

**ANNUAL FINANCIAL REPORT**  
**FRANKLIN COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2005**

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

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

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*Comptroller of the Treasury*

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

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# ***Audit Highlights***

Annual Financial Report  
Franklin County, Tennessee  
For the Year Ended June 30, 2005

## ***Scope***

We have audited the basic financial statements of Franklin County as of and for the year ended June 30, 2005.

## ***Results***

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

Our audit resulted in nine findings and recommendations, which we have reviewed with Franklin County management. Detailed findings and recommendations are included in the Single Audit Report.

## ***Findings***

The following are summaries of the audit findings:

### **FINANCE DEPARTMENT**

- ◆ The office did not file a Report on Debt Obligations with the state director of Local Finance for a \$114,148 capital lease.
- ◆ Appropriations exceeded estimated available funds in the Local Purpose Tax Fund resulting in a budgeted fund deficit. Expenditures and encumbrances exceeded appropriations approved by the County Commission in one major category (the legal level of control) in both the General Fund and the General Purpose School Fund.
- ◆ In several instances, invoices were paid without documentation that goods had been received or services had been rendered. Also, in some instances the office paid invoices without canceling or marking them paid.

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### **OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ Some extended school program collections were not deposited to the bank account within three days of collection as required by state statute.
-

## **OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK**

- ◆ Some juvenile court collections were not deposited to the office bank account within three days of collection as required by state statute.
- 

## **OFFICE OF SHERIFF**

- ◆ The office had a cash shortage of \$1,000 as of June 30, 2005.
  - ◆ Receipts were not issued for all drug monies received, and the office did not maintain some forms and reports required by the Office of the Comptroller of the Treasury.
  - ◆ Some collections were not deposited to the office bank account within three days of collection as required by state statute.
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## **OTHER FINDING**

- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Finance Director; Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff.

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# INTRODUCTORY SECTION

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# Franklin County Officials

## June 30, 2005

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### Officials:

F. Montgomery Adams, Jr., County Mayor  
John Woodall, Highway Superintendent  
Dr. Charles Edmonds, Director of Schools  
Randy Kelly, Trustee  
Phillip Hayes, Assessor of Property  
Nina Tucker, County Clerk  
Nancy Silvertooth, Circuit, General Sessions, and Juvenile Courts Clerk  
Brenda Clark, Clerk and Master  
Lydia Curtis Johnson, Register  
Michael Foster, Sheriff  
Linda Carroll, Finance Director

### Board of County Commissioners:

F. Montgomery Adams, Jr., Chairman	A. L. Shasteen, Jr.
Henry Arnold	Karl Smith
Barbara Finney	Jean Snead
Angie Fuller	Eric Stewart
Sue Hill	Mark Stovall
Louise Irwin	Edward Stovall
J. M. McDonald	Joe Williams
Larry Quinn	Clara Yates
William Scharber	

### Highway Commission:

Clyde Hill, Jr., Chairman  
Bobby Clark  
Joe David McBee  
Chuck Tipps

### Board of Education:

Douglas Dye, Chairman	John Page
Tom Cowan	Ted Sanders
Rex Hubbard	Dr. Jessie Warren
Wendy Moore	Albert Williams

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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 37243-0269  
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INDEPENDENT AUDITOR'S REPORT

January 5, 2006

Franklin County Mayor and  
Board of County Commissioners  
Franklin 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 Franklin County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Franklin County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Franklin County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements of the Franklin County Industrial Development Board and the Franklin County Emergency Communications District, component units requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units referred to above, do not include the financial statements of the Franklin County Industrial Development Board and

the Franklin County Emergency Communications District, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the basic financial statements are not reasonably determinable.

In our opinion, except for the effect of not including the financial statements of the Franklin County Industrial Development Board and the Franklin County Emergency Communications District, discretely presented component units, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units of Franklin County, Tennessee, as of June 30, 2005, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin County, Tennessee, as of June 30, 2005, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 5, 2006, on our consideration of Franklin 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., Franklin County has implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures, which modifies the county's disclosures for custodial credit risk and adds disclosures about other types of risk.

The management's discussion and analysis on pages 9 through 20 and the budgetary comparison information on pages 67 through 77 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Franklin County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service Fund, combining and individual fund financial statements of the Franklin County School Department (a discretely presented component unit), miscellaneous schedules, and

statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service Fund, combining and individual fund financial statements of the Franklin County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Very truly yours,

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

John G. Morgan  
Comptroller of the Treasury

JGM/rd

**Franklin County, Tennessee  
Management's Discussion and Analysis  
For the Year Ended June 30, 2005**

As management of the Franklin County Government, we offer readers of the Franklin County Government's financial statements this narrative overview and analysis of the financial activities of the county for the fiscal year ended June 30, 2005. In addition, this discussion and analysis includes an overall view of the Discretely Presented Component Unit (DPCU) Franklin County School Department (the School Department). A separate set of financial statements is not issued for the School Department.

The intent of this discussion is to look at the county's and School Department's financial performance as a whole. We encourage readers to consider the information presented in this report to better understand the finances of the county as a whole. This discussion and analysis should be read in conjunction with the audited financial statements and notes to the financial statements which follow the Independent Auditor's Report.

**Financial Highlights**

**Primary Government**

- Assets of Franklin County Primary Government exceeded its liabilities at the close of the most recent fiscal year by \$28,423,866 (net assets).
- The Primary Government's total net assets increased by \$1,905,710.
- As of the close of the current fiscal year, the Franklin County Government's governmental funds reported combined ending fund balances of \$13,691,238, a decrease of \$211,852 in comparison with the prior year. Of this total \$12,876,101 (94.05 percent) (unreserved fund balance) is available for spending at the government's discretion to meet ongoing obligations to its citizens and creditors. The fund deficit (\$769,016) in the Highway Capital Projects Fund is due to accounts payable (\$482,057) and encumbrances (\$303,024) being set up on June 30, 2005. The deficit will be liquidated when other loan proceeds are received.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$2,489,462, or 21.4 percent of the total General Fund expenditures.
- New debt issues totaled \$2,155,358. These include a capital lease for a grader (\$114,148) and other loans for various highway/public works projects (\$2,041,210). However, the county's total debt decreased by \$500,491 (1.4 percent) during the current fiscal year.

**Component Unit – School Department**

- The assets of the Franklin County School Department exceeded its liabilities at the close of the most recent fiscal year by \$56,800,891 (net assets).
- The School Department's net assets increased by \$1,225,097.

- At the close of the current fiscal year, the School Department's combined ending fund balance was \$4,874,895. Of this amount, \$4,148,450 (85.1 percent) (unreserved fund balance) may be used to meet ongoing obligations to citizens and creditors. The Education Department of the State of Tennessee places restrictions as to how fund balances may be used, generally limiting the use of unreserved fund balance to capital purchases and other non-recurring expenditures.

## **Using this Annual Financial Report (AFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Franklin County as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

## **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Franklin County Government's basic financial statements. The county's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Franklin County Government's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the government's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the county is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the Franklin County Government and those of its component units. The governmental activities of the Franklin County Government are supported principally by taxes and intergovernmental revenues and include general government, fiscal administration, administration of justice, public safety, highways and streets, sanitation, economic development, and cultural and recreation. The activities of the DPCU Franklin County School Department are governmental in nature.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Franklin County, like other state and local governments, uses fund accounting to ensure and to demonstrate compliance with finance-related legal requirements. All of the funds of the Franklin County Government are governmental funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The county maintains 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Solid Waste/Sanitation Fund, Special Purpose Fund, Highway/Public Works Fund, Education Debt Service Fund, and the Highway Capital Projects Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements which are included in the sections following the notes to the financial statements.

The Franklin County Government adopts an annual appropriated budget for each major governmental fund with the exception of the Special Purpose Fund from which appropriations are not made. Budgets are also adopted for certain nonmajor funds. Budgetary comparison statements have been provided to demonstrate compliance with these budgets and can be found in the governmental funds combining statements section.

**Notes to the financial statements.** The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the financial statements in this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The information included in this section is stipulated by GASB in its Statement 34.

Financial statements for the DPCU Franklin County School Department are presented immediately following the nonmajor funds in this report. This component unit does not issue separate financial statements.

## **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Franklin County Government, when Primary Government activities are combined with the School Department, assets exceed liabilities by

\$85,224,757 at the close of the 2005 fiscal year. This represents a combined increase of \$3,130,807 over the prior fiscal year.

By far the largest portion of the net assets reflects investment in capital assets (e.g., land, buildings, machinery, equipment, roads and bridges) less any related outstanding debt used to acquire those assets. The county government uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. The same holds true for the DPCU Franklin County School Department. Although the county's and the DPCU Franklin County School Department's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following schedule provides a summary of the county's and the Franklin County School Department's net assets for 2005 and a comparison with the previous year.

#### Franklin County Government's Net Assets

	Primary Government		Component Unit	
			Franklin County School Department	
	June 30, 2004	June 30, 2005	June 30, 2004	June 30, 2005
Current and other assets	\$ 23,430,322	\$ 23,807,948	\$ 16,161,407	\$ 13,296,121
Capital assets	50,090,896	51,464,490	50,018,699	51,424,993
<b>Total Assets</b>	<b>\$ 73,521,218</b>	<b>\$ 75,272,438</b>	<b>\$ 66,180,106</b>	<b>\$ 64,721,114</b>
Long-term liabilities				
outstanding	\$ 35,511,055	\$ 34,422,966	\$ 0	\$ 0
Other liabilities	11,492,007	12,425,606	10,604,312	7,920,223
<b>Total Liabilities</b>	<b>\$ 47,003,062</b>	<b>\$ 46,848,572</b>	<b>\$ 10,604,312</b>	<b>\$ 7,920,223</b>
Net Assets:				
Invested in capital assets, net of related debt	\$ 44,951,769	\$ 45,592,575	\$ 0	\$ 0
Invested in capital assets	0	0	50,018,699	51,424,993
Restricted	3,207,898	4,107,212	1,753,271	292,725
Unrestricted	(21,641,511)	(21,275,921)	3,803,824	5,083,173
<b>Total Net Assets</b>	<b>\$ 26,518,156</b>	<b>\$ 28,423,866</b>	<b>\$ 55,575,794</b>	<b>\$ 56,800,891</b>

A portion of the county's and DPCU School Department's net assets, \$4,107,212 and \$292,725 respectively, represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

The General Fund had a negative unrestricted fund balance at the end of the current fiscal year. This fund deficit is attributable to the county holding the debt for capital assets owned by the DPCU School Department.

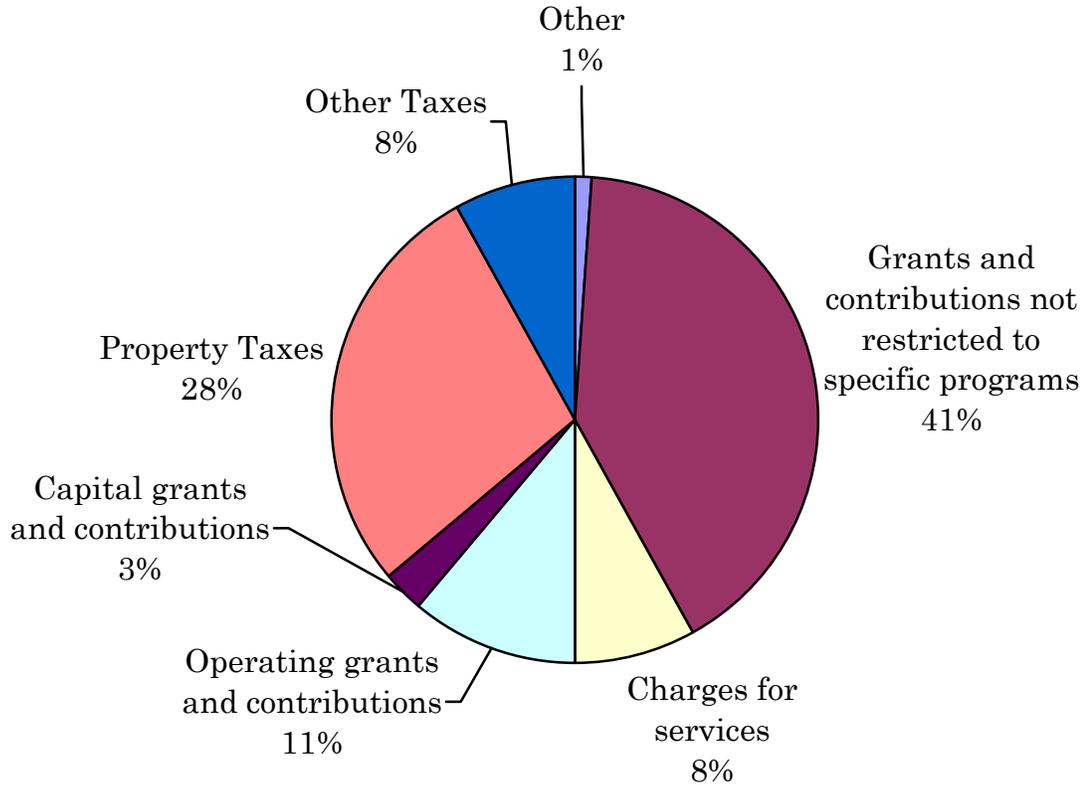
The primary government's net assets increased \$1,905,710 during the fiscal year. The School Department's net assets increased \$1,225,097.

Long-term liabilities of the primary government include outstanding debt issued of \$36,180,096, landfill post-closure care costs of \$475,000, and compensated absences of \$288,708. Total government-wide long-term liabilities were \$37,028,263 at the end of the fiscal year, the difference being compensated absences in the Franklin County School Department (\$84,459).

### Franklin County Government's Change in Net Assets

	Primary Government		Component Unit	
			Franklin County	
	June 30, 2004	June 30, 2005	School Department	
<b>Revenues:</b>				
<u>Program revenues:</u>				
Charges for services	\$ 2,254,464	\$ 2,675,198	\$ 1,194,982	\$ 2,291,134
Operating grants and contributions	2,847,291	2,455,986	4,847,892	4,219,726
Capital grants and contributions	1,219,908	1,372,021	5,962,846	155,168
<u>General revenues:</u>				
Property taxes	7,491,528	8,654,317	7,307,712	8,024,596
Other taxes	897,812	1,017,287	3,508,146	3,522,310
Grants and contributions not restricted to specific programs	721,620	1,708,693	19,754,453	22,241,571
Other	634,319	579,037	91,929	121,613
Total revenues	<u>\$ 16,066,942</u>	<u>\$ 18,462,539</u>	<u>\$ 42,667,960</u>	<u>\$ 40,576,118</u>
<b>Expenses:</b>				
General Government	\$ 1,572,526	\$ 1,863,256	\$ 0	\$ 0
Finance	1,453,156	1,476,990	0	0
Administration of Justice	1,011,615	1,098,642	0	0
Public Safety	4,244,184	4,489,083	0	0
Public Health and Welfare	1,674,042	1,595,313	0	0
Social, Cultural, and Recreational Services	239,221	174,826	0	0
Agriculture and Natural Resources	130,582	140,615	0	0
Other Operations	3,958,582	700,973	0	0
Highways/Public Works	2,278,012	3,543,965	0	0
Education	4,152,135	0	35,959,717	39,351,021
Interest on Long-term Debt	1,336,528	1,300,330	0	0
Other Debt Service	54,763	172,836	0	0
Total Expenses	<u>\$ 22,105,346</u>	<u>\$ 16,556,829</u>	<u>\$ 35,959,717</u>	<u>\$ 39,351,021</u>
Increase in net assets	\$ (6,038,404)	\$ 1,905,710	\$ 6,708,243	\$ 1,225,097
Net assets, July 1, 2004	32,876,560	26,518,156	48,867,511	55,575,794
Prior period adjustment	(320,000)	0	0	0
Net assets, June 30, 2005	<u>\$ 26,518,156</u>	<u>\$ 28,423,866</u>	<u>\$ 55,575,754</u>	<u>\$ 56,800,891</u>

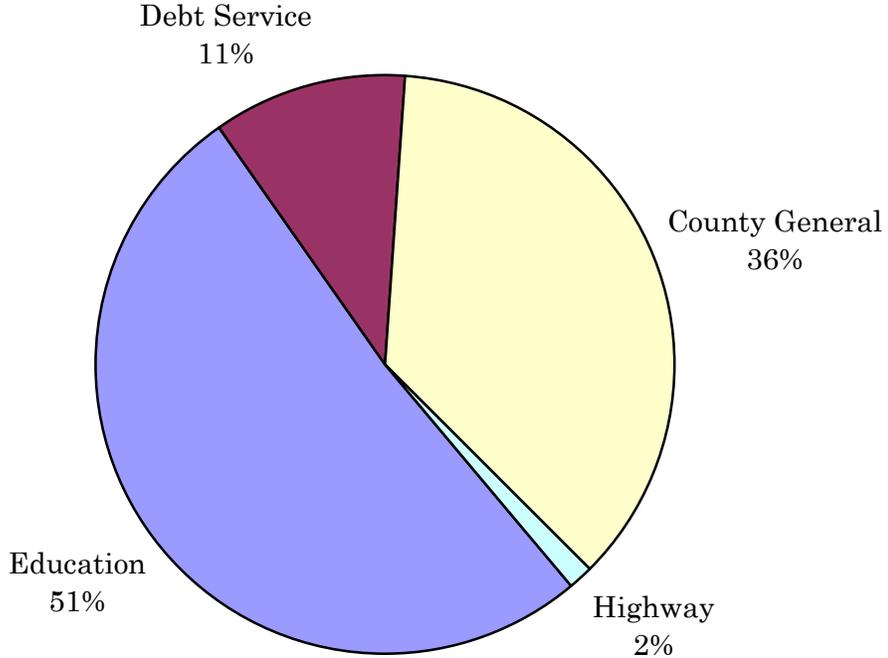
**Revenue by Source - Total Governmental Funds (Includes DPCU School Department)**



The single largest source of revenues for the primary government and its DPCU School Department is the funding for the Basic Education Program from the State of Tennessee, which is included in grants and contributions not restricted for specific programs. This funding provides the School Department with operating revenues for classroom and non-classroom expenditures.

The second largest source of revenues is the property tax. The County Commission sets the property tax rate annually upon the adoption of its budget.

**Where Your Property Tax Dollar Goes  
Common Tax Rate**



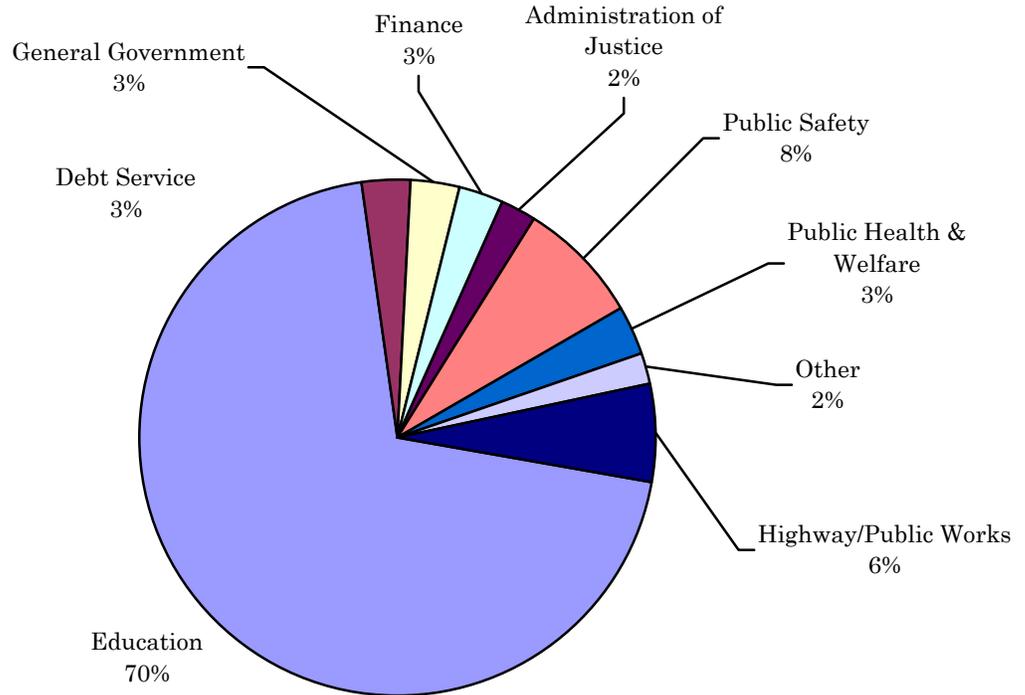
The county property tax is the most important source of local revenue for county governments. The tax is levied on all real and personal property based on the classification and value of the property, unless the property is exempt. In addition to the common tax rate, residents of the rural areas and/or small towns of the county pay an additional tax rate for such services as solid waste/sanitation and rural fire protection.

Tax rates for Franklin County Government for the last four years and next year are as follows:

<b>Property Tax Components</b>	<b>FYE</b> 2001	<b>FYE</b> 2002	<b>FYE</b> 2003	<b>FYE</b> 2004	<b>FYE</b> 2005	<b>FYE</b> 2006
Common Rate	\$ 2.46	\$ 2.46	\$ 2.16	\$ 2.35	\$ 2.62	2.62
Solid Waste	0.25	0.25	0.20	0.20	0.20	0.20
Local Purpose (Rural Fire)	0.12	0.12	0.11	0.11	0.11	0.11
<b>Combined Rates</b>	<b>\$ 2.83</b>	<b>\$ 2.83</b>	<b>\$ 2.47</b>	<b>\$ 2.66</b>	<b>\$ 2.93</b>	<b>2.93</b>

The level of reserves and the ability to raise property taxes provide the county with significant financial flexibility for the foreseeable future.

## How County Government Spends its Money Governmental Funds



The county government receives funding from a variety of sources, including state shared revenues, local revenues, property taxes, sales taxes, charges for services, operating and capital grants, and contributions. The above graph shows how those dollars are allocated to the various functional areas of county government.

Primary and secondary education is the largest functional expense, with 70 percent of the total county-wide.

### Financial Analysis of the Government's Funds

As noted earlier, Franklin County Government uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Franklin County Government's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Franklin County Government's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Franklin County Government's governmental funds reported combined ending fund balances of \$13,691,238, a decrease of \$211,852 in comparison with the prior year. Of this total \$12,876,101 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period (\$815,137).

The General Fund is the chief operating fund of the Franklin County Government. At the end of the current fiscal year, the total fund balance of the General Fund was \$2,872,613, of which \$2,489,462 was unreserved. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 21.4 percent of total General Fund expenditures, while total fund balance represents 24.7 percent of that same amount.

The unreserved fund balance of the Franklin County Government's General Fund decreased \$189,160 during the current fiscal year. A portion (\$122,874) of this amount is due to grant revenues expended but not reimbursed during the current fiscal year.

The debt service funds have a total fund balance of \$3,863,374, all of which is designated for the payment of debt service. The net increase in fund balances during the current year in the debt service funds was \$862,441. A portion of property tax is levied for debt service. This tax produced revenues of \$1,653,488 in the current fiscal year.

The unreserved fund balance of the DPCU School Department was \$4,148,450. This fund balance represents a total increase of \$832,251 over the prior period.

### **Pension and Other Postemployment Benefits**

All full-time employees of Franklin County Government, including the School Department, are enrolled in the Tennessee Consolidated Retirement System (TCRS), an agent multiple employer public employee retirement system that acts as a common investment and administrative agent for political subdivisions in the state. It is the policy of the Board of Trustees of the TCRS to fund pension benefits by actuarially determined contributions which are actuarial accrued liability costs, so that sufficient assets will be available to pay benefits when due.

### **Capital Assets**

The Franklin County Government's investment in capital assets as of June 30, 2005, amounts to \$51,464,490 (net of accumulated depreciation), and \$51,424,993 (net of accumulated depreciation) for the School Department. This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, roads, and bridges.

Major events affecting capital assets during the current fiscal year included the following:

- Construction on a new county high school that encompasses 310,000 square feet on a 92 acre campus was completed and removed from construction in progress. The building opened on schedule for the 2004-2005 school year.
- In September 2005, the county undertook a major county road improvement project with the authorization of the issuance of \$6,000,000 in variable rate debt. The project is to be completed over a three year period and preceded on schedule for this first year.

Additional information on the Franklin County Government's capital assets can be found in the Notes Section of this report.

### Franklin County Government's Capital Assets

	Primary		Component Unit	
	Governmental Activities		Franklin County School Department	
	June 30, 2004	June 30, 2005	June 30, 2004	June 30, 2005
Land	\$ 26,484,547	\$ 26,549,722	\$ 5,463,132	\$ 5,451,186
Buildings and improvements	13,452,331	13,015,308	32,852,929	56,799,030
Other capital assets	5,152,758	5,240,836	3,424,904	4,597,497
Infrastructure	29,097,945	31,441,440	0	0
Less accumulated depreciation	(24,096,685)	(24,782,816)	(15,353,316)	(15,422,720)
<b>Total</b>	<b>\$ 50,090,896</b>	<b>\$ 51,464,490</b>	<b>\$ 26,387,649</b>	<b>\$ 51,424,993</b>

### Debt Administration

**Long-term debt.** At the end of the current fiscal year, the Franklin County Government had total debt outstanding of \$36,180,096. This amount is backed in its entirety by the full faith and credit of the county government.

The Constitution for the State of Tennessee allows only the local legislative body authorization to issue debt. Therefore, debt related to school construction projects must be issued by Franklin County Government. Although the debt is carried by the county, the capital assets (the buildings and land) belong to the Franklin County Board of Education. In other words, the primary government is obligated for the long-term debt of the Franklin County Board of Education. At the end of June 2005, the primary government had outstanding debt of \$30,217,000 for capital purposes of the School Department.

