

ANNUAL FINANCIAL REPORT
FRANKLIN COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2006

**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, 2006

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

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

ARTHUR L. ALEXANDER
Director

CARL LOWE, CGFM
Audit Manager

MICHAEL FORD, CPA, CGFM
Auditor 4

JESSICA L. COX, CGFM
AMY HEWITT
JENI PALADENI
State Auditors

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FRANKLIN COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Franklin County, Tennessee
For the Year Ended June 30, 2006

Scope

We have audited the basic financial statements of Franklin County as of and for the year ended June 30, 2006.

Results

Our report on the Franklin County's financial statements is unqualified.

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

Findings

The following are summaries of the audit findings:

OFFICE OF FINANCE DIRECTOR

- ◆ Expenditures and encumbrances exceeded total appropriations approved by the County Commission in the Local Purpose Tax Fund by \$12,029. Expenditures and encumbrances exceeded appropriations approved by the County Commission in one major category (the legal level of control) in the School Federal Projects Fund.
- ◆ In several instances, invoices were paid without documentation that goods had been received or services had been rendered.
- ◆ The School Federal Projects Fund had a cash overdraft of \$58,213 on June 30, 2006.

OFFICE OF SUPERINTENDENT OF HIGHWAYS

- ◆ A complete list of county roads was not submitted to the County Commission for approval.

OFFICE OF DIRECTOR OF SCHOOLS

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

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

- ◆ An employee of the Office of Juvenile Court Clerk stole cash collections totaling \$24,752.30.
-

OFFICE OF SHERIFF

- ◆ Receipts were not issued for some collections.
 - ◆ Some collections were not deposited to the office bank account within three days of collection as required by state statute.
-

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.

INTRODUCTORY SECTION

Franklin County Officials

June 30, 2006

Officials

F. Montgomery Adams, Jr., County Mayor
John Woodall, Superintendent of Highways
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	Albert Williams
Wendy Moore	Vacant

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

October 17, 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, 2006, 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 did not audit the financial statements of the discretely presented Franklin County Emergency Communications District, which represent .44 percent and .66 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Also, we did not audit the financial statements of the discretely presented Industrial Development Board of Franklin County, which represent .017 percent and .02 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. These financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Franklin County Emergency Communications District and the Industrial Development Board of Franklin County is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the

United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our report and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Franklin County, Tennessee, as of June 30, 2006, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 17, 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.

The management's discussion and analysis on pages 13 through 24 and the budgetary comparison information on pages 79 through 87 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), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the 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 by us in the audit of the

basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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/sb

**Franklin County, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2006**

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, 2006. 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 \$31,254,551 (net assets).
- The Primary Government's total net assets increased by \$2,830,685.
- As of the close of the current fiscal year, the Franklin County Government's governmental funds reported combined ending fund balances of \$14,977,691, an increase of \$1,286,453 in comparison with the prior year. Of this total, \$13,921,234 (92.95 percent) in unreserved fund balance is available for spending at the government's discretion to meet ongoing obligations to its citizens and creditors. The fund deficit of \$257,080 in the Highway Capital Projects Fund is due to encumbrances (\$257,080) being set up on June 30, 2006. This 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 \$2,469,862, or 21.42 percent of the total General Fund expenditures.
- New debt issues totaled \$1,652,072. This is other loans for various highway/public works projects. However, the county's total debt decreased by \$656,147 (1.8 percent) during the current fiscal year.

Component Unit – Franklin County School Department

- The assets of the Franklin County School Department exceeded its liabilities at the close of the most recent fiscal year by \$56,413,247 (net assets).
- The School Department's net assets decreased by \$387,644.

- At the close of the current fiscal year, the School Department's combined ending fund balance was \$5,654,378. Of this amount, \$4,295,595 (75.97 percent) in 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 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 15 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 and Education Debt Service 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. 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 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, when Primary Government activities are combined with the School Department, assets exceed liabilities by \$87,667,798 at the close of the 2006 fiscal year. This represents a combined increase of \$2,443,041 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 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 School Department. Although the county's and the DPCU 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 School Department's net assets for 2006 and a comparison with the previous year.

Franklin County Government's Net Assets

	Primary Government		Component Unit	
			Franklin County School Department	
	6-30-05	6-30-06	6-30-05	6-30-06
Current and other assets	\$ 23,807,948	\$ 25,253,304	\$ 13,296,121	\$ 14,365,354
Capital assets	51,464,490	52,415,374	51,424,993	50,468,538
Total Assets	<u>\$ 75,272,438</u>	<u>\$ 77,668,678</u>	<u>\$ 64,721,114</u>	<u>\$ 64,833,892</u>
Long-term liabilities				
outstanding	\$ 34,422,966	\$ 33,714,257	\$ 0	\$ 125,000
Other liabilities	12,425,606	12,699,870	7,920,223	8,115,645
Total Liabilities	<u>\$ 46,848,572</u>	<u>\$ 46,414,127</u>	<u>\$ 7,920,223</u>	<u>\$ 8,240,645</u>
Net Assets:				
Invested in capital assets, net of related debt	\$ 45,592,575	\$ 46,904,258	\$ 0	\$ 0
Invested in capital assets	0	0	51,424,993	50,318,538
Restricted	4,107,212	6,590,869	292,725	1,232,394
Unrestricted	(21,275,921)	(21,240,576)	5,083,173	4,862,315
Total Net Assets	<u>\$ 28,423,866</u>	<u>\$ 32,254,551</u>	<u>\$ 56,800,891</u>	<u>\$ 56,413,247</u>

A portion of the county's and DPCU School Department's net assets, \$6,590,869 and \$1,232,394, 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 \$2,830,685 during the fiscal year. The School Department's net assets decreased \$387,644.

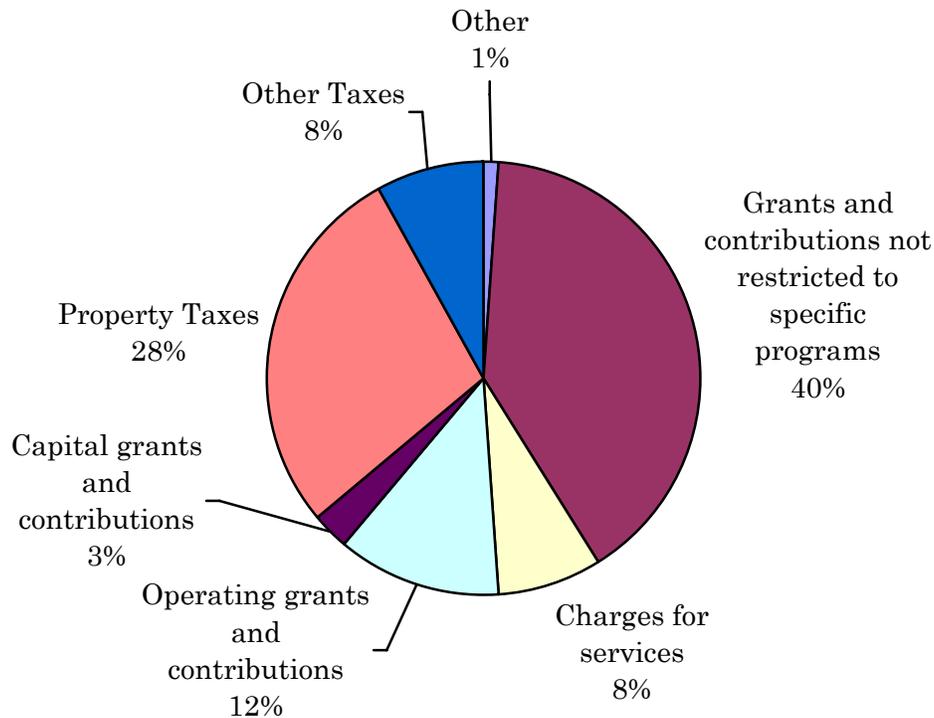
Long-term liabilities of the primary government include outstanding debt issued of \$35,523,949, landfill post-closure care costs of \$450,000, and compensated absences of \$316,410. Total government-wide long-term liabilities were \$36,543,615 at the end of the fiscal year, the difference being compensated absences in the Franklin County School Department totaling \$103,256 and the Franklin County School Department's outstanding debt totaling \$150,000. This debt was issued to fund lighting for the sports facilities at Huntland School.

Franklin County Government's Change in Net Assets

	Primary Government		Component Unit Franklin County School Department	
	FY 2005	FY 2006	FY 2005	FY 2006
Revenues:				
<u>Program revenues:</u>				
Charges for services	\$ 2,675,198	\$ 2,852,443	\$ 2,291,134	\$ 1,787,535
Operating grants and contributions	2,455,986	2,476,403	4,219,726	4,748,287
Capital grants and contributions	1,372,021	2,080,329	155,168	19,018
<u>General revenues:</u>				
Property taxes	8,654,317	8,808,960	8,024,596	8,148,993
Other taxes	1,017,287	1,272,888	3,522,310	3,590,168
Grants and contributions not restricted to specific programs	1,708,693	1,720,053	22,241,571	23,122,453
Other	579,037	810,345	121,613	113,381
Total revenues	\$ 18,462,539	\$ 20,021,421	\$ 40,576,118	\$ 41,529,835
Expenses:				
General Government	\$ 1,863,256	\$ 1,545,662	\$ 0	\$ 0
Finance	1,476,990	1,547,463	0	0
Administration of Justice	1,098,642	1,305,315	0	0
Public Safety	4,489,083	4,947,002	0	0
Public Health and Welfare	1,595,313	1,560,976	0	0

	Primary Government		Component Unit Franklin County School Department	
	FY 2005	FY 2006	FY 2005	FY 2006
	Expenses: (Cont.)			
Social, Cultural, and Recreational Services	\$ 174,826	\$ 276,197	\$ 0	\$ 0
Agriculture and Natural Resources	140,615	130,983	0	0
Other Operations	700,973	2,000,846	0	0
Highways/Public Works	3,543,965	2,345,737	0	0
Education	0	0	39,351,021	41,917,479
Interest on Long-term Debt	1,300,330	1,448,429	0	0
Other Debt Service	172,836	82,126	0	0
Total Expenses	\$ 16,556,829	\$ 17,190,736	\$ 39,351,021	\$ 41,917,479
Increase in net assets	\$ 1,905,710	\$ 2,830,685	\$ 1,225,097	\$ (387,644)
Net assets, July 1	26,518,156	28,423,866	55,575,794	56,800,891
Net assets, June 30	<u>\$ 28,423,866</u>	<u>\$ 31,254,551</u>	<u>\$ 56,800,891</u>	<u>\$ 56,413,247</u>

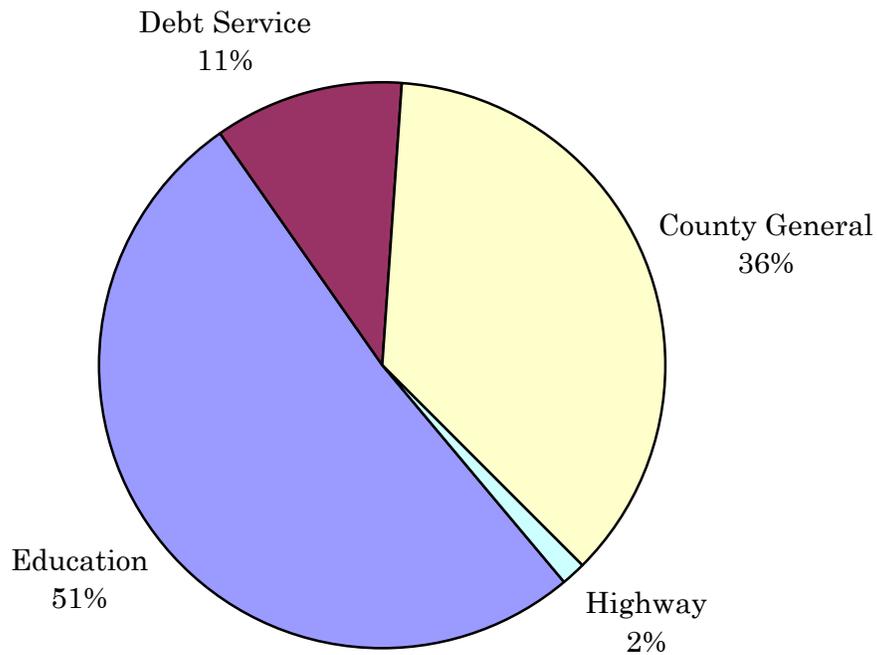
Revenue by Source - Total Governmental Funds (Includes DPCU School Department)



The single largest source of revenue for the primary government and the 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 revenue 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



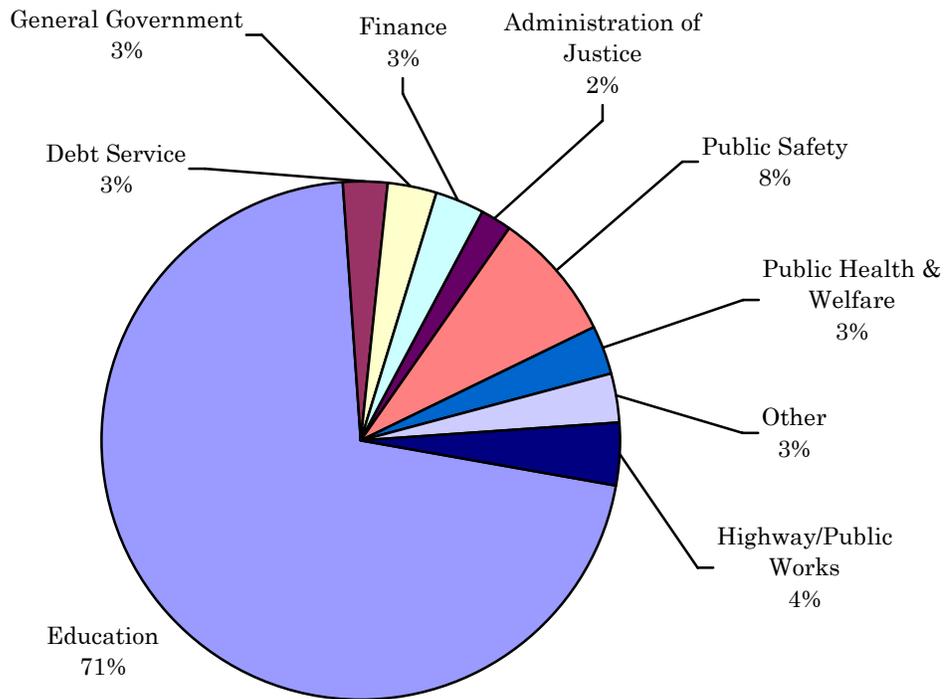
The county property tax is the most important source of local revenue for county governments. The tax is levied on all real and personal property based on the classification and value of the property, unless the property is exempt. In addition to the common tax rate, residents of the rural areas and/or 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:

Property Tax Components	FYE 2002	FYE 2003	FYE 2004	FYE 2005	FYE 2006	FYE 2007
Common Rate	\$ 2.46	\$ 2.16	\$ 2.35	\$ 2.62	\$ 2.62	2.62
Solid Waste	0.25	0.20	0.20	0.20	0.20	0.20
Local Purpose (Rural Fire)	0.12	0.11	0.11	0.11	0.11	0.11
Combined Rates	\$ 2.83	\$ 2.47	\$ 2.66	\$ 2.93	\$ 2.93	2.93

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 71 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 \$14,977,691, an increase of \$1,286,453 in comparison with the prior year. Of this total, \$13,921,234 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 (\$1,056,457).

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 \$2,801,607, of which \$2,469,862 was unrestricted. 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 24.3 percent of that same amount.

The undesignated fund balance of the Franklin County Government's General Fund decreased \$19,600 during the current fiscal year.

The debt service funds have total fund balances of \$4,844,280, 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 \$980,906. A portion of property tax is levied for debt service. This tax produced revenues of \$1,736,255 in the current fiscal year.

The unreserved fund balance of the DPCU School Department was \$4,295,595. This fund balance represents a total increase of \$147,145 over the prior period.

Pension 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, 2006, amounts to \$52,415,374 (net of accumulated depreciation), and \$50,468,538 (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:

- In September 2005, the county undertook a major 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 progressed on schedule for this second 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	
	6-30-05	6-30-06	6-30-05	6-30-06
Land	\$ 26,549,722	\$ 26,549,722	\$ 5,451,186	\$ 5,451,186
Buildings and improvements	13,015,308	13,051,792	56,799,030	57,435,068
Other capital assets	5,240,836	6,022,634	4,597,497	4,920,311
Infrastructure	31,441,440	33,462,837	0	0
Less accumulated depreciation	(24,782,816)	(26,671,611)	(15,422,720)	(17,338,027)
Total	\$ 51,464,490	\$ 52,415,374	\$ 51,424,993	\$ 50,468,538

Debt Administration

Long-term debt. At the end of the current fiscal year, the Franklin County Government had total debt outstanding of \$35,523,949. 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 2006, the primary government had outstanding debt of \$28,930,000 for capital purposes of the School Department.

A schedule of all outstanding debt as of June 30, 2006, for Franklin County follows.

Franklin County's Outstanding Debt

Year	6-30-05	6-30-06
<u>Primary Government</u>		
2003 Series Jail Refunding Bonds	\$ 3,415,000	\$ 3,135,000
2002 Series School Bonds	7,215,000	7,000,000
2001 Series School Bonds	19,020,000	18,145,000
Industrial Revenue Bonds	193,000	183,000
1999 Capital Outlay Notes	215,000	110,000
Capital Lease - Grader	98,886	71,667
Other Loans Payable:		
2003 School Loans	3,982,000	3,785,000
2004 Public Works Projects	2,041,210	3,094,282
	<u>\$ 36,180,096</u>	<u>\$ 35,523,949</u>
<u>Discretely Presented Franklin County School Department</u>		
2005 Capital Outlay Note	\$ 0	\$ 150,000

- Franklin County Government's total primary government debt decreased \$656,147 (1.8 percent) during the current fiscal year due to repayment of principal amounts totaling \$2,308,219 and issuance of new debt totaling \$1,652,072.
- During the current fiscal year, the government issued variable debt loans totaling \$1,652,072 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 call for sizeable investments in capital improvements, counties are not limited as to the amount of indebtedness. 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, Sections 9-21-403 and 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 4.6 percent. This is the same rate for the rest of the state as well as for the United States as a whole. This percentage equates to a drop in the unemployment rate for Franklin County of .7 percent (seven-tenths) from last year.
- The county's three-year coordinated road improvement program, which began during fiscal year 2004-2005, continued on schedule for the second year. This program is scheduled for completion in fiscal year 2006-2007.
- 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 2007 fiscal year. The budget for fiscal year 2006-2007 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 Avenue, SW., Winchester, TN 37398.

BASIC FINANCIAL STATEMENTS

Exhibit A

Franklin County, Tennessee
Statement of Net Assets
June 30, 2006

	Primary	Component Units		
	Governmental Activities	Franklin County School Department	Franklin County Emergency Communications District	Industrial Development Board of Franklin County
<u>ASSETS</u>				
Cash	\$ 791	\$ 1,843	\$ 235,228	\$ 8,449
Equity in Pooled Cash and Investments	14,292,358	4,866,491	0	0
Accounts Receivable	29,687	61,998	16,479	0
Due from Other Governments	1,019,150	1,253,827	0	0
Other Loan Proceeds Receivable	264,667	0	0	0
Property Taxes Receivable	9,473,303	8,094,278	0	0
Allowance for Uncollectible Property Taxes	(328,420)	(280,613)	0	0
Prepaid Items	397,087	367,530	0	0
Cash Shortage	21,848	0	0	0
Deferred Charges - Debt Issuance Costs	82,833	0	0	0
Capital Assets:				
Assets Not Depreciated:				
Land	26,549,722	5,451,186	0	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	8,881,898	42,233,886	37,840	0
Other Capital Assets	2,264,712	2,783,466	0	2,919
Infrastructure	14,719,042	0	0	0
Total Assets	\$ 77,668,678	\$ 64,833,892	\$ 289,547	\$ 11,368
<u>LIABILITIES</u>				
Accounts Payable	\$ 641,268	\$ 434,100	\$ 2,049	\$ 1,902
Accrued Payroll	94,172	4,160	0	0
Payroll Deductions Payable	5,064	0	0	0
Due to State of Tennessee	3,829	0	0	0
Cash Overdraft	0	58,213	0	0
Accrued Interest Payable	403,189	1,339	0	0
Deferred Revenue - Current Property Taxes	8,976,246	7,669,577	0	0
Noncurrent Liabilities:				
Due Within One Year	2,576,102	128,256	0	0
Due in More Than One Year	33,714,257	125,000	0	0
Total Liabilities	\$ 46,414,127	\$ 8,420,645	\$ 2,049	\$ 1,902
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 45,904,258	\$ 50,318,538	\$ 0	\$ 0
Invested in Capital Assets	0	0	37,840	2,919
Restricted for:				
Solid Waste/Sanitation	422,198	0	0	0
Highway/Public Works	1,013,861	0	0	0
Central Cafeteria	0	1,104,601	0	0
Debt Service	4,844,280	0	0	0
Other Purposes	310,530	127,793	0	0
Unrestricted	(21,240,576)	4,862,315	249,657	6,547
Total Net Assets	\$ 31,254,551	\$ 56,413,247	\$ 287,497	\$ 9,466

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, 2006

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Component Units		
						Franklin County School Department	Franklin County Emergency Communications District	Industrial Development Board of Franklin County
Primary Government:								
Governmental Activities:								
General Government	\$ 1,545,662	\$ 393,239	\$ 70,224	\$ 0	\$ (1,082,199)	\$ 0	\$ 0	\$ 0
Finance	1,547,463	857,119	17,458	0	(672,886)	0	0	0
Administration of Justice	1,305,315	932,121	9,138	0	(364,056)	0	0	0
Public Safety	4,947,002	487,877	193,859	404,484	(3,860,782)	0	0	0
Public Health and Welfare	1,560,976	178,394	180,046	330,486	(872,050)	0	0	0
Social, Cultural, and Recreational Services	276,197	0	0	0	(276,197)	0	0	0
Agriculture & Natural Resources	130,983	0	34,999	0	(95,984)	0	0	0
Other Operations	2,000,846	0	0	490,603	(1,510,243)	0	0	0
Highways/Public Works	2,345,737	3,693	1,970,679	87,542	(283,823)	0	0	0
Interest on Long-term Debt	1,448,429	0	0	767,214	(681,215)	0	0	0
Other Debt Service	82,126	0	0	0	(82,126)	0	0	0
Total Primary Government	\$ 17,190,736	\$ 2,852,443	\$ 2,476,403	\$ 2,080,329	\$ (9,781,561)	\$ 0	\$ 0	\$ 0
Component Units:								
Franklin County School Department	\$ 41,917,479	\$ 1,787,535	\$ 4,748,287	\$ 19,018	\$ 0	\$ (35,362,639)	\$ 0	\$ 0
Franklin County Emergency Communications District	293,259	279,226	0	0	0	0	(14,033)	0
Industrial Development Board of Franklin County	86,853	0	85,000	0	0	0	0	(1,853)
Total Component Units	\$ 42,297,591	\$ 2,066,761	\$ 4,833,287	\$ 19,018	\$ 0	\$ (35,362,639)	\$ (14,033)	\$ (1,853)

(Continued)

Exhibit B

Franklin County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Component Units		
						Franklin County School Department	Franklin County Emergency Communications District	Industrial Development Board of Franklin County
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 7,072,705	\$ 8,148,993	\$ 0	\$ 0
Property Taxes Levied for Debt Service					1,736,255	0	0	0
Local Option Sales Tax					367,204	3,583,943	0	0
Other Local Taxes					905,684	6,225	0	0
Grants & Contributions not Restricted to Specific Programs					1,720,053	23,122,453	0	0
Unrestricted Investment Earnings					200,000	20,806	5,002	0
Investment Earnings for Debt Service					536,796	0	0	0
Miscellaneous					37,851	85,211	99	0
Sale of Land and Equipment					35,698	7,364	0	0
Total General Revenues					<u>\$ 12,612,246</u>	<u>\$ 34,974,995</u>	<u>\$ 5,101</u>	<u>\$ 0</u>
Change in Net Assets					\$ 2,830,685	\$ (387,644)	\$ (8,932)	\$ (1,853)
Net Assets, July 1, 2005					<u>28,423,866</u>	<u>56,800,891</u>	<u>296,429</u>	<u>11,319</u>
Net Assets, June 30, 2006					<u>\$ 31,254,551</u>	<u>\$ 56,413,247</u>	<u>\$ 287,497</u>	<u>\$ 9,466</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, 2006

