,128	
Employer Medicare		14,419	
Other Fringe Benefits		6,183	
Communication		9,670	
Maintenance and Repair Services - Vehicles		7,300	
Travel		1,053	
Other Contracted Services		4,021	
Diesel Fuel		365,080	
Equipment and Machinery Parts		2,738	
Gasoline		37,868	
Lubricants		10,284	
Tires and Tubes		46,275	
Vehicle Parts		208,513	
Other Supplies and Materials		7,262	
Vehicle and Equipment Insurance		35,375	
Other Charges		16,153	
Transportation Equipment		966,542	
Total Transportation			2,927,254

Central and Other

Other Salaries and Wages	\$	166,122	
Social Security		10,207	
State Retirement		12,504	
Employer Medicare		2,387	
Other Contracted Services		10,300	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Other Supplies and Materials	\$	2,985	
Other Equipment		12,700	
Total Central and Other			\$ 217,205

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	6,600	
Other Salaries and Wages		33,390	
Social Security		1,862	
State Retirement		1,948	
Employer Medicare		580	
Other Supplies and Materials		9,053	
Total Community Services			53,433

Early Childhood Education

Supervisor/Director	\$	41,267	
Teachers		325,160	
Career Ladder Program		2,000	
Educational Assistants		101,478	
Other Salaries and Wages		29,012	
Non-certified Substitute Teachers		4,140	
Social Security		30,360	
State Retirement		32,845	
Medical Insurance		29,519	
Employer Medicare		7,105	
Other Fringe Benefits		1,978	
Contracts with Other Public Agencies		15,036	
Travel		3,038	
Instructional Supplies and Materials		56,904	
In Service/Staff Development		4,760	
Other Charges		8,529	
Other Equipment		62,304	
Total Early Childhood Education			755,435

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	98,770	
Other Capital Outlay		12,055	
Total Regular Capital Outlay			110,825

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Principal on Debt

Education

Principal on Notes	\$ 77,916	
Principal on Capital Leases	213,764	
Total Education	291,680	\$ 291,680

Interest on Debt

Education

Interest on Notes	\$ 18,147	
Interest on Capital Leases	35,826	
Total Education	53,973	53,973

Total General Purpose School Fund \$ 26,772,940

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 726,538	
Educational Assistants	141,712	
Non-certified Substitute Teachers	1,040	
Social Security	49,781	
State Retirement	56,196	
Medical Insurance	39,482	
Employer Medicare	12,113	
Other Fringe Benefits	3,687	
Maintenance and Repair Services - Equipment	13,079	
Instructional Supplies and Materials	501,549	
Other Charges	27,860	
Regular Instruction Equipment	227,434	
Total Regular Instruction Program	1,800,471	\$ 1,800,471

Special Education Program

Clerical Personnel	\$ 1,200
Educational Assistants	257,050
Non-certified Substitute Teachers	1,530
Social Security	16,080
State Retirement	17,759
Employer Medicare	3,763
Other Fringe Benefits	8,210
Contracts with Private Agencies	62,440
Maintenance and Repair Services - Equipment	1,916

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Contracted Services	\$	209,017	
Other Supplies and Materials		21,638	
Other Charges		23,783	
Total Special Education Program			\$ 624,386

Vocational Education Program

Educational Assistants	\$	14,846	
Social Security		920	
State Retirement		1,263	
Employer Medicare		215	
Other Fringe Benefits		59	
Other Contracted Services		1,500	
Instructional Supplies and Materials		4,622	
Other Supplies and Materials		4,964	
Other Charges		821	
Vocational Instruction Equipment		37,267	
Total Vocational Education Program			66,477

Support Services

Other Student Support

Other Salaries and Wages	\$	23,739	
Social Security		1,450	
State Retirement		2,069	
Employer Medicare		338	
Other Fringe Benefits		87	
Travel		13,282	
Other Supplies and Materials		4,582	
In Service/Staff Development		4,988	
Total Other Student Support			50,535

Regular Instruction Program

Supervisor/Director	\$	77,877	
Instructional Computer Personnel		48,027	
Secretary(ies)		63,590	
Educational Incentive - Other County Employees		61,598	
Other Salaries and Wages		67,800	
Social Security		19,097	
State Retirement		22,952	
Medical Insurance		23,972	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Employer Medicare	\$	4,466	
Other Fringe Benefits		1,298	
Travel		65,521	
Other Contracted Services		12,805	
In Service/Staff Development		379,457	
Total Regular Instruction Program			\$ 848,460

Special Education Program

Other Salaries and Wages	\$	184,519	
Social Security		11,308	
State Retirement		14,218	
Medical Insurance		10,607	
Employer Medicare		2,645	
Other Fringe Benefits		4,661	
Travel		14,739	
Other Contracted Services		13,938	
Other Supplies and Materials		7,295	
In Service/Staff Development		16,765	
Total Special Education Program			280,695

