

**ANNUAL FINANCIAL REPORT
FRANKLIN COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2007



ANNUAL FINANCIAL REPORT
FRANKLIN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2007

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

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

JAMES R. ARNETTE
Director

CARL LOWE, CGFM
Audit Manager

MICHAEL FORD, CPA, CGFM
Auditor 4

JESSICA L. COX, CPA, CGFM
JENI PALADENI
State Auditors

This financial report is available at www.comptroller.state.tn.us

FRANKLIN COUNTY, TENNESSEE

TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		1-2
<u>INTRODUCTORY SECTION</u>		3
Franklin County Officials		5
<u>FINANCIAL SECTION</u>		7
Independent Auditor's Report		9-11
Management's Discussion and Analysis		13-25
BASIC FINANCIAL STATEMENTS:		27
Government-wide Financial Statements:		
Statement of Net Assets	A	29
Statement of Activities	B	30-31
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	32-33
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	34
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	35-36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	37
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	38
Notes to the Financial Statements		39-75
REQUIRED SUPPLEMENTARY INFORMATION:		77
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	E-1	79-82
Solid Waste/Sanitation Fund	E-2	83
Special Purpose Fund	E-3	84
Highway/Public Works Funds	E-4	85-86
Schedule of Funding Progress – Pension Plan	E-5	87
Notes to the Required Supplementary Information		89

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		91
Nonmajor Governmental Funds:		93-94
Combining Balance Sheet	F-1	95
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	96-99
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Courthouse and Jail Maintenance Fund	F-3	100
Local Purpose Tax Fund	F-4	101
Drug Control Fund	F-5	102
Other Special Revenue Fund	F-6	103
General Debt Service Fund	F-7	104
Major Governmental Fund:		105
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
Education Debt Service Fund	G	107
Fiduciary Funds:		109
Combining Statement of Fiduciary Assets and Liabilities	H-1	111
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	112
Component Unit:		
Discretely Presented Franklin County School Department:		113
Statement of Activities	I-1	115
Balance Sheet – Governmental Funds	I-2	116
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	I-3	117
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	118
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	119
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	120
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	121
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-8	122-124
School Federal Projects Fund	I-9	125-126
Central Cafeteria Fund	I-10	127

	Exhibit	Page(s)
Miscellaneous Schedules:		129
Schedule of Changes in Long-term Notes, Capital Leases, Other Loans, and Bonds – Primary Government and Discretely Presented Franklin County School Department	J-1	131-132
Schedule of Bond and Interest Requirements by Year	J-2	133
Schedule of Transfers – Primary Government and Discretely Presented Franklin County School Department	J-3	134
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Franklin County School Department	J-4	135
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	136-145
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Franklin County School Department	J-6	146-147
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	148-177
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Franklin County School Department	J-8	178-192
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	J-9	193
 <u>SINGLE AUDIT SECTION</u>		 195
Auditor’s Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		197-199
Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>		201-203
Schedule of Expenditures of Federal Awards and State Grants		205-206
Schedule of Audit Findings Not Corrected		207
Schedule of Findings and Questioned Costs		209-215
Auditee Reporting Responsibilities		217

Audit Highlights

Annual Financial Report
Franklin County, Tennessee
For the Year Ended June 30, 2007

Scope

We have audited the basic financial statements of Franklin County as of and for the year ended June 30, 2007.

Results

Our report on 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 and recommendations are included in the Single Audit Report.

Findings

The following are summaries of the audit findings:

OFFICE OF FINANCE DIRECTOR

- ◆ A revenue anticipation note was not issued and retired in compliance with state statute.
- ◆ The Public Library Fund was not budgeted.

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.
- ◆ Central Cafeteria Fund bank statements were not reconciled with the general ledger.

OFFICE OF CLERK AND MASTER

- ◆ The clerk and master did not require a depository to collateralize funds.
-

OFFICE OF SHERIFF

- ◆ Several deficiencies were noted in the operations related to an inmate telephone services contract.
 - ◆ The sheriff used confidential funds to pay for nonconfidential expenditures, and 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 Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff.

INTRODUCTORY SECTION

Franklin County Officials

June 30, 2007

Officials

Richard Stewart, 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 Johnson, Register
Tim Fuller, Sheriff
Linda Carroll, Finance Director

Board of County Commissioners

Eddie Clark, Chairman	Arthur Knoll
Stanley Bean	Scottie Riddle
James Cantrell	William Scharber
Anthony DeMatteo	A.L. Shasteen, Jr.
Barbara Finney	Jean Snead
Angie Fuller	Scotty Steele
Sue Hill	Bub Wilkenson
Johnny Hughes	Joe Williams

Highway Commission

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

Board of Education

Wendy Moore, Chairman	Mike Cunningham
Mike Abbott	Steve Ford
David Cook	John Page
Tom Cowan	Michelle Stovall

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

December 19, 2007

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, 2007, 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 Public Library Fund, a special revenue fund, which represent .94 percent and 7.89 percent, respectively, of the assets and revenues of the aggregate remaining fund information. Also, we did not audit the financial statements of the discretely presented Franklin County Emergency Communications District, which represent .83 percent and .87 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. In addition, we did not audit the financial statements of the discretely presented Industrial Development Board of Franklin County, which represent .013 percent and .19 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 Public Library Fund, 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, 2007, 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 December 19, 2007, 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 25 and the budgetary comparison and pension information on pages 79 through 89 are not required parts 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, 2007**

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, 2007. 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 \$32,500,144 (net assets).
- The Primary Government's total net assets increased by \$1,245,593.
- As of the close of the current fiscal year, the Franklin County Government's governmental funds reported combined ending fund balances of \$16,179,931, an increase of \$1,202,240 in comparison with the prior year. Of this total, \$15,005,700 (92.74 percent) in unreserved fund balance is available for spending at the government's discretion to meet ongoing obligations to its citizens and creditors.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$2,303,288, or 20.16 percent of the total General Fund expenditures.
- New debt issues totaled \$11,556,718. This debt includes \$9,250,000 in fixed rate refunding bonds issued to refund variable rate other loans of \$9,186,000. However, the county's total debt decreased by \$2,893 during the current fiscal year.

Component Unit – School Department

- The assets of the Franklin County School Department exceeded its liabilities at the close of the most recent fiscal year by \$54,543,540 (net assets).
- The Franklin County School Department's net assets decreased by \$1,869,707.

- At the close of the current fiscal year, the School Department's combined ending fund balance was \$4,945,651. Of this amount, \$3,926,557 (79.39 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 is 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.

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 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Solid Waste/Sanitation Fund, Special Purpose Fund, Highway/Public Works Fund, 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. Budgetary comparison statements for the major funds are presented as required supplementary information while the nonmajor funds 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 the Governmental Accounting Standards Board in its Statement No. 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 \$87,043,684 at the close of the 2007 fiscal year. This represents a combined increase of \$624,114 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 2007 and a comparison with the previous year.

Franklin County Government's Net Assets

	Primary Government		Component Unit	
			Franklin County School Department	
	6-30-06	6-30-07	6-30-06	6-30-07
Current and Other Assets	\$ 25,253,304	\$ 26,922,915	\$ 14,365,354	\$ 14,038,461
Capital Assets	52,415,374	52,420,451	50,468,538	49,472,062
Total Assets	<u>\$ 77,668,678</u>	<u>\$ 79,343,366</u>	<u>\$ 64,833,892</u>	<u>\$ 63,510,523</u>
Long-term Liabilities				
Outstanding	\$ 33,714,257	\$ 36,274,405	\$ 125,000	\$ 416,316
Other Liabilities	12,699,870	10,568,817	8,115,645	8,550,667
Total Liabilities	<u>\$ 46,414,127</u>	<u>\$ 46,843,222</u>	<u>\$ 8,240,645</u>	<u>\$ 8,966,983</u>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$ 46,904,258	\$ 44,601,367	\$ 50,318,538	\$ 49,167,855
Restricted	6,590,869	7,478,717	1,232,394	883,577
Unrestricted	<u>(21,240,576)</u>	<u>(19,579,940)</u>	<u>4,862,315</u>	<u>4,492,108</u>
Total Net Assets	<u>\$ 32,254,551</u>	<u>\$ 32,500,144</u>	<u>\$ 56,413,247</u>	<u>\$ 54,543,540</u>

A portion of the county's and DPCU School Department's net assets, \$7,478,717 and \$883,577, 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 county's governmental activities had a negative unrestricted net assets balance at the end of the current fiscal year. This net assets deficit is attributable to the county holding the debt for capital assets owned by the DPCU School Department.

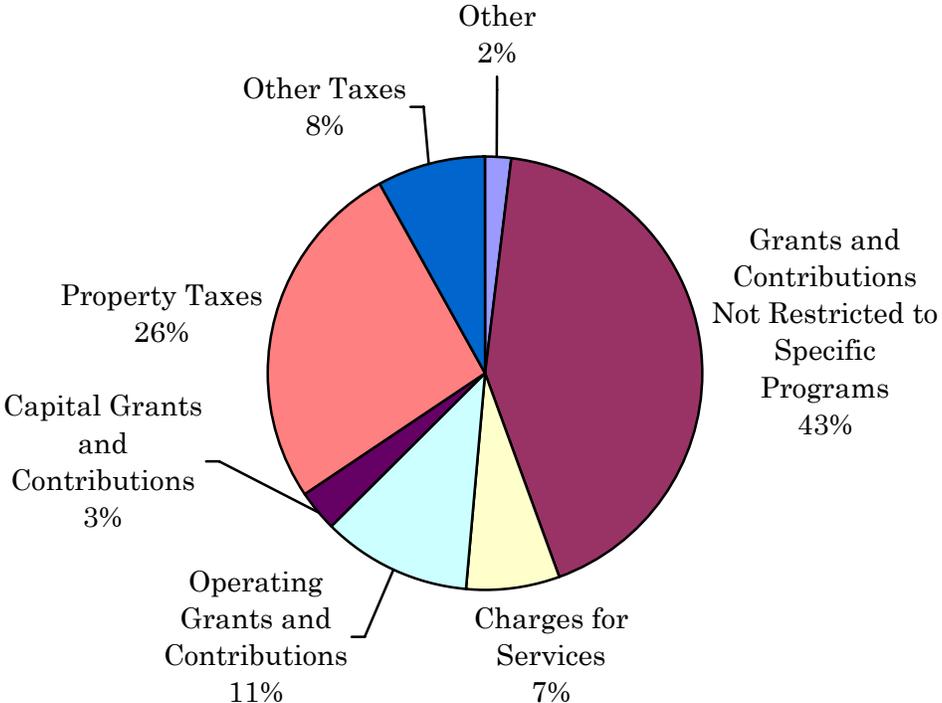
The primary government's net assets increased \$1,245,593 during the fiscal year. The School Department's net assets decreased \$1,869,707.

Long-term liabilities of the primary government include outstanding debt issued of \$35,521,056, landfill post-closure care costs of \$425,000, and compensated absences of \$328,349. Total government-wide long-term liabilities were \$36,690,721 at the end of the fiscal year, the difference being compensated absences in the Franklin County School Department totaling \$112,109 and the Franklin County School Department's outstanding debt totaling \$304,207 (\$125,000 for a note and \$179,207 for a capital lease). This note was issued to fund lighting for the sports facilities at Huntland School and the capital lease is for computers.

Franklin County Government's Change in Net Assets

	Primary Government		Component Unit	
			Franklin County	
	FY 2006	FY 2007	FY 2006	FY 2007
Revenues:				
<u>Program Revenues:</u>				
Charges for Services	\$ 2,852,443	\$ 2,969,304	\$ 1,787,535	\$ 1,812,707
Operating Grants and Contributions	2,476,403	2,709,397	4,748,287	4,814,159
Capital Grants and Contributions	2,080,329	1,659,677	19,018	151,974
<u>General Revenues:</u>				
Property Taxes	8,808,960	8,930,802	8,148,993	8,247,742
Other Taxes	1,272,888	930,117	3,590,168	3,939,900
Grants and Contributions Not Restricted to Specific Programs	1,720,053	1,921,880	23,122,453	25,407,329
Other	810,345	764,669	113,381	555,733
Total Revenues	\$ 20,021,421	\$ 19,885,846	\$ 41,529,835	\$ 44,929,544
Expenses:				
General Government	\$ 1,545,662	\$ 1,217,975	\$ 0	\$ 0
Finance	1,547,463	1,651,554	0	0
Administration of Justice	1,305,315	1,764,729	0	0
Public Safety	4,947,002	5,302,230	0	0
Public Health and Welfare	1,560,976	1,604,857	0	0
Social, Cultural, and Recreational Services	276,197	408,874	0	0
Agriculture and Natural Resources	130,983	159,859	0	0
Other Operations	2,000,846	1,787,986	0	0
Highways/Public Works	2,345,737	3,029,809	0	0
Education	0	0	41,917,479	46,799,251
Interest on Long-term Debt	1,448,429	1,635,922	0	0
Other Debt Service	82,126	114,079	0	0
Total Expenses	\$ 17,190,736	\$ 18,677,874	\$ 41,917,479	\$ 46,799,251
Increase (Decrease) in Net Assets	\$ 2,830,685	\$ 1,207,972	\$ (387,644)	\$ (1,869,707)
Net Assets, July 1	28,423,866	31,254,551	56,800,891	56,413,247
Prior Period Adjustment	0	37,621	0	0
Net Assets, June 30	\$ 31,254,551	\$ 32,500,144	\$ 56,413,247	\$ 54,543,540

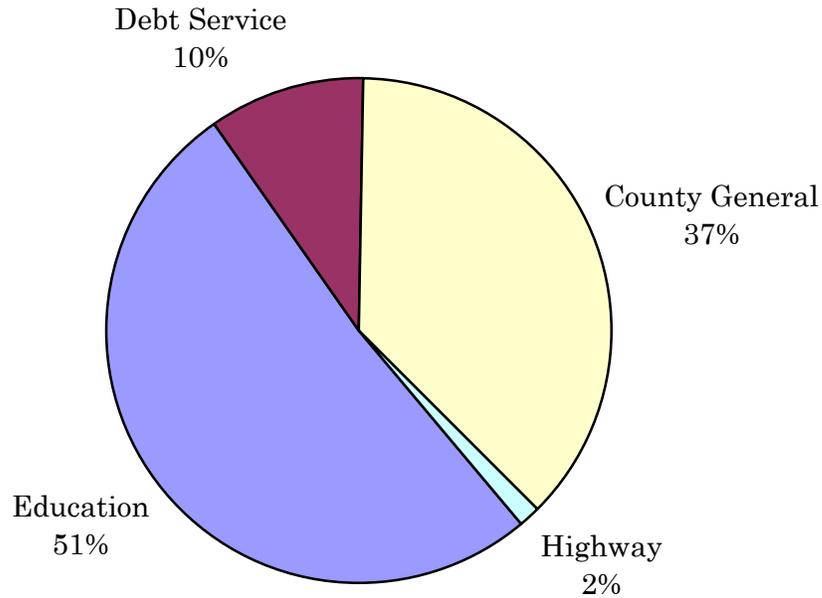
**Revenue by Source - Total Governmental
Funds (Includes DPCU School Department)**



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

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

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



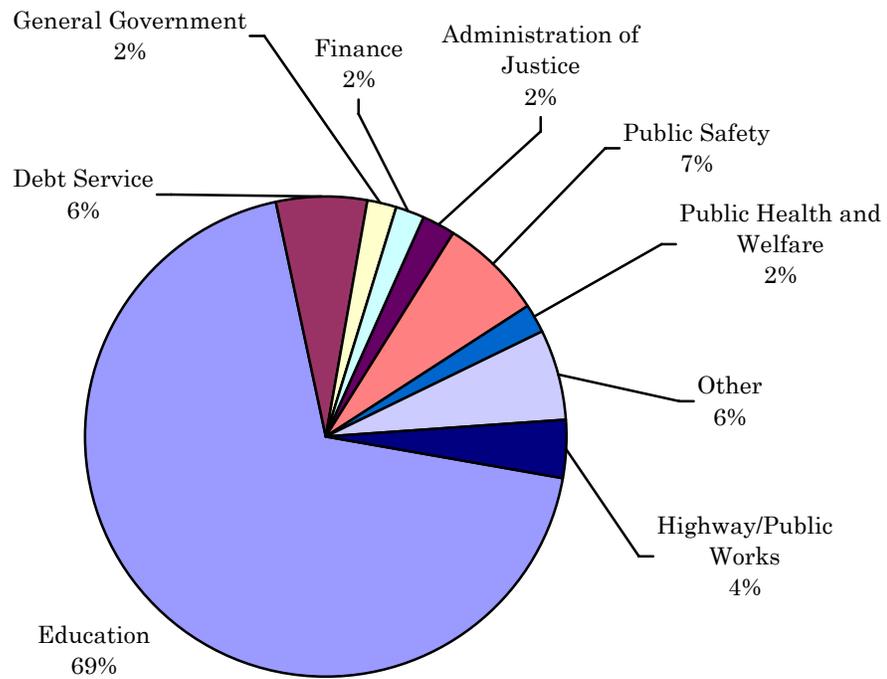
The county property tax is the most important source of local revenue for county governments. The tax is levied on all real and personal property based on the classification and value of the property, unless the property is exempt. In addition to the common tax rate, residents of the rural areas and/or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

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

Property Tax Components	FYE 2002	FYE 2003	FYE 2004	FYE 2005	FYE 2006	FYE 2007	FYE 2008
Common Rate	\$ 2.46	\$ 2.16	\$ 2.35	\$ 2.62	\$ 2.62	\$ 2.62	\$ 2.0144
Solid Waste	0.25	0.20	0.20	0.20	0.20	0.20	0.1507
Local Purpose (Rural Fire)	0.12	0.11	0.11	0.11	0.11	0.11	0.0818
Combined Rates	\$ 2.83	\$ 2.47	\$ 2.66	\$ 2.93	\$ 2.93	\$ 2.93	\$ 2.2469

The level of reserves and the ability to raise property taxes provide the county with significant financial flexibility for the foreseeable future. To this point, the Franklin County Commission felt no need for an additional tax rate increase this fiscal year 2008. This was a reappraisal year for Franklin County and the tax base was increased.

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 69 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 \$16,179,931, an increase of \$1,202,240 in comparison with the prior year. Of this total, \$15,005,700 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 (\$1,174,231).

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 \$3,434,393, of which \$2,303,288 was unreserved. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 20.16 percent of total General Fund expenditures, while total fund balance represents 30.06 percent of that same amount.

The unreserved fund balance of the Franklin County Government's General Fund decreased \$166,574 during the current fiscal year.

The debt service funds have total fund balances of \$5,046,856, all of which are designated for the payment of debt service. The net increase in fund balances during the current year in the debt service funds was \$202,576. A portion of property tax is levied for debt service. This tax produced revenues of \$1,520,438 in the current fiscal year.

The unreserved fund balance of the DPCU School Department was \$3,926,557. This fund balance represents a total decrease of \$369,038 over the prior period.

Pension and Other Postemployment Benefits

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

Capital Assets

The Franklin County Government's investment in capital assets as of June 30, 2007, totals \$52,420,451 (net of accumulated depreciation), and \$49,472,062 (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:

- There was one major construction project in progress in Franklin County during fiscal year 2007. The County continued the major county road improvement project which began in fiscal year 2004-2005. The project was to be completed over a three-year period and proceeded on in the third year. However, the project is now expected to be completed during fiscal year 2007-2008.

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	
	6-30-06	6-30-07	6-30-06	6-30-07
Land	\$ 26,549,722	\$ 27,053,694	\$ 5,451,186	\$ 5,451,186
Buildings and Improvements	13,051,792	11,300,986	57,435,068	56,261,356
Other Capital Assets	6,022,634	35,968,950	4,920,311	5,034,296
Infrastructure	33,462,837	6,242,962	0	0
Less Accumulated Depreciation	(26,671,611)	(28,146,141)	(17,338,027)	(17,274,776)
Total	\$ 52,415,374	\$ 52,420,451	\$ 50,468,538	\$ 49,472,062

Debt Administration

Long-term debt. At the end of the current fiscal year, the Franklin County Government had total debt outstanding of \$35,521,056. 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 (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 2007, the primary government had outstanding debt of \$27,630,000 for capital purposes of the School Department.