A schedule of all outstanding debt as of June 30, 2005 for Franklin County follows.

**Franklin County Government's Outstanding Debt**

Year	June 30, 2004	June 30, 2005
2003 Series Jail Refunding Bonds	\$ 3,465,000	\$ 3,415,000
2002 Series School Bonds	7,430,000	7,215,000
2001 Series School Bonds	19,870,000	19,020,000
1997 Series Jail Bonds	210,000	0
Industrial Revenue Bonds	203,000	193,000
1999 Capital Outlay Notes	315,000	215,000
Capital Lease - Grader	0	98,886
Other Loans Payable:		
2003 School Loans	4,173,000	3,982,000
2004 Public Works Projects	0	2,041,210
Subtotal Primary Government	\$ 35,666,000	\$ 36,180,096
Industrial Board Lease	1,014,587	0
<b>Total</b>	<b>\$ 36,680,587</b>	<b>\$ 36,180,096</b>

- Franklin County Government’s total government debt decreased \$500,491 (1.4 percent) during the current fiscal year due to repayment of principal amounts in the amount of \$2,655,849 and issuance of new debt in the amount of \$2,155,358.
- During the current fiscal year, the government issued variable debt loans in the amount of \$2,041,210 for highway/public works projects.
- Franklin County Government maintained an A2 rating from Moody Investors Service. In the opinion of Moody Investors Service, the high quality rating reflected the county’s favorable trends of sound financial operations including significant reserves, continued tax base growth, and low direct debt levels.

**Limit on Amount of Outstanding Debt**

Since nearly all services rendered by the county are required by the state and require sizeable investments in capital improvements, counties are not limited as to the amount of indebtedness (Tennessee Code Annotated (TCA) 9-21-103). However, when a county’s debt ratio of outstanding debt to property values exceeds the state average or a national standard recognized by firms who trade municipal bonds, the county will pay a higher interest rate or be unable to issue additional bonds.

All debt issued must first be authorized by resolution adopted by the county legislative body and then approved by the state director of Local Finance, a division of the State Comptroller of the Treasury. Before the director of Local Finance will approve the issuance of debt, the county must adopt a balanced budget which must also be approved by this same director (TCA 9-21-403, 9-21-404).

## **Economic Factors and Next Year's Budgets and Rates**

- Favorable economic factors include a stable tax base with steady growth, a job base of a variety of industrial employers which supports an average unemployment rate of 5.3 percent, versus a 5.6 percent rate for the rest of the state and a five percent rate for the United States as a whole.
- The county has entered into a 3-year coordinated roads program, which was begun during this fiscal year and will continue for the next two fiscal years.
- Current projects under consideration include the need for a judicial center and review and evaluation of how best to dispose of the vacated old high school building and property.

All of these factors were considered in preparing the Franklin County Government's budget for the 2006 fiscal year. The budget for fiscal year 2005-2006 does not include a tax increase. The property tax rate remains the same at \$2.62 common rate.

## **Requests for Information**

This financial report is designed to provide a general overview of the Franklin County Government's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, Franklin County Finance Building, 401 Second Ave. SW., Winchester, TN 37398.

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

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

	<u>Primary Government</u>	<u>Component Unit</u>
	Governmental Activities	Franklin County School Department
<u>ASSETS</u>		
Cash	\$ 914	\$ 2,044
Equity in Pool Cash and Investments	13,896,976	4,846,854
Accounts Receivable	31,355	48,076
Due from Other Governments	912,703	798,082
Other Loan Proceeds Receivable	16,045	0
Property Taxes Receivable	9,178,691	7,858,792
Allowance for Uncollectible Property Taxes	(332,068)	(291,224)
Prepaid Items	12,151	33,497
Deferred Charges - Debt Issuance Costs	91,181	0
Capital Assets:		
Assets Not Depreciated:		
Land	26,549,722	5,451,186
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	9,214,541	42,962,812
Other Capital Assets	1,776,771	3,010,995
Infrastructure	13,923,456	0
Total Assets	<u>\$ 75,272,438</u>	<u>\$ 64,721,114</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 751,885	\$ 433,153
Accrued Payroll	57,517	7,508
Payroll Deductions Payable	19,402	0
Due to State of Tennessee	3,835	0
Accrued Interest Payable	417,120	0
Deferred Revenue - Current Property Taxes	8,655,009	7,395,103
Noncurrent Liabilities:		
Due Within One Year	2,520,838	84,459
Due In More Than One Year	34,422,966	0
Total Liabilities	<u>\$ 46,848,572</u>	<u>\$ 7,920,223</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 45,592,575	\$ 0
Invested in Capital Assets	0	51,424,993
Restricted for:		
Debt Service	3,863,374	0
Other Purposes	243,838	292,725
Unrestricted	(21,275,921)	5,083,173
Total Net Assets	<u>\$ 28,423,866</u>	<u>\$ 56,800,891</u>

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

Exhibit B

Franklin County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2005

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Component Unit  Franklin County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 1,863,256	\$ 423,083	\$ 19,051	\$ 0	\$ (1,421,122)	\$ 0
Finance	1,476,990	824,986	14,326	0	(637,678)	0
Administration of Justice	1,098,642	820,402	9,000	0	(269,240)	0
Public Safety	4,489,083	426,061	309,010	88,063	(3,665,949)	0
Public Health and Welfare	1,595,313	178,331	153,395	0	(1,263,587)	0
Social, Cultural and Recreational Services	174,826	0	0	110,000	(64,826)	0
Agriculture & Natural Resources	140,615	0	0	0	(140,615)	0
Other Operations	700,973	0	0	259,397	(441,576)	0
Highways/Public Works	3,543,965	2,335	1,951,204	214,561	(1,375,865)	0
Interest on Long-term Debt	1,300,330	0	0	700,000	(600,330)	0
Other Debt Service	172,836	0	0	0	(172,836)	0
Total Primary Government	<u>\$ 16,556,829</u>	<u>\$ 2,675,198</u>	<u>\$ 2,455,986</u>	<u>\$ 1,372,021</u>	<u>\$ (10,053,624)</u>	<u>\$ 0</u>
Component Unit:						
Franklin County School Department	<u>\$ 39,351,021</u>	<u>\$ 2,291,134</u>	<u>\$ 4,219,726</u>	<u>\$ 155,168</u>	<u>\$ 0</u>	<u>\$ (32,684,993)</u>
Total Component Unit	<u>\$ 39,351,021</u>	<u>\$ 2,291,134</u>	<u>\$ 4,219,726</u>	<u>\$ 155,168</u>	<u>\$ 0</u>	<u>\$ (32,684,993)</u>

(Continued)

Exhibit B

Franklin County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Component Unit  Franklin County School Department
General Revenues:						
Taxes:						
Property taxes levied for general purposes					\$ 7,000,829	\$ 8,024,596
Property taxes levied for debt service					1,653,488	0
Local option sales tax					231,232	3,515,753
Other local taxes					786,055	6,557
Grants & Contributions not restricted for specific programs					1,708,693	22,241,571
Unrestricted Investment Earnings					374,513	7,462
Gain on Disposal of Property					77,973	0
Miscellaneous					93,021	68,533
Sale of land and equipment					33,530	45,618
Total General Revenues					<u>\$ 11,959,334</u>	<u>\$ 33,910,090</u>
Change in net assets					\$ 1,905,710	\$ 1,225,097
Net assets, July 1, 2004					<u>26,518,156</u>	<u>55,575,794</u>
Net assets, June 30, 2005					<u>\$ 28,423,866</u>	<u>\$ 56,800,891</u>

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

Exhibit C-1

Franklin County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2005

	Major Funds						Nonmajor	Total
	General	Solid Waste / Sanitation	Special Purpose	Highway / Public Works	Education Debt Service	Highway Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>								
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 914	\$ 914
Equity in Pooled Cash and Investments	3,035,067	407,556	5,745,000	872,874	2,581,668	0	1,254,811	13,896,976
Accounts Receivable	19,670	1,094	0	0	0	0	10,591	31,355
Due from Other Governments	262,026	9,085	0	409,883	231,528	0	181	912,703
Due from Other Funds	1,560	0	0	0	0	0	60,771	62,331
Other Loan Proceeds Receivable	0	0	0	0	0	16,045	0	16,045
Property Taxes Receivable	5,499,191	1,171,584	0	234,317	1,054,426	0	1,219,173	9,178,691
Allowance for Uncollectible Property Taxes	(190,593)	(46,523)	0	(9,305)	(41,871)	0	(43,776)	(332,068)
Prepaid Items	4,672	0	0	2,654	0	0	4,825	12,151
<b>Total Assets</b>	<b>\$ 8,631,593</b>	<b>\$ 1,542,796</b>	<b>\$ 5,745,000</b>	<b>\$ 1,510,423</b>	<b>\$ 3,825,751</b>	<b>\$ 16,045</b>	<b>\$ 2,507,490</b>	<b>\$ 23,779,098</b>
<u>LIABILITIES AND FUND BALANCES</u>								
<u>Liabilities</u>								
Accounts Payable	\$ 196,445	\$ 4,343	\$ 0	\$ 28,740	\$ 0	\$ 482,057	\$ 40,300	\$ 751,885
Accrued Payroll	53,079	4,438	0	0	0	0	0	57,517
Payroll Deductions Payable	18,143	1,259	0	0	0	0	0	19,402
Due to Other Funds	0	26,771	0	0	0	0	35,560	62,331
Due to State of Tennessee	3,206	577	0	0	0	0	52	3,835
Deferred Revenue - Current Property Taxes	5,203,961	1,095,571	0	219,114	986,014	0	1,150,349	8,655,009
Deferred Revenue - Delinquent Property Taxes	104,637	29,490	0	5,898	26,541	0	25,048	191,614
Other Deferred Revenues	179,509	0	0	166,758	0	0	0	346,267
<b>Total Liabilities</b>	<b>\$ 5,758,980</b>	<b>\$ 1,162,449</b>	<b>\$ 0</b>	<b>\$ 420,510</b>	<b>\$ 1,012,555</b>	<b>\$ 482,057</b>	<b>\$ 1,251,309</b>	<b>\$ 10,087,860</b>
<u>Fund Balances</u>								
Reserved for Encumbrances	\$ 223,635	\$ 1,500	\$ 0	\$ 41,531	\$ 0	\$ 303,004	\$ 1,629	\$ 571,299
Reserved for Alcohol and Drug Treatment	0	0	0	0	0	0	79,661	79,661
Reserved for Drug Court	0	0	0	0	0	0	4,661	4,661
Reserved for Other General Purposes	159,516	0	0	0	0	0	0	159,516
Unreserved, Reported In:								
General Fund	2,489,462	0	0	0	0	0	0	2,489,462
Special Revenue Funds	0	378,847	5,745,000	1,048,382	0	0	120,052	7,292,281

(Continued)

Exhibit C-1

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

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)

Unreserved, Reported In (Cont.):

Debt Service Funds

Capital Projects Funds (Deficit)

Total Fund Balances

Total Liabilities and Fund Balances

	Major Funds						Nonmajor	Total
	General	Solid Waste / Sanitation	Special Purpose	Highway / Public Works	Education Debt Service	Highway Capital Projects	Other Govern- mental Funds	
Unreserved, Reported In (Cont.):								
Debt Service Funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,813,196	\$ 0	\$ 1,050,178	\$ 3,863,374
Capital Projects Funds (Deficit)	0	0	0	0	0	(769,016)	0	(769,016)
Total Fund Balances	<u>\$ 2,872,613</u>	<u>\$ 380,347</u>	<u>\$ 5,745,000</u>	<u>\$ 1,089,913</u>	<u>\$ 2,813,196</u>	<u>\$ (466,012)</u>	<u>\$ 1,256,181</u>	<u>\$ 13,691,238</u>
Total Liabilities and Fund Balances	<u>\$ 8,631,593</u>	<u>\$ 1,542,796</u>	<u>\$ 5,745,000</u>	<u>\$ 1,510,423</u>	<u>\$ 3,825,751</u>	<u>\$ 16,045</u>	<u>\$ 2,507,490</u>	<u>\$ 23,779,098</u>

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

Exhibit C-2

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

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)	\$	13,691,238
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		51,464,490
(2) Long-term liabilities are not due in the current period and therefore are not reported in the funds.		(37,269,743)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		<u>537,881</u>
Net assets of governmental activities (Exhibit A)	\$	<u><u>28,423,866</u></u>

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

Exhibit D-1

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

	Major Funds						Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	Special Purpose	Highway / Public Works	Education Debt Service	Highway Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>								
Local Taxes	\$ 6,177,702	\$ 831,452	\$ 0	\$ 333,837	\$ 1,967,669	\$ 0	\$ 1,154,983	\$ 10,465,643
Licenses and Permits	52,878	6,064	0	1,216	5,451	0	6,356	71,965
Fines, Forfeitures, and Penalties	141,851	0	0	0	0	0	66,510	208,361
Charges for Current Services	169,076	35,870	0	1,423	0	0	3,451	209,820
Other Local Revenues	194,289	443,544	0	34,008	1,876	0	72,882	746,599
Fees Received from County Officials	1,528,103	0	0	0	0	0	0	1,528,103
State of Tennessee	1,741,980	27,313	0	2,165,765	0	0	0	3,935,058
Federal Government	187,827	0	0	0	0	0	5,941	193,768
Other Governments and Citizens Groups	228,128	0	0	0	700,000	0	8,806	936,934
<b>Total Revenues</b>	<b>\$ 10,421,834</b>	<b>\$ 1,344,243</b>	<b>\$ 0</b>	<b>\$ 2,536,249</b>	<b>\$ 2,674,996</b>	<b>\$ 0</b>	<b>\$ 1,318,929</b>	<b>\$ 18,296,251</b>
<u>Expenditures</u>								
Current:								
General Government	\$ 1,572,351	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,572,351
Finance	1,451,693	0	0	0	0	0	3,451	1,455,144
Administration of Justice	1,115,782	0	0	0	0	0	5,286	1,121,068
Public Safety	3,971,043	0	0	0	0	0	474,344	4,445,387
Public Health and Welfare	342,704	1,297,497	0	0	0	0	0	1,640,201
Social, Cultural, and Recreational Services	436,293	0	0	0	0	0	0	436,293
Agricultural and Natural Resources	130,917	0	0	0	0	0	0	130,917
Other Operations	1,257,369	73,571	0	0	0	0	931	1,331,871
Highways	0	0	0	2,542,093	0	0	0	2,542,093
Debt Service:								
Principal	1,014,587	0	0	55,262	1,256,000	0	330,000	2,655,849
Interest	20,665	0	0	16,788	1,248,457	0	134,610	1,420,520
Other Debt Service	0	0	0	0	144,301	0	51,256	195,557
Capital Projects	295,337	0	0	0	0	2,426,222	0	2,721,559
Capital Projects - Donated	1,151	0	0	0	0	0	0	1,151
<b>Total Expenditures</b>	<b>\$ 11,609,892</b>	<b>\$ 1,371,068</b>	<b>\$ 0</b>	<b>\$ 2,614,143</b>	<b>\$ 2,648,758</b>	<b>\$ 2,426,222</b>	<b>\$ 999,878</b>	<b>\$ 21,669,961</b>
Excess (Deficiency) of Revenues								
Over Expenditures	\$ (1,188,058)	\$ (26,825)	\$ 0	\$ (77,894)	\$ 26,238	\$ (2,426,222)	\$ 319,051	\$ (3,373,710)
<u>Other Financing Sources (Uses)</u>								
Capital Leases Issued	\$ 0	\$ 0	\$ 0	\$ 114,148	\$ 0	\$ 0	\$ 0	\$ 114,148

(Continued)

Exhibit D-1

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

	Major Funds						Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	Special Purpose	Highway / Public Works	Education Debt Service	Highway Capital Projects	Other Govern- mental Funds	
<u>Other Financing Sources (Uses) (Cont.)</u>								
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,960,210	\$ 81,000	\$ 2,041,210
Proceeds From Sale of Capital Assets	1,006,500	0	0	0	0	0	0	1,006,500
Transfers In	7,606	0	0	0	0	0	577,572	585,178
Transfers Out	(143,572)	(3,803)	0	(403,803)	0	0	(34,000)	(585,178)
Total Other Financing Sources (Uses)	\$ 870,534	\$ (3,803)	\$ 0	\$ (289,655)	\$ 0	\$ 1,960,210	\$ 624,572	\$ 3,161,858
Net Change in Fund Balances	\$ (317,524)	\$ (30,628)	\$ 0	\$ (367,549)	\$ 26,238	\$ (466,012)	\$ 943,623	\$ (211,852)
Fund Balance, July 1, 2004	3,190,137	410,975	5,745,000	1,457,462	2,786,958	0	312,558	13,903,090
Fund Balance, June 30, 2005	\$ 2,872,613	\$ 380,347	\$ 5,745,000	\$ 1,089,913	\$ 2,813,196	\$ (466,012)	\$ 1,256,181	\$ 13,691,238

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

Exhibit D-2

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

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

Net change in fund balances - total governmental funds (Exhibit D-1)	\$ (211,852)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,479,251
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.	(1,105,657)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	88,315
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. 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.	523,212
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>132,441</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ 1,905,710</u>

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

Exhibit E

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,439,568
Accounts Receivable	533
Due from Other Governments	509,010
Cash Shortage	<u>1,000</u>
Total Assets	<u>\$ 1,950,111</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 509,010
Due to Litigants, Heirs, and Others	<u>1,441,101</u>
Total Liabilities	<u>\$ 1,950,111</u>

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Franklin 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 Franklin County:

**A. Reporting Entity**

Franklin County is a public municipal corporation governed by an elected 16-member board. As required by GAAP, these financial statements present Franklin County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

The Franklin County School Department operates the public school system in the county, and the voters of Franklin 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 Franklin County Industrial Development Board provides assistance in industrial recruitment in Franklin County, and the Franklin County Commission appoints its nine-member board. Franklin County substantially funds the Industrial Development Board through annual appropriations. During the year ended June 30, 2005, the county appropriated an operating subsidy of \$79,517 to the board. The financial statements of the Franklin County Industrial Development Board were not available from other auditors in time for inclusion in this report.

The Franklin County Emergency Communications District provides a simplified means of securing emergency services through a uniform

emergency number for the residents of Franklin County, and the Franklin County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Franklin County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Franklin County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Franklin County School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Franklin County Industrial Development Board and the Franklin County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Franklin County Industrial Development Board and the Franklin County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Franklin County Industrial Development Board  
101 First Avenue, S.W.  
Winchester, TN 37398

Franklin County Emergency Communications District  
C/O: Williams, Ayers, and Associates  
368 Halfmoon Road  
Winchester, TN 37398

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Franklin 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 Franklin 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.

Franklin County issues all debt for the discretely presented Franklin 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 fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Franklin 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. Franklin 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. Franklin County considers grant and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

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

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Franklin 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.

**Solid Waste/Sanitation Fund** – This fund accounts for transactions involving solid waste collection.

**Special Purpose Fund** – This fund accounts for proceeds from the sale of the hospital in a prior period.

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

**Education 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.

**Highway Capital Projects Fund** – This fund accounts for certain funds earmarked for improvements to highways/public works projects.

Additionally, Franklin County reports the following fund type:

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

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

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

Additionally, the Franklin County School Department reports the following fund types:

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

**Capital Projects Fund** – The Education Capital Projects Fund is used to account for the receipt of debt and other specific revenue sources that are legally restricted to expenditures for construction and/or renovation.

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

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

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and Investments**

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Franklin 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 Solid Waste/Sanitation Fund and the debt service funds. Franklin County and the Franklin County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. 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 at the end of the fiscal year is referred to as due to/from other funds.

All property taxes receivable are shown net of an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.9 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.

Other loan proceeds receivable (\$16,045) in the Highway Capital Projects Fund represents loan proceeds requested but not received as of June 30, 2005.

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. Prepaid Items**

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

### **4. 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 (land improvements \$25,000; and buildings, building improvements, and infrastructure \$50,000) or more and an estimated useful life exceeding three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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>
Buildings and Improvements	25-40
Other Capital Assets	5-20
Infrastructure:	
Roads	20
Bridges	40

**5. Compensated Absences**

It is the policy of Franklin County’s General Fund to permit its employees to accumulate up to 40 hours of earned but unused vacation leave which will be paid upon retirement, resignation, or termination. (Any accumulated unused vacation leave in excess of 40 hours is forfeited).

It is the policy of Franklin County’s Highway Public/Works Fund to permit its employees to accumulate earned but unused vacation leave which will be paid upon retirement, resignation, or termination. However, Highway Department employees are required to use 40 hours during each fiscal year and are paid for any excess accumulated unused vacation leave each June 30.

All vacation leave is accrued when incurred in the government-wide statements for the General Fund and Highway/Public Works Fund. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

It is the policy of the discretely presented Franklin County School Department to permit its 11/12-month employees to accumulate up to maximum of 30 days over a two year period of earned but unused vacation leave which will be paid upon retirement, resignation, or termination. (Any accumulated unused vacation leave in excess of two years is forfeited.) All vacation leave for 11/12-month employees is accrued when incurred in the government-wide statements for the School Department. The policy of the discretely presented Franklin County School Department does not allow their 10-month employees to accumulate vacation days beyond June 30. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

A liability for vacation leave is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

## **6. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

## **7. Net Assets and Fund Equity**

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

- a. *Invested in capital assets, net of related debt* – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net assets* – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

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

As of June 30, 2005, Franklin County has \$30,217,000 outstanding debt for capital purposes for the discretely presented Franklin County School Department. This debt is a liability of Franklin County; however, the capital assets acquired are reported in the financial statements of the School Department. Therefore, Franklin 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.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

Primary Government

Exhibit C-2 presents reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including debt payable, are not due and payable in the current period and therefore are not reported in the funds. The details of the \$37,269,743 difference are as follows:

Bonds payable	\$ (29,843,000)
Notes payable	(215,000)
Capital leases payable	(98,886)
Other loans payable	(6,023,210)
Accrued interest payable	(417,120)
Landfill closure/postclosure care costs	(475,000)
Compensated absences	(288,708)
Deferred charges - issuance costs (to be amortized over life of debt)	<u>91,181</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u><u>\$ (37,269,743)</u></u>

Discretely Presented Franklin County School Department

The discretely presented Franklin County School Department's Exhibit J-3 presents reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds. The details of the \$84,459 difference are as follows:

Compensated absences	\$ (84,459)
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (84,459)</u>

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

Primary Government

Exhibit D-2 presents reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$2,479,251 difference are as follows:

Capital outlay	\$ 4,211,778
Depreciation expense	<u>(1,732,527)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 2,479,251</u>

Another element of that reconciliation states that the net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. The details of this \$1,105,657 difference are as follows:

Capital asset disposals	\$ (2,182,050)
Adjustment - prior year posting error	30,000
Accumulated depreciation on capital asset disposals	<u>1,046,393</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (1,105,657)</u></u>

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, notes, other loans, and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$523,212 difference are as follows:

Debt issued or incurred:	
Issuance of other loans	\$ (2,041,210)
Capital lease financing	(114,148)
Related Items:	
Current debt issuance costs to defer	30,000
Amortization of issuance costs	(7,279)
Principal repayments:	
Bonds	1,335,000
Notes	100,000
Other loans	191,000
Capital lease	<u>1,029,849</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ 523,212</u></u>

Another element of that reconciliation states that some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this \$132,441 difference are as follows:

Net change in accrued interest on bonds	\$ 20,403
Net change in accrued interest on notes	858
Net change in accrued interest on other loans	(1,164)
Net change in accrued interest on capital lease	100,093
Net change in landfill postclosure care costs	25,000
Net change in compensated absences	<u>(12,749)</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	      <u>\$ 132,441</u>

Discretely Presented Franklin County School Department

The discretely presented Franklin County School Department's Exhibit J-5 presents reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$26,922,919 difference are as follows:

Capital outlay	\$ 29,103,847
Depreciation expense	<u>(2,180,928)</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	      <u>\$ 26,922,919</u>

Another element of that reconciliation states that the net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. The details of this \$25,516,625 difference are as follows:

Capital asset disposals	\$ (27,628,149)
Accumulated depreciation on capital asset disposals	<u>2,111,524</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (25,516,625)</u>

Another element of that reconciliation states that some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this \$17,712 difference are as follows:

Net change in compensated absences	<u>\$ (17,712)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (17,712)</u>

### III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. Fund Deficit

The Highway Capital Projects Fund had a fund deficit of \$769,016 at June 30, 2005. This fund deficit resulted from accounts payable of \$482,057 and the unperformed portions of construction contracts of \$303,004 being reserved as encumbrances. Funding for these future expenditures is expected to be received from the issuance of debt.

#### B. Cash Shortage

The Office of Sheriff had a cash shortage of \$1,000 as of June 30, 2005. Details of the cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report. The sheriff liquidated this cash shortage with personal funds subsequent to June 30, 2005.

**C. Expenditures and Encumbrances Exceeded Appropriations**

Expenditures and encumbrances exceeded appropriations approved by the County Commission in the Libraries (\$44,372) major appropriation category in the General Fund, the Other Charges (\$240) major appropriation category in the Drug Control Fund, and the Community Services (\$45,124) major appropriation category in the General Purpose School Fund. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

**D. Appropriations Exceeded Estimated Available Funds**

Appropriations exceeded estimated available funds in the Local Purpose Tax Fund, resulting in a budgeted fund deficit of \$2,856 at June 30, 2005.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Franklin County and the Franklin County School Department participate in an internal cash and investment pool through the Office of Trustee. The Franklin County School Department meets the criteria for a discretely presented component unit of Franklin County. Since Franklin County is presenting fund financial statements only, the financial information for the Franklin County School Department is not included in these fund financial statements. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets as Equity in Pooled Cash and Investments. Cash reflected in the fund financial statements 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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county’s own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase.

