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# **ANNUAL FINANCIAL REPORT FAYETTE COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2010**



**ANNUAL FINANCIAL REPORT**  
**FAYETTE COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2010**

***DEPARTMENT OF AUDIT***  
***JUSTIN P. WILSON***  
***Comptroller of the Treasury***

***DIVISION OF COUNTY AUDIT***  
***RICHARD V. NORMENT***  
***Assistant to the Comptroller***

***JAMES R. ARNETTE***  
***Director***

***NORMAN R. NORMENT, CGFM***  
***Audit Manager***

***HORACE B. WISEMAN, CGFM***  
***Auditor 4***

***VICKY BARBER, CFE***  
***MELISSA DARBY, CPA, CFE***  
***ELISHA CROWELL, CFE***  
***State Auditors***

This financial report is available at [www.tn.gov/comptroller](http://www.tn.gov/comptroller)

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***Audit Highlights***  
Annual Financial Report  
Fayette County, Tennessee  
For the Year Ended June 30, 2010

***Scope***

We have audited the basic financial statements of Fayette County as of and for the year ended June 30, 2010.

***Results***

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

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

***Findings and Best Practice***

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

**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 Debt Service and General Purpose School funds required material audit adjustments for proper financial statement presentation.

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**OFFICE OF PLANNING AND DEVELOPMENT**

- ◆ The office had deficiencies in computer system backup procedures.
- ◆ The office did not review its software audit logs.

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**OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ A cash shortage of \$177,629.93 existed in the Food Service Department at December 15, 2009.
- ◆ The department had deficiencies in accounting for employee travel.
- ◆ Expenditures exceeded appropriations.
- ◆ Payroll taxes were not deposited on a timely basis resulting in the assessment of interest and penalty totaling \$19,603.95.
- ◆ Deficiencies were noted in the purchase order system.

## **OTHER FINDING**

- ◆ Fayette County has material recurring audit findings
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## **BEST PRACTICE**

Fayette County does not have a central system of accounting, budgeting, and purchasing. The Division of County Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Fayette County.

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# INTRODUCTORY SECTION

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# Fayette County Officials

## June 30, 2010

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### **Officials**

Rhea Taylor, County Mayor  
James Smith, Public Works Superintendent  
Dr. Cedric Gray, 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  
Ed Allen  
Joann Allen  
Steve Anderson  
Charles Brewer, Sr.  
Joe Burnette, Jr.  
Larry Cook  
Odis Cox  
Sissy Dowdle  
Ron Gant

Willie German, Jr.  
Ronnie Harris  
Tom Karcher  
Bill Kelley  
David Lillard, Sr.  
Sylvester Logan  
George McCloud  
Claude Oglesby, Jr.  
Debbie Perkins  
Myles Wilson

### **Board of Education**

Robert Redditt, Chairman  
David Barnes  
Patricia Burnette  
Linda Barton

Bryon O'Brien  
Evangeline Shaw  
Nadalyn Shelton  
Marandy Wilkerson

### **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  
PHONE (615) 401-7841**

**INDEPENDENT AUDITOR'S REPORT**

November 30, 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, 2010, 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 5.3 percent and 1.6 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 provides 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, 2010, 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 November 30, 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. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting Derivative Instruments, which became effective for the year ended June 30, 2010.

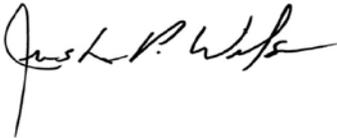
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 65 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 prominent vertical stroke at the beginning.

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

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# BASIC FINANCIAL STATEMENTS

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## Exhibit A

Fayette County, Tennessee  
Statement of Net Assets  
June 30, 2010

|  | Primary<br>Governmental<br>Activities | Component Units                           |   |
|--|---------------------------------------|---|---|
|  |                                       | Fayette<br>County<br>School<br>Department | Emergency<br>Communications<br>District |
| <u>ASSETS</u>  |                                       |   |   |
| Cash   | \$ 50,045                             | \$ 0                                      | \$ 784,638                              |
| Equity in Pooled Cash and Investments                            | 6,142,027                             | 1,920,777                                 | 0                                       |
| Accounts Receivable  | 810,899                               | 9,445                                     | 22,247                                  |
| Due from Other Governments                                       | 821,275                               | 1,767,833                                 | 0                                       |
| Allowance for Uncollectible                                      | (367,740)                             | 0   | 0                                       |
| Property Taxes Receivable  | 8,477,377                             | 6,869,561                                 | 0                                       |
| Allowance for Uncollectible Property Taxes                       | (374,962)                             | (300,148)                                 | 0                                       |
| Accrued Interest Receivable                                      | 0                                     | 0   | 2,883                                   |
| Cash Shortage  | 0                                     | 28,130                                    | 0                                       |
| Prepaid Expenses   | 0                                     | 0   | 65,710                                  |
| Deferred Charges - Debt Issuance Costs                           | 173,465                               | 0   | 0                                       |
| Capital Assets:  |                                       |   |   |
| Assets Not Depreciated:  |                                       |   |   |
| Land   | 1,826,337                             | 359,607                                   | 0                                       |
| Construction in Progress   | 397,396                               | 0   | 0                                       |
| Assets Net of Accumulated Depreciation:                          |                                       |   |   |
| Land Improvements  | 0                                     | 1,978                                     | 0                                       |
| Buildings and Improvements                                       | 15,084,292                            | 11,103,928                                | 0                                       |
| Infrastructure   | 25,374,701                            | 3,625                                     | 0                                       |
| Other Capital Assets   | 3,329,271                             | 2,162,294                                 | 474,468                                 |
| Total Assets   | <u>\$ 61,744,383</u>                  | <u>\$ 23,927,030</u>                      | <u>\$ 1,349,946</u>                     |
| <u>LIABILITIES</u>   |                                       |   |   |
| Accounts Payable   | \$ 193,284                            | \$ 125,196                                | \$ 13,923                               |
| Accrued Payroll  | 0                                     | 259,101                                   | 0                                       |
| Compensated Absences Payable                                     | 0                                     | 0   | 1,371                                   |
| Payroll Deductions Payable                                       | 0                                     | 163,825                                   | 1,558                                   |
| Contracts Payable  | 4,250                                 | 8,250                                     | 0                                       |
| Accrued Interest Payable   | 329,960                               | 53,865                                    | 0                                       |
| Deferred Revenue - Current Property Taxes                        | 7,727,970                             | 6,273,883                                 | 0                                       |
| Noncurrent Liabilities:  |                                       |   |   |
| Due Within One Year  | 1,532,989                             | 349,184                                   | 0                                       |
| Due in More Than One Year (net of unamortized discounts on debt) | 22,528,324                            | 1,442,512                                 | 0                                       |
| Total Liabilities  | <u>\$ 32,316,777</u>                  | <u>\$ 8,675,816</u>                       | <u>\$ 16,852</u>                        |

(Continued)

Exhibit A

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

|   | Primary<br>Governmental<br>Activities | Component Units                           |   |
|---|---------------------------------------|---|---|
|   |                                       | Fayette<br>County<br>School<br>Department | Emergency<br>Communications<br>District |
| <u>NET ASSETS</u>                               |                                       |   |   |
| Invested in Capital Assets, Net of Related Debt | \$ 33,564,119                         | \$ 12,491,401                             | \$ 0                                    |
| Invested in Capital Assets                      | 0                                     | 0   | 474,468                                 |
| Restricted for:                                 |                                       |   |   |
| Capital Projects                                | 331,210                               | 7,618                                     | 0                                       |
| Debt Service                                    | 1,941,856                             | 0   | 0                                       |
| Highway/Public Works                            | 2,096,346                             | 0   | 0                                       |
| Adequate Facilities Development                 | 4,549                                 | 0   | 0                                       |
| Solid Waste/Sanitation                          | 604,474                               | 0   | 0                                       |
| Drug Control                                    | 268,052                               | 0   | 0                                       |
| Computer Systems                                | 136,579                               | 0   | 0                                       |
| Jail Construction                               | 61,329                                | 0   | 0                                       |
| Food Service                                    | 0                                     | 719,582                                   | 0                                       |
| School Federal Projects                         | 0                                     | 686,543                                   | 0                                       |
| Drug Treatment                                  | 60,811                                | 0   | 0                                       |
| Other Purposes                                  | 119,800                               | 4,712                                     | 0                                       |
| Unrestricted                                    | <u>(9,761,519)</u>                    | <u>1,341,358</u>                          | <u>858,626</u>                          |
| Total Net Assets                                | <u>\$ 29,427,606</u>                  | <u>\$ 15,251,214</u>                      | <u>\$ 1,333,094</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, 2010

| Functions/Programs                          | Program Revenues |                            |   | Net (Expense) Revenue and<br>Changes in Net Assets |  |   |   |
|---|------------------|----------------------------|---|--|--|---|---|
|   | Expenses         | Charges<br>for<br>Services | Operating<br>Grants<br>and<br>Contributions | Capital<br>Grants<br>and<br>Contributions          | Component Units  |   |   |
|   |                  |                            |   |  | Primary<br>Government<br>Total<br>Governmental<br>Activities | Fayette<br>County<br>School<br>Department | Emergency<br>Communications<br>District |
| Primary Government:                         |                  |                            |   |  |  |   |   |
| Governmental Activities:                    |                  |                            |   |  |  |   |   |
| General Government                          | \$ 1,346,996     | \$ 390,469                 | \$ 103,215                                  | \$ 0   | \$ (853,312)   | \$ 0                                      | \$ 0                                    |
| Finance                                     | 1,129,977        | 846,595                    | 19,250                                      | 0  | (264,132)  | 0   | 0                                       |
| Administration of Justice                   | 1,228,511        | 559,365                    | 104,688                                     | 0  | (564,458)  | 0   | 0                                       |
| Public Safety                               | 7,072,976        | 968,465                    | 201,513                                     | 17,775   | (5,885,223)  | 0   | 0                                       |
| Public Health and Welfare                   | 3,039,382        | 1,313,245                  | 746,348                                     | 0  | (979,789)  | 0   | 0                                       |
| Social, Cultural, and Recreational Services | 212,561          | 8,065                      | 0   | 0  | (204,496)  | 0   | 0                                       |
| Agriculture and Natural Resources           | 187,780          | 0                          | 0   | 0  | (187,780)  | 0   | 0                                       |
| Other Operations                            | 1,830,085        | 201,559                    | 9,545                                       | 657,329  | (961,652)  | 0   | 0                                       |
| Highways/Public Works                       | 4,605,772        | 207,843                    | 1,981,476                                   | 118,693  | (2,297,760)  | 0   | 0                                       |
| Interest on Long-term Debt                  | 1,246,946        | 0                          | 0   | 0  | (1,246,946)  | 0   | 0                                       |
| Other Debt Service                          | 32,462           | 0                          | 0   | 0  | (32,462)   | 0   | 0                                       |
| Total Primary Government                    | \$ 21,933,448    | \$ 4,495,606               | \$ 3,166,035                                | \$ 793,797   | \$ (13,478,010)  | \$ 0                                      | \$ 0                                    |
| Component Units:                            |                  |                            |   |  |  |   |   |
| Fayette County School Department            | \$ 32,940,192    | \$ 465,008                 | \$ 6,525,173                                | \$ 0   | \$ 0   | \$ (25,950,011)                           | \$ 0                                    |
| Emergency Communications District           | 288,897          | 490,707                    | 0   | 0  | 0  | 0   | 201,810                                 |
| Total Component Units                       | \$ 33,229,089    | \$ 955,715                 | \$ 6,525,173                                | \$ 0   | \$ 0   | \$ (25,950,011)                           | \$ 201,810                              |

(Continued)

Exhibit B

Fayette County, Tennessee  
Statement of Activities (Cont.)

| Functions/Programs   | Program Revenues           |   |   | Net (Expense) Revenue and<br>Changes in Net Assets |   |   |           |
|--|----------------------------|---|---|--|---|---|-----------|
|  | Charges<br>for<br>Services | Operating<br>Grants<br>and<br>Contributions | Capital<br>Grants<br>and<br>Contributions | Primary<br>Government                              |   | Component Units                         |           |
|  |                            |   |   | Total<br>Governmental<br>Activities                | Fayette<br>County<br>School<br>Department | Emergency<br>Communications<br>District |           |
| General Revenues:  |                            |   |   |  |   |   |           |
| Taxes:   |                            |   |   |  |   |   |           |
| Property Taxes Levied for General Purposes                   |                            |   |   | \$ 7,429,166                                       | \$ 6,313,477                              | \$ 0                                    | 0         |
| Property Taxes Levied for Debt Service                       |                            |   |   | 561,979  | 0   | 0                                       | 0         |
| Local Option Sales Taxes                                     |                            |   |   | 436,464  | 2,250,744                                 | 0                                       | 0         |
| Wheel Tax  |                            |   |   | 1,925,240  | 0   | 0                                       | 0         |
| Adequate Facilities/Development Tax                          |                            |   |   | 237,083  | 0   | 0                                       | 0         |
| Litigation Tax   |                            |   |   | 157,886  | 0   | 0                                       | 0         |
| Business Tax   |                            |   |   | 167,329  | 0   | 0                                       | 0         |
| Wholesale Beer Tax   |                            |   |   | 103,731  | 0   | 0                                       | 0         |
| Other Local Taxes  |                            |   |   | 6,953  | 2,499                                     | 0                                       | 0         |
| Grants and Contributions Not Restricted to Specific Programs |                            |   |   | 1,043,177  | 17,155,386                                | 10,000                                  | 10,000    |
| Unrestricted Investment Earnings                             |                            |   |   | 239,913  | 0   | 0                                       | 17,052    |
| Miscellaneous  |                            |   |   | 400,255  | 69,752                                    | 0                                       | 0         |
| Total General Revenues                                       |                            |   |   | \$ 12,709,176                                      | \$ 25,791,858                             | \$ 27,052                               | 27,052    |
| Change in Net Assets   |                            |   |   | \$ (768,834)                                       | \$ (158,153)                              | \$ 228,862                              | 228,862   |
| Net Assets, July 1, 2009                                     |                            |   |   | 30,196,440   | 15,319,867                                | 1,116,494                               | 1,116,494 |
| Prior-period Adjustment                                      |                            |   |   | 0  | 89,500                                    | (12,262)                                | (12,262)  |
| Net Assets, June 30, 2010                                    |                            |   |   | \$ 29,427,606                                      | \$ 15,251,214                             | \$ 1,333,094                            | 1,333,094 |

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, 2010

|  | Major Funds         |                              |                            | Nonmajor<br>Funds                   | Total<br>Govern-<br>mental<br>Funds |
|--|---------------------|------------------------------|----------------------------|-------------------------------------|-------------------------------------|
|  | General             | Highway /<br>Public<br>Works | General<br>Debt<br>Service | Other<br>Govern-<br>mental<br>Funds |                                     |
| <b>ASSETS</b>  |                     |                              |                            |                                     |                                     |
| Cash   | \$ 0                | \$ 0                         | \$ 0                       | \$ 50,045                           | \$ 50,045                           |
| Equity in Pooled Cash and Investments                        | 1,033,574           | 1,715,539                    | 2,242,819                  | 1,150,095                           | 6,142,027                           |
| Accounts Receivable  | 781,432             | 4,256                        | 239                        | 24,972                              | 810,899                             |
| Allowance for Uncollectibles                                 | (367,740)           | 0                            | 0                          | 0                                   | (367,740)                           |
| Due from Other Governments                                   | 219,439             | 418,798                      | 0                          | 183,038                             | 821,275                             |
| Due from Other Funds   | 38,702              | 0                            | 0                          | 0                                   | 38,702                              |
| Property Taxes Receivable                                    | 7,314,636           | 713,661                      | 449,080                    | 0                                   | 8,477,377                           |
| Allowance for Uncollectible Property Taxes                   | (321,135)           | (31,196)                     | (22,631)                   | 0                                   | (374,962)                           |
| <b>Total Assets</b>  | <b>\$ 8,698,908</b> | <b>\$ 2,821,058</b>          | <b>\$ 2,669,507</b>        | <b>\$ 1,408,150</b>                 | <b>\$ 15,597,623</b>                |
| <b>LIABILITIES AND FUND BALANCES</b>                         |                     |                              |                            |                                     |                                     |
| <b>Liabilities</b>   |                     |                              |                            |                                     |                                     |
| Accounts Payable   | \$ 84,760           | \$ 0                         | \$ 0                       | \$ 108,524                          | \$ 193,284                          |
| Contracts Payable  | 0                   | 0                            | 0                          | 4,250                               | 4,250                               |
| Due to Other Funds   | 0                   | 0                            | 0                          | 38,702                              | 38,702                              |
| Deferred Revenue - Current Property Taxes                    | 6,675,533           | 651,734                      | 400,703                    | 0                                   | 7,727,970                           |
| Deferred Revenue - Delinquent Property Taxes                 | 276,198             | 26,694                       | 22,364                     | 0                                   | 325,256                             |
| Other Deferred Revenues                                      | 385,230             | 201,927                      | 88,119                     | 36,932                              | 712,208                             |
| <b>Total Liabilities</b>                                     | <b>\$ 7,421,721</b> | <b>\$ 880,355</b>            | <b>\$ 511,186</b>          | <b>\$ 188,408</b>                   | <b>\$ 9,001,670</b>                 |
| <b>Fund Balances</b>   |                     |                              |                            |                                     |                                     |
| Reserved for Encumbrances                                    | \$ 0                | \$ 0                         | \$ 0                       | \$ 127,285                          | \$ 127,285                          |
| Reserved for Alcohol and Drug Treatment                      | 60,811              | 0                            | 0                          | 0                                   | 60,811                              |
| Reserved for Litigation Tax - Jail, Workhouse, or Courthouse | 61,329              | 0                            | 0                          | 0                                   | 61,329                              |
| Reserved for Drug Court                                      | 7,855               | 0                            | 0                          | 0                                   | 7,855                               |
| Reserved for Sexual Offender Registration                    | 8,995               | 0                            | 0                          | 0                                   | 8,995                               |
| Reserved for Courtroom Security                              | 1,918               | 0                            | 0                          | 0                                   | 1,918                               |
| Reserved for Computer System - Register                      | 31,580              | 0                            | 0                          | 0                                   | 31,580                              |
| Reserved for Automation Purposes - Circuit Court             | 6,608               | 0                            | 0                          | 0                                   | 6,608                               |
| Reserved for Automation Purposes - General Sessions Court    | 50,053              | 0                            | 0                          | 0                                   | 50,053                              |
| Reserved for Automation Purposes - Chancery Court            | 5,430               | 0                            | 0                          | 0                                   | 5,430                               |
| Reserved for Automation Purposes - Sheriff                   | 38,182              | 0                            | 0                          | 0                                   | 38,182                              |
| Reserved for Automation Purposes - County Clerk              | 4,726               | 0                            | 0                          | 0                                   | 4,726                               |
| Reserved for Other General Purposes                          | 64,100              | 0                            | 0                          | 0                                   | 64,100                              |
| Unreserved, Reported In:                                     |                     |                              |                            |                                     |                                     |
| General Fund   | 935,600             | 0                            | 0                          | 0                                   | 935,600                             |
| Special Revenue Funds  | 0                   | 1,940,703                    | 0                          | 888,532                             | 2,829,235                           |
| Debt Service Funds   | 0                   | 0                            | 2,158,321                  | 0                                   | 2,158,321                           |
| Capital Projects Funds                                       | 0                   | 0                            | 0                          | 203,925                             | 203,925                             |
| <b>Total Fund Balances</b>                                   | <b>\$ 1,277,187</b> | <b>\$ 1,940,703</b>          | <b>\$ 2,158,321</b>        | <b>\$ 1,219,742</b>                 | <b>\$ 6,595,953</b>                 |
| <b>Total Liabilities and Fund Balances</b>                   | <b>\$ 8,698,908</b> | <b>\$ 2,821,058</b>          | <b>\$ 2,669,507</b>        | <b>\$ 1,408,150</b>                 | <b>\$ 15,597,623</b>                |

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, 2010

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)  |    | \$               | 6,595,953         |
| (1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.  |    |                  |                   |
| Add: land   | \$ | 1,826,337        |                   |
| Add: construction in progress   |    | 397,396          |                   |
| Add: buildings and improvements net of accumulated depreciation   |    | 25,374,701       |                   |
| Add: infrastructure net of accumulated depreciation   |    | 15,084,292       |                   |
| Add: other capital assets net of accumulated depreciation   |    | <u>3,329,271</u> | 46,011,997        |
| (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  | \$ | (122,128)        |                   |
| Less: bonds payable   |    | (22,763,098)     |                   |
| Add: deferred charges - debt issuance costs   |    | 173,465          |                   |
| Add: deferred discount on debt issuances  |    | 33,883           |                   |
| Less: compensated absences payable  |    | (379,758)        |                   |
| Less: landfill postclosure care costs   |    | (726,098)        |                   |
| Less: other postemployment benefits liability   |    | (104,114)        |                   |
| Less: accrued interest on bonds, notes, and capital leases  |    | <u>(329,960)</u> | (24,217,808)      |
| (3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. |    |                  | <u>1,037,464</u>  |
| Net assets of governmental activities (Exhibit A)   |    | \$               | <u>29,427,606</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, 2010

|  | Major Funds          |                              |                            | Nonmajor<br>Funds                   | Total<br>Governmental<br>Funds |
|--|----------------------|------------------------------|----------------------------|-------------------------------------|--------------------------------|
|  | General              | Highway /<br>Public<br>Works | General<br>Debt<br>Service | Other<br>Govern-<br>mental<br>Funds |                                |
| <u>Revenues</u>                                      |                      |                              |                            |                                     |                                |
| Local Taxes  | \$ 7,444,247         | \$ 1,882,879                 | \$ 1,527,660               | \$ 237,083                          | \$ 11,091,869                  |
| Licenses and Permits                                 | 185,010              | 0                            | 0                          | 0                                   | 185,010                        |
| Fines, Forfeitures, and Penalties                    | 128,216              | 0                            | 0                          | 58,224                              | 186,440                        |
| Charges for Current Services                         | 1,120,564            | 0                            | 0                          | 493,191                             | 1,613,755                      |
| Other Local Revenues                                 | 328,361              | 172,284                      | 0                          | 597,908                             | 1,098,553                      |
| Fees Received from County Officials                  | 1,319,999            | 0                            | 0                          | 0                                   | 1,319,999                      |
| State of Tennessee                                   | 1,937,469            | 2,100,169                    | 0                          | 418,773                             | 4,456,411                      |
| Federal Government                                   | 193,786              | 20,998                       | 0                          | 1,247,336                           | 1,462,120                      |
| Other Governments and Citizens Groups                | 261,267              | 0                            | 0                          | 3,500                               | 264,767                        |
| <b>Total Revenues</b>                                | <b>\$ 12,918,919</b> | <b>\$ 4,176,330</b>          | <b>\$ 1,527,660</b>        | <b>\$ 3,056,015</b>                 | <b>\$ 21,678,924</b>           |
| <u>Expenditures</u>                                  |                      |                              |                            |                                     |                                |
| Current:   |                      |                              |                            |                                     |                                |
| General Government                                   | \$ 928,375           | \$ 0                         | \$ 0                       | \$ 151,674                          | \$ 1,080,049                   |
| Finance  | 902,878              | 0                            | 0                          | 0                                   | 902,878                        |
| Administration of Justice                            | 844,768              | 0                            | 0                          | 5,755                               | 850,523                        |
| Public Safety  | 5,669,988            | 0                            | 0                          | 66,074                              | 5,736,062                      |
| Public Health and Welfare                            | 2,056,618            | 0                            | 0                          | 943,259                             | 2,999,877                      |
| Social, Cultural, and Recreational Services          | 200,439              | 0                            | 0                          | 0                                   | 200,439                        |
| Agriculture and Natural Resources                    | 166,786              | 0                            | 0                          | 0                                   | 166,786                        |
| Other Operations                                     | 2,168,631            | 0                            | 0                          | 904,311                             | 3,072,942                      |
| Highways   | 0                    | 3,951,377                    | 0                          | 0                                   | 3,951,377                      |
| Debt Service:  |                      |                              |                            |                                     |                                |
| Principal on Debt                                    | 0                    | 83,884                       | 3,236,340                  | 0                                   | 3,320,224                      |
| Interest on Debt                                     | 11,716               | 3,849                        | 1,103,282                  | 0                                   | 1,118,847                      |
| Other Debt Service                                   | 0                    | 0                            | 21,406                     | 0                                   | 21,406                         |
| Capital Projects                                     | 0                    | 5,718                        | 0                          | 1,131,257                           | 1,136,975                      |
| <b>Total Expenditures</b>                            | <b>\$ 12,950,199</b> | <b>\$ 4,044,828</b>          | <b>\$ 4,361,028</b>        | <b>\$ 3,202,330</b>                 | <b>\$ 24,558,385</b>           |
| Excess (Deficiency) of Revenues<br>Over Expenditures |                      |                              |                            |                                     |                                |
|  | \$ (31,280)          | \$ 131,502                   | \$ (2,833,368)             | \$ (146,315)                        | \$ (2,879,461)                 |
| <u>Other Financing Sources (Uses)</u>                |                      |                              |                            |                                     |                                |
| Capital Leases Issued                                | \$ 0                 | \$ 88,000                    | \$ 0                       | \$ 0                                | \$ 88,000                      |
| Insurance Recovery                                   | 78,800               | 0                            | 0                          | 0                                   | 78,800                         |
| Transfers In   | 0                    | 0                            | 1,594,422                  | 0                                   | 1,594,422                      |
| Transfers Out  | (739,422)            | 0                            | 0                          | (855,000)                           | (1,594,422)                    |
| <b>Total Other Financing Sources (Uses)</b>          | <b>\$ (660,622)</b>  | <b>\$ 88,000</b>             | <b>\$ 1,594,422</b>        | <b>\$ (855,000)</b>                 | <b>\$ 166,800</b>              |
| Net Change in Fund Balances                          |                      |                              |                            |                                     |                                |
| Fund Balance, July 1, 2009                           | \$ 1,969,089         | \$ 1,721,201                 | \$ 3,397,267               | \$ 2,221,057                        | \$ 9,308,614                   |
| Fund Balance, June 30, 2010                          | \$ 1,277,187         | \$ 1,940,703                 | \$ 2,158,321               | \$ 1,219,742                        | \$ 6,595,953                   |

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, 2010

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)  |                    | \$ (2,712,661)      |
| (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   | \$ 2,410,787       |                     |
| Less: current year depreciation expense   | <u>(2,943,861)</u> | (533,074)           |
| (2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.  |                    |                     |
| Add: assets donated and capitalized   | \$ 17,775          |                     |
| Less: loss on disposal of capital assets  | <u>(20,700)</u>    | (2,925)             |
| (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, 2010  | \$ 1,037,464       |                     |
| Less: deferred delinquent property taxes and other deferred June 30, 2009   | <u>(1,569,549)</u> | (532,085)           |
| (4) The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items. |                    |                     |
| Less: capital lease proceeds  | \$ (88,000)        |                     |
| Less: change in deferred debt issuance costs  | (1,804)            |                     |
| Less: change in discount on debt issuances  | (9,252)            |                     |
| Add: principal payments on bonds  | 1,115,951          |                     |
| Add: principal payments on notes  | 2,120,389          |                     |
| Add: principal payments on capital leases   | <u>83,884</u>      | 3,221,168           |
| (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  | \$ (128,099)       |                     |
| Change in compensated absences payable  | (12,675)           |                     |
| Change in other postemployment benefits liability   | (71,043)           |                     |
| Change in landfill postclosure care costs   | <u>2,560</u>       | <u>(209,257)</u>    |
| Change in net assets of governmental activities (Exhibit B)   |                    | <u>\$ (768,834)</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, 2010

|                                       | <u>Agency<br/>Funds</u> |
|---------------------------------------|-------------------------|
| <u>ASSETS</u>                         |                         |
| Cash                                  | \$ 1,259,271            |
| Equity in Pooled Cash and Investments | 42,792                  |
| Accounts Receivable                   | 5,614                   |
| Due from Other Governments            | <u>346,163</u>          |
| Total Assets                          | <u>\$ 1,653,840</u>     |
| <u>LIABILITIES</u>                    |                         |
| Due to Other Taxing Units             | \$ 388,955              |
| Due to Litigants, Heirs, and Others   | <u>1,264,885</u>        |
| Total Liabilities                     | <u>\$ 1,653,840</u>     |

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

**FAYETTE COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**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.

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 2.35 percent of total taxes levied.

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

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

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

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

**3. Capital Assets**

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

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

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

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

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

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

**4. Compensated Absences**

Fayette County permits employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since Fayette County does not have a policy to

pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

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

## **5. Long-term Obligations**

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

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

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, 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 \$5,625,006 of restricted net assets for the primary government, of which \$4,549 is restricted by enabling legislation.

As of June 30, 2010, Fayette County had \$10,230,000 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, 2010:

| <u>Fund/Purpose</u>       | <u>Amount</u> |
|---------------------------|---------------|
| Primary Government:       |               |
| General:                  |               |
| Parks and Recreation      | \$ 120,750    |
| Airport T-Hangar Deposits | 4,800         |
| Library Fees              | 11,882        |
| Fire Service              | 18,975        |

**7. Prior-period Adjustments**

The financial statements of the Central Cafeteria Fund (special revenue fund) in the discretely presented Fayette County School Department contain a prior-period adjustment totaling \$89,500. This amount resulted from a prior-period cash shortage disclosed in a special report dated April 30, 2010. This report is available at [www.tn.gov/comptroller](http://www.tn.gov/comptroller).

**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. Cash Shortage

On April 27, 2010, a special report was issued on the Fayette County School Food Service Department for the period July 1, 2007, through December 15, 2009. This report disclosed that the food service supervisor circumvented purchasing procedures, resulting in a cash shortage of \$142,433 and altered time sheets of a part-time cafeteria worker, resulting in a cash shortage of \$35,196.93. This report is available at [www.tn.gov/comptroller](http://www.tn.gov/comptroller). Three individuals have been indicted by the Fayette County Grand Jury. In May 2010, the School Department's insurance carrier paid the department \$149,500, and in November 2010, one of the individuals paid the department \$6,000 as the result of a plea arrangement.

#### C. Expenditures Exceeded Appropriations

General Purpose School Fund expenditures exceeded appropriations approved by the County Commission in the Board of Education major appropriation category (the legal level of control) by \$14,961.

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

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

Fayette County and the Fayette County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash 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 Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2010.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2010, was as follows:

**Primary Government**

**Governmental Activities:**

|   | Balance<br>7-1-09     | Increases           | Decreases         | Balance<br>6-30-10    |
|---|-----------------------|---------------------|-------------------|-----------------------|
| Capital Assets Not Depreciated:             |                       |                     |                   |                       |
| Land  | \$ 1,616,337          | \$ 210,000          | \$ 0              | \$ 1,826,337          |
| Construction in Progress                    | 0                     | 397,396             | 0                 | 397,396               |
| <b>Total Capital Assets Not Depreciated</b> | <b>\$ 1,616,337</b>   | <b>\$ 607,396</b>   | <b>\$ 0</b>       | <b>\$ 2,223,733</b>   |
| Capital Assets Depreciated:                 |                       |                     |                   |                       |
| Buildings and Improvements                  | \$ 18,347,448         | \$ 46,500           | \$ 0              | \$ 18,393,948         |
| Infrastructure                              | 113,142,002           | 769,886             | 0                 | 113,911,888           |
| Other Capital Assets                        | 7,585,021             | 1,004,780           | 571,672           | 8,018,129             |
| <b>Total Capital Assets Depreciated</b>     | <b>\$ 139,074,471</b> | <b>\$ 1,821,166</b> | <b>\$ 571,672</b> | <b>\$ 140,323,965</b> |

**Governmental Activities (Cont.):**

|  | Balance<br>7-1-09    | Increases             | Decreases         | Balance<br>6-30-10   |
|--|----------------------|-----------------------|-------------------|----------------------|
| Less Accumulated<br>Depreciation For:          |                      |                       |                   |                      |
| Buildings and<br>Improvements                  | \$ 2,593,918         | \$ 715,738            | \$ 0              | \$ 3,309,656         |
| Infrastructure                                 | 86,883,573           | 1,653,614             | 0                 | 88,537,187           |
| Other Capital Assets                           | 4,665,321            | 574,509               | 550,972           | 4,688,858            |
| Total Accumulated<br>Depreciation              | <u>\$ 94,142,812</u> | <u>\$ 2,943,861</u>   | <u>\$ 550,972</u> | <u>\$ 96,535,701</u> |
| Total Capital Assets<br>Depreciated, Net       | <u>\$ 44,931,659</u> | <u>\$ (1,122,695)</u> | <u>\$ 20,700</u>  | <u>\$ 43,788,264</u> |
| Governmental Activities<br>Capital Assets, Net | <u>\$ 46,547,996</u> | <u>\$ (515,299)</u>   | <u>\$ 20,700</u>  | <u>\$ 46,011,997</u> |

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

**Governmental Activities:**

|   |                     |
|---|---------------------|
| General Government                                      | \$ 41,408           |
| Finance   | 3,982               |
| Administration of Justice                               | 154,821             |
| Public Safety   | 720,983             |
| Public Health and Welfare                               | 150,417             |
| Social, Cultural, and Recreational Services             | 10,200              |
| Other Operations  | 182,817             |
| Highway/Public Works                                    | <u>1,679,233</u>    |
| Total Depreciation Expense -<br>Governmental Activities | <u>\$ 2,943,861</u> |

**Discretely Presented Fayette County School Department**

**Governmental Activities:**

|  | Balance<br>7-1-09 | Increases    | Decreases  | Balance<br>6-30-10 |
|--|-------------------|--------------|------------|--------------------|
| Capital Assets Not<br>Depreciated:             |                   |              |            |                    |
| Land   | \$ 359,607        | \$ 0         | \$ 0       | \$ 359,607         |
| Total Capital Assets<br>Not Depreciated        | \$ 359,607        | \$ 0         | \$ 0       | \$ 359,607         |
| Capital Assets Depreciated:                    |                   |              |            |                    |
| Land Improvements                              | \$ 127,792        | \$ 0         | \$ 0       | \$ 127,792         |
| Buildings and<br>Improvements                  | 34,482,906        | 0            | 0          | 34,482,906         |
| Infrastructure                                 | 394,280           | 0            | 0          | 394,280            |
| Other Capital Assets                           | 6,543,720         | 414,634      | 439,937    | 6,518,417          |
| Total Capital Assets<br>Depreciated            | \$ 41,548,698     | \$ 414,634   | \$ 439,937 | \$ 41,523,395      |
| Less Accumulated<br>Depreciation For:          |                   |              |            |                    |
| Land Improvements                              | \$ 125,814        | \$ 0         | \$ 0       | \$ 125,814         |
| Buildings and<br>Improvements                  | 22,549,950        | 829,028      | 0          | 23,378,978         |
| Infrastructure                                 | 380,609           | 10,046       | 0          | 390,655            |
| Other Capital Assets                           | 4,452,484         | 343,576      | 439,937    | 4,356,123          |
| Total Accumulated<br>Depreciation              | \$ 27,508,857     | \$ 1,182,650 | \$ 439,937 | \$ 28,251,570      |
| Total Capital Assets<br>Depreciated, Net       | \$ 14,039,841     | \$ (768,016) | \$ 0       | \$ 13,271,825      |
| Governmental Activities<br>Capital Assets, Net | \$ 14,399,448     | \$ (768,016) | \$ 0       | \$ 13,631,432      |

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

**Governmental Activities:**

|   |                     |
|---|---------------------|
| Instruction   | \$ 744,051          |
| Support Services  | 353,399             |
| Operation of Non-Instructional Services                 | <u>85,200</u>       |
| Total Depreciation Expense -<br>Governmental Activities | <u>\$ 1,182,650</u> |

**C. Construction Commitments**

At June 30, 2010, the Other Capital Projects Fund had uncompleted construction contracts of \$127,285 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, 2010, is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u>     | <u>Amount</u> |
|------------------------|-------------------------|---------------|
| Primary Government:    |                         |               |
| General                | Nonmajor governmental   | \$ 38,702     |
| Component Unit:        |                         |               |
| School Department:     |                         |               |
| General Purpose School | School Federal Projects | 22,780        |

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 of \$22,780 was in transit from the School Federal Projects Fund at June 30, 2010.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2010, consisted of the following amounts:

**Primary Government**

| Transfers Out              | Transfers In |                   |
|----------------------------|--------------|-------------------|
|                            | General      | Debt Service Fund |
| General Fund               | \$           | 739,422           |
| Nonmajor governmental fund |              | 855,000           |
| Total                      | \$           | <u>1,594,422</u>  |

**Discretely Presented Fayette County School Department**

| Transfers Out                | Transfers In    |               |
|------------------------------|-----------------|---------------|
|                              | General Purpose | School Fund   |
| School Federal Projects Fund | \$              | 22,780        |
| Nonmajor governmental fund   |                 | 72,698        |
| Total                        | \$              | <u>95,478</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, 2010, were \$206,079. There are no provisions for contingent or sublease rentals in the agreements. The future minimum lease payments for these leases are as follows:

| Year<br>Ending<br>June 30 | Amount                   |
|---------------------------|--------------------------|
| 2011                      | \$ 108,000               |
| 2012                      | 108,000                  |
| 2013                      | <u>45,000</u>            |
| Total                     | <u><u>\$ 261,000</u></u> |

**F. Capital Leases**

**Primary Government**

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.