	Major Funds					Nonmajor	Total
	General	Solid Waste / Sanitation	Special Purpose	Highway / Public Works	Education Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 791	\$ 791
Equity in Pooled Cash and Investments	2,683,316	440,204	5,745,000	787,933	2,796,896	1,839,009	14,292,358
Accounts Receivable	21,724	0	0	0	0	7,963	29,687
Due from Other Governments	310,636	0	0	364,298	340,258	3,958	1,019,150
Due from Other Funds	71,022	0	0	0	0	0	71,022
Other Loan Proceeds Receivable	0	0	0	0	0	264,667	264,667
Property Taxes Receivable	5,811,684	1,199,152	0	239,830	1,021,382	1,201,255	9,473,303
Allowance for Uncollectible Property Taxes	(199,555)	(41,572)	0	(8,314)	(36,371)	(42,608)	(328,420)
Prepaid Items	273,543	42,144	0	76,825	0	4,575	397,087
Cash Shortage	0	0	0	0	0	21,848	21,848
Total Assets	\$ 8,972,370	\$ 1,639,928	\$ 5,745,000	\$ 1,460,572	\$ 4,122,165	\$ 3,301,458	\$ 25,241,493
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 336,899	\$ 9,089	\$ 0	\$ 29,552	\$ 0	\$ 265,728	\$ 641,268
Accrued Payroll	74,935	6,703	0	12,534	0	0	94,172
Payroll Deductions Payable	4,569	495	0	0	0	0	5,064
Due to Other Funds	0	46,165	0	0	0	24,857	71,022
Due to State of Tennessee	3,109	636	0	0	0	84	3,829
Deferred Revenue - Current Property Taxes	5,510,733	1,136,234	0	227,247	965,799	1,136,233	8,976,246
Deferred Revenue - Delinquent Property Taxes	87,441	18,408	0	3,682	16,568	19,329	145,428
Other Deferred Revenues	153,077	0	0	173,696	0	0	326,773
Total Liabilities	\$ 6,170,763	\$ 1,217,730	\$ 0	\$ 446,711	\$ 982,367	\$ 1,446,231	\$ 10,263,802
<u>Fund Balances</u>							
Reserved for Encumbrances	\$ 171,960	\$ 13,938	\$ 0	\$ 351,043	\$ 0	\$ 257,818	\$ 794,759
Reserved for Sexual Offender Registration	1,320	0	0	0	0	0	1,320
Reserved for Computer System - Register	359	0	0	0	0	0	359
Reserved for Automation Purposes - Sheriff	1,839	0	0	0	0	0	1,839
Reserved for Capital Outlay	0	0	0	101,913	0	0	101,913
Reserved for Other General Purposes	156,267	0	0	0	0	0	156,267

Exhibit C-1

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

	Major Funds					Nonmajor Funds	Total Govern- mental Funds
General	Solid Waste / Sanitation	Special Purpose	Highway / Public Works	Education Debt Service	Other Govern- mental Funds		
<u>LIABILITIES AND FUND BALANCES (Cont.)</u>							
<u>Fund Balances (Cont.)</u>							
Unreserved, Reported In:							
General Fund	\$ 2,469,862	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,469,862
Special Revenue Funds	0	408,260	5,745,000	560,905	0	150,007	6,864,172
Debt Service Funds	0	0	0	0	3,139,798	1,704,482	4,844,280
Capital Projects Funds (Deficit)	0	0	0	0	0	(257,080)	(257,080)
Total Fund Balances	\$ 2,801,607	\$ 422,198	\$ 5,745,000	\$ 1,013,861	\$ 3,139,798	\$ 1,855,227	\$ 14,977,691
Total Liabilities and Fund Balances	\$ 8,972,370	\$ 1,639,928	\$ 5,745,000	\$ 1,460,572	\$ 4,122,165	\$ 3,301,458	\$ 25,241,493

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, 2006

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)		\$	14,977,691
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	26,549,722	
Add: buildings and improvements net of accumulated depreciation		8,881,898	
Add: infrastructure net of accumulated depreciation		14,719,042	
Add: other capital assets net of accumulated depreciation		<u>2,264,712</u>	52,415,374
(2) Long-term liabilities are not due in the current period and therefore are not reported in the funds.			
Less: bonds payable	\$	(28,463,000)	
Less: notes payable		(110,000)	
Less: other loans payable		(6,879,282)	
Less: capital leases payable		(71,667)	
Less: compensated absences		(316,410)	
Less: landfill closure/postclosure care costs		(450,000)	
Less: accrued interest on bonds, notes, other loans, and capital leases		<u>(320,356)</u>	(36,610,715)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			<u>472,201</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>31,254,551</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, 2006

	Major Funds					Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	Special Purpose	Highway / Public Works	Education Debt Service	Other Govern- mental Funds	
<u>Revenues</u>							
Local Taxes	\$ 6,267,225	\$ 852,026	\$ 0	\$ 412,438	\$ 2,139,180	\$ 1,263,088	\$ 10,933,957
Licenses and Permits	62,728	6,179	0	1,240	5,555	6,785	82,487
Fines, Forfeitures, and Penalties	148,963	0	0	0	0	70,514	219,477
Charges for Current Services	180,259	17,570	0	1,193	0	2,829	201,851
Other Local Revenues	66,449	354,128	0	41,434	0	538,847	1,000,858
Fees Received from County Officials	1,693,389	0	0	0	0	0	1,693,389
State of Tennessee	1,612,189	29,471	0	2,058,221	67,214	38	3,767,133
Federal Government	965,506	0	0	0	0	0	965,506
Other Governments and Citizens Groups	521,623	0	0	0	700,000	820	1,222,443
Total Revenues	\$ 11,518,331	\$ 1,259,374	\$ 0	\$ 2,514,526	\$ 2,911,949	\$ 1,882,921	\$ 20,087,101
<u>Expenditures</u>							
Current:							
General Government	\$ 1,496,648	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,496,648
Finance	1,530,348	0	0	0	0	2,829	1,533,177
Administration of Justice	1,215,868	0	0	0	0	52,312	1,268,180
Public Safety	4,128,051	0	0	0	0	512,724	4,640,775
Public Health and Welfare	376,222	1,141,354	0	0	0	0	1,517,576
Social, Cultural, and Recreational Services	222,250	0	0	0	0	0	222,250
Agricultural and Natural Resources	141,004	0	0	0	0	0	141,004
Other Operations	1,764,887	72,366	0	0	0	1,914	1,839,167
Highways	0	0	0	2,106,861	0	0	2,106,861
Debt Service:							
Principal on Debt	0	0	0	72,219	1,287,000	949,000	2,308,219
Interest on Debt	0	0	0	12,695	1,255,229	194,436	1,462,360
Other Debt Service	0	0	0	0	43,118	30,660	73,778
Capital Projects	654,141	0	0	0	0	1,186,060	1,840,201
Capital Projects - Donated	2,524	0	0	0	0	0	2,524
Total Expenditures	\$ 11,531,943	\$ 1,213,720	\$ 0	\$ 2,191,775	\$ 2,585,347	\$ 2,929,935	\$ 20,452,720
Excess (Deficiency) of Revenues Over Expenditures	\$ (13,612)	\$ 45,654	\$ 0	\$ 322,751	\$ 326,602	\$ (1,047,014)	\$ (365,619)

(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	Other Govern- mental Funds	
<u>Other Financing Sources (Uses)</u>							
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,652,072	\$ 1,652,072
Transfers In	7,606	0	0	5,000	0	493,300	505,906
Transfers Out	(65,000)	(3,803)	0	(403,803)	0	(33,300)	(505,906)
Total Other Financing Sources (Uses)	\$ (57,394)	\$ (3,803)	\$ 0	\$ (398,803)	\$ 0	\$ 2,112,072	\$ 1,652,072
Net Change in Fund Balances	\$ (71,006)	\$ 41,851	\$ 0	\$ (76,052)	\$ 326,602	\$ 1,065,058	\$ 1,286,453
Fund Balance, July 1, 2005	2,872,613	380,347	5,745,000	1,089,913	2,813,196	790,169	13,691,238
Fund Balance, June 30, 2006	\$ 2,801,607	\$ 422,198	\$ 5,745,000	\$ 1,013,861	\$ 3,139,798	\$ 1,855,227	\$ 14,977,691

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, 2006

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)		\$ 1,286,453
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The amount that capital outlays differ from depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 3,015,781	
Less: current year depreciation	<u>(2,056,387)</u>	959,394
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: dispositions of capital assets	\$ (309,789)	
Add: decrease in accumulated depreciation for capital assets disposed	<u>301,279</u>	(8,510)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes/other deferred June 30, 2006	\$ 472,201	
Less: deferred delinquent property taxes/other deferred June 30, 2005	<u>(537,881)</u>	(65,680)
(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:		
Less: other loan proceeds	\$ (1,652,072)	
Less: change in deferred debt issuance costs	(8,348)	
Add: principal payment on bonds	1,380,000	
Add: principal payment on notes	105,000	
Add: principal payment on other loans	796,000	
Add: principal payment on capital leases	<u>27,219</u>	647,799
(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.		
Add: change in accrued interest payable	\$ 13,931	
Less: change in compensated absences	(27,702)	
Add: change in landfill closure/postclosure care costs	<u>25,000</u>	<u>11,229</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 2,830,685</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, 2006

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,620,646
Due from Other Governments	507,696
Cash Shortage	<u>2,904</u>
Total Assets	<u>\$ 2,131,246</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 507,696
Due to Litigants, Heirs, and Others	<u>1,623,550</u>
Total Liabilities	<u>\$ 2,131,246</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, 2006

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 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 Industrial Development Board of Franklin County 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, 2006, the county appropriated an operating subsidy of \$85,000 to the board.

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. 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 Emergency Communications District
c/o: Williams, Ayers, and Associates
368 Halfmoon Road
Winchester, TN 37398

The Industrial Development Board of Franklin County
101 First Avenue, S.W.
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, except for agency funds which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of 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 grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when

amounts have been accumulated in the 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.

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.

Additionally, Franklin County reports the following fund types:

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

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 type:

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.

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented 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 and General 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 1.8 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 (\$264,667) in the Highway Capital Projects Fund represents other loan proceeds requested but not received as of June 30, 2006.

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 and improvements \$25,000; buildings, 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, with up to one year of service, to accumulate the following hours based on length of employment:

<u>End of year</u>	<u>Hours</u>
one	40
two	80
nine	120

Earned but unused vacation leave will be paid to the employee upon retirement, resignation, or termination. On each employee's anniversary date, all vacation leave accumulated in excess of the amount earned each year will be converted to sick leave.

It is the policy of Franklin County's Highway Public/Works Fund to permit its employees, with up to one year of service, to accumulate the following based on length of employment:

<u>End of year</u>	<u>Days</u>
one	5
two	10
nine	15

Earned but unused vacation leave will be paid to the employee upon retirement, resignation, or termination. On each employee's anniversary date, all accumulated vacation leave will be converted to sick leave.

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

a 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 ten-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 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.

On the government-wide statement of net assets (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling \$310,530, with the primary restrictions being for: (1) other general purposes (\$159,267), (2) courthouse and jail maintenance (\$41,849), (3) local purposes tax (\$21,263), (4) drug control (\$30,146), and (5) drug court and DUI treatment (\$57,487). For the discretely presented School Department, the account balance in Restricted for Other Purposes (\$127,793) consists of restrictions for various federal assistance programs, primarily the special education program (\$17,251) and the school lunch and breakfast programs (\$110,542).

As of June 30, 2006, Franklin County has \$28,930,000 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 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

Discretely Presented Franklin County School Department

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

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

Primary Government

Exhibit D-2 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide statement of activities.

Discretely Presented Franklin County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

B. Fund Deficit

The Highway Capital Projects Fund had a fund deficit of \$257,080 at June 30, 2006. This fund deficit resulted from unperformed portions of construction contracts of \$257,080 being reserved as encumbrances. Funding for these future expenditures is expected to be received from the issuance of debt.

C. Cash Shortage/Cash Overdraft

The Office of Juvenile Court Clerk had a cash shortage of \$24,752.30 as of June 30, 2006. This cash shortage is broken down between the Constitutional Officers – Fees Fund (\$21,848) and the Constitutional Officers – Agency Fund (\$2,904) in the financial statements of this report. A former employee of the office has been indicted by a grand jury. The case is pending as of the date of this report. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

The discretely presented School Federal Projects Fund had a cash overdraft of \$58,213 at June 30, 2006. This cash overdraft resulted from issuing warrants that exceeded cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2006.

D. Expenditures and Encumbrances Exceeded Appropriations

Expenditures and encumbrances exceeded appropriations approved by the County Commission in the Health Services major appropriation category (the legal level of control) in the School Federal Projects Fund by \$7,199. Also,

expenditures and encumbrances exceed total appropriations in the Local Purpose Tax Fund by \$12,029. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by appropriations exceeding expenditures and encumbrances in other major appropriation categories in the School Federal Projects Fund and by greater than anticipated revenues and available fund balance in the Local Purpose Tax Fund.

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. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure.

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, 2006, 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	<u>\$ 51,939</u>
Total		<u><u>\$ 51,939</u></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, 2006, 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, 2006, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets				
Not Depreciated:				
Land	\$ 26,549,722	\$ 0	\$ 0	\$ 26,549,722
Total Capital Assets Not Depreciated	<u>\$ 26,549,722</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 26,549,722</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 13,015,308	\$ 52,484	\$ (16,000)	\$ 13,051,792
Infrastructure	31,441,440	2,021,397	0	33,462,837
Other Capital Assets	5,240,836	1,075,587	(293,789)	6,022,634
Total Capital Assets Depreciated	<u>\$ 49,697,584</u>	<u>\$ 3,149,468</u>	<u>\$ (309,789)</u>	<u>\$ 52,537,263</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,800,767	\$ 381,670	\$ (12,543)	\$ 4,169,894
Infrastructure	17,517,984	1,225,811	0	18,743,795
Other Capital Assets	3,464,065	448,906	(155,049)	3,757,922
Total Accumulated Depreciation	<u>\$ 24,782,816</u>	<u>\$ 2,056,387</u>	<u>\$ (167,592)</u>	<u>\$ 26,671,611</u>
Total Capital Assets Depreciated, Net	<u>\$ 24,914,768</u>	<u>\$ 1,093,081</u>	<u>\$ (142,197)</u>	<u>\$ 25,865,652</u>
Governmental Activities Capital Assets, Net	<u>\$ 51,464,490</u>	<u>\$ 1,093,081</u>	<u>\$ (142,197)</u>	<u>\$ 52,415,374</u>

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

Governmental Activities:

General Government	\$ 41,203
Finance	39,610
Administration of Justice	13,686
Public Safety	365,657
Public Health and Welfare	79,633
Social, Cultural, and Recreational	53,157
Agriculture and Natural Resources	11,418
Other Operations	127,846
Highways	<u>1,324,177</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,056,387</u>

Discretely Presented Franklin County School Department

Governmental Activities:

	Balance 7-1-05	Increases	Balance 6-30-06
Capital Assets Not Depreciated:			
Land	\$ 5,451,186	\$ 0	\$ 5,451,186
Total Capital Assets Not Depreciated	<u>\$ 5,451,186</u>	<u>\$ 0</u>	<u>\$ 5,451,186</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 56,799,030	\$ 636,038	\$ 57,435,068
Other Capital Assets	4,597,497	322,814	4,920,311
Total Capital Assets Depreciated	<u>\$ 61,396,527</u>	<u>\$ 958,852</u>	<u>\$ 62,355,379</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 13,836,218	\$ 1,364,964	\$ 15,201,182
Other Capital Assets	1,586,502	550,343	2,136,845
Total Accumulated Depreciation	<u>\$ 15,422,720</u>	<u>\$ 1,915,307</u>	<u>\$ 17,338,027</u>
Total Capital Assets Depreciated, Net	<u>\$ 45,973,807</u>	<u>\$ (956,455)</u>	<u>\$ 45,017,352</u>
Governmental Activities Capital Assets, Net	<u>\$ 51,424,993</u>	<u>\$ (956,455)</u>	<u>\$ 50,468,538</u>

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

Governmental Activities:

Instruction	\$ 1,677,776
Support Services	138,323
Operation of Non-Instructional Services	<u>99,208</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,915,307</u>

C. Construction Commitments

At June 30, 2006, the Highway Capital Projects Fund had uncompleted construction contracts of approximately \$257,080 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, 2006, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 24,857
"	Solid Waste/Sanitation	<u>46,165</u>
Total		<u>\$ 71,022</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, 2006, consisted of the following amounts:

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u>		
	<u>General Fund</u>	<u>Highway/ Public Works Fund</u>	<u>Nonmajor Governmental Funds</u>
General Fund	\$ 0	\$ 5,000	\$ 60,000
Solid Waste/Sanitation Fund	3,803	0	0
Highway/Public Works Fund	3,803	0	400,000
Nonmajor governmental funds	0	0	<u>33,300</u>
Total	<u>\$ 7,606</u>	<u>\$ 5,000</u>	<u>\$ 493,300</u>

Discretely Presented Franklin County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 171,994
Nonmajor governmental funds	104,197	0
Total	\$ 104,197	\$ 171,994

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 from the Highway/Public Works Fund.

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2006, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2007	\$ 31,545
2008	31,545
2009	13,144
Total Minimum Lease Payments	\$ 76,234
Less: Amount Representing Interest	(4,567)
Present Value of Minimum Lease Payments	\$ 71,667

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 General Debt Service Fund and 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, 2006, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-06
General Obligation Bonds	3.25 to 5 %	\$ 21,878,000	\$ 18,328,000
General Obligation Bonds - Refunding	3.13 to 4.75	10,975,000	10,135,000
Capital Outlay Notes	5.15	500,000	110,000
Other Loans	variable	7,866,282	6,879,282
Capital Leases	5	114,148	71,667

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 these loans. At June 30, 2006, the variable interest rate was 3.7 percent for both loans, 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.

Also in prior years, 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, 2006, Franklin County had borrowed \$3,693,282 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, 2006, the variable interest rate was 3.7 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, 2006, including interest payments and other fees, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
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	2,110,000	939,587	0	0
2012-2016	12,028,000	3,344,153	0	0
2017-2021	7,420,000	1,085,566	0	0
Total	<u>\$ 28,463,000</u>	<u>\$ 9,812,975</u>	<u>\$ 110,000</u>	<u>\$ 2,833</u>

Year Ending June 30	Other Loan (\$2,300,000)			
	Principal	Interest	Other Fees	Total
2007	\$ 110,000	\$ 77,293	\$ 6,005	\$ 193,298
2008	114,000	73,223	5,752	192,975
2009	118,000	69,005	5,489	192,494
2010	121,000	64,639	5,218	190,857
2011	125,000	60,162	4,940	190,102
2012-2016	690,000	228,253	20,189	938,442
2017-2021	811,000	91,945	11,715	914,660
Total	<u>\$ 2,089,000</u>	<u>\$ 664,520</u>	<u>\$ 59,308</u>	<u>\$ 2,812,828</u>

Year Ending June 30	Other Loan (\$1,830,000)			
	Principal	Interest	Other Fees	Total
2007	\$ 92,000	\$ 62,752	\$ 5,101	\$ 159,853
2008	95,000	59,348	4,889	159,237
2009	98,000	55,833	4,671	158,504
2010	100,000	52,207	4,445	156,652
2011	103,000	48,507	4,215	155,722
2012-2016	561,000	183,150	17,385	761,535
2017-2021	647,000	73,186	10,550	730,736
Total	<u>\$ 1,696,000</u>	<u>\$ 534,983</u>	<u>\$ 51,256</u>	<u>\$ 2,282,239</u>

Year Ending June 30	Other Loan (\$6,000,000)			
	Principal	Interest	Other Fees	Total
2007	\$ 614,000	\$ 222,000	\$ 15,000	\$ 851,000
2008	631,000	199,282	13,588	843,870
2009	648,000	175,935	12,136	836,071
2010	665,000	44,447	3,963	713,410
2011	536,282	19,843	2,434	558,559
Total	<u>\$ 3,094,282</u>	<u>\$ 661,507</u>	<u>\$ 47,121</u>	<u>\$ 3,802,910</u>

There is \$1,704,482 available in the General Debt Service Fund and \$3,139,798 available in the Education Debt Service Fund to service long-term debt. Bonded debt per capita amounted to \$725, based on the 2000 federal census. Total debt per capita, including bonds, notes, capital leases, and other loans amounted to \$905, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2006, was as follows:

Governmental Activities:	Bonds	Notes	Capital Leases
	Balance, July 1, 2005	\$ 29,843,000	\$ 215,000
Deductions	<u>(1,380,000)</u>	<u>(105,000)</u>	<u>(27,219)</u>
Balance, June 30, 2006	<u>\$ 28,463,000</u>	<u>\$ 110,000</u>	<u>\$ 71,667</u>
Balance Due Within One Year	<u>\$ 1,420,000</u>	<u>\$ 110,000</u>	<u>\$ 28,611</u>

Governmental Activities (Cont.)	Other Loans	Landfill Postclosure Care Costs	Compensated Absences
Balance, July 1, 2005	\$ 6,023,210	\$ 475,000	\$ 288,708
Additions	1,652,072	0	367,397
Deductions	(796,000)	(25,000)	(339,695)
Balance, June 30, 2006	<u>\$ 6,879,282</u>	<u>\$ 450,000</u>	<u>\$ 316,410</u>
Balance Due Within One Year	<u>\$ 816,000</u>	<u>\$ 25,000</u>	<u>\$ 176,491</u>

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

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2006	\$ 36,290,359
Less: Balance Due Within One Year	<u>(2,576,102)</u>
Noncurrent Liabilities - Due in More than One Year - Exhibit A	<u>\$ 33,714,257</u>

Discretely Presented Franklin County School Department

Notes

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

Capital outlay notes are direct obligations and pledge the full faith and credit of the government. The capital outlay note was issued for original terms of up to six years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The note will be retired from the General Purpose School Fund.

The capital outlay note outstanding as of June 30, 2006, is as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-06
Capital Outlay Note	4.3 to 4.55%	\$ 150,000	\$ 150,000

The annual requirements to amortize the note outstanding as of June 30, 2006, including interest payments, are presented in the following table:

Year Ending June 30	Notes	
	Principal	Interest
2007	\$ 25,000	\$ 5,912
2008	25,000	4,838
2009	25,000	3,762
2010	25,000	2,688
2011	25,000	1,612
2012	25,000	538
Total	<u>\$ 150,000</u>	<u>\$ 19,350</u>

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Franklin County School Department for the year ended June 30, 2006, was as follows:

Governmental Activities:	Notes	Compensated Absences
Balance, July 1, 2005	\$ 0	\$ 84,459
Additions	150,000	138,217
Deductions	0	(119,420)
Balance, June 30, 2006	<u>\$ 150,000</u>	<u>\$ 103,256</u>
Balance Due Within One Year	<u>\$ 25,000</u>	<u>\$ 103,256</u>

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

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2006	\$ 253,256
Less: Balance Due Within One Year	<u>(128,256)</u>
Noncurrent Liabilities - Due in More than One Year - Exhibit A	<u>\$ 125,000</u>

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 Changes

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries became effective for the year ended June 30, 2006. GASB Statement No. 42 requires governments to report the effects of capital asset impairments in their financial statements

when they occur rather than as a part of the ongoing depreciation expense for the capital asset or upon disposal of the capital asset. In addition, GASB Statement No. 42 clarifies and establishes accounting requirements for insurance recoveries. GASB Statement No. 42 had no effect on the financial statements for the year ended June 30, 2006, since no capital asset impairment and insurance recoveries occurred. However, it is reasonably expected that capital asset impairment and insurance recoveries may occur in subsequent years that will be subject to the provisions of Statement No. 42.

The provisions of GASB Statement No. 44, Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1) became effective for the year ended June 30, 2006. GASB Statement No. 44 applies to the preparation of the statistical section. State and local governments may, but are not required to, prepare a statistical section to accompany basic financial statements. However, a statistical section is required to accompany a comprehensive annual financial report. Since Franklin County is not presenting a comprehensive annual financial report, it has elected not to prepare a statistical section. A limited statistical section was presented in the prior year's report. GASB Statement No. 44 amends guidance related to the preparation of the statistical section. This statement improves the understandability and usefulness of statistical information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model for state and local governments required by GASB Statement No. 34. GASB Statement No. 44 establishes the objectives of the statistical section and the five categories it contains: financial trends, revenue capacity, debt capacity, demographic and economic, and operating. It is reasonably expected that Franklin County will prepare and present a statistical section in subsequent years that follows the requirements of GASB Statement No. 44.