**Investment Balances.** As of June 30, 2005, Franklin County had the following investments carried at cost. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Franklin County and the discretely presented Franklin County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 49,876
Total		<u>\$ 49,876</u>

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

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Franklin County has no investment policy that would further limit its investment choices. As of June 30, 2005, Franklin County's investment in the State Treasurer's Investment Pool was unrated.

**B. Capital Assets**

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

Primary Government

**Governmental Activities:**

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 26,484,547	\$ 196,266	\$ (131,091)	\$ 26,549,722
Total Capital Assets Not Depreciated	<u>\$ 26,484,547</u>	<u>\$ 196,266</u>	<u>\$ (131,091)</u>	<u>\$ 26,549,722</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 13,452,331	\$ 951,794	\$ (1,388,817)	\$ 13,015,308
Infrastructure	29,097,942	2,343,498	0	31,441,440
Other Capital Assets	5,152,758	750,220	(662,142)	5,240,836
Total Capital Assets Depreciated	<u>\$ 47,703,031</u>	<u>\$ 4,045,512</u>	<u>\$ (2,050,959)</u>	<u>\$ 49,697,584</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,943,160	\$ 370,197	\$ (512,590)	\$ 3,800,767
Infrastructure	16,590,362	927,622	0	17,517,984
Other Capital Assets	3,563,160	434,708	(533,803)	3,464,065
Total Accumulated Depreciation	<u>\$ 24,096,682</u>	<u>\$ 1,732,527</u>	<u>\$ (1,046,393)</u>	<u>\$ 24,782,816</u>
Total Capital Assets Depreciated, Net	<u>\$ 23,606,349</u>	<u>\$ 2,312,985</u>	<u>\$ (1,004,566)</u>	<u>\$ 24,914,768</u>
Governmental Activities Capital Assets, Net	<u>\$ 50,090,896</u>	<u>\$ 2,509,251</u>	<u>\$ (1,135,657)</u>	<u>\$ 51,464,490</u>

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

**Governmental Activities:**

General Government	\$ 34,397
Finance	42,440
Administration of Justice	9,765
Public Safety	325,863
Public Health and Welfare	70,357
Social, Cultural & Recreational	40,456
Agriculture & Natural Resources	10,089
Other Operations	126,149
Highways	<u>1,073,011</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,732,527</u></u>

Discretely Presented Franklin County School Department

**Governmental Activities:**

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 5,463,132	\$ 1,840	\$ (13,786)	\$ 5,451,186
Construction in Progress	23,631,050	1,200,212	(24,831,262)	0
 Total Capital Assets Not Depreciated	 \$ 29,094,182	 \$ 1,202,052	 \$ (24,845,048)	 \$ 5,451,186
Capital Assets Depreciated:				
Buildings and Improvements	\$ 32,852,929	\$ 25,871,032	\$ (1,924,931)	\$ 56,799,030
Other Capital Assets	3,424,904	2,030,763	(858,170)	4,597,497
 Total Capital Assets Depreciated	 \$ 36,277,833	 \$ 27,901,795	 \$ (2,783,101)	 \$ 61,396,527

**Governmental Activities: (Conti.)**

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 13,792,179	\$ 1,313,935	\$ (1,269,896)	\$ 13,836,218
Other Capital Assets	1,561,137	866,993	(841,628)	1,586,502
Total Accumulated Depreciation	<u>\$ 15,353,316</u>	<u>\$ 2,180,928</u>	<u>\$ (2,111,524)</u>	<u>\$ 15,422,720</u>
Total Capital Assets Depreciated, Net	<u>\$ 20,924,517</u>	<u>\$ 25,720,867</u>	<u>\$ (671,577)</u>	<u>\$ 45,973,807</u>
Governmental Activities Capital Assets, Net	<u>\$ 50,018,699</u>	<u>\$ 26,922,919</u>	<u>\$ (25,516,625)</u>	<u>\$ 51,424,993</u>

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

## Governmental Activities:

Instruction	\$ 1,924,162
Support Services	124,412
Operation of Non-Instructional Services	<u>132,354</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,180,928</u></u>

**C. Construction Commitments**

At June 30, 2005, the Highway Capital Projects Fund had uncompleted construction contracts of approximately \$303,004 for various highway/public works projects. Funding for these future expenditures is expected to be received from other loans.

**D. Interfund Receivables, Payables, and Transfers**

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

**Due to/from other funds:**

Receivable Fund	Payable Fund	Amount
<b>Primary Government:</b>		
General	Nonmajor governmental	\$ 1,560
Nonmajor governmental	Solid Waste/Sanitation	26,771
Nonmajor governmental	Nonmajor governmental	<u>34,000</u>
<b>Total</b>		<u><u>\$ 62,331</u></u>
<b>Discretely Presented Franklin County School Department:</b>		
General Purpose School	Nonmajor governmental	\$ 33,986
Nonmajor governmental	General Purpose School	<u>17,633</u>
<b>Total</b>		<u><u>\$ 51,619</u></u>

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.

**Interfund Transfers:**

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

**Primary Government**

Transfers Out	Transfers In	
	General Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 143,572
Solid Waste/Sanitation Fund	3,803	0
Highway/Public Works Fund	3,803	400,000
Nonmajor governmental funds	<u>0</u>	<u>34,000</u>
<b>Total</b>	<u><u>\$ 7,606</u></u>	<u><u>\$ 577,572</u></u>

**Discretely Presented Franklin County School Department**

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 398,663
Nonmajor Governmental Funds	40,508	0
<b>Total</b>	<b>\$ 40,508</b>	<b>\$ 398,663</b>

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

**E. Capital Lease**

On October 5, 2004, Franklin County entered into a four-year lease-purchase agreement for a grader. The terms of the agreement require total lease payments of \$114,148 plus interest of five percent. Title to the grader transfers to Franklin County at the end of the lease period. The lease payments are made by the Highway/Public Works Fund.

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2005, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2006	\$ 31,545
2007	31,545
2008	31,545
2009	13,144
Total Minimum Lease Payments	\$ 107,779
Less: Amounts Representing Interest	(8,893)
Present Value of Minimum Lease Payments	<u>\$ 98,886</u>

**F. Long-term Debt**

Primary Government

General Obligation Bonds, Notes and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 40 years for bonds, up to six years for notes, and up to 18 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Bonds will be retired from the General Debt Service Fund and the Education Debt Service Fund, notes will be retired from the Highway Public Works Fund, and other loans will be retired from the General Debt Service Fund and the Education Debt Service Fund.

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

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-05</u>
General Obligation Bonds	3.25 to 5 %	\$ 21,878,000	\$ 19,213,000
General Obligation Bonds - Refunding	3.25 to 4.75	10,975,000	10,630,000
Capital Outlay Notes	5.15	500,000	215,000
Other Loans	variable	6,214,210	6,023,210
Capital Leases	5	114,148	98,886

In prior years, Franklin County entered into loan agreements with the Montgomery County Public Building Authority. Under these loan agreements, the authority loaned \$2,300,000 and \$1,873,000 to Franklin County for various school renovation and construction projects. These loans are repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with this loan. At June 30, 2005, the variable interest rates were 2.18 percent, and other fees amounted to approximately .15 percent (letter of credit), .08 percent

(remarketing) of outstanding loan principal for both loans plus \$100 a month fee (trustee) for each loan.

On September 3, 2004, Franklin County entered into a loan agreement with the Montgomery County Public Building Authority. This loan agreement provided for the authority to make \$6,000,000 available for loan to Franklin County on an as-needed basis for various highway/public works projects. As of June 30, 2005, Franklin County had borrowed \$2,041,210 of these proceeds. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with this loan. At June 30, 2005, the variable interest rate was 2.18 percent, and other fees amounted to approximately .15 percent (letter of credit), .08 percent (remarketing) of outstanding loan principal for the loan plus \$100 a month trustee fee.

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

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2006	\$ 1,380,000	\$ 1,234,027	\$ 105,000	\$ 8,369
2007	1,420,000	1,190,099	110,000	2,833
2008	1,475,000	1,144,299	0	0
2009	1,965,000	1,091,429	0	0
2010	2,045,000	1,017,842	0	0
2011-2015	11,518,000	3,817,296	0	0
2016-2020	8,415,000	1,474,822	0	0
2021	1,625,000	77,188	0	0
Total	\$ 29,843,000	\$ 11,047,002	\$ 215,000	\$ 11,202

Year Ending June 30	Other Loan (\$2,300,000)			Total
	Principal	Interest	Other Fees	
2006	\$ 107,000	\$ 47,873	\$ 6,251	\$ 161,124
2007	110,000	45,540	6,005	161,545
2008	114,000	43,142	5,752	162,894
2009	118,000	40,657	5,489	164,146
2010	121,000	38,085	5,218	164,303
2011-2015	668,000	149,047	21,725	838,772
2016-2020	785,000	71,286	13,521	869,807
2021	173,000	3,771	1,598	178,369
<b>Total</b>	<b>\$ 2,196,000</b>	<b>\$ 439,401</b>	<b>\$ 65,559</b>	<b>\$ 2,700,960</b>

Year Ending June 30	Other Loan (\$1,830,000)			Total
	Principal	Interest	Other Fees	
2006	\$ 90,000	\$ 38,935	\$ 5,308	\$ 134,243
2007	92,000	36,973	5,101	134,074
2008	95,000	34,967	2,889	132,856
2009	98,000	32,896	4,671	135,567
2010	100,000	30,760	4,445	135,205
2011-2015	545,000	119,791	18,638	683,429
2016-2020	629,000	56,833	11,996	697,829
2021	137,000	2,986	1,515	141,501
<b>Total</b>	<b>\$ 1,786,000</b>	<b>\$ 354,141</b>	<b>\$ 54,563</b>	<b>\$ 2,194,704</b>

Year Ending June 30	Other Loan (\$6,000,000)			Total
	Principal	Interest	Other Fees	
2006	\$ 599,000	\$ 130,800	\$ 15,000	\$ 744,800
2007	614,000	117,742	13,622	745,364
2008	631,000	104,356	12,210	747,566
2009	197,210	90,601	10,759	298,570
<b>Total</b>	<b>\$ 2,041,210</b>	<b>\$ 443,499</b>	<b>\$ 51,591</b>	<b>\$ 2,536,300</b>

There is \$1,050,178 available in the General Debt Service Fund and \$2,813,196 available in the Education Debt Service Fund to service long-term debt. Bonded debt per capita amounted to \$760, based on the 2000 federal census. Total debt per capita, including bonds, notes, capital leases, and other loans amounted to \$921, based on the 2000 federal census.

Changes in Long-term Liabilities

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

Governmental Activities:	Bonds	Notes	Capital Lease
Balance, July 1, 2004	\$ 31,178,000	\$ 315,000	\$ 1,014,587
Additions	0	0	114,148
Deductions	(1,335,000)	(100,000)	(1,029,849)
Balance, June 30, 2005	\$ 29,843,000	\$ 215,000	\$ 98,886
Balance Due Within One Year	\$ 1,380,000	\$ 105,000	\$ 27,219

	Other Loans	Landfill Postclosure Care Costs	Compensated Absences
Balance, July 1, 2004	\$ 4,173,000	\$ 500,000	\$ 275,959
Additions	2,041,210	0	283,314
Deductions	(191,000)	(25,000)	(270,565)
Balance, June 30, 2005	\$ 6,023,210	\$ 475,000	\$ 288,708
Balance Due Within One Year	\$ 796,000	\$ 25,000	\$ 187,619

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

Discretely Presented Franklin County School Department

Changes in Long-term Liabilities

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

Governmental Activities:	Compensated Absences
Balance, July 1, 2004	\$ 66,747
Additions	133,064
Deductions	(115,352)
Balance, June 30, 2005	\$ 84,459
Balance Due Within One Year	\$ 84,459

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

V. **OTHER INFORMATION**

A. **Risk Management**

Franklin County's and the discretely presented Franklin County School Department's risks of loss relating to general liability, property, and casualty are covered by participation in a public entity risk pool. The county and the School Department are members of the Tennessee School Boards Risk Management Trust, which is a public entity risk pool established by the Tennessee School Boards Association. The county and School Department pay annual premiums to the pool for the risk coverage noted above. The creation of the pool provides for it to be self-sustaining through member premiums.

The discretely presented Franklin County School Department's risks of loss relating to workers' compensation are covered by participation in a public entity risk pool. The School Department is a member of the Tennessee School Boards Risk Management Trust, which is a public entity risk pool established by the Tennessee School Boards Association. The School Department pays annual premiums to the pool for the risk coverage noted above. The creation of the pool provides for it to be self-sustaining through member premiums.

The county carries commercial insurance for risks of loss relating to workers' compensation. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The county does not insure against environmental claims or losses.

Franklin County and the discretely presented Franklin County School Department provide health insurance coverage to their employees through 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, Tennessee Code Annotated, 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 the fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

B. **Accounting Change**

During the year, Franklin County adopted the provisions of Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk

Disclosures. These provisions modified the county's previous custodial risk disclosures for deposits and investments and related collateral. These provisions also added disclosures about other types of risk, including credit risk, interest rate risk, foreign currency risk, and concentrations of credit risk. Governments are also required to provide brief disclosures about their deposit and investment policies that are related to any of the risks required to be disclosed.

**C. Subsequent Events**

On October 14, 2005, Franklin County issued capital outlay notes totaling \$150,000 for lighting at an elementary school.

During the period July 1, 2005, through January 5, 2006, Franklin County borrowed \$1,145,839 for highway/public works projects pursuant to loan agreements with the Montgomery County Public Building Authority.

**D. Contingent Liabilities**

The county is involved in several pending lawsuits. Attorneys representing the county estimate that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the financial statements of the county.

**E. Landfill Closure and Postclosure Care Cost**

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Closure costs generally are paid near the date that the landfill stops accepting waste and postclosure care costs are paid during the 30-year period following closure. The Solid Waste/Sanitation Fund (special revenue fund) reports closure and postclosure care costs as expenditures in each period in which they are incurred. Franklin County closed its landfill in February 1993 and has contracted with a private company for its waste disposal. Closure activities are complete. The \$475,000 reported as landfill postclosure care liability at June 30, 2005, represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the landfill. This amount is based on estimates of what it would cost to perform all postclosure care in 2005. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**F. Joint Ventures**

The Interlocal Solid Waste Authority is jointly operated by the counties of Giles, Franklin, and Lincoln and the municipality of Tullahoma for the purpose of developing a solid waste regional plan. The authority's board was appointed by each participating county commission or city council for varying

terms of office. Franklin County made no contributions to the authority for the year ended June 30, 2005.

The Twelfth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the 12th Judicial District; Bledsoe, Franklin, Marion, Rhea, and Sequatchie 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 comprised of the district attorney general, sheriffs, and police chiefs of the participating law enforcement agencies within the judicial district. Franklin County made no contributions to the DTF for the year ended June 30, 2005.

Franklin County does not have equity interests in any of the above-noted joint ventures. Complete financial statements for the Interlocal Solid Waste Authority and the Twelfth Judicial District Drug Task Force can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Interlocal Solid Waste Authority  
487 Joyce Lane  
Winchester, TN 37398

District Attorney General's Office  
12th Judicial District  
375 Church Street, Suite 300  
Dayton, TN 37321

**G. Retirement Commitments**

**Plan Description**

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

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

### **Funding Policy**

Franklin County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2005, was 10.93 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Franklin County is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2005, Franklin County's annual pension cost of \$1,040,293 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Franklin County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003, was 12 years.

Trend Information

Fiscal Year Ending	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$1,040,293	100%	\$0
6-30-04	704,240	100	0
6-30-03	670,936	100	0

**Required Supplementary Information**

Schedule of Funding Progress for Franklin County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets  (a)	Actuarial Accrued Liability (AAL)  (b)	Unfunded AAL (UAAL)  (b) - (a)	Funded Ratio  (a/b)	Covered Payroll  (c)	UAAL as a Percentage of Covered Payroll  ((b-a)/c)
6-30-03	\$14,847	\$15,313	\$466	96.96%	\$7,733	6.03%
6-30-01	13,213	13,635	422	96.91	6,764	6.24
6-30-99	11,358	11,358	0	100	5,706	0

SCHOOL TEACHERS

**Plan Description**

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

to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.treasury.state.tn.us](http://www.treasury.state.tn.us). Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/Schools/>.

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Franklin County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2005, was 5.5 percent of annual covered payroll. The employer contribution requirement for the Franklin County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2005, 2004, and 2003, were \$1,019,778, \$592,931, and \$576,074, respectively, equal to the required contributions for each year.

## **H. Office of Central Accounting and Budgeting**

### **Office of Director of Finance**

Franklin County operates under the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. The act provides for the creation of a Finance Department operated under the direction of the finance director.

## **I. Purchasing Law**

Purchasing procedures for all offices are governed by provisions of the County Financial Management System of 1981, Section 5-21-119, Tennessee Code Annotated. Pursuant to provisions of this statute, the Financial Management Committee, together with the finance director, established purchasing procedures for Franklin County. These procedures require a purchase order system and require purchases exceeding \$5,000 (\$10,000 for the Highway Department) to be based on competitive bids.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Franklin County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 6,177,702	\$ 0	\$ 0	\$ 6,177,702	\$ 5,804,926	\$ 5,804,926	\$ 372,776
Licenses and Permits	52,878	0	0	52,878	55,600	55,600	(2,722)
Fines, Forfeitures, and Penalties	141,851	0	0	141,851	145,590	150,840	(8,989)
Charges for Current Services	169,076	0	0	169,076	182,035	173,135	(4,059)
Other Local Revenues	194,289	0	0	194,289	243,700	329,332	(135,043)
Fees Received from County Officials	1,528,103	0	0	1,528,103	1,429,000	1,491,562	36,541
State of Tennessee	1,741,980	0	0	1,741,980	1,292,986	1,742,986	(1,006)
Federal Government	187,827	0	0	187,827	15,000	515,478	(327,651)
Other Governments and Citizens Groups	228,128	0	0	228,128	155,000	155,000	73,128
<b>Total Revenues</b>	<b>\$ 10,421,834</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 10,421,834</b>	<b>\$ 9,323,837</b>	<b>\$ 10,418,859</b>	<b>\$ 2,975</b>
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 419,564	\$ (6,795)	\$ 57,441	\$ 470,210	\$ 254,456	\$ 470,214	\$ 4
Beer Board	2,240	0	35	2,275	2,575	2,275	0
County Mayor	134,546	(850)	299	133,995	132,154	134,179	184
County Attorney	7,200	0	0	7,200	7,200	7,200	0
Election Commission	176,595	(455)	90	176,230	181,004	179,204	2,974
Register of Deeds	242,536	0	523	243,059	254,743	248,743	5,684
Planning	122,161	(480)	3,942	125,623	133,405	128,905	3,282
Geographical Information Systems	63,815	(183)	15,000	78,632	97,115	85,115	6,483
County Buildings	403,694	(7,157)	2,002	398,539	418,766	407,766	9,227
<u>Finance</u>							
Property Assessor's Office	362,785	0	0	362,785	376,293	367,293	4,508
County Trustee's Office	216,233	0	0	216,233	220,593	217,593	1,360
County Clerk's Office	349,719	(147)	308	349,880	364,766	354,766	4,886
Other Finance	522,956	(2,865)	2,805	522,896	532,027	524,927	2,031

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice</u>							
Circuit Court	\$ 604,912	\$ (2,617)	\$ 7,688	\$ 609,983	\$ 589,788	\$ 617,883	\$ 7,900
General Sessions Court	212,245	0	0	212,245	213,444	215,444	3,199
Chancery Court	122,910	(2,542)	1,580	121,948	127,840	125,040	3,092
Juvenile Court	101,475	(498)	62	101,039	100,259	102,759	1,720
Probation Services	74,240	0	0	74,240	74,059	75,059	819
<u>Public Safety</u>							
Sheriff's Department	1,951,295	(20,249)	1,378	1,932,424	1,886,405	1,968,942	36,518
Administration of the Sexual Offender Registry	0	0	0	0	0	400	400
Jail	1,116,712	(22,030)	25,787	1,120,469	1,058,008	1,127,008	6,539
Juvenile Services	14,105	0	0	14,105	10,195	14,445	340
Civil Defense	175,444	(72,037)	5,462	108,869	101,415	121,875	13,006
Rescue Squad	27,250	0	0	27,250	27,250	27,250	0
Other Emergency Management	644,242	(88,038)	4,400	560,604	582,425	567,425	6,821
County Coroner/Medical Examiner	29,995	0	0	29,995	21,000	30,394	399
Other Public Safety	12,000	0	0	12,000	12,000	12,000	0
<u>Public Health and Welfare</u>							
Local Health Center	24,541	(115)	1,901	26,327	29,007	29,007	2,680
Rabies and Animal Control	79,881	0	0	79,881	78,951	81,451	1,570
Crippled Children Services	2,683	0	0	2,683	2,683	2,683	0
Other Local Health Services	109,294	0	0	109,294	131,252	109,752	458
Regional Mental Health Center	10,000	0	0	10,000	10,000	10,000	0
Appropriation to State	27,963	0	0	27,963	27,963	27,963	0
General Welfare Assistance	22,000	0	0	22,000	22,000	22,000	0
Waste Pickup	66,342	0	385	66,727	71,558	70,898	4,171
<u>Social, Cultural and Recreational Services</u>							
Senior Citizens Assistance	40,005	(750)	750	40,005	40,630	40,830	825

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	<u>Budgeted Amounts</u>		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Social, Cultural and Recreational Services (Cont.)</u>							
Libraries	\$ 338,457	\$ (40,000)	\$ 0	\$ 298,457	\$ 144,085	\$ 254,085	\$ (44,372)
Parks and Fair Boards	57,831	(11,854)	1,425	47,402	54,077	54,077	6,675
<u>Agriculture &amp; Natural Resources</u>							
Agriculture Extension Service	64,312	0	0	64,312	76,381	76,381	12,069
Soil Conservation	66,605	0	0	66,605	67,103	67,103	498
<u>Other Operations</u>							
Industrial Development	128,582	(737)	125	127,970	292,049	128,275	305
Other Economic and Community Development	359,224	0	0	359,224	76,024	359,224	0
Veterans' Services	15,799	0	0	15,799	15,611	15,861	62
Other Charges	689,674	(23,000)	3,300	669,974	673,651	714,863	44,889
Contributions to Other Agencies	64,090	0	0	64,090	62,090	64,090	0
<u>Principal</u>							
General Government	1,014,587	0	0	1,014,587	0	1,014,587	0
<u>Interest</u>							
General Government	20,665	0	0	20,665	0	20,665	0
<u>Capital Projects</u>							
General Administration Projects	53,002	0	0	53,002	52,276	58,776	5,774
Administration of Justice Projects	15,869	0	17,987	33,856	4,600	33,875	19
Public Safety Projects	213,126	0	67,600	280,726	94,080	566,012	285,286
Social, Cultural and Recreation Projects	13,340	0	0	13,340	0	15,000	1,660
Agriculture and Natural Resource Projects	0	0	0	0	1,200	1,200	1,200
<u>Capital Projects - Donated</u>							
Capital Projects Donated to Other Entities	1,151	(1,151)	1,360	1,360	0	1,360	0
<b>Total Expenditures</b>	<b>\$ 11,609,892</b>	<b>\$ (304,550)</b>	<b>\$ 223,635</b>	<b>\$ 11,528,977</b>	<b>\$ 9,806,456</b>	<b>\$ 11,974,122</b>	<b>\$ 445,145</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,188,058)	\$ 304,550	\$ (223,635)	\$ (1,107,143)	\$ (482,619)	\$ (1,555,263)	\$ 448,120

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Proceeds From Sale of Capital Assets	\$ 1,006,500	\$ 0	\$ 0	\$ 1,006,500	\$ 0	\$ 1,000,000	\$ 6,500
Transfers In	7,606	0	0	7,606	56,785	56,785	(49,179)
Transfers Out	(143,572)	0	0	(143,572)	(60,000)	(143,572)	0
Total Other Financing Sources (Uses)	<u>\$ 870,534</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 870,534</u>	<u>\$ (3,215)</u>	<u>\$ 913,213</u>	<u>\$ (42,679)</u>
Net Change in Fund Balance	\$ (317,524)	\$ 304,550	\$ (223,635)	\$ (236,609)	\$ (485,834)	\$ (642,050)	\$ 405,441
Fund Balance, July 1, 2004	<u>3,190,137</u>	<u>(304,550)</u>	<u>0</u>	<u>2,885,587</u>	<u>2,708,102</u>	<u>2,708,102</u>	<u>177,485</u>
Fund Balance, June 30, 2005	<u>\$ 2,872,613</u>	<u>\$ 0</u>	<u>\$ (223,635)</u>	<u>\$ 2,648,978</u>	<u>\$ 2,222,268</u>	<u>\$ 2,066,052</u>	<u>\$ 582,926</u>