On September 25, 2009, Fayette County entered into a three-year lease-purchase agreement for a dump truck. The terms of the agreement require total lease payments of \$88,000 plus interest of 3.45 percent. Title to the dump truck transfers to Fayette County at the end of the lease period. The lease payments are made by the Highway/Public Works Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

| Year Ending<br>June 30                     | Governmental<br>Funds    |
|--|--------------------------|
| 2011                                       | \$ 56,131                |
| 2012                                       | 41,625                   |
| 2013                                       | <u>31,414</u>            |
| Total Minimum Lease Payments               | \$ 129,170               |
| Less: Amount Representing Interest         | <u>(7,042)</u>           |
| Present Value of Minimum<br>Lease Payments | <u><u>\$ 122,128</u></u> |

**Discretely Presented Fayette County School Department**

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 five-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 five-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, 2010, were as follows:

| Year Ending<br>June 30                         | Governmental<br>Funds        |
|--|------------------------------|
| 2011   | \$ 139,184                   |
| 2012   | 94,256                       |
| 2013   | <u>94,256</u>                |
| Total Minimum Lease Payments                   | \$ 327,696                   |
| Less: Amount Representing Interest             | <u>(27,665)</u>              |
| <br>Present Value of Minimum<br>Lease Payments | <br>\$ <u><u>300,031</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 are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding were issued for original terms of up to 37 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2010, will be retired from the General Debt Service fund.

General obligation bonds and capital leases outstanding as of June 30, 2010, for governmental activities are as follows:

| Type                                 | Interest Rate  | Original Amount of Issue | Balance 6-30-10 |
|--------------------------------------|----------------|--------------------------|-----------------|
| General Obligation Bonds             | 2.5 to 4.625 % | \$ 13,750,000            | \$ 12,533,098   |
| General Obligation Bonds - Refunding | 3 to 5         | 12,170,000               | 10,230,000      |
| Capital Leases                       | 3.45           | 158,350                  | 122,128         |

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2010, including interest payments, are presented in the following table:

| Year Ending June 30 | Bonds         |              |               |
|---------------------|---------------|--------------|---------------|
|                     | Principal     | Interest     | Total         |
| 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     |
| 2016-2020           | 8,146,637     | 2,816,718    | 10,963,355    |
| 2021-2025           | 3,817,772     | 1,390,301    | 5,208,073     |
| 2026-2030           | 3,726,565     | 502,929      | 4,229,494     |
| 2031-2035           | 88,651        | 74,699       | 163,350       |
| 2036-2040           | 109,815       | 53,534       | 163,349       |
| 2041-2045           | 136,034       | 27,317       | 163,351       |
| 2046                | 29,975        | 1,791        | 31,766        |
| Total               | \$ 22,763,098 | \$ 9,340,758 | \$ 32,103,856 |

There is \$2,158,321 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$790, based on the 2000 federal census. Debt per capita, including bonds and capital leases totaled \$794, based on the 2000 federal census.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

Governmental Activities:

|                                | Bonds                | Notes        | Capital<br>Leases |
|--------------------------------|----------------------|--------------|-------------------|
| Balance, July 1, 2009          | \$ 23,879,049        | \$ 2,120,389 | \$ 118,012        |
| Additions                      | 0                    | 0            | 88,000            |
| Deductions                     | (1,115,951)          | (2,120,389)  | (83,884)          |
| Balance, June 30, 2010         | <u>\$ 22,763,098</u> | <u>\$ 0</u>  | <u>\$ 122,128</u> |
| Balance Due<br>Within One Year | <u>\$ 1,151,899</u>  | <u>\$ 0</u>  | <u>\$ 52,245</u>  |

|                                | Compensated<br>Absences | Landfill<br>Postclosure<br>Care Costs | Other<br>Postemployment<br>Benefits |
|--------------------------------|-------------------------|---------------------------------------|-------------------------------------|
| Balance, July 1, 2009          | \$ 367,083              | \$ 728,658                            | \$ 33,071                           |
| Additions                      | 338,584                 | 8,610                                 | 94,078                              |
| Deductions                     | (325,909)               | (11,170)                              | (23,035)                            |
| Balance, June 30, 2010         | <u>\$ 379,758</u>       | <u>\$ 726,098</u>                     | <u>\$ 104,114</u>                   |
| Balance Due<br>Within One Year | <u>\$ 317,675</u>       | <u>\$ 11,170</u>                      | <u>\$ 0</u>                         |

Analysis of Noncurrent Liabilities Presented on Exhibit A:

|   |                      |
|---|----------------------|
| Total Noncurrent Liabilities, June 30, 2010                       | \$ 24,095,196        |
| Less: Balance Due Within One Year                                 | (1,532,989)          |
| Less: Deferred Discount on Debt                                   | <u>(33,883)</u>      |
| Noncurrent Liabilities - Due in<br>More Than One Year - Exhibit A | <u>\$ 22,528,324</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**

The county issued a capital outlay note for the School Department to provide funds for capital facilities and other capital outlay purchases, such as equipment.

Capital outlay notes are direct obligations and pledge the full faith and credit of the government. The capital outlay note was issued for original terms of up to seven years. The capital outlay note outstanding as of June 30, 2010, will be retired from the General Purpose School Fund.

Capital outlay notes and capital leases outstanding as of June 30, 2010, for governmental activities are as follows:

| Type                 | Interest<br>Rate | Original<br>Amount<br>of Issue | Balance<br>6-30-10 |
|----------------------|------------------|--------------------------------|--------------------|
| Capital Outlay Notes | 3.86%            | \$ 1,080,000                   | \$ 840,000         |
| Capital Leases       | 4.64 to 5.14     | 609,342                        | 300,031            |

The annual requirements to amortize all notes outstanding as of June 30, 2010, including interest payments, are presented in the following table:

| Year Ending<br>June 30 | Notes      |            |            |
|------------------------|------------|------------|------------|
|                        | Principal  | Interest   | Total      |
| 2011                   | \$ 130,000 | \$ 32,874  | \$ 162,874 |
| 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                  | \$ 840,000 | \$ 116,520 | \$ 956,520 |

#### Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Fayette County School Department for the year ended June 30, 2010, was as follows:

Governmental Activities:

|                             | Notes             | Capital<br>Leases |
|-----------------------------|-------------------|-------------------|
| Balance, July 1, 2009       | \$ 965,000        | \$ 524,109        |
| Deductions                  | (125,000)         | (224,078)         |
| Balance, June 30, 2010      | <u>\$ 840,000</u> | <u>\$ 300,031</u> |
| Balance Due Within One Year | <u>\$ 130,000</u> | <u>\$ 124,452</u> |

|                             | Compensated<br>Absences | Other<br>Postemployment<br>Benefits |
|-----------------------------|-------------------------|-------------------------------------|
| Balance, July 1, 2009       | \$ 205,686              | \$ 314,788                          |
| Additions                   | 127,454                 | 234,747                             |
| Deductions                  | (98,692)                | (132,318)                           |
| Balance, June 30, 2010      | <u>\$ 234,448</u>       | <u>\$ 417,217</u>                   |
| Balance Due Within One Year | <u>\$ 94,732</u>        | <u>\$ 0</u>                         |

Analysis of Noncurrent Liabilities Presented on Exhibit A:

|   |                     |
|---|---------------------|
| Total Noncurrent Liabilities, June 30, 2010                       | \$ 1,791,696        |
| Less: Balance Due Within One Year                                 | <u>(349,184)</u>    |
| Noncurrent Liabilities - Due in<br>More Than One Year - Exhibit A | <u>\$ 1,442,512</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, 2010, were \$45,526 and \$28,712, 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 tax anticipation notes in advance of property tax collections and deposited the proceeds in the General (\$1,150,000) and General Purpose School (\$1,103,000) funds. These notes were necessary because funds were not available to meet operating expenses coming due before current tax collections. Short-term debt activity for the year ended June 30, 2010, was as follows:

|                        | Balance<br>7-1-09 | Issued    | Paid        | Balance<br>6-30-10 |
|------------------------|-------------------|-----------|-------------|--------------------|
| Tax Anticipation Notes | \$ 0              | 2,253,000 | (2,253,000) | \$ 0               |

**V. OTHER INFORMATION**

**A. Risk Management**

**Primary Government**

**Liability, Property, and Casualty**

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

**Workers' Compensation Insurance**

Fayette County participates in the Local Government Workers' Compensation Fund (LWCF), 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 LWCF for its workers' compensation insurance coverage. The LWCF is to be self-sustaining through member premiums

and reinsures through commercial insurance companies for claims exceeding \$300,000.

#### Employee Health Insurance

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

#### **Discretely Presented Fayette County School Department**

##### Liability, Property, Casualty, and Workers' Compensation Insurance

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

#### Employee Health Insurance

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

#### **B. Risk Financing Activities**

Fayette County and several other counties, cities, and local government entities were members of the Local Government Insurance Cooperative (LOGIC) for their workers' compensation insurance for one or more policy years in 1996-97, 1997-98, and 1999-2000. LOGIC obtained excess coverage insurance from Reliance Insurance Company for claims that exceeded specific amounts. Reliance Insurance Company is now insolvent and is being liquidated in the State of Pennsylvania. The insolvency of Reliance

Insurance Company has left the LOGIC members exposed to significant claim liabilities for their policy years. In 2003, the LOGIC board of directors assessed its members certain amounts for each member's share of outstanding claims unpaid by Reliance Insurance Company. In 2009, the LOGIC board of directors made a second assessment of its members. Fayette County's share of this second assessment totaled \$84,760.

**C. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance; nonfinancial in nature; and a useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Fayette County and the Fayette County School Department had no assets that met the definition of intangible assets as of June 30, 2010. However, it is reasonably expected that Fayette County and the Fayette County School Department may acquire intangible assets in subsequent years.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks; or to lower the costs of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statements No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risks management and investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with Fayette County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investments purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenues in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e. effective) derivative instruments are reported in the Statement of Net Assets as deferrals. Fayette County had not participated in derivative transactions as

of June 30, 2010. However, it is reasonably expected that Fayette County may enter into derivative transactions in subsequent years.

**D. Subsequent Events**

Subsequent to June 30, 2010, Fayette County issued tax anticipation notes to provide temporary operating funds for the following funds:

| Fund                   | Date Issued | Amount     |
|------------------------|-------------|------------|
| General                | 7-29-10     | \$ 104,000 |
| "                      | 8-30-10     | 500,000    |
| "                      | 9-30-10     | 500,000    |
| "                      | 10-29-10    | 500,000    |
| General Purpose School | 7-29-10     | 1,200,000  |

Subsequent to June 30, 2010, Fayette County issued capital outlay notes totaling \$128,839 to provide funds for the construction of an automotive shop for the Sheriff's Department.

Circuit, General Sessions, and Juvenile Courts Clerk Connie Doyle left office on August 31, 2010, and was succeeded by Ed Pulliam.

**E. 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.

**F. Change in Administration**

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 until Dr. Cedric Gray was appointed director of schools on June 14, 2010.

**G. Landfill Closure/Postclosure Care Costs**

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Fayette County closed its sanitary landfill in 1998. The \$726,098 reported as postclosure care liability at June 30, 2010, represents amounts based on what it would cost to perform all postclosure care in 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

#### **H. 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

#### **I. Retirement Commitments**

##### **Plan Description**

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

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

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

### **Funding Policy**

Fayette County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, was 8.51 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2010, the county's annual pension cost of \$1,092,374 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 post retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was eight years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

### Trend Information

| Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-------------------|---------------------------|-------------------------------|------------------------|
| 6-30-10           | \$1,092,374               | 100%                          | \$0                    |
| 6-30-09           | 1,066,964                 | 100                           | 0                      |
| 6-30-08           | 1,057,150                 | 100                           | 0                      |

### Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 86.91 percent funded. The actuarial accrued liability for benefits was \$31.64 million, and the actuarial value of assets was \$27.5 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$4.14 million. The covered payroll (annual payroll of active employees covered by the plan) was \$12.27 million, and the ratio of the UAAL to the covered payroll was 33.76 percent.

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

The TCRS uses the frozen entry age cost method to calculate the annual required contribution. Effective, July 1, 2009, the TCRS reestablished the unfunded accrued liabilities for all groups.

### 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. Cost of living adjustments (COLA) are 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/Schools](http://www.tn.gov/treasury/tcrs/Schools).

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2010, was 6.42 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2010, 2009, and 2008, were \$910,334, \$921,462, and \$882,893, respectively, equal to the required contributions for each year.

## **J. Other Postemployment Benefits (OPEB)**

### **Plan Description**

Fayette County and the Fayette County School Department participate in the state-administered Local Government Group Insurance Plan and 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 plans are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2010, Fayette County and the discretely presented School Department contributed \$23,035 and \$132,318, respectively, for postemployment health care.

Annual OPEB Cost and Net OPEB Obligation

|                              | Local<br>Education<br>Group<br>Plan | Local<br>Government<br>Group<br>Plan |
|------------------------------|-------------------------------------|--------------------------------------|
| ARC                          | \$ 234,000                          | \$ 94,000                            |
| Interest on the NPO          | 14,165                              | 1,488                                |
| Adjustment to the ARC        | (13,418)                            | (1,410)                              |
| Annual OPEB cost             | \$ 234,747                          | \$ 94,078                            |
| Less: Amount of contribution | (132,318)                           | (23,035)                             |
| Increase/decrease in NPO     | \$ 102,429                          | \$ 71,043                            |
| Net OPEB obligation, 7-1-09  | 314,788                             | 33,071                               |
| Net OPEB obligation, 6-30-10 | \$ 417,217                          | \$ 104,114                           |

| Fiscal<br>Year<br>Ended | Plans                  | Annual<br>OPEB<br>Cost | Percentage<br>of Annual<br>OPEB Cost<br>Contributed | Net OPEB<br>Obligation<br>at Year End |
|-------------------------|------------------------|------------------------|---|---------------------------------------|
| 6-30-08                 | Local Education Group  | \$ 246,381             | 40  | % \$ 146,955                          |
| 6-30-09                 | "                      | 252,429                | 34  | 314,788                               |
| 6-30-10                 | "                      | 234,747                | 56  | 417,217                               |
| 6-30-08                 | Local Government Group | 45,410                 | 64  | 16,562                                |
| 6-30-09                 | "                      | 46,376                 | 64  | 33,071                                |
| 6-30-10                 | "                      | 94,078                 | 29  | 104,114                               |

### Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

|   | Local<br>Education<br>Group<br>Plan | Local<br>Government<br>Group<br>Plan |
|---|-------------------------------------|--------------------------------------|
| Actuarial valuation date                    | 7-1-09                              | 7-1-09                               |
| Actuarial accrued liability (AAL)           | \$ 1,835,000                        | \$ 798,000                           |
| Actuarial value of plan assets              | \$ 0                                | \$ 0                                 |
| Unfunded actuarial accrued liability (UAAL) | \$ 1,835,000                        | \$ 798,000                           |
| Actuarial value of assets as a % of the AAL | 0%                                  | 0%                                   |
| Covered payroll (active plan members)       | \$ 19,157,189                       | \$ 7,689,530                         |
| UAAL as a % of covered payroll              | 10%                                 | 10%                                  |

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

### Actuarial Methods and Assumptions

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

In the July 1, 2009, actuarial valuation for the Local Education plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of four percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Local Government plan was three percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a three percent inflation assumption. The unfunded actuarial accrued

liability is being amortized as a level of percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

**K. 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 \$1,371.

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.

**7. Net Assets**

Net assets are classified for reporting purposes as unrestricted and invested in capital assets. There are currently no restrictions on net assets.

**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, 2010, all deposits were fully collateralized or insured.

**D. Capital Assets**

Capital assets activity for the year was as follows:

|  | Balance<br>7-1-09 | Increases         | Decreases       | Balance<br>6-30-10 |
|--|-------------------|-------------------|-----------------|--------------------|
| Capital Assets,<br>Depreciated:                |                   |                   |                 |                    |
| Furniture and<br>Fixtures                      | \$ 8,628          | \$ 0              | \$ 0            | \$ 8,628           |
| Office Equipment<br>Communication<br>Equipment | 30,667            | 26,469            | 5,033           | 52,103             |
| Vehicles                                       | 350,175           | 218,531           | 0               | 568,706            |
| Total Capital Assets<br>Depreciated            | 22,415            | 0                 | 0               | 22,415             |
|  | <u>\$ 411,885</u> | <u>\$ 245,000</u> | <u>\$ 5,033</u> | <u>\$ 651,852</u>  |
| Less Accumulated<br>Depreciation:              |                   |                   |                 |                    |
| Furniture and<br>Fixtures                      | \$ 4,393          | \$ 1,371          | \$ 0            | \$ 5,764           |
| Office Equipment<br>Communication<br>Equipment | 22,532            | 2,117             | 5,033           | 19,616             |
| Vehicles                                       | 82,823            | 53,365            | 0               | 136,188            |
| Total Accumulated<br>Depreciation              | 11,648            | 4,168             | 0               | 15,816             |
|  | <u>\$ 121,396</u> | <u>\$ 61,021</u>  | <u>\$ 5,033</u> | <u>\$ 177,384</u>  |
| Total Capital<br>Assets, Net                   | <u>\$ 290,489</u> | <u>\$ 183,979</u> | <u>\$ 0</u>     | <u>\$ 474,468</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 \$4,964 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, 10<sup>th</sup> Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs/PS](http://www.tn.gov/treasury/tcrs/PS).

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, 2010, 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, 2010, the district's annual pension cost of \$3,851 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, 2009, which established contribution rates effective July 1, 2010.

Trend Information

| Fiscal<br>Year<br>Ended | Annual<br>Pension<br>Cost (APC) | Percentage<br>of APC<br>Contributed | Net<br>Pension<br>Obligation |
|-------------------------|---------------------------------|-------------------------------------|------------------------------|
| 6-30-10                 | \$ 3,851                        | 100 %                               | \$ 0                         |
| 6-30-09                 | 3,209                           | 100                                 | 0                            |
| 6-30-08                 | 3,547                           | 100                                 | 0                            |

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 51.95 percent funded. The actuarial accrued liability for benefits was \$.05 million, and the actuarial value of assets was \$.02 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 ratio of the UAAL to the covered payroll was 58.81 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the 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 or any coverage of the past three years.

**I. Debt**

In October 2009, the district obtained a note totaling \$278,078 to purchase new CAD equipment. The terms of the loan were 36 months at 3.45 percent. The balance of the note was paid off as of June 30, 2010. Total interest expense was \$5,175.

Debt activity for the year was as follows:

|      | Balance |            |              | Balance |
|------|---------|------------|--------------|---------|
|      | 7-1-09  | Increases  | Decreases    | 6-30-10 |
| Note | \$ 0    | \$ 278,078 | \$ (278,078) | \$ 0    |

**J. Budget Overages**

The office supplies line item exceeded budgeted amounts by \$279.

**K. Prior-period Adjustment**

A prior-period adjustment of \$12,262 was recorded for an error in estimating amounts due from the State of Tennessee at June 30, 2009.

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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, 2010

|                                       | Actual               | Budgeted Amounts     |                      | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|----------------------|----------------------|----------------------|--|
|                                       |                      | Original             | Final                |  |
| <u>Revenues</u>                       |                      |                      |                      |  |
| Local Taxes                           | \$ 7,444,247         | \$ 7,542,644         | \$ 7,591,277         | \$ (147,030)                                     |
| Licenses and Permits                  | 185,010              | 187,500              | 187,500              | (2,490)  |
| Fines, Forfeitures, and Penalties     | 128,216              | 117,400              | 117,400              | 10,816   |
| Charges for Current Services          | 1,120,564            | 1,009,000            | 1,059,059            | 61,505   |
| Other Local Revenues                  | 328,361              | 179,876              | 331,057              | (2,696)  |
| Fees Received from County Officials   | 1,319,999            | 1,273,000            | 1,273,000            | 46,999   |
| State of Tennessee                    | 1,937,469            | 1,861,529            | 1,984,529            | (47,060)   |
| Federal Government                    | 193,786              | 149,263              | 150,815              | 42,971   |
| Other Governments and Citizens Groups | 261,267              | 263,500              | 263,500              | (2,233)  |
| <b>Total Revenues</b>                 | <b>\$ 12,918,919</b> | <b>\$ 12,583,712</b> | <b>\$ 12,958,137</b> | <b>\$ (39,218)</b>                               |
| <u>Expenditures</u>                   |                      |                      |                      |  |
| <u>General Government</u>             |                      |                      |                      |  |
| County Commission                     | \$ 85,328            | \$ 127,171           | \$ 88,796            | \$ 3,468   |
| Beer Board                            | 461                  | 700                  | 700                  | 239  |
| County Mayor/Executive                | 93,222               | 94,452               | 94,452               | 1,230  |
| County Attorney                       | 103,101              | 75,374               | 103,140              | 39   |
| Election Commission                   | 173,264              | 193,603              | 193,603              | 20,339   |
| Register of Deeds                     | 21,349               | 26,250               | 26,250               | 4,901  |
| Development                           | 181,450              | 192,873              | 195,873              | 14,423   |
| Building                              | 46,310               | 53,400               | 53,400               | 7,090  |
| County Buildings                      | 161,257              | 156,557              | 165,557              | 4,300  |
| Other Facilities                      | 5,576                | 11,500               | 6,500                | 924  |
| Other General Administration          | 57,057               | 63,962               | 62,262               | 5,205  |
| <u>Finance</u>                        |                      |                      |                      |  |
| Accounting and Budgeting              | 170,024              | 178,050              | 178,572              | 8,548  |
| Property Assessor's Office            | 252,054              | 257,326              | 260,718              | 8,664  |
| Reappraisal Program                   | 41,942               | 48,817               | 45,425               | 3,483  |
| County Trustee's Office               | 187,864              | 193,011              | 193,011              | 5,147  |
| County Clerk's Office                 | 250,994              | 257,075              | 257,075              | 6,081  |
| <u>Administration of Justice</u>      |                      |                      |                      |  |
| Circuit Court                         | 184,892              | 163,293              | 188,192              | 3,300  |
| General Sessions Court                | 146,454              | 145,279              | 146,566              | 112  |
| General Sessions Judge                | 180,502              | 180,790              | 180,790              | 288  |
| General Sessions Court Clerk          | 60,577               | 64,445               | 64,455               | 3,878  |
| Drug Court                            | 49,815               | 50,000               | 50,000               | 185  |
| Chancery Court                        | 174,556              | 180,213              | 180,213              | 5,657  |
| Juvenile Court                        | 47,972               | 55,494               | 55,494               | 7,522  |
| <u>Public Safety</u>                  |                      |                      |                      |  |
| Sheriff's Department                  | 2,114,951            | 2,197,016            | 2,161,651            | 46,700   |
| Drug Enforcement                      | 175,553              | 207,336              | 175,849              | 296  |
| Jail                                  | 2,396,553            | 2,420,371            | 2,421,574            | 25,021   |
| Workhouse                             | 25,080               | 30,308               | 26,808               | 1,728  |

(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                          | \$ 580,387           | \$ 701,044           | \$ 704,692           | \$ 124,305                                       |
| Civil Defense  | 235,590              | 244,380              | 248,691              | 13,101   |
| Rescue Squad   | 11,684               | 25,000               | 18,100               | 6,416  |
| County Coroner/Medical Examiner                      | 26,300               | 20,000               | 28,700               | 2,400  |
| Other Public Safety                                  | 103,890              | 144,335              | 106,099              | 2,209  |
| <u>Public Health and Welfare</u>                     |                      |                      |                      |  |
| Local Health Center                                  | 52,528               | 58,937               | 58,937               | 6,409  |
| Rabies and Animal Control                            | 76,792               | 83,923               | 79,673               | 2,881  |
| Ambulance/Emergency Medical Services                 | 1,550,945            | 1,373,935            | 1,613,864            | 62,919   |
| Dental Health Program                                | 260,027              | 346,000              | 454,250              | 194,223  |
| 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                            | 1,624                | 2,750                | 2,750                | 1,126  |
| Other Local Welfare Services                         | 29,815               | 29,815               | 29,815               | 0  |
| Sanitation Education/Information                     | 56,910               | 60,133               | 60,133               | 3,223  |
| <u>Social, Cultural, and Recreational Services</u>   |                      |                      |                      |  |
| Senior Citizens Assistance                           | 30,823               | 22,145               | 32,727               | 1,904  |
| Libraries  | 169,616              | 172,466              | 174,575              | 4,959  |
| <u>Agriculture and Natural Resources</u>             |                      |                      |                      |  |
| Agriculture Extension Service                        | 105,353              | 101,352              | 114,900              | 9,547  |
| Soil Conservation                                    | 61,433               | 62,395               | 62,395               | 962  |
| <u>Other Operations</u>                              |                      |                      |                      |  |
| Industrial Development                               | 1,066                | 1,639                | 1,639                | 573  |
| Airport  | 195,882              | 166,466              | 239,866              | 43,984   |
| Veterans' Services                                   | 3,996                | 6,850                | 6,850                | 2,854  |
| Other Charges  | 363,844              | 267,423              | 361,076              | (2,768)  |
| Contributions to Other Agencies                      | 52,211               | 57,211               | 57,211               | 5,000  |
| Employee Benefits                                    | 1,457,804            | 1,478,400            | 1,466,891            | 9,087  |
| ARRA Grant # 6                                       | 39,215               | 50,000               | 50,000               | 10,785   |
| ARRA Grant # 7                                       | 48,652               | 55,774               | 55,774               | 7,122  |
| Miscellaneous  | 5,961                | 1,000                | 8,000                | 2,039  |
| <u>Interest on Debt</u>                              |                      |                      |                      |  |
| General Government                                   | 11,716               | 50,000               | 17,579               | 5,863  |
| <b>Total Expenditures</b>                            | <b>\$ 12,950,199</b> | <b>\$ 13,238,076</b> | <b>\$ 13,662,150</b> | <b>\$ 711,951</b>                                |
| Excess (Deficiency) of Revenues<br>Over Expenditures | \$ (31,280)          | \$ (654,364)         | \$ (704,013)         | \$ 672,733                                       |
| <u>Other Financing Sources (Uses)</u>                |                      |                      |                      |  |
| Insurance Recovery                                   | \$ 78,800            | \$ 0                 | \$ 75,000            | \$ 3,800   |
| Transfers Out  | (739,422)            | 0                    | (706,752)            | (32,670)   |
| <b>Total Other Financing Sources (Uses)</b>          | <b>\$ (660,622)</b>  | <b>\$ 0</b>          | <b>\$ (631,752)</b>  | <b>\$ (28,870)</b>                               |
| Net Change in Fund Balance                           | \$ (691,902)         | \$ (654,364)         | \$ (1,335,765)       | \$ 643,863                                       |
| Fund Balance, July 1, 2009                           | 1,969,089            | 1,942,215            | 1,942,215            | 26,874   |
| <b>Fund Balance, June 30, 2010</b>                   | <b>\$ 1,277,187</b>  | <b>\$ 1,287,851</b>  | <b>\$ 606,450</b>    | <b>\$ 670,737</b>                                |

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, 2010

|  | Actual<br>(GAAP<br>Basis) | Less:<br>Encumbrances<br>7/1/2009 | Actual<br>Revenues/<br>Expenditures<br>(Budgetary<br>Basis) | Budgeted Amounts |              | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|---------------------------|-----------------------------------|---|------------------|--------------|--|
|  |                           |                                   |   | Original         | Final        |  |
| <u>Revenues</u>                                      |                           |                                   |   |                  |              |  |
| Local Taxes  | \$ 1,882,879              | \$ 0                              | \$ 1,882,879  | \$ 1,860,989     | \$ 1,860,989 | \$ 21,890  |
| Other Local Revenues                                 | 172,284                   | 0                                 | 172,284   | 64,300           | 64,300       | 107,984  |
| State of Tennessee                                   | 2,100,169                 | 0                                 | 2,100,169   | 2,492,000        | 2,492,000    | (391,831)  |
| Federal Government                                   | 20,998                    | 0                                 | 20,998  | 0                | 0            | 20,998   |
| Total Revenues                                       | \$ 4,176,330              | \$ 0                              | \$ 4,176,330  | \$ 4,417,289     | \$ 4,417,289 | \$ (240,959)   |
| <u>Expenditures</u>                                  |                           |                                   |   |                  |              |  |
| <u>Highways</u>                                      |                           |                                   |   |                  |              |  |
| Administration                                       | \$ 184,224                | \$ 0                              | \$ 184,224  | \$ 186,461       | \$ 187,661   | \$ 3,437   |
| Highway and Bridge Maintenance                       | 1,307,114                 | 0                                 | 1,307,114   | 1,376,176        | 1,383,176    | 76,062   |
| Operation and Maintenance of Equipment               | 437,864                   | 0                                 | 437,864   | 490,460          | 490,460      | 52,596   |
| Other Charges  | 211,836                   | 0                                 | 211,836   | 217,800          | 216,900      | 5,064  |
| Employee Benefits                                    | 585,422                   | 0                                 | 585,422   | 623,405          | 626,105      | 40,683   |
| Capital Outlay                                       | 1,224,917                 | (9,984)                           | 1,214,933   | 1,873,000        | 1,857,842    | 642,909  |
| Principal on Debt                                    |                           |                                   |   |                  |              |  |
| Highways and Streets                                 | 83,884                    | 0                                 | 83,884  | 56,987           | 85,496       | 1,612  |
| Interest on Debt                                     |                           |                                   |   |                  |              |  |
| Highways and Streets                                 | 3,849                     | 0                                 | 3,849   | 0                | 3,859        | 10   |
| <u>Capital Projects</u>                              |                           |                                   |   |                  |              |  |
| Highway and Street Capital Projects                  | 5,718                     | 0                                 | 5,718   | 33,000           | 5,790        | 72   |
| Total Expenditures                                   | \$ 4,044,828              | \$ (9,984)                        | \$ 4,034,844  | \$ 4,857,289     | \$ 4,857,289 | \$ 822,445   |
| Excess (Deficiency) of Revenues<br>Over Expenditures | \$ 131,502                | \$ 9,984                          | \$ 141,486  | \$ (440,000)     | \$ (440,000) | \$ 581,486   |
| <u>Other Financing Sources (Uses)</u>                |                           |                                   |   |                  |              |  |
| Capital Leases Issued                                | \$ 88,000                 | \$ 0                              | \$ 88,000   | \$ 0             | \$ 0         | \$ 88,000  |
| Total Other Financing Sources (Uses)                 | \$ 88,000                 | \$ 0                              | \$ 88,000   | \$ 0             | \$ 0         | \$ 88,000  |
| Net Change in Fund Balance                           | \$ 219,502                | \$ 9,984                          | \$ 229,486  | \$ (440,000)     | \$ (440,000) | \$ 669,486   |
| Fund Balance, July 1, 2009                           | 1,721,201                 | (9,984)                           | 1,711,217   | 1,475,360        | 1,475,360    | 235,857  |
| Fund Balance, June 30, 2010                          | \$ 1,940,703              | \$ 0                              | \$ 1,940,703  | \$ 1,035,360     | \$ 1,035,360 | \$ 905,343   |

Exhibit E-3

Fayette County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Fayette County School Department  
June 30, 2010

(Dollar amounts in thousands)

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Plan<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>Entry Age<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b)-(a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|--|--|--------------------------------------|--------------------------|---------------------------|---|
| 7-1-07                         | \$ 25,406                                      | \$ 28,596  | \$ 3,190                             | 88.84%                   | \$ 10,796                 | 29.55%  |
| 7-1-09                         | 27,496   | 31,639   | 4,143                                | 86.91                    | 12,272                    | 33.76   |

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method went into effect during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit E-4

Fayette County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Discretely Presented Fayette County Emergency Communications District  
June 30, 2010

(Dollar amounts in thousands)

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b)-(a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|--|---|--------------------------------------|--------------------------|---------------------------|---|
| 7-1-07                         | \$ 18,000                              | \$ 39,000   | \$ 21,000                            | 46.15%                   | \$ 55,000                 | 38.18%  |
| 7-1-09                         | 26,000                                 | 51,000  | 25,000                               | 51.95                    | 42,000                    | 58.81   |

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method went into effect during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations 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, 2010

(Dollar amounts in thousands)

| Plans  | Actuarial Valuation Date * | Actuarial Value of Assets (a) | Actuarial Liability (AAL) (b) | Unfunded AAL (UAAL) (b)-(a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--|----------------------------|-------------------------------|-------------------------------|-----------------------------|--------------------|---------------------|---|
| <u>PRIMARY GOVERNMENT</u>                                    |                            |                               |                               |                             |                    |                     |   |
| Local Government Group                                       | 7-1-07                     | \$ 0                          | \$ 320                        | \$ 320                      | 0 %                | \$ 6,739            | 4.75 %  |
| "  | 7-1-09                     | 0                             | 798                           | 798                         | 0                  | 7,690               | 10.38   |
| <u>DISCRETELY PRESENTED FAYETTE COUNTY SCHOOL DEPARTMENT</u> |                            |                               |                               |                             |                    |                     |   |
| Local Education Group  | 7-1-07                     | 0                             | 2,270                         | 2,270                       | 0                  | 19,760              | 11.49   |
| "  | 7-1-09                     | 0                             | 1,835                         | 1,835                       | 0                  | 19,157              | 9.58  |

\* Data only available for two actuarial valuations.