The provisions of GASB Statement No. 46, Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34 became effective for the year ended June 30, 2006. GASB Statement No. 46 provides guidance to determine when net assets have been restricted to a particular use by the passage of enabling legislation and specifies how those net assets should be reported in financial statements when there are changes in the circumstances surrounding such legislation. The statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation as of the end of the reporting period. Franklin County had no net assets restricted by enabling legislation to disclose as of June 30, 2006. But it is reasonably expected that Franklin County will be required to disclose net assets restricted by enabling legislation in subsequent years.

The provisions of GASB Statement No. 47, Accounting for Termination Benefits became effective for the year ended June 30, 2006. GASB Statement No. 47 provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or

severance to employees who are involuntarily terminated. Statement No. 47 specifies when governments should recognize the cost of termination benefits they offer in accrual basis financial statements. Franklin County was not offering any termination benefits to employees as of June 30, 2006. But it is reasonably expected that Franklin County will offer termination benefits in subsequent years subject to the accounting and reporting requirements of GASB Statement No. 47.

C. Subsequent Events

On August 31, 2006, F. Montgomery Adams, Jr., left the Office of County Mayor and was succeeded by Richard Stewart, and Michael Foster left the Office of Sheriff and was succeeded by Tim Fuller.

During the period July 1, 2006, through October 17, 2006, Franklin County borrowed \$683,237 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 Costs

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. 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 \$450,000 reported as landfill postclosure care liability at June 30, 2006, 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 2006. 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, 2006.

The Twelfth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twelfth 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, 2006.

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
Twelfth 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. 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, 2006, was 10.94 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, 2006, Franklin County's annual pension cost of \$1,196,542 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, 2005, was ten years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-06	\$1,196,542	100%	\$0
6-30-05	1,040,293	100	0
6-30-04	704,240	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)
6-30-05	\$16,967	\$20,198	\$3,231	84.00%	\$8,909	36.27%
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

SCHOOL TEACHERS

Plan Description

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

Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us. 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, 2006, 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, 2006, 2005, and 2004, were \$1,033,863, \$1,019,778, and \$592,931, respectively, equal to the required contributions for each year.

H. Other Post-employment Benefits

In addition to the retirement commitments described above, the Franklin County School Department provides post-retirement benefits, in accordance with contract provisions, to certified employees who retire from the School Department. The School Department pays the same percentage of an individual's single medical insurance premium as the School Department pays for an active member until the employee is eligible for Medicare or Medicaid. Employees must either have a minimum of 30 years vested in the Tennessee Consolidated Retirement Systems and 30 years of professional/certified service in Franklin County Schools or have reached the age of 60 with a minimum of 25 years of professional/certified service in Franklin County Schools. Also, the employee must be employed with the Franklin County School Department at the time of retirement. Currently only one retiree met those eligibility requirements. During the year, expenditures totaling \$2,232 were recognized for post-employment health care.

I. 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.

J. 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.

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

A. Summary of Significant Accounting Policies

Business Activities

The Franklin County 9-1-1 Emergency Communications District is responsible for fielding 9-1-1 emergency phone calls as well as informing the appropriate authorities in Franklin County, the infrastructure related to such calls, and mapping of the county.

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, as well as the reported revenues and expenses. Actual results could vary from the estimates that were used.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Franklin County 9-1-1 Emergency Communications District. The Franklin County 9-1-1 Emergency Communications District is a component unit of Franklin County, Tennessee (the primary government). The district oversees and manages the county's Emergency Communication Centers. Three board members of the district are appointed by the Franklin County Commission each year to serve four year terms. The district must obtain the Franklin County Commission's approval before the issuance of most debt. The district is primarily funded by user charges.

The district's reports are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual method of accounting, revenues are recorded when earned, and expenses are reported when incurred. The district applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting

Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

In June 1999, the GASB unanimously approved Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, with which the district has complied.

Cash Deposits

The district is authorized to invest in the following types of securities and indebtedness, in accordance with governing statutes:

- (1) Bonds, notes, treasury bills, or similar types of indebtedness to the United States.
- (2) Non-convertible debt including Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bank, and Student Loan Marketing Association.
- (3) Other obligations not specified above which provide guaranteed principal and interest by the United States or any of its agencies.
- (4) Repurchase agreements which involve obligations of the United States or its agencies provided the term of the repurchase agreement does not extend beyond the maturity date of the obligation, and the market value of the security exceeds the cost of the security.
- (5) Money market funds invested in any of the aforementioned securities.

The district's deposits at year-end were entirely covered by federal depository insurance or by collateral held by the district's custodial bank in the district's name. The carrying amount of total cash deposits for the year ended June 30, 2006, was \$235,227. The amount of deposits collateralized with securities held by pledging financial institution and federal depository insurance was \$235,227.

Utility Plant

Equipment and property additions are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful life.

Cash Flow

For purposes of the statement of cash flows, the district considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Budgetary Data

Formal budgetary accounting is employed as a management control for all funds of the district. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the proprietary funds, and the same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principles basis. Budgetary control is exercised at the departmental level. All unencumbered budget appropriations, except project budgets, lapse at the end of each fiscal year.

B. Utility Plant

A summary of changes in the utility plant is as follows:

	<u>7-1-05</u>	<u>Additions</u>	<u>6-30-06</u>
Equipment	\$ 157,919	\$ 0	\$ 157,919
Less: Accumulated Depreciation	<u>(114,252)</u>	<u>(5,827)</u>	<u>(120,079)</u>
Total	<u>\$ 43,667</u>	<u>\$ (5,827)</u>	<u>\$ 37,840</u>

C. Cash Flow

At June 30, 2006, total cash was \$235,228, of which \$166,330 is held in certificates of deposit with maturities of more than three months, leaving \$68,898 considered as cash equivalents.

D. Budgeting Procedures

The official budget for June 30, 2006, was prepared for adoption for the proprietary fund by June 20, 2005.

E. Exposure

The district is included under the county coverage for the risks of losses to which it is exposed. These risks include general liability, property, and casualty. Settlement claims have not exceeded coverage in the past three years, and there are currently no pending lawsuits.

F. Public Safety Answering Point

The district discontinued the usage of the Sewanee Public Safety Answering Point due to lack of calls throughout the year as well as the costs associated with the Point. Due to this restructuring, the district was able to renegotiate its agreement with Franklin County and the resulting impact fees.

G. Grants

During the year, the district applied for several grants. The district expects to receive \$50,000 from the Tennessee Emergency Communications Board (TECB) during the next fiscal year. The district also has qualified for a “Tier 1” grant from the TECB but has not received notification of being a recipient. No grant monies were received before June 30, 2006.

VII. OTHER NOTES – DISCRETELY PRESENTED INDUSTRIAL DEVELOPMENT BOARD OF FRANKLIN COUNTY, TENNESSEE

A. Summary of Significant Accounting Policies

1. Business Activity

The Industrial Development Board of Franklin County, Tennessee, is responsible for attracting and retaining industrial commerce in Franklin County. The board employs a full-time director, John Payne, to facilitate these developments.

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, as well as the reported revenues and expenses. Actual results could vary from the estimates that were used.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Industrial Development Board of Franklin County, Tennessee. The board is a component unit of Franklin County, Tennessee (the primary government). Board members are appointed by the Franklin County Commission to serve for six years. The board must obtain the Franklin County Commission’s approval before the issuance of most debt.

The board’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, that do not conflict with or contradict GASB pronouncements.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments, with which the board has complied.

2. Basic Financial Statements - Government-Wide Statements

The board's basic financial statements include both government-wide reporting and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as governmental or business type. The board's general administrative services are classified as governmental activities. There are no business-type activities.

In the government-wide Statement of Net Assets, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The board's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and the net cost of the board's functions. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function.

The net costs (by function) are normally covered by general revenue.

The board does not allocate indirect costs.

This government-wide focus is more on the sustainability of the board as an entity and the change in the board's net assets resulting from the current year's activities.

3. Basic Financial Statements - Fund Financial Statements

The financial transactions of the board are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the board:

Governmental Funds

The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the board:

The General Fund is the general operating fund of the board. It is used to account for all financial resources except those required to be accounted for in another fund.

4. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, are recognized when due.

5. Capital Assets

Equipment and property additions are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful life.

B. Cash Deposits

The board is authorized to issue its bonds, and otherwise to borrow money from banks or other financial institutions by issuing its notes.

The board's policy related to deposits and investments requires the financial institution to collateralize deposits over \$100,000 by pledging securities individually or the financial institution to be a member of the State of Tennessee Bank Collateral Pool during the time period of the deposit. The board's deposits at year-end were entirely covered by federal depository insurance or by collateral held by the board's custodial bank in the board's name. The carrying amount of total cash deposits for the year ended June 30, 2006, is \$8,449.

C. Capital Assets

A summary of changes in the capital assets is as follows:

	<u>7-1-05</u>	<u>Additions</u>	<u>Deletions</u>	<u>6-30-06</u>
Equipment	\$ 11,743	\$ 250	\$ (1,760)	\$ 10,233
Less: Accumulated Depreciation	<u>(8,130)</u>	<u>(944)</u>	<u>1,760</u>	<u>(7,314)</u>
Total	<u>\$ 3,613</u>	<u>\$ (694)</u>	<u>\$ 0</u>	<u>\$ 2,919</u>

D. Pension Plan

Plan Description

Employees of The Industrial Development Board of Franklin County, Tennessee, 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. 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 The Industrial Development Board of Franklin County, Tennessee, 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, Tennessee 37243-0230 or can be accessed at

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

The Industrial Development Board of Franklin County, Tennessee, has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll.

The Industrial Development Board of Franklin County, Tennessee, is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2006, was 10.94 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for The Industrial Development Board of Franklin County, Tennessee, is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2006, The Industrial Development Board of Franklin County, Tennessee's annual pension cost of \$5,610.77 to TCRS was equal to The Industrial Development Board of Franklin County, Tennessee'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. The Industrial Development Board of Franklin County, Tennessee's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 10 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-06	\$5,610	100%	\$0

E. Contingency

The board receives a substantial amount of its support from local governments. A significant reduction in the level of such support, if this were to occur, may have an effect on the board's programs and activities.

F. Budget

The board does not operate under a mandated budget. A request is submitted to the Franklin County Commission for funds based on certain appropriations. The funds are then remitted to the board by the Franklin County Commission on a monthly basis.

G. Exposure

The board is included under the county coverage for the risks of losses to which it is exposed. These risks include general liability, property, and casualty. Settlement claims have not exceeded coverage in the past three years, and there are currently no lawsuits.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 6,267,225	\$ 0	\$ 0	\$ 6,267,225	\$ 6,080,524	\$ 6,017,419	\$ 249,806
Licenses and Permits	62,728	0	0	62,728	50,300	50,300	12,428
Fines, Forfeitures, and Penalties	148,963	0	0	148,963	123,075	123,075	25,888
Charges for Current Services	180,259	0	0	180,259	169,555	169,805	10,454
Other Local Revenues	66,449	0	0	66,449	167,800	57,800	8,649
Fees Received from County Officials	1,693,389	0	0	1,693,389	1,544,832	1,544,832	148,557
State of Tennessee	1,612,189	0	0	1,612,189	1,659,560	1,683,363	(71,174)
Federal Government	965,506	0	0	965,506	23,250	1,108,863	(143,357)
Other Governments and Citizens Groups	521,623	0	0	521,623	177,500	533,449	(11,826)
Total Revenues	\$ 11,518,331	\$ 0	\$ 0	\$ 11,518,331	\$ 9,996,396	\$ 11,288,906	\$ 229,425
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 256,653	\$ (57,441)	\$ 2,697	\$ 201,909	\$ 332,621	\$ 241,571	\$ 39,662
Beer Board	2,057	(35)	30	2,052	2,600	2,600	548
County Mayor/Executive	143,731	(299)	560	143,992	149,345	146,345	2,353
County Attorney	7,200	0	0	7,200	7,200	7,200	0
Election Commission	174,552	(90)	881	175,343	189,689	182,824	7,481
Register of Deeds	259,170	(523)	184	258,831	259,511	264,347	5,516
Planning	133,744	(3,942)	1,139	130,941	145,323	139,423	8,482
Geographical Information Systems	82,133	(15,000)	0	67,133	101,426	70,863	3,730
County Buildings	437,408	(2,002)	6,081	441,487	432,586	459,916	18,429
<u>Finance</u>							
Property Assessor's Office	374,849	0	997	375,846	382,981	380,249	4,403
County Trustee's Office	222,012	0	146	222,158	225,358	225,358	3,200
County Clerk's Office	373,883	(308)	1,462	375,037	377,033	381,033	5,996
Other Finance	559,604	(2,805)	3,142	559,941	563,063	563,063	3,122

(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 7/1/2005	Add: Encumbrances 6/30/2006	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	\$ 688,085	\$ (7,688)	\$ 2,650	\$ 683,047	\$ 692,129	\$ 693,129	\$ 10,082
General Sessions Court	218,604	0	180	218,784	225,088	225,088	6,304
Chancery Court	135,276	(1,580)	616	134,312	134,300	135,275	963
Juvenile Court	103,285	(62)	0	103,223	106,517	107,532	4,309
Probation Services	70,618	0	0	70,618	78,977	76,477	5,859
<u>Public Safety</u>							
Sheriff's Department	2,060,577	(1,378)	7,430	2,066,629	1,979,463	2,070,803	4,174
Administration of the Sexual Offender Registry	240	0	0	240	0	250	10
Jail	1,238,419	(25,787)	7,817	1,220,449	1,170,847	1,233,847	13,398
Juvenile Services	13,994	0	0	13,994	13,615	15,615	1,621
Civil Defense	118,406	(5,462)	2,114	115,058	108,973	116,473	1,415
Rescue Squad	27,250	0	0	27,250	27,250	27,250	0
Other Emergency Management	612,551	(4,400)	6,048	614,199	612,234	618,737	4,538
County Coroner/Medical Examiner	44,614	0	0	44,614	24,000	46,500	1,886
Other Public Safety	12,000	0	0	12,000	12,000	12,000	0
<u>Public Health and Welfare</u>							
Local Health Center	35,875	(1,901)	595	34,569	32,392	37,192	2,623
Rabies and Animal Control	82,448	0	68	82,516	81,849	82,849	333
Crippled Children Services	2,683	0	0	2,683	2,683	2,683	0
Other Local Health Services	135,472	0	3,000	138,472	163,000	143,000	4,528
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	59,781	(385)	320	59,716	72,894	64,894	5,178
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	37,774	(750)	3,940	40,964	41,185	41,185	221

(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 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Social, Cultural, and Recreational Services (Cont.)</u>							
Libraries	\$ 121,874	\$ 0	\$ 0	\$ 121,874	\$ 150,223	\$ 150,223	\$ 28,349
Parks and Fair Boards	62,602	(1,425)	2,178	63,355	75,833	67,833	4,478
Other Social, Cultural, and Recreational	0	0	1,461	1,461	0	0	(1,461)
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	71,445	0	0	71,445	80,606	77,606	6,161
Soil Conservation	69,559	0	0	69,559	69,398	69,398	(161)
<u>Other Operations</u>							
Industrial Development	134,460	(125)	829	135,164	138,336	138,336	3,172
Other Economic and Community Development	880,550	0	0	880,550	83,264	937,153	56,603
Veterans' Services	15,702	0	75	15,777	15,798	15,798	21
Other Charges	679,339	(3,300)	280	676,319	737,902	690,002	13,683
Contributions to Other Agencies	54,836	0	0	54,836	69,690	60,690	5,854
<u>Capital Projects</u>							
General Administration Projects	52,566	0	27,840	80,406	98,667	82,478	2,072
Administration of Justice Projects	47,083	(17,987)	6,587	35,683	30,000	36,800	1,117
Public Safety Projects	507,418	(67,600)	80,613	520,431	88,000	692,151	171,720
Public Health and Welfare Projects	12,075	0	0	12,075	12,000	12,100	25
Social, Cultural, and Recreation Projects	0	0	0	0	15,000	0	0
Other General Government Projects	34,999	0	0	34,999	200,000	35,000	1
<u>Capital Projects - Donated</u>							
Capital Projects Donated to Other Entities	2,524	(1,360)	0	1,164	0	0	(1,164)
Total Expenditures	\$ 11,531,943	\$ (223,635)	\$ 171,960	\$ 11,480,268	\$ 10,672,812	\$ 11,941,102	\$ 460,834
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (13,612)	\$ 223,635	\$ (171,960)	\$ 38,063	\$ (676,416)	\$ (652,196)	\$ 690,259

(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 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 7,606	\$ 0	\$ 0	\$ 7,606	\$ 56,498	\$ 56,498	\$ (48,892)
Transfers Out	(65,000)	0	0	(65,000)	(65,000)	(65,000)	0
Total Other Financing Sources (Uses)	\$ (57,394)	\$ 0	\$ 0	\$ (57,394)	\$ (8,502)	\$ (8,502)	\$ (48,892)
Net Change in Fund Balance	\$ (71,006)	\$ 223,635	\$ (171,960)	\$ (19,331)	\$ (684,918)	\$ (660,698)	\$ 641,367
Fund Balance, July 1, 2005	2,872,613	(223,635)	0	2,648,978	3,028,247	3,028,247	(379,269)
Fund Balance, June 30, 2006	\$ 2,801,607	\$ 0	\$ (171,960)	\$ 2,629,647	\$ 2,343,329	\$ 2,367,549	\$ 262,098

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 852,026	\$ 0	\$ 0	\$ 852,026	\$ 826,867	\$ 826,867	\$ 25,159
Licenses and Permits	6,179	0	0	6,179	7,250	7,250	(1,071)
Charges for Current Services	17,570	0	0	17,570	33,000	33,000	(15,430)
Other Local Revenues	354,128	0	0	354,128	340,000	340,000	14,128
State of Tennessee	29,471	0	0	29,471	30,000	30,000	(529)
Total Revenues	\$ 1,259,374	\$ 0	\$ 0	\$ 1,259,374	\$ 1,237,117	\$ 1,237,117	\$ 22,257
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Education/Information	\$ 2,092	\$ 0	\$ 0	\$ 2,092	\$ 2,500	\$ 2,500	\$ 408
Convenience Centers	222,085	(350)	10,851	232,586	232,709	232,709	123
Transfer Stations	908,376	(1,150)	3,087	910,313	902,057	911,057	744
Postclosure Care Costs	8,801	0	0	8,801	15,000	10,000	1,199
<u>Other Operations</u>							
Other Charges	72,366	0	0	72,366	80,558	76,558	4,192
Total Expenditures	\$ 1,213,720	\$ (1,500)	\$ 13,938	\$ 1,226,158	\$ 1,232,824	\$ 1,232,824	\$ 6,666
Excess (Deficiency) of Revenues Over Expenditures	\$ 45,654	\$ 1,500	\$ (13,938)	\$ 33,216	\$ 4,293	\$ 4,293	\$ 28,923
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (3,803)	\$ 0	\$ 0	\$ (3,803)	\$ (3,803)	\$ (3,803)	\$ 0
Total Other Financing Sources (Uses)	\$ (3,803)	\$ 0	\$ 0	\$ (3,803)	\$ (3,803)	\$ (3,803)	\$ 0
Net Change in Fund Balance	\$ 41,851	\$ 1,500	\$ (13,938)	\$ 29,413	\$ 490	\$ 490	\$ 28,923
Fund Balance, July 1, 2005	380,347	(1,500)	0	378,847	334,867	334,867	43,980
Fund Balance, June 30, 2006	\$ 422,198	\$ 0	\$ (13,938)	\$ 408,260	\$ 335,357	\$ 335,357	\$ 72,903

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, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Total 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, 2005	5,745,000	5,475,000	5,745,000	0
Fund Balance, June 30, 2006	\$ 5,745,000	\$ 5,475,000	\$ 5,745,000	\$ 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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 412,438	\$ 0	\$ 0	\$ 412,438	\$ 300,189	\$ 300,189	\$ 112,249
Licenses and Permits	1,240	0	0	1,240	1,200	1,200	40
Charges for Current Services	1,193	0	0	1,193	2,000	2,000	(807)
Other Local Revenues	41,434	0	0	41,434	20,000	20,000	21,434
State of Tennessee	2,058,221	0	0	2,058,221	2,517,885	2,517,885	(459,664)
Total Revenues	\$ 2,514,526	\$ 0	\$ 0	\$ 2,514,526	\$ 2,841,274	\$ 2,841,274	\$ (326,748)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 214,278	\$ (200)	\$ 220	\$ 214,298	\$ 274,923	\$ 274,923	\$ 60,625
Highway and Bridge Maintenance	689,074	(2,234)	3,679	690,519	796,390	796,390	105,871
Operation and Maintenance of Equipment	294,694	(8,405)	6,706	292,995	318,755	339,755	46,760
Quarry Operations	252,035	(1,929)	1,579	251,685	291,965	291,965	40,280
Other Charges	165,078	0	450	165,528	171,512	171,512	5,984
Capital Outlay	491,702	(28,763)	338,409	801,348	1,123,119	1,263,600	462,252
<u>Principal on Debt</u>							
Highways and Streets	72,219	0	0	72,219	0	72,219	0
<u>Interest on Debt</u>							
Highways and Streets	12,695	0	0	12,695	0	15,400	2,705
Total Expenditures	\$ 2,191,775	\$ (41,531)	\$ 351,043	\$ 2,501,287	\$ 2,976,664	\$ 3,225,764	\$ 724,477
Excess (Deficiency) of Revenues Over Expenditures							
	\$ 322,751	\$ 41,531	\$ (351,043)	\$ 13,239	\$ (135,390)	\$ (384,490)	\$ 397,729
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 5,000	\$ 0	\$ 0	\$ 5,000	\$ 100,000	\$ 100,000	\$ (95,000)
Transfers Out	(403,803)	0	0	(403,803)	(403,803)	(403,803)	0
Total Other Financing Sources (Uses)	\$ (398,803)	\$ 0	\$ 0	\$ (398,803)	\$ (303,803)	\$ (303,803)	\$ (95,000)
Net Change in Fund Balance							
	\$ (76,052)	\$ 41,531	\$ (351,043)	\$ (385,564)	\$ (439,193)	\$ (688,293)	\$ 302,729
Fund Balance, July 1, 2005	1,089,913	(41,531)	0	1,048,382	1,349,232	1,349,232	(300,850)
Fund Balance, June 30, 2006	\$ 1,013,861	\$ 0	\$ (351,043)	\$ 662,818	\$ 910,039	\$ 660,939	\$ 1,879

FRANKLIN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2006

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

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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.

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.