Exhibit F-2

Franklin County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 831,452	\$ 0	\$ 0	\$ 831,452	\$ 809,434	\$ 809,434	\$ 22,018
Licenses and Permits	6,064	0	0	6,064	6,500	6,500	(436)
Charges for Current Services	35,870	0	0	35,870	33,000	33,000	2,870
Other Local Revenues	443,544	0	0	443,544	425,000	425,000	18,544
State of Tennessee	27,313	0	0	27,313	21,750	21,750	5,563
<b>Total Revenues</b>	<b>\$ 1,344,243</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,344,243</b>	<b>\$ 1,295,684</b>	<b>\$ 1,295,684</b>	<b>\$ 48,559</b>
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Education/Information	\$ 1,682	\$ 0	\$ 0	\$ 1,682	\$ 2,500	\$ 2,500	\$ 818
Convenience Centers	191,144	(1,850)	350	189,644	225,058	205,058	15,414
Transfer Stations	1,097,271	(55,200)	1,150	1,043,221	1,022,083	1,047,083	3,862
Postclosure Care Costs	7,400	0	0	7,400	15,000	10,000	2,600
<u>Other Operations</u>							
Other Charges	73,571	0	0	73,571	77,879	77,879	4,308
<b>Total Expenditures</b>	<b>\$ 1,371,068</b>	<b>\$ (57,050)</b>	<b>\$ 1,500</b>	<b>\$ 1,315,518</b>	<b>\$ 1,342,520</b>	<b>\$ 1,342,520</b>	<b>\$ 27,002</b>
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (26,825)	\$ 57,050	\$ (1,500)	\$ 28,725	\$ (46,836)	\$ (46,836)	\$ 75,561
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (3,803)	\$ 0	\$ 0	\$ (3,803)	\$ (3,803)	\$ (3,803)	\$ 0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (3,803)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (3,803)</b>	<b>\$ (3,803)</b>	<b>\$ (3,803)</b>	<b>\$ 0</b>

(Continued)

Exhibit F-2

Franklin County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Solid Waste/Sanitation Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ (30,628)	\$ 57,050	\$ (1,500)	\$ 24,922	\$ (50,639)	\$ (50,639)	\$ 75,561
Fund Balance, July 1, 2004	410,975	(57,050)	0	353,925	347,690	347,690	6,235
Fund Balance, June 30, 2005	\$ 380,347	\$ 0	\$ (1,500)	\$ 378,847	\$ 297,051	\$ 297,051	\$ 81,796

Exhibit F-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues	\$ 0	\$ 0	\$ 0	0
Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	0
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	0
Fund Balance, July 1, 2004	5745000	5745000	5745000	0
Fund Balance, June 30, 2005	\$ 5745000	\$ 5745000	\$ 5745000	0

Exhibit F-4

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 333,837	\$ 0	\$ 0	\$ 333,837	\$ 277,216	\$ 277,216	\$ 56,621
Licenses and Permits	1,216	0	0	1,216	1,600	1,600	(384)
Charges for Current Services	1,423	0	0	1,423	5,000	5,000	(3,577)
Other Local Revenues	34,008	0	0	34,008	24,000	24,000	10,008
State of Tennessee	2,165,765	0	0	2,165,765	2,433,448	2,433,448	(267,683)
<b>Total Revenues</b>	<b>\$ 2,536,249</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,536,249</b>	<b>\$ 2,741,264</b>	<b>\$ 2,741,264</b>	<b>\$ (205,015)</b>
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 234,715	\$ (665)	\$ 200	\$ 234,250	\$ 245,793	\$ 245,793	\$ 11,543
Highway and Bridge Maintenance	715,927	(32,641)	2,234	685,520	741,538	741,538	56,018
Operation and Maintenance of Equipment	234,782	(6,186)	8,405	237,001	246,701	268,341	31,340
Quarry Operations	205,034	(2,443)	1,929	204,520	279,720	279,720	75,200
Other Charges	153,001	0	0	153,001	158,032	158,032	5,031
Capital Outlay	998,634	(648,537)	28,763	378,860	983,908	1,094,008	715,148
<u>Principal</u>							
Highways and Streets	55,262	0	0	55,262	0	62,450	7,188
<u>Interest</u>							
Highways and Streets	16,788	0	0	16,788	0	19,958	3,170
<b>Total Expenditures</b>	<b>\$ 2,614,143</b>	<b>\$ (690,472)</b>	<b>\$ 41,531</b>	<b>\$ 1,965,202</b>	<b>\$ 2,655,692</b>	<b>\$ 2,869,840</b>	<b>\$ 904,638</b>
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (77,894)	\$ 690,472	\$ (41,531)	\$ 571,047	\$ 85,572	\$ (128,576)	\$ 699,623
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 114,148	\$ 0	\$ 0	\$ 114,148	\$ 0	\$ 114,148	\$ 0
Transfers In	0	0	0	0	210,000	210,000	(210,000)

(Continued)

Exhibit F-4

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>							
Transfers Out	\$ (403,803)	\$ 0	\$ 0	\$ (403,803)	\$ (403,803)	\$ (403,803)	0
Total Other Financing Sources (Uses)	\$ (289,655)	\$ 0	\$ 0	\$ (289,655)	\$ (193,803)	\$ (79,655)	(210,000)
Net Change in Fund Balance	\$ (367,549)	\$ 690,472	\$ (41,531)	\$ 281,392	\$ (108,231)	\$ (208,231)	\$ 489,623
Fund Balance, July 1, 2004	1,457,462	(690,472)	0	766,990	740,536	740,536	26,454
Fund Balance, June 30, 2005	\$ 1,089,913	\$ 0	\$ (41,531)	\$ 1,048,382	\$ 632,305	\$ 532,305	\$ 516,077

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

**A. BUDGETARY INFORMATION**

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

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

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

**B. EXPENDITURES AND ENCUMBRANCES EXCEEDED APPROPRIATIONS**

Expenditures and encumbrances exceed appropriations approved by the County Commission in the Libraries major appropriation category (the legal level of control) in the General Fund by \$44,372. These overexpenditures were funded by available fund balance.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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

Local Purpose Tax Fund – The Local Purpose Tax Fund is used to account for a special property tax levied to provide funding for rural fire protection.

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

Other Special Revenue Fund – The Other Special Revenue Fund is used to account for revenues from drug court and DUI treatment fees.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for transactions of the fee and commission accounts of the trustee, clerks, register, and sheriff. Revenues from fees and commissions earned by these officials are transferred to the county's General Fund.

# Debt Service Fund

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

Exhibit G-1

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

	Special Revenue Funds					Total	Debt Service Fund	Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Other Special Revenue	Constitu - tional Officers - Fees			
<u>ASSETS</u>								
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 914	\$ 914	\$ 0	914
Equity in Pooled Cash and Investments	72,506	58,428	55,102	84,374	0	270,410	984,401	1,254,811
Accounts Receivable	0	9,520	425	0	646	10,591	0	10,591
Due from Other Governments	0	0	0	0	0	0	181	181
Due from Other Funds	0	0	0	0	0	0	60,771	60,771
Property Taxes Receivable	0	644,337	0	0	0	644,337	574,836	1,219,173
Allowance for Uncollectible Property Taxes	0	(25,572)	0	0	0	(25,572)	(18,204)	(43,776)
Prepaid Items	0	0	0	0	0	0	4,825	4,825
<b>Total Assets</b>	<b>\$ 72,506</b>	<b>\$ 686,713</b>	<b>\$ 55,527</b>	<b>\$ 84,374</b>	<b>\$ 1,560</b>	<b>\$ 900,680</b>	<b>\$ 1,606,810</b>	<b>\$ 2,507,490</b>
<u>LIABILITIES AND FUND BALANCES</u>								
<u>Liabilities</u>								
Accounts Payable	\$ 0	\$ 40,300	\$ 0	\$ 0	\$ 0	\$ 40,300	\$ 0	40,300
Due to Other Funds	34,000	0	0	0	1,560	35,560	0	35,560
Due to State of Tennessee	0	0	0	52	0	52	0	52
Deferred Revenue - Current Property Taxes	0	602,564	0	0	0	602,564	547,785	1,150,349
Deferred Revenue - Delinquent Property Taxes	0	16,201	0	0	0	16,201	8,847	25,048
<b>Total Liabilities</b>	<b>\$ 34,000</b>	<b>\$ 659,065</b>	<b>\$ 0</b>	<b>\$ 52</b>	<b>\$ 1,560</b>	<b>\$ 694,677</b>	<b>\$ 556,632</b>	<b>\$ 1,251,309</b>
<u>Fund Balances</u>								
Reserved for Encumbrances	\$ 0	\$ 910	\$ 719	\$ 0	\$ 0	\$ 1,629	\$ 0	1,629
Reserved for Alcohol and Drug Treatment	0	0	0	79,661	0	79,661	0	79,661
Reserved for Drug Court	0	0	0	4,661	0	4,661	0	4,661
Unreserved	38,506	26,738	54,808	0	0	120,052	1,050,178	1,170,230
<b>Total Fund Balances</b>	<b>\$ 38,506</b>	<b>\$ 27,648</b>	<b>\$ 55,527</b>	<b>\$ 84,322</b>	<b>\$ 0</b>	<b>\$ 206,003</b>	<b>\$ 1,050,178</b>	<b>\$ 1,256,181</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 72,506</b>	<b>\$ 686,713</b>	<b>\$ 55,527</b>	<b>\$ 84,374</b>	<b>\$ 1,560</b>	<b>\$ 900,680</b>	<b>\$ 1,606,810</b>	<b>\$ 2,507,490</b>

Exhibit G-2

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

	Special Revenue Funds					Total	Debt Service Fund	Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Other Special Revenue	Constitutional Officers - Fees			
<u>Revenues</u>								
Local Taxes	\$ 35,659	\$ 417,919	\$ 0	\$ 0	\$ 0	\$ 453,578	\$ 701,405	\$ 1,154,983
Licenses and Permits	0	3,329	0	0	0	3,329	3,027	6,356
Fines, Forfeitures and Penalties	0	0	60,474	6,036	0	66,510	0	66,510
Charges for Current Services	0	0	0	0	3,451	3,451	0	3,451
Other Local Revenues	0	0	245	0	0	245	72,637	72,882
Federal Government	0	0	5,941	0	0	5,941	0	5,941
Other Governments and Citizens Groups	0	0	8,806	0	0	8,806	0	8,806
Total Revenues	\$ 35,659	\$ 421,248	\$ 75,466	\$ 6,036	\$ 3,451	\$ 541,860	\$ 777,069	\$ 1,318,929
<u>Expenditures</u>								
Current:								
Finance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,451	\$ 3,451	\$ 0	\$ 3,451
Administration of Justice	0	0	0	5,286	0	5,286	0	5,286
Public Safety	0	428,481	45,863	0	0	474,344	0	474,344
Other Operations	331	0	600	0	0	931	0	931
Debt Service:								
Principal	0	0	0	0	0	0	330,000	330,000
Interest	0	0	0	0	0	0	134,610	134,610
Other Debt Service	0	0	0	0	0	0	51,256	51,256
Total Expenditures	\$ 331	\$ 428,481	\$ 46,463	\$ 5,286	\$ 3,451	\$ 484,012	\$ 515,866	\$ 999,878
Excess (Deficiency) of Revenues Over Expenditures	\$ 35,328	\$ (7,233)	\$ 29,003	\$ 750	\$ 0	\$ 57,848	\$ 261,203	\$ 319,051
<u>Other Financing Sources (Uses)</u>								
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 81,000	\$ 81,000
Transfers In	0	0	0	83,572	0	83,572	494,000	577,572
Transfers Out	(34,000)	0	0	0	0	(34,000)	0	(34,000)
Total Other Financing Sources (Uses)	\$ (34,000)	\$ 0	\$ 0	\$ 83,572	\$ 0	\$ 49,572	\$ 575,000	\$ 624,572
Net Change in Fund Balances	\$ 1,328	\$ (7,233)	\$ 29,003	\$ 84,322	\$ 0	\$ 107,420	\$ 836,203	\$ 943,623
Fund Balance, July 1, 2004	37,178	34,881	26,524	0	0	98,583	213,975	312,558
Fund Balance, June 30, 2005	\$ 38,506	\$ 27,648	\$ 55,527	\$ 84,322	\$ 0	\$ 206,003	\$ 1,050,178	\$ 1,256,181

Exhibit G-3

Franklin County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Courthouse & Jail Maintenance Fund  
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 35,659	\$ 0	\$ 34,300	\$ 1,359
Total Revenues	<u>\$ 35,659</u>	<u>\$ 0</u>	<u>\$ 34,300</u>	<u>\$ 1,359</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 331	\$ 0	\$ 300	\$ (31)
Total Expenditures	<u>\$ 331</u>	<u>\$ 0</u>	<u>\$ 300</u>	<u>\$ (31)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 35,328</u>	<u>\$ 0</u>	<u>\$ 34,000</u>	<u>\$ 1,328</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (34,000)	\$ 0	\$ (34,000)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (34,000)</u>	<u>\$ 0</u>	<u>\$ (34,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 1,328	\$ 0	\$ 0	\$ 1,328
Fund Balance, July 1, 2004	<u>37,178</u>	<u>37,178</u>	<u>37,178</u>	<u>0</u>
Fund Balance, June 30, 2005	<u>\$ 38,506</u>	<u>\$ 37,178</u>	<u>\$ 37,178</u>	<u>\$ 1,328</u>

Exhibit G-4

Franklin County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Local Purpose Tax Fund  
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 417,919	\$ 0	\$ 417,919	\$ 398,853	\$ 407,553	\$ 10,366
Licenses and Permits	3,329	0	3,329	3,900	3,900	(571)
Total Revenues	<u>\$ 421,248</u>	<u>\$ 0</u>	<u>\$ 421,248</u>	<u>\$ 402,753</u>	<u>\$ 411,453</u>	<u>\$ 9,795</u>
<u>Expenditures</u>						
<u>Public Safety</u>						
Fire Prevention and Control	\$ 428,481	\$ 910	\$ 429,391	\$ 390,300	\$ 430,600	\$ 1,209
Total Expenditures	<u>\$ 428,481</u>	<u>\$ 910</u>	<u>\$ 429,391</u>	<u>\$ 390,300</u>	<u>\$ 430,600</u>	<u>\$ 1,209</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (7,233)</u>	<u>\$ (910)</u>	<u>\$ (8,143)</u>	<u>\$ 12,453</u>	<u>\$ (19,147)</u>	<u>\$ 11,004</u>
Net Change in Fund Balance	\$ (7,233)	\$ (910)	\$ (8,143)	\$ 12,453	\$ (19,147)	\$ 11,004
Fund Balance, July 1, 2004	<u>34,881</u>	<u>0</u>	<u>34,881</u>	<u>16,291</u>	<u>16,291</u>	<u>18,590</u>
Fund Balance, June 30, 2005	<u>\$ 27,648</u>	<u>\$ (910)</u>	<u>\$ 26,738</u>	<u>\$ 28,744</u>	<u>\$ (2,856)</u>	<u>\$ 29,594</u>

Exhibit G-5

Franklin County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Drug Control Fund  
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures and Penalties	\$ 60,474	\$ 0	\$ 0	\$ 60,474	\$ 61,000	\$ 61,000	\$ (526)
Other Local Revenues	245	0	0	245	0	0	245
Federal Government	5,941	0	0	5,941	0	0	5,941
Other Governments and Citizens Groups	8,806	0	0	8,806	6,000	6,000	2,806
<b>Total Revenues</b>	<b>\$ 75,466</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 75,466</b>	<b>\$ 67,000</b>	<b>\$ 67,000</b>	<b>\$ 8,466</b>
<u>Expenditures</u>							
<u>Public Safety</u>							
Drug Enforcement	\$ 45,863	\$ (1,030)	\$ 719	\$ 45,552	\$ 72,800	\$ 72,800	\$ 27,248
<u>Other Operations</u>							
Other Charges	600	0	0	600	360	360	(240)
<b>Total Expenditures</b>	<b>\$ 46,463</b>	<b>\$ (1,030)</b>	<b>\$ 719</b>	<b>\$ 46,152</b>	<b>\$ 73,160</b>	<b>\$ 73,160</b>	<b>\$ 27,008</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 29,003	\$ 1,030	\$ (719)	\$ 29,314	\$ (6,160)	\$ (6,160)	\$ 35,474
Net Change in Fund Balance	\$ 29,003	\$ 1,030	\$ (719)	\$ 29,314	\$ (6,160)	\$ (6,160)	\$ 35,474
Fund Balance, July 1, 2004	26,524	(1,030)	0	25,494	21,865	21,865	3,629
<b>Fund Balance, June 30, 2005</b>	<b>\$ 55,527</b>	<b>\$ 0</b>	<b>\$ (719)</b>	<b>\$ 54,808</b>	<b>\$ 15,705</b>	<b>\$ 15,705</b>	<b>\$ 39,103</b>

Exhibit G-6

Franklin County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Other Special Revenue Fund  
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures and Penalties	\$ 6,036	\$ 0	\$ 0	\$ 6,036
Total Revenues	\$ 6,036	\$ 0	\$ 0	\$ 6,036
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Drug Court	\$ 5,286	\$ 0	\$ 5,293	\$ 7
Total Expenditures	\$ 5,286	\$ 0	\$ 5,293	\$ 7
Excess (Deficiency) of Revenues Over Expenditures	\$ 750	\$ 0	\$ (5,293)	\$ 6,043
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 83,572	\$ 0	\$ 83,572	\$ 0
Total Other Financing Sources (Uses)	\$ 83,572	\$ 0	\$ 83,572	\$ 0
Net Change in Fund Balance	\$ 84,322	\$ 0	\$ 78,279	\$ 6,043
Fund Balance, July 1, 2004	0	0	0	0
Fund Balance, June 30, 2005	\$ 84,322	\$ 0	\$ 78,279	\$ 6,043

Exhibit G-7

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 701,405	\$ 677,623	\$ 677,623	\$ 23,782
Licenses and Permits	3,027	2,000	2,000	1,027
Other Local Revenues	72,637	0	0	72,637
Total Revenues	<u>\$ 777,069</u>	<u>\$ 679,623</u>	<u>\$ 679,623</u>	<u>\$ 97,446</u>
<u>Expenditures</u>				
<u>Principal</u>				
General Government	\$ 330,000	\$ 330,000	\$ 330,000	\$ 0
<u>Interest</u>				
General Government	134,610	309,921	300,651	166,041
<u>Other Debt Service</u>				
General Government	51,256	12,750	52,020	764
Total Expenditures	<u>\$ 515,866</u>	<u>\$ 652,671</u>	<u>\$ 682,671</u>	<u>\$ 166,805</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>\$ 261,203</u>	<u>\$ 26,952</u>	<u>\$ (3,048)</u>	<u>\$ 264,251</u>
<u>Other Financing Sources (Uses)</u>				
Other Loans Issued	\$ 81,000	0	\$ 81,000	\$ 0
Transfers In	494,000	460,000	494,000	0
Total Other Financing Sources (Uses)	<u>\$ 575,000</u>	<u>\$ 460,000</u>	<u>\$ 575,000</u>	<u>\$ 0</u>
Net Change in Fund Balance				
Fund Balance, July 1, 2004	<u>\$ 213,975</u>	<u>\$ 209,647</u>	<u>\$ 209,647</u>	<u>\$ 4,328</u>
Fund Balance, June 30, 2005	<u>\$ 1,050,178</u>	<u>\$ 696,599</u>	<u>\$ 781,599</u>	<u>\$ 268,579</u>

# **Major Governmental Fund**

## **Education Debt Service Fund**

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

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Exhibit H

Franklin County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Education Debt Service Fund  
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,967,669	\$ 1,462,886	\$ 1,462,886	\$ 504,783
Licenses and Permits	5,451	5,765	5,765	(314)
Other Local Revenues	1,876	10,000	10,000	(8,124)
Other Governments and Citizens Groups	700,000	100,000	700,000	0
Total Revenues	<u>\$ 2,674,996</u>	<u>\$ 1,578,651</u>	<u>\$ 2,178,651</u>	<u>\$ 496,345</u>
<u>Expenditures</u>				
<u>Principal</u>				
Education	\$ 1,256,000	\$ 1,256,000	\$ 1,256,000	\$ 0
<u>Interest</u>				
Education	1,248,457	1,287,738	1,273,954	25,497
<u>Other Debt Service</u>				
Education	144,301	30,750	144,534	233
Total Expenditures	<u>\$ 2,648,758</u>	<u>\$ 2,574,488</u>	<u>\$ 2,674,488</u>	<u>\$ 25,730</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 26,238</u>	<u>\$ (995,837)</u>	<u>\$ (495,837)</u>	<u>\$ 522,075</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 600,000	\$ 0	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 600,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 26,238	\$ (395,837)	\$ (495,837)	\$ 522,075
Fund Balance, July 1, 2004	<u>2,786,958</u>	<u>2,587,594</u>	<u>2,587,594</u>	<u>199,364</u>
Fund Balance, June 30, 2005	<u>\$ 2,813,196</u>	<u>\$ 2,191,757</u>	<u>\$ 2,091,757</u>	<u>\$ 721,439</u>

# 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.

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

Exhibit I-1

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

	<u>Agency Funds</u>		
	<u>Cities- Sales Tax</u>	<u>Constitutional Officers- Agency</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,439,568	\$ 1,439,568
Accounts Receivable	0	533	533
Due from Other Governments	509,010	0	509,010
Cash Shortage	0	1,000	1,000
Total Assets	<u>\$ 509,010</u>	<u>\$ 1,441,101</u>	<u>\$ 1,950,111</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 509,010	\$ 0	\$ 509,010
Due to Litigants, Heirs, and Others	0	1,441,101	1,441,101
Total Liabilities	<u>\$ 509,010</u>	<u>\$ 1,441,101</u>	<u>\$ 1,950,111</u>

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,702,197	\$ 2,702,197	\$ 0
Due From Other Governments	449,878	509,010	449,878	509,010
Total Assets	\$ 449,878	\$ 3,211,207	\$ 3,152,075	\$ 509,010
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 449,878	\$ 3,211,207	\$ 3,152,075	\$ 509,010
Total Liabilities	\$ 449,878	\$ 3,211,207	\$ 3,152,075	\$ 509,010
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,352,537	\$ 12,703,866	\$ 12,616,835	\$ 1,439,568
Accounts Receivable	10,537	533	10,537	533
Cash Shortage	0	1,000	0	1,000
Total Assets	\$ 1,363,074	\$ 12,705,399	\$ 12,627,372	\$ 1,441,101
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,363,074	\$ 12,705,399	\$ 12,627,372	\$ 1,441,101
Total Liabilities	\$ 1,363,074	\$ 12,705,399	\$ 12,627,372	\$ 1,441,101
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,702,197	\$ 2,702,197	\$ 0
Cash	1,352,537	12,703,866	12,616,835	1,439,568
Accounts Receivable	10,537	533	10,537	533
Due From Other Governments	449,878	509,010	449,878	509,010
Cash Shortage	0	1,000	0	1,000
Total Assets	\$ 1,812,952	\$ 15,915,606	\$ 15,779,447	\$ 1,950,111
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 449,878	\$ 3,211,207	\$ 3,152,075	\$ 509,010
Due to Litigants, Heirs, and Others	1,363,074	12,705,399	12,627,372	1,441,101
Total Liabilities	\$ 1,812,952	\$ 15,916,606	\$ 15,779,447	\$ 1,950,111

# Franklin County School Department

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This section presents combining and individual fund financial statements for the Franklin County School Department, a discretely presented component unit. The Franklin County 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 J-1

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

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Assets Total Governmental Activities
Component Unit:					
Governmental Activities:					
Instruction	\$ 23,907,851	\$ 328,568	\$ 3,045,774	\$ 155,168	\$ (20,378,341)
Support Services	12,137,485	4,888	29,419	0	(12,103,178)
Operation of Noninstructional Services	2,343,083	1,957,678	1,144,533	0	759,128
Capital Outlay	362,602	0	0	0	(362,602)
Debt Service:					
Other Debt Service	600,000	0	0	0	(600,000)
<b>Total Governmental Activities</b>	<b>\$ 39,351,021</b>	<b>\$ 2,291,134</b>	<b>\$ 4,219,726</b>	<b>\$ 155,168</b>	<b>\$ (32,684,993)</b>
General Revenues:					
Taxes:					
Property taxes levied for general purposes					\$ 8,024,596
Local option sales tax					3,515,753
Other local taxes					6,557
Grants & Contributions not restricted for specific programs					22,241,571
Unrestricted Investment Earnings					7,462
Miscellaneous					68,533
Sale of land and equipment					45,618
<b>Total General Revenues</b>					<b>\$ 33,910,090</b>
Change in net assets					\$ 1,225,097
Net assets, July 1, 2004					<u>55,575,794</u>
Net assets, June 30, 2005					<u>\$ 56,800,891</u>

Exhibit J-2

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 2,044	\$ 2,044
Equity in Pooled Cash and Investments	4,088,512	758,342	4,846,854
Accounts Receivable	47,632	444	48,076
Due from Other Governments	626,370	171,712	798,082
Due from Other Funds	33,986	17,633	51,619
Property Taxes Receivable	7,858,792	0	7,858,792
Allowance for Uncollectible Property Taxes	(291,224)	0	(291,224)
Prepaid Items	30,824	2,673	33,497
Total Assets	<u>\$ 12,394,892</u>	<u>\$ 952,848</u>	<u>\$ 13,347,740</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 382,407	\$ 50,746	\$ 433,153
Accrued Payroll	7,272	236	7,508
Due to Other Funds	17,633	33,986	51,619
Deferred Revenue - Current Property Taxes	7,395,103	0	7,395,103
Deferred Revenue - Delinquent Property Taxes	172,465	0	172,465
Other Deferred Revenues	412,997	0	412,997
Total Liabilities	<u>\$ 8,387,877</u>	<u>\$ 84,968</u>	<u>\$ 8,472,845</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 423,207	\$ 10,513	\$ 433,720
Other Local Education Reserves	25,357	0	25,357
Reserved for Career Ladder - Extended Contract	94,726	0	94,726
Reserved for Career Ladder Program	9,584	0	9,584
Reserved for Technology	2,527	0	2,527
Reserved for Title I Grants to Local Education Agencies	0	110,378	110,378
Reserved for Innovative Education Program Strategies	0	19,111	19,111
Other Federal Reserves	0	31,042	31,042
Unreserved, Reported In:			
General Fund	3,451,614	0	3,451,614
Special Revenue Funds	0	696,836	696,836
Total Fund Balances	<u>\$ 4,007,015</u>	<u>\$ 867,880</u>	<u>\$ 4,874,895</u>
Total Liabilities and Fund Balances	<u>\$ 12,394,892</u>	<u>\$ 952,848</u>	<u>\$ 13,347,740</u>