A schedule of all outstanding debt as of June 30, 2007 for Franklin County follows.

Franklin County's Outstanding Debt

Year	6-30-06	6-30-07
<u>Primary Government</u>		
2003 Series Jail Refunding Bonds	\$ 3,135,000	\$ 2,850,000
2002 Series School Bonds	7,000,000	6,775,000
2001 Series School Bonds	18,145,000	17,245,000
Industrial Revenue Bonds	183,000	173,000
2006A Highway Refunding Bonds	0	4,825,000
2006B School Refunding Bonds	0	3,610,000
1999 Capital Outlay Notes	110,000	0
Capital Lease - Grader	71,667	43,056
Other Loans Payable:		
2003 School Loans	3,785,000	0
2004 Public Works Projects	3,094,282	0
Total Primary Government	\$ 35,523,949	\$ 35,521,056
<u>Discretely Presented Franklin County School Department</u>		
2005 Capital Outlay Note	\$ 150,000	\$ 125,000
Capital Lease - Computers	0	179,207
Total Discretely Presented Franklin County School Department	\$ 150,000	\$ 304,207

- Franklin County Government's total primary government debt decreased \$2,893 during the current fiscal year due to repayment of principal amounts due totaling \$2,373,611, the refunding of \$9,186,000 in other loans, and the issuance of new debt totaling \$11,556,718 (including \$9,250,000 of refunding bonds).
- During the current fiscal year, the government issued fixed rate bonds totaling \$9,250,000 to refund the variable rate other loans of \$9,186,000.
- Franklin County Government maintained an A2 rating from Moody Investors Service. In the opinion of Moody Investors Service, the high quality rating reflected the county's favorable trends of sound financial operations including significant reserves, continued tax base growth, and low direct debt levels.

Limit on Amount of Outstanding Debt

Since nearly all services rendered by the county are required by the state and require sizeable investments in capital improvements, counties are not limited as to the amount of indebtedness. 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. Tennessee Code Annotated, 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 is steady for the unemployment rate of Franklin County, as it is the same percentage as last year.
- The county's three-year coordinated road improvement program which began during fiscal year 2004-2005 continued and will extend for one additional year. This program is scheduled for completion in fiscal year 2007-2008.
- Current projects under consideration include the construction of a judicial center and the remodeling of the vacant old high school vocational building. The vacant building will be deemed the "Franklin County Annex" and house the election commission, archives, technology, conference center, and the maintenance departments leaving options for further uses after the sale of the old election commission office.

All of these factors were considered in preparing the Franklin County Government's budget for the 2008 fiscal year. The budget for fiscal year 2007-2008 does not include a tax increase. The property tax rate was reduced to \$2.2469 common rate, due to the increase in the county tax base through the current reappraisal year.

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, 2007

	Primary Government Governmental Activities	Component Units		
		Franklin County School Department	Franklin County Emergency Communications District	Industrial Development Board of Franklin County
<u>ASSETS</u>				
Cash	\$ 49,230	\$ 2,818	\$ 456,548	\$ 4,399
Equity in Pooled Cash and Investments	16,163,239	4,001,670	0	0
Accounts Receivable	92,936	23,956	14,853	0
Due from Other Governments	812,012	1,483,943	0	0
Due from Component Units	200	0	0	0
Property Taxes Receivable	10,006,210	8,327,248	0	0
Allowance for Uncollectible Property Taxes	(310,741)	(261,846)	0	0
Prepaid Items	14,245	460,672	0	0
Deferred Charges - Debt Issuance Costs	95,584	0	0	0
Capital Assets:				
Assets Not Depreciated:				
Land	27,053,694	5,451,186	0	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	7,203,144	41,099,420	57,531	0
Other Capital Assets	2,168,483	2,921,456	0	3,639
Infrastructure	15,995,130	0	0	0
Total Assets	<u>\$ 79,343,366</u>	<u>\$ 63,510,523</u>	<u>\$ 528,932</u>	<u>\$ 8,038</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 482,089	\$ 651,677	\$ 56,407	\$ 4,495
Accrued Payroll	77,411	2,731	0	0
Payroll Deductions Payable	114,752	0	0	0
Due to State of Tennessee	6,914	0	0	0
Accrued Interest Payable	406,485	13,963	0	0
Deferred Revenue - Current Property Taxes	9,481,166	7,882,296	0	0
Noncurrent Liabilities:				
Due Within One Year	2,713,424	213,670	0	0
Due in More Than One Year	33,560,981	202,646	0	0
Total Liabilities	<u>\$ 46,843,222</u>	<u>\$ 8,966,983</u>	<u>\$ 56,407</u>	<u>\$ 4,495</u>
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 44,601,367	\$ 49,167,855	\$ 0	\$ 0
Invested in Capital Assets	0	0	57,531	3,639
Restricted for:				
General Purposes	1,029,445	128,955	0	0
Courthouse and Jail Maintenance	44,027	0	0	0
Public Library	51,167	0	0	0
Solid Waste/Sanitation	408,818	0	0	0
Local Purpose	38,834	0	0	0
Drug Control	15,709	0	0	0
Highway/Public Works	854,025	0	0	0
School Federal Projects	0	7,163	0	0
Central Cafeteria	0	747,459	0	0
Debt Service	4,640,371	0	0	0
Capital Projects	396,321	0	0	0
Other Purposes	0	0	0	0
Unrestricted	<u>(19,579,940)</u>	<u>4,492,108</u>	<u>414,994</u>	<u>(96)</u>
Total Net Assets	<u>\$ 32,500,144</u>	<u>\$ 54,543,540</u>	<u>\$ 472,525</u>	<u>\$ 3,543</u>

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

Exhibit B

Franklin County, Tennessee
 Statement of Activities
 For the Year Ended June 30, 2007

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets							
	Expenses	Program Revenues			Primary Government Total Governmental Activities	Component Units		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Franklin County School Department	Franklin County Emergency Communications District	Industrial Development Board of Franklin County
Primary Government:								
Governmental Activities:								
General Government	\$ 1,217,975	\$ 366,011	\$ 20,261	\$ 0	\$ (831,703)	\$ 0	\$ 0	\$ 0
Finance	1,651,554	854,341	29,073	0	(768,140)	0	0	0
Administration of Justice	1,764,729	1,020,446	13,400	0	(730,883)	0	0	0
Public Safety	5,302,230	485,660	364,305	311,218	(4,141,047)	0	0	0
Public Health and Welfare	1,604,857	200,681	175,734	0	(1,228,442)	0	0	0
Social, Cultural, and Recreational Services	408,874	26,242	117,791	0	(264,841)	0	0	0
Agriculture and Natural Resources	159,859	0	12,470	0	(147,389)	0	0	0
Other Operations	1,787,986	0	0	0	(1,787,986)	0	0	0
Highways/Public Works	3,029,809	15,923	1,976,363	648,459	(389,064)	0	0	0
Interest on Long-term Debt	1,635,922	0	0	0	(1,635,922)	0	0	0
Other Debt Service	114,079	0	0	700,000	585,921	0	0	0
Total Primary Government	\$ 18,677,874	\$ 2,969,304	\$ 2,709,397	\$ 1,659,677	\$ (11,339,496)	\$ 0	\$ 0	\$ 0
Component Units:								
Franklin County School Department	\$ 46,799,251	\$ 1,812,707	\$ 4,814,159	\$ 151,974	\$ 0	\$ (40,020,411)	\$ 0	\$ 0
Franklin County Emergency Communications District	275,705	376,100	76,838	0	0	0	177,233	0
Industrial Development Board of Franklin County	104,925	0	98,627	0	0	0	0	(6,298)
Total Component Units	\$ 47,179,881	\$ 2,188,807	\$ 4,989,624	\$ 151,974	\$ 0	\$ (40,020,411)	\$ 177,233	\$ (6,298)

(Continued)

Exhibit B

Franklin County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets							
	Expenses	Program Revenues			Primary Governmental Total Governmental Activities	Component Units		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Franklin County School Department	Franklin County Emergency Communications District	Industrial Development Board of Franklin County
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 7,347,205	\$ 8,247,742	\$ 0	\$ 0
Property Taxes Levied for Debt Service					1,583,597	0	0	0
Local Option Sales Taxes					83,395	3,933,842	0	0
Other Local Taxes					846,722	6,058	0	0
Grants and Contributions Not Restricted to Specific Programs					1,921,880	25,407,329	0	0
Unrestricted Investment Earnings					737,481	459,066	7,795	0
Miscellaneous					8,876	82,627	0	375
Sale of Land and Equipment					18,312	14,040	0	0
Total General Revenues					<u>\$ 12,547,468</u>	<u>\$ 38,150,704</u>	<u>\$ 7,795</u>	<u>\$ 375</u>
Change in Net Assets					\$ 1,207,972	\$ (1,869,707)	\$ 185,028	\$ (5,923)
Net Assets, July 1, 2006					31,254,551	56,413,247	287,497	9,466
Prior Period Adjustment					37,621	0	0	0
Net Assets, June 30, 2007					<u>\$ 32,500,144</u>	<u>\$ 54,543,540</u>	<u>\$ 472,525</u>	<u>\$ 3,543</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, 2007

	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>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 49,230	\$ 49,230
Equity in Pooled Cash and Investments	3,586,630	436,750	5,745,000	851,413	2,984,653	2,558,793	16,163,239
Accounts Receivable	77,619	2,590	0	0	0	12,727	92,936
Due from Other Governments	349,228	3,492	0	371,496	83,666	4,130	812,012
Due from Other Funds	2,034	0	0	1,732	0	30,000	33,766
Due from Component Units	0	200	0	0	0	0	200
Property Taxes Receivable	6,152,298	1,230,436	0	323,558	1,060,839	1,239,079	10,006,210
Allowance for Uncollectible Property Taxes	(190,924)	(38,739)	0	(9,023)	(33,174)	(38,881)	(310,741)
Prepaid Items	5,564	0	0	4,356	0	4,325	14,245
Total Assets	\$ 9,982,449	\$ 1,634,729	\$ 5,745,000	\$ 1,543,532	\$ 4,095,984	\$ 3,859,403	\$ 26,861,097
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 314,153	\$ 24,075	\$ 0	\$ 33,448	\$ 0	\$ 110,413	\$ 482,089
Accrued Payroll	70,572	6,839	0	0	0	0	77,411
Payroll Deductions Payable	92,975	6,932	0	14,845	0	0	114,752
Due to Other Funds	1,732	0	0	0	0	32,034	33,766
Due to State of Tennessee	6,312	602	0	0	0	0	6,914
Deferred Revenue - Current Property Taxes	5,829,808	1,164,571	0	309,110	1,004,606	1,173,071	9,481,166
Deferred Revenue - Delinquent Property Taxes	111,025	22,892	0	4,578	19,458	22,891	180,844
Other Deferred Revenues	121,479	0	0	182,745	0	0	304,224
Total Liabilities	\$ 6,548,056	\$ 1,225,911	\$ 0	\$ 544,726	\$ 1,024,064	\$ 1,338,409	\$ 10,681,166
<u>Fund Balances</u>							
Reserved for Encumbrances	\$ 101,660	\$ 9,984	\$ 0	\$ 23,557	\$ 0	\$ 9,585	\$ 144,786
Reserved for Alcohol and Drug Treatment	37,021	0	0	0	0	0	37,021
Reserved for Sexual Offender Registration	683	0	0	0	0	0	683
Reserved for Computer System - Register	2,420	0	0	0	0	0	2,420
Reserved for Automation Purposes - Sheriff	1,237	0	0	0	0	0	1,237
Reserved for Other General Purposes	988,084	0	0	0	0	0	988,084

(Continued)

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	\$ 2,303,288	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,303,288
Special Revenue Funds	0	398,834	5,745,000	975,249	0	140,152	7,259,235
Debt Service Funds	0	0	0	0	3,071,920	1,974,936	5,046,856
Capital Projects Funds	0	0	0	0	0	396,321	396,321
Total Fund Balances	<u>\$ 3,434,393</u>	<u>\$ 408,818</u>	<u>\$ 5,745,000</u>	<u>\$ 998,806</u>	<u>\$ 3,071,920</u>	<u>\$ 2,520,994</u>	<u>\$ 16,179,931</u>
Total Liabilities and Fund Balances	<u>\$ 9,982,449</u>	<u>\$ 1,634,729</u>	<u>\$ 5,745,000</u>	<u>\$ 1,543,532</u>	<u>\$ 4,095,984</u>	<u>\$ 3,859,403</u>	<u>\$ 26,861,097</u>

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

Exhibit C-2

Franklin County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Assets
June 30, 2007

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)		\$	16,179,931
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	27,053,694	
Add: buildings and improvements net of accumulated depreciation		7,203,144	
Add: infrastructure net of accumulated depreciation		15,995,130	
Add: other capital assets net of accumulated depreciation		<u>2,168,483</u>	52,420,451
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(35,478,000)	
Less: capital leases payable		(43,056)	
Less: compensated absences		(328,349)	
Less: landfill closure/postclosure care costs		(425,000)	
Less: accrued interest on bonds and capital leases		(406,485)	
Add: deferred charges - debt issuance costs		<u>95,584</u>	(36,585,306)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>485,068</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>32,500,144</u></u>

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

Exhibit C-3

Franklin County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007

	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	\$ 6,493,568	\$ 851,478	\$ 0	\$ 331,302	\$ 1,833,374	\$ 1,138,544	\$ 10,648,266
Licenses and Permits	41,903	6,635	0	1,331	5,679	28,805	84,353
Fines, Forfeitures, and Penalties	163,649	0	0	0	0	36,873	200,522
Charges for Current Services	177,257	18,730	0	15,923	0	29,465	241,375
Other Local Revenues	89,384	376,374	0	15,434	47,495	478,595	1,007,282
Fees Received from County Officials	1,777,366	0	0	0	0	0	1,777,366
State of Tennessee	1,760,939	28,290	0	2,615,773	0	24,037	4,429,039
Federal Government	499,948	0	0	0	0	0	499,948
Other Governments and Citizens Groups	195,404	0	0	0	700,000	89,424	984,828
Total Revenues	\$ 11,199,418	\$ 1,281,507	\$ 0	\$ 2,979,763	\$ 2,586,548	\$ 1,825,743	\$ 19,872,979
<u>Expenditures</u>							
Current:							
General Government	\$ 1,678,438	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,678,438
Finance	1,623,109	0	0	0	0	3,223	1,626,332
Administration of Justice	1,334,344	0	0	0	0	738	1,335,082
Public Safety	4,303,384	0	0	0	0	531,721	4,835,105
Public Health and Welfare	357,978	1,218,861	0	0	0	0	1,576,839
Social, Cultural, and Recreational Services	266,425	0	0	0	0	130,504	396,929
Agriculture and Natural Resources	148,935	0	0	0	0	0	148,935
Other Operations	1,018,848	72,223	0	0	0	719	1,091,790
Highways	0	0	0	2,662,614	0	0	2,662,614
Debt Service:							
Principal on Debt	0	0	0	78,611	1,325,000	970,000	2,373,611
Interest on Debt	0	0	0	5,766	1,290,219	336,641	1,632,626
Other Debt Service	0	0	0	0	64,207	62,623	126,830
Capital Projects	693,012	0	0	0	0	1,777,074	2,470,086
Capital Projects - Donated	335	0	0	0	0	0	335
Total Expenditures	\$ 11,424,808	\$ 1,291,084	\$ 0	\$ 2,746,991	\$ 2,679,426	\$ 3,813,243	\$ 21,955,552
Excess (Deficiency) of Revenues Over Expenditures	\$ (225,390)	\$ (9,577)	\$ 0	\$ 232,772	\$ (92,878)	\$ (1,987,500)	\$ (2,082,573)

(Continued)

Exhibit C-3

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>							
Refunding Debt Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,810,000	\$ 5,440,000	\$ 9,250,000
Other Loans Issued	0	0	0	0	0	2,306,718	2,306,718
Proceeds from Sale of Capital Assets	866,474	0	0	10,000	0	0	876,474
Transfers In	64,355	0	0	145,976	0	490,000	700,331
Transfers Out	(72,653)	(3,803)	0	(403,803)	0	(220,072)	(700,331)
Refunded Loans	0	0	0	0	(3,785,000)	(5,401,000)	(9,186,000)
Total Other Financing Sources (Uses)	\$ 858,176	\$ (3,803)	\$ 0	\$ (247,827)	\$ 25,000	\$ 2,615,646	\$ 3,247,192
Net Change in Fund Balances	\$ 632,786	\$ (13,380)	\$ 0	\$ (15,055)	\$ (67,878)	\$ 628,146	\$ 1,164,619
Fund Balance, July 1, 2006	2,801,607	422,198	5,745,000	1,013,861	3,139,798	1,855,227	14,977,691
Prior Period Adjustment	0	0	0	0	0	37,621	37,621
Fund Balance, June 30, 2007	\$ 3,434,393	\$ 408,818	\$ 5,745,000	\$ 998,806	\$ 3,071,920	\$ 2,520,994	\$ 16,179,931

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

Exhibit C-4

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, 2007

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 1,164,619
(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 difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 3,551,764	
Less: current year depreciation expense	<u>(2,088,342)</u>	1,463,422
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: loss on disposal of capital assets	\$ (581,871)	
Less: proceeds received on disposal of capital assets	<u>(876,474)</u>	(1,458,345)
(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, 2007	\$ 485,068	
Less: deferred delinquent property taxes/other deferred June 30, 2006	<u>(472,201)</u>	12,867
(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	\$ (2,306,718)	
Less: refunding bond proceeds	(9,250,000)	
Less: change in deferred debt issuance costs	12,751	
Add: principal payments on bonds	2,235,000	
Add: principal payments on notes	110,000	
Add: principal payments on capital leases	28,611	
Add: other loans refunded	<u>9,186,000</u>	15,644
(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.		
Change in accrued interest payable	\$ (3,296)	
Change in compensated absences	(11,939)	
Change in landfill closure/postclosure care costs	<u>25,000</u>	<u>9,765</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,207,972</u>

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

Exhibit D

Franklin County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,322,333
Due from Other Governments	<u>511,196</u>
Total Assets	<u><u>\$ 1,833,529</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 511,196
Due to Litigants, Heirs, and Others	<u>1,322,333</u>
Total Liabilities	<u><u>\$ 1,833,529</u></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, 2007

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, 2007, the county appropriated an operating subsidy of \$96,600 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
305 Edgewater Drive
Winchester, TN 37398

The Industrial Development Board of Franklin County
100 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’s 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, the General Debt Service Fund and the General Purpose School Fund. 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 1.65 percent of total taxes levied.

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

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not

available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

3. Prepaid Items

Certain payments to vendors reflect costs 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 days 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- and 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- and 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 refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental 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.

As of June 30, 2007, Franklin County has \$27,630,000 in 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.

8. Prior-period Adjustment

The prior period adjustment of \$37,621 represents the July 1, 2006, fund balance for the Public Library Fund. This fund had been omitted in prior years.

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

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

Primary Government

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

Discretely Presented Franklin County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund) and the Public Library 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. Expenditures and Encumbrances Exceeded Appropriations

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

Fund	Major Appropriation Category	Amount Overspent
General	Election Commission	\$ 1,657
Solid Waste/Sanitation	Postclosure Care Costs	396
General Debt Service	Principal on Debt - General Government	1,000

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

C. Fund Not Budgeted

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

D. A Revenue Anticipation Note Was Not Issued and Retired in Compliance With State Statutes

During the year, the School Federal Projects Fund borrowed \$100,000 from the General Purpose School Fund to provide cash for operations in anticipation of revenue collections. This loan was approved by the Board of Education and the County Commission; however, the note was not approved

by the state director of Local Finance and was not retired by June 30, 2007. Section 9-21-801, Tennessee Code Annotated, allows the County Commission to issue revenue anticipation notes with the approval of the state director of Local Finance provided the notes are retired by the end of the current fiscal year. This note has been reflected in the financial statements of this report as a current receivable in the General Purpose School Fund and a current payable in the School Federal Projects Fund. This note was retired on July 10, 2007.