Capital Projects Fund

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

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

Exhibit G-1

Franklin County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2006

	Special Revenue Funds					Total	Debt	Capital	Total
	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees		Service Fund	Projects Fund	
<u>ASSETS</u>									
Cash	\$ 0	\$ 0	\$ 0	\$ 0	791	\$ 791	\$ 0	\$ 0	791
Equity in Pooled Cash and Investments	41,849	10,235	30,650	58,028	0	140,762	1,698,247	0	1,839,009
Accounts Receivable	0	5,645	0	100	2,218	7,963	0	0	7,963
Due from Other Governments	0	3,767	0	0	0	3,767	191	0	3,958
Other Loan Proceeds Receivable	0	0	0	0	0	0	0	264,667	264,667
Property Taxes Receivable	0	659,534	0	0	0	659,534	541,721	0	1,201,255
Allowance for Uncollectible Property Taxes	0	(22,865)	0	0	0	(22,865)	(19,743)	0	(42,608)
Prepaid Items	0	0	0	0	0	0	4,575	0	4,575
Cash Shortage	0	0	0	0	21,848	21,848	0	0	21,848
Total Assets	\$ 41,849	\$ 656,316	\$ 30,650	\$ 58,128	\$ 24,857	\$ 811,800	\$ 2,224,991	\$ 264,667	\$ 3,301,458
<u>LIABILITIES AND FUND BALANCES</u>									
<u>Liabilities</u>									
Accounts Payable	\$ 0	\$ 0	\$ 504	\$ 557	\$ 0	\$ 1,061	\$ 0	\$ 264,667	\$ 265,728
Due to Other Funds	0	0	0	0	24,857	24,857	0	0	24,857
Due to State of Tennessee	0	0	0	84	0	84	0	0	84
Deferred Revenue - Current Property Taxes	0	624,928	0	0	0	624,928	511,305	0	1,136,233
Deferred Revenue - Delinquent Property Taxes	0	10,125	0	0	0	10,125	9,204	0	19,329
Total Liabilities	\$ 0	\$ 635,053	\$ 504	\$ 641	\$ 24,857	\$ 661,055	\$ 520,509	\$ 264,667	\$ 1,446,231
<u>Fund Balances</u>									
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 738	\$ 0	\$ 738	\$ 0	\$ 257,080	\$ 257,818
Unreserved (Deficit)	41,849	21,263	30,146	56,749	0	150,007	1,704,482	(257,080)	1,597,409
Total Fund Balances	\$ 41,849	\$ 21,263	\$ 30,146	\$ 57,487	\$ 0	\$ 150,745	\$ 1,704,482	\$ 0	\$ 1,855,227
Total Liabilities and Fund Balances	\$ 41,849	\$ 656,316	\$ 30,650	\$ 58,128	\$ 24,857	\$ 811,800	\$ 2,224,991	\$ 264,667	\$ 3,301,458

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, 2006

	Special Revenue Funds					Total	Debt	Capital	Total
	Courthouse and Jail Maintenance	Local Purpose Tax	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees		Service Fund	Projects Fund	
<u>Revenues</u>									
Local Taxes	\$ 37,015	\$ 431,162	\$ 0	\$ 0	\$ 0	\$ 468,177	\$ 794,911	\$ 0	\$ 1,263,088
Licenses and Permits	0	3,392	0	0	0	3,392	3,393	0	6,785
Fines, Forfeitures, and Penalties	0	0	45,737	24,777	0	70,514	0	0	70,514
Charges for Current Services	0	0	0	0	2,829	2,829	0	0	2,829
Other Local Revenues	0	0	272	1,779	0	2,051	536,796	0	538,847
State of Tennessee	0	0	38	0	0	38	0	0	38
Other Governments and Citizens Groups	0	0	800	20	0	820	0	0	820
Total Revenues	\$ 37,015	\$ 434,554	\$ 46,847	\$ 26,576	\$ 2,829	\$ 547,821	\$ 1,335,100	\$ 0	\$ 1,882,921
<u>Expenditures</u>									
Current:									
Finance	\$ 0	\$ 0	\$ 0	\$ 0	2,829	2,829	\$ 0	\$ 0	2,829
Administration of Justice	0	0	0	52,312	0	52,312	0	0	52,312
Public Safety	0	440,939	71,785	0	0	512,724	0	0	512,724
Other Operations	372	0	443	1,099	0	1,914	0	0	1,914
Debt Service:									
Principal on Debt	0	0	0	0	0	0	949,000	0	949,000
Interest on Debt	0	0	0	0	0	0	194,436	0	194,436
Other Debt Service	0	0	0	0	0	0	30,660	0	30,660
Capital Projects	0	0	0	0	0	0	0	1,186,060	1,186,060
Total Expenditures	\$ 372	\$ 440,939	\$ 72,228	\$ 53,411	\$ 2,829	\$ 569,779	\$ 1,174,096	\$ 1,186,060	\$ 2,929,935
Excess (Deficiency) of Revenues Over Expenditures	\$ 36,643	\$ (6,385)	\$ (25,381)	\$ (26,835)	\$ 0	\$ (21,958)	\$ 161,004	\$ (1,186,060)	\$ (1,047,014)
<u>Other Financing Sources (Uses)</u>									
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,652,072	\$ 1,652,072
Transfers In	0	0	0	0	0	0	493,300	0	493,300
Transfers Out	(33,300)	0	0	0	0	(33,300)	0	0	(33,300)
Total Other Financing Sources (Uses)	\$ (33,300)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (33,300)	\$ 493,300	\$ 1,652,072	\$ 2,112,072
Net Change in Fund Balances	\$ 3,343	\$ (6,385)	\$ (25,381)	\$ (26,835)	\$ 0	\$ (55,258)	\$ 654,304	\$ 466,012	\$ 1,065,058
Fund Balance, July 1, 2005	38,506	27,648	55,527	84,322	0	206,003	1,050,178	(466,012)	790,169
Fund Balance, June 30, 2006	\$ 41,849	\$ 21,263	\$ 30,146	\$ 57,487	\$ 0	\$ 150,745	\$ 1,704,482	\$ 0	\$ 1,855,227

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, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 37,015	\$ 33,750	\$ 33,750	\$ 3,265
Total Revenues	\$ 37,015	\$ 33,750	\$ 33,750	\$ 3,265
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 372	\$ 330	\$ 530	\$ 158
Total Expenditures	\$ 372	\$ 330	\$ 530	\$ 158
Excess (Deficiency) of Revenues Over Expenditures	\$ 36,643	\$ 33,420	\$ 33,220	\$ 3,423
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (33,300)	\$ (33,300)	\$ (33,300)	\$ 0
Total Other Financing Sources (Uses)	\$ (33,300)	\$ (33,300)	\$ (33,300)	\$ 0
Net Change in Fund Balance	\$ 3,343	\$ 120	\$ (80)	\$ 3,423
Fund Balance, July 1, 2005	38,506	37,238	37,238	1,268
Fund Balance, June 30, 2006	\$ 41,849	\$ 37,358	\$ 37,158	\$ 4,691

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 431,162	\$ 0	\$ 431,162	\$ 419,900	\$ 419,900	\$ 11,262
Licenses and Permits	3,392	0	3,392	3,900	3,900	(508)
Total Revenues	\$ 434,554	\$ 0	\$ 434,554	\$ 423,800	\$ 423,800	\$ 10,754
<u>Expenditures</u>						
<u>Public Safety</u>						
Fire Prevention and Control	\$ 440,939	\$ (910)	\$ 440,029	\$ 428,000	\$ 428,000	\$ (12,029)
Total Expenditures	\$ 440,939	\$ (910)	\$ 440,029	\$ 428,000	\$ 428,000	\$ (12,029)
Excess (Deficiency) of Revenues Over Expenditures	\$ (6,385)	\$ 910	\$ (5,475)	\$ (4,200)	\$ (4,200)	\$ (1,275)
Net Change in Fund Balance	\$ (6,385)	\$ 910	\$ (5,475)	\$ (4,200)	\$ (4,200)	\$ (1,275)
Fund Balance, July 1, 2005	27,648	(910)	26,738	10,175	10,175	16,563
Fund Balance, June 30, 2006	\$ 21,263	\$ 0	\$ 21,263	\$ 5,975	\$ 5,975	\$ 15,288

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 45,737	\$ 0	\$ 45,737	\$ 51,400	\$ 51,400	\$ (5,663)
Other Local Revenues	272	0	272	0	0	272
State of Tennessee	38	0	38	0	0	38
Other Governments and Citizens Groups	800	0	800	7,500	7,500	(6,700)
Total Revenues	<u>\$ 46,847</u>	<u>\$ 0</u>	<u>\$ 46,847</u>	<u>\$ 58,900</u>	<u>\$ 58,900</u>	<u>\$ (12,053)</u>
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 71,785	\$ (719)	\$ 71,066	\$ 58,500	\$ 90,701	\$ 19,635
<u>Other Operations</u>						
Other Charges	443	0	443	400	900	457
Total Expenditures	<u>\$ 72,228</u>	<u>\$ (719)</u>	<u>\$ 71,509</u>	<u>\$ 58,900</u>	<u>\$ 91,601</u>	<u>\$ 20,092</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (25,381)</u>	<u>\$ 719</u>	<u>\$ (24,662)</u>	<u>\$ 0</u>	<u>\$ (32,701)</u>	<u>\$ 8,039</u>
Net Change in Fund Balance	\$ (25,381)	\$ 719	\$ (24,662)	\$ 0	\$ (32,701)	\$ 8,039
Fund Balance, July 1, 2005	<u>55,527</u>	<u>(719)</u>	<u>54,808</u>	<u>56,366</u>	<u>56,366</u>	<u>(1,558)</u>
Fund Balance, June 30, 2006	<u>\$ 30,146</u>	<u>\$ 0</u>	<u>\$ 30,146</u>	<u>\$ 56,366</u>	<u>\$ 23,665</u>	<u>\$ 6,481</u>

Exhibit G-6

Franklin County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Other Special Revenue Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 24,777	\$ 0	\$ 24,777	\$ 23,790	\$ 23,790	\$ 987
Other Local Revenues	1,779	0	1,779	500	500	1,279
Federal Government	0	0	0	95,500	95,500	(95,500)
Other Governments and Citizens Groups	20	0	20	2,000	2,000	(1,980)
Total Revenues	<u>\$ 26,576</u>	<u>\$ 0</u>	<u>\$ 26,576</u>	<u>\$ 121,790</u>	<u>\$ 121,790</u>	<u>\$ (95,214)</u>
<u>Expenditures</u>						
<u>Administration of Justice</u>						
Drug Court	\$ 52,312	\$ 738	\$ 53,050	\$ 129,599	\$ 128,699	\$ 75,649
<u>Other Operations</u>						
Other Charges	1,099	0	1,099	400	1,300	201
Total Expenditures	<u>\$ 53,411</u>	<u>\$ 738</u>	<u>\$ 54,149</u>	<u>\$ 129,999</u>	<u>\$ 129,999</u>	<u>\$ 75,850</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (26,835)</u>	<u>\$ (738)</u>	<u>\$ (27,573)</u>	<u>\$ (8,209)</u>	<u>\$ (8,209)</u>	<u>\$ (19,364)</u>
Net Change in Fund Balance	\$ (26,835)	\$ (738)	\$ (27,573)	\$ (8,209)	\$ (8,209)	\$ (19,364)
Fund Balance, July 1, 2005	<u>84,322</u>	<u>0</u>	<u>84,322</u>	<u>82,244</u>	<u>82,244</u>	<u>2,078</u>
Fund Balance, June 30, 2006	<u>\$ 57,487</u>	<u>\$ (738)</u>	<u>\$ 56,749</u>	<u>\$ 74,035</u>	<u>\$ 74,035</u>	<u>\$ (17,286)</u>

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, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 794,911	\$ 757,213	\$ 757,213	\$ 37,698
Licenses and Permits	3,393	3,100	3,100	293
Other Local Revenues	536,796	100,000	100,000	436,796
Total Revenues	<u>\$ 1,335,100</u>	<u>\$ 860,313</u>	<u>\$ 860,313</u>	<u>\$ 474,787</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 949,000	\$ 1,139,000	\$ 1,139,000	\$ 190,000
<u>Interest on Debt</u>				
General Government	194,436	385,428	374,928	180,492
<u>Other Debt Service</u>				
General Government	30,660	20,000	30,500	(160)
Total Expenditures	<u>\$ 1,174,096</u>	<u>\$ 1,544,428</u>	<u>\$ 1,544,428</u>	<u>\$ 370,332</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 161,004</u>	<u>\$ (684,115)</u>	<u>\$ (684,115)</u>	<u>\$ 845,119</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 493,300	\$ 493,300	\$ 493,300	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 493,300</u>	<u>\$ 493,300</u>	<u>\$ 493,300</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 654,304	\$ (190,815)	\$ (190,815)	\$ 845,119
Fund Balance, July 1, 2005	<u>1,050,178</u>	<u>920,706</u>	<u>920,706</u>	<u>129,472</u>
Fund Balance, June 30, 2006	<u>\$ 1,704,482</u>	<u>\$ 729,891</u>	<u>\$ 729,891</u>	<u>\$ 974,591</u>

Major Governmental Fund

Education Debt Service Fund

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.

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, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,139,180	\$ 1,912,951	\$ 1,912,951	\$ 226,229
Licenses and Permits	5,555	6,500	6,500	(945)
State of Tennessee	67,214	0	14,000	53,214
Other Governments and Citizens Groups	700,000	100,000	700,000	0
Total Revenues	<u>\$ 2,911,949</u>	<u>\$ 2,019,451</u>	<u>\$ 2,633,451</u>	<u>\$ 278,498</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 1,287,000	\$ 1,287,000	\$ 1,287,000	\$ 0
<u>Interest on Debt</u>				
Education	1,255,229	1,245,801	1,259,801	4,572
<u>Other Debt Service</u>				
Education	43,118	47,000	47,000	3,882
Total Expenditures	<u>\$ 2,585,347</u>	<u>\$ 2,579,801</u>	<u>\$ 2,593,801</u>	<u>\$ 8,454</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 326,602</u>	<u>\$ (560,350)</u>	<u>\$ 39,650</u>	<u>\$ 286,952</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	\$ 326,602	\$ 39,650	\$ 39,650	\$ 286,952
Fund Balance, July 1, 2005	<u>2,813,196</u>	<u>2,724,769</u>	<u>2,724,769</u>	<u>88,427</u>
Fund Balance, June 30, 2006	<u>\$ 3,139,798</u>	<u>\$ 2,764,419</u>	<u>\$ 2,764,419</u>	<u>\$ 375,379</u>

Fiduciary Funds

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

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

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, 2006

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitutional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,620,646	\$ 1,620,646
Due from Other Governments	507,696	0	507,696
Cash Shortage	0	2,904	2,904
Total Assets	<u>\$ 507,696</u>	<u>\$ 1,623,550</u>	<u>\$ 2,131,246</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 507,696	\$ 0	\$ 507,696
Due to Litigants, Heirs, and Others	0	1,623,550	1,623,550
Total Liabilities	<u>\$ 507,696</u>	<u>\$ 1,623,550</u>	<u>\$ 2,131,246</u>

Exhibit I-2

Franklin County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2006

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,951,041	\$ 2,951,041	\$ 0
Due From Other Governments	509,010	507,696	509,010	507,696
Total Assets	\$ 509,010	\$ 3,458,737	\$ 3,460,051	\$ 507,696
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 509,010	\$ 3,458,737	\$ 3,460,051	\$ 507,696
Total Liabilities	\$ 509,010	\$ 3,458,737	\$ 3,460,051	\$ 507,696
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,439,568	\$ 13,689,488	\$ 13,508,410	\$ 1,620,646
Accounts Receivable	533	0	533	0
Cash Shortage	1,000	2,904	1,000	2,904
Total Assets	\$ 1,441,101	\$ 13,692,392	\$ 13,509,943	\$ 1,623,550
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,441,101	\$ 13,692,392	\$ 13,509,943	\$ 1,623,550
Total Liabilities	\$ 1,441,101	\$ 13,692,392	\$ 13,509,943	\$ 1,623,550
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,951,041	\$ 2,951,041	\$ 0
Cash	1,439,568	13,689,488	13,508,410	1,620,646
Accounts Receivable	533	0	533	0
Due From Other Governments	509,010	507,696	509,010	507,696
Cash Shortage	1,000	2,904	1,000	2,904
Total Assets	\$ 1,949,111	\$ 17,148,225	\$ 16,968,994	\$ 2,131,246
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 509,010	\$ 3,458,737	\$ 3,460,051	\$ 507,696
Due to Litigants, Heirs, and Others	1,441,101	13,692,392	13,509,943	1,623,550
Total Liabilities	\$ 1,950,111	\$ 17,151,129	\$ 16,969,994	\$ 2,131,246

Franklin County School Department

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, and two Special Revenue Funds.

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.

Exhibit J-1

Franklin County, Tennessee
Statement of Activities
Discretely Presented Franklin County School Department
For the Year Ended June 30, 2006

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	\$ 23,805,590	\$ 319,604	\$ 2,733,193	\$ 2,284	\$ (20,750,509)
Support Services	12,811,021	12,447	0	0	(12,798,574)
Operation of Noninstructional Services	3,981,600	1,455,484	2,015,094	16,734	(494,288)
Capital Outlay	714,586	0	0	0	(714,586)
Debt Service:					
Interest on Debt	4,682	0	0	0	(4,682)
Other Debt Service	600,000	0	0	0	(600,000)
Total Governmental Activities	\$ 41,917,479	\$ 1,787,535	\$ 4,748,287	\$ 19,018	\$ (35,362,639)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 8,148,993
Local Option Sales Tax					3,583,943
Other Local Taxes					6,225
Grants & Contributions not Restricted for Specific Programs					23,122,453
Unrestricted Investment Earnings					20,806
Miscellaneous					85,211
Sale of Land and Equipment					7,364
Total General Revenues					\$ 34,974,995
Change in Net Assets					\$ (387,644)
Net Assets, July 1, 2005					56,800,891
Net Assets, June 30, 2006					\$ 56,413,247

Exhibit J-2

Franklin County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Franklin County School Department
June 30, 2006

	<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	\$ 1,843	\$ 1,843
Equity in Pooled Cash and Investments	3,896,416	970,075	4,866,491
Accounts Receivable	59,999	1,999	61,998
Due from Other Governments	1,017,686	236,141	1,253,827
Property Taxes Receivable	8,094,278	0	8,094,278
Allowance for Uncollectible Property Taxes	(280,613)	0	(280,613)
Prepaid Items	367,530	0	367,530
Total Assets	<u>\$ 13,155,296</u>	<u>\$ 1,210,058</u>	<u>\$ 14,365,354</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 404,107	\$ 29,993	\$ 434,100
Accrued Payroll	4,160	0	4,160
Cash Overdraft	0	58,213	58,213
Deferred Revenue - Current Property Taxes	7,669,577	0	7,669,577
Deferred Revenue - Delinquent Property Taxes	124,258	0	124,258
Other Deferred Revenues	420,668	0	420,668
Total Liabilities	<u>\$ 8,622,770</u>	<u>\$ 88,206</u>	<u>\$ 8,710,976</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 1,038,732	\$ 207,173	\$ 1,245,905
Other Local Education Reserves	34,993	0	34,993
Reserved for Career Ladder - Extended Contract	70,440	0	70,440
Reserved for Career Ladder Program	2,582	0	2,582
Reserved for Technology	2,527	0	2,527
Reserved for Special Education - Grants to States	0	2,336	2,336
Unreserved, Reported In:			
General Fund	3,383,252	0	3,383,252
Special Revenue Funds	0	912,343	912,343
Total Fund Balances	<u>\$ 4,532,526</u>	<u>\$ 1,121,852</u>	<u>\$ 5,654,378</u>
Total Liabilities and Fund Balances	<u>\$ 13,155,296</u>	<u>\$ 1,210,058</u>	<u>\$ 14,365,354</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, 2006

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)		\$ 5,654,378	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	5,451,186	
Add: buildings and improvements net of accumulated depreciation		42,233,886	
Add: infrastructure net of accumulated depreciation		<u>2,783,466</u>	50,468,538
(2) Long-term liabilities are not due in the current period and therefore are not reported in the funds.			
Less: notes payable	\$	(150,000)	
Less: compensated absences		(103,256)	
Less: accrued interest on notes		<u>(1,339)</u>	(254,595)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			<u>544,926</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 56,413,247</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, 2006

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 11,833,223	\$ 0	\$ 11,833,223
Licenses and Permits	45,007	0	45,007
Charges for Current Services	319,847	1,455,484	1,775,331
Other Local Revenues	79,108	25,151	104,259
State of Tennessee	23,235,645	0	23,235,645
Federal Government	369,216	4,045,863	4,415,079
Total Revenues	<u>\$ 35,882,046</u>	<u>\$ 5,526,498</u>	<u>\$ 41,408,544</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 20,713,970	\$ 2,209,361	\$ 22,923,331
Support Services	12,221,736	560,815	12,782,551
Operation of Non-Instructional Services	1,185,103	2,570,147	3,755,250
Capital Outlay	714,586	0	714,586
Debt Service:			
Interest on Debt	3,343	0	3,343
Other Debt Service	600,000	0	600,000
Total Expenditures	<u>\$ 35,438,738</u>	<u>\$ 5,340,323</u>	<u>\$ 40,779,061</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 443,308</u>	<u>\$ 186,175</u>	<u>\$ 629,483</u>
<u>Other Financing Sources (Uses)</u>			
Notes Issued	\$ 150,000	\$ 0	\$ 150,000
Transfers In	104,197	171,994	276,191
Transfers Out	(171,994)	(104,197)	(276,191)
Total Other Financing Sources (Uses)	<u>\$ 82,203</u>	<u>\$ 67,797</u>	<u>\$ 150,000</u>
Net Change in Fund Balances	\$ 525,511	\$ 253,972	\$ 779,483
Fund Balance, July 1, 2005	4,007,015	867,880	4,874,895
Fund Balance, June 30, 2006	<u>\$ 4,532,526</u>	<u>\$ 1,121,852</u>	<u>\$ 5,654,378</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, 2006

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)		\$	779,483
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The amount that capital outlays differ from depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	958,852	
Less: current year depreciation		<u>(1,915,307)</u>	(956,455)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Add: deferred delinquent property taxes/other deferred June 30, 2006	\$	544,926	
Less: deferred delinquent property taxes/other deferred June 30, 2005		<u>(585,462)</u>	(40,536)
(3) The issuance of long-term debt (e.g., notes) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.			
Less: note proceeds			(150,000)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Less: change in accrued interest payable	\$	(1,339)	
Less: change in compensated absences		<u>(18,797)</u>	<u>(20,136)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (387,644)</u>

Exhibit J-6

Franklin County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Franklin County School Department
June 30, 2006

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,843	\$ 1,843
Equity in Pooled Cash and Investments	0	970,075	970,075
Accounts Receivable	1,875	124	1,999
Due from Other Governments	103,094	133,047	236,141
Total Assets	<u>\$ 104,969</u>	<u>\$ 1,105,089</u>	<u>\$ 1,210,058</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 29,505	\$ 488	\$ 29,993
Cash Overdraft	58,213	0	58,213
Total Liabilities	<u>\$ 87,718</u>	<u>\$ 488</u>	<u>\$ 88,206</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 14,915	\$ 192,258	\$ 207,173
Reserved for Special Education - Grants to States	2,336	0	2,336
Unreserved	0	912,343	912,343
Total Fund Balances	<u>\$ 17,251</u>	<u>\$ 1,104,601</u>	<u>\$ 1,121,852</u>
Total Liabilities and Fund Balances	<u>\$ 104,969</u>	<u>\$ 1,105,089</u>	<u>\$ 1,210,058</u>

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, 2006

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 1,455,484	\$ 1,455,484
Other Local Revenues	0	25,151	25,151
Federal Government	2,787,478	1,258,385	4,045,863
Total Revenues	<u>\$ 2,787,478</u>	<u>\$ 2,739,020</u>	<u>\$ 5,526,498</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,209,361	\$ 0	\$ 2,209,361
Support Services	560,815	0	560,815
Operation of Non-Instructional Services	86,854	2,483,293	2,570,147
Total Expenditures	<u>\$ 2,857,030</u>	<u>\$ 2,483,293</u>	<u>\$ 5,340,323</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (69,552)</u>	<u>\$ 255,727</u>	<u>\$ 186,175</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 0	\$ 171,994	\$ 171,994
Transfers Out	(74,228)	(29,969)	(104,197)
Total Other Financing Sources (Uses)	<u>\$ (74,228)</u>	<u>\$ 142,025</u>	<u>\$ 67,797</u>
Net Change in Fund Balances	\$ (143,780)	\$ 397,752	\$ 253,972
Fund Balance, July 1, 2005	161,031	706,849	867,880
Fund Balance, June 30, 2006	<u>\$ 17,251</u>	<u>\$ 1,104,601</u>	<u>\$ 1,121,852</u>

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 11,833,223	\$ 0	\$ 0	\$ 11,833,223	\$ 11,645,441	\$ 11,678,941	\$ 154,282
Licenses and Permits	45,007	0	0	45,007	48,000	48,000	(2,993)
Charges for Current Services	319,847	0	0	319,847	267,100	277,343	42,504
Other Local Revenues	79,108	0	0	79,108	88,000	113,763	(34,655)
State of Tennessee	23,235,645	0	0	23,235,645	22,630,533	23,379,802	(144,157)
Federal Government	369,216	0	0	369,216	104,063	378,484	(9,268)
Total Revenues	\$ 35,882,046	\$ 0	\$ 0	\$ 35,882,046	\$ 34,783,137	\$ 35,876,333	\$ 5,713
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 16,244,943	\$ (171,217)	\$ 543,418	\$ 16,617,144	\$ 16,281,391	\$ 16,738,263	\$ 121,119
Alternative Instruction Program	222,523	0	0	222,523	196,661	226,511	3,988
Special Education Program	2,600,485	(34,067)	48,690	2,615,108	2,615,856	2,667,999	52,891
Vocational Education Program	1,391,103	(3,322)	63,562	1,451,343	1,619,703	1,477,136	25,793
Student Body Education Program	206,616	(6,887)	4,462	204,191	176,780	217,654	13,463
Adult Education Program	48,300	(1,933)	241	46,608	43,517	51,876	5,268
<u>Support Services</u>							
Attendance	86,578	0	850	87,428	88,291	88,958	1,530
Health Services	83,403	0	0	83,403	81,417	87,417	4,014
Other Student Support	689,372	(68)	0	689,304	612,236	697,102	7,798
Regular Instruction Program	926,630	(13,651)	43,356	956,335	972,902	989,141	32,806
Special Education Program	263,408	(1,845)	36,746	298,309	254,796	317,475	19,166
Vocational Education Program	128,881	0	0	128,881	128,527	129,671	790
Adult Programs	65,960	0	0	65,960	74,333	70,861	4,901
Board of Education	834,311	(2,237)	3,012	835,086	779,745	850,668	15,582
Director of Schools	313,433	(5,246)	3,810	311,997	305,922	329,984	17,987