**FAYETTE COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2010**

**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.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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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.

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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

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

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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.

HUD Grant Projects Fund – The HUD Grant Projects Fund is used to account for grant proceeds and expenditures for a CDBG grant and a THDA grant.

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, 2010

|                                       | Special Revenue Funds    |              |                                      |                                |         | Total |
|---------------------------------------|--------------------------|--------------|--------------------------------------|--------------------------------|---------|-------|
|                                       | Solid Waste / Sanitation | Drug Control | Adequate Facilities/ Development Tax | Constitutional Officers - Fees |         |       |
| \$                                    | 100 \$                   | 0 \$         | 0 \$                                 | 49,945 \$                      | 50,045  |       |
| Equity in Pooled Cash and Investments | 579,616                  | 268,052      | 4,549                                | 0                              | 852,217 |       |
| Accounts Receivable                   | 24,758                   | 0            | 0                                    | 214                            | 24,972  |       |
| Due from Other Governments            | 0                        | 0            | 0                                    | 0                              | 0       |       |
| Total Assets                          | 604,474 \$               | 268,052 \$   | 4,549 \$                             | 50,159 \$                      | 927,234 |       |

ASSETS

Cash  
 Equity in Pooled Cash and Investments  
 Accounts Receivable  
 Due from Other Governments

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable  
 Contracts Payable  
 Due to Other Funds  
 Other Deferred Revenues  
 Total Liabilities

|    |      |      |      |           |        |
|----|------|------|------|-----------|--------|
| \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$      | 0      |
|    | 0    | 0    | 0    | 0         | 0      |
|    | 0    | 0    | 0    | 38,702    | 38,702 |
|    | 0    | 0    | 0    | 0         | 0      |
| \$ | 0 \$ | 0 \$ | 0 \$ | 38,702 \$ | 38,702 |

Fund Balances

Reserved for Encumbrances  
 Unreserved  
 Total Fund Balances

|    |            |            |          |           |         |
|----|------------|------------|----------|-----------|---------|
| \$ | 0 \$       | 0 \$       | 0 \$     | 0 \$      | 0       |
|    | 604,474    | 268,052    | 4,549    | 11,457    | 888,532 |
| \$ | 604,474 \$ | 268,052 \$ | 4,549 \$ | 11,457 \$ | 888,532 |

Total Liabilities and Fund Balances

|    |            |            |          |           |         |
|----|------------|------------|----------|-----------|---------|
| \$ | 604,474 \$ | 268,052 \$ | 4,549 \$ | 50,159 \$ | 927,234 |
|----|------------|------------|----------|-----------|---------|

(Continued)



Fayette County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2010

|   | Special Revenue Funds    |                   |                                      |                                |                   | Total               |
|---|--------------------------|-------------------|--------------------------------------|--------------------------------|-------------------|---------------------|
|   | Solid Waste / Sanitation | Drug Control      | Adequate Facilities/ Development Tax | Constitutional Officers - Fees |                   |                     |
| <u>Revenues</u>   |                          |                   |                                      |                                |                   |                     |
| Local Taxes   | \$ 0                     | \$ 0              | \$ 237,083                           | \$ 0                           | \$ 0              | \$ 237,083          |
| Fines, Forfeitures, and Penalties                             | 0                        | 58,224            | 0                                    | 0                              | 0                 | 58,224              |
| Charges for Current Services                                  | 344,425                  | 0                 | 0                                    | 148,766                        | 0                 | 493,191             |
| Other Local Revenues  | 433,126                  | 0                 | 0                                    | 0                              | 0                 | 433,126             |
| State of Tennessee  | 13,721                   | 0                 | 0                                    | 0                              | 0                 | 13,721              |
| Federal Government  | 0                        | 0                 | 0                                    | 0                              | 0                 | 0                   |
| Other Governments and Citizens Groups                         | 0                        | 0                 | 0                                    | 0                              | 0                 | 0                   |
| <b>Total Revenues</b>   | <b>\$ 791,272</b>        | <b>\$ 58,224</b>  | <b>\$ 237,083</b>                    | <b>\$ 148,766</b>              | <b>\$ 148,766</b> | <b>\$ 1,235,345</b> |
| <u>Expenditures</u>   |                          |                   |                                      |                                |                   |                     |
| Current:  |                          |                   |                                      |                                |                   |                     |
| General Government  | \$ 0                     | \$ 0              | \$ 0                                 | \$ 151,674                     | \$ 0              | \$ 151,674          |
| Administration of Justice                                     | 0                        | 0                 | 0                                    | 5,755                          | 0                 | 5,755               |
| Public Safety   | 0                        | 66,074            | 0                                    | 0                              | 0                 | 66,074              |
| Public Health and Welfare                                     | 943,259                  | 0                 | 0                                    | 0                              | 0                 | 943,259             |
| Other Operations  | 0                        | 0                 | 6,155                                | 0                              | 0                 | 6,155               |
| Capital Projects  | 0                        | 0                 | 0                                    | 0                              | 0                 | 0                   |
| <b>Total Expenditures</b>                                     | <b>\$ 943,259</b>        | <b>\$ 66,074</b>  | <b>\$ 6,155</b>                      | <b>\$ 157,429</b>              | <b>\$ 157,429</b> | <b>\$ 1,172,917</b> |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b>      | <b>\$ (151,987)</b>      | <b>\$ (7,850)</b> | <b>\$ 230,928</b>                    | <b>\$ (8,663)</b>              | <b>\$ (8,663)</b> | <b>\$ 62,428</b>    |
| <u>Other Financing Sources (Uses)</u>                         |                          |                   |                                      |                                |                   |                     |
| Transfers Out   | \$ 0                     | \$ 0              | \$ (855,000)                         | \$ 0                           | \$ 0              | \$ (855,000)        |
| <b>Total Other Financing Sources (Uses)</b>                   | <b>\$ 0</b>              | <b>\$ 0</b>       | <b>\$ (855,000)</b>                  | <b>\$ 0</b>                    | <b>\$ 0</b>       | <b>\$ (855,000)</b> |
| <b>Net Change in Fund Balances Fund Balance, July 1, 2009</b> | <b>\$ (151,987)</b>      | <b>\$ (7,850)</b> | <b>\$ (624,072)</b>                  | <b>\$ (8,663)</b>              | <b>\$ (8,663)</b> | <b>\$ (792,572)</b> |
|   | 756,461                  | 275,902           | 628,621                              | 20,120                         | 20,120            | 1,681,104           |
| <b>Fund Balance, June 30, 2010</b>                            | <b>\$ 604,474</b>        | <b>\$ 268,052</b> | <b>\$ 4,549</b>                      | <b>\$ 11,457</b>               | <b>\$ 11,457</b>  | <b>\$ 888,532</b>   |

(Continued)

Exhibit F-2

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

|   | Capital Projects Funds         |   |                          |                              |                 | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|--------------------------------|---|--------------------------|------------------------------|-----------------|--|
|   | General<br>Capital<br>Projects | Community<br>Development/<br>Industrial<br>Park | HUD<br>Grant<br>Projects | Other<br>Capital<br>Projects | Total           |  |
| <u>Revenues</u>   |                                |   |                          |                              |                 |  |
| Local Taxes   | \$ 0 \$                        | 0 \$  | 0 \$                     | 0 \$                         | 0 \$            | 237,083                                    |
| Fines, Forfeitures, and Penalties                         | 0                              | 0   | 0                        | 0                            | 0               | 58,224                                     |
| Charges for Current Services                              | 0                              | 0   | 0                        | 0                            | 0               | 493,191                                    |
| Other Local Revenues                                      | 0                              | 0   | 0                        | 164,782                      | 164,782         | 597,908                                    |
| State of Tennessee  | 0                              | 86,835  | 0                        | 318,217                      | 405,052         | 418,773                                    |
| Federal Government  | 0                              | 0   | 908,224                  | 339,112                      | 1,247,336       | 1,247,336                                  |
| Other Governments and Citizens Groups                     | 0                              | 0   | 3,500                    | 0                            | 3,500           | 3,500                                      |
| Total Revenues  | \$ 0 \$                        | \$ 86,835 \$                                    | \$ 911,724 \$            | \$ 822,111 \$                | \$ 1,820,670 \$ | \$ 3,056,015                               |
| <u>Expenditures</u>                                       |                                |   |                          |                              |                 |  |
| Current:  |                                |   |                          |                              |                 |  |
| General Government  | \$ 0 \$                        | 0 \$  | 0 \$                     | 0 \$                         | 0 \$            | 151,674                                    |
| Administration of Justice                                 | 0                              | 0   | 0                        | 0                            | 0               | 5,755                                      |
| Public Safety   | 0                              | 0   | 0                        | 0                            | 0               | 66,074                                     |
| Public Health and Welfare                                 | 0                              | 0   | 0                        | 0                            | 0               | 943,259                                    |
| Other Operations  | 0                              | 86,835  | 811,321                  | 0                            | 898,156         | 904,311                                    |
| Capital Projects  | 106,864                        | 0   | 0                        | 1,024,393                    | 1,131,257       | 1,131,257                                  |
| Total Expenditures  | \$ 106,864 \$                  | \$ 86,835 \$                                    | \$ 811,321 \$            | \$ 1,024,393 \$              | \$ 2,029,413 \$ | \$ 3,202,330                               |
| Excess (Deficiency) of Revenues<br>Over Expenditures      | \$ (106,864) \$                | 0 \$  | 100,403 \$               | (202,282) \$                 | (208,743) \$    | (146,315)                                  |
| <u>Other Financing Sources (Uses)</u>                     |                                |   |                          |                              |                 |  |
| Transfers Out   | \$ 0 \$                        | 0 \$  | 0 \$                     | 0 \$                         | 0 \$            | (855,000)                                  |
| Total Other Financing Sources (Uses)                      | \$ 0 \$                        | 0 \$  | 0 \$                     | 0 \$                         | 0 \$            | (855,000)                                  |
| Net Change in Fund Balances<br>Fund Balance, July 1, 2009 | \$ (106,864) \$                | 0 \$  | 100,403 \$               | (202,282) \$                 | (208,743) \$    | (1,001,315)                                |
|   | 149,748                        | 0   | 0                        | 390,205                      | 539,953         | 2,221,057                                  |
| Fund Balance, June 30, 2010                               | \$ 42,884 \$                   | 0 \$  | 100,403 \$               | 187,923 \$                   | 331,210 \$      | 1,219,742                                  |

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, 2010

|   | Actual              | Budgeted Amounts    |                     | Variance with Final Budget - Positive (Negative) |
|---|---------------------|---------------------|---------------------|--|
|   |                     | Original            | Final               |  |
| <u>Revenues</u>                                   |                     |                     |                     |  |
| Charges for Current Services                      | \$ 344,425          | \$ 346,000          | \$ 346,000          | \$ (1,575)                                       |
| Other Local Revenues                              | 433,126             | 445,500             | 449,831             | (16,705)   |
| State of Tennessee                                | 13,721              | 22,000              | 34,387              | (20,666)   |
| Total Revenues                                    | <u>\$ 791,272</u>   | <u>\$ 813,500</u>   | <u>\$ 830,218</u>   | <u>\$ (38,946)</u>                               |
| <u>Expenditures</u>                               |                     |                     |                     |  |
| <u>Public Health and Welfare</u>                  |                     |                     |                     |  |
| Convenience Centers                               | \$ 358,059          | \$ 345,500          | \$ 365,500          | \$ 7,441   |
| Landfill Operation and Maintenance                | 585,200             | 654,854             | 651,572             | 66,372   |
| Total Expenditures                                | <u>\$ 943,259</u>   | <u>\$ 1,000,354</u> | <u>\$ 1,017,072</u> | <u>\$ 73,813</u>                                 |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (151,987)</u> | <u>\$ (186,854)</u> | <u>\$ (186,854)</u> | <u>\$ 34,867</u>                                 |
| <u>Other Financing Sources (Uses)</u>             |                     |                     |                     |  |
| Notes Issued                                      | \$ 0                | \$ 2,500            | \$ 2,500            | \$ (2,500)                                       |
| Total Other Financing Sources (Uses)              | <u>\$ 0</u>         | <u>\$ 2,500</u>     | <u>\$ 2,500</u>     | <u>\$ (2,500)</u>                                |
| Net Change in Fund Balance                        | \$ (151,987)        | \$ (184,354)        | \$ (184,354)        | \$ 32,367  |
| Fund Balance, July 1, 2009                        | <u>756,461</u>      | <u>774,575</u>      | <u>774,575</u>      | <u>(18,114)</u>                                  |
| Fund Balance, June 30, 2010                       | <u>\$ 604,474</u>   | <u>\$ 590,221</u>   | <u>\$ 590,221</u>   | <u>\$ 14,253</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, 2010

|  | Actual     | Budgeted Amounts |             | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|------------|------------------|-------------|--|
|  |            | Original         | Final       |  |
| <u>Revenues</u>                                      |            |                  |             |  |
| Fines, Forfeitures, and Penalties                    | \$ 58,224  | \$ 51,000        | \$ 51,000   | \$ 7,224   |
| Total Revenues                                       | \$ 58,224  | \$ 51,000        | \$ 51,000   | \$ 7,224   |
| <u>Expenditures</u>                                  |            |                  |             |  |
| <u>Public Safety</u>                                 |            |                  |             |  |
| Drug Enforcement                                     | \$ 66,074  | \$ 94,000        | \$ 94,000   | \$ 27,926  |
| Total Expenditures                                   | \$ 66,074  | \$ 94,000        | \$ 94,000   | \$ 27,926  |
| Excess (Deficiency) of Revenues<br>Over Expenditures | \$ (7,850) | \$ (43,000)      | \$ (43,000) | \$ 35,150  |
| Net Change in Fund Balance                           | \$ (7,850) | \$ (43,000)      | \$ (43,000) | \$ 35,150  |
| Fund Balance, July 1, 2009                           | 275,902    | 262,033          | 262,033     | 13,869   |
| Fund Balance, June 30, 2010                          | \$ 268,052 | \$ 219,033       | \$ 219,033  | \$ 49,019  |

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, 2010

|   | Actual       | Budgeted Amounts |              | Variance with Final Budget - Positive (Negative) |
|---|--------------|------------------|--------------|--|
|   |              | Original         | Final        |  |
| <u>Revenues</u>                                   |              |                  |              |  |
| Local Taxes                                       | \$ 237,083   | \$ 50,000        | \$ 305,000   | \$ (67,917)                                      |
| Total Revenues                                    | \$ 237,083   | \$ 50,000        | \$ 305,000   | \$ (67,917)                                      |
| <u>Expenditures</u>                               |              |                  |              |  |
| <u>Other Operations</u>                           |              |                  |              |  |
| Other Charges                                     | \$ 6,155     | \$ 7,500         | \$ 7,500     | \$ 1,345   |
| Total Expenditures                                | \$ 6,155     | \$ 7,500         | \$ 7,500     | \$ 1,345   |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 230,928   | \$ 42,500        | \$ 297,500   | \$ (66,572)                                      |
| <u>Other Financing Sources (Uses)</u>             |              |                  |              |  |
| Transfers Out                                     | \$ (855,000) | \$ (600,000)     | \$ (855,000) | \$ 0   |
| Total Other Financing Sources (Uses)              | \$ (855,000) | \$ (600,000)     | \$ (855,000) | \$ 0   |
| Net Change in Fund Balance                        | \$ (624,072) | \$ (557,500)     | \$ (557,500) | \$ (66,572)                                      |
| Fund Balance, July 1, 2009                        | 628,621      | 628,621          | 628,621      | 0  |
| Fund Balance, June 30, 2010                       | \$ 4,549     | \$ 71,121        | \$ 71,121    | \$ (66,572)                                      |

# **Major Governmental Fund**

## **General Debt Service Fund**

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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, 2010

|  | Actual         | Budgeted Amounts |                | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|----------------|------------------|----------------|--|
|  |                | Original         | Final          |  |
| <u>Revenues</u>                                      |                |                  |                |  |
| Local Taxes  | \$ 1,527,660   | \$ 2,012,666     | \$ 2,612,666   | \$ (1,085,006)   |
| Total Revenues                                       | \$ 1,527,660   | \$ 2,012,666     | \$ 2,612,666   | \$ (1,085,006)   |
| <u>Expenditures</u>                                  |                |                  |                |  |
| <u>Principal on Debt</u>                             |                |                  |                |  |
| General Government                                   | \$ 2,431,340   | \$ 1,300,000     | \$ 2,864,630   | \$ 433,290   |
| Education  | 805,000        | 805,000          | 805,000        | 0  |
| <u>Interest on Debt</u>                              |                |                  |                |  |
| General Government                                   | 572,314        | 541,754          | 572,424        | 110  |
| Education  | 530,968        | 530,968          | 530,968        | 0  |
| <u>Other Debt Service</u>                            |                |                  |                |  |
| General Government                                   | 21,406         | 20,000           | 30,000         | 8,594  |
| Education  | 0              | 1,000            | 1,000          | 1,000  |
| Total Expenditures                                   | \$ 4,361,028   | \$ 3,198,722     | \$ 4,804,022   | \$ 442,994   |
| Excess (Deficiency) of Revenues<br>Over Expenditures | \$ (2,833,368) | \$ (1,186,056)   | \$ (2,191,356) | \$ (642,012)   |
| <u>Other Financing Sources (Uses)</u>                |                |                  |                |  |
| Transfers In   | \$ 1,594,422   | \$ 0             | \$ 994,422     | \$ 600,000   |
| Total Other Financing Sources (Uses)                 | \$ 1,594,422   | \$ 0             | \$ 994,422     | \$ 600,000   |
| Net Change in Fund Balance                           | \$ (1,238,946) | \$ (1,186,056)   | \$ (1,196,934) | \$ (42,012)  |
| Fund Balance, July 1, 2009                           | 3,397,267      | 3,432,615        | 3,432,615      | (35,348)   |
| Fund Balance, June 30, 2010                          | \$ 2,158,321   | \$ 2,246,559     | \$ 2,235,681   | \$ (77,360)  |

# Fiduciary Funds

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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.

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

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

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

Exhibit H-1

Fayette County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2010

|                                      | <u>Agency Funds</u>      |                       |   | Total               |
|--------------------------------------|--------------------------|-----------------------|---|---------------------|
|                                      | Cities -<br>Sales<br>Tax | Watershed<br>District | Constitu-<br>tional<br>Officers -<br>Agency |                     |
| <u>ASSETS</u>                        |                          |                       |   |                     |
| Cash                                 | \$ 0                     | \$ 0                  | \$ 1,259,271                                | \$ 1,259,271        |
| Equity in Pooled Cash and Investment | 0                        | 42,792                | 0   | 42,792              |
| Accounts Receivable                  | 0                        | 0                     | 5,614                                       | 5,614               |
| Due from Other Governments           | 346,163                  | 0                     | 0   | 346,163             |
| Total Assets                         | <u>\$ 346,163</u>        | <u>\$ 42,792</u>      | <u>1,264,885</u>                            | <u>\$ 1,653,840</u> |
| <u>LIABILITIES</u>                   |                          |                       |   |                     |
| Due to Other Taxing Units            | \$ 346,163               | \$ 42,792             | \$ 0  | \$ 388,955          |
| Due to Litigants, Heirs, and Others  | 0                        | 0                     | 1,264,885                                   | 1,264,885           |
| Total Liabilities                    | <u>\$ 346,163</u>        | <u>\$ 42,792</u>      | <u>\$ 1,264,885</u>                         | <u>\$ 1,653,840</u> |

Exhibit H-2

Fayette County, Tennessee  
Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
For the Year Ended June 30, 2010

|  | Beginning<br>Balance | Additions     | Deductions    | Ending<br>Balance |
|--|----------------------|---------------|---------------|-------------------|
| <u>Cities - Sales Tax Fund</u>               |                      |               |               |                   |
| <u>Assets</u>                                |                      |               |               |                   |
| Equity in Pooled Cash and Investments        | \$ 0                 | \$ 1,776,940  | \$ 1,776,940  | \$ 0              |
| Due from Other Governments                   | 300,410              | 346,163       | 300,410       | 346,163           |
| Total Assets                                 | \$ 300,410           | \$ 2,123,103  | \$ 2,077,350  | \$ 346,163        |
| <u>Liabilities</u>                           |                      |               |               |                   |
| Due to Other Taxing Units                    | \$ 300,410           | \$ 2,123,103  | \$ 2,077,350  | \$ 346,163        |
| Total Liabilities                            | \$ 300,410           | \$ 2,123,103  | \$ 2,077,350  | \$ 346,163        |
| <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   | \$ 1,257,197         | \$ 8,494,640  | \$ 8,492,566  | \$ 1,259,271      |
| Accounts Receivable                          | 7,433                | 5,614         | 7,433         | 5,614             |
| Total Assets                                 | \$ 1,264,630         | \$ 8,500,254  | \$ 8,499,999  | \$ 1,264,885      |
| <u>Liabilities</u>                           |                      |               |               |                   |
| Due to Litigants, Heirs, and Others          | \$ 1,264,630         | \$ 8,500,254  | \$ 8,499,999  | \$ 1,264,885      |
| Total Liabilities                            | \$ 1,264,630         | \$ 8,500,254  | \$ 8,499,999  | \$ 1,264,885      |
| <u>Totals - All Agency Funds</u>             |                      |               |               |                   |
| <u>Assets</u>                                |                      |               |               |                   |
| Cash   | \$ 1,257,197         | \$ 8,494,640  | \$ 8,492,566  | \$ 1,259,271      |
| Equity in Pooled Cash and Investments        | 42,792               | 1,776,940     | 1,776,940     | 42,792            |
| Accounts Receivable                          | 7,433                | 5,614         | 7,433         | 5,614             |
| Due from Other Governments                   | 300,410              | 346,163       | 300,410       | 346,163           |
| Total Assets                                 | \$ 1,607,832         | \$ 10,623,357 | \$ 10,577,349 | \$ 1,653,840      |
| <u>Liabilities</u>                           |                      |               |               |                   |
| Due to Other Taxing Units                    | \$ 343,202           | \$ 2,123,103  | \$ 2,077,350  | \$ 388,955        |
| Due to Litigants, Heirs, and Others          | 1,264,630            | 8,500,254     | 8,499,999     | 1,264,885         |
| Total Liabilities                            | \$ 1,607,832         | \$ 10,623,357 | \$ 10,577,349 | \$ 1,653,840      |

# Fayette County School Department

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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.

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

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

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

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

Exhibit I-1

Fayette County, Tennessee  
Statement of Activities  
Discretely Presented Fayette County School Department  
For the Year Ended June 30, 2010

| Functions/Programs   | Program Revenues     |                                    | Expenses          | Net (Expense) Revenue and Changes in Net Assets |                         |
|--|----------------------|------------------------------------|-------------------|---|-------------------------|
|  | Charges for Services | Operating Grants and Contributions |                   | Total   | Governmental Activities |
| Governmental Activities:                                     |                      |                                    |                   |   |                         |
| Instruction  | \$ 18,388,214        | \$ 51,109                          | \$ 51,109         | \$ 3,495,553                                    | \$ (14,841,552)         |
| Support Services   | 10,955,708           | 38,292                             | 38,292            | 738,388   | (10,179,028)            |
| Operation of Non-Instructional Services                      | 3,525,016            | 375,607                            | 375,607           | 2,291,232                                       | (858,177)               |
| Interest on Long-term Debt                                   | 71,254               | 0                                  | 71,254            | 0   | (71,254)                |
| <b>Total Governmental Activities</b>                         | <b>\$ 32,940,192</b> | <b>\$ 465,008</b>                  | <b>\$ 465,008</b> | <b>\$ 6,525,173</b>                             | <b>\$ (25,950,011)</b>  |
| General Revenues:  |                      |                                    |                   |   |                         |
| Taxes:   |                      |                                    |                   |   |                         |
| Property Taxes Levied for General Purposes                   |                      |                                    |                   |   | \$ 6,313,477            |
| Local Option Sales Taxes                                     |                      |                                    |                   |   | 2,250,744               |
| Other Local Taxes  |                      |                                    |                   |   | 2,499                   |
| Grants and Contributions Not Restricted to Specific Programs |                      |                                    |                   |   | 17,155,386              |
| Miscellaneous  |                      |                                    |                   |   | 69,752                  |
| <b>Total General Revenues</b>                                |                      |                                    |                   |   | <b>\$ 25,791,858</b>    |
| Change in Net Assets   |                      |                                    |                   |   | \$ (158,153)            |
| Net Assets, July 1, 2009                                     |                      |                                    |                   |   | 15,319,867              |
| Prior-period adjustment                                      |                      |                                    |                   |   | 89,500                  |
| <b>Net Assets, June 30, 2010</b>                             |                      |                                    |                   |   | <b>\$ 15,251,214</b>    |

Exhibit I-2

Fayette County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Fayette County School Department  
June 30, 2010

|   | <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>Funds</u>         |
| <b>ASSETS</b>   |                     |                   |                     |                      |
| Equity in Pooled Cash and Investments                   | \$ 1,095,020        | \$ 225,952        | \$ 577,025          | \$ 1,897,997         |
| Accounts Receivable                                     | 2,746               | 3,777             | 2,922               | 9,445                |
| Due from Other Governments                              | 1,086,715           | 558,369           | 122,749             | 1,767,833            |
| Due from Other Funds                                    | 22,780              | 0                 | 0                   | 22,780               |
| Property Taxes Receivable                               | 6,869,561           | 0                 | 0                   | 6,869,561            |
| Allowance for Uncollectible Property Taxes              | (300,148)           | 0                 | 0                   | (300,148)            |
| Cash Shortage   | 0                   | 0                 | 28,130              | 28,130               |
| <b>Total Assets</b>                                     | <b>\$ 8,776,674</b> | <b>\$ 788,098</b> | <b>\$ 730,826</b>   | <b>\$ 10,295,598</b> |
| <b>LIABILITIES AND FUND BALANCES</b>                    |                     |                   |                     |                      |
| <u>Liabilities</u>                                      |                     |                   |                     |                      |
| Accounts Payable  | \$ 0                | \$ 0              | \$ 196              | \$ 196               |
| Accrued Payroll   | 164,062             | 93,488            | 1,551               | 259,101              |
| Payroll Deductions Payable                              | 156,916             | 6,030             | 879                 | 163,825              |
| Contracts Payable                                       | 7,250               | 0                 | 1,000               | 8,250                |
| Accrued Interest Payable                                | 37,766              | 0                 | 0                   | 37,766               |
| Capital Outlay Notes Payable                            | 125,000             | 0                 | 0                   | 125,000              |
| Deferred Revenue - Current Property Taxes               | 6,273,883           | 0                 | 0                   | 6,273,883            |
| Deferred Revenue - Delinquent Property Taxes            | 256,707             | 0                 | 0                   | 256,707              |
| Other Deferred Revenues                                 | 384,884             | 2,037             | 0                   | 386,921              |
| <b>Total Liabilities</b>                                | <b>\$ 7,406,468</b> | <b>\$ 101,555</b> | <b>\$ 3,626</b>     | <b>\$ 7,511,649</b>  |
| <u>Fund Balances</u>                                    |                     |                   |                     |                      |
| Reserved for Encumbrances                               | \$ 54,954           | \$ 376            | \$ 0                | \$ 55,330            |
| Reserved for Career Ladder Program                      | 4,712               | 0                 | 0                   | 4,712                |
| Reserved for Title I Grants to Local Education Agencies | 0                   | 295,535           | 0                   | 295,535              |
| Reserved for Special Education - Grants to States       | 0                   | 231,966           | 0                   | 231,966              |
| Other Federal Reserves                                  | 0                   | 158,666           | 0                   | 158,666              |
| Unreserved, Reported In:                                |                     |                   |                     |                      |
| General Fund  | 1,310,540           | 0                 | 0                   | 1,310,540            |
| Special Revenue Funds                                   | 0                   | 0                 | 719,582             | 719,582              |
| Capital Projects Funds                                  | 0                   | 0                 | 7,618               | 7,618                |
| <b>Total Fund Balances</b>                              | <b>\$ 1,370,206</b> | <b>\$ 686,543</b> | <b>\$ 727,200</b>   | <b>\$ 2,783,949</b>  |
| <b>Total Liabilities and Fund Balances</b>              | <b>\$ 8,776,674</b> | <b>\$ 788,098</b> | <b>\$ 730,826</b>   | <b>\$ 10,295,598</b> |

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, 2010

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)  |    | \$               | 2,783,949                |
| (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   |    | 11,103,928       |                          |
| Add: infrastructure net of accumulated depreciation   |    | 3,625            |                          |
| Add: other capital assets net of accumulated depreciation   |    | <u>2,162,294</u> | 13,631,432               |
| (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  | \$ | (300,031)        |                          |
| Less: notes payable   |    | (840,000)        |                          |
| Less: compensated absences payable  |    | (234,448)        |                          |
| Less: accrued interest on capital leases  |    | (16,099)         |                          |
| Less: other postemployment benefits liability   |    | <u>(417,217)</u> | (1,807,795)              |
| (3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. |    |                  | <u>643,628</u>           |
| Net assets of governmental activities (Exhibit A)   |    | \$               | <u><u>15,251,214</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, 2010

|  | Major Funds                  |                               | Nonmajor<br>Funds                   | Total<br>Governmental<br>Funds |
|--|------------------------------|-------------------------------|-------------------------------------|--------------------------------|
|  | General<br>Purpose<br>School | School<br>Federal<br>Projects | Other<br>Govern-<br>mental<br>Funds |                                |
| <u>Revenues</u>                                      |                              |                               |                                     |                                |
| Local Taxes  | \$ 8,561,401                 | \$ 0                          | \$ 0                                | \$ 8,561,401                   |
| Licenses and Permits                                 | 2,862                        | 0                             | 0                                   | 2,862                          |
| Charges for Current Services                         | 56,149                       | 0                             | 375,607                             | 431,756                        |
| Other Local Revenues                                 | 84,322                       | 3,777                         | 34,103                              | 122,202                        |
| State of Tennessee                                   | 16,219,866                   | 0                             | 23,975                              | 16,243,841                     |
| Federal Government                                   | 1,168,257                    | 4,063,476                     | 2,087,055                           | 7,318,788                      |
| Total Revenues                                       | <u>\$ 26,092,857</u>         | <u>\$ 4,067,253</u>           | <u>\$ 2,520,740</u>                 | <u>\$ 32,680,850</u>           |
| <u>Expenditures</u>                                  |                              |                               |                                     |                                |
| Current:   |                              |                               |                                     |                                |
| Instruction  | \$ 14,919,306                | \$ 2,444,949                  | \$ 0                                | \$ 17,364,255                  |
| Support Services                                     | 9,798,548                    | 1,330,763                     | 0                                   | 11,129,311                     |
| Operation of Non-Instructional Services              | 734,907                      | 0                             | 2,528,155                           | 3,263,062                      |
| Capital Outlay                                       | 81,275                       | 0                             | 0                                   | 81,275                         |
| Debt Service:  |                              |                               |                                     |                                |
| Principal on Debt                                    | 349,078                      | 0                             | 0                                   | 349,078                        |
| Interest on Debt                                     | 75,725                       | 0                             | 0                                   | 75,725                         |
| Total Expenditures                                   | <u>\$ 25,958,839</u>         | <u>\$ 3,775,712</u>           | <u>\$ 2,528,155</u>                 | <u>\$ 32,262,706</u>           |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>\$ 134,018</u>            | <u>\$ 291,541</u>             | <u>\$ (7,415)</u>                   | <u>\$ 418,144</u>              |
| <u>Other Financing Sources (Uses)</u>                |                              |                               |                                     |                                |
| Insurance Recovery                                   | \$ 38,661                    | \$ 0                          | \$ 0                                | \$ 38,661                      |
| Transfers In   | 95,478                       | 0                             | 0                                   | 95,478                         |
| Transfers Out  | 0                            | (22,780)                      | (72,698)                            | (95,478)                       |
| Total Other Financing Sources (Uses)                 | <u>\$ 134,139</u>            | <u>\$ (22,780)</u>            | <u>\$ (72,698)</u>                  | <u>\$ 38,661</u>               |
| Net Change in Fund Balances                          | \$ 268,157                   | \$ 268,761                    | \$ (80,113)                         | \$ 456,805                     |
| Fund Balance, July 1, 2009                           | 1,102,049                    | 417,782                       | 717,813                             | 2,237,644                      |
| Prior Period Adjustment                              | 0                            | 0                             | 89,500                              | 89,500                         |
| Fund Balance, June 30, 2010                          | <u>\$ 1,370,206</u>          | <u>\$ 686,543</u>             | <u>\$ 727,200</u>                   | <u>\$ 2,783,949</u>            |

Exhibit I-5

Fayette County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Fayette County School Department  
For the Year Ended June 30, 2010

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)   |    | \$                 | 456,805             |
| (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  | \$ | 414,634            |                     |
| Less: current year depreciation expense  |    | <u>(1,182,650)</u> | (768,016)           |
| (2) 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, 2010   | \$ | 643,628            |                     |
| Less: deferred delinquent property taxes and other deferred June 30, 2009  |    | <u>(712,928)</u>   | (69,300)            |
| (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. |    |                    |                     |
| Add: principal payments on notes   | \$ | 125,000            |                     |
| Add: principal payments on capital leases  |    | <u>224,078</u>     | 349,078             |
| (4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.  |    |                    |                     |
| Change in accrued interest   | \$ | 4,471              |                     |
| Change in compensated absences payable   |    | (28,762)           |                     |
| Change in other postemployment benefits liability  |    | <u>(102,429)</u>   | (126,720)           |
| Change in net assets of governmental activities (Exhibit B)  |    |                    | <u>\$ (158,153)</u> |