E. Cash Shortage

As noted in the previous year's Annual Financial Report, a cash shortage of \$24,752.30 existed in the Office of Juvenile Court Clerk as of June 30, 2006. The county's bonding company paid \$23,752.30 on March 19, 2007, and Juvenile Court Clerk Nancy Silvertooth paid \$1,000 (the deductible) on March 26, 2007. On September 5, 2007, former employee Diane McMurrery pled guilty to theft of property, was sentenced to four years probation, and must pay \$600 per month restitution for four years.

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 or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected in the fund financial statements represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool

may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county’s own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase.

Investment Balances. As of June 30, 2007, 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>\$ 54,735</u>
Total		<u><u>\$ 54,735</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, 2007, Franklin County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

Capital assets activity for the year ended June 30, 2007, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets				
Not Depreciated:				
Land	\$ 26,549,722	\$ 606,838	\$ (102,866)	\$ 27,053,694
Total Capital Assets Not Depreciated	<u>\$ 26,549,722</u>	<u>\$ 606,838</u>	<u>\$ (102,866)</u>	<u>\$ 27,053,694</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 13,051,792	\$ 6,884	\$ (1,757,690)	\$ 11,300,986
Infrastructure	33,462,837	2,506,113	0	35,968,950
Other Capital Assets	6,022,634	431,929	(211,601)	6,242,962
Total Capital Assets Depreciated	<u>\$ 52,537,263</u>	<u>\$ 2,944,926</u>	<u>\$ (1,969,291)</u>	<u>\$ 53,512,898</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,169,894	\$ 358,522	\$ (430,574)	\$ 4,097,842
Infrastructure	18,743,795	1,230,025	0	19,973,820
Other Capital Assets	3,757,922	499,795	(183,238)	4,074,479
Total Accumulated Depreciation	<u>\$ 26,671,611</u>	<u>\$ 2,088,342</u>	<u>\$ (613,812)</u>	<u>\$ 28,146,141</u>
Total Capital Assets Depreciated, Net	<u>\$ 25,865,652</u>	<u>\$ 856,584</u>	<u>\$ (1,355,479)</u>	<u>\$ 25,366,757</u>
Governmental Activities Capital Assets, Net	<u>\$ 52,415,374</u>	<u>\$ 1,463,422</u>	<u>\$ (1,458,345)</u>	<u>\$ 52,420,451</u>

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

Governmental Activities:

General Government	\$ 61,891
Finance	37,306
Administration of Justice	15,558
Public Safety	383,844
Public Health and Welfare	81,632
Social, Cultural, and Recreational	44,000
Agriculture and Natural Resources	11,937
Other Operations	102,724
Highways	<u>1,349,450</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,088,342</u>

Discretely Presented Franklin County School Department

Governmental Activities:

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets				
Not Depreciated:				
Land	\$ 5,451,186	\$ 0	\$ 0	\$ 5,451,186
Total Capital Assets Not Depreciated	<u>\$ 5,451,186</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,451,186</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 57,435,068	\$ 244,688	\$ (1,418,400)	\$ 56,261,356
Other Capital Assets	4,920,311	771,892	(657,908)	5,034,295
Total Capital Assets Depreciated	<u>\$ 62,355,379</u>	<u>\$ 1,016,580</u>	<u>\$ (2,076,308)</u>	<u>\$ 61,295,651</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 15,201,182	\$ 1,354,154	\$ (1,393,400)	\$ 15,161,936
Other Capital Assets	2,136,845	580,153	(604,159)	2,112,839
Total Accumulated Depreciation	<u>\$ 17,338,027</u>	<u>\$ 1,934,307</u>	<u>\$ (1,997,559)</u>	<u>\$ 17,274,775</u>
Total Capital Assets Depreciated, Net	<u>\$ 45,017,352</u>	<u>\$ (917,727)</u>	<u>\$ (78,749)</u>	<u>\$ 44,020,876</u>
Governmental Activities Capital Assets, Net	<u>\$ 50,468,538</u>	<u>\$ (917,727)</u>	<u>\$ (78,749)</u>	<u>\$ 49,472,062</u>

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

Governmental Activities:

Instruction	\$ 1,679,832
Support Services	150,982
Operation of Non-Instructional Services	<u>103,493</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,934,307</u></u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2007, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 2,034
Highway/Public Works	General	1,732
Nonmajor governmental	Nonmajor governmental	30,000
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	136,589

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.

Due to/from primary government and component units:

Receivable Fund	Payable Fund	Amount
Primary government:		
Solid Waste/Sanitation	Component unit: General Purpose School	\$ 200

The receivable in the Solid Waste/Sanitation Fund was in transit from the General Purpose School Fund at June 30, 2007.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2007, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		
	General Fund	Highway/ Public Works Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 12,653	\$ 60,000
Solid Waste/Sanitation Fund	3,803	0	0
Highway/Public Works Fund	3,803	0	400,000
Nonmajor governmental funds	56,749	133,323	30,000
Total	<u>\$ 64,355</u>	<u>\$ 145,976</u>	<u>\$ 490,000</u>

Discretely Presented Franklin County School Department

Transfers Out	Transfers In General Purpose School Fund
Nonmajor governmental funds	<u>\$ 48,984</u>
Total	<u>\$ 48,984</u>

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

D. Capital Leases

Primary Government

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, 2007, were as follows:

Year Ending June 30	Governmental Funds
2008	\$ 31,545
2009	13,144
Total Minimum Lease Payments	<u>\$ 44,689</u>
Amount Representing Interest	<u>(1,633)</u>
Present Value of Minimum Lease Payments	<u>\$ 43,056</u>

Discretely Presented Franklin County School Department

On August 1, 2006, the Franklin County School Department entered into a four-year lease-purchase agreement for computers. The terms of the agreement require total lease payments of \$269,984 plus interest of 7.93 percent. Title to the computers transfers to the Franklin County School Department at the end of the lease period. The lease payments are made from the General Purpose School Fund.

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2007, were as follows:

Year Ending June 30	Governmental Funds
2008	\$ 90,777
2009	90,777
2010	21,599
Total Minimum Lease Payments	<u>\$ 203,153</u>
Amount Representing Interest	<u>(23,946)</u>
Present Value of Minimum Lease Payments	<u>\$ 179,207</u>

E. 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 outstanding were issued for original terms of up to 40 years. 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.

General obligation bonds and capital leases outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds	3.25 to 5 %	\$ 21,878,000	\$ 17,418,000
General Obligation Bonds - Refunding	3.13 to 4.75	20,225,000	18,060,000
Capital Leases	5	114,148	43,056

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2007, including interest payments, are presented in the following table:

Year Ending June 30	Bonds	
	Principal	Interest
2008	\$ 2,330,000	\$ 1,466,601
2009	2,840,000	1,381,242
2010	2,940,000	1,274,404
2011	3,030,000	1,162,140
2012	3,150,000	1,044,289
2013-2017	13,948,000	3,305,576
2018-2021	7,240,000	854,529
Total	<u>\$ 35,478,000</u>	<u>\$ 10,488,781</u>

There is \$1,974,936 available in the General Debt Service Fund and \$3,071,920 available in the Education Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$903, based on the 2000 federal census. Debt per capita, including bonds and the capital lease, totaled \$904, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

Governmental Activities:

	Bonds	Note	Capital Lease
Balance, July 1, 2006	\$ 28,463,000	\$ 110,000	\$ 71,667
Additions	9,250,000	0	0
Deductions	(2,235,000)	(110,000)	(28,611)
Balance, June 30, 2007	<u>\$ 35,478,000</u>	<u>\$ 0</u>	<u>\$ 43,056</u>
Balance Due Within One Year	<u>\$ 2,330,000</u>	<u>\$ 0</u>	<u>\$ 30,075</u>

	Other Loans	Landfill Postclosure Care Costs	Compensated Absences
Balance, July 1, 2006	\$ 6,879,282	\$ 450,000	\$ 316,410
Additions	2,306,718	0	355,511
Deductions	0	(25,000)	(343,572)
Refunded Loans	(9,186,000)	0	0
Balance, June 30, 2007	<u>\$ 0</u>	<u>\$ 425,000</u>	<u>\$ 328,349</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 25,000</u>	<u>\$ 328,349</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 36,274,405
Less: Balance Due Within One Year	<u>(2,713,424)</u>
Noncurrent Liabilities - Due in More than One Year - Exhibit A	<u>\$ 33,560,981</u>

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

Current Refunding

On December 29, 2006, Franklin County refunded three other loan issues (\$9,186,000) with two separate general obligation bond issues. The other loans had variable interest rates and various fees associated with them. The county issued \$9,250,000 of general obligation refunding bonds to provide

resources to pay off these other loans. These general obligation bond issues have a fixed interest rate. As a result, the liability of these other loans has been removed from the county's long-term debt. Since these other loans had variable interest rates and other fees associated with them, an accurate calculation of the reduction/addition of total debt service payments over the next 14 years could not be determined.

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 an original term of 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 and the capital lease outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
Capital Outlay Note	4.3 to 4.55%	\$ 150,000	\$ 125,000
Capital Lease	7.93	269,984	179,207

The annual requirements to amortize the note outstanding as of June 30, 2007, including interest payments, are presented in the following table:

Year Ending June 30	Note	
	Principal	Interest
2008	\$ 25,000	\$ 5,246
2009	25,000	4,153
2010	25,000	3,046
2011	25,000	1,927
2012	25,000	683
Total	<u>\$ 125,000</u>	<u>\$ 15,055</u>

Debt per capita, including the note and the capital lease, totaled \$8, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Franklin County School Department for the year ended June 30, 2007, was as follows:

Governmental Activities:

	Note	Capital Lease	Compensated Absences
Balance, July 1, 2006	\$ 150,000	\$ 0	\$ 103,256
Additions	0	269,984	159,987
Deductions	(25,000)	(90,777)	(151,134)
Balance, June 30, 2007	<u>\$ 125,000</u>	<u>\$ 179,207</u>	<u>\$ 112,109</u>
Balance Due Within One Year	<u>\$ 25,000</u>	<u>\$ 76,561</u>	<u>\$ 112,109</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 416,316
Less: Balance Due Within One Year	<u>(213,670)</u>
Noncurrent Liabilities - Due in More than One Year - Exhibit A	<u>\$ 202,646</u>

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

F. Short-term Debt

Discretely Presented Franklin County School Department

The Franklin County School Department issued a revenue anticipation note of \$100,000 from the General Purpose School Fund in advance of revenue collections and deposited the proceeds in the School Federal Projects Fund. This note was necessary because funds were not available to meet payments coming due before revenue collections. This note should have been retired by June 30, 2007; however, the note remained unpaid as of June 30, 2007, and therefore has been reflected in the financial statements of this report as a current receivable (Due from Other Funds) in the General Purpose School Fund and a current liability (Due to Other Funds) in the School Federal Projects Fund. This note was retired on July 10, 2007. Short-term debt activity for the year ended June 30, 2007, was as follows:

	Balance 7-1-06	Issued	Redeemed	Balance 6-30-07
Revenue Anticipation Note	\$ 0	\$ 100,000	\$ 0	\$ 100,000

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 (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school districts. The county and School Department pay annual premiums to the TSB-RMT for its general liability, property, and casualty coverage. The creation of the TSB-RMT 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 (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school districts. The School Department pays annual premiums to the TSB-RMT for its workers' compensation coverage. The creation of the TSB-RMT 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. Subsequent Events

Finance Director, Linda Carroll, retired on August 15, 2007, and was succeeded by Andrea Smith effective August 16, 2007.

On August 16, 2007, Franklin County issued \$6,000,000 in general obligation bonds for construction of a justice center.

C. 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.

D. Changes in Administration

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.

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 \$425,000 reported as landfill postclosure care liability at June 30, 2007, 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 2007. 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, 2007.

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, 2007.

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

Office of District Attorney General
Twelfth Judicial District
375 Church Street, Suite 300
Dayton, TN 37321

G. Retirement Commitments

Employees

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 <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, 2007, was 11.95 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, 2007, Franklin County’s annual pension cost of \$1,387,181 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2005, 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 10 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
6-30-07	\$1,378,181	100%	\$0
6-30-06	1,196,542	100	0
6-30-05	1,040,293	100	0

School Teachers

Plan Description

The Franklin County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple 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 <http://www.treasury.state.tn.us>.

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, 2007, was 6.13 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, 2007, 2006, and 2005, were \$1,267,486, \$1,033,863, and \$1,019,778, 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 five retirees meet those eligibility requirements. During the year, expenditures totaling \$12,580 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 Emergency Communications District provides funds and support to procure, lease, and maintain necessary equipment and services related to fielding emergency phone calls in Franklin 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 Emergency Communications District. Legally, the district is a separate governmental entity that has considerable legal, financial, and administrative autonomy. However, as the governing board is not elected, but is entirely appointed by the county, the district cannot be a primary government. Instead, it qualifies as a component unit of Franklin County, Tennessee (the primary government).

Three board members of the district are appointed by the Franklin County Mayor and confirmed by the Franklin County Commission each year to serve four year terms. The district must obtain County Commission 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 as such 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, 2007, was \$456,548. The amount of deposits collateralized with securities held by pledging financial institutions and federal depository insurance was \$456,548.

Utility Plant

Equipment and property additions are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful life. The district estimates the useful life of its equipment to be ten years as well as five years for general office equipment.

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:

	7-1-06	Additions	Deletions	6-30-07
Equipment	\$ 157,919	\$ 26,628	\$ (99,298)	\$ 85,249
Less: Accumulated Depreciation	(120,079)	(6,937)	99,298	(27,718)
Total	\$ 37,840	\$ 19,691	\$ 0	\$ 57,531

C. Cash Flow

At June 30, 2007, total cash was \$456,548, of which \$173,853 is held in certificates of deposit with maturities of more than three months, leaving \$282,695 considered as cash equivalents.

D. Budgeting Procedures

The official budget for June 30, 2007, was prepared for adoption for the proprietary fund by June 20, 2006.

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

During the year ended June 30, 2006, the district discontinued the usage of the Sewanee Public Safety Answering Point due to lack of calls 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 received \$50,000 from the Tennessee Emergency Communications Board during the year. No other grant monies were received during the year ended June 30, 2007.

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 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. 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.

4. 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, 2007, is \$4,399.

C. Capital Assets

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

	7-1-06	Additions	Deletions	6-30-07
Equipment	\$ 10,233	\$ 2,027	\$ (2,049)	\$ 10,211
Less: Accumulated Depreciation	(7,314)	(1,307)	2,049	(6,572)
Total	<u>\$ 2,919</u>	<u>\$ 720</u>	<u>\$ 0</u>	<u>\$ 3,639</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. 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 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, TN 37243-0230 or can be accessed at <http://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, 2007, was 11.95 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, 2007, the Industrial Development Board of Franklin County, Tennessee’s annual pension cost of \$7,130 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, 2005, 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
6-30-07	7,130	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 E-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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 6,493,568	\$ 0	\$ 0	\$ 6,493,568	\$ 6,406,804	\$ 6,406,804	\$ 86,764
Licenses and Permits	41,903	0	0	41,903	39,800	39,800	2,103
Fines, Forfeitures, and Penalties	163,649	0	0	163,649	146,750	171,460	(7,811)
Charges for Current Services	177,257	0	0	177,257	176,630	178,130	(873)
Other Local Revenues	89,384	0	0	89,384	119,000	122,575	(33,191)
Fees Received from County Officials	1,777,366	0	0	1,777,366	1,723,700	1,723,700	53,666
State of Tennessee	1,760,939	0	0	1,760,939	1,678,687	1,727,948	32,991
Federal Government	499,948	0	0	499,948	405,083	452,801	47,147
Other Governments and Citizens Groups	195,404	0	0	195,404	169,423	193,848	1,556
Total Revenues	\$ 11,199,418	\$ 0	\$ 0	\$ 11,199,418	\$ 10,865,877	\$ 11,017,066	\$ 182,352
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 259,653	\$ (2,697)	\$ 2,550	\$ 259,506	\$ 247,695	\$ 268,699	\$ 9,193
Beer Board	1,828	(30)	35	1,833	2,100	2,100	267
County Mayor/Executive	143,636	(560)	414	143,490	144,079	145,279	1,789
County Attorney	7,200	0	0	7,200	7,200	7,200	0
Election Commission	348,135	(881)	128	347,382	338,425	345,725	(1,657)
Register of Deeds	269,981	(184)	898	270,695	270,353	271,353	658
Planning	144,728	(1,139)	674	144,263	144,804	144,804	541
Geographical Information Systems	70,155	0	2,865	73,020	96,720	73,720	700
County Buildings	433,122	(6,081)	23,066	450,107	467,403	462,037	11,930
<u>Finance</u>							
Property Assessor's Office	401,304	(997)	0	400,307	417,766	414,266	13,959
County Trustee's Office	234,224	(146)	70	234,148	236,361	236,361	2,213
County Clerk's Office	399,818	(1,462)	554	398,910	411,370	404,870	5,960
Other Finance	587,763	(3,142)	814	585,435	587,243	587,243	1,808

(Continued)

Exhibit E-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 7/1/2006	Add: Encumbrances 6/30/2007	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	\$ 699,057	\$ (2,650)	\$ 16,939	\$ 713,346	\$ 728,234	\$ 722,107	\$ 8,761
General Sessions Court	254,219	(180)	0	254,039	243,498	255,593	1,554
Drug Court	50,813	0	0	50,813	0	50,923	110
Chancery Court	138,636	(616)	576	138,596	143,063	141,423	2,827
Juvenile Court	111,551	0	0	111,551	112,676	113,476	1,925
Probation Services	80,068	0	246	80,314	79,673	81,173	859
<u>Public Safety</u>							
Sheriff's Department	2,149,064	(7,430)	22,259	2,163,893	2,143,706	2,180,706	16,813
Administration of the Sexual Offender Registry	1,637	0	0	1,637	0	1,640	3
Jail	1,267,651	(7,817)	15,525	1,275,359	1,256,601	1,296,101	20,742
Juvenile Services	13,976	0	0	13,976	16,689	14,189	213
Civil Defense	122,395	(2,114)	1,806	122,087	117,655	123,655	1,568
Rescue Squad	28,000	0	0	28,000	28,000	28,000	0
Other Emergency Management	677,820	(6,048)	1,711	673,483	640,058	681,656	8,173
County Coroner/Medical Examiner	30,841	0	0	30,841	36,000	33,000	2,159
Other Public Safety	12,000	0	0	12,000	12,000	12,000	0
<u>Public Health and Welfare</u>							
Local Health Center	32,236	(595)	430	32,071	35,151	35,151	3,080
Rabies and Animal Control	96,623	(68)	27	96,582	101,174	97,174	592
Crippled Children Services	2,683	0	0	2,683	2,683	2,683	0
Other Local Health Services	114,070	(3,000)	0	111,070	178,900	118,050	6,980
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	52,403	(320)	0	52,083	73,548	58,748	6,665

(Continued)

Exhibit E-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 7/1/2006	Add: Encumbrances 6/30/2007	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</u>							
Senior Citizens Assistance	\$ 45,817	\$ (3,940)	\$ 0	\$ 41,877	\$ 46,985	\$ 46,985	\$ 5,108
Libraries	154,935	0	0	154,935	155,682	155,682	747
Parks and Fair Boards	64,212	(2,178)	0	62,034	67,820	68,570	6,536
Other Social, Cultural, and Recreational	1,461	(1,461)	0	0	0	0	0
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	73,230	0	0	73,230	84,636	76,836	3,606
Soil Conservation	75,705	0	0	75,705	72,504	75,859	154
<u>Other Operations</u>							
Industrial Development	153,623	(829)	331	153,125	154,810	154,810	1,685
Other Economic and Community Development	88,630	0	0	88,630	83,264	88,630	0
Veterans' Services	16,548	(75)	0	16,473	16,756	16,756	283
Other Charges	677,007	(280)	442	677,169	707,568	681,943	4,774
Contributions to Other Agencies	83,040	0	0	83,040	83,040	83,040	0
<u>Capital Projects</u>							
General Administration Projects	35,850	(27,840)	8,300	16,310	18,538	18,538	2,228
Administration of Justice Projects	408,257	(6,587)	0	401,670	0	401,670	0
Public Safety Projects	234,185	(80,613)	1,000	154,572	68,150	173,576	19,004
Other General Government Projects	14,720	0	0	14,720	0	15,001	281
<u>Capital Projects - Donated</u>							
Capital Projects Donated to Other Entities	335	0	0	335	0	335	0
Total Expenditures	\$ 11,424,808	\$ (171,960)	\$ 101,660	\$ 11,354,508	\$ 10,940,544	\$ 11,529,299	\$ 174,791
Excess (Deficiency) of Revenues Over Expenditures	\$ (225,390)	\$ 171,960	\$ (101,660)	\$ (155,090)	\$ (74,667)	\$ (512,233)	\$ 357,143