(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 7/1/2005	Add: Encumbrances 6/30/2006	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	\$ 2,082,039	\$ 0	\$ 0	\$ 2,082,039	\$ 2,033,904	\$ 2,082,239	\$ 200
Operation of Plant	3,195,732	(7,300)	1,576	3,190,008	3,312,453	3,325,897	135,889
Maintenance of Plant	1,380,960	(97,370)	62,377	1,345,967	1,377,968	1,420,867	74,900
Transportation	1,762,000	(4,957)	18,160	1,775,203	1,710,717	1,784,967	9,764
Central and Other	409,029	(831)	5,723	413,921	381,704	422,204	8,283
<u>Operation of Non-Instructional Services</u>							
Food Service	270,102	(38,921)	8,499	239,680	254,870	256,395	16,715
Community Services	390,455	(19,294)	7,941	379,102	323,053	387,973	8,871
Early Childhood Education	524,546	0	9,524	534,070	195,000	534,011	(59)
<u>Capital Outlay</u>							
Regular Capital Outlay	714,586	(14,061)	176,785	877,310	156,500	1,008,658	131,348
<u>Principal on Debt</u>							
Education	0	0	0	0	600,000	0	0
<u>Interest on Debt</u>							
Education	3,343	0	0	3,343	0	3,343	0
<u>Other Debt Service</u>							
Education	600,000	0	0	600,000	0	600,000	0
Total Expenditures	\$ 35,438,738	\$ (423,207)	\$ 1,038,732	\$ 36,054,263	\$ 34,578,246	\$ 36,767,270	\$ 713,007
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 443,308	\$ 423,207	\$ (1,038,732)	\$ (172,217)	\$ 204,891	\$ (890,937)	\$ 718,720
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 150,000	\$ 0	\$ 0	\$ 150,000	\$ 0	\$ 150,000	\$ 0
Transfers In	104,197	0	0	104,197	14,000	35,500	68,697

(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 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>							
Transfers Out	\$ (171,994)	\$ 0	\$ 0	\$ (171,994)	\$ (218,892)	\$ (175,673)	\$ 3,679
Total Other Financing Sources (Uses)	\$ 82,203	\$ 0	\$ 0	\$ 82,203	\$ (204,892)	\$ 9,827	\$ 72,376
Net Change in Fund Balance	\$ 525,511	\$ 423,207	\$ (1,038,732)	\$ (90,014)	\$ (1)	\$ (881,110)	\$ 791,096
Fund Balance, July 1, 2005	4,007,015	(423,207)	0	3,583,808	2,296,920	2,296,920	1,286,888
Fund Balance, June 30, 2006	\$ 4,532,526	\$ 0	\$ (1,038,732)	\$ 3,493,794	\$ 2,296,919	\$ 1,415,810	\$ 2,077,984

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 2,787,478	\$ 0	\$ 0	\$ 2,787,478	\$ 3,178,327	\$ 3,178,327	\$ (390,849)
Total Revenues	\$ 2,787,478	\$ 0	\$ 0	\$ 2,787,478	\$ 3,178,327	\$ 3,178,327	\$ (390,849)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,139,229	\$ 0	\$ 3,163	\$ 1,142,392	\$ 1,303,799	\$ 1,277,969	\$ 135,577
Special Education Program	933,407	0	2,039	935,446	1,065,965	1,105,281	169,835
Vocational Education Program	136,725	0	0	136,725	124,898	136,725	0
<u>Support Services</u>							
Health Services	154,082	0	0	154,082	146,883	146,883	(7,199)
Other Student Support	22,643	0	1,052	23,695	37,858	26,029	2,334
Regular Instruction Program	242,880	(500)	65	242,445	281,050	278,221	35,776
Alternative Instruction Program	11,289	0	6,327	17,616	40,000	40,000	22,384
Special Education Program	129,921	0	1,694	131,615	209,748	170,432	38,817
<u>Operation of Non-Instructional Services</u>							
Community Services	86,854	0	575	87,429	98,670	98,670	11,241
Total Expenditures	\$ 2,857,030	\$ (500)	\$ 14,915	\$ 2,871,445	\$ 3,308,871	\$ 3,280,210	\$ 408,765
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (69,552)	\$ 500	\$ (14,915)	\$ (83,967)	\$ (130,544)	\$ (101,883)	\$ 17,916
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 155,753	\$ 0	\$ 0
Transfers Out	(74,228)	0	0	(74,228)	(245,058)	(117,963)	43,735
Total Other Financing Sources (Uses)	\$ (74,228)	\$ 0	\$ 0	\$ (74,228)	\$ (89,305)	\$ (117,963)	\$ 43,735
Net Change in Fund Balance							
Fund Balance, July 1, 2005	\$ (143,780)	\$ 500	\$ (14,915)	\$ (158,195)	\$ (219,849)	\$ (219,846)	\$ 61,651
Fund Balance, June 30, 2006	161,031	(500)	0	160,531	219,849	219,849	(59,318)
Fund Balance, June 30, 2006	\$ 17,251	\$ 0	\$ (14,915)	\$ 2,336	\$ 0	\$ 3	\$ 2,333

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,455,484	\$ 0	\$ 0	\$ 1,455,484	\$ 1,402,000	\$ 1,425,000	\$ 30,484
Other Local Revenues	25,151	0	0	25,151	10,000	16,400	8,751
Federal Government	1,258,385	0	0	1,258,385	1,060,750	1,187,650	70,735
Total Revenues	<u>\$ 2,739,020</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,739,020</u>	<u>\$ 2,472,750</u>	<u>\$ 2,629,050</u>	<u>\$ 109,970</u>
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 2,483,293	\$ (10,013)	\$ 192,258	\$ 2,665,538	\$ 2,642,750	\$ 2,772,550	\$ 107,012
Total Expenditures	<u>\$ 2,483,293</u>	<u>\$ (10,013)</u>	<u>\$ 192,258</u>	<u>\$ 2,665,538</u>	<u>\$ 2,642,750</u>	<u>\$ 2,772,550</u>	<u>\$ 107,012</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 255,727</u>	<u>\$ 10,013</u>	<u>\$ (192,258)</u>	<u>\$ 73,482</u>	<u>\$ (170,000)</u>	<u>\$ (143,500)</u>	<u>\$ 216,982</u>
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 171,994	\$ 0	\$ 0	\$ 171,994	\$ 170,000	\$ 174,000	\$ (2,006)
Transfers Out	(29,969)	0	0	(29,969)	0	(30,500)	531
Total Other Financing Sources (Uses)	<u>\$ 142,025</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 142,025</u>	<u>\$ 170,000</u>	<u>\$ 143,500</u>	<u>\$ (1,475)</u>
Net Change in Fund Balance	\$ 397,752	\$ 10,013	\$ (192,258)	\$ 215,507	\$ 0	\$ 0	\$ 215,507
Fund Balance, July 1, 2005	706,849	(10,013)	0	696,836	643,005	643,005	53,831
Fund Balance, June 30, 2006	<u>\$ 1,104,601</u>	<u>\$ 0</u>	<u>\$ (192,258)</u>	<u>\$ 912,343</u>	<u>\$ 643,005</u>	<u>\$ 643,005</u>	<u>\$ 269,338</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Franklin County, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, Other Loans, and Bonds
Primary Government and Discretely Presented Franklin County School Department
For the Year Ended June 30, 2006

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-05	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-06
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund and</u>								
<u>Highway/Public Works Fund</u>								
Highway Equipment	\$ 500,000	5.15	% 9-19-1999	11-1-06	\$ 215,000	\$ 0	\$ 105,000	\$ 110,000
<u>CAPITAL LEASES</u>								
<u>Payable through Highway/Public Works Fund</u>								
Grader	114,148	5	10-5-04	11-8-08	\$ 98,886	\$ 0	\$ 27,219	\$ 71,667
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Industrial Revenue	378,000	5	11-18-1978	1-1-17	\$ 193,000	\$ 0	\$ 10,000	\$ 183,000
General Obligation Jail Refunding Bonds, Series 2003	3,545,000	3.13	6-26-03	6-30-16	3,415,000	0	280,000	3,135,000
Total Payable through General Debt Service Fund					\$ 3,608,000	\$ 0	\$ 290,000	\$ 3,318,000
<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	\$ 19,020,000	\$ 0	\$ 875,000	\$ 18,145,000
Refunding School Bonds, Series 2002	7,430,000	3.25 to 4.75	5-15-02	6-30-16	7,215,000	0	215,000	7,000,000
Total Payable through Education Debt Service Fund					\$ 26,235,000	\$ 0	\$ 1,090,000	\$ 25,145,000
Total Bonds Payable					\$ 29,843,000	\$ 0	\$ 1,380,000	\$ 28,463,000

(continued)

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-05	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-06
<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	\$ 2,196,000	\$ 0	\$ 107,000	\$ 2,089,000
School Building Project	1,873,000	variable	3-24-04	5-25-21	1,786,000	0	90,000	1,696,000
Total Payable through Education Debt Service Fund					\$ 3,982,000	\$ 0	\$ 197,000	\$ 3,785,000
<u>Payable through General Debt Service Fund</u>								
Public Work Projects	(1)	variable	9-3-04	5-25-14	\$ 2,041,210	\$ 1,652,072	\$ 599,000	\$ 3,094,282
Total Other Loans Payable					\$ 6,023,210	\$ 1,652,072	\$ 796,000	\$ 6,879,282
<u>DISCRETELY PRESENTED FRANKLIN COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
Lighting	150,000	4.3 to 4.55 %	10-14-05	10-14-11	\$ 0	\$ 150,000	\$ 0	\$ 150,000

(1) Total amount available under this Public Building Authority Loan Agreement is \$6,000,000, of which \$2,306,718 had not been drawn as of June 30, 2006.

Exhibit K-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
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>\$ 28,463,000</u>	<u>\$ 9,812,975</u>	<u>\$ 38,275,975</u>

Exhibit K-3

Franklin County, Tennessee

Schedule of Transfers

Primary Government and Discretely Presented Franklin County School Department

For the Year Ended June 30, 2006

<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	Highway/Public Works	Reimbursement of expenditures	5,000
Courthouse and Jail Maintenance	General Debt Service	Debt retirement	33,300
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 Transfers Primary Government			<u>\$ 505,906</u>
<u>Discretely Presented Franklin County School Department</u>			
General Purpose School	Central Cafeteria	Reimbursement of expenditures	\$ 171,994
School Federal Projects	General Purpose School	Indirect costs	74,228
Central Cafeteria	General Purpose School	Reimbursement of expenditures	<u>29,969</u>
Total Transfers Discretely Presented Franklin County School Department			<u>\$ 276,191</u>

Exhibit K-4

Franklin County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Franklin County School Department
For the Year Ended June 30, 2006

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 64,734	\$ 50,000	Western Surety Company
Superintendent of Highways	Section 8-24-102, <u>TCA</u>	61,652	100,000	"
Director of Schools	State Board of Education and Franklin County Board of Education	100,041	50,000	"
Finance Director	County Commission	61,620	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	56,048	999,100	RLI Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	56,048	10,000	Western Surety Company
County Clerk	Section 8-24-102, <u>TCA</u>	56,048	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	56,048	50,000	RLI Insurance Company
Clerk and Master	Section 8-24-102, <u>TCA</u>	57,348 (1)	50,000	Western Surety Company
Register	Section 8-24-102, <u>TCA</u>	56,048	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	62,171 (2)	25,000	RLI Insurance Company
Other Bonds:				
Public Employee Dishonesty			150,000	Tennessee School Boards Risk Management Trust

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

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

Exhibit K-5

Franklin County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2006

	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	\$ 5,416,240	\$ 0	\$ 800,563	\$ 340,680	\$ 0
Trustee's Collections - Prior Year	128,099	0	20,795	8,932	0
Circuit/Clerk & Master Collections - Prior Years	97,516	0	17,316	7,603	0
Interest and Penalty	25,060	0	3,783	1,633	0
Payments in-Lieu-of Taxes - T.V.A.	3,277	0	698	383	0
Payments in-Lieu-of Taxes - Local Utilities	20,623	0	0	0	0
Payments in-Lieu-of Taxes - Other	24,192	0	53	29	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	0
Hotel/Motel Tax	0	0	0	67,061	0
Litigation Tax - General	85,946	0	0	0	0
Litigation Tax - Special Purpose	0	1,282	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	35,733	0	0	0
Business Tax	235,069	0	0	0	0
Mineral Severance Tax	0	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	41,416	0	8,818	4,841	0
Wholesale Beer Tax	184,526	0	0	0	0
Interstate Telecommunications Tax	4,439	0	0	0	0
Other Statutory Local Taxes	822	0	0	0	0
Total Local Taxes	<u>\$ 6,267,225</u>	<u>\$ 37,015</u>	<u>\$ 852,026</u>	<u>\$ 431,162</u>	<u>\$ 0</u>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Vaccination	\$ 6,696	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	29,025	0	6,179	3,392	0
<u>Permits</u>					
Beer Permits	5,399	0	0	0	0
Building Permits	21,608	0	0	0	0
Total Licenses and Permits	<u>\$ 62,728</u>	<u>\$ 0</u>	<u>\$ 6,179</u>	<u>\$ 3,392</u>	<u>\$ 0</u>

(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	\$ 23,866	\$ 0	\$ 0	\$ 0	0
Officers Costs	16,838	0	0	0	0
Drug Control Fines	0	0	0	0	10,377
Drug Court Fees	0	0	0	0	0
Jail Fees	3,621	0	0	0	0
DUI Treatment Fines	0	0	0	0	0
Data Entry Fee - Circuit Court	2,830	0	0	0	0
<u>General Sessions Court</u>					
Fines	28,184	0	0	0	0
Officers Costs	45,082	0	0	0	0
Game and Fish Fines	882	0	0	0	0
Drug Control Fines	0	0	0	0	3,265
Drug Court Fees	0	0	0	0	0
Jail Fees	14,646	0	0	0	0
Interpreter Fees	225	0	0	0	0
DUI Treatment Fines	0	0	0	0	0
Data Entry Fee - General Sessions Court	5,954	0	0	0	0
<u>Juvenile Court</u>					
Fines	833	0	0	0	0
Officers Costs	2,829	0	0	0	0
Data Entry Fee - Juvenile Court	543	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	1,615	0	0	0	0
Data Entry Fee - Chancery Court	630	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	385	0	0	0	32,095
Total Fines, Forfeitures, and Penalties	\$ 148,963	\$ 0	\$ 0	\$ 0	45,737
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Transfer Waste Stations Collection Charge	\$ 0	\$ 0	10,000	\$ 0	0
Tipping Fees	0	0	7,570	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>General Service Charges (Cont.)</u>					
Other General Service Charges	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fees</u>					
Copy Fees	25	0	0	0	0
Telephone Commissions	6,522	0	0	0	0
Vending Machine Collections	213	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Data Processing Fee - Register	19,924	0	0	0	0
Probation Fees	147,888	0	0	0	0
Data Processing Fee - Sheriff	4,127	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,560	0	0	0	0
Total Charges for Current Services	\$ 180,259	\$ 0	\$ 17,570	\$ 0	0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	200,000	\$ 0	0
Lease/Rentals	28,000	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0
Sale of Maps	1,180	0	0	0	0
Sale of Recycled Materials	0	0	154,128	0	0
Miscellaneous Refunds	13,480	0	0	0	172
<u>Nonrecurring Items</u>					
Sale of Equipment	11,197	0	0	0	0
Sale of Property	1,660	0	0	0	0
Contributions & Gifts	2,826	0	0	0	100
<u>Other Local Revenues</u>					
Other Local Revenues	8,106	0	0	0	0
Total Other Local Revenues	\$ 66,449	\$ 0	\$ 354,128	\$ 0	272
<u>Fees Received from County Officials</u>					
<u>Fees-In-Lieu of Salary</u>					
County Clerk	\$ 321,139	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	236,015	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>					
General Sessions Court Clerk	\$ 191,171	\$ 0	\$ 0	\$ 0	0
Clerk and Master	88,885	0	0	0	0
Juvenile Court Clerk	43,642	0	0	0	0
Register	266,752	0	0	0	0
Sheriff	12,659	0	0	0	0
Trustee	533,126	0	0	0	0
Total Fees Received from County Officials	\$ 1,693,389	\$ 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	14,426	0	0	0	0
Solid Waste Grants	0	0	29,471	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	104,737	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	0
Litter Program	45,838	0	0	0	0
Tennessee Industrial Infrastructure Program	23,803	0	0	0	0
Other Public Works Grants	0	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	143,922	0	0	0	0
Beer Tax	17,212	0	0	0	0
Alcoholic Beverage Tax	52,120	0	0	0	0
Mixed Drink Tax	11,378	0	0	0	0
State Revenue Sharing - T.V.A.	708,992	0	0	0	0
Contracted Prisoner Boarding	454,275	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	7,606	0	0	0	0
Other State Revenues	2,500	0	0	0	38
Total State of Tennessee	\$ 1,612,189	\$ 0	\$ 29,471	\$ 0	38

(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	\$ 466,800	\$ 0	\$ 0	\$ 0	0
Homeland Security Grants	396,016	0	0	0	0
<u>Direct Federal Revenue</u>					
Forest Service	29,744	0	0	0	0
Other Direct Federal Revenue	72,946	0	0	0	0
Total Federal Government	<u>\$ 965,506</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 8,521	\$ 0	\$ 0	\$ 0	0
Contributions	158,944	0	0	0	0
<u>Citizens Groups</u>					
Donations	0	0	0	0	800
<u>Other</u>					
Other	354,158	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 521,623</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>800</u>
Total	<u>\$ 11,518,331</u>	<u>\$ 37,015</u>	<u>\$ 1,259,374</u>	<u>\$ 434,554</u>	<u>\$ 46,847</u>

(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	\$ 230,472	\$ 633,658	\$ 1,037,117	\$ 8,458,730
Trustee's Collections - Prior Year	0	0	5,394	13,484	24,271	200,975
Circuit/Clerk & Master Collections - Prior Years	0	0	4,130	11,315	18,521	156,401
Interest and Penalty	0	0	1,059	2,740	4,765	39,040
Payments in-Lieu-of Taxes - T.V.A.	0	0	140	383	627	5,508
Payments in-Lieu-of Taxes - Local Utilities	0	0	879	2,414	3,949	27,865
Payments in-Lieu-of Taxes - Other	0	0	1,032	2,833	674,799	702,938
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	367,204	367,204
Hotel/Motel Tax	0	0	0	0	0	67,061
Litigation Tax - General	0	0	0	123,243	0	209,189
Litigation Tax - Special Purpose	0	0	0	0	0	1,282
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	35,733
Business Tax	0	0	0	0	0	235,069
Mineral Severance Tax	0	0	167,501	0	0	167,501
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	1,769	4,841	7,927	69,612
Wholesale Beer Tax	0	0	0	0	0	184,526
Interstate Telecommunications Tax	0	0	0	0	0	4,439
Other Statutory Local Taxes	0	0	62	0	0	884
Total Local Taxes	\$ 0	\$ 0	\$ 412,438	\$ 794,911	\$ 2,139,180	\$ 10,933,957
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Vaccination	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,696
Cable TV Franchise	0	0	1,240	3,393	5,555	48,784
<u>Permits</u>						
Beer Permits	0	0	0	0	0	5,399
Building Permits	0	0	0	0	0	21,608
Total Licenses and Permits	\$ 0	\$ 0	\$ 1,240	\$ 3,393	\$ 5,555	\$ 82,487

(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	23,866
Officers Costs	0	0	0	0	0	16,838
Drug Control Fines	0	0	0	0	0	10,377
Drug Court Fees	2,187	0	0	0	0	2,187
Jail Fees	0	0	0	0	0	3,621
DUI Treatment Fines	3,988	0	0	0	0	3,988
Data Entry Fee - Circuit Court	0	0	0	0	0	2,830
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	28,184
Officers Costs	0	0	0	0	0	45,082
Game and Fish Fines	0	0	0	0	0	882
Drug Control Fines	0	0	0	0	0	3,265
Drug Court Fees	7,723	0	0	0	0	7,723
Jail Fees	0	0	0	0	0	14,646
Interpreter Fees	0	0	0	0	0	225
DUI Treatment Fines	10,879	0	0	0	0	10,879
Data Entry Fee - General Sessions Court	0	0	0	0	0	5,954
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	833
Officers Costs	0	0	0	0	0	2,829
Data Entry Fee - Juvenile Court	0	0	0	0	0	543
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	1,615
Data Entry Fee - Chancery Court	0	0	0	0	0	630
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	32,480
Total Fines, Forfeitures, and Penalties	\$ 24,777	\$ 0	\$ 0	\$ 0	\$ 0	219,477
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Transfer Waste Stations Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	10,000
Tipping Fees	0	0	0	0	0	7,570

(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	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	
<u>Charges for Current Services (Cont.)</u>						
<u>General Service Charges (Cont.)</u>						
Other General Service Charges	\$ 0	\$ 0	\$ 1,193	\$ 0	\$ 0	\$ 1,193
<u>Fees</u>						
Copy Fees	0	0	0	0	0	25
Telephone Commissions	0	0	0	0	0	6,522
Vending Machine Collections	0	0	0	0	0	213
Constitutional Officers' Fees and Commissions	0	2,829	0	0	0	2,829
Data Processing Fee - Register	0	0	0	0	0	19,924
Probation Fees	0	0	0	0	0	147,888
Data Processing Fee - Sheriff	0	0	0	0	0	4,127
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	1,560
Total Charges for Current Services	\$ 0	\$ 2,829	\$ 1,193	\$ 0	\$ 0	\$ 201,851
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 536,796	\$ 0	\$ 736,796
Lease/Rentals	0	0	0	0	0	28,000
Sale of Materials and Supplies	0	0	2,500	0	0	2,500
Sale of Maps	0	0	0	0	0	1,180
Sale of Recycled Materials	0	0	0	0	0	154,128
Miscellaneous Refunds	0	0	1,570	0	0	15,222
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	22,841	0	0	34,038
Sale of Property	0	0	0	0	0	1,660
Contributions & Gifts	0	0	0	0	0	2,926
<u>Other Local Revenues</u>						
Other Local Revenues	1,779	0	14,523	0	0	24,408
Total Other Local Revenues	\$ 1,779	\$ 0	\$ 41,434	\$ 536,796	\$ 0	\$ 1,000,858
<u>Fees Received from County Officials</u>						
<u>Fees-In-Lieu of Salary</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 321,139
Circuit Court Clerk	0	0	0	0	0	236,015

(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>						
General Sessions Court Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 191,171
Clerk and Master	0	0	0	0	0	88,885
Juvenile Court Clerk	0	0	0	0	0	43,642
Register	0	0	0	0	0	266,752
Sheriff	0	0	0	0	0	12,659
Trustee	0	0	0	0	0	533,126
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,693,389
<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	14,426
Solid Waste Grants	0	0	0	0	0	29,471
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	104,737
<u>Public Works Grants</u>						
State Aid Program	0	0	87,542	0	0	87,542
Litter Program	0	0	0	0	0	45,838
Tennessee Industrial Infrastructure Program	0	0	0	0	0	23,803
Other Public Works Grants	0	0	28,143	0	0	28,143
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	143,922
Beer Tax	0	0	0	0	0	17,212
Alcoholic Beverage Tax	0	0	0	0	0	52,120
Mixed Drink Tax	0	0	0	0	0	11,378
State Revenue Sharing - T.V.A.	0	0	0	0	0	708,992
Contracted Prisoner Boarding	0	0	0	0	0	454,275
Gasoline and Motor Fuel Tax	0	0	1,910,946	0	0	1,910,946
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	7,606
Other State Revenues	0	0	0	0	67,214	69,752
Total State of Tennessee	\$ 0	\$ 0	\$ 2,058,221	\$ 0	\$ 67,214	\$ 3,767,133

(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	466,800
Homeland Security Grants	0	0	0	0	0	396,016
<u>Direct Federal Revenue</u>						
Forest Service	0	0	0	0	0	29,744
Other Direct Federal Revenue	0	0	0	0	0	72,946
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	965,506
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	8,521
Contributions	20	0	0	0	700,000	858,964
<u>Citizens Groups</u>						
Donations	0	0	0	0	0	800
<u>Other</u>						
Other	0	0	0	0	0	354,158
Total Other Governments and Citizens Groups	\$ 20	\$ 0	\$ 0	\$ 0	\$ 700,000	\$ 1,222,443
Total	\$ 26,576	\$ 2,829	\$ 2,514,526	\$ 1,335,100	\$ 2,911,949	\$ 20,087,101