Exhibit J-3

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

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)	\$	4,874,895
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		51,424,993
(2) Long-term liabilities are not due in the current period and therefore are not reported in the funds.		(84,459)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		<u>585,462</u>
Net assets of governmental activities (Exhibit A)	\$	<u><u>56,800,891</u></u>

Exhibit J-4

Franklin County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Franklin County School Department  
For the Year Ended June 30, 2005

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 11,665,008	\$ 0	\$ 11,665,008
Licenses and Permits	43,997	0	43,997
Charges for Current Services	293,919	1,951,418	2,245,337
Other Local Revenues	137,569	15,507	153,076
State of Tennessee	21,802,046	0	21,802,046
Federal Government	257,293	4,244,237	4,501,530
Other Governments and Citizens Groups	0	100,000	100,000
Total Revenues	<u>\$ 34,199,832</u>	<u>\$ 6,311,162</u>	<u>\$ 40,510,994</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 20,755,856	\$ 2,393,192	\$ 23,149,048
Support Services	11,426,272	715,431	12,141,703
Operation of Non-Instructional Services	752,141	2,533,897	3,286,038
Capital Outlay	362,602	0	362,602
Debt Service:			
Other Debt Service	600,000	0	600,000
Capital Projects	0	1,200,212	1,200,212
Total Expenditures	<u>\$ 33,896,871</u>	<u>\$ 6,842,732</u>	<u>\$ 40,739,603</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 302,961</u>	<u>\$ (531,570)</u>	<u>\$ (228,609)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 40,508	\$ 398,663	\$ 439,171
Transfers Out	(398,663)	(40,508)	(439,171)
Total Other Financing Sources (Uses)	<u>\$ (358,155)</u>	<u>\$ 358,155</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (55,194)	\$ (173,415)	\$ (228,609)
Fund Balance, July 1, 2004	4,062,209	1,041,295	5,103,504
Fund Balance, June 30, 2005	<u>\$ 4,007,015</u>	<u>\$ 867,880</u>	<u>\$ 4,874,895</u>

Exhibit J-5

Franklin County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Franklin County School Department  
For the Year Ended June 30, 2004

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

Net change in fund balances - total governmental funds (Exhibit J-4)	\$ (228,609)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	26,922,919
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.	(25,516,625)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	65,124
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(17,712)</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ 1,225,097</u>

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

Exhibit J-6

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

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>ASSETS</u>					
Cash	\$ 0	\$ 2,044	\$ 2,044	\$ 0	\$ 2,044
Equity in Pooled Cash and Investments	160,348	597,994	758,342	0	758,342
Accounts Receivable	0	444	444	0	444
Due from Other Governments	59,503	112,209	171,712	0	171,712
Due from Other Funds	233	0	233	17,400	17,633
Prepaid Items	2,673	0	2,673	0	2,673
Total Assets	\$ 222,757	\$ 712,691	\$ 935,448	\$ 17,400	\$ 952,848
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 32,681	\$ 665	\$ 33,346	\$ 17,400	\$ 50,746
Accrued Payroll	236	0	236	0	236
Due to Other Funds	28,809	5,177	33,986	0	33,986
Total Liabilities	\$ 61,726	\$ 5,842	\$ 67,568	\$ 17,400	\$ 84,968
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 500	\$ 10,013	\$ 10,513	\$ 0	\$ 10,513
Reserved for Title I Grants to Local Education Agencies	110,378	0	110,378	0	110,378
Reserved for Innovative Education Program Strategies	19,111	0	19,111	0	19,111
Other Federal Reserves	31,042	0	31,042	0	31,042
Unreserved	0	696,836	696,836	0	696,836
Total Fund Balances	\$ 161,031	\$ 706,849	\$ 867,880	\$ 0	\$ 867,880
Total Liabilities and Fund Balances	\$ 222,757	\$ 712,691	\$ 935,448	\$ 17,400	\$ 952,848

Exhibit J-7

Franklin County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Franklin County School Department  
For the Year Ended June 30, 2005

	Special Revenue Funds			Capital Projects Fund	Total
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Nonmajor Governmental Funds
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 1,951,418	\$ 1,951,418	\$ 0	\$ 1,951,418
Other Local Revenues	337	15,170	15,507	0	15,507
Federal Government	3,166,578	1,077,659	4,244,237	0	4,244,237
Other Governments and Citizens Groups	0	0	0	100,000	100,000
Total Revenues	\$ 3,166,915	\$ 3,044,247	\$ 6,211,162	\$ 100,000	\$ 6,311,162
<u>Expenditures</u>					
Current:					
Instruction	\$ 2,393,192	\$ 0	\$ 2,393,192	\$ 0	\$ 2,393,192
Support Services	715,431	0	715,431	0	715,431
Operation of Non-Instructional Services	71,694	2,462,203	2,533,897	0	2,533,897
Capital Projects	0	0	0	1,200,212	1,200,212
Total Expenditures	\$ 3,180,317	\$ 2,462,203	\$ 5,642,520	\$ 1,200,212	\$ 6,842,732
Excess (Deficiency) of Revenues Over Expenditures	\$ (13,402)	\$ 582,044	\$ 568,642	\$ (1,100,212)	\$ (531,570)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 153,948	\$ 153,948	\$ 244,715	\$ 398,663
Transfers Out	(11,365)	(29,143)	(40,508)	0	(40,508)
Total Other Financing Sources (Uses)	\$ (11,365)	\$ 124,805	\$ 113,440	\$ 244,715	\$ 358,155
Net Change in Fund Balances	\$ (24,767)	\$ 706,849	\$ 682,082	\$ (855,497)	\$ (173,415)
Fund Balance, July 1, 2004	185,798	0	185,798	855,497	1,041,295
Fund Balance, June 30, 2005	\$ 161,031	\$ 706,849	\$ 867,880	\$ 0	\$ 867,880

Exhibit J-8

Franklin County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Franklin County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 11,665,008	\$ 0	\$ 0	\$ 11,665,008	\$ 11,264,531	\$ 11,503,324	\$ 161,684
Licenses and Permits	43,997	0	0	43,997	48,000	42,600	1,397
Charges for Current Services	293,919	0	0	293,919	243,440	268,092	25,827
Other Local Revenues	137,569	0	0	137,569	83,412	143,703	(6,134)
State of Tennessee	21,802,046	0	0	21,802,046	21,500,036	21,941,277	(139,231)
Federal Government	257,293	0	0	257,293	174,560	252,292	5,001
<b>Total Revenues</b>	<b>\$ 34,199,832</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 34,199,832</b>	<b>\$ 33,313,979</b>	<b>\$ 34,151,288</b>	<b>\$ 48,544</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 16,252,281	\$ (260,398)	\$ 171,217	\$ 16,163,100	\$ 16,138,753	\$ 16,422,432	\$ 259,332
Alternative Instruction Program	123,981	0	0	123,981	183,987	126,922	2,941
Special Education Program	2,612,303	(19,330)	34,067	2,627,040	2,491,548	2,663,585	36,545
Vocational Education Program	1,545,397	(1,676)	3,322	1,547,043	1,543,164	1,599,567	52,524
Student Body Education Program	180,989	(10,705)	6,887	177,171	188,134	185,177	8,006
Adult Education Program	40,905	(469)	1,933	42,369	53,198	48,198	5,829
<u>Support Services</u>							
Attendance	87,182	0	0	87,182	100,689	88,666	1,484
Health Services	78,676	0	0	78,676	69,077	78,785	109
Other Student Support	598,753	0	68	598,821	570,924	611,811	12,990
Regular Instruction Program	980,871	(94,720)	13,651	899,802	1,092,505	1,035,806	136,004
Special Education Program	257,376	(14,882)	1,845	244,339	232,289	276,806	32,467
Vocational Education Program	129,750	0	0	129,750	119,295	138,097	8,347
Adult Programs	76,211	0	0	76,211	75,053	81,592	5,381
Board of Education	713,263	(3,706)	2,237	711,794	1,421,494	789,866	78,072
Director of Schools	296,840	(2,121)	5,246	299,965	277,016	321,536	21,571

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Office of the Principal	\$ 1,988,145	\$ 0	\$ 0	\$ 1,988,145	\$ 1,889,811	\$ 2,004,446	\$ 16,301
Operation of Plant	3,076,490	(6,900)	7,300	3,076,890	2,842,801	3,159,662	82,772
Maintenance of Plant	1,206,859	(65,450)	97,370	1,238,779	1,302,346	1,370,243	131,464
Transportation	1,554,244	(2,382)	4,957	1,556,819	1,523,360	1,574,696	17,877
Central and Other	381,612	0	831	382,443	356,181	431,042	48,599
<u>Operation of Non-Instructional Services</u>							
Food Service	198,870	(3,100)	38,921	234,691	457,696	313,295	78,604
Community Services	553,271	(22,047)	19,294	550,518	447,217	505,394	(45,124)
<u>Capital Outlay</u>							
Regular Capital Outlay	362,602	(152,362)	14,061	224,301	609,499	375,249	150,948
<u>Other Debt Service</u>							
Education	600,000	0	0	600,000	0	600,000	0
<b>Total Expenditures</b>	<b>\$ 33,896,871</b>	<b>\$ (660,248)</b>	<b>\$ 423,207</b>	<b>\$ 33,659,830</b>	<b>\$ 33,986,037</b>	<b>\$ 34,802,873</b>	<b>\$ 1,143,043</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 302,961	\$ 660,248	\$ (423,207)	\$ 540,002	\$ (672,058)	\$ (651,585)	\$ 1,191,587
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 40,508	\$ 0	\$ 0	\$ 40,508	\$ 14,000	\$ 14,000	\$ 26,508
Transfers Out	(398,663)	0	0	(398,663)	0	(469,222)	70,559
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (358,155)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (358,155)</b>	<b>\$ 14,000</b>	<b>\$ (455,222)</b>	<b>\$ 97,067</b>

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ (55,194)	\$ 660,248	\$ (423,207)	\$ 181,847	\$ (658,058)	\$ (1,106,807)	\$ 1,288,654
Fund Balance, July 1, 2004	4,062,209	(660,248)	0	3,401,961	3,111,605	3,111,605	290,356
Fund Balance, June 30, 2005	\$ 4,007,015	\$ 0	\$ (423,207)	\$ 3,583,808	\$ 2,453,547	\$ 2,004,798	\$ 1,579,010

Exhibit J-9

Franklin County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Franklin County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Other Local Revenues	\$ 337	\$ 0	\$ 0	\$ 337	\$ 0	\$ 0	\$ 337
Federal Government	3,166,578	0	0	3,166,578	3,340,419	3,358,688	(192,110)
<b>Total Revenues</b>	<b>\$ 3,166,915</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,166,915</b>	<b>\$ 3,340,419</b>	<b>\$ 3,358,688</b>	<b>\$ (191,773)</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,295,752	\$ (13,575)	\$ 0	\$ 1,282,177	\$ 1,544,532	\$ 1,560,400	\$ 278,223
Special Education Program	999,181	(12,960)	0	986,221	1,151,642	1,166,076	179,855
Vocational Education Program	98,259	(2,905)	0	95,354	95,910	95,910	556
<u>Support Services</u>							
Health Services	98,985	0	0	98,985	101,601	101,601	2,616
Other Student Support	35,346	0	0	35,346	43,444	43,094	7,748
Regular Instruction Program	337,720	(4,594)	500	333,626	422,262	403,333	69,707
Alternative Instruction Program	39,999	0	0	39,999	35,000	39,999	0
Special Education Program	203,381	0	0	203,381	223,782	231,568	28,187
<u>Operation of Non-Instructional Services</u>							
Community Services	71,694	0	0	71,694	85,000	85,000	13,306
<b>Total Expenditures</b>	<b>\$ 3,180,317</b>	<b>\$ (34,034)</b>	<b>\$ 500</b>	<b>\$ 3,146,783</b>	<b>\$ 3,703,173</b>	<b>\$ 3,726,981</b>	<b>\$ 580,198</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (13,402)	\$ 34,034	\$ (500)	\$ 20,132	\$ (362,754)	\$ (368,293)	\$ 388,425
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 55,420	\$ 0	\$ 0
Transfers Out	(11,365)	0	0	(11,365)	(104,334)	(48,376)	37,011
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (11,365)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (11,365)</b>	<b>\$ (48,914)</b>	<b>\$ (48,376)</b>	<b>\$ 37,011</b>

(Continued)

Exhibit J-9

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ (24,767)	\$ 34,034	\$ (500)	\$ 8,767	\$ (411,668)	\$ (416,669)	\$ 425,436
Fund Balance, July 1, 2004	185,798	(34,034)	0	151,764	416,669	416,669	(264,905)
Fund Balance, June 30, 2005	\$ 161,031	\$ 0	\$ (500)	\$ 160,531	\$ 5,001	\$ 0	\$ 160,531

Exhibit J-10

Franklin County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Franklin County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 1,951,418	\$ 0	\$ 1,951,418	\$ 1,330,408	\$ 1,982,862	\$ (31,444)
Other Local Revenues	15,170	0	15,170	1,000	10,000	5,170
Federal Government	1,077,659	0	1,077,659	984,020	1,049,020	28,639
Total Revenues	<u>\$ 3,044,247</u>	<u>\$ 0</u>	<u>\$ 3,044,247</u>	<u>\$ 2,315,428</u>	<u>\$ 3,041,882</u>	<u>\$ 2,365</u>
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 2,462,203	\$ 10,013	\$ 2,472,216	\$ 2,277,877	\$ 2,522,877	\$ 50,661
Total Expenditures	<u>\$ 2,462,203</u>	<u>\$ 10,013</u>	<u>\$ 2,472,216</u>	<u>\$ 2,277,877</u>	<u>\$ 2,522,877</u>	<u>\$ 50,661</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 582,044</u>	<u>\$ (10,013)</u>	<u>\$ 572,031</u>	<u>\$ 37,551</u>	<u>\$ 519,005</u>	<u>\$ 53,026</u>
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 153,948	\$ 0	\$ 153,948	\$ 0	\$ 153,000	\$ 948
Transfers Out	(29,143)	0	(29,143)	0	(29,000)	(143)
Total Other Financing Sources (Uses)	<u>\$ 124,805</u>	<u>\$ 0</u>	<u>\$ 124,805</u>	<u>\$ 0</u>	<u>\$ 124,000</u>	<u>\$ 805</u>
Net Change in Fund Balance	\$ 706,849	\$ (10,013)	\$ 696,836	\$ 37,551	\$ 643,005	\$ 53,831
Fund Balance, July 1, 2004	0	0	0	0	0	0
Fund Balance, June 30, 2005	<u>\$ 706,849</u>	<u>\$ (10,013)</u>	<u>\$ 696,836</u>	<u>\$ 37,551</u>	<u>\$ 643,005</u>	<u>\$ 53,831</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Franklin County, Tennessee  
Schedule of Changes in Long-term Notes, Capital Leases, Other Loans, and Bonds  
For the Year Ended June 30, 2005

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-05
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund and Highway/Public Works Fund</u>								
Highway Equipment	\$ 500,000	5.15	% 9-19-1999	11-1-06	\$ 315,000	\$ 0	\$ 100,000	\$ 215,000
<u>CAPITAL LEASES</u>								
<u>Payable through General Fund</u>								
Industrial Building	1,650,000	variable	12-2-1996	12-6-04	\$ 1,014,587	\$ 0	\$ 1,014,587	\$ 0
<u>Payable through Highway/Public Works Fund</u>								
Grader	114,148	5	10-5-04	11-8-08	0	114,148	15,262	98,886
Total Capital Leases					\$ 1,014,587	\$ 114,148	\$ 1,029,849	\$ 98,886
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Industrial Revenue	378,000	5	11-18-1978	1-1-17	\$ 203,000	\$ 0	\$ 10,000	\$ 193,000
General Obligation Jail Bonds, Series 1997	4,000,000	4.65 to 5.05	12-1-1996	3-1-05	210,000	0	210,000	0
General Obligation Jail Refunding Bonds, Series 2003	3,545,000	3.13	6-26-03	6-30-16	3,465,000	0	50,000	3,415,000
Total Payable through General Debt Service Fund					\$ 3,878,000	\$ 0	\$ 270,000	\$ 3,608,000

(continued)

Exhibit K-1

Franklin County, Tennessee  
Schedule of Changes in Long-term Notes, Capital Leases, Other Loans, and Bonds (Cont.)

Description of Indebtedness	Original	Interest	Date	Last	Outstanding	Issued	Paid and/or		Outstanding
	Amount of						Maturity	During	
	Issue	Rate	of	Date	7-1-04	Period	Period		
<u>BONDS PAYABLE (Cont.)</u>									
<u>Payable through Education Debt Service Fund</u>									
School Bonds, Series 2001	21,500,000	3.25 to 4.75 %	11-28-01	3-1-21	\$ 19,870,000	\$ 0	\$ 850,000	\$ 19,020,000	
Refunding School Bonds, Series 2002	7,430,000	3.25 to 4.75	5-15-02	6-30-16	7,430,000	0	215,000	7,215,000	
Total Payable through Education Debt Service Fund					\$ 27,300,000	\$ 0	\$ 1,065,000	\$ 26,235,000	
Total Bonds Payable					\$ 31,178,000	\$ 0	\$ 1,335,000	\$ 29,843,000	
<u>OTHER LOANS PAYABLE</u>									
<u>Payable through Education Debt Service Fund</u>									
School Building Project	2,300,000	variable	1-15-04	5-25-21	\$ 2,300,000	\$ 0	\$ 104,000	\$ 2,196,000	
School Building Project	1,873,000	variable	3-24-04	5-25-21	1,873,000	0	87,000	1,786,000	
Total Payable through Education Debt Service Fund					\$ 4,173,000	\$ 0	\$ 191,000	\$ 3,982,000	
<u>Payable through General Debt Service Fund</u>									
Public Work Projects	(1)	variable	9-3-04	5-25-14	\$ 0	\$ 2,041,210	\$ 0	\$ 2,041,210	
Total Other Loans Payable					\$ 4,173,000	\$ 2,041,210	\$ 191,000	\$ 6,023,210	

(1) Total amount available under this Public Building Authority Loan Agreement is \$6,000,000, of which \$3,958,790 had not been drawn as of June 30, 2005.

Exhibit K-2

Franklin County, Tennessee  
Schedule of Bond and Interest Requirements by Year

Year Ending June	Bond Requirements	Interest Requirements	Total Requirements
2006	\$ 1,380,000	\$ 1,234,027	\$ 2,614,027
2007	1,420,000	1,190,099	2,610,099
2008	1,475,000	1,144,299	2,619,299
2009	1,965,000	1,091,429	3,056,429
2010	2,045,000	1,017,842	3,062,842
2011	2,110,000	939,587	3,049,587
2012	2,205,000	856,697	3,061,697
2013	2,298,000	769,521	3,067,521
2014	2,400,000	676,411	3,076,411
2015	2,505,000	575,080	3,080,080
2016	2,620,000	466,444	3,086,444
2017	1,365,000	349,780	1,714,780
2018	1,405,000	286,910	1,691,910
2019	1,475,000	220,876	1,695,876
2020	1,550,000	150,812	1,700,812
2021	1,625,000	77,188	1,702,188
Total	<u>\$ 29,843,000</u>	<u>\$ 11,047,002</u>	<u>\$ 40,890,002</u>

Exhibit K-3

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Primary Government</u>			
General	General Debt Service	Debt retirement	\$ 60,000
General	Other Special Revenue	Transfer of 7-1-04 reserve balance for alcohol and drug treatment and fines and fees collected by the General Fund	83,572
Courthouse and Jail Maintenance	General Debt Service	Debt retirement	34,000
Solid Waste/Sanitation	General	Reimbursement of expenditures	3,803
Highway/Public Works	General	Reimbursement of expenditures	3,803
Highway/Public Works	General Debt Service	Debt retirement	<u>400,000</u>
Total Primary Government Transfers			<u>\$ 585,178</u>
<u>Franklin County School Department</u>			
General Purpose School	Central Cafeteria	Reimbursement of expenditures	\$ 153,948
General Purpose School	Education Capital Projects	School construction	244,715
School Federal Projects	General Purpose School	Indirect costs	11,365
Central Cafeteria	General Purpose School	Reimbursement of expenditures	<u>29,143</u>
Total Franklin County School Department Transfers			<u>\$ 439,171</u>

Exhibit K-4

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 62,333	\$ 50,000	Western Surety Company
Highway Superintendent	Section 8-24-102, <u>TCA</u>	59,365	100,000	"
Director of Schools	State Board of Education and Franklin County Board of Education	98,938	50,000	"
Finance Director	Financial Management Act of 1981	60,000	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	53,969	999,100	RLI Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	53,969	10,000	Western Surety Company
County Clerk	Section 8-24-102, <u>TCA</u>	53,969	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	53,969	50,000	RLI Insurance Company
Clerk and Master	Section 8-24-102, <u>TCA</u>	54,269 (1)	50,000	Western Surety Company
Register	Section 8-24-102, <u>TCA</u>	53,969	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	59,884 (2)	25,000	RLI Insurance Company
Other Bonds:				
	Public Employee Dishonesty		150,000	Tennessee School Boards Risk Management Trust

(1) - Includes \$300 special commissioner fees.

(2) - Includes \$519 law enforcement training supplement.

Exhibit K-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Local Purpose Tax	Drug Control
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 5,307,774	\$ 0	\$ 774,087	\$ 328,549	\$ 0
Trustee's Collections - Prior Year	128,858	0	21,459	9,405	0
Circuit/Clerk & Master Collections - Prior Years	151,625	0	21,374	9,599	0
Interest and Penalty	23,354	0	3,885	1,721	0
Payments in Lieu of Taxes - T.V.A.	3,312	0	698	383	0
Payments in Lieu of Taxes - Local Utilities	21,247	0	0	0	0
Payments in Lieu of Taxes - Other	12,648	0	82	45	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	0
Hotel/Motel Tax	0	0	0	62,799	0
Litigation Tax - General	71,995	0	0	0	0
Litigation Tax - Special Purpose	0	1,711	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	33,948	0	0	0
Business Tax	235,604	0	0	0	0
Mineral Severance Tax	0	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	46,838	0	9,867	5,418	0
Wholesale Beer Tax	169,724	0	0	0	0
Interstate Telecommunications Tax	3,956	0	0	0	0
Other Statutory Local Taxes	767	0	0	0	0
Total Local Taxes	\$ 6,177,702	\$ 35,659	\$ 831,452	\$ 417,919	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 28,782	\$ 0	\$ 6,064	\$ 3,329	\$ 0
<u>Permits</u>					
Beer Permits	4,930	0	0	0	0
Building Permits	19,166	0	0	0	0
Total Licenses and Permits	\$ 52,878	\$ 0	\$ 6,064	\$ 3,329	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Local Purpose Tax	Drug Control
<u>Fines, Forfeitures and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 19,819	\$ 0	\$ 0	\$ 0	0
Officers Costs	17,324	0	0	0	0
Drug Control Fines	0	0	0	0	5,526
Drug Court Fees	0	0	0	0	0
Jail Fees	3,641	0	0	0	0
DUI Treatment Fines	3,307	0	0	0	0
Data Entry Fee - Circuit Court	2,188	0	0	0	0
<u>General Sessions Court</u>					
Fines	21,439	0	0	0	0
Officers Costs	42,710	0	0	0	0
Game and Fish Fines	1,248	0	0	0	0
Drug Control Fines	0	0	0	0	5,161
Drug Court Fees	0	0	0	0	0
Jail Fees	12,730	0	0	0	0
DUI Treatment Fines	7,925	0	0	0	0
Data Entry Fee - General Sessions Court	5,108	0	0	0	0
<u>Juvenile Court</u>					
Fines	560	0	0	0	0
Officers Costs	1,122	0	0	0	0
Data Entry Fee - Juvenile Court	695	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	1,425	0	0	0	0
Data Entry Fee - Chancery Court	610	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	49,787
<b>Total Fines, Forfeitures and Penalties</b>	<b>\$ 141,851</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>60,474</b>
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Transfer Waste Stations Collection Charge	\$ 0	\$ 0	25,000	\$ 0	0
Tipping Fees	0	0	10,870	0	0
Other General Service Charges	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Local Purpose Tax	Drug Control
<u>Charges for Current Services (Cont.)</u>					
<u>Fees</u>					
Copy Fees	\$ 14	\$ 0	\$ 0	\$ 0	0
Telephone Commissions	5,609	0	0	0	0
Vending Machine Collections	262	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Data Processing Fee - Register	18,862	0	0	0	0
Probation Fees	140,633	0	0	0	0
Data Processing Fee - Sheriff	2,856	0	0	0	0
Sexual Offender Registration Fee	840	0	0	0	0
Total Charges for Current Services	<u>\$ 169,076</u>	<u>\$ 0</u>	<u>\$ 35,870</u>	<u>\$ 0</u>	<u>0</u>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 300,000	\$ 0	0
Lease/Rentals	101,317	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0
Sale of Maps	845	0	0	0	0
Sale of Recycled Materials	0	0	142,461	0	0
Miscellaneous Refunds	45,829	0	1,083	0	245
<u>Nonrecurring Items</u>					
Insurance Recovery	44,488	0	0	0	0
Sale of Equipment	1,810	0	0	0	0
Total Other Local Revenues	<u>\$ 194,289</u>	<u>\$ 0</u>	<u>\$ 443,544</u>	<u>\$ 0</u>	<u>245</u>
<u>Fees Received from County Officials</u>					
<u>Fees In Lieu of Salary</u>					
County Clerk	\$ 307,504	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	206,495	0	0	0	0
General Sessions Court Clerk	140,660	0	0	0	0
Clerk and Master	90,731	0	0	0	0
Juvenile Court Clerk	28,488	0	0	0	0
Register	229,507	0	0	0	0
Sheriff	10,701	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Local Purpose Tax	Drug Control
<u>Fees Received from County Officials (Cont.)</u>					
<u>Fees In Lieu of Salary (Cont.)</u>					
Trustee	\$ 514,017	\$ 0	\$ 0	\$ 0	\$ 0
Total Fees Received from County Officials	\$ 1,528,103	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	14,326	0	0	0	0
Solid Waste Grants	0	0	27,313	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	15,561	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	100,983	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	0
State Aid Program	0	0	0	0	0
Litter Program	25,099	0	0	0	0
Tennessee Industrial Infrastructure Program	226,197	0	0	0	0
Other Public Works Grants	0	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	69,806	0	0	0	0
Beer Tax	27,348	0	0	0	0
Alcoholic Beverage Tax	36,438	0	0	0	0
Mixed Drink Tax	9,133	0	0	0	0
State Revenue Sharing - T.V.A.	683,614	0	0	0	0
Contracted Prisoner Boarding	395,424	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0
Other State Grants	110,000	0	0	0	0
Other State Revenues	2,671	0	0	0	0
Total State of Tennessee	\$ 1,741,980	\$ 0	\$ 27,313	\$ 0	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Local Purpose Tax	Drug Control
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 33,200	\$ 0	\$ 0	\$ 0	0
Homeland Security Grants	88,063	0	0	0	0
Other Federal through State	37,671	0	0	0	0
<u>Direct Federal Revenue</u>					
Asset Forfeiture Funds	0	0	0	0	5,941
Other Direct Federal Revenue	28,893	0	0	0	0
Total Federal Government	\$ 187,827	\$ 0	\$ 0	\$ 0	5,941
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 10,369	\$ 0	\$ 0	\$ 0	0
Contributions	210,513	0	0	0	0
<u>Citizens Groups</u>					
Donations	125	0	0	0	2,806
<u>Other</u>					
Other	7,121	0	0	0	6,000
Total Other Governments and Citizens Groups	\$ 228,128	\$ 0	\$ 0	\$ 0	8,806
Total	\$ 10,421,834	\$ 35,659	\$ 1,344,243	\$ 421,248	\$ 75,466