(Continued)

Exhibit E-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 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Proceeds from Sale of Capital Assets	\$ 866,474	\$ 0	\$ 0	\$ 866,474	\$ 0	\$ 29,754	\$ 836,720
Transfers In	64,355	0	0	64,355	7,606	407,606	(343,251)
Transfers Out	(72,653)	0	0	(72,653)	(60,000)	(72,653)	0
Total Other Financing Sources (Uses)	\$ 858,176	\$ 0	\$ 0	\$ 858,176	\$ (52,394)	\$ 364,707	\$ 493,469
Net Change in Fund Balance	\$ 632,786	\$ 171,960	\$ (101,660)	\$ 703,086	\$ (127,061)	\$ (147,526)	\$ 850,612
Fund Balance, July 1, 2006	2,801,607	(171,960)	0	2,629,647	2,581,264	2,581,264	48,383
Fund Balance, June 30, 2007	\$ 3,434,393	\$ 0	\$ (101,660)	\$ 3,332,733	\$ 2,454,203	\$ 2,433,738	\$ 898,995

Exhibit E-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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 851,478	\$ 0	\$ 0	\$ 851,478	\$ 834,529	\$ 834,529	\$ 16,949
Licenses and Permits	6,635	0	0	6,635	6,100	6,100	535
Charges for Current Services	18,730	0	0	18,730	33,000	33,000	(14,270)
Other Local Revenues	376,374	0	0	376,374	346,000	346,000	30,374
State of Tennessee	28,290	0	0	28,290	30,000	30,000	(1,710)
Total Revenues	\$ 1,281,507	\$ 0	\$ 0	\$ 1,281,507	\$ 1,249,629	\$ 1,249,629	\$ 31,878
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Education/Information	\$ 1,690	\$ 0	\$ 0	\$ 1,690	\$ 2,500	\$ 2,500	\$ 810
Convenience Centers	234,378	(10,851)	3,574	227,101	241,391	241,391	14,290
Transfer Stations	972,397	(3,087)	6,397	975,707	977,770	977,770	2,063
Postclosure Care Costs	10,396	0	0	10,396	10,000	10,000	(396)
<u>Other Operations</u>							
Other Charges	72,223	0	13	72,236	75,737	75,737	3,501
Total Expenditures	\$ 1,291,084	\$ (13,938)	\$ 9,984	\$ 1,287,130	\$ 1,307,398	\$ 1,307,398	\$ 20,268
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (9,577)	\$ 13,938	\$ (9,984)	\$ (5,623)	\$ (57,769)	\$ (57,769)	\$ 52,146
<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							
Fund Balance, July 1, 2006	\$ (13,380)	\$ 13,938	\$ (9,984)	\$ (9,426)	\$ (61,572)	\$ (61,572)	\$ 52,146
	422,198	(13,938)	0	408,260	388,193	388,193	20,067
Fund Balance, June 30, 2007	\$ 408,818	\$ 0	\$ (9,984)	\$ 398,834	\$ 326,621	\$ 326,621	\$ 72,213

Exhibit E-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, 2007

	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, 2006	5,745,000	5,745,000	5,745,000	0
Fund Balance, June 30, 2007	\$ 5,745,000	\$ 5,745,000	\$ 5,745,000	\$ 0

Exhibit E-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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 331,302	\$ 0	\$ 0	\$ 331,302	\$ 415,853	\$ 330,683	\$ 619
Licenses and Permits	1,331	0	0	1,331	1,200	1,200	131
Charges for Current Services	15,923	0	0	15,923	2,000	1,000	14,923
Other Local Revenues	15,434	0	0	15,434	39,500	25,212	(9,778)
State of Tennessee	2,615,773	0	0	2,615,773	2,448,448	2,644,045	(28,272)
Total Revenues	\$ 2,979,763	\$ 0	\$ 0	\$ 2,979,763	\$ 2,907,001	\$ 3,002,140	\$ (22,377)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 270,673	\$ (220)	\$ 1,754	\$ 272,207	\$ 285,708	\$ 285,708	\$ 13,501
Highway and Bridge Maintenance	637,179	(3,679)	7,412	640,912	883,406	790,929	150,017
Operation and Maintenance of Equipment	311,138	(6,706)	13,451	317,883	340,525	373,186	55,303
Quarry Operations	292,019	(1,579)	275	290,715	298,576	336,603	45,888
Other Charges	184,833	(450)	665	185,048	178,126	204,576	19,528
Capital Outlay	966,772	(338,409)	0	628,363	933,000	928,741	300,378
<u>Principal on Debt</u>							
Highways and Streets	78,611	0	0	78,611	78,612	78,612	1
<u>Interest on Debt</u>							
Highways and Streets	5,766	0	0	5,766	5,767	5,767	1
Total Expenditures	\$ 2,746,991	\$ (351,043)	\$ 23,557	\$ 2,419,505	\$ 3,003,720	\$ 3,004,122	\$ 584,617
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 232,772	\$ 351,043	\$ (23,557)	\$ 560,258	\$ (96,719)	\$ (1,982)	\$ 562,240
<u>Other Financing Sources (Uses)</u>							
Proceeds from Sale of Capital Assets	\$ 10,000	\$ 0	\$ 0	\$ 10,000	\$ 0	\$ 10,000	\$ 0
Transfers In	145,976	0	0	145,976	0	144,562	1,414

(Continued)

Exhibit E-4

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>							
Transfers Out	\$ (403,803)	\$ 0	\$ 0	\$ (403,803)	\$ (403,803)	\$ (403,803)	\$ 0
Total Other Financing Sources (Uses)	\$ (247,827)	\$ 0	\$ 0	\$ (247,827)	\$ (403,803)	\$ (249,241)	\$ 1,414
Net Change in Fund Balance	\$ (15,055)	\$ 351,043	\$ (23,557)	\$ 312,431	\$ (500,522)	\$ (251,223)	\$ 563,654
Fund Balance, July 1, 2006	1,013,861	(351,043)	0	662,818	851,931	851,931	(189,113)
Fund Balance, June 30, 2007	\$ 998,806	\$ 0	\$ (23,557)	\$ 975,249	\$ 351,409	\$ 600,708	\$ 374,541

Exhibit E-5

Franklin County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2007

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	84.01 %	\$ 8,909	36.26 %
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

FRANKLIN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2007

A. BUDGETARY INFORMATION

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the 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.

B. EXPENDITURES AND ENCUMBRANCES EXCEEDED APPROPRIATIONS

Expenditures and encumbrances exceeded appropriations approved by the County Commission in the Election Commission major appropriation category (the legal level of control) in the General Fund by \$1,657 and in the Postclosure Care Cost major appropriation category in the Solid Waste/Sanitation Fund by \$396. These overexpenditures were funded by available fund balances.

**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.

Public Library Fund – The Public Library Fund is used to account for transactions for the Franklin County Public Library.

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. This fund was closed during the period.

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

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 F-1

Franklin County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2007

	Special Revenue Funds					Total	Debt	Capital	Total
	Courthouse and Jail Maintenance	Public Library	Local Purpose Tax	Drug Control	Constitu- tional Officers - Fees		Service Fund	Projects Fund	
<u>ASSETS</u>									
Cash	\$ 0	\$ 48,538	\$ 0	\$ 0	\$ 692	\$ 49,230	\$ 0	\$ 0	\$ 49,230
Equity in Pooled Cash and Investments	74,027	0	121,543	20,002	0	215,572	1,938,562	404,659	2,558,793
Accounts Receivable	0	4,811	6,574	0	1,342	12,727	0	0	12,727
Due from Other Governments	0	0	3,987	0	0	3,987	143	0	4,130
Due from Other Funds	0	0	0	0	0	0	30,000	0	30,000
Property Taxes Receivable	0	0	668,215	0	0	668,215	570,864	0	1,239,079
Allowance for Uncollectible Property Taxes	0	0	(21,166)	0	0	(21,166)	(17,715)	0	(38,881)
Prepaid Items	0	0	0	0	0	0	4,325	0	4,325
Total Assets	\$ 74,027	\$ 53,349	\$ 779,153	\$ 20,002	\$ 2,034	\$ 928,565	\$ 2,526,179	\$ 404,659	\$ 3,859,403
<u>LIABILITIES AND FUND BALANCES</u>									
<u>Liabilities</u>									
Accounts Payable	\$ 0	\$ 2,182	\$ 95,600	\$ 4,293	\$ 0	\$ 102,075	\$ 0	\$ 8,338	\$ 110,413
Due to Other Funds	30,000	0	0	0	2,034	32,034	0	0	32,034
Deferred Revenue - Current Property Taxes	0	0	632,129	0	0	632,129	540,942	0	1,173,071
Deferred Revenue - Delinquent Property Taxes	0	0	12,590	0	0	12,590	10,301	0	22,891
Total Liabilities	\$ 30,000	\$ 2,182	\$ 740,319	\$ 4,293	\$ 2,034	\$ 778,828	\$ 551,243	\$ 8,338	\$ 1,338,409
<u>Fund Balances</u>									
Reserved for Encumbrances	\$ 0	\$ 0	\$ 7,600	\$ 1,985	\$ 0	\$ 9,585	\$ 0	\$ 0	\$ 9,585
Unreserved	44,027	51,167	31,234	13,724	0	140,152	1,974,936	396,321	2,511,409
Total Fund Balances	\$ 44,027	\$ 51,167	\$ 38,834	\$ 15,709	\$ 0	\$ 149,737	\$ 1,974,936	\$ 396,321	\$ 2,520,994
Total Liabilities and Fund Balances	\$ 74,027	\$ 53,349	\$ 779,153	\$ 20,002	\$ 2,034	\$ 928,565	\$ 2,526,179	\$ 404,659	\$ 3,859,403

Exhibit F-2

Franklin County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2007

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Public Library	Local Purpose Tax	Drug Control	Other Special Revenue
<u>Revenues</u>					
Local Taxes	\$ 32,514	\$ 0	\$ 438,353	\$ 0	\$ 0
Licenses and Permits	0	0	25,733	0	0
Fines, Forfeitures, and Penalties	0	0	0	36,873	0
Charges for Current Services	0	26,242	0	0	0
Other Local Revenues	0	37,034	0	1,592	0
State of Tennessee	0	0	0	24,037	0
Other Governments and Citizens Groups	0	80,774	0	8,650	0
Total Revenues	\$ 32,514	\$ 144,050	\$ 464,086	\$ 71,152	\$ 0
<u>Expenditures</u>					
Current:					
Finance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Administration of Justice	0	0	0	0	738
Public Safety	0	0	446,515	85,206	0
Social, Cultural, and Recreational Services	0	130,504	0	0	0
Other Operations	336	0	0	383	0
Debt Service:					
Principal on Debt	0	0	0	0	0
Interest on Debt	0	0	0	0	0
Other Debt Service	0	0	0	0	0
Capital Projects	0	0	0	0	0
Total Expenditures	\$ 336	\$ 130,504	\$ 446,515	\$ 85,589	\$ 738
Excess (Deficiency) of Revenues Over Expenditures	\$ 32,178	\$ 13,546	\$ 17,571	\$ (14,437)	\$ (738)

(Continued)

Exhibit F-2

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

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Public Library	Local Purpose Tax	Drug Control	Other Special Revenue
<u>Other Financing Sources (Uses)</u>					
Refunding Debt Issued	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Loans Issued	0	0	0	0	0
Transfers In	0	0	0	0	0
Transfers Out	(30,000)	0	0	0	(56,749)
Refunded Loans	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$ (30,000)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(56,749)</u>
Net Change in Fund Balances	\$ 2,178	\$ 13,546	\$ 17,571	\$ (14,437)	\$ (57,487)
Fund Balance, July 1, 2006	41,849	0	21,263	30,146	57,487
Prior Period Adjustment	0	37,621	0	0	0
Fund Balance, June 30, 2007	<u>\$ 44,027</u>	<u>\$ 51,167</u>	<u>\$ 38,834</u>	<u>\$ 15,709</u>	<u>0</u>

(Continued)

Exhibit F-2

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

	Special Revenue Funds (Cont.)		Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Constitu- tional Officers - Fees	Total	General Debt Service	Highway Capital Projects	
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 470,867	\$ 667,677	\$ 0	\$ 1,138,544
Licenses and Permits	0	25,733	3,072	0	28,805
Fines, Forfeitures, and Penalties	0	36,873	0	0	36,873
Charges for Current Services	3,223	29,465	0	0	29,465
Other Local Revenues	0	38,626	439,969	0	478,595
State of Tennessee	0	24,037	0	0	24,037
Other Governments and Citizens Groups	0	89,424	0	0	89,424
Total Revenues	\$ 3,223	\$ 715,025	\$ 1,110,718	\$ 0	\$ 1,825,743
<u>Expenditures</u>					
Current:					
Finance	\$ 3,223	\$ 3,223	\$ 0	\$ 0	\$ 3,223
Administration of Justice	0	738	0	0	738
Public Safety	0	531,721	0	0	531,721
Social, Cultural, and Recreational Services	0	130,504	0	0	130,504
Other Operations	0	719	0	0	719
Debt Service:					
Principal on Debt	0	0	970,000	0	970,000
Interest on Debt	0	0	336,641	0	336,641
Other Debt Service	0	0	62,623	0	62,623
Capital Projects	0	0	0	1,777,074	1,777,074
Total Expenditures	\$ 3,223	\$ 666,905	\$ 1,369,264	\$ 1,777,074	\$ 3,813,243
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 48,120	\$ (258,546)	\$ (1,777,074)	\$ (1,987,500)

(Continued)

Exhibit F-2

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

	Special Revenue Funds (Cont.)		Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Constitu- tional Officers - Fees	Total	General Debt Service	Highway Capital Projects	
<u>Other Financing Sources (Uses)</u>					
Refunding Debt Issued	\$ 0	\$ 0	\$ 5,440,000	\$ 0	\$ 5,440,000
Other Loans Issued	0	0	0	2,306,718	2,306,718
Transfers In	0	0	490,000	0	490,000
Transfers Out	0	(86,749)	0	(133,323)	(220,072)
Payments to Refunded Debt Escrow Agent	0	0	(5,401,000)	0	(5,401,000)
<u>Total Other Financing Sources (Uses)</u>	<u>\$ 0</u>	<u>\$ (86,749)</u>	<u>\$ 529,000</u>	<u>\$ 2,173,395</u>	<u>\$ 2,615,646</u>
Net Change in Fund Balances	\$ 0	\$ (38,629)	\$ 270,454	\$ 396,321	\$ 628,146
Fund Balance, July 1, 2006	0	150,745	1,704,482	0	1,855,227
Prior Period Adjustment	0	37,621	0	0	37,621
<u>Fund Balance, June 30, 2007</u>	<u>\$ 0</u>	<u>\$ 149,737</u>	<u>\$ 1,974,936</u>	<u>\$ 396,321</u>	<u>\$ 2,520,994</u>

Exhibit F-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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 32,514	\$ 36,200	\$ 36,200	\$ (3,686)
Total Revenues	\$ 32,514	\$ 36,200	\$ 36,200	\$ (3,686)
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 336	\$ 370	\$ 370	\$ 34
Total Expenditures	\$ 336	\$ 370	\$ 370	\$ 34
Excess (Deficiency) of Revenues Over Expenditures	\$ 32,178	\$ 35,830	\$ 35,830	\$ (3,652)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (30,000)	\$ (36,000)	\$ (36,000)	\$ 6,000
Total Other Financing Sources (Uses)	\$ (30,000)	\$ (36,000)	\$ (36,000)	\$ 6,000
Net Change in Fund Balance	\$ 2,178	\$ (170)	\$ (170)	\$ 2,348
Fund Balance, July 1, 2006	41,849	41,848	41,848	1
Fund Balance, June 30, 2007	\$ 44,027	\$ 41,678	\$ 41,678	\$ 2,349

Exhibit F-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, 2007

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 438,353	\$ 0	\$ 438,353	\$ 425,507	\$ 426,007	\$ 12,346
Licenses and Permits	25,733	0	25,733	24,250	24,250	1,483
Total Revenues	\$ 464,086	\$ 0	\$ 464,086	\$ 449,757	\$ 450,257	\$ 13,829
<u>Expenditures</u>						
<u>Public Safety</u>						
Fire Prevention and Control	\$ 446,515	\$ 7,600	\$ 454,115	\$ 453,750	\$ 454,250	\$ 135
Total Expenditures	\$ 446,515	\$ 7,600	\$ 454,115	\$ 453,750	\$ 454,250	\$ 135
Excess (Deficiency) of Revenues Over Expenditures	\$ 17,571	\$ (7,600)	\$ 9,971	\$ (3,993)	\$ (3,993)	\$ 13,964
Net Change in Fund Balance	\$ 17,571	\$ (7,600)	\$ 9,971	\$ (3,993)	\$ (3,993)	\$ 13,964
Fund Balance, July 1, 2006	21,263	0	21,263	11,168	11,168	10,095
Fund Balance, June 30, 2007	\$ 38,834	\$ (7,600)	\$ 31,234	\$ 7,175	\$ 7,175	\$ 24,059

Exhibit F-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, 2007

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 36,873	\$ 0	\$ 36,873	\$ 53,200	\$ 53,200	\$ (16,327)
Other Local Revenues	1,592	0	1,592	175	175	1,417
State of Tennessee	24,037	0	24,037	15,000	15,000	9,037
Other Governments and Citizens Groups	8,650	0	8,650	9,500	9,500	(850)
Total Revenues	<u>\$ 71,152</u>	<u>\$ 0</u>	<u>\$ 71,152</u>	<u>\$ 77,875</u>	<u>\$ 77,875</u>	<u>\$ (6,723)</u>
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 85,206	\$ 1,985	\$ 87,191	\$ 77,275	\$ 87,275	\$ 84
<u>Other Operations</u>						
Other Charges	383	0	383	600	600	217
Total Expenditures	<u>\$ 85,589</u>	<u>\$ 1,985</u>	<u>\$ 87,574</u>	<u>\$ 77,875</u>	<u>\$ 87,875</u>	<u>\$ 301</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (14,437)</u>	<u>\$ (1,985)</u>	<u>\$ (16,422)</u>	<u>0</u>	<u>\$ (10,000)</u>	<u>\$ (6,422)</u>
Net Change in Fund Balance	\$ (14,437)	\$ (1,985)	\$ (16,422)	0	\$ (10,000)	(6,422)
Fund Balance, July 1, 2006	<u>30,146</u>	<u>0</u>	<u>30,146</u>	<u>31,246</u>	<u>31,246</u>	<u>(1,100)</u>
Fund Balance, June 30, 2007	<u>\$ 15,709</u>	<u>\$ (1,985)</u>	<u>\$ 13,724</u>	<u>\$ 31,246</u>	<u>\$ 21,246</u>	<u>\$ (7,522)</u>

Exhibit F-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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 24,710	\$ 0	\$ 0
Other Local Revenues	0	0	0	1,775	0	0
Other Governments and Citizens Groups	0	0	0	24,425	0	0
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 50,910	\$ 0	\$ 0
<u>Expenditures</u>						
<u>Administration of Justice</u>						
Drug Court	\$ 738	\$ (738)	\$ 0	\$ 50,923	\$ 0	\$ 0
<u>Other Operations</u>						
Other Charges	0	0	0	409	0	0
Total Expenditures	\$ 738	\$ (738)	\$ 0	\$ 51,332	\$ 0	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ (738)	\$ 738	\$ 0	\$ (422)	\$ 0	\$ 0
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (56,749)	\$ 0	\$ (56,749)	\$ 0	\$ (56,749)	\$ 0
Total Other Financing Sources (Uses)	\$ (56,749)	\$ 0	\$ (56,749)	\$ 0	\$ (56,749)	\$ 0
Net Change in Fund Balance	\$ (57,487)	\$ 738	\$ (56,749)	\$ (422)	\$ (56,749)	\$ 0
Fund Balance, July 1, 2006	57,487	(738)	56,749	56,749	56,749	0
Fund Balance, June 30, 2007	\$ 0	\$ 0	\$ 0	\$ 56,327	\$ 0	\$ 0