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, 2006

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 7,778,429	\$ 0	\$ 0	\$ 7,778,429
Trustee's Collections - Prior Year	182,036	0	0	182,036
Circuit/Clerk & Master Collections - Prior Years	138,979	0	0	138,979
Interest and Penalty	35,743	0	0	35,743
Payments in-Lieu-of Taxes - T.V.A.	4,707	0	0	4,707
Payments in-Lieu-of Taxes - Local Utilities	27,276	0	0	27,276
Payments in-Lieu-of Taxes - Other	34,737	0	0	34,737
<u>County Local Option Taxes</u>				
Local Option Sales Tax	3,565,600	0	0	3,565,600
<u>Statutory Local Taxes</u>				
Bank Excise Tax	59,491	0	0	59,491
Interstate Telecommunications Tax	6,225	0	0	6,225
Total Local Taxes	\$ 11,833,223	\$ 0	\$ 0	\$ 11,833,223
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 3,316	\$ 0	\$ 0	\$ 3,316
Cable TV Franchise	41,691	0	0	41,691
Total Licenses and Permits	\$ 45,007	\$ 0	\$ 0	\$ 45,007
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 17,579	\$ 0	\$ 0	\$ 17,579
Tuition - Summer School	3,370	0	0	3,370
Tuition - Other	298,655	0	0	298,655
Lunch Payments - Children	0	0	927,330	927,330
Lunch Payments - Adults	0	0	73,264	73,264
Income from Breakfast	0	0	48,353	48,353
Special Milk Sales	0	0	12,239	12,239
A la carte Sales	0	0	394,298	394,298
School Based Health Services - FFS	243	0	0	243
Total Charges for Current Services	\$ 319,847	\$ 0	\$ 1,455,484	\$ 1,775,331
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 20,806	\$ 20,806
Lease/Rentals	12,204	0	0	12,204
Miscellaneous Refunds	39,175	0	4,345	43,520
<u>Nonrecurring Items</u>				
Sale of Equipment	7,364	0	0	7,364
Contributions & Gifts	20,365	0	0	20,365
Total Other Local Revenues	\$ 79,108	\$ 0	\$ 25,151	\$ 104,259
<u>State of Tennessee</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 21,999,511	\$ 0	\$ 0	\$ 21,999,511
Early Childhood Education	578,412	0	0	578,412
School Food Service	33,204	0	0	33,204

(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	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Driver Education	\$ 17,450	\$ 0	\$ 0	\$ 17,450
Other State Education Funds	34,155	0	0	34,155
Career Ladder Program	337,927	0	0	337,927
Career Ladder - Extended Contract	146,426	0	0	146,426
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	50,000	0	0	50,000
Other State Grants	38,560	0	0	38,560
Total State of Tennessee	\$ 23,235,645	\$ 0	\$ 0	\$ 23,235,645
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,005,368	\$ 1,005,368
Breakfast	0	0	251,176	251,176
USDA - Other	0	0	1,841	1,841
Adult Education State Grant Program	61,334	0	0	61,334
Vocational Education - Basic Grants to States	0	150,318	0	150,318
Title I Grants to Local Education Agencies	0	938,309	0	938,309
Innovative Education Program Strategies	0	18,866	0	18,866
Special Education - Grants to States	63,909	1,219,145	0	1,283,054
Special Education Preschool Grants	0	56,968	0	56,968
Eisenhower Professional Development State Grants	101,432	236,788	0	338,220
Job Training Partnership Act	41,009	0	0	41,009
Other Federal through State	101,532	167,084	0	268,616
Total Federal Government	\$ 369,216	\$ 2,787,478	\$ 1,258,385	\$ 4,415,079
Total	\$ 35,882,046	\$ 2,787,478	\$ 2,739,020	\$ 41,408,544

Exhibit K-7

Franklin County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2006

General Fund

General Government

County Commission

Part-time Personnel	\$	1,932	
Board and Committee Members Fees		67,626	
Social Security		5,304	
State Retirement		483	
Unemployment Compensation		17	
Audit Services		8,956	
Bank Charges		1,473	
Contracts with Private Agencies		13,832	
Data Processing Services		7,548	
Dues and Memberships		14,278	
Engineering Services		56,676	
Legal Services		2,735	
Legal Notices, Recording, and Court Costs		4,386	
Postal Charges		242	
Travel		965	
Office Supplies		16,731	
In Service/Staff Development		435	
Tax Relief Program		45,678	
Other Charges		7,356	
Total County Commission			\$ 256,653

Beer Board

Contracts with Private Agencies	\$	1,500	
Legal Notices, Recording, and Court Costs		347	
Travel		210	
Total Beer Board			2,057

County Mayor/Executive

County Official/Administrative Officer	\$	64,734	
Assistant(s)		29,081	
Part-time Personnel		7,052	
Educational Incentive - Official/Admin Officer		1,000	
Educational Incentive - Other County Employees		1,000	
Longevity Pay		1,020	
Overtime Pay		763	
Social Security		7,929	
State Retirement		10,789	
Life Insurance		86	
Medical Insurance		8,987	
Disability Insurance		779	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Unemployment Compensation	\$	153	
Communication		866	
Maintenance Agreements		497	
Postal Charges		389	
Travel		2,352	
Office Supplies		1,190	
Premiums on Corporate Surety Bonds		175	
In Service/Staff Development		2,450	
Office Equipment		2,439	
Total County Mayor/Executive			\$ 143,731

County Attorney

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

Election Commission

County Official/Administrative Officer	\$	50,443	
Deputy(ies)		25,131	
Longevity Pay		360	
Overtime Pay		1,374	
Other Salaries & Wages		13,579	
Election Commission		1,100	
Election Workers		16,210	
Social Security		7,273	
State Retirement		8,588	
Life Insurance		86	
Medical Insurance		4,485	
Disability Insurance		629	
Unemployment Compensation		363	
Communication		1,116	
Data Processing Services		5,478	
Dues and Memberships		212	
Legal Notices, Recording, and Court Costs		3,168	
Maintenance & Repair Services - Equipment		3,265	
Postal Charges		3,425	
Printing, Stationery, and Forms		6,902	
Travel		122	
Other Contracted Services		5,000	
Data Processing Supplies		2,129	
Office Supplies		2,467	

(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.)

Utilities	\$	4,254	
Other Supplies and Materials		3,218	
Building and Contents Insurance		353	
Premiums on Corporate Surety Bonds		50	
In Service/Staff Development		2,572	
Voting Machines		1,200	
Total Election Commission			\$ 174,552

Register of Deeds

County Official/Administrative Officer	\$	56,048	
Deputy(ies)		88,300	
Part-time Personnel		11,816	
Educational Incentive - Official/Admin Officer		1,000	
Educational Incentive - Other County Employees		2,000	
Longevity Pay		1,800	
Social Security		11,747	
State Retirement		15,086	
Life Insurance		214	
Medical Insurance		19,252	
Disability Insurance		1,085	
Unemployment Compensation		483	
Communication		2,835	
Data Processing Services		18,265	
Dues and Memberships		557	
Maintenance Agreements		420	
Maintenance & Repair Services - Office Equipment		115	
Postal Charges		2,691	
Other Contracted Services		2,777	
Office Supplies		14,478	
Premiums on Corporate Surety Bonds		88	
In Service/Staff Development		1,977	
Data Processing Equipment		1,300	
Furniture and Fixtures		4,836	
Total Register of Deeds			259,170

Planning

County Official/Administrative Officer	\$	41,050	
Assistant(s)		40,956	
Educational Incentive - Other County Employees		1,000	
Longevity Pay		600	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Social Security	\$	6,341	
State Retirement		7,359	
Life Insurance		125	
Medical Insurance		4,485	
Disability Insurance		483	
Unemployment Compensation		346	
Communication		1,654	
Contracts with Government Agencies		10,500	
Dues and Memberships		644	
Legal Notices, Recording, and Court Costs		2,835	
Maintenance Agreements		3,605	
Maintenance & Repair Services - Vehicles		494	
Postal Charges		618	
Travel		93	
Gasoline		962	
Library Books/Media		343	
Office Supplies		5,589	
Vehicle and Equipment Insurance		1,431	
In Service/Staff Development		2,231	
Total Planning			\$ 133,744

Geographical Information Systems

Instructional Computer Personnel	\$	31,120	
Part-time Personnel		6,465	
Social Security		2,833	
State Retirement		3,689	
Life Insurance		43	
Medical Insurance		4,737	
Disability Insurance		264	
Unemployment Compensation		153	
Communication		882	
Postal Charges		6	
Other Contracted Services		15,350	
Data Processing Supplies		7,295	
Library Books/Media		313	
Office Supplies		397	
In Service/Staff Development		7,149	
Data Processing Equipment		1,437	
Total Geographical Information Systems			82,133

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

Assistant(s)	\$	120,942	
Supervisor/Director		26,510	
Part-time Personnel		11,116	
Longevity Pay		2,520	
Overtime Pay		5,045	
Social Security		11,884	
State Retirement		17,397	
Life Insurance		300	
Medical Insurance		29,991	
Disability Insurance		1,242	
Unemployment Compensation		684	
Communication		33,066	
Maintenance Agreements		5,689	
Maintenance & Repair Services - Buildings		19,175	
Maintenance & Repair Services - Equipment		1,342	
Maintenance & Repair Services - Vehicles		600	
Pest Control		6,266	
Rentals		14,400	
Custodial Supplies		9,231	
Gasoline		2,051	
Uniforms		3,086	
Utilities		83,785	
Other Supplies and Materials		2,368	
Building and Contents Insurance		25,856	
Vehicle and Equipment Insurance		2,862	
Total County Buildings			\$ 437,408

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	56,048
Deputy(ies)		118,332
Educational Incentive - Official/Admin Officer		1,000
Educational Incentive - Other County Employees		3,000
Longevity Pay		2,760
Overtime Pay		2,672
Other Salaries & Wages		44,022
Board and Committee Members Fees		2,020
Social Security		17,230
State Retirement		25,473
Life Insurance		343

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Medical Insurance	\$	31,019	
Disability Insurance		1,877	
Unemployment Compensation		587	
Other Fringe Benefits		300	
Communication		1,532	
Contracts with Government Agencies		17,790	
Contracts with Private Agencies		18,055	
Dues and Memberships		1,280	
Legal Notices, Recording, and Court Costs		256	
Maintenance Agreements		1,385	
Maintenance & Repair Services - Office Equipment		2,000	
Maintenance & Repair Services - Vehicles		1,872	
Postal Charges		2,456	
Travel		47	
Gasoline		4,654	
Office Supplies		4,749	
Utilities		26	
Vehicle and Equipment Insurance		2,862	
In Service/Staff Development		3,519	
Other Charges		1,620	
Data Processing Equipment		4,063	
Total Property Assessor's Office			\$ 374,849

County Trustee's Office

County Official/Administrative Officer	\$	56,048
Deputy(ies)		93,188
Part-time Personnel		1,471
Longevity Pay		1,080
Overtime Pay		220
Social Security		10,809
State Retirement		16,754
Life Insurance		214
Medical Insurance		22,423
Disability Insurance		1,242
Unemployment Compensation		440
Communication		811
Data Processing Services		996
Dues and Memberships		567
Postal Charges		7,560
Travel		356

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Office Supplies	\$	4,708	
Premiums on Corporate Surety Bonds		2,295	
In Service/Staff Development		830	
Total County Trustee's Office			\$ 222,012

County Clerk's Office

County Official/Administrative Officer	\$	56,048	
Deputy(ies)		163,638	
Part-time Personnel		29,189	
Longevity Pay		4,620	
Overtime Pay		3,681	
Social Security		19,242	
State Retirement		25,500	
Life Insurance		343	
Medical Insurance		35,859	
Disability Insurance		1,823	
Unemployment Compensation		855	
Communication		1,401	
Data Processing Services		14,179	
Dues and Memberships		582	
Maintenance Agreements		1,586	
Postal Charges		8,863	
Office Supplies		3,319	
Premiums on Corporate Surety Bonds		175	
In Service/Staff Development		1,680	
Data Processing Equipment		1,300	
Total County Clerk's Office			373,883

Other Finance

County Official/Administrative Officer	\$	61,620	
Deputy(ies)		42,698	
Accountants/Bookkeepers		278,431	
Educational Incentive - Official/Admin Officer		1,000	
Educational Incentive - Other County Employees		6,000	
Longevity Pay		5,160	
Social Security		29,604	
State Retirement		43,409	
Life Insurance		515	
Medical Insurance		44,847	
Disability Insurance		3,028	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Other Finance (Cont.)

Unemployment Compensation	\$	1,012	
Other Fringe Benefits		875	
Communication		3,125	
Dues and Memberships		1,344	
Maintenance Agreements		1,807	
Postal Charges		7,830	
Travel		151	
Data Processing Supplies		1,152	
Office Supplies		9,575	
Utilities		7,273	
Other Supplies and Materials		582	
Premiums on Corporate Surety Bonds		275	
In Service/Staff Development		7,156	
Other Charges		21	
Building Improvements		138	
Furniture and Fixtures		976	
Total Other Finance			\$ 559,604

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	56,048
Deputy(ies)		340,679
Part-time Personnel		67,396
Longevity Pay		4,140
Overtime Pay		3,310
Jury and Witness Fees		11,838
Social Security		34,744
State Retirement		44,813
Life Insurance		632
Medical Insurance		64,431
Disability Insurance		3,273
Unemployment Compensation		1,732
Communication		5,382
Data Processing Services		9,059
Dues and Memberships		522
Maintenance Agreements		2,931
Postal Charges		8,843
Travel		511
Other Contracted Services		4,835
Office Supplies		18,413

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Premiums on Corporate Surety Bonds	\$	112	
In Service/Staff Development		600	
Data Processing Equipment		2,646	
Furniture and Fixtures		1,195	
Total Circuit Court			\$ 688,085

General Sessions Court

Judge(s)	\$	100,402	
Deputy(ies)		62,976	
Longevity Pay		360	
Social Security		11,802	
State Retirement		15,167	
Life Insurance		129	
Medical Insurance		13,454	
Disability Insurance		1,371	
Unemployment Compensation		168	
Communication		3,195	
Maintenance & Repair Services - Equipment		922	
Postal Charges		170	
Travel		65	
Office Supplies		1,303	
Utilities		5,274	
Other Supplies and Materials		700	
In Service/Staff Development		1,146	
Total General Sessions Court			218,604

Chancery Court

County Official/Administrative Officer	\$	56,048	
Deputy(ies)		27,791	
Part-time Personnel		8,518	
Longevity Pay		1,620	
Social Security		6,846	
State Retirement		9,100	
Life Insurance		86	
Medical Insurance		9,187	
Disability Insurance		698	
Unemployment Compensation		269	
Communication		679	
Data Processing Services		3,021	
Dues and Memberships		522	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Postal Charges	\$	2,537	
Other Contracted Services		500	
Office Supplies		3,454	
Premiums on Corporate Surety Bonds		160	
Data Processing Equipment		4,240	
Total Chancery Court			\$ 135,276

Juvenile Court

County Official/Administrative Officer	\$	35,517	
Deputy(ies)		38,026	
Longevity Pay		960	
Social Security		5,466	
State Retirement		8,154	
Life Insurance		86	
Medical Insurance		4,485	
Disability Insurance		628	
Unemployment Compensation		168	
Communication		811	
Travel		1,261	
Office Supplies		684	
Utilities		5,274	
In Service/Staff Development		750	
Data Processing Equipment		1,015	
Total Juvenile Court			103,285

Probation Services

County Official/Administrative Officer	\$	39,046	
Part-time Personnel		17,932	
Longevity Pay		360	
Social Security		4,386	
State Retirement		4,448	
Life Insurance		43	
Disability Insurance		324	
Unemployment Compensation		166	
Communication		853	
Postal Charges		226	
Office Supplies		1,160	
Utilities		1,674	
Total Probation Services			70,618

(Continued)

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	61,652
Assistant(s)		17,143
Supervisor/Director		27,854
Deputy(ies)		424,857
Detective(s)		7,282
Investigator(s)		188,518
Captain(s)		42,119
Lieutenant(s)		132,524
Accountants/Bookkeepers		45,145
Instructional Computer Personnel		19,180
Salary Supplements		18,000
Guards		141,027
Part-time Personnel		39,948
School Resource Officer		55,649
Longevity Pay		10,740
Overtime Pay		73,650
In-Service Training		227
Social Security		96,545
State Retirement		117,081
Life Insurance		1,447
Medical Insurance		139,414
Disability Insurance		7,629
Unemployment Compensation		4,235
Other Fringe Benefits		1,500
Communication		26,235
Contracts with Private Agencies		1,982
Dues and Memberships		2,140
Maintenance Agreements		3,325
Maintenance & Repair Services - Buildings		22
Maintenance & Repair Services - Equipment		2,405
Maintenance & Repair Services - Vehicles		73,896
Postal Charges		1,053
Travel		217
Gasoline		103,290
Law Enforcement Supplies		6,233
Office Supplies		10,471
Tires and Tubes		7,571
Uniforms		10,138
Other Supplies and Materials		1,754
Building and Contents Insurance		30,039

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Liability Insurance	\$	50,835	
Premiums on Corporate Surety Bonds		269	
Vehicle and Equipment Insurance		34,660	
In Service/Staff Development		7,603	
Other Charges		9,534	
Data Processing Equipment		160	
Law Enforcement Equipment		606	
Motor Vehicles		55	
Other Equipment		2,718	
Total Sheriff's Department			\$ 2,060,577

Administration of the Sexual Offender Registry

Office Supplies	\$	240	
Total Administration of the Sexual Offender Registry			240

Jail

Assistant(s)	\$	39,738	
Deputy(ies)		25,307	
Medical Personnel		37,555	
Guards		376,905	
Clerical Personnel		25,542	
Cafeteria Personnel		38,047	
Part-time Personnel		36,350	
Longevity Pay		2,880	
Overtime Pay		12,140	
Social Security		44,577	
State Retirement		47,769	
Life Insurance		940	
Medical Insurance		67,321	
Disability Insurance		3,676	
Unemployment Compensation		2,583	
Maintenance Agreements		1,432	
Maintenance & Repair Services - Buildings		11,355	
Maintenance & Repair Services - Equipment		7,272	
Maintenance & Repair Services - Vehicles		11,063	
Medical and Dental Services		18,082	
Pest Control		748	
Transportation - Other than Students		4,404	
Custodial Supplies		27,918	
Food Supplies		137,972	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Law Enforcement Supplies	\$	1,366	
Prisoners Clothing		13,102	
Tires and Tubes		436	
Uniforms		2,785	
Utilities		79,400	
Other Supplies and Materials		4,978	
Medical Claims		146,580	
In Service/Staff Development		2,263	
Other Charges		3,805	
Data Processing Equipment		2,128	
Total Jail			\$ 1,238,419

Juvenile Services

Part-time Personnel	\$	7,942	
Social Security		596	
State Retirement		903	
Medical Insurance		1,402	
Unemployment Compensation		26	
Contracts with Private Agencies		3,125	
Total Juvenile Services			13,994

Civil Defense

County Official/Administrative Officer	\$	37,396	
Secretary(ies)		23,389	
Longevity Pay		420	
Social Security		4,656	
State Retirement		6,853	
Life Insurance		86	
Medical Insurance		4,486	
Disability Insurance		493	
Unemployment Compensation		168	
Communication		3,849	
Dues and Memberships		188	
Maintenance Agreements		2,392	
Maintenance & Repair Services - Buildings		1,713	
Maintenance & Repair Services - Equipment		447	
Maintenance & Repair Services - Vehicles		197	
Postal Charges		117	
Diesel Fuel		427	
Food Supplies		196	

(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.)

Gasoline	\$	1,995	
Office Supplies		2,467	
Utilities		6,894	
Other Supplies and Materials		3,141	
Building and Contents Insurance		1,851	
Liability Insurance		7,277	
Vehicle and Equipment Insurance		1,431	
In Service/Staff Development		1,000	
Other Charges		995	
Communication Equipment		475	
Data Processing Equipment		384	
Furniture and Fixtures		510	
Office Equipment		700	
Other Equipment		1,813	
Total Civil Defense			\$ 118,406

Rescue Squad

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

Other Emergency Management

County Official/Administrative Officer	\$	36,955	
Dispatchers/Radio Operators		318,711	
Part-time Personnel		29,606	
Longevity Pay		2,760	
Overtime Pay		16,312	
Social Security		29,683	
State Retirement		40,673	
Life Insurance		601	
Medical Insurance		49,331	
Disability Insurance		2,759	
Unemployment Compensation		1,467	
Communication		20,780	
Contracts with Private Agencies		29,283	
Maintenance & Repair Services - Equipment		2,133	
Postal Charges		193	
Travel		3,214	
Office Supplies		3,176	
Uniforms		292	
Utilities		1,712	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Other Supplies and Materials	\$	3,934	
Building and Contents Insurance		2,442	
Liability Insurance		7,326	
In Service/Staff Development		6,106	
Communication Equipment		2,840	
Data Processing Equipment		262	
Total Other Emergency Management			\$ 612,551

County Coroner/Medical Examiner

County Official/Administrative Officer	\$	6,000	
Medical Claims		38,614	
Total County Coroner/Medical Examiner			44,614

Other Public Safety

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

Public Health and Welfare

Local Health Center

Communication	\$	1,279	
Dues and Memberships		100	
Janitorial Services		9,280	
Maintenance & Repair Services - Buildings		1,227	
Postal Charges		2,001	
Custodial Supplies		1,322	
Office Supplies		721	
Utilities		15,746	
Building and Contents Insurance		2,628	
Liability Insurance		899	
In Service/Staff Development		75	
Other Charges		597	
Total Local Health Center			35,875

Rabies and Animal Control

Supervisor/Director	\$	28,376	
Longevity Pay		1,200	
Overtime Pay		8,839	
Social Security		2,901	
State Retirement		4,288	
Life Insurance		43	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Medical Insurance	\$	4,485	
Disability Insurance		236	
Unemployment Compensation		84	
Communication		1,379	
Maintenance & Repair Services - Buildings		22	
Maintenance & Repair Services - Vehicles		119	
Postal Charges		58	
Veterinary Services		1,220	
Other Contracted Services		21,059	
Animal Food and Supplies		260	
Custodial Supplies		280	
Gasoline		2,601	
Office Supplies		15	
Utilities		1,214	
Other Supplies and Materials		696	
Building and Contents Insurance		106	
Liability Insurance		1,536	
Vehicle and Equipment Insurance		1,431	
Total Rabies and Animal Control			\$ 82,448

Crippled Children Services

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

Other Local Health Services

Secretary(ies)	\$	31,075	
Longevity Pay		360	
Overtime Pay		19	
Other Salaries & Wages		64,443	
Social Security		7,219	
State Retirement		7,885	
Life Insurance		144	
Medical Insurance		12,527	
Disability Insurance		592	
Unemployment Compensation		470	
Travel		10,239	
Other Supplies and Materials		499	
Total Other Local Health Services			135,472

(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	\$ 35,888	
Longevity Pay	1,620	
Social Security	2,849	
State Retirement	4,319	
Life Insurance	54	
Medical Insurance	6,914	
Disability Insurance	296	
Unemployment Compensation	116	
Contracts with Other Public Agencies	7,100	
Other Supplies and Materials	625	
Total Waste Pickup		59,781

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 20,885	
Maintenance & Repair Services - Buildings	39	
Custodial Supplies	750	
Utilities	12,586	
Building and Contents Insurance	3,514	
Total Senior Citizens Assistance		37,774

Libraries

County Official/Administrative Officer	\$ 31,528
Assistant(s)	24,277
Librarians	18,783
Longevity Pay	1,200
Overtime Pay	21
Social Security	5,683

(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	\$	8,429	
Life Insurance		129	
Medical Insurance		13,672	
Disability Insurance		630	
Unemployment Compensation		251	
Contributions		14,971	
Building and Contents Insurance		2,300	
Total Libraries			\$ 121,874

Parks and Fair Boards

Supervisor/Director	\$	6,504	
Overtime Pay		133	
Other Salaries & Wages		8,703	
Social Security		1,174	
Unemployment Compensation		191	
Communication		479	
Contributions		24,136	
Maintenance & Repair Services - Buildings		21	
Utilities		10,821	
Other Supplies and Materials		9,490	
Other Capital Outlay		950	
Total Parks and Fair Boards			62,602

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$	54,353	
Part-time Personnel		5,200	
Social Security		398	
Unemployment Compensation		53	
Other Fringe Benefits		7,385	
Communication		2,741	
Other Supplies and Materials		425	
Data Processing Equipment		890	
Total Agriculture Extension Service			71,445

Soil Conservation

Secretary to Board	\$	24,096	
Longevity Pay		1,200	
Other Salaries & Wages		22,258	
Social Security		3,560	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Soil Conservation (Cont.)