(Continued)

Exhibit K-5

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

	Special Revenue Funds			Debt Service Funds		Total
	Other Special Revenue	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	\$ 0	\$ 223,486	\$ 558,716	\$ 1,005,684	\$ 8,198,296
Trustee's Collections - Prior Year	0	0	6,609	8,264	29,741	204,336
Circuit/Clerk & Master Collections - Prior Years	0	0	7,672	9,610	34,587	234,467
Interest and Penalty	0	0	1,129	1,807	5,079	36,975
Payments in Lieu of Taxes - T.V.A.	0	0	128	348	627	5,496
Payments in Lieu of Taxes - Local Utilities	0	0	897	2,256	4,029	28,429
Payments in Lieu of Taxes - Other	0	0	534	1,330	647,819	662,458
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	231,232	231,232
Hotel/Motel Tax	0	0	0	0	0	62,799
Litigation Tax - General	0	0	0	113,447	0	185,442
Litigation Tax - Special Purpose	0	0	0	0	0	1,711
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	701	0	34,649
Business Tax	0	0	0	0	0	235,604
Mineral Severance Tax	0	0	91,403	0	0	91,403
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	1,979	4,926	8,871	77,899
Wholesale Beer Tax	0	0	0	0	0	169,724
Interstate Telecommunications Tax	0	0	0	0	0	3,956
Other Statutory Local Taxes	0	0	0	0	0	767
Total Local Taxes	\$ 0	\$ 0	\$ 333,837	\$ 701,405	\$ 1,967,669	\$ 10,465,643
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 1,216	\$ 3,027	\$ 5,451	\$ 47,869
<u>Permits</u>						
Beer Permits	0	0	0	0	0	4,930
Building Permits	0	0	0	0	0	19,166
Total Licenses and Permits	\$ 0	\$ 0	\$ 1,216	\$ 3,027	\$ 5,451	\$ 71,965

(Continued)

Exhibit K-5

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

	Special Revenue Funds			Debt Service Funds		Total
	Other Special Revenue	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	
<u>Fines, Forfeitures and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	19,819
Officers Costs	0	0	0	0	0	17,324
Drug Control Fines	0	0	0	0	0	5,526
Drug Court Fees	474	0	0	0	0	474
Jail Fees	0	0	0	0	0	3,641
DUI Treatment Fines	3,382	0	0	0	0	6,689
Data Entry Fee - Circuit Court	0	0	0	0	0	2,188
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	21,439
Officers Costs	0	0	0	0	0	42,710
Game and Fish Fines	0	0	0	0	0	1,248
Drug Control Fines	0	0	0	0	0	5,161
Drug Court Fees	869	0	0	0	0	869
Jail Fees	0	0	0	0	0	12,730
DUI Treatment Fines	1,311	0	0	0	0	9,236
Data Entry Fee - General Sessions Court	0	0	0	0	0	5,108
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	560
Officers Costs	0	0	0	0	0	1,122
Data Entry Fee - Juvenile Court	0	0	0	0	0	695
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	1,425
Data Entry Fee - Chancery Court	0	0	0	0	0	610
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	49,787
Total Fines, Forfeitures and Penalties	\$ 6,036	\$ 0	\$ 0	\$ 0	\$ 0	208,361
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Transfer Waste Stations Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	25,000
Tipping Fees	0	0	0	0	0	10,870
Other General Service Charges	0	0	1,423	0	0	1,423

(Continued)

Exhibit K-5

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

	Special Revenue Funds			Debt Service Funds		Total
	Other Special Revenue	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	
<u>Charges for Current Services (Cont.)</u>						
<u>Fees</u>						
Copy Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	14
Telephone Commissions	0	0	0	0	0	5,609
Vending Machine Collections	0	0	0	0	0	262
Constitutional Officers' Fees and Commissions	0	3,451	0	0	0	3,451
Data Processing Fee - Register	0	0	0	0	0	18,862
Probation Fees	0	0	0	0	0	140,633
Data Processing Fee - Sheriff	0	0	0	0	0	2,856
Sexual Offender Registration Fee	0	0	0	0	0	840
Total Charges for Current Services	\$ 0	\$ 3,451	\$ 1,423	\$ 0	\$ 0	209,820
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	72,637	1,876	374,513
Lease/Rentals	0	0	0	0	0	101,317
Sale of Materials and Supplies	0	0	912	0	0	912
Sale of Maps	0	0	0	0	0	845
Sale of Recycled Materials	0	0	0	0	0	142,461
Miscellaneous Refunds	0	0	917	0	0	48,074
<u>Nonrecurring Items</u>						
Insurance Recovery	0	0	459	0	0	44,947
Sale of Equipment	0	0	31,720	0	0	33,530
Total Other Local Revenues	\$ 0	\$ 0	\$ 34,008	\$ 72,637	\$ 1,876	746,599
<u>Fees Received from County Officials</u>						
<u>Fees In Lieu of Salary</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	307,504
Circuit Court Clerk	0	0	0	0	0	206,495
General Sessions Court Clerk	0	0	0	0	0	140,660
Clerk and Master	0	0	0	0	0	90,731
Juvenile Court Clerk	0	0	0	0	0	28,488
Register	0	0	0	0	0	229,507
Sheriff	0	0	0	0	0	10,701

(Continued)

Exhibit K-5

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

	Special Revenue Funds			Debt Service Funds		Total
	Other Special Revenue	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	
<u>Fees Received from County Officials (Cont.)</u>						
<u>Fees In Lieu of Salary (Cont.)</u>						
Trustee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	514,017
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,528,103
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,000
State Reappraisal Grant	0	0	0	0	0	14,326
Solid Waste Grants	0	0	0	0	0	27,313
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	15,561
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	100,983
<u>Public Works Grants</u>						
Bridge Program	0	0	120,882	0	0	120,882
State Aid Program	0	0	93,679	0	0	93,679
Litter Program	0	0	0	0	0	25,099
Tennessee Industrial Infrastructure Program	0	0	0	0	0	226,197
Other Public Works Grants	0	0	11,200	0	0	11,200
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	69,806
Beer Tax	0	0	0	0	0	27,348
Alcoholic Beverage Tax	0	0	0	0	0	36,438
Mixed Drink Tax	0	0	0	0	0	9,133
State Revenue Sharing - T.V.A.	0	0	0	0	0	683,614
Contracted Prisoner Boarding	0	0	0	0	0	395,424
Gasoline and Motor Fuel Tax	0	0	1,908,414	0	0	1,908,414
Petroleum Special Tax	0	0	31,590	0	0	31,590
Registrar's Salary Supplement	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	110,000
Other State Revenues	0	0	0	0	0	2,671
Total State of Tennessee	\$ 0	\$ 0	\$ 2,165,765	\$ 0	\$ 0	3,935,058

(Continued)

Exhibit K-5

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

	Special Revenue Funds			Debt Service Funds		Total
	Other Special Revenue	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	33,200
Homeland Security Grants	0	0	0	0	0	88,063
Other Federal through State	0	0	0	0	0	37,671
<u>Direct Federal Revenue</u>						
Asset Forfeiture Funds	0	0	0	0	0	5,941
Other Direct Federal Revenue	0	0	0	0	0	28,893
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	193,768
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	10,369
Contributions	0	0	0	0	700,000	910,513
<u>Citizens Groups</u>						
Donations	0	0	0	0	0	2,931
<u>Other</u>						
Other	0	0	0	0	0	13,121
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 700,000	936,934
Total	\$ 6,036	\$ 3,451	\$ 2,536,249	\$ 777,069	\$ 2,674,996	\$ 18,296,251

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 7,542,630	\$ 0	\$ 0	\$ 0	\$ 7,542,630
Trustee's Collections - Prior Year	214,760	0	0	0	214,760
Circuit/Clerk & Master Collections - Prior Years	249,730	0	0	0	249,730
Interest and Penalty	35,256	0	0	0	35,256
Payments in Lieu of Taxes - T.V.A.	4,707	0	0	0	4,707
Payments in Lieu of Taxes - Local Utilities	30,211	0	0	0	30,211
Payments in Lieu of Taxes - Other	17,985	0	0	0	17,985
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,496,600	0	0	0	3,496,600
<u>Statutory Local Taxes</u>					
Bank Excise Tax	66,572	0	0	0	66,572
Interstate Telecommunications Tax	6,557	0	0	0	6,557
Total Local Taxes	\$ 11,665,008	\$ 0	\$ 0	\$ 0	\$ 11,665,008
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 3,088	\$ 0	\$ 0	\$ 0	\$ 3,088
Cable TV Franchise	40,909	0	0	0	40,909
Total Licenses and Permits	\$ 43,997	\$ 0	\$ 0	\$ 0	\$ 43,997
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Regular Day Students	\$ 15,536	\$ 0	\$ 0	\$ 0	\$ 15,536
Tuition - Summer School	3,555	0	0	0	3,555
Tuition - Other	268,568	0	0	0	268,568
Lunch Payments - Children	0	0	863,341	0	863,341
Lunch Payments - Adults	0	0	72,543	0	72,543
Income from Breakfast	0	0	46,081	0	46,081
Special Milk Sales	0	0	20,574	0	20,574
A la carte Sales	0	0	343,425	0	343,425
School Based Health Services - FFS	6,260	0	0	0	6,260
Receipts from Individual Schools	0	0	605,454	0	605,454
Total Charges for Current Services	\$ 293,919	\$ 0	\$ 1,951,418	\$ 0	\$ 2,245,337
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	7,462	\$ 0	\$ 7,462
Lease/Rentals	4,888	0	0	0	4,888
Miscellaneous Refunds	60,825	0	7,708	0	68,533
<u>Nonrecurring Items</u>					
Sale of Equipment	45,618	0	0	0	45,618
Contributions & Gifts	26,238	337	0	0	26,575
Total Other Local Revenues	\$ 137,569	\$ 337	\$ 15,170	\$ 0	\$ 153,076
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 20,731,896	\$ 0	\$ 0	\$ 0	\$ 20,731,896
School Food Service	33,440	0	0	0	33,440

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Driver Education	\$ 15,060	\$ 0	\$ 0	\$ 0	\$ 15,060
Other State Education Funds	449,247	0	0	0	449,247
Career Ladder Program	375,916	0	0	0	375,916
Career Ladder - Extended Contract	146,487	0	0	0	146,487
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	50,000	0	0	0	50,000
Total State of Tennessee	\$ 21,802,046	\$ 0	\$ 0	\$ 0	\$ 21,802,046
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 862,648	\$ 0	\$ 862,648
Breakfast	0	0	214,177	0	214,177
USDA - Other	0	0	834	0	834
Adult Education State Grant Program	100,914	0	0	0	100,914
Vocational Education - Basic Grants to States	0	120,910	0	0	120,910
Title I Grants to Local Education Agencies	0	1,217,539	0	0	1,217,539
Innovative Education Program Strategies	0	29,247	0	0	29,247
Special Education - Grants to States	53,401	1,215,707	0	0	1,269,108
Special Education Preschool Grants	0	43,733	0	0	43,733
Eisenhower Professional Development State Grants	0	416,484	0	0	416,484
Other Federal through State	102,978	122,958	0	0	225,936
Total Federal Government	\$ 257,293	\$ 3,166,578	\$ 1,077,659	\$ 0	\$ 4,501,530
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 100,000	\$ 100,000
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 100,000	\$ 100,000
Total	\$ 34,199,832	\$ 3,166,915	\$ 3,044,247	\$ 100,000	\$ 40,510,994

Exhibit K-7

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

General Fund

General Government

County Commission

Part-time Personnel	\$	5,714	
Board and Committee Members Fees		68,265	
Social Security		5,546	
State Retirement		420	
Unemployment Compensation		47	
Audit Services		9,036	
Bank Charges		3,643	
Contracts with Private Agencies		14,885	
Data Processing Services		36,887	
Dues and Memberships		11,940	
Engineering Services		20,324	
Legal Services		15,155	
Legal Notices, Recording and Court Costs		2,903	
Travel		1,700	
Other Contracted Services		100	
Office Supplies		13,527	
Refunds		23,162	
In Service/Staff Development		540	
Tax Relief Program		54,365	
Other Charges		2,253	
Land		129,152	
Total County Commission			\$ 419,564

Beer Board

Contracts with Private Agencies	\$	1,500	
Legal Notices, Recording and Court Costs		296	
Travel		444	
Total Beer Board			2,240

County Mayor

County Official/Administrative Officer	\$	62,333	
Assistant(s)		28,016	
Part-time Personnel		3,819	
Educational Incentive - Official/Admin Officer		1,000	
Educational Incentive - Other County Employees		1,000	
Longevity Pay		960	
Overtime Pay		1,142	
Social Security		7,035	
State Retirement		10,218	
Medical Insurance		8,550	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor (Cont.)

Disability Insurance	\$	815	
Unemployment Compensation		127	
Communication		890	
Maintenance Agreements		470	
Postal Charges		655	
Travel		1,249	
Office Supplies		3,398	
Premiums on Corporate Surety Bonds		225	
In Service/Staff Development		2,644	
Total County Mayor			\$ 134,546

County Attorney

Legal Services	\$	7,200	
Total County Attorney			7,200

Election Commission

County Official/Administrative Officer	\$	43,175	
Deputy(ies)		24,328	
Longevity Pay		300	
Overtime Pay		441	
Other Salaries & Wages		18,543	
Election Commission		1,815	
Election Workers		25,484	
Social Security		7,043	
State Retirement		7,536	
Medical Insurance		4,395	
Disability Insurance		608	
Unemployment Compensation		408	
Communication		826	
Data Processing Services		4,605	
Dues and Memberships		225	
Legal Notices, Recording and Court Costs		2,638	
Maintenance & Repair Services- Equipment		765	
Postal Charges		4,373	
Printing, Stationery and Forms		8,589	
Travel		205	
Other Contracted Services		4,000	
Data Processing Supplies		486	
Office Supplies		2,471	
Utilities		3,542	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Other Supplies and Materials	\$	383	
Building and Contents Insurance		346	
In Service/Staff Development		2,786	
Office Equipment		2,279	
Voting Machines		4,000	
Total Election Commission			\$ 176,595

Register of Deeds

County Official/Administrative Officer	\$	53,969	
Deputy(ies)		79,991	
Part-time Personnel		17,267	
Educational Incentive - Official/Admin Officer		1,000	
Educational Incentive - Other County Employees		2,000	
Longevity Pay		1,200	
Social Security		11,086	
State Retirement		14,306	
Medical Insurance		17,967	
Disability Insurance		1,153	
Unemployment Compensation		426	
Communication		3,173	
Data Processing Services		15,050	
Dues and Memberships		536	
Maintenance & Repair Services- Office Equipment		749	
Postal Charges		2,500	
Other Contracted Services		2,930	
Office Supplies		15,209	
Other Supplies and Materials		499	
Premiums on Corporate Surety Bonds		50	
In Service/Staff Development		1,475	
Total Register of Deeds			242,536

Planning

County Official/Administrative Officer	\$	41,219	
Assistant(s)		17,563	
Part-time Personnel		12,716	
Educational Incentive - Official/Admin Officer		1,000	
Educational Incentive - Other County Employees		1,000	
Longevity Pay		540	
Overtime Pay		1,119	
Social Security		5,719	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

State Retirement	\$	5,342	
Medical Insurance		3,538	
Disability Insurance		555	
Unemployment Compensation		258	
Other Fringe Benefits		3,000	
Communication		1,729	
Contracts with Government Agencies		10,500	
Dues and Memberships		640	
Legal Notices, Recording and Court Costs		1,815	
Maintenance Agreements		3,727	
Maintenance & Repair Services- Vehicles		282	
Postal Charges		1,024	
Gasoline		1,006	
Library Books/Media		347	
Office Supplies		3,216	
Vehicle and Equipment Insurance		1,403	
In Service/Staff Development		2,903	
Total Planning			\$ 122,161

Geographical Information Systems

Instructional Computer Personnel	\$	31,585	
Part-time Personnel		7,808	
Social Security		2,977	
State Retirement		1,307	
Medical Insurance		4,167	
Disability Insurance		117	
Unemployment Compensation		254	
Communication		921	
Postal Charges		74	
Data Processing Supplies		8,821	
Library Books/Media		161	
Office Supplies		566	
In Service/Staff Development		4,927	
Data Processing Equipment		130	
Total Geographical Information Systems			63,815

County Buildings

Assistant(s)	\$	116,089	
Supervisor/Director		25,813	
Part-time Personnel		3,171	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Longevity Pay	\$	2,400	
Overtime Pay		6,985	
Social Security		11,290	
State Retirement		13,669	
Medical Insurance		33,170	
Disability Insurance		1,108	
Unemployment Compensation		749	
Communication		38,196	
Maintenance Agreements		3,345	
Maintenance & Repair Services- Buildings		25,919	
Maintenance & Repair Services- Equipment		2,192	
Maintenance & Repair Services- Vehicles		1,187	
Medical and Dental Services		113	
Pest Control		4,460	
Rentals		14,400	
Custodial Supplies		8,400	
Gasoline		1,426	
Uniforms		3,514	
Utilities		49,782	
Other Supplies and Materials		336	
Building and Contents Insurance		32,367	
Vehicle and Equipment Insurance		2,806	
Building Improvements		807	
Total County Buildings			\$ 403,694

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	53,969
Deputy(ies)		107,559
Secretary(s)		12,609
Educational Incentive - Official/Admin Officer		1,000
Educational Incentive - Other County Employees		3,000
Longevity Pay		3,420
Overtime Pay		2,967
Other Salaries & Wages		43,604
Board and Committee Members Fees		2,240
Social Security		17,371
State Retirement		19,916
Medical Insurance		27,172
Disability Insurance		1,834

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Unemployment Compensation	\$	678	
Communication		814	
Contracts with Government Agencies		17,591	
Contracts with Private Agencies		18,380	
Data Processing Services		215	
Dues and Memberships		1,280	
Legal Notices, Recording and Court Costs		221	
Maintenance Agreements		7,385	
Maintenance & Repair Services- Vehicles		1,194	
Postal Charges		2,692	
Travel		192	
Gasoline		2,730	
Office Supplies		5,614	
Premiums on Corporate Surety Bonds		362	
Vehicle and Equipment Insurance		2,806	
In Service/Staff Development		2,657	
Other Charges		78	
Data Processing Equipment		1,235	
Total Property Assessor's Office			\$ 362,785

County Trustee's Office

County Official/Administrative Officer	\$	53,969	
Deputy(ies)		88,592	
Part-time Personnel		1,207	
Longevity Pay		960	
Overtime Pay		316	
Social Security		10,364	
State Retirement		15,167	
Medical Insurance		21,079	
Disability Insurance		1,288	
Unemployment Compensation		438	
Communication		993	
Data Processing Services		6,807	
Dues and Memberships		536	
Postal Charges		7,999	
Office Supplies		3,418	
Premiums on Corporate Surety Bonds		2,295	
In Service/Staff Development		805	
Total County Trustee's Office			216,233

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

County Official/Administrative Officer	\$	53,969	
Deputy(ies)		158,941	
Part-time Personnel		27,212	
Longevity Pay		4,440	
Overtime Pay		248	
Social Security		18,365	
State Retirement		22,854	
Medical Insurance		33,656	
Disability Insurance		1,924	
Unemployment Compensation		887	
Communication		1,489	
Data Processing Services		8,674	
Dues and Memberships		486	
Maintenance Agreements		1,422	
Postal Charges		7,416	
Office Supplies		6,583	
Premiums on Corporate Surety Bonds		175	
In Service/Staff Development		978	
Total County Clerk's Office			\$ 349,719

Other Finance

County Official/Administrative Officer	\$	60,000
Deputy(ies)		41,520
Accountants/Bookkeepers		246,871
Part-time Personnel		12,634
Educational Incentive - Official/Admin Officer		1,000
Educational Incentive - Other County Employees		3,000
Longevity Pay		4,440
Social Security		27,600
State Retirement		34,280
Medical Insurance		39,049
Disability Insurance		2,940
Unemployment Compensation		1,176
Communication		3,278
Data Processing Services		6,515
Dues and Memberships		1,284
Maintenance Agreements		1,140
Postal Charges		5,062
Travel		18
Data Processing Supplies		1,745

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Other Finance (Cont.)