Exhibit F-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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 667,677	\$ 666,879	\$ 666,879	\$ 798
Licenses and Permits	3,072	3,350	3,350	(278)
Other Local Revenues	439,969	0	24,110	415,859
Total Revenues	<u>\$ 1,110,718</u>	<u>\$ 670,229</u>	<u>\$ 694,339</u>	<u>\$ 416,379</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 970,000	\$ 969,000	\$ 969,000	\$ (1,000)
<u>Interest on Debt</u>				
General Government	336,641	312,532	336,642	1
<u>Other Debt Service</u>				
General Government	62,623	32,000	71,000	8,377
Total Expenditures	<u>\$ 1,369,264</u>	<u>\$ 1,313,532</u>	<u>\$ 1,376,642</u>	<u>\$ 7,378</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (258,546)</u>	<u>\$ (643,303)</u>	<u>\$ (682,303)</u>	<u>\$ 423,757</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 5,440,000	0	\$ 5,440,000	0
Transfers In	490,000	496,000	496,000	(6,000)
Refunded Loans	(5,401,000)	0	(5,401,000)	0
Total Other Financing Sources (Uses)	<u>\$ 529,000</u>	<u>\$ 496,000</u>	<u>\$ 535,000</u>	<u>\$ (6,000)</u>
Net Change in Fund Balance	\$ 270,454	\$ (147,303)	\$ (147,303)	\$ 417,757
Fund Balance, July 1, 2006	<u>1,704,482</u>	<u>1,705,881</u>	<u>1,705,881</u>	<u>(1,399)</u>
Fund Balance, June 30, 2007	<u>\$ 1,974,936</u>	<u>\$ 1,558,578</u>	<u>\$ 1,558,578</u>	<u>\$ 416,358</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 G

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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,833,374	\$ 1,731,635	\$ 1,731,635	\$ 101,739
Licenses and Permits	5,679	5,550	5,550	129
Other Local Revenues	47,495	0	45,212	2,283
Other Governments and Citizens Groups	700,000	100,000	700,000	0
Total Revenues	<u>\$ 2,586,548</u>	<u>\$ 1,837,185</u>	<u>\$ 2,482,397</u>	<u>\$ 104,151</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 1,325,000	\$ 1,327,000	\$ 1,327,000	\$ 2,000
<u>Interest on Debt</u>				
Education	1,290,219	1,245,008	1,290,220	1
<u>Other Debt Service</u>				
Education	64,207	44,000	69,000	4,793
Total Expenditures	<u>\$ 2,679,426</u>	<u>\$ 2,616,008</u>	<u>\$ 2,686,220</u>	<u>\$ 6,794</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (92,878)</u>	<u>\$ (778,823)</u>	<u>\$ (203,823)</u>	<u>\$ 110,945</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 3,810,000	\$ 0	\$ 3,810,000	\$ 0
Transfers In	0	600,000	0	0
Refunded Loans	(3,785,000)	0	(3,785,000)	0
Total Other Financing Sources (Uses)	<u>\$ 25,000</u>	<u>\$ 600,000</u>	<u>\$ 25,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (67,878)	\$ (178,823)	\$ (178,823)	\$ 110,945
Fund Balance, July 1, 2006	<u>3,139,798</u>	<u>3,136,842</u>	<u>3,136,842</u>	<u>2,956</u>
Fund Balance, June 30, 2007	<u>\$ 3,071,920</u>	<u>\$ 2,958,019</u>	<u>\$ 2,958,019</u>	<u>\$ 113,901</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 H-1

Franklin County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2007

	<u>Agency Funds</u>		
	<u>Cities -</u>	<u>Constitutional</u>	
	<u>Sales</u>	<u>Officers -</u>	
	<u>Tax</u>	<u>Agency</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,322,333	\$ 1,322,333
Due from Other Governments	511,196	0	511,196
Total Assets	<u>\$ 511,196</u>	<u>\$ 1,322,333</u>	<u>\$ 1,833,529</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 511,196	\$ 0	\$ 511,196
Due to Litigants, Heirs, and Others	0	1,322,333	1,322,333
Total Liabilities	<u>\$ 511,196</u>	<u>\$ 1,322,333</u>	<u>\$ 1,833,529</u>

Exhibit H-2

Franklin County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,954,678	\$ 2,954,678	\$ 0
Due from Other Governments	507,696	511,196	507,696	511,196
Total Assets	\$ 507,696	\$ 3,465,874	\$ 3,462,374	\$ 511,196
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 507,696	\$ 3,465,874	\$ 3,462,374	\$ 511,196
Total Liabilities	\$ 507,696	\$ 3,465,874	\$ 3,462,374	\$ 511,196
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,620,646	\$ 13,357,743	\$ 13,656,056	\$ 1,322,333
Cash Shortage	2,904	0	2,904	0
Total Assets	\$ 1,623,550	\$ 13,357,743	\$ 13,658,960	\$ 1,322,333
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,623,550	\$ 13,357,743	\$ 13,658,960	\$ 1,322,333
Total Liabilities	\$ 1,623,550	\$ 13,357,743	\$ 13,658,960	\$ 1,322,333
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,954,678	\$ 2,954,678	\$ 0
Cash	1,620,646	13,357,743	13,656,056	1,322,333
Due from Other Governments	507,696	511,196	507,696	511,196
Cash Shortage	2,904	0	2,904	0
Total Assets	\$ 2,131,246	\$ 16,823,617	\$ 17,118,430	\$ 1,833,529
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 507,696	\$ 3,465,874	\$ 3,462,374	\$ 511,196
Due to Litigants, Heirs, and Others	1,623,550	13,357,743	13,658,960	1,322,333
Total Liabilities	\$ 2,131,246	\$ 16,823,617	\$ 17,121,334	\$ 1,833,529

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 I-1

Franklin County, Tennessee
Statement of Activities
Discretely Presented Franklin County School Department
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets Total Governmental Activities
Component Unit:					
Governmental Activities:					
Instruction	\$ 26,797,457	\$ 352,099	\$ 3,284,283	\$ 151,974	\$ (23,009,101)
Support Services	14,108,566	12,604	0	0	(14,095,962)
Operation of Non-Instructional Services	4,751,390	1,448,004	1,529,876	0	(1,773,510)
Capital Outlay	523,121	0	0	0	(523,121)
Interest on Debt	18,717	0	0	0	(18,717)
Other Debt Service	600,000	0	0	0	(600,000)
Total Governmental Activities	<u>\$ 46,799,251</u>	<u>\$ 1,812,707</u>	<u>\$ 4,814,159</u>	<u>\$ 151,974</u>	<u>\$ (40,020,411)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 8,247,742
Local Option Sales Taxes					3,933,842
Other Local Taxes					6,058
Grants and Contributions Not Restricted to Specific Programs					25,407,329
Unrestricted Investment Earnings					459,066
Miscellaneous					82,627
Sale of Equipment					14,040
Total General Revenues					<u>\$ 38,150,704</u>
Change in Net Assets					\$ (1,869,707)
Net Assets, July 1, 2006					<u>56,413,247</u>
Net Assets, June 30, 2007					<u>\$ 54,543,540</u>

Exhibit I-2

Franklin County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Franklin County School Department
June 30, 2007

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 2,818	\$ 2,818
Equity in Pooled Cash and Investments	3,097,740	903,930	4,001,670
Accounts Receivable	23,160	796	23,956
Due from Other Governments	1,461,121	22,822	1,483,943
Due from Other Funds	136,589	0	136,589
Property Taxes Receivable	8,327,248	0	8,327,248
Allowance for Uncollectible Property Taxes	(261,846)	0	(261,846)
Prepaid Items	460,672	0	460,672
Total Assets	<u>\$ 13,244,684</u>	<u>\$ 930,366</u>	<u>\$ 14,175,050</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 612,522	\$ 39,155	\$ 651,677
Accrued Payroll	2,731	0	2,731
Due to Other Funds	0	136,589	136,589
Deferred Revenue - Current Property Taxes	7,882,296	0	7,882,296
Deferred Revenue - Delinquent Property Taxes	154,519	0	154,519
Other Deferred Revenues	401,587	0	401,587
Total Liabilities	<u>\$ 9,053,655</u>	<u>\$ 175,744</u>	<u>\$ 9,229,399</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 855,381	\$ 27,595	\$ 882,976
Other Local Education Reserves	77,159	0	77,159
Reserved for Career Ladder - Extended Contract	42,999	0	42,999
Reserved for Career Ladder Program	8,797	0	8,797
Reserved for Title I Grants to Local Education Agencies	0	2,525	2,525
Reserved for Innovative Education Program Strategies	0	3,992	3,992
Other Federal Reserves	0	646	646
Unreserved, Reported In:			
General Fund	3,206,693	0	3,206,693
Special Revenue Funds	0	719,864	719,864
Total Fund Balances	<u>\$ 4,191,029</u>	<u>\$ 754,622</u>	<u>\$ 4,945,651</u>
Total Liabilities and Fund Balances	<u>\$ 13,244,684</u>	<u>\$ 930,366</u>	<u>\$ 14,175,050</u>

Exhibit I-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, 2007

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	4,945,651
(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		41,099,420	
Add: other capital assets net of accumulated depreciation		<u>2,921,456</u>	49,472,062
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: note payable	\$	(125,000)	
Less: capital lease payable		(179,207)	
Less: compensated absences		(112,109)	
Less: accrued interest on note and capital lease		<u>(13,963)</u>	(430,279)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>556,106</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>54,543,540</u></u>

Exhibit I-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, 2007

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 12,220,420	\$ 0	\$ 12,220,420
Licenses and Permits	47,979	0	47,979
Charges for Current Services	306,615	1,448,004	1,754,619
Other Local Revenues	524,729	35,091	559,820
State of Tennessee	25,051,633	0	25,051,633
Federal Government	353,736	4,618,642	4,972,378
Other Governments and Citizens Groups	151,974	0	151,974
Total Revenues	<u>\$ 38,657,086</u>	<u>\$ 6,101,737</u>	<u>\$ 44,758,823</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 23,414,523	\$ 2,399,327	\$ 25,813,850
Support Services	13,372,666	725,403	14,098,069
Operation of Non-Instructional Services	1,308,459	3,295,253	4,603,712
Capital Outlay	523,121	0	523,121
Debt Service:			
Principal on Debt	115,777	0	115,777
Interest on Debt	6,093	0	6,093
Other Debt Service	600,000	0	600,000
Total Expenditures	<u>\$ 39,340,639</u>	<u>\$ 6,419,983</u>	<u>\$ 45,760,622</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (683,553)</u>	<u>\$ (318,246)</u>	<u>\$ (1,001,799)</u>
<u>Other Financing Sources (Uses)</u>			
Capital Leases Issued	\$ 269,984	\$ 0	\$ 269,984
Insurance Recovery	23,088	0	23,088
Transfers In	48,984	0	48,984
Transfers Out	0	(48,984)	(48,984)
Total Other Financing Sources (Uses)	<u>\$ 342,056</u>	<u>\$ (48,984)</u>	<u>\$ 293,072</u>
Net Change in Fund Balances	\$ (341,497)	\$ (367,230)	\$ (708,727)
Fund Balance, July 1, 2006	<u>4,532,526</u>	<u>1,121,852</u>	<u>5,654,378</u>
Fund Balance, June 30, 2007	<u>\$ 4,191,029</u>	<u>\$ 754,622</u>	<u>\$ 4,945,651</u>

Exhibit I-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, 2007

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	(708,727)
(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 difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	1,016,580	
Less: current year depreciation expense		<u>(1,934,307)</u>	(917,727)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets			
Less: loss on disposal of capital assets			(78,749)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes/other deferred June 30, 2007	\$	556,106	
Less: deferred delinquent property taxes/other deferred June 30, 2006		<u>(544,926)</u>	11,180
(4) The issuance of long-term debt (e.g., notes and capital 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. This amount is the effect of these differences in the treatment of long-term debt and related items:			
Less: capital lease proceeds	\$	(269,984)	
Add: principal payments on note		25,000	
Add: principal payments on capital lease		<u>90,777</u>	(154,207)
(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.			
Change in accrued interest payable	\$	(12,624)	
Change in compensated absences		<u>(8,853)</u>	<u>(21,477)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (1,869,707)</u>

Exhibit I-6

Franklin County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Franklin County School Department
June 30, 2007

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 2,818	\$ 2,818
Equity in Pooled Cash and Investments	155,063	748,867	903,930
Accounts Receivable	0	796	796
Due from Other Governments	22,822	0	22,822
Total Assets	<u>\$ 177,885</u>	<u>\$ 752,481</u>	<u>\$ 930,366</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 34,133	\$ 5,022	\$ 39,155
Due to Other Funds	136,589	0	136,589
Total Liabilities	<u>\$ 170,722</u>	<u>\$ 5,022</u>	<u>\$ 175,744</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 0	\$ 27,595	\$ 27,595
Reserved for Title I Grants to Local Education Agencies	2,525	0	2,525
Reserved for Innovative Education Program Strategies	3,992	0	3,992
Other Federal Reserves	646	0	646
Unreserved	0	719,864	719,864
Total Fund Balances	<u>\$ 7,163</u>	<u>\$ 747,459</u>	<u>\$ 754,622</u>
Total Liabilities and Fund Balances	<u>\$ 177,885</u>	<u>\$ 752,481</u>	<u>\$ 930,366</u>

Exhibit I-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, 2007

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 1,448,004	\$ 1,448,004
Other Local Revenues	0	35,091	35,091
Federal Government	3,260,226	1,358,416	4,618,642
Total Revenues	<u>\$ 3,260,226</u>	<u>\$ 2,841,511</u>	<u>\$ 6,101,737</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,399,327	\$ 0	\$ 2,399,327
Support Services	725,403	0	725,403
Operation of Non-Instructional Services	96,600	3,198,653	3,295,253
Total Expenditures	<u>\$ 3,221,330</u>	<u>\$ 3,198,653</u>	<u>\$ 6,419,983</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 38,896</u>	<u>\$ (357,142)</u>	<u>\$ (318,246)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (48,984)	\$ 0	\$ (48,984)
Total Other Financing Sources (Uses)	<u>\$ (48,984)</u>	<u>\$ 0</u>	<u>\$ (48,984)</u>
Net Change in Fund Balances	\$ (10,088)	\$ (357,142)	\$ (367,230)
Fund Balance, July 1, 2006	17,251	1,104,601	1,121,852
Fund Balance, June 30, 2007	<u>\$ 7,163</u>	<u>\$ 747,459</u>	<u>\$ 754,622</u>

Exhibit I-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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 12,220,420	\$ 0	\$ 0	\$ 12,220,420	\$ 12,122,833	\$ 12,153,820	\$ 66,600
Licenses and Permits	47,979	0	0	47,979	45,000	45,000	2,979
Charges for Current Services	306,615	0	0	306,615	457,715	267,571	39,044
Other Local Revenues	524,729	0	0	524,729	563,554	520,382	4,347
State of Tennessee	25,051,633	0	0	25,051,633	24,481,672	25,051,310	323
Federal Government	353,736	0	0	353,736	319,061	325,142	28,594
Other Governments and Citizens Groups	151,974	0	0	151,974	0	160,682	(8,708)
Total Revenues	\$ 38,657,086	\$ 0	\$ 0	\$ 38,657,086	\$ 37,989,835	\$ 38,523,907	\$ 133,179
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 18,299,019	\$ (543,418)	\$ 497,245	\$ 18,252,846	\$ 17,905,405	\$ 18,480,451	\$ 227,605
Alternative Instruction Program	262,633	0	0	262,633	265,904	264,332	1,699
Special Education Program	2,887,578	(48,690)	28,268	2,867,156	2,785,845	2,931,860	64,704
Vocational Education Program	1,694,461	(63,562)	12,952	1,643,851	1,591,229	1,663,292	19,441
Student Body Education Program	208,773	(4,462)	25,085	229,396	187,968	230,261	865
Adult Education Program	62,059	(241)	6,016	67,834	58,822	68,155	321
<u>Support Services</u>							
Attendance	95,496	(850)	0	94,646	95,052	95,345	699
Health Services	81,849	0	0	81,849	87,241	87,834	5,985
Other Student Support	769,224	0	590	769,814	759,430	774,648	4,834
Regular Instruction Program	1,054,807	(43,356)	21,440	1,032,891	986,621	1,045,947	13,056
Special Education Program	316,915	(36,746)	8,684	288,853	286,497	319,544	30,691
Vocational Education Program	97,708	0	1,568	99,276	98,755	100,639	1,363
Adult Programs	72,868	0	126	72,994	86,695	77,226	4,232
Board of Education	838,953	(3,012)	9,917	845,858	893,747	896,605	50,747

(Continued)

Exhibit I-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 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Director of Schools	\$ 325,633	\$ (3,810)	\$ 3,678	\$ 325,501	\$ 340,516	\$ 351,759	\$ 26,258
Office of the Principal	2,192,398	0	0	2,192,398	2,241,378	2,211,033	18,635
Human Services/Personnel	171,580	0	714	172,294	178,609	176,602	4,308
Operation of Plant	3,635,941	(1,576)	3,358	3,637,723	3,616,811	3,784,363	146,640
Maintenance of Plant	1,549,926	(62,377)	80,940	1,568,489	1,587,766	1,656,529	88,040
Transportation	1,744,425	(18,160)	498	1,726,763	1,755,157	1,766,441	39,678
Central and Other	424,943	(5,723)	1,655	420,875	440,253	424,149	3,274
<u>Operation of Non-Instructional Services</u>							
Food Service	50,869	(8,499)	2,129	44,499	108,826	52,319	7,820
Community Services	387,087	(7,941)	12,682	391,828	376,296	411,883	20,055
Early Childhood Education	870,503	(9,524)	15,645	876,624	894,510	886,664	10,040
<u>Capital Outlay</u>							
Regular Capital Outlay	523,121	(176,785)	122,191	468,527	570,500	497,516	28,989
<u>Principal on Debt</u>							
Education	115,777	0	0	115,777	626,220	115,777	0
<u>Interest on Debt</u>							
Education	6,093	0	0	6,093	0	6,220	127
<u>Other Debt Service</u>							
Education	600,000	0	0	600,000	0	600,000	0
Total Expenditures	\$ 39,340,639	\$ (1,038,732)	\$ 855,381	\$ 39,157,288	\$ 38,826,053	\$ 39,977,394	\$ 820,106
Excess (Deficiency) of Revenues Over Expenditures	\$ (683,553)	\$ 1,038,732	\$ (855,381)	\$ (500,202)	\$ (836,218)	\$ (1,453,487)	\$ 953,285

(Continued)

Exhibit I-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 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 269,984	\$ 0	\$ 0	\$ 269,984	\$ 0	\$ 269,984	\$ 0
Insurance Recovery	23,088	0	0	23,088	0	20,000	3,088
Transfers In	48,984	0	0	48,984	80,500	50,500	(1,516)
Transfers Out	0	0	0	0	(204,744)	(100,000)	100,000
Total Other Financing Sources (Uses)	\$ 342,056	\$ 0	\$ 0	\$ 342,056	\$ (124,244)	\$ 240,484	\$ 101,572
Net Change in Fund Balance	\$ (341,497)	\$ 1,038,732	\$ (855,381)	\$ (158,146)	\$ (960,462)	\$ (1,213,003)	\$ 1,054,857
Fund Balance, July 1, 2006	4,532,526	(1,038,732)	0	3,493,794	3,332,589	3,332,589	161,205
Fund Balance, June 30, 2007	\$ 4,191,029	\$ 0	\$ (855,381)	\$ 3,335,648	\$ 2,372,127	\$ 2,119,586	\$ 1,216,062