State Retirement	\$	5,364	
Life Insurance		86	
Medical Insurance		9,187	
Disability Insurance		385	
Unemployment Compensation		168	
Contributions		<u>3,255</u>	
Total Soil Conservation	\$		69,559

Other Operations

Industrial Development

Assistant(s)	\$	28,710	
Longevity Pay		1,080	
Social Security		2,240	
State Retirement		3,359	
Life Insurance		43	
Medical Insurance		4,594	
Disability Insurance		239	
Unemployment Compensation		84	
Audit Services		1,675	
Communication		1,420	
Contributions		85,000	
Dues and Memberships		305	
Postal Charges		967	
Rentals		4,122	
Office Supplies		512	
Premiums on Corporate Surety Bonds		95	
Other Charges		<u>15</u>	
Total Industrial Development			134,460

Other Economic and Community Development

Contracts with Government Agencies	\$	83,264	
Contracts with Other Public Agencies		<u>797,286</u>	
Total Other Economic and Community Development			880,550

Veterans' Services

County Official/Administrative Officer	\$	13,692	
Social Security		1,047	
Unemployment Compensation		82	
Communication		517	
Postal Charges		78	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Travel	\$	84	
Office Supplies		202	
Total Veterans' Services			\$ 15,702

Other Charges

Contracts with Private Agencies	\$	300,000	
Medical and Dental Services		9,130	
Other Contracted Services		44	
Liability Insurance		84,088	
Medical Claims		10,856	
Trustee's Commission		131,314	
Workers' Compensation Insurance		123,047	
Liability Claims		13,803	
Other Charges		7,057	
Total Other Charges			679,339

Contributions to Other Agencies

Contributions	\$	54,836	
Total Contributions to Other Agencies			54,836

Capital Projects

General Administration Projects

Building Improvements	\$	9,400	
Motor Vehicles		9,750	
Office Equipment		33,416	
Total General Administration Projects			52,566

Administration of Justice Projects

Data Processing Equipment	\$	17,987	
Office Equipment		29,096	
Total Administration of Justice Projects			47,083

Public Safety Projects

Communication Equipment	\$	110,200	
Law Enforcement Equipment		8,500	
Motor Vehicles		36,148	
Other Equipment		352,570	
Total Public Safety Projects			507,418

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Capital Projects (Cont.)

Public Health and Welfare Projects

Motor Vehicles	\$ 12,075	
Total Public Health and Welfare Projects		\$ 12,075

Other General Government Projects

Other Equipment	\$ 34,999	
Total Other General Government Projects		34,999

Capital Projects - Donated

Capital Projects Donated to Other Entities

Other Equipment	\$ 1,360	
Other Construction	1,164	
Total Capital Projects Donated to Other Entities		<u>2,524</u>

Total General Fund		\$ 11,531,943
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Courthouse & Jail Maintenance Fund

Other Operations

Other Charges

Trustee's Commission	\$ 372	
Total Other Charges		<u>\$ 372</u>

Total Courthouse & Jail Maintenance Fund		372
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Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Advertising	\$ 922	
Other Supplies and Materials	1,170	
Total Sanitation Education/Information		\$ 2,092

Convenience Centers

Laborers	\$ 150,799
Social Security	11,536
Unemployment Compensation	1,598
Communication	5,390
Maintenance & Repair Services - Buildings	5,149
Maintenance & Repair Services - Equipment	10,677
Diesel Fuel	7,000
Utilities	12,624
Other Supplies and Materials	4,168

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Building Construction	\$	3,694	
Land		<u>9,450</u>	
Total Convenience Centers			\$ 222,085

Transfer Stations

County Official/Administrative Officer	\$	47,594
Deputy(ies)		28,351
Foremen		26,219
Mechanic(s)		24,768
Equipment Operators - Light		23,636
Truck Drivers		43,944
Laborers		78,313
Educational Incentive - Official/Admin Officer		2,000
Educational Incentive - Other County Employees		1,000
Longevity Pay		4,500
Overtime Pay		3,838
Social Security		21,291
State Retirement		30,818
Life Insurance		460
Medical Insurance		43,834
Disability Insurance		2,170
Unemployment Compensation		991
Communication		2,863
Contracts with Government Agencies		392,648
Contracts with Private Agencies		38,167
Legal Services		275
Maintenance Agreements		980
Maintenance & Repair Services - Equipment		27,303
Maintenance & Repair Services - Vehicles		410
Postal Charges		94
Travel		1,104
Diesel Fuel		16,764
Gasoline		3,192
Lubricants		1,355
Office Supplies		1,950
Tires and Tubes		6,231
Uniforms		1,526
Utilities		1,692
Vehicle Parts		1,853
Other Supplies and Materials		11,579

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Transfer Stations (Cont.)

In Service/Staff Development	\$	1,271	
Building Improvements		575	
Solid Waste Equipment		12,817	
Total Transfer Stations			\$ 908,376

Postclosure Care Costs

Contracts with Private Agencies	\$	8,801	
Total Postclosure Care Costs			8,801

Other Operations

Other Charges

Medical and Dental Services	\$	50	
Medical Claims		1,263	
Trustee's Commission		18,899	
Vehicle and Equipment Insurance		42,362	
Workers' Compensation Insurance		9,792	
Total Other Charges			72,366

Total Solid Waste/Sanitation Fund \$ 1,213,720

Local Purpose Tax Fund

Public Safety

Fire Prevention and Control

Other Contracted Services	\$	433,099	
Trustee's Commission		7,840	
Total Fire Prevention and Control			\$ 440,939

Total Local Purpose Tax Fund 440,939

Drug Control Fund

Public Safety

Drug Enforcement

Contributions	\$	200	
Confidential Drug Enforcement Payments		10,000	
Maintenance & Repair Services - Vehicles		3,013	
Instructional Supplies and Materials		4,270	
Law Enforcement Supplies		1,662	
Other Supplies and Materials		350	
Refunds		32,701	
In Service/Staff Development		799	

(Continued)

Exhibit K-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Other Charges	\$	1,428	
Law Enforcement Equipment		7,073	
Motor Vehicles		10,289	
Total Drug Enforcement			\$ 71,785

Other Operations

Other Charges

Trustee's Commission	\$	443	
Total Other Charges			443

Total Drug Control Fund \$ 72,228

Other Special Revenue Fund

Administration of Justice

Drug Court

Supervisor/Director	\$	35,000	
Social Security		2,613	
State Retirement		2,231	
Life Insurance		43	
Medical Insurance		4,485	
Disability Insurance		186	
Unemployment Compensation		116	
Communication		2,206	
Maintenance & Repair Services - Vehicles		97	
Other Contracted Services		4,223	
Office Supplies		1,112	
Total Drug Court			\$ 52,312

Other Operations

Other Charges

Trustee's Commission	\$	262	
Workers' Compensation Insurance		837	
Total Other Charges			1,099

Total Other Special Revenue Fund 53,411

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	2,829	
Total County Trustee's Office			\$ 2,829

Total Constitutional Officers - Fees Fund 2,829

(Continued)

Exhibit K-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	61,652	
Assistant(s)		58,401	
Secretary(ies)		3,685	
Overtime Pay		7,035	
Other Salaries & Wages		1,653	
Board and Committee Members Fees		18,240	
Social Security		9,271	
State Retirement		12,440	
Life Insurance		136	
Medical Insurance		15,779	
Dental Insurance		575	
Disability Insurance		984	
Unemployment Compensation		5,973	
Employer Medicare		2,155	
Other Fringe Benefits		660	
Dues and Memberships		3,793	
Legal Notices, Recording, and Court Costs		1,107	
Maintenance & Repair Services - Office Equipment		370	
Postal Charges		210	
Other Contracted Services		3,014	
Office Supplies		1,541	
In Service/Staff Development		3,529	
Other Charges		2,075	
Total Administration			\$ 214,278

Highway and Bridge Maintenance

Foremen	\$	56,803
Mechanic(s)		25,991
Equipment Operators - Heavy		124,131
Equipment Operators - Light		159,659
Truck Drivers		81,210
Overtime Pay		4,749
Social Security		27,987
State Retirement		46,169
Life Insurance		842
Medical Insurance		100,744
Dental Insurance		3,217
Disability Insurance		4,002
Unemployment Compensation		2,015
Employer Medicare		6,507

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Other Fringe Benefits	\$	3,140	
Other Contracted Services		10,346	
Crushed Stone		1,294	
General Construction Materials		1,570	
Other Road Supplies		1,721	
Road Signs		17,804	
Salt		6,001	
Small Tools		757	
Other Supplies and Materials		2,415	
Total Highway and Bridge Maintenance			\$ 689,074

Operation and Maintenance of Equipment

Foremen	\$	28,380	
Overtime Pay		560	
Other Salaries & Wages		20,277	
Social Security		3,070	
State Retirement		4,556	
Life Insurance		94	
Medical Insurance		7,890	
Dental Insurance		302	
Disability Insurance		366	
Employer Medicare		716	
Other Fringe Benefits		310	
Maintenance & Repair Services - Buildings		1,250	
Maintenance & Repair Services - Equipment		14,209	
Diesel Fuel		66,518	
Equipment and Machinery Parts		83,320	
Garage Supplies		19,602	
Gasoline		12,771	
Lubricants		6,845	
Small Tools		4,309	
Tires and Tubes		19,254	
Other Supplies and Materials		95	
Total Operation and Maintenance of Equipment			294,694

Quarry Operations

Foremen	\$	28,123
Equipment Operators - Light		24,944
Other Salaries & Wages		1,669
Social Security		3,422

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Quarry Operations (Cont.)

State Retirement	\$	5,942	
Life Insurance		47	
Medical Insurance		4,897	
Dental Insurance		181	
Disability Insurance		250	
Employer Medicare		793	
Other Fringe Benefits		210	
Communication		1,063	
Explosive and Drilling Services		29,474	
Operating Lease Payments		15,000	
Maintenance & Repair Services - Equipment		6,653	
Diesel Fuel		22,548	
Electricity		40,561	
Equipment and Machinery Parts		45,121	
Garage Supplies		7,570	
Lubricants		2,623	
Tires and Tubes		9,832	
Water and Sewer		578	
Other Supplies and Materials		534	
Total Quarry Operations			\$ 252,035

Other Charges

Communication	\$	7,599	
Medical and Dental Services		2,130	
Disposal Fees		2,093	
Permits		2,265	
Drugs and Medical Supplies		112	
Uniforms		7,309	
Utilities		12,767	
Building and Contents Insurance		1,545	
Liability Insurance		29,265	
Medical Claims		7,474	
Premiums on Corporate Surety Bonds		858	
Trustee's Commission		26,019	
Vehicle and Equipment Insurance		46,212	
Workers' Compensation Insurance		18,186	
Other Charges		1,244	
Total Other Charges			165,078

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Asphalt - Hot Mix	\$	33,433	
Crushed Stone		1,968	
Other Road Supplies		13,329	
Pipe		3,310	
Bridge Construction		114,169	
Building Construction		24,836	
Communication Equipment		9,930	
Highway Equipment		228,100	
Motor Vehicles		8,012	
Office Equipment		7,251	
State Aid Projects		11,153	
Other Equipment		7,890	
Other Capital Outlay		28,321	
Total Capital Outlay			\$ 491,702

Principal on Debt

Highways and Streets

Principal on Notes	\$	45,000	
Principal on Capital Leases		27,219	
Total Highways and Streets			72,219

Interest on Debt

Highways and Streets

Interest on Notes	\$	8,369	
Interest on Capital Leases		4,326	
Total Highways and Streets			12,695

Total Highway/Public Works Fund \$ 2,191,775

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	290,000	
Principal on Notes		60,000	
Principal on Other Loans		599,000	
Total General Government			\$ 949,000

Interest on Debt

General Government

Interest on Bonds	\$	102,591	
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(Continued)

Exhibit K-7

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Interest on Debt (Cont.)</u>		
<u>General Government (Cont.)</u>		
Interest on Other Loans	\$ 91,845	
Total General Government		\$ 194,436
 <u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 19,534	
Other Debt Service	11,126	
Total General Government		30,660
Total General Debt Service Fund		\$ 1,174,096
 <u>Education Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>Education</u>		
Principal on Bonds	\$ 1,090,000	
Principal on Other Loans	197,000	
Total Education		\$ 1,287,000
 <u>Interest on Debt</u>		
<u>Education</u>		
Interest on Bonds	\$ 1,131,435	
Interest on Other Loans	123,794	
Total Education		1,255,229
 <u>Other Debt Service</u>		
<u>Education</u>		
Trustee's Commission	\$ 31,032	
Other Debt Service	12,086	
Total Education		43,118
Total Education Debt Service Fund		2,585,347
 <u>Highway Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Highway & Street Capital Projects</u>		
Highway Construction	\$ 1,186,060	
Total Highway & Street Capital Projects		\$ 1,186,060
Total Highway Capital Projects Fund		1,186,060
Total Governmental Funds - Primary Government		<u>\$ 20,452,720</u>

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, 2006

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 11,106,778	
Career Ladder Program	209,844	
Career Ladder Extended Contracts	150,872	
Homebound Teachers	12,727	
Educational Assistants	589,996	
Certified Substitute Teachers	84,736	
Non-certified Substitute Teachers	130,144	
Social Security	737,511	
State Retirement	693,232	
Medical Insurance	1,394,260	
Disability Insurance	5,022	
Unemployment Compensation	36,103	
Employer Medicare	172,483	
Tuition	290,077	
Other Contracted Services	96,842	
Instructional Supplies and Materials	391,514	
Textbooks	34,737	
Other Supplies and Materials	9,048	
Other Charges	35,173	
Regular Instruction Equipment	63,844	
Total Regular Instruction Program		\$ 16,244,943

Alternative Instruction Program

Teachers	\$ 157,357	
Career Ladder Program	2,000	
Educational Assistants	16,562	
Social Security	10,762	
State Retirement	10,580	
Medical Insurance	22,599	
Disability Insurance	146	
Employer Medicare	2,517	
Total Alternative Instruction Program		222,523

Special Education Program

Teachers	\$ 1,754,327
Career Ladder Program	22,999
Homebound Teachers	21,483
Educational Assistants	104,817
Other Salaries & Wages	73,429

(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.)

Special Education Program (Cont.)

Certified Substitute Teachers	\$	2,674	
Non-certified Substitute Teachers		12,277	
Social Security		120,286	
State Retirement		115,888	
Medical Insurance		261,339	
Disability Insurance		1,195	
Unemployment Compensation		343	
Employer Medicare		28,131	
Contracts with Private Agencies		30,262	
Maintenance & Repair Services - Equipment		3,853	
Instructional Supplies and Materials		31,065	
Special Education Equipment		16,117	
Total Special Education Program			\$ 2,600,485

Vocational Education Program

Teachers	\$	1,013,977	
Career Ladder Program		15,000	
Other Salaries & Wages		16,296	
Certified Substitute Teachers		2,600	
Non-certified Substitute Teachers		26,367	
Social Security		62,950	
State Retirement		57,489	
Medical Insurance		147,556	
Disability Insurance		16	
Employer Medicare		14,722	
Instructional Supplies and Materials		26,148	
Other Supplies and Materials		4,565	
Vocational Instruction Equipment		3,417	
Total Vocational Education Program			1,391,103

Student Body Education Program

Other Salaries & Wages	\$	64,015	
Social Security		3,804	
State Retirement		3,516	
Medical Insurance		10,276	
Employer Medicare		890	
Travel		3,698	
Other Contracted Services		72,703	
Other Supplies and Materials		43,205	

(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	\$ 4,509	
Total Student Body Education Program		\$ 206,616

Adult Education Program

Teachers	\$ 21,585	
Clerical Personnel	5,694	
Social Security	1,691	
State Retirement	1,399	
Employer Medicare	396	
Instructional Supplies and Materials	17,535	
Total Adult Education Program		48,300

Support Services

Attendance

Supervisor/Director	\$ 66,351	
Career Ladder Program	1,000	
Social Security	3,949	
State Retirement	3,704	
Medical Insurance	7,451	
Employer Medicare	923	
Other Supplies and Materials	404	
In Service/Staff Development	1,155	
Attendance Equipment	1,641	
Total Attendance		86,578

Health Services

Medical Personnel	\$ 62,088	
Certified Substitute Teachers	591	
Non-certified Substitute Teachers	1,739	
Social Security	4,049	
State Retirement	9,606	
Medical Insurance	3,364	
Disability Insurance	491	
Employer Medicare	947	
Travel	95	
In Service/Staff Development	433	
Total Health Services		83,403

(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

Career Ladder Program	\$	9,000	
Guidance Personnel		512,683	
Assessment Personnel		7,527	
School Resource Officer		41,862	
Social Security		32,465	
State Retirement		29,196	
Medical Insurance		34,861	
Employer Medicare		7,949	
Evaluation and Testing		13,829	
Total Other Student Support			\$ 689,372

Regular Instruction Program

Supervisor/Director	\$	122,320	
Career Ladder Program		8,000	
Librarians		465,996	
Secretary(ies)		25,204	
Clerical Personnel		26,116	
In-Service Training		11,100	
Social Security		39,817	
State Retirement		38,980	
Medical Insurance		59,670	
Disability Insurance		465	
Employer Medicare		9,240	
Consultants		7,200	
Travel		12,789	
Other Contracted Services		2,362	
Library Books/Media		2,198	
Other Supplies and Materials		6,940	
In Service/Staff Development		32,236	
Other Equipment		55,997	
Total Regular Instruction Program			926,630

Special Education Program

Supervisor/Director	\$	65,240
Career Ladder Program		1,000
Clerical Personnel		77,978
Social Security		8,650
State Retirement		12,166
Medical Insurance		17,075

(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.)

Disability Insurance	\$	705	
Employer Medicare		2,023	
Consultants		23,644	
Travel		14,752	
Other Supplies and Materials		19,302	
In Service/Staff Development		17,967	
Other Charges		2,906	
Total Special Education Program			\$ 263,408

Vocational Education Program

Supervisor/Director	\$	61,398	
Career Ladder Program		1,000	
Secretary(ies)		29,780	
Social Security		5,715	
State Retirement		6,687	
Medical Insurance		9,728	
Disability Insurance		270	
Employer Medicare		1,337	
Maintenance & Repair Services - Equipment		2,130	
Travel		5,140	
Other Contracted Services		638	
In Service/Staff Development		5,058	
Total Vocational Education Program			128,881

Adult Programs

Supervisor/Director	\$	53,060	
Social Security		3,290	
State Retirement		2,918	
Medical Insurance		4,653	
Employer Medicare		769	
Travel		56	
In Service/Staff Development		1,214	
Total Adult Programs			65,960

Board of Education

Board and Committee Members Fees	\$	31,200	
Social Security		1,934	
Employer Medicare		452	
Other Fringe Benefits		2,232	

(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	\$	14,900	
Dues and Memberships		15,423	
Legal Services		14,090	
Other Contracted Services		8,840	
Other Supplies and Materials		3,604	
Liability Insurance		130,857	
Premiums on Corporate Surety Bonds		175	
Trustee's Commission		267,927	
Workers' Compensation Insurance		311,435	
In Service/Staff Development		9,304	
Criminal Investigation of Applicants - TBI		9,120	
Other Charges		12,818	
Total Board of Education			\$ 834,311

Director of Schools

County Official/Administrative Officer	\$	99,041	
Career Ladder Program		1,000	
Secretary(ies)		36,898	
Clerical Personnel		25,456	
Other Salaries & Wages		25,944	
Social Security		11,068	
State Retirement		12,317	
Medical Insurance		9,321	
Disability Insurance		1,464	
Employer Medicare		2,723	
Communication		31,245	
Dues and Memberships		2,396	
Maintenance & Repair Services - Equipment		1,204	
Postal Charges		2,690	
Travel		2,477	
Other Contracted Services		191	
Office Supplies		18,140	
Other Supplies and Materials		809	
In Service/Staff Development		5,374	
Other Charges		15,027	
Administration Equipment		8,648	
Total Director of Schools			313,433

(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	\$	682,910	
Career Ladder Program		32,000	
Assistant Principals		520,950	
Secretary(ies)		385,390	
Clerical Personnel		23,009	
Certified Substitute Teachers		50	
Non-certified Substitute Teachers		3,062	
Social Security		99,938	
State Retirement		112,940	
Medical Insurance		194,704	
Disability Insurance		3,714	
Employer Medicare		23,372	
Total Office of the Principal			\$ 2,082,039

Operation of Plant

Supervisor/Director	\$	65,104	
Guards		50,190	
Custodial Personnel		858,632	
Other Salaries & Wages		63,846	
Social Security		62,171	
State Retirement		102,932	
Medical Insurance		168,113	
Disability Insurance		7,244	
Unemployment Compensation		9,029	
Employer Medicare		14,540	
Maintenance & Repair Services - Equipment		23	
Disposal Fees		24,680	
Other Contracted Services		4,098	
Custodial Supplies		128,265	
Electricity		1,140,205	
Natural Gas		209,741	
Water and Sewer		96,889	
Other Supplies and Materials		3,175	
Boiler Insurance		9,472	
Building and Contents Insurance		172,961	
Other Charges		100	
Plant Operation Equipment		4,322	
Total Operation of Plant			3,195,732

(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.)

Maintenance of Plant

Supervisor/Director	\$	48,472	
Secretary(ies)		21,945	
Maintenance Personnel		407,084	
Other Salaries & Wages		5,276	
Social Security		28,955	
State Retirement		52,186	
Medical Insurance		79,424	
Disability Insurance		5,447	
Employer Medicare		6,772	
Communication		3,642	
Laundry Service		19,893	
Maintenance & Repair Services - Buildings		460,330	
Maintenance & Repair Services - Equipment		37,242	
Maintenance & Repair Services - Vehicles		21,953	
Other Contracted Services		85,177	
Equipment and Machinery Parts		6,893	
Gasoline		20,828	
Other Supplies and Materials		5,892	
In Service/Staff Development		851	
Other Charges		1,321	
Administration Equipment		3,265	
Maintenance Equipment		58,112	
Total Maintenance of Plant			\$ 1,380,960

Transportation

Supervisor/Director	\$	41,995
Bus Drivers		155,051
Non-certified Substitute Teachers		3,012
Social Security		12,242
State Retirement		19,612
Medical Insurance		28,589
Disability Insurance		1,699
Employer Medicare		2,863
Communication		14,637
Contracts with Vehicle Owners		1,233,493
Maintenance & Repair Services - Vehicles		40,395
Travel		74
Other Contracted Services		3,369
Gasoline		37,344

(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 Supplies and Materials	\$	369	
Vehicle and Equipment Insurance		33,753	
In Service/Staff Development		1,505	
Other Charges		243	
Maintenance Equipment		14,949	
Transportation Equipment		116,806	
Total Transportation			\$ 1,762,000

Central and Other

Supervisor/Director	\$	100,385	
Clerical Personnel		83,994	
Other Salaries & Wages		110,446	
Social Security		17,845	
State Retirement		28,318	
Medical Insurance		32,805	
Disability Insurance		1,261	
Employer Medicare		4,173	
Other Fringe Benefits		2,576	
Data Processing Services		11,561	
Travel		5,023	
Other Contracted Services		875	
Office Supplies		723	
Other Supplies and Materials		2,465	
In Service/Staff Development		1,843	
Other Charges		4,310	
Administration Equipment		426	
Total Central and Other			409,029

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	67,748	
Career Ladder Program		2,000	
Clerical Personnel		46,909	
Social Security		7,233	
State Retirement		8,674	
Medical Insurance		13,369	
Disability Insurance		454	
Unemployment Compensation		1,733	
Employer Medicare		1,692	

(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.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Maintenance & Repair Services - Equipment	\$	8,849	
Transportation - Other than Students		610	
Travel		1,297	
Other Contracted Services		17,190	
Food Preparation Supplies		276	
Office Supplies		1,158	
Other Supplies and Materials		13,366	
In Service/Staff Development		16,345	
Other Charges		3,567	
Food Service Equipment		57,632	
Total Food Service			\$ 270,102

Community Services

Supervisor/Director	\$	88,358	
Other Salaries & Wages		198,395	
Non-certified Substitute Teachers		132	
Social Security		17,794	
State Retirement		15,650	
Medical Insurance		4,254	
Disability Insurance		500	
Employer Medicare		4,162	
Communication		1,191	
Travel		8,761	
Other Contracted Services		208	
Other Supplies and Materials		17,290	
Other Charges		26,838	
Other Equipment		6,922	
Total Community Services			390,455

Early Childhood Education

Supervisor/Director	\$	11,999	
Teachers		228,720	
Educational Assistants		84,592	
Other Salaries & Wages		646	
Certified Substitute Teachers		8,477	
Non-certified Substitute Teachers		942	
Social Security		19,378	
State Retirement		21,992	
Medical Insurance		47,834	

(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.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Disability Insurance	\$	595	
Employer Medicare		4,603	
Travel		1,742	
Other Contracted Services		3,040	
Other Supplies and Materials		60,969	
In Service/Staff Development		5,276	
Other Charges		7,007	
Other Equipment		16,734	
Total Early Childhood Education			\$ 524,546

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	490,474	
Other Capital Outlay		224,112	
Total Regular Capital Outlay			714,586

Interest on Debt

Education

Interest on Notes	\$	3,343	
Total Education			3,343

Other Debt Service

Education

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

Total General Purpose School Fund \$ 35,438,738

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	714,222	
Educational Assistants		88,301	
Non-certified Substitute Teachers		1,145	
Social Security		47,373	
State Retirement		49,143	
Medical Insurance		126,751	
Disability Insurance		757	
Employer Medicare		11,079	

(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.)