Exhibit I-6

Fayette County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Fayette County School Department  
June 30, 2010

|                                       | Special<br>Revenue<br>Fund<br><u>Central<br/>Cafeteria</u> | Capital<br>Projects<br>Fund<br><u>Education<br/>Capital<br/>Projects</u> | Total<br>Nonmajor<br>Governmental<br>Funds |
|---------------------------------------|--|--|--|
| <u>ASSETS</u>                         |  |  |  |
| Equity in Pooled Cash and Investments | \$ 569,407   | \$ 7,618   | \$ 577,025                                 |
| Accounts Receivable                   | 2,922  | 0  | 2,922                                      |
| Due from Other Governments            | 122,749  | 0  | 122,749                                    |
| Cash Shortage                         | 28,130   | 0  | 28,130                                     |
|                                       | <hr/>  |  | <hr/>                                      |
| Total Assets                          | \$ 723,208   | \$ 7,618   | \$ 730,826                                 |
| <u>LIABILITIES AND FUND BALANCES</u>  |  |  |  |
| <u>Liabilities</u>                    |  |  |  |
| Accounts Payable                      | \$ 196   | \$ 0   | \$ 196                                     |
| Accrued Payroll                       | 1,551  | 0  | 1,551                                      |
| Payroll Deductions Payable            | 879  | 0  | 879  |
| Contracts Payable                     | 1,000  | 0  | 1,000                                      |
| Total Liabilities                     | <hr/> \$ 3,626   | <hr/> \$ 0   | <hr/> \$ 3,626                             |
| <u>Fund Balances</u>                  |  |  |  |
| Unreserved                            | \$ 719,582   | \$ 7,618   | \$ 727,200                                 |
| Total Fund Balances                   | <hr/> \$ 719,582   | <hr/> \$ 7,618   | <hr/> \$ 727,200                           |
| Total Liabilities and Fund Balances   | <hr/> \$ 723,208   | <hr/> \$ 7,618   | <hr/> \$ 730,826                           |

## 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, 2010

|  | Special<br>Revenue<br>Fund<br><u>Central<br/>Cafeteria</u> | Capital<br>Projects<br>Fund<br><u>Education<br/>Capital<br/>Projects</u> | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|--|--|--|
| <u>Revenues</u>                                      |  |  |  |
| Charges for Current Services                         | \$ 375,607   | \$ 0   | \$ 375,607                                 |
| Other Local Revenues                                 | 34,103   | 0  | 34,103                                     |
| State of Tennessee                                   | 23,975   | 0  | 23,975                                     |
| Federal Government                                   | 2,087,055  | 0  | 2,087,055                                  |
| Total Revenues                                       | <u>\$ 2,520,740</u>  | <u>\$ 0</u>  | <u>\$ 2,520,740</u>                        |
| <u>Expenditures</u>                                  |  |  |  |
| Current:   |  |  |  |
| Operation of Non-Instructional Services              | \$ 2,528,155   | \$ 0   | \$ 2,528,155                               |
| Total Expenditures                                   | <u>\$ 2,528,155</u>  | <u>\$ 0</u>  | <u>\$ 2,528,155</u>                        |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>\$ (7,415)</u>  | <u>\$ 0</u>  | <u>\$ (7,415)</u>                          |
| <u>Other Financing Sources (Uses)</u>                |  |  |  |
| Transfers Out  | \$ (72,698)  | \$ 0   | \$ (72,698)                                |
| Total Other Financing Sources (Uses)                 | <u>\$ (72,698)</u>   | <u>\$ 0</u>  | <u>\$ (72,698)</u>                         |
| Net Change in Fund Balances                          | \$ (80,113)  | \$ 0   | \$ (80,113)                                |
| Fund Balance, July 1, 2009                           | 710,195  | 7,618  | 717,813                                    |
| Prior Period Adjustment                              | 89,500   | 0  | 89,500                                     |
| Fund Balance, June 30, 2010                          | <u>\$ 719,582</u>  | <u>\$ 7,618</u>  | <u>\$ 727,200</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, 2010

|                              | Actual<br>(GAAP<br>Basis) | Less:<br>Encumbrances<br>7/1/2009 | Add:<br>Encumbrances<br>6/30/2010 | Actual<br>Revenues/<br>Expenditures<br>(Budgetary<br>Basis) | Budgeted Amounts     |                      | Variance<br>with Final<br>Budget -<br>Positive<br>Negative |
|------------------------------|---------------------------|-----------------------------------|-----------------------------------|---|----------------------|----------------------|--|
|                              |                           |                                   |                                   |   | Original             | Final                |  |
| <b>Revenues</b>              |                           |                                   |                                   |   |                      |                      |  |
| Local Taxes                  | \$ 8,561,401              | \$ 0                              | \$ 0                              | \$ 8,561,401  | \$ 8,777,166         | \$ 8,777,166         | \$ (215,765)   |
| Licenses and Permits         | 2,862                     | 0                                 | 0                                 | 2,862   | 3,000                | 3,000                | (138)  |
| Charges for Current Services | 56,149                    | 0                                 | 0                                 | 56,149  | 61,807               | 61,807               | (5,658)  |
| Other Local Revenues         | 84,322                    | 0                                 | 0                                 | 84,322  | 44,450               | 88,315               | (3,993)  |
| State of Tennessee           | 16,219,866                | 0                                 | 0                                 | 16,219,866  | 16,217,382           | 16,303,820           | (83,954)   |
| Federal Government           | 1,168,257                 | 0                                 | 0                                 | 1,168,257   | 1,231,040            | 1,218,604            | (50,347)   |
| <b>Total Revenues</b>        | <b>\$ 26,092,857</b>      | <b>\$ 0</b>                       | <b>\$ 0</b>                       | <b>\$ 26,092,857</b>  | <b>\$ 26,334,845</b> | <b>\$ 26,452,712</b> | <b>\$ (359,855)</b>  |
| <b>Expenditures</b>          |                           |                                   |                                   |   |                      |                      |  |
| <b>Instruction</b>           |                           |                                   |                                   |   |                      |                      |  |
| Regular Instruction Program  | \$ 12,238,400             | \$ 0                              | \$ 0                              | \$ 12,238,400   | \$ 11,874,898        | \$ 12,282,696        | \$ 44,296  |
| Special Education Program    | 1,801,556                 | 0                                 | 0                                 | 1,801,556   | 1,904,367            | 1,828,301            | 26,745   |
| Vocational Education Program | 848,899                   | 0                                 | 0                                 | 848,899   | 889,357              | 855,639              | 6,740  |
| Adult Education Program      | 30,451                    | 0                                 | 0                                 | 30,451  | 25,750               | 34,200               | 3,749  |
| <b>Support Services</b>      |                           |                                   |                                   |   |                      |                      |  |
| Attendance                   | 92,221                    | 0                                 | 0                                 | 92,221  | 94,903               | 94,903               | 2,682  |
| Health Services              | 168,659                   | 0                                 | 556                               | 169,215   | 173,106              | 173,106              | 3,891  |
| Other Student Support        | 537,495                   | 0                                 | 0                                 | 537,495   | 536,073              | 540,173              | 2,678  |
| Regular Instruction Program  | 917,239                   | 0                                 | 0                                 | 917,239   | 1,036,718            | 987,303              | 70,064   |
| Special Education Program    | 327,388                   | 0                                 | 0                                 | 327,388   | 327,077              | 335,077              | 7,689  |
| Vocational Education Program | 605,539                   | 0                                 | 0                                 | 605,539   | 664,530              | 662,854              | 57,315   |
| Adult Programs               | 416,419                   | 0                                 | 0                                 | 416,419   | 461,617              | 441,767              | 25,348   |
| Other Programs               | 74,238                    | 0                                 | 0                                 | 74,238  | 0                    | 74,238               | 0  |
| Board of Education           | 603,984                   | 0                                 | 0                                 | 603,984   | 543,809              | 589,023              | (14,961)   |

(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<br>(GAAP<br>Basis) | Less:<br>Encumbrances<br>7/1/2009 | Add:<br>Encumbrances<br>6/30/2010 | Actual<br>Revenues/<br>Expenditures<br>(Budgetary<br>Basis) | Budgeted Amounts |              | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|--------------|--|
|  |                           |                                   |                                   |   | Original         | Final        |  |
| <u>Expenditures (Cont.)</u>                              |                           |                                   |                                   |   |                  |              |  |
| <u>Support Services (Cont.)</u>                          |                           |                                   |                                   |   |                  |              |  |
| Director of Schools                                      | \$ 296,642                | \$ (660)                          | \$ 0                              | \$ 295,982  | \$ 251,382       | \$ 310,015   | \$ 14,033  |
| Office of the Principal                                  | 1,278,071                 | 0                                 | 0                                 | 1,278,071   | 1,327,415        | 1,310,525    | 32,454   |
| Fiscal Services  | 216,093                   | (1,869)                           | 0                                 | 214,224   | 201,881          | 217,614      | 3,390  |
| Operation of Plant                                       | 1,559,833                 | 0                                 | 0                                 | 1,559,833   | 1,730,751        | 1,683,938    | 124,105  |
| Maintenance of Plant                                     | 575,348                   | (2,847)                           | 4,466                             | 576,967   | 600,230          | 584,230      | 7,263  |
| Transportation   | 1,926,115                 | 0                                 | 0                                 | 1,926,115   | 2,262,252        | 2,111,518    | 185,403  |
| Central and Other  | 203,264                   | 0                                 | 0                                 | 203,264   | 195,252          | 207,452      | 4,188  |
| <u>Operation of Non-Instructional Services</u>           |                           |                                   |                                   |   |                  |              |  |
| Community Services                                       | 51,048                    | 0                                 | 0                                 | 51,048  | 62,257           | 62,257       | 11,209   |
| Early Childhood Education                                | 683,859                   | (8,697)                           | 49,932                            | 725,094   | 802,718          | 802,718      | 77,624   |
| <u>Capital Outlay</u>                                    |                           |                                   |                                   |   |                  |              |  |
| Regular Capital Outlay                                   | 81,275                    | 0                                 | 0                                 | 81,275  | 141,000          | 321,628      | 240,353  |
| Principal on Debt  | 349,078                   | 0                                 | 0                                 | 349,078   | 349,079          | 349,079      | 1  |
| Education  | 75,725                    | 0                                 | 0                                 | 75,725  | 89,649           | 77,096       | 1,371  |
| Interest on Debt   | 25,958,839                | (14,073)                          | 54,954                            | 25,999,720  | 26,546,071       | 26,937,350   | 937,630  |
| Total Expenditures                                       | \$ 134,018                | \$ 14,073                         | \$ (54,954)                       | \$ 93,137   | \$ (211,226)     | \$ (484,638) | \$ 577,775   |
| Excess (Deficiency) of Revenues<br>Over Expenditures     |                           |                                   |                                   |   |                  |              |  |
| <u>Other Financing Sources (Uses)</u>                    |                           |                                   |                                   |   |                  |              |  |
| Insurance Recovery                                       | \$ 38,661                 | \$ 0                              | \$ 0                              | \$ 38,661   | \$ 0             | \$ 22,042    | \$ 16,619  |
| Transfers In   | 95,478                    | 0                                 | 0                                 | 95,478  | 159,202          | 159,202      | (63,724)   |
| Total Other Financing Sources (Uses)                     | \$ 134,139                | \$ 0                              | \$ 0                              | \$ 134,139  | \$ 159,202       | \$ 181,244   | \$ (47,105)  |
| Net Change in Fund Balance<br>Fund Balance, July 1, 2009 | \$ 268,157                | \$ 14,073                         | \$ (54,954)                       | \$ 227,276  | \$ (52,024)      | \$ (303,394) | \$ 530,670   |
| Fund Balance, July 1, 2009                               | 1,102,049                 | (14,073)                          | 0                                 | 1,087,976   | 1,045,279        | 1,045,279    | 42,697   |
| Fund Balance, June 30, 2010                              | \$ 1,370,206              | \$ 0                              | \$ (54,954)                       | \$ 1,315,252  | \$ 993,255       | \$ 741,885   | \$ 573,367   |

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, 2010

|  | Actual<br>(GAAP<br>Basis) | Less:<br>Encumbrances<br>7/1/2009 | Add:<br>Encumbrances<br>6/30/2010 | Actual<br>Revenues/<br>Expenditures<br>(Budgetary<br>Basis) | Budgeted Amounts |              | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|--------------|--|
|  |                           |                                   |                                   |   | Original         | Final        |  |
| <u>Revenues</u>                                      |                           |                                   |                                   |   |                  |              |  |
| Other Local Revenues                                 | \$ 3,777                  | \$ 0                              | \$ 0                              | \$ 3,777  | \$ 0             | \$ 0         | \$ 3,777   |
| Federal Government                                   | 4,063,476                 | 0                                 | 0                                 | 4,063,476   | 5,285,935        | 5,080,464    | (1,016,988)  |
| Total Revenues                                       | \$ 4,067,253              | \$ 0                              | \$ 0                              | \$ 4,067,253  | \$ 5,285,935     | \$ 5,080,464 | \$ (1,013,211)   |
| <u>Expenditures</u>                                  |                           |                                   |                                   |   |                  |              |  |
| <u>Instruction</u>                                   |                           |                                   |                                   |   |                  |              |  |
| Regular Instruction Program                          | \$ 1,392,727              | \$ (16,632)                       | \$ 0                              | \$ 1,376,095  | \$ 1,776,714     | \$ 1,730,423 | \$ 354,328   |
| Special Education Program                            | 970,806                   | 0                                 | 0                                 | 970,806   | 1,545,693        | 1,611,354    | 640,548  |
| Vocational Education Program                         | 81,416                    | 0                                 | 0                                 | 81,416  | 71,948           | 81,416       | 0  |
| <u>Support Services</u>                              |                           |                                   |                                   |   |                  |              |  |
| Other Student Support                                | 45,461                    | 0                                 | 376                               | 45,837  | 395,135          | 387,293      | 341,456  |
| Regular Instruction Program                          | 722,893                   | 0                                 | 0                                 | 722,893   | 874,851          | 882,751      | 159,858  |
| Special Education Program                            | 343,996                   | 0                                 | 0                                 | 343,996   | 328,649          | 354,641      | 10,645   |
| Vocational Education Program                         | 2,750                     | 0                                 | 0                                 | 2,750   | 2,500            | 2,750        | 0  |
| Transportation                                       | 215,663                   | (161,916)                         | 0                                 | 53,747  | 320,470          | 59,860       | 6,113  |
| Total Expenditures                                   | \$ 3,775,712              | \$ (178,548)                      | \$ 376                            | \$ 3,597,540  | \$ 5,315,960     | \$ 5,110,488 | \$ 1,512,948   |
| Excess (Deficiency) of Revenues<br>Over Expenditures | \$ 291,541                | \$ 178,548                        | \$ (376)                          | \$ 469,713  | \$ (30,025)      | \$ (30,024)  | \$ 499,737   |
| <u>Other Financing Sources (Uses)</u>                |                           |                                   |                                   |   |                  |              |  |
| Transfers In   | 0                         | 0                                 | 0                                 | 0   | 218,330          | 218,330      | (218,330)  |
| Transfers Out  | (22,780)                  | 0                                 | 0                                 | (22,780)  | (318,946)        | (318,946)    | 296,166  |
| Total Other Financing Sources (Uses)                 | \$ (22,780)               | \$ 0                              | \$ 0                              | \$ (22,780)   | \$ (100,616)     | \$ (100,616) | \$ 77,836  |
| Net Change in Fund Balance                           | \$ 268,761                | \$ 178,548                        | \$ (376)                          | \$ 446,933  | \$ (130,641)     | \$ (130,640) | \$ 577,573   |
| Fund Balance, July 1, 2009                           | 417,782                   | (178,548)                         | 0                                 | 239,234   | 130,641          | 130,641      | 108,593  |
| Fund Balance, June 30, 2010                          | \$ 686,543                | \$ 0                              | \$ (376)                          | \$ 686,167  | \$ 0             | \$ 1         | \$ 686,166   |

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, 2010

|  | Actual              | Budgeted Amounts    |                     | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|--|
|  |                     | Original            | Final               |  |
| <u>Revenues</u>                                      |                     |                     |                     |  |
| Charges for Current Services                         | \$ 375,607          | \$ 471,000          | \$ 390,865          | \$ (15,258)  |
| Other Local Revenues                                 | 34,103              | 15,000              | 15,000              | 19,103   |
| State of Tennessee                                   | 23,975              | 24,000              | 23,975              | 0  |
| Federal Government                                   | 2,087,055           | 2,214,410           | 2,409,499           | (322,444)  |
| Total Revenues                                       | <u>\$ 2,520,740</u> | <u>\$ 2,724,410</u> | <u>\$ 2,839,339</u> | <u>\$ (318,599)</u>  |
| <u>Expenditures</u>                                  |                     |                     |                     |  |
| <u>Operation of Non-Instructional Services</u>       |                     |                     |                     |  |
| Food Service   | \$ 2,528,155        | \$ 2,714,410        | \$ 2,849,696        | \$ 321,541   |
| Total Expenditures                                   | <u>\$ 2,528,155</u> | <u>\$ 2,714,410</u> | <u>\$ 2,849,696</u> | <u>\$ 321,541</u>  |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>\$ (7,415)</u>   | <u>\$ 10,000</u>    | <u>\$ (10,357)</u>  | <u>\$ 2,942</u>  |
| <u>Other Financing Sources (Uses)</u>                |                     |                     |                     |  |
| Transfers Out  | \$ (72,698)         | \$ (10,000)         | \$ (71,000)         | \$ (1,698)   |
| Total Other Financing Sources (Uses)                 | <u>\$ (72,698)</u>  | <u>\$ (10,000)</u>  | <u>\$ (71,000)</u>  | <u>\$ (1,698)</u>  |
| Net Change in Fund Balance                           | \$ (80,113)         | \$ 0                | \$ (81,357)         | \$ 1,244   |
| Fund Balance, July 1, 2009                           | 710,195             | 710,195             | 710,195             | 0  |
| Prior Period Adjustment                              | 89,500              | 0                   | 0                   | 89,500   |
| Fund Balance, June 30, 2010                          | <u>\$ 719,582</u>   | <u>\$ 710,195</u>   | <u>\$ 628,838</u>   | <u>\$ 90,744</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, 2010

| Description of Indebtedness                | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 7-1-09 | Issued During Period | Paid and/or Matured During Period | Outstanding 6-30-10 |
|--|--------------------------|---------------|---------------|--------------------|--------------------|----------------------|-----------------------------------|---------------------|
| <b>PRIMARY GOVERNMENT</b>                  |                          |               |               |                    |                    |                      |                                   |                     |
| <b>NOTES PAYABLE</b>                       |                          |               |               |                    |                    |                      |                                   |                     |
| Payable through General Debt Service Fund  |                          |               |               |                    |                    |                      |                                   |                     |
| Criminal Justice Complex CON - Series 2007 | \$ 3,000,000             | 3.95%         | 8-24-07       | 6-28-10            | \$ 2,000,000       | \$ 0                 | \$ 2,000,000                      | \$ 0                |
| Capital Outlay Note, Series 2008           | 310,039                  | 3.39          | 9-16-08       | 5-19-10            | 120,389            | 0                    | 120,389                           | 0                   |
| Total Notes Payable                        |                          |               |               |                    | \$ 2,120,389       | \$ 0                 | \$ 2,120,389                      | \$ 0                |
| <b>CAPITAL LEASES PAYABLE</b>              |                          |               |               |                    |                    |                      |                                   |                     |
| Payable through Highway/Public Works Funds |                          |               |               |                    |                    |                      |                                   |                     |
| Mack Dump Truck                            | 89,415                   | 3.95          | 2-25-08       | 1-6-10             | \$ 60,778          | \$ 0                 | \$ 60,778                         | \$ 0                |
| International Lift Truck                   | 70,350                   | 3.45          | 11-25-08      | 11-25-11           | 57,234             | 0                    | 23,106                            | 34,128              |
| Mack Dump Truck                            | 88,000                   | 3.45          | 9-25-09       | 9-25-12            | 0                  | 88,000               | 0                                 | 88,000              |
| Total Capital Leases Payable               |                          |               |               |                    | \$ 118,012         | \$ 88,000            | \$ 83,884                         | \$ 122,128          |
| <b>BONDS PAYABLE</b>                       |                          |               |               |                    |                    |                      |                                   |                     |
| Payable through General Debt Service Fund  |                          |               |               |                    |                    |                      |                                   |                     |
| School Refunding Bonds, Series 2001        | 9,960,000                | 3 to 5        | 12-1-01       | 2-1-18             | \$ 8,825,000       | \$ 0                 | \$ 805,000                        | \$ 8,020,000        |
| 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             | 7,800,000          | 0                    | 150,000                           | 7,650,000           |
| General Obligation Bonds, Series 2006      | 4,950,000                | 3.5 to 4      | 11-28-06      | 4-1-29             | 4,455,000          | 0                    | 150,000                           | 4,305,000           |
| USDA Rural Development Bonds               | 600,000                  | 4.375         | 9-18-08       | 9-16-45            | 589,049            | 0                    | 10,951                            | 578,098             |
| Total Bonds Payable                        |                          |               |               |                    | \$ 23,879,049      | \$ 0                 | \$ 1,115,951                      | \$ 22,763,098       |

(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<br>Amount<br>of Issue | Interest<br>Rate | Date<br>of<br>Issue | Last<br>Maturity<br>Date | Outstanding<br>7-1-09 | Issued<br>During<br>Period | Paid and/or<br>Matured<br>During<br>Period | Outstanding<br>6-30-10 |
|---|--------------------------------|------------------|---------------------|--------------------------|-----------------------|----------------------------|--|------------------------|
| <u>DISCRETELY PRESENTED FAYETTE</u>         |                                |                  |                     |                          |                       |                            |  |                        |
| <u>COUNTY SCHOOL DEPARTMENT</u>             |                                |                  |                     |                          |                       |                            |  |                        |
| <u>NOTES PAYABLE</u>                        |                                |                  |                     |                          |                       |                            |  |                        |
| Payable through General Purpose School Fund |                                |                  |                     |                          |                       |                            |  |                        |
| School Capital Outlay Notes                 | \$ 1,080,000                   | 3.86%            | 9-16-08             | 6-01-16                  | \$ 965,000            | \$ 0                       | \$ 125,000                                 | \$ 840,000             |
| Total Notes Payable                         |                                |                  |                     |                          | \$ 965,000            | \$ 0                       | \$ 125,000                                 | \$ 840,000             |
| <u>CAPITAL LEASES PAYABLE</u>               |                                |                  |                     |                          |                       |                            |  |                        |
| Payable through General Purpose School Fund |                                |                  |                     |                          |                       |                            |  |                        |
| School Buses                                | 503,788                        | 4.64             | 9-15-05             | 9-15-09                  | \$ 105,510            | \$ 0                       | \$ 105,510                                 | \$ 0                   |
| School Buses                                | 199,842                        | 5.14             | 7-27-06             | 12-15-10                 | 83,375                | 0                          | 40,643                                     | 42,732                 |
| School Buses                                | 220,500                        | 5.07             | 8-14-07             | 8-1-12                   | 180,675               | 0                          | 41,875                                     | 138,800                |
| School Buses                                | 189,000                        | 4.64             | 9-25-07             | 9-24-12                  | 154,549               | 0                          | 36,050                                     | 118,499                |
| Total Capital Leases Payable                |                                |                  |                     |                          | \$ 524,109            | \$ 0                       | \$ 224,078                                 | \$ 300,031             |

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<br>Ending<br>June 30 | Capital Leases |          |            |
|---------------------------|----------------|----------|------------|
|                           | Principal      | Interest | Total      |
| 2011                      | \$ 52,245      | \$ 3,886 | \$ 56,131  |
| 2012                      | 39,533         | 2,092    | 41,625     |
| 2013                      | 30,350         | 1,064    | 31,414     |
| Total                     | \$ 122,128     | \$ 7,042 | \$ 129,170 |

| Year<br>Ending<br>June 30 | Bonds        |              |              |
|---------------------------|--------------|--------------|--------------|
|                           | Principal    | Interest     | Total        |
| 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    |
| 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       |

(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<br>Ending<br>June 30 | Bonds (Cont.) |              |               |
|---------------------------|---------------|--------------|---------------|
|                           | Principal     | Interest     | Total         |
| 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                      | 29,975        | 1,791        | 31,766        |
| Total                     | \$ 22,763,098 | \$ 9,340,758 | \$ 32,103,856 |

DISCRETELY PRESENTED FAYETTE  
COUNTY SCHOOL DEPARTMENT

| Year<br>Ending<br>June 30 | Notes      |            |            |
|---------------------------|------------|------------|------------|
|                           | Principal  | Interest   | Total      |
| 2011                      | \$ 130,000 | \$ 32,874  | \$ 162,874 |
| 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                     | \$ 840,000 | \$ 116,520 | \$ 956,520 |

| Year<br>Ending<br>June 30 | Capital Leases |           |            |
|---------------------------|----------------|-----------|------------|
|                           | Principal      | Interest  | Total      |
| 2011                      | \$ 124,452     | \$ 14,732 | \$ 139,184 |
| 2012                      | 85,702         | 8,554     | 94,256     |
| 2013                      | 89,877         | 4,379     | 94,256     |
| Total                     | \$ 300,031     | \$ 27,665 | \$ 327,696 |

Exhibit J-3

Fayette County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Fayette County School Department  
For the Year Ended June 30, 2010

| <u>From Fund</u>  | <u>To Fund</u>         | <u>Purpose</u>  | <u>Amount</u>       |
|---|------------------------|-----------------|---------------------|
| <u>PRIMARY GOVERNMENT</u>   |                        |                 |                     |
| General   | General Debt Service   | Debt retirement | \$ 739,422          |
| Adequate Facilities/Development Tax                                   | General Debt Service   | Debt retirement | 855,000             |
| Total Transfers Primary Government                                    |                        |                 | <u>\$ 1,594,422</u> |
| <u>DISCRETELY PRESENTED FAYETTE COUNTY SCHOOL DEPARTMENT</u>          |                        |                 |                     |
| School Federal Projects   | General Purpose School | Indirect costs  | \$ 22,780           |
| Central Cafeteria   | General Purpose School | Indirect costs  | 72,698              |
| Total Transfers Discretely Presented Fayette County School Department |                        |                 | <u>\$ 95,478</u>    |

Exhibit J-4

Fayette County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Fayette County School Department  
For the Year Ended June 30, 2010

| Official                                  | Authorization for Salary   | Salary Paid During Period | Bond      | Surety                                 |
|---|--|---------------------------|-----------|--|
| County Mayor                              | Section 8-24-102, <u>TCA</u>                                       | \$ 83,522                 | \$ 50,000 | Western Surety Company                 |
| Public Works Superintendent               | Chapter 234, Private Acts of 1974 and Section 8-24-102, <u>TCA</u> | 75,371                    | 100,000   | "                                      |
| Director of Schools:                      |  |                           |           |  |
| Myles Wilson (7-1-09 through 12-3-09)     | State Board of Education and County Board of Education             | 46,086                    | 100,000   | "                                      |
| Louise Holloway (12-4-09 through 6-13-10) | State Board of Education and County Board of Education             | 54,121                    | 150,000   | Tennessee Risk Management Trust        |
| Dr. Cedric Gray (6-14-10 through 6-30-10) | State Board of Education and County Board of Education             | 5,250                     | 150,000   | Tennessee Risk Management Trust        |
| Trustee                                   | Section 8-24-102, <u>TCA</u>                                       | 68,581                    | 1,014,000 | Western Surety Company                 |
| Assessor of Property                      | Section 8-24-102, <u>TCA</u>                                       | 68,581                    | 10,000    | "                                      |
| County Clerk                              | Section 8-24-102, <u>TCA</u>                                       | 67,081                    | 50,000    | "                                      |
| Circuit Court Clerk                       | Section 8-24-102, <u>TCA</u>                                       | 67,081                    | 50,000    | "                                      |
| Clerk and Master                          | Section 8-24-102, <u>TCA</u>                                       | 67,081                    | 100,000   | "                                      |
| Register                                  | Section 8-24-102, <u>TCA</u>                                       | 67,081                    | 25,000    | "                                      |
| Sheriff                                   | Section 8-24-102, <u>TCA</u>                                       | 78,716                    | 25,000    | "                                      |
| Employees Blanket Bond:                   |  |                           |           |  |
| Office:                                   |  |                           |           |  |
| County Mayor:                             |  |                           |           |  |
| All Employees                             |  |                           | 150,000   | Local Government Property and Casualty |
| Public Works Superintendent:              |  |                           |           |  |
| All Employees                             |  |                           | 150,000   | "                                      |
| Director of Schools:                      |  |                           |           |  |
| All Employees                             |  |                           | 150,000   | Tennessee Risk Management Trust        |

- (1) Includes certified public administrator supplement of \$1,500.
- (2) Does not include contract buy out payments of \$60,899.
- (3) Does not include special commissioner fees of \$5,755.
- (4) Includes a law enforcement training supplement of \$600.

Fayette County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2010

|  | Special Revenue Funds |                          |              |                                      |                                |                        |
|--|-----------------------|--------------------------|--------------|--------------------------------------|--------------------------------|------------------------|
|  | General               | Solid Waste / Sanitation | Drug Control | Adequate Facilities/ Development Tax | Constitutional Officers - Fees | Highway / Public Works |
| <u>Local Taxes</u>                               |                       |                          |              |                                      |                                |                        |
| <u>County Property Taxes</u>                     |                       |                          |              |                                      |                                |                        |
| Current Property Tax                             | \$ 6,367,000          | \$ 0                     | \$ 0         | \$ 0                                 | \$ 0                           | \$ 615,337             |
| Trustee's Collections - Prior Year               | 210,900               | 0                        | 0            | 0                                    | 0                              | 25,646                 |
| Circuit/Clerk & Master Collections - Prior Years | 98,498                | 0                        | 0            | 0                                    | 0                              | 11,126                 |
| Interest and Penalty                             | 42,805                | 0                        | 0            | 0                                    | 0                              | 4,286                  |
| Pick-up Taxes                                    | 102                   | 0                        | 0            | 0                                    | 0                              | 10                     |
| Payments in-Lieu-of Taxes - Local Utilities      | 4,309                 | 0                        | 0            | 0                                    | 0                              | 416                    |
| Payments in-Lieu-of Taxes - Other                | 17,067                | 0                        | 0            | 0                                    | 0                              | 2,342                  |
| <u>County Local Option Taxes</u>                 |                       |                          |              |                                      |                                |                        |
| Local Option Sales Tax                           | 0                     | 0                        | 0            | 0                                    | 0                              | 452,062                |
| Hotel/Motel Tax                                  | 5,273                 | 0                        | 0            | 0                                    | 0                              | 0                      |
| Wheel Tax  | 193,256               | 0                        | 0            | 0                                    | 0                              | 771,654                |
| Litigation Tax - General                         | 101,863               | 0                        | 0            | 0                                    | 0                              | 0                      |
| Litigation Tax - Jail, Workhouse, or Courthouse  | 56,023                | 0                        | 0            | 0                                    | 0                              | 0                      |
| Business Tax                                     | 167,329               | 0                        | 0            | 0                                    | 0                              | 0                      |
| Adequate Facilities/Development Tax              | 0                     | 0                        | 0            | 237,083                              | 0                              | 0                      |
| <u>Statutory Local Taxes</u>                     |                       |                          |              |                                      |                                |                        |
| Bank Excise Tax                                  | 74,401                | 0                        | 0            | 0                                    | 0                              | 0                      |
| Wholesale Beer Tax                               | 103,731               | 0                        | 0            | 0                                    | 0                              | 0                      |
| Interstate Telecommunications Tax                | 1,690                 | 0                        | 0            | 0                                    | 0                              | 0                      |
| <b>Total Local Taxes</b>                         | <b>\$ 7,444,247</b>   | <b>\$ 0</b>              | <b>\$ 0</b>  | <b>\$ 237,083</b>                    | <b>\$ 0</b>                    | <b>\$ 1,882,879</b>    |
| <u>Licenses and Permits</u>                      |                       |                          |              |                                      |                                |                        |
| <u>Licenses</u>                                  |                       |                          |              |                                      |                                |                        |
| Animal Registration                              | \$ 11,890             | \$ 0                     | \$ 0         | \$ 0                                 | \$ 0                           | \$ 0                   |
| Cable TV Franchise                               | 127,876               | 0                        | 0            | 0                                    | 0                              | 0                      |
| <u>Permits</u>                                   |                       |                          |              |                                      |                                |                        |
| Beer Permits                                     | 570                   | 0                        | 0            | 0                                    | 0                              | 0                      |
| Building Permits                                 | 44,674                | 0                        | 0            | 0                                    | 0                              | 0                      |
| <b>Total Licenses and Permits</b>                | <b>\$ 185,010</b>     | <b>\$ 0</b>              | <b>\$ 0</b>  | <b>\$ 0</b>                          | <b>\$ 0</b>                    | <b>\$ 0</b>            |

(Continued)

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

|  | Special Revenue Funds |                          |              |                                      |                                |                        |
|--|-----------------------|--------------------------|--------------|--------------------------------------|--------------------------------|------------------------|
|  | General               | Solid Waste / Sanitation | Drug Control | Adequate Facilities/ Development Tax | Constitutional Officers - Fees | Highway / Public Works |
| <u>Fines, Forfeitures, and Penalties</u>       |                       |                          |              |                                      |                                |                        |
| <u>Circuit Court</u>                           |                       |                          |              |                                      |                                |                        |
| Fines  | \$ 9,084              | \$ 0                     | \$ 0         | \$ 0                                 | \$ 0                           | \$ 0                   |
| Officers Costs                                 | 12,792                | 0                        | 0            | 0                                    | 0                              | 0                      |
| Drug Control Fines                             | 12,801                | 0                        | 0            | 0                                    | 0                              | 0                      |
| Drug Court Fees                                | 1,194                 | 0                        | 0            | 0                                    | 0                              | 0                      |
| Jail Fees                                      | 1,046                 | 0                        | 0            | 0                                    | 0                              | 0                      |
| DUI Treatment Fines                            | 1,694                 | 0                        | 0            | 0                                    | 0                              | 0                      |
| Data Entry Fee - Circuit Court Criminal Court  | 866                   | 0                        | 0            | 0                                    | 0                              | 0                      |
| Drug Control Fines                             | 0                     | 0                        | 16,375       | 0                                    | 0                              | 0                      |
| <u>General Sessions Court</u>                  |                       |                          |              |                                      |                                |                        |
| Fines  | 28,986                | 0                        | 0            | 0                                    | 0                              | 0                      |
| Officers Costs                                 | 29,197                | 0                        | 0            | 0                                    | 0                              | 0                      |
| Game and Fish Fines                            | 679                   | 0                        | 0            | 0                                    | 0                              | 0                      |
| Drug Control Fines                             | 5,528                 | 0                        | 6,164        | 0                                    | 0                              | 0                      |
| Drug Court Fees                                | 2,566                 | 0                        | 0            | 0                                    | 0                              | 0                      |
| Jail Fees                                      | 4,033                 | 0                        | 0            | 0                                    | 0                              | 0                      |
| DUI Treatment Fines                            | 10,223                | 0                        | 0            | 0                                    | 0                              | 0                      |
| Data Entry Fee - General Sessions Court        | 3,544                 | 0                        | 0            | 0                                    | 0                              | 0                      |
| Courtroom Security Fee                         | 514                   | 0                        | 0            | 0                                    | 0                              | 0                      |
| <u>Juvenile Court</u>                          |                       |                          |              |                                      |                                |                        |
| Fines  | 5                     | 0                        | 0            | 0                                    | 0                              | 0                      |
| Officers Costs                                 | 1,083                 | 0                        | 0            | 0                                    | 0                              | 0                      |
| <u>Chancery Court</u>                          |                       |                          |              |                                      |                                |                        |
| Officers Costs                                 | 1,663                 | 0                        | 0            | 0                                    | 0                              | 0                      |
| Data Entry Fee - Chancery Court                | 718                   | 0                        | 0            | 0                                    | 0                              | 0                      |
| <u>Other Fines, Forfeitures, and Penalties</u> |                       |                          |              |                                      |                                |                        |
| Proceeds from Confiscated Property             | 0                     | 0                        | 35,685       | 0                                    | 0                              | 0                      |
| Total Fines, Forfeitures, and Penalties        | \$ 128,216            | \$ 0                     | \$ 58,224    | \$ 0                                 | \$ 0                           | \$ 0                   |