Exhibit I-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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 3,260,226	\$ 0	\$ 3,260,226	\$ 2,938,617	\$ 2,922,423	\$ 337,803
Total Revenues	\$ 3,260,226	\$ 0	\$ 3,260,226	\$ 2,938,617	\$ 2,922,423	\$ 337,803
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 1,203,619	\$ (3,163)	\$ 1,200,456	\$ 1,215,987	\$ 1,251,545	\$ 51,089
Special Education Program	1,103,603	(2,039)	1,101,564	1,056,948	1,103,603	2,039
Vocational Education Program	92,105	0	92,105	92,105	92,105	0
<u>Support Services</u>						
Health Services	176,649	0	176,649	174,146	176,649	0
Other Student Support	29,975	(1,052)	28,923	30,554	30,554	1,631
Regular Instruction Program	298,665	(65)	298,600	327,729	325,756	27,156
Alternative Instruction Program	44,516	(6,327)	38,189	60,711	44,516	6,327
Special Education Program	175,598	(1,694)	173,904	220,916	175,598	1,694
<u>Operation of Non-Instructional Services</u>						
Community Services	96,600	(575)	96,025	96,599	96,600	575
Total Expenditures	\$ 3,221,330	\$ (14,915)	\$ 3,206,415	\$ 3,275,695	\$ 3,296,926	\$ 90,511
Excess (Deficiency) of Revenues Over Expenditures	\$ 38,896	\$ 14,915	\$ 53,811	\$ (337,078)	\$ (374,503)	\$ 428,314

(Continued)

Exhibit I-9

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 117,498	\$ 0	\$ 0
Transfers Out	(48,984)	0	(48,984)	(256,448)	(48,985)	1
Total Other Financing Sources (Uses)	<u>\$ (48,984)</u>	<u>\$ 0</u>	<u>\$ (48,984)</u>	<u>\$ (138,950)</u>	<u>\$ (48,985)</u>	<u>\$ 1</u>
Net Change in Fund Balance	\$ (10,088)	\$ 14,915	\$ 4,827	\$ (476,028)	\$ (423,488)	\$ 428,315
Fund Balance, July 1, 2006	<u>17,251</u>	<u>(14,915)</u>	<u>2,336</u>	<u>490,030</u>	<u>490,030</u>	<u>(487,694)</u>
Fund Balance, June 30, 2007	<u>\$ 7,163</u>	<u>\$ 0</u>	<u>\$ 7,163</u>	<u>\$ 14,002</u>	<u>\$ 66,542</u>	<u>\$ (59,379)</u>

Exhibit I-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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,448,004	\$ 0	\$ 0	\$ 1,448,004	\$ 1,459,000	\$ 1,467,605	\$ (19,601)
Other Local Revenues	35,091	0	0	35,091	18,500	22,000	13,091
Federal Government	1,358,416	0	0	1,358,416	1,256,800	1,318,800	39,616
Total Revenues	\$ 2,841,511	\$ 0	\$ 0	\$ 2,841,511	\$ 2,734,300	\$ 2,808,405	\$ 33,106
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 3,198,653	\$ (192,258)	\$ 27,595	\$ 3,033,990	\$ 3,090,534	\$ 3,187,334	\$ 153,344
Total Expenditures	\$ 3,198,653	\$ (192,258)	\$ 27,595	\$ 3,033,990	\$ 3,090,534	\$ 3,187,334	\$ 153,344
Excess (Deficiency) of Revenues Over Expenditures	\$ (357,142)	\$ 192,258	\$ (27,595)	\$ (192,479)	\$ (356,234)	\$ (378,929)	\$ 186,450
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 204,744	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 204,744	\$ 0	\$ 0
Net Change in Fund Balance	\$ (357,142)	\$ 192,258	\$ (27,595)	\$ (192,479)	\$ (151,490)	\$ (378,929)	\$ 186,450
Fund Balance, July 1, 2006	1,104,601	(192,258)	0	912,343	898,442	898,442	13,901
Fund Balance, June 30, 2007	\$ 747,459	\$ 0	\$ (27,595)	\$ 719,864	\$ 746,952	\$ 519,513	\$ 200,351

MISCELLANEOUS SCHEDULES

Exhibit J-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, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-07
<u>PRIMARY GOVERNMENT</u>									
<u>NOTES PAYABLE</u>									
<u>Payable through General Debt Service Fund and Highway/Public Works Fund</u>									
Highway Equipment	\$ 500,000	5.15 %	9-19-1999	11-1-06	\$ 110,000	\$ 0	\$ 110,000	\$ 0	\$ 0
<u>CAPITAL LEASES</u>									
<u>Payable through Highway/Public Works Fund</u>									
Grader	114,148	5	10-5-04	11-8-08	\$ 71,667	\$ 0	\$ 28,611	\$ 0	\$ 43,056
<u>BONDS PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
Industrial Revenue	378,000	5	11-18-1978	1-1-17	\$ 183,000	\$ 0	\$ 10,000	\$ 0	\$ 173,000
General Obligation Jail Refunding Bonds, Series 2003	3,545,000	3.13	6-26-03	6-30-16	3,135,000	0	285,000	0	2,850,000
General Obligation Highway Refunding Bonds, Series 2006B	5,440,000	3.8	12-29-06	6-1-14	0	5,440,000	615,000	0	4,825,000
Total Payable through General Debt Service Fund					\$ 3,318,000	\$ 5,440,000	\$ 910,000	\$ 0	\$ 7,848,000
<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	\$ 18,145,000	\$ 0	\$ 900,000	\$ 0	\$ 17,245,000
Refunding School Bonds, Series 2002	7,430,000	3.25 to 4.75	5-15-02	6-30-16	7,000,000	0	225,000	0	6,775,000
Refunding School Bonds, Series 2006A	3,810,000	3.8 to 4	12-29-06	6-1-21	0	3,810,000	200,000	0	3,610,000
Total Payable through Education Debt Service Fund					\$ 25,145,000	\$ 3,810,000	\$ 1,325,000	\$ 0	\$ 27,630,000
Total Bonds Payable					\$ 28,463,000	\$ 9,250,000	\$ 2,235,000	\$ 0	\$ 35,478,000

(Continued)

Exhibit J-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 7-1-06	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-07
<u>OTHER LOANS PAYABLE</u>									
<u>Payable through Education Debt Service Fund</u>									
School Building Project	\$ 2,300,000	variable	1-15-04	12-29-06	\$ 2,089,000	\$ 0	\$ 0	\$ 2,089,000	\$ 0
School Building Project	1,873,000	variable	3-24-04	12-29-06	1,696,000	0	0	1,696,000	0
Total Payable through Education Debt Service Fund					\$ 3,785,000	\$ 0	\$ 0	\$ 3,785,000	\$ 0
<u>Payable through General Debt Service Fund</u>									
Public Work Projects	6,000,000	variable	9-3-04	12-29-06	\$ 3,094,282	\$ 2,306,718	\$ 0	\$ 5,401,000	\$ 0
Total Other Loans Payable					\$ 6,879,282	\$ 2,306,718	\$ 0	\$ 9,186,000	\$ 0
<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	\$ 150,000	\$ 0	\$ 25,000	\$ 0	\$ 125,000
<u>CAPITAL LEASES</u>									
<u>Payable through General Purpose School Fund</u>									
Computers	269,984	7.93	8-1-06	8-1-09	\$ 0	\$ 269,984	\$ 90,777	\$ 0	\$ 179,207

Exhibit J-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2008	\$ 2,330,000	\$ 1,466,601	\$ 3,796,601
2009	2,840,000	1,381,242	4,221,242
2010	2,940,000	1,274,404	4,214,404
2011	3,030,000	1,162,140	4,192,140
2012	3,150,000	1,044,289	4,194,289
2013	3,263,000	921,204	4,184,204
2014	3,395,000	791,423	4,186,423
2015	2,765,000	652,283	3,417,283
2016	2,885,000	533,766	3,418,766
2017	1,640,000	406,900	2,046,900
2018	1,690,000	333,443	2,023,443
2019	1,765,000	256,436	2,021,436
2020	1,850,000	175,062	2,025,062
2021	1,935,000	89,588	2,024,588
Total	<u>\$ 35,478,000</u>	<u>\$ 10,488,781</u>	<u>\$ 45,966,781</u>

Exhibit J-3

Franklin County, Tennessee

Schedule of Transfers

Primary Government and Discretely Presented Franklin County School Department

For the Year Ended June 30, 2007

<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	12,653
Courthouse and Jail Maintenance	General Debt Service	Debt retirement	30,000
Solid Waste/Sanitation	General	Reimbursement of expenditures	3,803
Other Special Revenue	General	Close fund	56,749
Highway/Public Works	General	Reimbursement of expenditures	3,803
Highway/Public Works	General Debt Service	Debt retirement	400,000
Highway Capital Projects	Highway/Public Works	Reimbursement of expenditures	<u>133,323</u>
Total Transfers Primary Government			<u>\$ 700,331</u>
<u>Discretely Presented Franklin County</u>			
<u>School Department</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 48,984</u>
Total Transfers Discretely Presented Franklin County School Department			<u>\$ 48,984</u>

Exhibit J-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, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
F. Montgomery Adams, Jr. (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	\$ 11,178	\$ 50,000	Western Surety Company
Richard Stewart (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	55,891	50,000	"
Superintendent of Highways	Section 8-24-102, <u>TCA</u>	63,876	100,000	"
Director of Schools	State Board of Education and Franklin County Board of Education	106,301 (1)	50,000	"
Finance Director	County Commission	64,085	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	58,069	1,306,000	RLI Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	58,069	10,000	Western Surety Company
County Clerk	Section 8-24-102, <u>TCA</u>	58,069	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	58,069	50,000	RLI Insurance Company
Clerk and Master	Section 8-24-102, <u>TCA</u>	58,069	50,000	Western Surety Company
Register	Section 8-24-102, <u>TCA</u>	58,069	25,000	"
Sheriff:				
Michael Foster (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	10,646	25,000	RLI Insurance Company
Tim Fuller (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	53,230	25,000	"
Other Bonds:				
Public Employee Dishonesty			150,000	Tennessee School Boards Risk Management Trust

(1) - Includes chief executive officer training supplement of \$1,000.

Exhibit J-5

Franklin County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2007

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Local Purpose Tax
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 5,674,643	\$ 0	\$ 0	\$ 809,840	\$ 349,884
Trustee's Collections - Prior Year	101,637	0	0	15,351	6,637
Circuit/Clerk and Master Collections - Prior Years	64,652	0	0	12,413	5,083
Interest and Penalty	21,846	0	0	3,371	1,522
Pick-up Taxes	4,953	0	0	751	372
Payments in-Lieu-of Taxes - T.V.A.	3,092	0	0	639	351
Payments in-Lieu-of Taxes - Local Utilities	18,813	0	0	0	0
Payments in-Lieu-of Taxes - Other	12,536	0	0	67	37
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	0
Hotel/Motel Tax	0	0	0	0	69,500
Litigation Tax - General	84,340	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	32,514	0	0	0
Business Tax	256,316	0	0	0	0
Mineral Severance Tax	0	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	43,854	0	0	9,046	4,967
Wholesale Beer Tax	202,056	0	0	0	0
Interstate Telecommunications Tax	3,922	0	0	0	0
Other Statutory Local Taxes	908	0	0	0	0
Total Local Taxes	\$ 6,493,568	\$ 32,514	\$ 0	\$ 851,478	\$ 438,353
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Vaccination	\$ 6,246	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	32,032	0	0	6,635	3,643
<u>Permits</u>					
Beer Permits	3,625	0	0	0	0
Building Permits	0	0	0	0	22,090
Total Licenses and Permits	\$ 41,903	\$ 0	\$ 0	\$ 6,635	\$ 25,733

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Local Purpose Tax
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 17,696	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	19,022	0	0	0	0
Drug Control Fines	0	0	0	0	0
Drug Court Fees	2,857	0	0	0	0
Jail Fees	3,790	0	0	0	0
DUI Treatment Fines	4,793	0	0	0	0
Data Entry Fee - Circuit Court	2,879	0	0	0	0
Courtroom Security Fee	30	0	0	0	0
<u>General Sessions Court</u>					
Fines	20,986	0	0	0	0
Officers Costs	46,010	0	0	0	0
Game and Fish Fines	1,588	0	0	0	0
Drug Control Fines	0	0	0	0	0
Drug Court Fees	5,448	0	0	0	0
Jail Fees	12,412	0	0	0	0
DUI Treatment Fines	10,878	0	0	0	0
Data Entry Fee - General Sessions Court	6,087	0	0	0	0
<u>Juvenile Court</u>					
Fines	1,173	0	0	0	0
Officers Costs	4,197	0	0	0	0
Data Entry Fee - Juvenile Court	1,186	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	1,887	0	0	0	0
Data Entry Fee - Chancery Court	730	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 163,649	\$ 0	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Transfer Waste Stations Collection Charge	\$ 0	\$ 0	\$ 0	10,000	\$ 0
Tipping Fees	0	0	0	8,730	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Local Purpose Tax
<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	62	0	0	0	0
Library Fees	0	0	26,242	0	0
Telephone Commissions	2,421	0	0	0	0
Vending Machine Collections	505	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Data Processing Fee - Register	19,570	0	0	0	0
Probation Fees	148,804	0	0	0	0
Data Processing Fee - Sheriff	4,895	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,000	0	0	0	0
Total Charges for Current Services	\$ 177,257	\$ 0	\$ 26,242	\$ 18,730	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 50,000	\$ 0	\$ 17	\$ 200,000	\$ 0
Lease/Rentals	17,400	0	0	0	0
Sale of Maps	2,085	0	0	0	0
Sale of Recycled Materials	0	0	0	175,705	0
Miscellaneous Refunds	2,600	0	0	669	0
<u>Nonrecurring Items</u>					
Accrued Interest on Debt Issues	0	0	0	0	0
Sale of Equipment	1,463	0	0	0	0
Damages Recovered from Individuals	0	0	0	0	0
Contributions and Gifts	3,981	0	37,017	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	11,855	0	0	0	0
Total Other Local Revenues	\$ 89,384	\$ 0	\$ 37,034	\$ 376,374	\$ 0
<u>Fees Received from County Officials</u>					
<u>Fees-In-Lieu of Salary</u>					
County Clerk	\$ 309,501	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Local Purpose Tax
<u>Fees Received from County Officials (Cont.)</u>					
<u>Fees-In-Lieu of Salary (Cont.)</u>					
Circuit Court Clerk	\$ 271,739	\$ 0	\$ 0	\$ 0	\$ 0
General Sessions Court Clerk	261,786	0	0	0	0
Clerk and Master	98,917	0	0	0	0
Juvenile Court Clerk	29,922	0	0	0	0
Register	248,541	0	0	0	0
Sheriff	15,405	0	0	0	0
Trustee	541,555	0	0	0	0
Total Fees Received from County Officials	\$ 1,777,366	\$ 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	14,549	0	0	0	0
Solid Waste Grants	0	0	0	28,290	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	17,400	0	0	0	0
Other Public Safety Grants	0	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	150,153	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	0
State Aid Program	0	0	0	0	0
Litter Program	27,894	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	175,883	0	0	0	0
Beer Tax	18,753	0	0	0	0
Alcoholic Beverage Tax	57,165	0	0	0	0
Mixed Drink Tax	12,066	0	0	0	0
State Revenue Sharing - T.V.A.	813,995	0	0	0	0
Contracted Prisoner Boarding	447,701	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Local Purpose Tax
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Registrar's Salary Supplement	\$ 16,380	\$ 0	\$ 0	\$ 0	\$ 0
Other State Revenues	0	0	0	0	0
Total State of Tennessee	<u>\$ 1,760,939</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 28,290</u>	<u>\$ 0</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
Homeland Security Grants	\$ 287,666	\$ 0	\$ 0	\$ 0	\$ 0
Law Enforcement Grants	23,552	0	0	0	0
Other Federal through State	133,858	0	0	0	0
<u>Direct Federal Revenue</u>					
Forest Service	25,879	0	0	0	0
Other Direct Federal Revenue	28,993	0	0	0	0
Total Federal Government	<u>\$ 499,948</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	\$ 13,733	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	167,346	0	70,519	0	0
<u>Citizens Groups</u>					
Donations	0	0	0	0	0
<u>Other</u>					
Other	14,325	0	10,255	0	0
Total Other Governments and Citizens Groups	<u>\$ 195,404</u>	<u>\$ 0</u>	<u>\$ 80,774</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 11,199,418</u>	<u>\$ 32,514</u>	<u>\$ 144,050</u>	<u>\$ 1,281,507</u>	<u>\$ 464,086</u>

(Continued)

Exhibit J-5

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

	Special Revenue Funds (Cont.)			Debt Service Funds		Total
	Drug Control	Constitutional 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	\$ 234,614	\$ 526,064	\$ 994,374	\$ 8,589,419
Trustee's Collections - Prior Year	0	0	4,325	12,040	19,460	159,450
Circuit/Clerk and Master Collections - Prior Years	0	0	2,750	7,534	12,332	104,764
Interest and Penalty	0	0	926	2,383	4,084	34,132
Pick-up Taxes	0	0	206	463	876	7,621
Payments in-Lieu-of Taxes - T.V.A.	0	0	140	293	546	5,061
Payments in-Lieu-of Taxes - Local Utilities	0	0	778	1,735	3,283	24,609
Payments in-Lieu-of Taxes - Other	0	0	518	1,163	707,342	721,663
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	83,395	83,395
Hotel/Motel Tax	0	0	0	0	0	69,500
Litigation Tax - General	0	0	0	111,936	0	196,276
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	32,514
Business Tax	0	0	0	0	0	256,316
Mineral Severance Tax	0	0	85,230	0	0	85,230
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	1,815	4,066	7,682	71,430
Wholesale Beer Tax	0	0	0	0	0	202,056
Interstate Telecommunications Tax	0	0	0	0	0	3,922
Other Statutory Local Taxes	0	0	0	0	0	908
Total Local Taxes	\$ 0	\$ 0	\$ 331,302	\$ 667,677	\$ 1,833,374	\$ 10,648,266
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Vaccination	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,246
Cable TV Franchise	0	0	1,331	3,072	5,679	52,392
<u>Permits</u>						
Beer Permits	0	0	0	0	0	3,625
Building Permits	0	0	0	0	0	22,090
Total Licenses and Permits	\$ 0	\$ 0	\$ 1,331	\$ 3,072	\$ 5,679	\$ 84,353

(Continued)

Exhibit J-5

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

	Special Revenue Funds (Cont.)			Debt Service Funds		Total
	Drug Control	Constitutional 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	17,696
Officers Costs	0	0	0	0	0	19,022
Drug Control Fines	8,286	0	0	0	0	8,286
Drug Court Fees	0	0	0	0	0	2,857
Jail Fees	0	0	0	0	0	3,790
DUI Treatment Fines	0	0	0	0	0	4,793
Data Entry Fee - Circuit Court	0	0	0	0	0	2,879
Courtroom Security Fee	0	0	0	0	0	30
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	20,986
Officers Costs	0	0	0	0	0	46,010
Game and Fish Fines	0	0	0	0	0	1,588
Drug Control Fines	4,522	0	0	0	0	4,522
Drug Court Fees	0	0	0	0	0	5,448
Jail Fees	0	0	0	0	0	12,412
DUI Treatment Fines	0	0	0	0	0	10,878
Data Entry Fee - General Sessions Court	0	0	0	0	0	6,087
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	1,173
Officers Costs	0	0	0	0	0	4,197
Data Entry Fee - Juvenile Court	0	0	0	0	0	1,186
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	1,887
Data Entry Fee - Chancery Court	0	0	0	0	0	730
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	24,065	0	0	0	0	24,065
Total Fines, Forfeitures, and Penalties	\$ 36,873	\$ 0	\$ 0	\$ 0	\$ 0	200,522
<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	8,730

(Continued)