Regular Instruction Program (Cont.)

Travel	\$	630	
Instructional Supplies and Materials		35,574	
Other Supplies and Materials		2,333	
In Service/Staff Development		1,843	
Other Charges		10,610	
Regular Instruction Equipment		49,468	
Total Regular Instruction Program			\$ 1,139,229

Special Education Program

Teachers	\$	69,485	
Educational Assistants		506,364	
Certified Substitute Teachers		3,528	
Non-certified Substitute Teachers		9,112	
Social Security		34,742	
State Retirement		59,167	
Medical Insurance		87,414	
Disability Insurance		4,342	
Employer Medicare		8,125	
Contracts with Private Agencies		145,682	
Instructional Supplies and Materials		4,486	
Other Supplies and Materials		960	
Total Special Education Program			933,407

Vocational Education Program

Other Supplies and Materials	\$	86,000	
Other Charges		1,827	
Vocational Instruction Equipment		48,898	
Total Vocational Education Program			136,725

Support Services

Health Services

Medical Personnel	\$	122,385	
Social Security		7,362	
State Retirement		10,557	
Medical Insurance		8,112	
Disability Insurance		817	
Employer Medicare		1,722	
Other Fringe Benefits		303	
Other Supplies and Materials		2,824	
Total Health Services			154,082

(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.)

Other Student Support

Other Salaries & Wages	\$	10,910	
Social Security		810	
State Retirement		86	
Employer Medicare		11	
Travel		1,577	
Other Supplies and Materials		2,352	
In Service/Staff Development		1,310	
Other Charges		5,587	
Total Other Student Support			\$ 22,643

Regular Instruction Program

Supervisor/Director	\$	90,916	
Instructional Computer Personnel		15,241	
Clerical Personnel		34,124	
Social Security		8,443	
State Retirement		10,396	
Medical Insurance		16,962	
Disability Insurance		528	
Employer Medicare		1,975	
Maintenance & Repair Services - Equipment		2,042	
Travel		24,333	
Other Supplies and Materials		2,581	
In Service/Staff Development		25,219	
Other Charges		8,563	
Other Equipment		1,557	
Total Regular Instruction Program			242,880

Alternative Instruction Program

Travel	\$	211	
Other Contracted Services		600	
Instructional Supplies and Materials		1,602	
Other Supplies and Materials		1,393	
In Service/Staff Development		4,437	
Other Charges		3,046	
Total Alternative Instruction Program			11,289

Special Education Program

Psychological Personnel	\$	93,988	
Social Security		5,275	

(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.)

Special Education Program (Cont.)

State Retirement	\$	5,169	
Medical Insurance		10,200	
Employer Medicare		1,234	
Maintenance & Repair Services - Equipment		13,563	
Other Supplies and Materials		492	
Total Special Education Program			\$ 129,921

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	51,977	
Other Salaries & Wages		15,065	
Social Security		4,157	
State Retirement		3,402	
Employer Medicare		972	
Travel		1,090	
Other Supplies and Materials		2,361	
In Service/Staff Development		1,113	
Other Charges		6,717	
Total Community Services			86,854

Total School Federal Projects Fund \$ 2,857,030

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	924,054	
Social Security		55,070	
State Retirement		93,911	
Medical Insurance		171,655	
Disability Insurance		7,515	
Employer Medicare		12,879	
Communication		6,823	
Travel		5,862	
Other Contracted Services		70	
Food Preparation Supplies		6,904	
Food Supplies		1,090,589	
Office Supplies		3,583	
Other Supplies and Materials		80,640	
In Service/Staff Development		1,126	

(Continued)

Exhibit K-8

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

<u>Central Cafeteria Fund (Cont.)</u>			
<u>Operation of Non-Instructional Services (Cont.)</u>			
<u>Food Service (Cont.)</u>			
Other Charges	\$	5,450	
Food Service Equipment		<u>17,162</u>	
Total Food Service			<u>\$ 2,483,293</u>
Total Central Cafeteria Fund			<u>\$ 2,483,293</u>
Total Governmental Funds - Franklin County School Department			<u>\$ 40,779,061</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, 2006

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,951,041
Total Cash Receipts	<u>\$ 2,951,041</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 2,921,531
Trustee's Commission	29,510
Total Cash Disbursements	<u>\$ 2,951,041</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2005	<u>0</u>
 Cash Balance, June 30, 2006	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

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

October 17, 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, 2006, which collectively comprise Franklin County's basic financial statements and have issued our reports thereon dated October 17, 2006. 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 06.02, 06.03, 06.06, and 06.09.

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, of the reportable conditions described above, we consider item 06.06 to be a material weakness.

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 06.01, 06.04, 06.05, 06.07, and 06.08.

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/sb



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

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

October 17, 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, 2006. 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, 2006.

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.

We noted certain matters involving the internal control over compliance 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 compliance that, in our judgment, could adversely affect the Franklin County School Department's ability to administer major federal programs in accordance with applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 06.03, 06.09, 06.10, and 06.11.

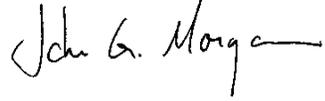
A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in 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. Our consideration of the internal control over compliance 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 is a material weakness.

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, 2006, and have issued our reports thereon dated October 17, 2006. 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,

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

John G. Morgan
Comptroller of the Treasury

JGM/sb

OTHER AUDITORS 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

For the Franklin County Emergency Communications District

To the Board of Directors
Franklin County 9-1-1 Emergency
Communications District
Winchester, Tennessee

We have audited the financial statements of the business-type activities fund of the Franklin County 9-1-1 Emergency Communications District, a component unit of Franklin County, Tennessee, as of and for the year ended June 30, 2006, which collectively comprise the Franklin County 9-1-1 Emergency Communications District's basic financial statements and have issued our report thereon. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the district's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance 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 the district's ability to record, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described below.

Disposition of Prior Year's Audit Findings

1. Reportable Condition:

During our review of disbursements, we found instances where disbursements reviewed did not have adequate supporting documentation. This problem still exists.

Recommendation:

We suggest that invoices, receiving reports, and other documentation be obtained for all purchases. They should be attached together and each invoice should also be stamped, perforated, or otherwise marked as paid when each check is

written along with the check number written on the invoice. Also purchase orders should be filled out completely and approved by the department head before items are purchased or ordered.

District's Comment:

This problem will be corrected.

2. Reportable Condition:

During our review, we found that receipts had not been written during the year. This problem still exists.

Recommendation:

To ensure that all monies are accounted for and deposited into the bank, receipts should be written.

District's Comment:

Most money collected by the district is in the form of direct deposit. Due to lack of monies directly received and administrative resources available, the district does not view this condition as a high priority. If the situation changes, the district will begin writing receipts.

Current Year Audit Findings

1. Reportable Condition:

During our test of disbursements, we found checks issued with one signature.

Recommendation:

The use of dual signatures for check writing is recommended in the Internal Control and Compliance Manual for Tennessee Municipalities. Dual signatures ensure a review of disbursements and additional examination of invoices about to be paid.

District's Comment:

This problem will be corrected in the coming year.

2. Reportable Condition:

During our review of disbursements, we found instances of checks not being "voided" properly.

Recommendation:

Checks that are to be voided should have "Void" written on the check in ink and also have the signature lines removed.

District's Comment:

This problem will be corrected in the coming year.

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 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Franklin County 9-1-1 Emergency Communications District'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 which are described below.

Disposition of Prior Year's Audit Findings

1. Finding:

We noted that actual expenditures exceeded the amount appropriated in the budget. This problem still exists.

Recommendation:

All expenditures should be authorized either in the original budget or an amendment to that budget or in a supplemental appropriation.

District's Comment:

The budget will be monitored better in the future.

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

OTHER AUDITORS 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

For the Industrial Development Board of Franklin County

To the Board of Directors
The Industrial Development Board of
Franklin County, Tennessee

We have audited the accompanying financial statements of the governmental activities and major fund of the Industrial Development Board of Franklin County, Tennessee, a component unit of Franklin County, as of and for the year ended June 30, 2006, which collectively comprise the Industrial Development Board of Franklin County, Tennessee's basic financial statements and have issued our report thereon. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Industrial Development Board of Franklin County, Tennessee's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion 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 the Industrial Development Board of Franklin County, Tennessee's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described below.

Disposition Prior Year's Reportable Conditions

1. Reportable Condition:

In our review of the overall accounting controls of the Board's accounting system, we found several areas where proper segregation of duties might be obtained. This problem still exists.

Recommendation:

Because of the number of office staff working for the Board, we do not believe a complete segregation of duties is possible that would eliminate all weaknesses in the Board's accounting system. However, a thorough study of the internal control aspect of the accounting system should be considered by the Board. Certain additional procedures and segregation of proper duties could increase the control over the assets.

Board's Comment:

Because we have only two people in the Board office, segregation of duties is a rough task. However, as time permits, we hope to add additional controls over the accounting system in the future.

2. Reportable Condition:

There was a lack of documentation for some expenditures. This problem still exists.

Recommendation:

We suggest that invoices, receiving reports (signed), and other documents be obtained for all purchases. They should be attached together and filed in such a way that they can be easily found for future reference and audit. Each invoice should be stamped, perforated, or otherwise marked as paid when each check is written. Disbursements should be approved by the appropriate person. All checks should have dual signatures.

Board's Comment:

We will try to improve our filing methods next year and maintain documentation for all expenditures.

3. Reportable Condition:

Bank statements are not always being reconciled every month. This problem still exists.

Recommendation:

Bank statements should be reconciled every month to ensure the proper book balance and to verify that the checks and deposits are clearing the bank at the correct amounts.

Board's Comment:

We will correct this problem.

4. Reportable Condition:

During our review of disbursements, we found instances where there was only one signature on the checks. This problem still exists.

Recommendation:

The use of dual signatures for check writing is recommended in the Internal Control and Compliance Manual for Tennessee Municipalities. Checks should not be written to and signed by the same person. Dual signatures ensure a review of disbursements and additional examination of invoices about to be paid.

Board's Comment:

We will correct this problem immediately.

5. Reportable Condition:

During our review of disbursements, we also found instances where checks were not voided properly. – This condition has been corrected.

6. Reportable Condition:

During our review of disbursements, we found instances of purchase orders that were not being filled out correctly, amounts of purchases were missing, and the purchase orders were not approved. Also, we found some purchase orders were being filled out after the goods were ordered and received. This problem still exists.

Recommendation:

All purchase orders should be filled out and approved prior to the purchase of any goods. The purchase order should be dated with an approximate amount of the purchase written in and approved by the appropriate person.

Board's Comment:

We will look into this problem and correct in the coming year.

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 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Industrial Development Board of Franklin County, Tennessee'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 no instances of noncompliance or other matters that are required to be reported under Governmental Auditing Standards.

Disposition of Prior Year's Audit Findings

1. Finding:

Deposits are not always made within three days of receipt. This problem no longer exists.

This report is intended solely for the information and use of the Board of Directors, management, and the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

Franklin County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2006

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Rural Business Enterprise Grants	10.769	N/A	\$ 34,999
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	\$ 161,827
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 251,176
National School Lunch Program	10.555	N/A	1,007,209
Total Passed-through State Department of Education			\$ 1,258,385
Total U.S. Department of Agriculture			\$ 1,455,211
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	GG-05-11601-00	\$ 466,800
U.S. Department of Justice:			
Passed-through Hamilton County Sheriff's Department:			
Edward Byrne Memorial State and Local Law Enforcement Assistance: Discretionary Grant Program	16.580	(2)	\$ 27,747
U.S. Department of Labor:			
Passed-through Workforce Solutions:			
WIA Youth Activities	17.259	6-06-051-007-YOUTH	\$ 41,009
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z-06-027771-00	\$ 61,334
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,085,010
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,246,079
Special Education - Preschool Grants	84.173	N/A	54,469
Vocational Education - Basic Grants to States	84.048	N/A	150,318
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	28,397
Twenty-First Century Community Learning Centers	84.287	(2)	86,855
State Grants for Innovative Programs	84.298	N/A	128,759
Education Technology State Grants	84.318	(2)	172,365
Improving Teacher Quality State Grants	84.367	N/A	146,471
Hurricane Education Recovery	84.938	N/A	73,717
Total Passed-through State Department of Education			\$ 3,172,440
Total U.S. Department of Education			\$ 3,233,774

(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-06-027181-00	\$ 24,840
U.S. Department of Homeland Security: Passed-through State Department of Military: State Domestic Preparedness Equipment Support Program	97.004	(3)	\$ 370,618
Hazard Mitigation Grant	97.039	GG-0209548-00	3,739
Emergency Management Performance Grants	97.042	Z-06-032852-00	21,659
Total U.S. Department of Homeland Security			\$ 396,016
Total Expenditures of Federal Awards			\$ 5,645,397

State Grants		Contract Number	
Juvenile Services Program - State Department of Children's Services	N/A	Z-06-002592-00	\$ 9,000
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	14,426
Litter Program - State Department of Transportation	N/A	Z-06-027956-00	45,838
Health Department Program - State Department of Health	N/A	Z-06-025954-00	104,737
Airport Maintenance Program - State Department of Transportation	N/A	Z-05-023899-01	7,606
Tennessee Industrial Infrastructure Program - State Department of Economic and Community Development	N/A	GG-04-10540-00	23,803
Adult Education - State Department of Education	N/A	Z-06-027771-00	16,306
Family Resource - State Department of Education	N/A	(2)	22,254
Early Childhood Education - State Department of Education	N/A	(2)	307,799
Safe Schools Act - State Department of Education	N/A	(2)	34,155
Voluntary PreK for Tennessee - State Department of Education	N/A	(2)	270,613
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	29,471
Total State Grants			\$ 886,008

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) - Z-04-020092-00: \$67,650; Z-04-022440-00: \$302,968

Franklin County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2006

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, 2005, which have not been corrected.

FINANCE DEPARTMENT

Finding Number	Page Number	Subject
05.02(B)	194	Expenditures and encumbrances exceeded appropriations
05.03(A)	195	Invoices were paid without documentation that goods had been received or services rendered

OFFICE OF DIRECTOR OF SCHOOLS

Finding Number	Page Number	Subject
05.04	195	Extended school program collections were not deposited within three days of collection

OFFICE OF SHERIFF

Finding Number	Page Number	Subject
05.07	197	Receipts were not issued for all monies received
05.08	197	Funds were not deposited within three days of collection

OTHER FINDING

Finding Number	Page Number	Subject
05.09	198	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

FRANKLIN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Franklin County is unqualified.
2. The audit of the financial statements of Franklin County disclosed reportable conditions in internal control. One of these conditions was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Franklin County.
4. Two reportable conditions in internal control over major programs were disclosed by the audit.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit disclosed two 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 Community Development Block Grants/State's Program (CFDA No. 14.288), 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), and the State Domestic Preparedness Equipment Support Program (CFDA No. 97.004) 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. The written responses of the director of finance are quoted in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

OFFICE OF FINANCE DEPARTMENT

FINDING 06.01 EXPENDITURES EXCEEDED APPROPRIATIONS (Noncompliance Under Government Auditing Standards)

Expenditures and encumbrances exceeded appropriations in the following funds:

- A. Expenditures and encumbrances exceeded total appropriations approved by the County Commission in the Local Purpose Tax Fund by \$12,029. This overexpenditure was funded by greater than anticipated revenues and available fund balance.

- B. Expenditures and encumbrances exceeded appropriations approved by the County Commission in the Health Services major appropriation category (the legal level of control) in the School Federal Projects Fund by \$7,199. This overexpenditure was funded by expenditures and encumbrances in other major appropriation categories being under appropriations.

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

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – DIRECTOR OF FINANCE (DIRECT QUOTE)

The excess expenditures in the Local Purpose Tax Fund are the result of the attempt to pay out the fund balance at the end of fiscal year ending June 30, 2005, to the fourteen (14) fire departments who were included at that time. In fiscal year 2005-2006, one (1) additional fire department joined in the county-wide agreement. Again, we will examine our available appropriations and actual expenditures more stringently in the future.

The person responsible for the fiscal management of the Federal Projects Fund will work with the Federal Projects Managers closely to review and correct any necessary items as they arise, thereby eliminating the problem of overspending in any major category.

FINDING 06.02 INVOICES WERE PAID WITHOUT DOCUMENTATION THAT GOODS HAD BEEN RECEIVED OR SERVICES HAD BEEN RENDERED
(Internal Control – Reportable Condition Under Government Auditing Standards)

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.

RECOMMENDATION

The office should improve purchasing procedures by obtaining documentation that goods have been received or services have been rendered before invoices are paid.

MANAGEMENT’S RESPONSE – DIRECTOR OF FINANCE (DIRECT QUOTE)

We have reviewed some of the invoices that led to this finding and have identified areas that need attention. We will redouble our efforts to ensure that there is adequate documentation for all cash outlays.

FINDING 06.03 THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT
(Internal Control – Reportable Condition Under Government Auditing Standards and OMB Circular A-133)

The School Federal Projects Fund had a cash overdraft of \$58,213 at June 30, 2006. This cash overdraft resulted from issuing warrants that exceeded funds on deposit with the county trustee. This cash overdraft was liquidated subsequent to June 30, 2006.

RECOMMENDATION

The office should not issue warrants that exceed available cash on deposit with the county trustee.

MANAGEMENT’S RESPONSE – DIRECTOR OF FINANCE (DIRECT QUOTE)

We will review all expenditures for the Federal Projects Fund each month. If there are any expenditures that have not been reimbursed by the State of Tennessee, we will cover those expenditures with a deposit from the General Purpose School Fund. This will be returned to the General Purpose School Fund when the reimbursements are made by the state.

REBUTTAL

Temporarily borrowing funds from the General Purpose School Fund to cover cash overdrafts would be considered internal financing in which certain statutory provisions must be followed.

OFFICE OF SUPERINTENDENT OF HIGHWAYS

FINDING 06.04 **A COMPLETE LIST OF COUNTY ROADS WAS NOT SUBMITTED TO THE COUNTY COMMISSION FOR APPROVAL**
(Noncompliance Under Government Auditing Standards)

A complete list of all county roads was not submitted to the County Commission for approval. Instead, the superintendent of highways only submitted a list of roads with changes to the county road list. Section 54-10-103, Tennessee Code Annotated, requires the superintendent of highways to submit a list of county roads to the County Commission for approval at the January session each year. This list must include the classification, width, distance of each county road maintained, and a summary of changes from the prior year that provides the road name, date the change was approved by the County Commission, and the reason for the change. Highway Department officials need a current, approved list of county roads to determine which roads the department is authorized to work.

RECOMMENDATION

The superintendent of highways should submit to the County Commission a list of county roads that includes the classification, width, and distance of each road, and a summary of changes as required by state statute.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 06.05 **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.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

FINDING 06.06 **AN EMPLOYEE STOLE CASH COLLECTIONS OF \$24,752.30 IN THE OFFICE OF JUVENILE COURT** (Internal Control – Material Weakness Under Government Auditing Standards)

A cash shortage of \$24,752.30 existed in the Office of Juvenile Court at June 30, 2006. This theft occurred during the period November 2004 through May 2006, and was aided by a lack of segregation of duties, the failure to reconcile manually issued receipts to computer generated receipts, and the lack of adequate supervision. In November 2004, the circuit, general sessions, and juvenile courts clerk relocated the juvenile court staff from the courts' central office to a separate building where juvenile court cases are heard. The clerk's office policy for juvenile court was to accept only cash for the payment of fines, costs, restitution, and fees. Juvenile staff issued receipts for collections utilizing unofficial three-part manual receipt books; however, the circuit, general sessions, and juvenile court's accounting records were maintained at the central office on a computerized system that has a receipting function. The clerk thought it would be easier if manually issued receipts were utilized at Juvenile Court and then transported with cash to the central office for processing, rather than train the juvenile staff to issue official receipts by computer on-line.

Our review concluded that one juvenile court employee listed the manually issued receipts and gathered the cash for delivery to the central office to be receipted into the court's computer accounting system. However, this employee did not list all of the manually issued receipts and did not otherwise account for all of the cash received. During the 19-month period there was no supervisory review over this employee concerning the process and no reconciliation of the manually issued receipts to receipts transported to the central office for processing. Only after the employee was dismissed from employment in May 2006, did the other office staff notice that all of the manually issued receipts had not been reported.

As a result of our review and an investigation by the Tennessee Bureau of Investigation, the juvenile employee in question, Diane McMurray, was indicted for theft of property over \$10,000 by the Franklin County Grand Jury on September 5, 2006. This case is pending as of the date of this report.

This finding has been reviewed with the district attorney general and the county mayor.

RECOMMENDATION

The circuit, general sessions, and juvenile courts clerk should ensure that the cash shortage of \$24,752.30 is liquidated and make the appropriate reports and remittances for the fines, costs, restitution, and fees that have been diverted from the office. Also, the clerk should strengthen the internal controls of the office by adequately segregating the duties among employees, issuing official prenumbered receipts at the point of collection, currently reconciling activity between the satellite office and the central office, and providing adequate supervision of the employees.

OFFICE OF SHERIFF

**FINDING 06.07 OFFICIAL RECEIPTS WERE NOT ISSUED FOR SOME COLLECTIONS
(Noncompliance Under Government Auditing Standards)**

Receipts were not issued for some collections received from the County Mayor's Office or from funds returned by the undercover agents. Section 9-2-103, Tennessee Code Annotated, requires official prenumbered receipts be issued for all collections.

RECOMMENDATION

The office should issue official receipts for all collections as required by state statute.

**FINDING 06.08 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.

OTHER FINDING AND RECOMMENDATION

**FINDING 06.09 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 and OMB Circular A-133)**

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.

MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE (DIRECT QUOTE)

We continue to strive for adequate segregation of duties.

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

Federal/Pass-through Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Education: Passed-through State Department of Education: Title 1 Grants to Local Educational Agencies Special Education Cluster: Special Education - Grants to States Special Education - Preschool Grants	6.10	84.010 84.027 84.173	Circular A-133, Section 510	Reportable Condition in Internal Control See Finding 06.03 - The School Federal Projects Fund had a cash overdraft	\$ 0
U.S. Department of Agriculture: Passed-through State Department of Education: Child Nutrition Cluster: School Breakfast Program School Lunch Program	06.11	10.553 10.555	Circular A-133, Section 500(c)(3)	Reportable Condition in Internal Control See Finding 06.09 - Duties were not adequately segregated in the Office of Finance Director	0
U.S. Department of Housing and Urban Development: Passed-through State Department of Labor and Workforce Development: Community Development Block Grants/State's Program		14.288			
U.S. Department of Education: Passed-through State Department of Education: Title 1 Grants to Local Educational Agencies Special Education Cluster: Special Education - Grants to States Special Education - Preschool Grants		84.010 84.027 84.173			
U.S. Department of Homeland Security: Passed-through State Department of Military: State Domestic Preparedness Equipment Support Program		97.004			

FRANKLIN COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2006

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

Director of Finance – Corrective Action Plan for Current Audit Findings

FINDINGS 06.03 and 06.10

Contact Person: Linda Carroll

Corrective action planned: We will review all expenditures for the Federal Projects Fund each month. If there are any expenditures that have not been reimbursed by the State of Tennessee, we will cover those expenditures with a deposit from the General Purpose School Fund. This will be returned to the General Purpose School Fund when the reimbursements are made by the State.

Auditor's Response: The practice of depositing General Purpose School Funds to the School Federal Projects Fund to cover any cash overdrafts would be considered internal financing. Statutory provisions would need to be followed for internal financing.

Anticipated completion date: Fiscal Year 2006-2007

FINDINGS 06.09 and 06.11

Contact Person: Linda Carroll

Corrective action planned: We continue to strive for adequate segregation of duties.

Anticipated completion date: Fiscal Year 2006-2007