(Continued)

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

|   | Special Revenue Funds |                          |              |                                      |                                |                        |
|---|-----------------------|--------------------------|--------------|--------------------------------------|--------------------------------|------------------------|
|   | General               | Solid Waste / Sanitation | Drug Control | Adequate Facilities/ Development Tax | Constitutional Officers - Fees | Highway / Public Works |
| <u>Charges for Current Services</u>           |                       |                          |              |                                      |                                |                        |
| <u>General Service Charges</u>                |                       |                          |              |                                      |                                |                        |
| Residential Waste Collection Charge           | \$ 5,683              | \$ 0                     | \$ 0         | \$ 0                                 | \$ 0                           | \$ 0                   |
| Solid Waste Disposal Fees                     | 0                     | 344,425                  | 0            | 0                                    | 0                              | 0                      |
| Patient Charges                               | 951,007               | 0                        | 0            | 0                                    | 0                              | 0                      |
| Service Charges                               | 240                   | 0                        | 0            | 0                                    | 0                              | 0                      |
| <u>Fees</u>                                   |                       |                          |              |                                      |                                |                        |
| Airport Fees                                  | 76,014                | 0                        | 0            | 0                                    | 0                              | 0                      |
| Copy Fees                                     | 128                   | 0                        | 0            | 0                                    | 0                              | 0                      |
| Library Fees                                  | 8,065                 | 0                        | 0            | 0                                    | 0                              | 0                      |
| Greenbelt Late Application Fee                | 450                   | 0                        | 0            | 0                                    | 0                              | 0                      |
| Telephone Commissions                         | 47,051                | 0                        | 0            | 0                                    | 0                              | 0                      |
| Vending Machine Collections                   | 551                   | 0                        | 0            | 0                                    | 0                              | 0                      |
| Constitutional Officers' Fees and Commissions | 0                     | 0                        | 0            | 0                                    | 143,011                        | 0                      |
| Special Commissioner Fees/Special Master Fees | 0                     | 0                        | 0            | 0                                    | 5,755                          | 0                      |
| Data Processing Fee - Register                | 14,038                | 0                        | 0            | 0                                    | 0                              | 0                      |
| Data Processing Fee - Sheriff                 | 2,430                 | 0                        | 0            | 0                                    | 0                              | 0                      |
| Sexual Offender Registration Fees - Sheriff   | 2,300                 | 0                        | 0            | 0                                    | 0                              | 0                      |
| Data Processing Fee - County Clerk            | 2,032                 | 0                        | 0            | 0                                    | 0                              | 0                      |
| <u>Other Charges for Services</u>             |                       |                          |              |                                      |                                |                        |
| Other Charges for Services                    | 10,575                | 0                        | 0            | 0                                    | 0                              | 0                      |
| <b>Total Charges for Current Services</b>     | <b>\$ 1,120,564</b>   | <b>\$ 344,425</b>        | <b>\$ 0</b>  | <b>\$ 0</b>                          | <b>\$ 148,766</b>              | <b>\$ 0</b>            |
| <u>Other Local Revenues</u>                   |                       |                          |              |                                      |                                |                        |
| <u>Recurring Items</u>                        |                       |                          |              |                                      |                                |                        |
| Investment Income                             | \$ 0                  | \$ 320,898               | \$ 0         | \$ 0                                 | \$ 0                           | \$ 0                   |
| Lease/Rentals                                 | 13,102                | 0                        | 0            | 0                                    | 0                              | 0                      |
| Sale of Materials and Supplies                | 2,743                 | 0                        | 0            | 0                                    | 0                              | 0                      |
| Commissary Sales                              | 13,185                | 0                        | 0            | 0                                    | 0                              | 0                      |
| Sale of Gasoline                              | 125,545               | 0                        | 0            | 0                                    | 0                              | 0                      |
| Sale of Recycled Materials                    | 0                     | 107,843                  | 0            | 0                                    | 0                              | 0                      |
| Miscellaneous Refunds                         | 92,991                | 4,385                    | 0            | 0                                    | 0                              | 4,029                  |

(Continued)

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

|  | Special Revenue Funds |                          |              |                                      |                                |                        |
|--|-----------------------|--------------------------|--------------|--------------------------------------|--------------------------------|------------------------|
|  | General               | Solid Waste / Sanitation | Drug Control | Adequate Facilities/ Development Tax | Constitutional Officers - Fees | Highway / Public Works |
| <u>Other Local Revenues (Cont.)</u>        |                       |                          |              |                                      |                                |                        |
| <u>Nonrecurring Items</u>                  |                       |                          |              |                                      |                                |                        |
| Sale of Equipment                          | 4,870                 | 0                        | 0            | 0                                    | 0                              | 53,855                 |
| Contributions and Gifts                    | 582                   | 0                        | 0            | 0                                    | 0                              | 14,400                 |
| Performance Bond Forfeitures               | 0                     | 0                        | 0            | 0                                    | 0                              | 100,000                |
| <u>Other Local Revenues</u>                |                       |                          |              |                                      |                                |                        |
| Other Local Revenues                       | 75,343                | 0                        | 0            | 0                                    | 0                              | 0                      |
| Total Other Local Revenues                 | \$ 328,361            | \$ 433,126               | \$ 0         | \$ 0                                 | \$ 0                           | \$ 172,284             |
| <u>Fees Received from County Officials</u> |                       |                          |              |                                      |                                |                        |
| <u>Excess Fees</u>                         |                       |                          |              |                                      |                                |                        |
| Register                                   | 58,000                | 0                        | 0            | 0                                    | 0                              | 0                      |
| <u>Fees in-Lieu-of Salary</u>              |                       |                          |              |                                      |                                |                        |
| County Clerk                               | 311,284               | 0                        | 0            | 0                                    | 0                              | 0                      |
| Circuit Court Clerk                        | 107,634               | 0                        | 0            | 0                                    | 0                              | 0                      |
| General Sessions Court Clerk               | 103,620               | 0                        | 0            | 0                                    | 0                              | 0                      |
| Clerk and Master                           | 146,709               | 0                        | 0            | 0                                    | 0                              | 0                      |
| Juvenile Court Clerk                       | 34,307                | 0                        | 0            | 0                                    | 0                              | 0                      |
| Sheriff                                    | 25,744                | 0                        | 0            | 0                                    | 0                              | 0                      |
| Trustee                                    | 532,701               | 0                        | 0            | 0                                    | 0                              | 0                      |
| Total Fees Received from County Officials  | \$ 1,319,999          | \$ 0                     | \$ 0         | \$ 0                                 | \$ 0                           | \$ 0                   |
| <u>State of Tennessee</u>                  |                       |                          |              |                                      |                                |                        |
| <u>General Government Grants</u>           |                       |                          |              |                                      |                                |                        |
| Airport Maintenance Program                | 13,000                | 0                        | 0            | 0                                    | 0                              | 0                      |
| State Reappraisal Grant                    | 11,176                | 0                        | 0            | 0                                    | 0                              | 0                      |
| Solid Waste Grants                         | 0                     | 13,721                   | 0            | 0                                    | 0                              | 0                      |
| Public Safety Grants                       |                       |                          |              |                                      |                                |                        |
| Law Enforcement Training Programs          | 21,600                | 0                        | 0            | 0                                    | 0                              | 0                      |
| Other Public Safety Grants                 | 13,781                | 0                        | 0            | 0                                    | 0                              | 0                      |
| <u>Health and Welfare Grants</u>           |                       |                          |              |                                      |                                |                        |
| Health Department Programs                 | 284,450               | 0                        | 0            | 0                                    | 0                              | 0                      |

(Continued)

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

|  | Special Revenue Funds |                            |              |                                      |                                |                        |
|--|-----------------------|----------------------------|--------------|--------------------------------------|--------------------------------|------------------------|
|  | General               | Solid Waste / Sanitization | Drug Control | Adequate Facilities/ Development Tax | Constitutional Officers - Fees | Highway / Public Works |
| <u>State of Tennessee (Cont.)</u>            |                       |                            |              |                                      |                                |                        |
| <u>Public Works Grants</u>                   |                       |                            |              |                                      |                                |                        |
| State Aid Program                            | \$ 0                  | \$ 0                       | \$ 0         | \$ 0                                 | \$ 0                           | \$ 118,693             |
| Litter Program                               | 32,329                | 0                          | 0            | 0                                    | 0                              | 0                      |
| <u>Other State Revenues</u>                  |                       |                            |              |                                      |                                |                        |
| Beer Tax                                     | 17,778                | 0                          | 0            | 0                                    | 0                              | 0                      |
| Alcoholic Beverage Tax                       | 61,265                | 0                          | 0            | 0                                    | 0                              | 0                      |
| Mixed Drink Tax                              | 624                   | 0                          | 0            | 0                                    | 0                              | 0                      |
| State Revenue Sharing - T.V.A.               | 831,587               | 0                          | 0            | 0                                    | 0                              | 0                      |
| Contracted Prisoner Boarding                 | 567,989               | 0                          | 0            | 0                                    | 0                              | 0                      |
| Gasoline and Motor Fuel Tax                  | 0                     | 0                          | 0            | 0                                    | 0                              | 0                      |
| Petroleum Special Tax                        | 0                     | 0                          | 0            | 0                                    | 0                              | 1,958,350              |
| Registrar's Salary Supplement                | 16,380                | 0                          | 0            | 0                                    | 0                              | 23,126                 |
| Other State Grants                           | 56,037                | 0                          | 0            | 0                                    | 0                              | 0                      |
| Other State Revenues                         | 9,473                 | 0                          | 0            | 0                                    | 0                              | 0                      |
| Total State of Tennessee                     | \$ 1,937,469          | \$ 13,721                  | \$ 0         | \$ 0                                 | \$ 0                           | \$ 2,100,169           |
| <u>Federal Government</u>                    |                       |                            |              |                                      |                                |                        |
| <u>Federal Through State</u>                 |                       |                            |              |                                      |                                |                        |
| Community Development                        | \$ 0                  | \$ 0                       | \$ 0         | \$ 0                                 | \$ 0                           | \$ 0                   |
| Civil Defense Reimbursement                  | 92,224                | 0                          | 0            | 0                                    | 0                              | 0                      |
| Disaster Relief                              | 10,020                | 0                          | 0            | 0                                    | 0                              | 20,998                 |
| Other Federal through State                  | 3,675                 | 0                          | 0            | 0                                    | 0                              | 0                      |
| <u>Direct Federal Revenue</u>                |                       |                            |              |                                      |                                |                        |
| ARRA Grant # 6                               | 39,215                | 0                          | 0            | 0                                    | 0                              | 0                      |
| ARRA Grant # 7                               | 48,652                | 0                          | 0            | 0                                    | 0                              | 0                      |
| Total Federal Government                     | \$ 193,786            | \$ 0                       | \$ 0         | \$ 0                                 | \$ 0                           | \$ 20,998              |
| <u>Other Governments and Citizens Groups</u> |                       |                            |              |                                      |                                |                        |
| <u>Other Governments</u>                     |                       |                            |              |                                      |                                |                        |
| Prisoner Board Contributions                 | \$ 217,653            | \$ 0                       | \$ 0         | \$ 0                                 | \$ 0                           | \$ 0                   |
|  | 8,500                 | 0                          | 0            | 0                                    | 0                              | 0                      |

(Continued)

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

|   | Special Revenue Funds |                          |              |                                      |                                |                        |
|---|-----------------------|--------------------------|--------------|--------------------------------------|--------------------------------|------------------------|
|   | General               | Solid Waste / Sanitation | Drug Control | Adequate Facilities/ Development Tax | Constitutional Officers - Fees | Highway / Public Works |
| Other Governments and Citizens Groups (Cont.) |                       |                          |              |                                      |                                |                        |
| Other Governments (Cont.)                     |                       |                          |              |                                      |                                |                        |
| Contracted Services                           | \$ 32,859             | \$ 0                     | \$ 0         | \$ 0                                 | \$ 0                           | \$ 0                   |
| Citizens Groups                               | 0                     | 0                        | 0            | 0                                    | 0                              | 0                      |
| Donations                                     |                       |                          |              |                                      |                                |                        |
| Other   | 2,255                 | 0                        | 0            | 0                                    | 0                              | 0                      |
| Total Other Governments and Citizens Groups   | \$ 261,267            | \$ 0                     | \$ 0         | \$ 0                                 | \$ 0                           | \$ 0                   |
| Total   | \$ 12,918,919         | \$ 791,272               | \$ 58,224    | \$ 237,083                           | \$ 148,766                     | \$ 4,176,330           |

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

|  | Debt Service Fund   | Capital Projects Funds |                                       |                    |                        | Total                |
|--|---------------------|------------------------|---------------------------------------|--------------------|------------------------|----------------------|
|  |                     | General Debt Service   | Community Development/Industrial Park | HUD Grant Projects | Other Capital Projects |                      |
| <u>Local Taxes</u>                               |                     |                        |                                       |                    |                        |                      |
| <u>County Property Taxes</u>                     |                     |                        |                                       |                    |                        |                      |
| Current Property Tax                             | \$ 515,530          | \$ 0                   | \$ 0                                  | \$ 0               | \$ 0                   | 7,497,867            |
| Trustee's Collections - Prior Year               | 18,712              | 0                      | 0                                     | 0                  | 0                      | 255,258              |
| Circuit/Clerk & Master Collections - Prior Years | 21,749              | 0                      | 0                                     | 0                  | 0                      | 131,373              |
| Interest and Penalty                             | 3,704               | 0                      | 0                                     | 0                  | 0                      | 50,795               |
| Pick-up Taxes                                    | 9                   | 0                      | 0                                     | 0                  | 0                      | 121                  |
| Payments in-Lieu-of Taxes - Local Utilities      | 349                 | 0                      | 0                                     | 0                  | 0                      | 5,074                |
| Payments in-Lieu-of Taxes - Other                | 3,040               | 0                      | 0                                     | 0                  | 0                      | 22,449               |
| <u>County Local Option Taxes</u>                 |                     |                        |                                       |                    |                        |                      |
| Local Option Sales Tax                           | 0                   | 0                      | 0                                     | 0                  | 0                      | 452,062              |
| Hotel/Motel Tax                                  | 0                   | 0                      | 0                                     | 0                  | 0                      | 5,273                |
| Wheel Tax  | 964,567             | 0                      | 0                                     | 0                  | 0                      | 1,929,477            |
| Litigation Tax - General                         | 0                   | 0                      | 0                                     | 0                  | 0                      | 101,863              |
| Litigation Tax - Jail, Workhouse, or Courthouse  | 0                   | 0                      | 0                                     | 0                  | 0                      | 56,023               |
| Business Tax                                     | 0                   | 0                      | 0                                     | 0                  | 0                      | 167,329              |
| Adequate Facilities/Development Tax              | 0                   | 0                      | 0                                     | 0                  | 0                      | 237,083              |
| <u>Statutory Local Taxes</u>                     |                     |                        |                                       |                    |                        |                      |
| Bank Excise Tax                                  | 0                   | 0                      | 0                                     | 0                  | 0                      | 74,401               |
| Wholesale Beer Tax                               | 0                   | 0                      | 0                                     | 0                  | 0                      | 103,731              |
| Interstate Telecommunications Tax                | 0                   | 0                      | 0                                     | 0                  | 0                      | 1,690                |
| <b>Total Local Taxes</b>                         | <b>\$ 1,527,660</b> | <b>\$ 0</b>            | <b>\$ 0</b>                           | <b>\$ 0</b>        | <b>\$ 0</b>            | <b>\$ 11,091,869</b> |
| <u>Licenses and Permits</u>                      |                     |                        |                                       |                    |                        |                      |
| <u>Licenses</u>                                  |                     |                        |                                       |                    |                        |                      |
| Animal Registration                              | \$ 0                | \$ 0                   | \$ 0                                  | \$ 0               | \$ 0                   | 11,890               |
| Cable TV Franchise                               | 0                   | 0                      | 0                                     | 0                  | 0                      | 127,876              |
| <u>Permits</u>                                   |                     |                        |                                       |                    |                        |                      |
| Beer Permits                                     | 0                   | 0                      | 0                                     | 0                  | 0                      | 570                  |
| Building Permits                                 | 0                   | 0                      | 0                                     | 0                  | 0                      | 44,674               |
| <b>Total Licenses and Permits</b>                | <b>\$ 0</b>         | <b>\$ 0</b>            | <b>\$ 0</b>                           | <b>\$ 0</b>        | <b>\$ 0</b>            | <b>\$ 185,010</b>    |

(Continued)

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

|  | Debt Service Fund | Capital Projects Funds |                                       |                    |                        | Total |
|--|-------------------|------------------------|---------------------------------------|--------------------|------------------------|-------|
|  |                   | General Debt Service   | Community Development/Industrial Park | HUD Grant Projects | Other Capital Projects |       |
| <u>Fines, Forfeitures, and Penalties</u>                       |                   |                        |                                       |                    |                        |       |
| <u>Circuit Court</u>   |                   |                        |                                       |                    |                        |       |
| Fines  | \$ 0              | \$ 0                   | \$ 0                                  | \$ 0               | \$ 9,084               |       |
| Officers Costs   | 0                 | 0                      | 0                                     | 0                  | 12,792                 |       |
| Drug Control Fines   | 0                 | 0                      | 0                                     | 0                  | 12,801                 |       |
| Drug Court Fees  | 0                 | 0                      | 0                                     | 0                  | 1,194                  |       |
| Jail Fees  | 0                 | 0                      | 0                                     | 0                  | 1,046                  |       |
| DUI Treatment Fines  | 0                 | 0                      | 0                                     | 0                  | 1,694                  |       |
| Data Entry Fee - Circuit Court Criminal Court                  | 0                 | 0                      | 0                                     | 0                  | 866                    |       |
| Drug Control Fines   | 0                 | 0                      | 0                                     | 0                  | 16,375                 |       |
| <u>General Sessions Court</u>                                  |                   |                        |                                       |                    |                        |       |
| Fines  | 0                 | 0                      | 0                                     | 0                  | 28,986                 |       |
| Officers Costs   | 0                 | 0                      | 0                                     | 0                  | 29,197                 |       |
| Game and Fish Fines  | 0                 | 0                      | 0                                     | 0                  | 679                    |       |
| Drug Control Fines   | 0                 | 0                      | 0                                     | 0                  | 11,692                 |       |
| Drug Court Fees  | 0                 | 0                      | 0                                     | 0                  | 2,566                  |       |
| Jail Fees  | 0                 | 0                      | 0                                     | 0                  | 4,033                  |       |
| DUI Treatment Fines  | 0                 | 0                      | 0                                     | 0                  | 10,223                 |       |
| Data Entry Fee - General Sessions Court Courtroom Security Fee | 0                 | 0                      | 0                                     | 0                  | 3,544                  |       |
| <u>Juvenile Court</u>  |                   |                        |                                       |                    |                        |       |
| Fines  | 0                 | 0                      | 0                                     | 0                  | 5                      |       |
| Officers Costs   | 0                 | 0                      | 0                                     | 0                  | 1,083                  |       |
| <u>Chancery Court</u>  |                   |                        |                                       |                    |                        |       |
| Officers Costs   | 0                 | 0                      | 0                                     | 0                  | 1,663                  |       |
| Data Entry Fee - Chancery Court                                | 0                 | 0                      | 0                                     | 0                  | 718                    |       |
| <u>Other Fines, Forfeitures, and Penalties</u>                 |                   |                        |                                       |                    |                        |       |
| Proceeds from Confiscated Property                             | 0                 | 0                      | 0                                     | 0                  | 35,685                 |       |
| Total Fines, Forfeitures, and Penalties                        | \$ 0              | \$ 0                   | \$ 0                                  | \$ 0               | \$ 186,440             |       |

(Continued)

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

|   | Debt<br>Service<br>Fund | Capital Projects Funds     |   |                          |                              | Total |
|---|-------------------------|----------------------------|---|--------------------------|------------------------------|-------|
|   |                         | General<br>Debt<br>Service | Community<br>Development/<br>Industrial<br>Park | HUD<br>Grant<br>Projects | Other<br>Capital<br>Projects |       |
| <u>Charges for Current Services</u>           |                         |                            |   |                          |                              |       |
| <u>General Service Charges</u>                |                         |                            |   |                          |                              |       |
| Residential Waste Collection Charge           | \$ 0                    | \$ 0                       | \$ 0  | \$ 0                     | \$ 5,683                     |       |
| Solid Waste Disposal Fees                     | 0                       | 0                          | 0   | 0                        | 344,425                      |       |
| Patient Charges                               | 0                       | 0                          | 0   | 0                        | 951,007                      |       |
| Service Charges                               | 0                       | 0                          | 0   | 0                        | 240                          |       |
| <u>Fees</u>                                   |                         |                            |   |                          |                              |       |
| Airport Fees                                  | 0                       | 0                          | 0   | 0                        | 76,014                       |       |
| Copy Fees                                     | 0                       | 0                          | 0   | 0                        | 128                          |       |
| Library Fees                                  | 0                       | 0                          | 0   | 0                        | 8,065                        |       |
| Greenbelt Late Application Fee                | 0                       | 0                          | 0   | 0                        | 450                          |       |
| Telephone Commissions                         | 0                       | 0                          | 0   | 0                        | 47,051                       |       |
| Vending Machine Collections                   | 0                       | 0                          | 0   | 0                        | 551                          |       |
| Constitutional Officers' Fees and Commissions | 0                       | 0                          | 0   | 0                        | 143,011                      |       |
| Special Commissioner Fees/Special Master Fees | 0                       | 0                          | 0   | 0                        | 5,755                        |       |
| Data Processing Fee - Register                | 0                       | 0                          | 0   | 0                        | 14,038                       |       |
| Data Processing Fee - Sheriff                 | 0                       | 0                          | 0   | 0                        | 2,430                        |       |
| Sexual Offender Registration Fees - Sheriff   | 0                       | 0                          | 0   | 0                        | 2,300                        |       |
| Data Processing Fee - County Clerk            | 0                       | 0                          | 0   | 0                        | 2,032                        |       |
| <u>Other Charges for Services</u>             |                         |                            |   |                          |                              |       |
| Other Charges for Services                    | 0                       | 0                          | 0   | 0                        | 10,575                       |       |
| Total Charges for Current Services            | \$ 0                    | \$ 0                       | \$ 0  | \$ 0                     | \$ 1,613,755                 |       |
| <u>Other Local Revenues</u>                   |                         |                            |   |                          |                              |       |
| <u>Recurring Items</u>                        |                         |                            |   |                          |                              |       |
| Investment Income                             | \$ 0                    | \$ 0                       | \$ 0  | \$ 0                     | \$ 320,898                   |       |
| Lease/Rentals                                 | 0                       | 0                          | 0   | 0                        | 13,102                       |       |
| Sale of Materials and Supplies                | 0                       | 0                          | 0   | 0                        | 2,743                        |       |
| Commissary Sales                              | 0                       | 0                          | 0   | 0                        | 13,185                       |       |
| Sale of Gasoline                              | 0                       | 0                          | 0   | 0                        | 125,545                      |       |
| Sale of Recycled Materials                    | 0                       | 0                          | 0   | 0                        | 107,843                      |       |
| Miscellaneous Refunds                         | 0                       | 0                          | 0   | 0                        | 101,405                      |       |

(Continued)

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

|  | Debt Service Fund | Capital Projects Funds |                                       |                    |                        | Total        |
|--|-------------------|------------------------|---------------------------------------|--------------------|------------------------|--------------|
|  |                   | General Debt Service   | Community Development/Industrial Park | HUD Grant Projects | Other Capital Projects |              |
| <u>Other Local Revenues (Cont.)</u>        |                   |                        |                                       |                    |                        |              |
| <u>Nonrecurring Items</u>                  |                   |                        |                                       |                    |                        |              |
| Sale of Equipment                          | \$ 0              | \$ 0                   | \$ 0                                  | \$ 0               | \$ 0                   | \$ 58,725    |
| Contributions and Gifts                    | 0                 | 0                      | 0                                     | 0                  | 0                      | 14,982       |
| Performance Bond Forfeitures               | 0                 | 0                      | 0                                     | 0                  | 0                      | 100,000      |
| <u>Other Local Revenues</u>                |                   |                        |                                       |                    |                        |              |
| Other Local Revenues                       | 0                 | 0                      | 0                                     | 164,782            | 0                      | 240,125      |
| Total Other Local Revenues                 | \$ 0              | \$ 0                   | \$ 0                                  | \$ 164,782         | \$ 0                   | \$ 1,098,553 |
| <u>Fees Received from County Officials</u> |                   |                        |                                       |                    |                        |              |
| <u>Excess Fees</u>                         |                   |                        |                                       |                    |                        |              |
| Register                                   | \$ 0              | \$ 0                   | \$ 0                                  | \$ 0               | \$ 0                   | \$ 58,000    |
| <u>Fees in-Lieu-of Salary</u>              |                   |                        |                                       |                    |                        |              |
| County Clerk                               | 0                 | 0                      | 0                                     | 0                  | 0                      | 311,284      |
| Circuit Court Clerk                        | 0                 | 0                      | 0                                     | 0                  | 0                      | 107,634      |
| General Sessions Court Clerk               | 0                 | 0                      | 0                                     | 0                  | 0                      | 103,620      |
| Clerk and Master                           | 0                 | 0                      | 0                                     | 0                  | 0                      | 146,709      |
| Juvenile Court Clerk                       | 0                 | 0                      | 0                                     | 0                  | 0                      | 34,307       |
| Sheriff                                    | 0                 | 0                      | 0                                     | 0                  | 0                      | 25,744       |
| Trustee                                    | 0                 | 0                      | 0                                     | 0                  | 0                      | 532,701      |
| Total Fees Received from County Officials  | \$ 0              | \$ 0                   | \$ 0                                  | \$ 0               | \$ 0                   | \$ 1,319,999 |
| <u>State of Tennessee</u>                  |                   |                        |                                       |                    |                        |              |
| <u>General Government Grants</u>           |                   |                        |                                       |                    |                        |              |
| Airport Maintenance Program                | \$ 0              | \$ 0                   | \$ 0                                  | \$ 0               | \$ 0                   | \$ 13,000    |
| State Reappraisal Grant                    | 0                 | 0                      | 0                                     | 0                  | 0                      | 11,176       |
| Solid Waste Grants                         | 0                 | 0                      | 0                                     | 0                  | 0                      | 13,721       |
| <u>Public Safety Grants</u>                |                   |                        |                                       |                    |                        |              |
| Law Enforcement Training Programs          | 0                 | 0                      | 0                                     | 0                  | 0                      | 21,600       |
| Other Public Safety Grants                 | 0                 | 0                      | 0                                     | 0                  | 0                      | 13,781       |
| <u>Health and Welfare Grants</u>           |                   |                        |                                       |                    |                        |              |
| Health Department Programs                 | 0                 | 0                      | 0                                     | 0                  | 0                      | 284,450      |

(Continued)

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

|  | Debt Service Fund | Capital Projects Funds |                                       |                    |                        | Total        |
|--|-------------------|------------------------|---------------------------------------|--------------------|------------------------|--------------|
|  |                   | General Debt Service   | Community Development/Industrial Park | HUD Grant Projects | Other Capital Projects |              |
| <u>State of Tennessee (Cont.)</u>            |                   |                        |                                       |                    |                        |              |
| <u>Public Works Grants</u>                   |                   |                        |                                       |                    |                        |              |
| State Aid Program                            | \$ 0              | \$ 0                   | \$ 0                                  | \$ 0               | \$ 0                   | 118,693      |
| Litter Program                               | 0                 | 0                      | 0                                     | 0                  | 0                      | 32,329       |
| <u>Other State Revenues</u>                  |                   |                        |                                       |                    |                        |              |
| Beer Tax                                     | 0                 | 0                      | 0                                     | 0                  | 0                      | 17,778       |
| Alcoholic Beverage Tax                       | 0                 | 0                      | 0                                     | 0                  | 0                      | 61,265       |
| Mixed Drink Tax                              | 0                 | 0                      | 0                                     | 0                  | 0                      | 624          |
| State Revenue Sharing - T.V.A.               | 0                 | 0                      | 0                                     | 0                  | 0                      | 831,587      |
| Contracted Prisoner Boarding                 | 0                 | 0                      | 0                                     | 0                  | 0                      | 567,989      |
| Gasoline and Motor Fuel Tax                  | 0                 | 0                      | 0                                     | 0                  | 0                      | 1,958,350    |
| Petroleum Special Tax                        | 0                 | 0                      | 0                                     | 0                  | 0                      | 23,126       |
| Registrar's Salary Supplement                | 0                 | 0                      | 0                                     | 0                  | 0                      | 16,380       |
| Other State Grants                           | 0                 | 86,835                 | 0                                     | 318,217            | 0                      | 461,089      |
| Other State Revenues                         | 0                 | 0                      | 0                                     | 0                  | 0                      | 9,473        |
| Total State of Tennessee                     | \$ 0              | \$ 86,835              | \$ 0                                  | \$ 318,217         | \$ 0                   | \$ 4,456,411 |
| <u>Federal Government</u>                    |                   |                        |                                       |                    |                        |              |
| <u>Federal Through State</u>                 |                   |                        |                                       |                    |                        |              |
| Community Development                        | \$ 0              | \$ 0                   | \$ 908,224                            | \$ 0               | \$ 0                   | 908,224      |
| Civil Defense Reimbursement                  | 0                 | 0                      | 0                                     | 0                  | 0                      | 92,224       |
| Disaster Relief                              | 0                 | 0                      | 0                                     | 0                  | 0                      | 31,018       |
| Other Federal through State                  | 0                 | 0                      | 0                                     | 339,112            | 0                      | 342,787      |
| <u>Direct Federal Revenue</u>                |                   |                        |                                       |                    |                        |              |
| ARRA Grant # 6                               | 0                 | 0                      | 0                                     | 0                  | 0                      | 39,215       |
| ARRA Grant # 7                               | 0                 | 0                      | 0                                     | 0                  | 0                      | 48,652       |
| Total Federal Government                     | \$ 0              | \$ 0                   | \$ 908,224                            | \$ 339,112         | \$ 0                   | \$ 1,462,120 |
| <u>Other Governments and Citizens Groups</u> |                   |                        |                                       |                    |                        |              |
| <u>Other Governments</u>                     |                   |                        |                                       |                    |                        |              |
| Prisoner Board Contributions                 | \$ 0              | \$ 0                   | \$ 0                                  | \$ 0               | \$ 0                   | 217,653      |
|  | 0                 | 0                      | 0                                     | 0                  | 0                      | 8,500        |

(Continued)

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

|   | Debt<br>Service<br>Fund | Capital Projects Funds     |   |                          |                              | Total     |
|---|-------------------------|----------------------------|---|--------------------------|------------------------------|-----------|
|   |                         | General<br>Debt<br>Service | Community<br>Development/<br>Industrial<br>Park | HUD<br>Grant<br>Projects | Other<br>Capital<br>Projects |           |
| Other Governments and Citizens Groups (Cont.) |                         |                            |   |                          |                              |           |
| Other Governments (Cont.)                     |                         |                            |   |                          |                              |           |
| Contracted Services                           | \$ 0                    | \$ 0                       | \$ 0  | \$ 0                     | \$ 0                         | \$ 32,859 |
| Citizens Groups                               | 0                       | 0                          | 3,500   | 0                        | 0                            | 3,500     |
| Donations                                     | 0                       | 0                          | 0   | 0                        | 0                            | 2,255     |
| Other   | 0                       | 0                          | 3,500   | 0                        | 0                            | 264,767   |
| Total Other Governments and Citizens Groups   | \$ 1,527,660            | \$ 86,835                  | \$ 911,724                                      | \$ 822,111               | \$ 21,678,924                |           |
| Total   |                         |                            |   |                          |                              |           |