Exhibit J-5

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

	Special Revenue Funds (Cont.)			Debt Service Funds		Total
	Drug Control	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	\$ 15,923	\$ 0	\$ 0	\$ 15,923
<u>Fees</u>						
Copy Fees	0	0	0	0	0	62
Library Fees	0	0	0	0	0	26,242
Telephone Commissions	0	0	0	0	0	2,421
Vending Machine Collections	0	0	0	0	0	505
Constitutional Officers' Fees and Commissions	0	3,223	0	0	0	3,223
Data Processing Fee - Register	0	0	0	0	0	19,570
Probation Fees	0	0	0	0	0	148,804
Data Processing Fee - Sheriff	0	0	0	0	0	4,895
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	1,000
Total Charges for Current Services	\$ 0	\$ 3,223	\$ 15,923	\$ 0	\$ 0	\$ 241,375
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 386,433	\$ 13,267	\$ 649,717
Lease/Rentals	0	0	0	0	0	17,400
Sale of Maps	0	0	0	0	0	2,085
Sale of Recycled Materials	0	0	0	0	0	175,705
Miscellaneous Refunds	1,187	0	822	0	0	5,278
<u>Nonrecurring Items</u>						
Accrued Interest on Debt Issues	0	0	0	53,536	34,228	87,764
Sale of Equipment	280	0	14,512	0	0	16,255
Damages Recovered from Individuals	0	0	100	0	0	100
Contributions and Gifts	125	0	0	0	0	41,123
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	0	0	11,855
Total Other Local Revenues	\$ 1,592	\$ 0	\$ 15,434	\$ 439,969	\$ 47,495	\$ 1,007,282
<u>Fees Received from County Officials</u>						
<u>Fees-In-Lieu of Salary</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 309,501

(Continued)

Exhibit J-5

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

	Special Revenue Funds (Cont.)			Debt Service Funds		Total
	Drug Control	Constitutional 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>						
Circuit Court Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	271,739
General Sessions Court Clerk	0	0	0	0	0	261,786
Clerk and Master	0	0	0	0	0	98,917
Juvenile Court Clerk	0	0	0	0	0	29,922
Register	0	0	0	0	0	248,541
Sheriff	0	0	0	0	0	15,405
Trustee	0	0	0	0	0	541,555
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,777,366
<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	14,549
Solid Waste Grants	0	0	0	0	0	28,290
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	17,400
Other Public Safety Grants	15,000	0	0	0	0	15,000
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	150,153
<u>Public Works Grants</u>						
Bridge Program	0	0	455,028	0	0	455,028
State Aid Program	0	0	193,431	0	0	193,431
Litter Program	0	0	0	0	0	27,894
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	175,883
Beer Tax	0	0	0	0	0	18,753
Alcoholic Beverage Tax	0	0	0	0	0	57,165
Mixed Drink Tax	0	0	0	0	0	12,066
State Revenue Sharing - T.V.A.	0	0	0	0	0	813,995
Contracted Prisoner Boarding	0	0	0	0	0	447,701
Gasoline and Motor Fuel Tax	0	0	1,935,724	0	0	1,935,724
Petroleum Special Tax	0	0	31,590	0	0	31,590

(Continued)

Exhibit J-5

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

	Special Revenue Funds (Cont.)			Debt Service Funds		Total
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Registrar's Salary Supplement	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	16,380
Other State Revenues	9,037	0	0	0	0	9,037
Total State of Tennessee	\$ 24,037	\$ 0	\$ 2,615,773	\$ 0	\$ 0	\$ 4,429,039
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	287,666
Law Enforcement Grants	0	0	0	0	0	23,552
Other Federal through State	0	0	0	0	0	133,858
<u>Direct Federal Revenue</u>						
Forest Service	0	0	0	0	0	25,879
Other Direct Federal Revenue	0	0	0	0	0	28,993
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 499,948
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	13,733
Contributions	4,400	0	0	0	700,000	942,265
<u>Citizens Groups</u>						
Donations	4,250	0	0	0	0	4,250
<u>Other</u>						
Other	0	0	0	0	0	24,580
Total Other Governments and Citizens Groups	\$ 8,650	\$ 0	\$ 0	\$ 0	\$ 700,000	\$ 984,828
Total	\$ 71,152	\$ 3,223	\$ 2,979,763	\$ 1,110,718	\$ 2,586,548	\$ 19,872,979

Exhibit J-6

Franklin County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Discretely Presented Franklin County School Department
 For the Year Ended June 30, 2007

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 7,903,815	\$ 0	\$ 0	\$ 7,903,815
Trustee's Collections - Prior Year	156,660	0	0	156,660
Circuit/Clerk and Master Collections - Prior Years	81,832	0	0	81,832
Interest and Penalty	31,248	0	0	31,248
Payments in-Lieu-of Taxes - T.V.A.	4,706	0	0	4,706
Payments in-Lieu-of Taxes - Local Utilities	26,382	0	0	26,382
Payments in-Lieu-of Taxes - Other	17,544	0	0	17,544
<u>County Local Option Taxes</u>				
Local Option Sales Tax	3,930,600	0	0	3,930,600
<u>Statutory Local Taxes</u>				
Bank Excise Tax	61,575	0	0	61,575
Interstate Telecommunications Tax	6,058	0	0	6,058
Total Local Taxes	\$ 12,220,420	\$ 0	\$ 0	\$ 12,220,420
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 3,220	\$ 0	\$ 0	\$ 3,220
Cable TV Franchise	44,759	0	0	44,759
Total Licenses and Permits	\$ 47,979	\$ 0	\$ 0	\$ 47,979
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 19,894	\$ 0	\$ 0	\$ 19,894
Tuition - Summer School	8,535	0	0	8,535
Tuition - Other	278,186	0	0	278,186
Lunch Payments - Children	0	0	951,794	951,794
Lunch Payments - Adults	0	0	82,265	82,265
Income from Breakfast	0	0	49,017	49,017
Special Milk Sales	0	0	13,633	13,633
A la carte Sales	0	0	351,295	351,295
Total Charges for Current Services	\$ 306,615	\$ 0	\$ 1,448,004	\$ 1,754,619
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 425,000	\$ 0	\$ 34,066	\$ 459,066
Lease/Rentals	12,604	0	0	12,604
Refund of Telecommunication and Internet Fees (E-Rate)	45,484	0	0	45,484
Miscellaneous Refunds	13,755	0	1,025	14,780
<u>Nonrecurring Items</u>				
Sale of Equipment	15,350	0	0	15,350
Contributions & Gifts	12,536	0	0	12,536
Total Other Local Revenues	\$ 524,729	\$ 0	\$ 35,091	\$ 559,820
<u>State of Tennessee</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 23,420,700	\$ 0	\$ 0	\$ 23,420,700
Early Childhood Education	731,517	0	0	731,517
School Food Service	33,697	0	0	33,697

(Continued)

Exhibit J-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	\$ 14,366	\$ 0	\$ 0	\$ 14,366
Other State Education Funds	173,400	0	0	173,400
Career Ladder Program	340,719	0	0	340,719
Career Ladder - Extended Contract	146,366	0	0	146,366
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	50,000	0	0	50,000
Other State Grants	44,346	0	0	44,346
Other State Revenues	96,522	0	0	96,522
Total State of Tennessee	\$ 25,051,633	\$ 0	\$ 0	\$ 25,051,633
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,077,667	\$ 1,077,667
Breakfast	0	0	279,968	279,968
USDA - Other	0	0	781	781
Adult Education State Grant Program	95,776	0	0	95,776
Vocational Education - Basic Grants to States	0	109,825	0	109,825
Title I Grants to Local Education Agencies	0	1,091,691	0	1,091,691
Innovative Education Program Strategies	0	9,361	0	9,361
Special Education - Grants to States	110,839	1,423,761	0	1,534,600
Special Education Preschool Grants	0	49,307	0	49,307
English Language Acquisition Grants	0	26,140	0	26,140
Safe and Drug-Free Schools - State Grants	0	76,649	0	76,649
Eisenhower Professional Development State Grants	0	376,893	0	376,893
Job Training Partnership Act	53,188	0	0	53,188
Other Federal through State	55,570	96,599	0	152,169
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	38,363	0	0	38,363
Total Federal Government	\$ 353,736	\$ 3,260,226	\$ 1,358,416	\$ 4,972,378
<u>Other Governments and Citizens Groups</u>				
<u>Other</u>				
Other	\$ 151,974	\$ 0	\$ 0	\$ 151,974
Total Other Governments and Citizens Groups	\$ 151,974	\$ 0	\$ 0	\$ 151,974
Total	\$ 38,657,086	\$ 3,260,226	\$ 2,841,511	\$ 44,758,823

Exhibit J-7

Franklin County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2007

General FundGeneral GovernmentCounty Commission

Part-time Personnel	\$	2,483	
Board and Committee Members Fees		68,170	
Social Security		5,402	
State Retirement		278	
Medical Insurance		273	
Unemployment Compensation		12	
Audit Services		11,706	
Contracts with Private Agencies		3,840	
Data Processing Services		36,887	
Dues and Memberships		15,586	
Engineering Services		19,103	
Legal Services		2,713	
Legal Notices, Recording, and Court Costs		3,747	
Travel		789	
Office Supplies		12,423	
Refunds		1,215	
In Service/Staff Development		150	
Tax Relief Program		63,057	
Other Charges		11,819	
Total County Commission			\$ 259,653

Beer Board

Contracts with Private Agencies	\$	1,500	
Legal Notices, Recording, and Court Costs		191	
Travel		137	
Total Beer Board			1,828

County Mayor/Executive

County Official/Administrative Officer	\$	67,069	
Assistant(s)		29,528	
Part-time Personnel		9,430	
Educational Incentive - Other County Employees		1,000	
Longevity Pay		1,080	
Overtime Pay		941	
Social Security		8,264	
State Retirement		7,321	
Life Insurance		90	
Medical Insurance		9,838	
Disability Insurance		464	
Unemployment Compensation		302	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Communication	\$	942	
Maintenance Agreements		303	
Postal Charges		612	
Travel		1,304	
Office Supplies		3,332	
Premiums on Corporate Surety Bonds		197	
In Service/Staff Development		1,619	
Total County Mayor/Executive			\$ 143,636

County Attorney

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

Election Commission

County Official/Administrative Officer	\$	52,262	
Deputy(ies)		26,160	
Educational Incentive - Official/Admin Officer		1,000	
Longevity Pay		720	
Overtime Pay		4,086	
Other Salaries & Wages		14,603	
Election Commission		1,980	
Election Workers		36,677	
Social Security		8,318	
State Retirement		9,917	
Life Insurance		94	
Medical Insurance		4,668	
Disability Insurance		695	
Unemployment Compensation		357	
Communication		720	
Data Processing Services		5,819	
Dues and Memberships		225	
Legal Notices, Recording, and Court Costs		5,730	
Maintenance & Repair Services - Equipment		585	
Postal Charges		3,623	
Printing, Stationery, and Forms		8,599	
Other Contracted Services		5,000	
Data Processing Supplies		1,522	
Office Supplies		2,987	
Utilities		4,404	
Other Supplies and Materials		1,169	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Building and Contents Insurance	\$	353	
In Service/Staff Development		2,675	
Communication Equipment		3,526	
Office Equipment		7,728	
Voting Machines		131,933	
Total Election Commission			\$ 348,135

Register of Deeds

County Official/Administrative Officer	\$	58,069	
Deputy(ies)		95,146	
Part-time Personnel		12,207	
Educational Incentive - Official/Admin Officer		1,000	
Educational Incentive - Other County Employees		3,000	
Longevity Pay		1,980	
Overtime Pay		11	
Social Security		12,721	
State Retirement		18,203	
Life Insurance		222	
Medical Insurance		23,339	
Disability Insurance		1,263	
Unemployment Compensation		409	
Communication		4,266	
Data Processing Services		17,509	
Dues and Memberships		878	
Maintenance & Repair Services - Office Equipment		715	
Postal Charges		2,753	
Other Contracted Services		2,100	
Office Supplies		12,052	
Other Supplies and Materials		42	
Premiums on Corporate Surety Bonds		122	
In Service/Staff Development		1,974	
Total Register of Deeds			269,981

Planning

County Official/Administrative Officer	\$	43,718	
Assistant(s)		43,295	
Educational Incentive - Official/Admin Officer		1,000	
Educational Incentive - Other County Employees		2,000	
Longevity Pay		660	
Social Security		6,872	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

State Retirement	\$	10,831	
Life Insurance		140	
Medical Insurance		4,668	
Disability Insurance		762	
Unemployment Compensation		210	
Communication		1,640	
Contracts with Government Agencies		10,500	
Dues and Memberships		675	
Legal Notices, Recording, and Court Costs		2,428	
Maintenance Agreements		3,737	
Maintenance & Repair Services - Vehicles		305	
Postal Charges		1,268	
Gasoline		889	
Library Books/Media		209	
Office Supplies		4,196	
Vehicle and Equipment Insurance		1,417	
In Service/Staff Development		3,308	
Total Planning			\$ 144,728

Geographical Information Systems

Instructional Computer Personnel	\$	32,989	
Part-time Personnel		1,014	
Social Security		2,561	
State Retirement		4,178	
Life Insurance		47	
Medical Insurance		5,004	
Disability Insurance		292	
Unemployment Compensation		76	
Communication		843	
Postal Charges		37	
Other Contracted Services		12,090	
Data Processing Supplies		3,448	
Library Books/Media		155	
Office Supplies		130	
In Service/Staff Development		185	
Data Processing Equipment		7,106	
Total Geographical Information Systems			70,155

County Buildings

Assistant(s)	\$	111,104	
--------------	----	---------	--

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Supervisor/Director	\$	25,813	
Longevity Pay		1,440	
Overtime Pay		7,746	
Social Security		11,037	
State Retirement		15,828	
Life Insurance		296	
Medical Insurance		28,698	
Disability Insurance		1,064	
Unemployment Compensation		456	
Communication		38,267	
Maintenance Agreements		5,493	
Maintenance & Repair Services - Buildings		22,511	
Maintenance & Repair Services - Equipment		844	
Maintenance & Repair Services - Vehicles		160	
Pest Control		9,510	
Rentals		19,800	
Other Contracted Services		2,200	
Custodial Supplies		10,616	
Gasoline		1,984	
Uniforms		3,816	
Utilities		76,499	
Other Supplies and Materials		2,732	
Building and Contents Insurance		25,856	
Vehicle and Equipment Insurance		2,834	
In Service/Staff Development		346	
Other Charges		109	
Building Improvements		6,063	
Total County Buildings			\$ 433,122

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	58,069
Deputy(ies)		124,341
Educational Incentive - Official/Admin Officer		1,000
Educational Incentive - Other County Employees		3,000
Longevity Pay		2,640
Overtime Pay		7,816
Other Salaries & Wages		46,498
Board and Committee Members Fees		2,590
Social Security		18,510

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

State Retirement	\$	28,040	
Life Insurance		359	
Medical Insurance		31,495	
Disability Insurance		1,955	
Unemployment Compensation		496	
Communication		2,499	
Contracts with Government Agencies		17,498	
Contracts with Private Agencies		14,920	
Dues and Memberships		2,480	
Legal Notices, Recording, and Court Costs		143	
Maintenance Agreements		8,070	
Maintenance & Repair Services - Vehicles		914	
Postal Charges		8,363	
Rentals		1,190	
Travel		470	
Gasoline		2,874	
Office Supplies		4,460	
Utilities		671	
Vehicle and Equipment Insurance		2,862	
In Service/Staff Development		1,459	
Other Charges		5,622	
Total Property Assessor's Office			\$ 401,304

County Trustee's Office

County Official/Administrative Officer	\$	58,069
Deputy(ies)		96,699
Part-time Personnel		1,632
Educational Incentive - Official/Admin Officer		1,000
Longevity Pay		1,800
Overtime Pay		204
Social Security		11,347
State Retirement		19,043
Life Insurance		234
Medical Insurance		23,339
Disability Insurance		1,373
Unemployment Compensation		368
Communication		480
Data Processing Services		527
Dues and Memberships		588
Postal Charges		7,762

(Continued)

Exhibit J-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	\$	4,569	
Premiums on Corporate Surety Bonds		3,022	
In Service/Staff Development		2,168	
Total County Trustee's Office			\$ 234,224

County Clerk's Office

County Official/Administrative Officer	\$	58,069	
Deputy(ies)		168,817	
Part-time Personnel		34,945	
Educational Incentive - Official/Admin Officer		1,000	
Educational Incentive - Other County Employees		2,000	
Longevity Pay		4,980	
Overtime Pay		942	
Social Security		20,230	
State Retirement		28,560	
Life Insurance		374	
Medical Insurance		37,497	
Disability Insurance		2,015	
Unemployment Compensation		786	
Communication		1,469	
Data Processing Services		15,415	
Dues and Memberships		603	
Maintenance Agreements		1,764	
Postal Charges		9,970	
Office Supplies		6,765	
Premiums on Corporate Surety Bonds		197	
In Service/Staff Development		2,320	
Office Equipment		1,100	
Total County Clerk's Office			399,818

Other Finance

County Official/Administrative Officer	\$	64,085	
Deputy(ies)		44,490	
Accountants/Bookkeepers		286,699	
Educational Incentive - Official/Admin Officer		1,000	
Educational Incentive - Other County Employees		8,000	
Longevity Pay		5,580	
Social Security		30,508	
State Retirement		47,715	
Life Insurance		554	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Other Finance (Cont.)

Medical Insurance	\$	46,360	
Disability Insurance		3,395	
Unemployment Compensation		937	
Communication		3,226	
Dues and Memberships		1,244	
Maintenance Agreements		1,997	
Postal Charges		7,301	
Travel		156	
Other Contracted Services		315	
Data Processing Supplies		2,899	
Office Supplies		10,455	
Utilities		7,173	
Other Supplies and Materials		467	
Premiums on Corporate Surety Bonds		259	
In Service/Staff Development		5,948	
Other Charges		200	
Motor Vehicles		6,800	
Total Other Finance			\$ 587,763

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	58,069
Deputy(ies)		372,844
Part-time Personnel		43,447
Longevity Pay		3,900
Overtime Pay		5,938
Jury and Witness Fees		8,009
Social Security		35,648
State Retirement		50,067
Life Insurance		694
Medical Insurance		65,047
Disability Insurance		3,546
Unemployment Compensation		1,296
Communication		4,706
Data Processing Services		3,984
Dues and Memberships		453
Maintenance Agreements		114
Postal Charges		10,290
Travel		1,362
Other Contracted Services		2,045

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Office Supplies	\$	20,671	
Premiums on Corporate Surety Bonds		138	
In Service/Staff Development		518	
Data Processing Equipment		4,799	
Office Equipment		1,472	
Total Circuit Court			\$ 699,057

General Sessions Court

Judge(s)	\$	122,244	
Deputy(ies)		65,437	
Longevity Pay		420	
Social Security		13,334	
State Retirement		22,623	
Life Insurance		140	
Medical Insurance		14,003	
Disability Insurance		1,523	
Unemployment Compensation		140	
Communication		4,483	
Maintenance & Repair Services - Equipment		1,230	
Postal Charges		156	
Travel		194	
Office Supplies		859	
Utilities		5,602	
Other Supplies and Materials		180	
In Service/Staff Development		1,651	
Total General Sessions Court			254,219

Drug Court

Supervisor/Director	\$	36,400	
Social Security		2,705	
State Retirement		4,350	
Life Insurance		47	
Medical Insurance		4,668	
Disability Insurance		323	
Unemployment Compensation		140	
Communication		2,180	
Total Drug Court			50,813

Chancery Court

County Official/Administrative Officer	\$	58,069	
--	----	--------	--

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Deputy(ies)	\$	30,368	
Part-time Personnel		7,345	
Longevity Pay		1,680	
Social Security		7,094	
State Retirement		10,683	
Life Insurance		94	
Medical Insurance		9,715	
Disability Insurance		776	
Unemployment Compensation		215	
Communication		640	
Data Processing Services		2,153	
Dues and Memberships		453	
Postal Charges		1,468	
Travel		67	
Other Contracted Services		500	
Office Supplies		7,123	
Premiums on Corporate Surety Bonds		193	
Total Chancery Court			\$ 138,636

Juvenile Court

Assistant(s)	\$	39,176	
Deputy(ies)		39,094	
Longevity Pay		1,080	
Social Security		5,756	
State Retirement		9,474	
Life Insurance		94	
Medical Insurance		4,668	
Disability Insurance		694	
Unemployment Compensation		140	
Communication		1,072	
Travel		2,016	
Office Supplies		1,637	
Utilities		5,602	
In Service/Staff Development		1,048	
Total Juvenile Court			111,551

Probation Services

County Official/Administrative Officer	\$	40,456
Part-time Personnel		18,569
Longevity Pay		420

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Probation Services (Cont.)