Vocational Education Program

In-Service Training	\$	1,500	
Social Security		93	
State Retirement		107	
Employer Medicare		22	
Travel		2,253	
Total Vocational Education Program			3,975

Transportation

Bus Drivers	\$	11,715	
Social Security		726	
State Retirement		982	
Employer Medicare		170	
Contracts with Parents		1,467	
Diesel Fuel		12,600	
Transportation Equipment		47,423	
Total Transportation			75,083

Total School Federal Projects Fund \$ 3,750,082

(Continued)

Exhibit J-8

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	50,599	
Accountants/Bookkeepers		23,128	
Cafeteria Personnel		961,104	
Longevity Pay		3,750	
Other Salaries and Wages		36,811	
Social Security		63,401	
State Retirement		77,676	
Medical Insurance		17,758	
Unemployment Compensation		2,350	
Employer Medicare		15,500	
Communication		6,754	
Maintenance and Repair Services - Equipment		8,342	
Travel		1,782	
Other Contracted Services		64,917	
Food Supplies		942,588	
Other Supplies and Materials		146,595	
Workers' Compensation Insurance		22,220	
Food Service Equipment		10,237	
Total Food Service			\$ 2,455,512

Total Central Cafeteria Fund \$ 2,455,512

Total Governmental Funds - Fayette County School Department \$ 32,978,534

Exhibit J-9

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

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,933,125
Total Cash Receipts	<u>\$ 1,933,125</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,913,794
Trustee's Commission	<u>19,331</u>
Total Cash Disbursements	<u>\$ 1,933,125</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2008	<u>0</u>
Cash Balance, June 30, 2009	<u><u>\$ 0</u></u>

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SINGLE AUDIT SECTION

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF 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

February 9, 2010

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fayette County, Tennessee, as of and for the year ended June 30, 2009, which collectively comprise Fayette County's basic financial statements and have issued our report thereon dated February 9, 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 Fayette County Emergency Communications District, a discretely presented component unit, as described in our report on Fayette 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 Fayette County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 09.01, 09.02, 09.04, 09.05, and 09.07.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 09.01 and 09.02 to be material weaknesses.

Compliance and Other Matters

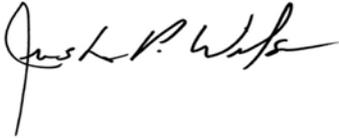
As part of obtaining reasonable assurance about whether Fayette County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items: 09.03 and 09.06.

We consider item 09.08 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations. We also noted certain matters that we reported to management of Fayette County in separate communications.

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

This report is intended solely for the information and use of management, the county mayor, director of schools, public works superintendent, Board of County Commissioners, Board of Education, Public Works Board, others within Fayette County, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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

February 9, 2010

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Fayette County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Fayette County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Fayette County's management. Our responsibility is to express an opinion on Fayette County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test

basis, evidence about Fayette County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Fayette County's compliance with those requirements.

In our opinion, Fayette County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Fayette County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Fayette County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fayette County's internal control over compliance.

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

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

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

Schedule of Expenditures of Federal Awards

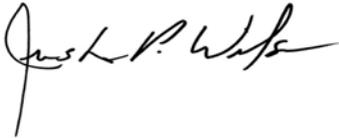
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fayette County as of and for the year ended June 30, 2009, and have issued our report thereon dated February 9, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Fayette County's basic financial statements. The accompanying Schedule of Expenditures of

Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

This report is intended solely for the information and use of management, the county mayor, director of schools, public works superintendent, Board of County Commissioners, Board of Education, Public Works Board, others within Fayette County, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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Fayette 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	N/A	\$ 171,230 (3)
Community Facilities Loans and Grants	10.766	N/A	600,000
Rural Business Enterprise Grants	10.769	N/A	20,000
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	704,262
National School Lunch Program	10.555	N/A	1,385,594 (3)
Summer Food Service Program for Children	10.559	N/A	28,917
Total U.S. Department of Agriculture			<u>\$ 2,910,003</u>
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	GG092749900	\$ 12,785
Total U.S. Department of Housing and Urban Development			<u>\$ 12,785</u>
U.S. Department of Labor:			
Passed-through City of Memphis, Tennessee:			
WIA Cluster:			
WIA Adult Program	17.258	(2)	\$ 236,479
WIA Youth Activities	17.259	(2)	748,673
Total U.S. Department of Labor			<u>\$ 985,152</u>
U.S. Department of Transportation Federal Aviation Administration:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	Z0820063600	\$ 121,568
Total U.S. Department of Transportation Federal Aviation Administration			<u>\$ 121,568</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	Z0921345900	\$ 73,484
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	1,079,151
Special Education - Grants to States	84.027	N/A	1,045,693
Career and Technical Education - Basic Grants to States	84.048	N/A	88,033
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	20,835
Education Technology State Grants	84.318	(2)	8,979
Reading First State Grants	84.357	N/A	1,328,869
English Language Acquisition Grants	84.365	N/A	15,220
Improving Teacher Quality State Grants	84.367	N/A	255,023
Special Education - Grants to States, Recovery Act	84.391	N/A	55,431
Total U.S. Department of Education			<u>\$ 3,970,718</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	Z0821282300	\$ 15,926
Homeland Security Grant Program	97.067	GG082599800	244,702
Total U.S. Department of Homeland Security			<u>\$ 260,628</u>
Total Expenditures of Federal Awards			<u>\$ 8,260,854</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
State Grants:			
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 13,268
Adult Basic Education - State Department of Education	N/A	Z0921345900	9,284
Dental Program - State Department of Health	N/A	Z0921372100	284,231
Airport Maintenance Grant - State Department of Transportation	N/A	Z0921342000	15,360
Fuel Farm - State Department of Transportation	N/A	Z0820063500	35,911
Taxiway Sign Panel Replacement - State Department of Transportation	N/A	Z0921395900	2,678
Grounds Maintenance Equipment - State Department of Transportation	N/A	Z09212394100	76,674
Construction of Taxiway, Taxiway Connector and Apron - State Department of Transportation	N/A	Z0730760100	41,732
Litter Program - State Department of Transportation	N/A	Z09021274200	38,090
Enforcing Underage Drinking - State Department of Education	N/A	Z0973515000	37,383
Coordinated School Health - State Department of Education	N/A	(2)	89,985
Drug Court Grant - Tennessee Secretary of State	N/A	Z0502554200	51,569
Early Childhood Education - State Department of Education	N/A	(2)	758,558
Waste Tire Grant Program - State Department of Environment and Conservation	N/A	(2)	103,845
High Schools That Work - State Department of Education	N/A	(2)	7,388
Highway Safety Grant - State Department of Transportation	N/A	(2)	32,914
Safe Schools Act - State Department of Education	N/A	(2)	21,898
Total State Grants			\$ 1,620,768

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 CFDA No. 10.555 is \$1,556,824.

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

FAYETTE COUNTY AND FAYETTE COUNTY SCHOOL DEPARTMENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.01	184	Fayette County and the Fayette County School Department do not have the resources to produce financial statements and notes to the financial statements
08.02	185	Several funds required material audit adjustments for proper financial statement presentation

OFFICE OF CLERK AND MASTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.09	189	The office did not review software audit logs

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.10	190	A central system of accounting, budgeting, and purchasing had not been adopted

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FAYETTE 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 Fayette County is unqualified.
2. The audit of the financial statements of Fayette County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Fayette County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); Community Facilities Loans and Grants (CFDA No. 10.766); Special Education – Grants to States (CFDA No. 84.027); and Reading First State Grants (CFDA No. 84.357) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Fayette County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the county mayor are paraphrased in this report.

FAYETTE COUNTY AND FAYETTE COUNTY SCHOOL DEPARTMENT

FINDING 09.01 **FAYETTE COUNTY AND THE FAYETTE COUNTY SCHOOL DEPARTMENT DO NOT HAVE THE RESOURCES TO PRODUCE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS**

(Internal Control – Material Weakness Under Government Auditing Standards)

Generally accepted auditing standards require that Fayette County's and the Fayette County School Department's financial statements be the product of financial reporting systems that offer reasonable assurance that management is able to produce financial statements and notes to the financial statements that comply with generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires that the county and the School Department have internal controls over reporting government-wide and fund financial information and preparing the related notes. It is permissible for us, as the external auditors, to assist the county and the School Department in preparing their financial statements and notes as a matter of convenience as long as the county and the School Department have the skills needed to prepare the financial statements and notes. However, management, including the accounting staff, does not have the technical skills to prepare GAAP financial statements and disclosures. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. The inability to prepare financial statements and notes is an indication of a lack of controls, or ineffective controls, because material misstatements may not be detected.

RECOMMENDATION

Fayette County and the Fayette County School Department should develop the ability to produce financial statements and notes to the financial statements that comply with GAAP. This could include having at least one staff member trained in financial statement preparation. This staff member should have sufficient skills necessary to prepare a complete set of year-end financial statements even though the external auditors prepare the county's and the School Department's financial statements as a matter of convenience. If we, as the external auditors, continue to prepare the county's and the School Department's financial statements, this individual must have sufficient knowledge to determine the completeness of financial statement information and disclosures.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

County management concurs with this finding only to the extent that we do not have a person on staff or on contract that is capable of producing external financial statements in compliance with GAAP as defined by the Governmental Accounting Standards Board.