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, 2010

|  | General<br>Purpose<br>School | School<br>Federal<br>Projects | Central<br>Cafeteria | Total               |
|--|------------------------------|-------------------------------|----------------------|---------------------|
| <u>Local Taxes</u>                               |                              |                               |                      |                     |
| <u>County Property Taxes</u>                     |                              |                               |                      |                     |
| Current Property Tax                             | \$ 5,878,907                 | \$ 0                          | \$ 0                 | \$ 5,878,907        |
| Trustee's Collections - Prior Year               | 253,031                      | 0                             | 0                    | 253,031             |
| Circuit/Clerk & Master Collections - Prior Years | 112,143                      | 0                             | 0                    | 112,143             |
| Interest and Penalty                             | 42,395                       | 0                             | 0                    | 42,395              |
| Pick-up Taxes                                    | 102                          | 0                             | 0                    | 102                 |
| Payments in-Lieu-of Taxes - Local Utilities      | 4,005                        | 0                             | 0                    | 4,005               |
| Payments in-Lieu-of Taxes - Other                | 18,824                       | 0                             | 0                    | 18,824              |
| <u>County Local Option Taxes</u>                 |                              |                               |                      |                     |
| Local Option Sales Tax                           | 2,249,495                    | 0                             | 0                    | 2,249,495           |
| <u>Statutory Local Taxes</u>                     |                              |                               |                      |                     |
| Interstate Telecommunications Tax                | 2,499                        | 0                             | 0                    | 2,499               |
| <b>Total Local Taxes</b>                         | <b>\$ 8,561,401</b>          | <b>\$ 0</b>                   | <b>\$ 0</b>          | <b>\$ 8,561,401</b> |
| <u>Licenses and Permits</u>                      |                              |                               |                      |                     |
| <u>Licenses</u>                                  |                              |                               |                      |                     |
| Marriage Licenses                                | \$ 2,862                     | \$ 0                          | \$ 0                 | \$ 2,862            |
| <b>Total Licenses and Permits</b>                | <b>\$ 2,862</b>              | <b>\$ 0</b>                   | <b>\$ 0</b>          | <b>\$ 2,862</b>     |
| <u>Charges for Current Services</u>              |                              |                               |                      |                     |
| <u>Education Charges</u>                         |                              |                               |                      |                     |
| Tuition - Summer School                          | \$ 150                       | \$ 0                          | \$ 0                 | \$ 150              |
| Tuition - Other                                  | 50,959                       | 0                             | 0                    | 50,959              |
| Lunch Payments - Children                        | 0                            | 0                             | 60,734               | 60,734              |
| Lunch Payments - Adults                          | 0                            | 0                             | 23,900               | 23,900              |
| Income from Breakfast                            | 0                            | 0                             | 20,964               | 20,964              |
| TBI Criminal Background Fees                     | 5,040                        | 0                             | 0                    | 5,040               |
| <u>Other Charges for Services</u>                |                              |                               |                      |                     |
| Other Charges for Services                       | 0                            | 0                             | 270,009              | 270,009             |
| <b>Total Charges for Current Services</b>        | <b>\$ 56,149</b>             | <b>\$ 0</b>                   | <b>\$ 375,607</b>    | <b>\$ 431,756</b>   |
| <u>Other Local Revenues</u>                      |                              |                               |                      |                     |
| <u>Recurring Items</u>                           |                              |                               |                      |                     |
| Investment Income                                | \$ 0                         | \$ 0                          | \$ 8,538             | \$ 8,538            |
| Lease/Rentals                                    | 33,252                       | 0                             | 0                    | 33,252              |
| Sale of Materials and Supplies                   | 10                           | 0                             | 0                    | 10                  |
| Miscellaneous Refunds                            | 9,162                        | 3,777                         | 25,565               | 38,504              |
| <u>Nonrecurring Items</u>                        |                              |                               |                      |                     |
| Sale of Equipment                                | 19,898                       | 0                             | 0                    | 19,898              |
| Damages Recovered from Individuals               | 3,200                        | 0                             | 0                    | 3,200               |
| Contributions and Gifts                          | 8,150                        | 0                             | 0                    | 8,150               |
| <u>Other Local Revenues</u>                      |                              |                               |                      |                     |
| Other Local Revenues                             | 10,650                       | 0                             | 0                    | 10,650              |
| <b>Total Other Local Revenues</b>                | <b>\$ 84,322</b>             | <b>\$ 3,777</b>               | <b>\$ 34,103</b>     | <b>\$ 122,202</b>   |
| <u>State of Tennessee</u>                        |                              |                               |                      |                     |
| <u>General Government Grants</u>                 |                              |                               |                      |                     |
| On-Behalf Contributions for OPEB                 | \$ 74,238                    | \$ 0                          | \$ 0                 | \$ 74,238           |

(Continued)

Exhibit J-6

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

|   | General<br>Purpose<br>School | School<br>Federal<br>Projects | Central<br>Cafeteria | Total         |
|---|------------------------------|-------------------------------|----------------------|---------------|
| <u>State of Tennessee (Cont.)</u>                 |                              |                               |                      |               |
| <u>State Education Funds</u>                      |                              |                               |                      |               |
| Basic Education Program                           | \$ 14,198,388                | \$ 0                          | \$ 0                 | \$ 14,198,388 |
| Basic Education Program - ARRA                    | 653,400                      | 0                             | 0                    | 653,400       |
| Early Childhood Education                         | 581,578                      | 0                             | 0                    | 581,578       |
| School Food Service                               | 0                            | 0                             | 23,975               | 23,975        |
| Driver Education                                  | 10,694                       | 0                             | 0                    | 10,694        |
| Other State Education Funds                       | 20,870                       | 0                             | 0                    | 20,870        |
| Coordinated School Health - ARRA                  | 79,198                       | 0                             | 0                    | 79,198        |
| Internet Connectivity - ARRA                      | 12,862                       | 0                             | 0                    | 12,862        |
| Statewide Student Management System (SSMS) - ARRA | 9,269                        | 0                             | 0                    | 9,269         |
| Career Ladder Program                             | 117,529                      | 0                             | 0                    | 117,529       |
| Career Ladder - Extended Contract - ARRA          | 40,200                       | 0                             | 0                    | 40,200        |
| Other Vocational                                  | 6,882                        | 0                             | 0                    | 6,882         |
| <u>Other State Revenues</u>                       |                              |                               |                      |               |
| Income Tax  | 414,147                      | 0                             | 0                    | 414,147       |
| Mixed Drink Tax                                   | 611                          | 0                             | 0                    | 611           |
| Total State of Tennessee                          | \$ 16,219,866                | \$ 0                          | \$ 23,975            | \$ 16,243,841 |
| <u>Federal Government</u>                         |                              |                               |                      |               |
| <u>Federal Through State</u>                      |                              |                               |                      |               |
| USDA School Lunch Program                         | \$ 0                         | \$ 0                          | \$ 1,256,959         | \$ 1,256,959  |
| USDA - Commodities                                | 0                            | 0                             | 170,489              | 170,489       |
| Breakfast   | 0                            | 0                             | 636,418              | 636,418       |
| USDA - Other                                      | 0                            | 0                             | 23,189               | 23,189        |
| Vocational Education - Basic Grants to States     | 0                            | 100,125                       | 0                    | 100,125       |
| Title I Grants to Local Education Agencies        | 0                            | 1,479,736                     | 0                    | 1,479,736     |
| Special Education - Grants to States              | 0                            | 1,365,791                     | 0                    | 1,365,791     |
| Special Education Preschool Grants                | 0                            | 45,002                        | 0                    | 45,002        |
| English Language Acquisition Grants               | 0                            | 18,072                        | 0                    | 18,072        |
| Safe and Drug-free Schools - State Grants         | 0                            | 15,973                        | 0                    | 15,973        |
| Education for Homeless Children and Youth         | 0                            | 7,470                         | 0                    | 7,470         |
| Eisenhower Professional Development State Grants  | 0                            | 379,417                       | 0                    | 379,417       |
| Job Training Partnership Act                      | 298,274                      | 0                             | 0                    | 298,274       |
| Other Federal through State                       | 869,983                      | 651,890                       | 0                    | 1,521,873     |
| Total Federal Government                          | \$ 1,168,257                 | \$ 4,063,476                  | \$ 2,087,055         | \$ 7,318,788  |
| Total   | \$ 26,092,857                | \$ 4,067,253                  | \$ 2,520,740         | \$ 32,680,850 |

Exhibit J-7

Fayette County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2010

General Fund

General Government

County Commission

|                                  |    |        |           |
|----------------------------------|----|--------|-----------|
| Board and Committee Members Fees | \$ | 38,526 |           |
| State Retirement                 |    | 1,659  |           |
| Communication                    |    | 1,377  |           |
| Consultants                      |    | 31,840 |           |
| Legal Services                   |    | 5,314  |           |
| Rentals                          |    | 1,188  |           |
| Travel                           |    | 64     |           |
| Duplicating Supplies             |    | 3,000  |           |
| Gasoline                         |    | 190    |           |
| Office Supplies                  |    | 1,700  |           |
| Other Charges                    |    | 470    |           |
| Total County Commission          |    |        | \$ 85,328 |

Beer Board

|                                  |    |     |     |
|----------------------------------|----|-----|-----|
| Board and Committee Members Fees | \$ | 461 |     |
| Total Beer Board                 |    |     | 461 |

County Mayor/Executive

|  |    |        |        |
|--|----|--------|--------|
| County Official/Administrative Officer             | \$ | 82,022 |        |
| Communication                                      |    | 2,108  |        |
| Legal Notices, Recording, and Court Costs          |    | 1,860  |        |
| Maintenance and Repair Services - Office Equipment |    | 200    |        |
| Maintenance and Repair Services - Vehicles         |    | 111    |        |
| Printing, Stationery, and Forms                    |    | 1,076  |        |
| Rentals  |    | 594    |        |
| Travel   |    | 967    |        |
| Other Contracted Services                          |    | 2,000  |        |
| Gasoline   |    | 1,820  |        |
| Office Supplies                                    |    | 464    |        |
| Total County Mayor/Executive                       |    |        | 93,222 |

County Attorney

|                                  |    |        |         |
|----------------------------------|----|--------|---------|
| Other Salaries and Wages         | \$ | 19,374 |         |
| Board and Committee Members Fees |    | 1,449  |         |
| Other Per Diem and Fees          |    | 76,079 |         |
| Social Security                  |    | 4,839  |         |
| Employer Medicare                |    | 1,360  |         |
| Total County Attorney            |    |        | 103,101 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

|  |    |        |            |
|--|----|--------|------------|
| Assistant(s)                                       | \$ | 30,600 |            |
| Supervisor/Director                                |    | 60,373 |            |
| Deputy(ies)  |    | 27,030 |            |
| Part-time Personnel                                |    | 6,151  |            |
| Election Commission                                |    | 4,854  |            |
| In-Service Training                                |    | 400    |            |
| Communication                                      |    | 1,575  |            |
| Data Processing Services                           |    | 9,542  |            |
| Dues and Memberships                               |    | 200    |            |
| Legal Notices, Recording, and Court Costs          |    | 546    |            |
| Maintenance and Repair Services - Office Equipment |    | 2,170  |            |
| Postal Charges                                     |    | 5,500  |            |
| Printing, Stationery, and Forms                    |    | 3,284  |            |
| Rentals  |    | 2,394  |            |
| Travel   |    | 7,760  |            |
| Office Supplies                                    |    | 3,546  |            |
| Other Supplies and Materials                       |    | 3,218  |            |
| Data Processing Equipment                          |    | 2,721  |            |
| Office Equipment                                   |    | 1,400  |            |
| Total Election Commission                          |    |        | \$ 173,264 |

Register of Deeds

|                                 |    |        |        |
|---------------------------------|----|--------|--------|
| Communication                   | \$ | 525    |        |
| Data Processing Services        |    | 15,699 |        |
| Postal Charges                  |    | 100    |        |
| Printing, Stationery, and Forms |    | 1,461  |        |
| Rentals                         |    | 1,080  |        |
| Travel                          |    | 1,506  |        |
| Office Supplies                 |    | 978    |        |
| Total Register of Deeds         |    |        | 21,349 |

Development

|   |    |        |  |
|---|----|--------|--|
| Assistant(s)                                | \$ | 40,800 |  |
| Supervisor/Director                         |    | 53,202 |  |
| Deputy(ies)                                 |    | 22,166 |  |
| Secretary(ies)                              |    | 30,791 |  |
| Board and Committee Members Fees            |    | 2,964  |  |
| Communication                               |    | 2,101  |  |
| Legal Notices, Recording, and Court Costs   |    | 2,972  |  |
| Maintenance and Repair Services - Buildings |    | 2,089  |  |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Development (Cont.)

|  |    |        |            |
|--|----|--------|------------|
| Maintenance and Repair Services - Office Equipment | \$ | 725    |            |
| Postal Charges                                     |    | 88     |            |
| Rentals  |    | 1,980  |            |
| Travel   |    | 2,500  |            |
| Other Contracted Services                          |    | 850    |            |
| Data Processing Supplies                           |    | 4,000  |            |
| Office Supplies                                    |    | 3,508  |            |
| Other Supplies and Materials                       |    | 32     |            |
| Other Charges                                      |    | 10,682 |            |
| Total Development                                  |    |        | \$ 181,450 |

Building

|  |    |        |        |
|--|----|--------|--------|
| Supervisor/Director                        | \$ | 40,800 |        |
| In-Service Training                        |    | 230    |        |
| Communication                              |    | 932    |        |
| Maintenance and Repair Services - Vehicles |    | 396    |        |
| Travel                                     |    | 291    |        |
| Gasoline                                   |    | 2,677  |        |
| Office Supplies                            |    | 415    |        |
| Other Supplies and Materials               |    | 193    |        |
| Other Charges                              |    | 376    |        |
| Total Building                             |    |        | 46,310 |

County Buildings

|   |    |        |         |
|---|----|--------|---------|
| Custodial Personnel                         | \$ | 25,701 |         |
| Temporary Personnel                         |    | 3,143  |         |
| Communication                               |    | 559    |         |
| Contracts with Government Agencies          |    | 8,822  |         |
| Contracts with Other Public Agencies        |    | 2,711  |         |
| Maintenance and Repair Services - Buildings |    | 30,872 |         |
| Maintenance and Repair Services - Vehicles  |    | 117    |         |
| Postal Charges                              |    | 19,559 |         |
| Rentals                                     |    | 27,513 |         |
| Custodial Supplies                          |    | 4,456  |         |
| Gasoline                                    |    | 1,344  |         |
| Small Tools                                 |    | 468    |         |
| Uniforms                                    |    | 501    |         |
| Utilities                                   |    | 34,991 |         |
| Other Supplies and Materials                |    | 500    |         |
| Total County Buildings                      |    |        | 161,257 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Other Facilities

|   |    |       |          |
|---|----|-------|----------|
| Communication                               | \$ | 1,036 |          |
| Maintenance and Repair Services - Buildings |    | 720   |          |
| Electricity                                 |    | 2,200 |          |
| Propane Gas                                 |    | 1,620 |          |
| Total Other Facilities                      |    |       | \$ 5,576 |

Other General Administration

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

Finance

Accounting and Budgeting

|  |    |        |         |
|--|----|--------|---------|
| Supervisor/Director                                | \$ | 34,397 |         |
| Purchasing Personnel                               |    | 43,546 |         |
| Clerical Personnel                                 |    | 62,220 |         |
| In-Service Training                                |    | 1,900  |         |
| Audit Services                                     |    | 8,642  |         |
| Communication                                      |    | 1,500  |         |
| Data Processing Services                           |    | 8,927  |         |
| Maintenance and Repair Services - Office Equipment |    | 100    |         |
| Printing, Stationery, and Forms                    |    | 1,957  |         |
| Rentals  |    | 594    |         |
| Travel   |    | 2,271  |         |
| Duplicating Supplies                               |    | 1,600  |         |
| Office Supplies                                    |    | 1,449  |         |
| Data Processing Equipment                          |    | 100    |         |
| Office Equipment                                   |    | 821    |         |
| Total Accounting and Budgeting                     |    |        | 170,024 |

Property Assessor's Office

|   |    |        |  |
|---|----|--------|--|
| County Official/Administrative Officer    | \$ | 67,081 |  |
| Assistant(s)                              |    | 30,600 |  |
| Deputy(ies)                               |    | 80,310 |  |
| Investigator(s)                           |    | 28,625 |  |
| Board and Committee Members Fees          |    | 645    |  |
| Communication                             |    | 806    |  |
| Consultants                               |    | 24,105 |  |
| Data Processing Services                  |    | 5,500  |  |
| Dues and Memberships                      |    | 468    |  |
| Legal Notices, Recording, and Court Costs |    | 169    |  |

(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 Agreements                             | \$ | 3,000 |            |
| Maintenance and Repair Services - Office Equipment |    | 17    |            |
| Maintenance and Repair Services - Vehicles         |    | 892   |            |
| Postal Charges                                     |    | 1,367 |            |
| Printing, Stationery, and Forms                    |    | 332   |            |
| Rentals  |    | 936   |            |
| Travel   |    | 974   |            |
| Gasoline   |    | 3,598 |            |
| Office Supplies                                    |    | 284   |            |
| Other Supplies and Materials                       |    | 1,442 |            |
| Data Processing Equipment                          |    | 714   |            |
| Furniture and Fixtures                             |    | 124   |            |
| Office Equipment                                   |    | 65    |            |
| Total Property Assessor's Office                   |    |       | \$ 252,054 |

Reappraisal Program

|                           |    |        |        |
|---------------------------|----|--------|--------|
| Consultants               | \$ | 30,000 |        |
| Data Processing Services  |    | 11,744 |        |
| Office Supplies           |    | 198    |        |
| Total Reappraisal Program |    |        | 41,942 |

County Trustee's Office

|  |    |        |         |
|--|----|--------|---------|
| County Official/Administrative Officer             | \$ | 67,081 |         |
| Assistant(s)                                       |    | 30,600 |         |
| Deputy(ies)  |    | 52,530 |         |
| Salary Supplements                                 |    | 4,500  |         |
| In-Service Training                                |    | 1,740  |         |
| Communication                                      |    | 1,203  |         |
| Data Processing Services                           |    | 8,507  |         |
| Dues and Memberships                               |    | 100    |         |
| Legal Notices, Recording, and Court Costs          |    | 180    |         |
| Maintenance and Repair Services - Office Equipment |    | 325    |         |
| Postal Charges                                     |    | 6,300  |         |
| Printing, Stationery, and Forms                    |    | 7,665  |         |
| Rentals  |    | 1,177  |         |
| Travel   |    | 2,984  |         |
| Office Supplies                                    |    | 198    |         |
| Other Supplies and Materials                       |    | 892    |         |
| Data Processing Equipment                          |    | 1,595  |         |
| Office Equipment                                   |    | 287    |         |
| Total County Trustee's Office                      |    |        | 187,864 |

(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

|  |    |         |            |
|--|----|---------|------------|
| County Official/Administrative Officer             | \$ | 67,081  |            |
| Assistant(s)                                       |    | 30,600  |            |
| Deputy(ies)  |    | 126,969 |            |
| Other Salaries and Wages                           |    | 875     |            |
| Communication                                      |    | 3,103   |            |
| Data Processing Services                           |    | 13,253  |            |
| Dues and Memberships                               |    | 150     |            |
| Legal Notices, Recording, and Court Costs          |    | 811     |            |
| Maintenance and Repair Services - Office Equipment |    | 205     |            |
| Printing, Stationery, and Forms                    |    | 1,046   |            |
| Rentals  |    | 2,394   |            |
| Travel   |    | 1,890   |            |
| Other Contracted Services                          |    | 372     |            |
| Office Supplies                                    |    | 1,486   |            |
| Other Supplies and Materials                       |    | 65      |            |
| Office Equipment                                   |    | 694     |            |
| Total County Clerk's Office                        |    |         | \$ 250,994 |

Administration of Justice

Circuit Court

|  |    |        |         |
|--|----|--------|---------|
| County Official/Administrative Officer             | \$ | 67,081 |         |
| Assistant(s)                                       |    | 30,600 |         |
| Deputy(ies)  |    | 28,815 |         |
| Jury and Witness Expense                           |    | 40,345 |         |
| In-Service Training                                |    | 510    |         |
| Communication                                      |    | 2,666  |         |
| Data Processing Services                           |    | 8,170  |         |
| Dues and Memberships                               |    | 95     |         |
| Maintenance and Repair Services - Office Equipment |    | 800    |         |
| Postal Charges                                     |    | 100    |         |
| Printing, Stationery, and Forms                    |    | 2,349  |         |
| Transportation - Other than Students               |    | 300    |         |
| Travel   |    | 1,011  |         |
| Office Supplies                                    |    | 1,273  |         |
| Office Equipment                                   |    | 777    |         |
| Total Circuit Court                                |    |        | 184,892 |

General Sessions Court

|              |    |         |
|--------------|----|---------|
| Assistant(s) | \$ | 30,600  |
| Deputy(ies)  |    | 102,000 |

(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 (Cont.)

|  |    |       |            |
|--|----|-------|------------|
| In-Service Training                                | \$ | 495   |            |
| Communication                                      |    | 2,758 |            |
| Data Processing Services                           |    | 2,281 |            |
| Maintenance and Repair Services - Office Equipment |    | 580   |            |
| Postal Charges                                     |    | 100   |            |
| Printing, Stationery, and Forms                    |    | 2,972 |            |
| Rentals  |    | 3,542 |            |
| Office Supplies                                    |    | 1,126 |            |
| Total General Sessions Court                       |    |       | \$ 146,454 |

General Sessions Judge

|                              |    |         |         |
|------------------------------|----|---------|---------|
| Judge(s)                     | \$ | 148,360 |         |
| Deputy(ies)                  |    | 27,030  |         |
| In-Service Training          |    | 672     |         |
| Communication                |    | 1,228   |         |
| Travel                       |    | 1,164   |         |
| Library Books/Media          |    | 1,083   |         |
| Office Supplies              |    | 301     |         |
| Other Supplies and Materials |    | 664     |         |
| Total General Sessions Judge |    |         | 180,502 |

General Sessions Court Clerk

|  |    |        |        |
|--|----|--------|--------|
| Assistant(s)                                       | \$ | 28,110 |        |
| Deputy(ies)  |    | 23,750 |        |
| Communication                                      |    | 962    |        |
| Data Processing Services                           |    | 5,003  |        |
| Maintenance and Repair Services - Office Equipment |    | 167    |        |
| Printing, Stationery, and Forms                    |    | 607    |        |
| Rentals  |    | 1,434  |        |
| Travel   |    | 44     |        |
| Office Supplies                                    |    | 500    |        |
| Total General Sessions Court Clerk                 |    |        | 60,577 |

Drug Court

|                                  |    |        |        |
|----------------------------------|----|--------|--------|
| Temporary Personnel              | \$ | 36,035 |        |
| Social Security                  |    | 2,210  |        |
| State Retirement                 |    | 2,811  |        |
| Employee and Dependent Insurance |    | 5,929  |        |
| Employer Medicare                |    | 517    |        |
| Workers' Compensation Insurance  |    | 2,313  |        |
| Total Drug Court                 |    |        | 49,815 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

|  |    |        |            |
|--|----|--------|------------|
| County Official/Administrative Officer             | \$ | 67,081 |            |
| Assistant(s)                                       |    | 30,600 |            |
| Deputy(ies)  |    | 52,530 |            |
| Communication                                      |    | 842    |            |
| Data Processing Services                           |    | 6,845  |            |
| Legal Notices, Recording, and Court Costs          |    | 6,500  |            |
| Maintenance and Repair Services - Office Equipment |    | 502    |            |
| Postal Charges                                     |    | 110    |            |
| Printing, Stationery, and Forms                    |    | 3,350  |            |
| Rentals  |    | 2,394  |            |
| Travel   |    | 571    |            |
| Data Processing Supplies                           |    | 908    |            |
| Office Supplies                                    |    | 1,604  |            |
| Office Equipment                                   |    | 719    |            |
| Total Chancery Court                               |    |        | \$ 174,556 |

Juvenile Court

|                                    |    |        |        |
|------------------------------------|----|--------|--------|
| Youth Service Officer(s)           | \$ | 38,569 |        |
| In-Service Training                |    | 920    |        |
| Communication                      |    | 2,608  |        |
| Contracts with Government Agencies |    | 3,288  |        |
| Dues and Memberships               |    | 400    |        |
| Postal Charges                     |    | 125    |        |
| Travel                             |    | 430    |        |
| Other Contracted Services          |    | 1,243  |        |
| Office Supplies                    |    | 389    |        |
| Total Juvenile Court               |    |        | 47,972 |

Public Safety

Sheriff's Department

|  |    |         |  |
|--|----|---------|--|
| County Official/Administrative Officer | \$ | 78,116  |  |
| Supervisor/Director                    |    | 119,366 |  |
| Deputy(ies)                            |    | 695,737 |  |
| Investigator(s)                        |    | 118,684 |  |
| Captain(s)                             |    | 82,231  |  |
| Lieutenant(s)                          |    | 115,975 |  |
| Sergeant(s)                            |    | 118,708 |  |
| Salary Supplements                     |    | 19,200  |  |
| Temporary Personnel                    |    | 700     |  |
| Part-time Personnel                    |    | 26,049  |  |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

|  |    |         |              |
|--|----|---------|--------------|
| Overtime Pay                                       | \$ | 55,137  |              |
| In-Service Training                                |    | 5,812   |              |
| Employee and Dependent Insurance                   |    | 187,252 |              |
| Communication                                      |    | 19,612  |              |
| Maintenance and Repair Services - Buildings        |    | 1,584   |              |
| Maintenance and Repair Services - Office Equipment |    | 6,381   |              |
| Maintenance and Repair Services - Vehicles         |    | 65,214  |              |
| Medical and Dental Services                        |    | 4,288   |              |
| Postal Charges                                     |    | 846     |              |
| Printing, Stationery, and Forms                    |    | 2,395   |              |
| Rentals  |    | 6,018   |              |
| Travel   |    | 3,100   |              |
| Gasoline   |    | 186,698 |              |
| Office Supplies                                    |    | 18,845  |              |
| Uniforms   |    | 19,430  |              |
| Other Supplies and Materials                       |    | 9,703   |              |
| Liability Insurance                                |    | 63,790  |              |
| Liability Claims                                   |    | 1,000   |              |
| Other Charges                                      |    | 518     |              |
| Building Improvements                              |    | 100     |              |
| Communication Equipment                            |    | 2,319   |              |
| Data Processing Equipment                          |    | 12      |              |
| Motor Vehicles                                     |    | 80,131  |              |
| Total Sheriff's Department                         |    |         | \$ 2,114,951 |

Drug Enforcement

|                                  |    |        |         |
|----------------------------------|----|--------|---------|
| Supervisor/Director              | \$ | 40,234 |         |
| Investigator(s)                  |    | 89,398 |         |
| Salary Supplements               |    | 1,800  |         |
| Overtime Pay                     |    | 9,112  |         |
| Social Security                  |    | 8,451  |         |
| State Retirement                 |    | 10,723 |         |
| Employee and Dependent Insurance |    | 13,859 |         |
| Employer Medicare                |    | 1,976  |         |
| Total Drug Enforcement           |    |        | 175,553 |

Jail

|                     |    |        |  |
|---------------------|----|--------|--|
| Assistant(s)        | \$ | 41,436 |  |
| Supervisor/Director |    | 43,558 |  |
| Lieutenant(s)       |    | 84,653 |  |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

|   |            |              |
|---|------------|--------------|
| Sergeant(s)                                 | \$ 120,728 |              |
| Data Processing Personnel                   | 30,600     |              |
| Salary Supplements                          | 600        |              |
| Dispatchers/Radio Operators                 | 295,217    |              |
| Guards                                      | 583,689    |              |
| Secretary(ies)                              | 30,600     |              |
| Cafeteria Personnel                         | 35,778     |              |
| Maintenance Personnel                       | 60,022     |              |
| Temporary Personnel                         | 116        |              |
| Part-time Personnel                         | 69,727     |              |
| Overtime Pay                                | 36,659     |              |
| In-Service Training                         | 799        |              |
| Employee and Dependent Insurance            | 249,476    |              |
| Data Processing Services                    | 5,855      |              |
| Maintenance and Repair Services - Buildings | 81,942     |              |
| Maintenance and Repair Services - Vehicles  | 556        |              |
| Medical and Dental Services                 | 95,571     |              |
| Postal Charges                              | 173        |              |
| Printing, Stationery, and Forms             | 732        |              |
| Royalties                                   | 25,668     |              |
| Travel                                      | 1,763      |              |
| Custodial Supplies                          | 33,310     |              |
| Food Supplies                               | 128,300    |              |
| Gasoline                                    | 18,067     |              |
| Office Supplies                             | 5,303      |              |
| Prisoners Clothing                          | 3,993      |              |
| Uniforms                                    | 12,410     |              |
| Utilities                                   | 235,489    |              |
| Other Supplies and Materials                | 5,726      |              |
| Liability Insurance                         | 45,926     |              |
| Communication Equipment                     | 4,005      |              |
| Furniture and Fixtures                      | 452        |              |
| Law Enforcement Equipment                   | 5,288      |              |
| Other Equipment                             | 2,366      |              |
| Total Jail                                  |            | \$ 2,396,553 |

Workhouse

|                     |           |        |
|---------------------|-----------|--------|
| Guards              | \$ 15,006 |        |
| Cafeteria Personnel | 10,074    |        |
| Total Workhouse     |           | 25,080 |

(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

|   |    |         |
|---|----|---------|
| Assistant(s)                                | \$ | 16,845  |
| Supervisor/Director                         |    | 41,490  |
| Part-time Personnel                         |    | 44,676  |
| In-Service Training                         |    | 10,817  |
| Communication                               |    | 8,835   |
| Contracts with Government Agencies          |    | 160,000 |
| Contracts with Other Public Agencies        |    | 1,200   |
| Dues and Memberships                        |    | 1,194   |
| Evaluation and Testing                      |    | 55      |
| Forest Resource Services                    |    | 2,000   |
| Operating Lease Payments                    |    | 9,350   |
| Licenses                                    |    | 90      |
| Maintenance and Repair Services - Buildings |    | 11,877  |
| Maintenance and Repair Services - Equipment |    | 2,888   |
| Maintenance and Repair Services - Vehicles  |    | 37,418  |
| Matching Share                              |    | 39,270  |
| Postal Charges                              |    | 291     |
| Printing, Stationery, and Forms             |    | 441     |
| Travel                                      |    | 2,029   |
| Data Processing Supplies                    |    | 1,632   |
| Diesel Fuel                                 |    | 8,349   |
| Drugs and Medical Supplies                  |    | 10      |
| Gasoline                                    |    | 8,958   |
| Natural Gas                                 |    | 6,574   |
| Office Supplies                             |    | 1,260   |
| Propane Gas                                 |    | 5,872   |
| Uniforms                                    |    | 4,301   |
| Utilities                                   |    | 6,806   |
| Other Supplies and Materials                |    | 23,131  |
| Building and Contents Insurance             |    | 10,406  |
| Liability Insurance                         |    | 5,443   |
| Vehicle and Equipment Insurance             |    | 43,145  |
| Workers' Compensation Insurance             |    | 15,000  |
| Other Charges                               |    | 7,270   |
| Administration Equipment                    |    | 521     |
| Building Improvements                       |    | 8,109   |
| Communication Equipment                     |    | 6,260   |
| Motor Vehicles                              |    | 8,218   |
| Office Equipment                            |    | 1,962   |
| Other Equipment                             |    | 8,332   |

(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.)

|                                   |          |            |
|-----------------------------------|----------|------------|
| Other Construction                | \$ 8,062 |            |
| Total Fire Prevention and Control |          | \$ 580,387 |

Civil Defense

|  |           |         |
|--|-----------|---------|
| Assistant(s)                               | \$ 25,500 |         |
| Supervisor/Director                        | 43,535    |         |
| Deputy(ies)                                | 16,789    |         |
| Communication                              | 4,620     |         |
| Legal Notices, Recording, and Court Costs  | 26        |         |
| Maintenance and Repair Services - Vehicles | 1,151     |         |
| Postal Charges                             | 44        |         |
| Printing, Stationery, and Forms            | 60        |         |
| Rentals                                    | 897       |         |
| Travel                                     | 515       |         |
| Gasoline                                   | 6,270     |         |
| Office Supplies                            | 406       |         |
| Uniforms                                   | 400       |         |
| Utilities                                  | 8,029     |         |
| Other Supplies and Materials               | 42,008    |         |
| Liability Insurance                        | 13,277    |         |
| Other Charges                              | 1,055     |         |
| Motor Vehicles                             | 50,063    |         |
| Office Equipment                           | 82        |         |
| Other Equipment                            | 1,875     |         |
| Other Construction                         | 18,988    |         |
| Total Civil Defense                        |           | 235,590 |

Rescue Squad

|  |          |        |
|--|----------|--------|
| Maintenance and Repair Services - Vehicles | \$ 3,104 |        |
| Gasoline                                   | 1,365    |        |
| Other Supplies and Materials               | 6,784    |        |
| Liability Insurance                        | 431      |        |
| Total Rescue Squad                         |          | 11,684 |

County Coroner/Medical Examiner

|                                       |           |        |
|---------------------------------------|-----------|--------|
| Contracts with Government Agencies    | \$ 26,300 |        |
| Total County Coroner/Medical Examiner |           | 26,300 |

Other Public Safety

|             |           |  |
|-------------|-----------|--|
| Mechanic(s) | \$ 61,851 |  |
|-------------|-----------|--|

(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 (Cont.)

|                                  |    |        |            |
|----------------------------------|----|--------|------------|
| Employee and Dependent Insurance | \$ | 11,859 |            |
| Rentals                          |    | 7,200  |            |
| Equipment Parts - Light          |    | 5,882  |            |
| Gasoline                         |    | 8,051  |            |
| Uniforms                         |    | 841    |            |
| Utilities                        |    | 7,200  |            |
| Other Supplies and Materials     |    | 1,006  |            |
| Total Other Public Safety        |    |        | \$ 103,890 |

Public Health and Welfare

Local Health Center

|   |    |        |        |
|---|----|--------|--------|
| Board and Committee Members Fees            | \$ | 368    |        |
| Communication                               |    | 2,545  |        |
| Janitorial Services                         |    | 8,346  |        |
| Maintenance and Repair Services - Buildings |    | 18,936 |        |
| Postal Charges                              |    | 110    |        |
| Travel                                      |    | 1,469  |        |
| Drugs and Medical Supplies                  |    | 5,791  |        |
| Office Supplies                             |    | 3,137  |        |
| Utilities                                   |    | 11,826 |        |
| Total Local Health Center                   |    |        | 52,528 |

Rabies and Animal Control

|   |    |        |        |
|---|----|--------|--------|
| Deputy(ies)                                 | \$ | 27,391 |        |
| Investigator(s)                             |    | 28,832 |        |
| Communication                               |    | 2,135  |        |
| Maintenance and Repair Services - Buildings |    | 39     |        |
| Maintenance and Repair Services - Vehicles  |    | 3,000  |        |
| Travel                                      |    | 436    |        |
| Veterinary Services                         |    | 229    |        |
| Animal Food and Supplies                    |    | 915    |        |
| Gasoline                                    |    | 10,000 |        |
| Uniforms                                    |    | 954    |        |
| Utilities                                   |    | 1,800  |        |
| Other Supplies and Materials                |    | 1,061  |        |
| Total Rabies and Animal Control             |    |        | 76,792 |

Ambulance/Emergency Medical Services

|                     |    |        |  |
|---------------------|----|--------|--|
| Assistant(s)        | \$ | 5,779  |  |
| Supervisor/Director |    | 47,704 |  |

(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 (Cont.)