Office Supplies	\$	14,939	
Utilities		5,771	
Other Supplies and Materials		500	
Premiums on Corporate Surety Bonds		247	
In Service/Staff Development		4,961	
Other Charges		186	
Data Processing Equipment		2,800	
Total Other Finance			\$ 522,956

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	53,969	
Assistant(s)		19,770	
Deputy(ies)		286,636	
Part-time Personnel		53,460	
Longevity Pay		3,660	
Overtime Pay		1,388	
Jury and Witness Fees		25,959	
Social Security		30,953	
State Retirement		30,305	
Medical Insurance		54,469	
Disability Insurance		2,782	
Unemployment Compensation		1,638	
Communication		4,909	
Data Processing Services		2,480	
Dues and Memberships		501	
Postal Charges		8,119	
Travel		564	
Other Contracted Services		177	
Office Supplies		22,319	
Premiums on Corporate Surety Bonds		262	
Data Processing Equipment		400	
Office Equipment		192	
Total Circuit Court			604,912

General Sessions Court

Judge(s)	\$	97,475	
Deputy(ies)		61,625	
Longevity Pay		300	
Social Security		12,002	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

State Retirement	\$	14,577	
Medical Insurance		12,846	
Disability Insurance		1,021	
Unemployment Compensation		336	
Communication		3,797	
Postal Charges		518	
Travel		546	
Office Supplies		1,960	
Utilities		4,844	
Other Supplies and Materials		24	
In Service/Staff Development		374	
Total General Sessions Court			\$ 212,245

Chancery Court

County Official/Administrative Officer	\$	53,969	
Deputy(ies)		27,060	
Part-time Personnel		5,987	
Longevity Pay		1,560	
Social Security		6,486	
State Retirement		8,564	
Medical Insurance		8,494	
Disability Insurance		731	
Unemployment Compensation		236	
Communication		722	
Data Processing Services		1,331	
Dues and Memberships		501	
Postal Charges		1,716	
Office Supplies		4,416	
Premiums on Corporate Surety Bonds		172	
Data Processing Equipment		965	
Total Chancery Court			122,910

Juvenile Court

County Official/Administrative Officer	\$	34,577	
Deputy(ies)		38,941	
Longevity Pay		840	
Social Security		5,652	
State Retirement		7,696	
Medical Insurance		4,215	
Disability Insurance		613	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Unemployment Compensation	\$	168	
Communication		1,205	
Travel		322	
Office Supplies		782	
Utilities		4,894	
In Service/Staff Development		1,570	
Total Juvenile Court			\$ 101,475

Probation Services

County Official/Administrative Officer	\$	38,022	
Part-time Personnel		17,811	
Longevity Pay		300	
Social Security		4,294	
State Retirement		3,821	
Medical Insurance		47	
Disability Insurance		341	
Unemployment Compensation		168	
Communication		954	
Postal Charges		111	
Drugs and Medical Supplies		5,206	
Office Supplies		1,698	
Utilities		1,428	
Other Supplies and Materials		39	
Total Probation Services			74,240

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	59,365	
Assistant(s)		47,070	
Supervisor/Director		29,221	
Deputy(ies)		356,528	
Detective(s)		26,860	
Investigator(s)		198,324	
Captain(s)		40,664	
Lieutenant(s)		133,124	
Accountants/Bookkeepers		46,088	
Instructional Computer Personnel		31,334	
Salary Supplements		15,561	
Guards		123,084	
Part-time Personnel		22,454	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

School Resource Officer	\$	37,696	
Longevity Pay		10,440	
Overtime Pay		64,178	
Social Security		92,860	
State Retirement		99,693	
Medical Insurance		123,486	
Disability Insurance		8,108	
Unemployment Compensation		3,906	
Communication		30,047	
Contracts with Private Agencies		1,260	
Data Processing Services		90	
Dues and Memberships		4,175	
Legal Services		538	
Maintenance Agreements		4,757	
Maintenance & Repair Services- Equipment		318	
Maintenance & Repair Services- Vehicles		84,575	
Medical and Dental Services		5,058	
Postal Charges		979	
Travel		152	
Gasoline		84,177	
Law Enforcement Supplies		5,465	
Office Supplies		7,642	
Tires and Tubes		8,480	
Uniforms		17,623	
Other Supplies and Materials		2,133	
Building and Contents Insurance		25,656	
Liability Insurance		43,418	
Premiums on Corporate Surety Bonds		1,557	
Vehicle and Equipment Insurance		29,603	
In Service/Staff Development		12,793	
Other Charges		2,525	
Law Enforcement Equipment		587	
Other Equipment		7,643	
Total Sheriff's Department			\$ 1,951,295

Jail

Assistant(s)	\$	38,667
Deputy(ies)		18,371
Medical Personnel		34,092
Guards		356,645

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Clerical Personnel	\$	23,143	
Cafeteria Personnel		36,091	
Part-time Personnel		27,704	
Longevity Pay		2,100	
Overtime Pay		14,822	
Social Security		42,053	
State Retirement		34,301	
Medical Insurance		55,701	
Disability Insurance		3,461	
Unemployment Compensation		2,688	
Maintenance & Repair Services- Buildings		7,194	
Maintenance & Repair Services- Equipment		5,711	
Medical and Dental Services		18,098	
Pest Control		460	
Transportation - Other than Students		2,636	
Custodial Supplies		28,983	
Food Supplies		127,164	
Law Enforcement Supplies		717	
Prisoners Clothing		13,245	
Uniforms		3,352	
Utilities		56,558	
Other Supplies and Materials		2,675	
Medical Claims		155,881	
In Service/Staff Development		3,451	
Other Charges		748	
Total Jail			\$ 1,116,712

Juvenile Services

Part-time Personnel	\$	7,425	
Social Security		551	
State Retirement		760	
Medical Insurance		2,346	
Unemployment Compensation		23	
Contracts with Private Agencies		3,000	
Total Juvenile Services			14,105

Civil Defense

Supervisor/Director	\$	36,331	
Secretary(s)		18,788	
Longevity Pay		360	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Social Security	\$	4,172	
State Retirement		4,588	
Medical Insurance		3,800	
Disability Insurance		389	
Unemployment Compensation		261	
Communication		3,824	
Maintenance Agreements		646	
Maintenance & Repair Services- Buildings		3,206	
Maintenance & Repair Services- Equipment		108	
Maintenance & Repair Services- Vehicles		338	
Postal Charges		87	
Diesel Fuel		336	
Food Supplies		182	
Gasoline		1,395	
Office Supplies		1,471	
Uniforms		446	
Utilities		5,734	
Other Supplies and Materials		1,020	
Building and Contents Insurance		1,815	
Liability Insurance		7,134	
Vehicle and Equipment Insurance		1,403	
In Service/Staff Development		324	
Other Charges		50	
Communication Equipment		2,486	
Motor Vehicles		29,966	
Other Equipment		44,784	
Total Civil Defense			\$ 175,444

Rescue Squad

Contributions	\$	27,250	
Total Rescue Squad			27,250

Other Emergency Management

Supervisor/Director	\$	35,984	
Dispatchers/Radio Operators		310,237	
Part-time Personnel		25,363	
Longevity Pay		2,160	
Overtime Pay		13,196	
Social Security		28,364	
State Retirement		30,697	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Medical Insurance	\$	41,903	
Disability Insurance		2,779	
Unemployment Compensation		1,483	
Other Fringe Benefits		1,676	
Communication		11,407	
Contracts with Private Agencies		27,694	
Maintenance & Repair Services- Equipment		2,032	
Postal Charges		124	
Travel		2,424	
Office Supplies		3,801	
Utilities		1,738	
Other Supplies and Materials		3,522	
Building and Contents Insurance		2,394	
Liability Insurance		7,182	
In Service/Staff Development		6,411	
Communication Equipment		81,671	
Total Other Emergency Management			\$ 644,242

County Coroner/Medical Examiner

County Official/Administrative Officer	\$	6,000	
Medical Claims		23,995	
Total County Coroner/Medical Examiner			29,995

Other Public Safety

Contributions	\$	12,000	
Total Other Public Safety			12,000

Public Health and Welfare

Local Health Center

Communication	\$	1,326	
Dues and Memberships		100	
Janitorial Services		7,000	
Maintenance & Repair Services- Buildings		948	
Postal Charges		1,750	
Other Contracted Services		40	
Custodial Supplies		1,072	
Office Supplies		1,041	
Utilities		10,981	
Other Charges		283	
Total Local Health Center			24,541

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Supervisor/Director	\$	27,892	
Longevity Pay		1,200	
Overtime Pay		7,966	
Social Security		2,798	
State Retirement		3,889	
Medical Insurance		4,176	
Disability Insurance		247	
Unemployment Compensation		84	
Communication		1,254	
Maintenance & Repair Services- Vehicles		287	
Veterinary Services		891	
Other Contracted Services		20,546	
Animal Food and Supplies		182	
Custodial Supplies		285	
Gasoline		2,512	
Office Supplies		15	
Tires and Tubes		16	
Utilities		1,192	
Other Supplies and Materials		1,436	
Building and Contents Insurance		104	
Liability Insurance		1,506	
Vehicle and Equipment Insurance		1,403	
Total Rabies and Animal Control			\$ 79,881

Crippled Children Services

Contracts with Government Agencies	\$	2,683	
Total Crippled Children Services			2,683

Other Local Health Services

Secretary(s)	\$	33,217	
Longevity Pay		900	
Other Salaries & Wages		50,113	
Social Security		6,451	
State Retirement		5,608	
Medical Insurance		6,138	
Disability Insurance		626	
Unemployment Compensation		359	
Travel		5,882	
Total Other Local Health Services			109,294

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Regional Mental Health Center

Contributions	\$ 10,000	
Total Regional Mental Health Center		\$ 10,000

Appropriation to State

Contracts with Government Agencies	\$ 27,963	
Total Appropriation to State		27,963

General Welfare Assistance

Contributions	\$ 22,000	
Total General Welfare Assistance		22,000

Waste Pickup

Laborers	\$ 41,907	
Longevity Pay	1,200	
Overtime Pay	63	
Social Security	3,241	
State Retirement	4,163	
Medical Insurance	7,232	
Disability Insurance	383	
Unemployment Compensation	165	
Contracts with Other Public Agencies	7,541	
Other Supplies and Materials	447	
Total Waste Pickup		66,342

Social, Cultural and Recreational Services

Senior Citizens Assistance

Contributions	\$ 20,885	
Maintenance & Repair Services- Buildings	2,596	
Custodial Supplies	639	
Utilities	11,935	
Building and Contents Insurance	3,950	
Total Senior Citizens Assistance		40,005

Libraries

County Official/Administrative Officer	\$ 30,555	
Assistant(s)	22,670	
Librarians	18,052	
Longevity Pay	1,080	
Overtime Pay	182	
Social Security	5,440	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural and Recreational Services (Cont.)

Libraries (Cont.)

State Retirement	\$	7,697	
Medical Insurance		12,671	
Disability Insurance		598	
Unemployment Compensation		252	
Contributions		40,596	
Building and Contents Insurance		2,255	
Building Improvements		196,409	
Total Libraries			\$ 338,457

Parks and Fair Boards

Supervisor/Director	\$	6,333	
Other Salaries & Wages		9,556	
Social Security		1,215	
Unemployment Compensation		171	
Communication		499	
Contributions		23,280	
Utilities		1,130	
Other Supplies and Materials		3,135	
Other Charges		677	
Other Capital Outlay		11,835	
Total Parks and Fair Boards			57,831

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$	52,827	
Other Fringe Benefits		8,246	
Communication		2,879	
Other Supplies and Materials		360	
Total Agriculture Extension Service			64,312

Soil Conservation

Secretary to Board	\$	23,469	
Longevity Pay		1,200	
Other Salaries & Wages		21,505	
Social Security		3,459	
State Retirement		4,784	
Medical Insurance		8,316	
Disability Insurance		449	
Unemployment Compensation		168	
Contributions		3,255	
Total Soil Conservation			66,605

(Continued)

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

General Fund (Cont.)

Other Operations

Industrial Development

Assistant(s)	\$	27,896	
Longevity Pay		1,020	
Social Security		2,175	
State Retirement		2,997	
Medical Insurance		4,162	
Disability Insurance		243	
Unemployment Compensation		84	
Audit Services		1,900	
Communication		1,795	
Contributions		79,517	
Dues and Memberships		1,225	
Maintenance Agreements		466	
Postal Charges		1,036	
Rentals		2,400	
Office Supplies		880	
Premiums on Corporate Surety Bonds		206	
Other Charges		15	
Data Processing Equipment		565	
Total Industrial Development			\$ 128,582

Other Economic and Community Development

Contracts with Government Agencies	\$	326,024	
Contracts with Other Public Agencies		33,200	
Total Other Economic and Community Development			359,224

Veterans' Services

Supervisor/Director	\$	13,332	
Social Security		1,020	
Unemployment Compensation		84	
Communication		434	
Postal Charges		74	
Office Supplies		855	
Total Veterans' Services			15,799

Other Charges

Contracts with Private Agencies	\$	300,000	
Medical and Dental Services		31,098	
Other Contracted Services		3,755	
Liability Insurance		95,121	
Trustee's Commission		128,972	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges (Cont.)

Workers' Compensation Insurance	\$	128,547	
Liability Claims		1,022	
Other Charges		<u>1,159</u>	
Total Other Charges	\$		689,674

Contributions to Other Agencies

Contributions	\$	<u>64,090</u>	
Total Contributions to Other Agencies			64,090

Principal

General Government

Principal on Capitalized Leases	\$	<u>1,014,587</u>	
Total General Government			1,014,587

Interest

General Government

Interest on Capitalized Leases	\$	<u>20,665</u>	
Total General Government			20,665

Capital Projects

General Administration Projects

Building Improvements	\$	16,425	
Data Processing Equipment		7,022	
Motor Vehicles		17,776	
Office Equipment		<u>11,779</u>	
Total General Administration Projects			53,002

Administration of Justice Projects

Data Processing Equipment	\$	<u>15,869</u>	
Total Administration of Justice Projects			15,869

Public Safety Projects

Building Improvements	\$	7,057	
Communication Equipment		3,027	
Data Processing Equipment		1,874	
Law Enforcement Equipment		9,353	
Motor Vehicles		70,666	
Other Equipment		<u>121,149</u>	
Total Public Safety Projects			213,126

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Capital Projects (Cont.)

Social, Cultural and Recreation Projects

Other Capital Outlay	\$ 13,340	
Total Social, Cultural and Recreation Projects		\$ 13,340

Capital Projects - Donated

Capital Projects Donated to Other Entities

Other Equipment	\$ 1,151	
Total Capital Projects Donated to Other Entities		<u>1,151</u>

Total General Fund		\$ 11,609,892
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Courthouse & Jail Maintenance Fund

Other Operations

Other Charges

Trustee's Commission	\$ 331	
Total Other Charges		<u>\$ 331</u>

Total Courthouse & Jail Maintenance Fund		331
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Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Advertising	\$ 754	
Other Supplies and Materials	<u>928</u>	
Total Sanitation Education/Information		\$ 1,682

Convenience Centers

Laborers	\$ 143,251	
Overtime Pay	5	
Social Security	10,959	
Unemployment Compensation	1,363	
Communication	7,626	
Maintenance & Repair Services- Buildings	5,163	
Maintenance & Repair Services- Equipment	3,346	
Diesel Fuel	5,526	
Tires and Tubes	1,657	
Utilities	9,748	
Other Supplies and Materials	<u>2,500</u>	
Total Convenience Centers		191,144

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Transfer Stations

County Official/Administrative Officer	\$	46,298	
Deputy(ies)		27,415	
Foremen		25,482	
Mechanic(s)		23,416	
Equipment Operators - Light		22,767	
Truck Drivers		42,859	
Laborers		60,260	
Educational Incentive - Other County Employees		1,000	
Longevity Pay		4,020	
Overtime Pay		4,493	
Social Security		19,357	
State Retirement		25,626	
Medical Insurance		37,777	
Disability Insurance		2,238	
Unemployment Compensation		840	
Communication		1,204	
Contracts with Government Agencies		505,451	
Contracts with Private Agencies		34,012	
Maintenance Agreements		994	
Maintenance & Repair Services- Equipment		10,816	
Maintenance & Repair Services- Vehicles		6,185	
Postal Charges		96	
Travel		3,173	
Diesel Fuel		12,894	
Gasoline		2,806	
Lubricants		2,897	
Office Supplies		2,745	
Tires and Tubes		4,116	
Uniforms		1,761	
Utilities		4,390	
Vehicle Parts		3,769	
Other Supplies and Materials		14,799	
In Service/Staff Development		3,244	
Solid Waste Equipment		<u>138,071</u>	
Total Transfer Stations	\$		1,097,271

Postclosure Care Costs

Contracts with Private Agencies	\$	<u>7,400</u>	
Total Postclosure Care Costs			7,400

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations

Other Charges

Medical and Dental Services	\$	2,048	
Trustee's Commission		20,076	
Vehicle and Equipment Insurance		41,748	
Workers' Compensation Insurance		9,539	
Other Self-Insured Claims		160	
Total Other Charges		<u>73,571</u>	\$ <u>73,571</u>

Total Solid Waste/Sanitation Fund \$ 1,371,068

Local Purpose Tax Fund

Public Safety

Fire Prevention and Control

Other Contracted Services	\$	420,862	
Trustee's Commission		7,619	
Total Fire Prevention and Control		<u>428,481</u>	\$ <u>428,481</u>

Total Local Purpose Tax Fund 428,481

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	5,000	
Maintenance Agreements		7,380	
Maintenance & Repair Services- Vehicles		1,460	
Instructional Supplies and Materials		2,219	
Law Enforcement Supplies		666	
Other Supplies and Materials		3,338	
Refunds		3,321	
In Service/Staff Development		2,136	
Other Charges		683	
Law Enforcement Equipment		2,476	
Motor Vehicles		17,184	
Total Drug Enforcement		<u>45,863</u>	\$ <u>45,863</u>

Other Operations

Other Charges

Trustee's Commission	\$	600	
Total Other Charges		<u>600</u>	<u>600</u>

Total Drug Control Fund 46,463

(Continued)

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

Other Special Revenue Fund

Administration of Justice

Drug Court

Supervisor/Director	\$	4,375	
Social Security		332	
Medical Insurance		374	
Unemployment Compensation		52	
Other Contracted Services		128	
Trustee's Commission		25	
Total Drug Court			\$ 5,286

Total Other Special Revenue Fund \$ 5,286

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	3,451	
Total County Trustee's Office			\$ 3,451

Total Constitutional Officers - Fees Fund 3,451

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	59,365	
Assistant(s)		50,356	
Secretary(s)		22,986	
Overtime Pay		12,639	
Other Salaries & Wages		4,350	
Board and Committee Members Fees		18,240	
Social Security		10,266	
State Retirement		15,922	
Life Insurance		131	
Medical Insurance		14,991	
Dental Insurance		589	
Disability Insurance		980	
Unemployment Compensation		6,600	
Employer Medicare		2,401	
Other Fringe Benefits		616	
Dues and Memberships		3,355	
Legal Notices, Recording and Court Costs		885	
Maintenance & Repair Services- Office Equipment		30	
Postal Charges		185	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Printing, Stationery and Forms	\$	50	
Data Processing Supplies		50	
Office Supplies		1,613	
Uniforms		702	
In Service/Staff Development		6,020	
Other Charges		1,393	
Total Administration			\$ 234,715

Highway and Bridge Maintenance

Foremen	\$	54,721	
Mechanic(s)		25,306	
Equipment Operators - Heavy		106,989	
Equipment Operators - Light		176,600	
Truck Drivers		74,631	
Overtime Pay		4,977	
Social Security		27,464	
State Retirement		46,463	
Life Insurance		780	
Medical Insurance		86,843	
Dental Insurance		2,570	
Disability Insurance		3,670	
Unemployment Compensation		4,574	
Employer Medicare		6,423	
Other Fringe Benefits		4,017	
Other Contracted Services		29,105	
Asphalt - Cold Mix		12,251	
Concrete		442	
Crushed Stone		5,532	
Other Road Supplies		9,005	
Road Signs		22,125	
Salt		2,514	
Small Tools		1,839	
Uniforms		4,357	
Other Supplies and Materials		2,729	
Total Highway and Bridge Maintenance			715,927

Operation and Maintenance of Equipment

Foremen	\$	27,580	
Other Salaries & Wages		1,789	
Social Security		1,830	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

State Retirement	\$	3,031	
Life Insurance		43	
Medical Insurance		4,743	
Dental Insurance		186	
Disability Insurance		232	
Employer Medicare		428	
Other Fringe Benefits		190	
Maintenance & Repair Services- Equipment		23,355	
Diesel Fuel		48,056	
Equipment and Machinery Parts		73,820	
Garage Supplies		17,298	
Gasoline		11,535	
Lubricants		5,571	
Small Tools		5,041	
Tires and Tubes		8,091	
Uniforms		377	
Other Supplies and Materials		1,586	
Total Operation and Maintenance of Equipment			\$ 234,782

Quarry Operations

Foremen	\$	27,161
Equipment Operators - Light		21,883
Overtime Pay		26
Other Salaries & Wages		106
Social Security		3,057
State Retirement		5,385
Life Insurance		43
Medical Insurance		4,721
Dental Insurance		186
Disability Insurance		224
Employer Medicare		715
Other Fringe Benefits		190
Communication		899
Engineering Services		750
Explosive and Drilling Services		26,848
Operating Lease Payments		14,400
Maintenance & Repair Services- Equipment		3,902
Diesel Fuel		10,610
Electricity		38,061
Equipment and Machinery Parts		30,488

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Quarry Operations (Cont.)

Garage Supplies	\$	2,736	
Lubricants		3,287	
Tires and Tubes		7,011	
Uniforms		370	
Water and Sewer		542	
Other Supplies and Materials		1,433	
Total Quarry Operations			\$ 205,034

Other Charges

Communication	\$	7,778	
Licenses		1,982	
Disposal Fees		1,844	
Utilities		9,852	
Testing		1,888	
Building and Contents Insurance		1,518	
Liability Insurance		28,844	
Medical Claims		8,216	
Premiums on Corporate Surety Bonds		658	
Trustee's Commission		24,921	
Vehicle and Equipment Insurance		45,543	
Workers' Compensation Insurance		17,424	
Other Charges		2,533	
Total Other Charges			153,001

Capital Outlay

Engineering Services	\$	30,685	
Asphalt - Hot Mix		19,806	
Asphalt - Liquid		773	
Crushed Stone		373	
Other Road Supplies		16,476	
Pipe		5,972	
Bridge Construction		255,715	
Building Improvements		447	
Communication Equipment		5,627	
Highway Construction		321,293	
Highway Equipment		170,673	
Office Equipment		4,349	
Quarry Equipment		1,911	
State Aid Projects		143,704	
Other Capital Outlay		20,830	
Total Capital Outlay			998,634

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Principal

Highways and Streets

Principal on Notes	\$	40,000	
Principal on Capitalized Leases		<u>15,262</u>	
Total Highways and Streets			\$ 55,262

Interest

Highways and Streets

Interest on Capitalized Leases	\$	3,140	
Interest on Notes		<u>13,648</u>	
Total Highways and Streets			<u>16,788</u>

Total Highway/Public Works Fund \$ 2,614,143

General Debt Service Fund

Principal

General Government

Principal on Bonds	\$	270,000	
Principal on Notes		<u>60,000</u>	
Total General Government			\$ 330,000

Interest

General Government

Interest on Bonds	\$	113,961	
Interest on Other Loans Payable		<u>20,649</u>	
Total General Government			134,610

Other Debt Service

General Government

Trustee's Commission	\$	12,652	
Other Debt Issuance Charges		30,000	
Other Debt Service		<u>8,604</u>	
Total General Government			<u>51,256</u>

Total General Debt Service Fund 515,866

Education Debt Service Fund

Principal

Education

Principal on Bonds	\$	1,065,000	
Principal on Other Loans Payable		<u>191,000</u>	
Total Education			\$ 1,256,000

(Continued)

Exhibit K-7

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

Education Debt Service Fund (Cont.)

Interest

Education

Interest on Bonds	\$ 1,166,048	
Interest on Other Loans Payable	<u>82,409</u>	
Total Education		\$ 1,248,457

Other Debt Service

Education

Other Debt Service	\$ 2,034	
Contributions	100,000	
Trustee's Commission	30,745	
Other Debt Service	<u>11,522</u>	
Total Education		<u>144,301</u>

Total Education Debt Service Fund \$ 2,648,758

Highway Capital Projects Fund

Capital Projects

Highway & Street Capital Projects

Highway Construction	\$ 2,426,222	
Total Highway & Street Capital Projects		\$ <u>2,426,222</u>

Total Highway Capital Projects Fund 2,426,222

Total Governmental Funds - Primary Government \$ 21,669,961

Exhibit K-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 11,093,766	
Career Ladder Program	217,978	
Career Ladder Extended Contracts	156,976	
Homebound Teachers	6,981	
Educational Assistants	560,008	
Certified Substitute Teachers	196,280	
Social Security	728,119	
State Retirement	690,561	
Medical Insurance	1,221,363	
Disability Insurance	4,945	
Unemployment Compensation	18,788	
Employer Medicare	170,286	
Tuition	375,687	
Other Contracted Services	70,537	
Instructional Supplies and Materials	376,685	
Textbooks	304,820	
Other Supplies and Materials	12,732	
Other Charges	1,715	
Regular Instruction Equipment	44,054	
Total Regular Instruction Program		\$ 16,252,281

Alternative Instruction Program

Teachers	\$ 82,110	
Career Ladder Program	2,000	
Educational Assistants	14,616	
Social Security	5,985	
State Retirement	4,307	
Medical Insurance	13,211	
Disability Insurance	127	
Employer Medicare	1,400	
Other Supplies and Materials	225	
Total Alternative Instruction Program		123,981

Special Education Program

Teachers	\$ 1,697,626
Career Ladder Program	23,999
Homebound Teachers	14,041
Educational Assistants	108,551
Other Salaries & Wages	106,700

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Certified Substitute Teachers	\$	16,361	
Social Security		117,887	
State Retirement		116,668	
Medical Insurance		225,802	
Disability Insurance		1,526	
Unemployment Compensation		21,240	
Employer Medicare		27,570	
Contracts with Private Agencies		43,790	
Maintenance & Repair Services- Equipment		2,564	
Instructional Supplies and Materials		44,806	
Special Education Equipment		43,172	
Total Special Education Program			\$ 2,612,303

Vocational Education Program

Teachers	\$	1,127,348	
Career Ladder Program		17,000	
Educational Assistants		10,676	
Other Salaries & Wages		21,798	
Certified Substitute Teachers		17,962	
Social Security		69,872	
State Retirement		65,557	
Medical Insurance		138,946	
Disability Insurance		96	
Employer Medicare		16,341	
Instructional Supplies and Materials		28,908	
T&I Construction Materials		42	
Other Supplies and Materials		5,296	
Vocational Instruction Equipment		25,555	
Total Vocational Education Program			1,545,397

Student Body Education Program

Other Salaries & Wages	\$	62,088	
Social Security		3,629	
State Retirement		3,285	
Medical Insurance		9,043	
Employer Medicare		848	
Travel		3,389	
Other Contracted Services		61,273	
Other Supplies and Materials		31,429	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Student Body Education Program (Cont.)