County management believes that it should be noted by the users of this financial report that the Government Finance Officers Association (GFOA) Executive Board, on October 19, 2007, released a recommended practice for “Mitigating the Negative Effects of Statement on Auditing Standards No. 112.” In this publication, the GFOA recommended against governments engaging the services of a second accounting firm to assist in preparing its financial statements solely to avoid having a significant deficiency or material weakness reported.

The GFOA further recommends that if management deems that the costs of remedying a significant deficiency or material weakness in its financial reporting system cannot be justified by the benefits to be obtained, it should take care to alert the governing body as early as possible to explain its conclusion.

County management will act upon this recommendation in the near future and alert the County Commission on this matter.

AUDITOR'S COMMENT

We agree that management should notify the County Commission that management does not believe that the costs of remedying this material weakness cannot be justified; however, that notification does not lessen the fact that the county needs an accounting staff with the technical skills necessary either to prepare GAAP financial statements and disclosures or at least to have sufficient knowledge to determine the completeness of the financial statements and disclosures prepared by the auditors.

FINDING 09.02 **THE GENERAL, GENERAL DEBT SERVICE, AND GENERAL PURPOSE SCHOOL FUNDS 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, General Debt Service, and General Purpose School funds 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 Fayette County and the Fayette County School Department to have adequate internal controls over the maintenance of their accounting records. Therefore, the county's and the School Department's financial reporting systems did not prevent, detect, or correct potential misstatements in the accounting records. Although it is permissible for us, as the external auditors, to assist the county and the School Department in preparing their financial statements, it is a strong indicator of a

material weakness in internal controls if the county and the School Department have ineffective controls over the maintenance of their accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of management’s failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Fayette County and the Fayette County School Department should have appropriate processes in place to ensure that their general ledgers are materially correct.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

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

OFFICE OF COUNTY MAYOR

FINDING 09.03 THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS
 (Noncompliance Under Government Auditing Standards)

Expenditures exceeded appropriations as noted below:

- A. Total expenditures of the General Debt Service Fund exceeded total appropriations approved by the County Commission by \$147,973.
- B. Expenditures exceeded appropriations approved by the County Commission at the major appropriation category (the legal level of control) in the following funds:

<u>Fund</u>	<u>Major Appropriation Category</u>	<u>Amount</u> <u>Overspent</u>
General	County Coroner/Medical Examiner	\$ 2,783
"	Housing and Urban Development	7,685
"	Other Charges	5,594
"	Employee Benefits	29,258
"	Miscellaneous	2,823
Solid Waste/Sanitation	Convenience Centers	8,956

- C. Salaries exceeded line-item appropriations approved in the budget document in the General Fund by amounts ranging from \$179 to \$8,908.

Section 5-9-401, Tennessee Code Annotated states, “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments,

commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county will not exceed expenditures that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – COUNTY MAYOR

- A. The County Commission approved funding for debt payment for school buses at the last meeting of the fiscal year. While authorization was given to make the payment, it was not possible at that late date for a budget amendment. I concur with your recommendation and steps will be taken to address this finding.
- B. I concur with your recommendation and steps will be taken to address this finding.
- C. Expenditures in part-time and over-time line items were incurred in elected official’s departments. I concur with your recommendation and steps will be taken to address this finding.

FINDING 09.04 THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office’s information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur.

RECOMMENDATION

The office should implement adequate controls to protect its information resources.

OFFICE OF PUBLIC WORKS SUPERINTENDENT

FINDING 09.05 **THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES
(Internal Control – Significant Deficiency Under Government Auditing Standards)**

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur. After this deficiency was brought to the attention of the official, it was resolved.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 09.06 **SALARIES EXCEEDED LINE-ITEM APPROPRIATIONS IN THE GENERAL PURPOSE SCHOOL, SCHOOL FEDERAL PROJECTS, AND CENTRAL CAFETERIA FUNDS
(Noncompliance Under Government Auditing Standards)**

In numerous instances, salaries exceeded line-item appropriations in the General Purpose School, School Federal Projects, and Central Cafeteria funds by amounts ranging from \$289 to \$6,590. The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county will not exceed expenditures that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission. These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

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

OFFICE OF CLERK AND MASTER

FINDING 09.07 **THE OFFICE DID NOT REVIEW SOFTWARE AUDIT LOGS**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The software application used by the office generated a daily log that displayed changes made by users. This log provides the only audit trail of these changes and should be reviewed daily for inappropriate activity. During the prior year audit, we advised management of the importance of this log, and management implemented a review process. However, during the current period, management chose to discontinue the review.

RECOMMENDATION

Management should review the audit log on a routine basis. Any unusual transactions should be investigated.

OTHER FINDING AND RECOMMENDATION

FINDING 09.08 **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 is the result of management's failure to correct the 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 the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

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

There were no findings and questioned costs for federal awards.

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

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