|  |    |         |              |
|--|----|---------|--------------|
| Secretary(ies)                                     | \$ | 30,600  |              |
| Attendants   |    | 507,039 |              |
| Part-time Personnel                                |    | 69,613  |              |
| Overtime Pay                                       |    | 258,250 |              |
| In-Service Training                                |    | 775     |              |
| Social Security                                    |    | 56,429  |              |
| State Retirement                                   |    | 71,025  |              |
| Employee and Dependent Insurance                   |    | 103,226 |              |
| Employer Medicare                                  |    | 13,197  |              |
| Communication                                      |    | 5,226   |              |
| Debt Collection Services                           |    | 55,676  |              |
| Licenses   |    | 2,949   |              |
| Maintenance and Repair Services - Buildings        |    | 701     |              |
| Maintenance and Repair Services - Office Equipment |    | 1,176   |              |
| Maintenance and Repair Services - Vehicles         |    | 22,354  |              |
| Postal Charges                                     |    | 1,812   |              |
| Printing, Stationery, and Forms                    |    | 2,162   |              |
| Rentals  |    | 957     |              |
| Travel   |    | 792     |              |
| Custodial Supplies                                 |    | 2,512   |              |
| Diesel Fuel  |    | 43,550  |              |
| Drugs and Medical Supplies                         |    | 46,408  |              |
| Gasoline   |    | 2,069   |              |
| Office Supplies                                    |    | 1,939   |              |
| Uniforms   |    | 1,833   |              |
| Utilities  |    | 10,149  |              |
| Other Supplies and Materials                       |    | 345     |              |
| Building and Contents Insurance                    |    | 9,424   |              |
| Vehicle and Equipment Insurance                    |    | 13,123  |              |
| Data Processing Equipment                          |    | 300     |              |
| Furniture and Fixtures                             |    | 1,145   |              |
| Motor Vehicles                                     |    | 160,706 |              |
| Total Ambulance/Emergency Medical Services         |    |         | \$ 1,550,945 |

Dental Health Program

|                    |    |         |
|--------------------|----|---------|
| Medical Personnel  | \$ | 122,518 |
| Paraprofessionals  |    | 22,461  |
| Clerical Personnel |    | 42,496  |
| Longevity Pay      |    | 1,900   |
| Social Security    |    | 11,321  |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Dental Health Program (Cont.)

|                                  |               |            |
|----------------------------------|---------------|------------|
| State Retirement                 | \$ 14,928     |            |
| Employee and Dependent Insurance | 17,788        |            |
| Employer Medicare                | 2,708         |            |
| Other Fringe Benefits            | 2,141         |            |
| Travel                           | 1,182         |            |
| Drugs and Medical Supplies       | <u>20,584</u> |            |
| Total Dental Health Program      |               | \$ 260,027 |

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    | \$ 1,624 |       |
| Total Aid to Dependent Children |          | 1,624 |

Other Local Welfare Services

|                                    |           |        |
|------------------------------------|-----------|--------|
| Contributions                      | \$ 29,815 |        |
| Total Other Local Welfare Services |           | 29,815 |

Sanitation Education/Information

|  |               |        |
|--|---------------|--------|
| Foremen                                    | \$ 30,494     |        |
| Social Security                            | 1,845         |        |
| State Retirement                           | 2,595         |        |
| Employee and Dependent Insurance           | 5,929         |        |
| Employer Medicare                          | 432           |        |
| Maintenance and Repair Services - Vehicles | 1,756         |        |
| Rentals                                    | 138           |        |
| Uniforms                                   | 268           |        |
| Other Supplies and Materials               | 2,232         |        |
| Other Charges                              | <u>11,221</u> |        |
| Total Sanitation Education/Information     |               | 56,910 |

Social, Cultural, and Recreational Services

Senior Citizens Assistance

|                                  |           |        |
|----------------------------------|-----------|--------|
| Matching Share                   | \$ 30,823 |        |
| Total Senior Citizens Assistance |           | 30,823 |

(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   |    | 16,709 |            |
| Part-time Personnel                                |    | 19,638 |            |
| Social Security                                    |    | 6,064  |            |
| State Retirement                                   |    | 5,286  |            |
| Employee and Dependent Insurance                   |    | 11,859 |            |
| Employer Medicare                                  |    | 1,418  |            |
| Communication                                      |    | 2,245  |            |
| Maintenance and Repair Services - Buildings        |    | 5,428  |            |
| Maintenance and Repair Services - Office Equipment |    | 579    |            |
| Printing, Stationery, and Forms                    |    | 191    |            |
| Travel   |    | 274    |            |
| Library Books/Media                                |    | 21,931 |            |
| Office Supplies                                    |    | 1,021  |            |
| Utilities  |    | 9,000  |            |
| Other Supplies and Materials                       |    | 3,226  |            |
| Other Charges                                      |    | 500    |            |
| Data Processing Equipment                          |    | 2,129  |            |
| Total Libraries                                    |    |        | \$ 169,616 |

Agriculture and Natural Resources

Agriculture Extension Service

|   |    |        |         |
|---|----|--------|---------|
| Board and Committee Members Fees            | \$ | 1,251  |         |
| Communication                               |    | 4,661  |         |
| Contracts with Government Agencies          |    | 67,244 |         |
| Contributions                               |    | 1,000  |         |
| Dues and Memberships                        |    | 465    |         |
| Maintenance and Repair Services - Buildings |    | 1,500  |         |
| Rentals                                     |    | 12,798 |         |
| Travel                                      |    | 4,404  |         |
| Other Contracted Services                   |    | 1,553  |         |
| Custodial Supplies                          |    | 350    |         |
| Utilities                                   |    | 5,200  |         |
| Office Equipment                            |    | 4,927  |         |
| Total Agriculture Extension Service         |    |        | 105,353 |

Soil Conservation

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

(Continued)

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    | \$ | 870   |           |
| Rentals                 |    | 2,028 |           |
| Travel                  |    | 2,333 |           |
| Total Soil Conservation |    |       | \$ 61,433 |

Other Operations

Industrial Development

|                                  |    |     |       |
|----------------------------------|----|-----|-------|
| Board and Committee Members Fees | \$ | 84  |       |
| Utilities                        |    | 982 |       |
| Total Industrial Development     |    |     | 1,066 |

Airport

|   |    |         |         |
|---|----|---------|---------|
| Supervisor/Director                         | \$ | 28,000  |         |
| Temporary Personnel                         |    | 27,688  |         |
| Communication                               |    | 4,140   |         |
| Maintenance and Repair Services - Buildings |    | 7,902   |         |
| Other Contracted Services                   |    | 2,707   |         |
| Gasoline                                    |    | 102,847 |         |
| Utilities                                   |    | 12,676  |         |
| Liability Insurance                         |    | 9,922   |         |
| Total Airport                               |    |         | 195,882 |

Veterans' Services

|                          |    |       |       |
|--------------------------|----|-------|-------|
| Communication            | \$ | 350   |       |
| Travel                   |    | 2,078 |       |
| Office Supplies          |    | 1,568 |       |
| Total Veterans' Services |    |       | 3,996 |

Other Charges

|                                    |    |         |         |
|------------------------------------|----|---------|---------|
| Liability Insurance                | \$ | 70,320  |         |
| Premiums on Corporate Surety Bonds |    | 13,195  |         |
| Trustee's Commission               |    | 165,150 |         |
| Tax Relief Program                 |    | 30,419  |         |
| Other Charges                      |    | 84,760  |         |
| Total Other Charges                |    |         | 363,844 |

Contributions to Other Agencies

|                                       |    |        |        |
|---------------------------------------|----|--------|--------|
| Contracts with Other Public Agencies  | \$ | 12,326 |        |
| Contributions                         |    | 39,885 |        |
| Total Contributions to Other Agencies |    |        | 52,211 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

|  |    |         |              |
|--|----|---------|--------------|
| Educational Incentive - Official/Admin Officer | \$ | 3,000   |              |
| Educational Incentive - Other County Employees |    | 6,000   |              |
| Longevity Pay                                  |    | 71,300  |              |
| Social Security                                |    | 346,148 |              |
| State Retirement                               |    | 385,291 |              |
| Employee and Dependent Insurance               |    | 258,683 |              |
| Unemployment Compensation                      |    | 21,681  |              |
| Employer Medicare                              |    | 73,366  |              |
| Medical and Dental Services                    |    | 3,635   |              |
| Workers' Compensation Insurance                |    | 288,700 |              |
| Total Employee Benefits                        |    |         | \$ 1,457,804 |

ARRA Grant # 6

|                           |    |        |        |
|---------------------------|----|--------|--------|
| Overtime Pay              | \$ | 15,534 |        |
| Social Security           |    | 836    |        |
| State Retirement          |    | 1,128  |        |
| Employer Medicare         |    | 195    |        |
| Evaluation and Testing    |    | 2,252  |        |
| Travel                    |    | 7,372  |        |
| Other Contracted Services |    | 11,898 |        |
| Total ARRA Grant # 6      |    |        | 39,215 |

ARRA Grant # 7

|                           |    |        |        |
|---------------------------|----|--------|--------|
| Law Enforcement Equipment | \$ | 48,652 |        |
| Total ARRA Grant # 7      |    |        | 48,652 |

Miscellaneous

|                              |    |       |       |
|------------------------------|----|-------|-------|
| Other Supplies and Materials | \$ | 265   |       |
| Refunds                      |    | 5,696 |       |
| Total Miscellaneous          |    |       | 5,961 |

Interest on Debt

General Government

|                          |    |        |        |
|--------------------------|----|--------|--------|
| Interest on Notes        | \$ | 11,716 |        |
| Total General Government |    |        | 11,716 |

Total General Fund \$ 12,950,199

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

|                                |    |         |            |
|--------------------------------|----|---------|------------|
| Contracts with Public Carriers | \$ | 329,799 |            |
| Solid Waste Equipment          |    | 28,260  |            |
| Total Convenience Centers      |    |         | \$ 358,059 |

Landfill Operation and Maintenance

|   |    |         |                |
|---|----|---------|----------------|
| Supervisor/Director                         | \$ | 52,049  |                |
| Accountants/Bookkeepers                     |    | 31,774  |                |
| Equipment Operators - Heavy                 |    | 112,113 |                |
| Temporary Personnel                         |    | 35,240  |                |
| Longevity Pay                               |    | 3,900   |                |
| Overtime Pay                                |    | 20,434  |                |
| Board and Committee Members Fees            |    | 329     |                |
| In-Service Training                         |    | 1,081   |                |
| Social Security                             |    | 15,664  |                |
| State Retirement                            |    | 17,541  |                |
| Employee and Dependent Insurance            |    | 32,147  |                |
| Employer Medicare                           |    | 3,663   |                |
| Communication                               |    | 4,967   |                |
| Consultants                                 |    | 1,250   |                |
| Data Processing Services                    |    | 4,693   |                |
| Evaluation and Testing                      |    | 5,815   |                |
| Legal Notices, Recording, and Court Costs   |    | 3,680   |                |
| Licenses                                    |    | 252     |                |
| Maintenance and Repair Services - Buildings |    | 14,346  |                |
| Maintenance and Repair Services - Equipment |    | 2,972   |                |
| Travel                                      |    | 1,482   |                |
| Other Contracted Services                   |    | 300     |                |
| Diesel Fuel                                 |    | 9,866   |                |
| Equipment and Machinery Parts               |    | 20,753  |                |
| Gasoline                                    |    | 16,410  |                |
| Lubricants                                  |    | 235     |                |
| Tires and Tubes                             |    | 2,993   |                |
| Utilities                                   |    | 8,900   |                |
| Other Supplies and Materials                |    | 4,406   |                |
| Liability Insurance                         |    | 39,834  |                |
| Trustee's Commission                        |    | 6,593   |                |
| Workers' Compensation Insurance             |    | 21,751  |                |
| Other Charges                               |    | 8,046   |                |
| Site Development                            |    | 50,300  |                |
| Solid Waste Equipment                       |    | 29,421  |                |
| Total Landfill Operation and Maintenance    |    |         | <u>585,200</u> |

Total Solid Waste/Sanitation Fund \$ 943,259

(Continued)

Exhibit J-7

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

Drug Control Fund

Public Safety

Drug Enforcement

|  |    |        |           |
|--|----|--------|-----------|
| In-Service Training                    | \$ | 275    |           |
| Communication                          |    | 7,885  |           |
| Contributions                          |    | 986    |           |
| Confidential Drug Enforcement Payments |    | 5,000  |           |
| Travel                                 |    | 642    |           |
| Trustee's Commission                   |    | 586    |           |
| Other Equipment                        |    | 50,700 |           |
| Total Drug Enforcement                 |    |        | \$ 66,074 |

Total Drug Control Fund \$ 66,074

Adequate Facilities/Development Tax Fund

Other Operations

Other Charges

|                      |    |       |          |
|----------------------|----|-------|----------|
| Refunds              | \$ | 3,758 |          |
| Trustee's Commission |    | 2,397 |          |
| Total Other Charges  |    |       | \$ 6,155 |

Total Adequate Facilities/Development Tax Fund 6,155

Constitutional Officers - Fees Fund

General Government

Register of Deeds

|   |    |         |            |
|---|----|---------|------------|
| Constitutional Officers' Operating Expenses | \$ | 151,674 |            |
| Total Register of Deeds                     |    |         | \$ 151,674 |

Administration of Justice

Chancery Court

|   |    |       |       |
|---|----|-------|-------|
| Special Commissioner Fees/Special Master Fees | \$ | 5,755 |       |
| Total Chancery Court                          |    |       | 5,755 |

Total Constitutional Officers - Fees Fund 157,429

Highway/Public Works Fund

Highways

Administration

|  |    |        |  |
|--|----|--------|--|
| County Official/Administrative Officer         | \$ | 75,371 |  |
| Accountants/Bookkeepers                        |    | 61,200 |  |
| Educational Incentive - Other County Employees |    | 4,500  |  |
| Board and Committee Members Fees               |    | 6,640  |  |

(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.)

|                          |    |        |            |
|--------------------------|----|--------|------------|
| In-Service Training      | \$ | 3,752  |            |
| Data Processing Services |    | 12,068 |            |
| Dues and Memberships     |    | 3,734  |            |
| Rentals                  |    | 2,854  |            |
| Office Supplies          |    | 3,335  |            |
| Other Charges            |    | 10,770 |            |
| Total Administration     |    |        | \$ 184,224 |

Highway and Bridge Maintenance

|                                      |    |         |           |
|--------------------------------------|----|---------|-----------|
| Supervisor/Director                  | \$ | 141,820 |           |
| Foremen                              |    | 105,901 |           |
| Equipment Operators                  |    | 201,328 |           |
| Equipment Operators - Light          |    | 81,364  |           |
| Truck Drivers                        |    | 261,667 |           |
| Laborers                             |    | 221,425 |           |
| Clerical Personnel                   |    | 29,376  |           |
| Longevity Pay                        |    | 40,700  |           |
| Overtime Pay                         |    | 15,551  |           |
| Freight Expenses                     |    | 97,062  |           |
| Other Contracted Services            |    | 10,022  |           |
| Asphalt - Liquid                     |    | 30,604  |           |
| Crushed Stone                        |    | 53,061  |           |
| Road Signs                           |    | 11,033  |           |
| Small Tools                          |    | 3,280   |           |
| Other Supplies and Materials         |    | 2,920   |           |
| Total Highway and Bridge Maintenance |    |         | 1,307,114 |

Operation and Maintenance of Equipment

|  |    |         |         |
|--|----|---------|---------|
| Mechanic(s)                                  | \$ | 120,050 |         |
| Maintenance and Repair Services - Equipment  |    | 11,910  |         |
| Diesel Fuel                                  |    | 111,922 |         |
| Equipment and Machinery Parts                |    | 99,337  |         |
| Garage Supplies                              |    | 5,241   |         |
| Gasoline                                     |    | 51,118  |         |
| Lubricants                                   |    | 9,952   |         |
| Small Tools                                  |    | 1,086   |         |
| Tires and Tubes                              |    | 19,390  |         |
| Other Supplies and Materials                 |    | 3,082   |         |
| Other Capital Outlay                         |    | 4,776   |         |
| Total Operation and Maintenance of Equipment |    |         | 437,864 |

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges

|                                    |    |              |         |
|------------------------------------|----|--------------|---------|
| Communication                      | \$ | 7,570        |         |
| Utilities                          |    | 19,902       |         |
| Liability Insurance                |    | 136,309      |         |
| Premiums on Corporate Surety Bonds |    | 500          |         |
| Trustee's Commission               |    | 44,740       |         |
| Liability Claims                   |    | <u>2,815</u> |         |
| Total Other Charges                | \$ |              | 211,836 |

Employee Benefits

|                                  |    |                |         |
|----------------------------------|----|----------------|---------|
| Social Security                  | \$ | 101,539        |         |
| State Retirement                 |    | 112,068        |         |
| Employee and Dependent Insurance |    | 231,141        |         |
| Evaluation and Testing           |    | 1,470          |         |
| Workers' Compensation Insurance  |    | <u>139,204</u> |         |
| Total Employee Benefits          |    |                | 585,422 |

Capital Outlay

|                      |    |               |           |
|----------------------|----|---------------|-----------|
| Bridge Construction  | \$ | 109,816       |           |
| Highway Equipment    |    | 272,610       |           |
| State Aid Projects   |    | 186,319       |           |
| Other Construction   |    | 598,985       |           |
| Other Capital Outlay |    | <u>57,187</u> |           |
| Total Capital Outlay |    |               | 1,224,917 |

Principal on Debt

Highways and Streets

|                             |    |               |        |
|-----------------------------|----|---------------|--------|
| Principal on Capital Leases | \$ | <u>83,884</u> |        |
| Total Highways and Streets  |    |               | 83,884 |

Interest on Debt

Highways and Streets

|                            |    |              |       |
|----------------------------|----|--------------|-------|
| Interest on Capital Leases | \$ | <u>3,849</u> |       |
| Total Highways and Streets |    |              | 3,849 |

Capital Projects

Highway and Street Capital Projects

|   |    |              |              |
|---|----|--------------|--------------|
| Other Capital Outlay                      | \$ | <u>5,718</u> |              |
| Total Highway and Street Capital Projects |    |              | <u>5,718</u> |

Total Highway/Public Works Fund \$ 4,044,828

(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       | \$ 310,951       |              |
| Principal on Notes       | 2,120,389        |              |
| Total General Government | <u>2,431,340</u> | \$ 2,431,340 |

Education

|                    |            |         |
|--------------------|------------|---------|
| Principal on Bonds | \$ 805,000 |         |
| Total Education    |            | 805,000 |

Interest on Debt

General Government

|                          |                |         |
|--------------------------|----------------|---------|
| Interest on Bonds        | \$ 514,098     |         |
| Interest on Notes        | 58,216         |         |
| Total General Government | <u>572,314</u> | 572,314 |

Education

|                   |            |         |
|-------------------|------------|---------|
| Interest on Bonds | \$ 530,968 |         |
| Total Education   |            | 530,968 |

Other Debt Service

General Government

|                          |               |               |
|--------------------------|---------------|---------------|
| Trustee's Commission     | \$ 20,706     |               |
| Other Debt Service       | 700           |               |
| Total General Government | <u>21,406</u> | <u>21,406</u> |

Total General Debt Service Fund \$ 4,361,028

General Capital Projects Fund

Capital Projects

Administration of Justice Projects

|  |                |                   |
|--|----------------|-------------------|
| Legal Services                           | \$ 75,478      |                   |
| Site Development                         | 31,386         |                   |
| Total Administration of Justice Projects | <u>106,864</u> | <u>\$ 106,864</u> |

Total General Capital Projects Fund 106,864

Community Development/Industrial Park Fund

Other Operations

Other Economic and Community Development

|  |           |                  |
|--|-----------|------------------|
| Contracts for Development Costs                | \$ 86,835 |                  |
| Total Other Economic and Community Development |           | <u>\$ 86,835</u> |

Total Community Development/Industrial Park Fund 86,835

(Continued)

Exhibit J-7

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

|   |    |                  |                             |
|---|----|------------------|-----------------------------|
| <u>HUD Grant Projects Fund</u>                |    |                  |                             |
| <u>Other Operations</u>                       |    |                  |                             |
| <u>Housing and Urban Development</u>          |    |                  |                             |
| Building Construction                         | \$ | 383,136          |                             |
| Building Improvements                         |    | <u>428,185</u>   |                             |
| Total Housing and Urban Development           |    |                  | <u>\$ 811,321</u>           |
| Total HUD Grant Projects Fund                 |    |                  | \$ 811,321                  |
| <u>Other Capital Projects Fund</u>            |    |                  |                             |
| <u>Capital Projects</u>                       |    |                  |                             |
| <u>Other General Government Projects</u>      |    |                  |                             |
| Legal Services                                | \$ | 9,571            |                             |
| Site Development                              |    | <u>1,014,822</u> |                             |
| Total Other General Government Projects       |    |                  | <u>\$ 1,024,393</u>         |
| Total Other Capital Projects Fund             |    |                  | <u>1,024,393</u>            |
| Total Governmental Funds - Primary Government |    |                  | <u><u>\$ 24,558,385</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, 2010

General Purpose School Fund

Instruction

Regular Instruction Program

|   |              |               |
|---|--------------|---------------|
| Teachers                                    | \$ 8,672,353 |               |
| Career Ladder Program                       | 54,572       |               |
| Career Ladder Extended Contracts            | 16,744       |               |
| Homebound Teachers                          | 2,075        |               |
| Educational Assistants                      | 487,067      |               |
| Non-certified Substitute Teachers           | 151,578      |               |
| Social Security                             | 550,377      |               |
| State Retirement                            | 598,661      |               |
| Medical Insurance                           | 794,634      |               |
| Employer Medicare                           | 128,807      |               |
| Maintenance and Repair Services - Equipment | 688          |               |
| Other Contracted Services                   | 261,506      |               |
| Instructional Supplies and Materials        | 143,889      |               |
| Textbooks                                   | 364,287      |               |
| Other Charges                               | 544          |               |
| Regular Instruction Equipment               | 10,618       |               |
| Total Regular Instruction Program           |              | \$ 12,238,400 |

Special Education Program

|                                   |              |           |
|-----------------------------------|--------------|-----------|
| Teachers                          | \$ 1,177,733 |           |
| Career Ladder Program             | 9,495        |           |
| Homebound Teachers                | 3,337        |           |
| Educational Assistants            | 107,422      |           |
| Other Salaries and Wages          | 36,920       |           |
| Non-certified Substitute Teachers | 13,080       |           |
| Social Security                   | 78,052       |           |
| State Retirement                  | 85,653       |           |
| Medical Insurance                 | 117,494      |           |
| Employer Medicare                 | 18,264       |           |
| Other Fringe Benefits             | 37,106       |           |
| Contracts with Private Agencies   | 117,000      |           |
| Total Special Education Program   |              | 1,801,556 |

Vocational Education Program

|                                   |            |
|-----------------------------------|------------|
| Teachers                          | \$ 662,596 |
| Career Ladder Program             | 5,000      |
| Non-certified Substitute Teachers | 4,200      |
| Social Security                   | 39,338     |
| State Retirement                  | 43,253     |

(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.)

|                                      |           |            |
|--------------------------------------|-----------|------------|
| Medical Insurance                    | \$ 50,167 |            |
| Employer Medicare                    | 9,200     |            |
| Other Fringe Benefits                | 190       |            |
| Travel                               | 335       |            |
| Other Contracted Services            | 3,768     |            |
| Instructional Supplies and Materials | 19,864    |            |
| Vocational Instruction Equipment     | 10,988    |            |
| Total Vocational Education Program   |           | \$ 848,899 |

Adult Education Program

|                                      |           |        |
|--------------------------------------|-----------|--------|
| Teachers                             | \$ 24,811 |        |
| Social Security                      | 139       |        |
| State Retirement                     | 191       |        |
| Employer Medicare                    | 360       |        |
| Instructional Supplies and Materials | 4,950     |        |
| Total Adult Education Program        |           | 30,451 |

Support Services

Attendance

|                              |           |        |
|------------------------------|-----------|--------|
| Supervisor/Director          | \$ 49,187 |        |
| Career Ladder Program        | 1,000     |        |
| Clerical Personnel           | 12,969    |        |
| Social Security              | 3,422     |        |
| State Retirement             | 4,326     |        |
| Medical Insurance            | 8,699     |        |
| Employer Medicare            | 800       |        |
| Travel                       | 1,553     |        |
| Other Contracted Services    | 9,269     |        |
| Other Supplies and Materials | 996       |        |
| Total Attendance             |           | 92,221 |

Health Services

|                          |            |
|--------------------------|------------|
| Medical Personnel        | \$ 113,559 |
| Other Salaries and Wages | 16,717     |
| Social Security          | 7,885      |
| State Retirement         | 9,125      |
| Medical Insurance        | 6,675      |
| Employer Medicare        | 1,844      |
| Communication            | 1,009      |

(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.)

|                              |    |       |            |
|------------------------------|----|-------|------------|
| Travel                       | \$ | 6,180 |            |
| Other Contracted Services    |    | 2,000 |            |
| Drugs and Medical Supplies   |    | 1,066 |            |
| Other Supplies and Materials |    | 1,600 |            |
| In Service/Staff Development |    | 998   |            |
| Other Charges                |    | 1     |            |
| Total Health Services        |    |       | \$ 168,659 |

Other Student Support

|                             |    |         |         |
|-----------------------------|----|---------|---------|
| Career Ladder Program       | \$ | 4,490   |         |
| Guidance Personnel          |    | 385,002 |         |
| Assessment Personnel        |    | 12,915  |         |
| Clerical Personnel          |    | 16,970  |         |
| Social Security             |    | 25,113  |         |
| State Retirement            |    | 27,279  |         |
| Medical Insurance           |    | 24,161  |         |
| Employer Medicare           |    | 5,873   |         |
| Evaluation and Testing      |    | 17,813  |         |
| Other Charges               |    | 13,682  |         |
| Other Equipment             |    | 4,197   |         |
| Total Other Student Support |    |         | 537,495 |

Regular Instruction Program

|   |    |         |
|---|----|---------|
| Supervisor/Director                         | \$ | 137,686 |
| Career Ladder Program                       |    | 10,868  |
| Career Ladder Extended Contracts            |    | 12,902  |
| Librarians                                  |    | 405,653 |
| Instructional Computer Personnel            |    | 45,646  |
| Other Salaries and Wages                    |    | 6,062   |
| Social Security                             |    | 36,184  |
| State Retirement                            |    | 40,308  |
| Medical Insurance                           |    | 45,556  |
| Employer Medicare                           |    | 8,462   |
| Maintenance and Repair Services - Equipment |    | 10,238  |
| Travel                                      |    | 6,734   |
| Other Contracted Services                   |    | 57,238  |
| Library Books/Media                         |    | 69,086  |
| Other Supplies and Materials                |    | 2,692   |
| In Service/Staff Development                |    | 16,829  |

(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.)

|                                   |          |            |
|-----------------------------------|----------|------------|
| Other Charges                     | \$ 5,095 |            |
| Total Regular Instruction Program |          | \$ 917,239 |

Special Education Program

|                                 |           |         |
|---------------------------------|-----------|---------|
| Supervisor/Director             | \$ 54,965 |         |
| Career Ladder Program           | 3,000     |         |
| Psychological Personnel         | 37,601    |         |
| Assessment Personnel            | 42,699    |         |
| Secretary(ies)                  | 25,939    |         |
| Clerical Personnel              | 25,920    |         |
| Other Salaries and Wages        | 47,726    |         |
| Social Security                 | 13,611    |         |
| State Retirement                | 16,354    |         |
| Medical Insurance               | 25,718    |         |
| Employer Medicare               | 3,183     |         |
| Other Fringe Benefits           | 6,173     |         |
| Communication                   | 6,685     |         |
| Travel                          | 17,814    |         |
| Total Special Education Program |           | 327,388 |

Vocational Education Program

|   |           |         |
|---|-----------|---------|
| Supervisor/Director                         | \$ 55,958 |         |
| Career Ladder Program                       | 3,000     |         |
| Secretary(ies)                              | 27,190    |         |
| Other Salaries and Wages                    | 271,586   |         |
| Social Security                             | 21,777    |         |
| State Retirement                            | 25,010    |         |
| Medical Insurance                           | 11,332    |         |
| Employer Medicare                           | 5,093     |         |
| Other Fringe Benefits                       | 1,546     |         |
| Communication                               | 3,279     |         |
| Maintenance and Repair Services - Equipment | 8,921     |         |
| Travel                                      | 14,801    |         |
| Other Supplies and Materials                | 55,185    |         |
| In Service/Staff Development                | 4,176     |         |
| Other Charges                               | 96,685    |         |
| Total Vocational Education Program          |           | 605,539 |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs

|                              |    |         |            |
|------------------------------|----|---------|------------|
| Supervisor/Director          | \$ | 104,379 |            |
| Career Ladder Program        |    | 1,000   |            |
| Other Salaries and Wages     |    | 124,903 |            |
| Social Security              |    | 13,194  |            |
| State Retirement             |    | 16,413  |            |
| Medical Insurance            |    | 17,663  |            |
| Employer Medicare            |    | 3,162   |            |
| Rentals                      |    | 4,500   |            |
| Travel                       |    | 3,050   |            |
| Other Contracted Services    |    | 66,232  |            |
| In Service/Staff Development |    | 1,914   |            |
| Other Charges                |    | 60,009  |            |
| Total Adult Programs         |    |         | \$ 416,419 |

Other Programs

|                            |    |        |        |
|----------------------------|----|--------|--------|
| On-Behalf Payments to OPEB | \$ | 74,238 |        |
| Total Other Programs       |    |        | 74,238 |

Board of Education

|  |    |         |         |
|--|----|---------|---------|
| Longevity Pay                              | \$ | 38,250  |         |
| Board and Committee Members Fees           |    | 25,067  |         |
| Social Security                            |    | 3,631   |         |
| State Retirement                           |    | 3,444   |         |
| Unemployment Compensation                  |    | 42,168  |         |
| Employer Medicare                          |    | 884     |         |
| Audit Services                             |    | 7,250   |         |
| Dues and Memberships                       |    | 12,714  |         |
| Legal Services                             |    | 67,707  |         |
| Travel                                     |    | 5,495   |         |
| Other Contracted Services                  |    | 8,500   |         |
| Judgments                                  |    | 19,604  |         |
| Liability Insurance                        |    | 42,100  |         |
| Premiums on Corporate Surety Bonds         |    | 4,381   |         |
| Trustee's Commission                       |    | 243,083 |         |
| Workers' Compensation Insurance            |    | 72,628  |         |
| Criminal Investigation of Applicants - TBI |    | 4,260   |         |
| Other Charges                              |    | 2,818   |         |
| Total Board of Education                   |    |         | 603,984 |

(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 | \$ | 166,356 |            |
| Assistant(s)                           |    | 8,824   |            |
| Secretary(ies)                         |    | 28,130  |            |
| Clerical Personnel                     |    | 22,189  |            |
| Social Security                        |    | 13,848  |            |
| State Retirement                       |    | 15,529  |            |
| Medical Insurance                      |    | 6,904   |            |
| Employer Medicare                      |    | 3,256   |            |
| Communication                          |    | 25,087  |            |
| Dues and Memberships                   |    | 250     |            |
| Travel                                 |    | 2,217   |            |
| Office Supplies                        |    | 660     |            |
| Other Charges                          |    | 3,392   |            |
| Total Director of Schools              |    |         | \$ 296,642 |

Office of the Principal

|                                  |    |         |           |
|----------------------------------|----|---------|-----------|
| Principals                       | \$ | 542,867 |           |
| Career Ladder Program            |    | 7,545   |           |
| Career Ladder Extended Contracts |    | 6,384   |           |
| Assistant Principals             |    | 284,017 |           |
| Secretary(ies)                   |    | 163,560 |           |
| Social Security                  |    | 59,271  |           |
| State Retirement                 |    | 66,198  |           |
| Medical Insurance                |    | 71,408  |           |
| Employer Medicare                |    | 13,862  |           |
| Communication                    |    | 53,349  |           |
| Dues and Memberships             |    | 6,250   |           |
| Other Contracted Services        |    | 3,360   |           |
| Total Office of the Principal    |    |         | 1,278,071 |

Fiscal Services

|                          |    |        |  |
|--------------------------|----|--------|--|
| Supervisor/Director      | \$ | 49,585 |  |
| Accountants/Bookkeepers  |    | 28,753 |  |
| Clerical Personnel       |    | 28,130 |  |
| Other Salaries and Wages |    | 55,419 |  |
| Social Security          |    | 9,720  |  |
| State Retirement         |    | 11,175 |  |
| Medical Insurance        |    | 18,601 |  |
| Employer Medicare        |    | 2,273  |  |

(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 | \$ | 899   |            |
| Travel                   |    | 1,526 |            |
| Data Processing Supplies |    | 5,000 |            |
| Office Supplies          |    | 500   |            |
| Other Charges            |    | 488   |            |
| Administration Equipment |    | 4,024 |            |
| Total Fiscal Services    |    |       | \$ 216,093 |

Operation of Plant

|                                 |    |         |           |
|---------------------------------|----|---------|-----------|
| Secretary(ies)                  | \$ | 24,377  |           |
| Custodial Personnel             |    | 447,372 |           |
| Social Security                 |    | 28,251  |           |
| State Retirement                |    | 36,235  |           |
| Medical Insurance               |    | 19,507  |           |
| Employer Medicare               |    | 6,716   |           |
| Rentals                         |    | 12,350  |           |
| Travel                          |    | 517     |           |
| Other Contracted Services       |    | 48,644  |           |
| Custodial Supplies              |    | 40,000  |           |
| Electricity                     |    | 549,140 |           |
| Natural Gas                     |    | 169,527 |           |
| Water and Sewer                 |    | 52,107  |           |
| Other Supplies and Materials    |    | 6,349   |           |
| Boiler Insurance                |    | 6,337   |           |
| Building and Contents Insurance |    | 102,850 |           |
| Other Charges                   |    | 4,655   |           |
| Plant Operation Equipment       |    | 4,899   |           |
| Total Operation of Plant        |    |         | 1,559,833 |

Maintenance of Plant

|   |    |         |  |
|---|----|---------|--|
| Supervisor/Director                         | \$ | 47,920  |  |
| Maintenance Personnel                       |    | 271,357 |  |
| Social Security                             |    | 19,772  |  |
| State Retirement                            |    | 27,249  |  |
| Medical Insurance                           |    | 39,433  |  |
| Employer Medicare                           |    | 4,624   |  |
| Maintenance and Repair Services - Buildings |    | 10,465  |  |
| Maintenance and Repair Services - Equipment |    | 53,164  |  |
| Other Contracted Services                   |    | 23,381  |  |

(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.)

|                                |           |            |
|--------------------------------|-----------|------------|
| General Construction Materials | \$ 25,754 |            |
| Other Supplies and Materials   | 50,450    |            |
| Other Charges                  | 843       |            |
| Maintenance Equipment          | 936       |            |
| Total Maintenance of Plant     |           | \$ 575,348 |