Other Charges	\$	4,925	
Other Equipment		<u>1,080</u>	
Total Student Body Education Program			\$ 180,989

Adult Education Program

Teachers	\$	31,792	
Clerical Personnel		2,081	
Social Security		2,100	
State Retirement		1,647	
Employer Medicare		491	
Instructional Supplies and Materials		<u>2,794</u>	
Total Adult Education Program			40,905

Support Services

Attendance

Supervisor/Director	\$	65,638	
Career Ladder Program		1,000	
Social Security		3,890	
State Retirement		3,665	
Medical Insurance		6,633	
Employer Medicare		910	
Travel		615	
Other Supplies and Materials		380	
Attendance Equipment		<u>4,451</u>	
Total Attendance			87,182

Health Services

Medical Personnel	\$	63,082	
Certified Substitute Teachers		2,003	
Social Security		3,978	
State Retirement		6,895	
Disability Insurance		560	
Employer Medicare		930	
In Service/Staff Development		<u>1,228</u>	
Total Health Services			78,676

Other Student Support

Career Ladder Program	\$	9,000	
Guidance Personnel		484,863	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Assessment Personnel	\$	8,414	
Social Security		30,876	
State Retirement		26,955	
Medical Insurance		16,028	
Employer Medicare		7,221	
Evaluation and Testing		15,396	
Total Other Student Support			\$ 598,753

Regular Instruction Program

Supervisor/Director	\$	120,469	
Career Ladder Program		8,000	
Librarians		477,493	
Secretary(s)		24,550	
Clerical Personnel		24,839	
In-Service Training		13,372	
Social Security		39,995	
State Retirement		38,183	
Medical Insurance		53,037	
Disability Insurance		441	
Employer Medicare		9,354	
Travel		10,454	
Other Contracted Services		9,112	
Other Supplies and Materials		496	
In Service/Staff Development		16,763	
Other Charges		194	
Other Equipment		134,119	
Total Regular Instruction Program			980,871

Special Education Program

Supervisor/Director	\$	64,726	
Career Ladder Program		1,000	
Clerical Personnel		74,779	
Social Security		8,428	
State Retirement		11,788	
Medical Insurance		11,919	
Disability Insurance		678	
Employer Medicare		1,971	
Consultants		15,825	
Travel		12,810	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Other Contracted Services	\$	8,675	
Other Supplies and Materials		19,527	
In Service/Staff Development		15,403	
Other Charges		<u>9,847</u>	
Total Special Education Program			\$ 257,376

Vocational Education Program

Supervisor/Director	\$	60,872	
Career Ladder Program		1,000	
Secretary(s)		29,055	
Social Security		5,609	
State Retirement		6,579	
Medical Insurance		8,834	
Disability Insurance		264	
Employer Medicare		1,312	
Maintenance & Repair Services- Equipment		100	
Travel		3,244	
Other Contracted Services		50	
In Service/Staff Development		1,254	
Other Equipment		<u>11,577</u>	
Total Vocational Education Program			129,750

Adult Programs

Supervisor/Director	\$	51,504	
Career Ladder Program		1,000	
Social Security		3,227	
State Retirement		2,888	
Medical Insurance		4,088	
Disability Insurance		15	
Employer Medicare		755	
Travel		26	
Other Supplies and Materials		6,958	
In Service/Staff Development		<u>5,750</u>	
Total Adult Programs			76,211

Board of Education

Board and Committee Members Fees	\$	31,200	
Social Security		1,934	
Employer Medicare		452	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Audit Services	\$	16,000	
Dues and Memberships		13,292	
Legal Services		5,791	
Travel		2,597	
Other Contracted Services		4,445	
Other Supplies and Materials		9,655	
Liability Insurance		118,101	
Premiums on Corporate Surety Bonds		175	
Trustee's Commission		262,223	
Workers' Compensation Insurance		215,641	
In Service/Staff Development		12,663	
Criminal Investigation of Applicants - TBI		9,072	
Other Charges		10,022	
Total Board of Education			\$ 713,263

Director of Schools

County Official/Administrative Officer	\$	98,938	
Secretary(s)		36,866	
Clerical Personnel		24,695	
Other Salaries & Wages		36,530	
Social Security		11,620	
State Retirement		12,099	
Medical Insurance		8,702	
Disability Insurance		1,407	
Employer Medicare		2,851	
Communication		29,686	
Dues and Memberships		4,607	
Maintenance & Repair Services- Equipment		2,262	
Postal Charges		3,764	
Travel		1,614	
Other Contracted Services		1,566	
Office Supplies		8,815	
Other Supplies and Materials		2,061	
In Service/Staff Development		1,591	
Other Charges		6,208	
Administration Equipment		958	
Total Director of Schools			296,840

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal

Principals	\$	662,061	
Career Ladder Program		32,000	
Assistant Principals		480,370	
Secretary(s)		386,262	
Clerical Personnel		22,403	
Certified Substitute Teachers		3,445	
Social Security		95,400	
State Retirement		109,260	
Medical Insurance		171,212	
Disability Insurance		3,421	
Employer Medicare		22,311	
Total Office of the Principal			\$ 1,988,145

Operation of Plant

Supervisor/Director	\$	53,187	
Guards		36,614	
Custodial Personnel		805,399	
Other Salaries & Wages		38,719	
Social Security		56,271	
State Retirement		90,875	
Medical Insurance		147,076	
Disability Insurance		6,736	
Unemployment Compensation		5,044	
Employer Medicare		13,160	
Disposal Fees		22,698	
Other Contracted Services		7,557	
Custodial Supplies		238,707	
Electricity		1,167,787	
Natural Gas		131,921	
Water and Sewer		87,641	
Other Supplies and Materials		5,503	
Boiler Insurance		8,157	
Building and Contents Insurance		148,604	
Other Charges		334	
Plant Operation Equipment		4,500	
Total Operation of Plant			3,076,490

Maintenance of Plant

Supervisor/Director	\$	47,200	
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(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Secretary(s)	\$	21,441	
Maintenance Personnel		428,249	
Other Salaries & Wages		4,621	
Social Security		30,464	
State Retirement		54,191	
Medical Insurance		71,784	
Disability Insurance		4,245	
Employer Medicare		7,125	
Communication		3,925	
Laundry Service		9,381	
Maintenance & Repair Services- Buildings		333,663	
Maintenance & Repair Services- Equipment		46,820	
Maintenance & Repair Services- Vehicles		13,528	
Other Contracted Services		78,106	
Equipment and Machinery Parts		5,368	
Gasoline		16,030	
Other Supplies and Materials		17,989	
In Service/Staff Development		929	
Other Charges		1,619	
Maintenance Equipment		10,181	
Total Maintenance of Plant			\$ 1,206,859

Transportation

Supervisor/Director	\$	39,200
Bus Drivers		146,132
Certified Substitute Teachers		868
Social Security		11,412
State Retirement		18,315
Medical Insurance		26,880
Disability Insurance		1,479
Employer Medicare		2,669
Communication		6,759
Contracts with Vehicle Owners		1,183,799
Maintenance & Repair Services- Vehicles		48,984
Travel		1,247
Other Contracted Services		5,129
Gasoline		28,448
Other Supplies and Materials		1,258
In Service/Staff Development		1,599

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Other Charges	\$	66	
Transportation Equipment		30,000	
Total Transportation			\$ 1,554,244

Central and Other

Supervisor/Director	\$	65,638	
Career Ladder Program		3,000	
Clerical Personnel		78,548	
School Resource Officer		36,884	
Other Salaries & Wages		103,288	
Social Security		15,270	
State Retirement		21,223	
Medical Insurance		31,222	
Disability Insurance		1,363	
Employer Medicare		3,571	
Travel		3,162	
Other Contracted Services		1,357	
Office Supplies		936	
Other Supplies and Materials		14,021	
In Service/Staff Development		1,007	
Administration Equipment		1,122	
Total Central and Other			381,612

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	67,004	
Career Ladder Program		2,000	
Clerical Personnel		46,977	
Social Security		7,156	
State Retirement		8,927	
Medical Insurance		13,329	
Disability Insurance		437	
Unemployment Compensation		5,487	
Employer Medicare		1,674	
Maintenance & Repair Services- Equipment		5,784	
Transportation - Other than Students		607	
Travel		1,079	
Other Contracted Services		12,522	
Food Preparation Supplies		1,015	

(Continued)

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Office Supplies	\$	965	
Other Supplies and Materials		8,762	
In Service/Staff Development		10,878	
Other Charges		4,074	
Food Service Equipment		193	
Total Food Service			\$ 198,870

Community Services

Supervisor/Director	\$	57,315	
Teachers		101,158	
Educational Assistants		34,330	
Other Salaries & Wages		201,686	
Certified Substitute Teachers		2,336	
Social Security		24,068	
State Retirement		22,057	
Medical Insurance		19,746	
Disability Insurance		521	
Employer Medicare		5,634	
Travel		4,851	
Other Contracted Services		1,421	
Other Supplies and Materials		21,977	
Other Charges		49,437	
Other Equipment		6,734	
Total Community Services			553,271

Capital Outlay

Regular Capital Outlay

Other Salaries & Wages	\$	12,565	
Social Security		738	
State Retirement		592	
Medical Insurance		1,123	
Employer Medicare		173	
Other Contracted Services		38,658	
Other Charges		2,012	
Building Improvements		60,386	
Other Capital Outlay		246,355	
Total Regular Capital Outlay			362,602

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 600,000	
Total Education		\$ 600,000

Total General Purpose School Fund \$ 33,896,871

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 765,037	
Educational Assistants	58,055	
Certified Substitute Teachers	1,570	
Social Security	48,223	
State Retirement	48,028	
Medical Insurance	105,486	
Disability Insurance	436	
Employer Medicare	11,278	
Other Contracted Services	239	
Instructional Supplies and Materials	53,564	
Other Supplies and Materials	6,279	
Other Charges	18,068	
Regular Instruction Equipment	179,489	
Total Regular Instruction Program		\$ 1,295,752

Special Education Program

Teachers	\$ 38,054	
Educational Assistants	493,926	
Other Salaries & Wages	1,134	
Certified Substitute Teachers	19,149	
Social Security	31,930	
State Retirement	56,203	
Medical Insurance	96,186	
Disability Insurance	1,982	
Employer Medicare	7,467	
Contracts with Private Agencies	139,101	
Maintenance & Repair Services- Equipment	564	
Instructional Supplies and Materials	26,944	
Other Supplies and Materials	22,188	
Special Education Equipment	64,353	
Total Special Education Program		999,181

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Other Supplies and Materials	\$	62,224	
Other Charges		3,480	
Vocational Instruction Equipment		32,555	
Total Vocational Education Program			\$ 98,259

Support Services

Health Services

Medical Personnel	\$	76,634	
Social Security		4,844	
State Retirement		6,979	
Medical Insurance		7,728	
Disability Insurance		368	
Employer Medicare		1,132	
Health Equipment		1,300	
Total Health Services			98,985

Other Student Support

Other Salaries & Wages	\$	21,010	
Social Security		1,516	
State Retirement		133	
Life Insurance		90	
Employer Medicare		91	
Travel		1,428	
Other Supplies and Materials		3,346	
In Service/Staff Development		2,401	
Other Charges		4,921	
Other Equipment		410	
Total Other Student Support			35,346

Regular Instruction Program

Supervisor/Director	\$	92,220	
Instructional Computer Personnel		15,116	
Secretary(s)		16,060	
Clerical Personnel		16,062	
Social Security		8,363	
State Retirement		10,235	
Medical Insurance		15,239	
Disability Insurance		546	
Employer Medicare		1,956	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Consultants	\$	3,600	
Maintenance & Repair Services- Equipment		1,204	
Travel		32,855	
Other Supplies and Materials		8,399	
In Service/Staff Development		32,912	
Other Charges		26,306	
Regular Instruction Equipment		5,096	
Other Equipment		<u>51,551</u>	
Total Regular Instruction Program			\$ 337,720

Alternative Instruction Program

Other Salaries & Wages	\$	302	
Social Security		19	
State Retirement		17	
Employer Medicare		4	
Travel		595	
Instructional Supplies and Materials		296	
Other Supplies and Materials		3,210	
In Service/Staff Development		9,577	
Other Charges		3,853	
Other Equipment		<u>22,126</u>	
Total Alternative Instruction Program			39,999

Special Education Program

Psychological Personnel	\$	130,562	
Social Security		7,280	
State Retirement		7,181	
Medical Insurance		18,540	
Employer Medicare		1,703	
Consultants		452	
Maintenance & Repair Services- Equipment		14,948	
Travel		8,796	
Other Contracted Services		1,000	
In Service/Staff Development		<u>12,919</u>	
Total Special Education Program			203,381

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	36,616	
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(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Other Salaries & Wages	\$	12,755	
Social Security		3,061	
State Retirement		2,356	
Employer Medicare		716	
Travel		321	
Other Supplies and Materials		2,371	
In Service/Staff Development		1,276	
Other Charges		8,730	
Other Equipment		3,492	
Total Community Services			\$ 71,694

Total School Federal Projects Fund \$ 3,180,317

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	899,617	
Social Security		54,408	
State Retirement		91,288	
Medical Insurance		153,948	
Disability Insurance		7,061	
Employer Medicare		12,724	
Communication		6,719	
Travel		5,058	
Other Contracted Services		3,345	
Food Preparation Supplies		41,833	
Food Supplies		1,023,462	
Office Supplies		1,422	
Other Supplies and Materials		39,647	
In Service/Staff Development		1,907	
Other Charges		2,607	
Food Service Equipment		117,157	
Total Food Service			\$ 2,462,203

Total Central Cafeteria Fund 2,462,203

(Continued)

Exhibit K-8

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

<u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Architects	\$	236
Building Construction		858,524
Food Service Equipment		24,480
Furniture and Fixtures		<u>316,972</u>
Total Education Capital Projects		<u>\$ 1,200,212</u>
Total Education Capital Projects Fund		<u>\$ 1,200,212</u>
Total Governmental Funds - Franklin County School Department		<u><u>\$ 40,739,603</u></u>

Exhibit K-9

Franklin County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2005

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,702,197
Total Cash Receipts	<u>\$ 2,702,197</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 2,675,175
Trustee's Commission	<u>27,022</u>
Total Cash Disbursements	<u>\$ 2,702,197</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2004	<u>0</u>
 Cash Balance, June 30, 2005	 <u><u>\$ 0</u></u>

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## STATISTICAL SECTION

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Table 1

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

<u>Year</u>	<u>Amount</u>
1994	\$ 3,461
1995	3,631
1996	5,123
1997	7,576
1998	17,565
1999	25,949
2000	39,844
2001	65,136
2002	94,316
2003	<u>199,830</u>
Total	<u>\$ 462,431</u>

Table 2

Franklin County, Tennessee  
Tax Rates and Assessments  
Last Ten Years

Fund	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General	\$ 0.73	\$ 0.97	\$ 0.85	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.71	\$ 0.78	\$ 0.95
Solid Waste/Sanitation	0.42	0.32	0.28	0.28	0.28	0.25	0.25	0.20	0.20	0.20
Local Purpose Tax	0.11	0.12	0.11	0.11	0.12	0.12	0.12	0.11	0.11	0.11
Highway/Public Works	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.04	0.04	0.04
General Purpose School	1.10	1.34	1.12	1.21	1.21	1.21	1.21	1.17	1.30	1.35
General Debt Service	0.20	0.35	0.21	0.12	0.16	0.16	0.16	0.18	0.05	0.10
Educational Debt Service	0.00	0.25	0.23	0.05	0.10	0.10	0.10	0.06	0.18	0.18
<b>Total Tax Rate</b>	<b>\$ 2.58</b>	<b>\$ 3.37</b>	<b>\$ 2.82</b>	<b>\$ 2.76</b>	<b>\$ 2.86</b>	<b>\$ 2.83</b>	<b>\$ 2.83</b>	<b>\$ 2.47</b>	<b>\$ 2.66</b>	<b>\$ 2.93</b>
<u>Assessed Valuations</u>										
Real and Personal	\$ 285,441,733	\$ 300,253,566	\$ 357,501,516	\$ 378,883,478	\$ 392,603,732	\$ 405,502,936	\$ 414,873,763	\$ 524,494,774	\$ 540,416,763	\$ 557,293,330
Public Utilities	21,812,020	21,821,724	21,848,503	21,536,567	21,409,240	23,278,063	23,446,868	26,101,865	25,157,468	24,513,267
<b>Total Assessed Valuation</b>	<b>\$ 307,253,753</b>	<b>\$ 322,075,290</b>	<b>\$ 379,350,019</b>	<b>\$ 400,420,045</b>	<b>\$ 414,012,972</b>	<b>\$ 428,780,999</b>	<b>\$ 438,320,631</b>	<b>\$ 550,596,639</b>	<b>\$ 565,574,231</b>	<b>\$ 581,806,597</b>

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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 37243-0269  
PHONE (615) 401-7841

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

January 5, 2006

Franklin County Mayor and  
Board of County Commissioners  
Franklin 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 Franklin County, Tennessee, as of and for the year ended June 30, 2005, and have issued our reports thereon dated January 5, 2006. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Franklin County Industrial Development Board and the Franklin County Emergency Communications District, discretely presented component units, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

reporting that, in our judgment, could adversely affect Franklin County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 05.02(A), 05.03, 05.06, and 05.09.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Franklin County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 05.01, 05.02(B), 05.04, 05.05, 05.07, and 05.08.

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

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

Very truly yours,



John G. Morgan  
Comptroller of the Treasury

JGM/rd



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

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

January 5, 2006

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

To the County Mayor and Board of County Commissioners:

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Franklin County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Franklin County's compliance with those requirements.

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

#### Internal Control Over Compliance

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

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

#### Schedule of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Franklin County, Tennessee, as of and for the year ended June 30, 2005, and have issued our reports thereon dated January 5, 2006. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Franklin County Industrial Development Board and the Franklin County Emergency Communications District, discretely presented component units, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Very truly yours,



John G. Morgan  
Comptroller of the Treasury

JGM/rd

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	\$ 158,730
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 214,177
National School Lunch Program	10.555	N/A	862,648
Child and Adult Care Food Program	10.558	N/A	834
Total Passed-through State Department of Education			\$ 1,077,659
Total U.S. Department of Agriculture			\$ 1,236,389
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(2)	\$ 33,200
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 2,944
Passed-through Hamilton County Sheriff's Department:			
Edward Byrne Memorial State and Local Law Enforcement Assistance: Discretionary Grant Program	16.580	(2)	\$ 23,749
Total U.S. Department of Justice			\$ 26,693
U.S. Department of Labor:			
Passed-through State Department of Labor and Workforce Development:			
WIA Incentive Grants - Section 503 Grants to States	17.267	Z-04-025621-01	\$ 3,655
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(2)	\$ 37,671
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z-05-022218-00	\$ 97,259
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,221,293
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,284,908
Special Education - Preschool Grants	84.173	N/A	40,448
Vocational Education - Basic Grants to States	84.048	N/A	120,910
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	77,102
Twenty-First Century Community Learning Centers	84.287	(2)	69,672
State Grants for Innovative Programs	84.298	N/A	77,345
Education Technology State Grants	84.318	Z-03-015002-00	14,648 (3)
Education Technology State Grants	84.318	Z-04-020712-00	17,806 (3)
Education Technology State Grants	84.318	(2)	212,479 (3)
Improving Teacher Quality State Grants	84.367	N/A	153,857
Total Passed-through State Department of Education			\$ 3,290,468
Total U.S. Department of Education			\$ 3,387,727

(continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Labor and Workforce Development:			
Temporary Assistance for Needy Families	93.558	Z-05-022311-00	\$ 23,222
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z-04-020092-00	\$ 50,160
Emergency Management Performance Grants	97.042	Z-04-020272-00	16,244 (4)
Emergency Management Performance Grants	97.042	Z-05-025388-00	21,659 (4)
Total U.S. Department of Homeland Security			\$ 88,063
Total Expenditures of Federal Awards			\$ 4,836,620
<u>State Grants</u>			
Juvenile Services Program - State Department of Children's Services	N/A	(2)	\$ 9,000
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	14,326
Litter Program - State Department of Transportation	N/A	(2)	25,099
Health Department Program - State Department of Health	N/A	(2)	100,983
Tennessee Industrial Infrastructure Program - State Department of Economic and Community Development	N/A	(2)	226,197
Training Salary Supplements - Peace Officer Standards & Training Commission	N/A	(2)	15,561
Library Renovation Program - State Library and Archives	N/A	(2)	110,000
Family Resource - State Department of Education	N/A	Z-05-021435-00	33,300
Early Childhood Education - State Department of Education	N/A	Z-05-022127-00	140,448
Safe Schools Act - State Department of Education	N/A	(2)	33,434
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	27,313
Total State Grants			\$ 735,661

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 Education Technology State Grants (CFDA #84.318)

from the U.S. Department of Education was \$244,933.

(4) - Total Emergency Management Performance Grants (CFDA #97.042)

from the U.S. Department of Homeland Security was \$37,903.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Franklin County, Tennessee, for the year ended June 30, 2004, which have not been corrected.

**OFFICE OF DIRECTOR OF SCHOOLS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.02	192	Extended school program collections were not deposited in three days

**OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.03	193	Funds were not deposited within three days of collection in the Office of Juvenile Court Clerk

**OFFICE OF SHERIFF**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.04	193	Funds were not deposited within three days of collection

**OTHER FINDINGS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.05	193	Duties were not segregated adequately in the Offices of Finance Director; Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff

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**FRANKLIN COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2005**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements disclosed reportable conditions. None of these conditions was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance which are material to the financial statements of Franklin County.
4. The audit disclosed no reportable conditions in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Title I Grants to Local Educational Agencies (CFDA No. 84.010), the Special Education Cluster: the Special Education – Grants to States and the Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Franklin 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. Officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

### FINANCE DEPARTMENT

#### FINDING 05.01      **THE OFFICE DID NOT FILE A REPORT ON DEBT OBLIGATIONS WITH THE STATE DIRECTOR OF LOCAL FINANCE**

(Noncompliance Under Government Auditing Standards)

The office did not file a Report on Debt Obligations with the state director of Local Finance for a capital lease for highway equipment totaling \$114,148. Section 9-21-151, Tennessee Code Annotated, requires that within 45 days following the issuance of debt, the county must provide to the state director of Local Finance certain information, such as a description of the purchase/construction for which the debt was issued, a description of the debt obligation, and an itemized description of the costs of issuance.

#### RECOMMENDATION

The office should file a Report on Debt Obligations with the state director of Local Finance for each debt issuance as required by state statute.

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#### FINDING 05.02      **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS** (A. Internal Control – Reportable Condition Under Government Auditing Standards; B. Noncompliance Under Government Auditing Standards)

Our examination revealed the following deficiencies in budget operations:

- A. The budget and subsequent amendments submitted to and approved by the County Commission for the Local Purpose Tax Fund resulted in appropriations exceeding estimated available funding causing a budgeted fund deficit of \$2,856.
- B. Expenditures and encumbrances exceeded appropriations approved by the County Commission in the major appropriation categories (the legal level of control) in the General Fund (Libraries, \$44,372) and in the General Purpose School Fund (Community Services, \$45,124). Section 5-9-401, Tennessee Code Annotated, states that “All funds ... including, but not limited to taxes, county aid funds, federal funds, and fines, which are to be used in the operation and respective programs of the various departments,

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

### RECOMMENDATION

Appropriations that exceed estimated revenues and available funds should not be submitted to or approved by the County Commission. Expenditures should be held within appropriations approved by the County Commission.

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**FINDING 05.03      THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**  
(Internal Control – Reportable Condition Under Government Auditing Standards)

Our examination of purchasing procedures revealed the following deficiencies:

- A. In several instances, invoices were paid without documentation that goods had been received or services had been rendered. This practice weakens controls over the purchasing process. We extended our audit procedures and determined that these goods were received and services were rendered.
- B. In some instances, the office paid invoices without canceling or marking them paid. This weakness could result in the office paying invoices more than once.

### RECOMMENDATION

The office should improve purchasing procedures by obtaining documentation that goods have been received or services have been rendered before invoices are paid. Also, all invoices should be cancelled when paid.

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### **OFFICE OF DIRECTOR OF SCHOOLS**

**FINDING 05.04      EXTENDED SCHOOL PROGRAM COLLECTIONS WERE NOT DEPOSITED WITHIN THREE DAYS OF COLLECTION**  
(Noncompliance Under Government Auditing Standards)

Some extended school program collections were not deposited to the program bank account within three days of collection as required by Section 5-8-207, Tennessee Code Annotated.

RECOMMENDATION

To strengthen internal controls over cash collections and deposits, the extended school program should deposit all funds intact within three days of collection.

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**OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK**

**FINDING 05.05      JUVENILE COURT FUNDS WERE NOT DEPOSITED WITHIN THREE DAYS OF COLLECTION  
(Noncompliance Under Government Auditing Standards)**

Some juvenile court collections were not deposited to the office bank account within three days of collection as required by Section 5-8-207, Tennessee Code Annotated.

RECOMMENDATION

To strengthen internal controls over cash collections and deposits, the juvenile court clerk should deposit all funds intact within three days of collection.

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**OFFICE OF SHERIFF**

**FINDING 05.06      THE OFFICE HAD A CASH SHORTAGE OF \$1,000 AS OF JUNE 30, 2005  
(Internal Control – Reportable Condition Under Government Auditing Standards)**

During the year, a \$1,000 check was issued from the sheriff's drug fund bank account made payable to the order of cash. The sheriff stated that their procedure to provide funding for undercover drug work was for a deputy to cash the check at a local bank and give the cash to an undercover drug agent. The undercover drug agent would account for the funds in his activity log. However, in this instance, the \$1,000 was not recorded in the agent's activity log or otherwise accounted for in any other documentation. Due to the lack of documentation to support the disbursement, this \$1,000 has been reflected as a cash shortage in the financial statements of this report. The sheriff liquidated this cash shortage with personal funds subsequent to June 30, 2005. We have reviewed this cash shortage with the district attorney general.

RECOMMENDATION

All checks written from the confidential drug fund should be supported with adequate documentation.

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FINDING 05.07      **THE OFFICE HAD ACCOUNTING DEFICIENCIES IN THE ADMINISTRATION OF DRUG CONTROL FUNDS**  
(Noncompliance Under Government Auditing Standards)

Our examination of the drug controls funds revealed the following accounting deficiencies:

- A.      Receipts were not issued for all monies received from the County Mayor's Office or from funds returned by the undercover agents. Section 9-2-103, Tennessee Code Annotated, requires official receipts be issued for collections.
  
- B.      The office did not maintain some forms and reports required by the Office of the Comptroller of the Treasury. These forms and reports are necessary to document the administration of confidential funds and to account for cash transactions related to undercover investigative operations.

RECOMMENDATION

The office should issue receipts for all collections and maintain all required drug control forms and reports.

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FINDING 05.08      **FUNDS WERE NOT DEPOSITED WITHIN THREE DAYS OF COLLECTION**  
(Noncompliance Under Government Auditing Standards)

Some collections were not deposited to the office bank account within three days of collection as required by Section 5-8-207, Tennessee Code Annotated.

RECOMMENDATION

To strengthen internal controls over cash collections and deposits, the office should deposit all funds intact within three days of collection.

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## OTHER FINDING AND RECOMMENDATION

FINDING 05.09      **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF FINANCE DIRECTOR; TRUSTEE; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF**  
(Internal Control – Reportable Condition Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of Finance Director; Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff. The officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader's attention in this report.

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

There were no findings and questioned costs for federal awards.

**FRANKLIN COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2005**

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