Transportation

|  |           |           |
|--|-----------|-----------|
| Supervisor/Director                        | \$ 44,818 |           |
| Mechanic(s)                                | 191,950   |           |
| Bus Drivers                                | 746,150   |           |
| Clerical Personnel                         | 25,003    |           |
| Social Security                            | 60,983    |           |
| State Retirement                           | 77,737    |           |
| Medical Insurance                          | 33,356    |           |
| Employer Medicare                          | 14,423    |           |
| Other Fringe Benefits                      | 7,071     |           |
| Communication                              | 16,320    |           |
| Maintenance and Repair Services - Vehicles | 40,591    |           |
| Travel                                     | 1,854     |           |
| Other Contracted Services                  | 4,642     |           |
| Diesel Fuel                                | 376,279   |           |
| Equipment and Machinery Parts              | 10,539    |           |
| Gasoline                                   | 42,988    |           |
| Lubricants                                 | 11,663    |           |
| Tires and Tubes                            | 36,537    |           |
| Vehicle Parts                              | 113,924   |           |
| Other Supplies and Materials               | 12,228    |           |
| Vehicle and Equipment Insurance            | 34,997    |           |
| Other Charges                              | 6,098     |           |
| Transportation Equipment                   | 15,964    |           |
| Total Transportation                       |           | 1,926,115 |

Central and Other

|                                      |            |
|--------------------------------------|------------|
| Other Salaries and Wages             | \$ 164,361 |
| Social Security                      | 10,120     |
| State Retirement                     | 13,414     |
| Employer Medicare                    | 2,367      |
| Other Contracted Services            | 4,825      |
| Instructional Supplies and Materials | 1,527      |

(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 | \$ | 825   |            |
| In Service/Staff Development |    | 2,825 |            |
| Other Equipment              |    | 3,000 |            |
| Total Central and Other      |    |       | \$ 203,264 |

Operation of Non-Instructional Services

Community Services

|                              |    |        |        |
|------------------------------|----|--------|--------|
| Supervisor/Director          | \$ | 7,200  |        |
| Other Salaries and Wages     |    | 32,095 |        |
| Social Security              |    | 1,807  |        |
| State Retirement             |    | 1,796  |        |
| Employer Medicare            |    | 570    |        |
| Other Supplies and Materials |    | 7,580  |        |
| Total Community Services     |    |        | 51,048 |

Early Childhood Education

|                                      |    |         |         |
|--------------------------------------|----|---------|---------|
| Supervisor/Director                  | \$ | 38,743  |         |
| Teachers                             |    | 322,679 |         |
| Career Ladder Program                |    | 2,000   |         |
| Educational Assistants               |    | 104,011 |         |
| Other Salaries and Wages             |    | 24,700  |         |
| Non-certified Substitute Teachers    |    | 2,940   |         |
| Social Security                      |    | 29,063  |         |
| State Retirement                     |    | 33,761  |         |
| Medical Insurance                    |    | 32,168  |         |
| Employer Medicare                    |    | 6,799   |         |
| Contracts with Other Public Agencies |    | 42,996  |         |
| Travel                               |    | 2,267   |         |
| Instructional Supplies and Materials |    | 20,866  |         |
| In Service/Staff Development         |    | 5,320   |         |
| Other Charges                        |    | 6,145   |         |
| Other Equipment                      |    | 9,401   |         |
| Total Early Childhood Education      |    |         | 683,859 |

Capital Outlay

Regular Capital Outlay

|                              |    |        |        |
|------------------------------|----|--------|--------|
| Building Improvements        | \$ | 49,779 |        |
| Other Capital Outlay         |    | 31,496 |        |
| Total Regular Capital Outlay |    |        | 81,275 |

(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          | \$ 125,000     |            |
| Principal on Capital Leases | 224,078        |            |
| Total Education             | <u>349,078</u> | \$ 349,078 |

Interest on Debt

Education

|                            |               |               |
|----------------------------|---------------|---------------|
| Interest on Notes          | \$ 50,213     |               |
| Interest on Capital Leases | 25,512        |               |
| Total Education            | <u>75,725</u> | <u>75,725</u> |

Total General Purpose School Fund \$ 25,958,839

School Federal Projects Fund

Instruction

Regular Instruction Program

|   |                  |              |
|---|------------------|--------------|
| Teachers                                    | \$ 475,148       |              |
| Educational Assistants                      | 103,685          |              |
| Other Salaries and Wages                    | 161,741          |              |
| Non-certified Substitute Teachers           | 2,280            |              |
| Social Security                             | 42,657           |              |
| State Retirement                            | 50,019           |              |
| Medical Insurance                           | 38,089           |              |
| Employer Medicare                           | 10,195           |              |
| Other Fringe Benefits                       | 40               |              |
| Maintenance and Repair Services - Equipment | 18,966           |              |
| Instructional Supplies and Materials        | 279,952          |              |
| Other Charges                               | 10,142           |              |
| Regular Instruction Equipment               | 199,813          |              |
| Total Regular Instruction Program           | <u>1,392,727</u> | \$ 1,392,727 |

Special Education Program

|                                   |          |
|-----------------------------------|----------|
| Clerical Personnel                | \$ 1,200 |
| Educational Assistants            | 286,373  |
| Non-certified Substitute Teachers | 780      |
| Social Security                   | 17,722   |
| State Retirement                  | 21,392   |
| Employer Medicare                 | 4,145    |
| Other Fringe Benefits             | 19,277   |

(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.)

|   |    |         |            |
|---|----|---------|------------|
| Contracts with Private Agencies             | \$ | 37,413  |            |
| Maintenance and Repair Services - Equipment |    | 4,710   |            |
| Tuition                                     |    | 1,782   |            |
| Other Contracted Services                   |    | 363,928 |            |
| Instructional Supplies and Materials        |    | 47,099  |            |
| Other Supplies and Materials                |    | 40,380  |            |
| Other Charges                               |    | 99,689  |            |
| Special Education Equipment                 |    | 24,916  |            |
| Total Special Education Program             |    |         | \$ 970,806 |

Vocational Education Program

|                                      |    |        |        |
|--------------------------------------|----|--------|--------|
| Educational Assistants               | \$ | 14,846 |        |
| Other Salaries and Wages             |    | 2,425  |        |
| Social Security                      |    | 1,071  |        |
| State Retirement                     |    | 1,432  |        |
| Employer Medicare                    |    | 250    |        |
| Other Fringe Benefits                |    | 53     |        |
| Instructional Supplies and Materials |    | 6,937  |        |
| Other Supplies and Materials         |    | 883    |        |
| Other Charges                        |    | 1,294  |        |
| Vocational Instruction Equipment     |    | 52,225 |        |
| Total Vocational Education Program   |    |        | 81,416 |

Support Services

Other Student Support

|                              |    |        |        |
|------------------------------|----|--------|--------|
| Social Workers               | \$ | 10,000 |        |
| Other Salaries and Wages     |    | 10,497 |        |
| Social Security              |    | 1,254  |        |
| State Retirement             |    | 1,718  |        |
| Employer Medicare            |    | 290    |        |
| Other Fringe Benefits        |    | 35     |        |
| Travel                       |    | 11,319 |        |
| Other Contracted Services    |    | 6,542  |        |
| Other Supplies and Materials |    | 3,806  |        |
| Total Other Student Support  |    |        | 45,461 |

Regular Instruction Program

|                                  |    |         |  |
|----------------------------------|----|---------|--|
| Supervisor/Director              | \$ | 111,177 |  |
| Instructional Computer Personnel |    | 48,791  |  |

(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.)

|  |    |         |            |
|--|----|---------|------------|
| Secretary(ies)                                 | \$ | 64,128  |            |
| Educational Incentive - Other County Employees |    | 66,540  |            |
| Other Salaries and Wages                       |    | 58,900  |            |
| Social Security                                |    | 20,988  |            |
| State Retirement                               |    | 24,592  |            |
| Medical Insurance                              |    | 22,631  |            |
| Employer Medicare                              |    | 4,908   |            |
| Other Fringe Benefits                          |    | 444     |            |
| Travel   |    | 27,523  |            |
| Instructional Supplies and Materials           |    | 3,813   |            |
| In Service/Staff Development                   |    | 268,458 |            |
| Total Regular Instruction Program              |    |         | \$ 722,893 |

Special Education Program

|                                 |    |         |         |
|---------------------------------|----|---------|---------|
| Other Salaries and Wages        | \$ | 176,570 |         |
| Social Security                 |    | 10,796  |         |
| State Retirement                |    | 14,869  |         |
| Medical Insurance               |    | 9,970   |         |
| Employer Medicare               |    | 2,525   |         |
| Other Fringe Benefits           |    | 8,355   |         |
| Travel                          |    | 74,511  |         |
| Other Supplies and Materials    |    | 4,961   |         |
| In Service/Staff Development    |    | 31,339  |         |
| Other Charges                   |    | 10,100  |         |
| Total Special Education Program |    |         | 343,996 |

Vocational Education Program

|                                    |    |       |       |
|------------------------------------|----|-------|-------|
| Travel                             | \$ | 2,750 |       |
| Total Vocational Education Program |    |       | 2,750 |

Transportation

|                          |    |         |         |
|--------------------------|----|---------|---------|
| Bus Drivers              | \$ | 38,927  |         |
| Social Security          |    | 2,375   |         |
| State Retirement         |    | 3,006   |         |
| Employer Medicare        |    | 555     |         |
| Contracts with Parents   |    | 3,538   |         |
| Diesel Fuel              |    | 7,470   |         |
| Transportation Equipment |    | 159,792 |         |
| Total Transportation     |    |         | 215,663 |

Total School Federal Projects Fund \$ 3,775,712

(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                         | \$ | 38,758  |                     |
| Accountants/Bookkeepers                     |    | 23,439  |                     |
| Cafeteria Personnel                         |    | 971,610 |                     |
| Longevity Pay                               |    | 3,750   |                     |
| Other Salaries and Wages                    |    | 36,811  |                     |
| Social Security                             |    | 64,917  |                     |
| State Retirement                            |    | 79,386  |                     |
| Medical Insurance                           |    | 16,470  |                     |
| Unemployment Compensation                   |    | 889     |                     |
| Employer Medicare                           |    | 15,567  |                     |
| Communication                               |    | 7,209   |                     |
| Maintenance and Repair Services - Equipment |    | 6,094   |                     |
| Travel                                      |    | 2,054   |                     |
| Other Contracted Services                   |    | 40,702  |                     |
| Food Supplies                               |    | 854,005 |                     |
| USDA - Commodities                          |    | 170,489 |                     |
| Other Supplies and Materials                |    | 148,290 |                     |
| Workers' Compensation Insurance             |    | 20,797  |                     |
| Food Service Equipment                      |    | 26,918  |                     |
| Total Food Service                          |    |         | <u>\$ 2,528,155</u> |

Total Central Cafeteria Fund \$ 2,528,155

Total Governmental Funds - Fayette County School Department \$ 32,262,706

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, 2010

|                                      | <u>Cities -<br/>Sales Tax<br/>Fund</u> |
|--------------------------------------|--|
| <u>Cash Receipts</u>                 |  |
| Local Option Sales Tax               | \$ 1,776,940                           |
| Total Cash Receipts                  | <u>\$ 1,776,940</u>                    |
| <u>Cash Disbursements</u>            |  |
| Remittance of Revenues Collected     | \$ 1,759,170                           |
| Trustee's Commission                 | 17,770                                 |
| Total Cash Disbursements             | <u>\$ 1,776,940</u>                    |
| Excess of Cash Receipts Over (Under) |  |
| Cash Disbursements                   | \$ 0                                   |
| Cash Balance, July 1, 2009           | <u>0</u>                               |
| Cash Balance, June 30, 2010          | <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

November 30, 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, 2010, which collectively comprise Fayette County's basic financial statements and have issued our report thereon dated November 30, 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 10.01, 10.02, and 10.10.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 10.04 and 10.09.

### 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 10.03, 10.05, 10.06, 10.07, and 10.08.

We also noted certain matters that we reported to management of Fayette County in separate communications.

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 prominent vertical stroke at the beginning.

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu



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

November 30, 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, 2010. 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.

As described in items 10.05 and 10.11 in the accompanying Schedule of Findings and Questioned Costs, Fayette County did not comply with requirements regarding activities allowed or unallowed; allowable costs/cost principles; and procurement, suspension and debarment that are applicable to 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). Compliance with such requirements is necessary, in our opinion, for Fayette County to comply with such requirements applicable to that cluster program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2010.

#### 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fayette County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

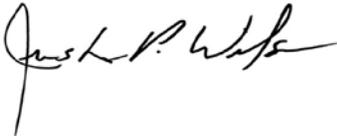
#### Schedule of Expenditures of Federal Awards

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, 2010, and have issued our report thereon dated November 30, 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.

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 prominent vertical stroke at the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

Fayette County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year-Ended June 30, 2010

| Federal/Pass-through Agency/State<br>Grantor Program Title   | Federal<br>CFDA<br>Number | Pass-through<br>Entity Identifying<br>Number | Expenditures   |
|--|---------------------------|--|----------------|
| U.S. Department of Agriculture:  |                           |  |                |
| Passed-through State Department of Agriculture:  |                           |  |                |
| National School Lunch Program (Commodities - Noncash Assistance)   | 10.555                    | N/A  | \$ 170,489 (3) |
| Passed-through State Department of Education:  |                           |  |                |
| Child Nutrition Cluster:   |                           |  |                |
| School Breakfast Program   | 10.553                    | N/A  | 636,418        |
| National School Lunch Program  | 10.555                    | N/A  | 1,256,959 (3)  |
| Summer Food Service Program for Children   | 10.559                    | N/A  | 23,189         |
| Total U.S. Department of Agriculture   |                           |  | \$ 2,087,055   |
| 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                                  | \$ 475,341     |
| Passed-through Tennessee Housing Development Agency:   |                           |  |                |
| Home Investment Partnerships Program   | 14.239                    | HM0814                                       | 432,883        |
| Total U.S. Department of Housing and Urban Development   |                           |  | \$ 908,224     |
| U.S. Department of Justice:  |                           |  |                |
| Passed-through Office of Criminal Justice Programs:  |                           |  |                |
| Recovery - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories | 16.803                    | (2)  | \$ 39,215      |
| Recovery - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Units of Local Governments       | 16.804                    | (2)  | 48,652         |
| Total U.S. Department of Justice   |                           |  | \$ 87,867      |
| U.S. Department of Labor:  |                           |  |                |
| Passed-through City of Memphis, Tennessee:   |                           |  |                |
| WIA Cluster:   |                           |  |                |
| WIA Adult Program - Recovery Act   | 17.258                    | (2)  | \$ 298,274     |
| WIA Youth Program - Recovery Act   | 17.259                    | (2)  | 807,374        |
| Total U.S. Department of Labor   |                           |  | \$ 1,105,648   |
| U.S. Department of Transportation Federal Aviation Administration:                                       |                           |  |                |
| Passed-through State Department of Transportation:   |                           |  |                |
| Airport Improvement Program  | 20.106                    | (4)  | \$ 339,112     |
| Total U.S. Department of Transportation Federal Aviation Administration                                  |                           |  | \$ 339,112     |
| U.S. Department of Education:  |                           |  |                |
| Passed-through State Department of Labor and Workforce Development:                                      |                           |  |                |
| Adult Education - State Grant Program  | 84.002                    | N/A  | \$ 62,609      |
| Passed-through State Department of Education:  |                           |  |                |
| Title I, Part A Cluster:   |                           |  |                |
| Title I Grants to Local Educational Agencies   | 84.010                    | N/A  | 1,029,927      |
| Title I Grants to Local Education Agencies - Recovery Act  | 84.389                    | N/A  | 303,902        |
| Special Education Cluster:   |                           |  |                |
| Special Education - Grants to States   | 84.027                    | N/A  | 852,413        |
| Special Education - Preschool Grants   | 84.173                    | N/A  | 30,616         |
| Special Education - Grants to States - Recovery Act  | 84.391                    | N/A  | 586,245        |
| Special Education - Preschool Grants - Recovery Act  | 84.392                    | N/A  | 10,983         |
| Career and Technical Education - Basic Grants to States  | 84.048                    | N/A  | 102,162        |
| Safe and Drug-free Schools and Communities - State Grants  | 84.186                    | (2)  | 15,397         |
| Education for Homeless Children and Youth  | 84.196                    | N/A  | 7,470          |

(Continued)

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

| Federal/Pass-through Agency/State<br>Grantor Program Title  | Federal<br>CFDA<br>Number | Contract<br>Number | Expenditures        |
|---|---------------------------|--------------------|---------------------|
| U.S. Department of Education (Cont.):   |                           |                    |                     |
| Passed-through State Department of Education (Cont.):   |                           |                    |                     |
| Education Technology State Grants Cluster:  |                           |                    |                     |
| Education Technology State Grants   | 84.318                    | N/A                | \$ 9,678            |
| Education Technology State Grant - Recovery Act   | 84.386                    | N/A                | 22,294              |
| Reading First State Grants  | 84.357                    | N/A                | 559,102             |
| English Language Acquisition Grants   | 84.365                    | N/A                | 18,072              |
| Improving Teacher Quality State Grants  | 84.367                    | N/A                | 250,232             |
| State Fiscal Stabilization Fund Cluster:  |                           |                    |                     |
| State Fiscal Stabilization Fund - Education State Grants - Recovery Act   | 84.394                    | N/A                | 653,400             |
| State Fiscal Stabilization Fund - Government Services - Recovery Act  | 84.397                    | N/A                | 141,529             |
| Total U.S. Department of Education  |                           |                    | <u>\$ 4,656,031</u> |
| U.S. Department of Homeland Security:   |                           |                    |                     |
| Passed-through State Department of Military:  |                           |                    |                     |
| Emergency Management Performance Grants   | 97.042                    | (2)                | \$ 113,322          |
| Homeland Security Grant Program:  |                           |                    |                     |
| Presidential Declaration FEMA 1745-DR-TN for Severe Storms, Tornadoes,<br>Straight-Line Winds and Flooding in February 2008 | 97.036                    | Z0821282300        | 10,020              |
| Total U.S. Department of Homeland Security  |                           |                    | <u>\$ 123,342</u>   |
| Total Expenditures of Federal Awards  |                           |                    | <u>\$ 9,307,279</u> |
|   |                           | Contract<br>Number |                     |
| State Grants:   |                           |                    |                     |
| State Reappraisal Program - Comptroller of the Treasury   | N/A                       | (2)                | \$ 11,176           |
| Dental Program - State Department of Health   | N/A                       | Z0921372100        | 284,450             |
| Airport Maintenance Grant - State Department of Transportation  | N/A                       | Z0921342000        | 13,000              |
| Fuel Farm - State Department of Transportation  | N/A                       | Z0820063500        | 138,337             |
| Design and Construction of New Airport Terminal Building  | N/A                       | (2)                | 179,880             |
| Litter Program - State Department of Transportation   | N/A                       | Z09021274200       | 32,329              |
| Drug Court Grant - Tennessee Secretary of State   | N/A                       | Z0502554200        | 56,037              |
| Early Childhood Education - State Department of Education   | N/A                       | (2)                | 581,578             |
| Waste Tire Grant Program - State Department of Environment<br>and Conservation  | N/A                       | (2)                | 13,721              |
| Highway Safety Grant - State Department of Transportation   | N/A                       | Z0921460500        | 13,781              |
| State of Tennessee Fasttrack Infrastructure Development Program   | N/A                       | GG0926933          | 86,835              |
| Total State Grants  |                           |                    | <u>\$ 1,411,124</u> |

CFDA = Catalog of Federal Domestic Assistance  
 N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.  
 (2) Information not available.  
 (3) Total CFDA No. 10.555 is \$1,556,824.  
 (4) Z0820063600: \$179,144; Z0703767900: \$30,055; Z0921401600: \$129,913.

Fayette County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2010

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, 2009, which have not been corrected.

**FAYETTE COUNTY AND FAYETTE COUNTY SCHOOL DEPARTMENT**

| <u>Finding Number</u> | <u>Page Number</u> | <u>Subject</u>  |
|-----------------------|--------------------|---|
| 09.01                 | 188                | Fayette County and the Fayette County School Department do not have the resources to produce financial statements and notes to the financial statements |
| 09.02                 | 189                | Several funds required material audit adjustments for proper financial statement presentation   |

**OFFICE OF COUNTY MAYOR**

| <u>Finding Number</u> | <u>Page Number</u> | <u>Subject</u>                                   |
|-----------------------|--------------------|--|
| 09.03                 | 190                | The office had deficiencies in budget operations |

**OFFICE OF DIRECTOR OF SCHOOLS**

| <u>Finding Number</u> | <u>Page Number</u> | <u>Subject</u>   |
|-----------------------|--------------------|--|
| 09.06                 | 192                | Salaries exceeded line-item appropriations in the General Purpose School, School Federal Projects, and Central Cafeteria funds |

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**FAYETTE COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2010**

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**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. Three of these deficiencies were considered to be material weaknesses.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of Fayette County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. A qualified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559), the Home Investment Partnerships Program (CFDA No. 14.239); Community Development Block Grant/State's Program (CFDA No. 14.228); Airport Improvement Program (CFDA No. 20.106); the State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund – Education State Grants – Recovery Act and State Fiscal Stabilization Fund – Government Services – Recovery Act (CFDA Nos. 84.394 and 84.397); the Title I Cluster: Title I Grants to Local Education Agencies and Title I Grants to Local Education Agencies – Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education Preschool Grants, Special Education – Grants to States – Recovery Act, and Special Education Preschool Grants – Recovery Act (CFDA Nos. 84.027, 87.073, 84.391, and 84.392), and the WIA Cluster: WIA Adult Program – Recovery Act and WIA Youth Program – Recovery Act (CFDA Nos. 17.258 and 17.259) 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; however, management did not provide responses for inclusion in this report.

### **FAYETTE COUNTY AND FAYETTE COUNTY SCHOOL DEPARTMENT**

**FINDING 10.01      **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 county's 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 necessary 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.

**FINDING 10.02      MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION OF THE GENERAL DEBT SERVICE AND GENERAL PURPOSE SCHOOL FUNDS**  
(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2010, various general ledger account balances of the 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. Material audit adjustments were required because the county's and the School Department's financial reporting systems did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county 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.

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**OFFICE OF PLANNING AND DEVELOPMENT**

**FINDING 10.03      THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**  
(Noncompliance Under Government Auditing Standards)

System backups were not stored off-site. Section 10-7-121, Tennessee Code Annotated, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Proper system backup procedures were implemented in August 2010.

**RECOMMENDATION**

Management should ensure system backups are rotated off-site on a routine basis.

**FINDING 10.04      THE OFFICE DID NOT REVIEW ITS 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. Since this log provided the only audit trail of these changes, it should be reviewed daily for inappropriate activity. During the audit period, management did not review this log.

**RECOMMENDATION**

Management should review the audit log daily. Any unusual transactions should be investigated.

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**OFFICE OF DIRECTOR OF SCHOOLS**

**FINDING 10.05      A CASH SHORTAGE OF \$177,629.93 EXISTED IN THE FOOD SERVICE DEPARTMENT AT DECEMBER 15, 2009  
(Material Noncompliance Under Government Auditing Standards and OMB Circular A-133)**

On April 27, 2010, our office issued a special report on the Fayette County School Food Service Department for the period July 1, 2007, through December 15, 2009. This report disclosed that the food service supervisor circumvented purchasing procedures, resulting in a cash shortage of \$142,433 and altered time sheets of a part-time cafeteria worker, resulting in a cash shortage of \$35,196.93. This report is available at [www.tn.gov/comptroller](http://www.tn.gov/comptroller). Three individuals were indicted by the Fayette County Grand Jury. In May 2010, the School Department's insurance carrier paid the department \$149,500, and in November 2010, one of the individuals paid the department \$6,000 as the result of a plea.

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**FINDING 10.06      THE DEPARTMENT HAD DEFICIENCIES IN ACCOUNTING FOR EMPLOYEE TRAVEL  
(Noncompliance Under Government Auditing Standards)**

Our office received allegations concerning inappropriate travel advances to three employees of the Fayette County school system, and we began an investigation focused on the three employees named in the allegation. However, as our investigation progressed, we expanded our scope to determine whether other employees and/or system-wide deficiencies existed regarding employee travel. This investigation included interviews, an examination of travel claims, supporting documentation, and a review of policies and procedures. The finding and recommendation presented below was presented to the Fayette County Mayor, Board of County Commissioners, Director of Schools, and Board of Education by letter dated October 5, 2010.

During the period under examination, the School Department did not comply with provisions of its travel regulations regarding travel advances. The department's travel regulations provide for advance payments to employees for automobile expenses, meals, lodging, registration fees, and certain out-of-pocket expenses. Employees are required to file an approved request for the travel advance with the central office and will receive a check for the estimated amount of the expenses. Separate checks payable to a hotel for lodging and to a conference for a registration fee would either be hand delivered by the employee or forwarded through the mail. The regulations also provide that travel advances must be reconciled on the official travel form no later than five working days after returning to Fayette County. It should be noted that the detailed travel regulations are preprinted on the back of the official travel form.

Based upon our interviews with the former School Department business manager and the former clerk who handled all travel claims for the School Department, our investigation of the allegations noted above, and our expanded test work, we concluded that the School Department did not enforce its own travel regulations. When the former central office clerk gave employees their check(s) for a travel advance, she placed the preliminary travel request documentation in a folder on her desk awaiting their return. Employees were to bring her a copy of their hotel bill to be attached to the preliminary documentation, which would then be filed away for future reference. Any unused or undocumented travel advance funds were to be returned to the clerk at that time. In the event the employees did not attend an event, the employees were responsible for contacting the hotel for a refund if the hotel had been prepaid plus returning any other unused amounts related to that travel advance. Both the former business manager and the former clerk stated that it was well known within the school system that all employees were responsible for accounting for their travel advance within a reasonable amount of time. Furthermore, all employees should have been aware of the detailed travel regulations since they were preprinted on the back of the official travel form. However, the former employees also advised that the School Department did not enforce the requirement to account for travel advances no later than five working days from their return to Fayette County. The former clerk stated her practice was to go through her travel folder from time to time looking for employees who had not completed their accounting for a travel advance. She would phone these individuals to remind them they were delinquent in their accounting and request they bring her the appropriate receipts. The former clerk admitted she had no systematic approach to tracking travel advances, occasionally misfiled the unreconciled forms, and sometimes failed to follow-up on unreconciled travel advances.

In summary, this finding is primarily the result of the failure of the School Department to follow its travel regulations and a lack of management oversight. These weaknesses provided the opportunity for the travel advance system to be abused. Our investigation revealed these deficiencies contributed to the temporary loss of funds and the abuse of the system. Specific deficiencies we noted are listed below:

1. Some employees did not use the most current official travel form that had the detailed travel regulations preprinted on the reverse side. Instead, some employees photocopied only the front-side of various versions of the travel form. Therefore, different versions of travel forms were filed with the central office.

2. The department's detailed travel regulations addressed automobile expenses, meals, lodging, registration fees, reimbursement procedures, and travel advances. However, the regulations did not provide adequate guidance for employees to clearly understand what was expected and required. Also, we could not find documentation in the Board of Education's minutes that the board annually reviewed expense allowances and reimbursement guidelines as required by board policy 2.804.
3. It appears the department's unwritten regulations for calculating mileage were to charge mileage to and from the central office regardless of the destination. Therefore, when an employee would drive to a meeting located closer to the employee's home than the central office, the employee would charge for mileage not driven. The detailed travel regulations did not address how to calculate mileage.
4. Employees were not required to reconcile their travel advances no later than five working days after returning to Fayette County as provided in the detailed travel regulations. Some employees provided the appropriate documentation within a reasonable amount of time and some employees did not.
5. The central office clerk responsible for accounting for employee travel had no systematic approach of tracking travel advances. The clerk might or might not follow-up on travel advances. When the clerk failed to follow-up on the travel advance, unused amounts would not be returned to the School Department.
6. Management did not provide adequate supervision and review. The business manager assigned the responsibility for employee travel to a clerk but did no periodic review of the system. The business manager acknowledged to us she did not remember the five day reconciliation requirement noted in the detailed travel advance regulations.
7. Both the business manager and the clerk stated the department did not enforce the five day reconciliation process, but all employees knew it was their responsibility to account for travel advances within a reasonable amount of time. The lack of a systematic process of monitoring and enforcement exhibits a poor tone at the top approach that filters down through the ranks of the employees and contributes to fraud and abuse.
8. Our investigation of the allegations made against the three employees determined that:
  - a. Two of the employees had several unreconciled travel advances dating back as far as ten months.
  - b. Two of the employees still had travel advances for trips they did not attend.
  - c. All three employees owed the School Department varying amounts that had been improperly claimed for meals and parking.
  - d. Two of the three employees made inconsistent statements to us during the course of our interviews.

- e. The three employees repaid the School Department \$1,769.40, \$1,352.20, and \$74 for unaccounted travel advances.
- f. One employee refunded the School Department \$782 for mileage reimbursements received in excess of actual miles driven.
- g. The School Department paid two hotels a total of \$1,260.36 through direct advance payments that exceeded actual expenses. We informed school officials of the excess payments, contacted the hotels, and the hotels subsequently refunded the funds.

**RECOMMENDATION**

The School Department should follow its detailed travel regulations to reimburse employees for business-related mileage, lodging, and meal expenses. Only the official travel form should be accepted by the central office. The Board of Education should consider revising the detailed travel regulations to provide better guidance for employees to clearly understand what is expected and required. Documentation should be in the Board of Education’s minutes as evidence that it annually reviewed its expense allowances and reimbursement guidelines. Employees should not be compensated for miles not driven. Employees should be required to account for their travel advances within a reasonable time frame as presented in the detailed travel regulations. The central office clerk responsible for tracking travel advances should systematically review her records on a current basis. Management should provide adequate supervision, review, and enforcement of the current travel regulations and procedures. Management could consider eliminating travel advances entirely or allowing advances only under extraordinary circumstances; therefore, travel could be based on a reimbursement system.

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**FINDING 10.07      EXPENDITURES EXCEEDED APPROPRIATIONS  
(Noncompliance Under Government Auditing Standards)**

Expenditures exceeded appropriations as noted below:

- A. General Purpose School Fund expenditures exceeded appropriations approved by the County Commission in the Board of Education major appropriation category (the legal level of control) by \$14,961.
- B. In numerous instances, salaries exceeded line-item appropriations in the General Purpose School and School Federal Projects funds by amounts ranging from \$200 to \$9,542.

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

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.

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**FINDING 10.08      PAYROLL TAXES WERE NOT DEPOSITED TIMELY  
RESULTING IN THE ASSESSMENT OF INTEREST AND  
PENALTY TOTALING \$19,603.95**  
(Noncompliance Under Government Auditing Standards)

Payroll taxes were not deposited with the Internal Revenue Service (IRS) timely for the quarter ended March 31, 2009. IRS Circular E – Employer’s Tax Guide requires employers to deposit employee payroll taxes in a U.S. Treasury bank account within three days of each payroll. This deficiency was the result of a lack of management oversight. As a result, the office was required to pay interest and penalty charges totaling \$19,603.95.

#### RECOMMENDATION

Federal payroll taxes should be deposited timely with the Internal Revenue Service to avoid interest and penalty assessments.

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**FINDING 10.09      DEFICIENCIES WERE NOTED IN THE PURCHASE ORDER  
SYSTEM**  
(Internal Control – Significant Deficiency Under Government Auditing  
Standards)

The office did not issue purchase orders for some applicable purchases. Purchase orders are necessary to control who has purchasing authority for the department and to document purchasing commitments. Although the department’s purchasing policies require purchase orders for most purchases, our examination disclosed instances where the Finance Department processed payments for purchases when the required purchase orders had not been issued. This could result in unapproved purchases, purchases made without adequate appropriations, or undocumented purchasing commitments.

RECOMMENDATION

To strengthen internal controls over the purchasing process and to document purchasing commitments, the office should ensure that purchase orders are issued for all applicable purchases.

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OTHER FINDING AND RECOMMENDATION

FINDING 10.10      **FAYETTE COUNTY HAS MATERIAL RECURRING AUDIT FINDINGS**  
(Internal Control – Material Weakness Under Government Auditing Standards)

Fayette County has material audit findings that have been reported in its annual financial reports for three or more consecutive years. These recurring material findings are listed below:

| <u>Finding Numbers</u> | <u>Description</u>   |
|------------------------|--|
| 10.01, 09.01, 08.01    | Fayette County and the Fayette County School Department do not have the resources to produce financial statements and notes to the financial statements        |
| 10.02, 09.02, 08.02    | Fayette County and the Fayette County School Department had several funds that required material audit adjustments for proper financial statement presentation |

The recurring nature of the above-noted findings indicates that management is either unwilling or unable to address the deficiencies. The Local Government Modernization Act of 2005 in Section 9-3-405, Tennessee Code Annotated (TCA), encourages local governments to consider establishing an Audit Committee and further provides that the Comptroller may require that an Audit Committee be established in any local government that (1) is in noncompliance with the accounting and financial reporting standards required by the Governmental Accounting Standards Board, or (2) has recurring findings from the annual audit for three or more consecutive years as determined by the Comptroller to be a material weakness in internal control or material noncompliance under Government Auditing Standards. The responsibilities and duties of an Audit Committee are to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

RECOMMENDATION

Fayette County should establish an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

This Audit Committee should provide management with guidance to correct all reported material weaknesses in internal control and material noncompliance. If these audit findings continue to recur, Fayette County and the Fayette County School Department may be required to establish an Audit Committee under the provisions of Section 9-3-405, TCA.

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### **BEST PRACTICE**

#### **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAS NOT BEEN ADOPTED**

Fayette County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. The Division of County Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Fayette County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.



**FAYETTE COUNTY, TENNESSEE**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2010**

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

**Director of Schools – Corrective Action Plan for Current-Year's Findings**

**Findings 10.05 and 10.11**

Contact person: Dr. Cedric Gray, Director of Schools

Corrective action planned:

- (1) Replace the food service supervisor.
- (2) Require Food Service Department to requisition the Finance Department to obtain purchase orders for items needed by the Food Service Department.
- (3) Contact has been made with insurance vendors (Tennessee Risk Management Trust and Tennessee School Board Association) to determine the availability of insurance coverage related to the recovery of all sums adjudged improperly paid by the food service supervisor. The School Department recovered \$149,500 during the 2009-10 school year.
- (4) Contact has been made with the local school board attorney to investigate and initiate recovery proceedings for any portion of the above referenced sums, which are not covered by applicable contracts of insurance.
- (5) Purchasing procedures are being handled as recommended in the special report. The director of schools is reviewing and signing all purchase orders. Invoices are reviewed and attached to warrants. Warrants are generated by the Food Service Department at this time. Beginning with the 2010-11 school year and beyond, the director of schools is recommending to the Board of Education that the Food Service Department's purchasing process and warrants be issued through the Business Office as all other departments of the Fayette County Schools.
- (6) Adjustments to time and attendance sheets by cafeteria workers shall be documented and communicated to the cafeteria managers for their approval.

Anticipated completion date: 2010-11