Social Security	\$	4,505	
State Retirement		4,974	
Life Insurance		47	
Medical Insurance		2,399	
Disability Insurance		359	
Unemployment Compensation		140	
Communication		878	
Other Contracted Services		285	
Drugs and Medical Supplies		4,217	
Office Supplies		967	
Utilities		1,852	
Total Probation Services			\$ 80,068

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	63,876
Supervisor/Director		25,408
Deputy(ies)		421,717
Investigator(s)		206,081
Captain(s)		49,294
Lieutenant(s)		146,858
Accountants/Bookkeepers		50,711
Instructional Computer Personnel		30,568
Salary Supplements		17,400
Guards		136,670
Part-time Personnel		36,457
School Resource Officer		55,224
Longevity Pay		12,420
Overtime Pay		42,270
Social Security		95,972
State Retirement		126,083
Life Insurance		1,498
Medical Insurance		140,694
Disability Insurance		8,204
Unemployment Compensation		3,671
Communication		33,870
Contracts with Private Agencies		2,161
Dues and Memberships		1,015
Maintenance Agreements		4,726
Maintenance & Repair Services - Equipment		2,078

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Maintenance & Repair Services - Vehicles	\$	105,010	
Medical and Dental Services		762	
Postal Charges		1,264	
Travel		167	
Gasoline		111,784	
Law Enforcement Supplies		6,605	
Office Supplies		10,019	
Tires and Tubes		9,874	
Uniforms		36,867	
Other Supplies and Materials		2,029	
Building and Contents Insurance		30,039	
Liability Insurance		50,835	
Premiums on Corporate Surety Bonds		2,586	
Vehicle and Equipment Insurance		34,660	
In Service/Staff Development		12,292	
Other Charges		10,910	
Data Processing Equipment		2,935	
Law Enforcement Equipment		5,362	
Motor Vehicles		50	
Other Equipment		88	
Total Sheriff's Department			\$ 2,149,064

Administration of the Sexual Offender Registry

Office Supplies	\$	1,080	
In Service/Staff Development		557	
Total Administration of the Sexual Offender Registry			1,637

Jail

Assistant(s)	\$	41,367	
Deputy(ies)		31,719	
Medical Personnel		38,430	
Guards		385,254	
Clerical Personnel		25,958	
Cafeteria Personnel		42,190	
Part-time Personnel		43,738	
Longevity Pay		4,020	
Overtime Pay		12,098	
Social Security		46,965	
State Retirement		60,272	
Life Insurance		1,014	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Medical Insurance	\$	82,397	
Disability Insurance		3,900	
Unemployment Compensation		2,425	
Other Fringe Benefits		800	
Maintenance Agreements		2,685	
Maintenance & Repair Services - Buildings		16,958	
Maintenance & Repair Services - Equipment		6,359	
Medical and Dental Services		22,712	
Pest Control		680	
Transportation - Other than Students		1,306	
Custodial Supplies		33,008	
Food Supplies		119,594	
Law Enforcement Supplies		866	
Prisoners Clothing		8,708	
Uniforms		8,280	
Utilities		84,119	
Other Supplies and Materials		5,859	
Medical Claims		117,261	
In Service/Staff Development		2,478	
Other Charges		2,322	
Building Improvements		64	
Data Processing Equipment		2,562	
Other Equipment		9,283	
Total Jail			\$ 1,267,651

Juvenile Services

Part-time Personnel	\$	4,238	
State Retirement		436	
Medical Insurance		774	
Unemployment Compensation		9	
Contracts with Private Agencies		6,206	
Other Contracted Services		2,309	
Other Charges		4	
Total Juvenile Services			13,976

Civil Defense

County Official/Administrative Officer	\$	38,875	
Secretary(ies)		23,458	
Longevity Pay		480	
Social Security		4,804	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

State Retirement	\$	7,697	
Life Insurance		94	
Medical Insurance		4,668	
Disability Insurance		549	
Unemployment Compensation		140	
Communication		4,035	
Maintenance Agreements		6,493	
Maintenance & Repair Services - Buildings		1,990	
Maintenance & Repair Services - Vehicles		394	
Postal Charges		123	
Diesel Fuel		521	
Food Supplies		195	
Gasoline		2,043	
Office Supplies		2,861	
Utilities		7,769	
Other Supplies and Materials		3,357	
Building and Contents Insurance		1,851	
Liability Insurance		7,277	
Vehicle and Equipment Insurance		1,431	
In Service/Staff Development		200	
Other Charges		652	
Other Equipment		438	
Total Civil Defense			\$ 122,395

Rescue Squad

Contributions	\$	28,000	
Total Rescue Squad			28,000

Other Emergency Management

County Official/Administrative Officer	\$	38,434	
Dispatchers/Radio Operators		334,215	
Part-time Personnel		28,839	
Longevity Pay		3,720	
Overtime Pay		21,335	
Social Security		31,326	
State Retirement		44,427	
Life Insurance		636	
Medical Insurance		50,990	
Dental Insurance		24	
Disability Insurance		3,001	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Unemployment Compensation	\$	1,265	
Communication		17,762	
Contracts with Private Agencies		48,440	
Maintenance & Repair Services - Equipment		2,152	
Maintenance & Repair Services - Vehicles		36	
Medical and Dental Services		52	
Postal Charges		37	
Travel		1,837	
Other Contracted Services		1,955	
Gasoline		787	
Office Supplies		5,704	
Uniforms		690	
Utilities		2,047	
Other Supplies and Materials		2,753	
Building and Contents Insurance		2,442	
Liability Insurance		7,326	
In Service/Staff Development		10,799	
Other Charges		17	
Communication Equipment		400	
Other Equipment		4,364	
Other Capital Outlay		10,008	
Total Other Emergency Management			\$ 677,820

County Coroner/Medical Examiner

County Official/Administrative Officer	\$	6,000	
Medical Claims		24,841	
Total County Coroner/Medical Examiner			30,841

Other Public Safety

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

Public Health and Welfare

Local Health Center

Communication	\$	1,562	
Dues and Memberships		100	
Janitorial Services		8,199	
Maintenance & Repair Services - Buildings		804	
Postal Charges		1,750	
Custodial Supplies		2,023	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Office Supplies	\$	946	
Utilities		12,312	
Building and Contents Insurance		2,628	
Liability Insurance		944	
In Service/Staff Development		496	
Other Charges		472	
Total Local Health Center			\$ 32,236

Rabies and Animal Control

Assistant(s)	\$	2,800	
Supervisor/Director		29,895	
Part-time Personnel		1,217	
Longevity Pay		1,200	
Overtime Pay		7,653	
Social Security		3,293	
State Retirement		4,701	
Life Insurance		47	
Medical Insurance		5,084	
Disability Insurance		261	
Unemployment Compensation		111	
Communication		1,252	
Maintenance & Repair Services - Vehicles		589	
Postal Charges		73	
Veterinary Services		1,705	
Other Contracted Services		26,323	
Animal Food and Supplies		212	
Custodial Supplies		474	
Gasoline		3,651	
Office Supplies		16	
Utilities		1,574	
Other Supplies and Materials		1,169	
Building and Contents Insurance		106	
Liability Insurance		1,536	
Premiums on Corporate Surety Bonds		250	
Vehicle and Equipment Insurance		1,431	
Total Rabies and Animal Control			96,623

Crippled Children Services

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

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services

Secretary(ies)	\$	20,110	
Longevity Pay		420	
Other Salaries & Wages		61,401	
Social Security		6,172	
State Retirement		5,991	
Life Insurance		109	
Medical Insurance		11,230	
Disability Insurance		440	
Unemployment Compensation		411	
Travel		4,786	
Other Supplies and Materials		3,000	
Total Other Local Health Services			\$ 114,070

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	\$	33,824	
Longevity Pay		480	
Overtime Pay		25	
Social Security		2,539	
State Retirement		3,823	
Life Insurance		78	
Medical Insurance		6,937	
Disability Insurance		391	
Unemployment Compensation		92	
Contracts with Other Public Agencies		2,949	
Other Supplies and Materials		1,015	
In Service/Staff Development		250	
Total Waste Pickup			52,403

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	22,485	
Maintenance & Repair Services - Buildings		4,270	
Utilities		15,262	
Building and Contents Insurance		3,800	
Total Senior Citizens Assistance			\$ 45,817

Libraries

County Official/Administrative Officer	\$	33,008	
Assistant(s)		26,040	
Librarians		18,946	
Longevity Pay		1,320	
Social Security		5,949	
State Retirement		9,575	
Life Insurance		140	
Medical Insurance		14,382	
Disability Insurance		697	
Unemployment Compensation		210	
Contributions		42,168	
Building and Contents Insurance		2,500	
Total Libraries			154,935

Parks and Fair Boards

Supervisor/Director	\$	6,764	
Other Salaries & Wages		8,883	
Social Security		1,197	
Unemployment Compensation		162	
Communication		505	
Contributions		25,440	
Maintenance & Repair Services - Buildings		1,722	
Utilities		9,742	
Other Supplies and Materials		9,117	
Other Charges		680	
Total Parks and Fair Boards			64,212

Other Social, Cultural, and Recreational

Other Construction	\$	1,461	
Total Other Social, Cultural, and Recreational			1,461

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$	55,501	
Part-time Personnel		6,800	
Social Security		520	
Unemployment Compensation		58	
Other Fringe Benefits		7,372	
Communication		2,909	
Data Processing Equipment		70	
Total Agriculture Extension Service			\$ 73,230

Soil Conservation

Secretary to Board	\$	24,960	
Salary Supplements		3,155	
Longevity Pay		1,200	
Other Salaries & Wages		23,088	
Social Security		3,688	
State Retirement		5,991	
Life Insurance		94	
Medical Insurance		9,715	
Disability Insurance		426	
Unemployment Compensation		133	
Contributions		3,255	
Total Soil Conservation			75,705

Other Operations

Industrial Development

Assistant(s)	\$	29,822	
Longevity Pay		1,140	
Social Security		2,329	
State Retirement		3,766	
Life Insurance		47	
Medical Insurance		4,857	
Disability Insurance		264	
Unemployment Compensation		70	
Audit Services		2,150	
Communication		1,565	
Contributions		96,600	
Dues and Memberships		430	
Maintenance Agreements		292	
Postal Charges		903	
Rentals		5,376	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development (Cont.)

Office Supplies	\$	1,897	
Premiums on Corporate Surety Bonds		215	
Other Charges		1,900	
Total Industrial Development			\$ 153,623

Other Economic and Community Development

Contracts with Government Agencies	\$	88,630	
Total Other Economic and Community Development			88,630

Veterans' Services

County Official/Administrative Officer	\$	14,240	
Social Security		1,089	
Unemployment Compensation		72	
Communication		427	
Postal Charges		78	
Travel		542	
Office Supplies		100	
Total Veterans' Services			16,548

Other Charges

Contracts with Private Agencies	\$	300,000	
Medical and Dental Services		842	
Liability Insurance		82,427	
Medical Claims		4,347	
Trustee's Commission		137,889	
Workers' Compensation Insurance		134,924	
Liability Claims		16,107	
Other Charges		471	
Total Other Charges			677,007

Contributions to Other Agencies

Contributions	\$	83,040	
Total Contributions to Other Agencies			83,040

Capital Projects

General Administration Projects

Building Improvements	\$	27,840	
Furniture and Fixtures		282	
Office Equipment		7,728	
Total General Administration Projects			35,850

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Capital Projects (Cont.)

Administration of Justice Projects

Data Processing Equipment	\$ 6,587	
Land	400,000	
Other Capital Outlay	<u>1,670</u>	
Total Administration of Justice Projects		\$ 408,257

Public Safety Projects

Other Contracted Services	\$ 4,995	
Communication Equipment	68,331	
Motor Vehicles	103,037	
Other Equipment	<u>57,822</u>	
Total Public Safety Projects		234,185

Other General Government Projects

Other Equipment	<u>\$ 14,720</u>	
Total Other General Government Projects		14,720

Capital Projects - Donated

Capital Projects Donated to Other Entities

Other Equipment	<u>\$ 335</u>	
Total Capital Projects Donated to Other Entities		<u>335</u>

Total General Fund \$ 11,424,808

Courthouse & Jail Maintenance Fund

Other Operations

Other Charges

Trustee's Commission	<u>\$ 336</u>	
Total Other Charges		<u>\$ 336</u>

Total Courthouse & Jail Maintenance Fund 336

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Librarians	\$ 24,688	
Social Security	1,976	
Janitorial Services	5,740	
Maintenance & Repair Services - Buildings	3,151	
Postal Charges	155	
Travel	642	

(Continued)

Exhibit J-7

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

Public Library Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Library Books/Media	\$	16,237	
Periodicals		1,763	
Utilities		18,469	
Other Supplies and Materials		6,262	
Other Charges		688	
Data Processing Equipment		8,610	
Land		39,150	
Office Equipment		2,973	
Total Libraries			\$ 130,504

Total Public Library Fund \$ 130,504

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Advertising	\$	823	
Other Supplies and Materials		867	
Total Sanitation Education/Information			\$ 1,690

Convenience Centers

Laborers	\$	156,560	
Social Security		11,977	
Unemployment Compensation		1,336	
Communication		7,347	
Maintenance & Repair Services - Buildings		4,416	
Maintenance & Repair Services - Equipment		3,569	
Uniforms		803	
Utilities		14,030	
Other Supplies and Materials		4,238	
Building Construction		27,471	
Land		300	
Solid Waste Equipment		2,331	
Total Convenience Centers			234,378

Transfer Stations

County Official/Administrative Officer	\$	49,514	
Deputy(ies)		29,352	
Foremen		27,157	
Mechanic(s)		24,920	
Equipment Operators - Light		24,482	

(Continued)

Exhibit J-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.)

Truck Drivers	\$	45,533	
Laborers		84,859	
Educational Incentive - Official/Admin Officer		1,000	
Educational Incentive - Other County Employees		1,000	
Longevity Pay		5,280	
Overtime Pay		4,068	
Social Security		22,215	
State Retirement		36,059	
Life Insurance		515	
Medical Insurance		48,467	
Disability Insurance		2,530	
Unemployment Compensation		770	
Communication		1,722	
Contracts with Government Agencies		401,870	
Contracts with Private Agencies		54,048	
Maintenance Agreements		980	
Maintenance & Repair Services - Equipment		15,009	
Maintenance & Repair Services - Vehicles		2,152	
Postal Charges		17	
Diesel Fuel		26,686	
Gasoline		3,233	
Lubricants		3,364	
Office Supplies		1,972	
Tires and Tubes		13,019	
Uniforms		1,031	
Utilities		476	
Vehicle Parts		2,709	
Other Supplies and Materials		12,810	
In Service/Staff Development		1,963	
Solid Waste Equipment		21,615	
Total Transfer Stations			\$ 972,397
<u>Postclosure Care Costs</u>			
Contracts with Private Agencies	\$	10,396	
Total Postclosure Care Costs			10,396

Other Operations

Other Charges

Medical and Dental Services	\$	86	
Trustee's Commission		18,962	

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations (Cont.)

Other Charges (Cont.)

Vehicle and Equipment Insurance	\$	42,144	
Workers' Compensation Insurance		10,969	
Other Charges		62	
Total Other Charges		<u>62</u>	\$ <u>72,223</u>

Total Solid Waste/Sanitation Fund \$ 1,291,084

Local Purpose Tax Fund

Public Safety

Fire Prevention and Control

Maintenance & Repair Services - Vehicles	\$	1,857	
Other Contracted Services		436,400	
Gasoline		43	
Trustee's Commission		8,215	
Total Fire Prevention and Control		<u>8,215</u>	\$ <u>446,515</u>

Total Local Purpose Tax Fund 446,515

Drug Control Fund

Public Safety

Drug Enforcement

Contributions	\$	750	
Confidential Drug Enforcement Payments		10,000	
Maintenance & Repair Services - Vehicles		2,049	
Animal Food and Supplies		313	
Instructional Supplies and Materials		6,089	
Law Enforcement Supplies		125	
Other Supplies and Materials		6,890	
Refunds		1,000	
In Service/Staff Development		4,530	
Other Charges		3,778	
Law Enforcement Equipment		39,882	
Motor Vehicles		9,800	
Total Drug Enforcement		<u>9,800</u>	\$ <u>85,206</u>

Other Operations

Other Charges

Trustee's Commission	\$	383	
Total Other Charges		<u>383</u>	<u>383</u>

Total Drug Control Fund 85,589

(Continued)

Exhibit J-7

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

Other Special Revenue Fund

Administration of Justice

Drug Court

Maintenance & Repair Services - Vehicles	\$	78	
Other Contracted Services		660	
Total Drug Court			\$ 738

Total Other Special Revenue Fund \$ 738

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	3,223	
Total County Trustee's Office			\$ 3,223

Total Constitutional Officers - Fees Fund 3,223

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	63,876	
Assistant(s)		97,898	
Longevity Pay		2,220	
Overtime Pay		2,716	
Other Salaries & Wages		7,530	
Board and Committee Members Fees		18,240	
Social Security		11,665	
State Retirement		20,598	
Life Insurance		191	
Medical Insurance		20,881	
Dental Insurance		727	
Disability Insurance		1,316	
Unemployment Compensation		41	
Employer Medicare		2,819	
Other Fringe Benefits		1,112	
Dues and Memberships		4,363	
Legal Notices, Recording, and Court Costs		296	
Maintenance & Repair Services - Office Equipment		1,771	
Postal Charges		43	
Other Contracted Services		2,814	
Office Supplies		1,860	
In Service/Staff Development		6,372	
Other Charges		1,324	
Total Administration	\$		270,673

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Foremen	\$	55,572	
Mechanic(s)		11,886	
Equipment Operators - Heavy		67,361	
Equipment Operators - Light		177,089	
Truck Drivers		95,343	
Longevity Pay		10,800	
Overtime Pay		5,279	
Social Security		26,129	
State Retirement		45,409	
Life Insurance		792	
Medical Insurance		81,094	
Dental Insurance		2,705	
Disability Insurance		3,502	
Employer Medicare		6,111	
Other Fringe Benefits		3,361	
Other Contracted Services		8,395	
Asphalt - Liquid		12,072	
Concrete		653	
Crushed Stone		800	
General Construction Materials		2,008	
Other Road Supplies		5,946	
Road Signs		12,671	
Small Tools		145	
Other Supplies and Materials		2,056	
Total Highway and Bridge Maintenance			\$ 637,179

Operation and Maintenance of Equipment

Foremen	\$	28,915
Longevity Pay		720
Overtime Pay		141
Other Salaries & Wages		17,797
Social Security		2,963
State Retirement		5,892
Life Insurance		94
Medical Insurance		9,782
Dental Insurance		359
Disability Insurance		446
Employer Medicare		694
Other Fringe Benefits		425
Maintenance & Repair Services - Buildings		325

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Maintenance & Repair Services - Equipment	\$	21,974	
Diesel Fuel		84,825	
Equipment and Machinery Parts		65,309	
Garage Supplies		21,580	
Gasoline		17,660	
Lubricants		5,927	
Small Tools		3,081	
Tires and Tubes		22,153	
Other Supplies and Materials		76	
Total Operation and Maintenance of Equipment	\$		311,138

Quarry Operations

Foremen	\$	30,888	
Equipment Operators - Light		36,399	
Longevity Pay		660	
Overtime Pay		280	
Other Salaries & Wages		15,695	
Social Security		5,186	
State Retirement		9,473	
Life Insurance		47	
Medical Insurance		13,084	
Dental Insurance		441	
Disability Insurance		251	
Employer Medicare		1,213	
Other Fringe Benefits		402	
Communication		1,457	
Explosive and Drilling Services		41,183	
Operating Lease Payments		14,400	
Maintenance & Repair Services - Equipment		11,814	
Printing, Stationery, and Forms		1,167	
Diesel Fuel		17,412	
Electricity		43,812	
Equipment and Machinery Parts		32,485	
Garage Supplies		8,594	
Lubricants		2,711	
Tires and Tubes		1,841	
Water and Sewer		884	
Other Supplies and Materials		240	
Total Quarry Operations			292,019

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges

Communication	\$	7,242	
Medical and Dental Services		2,685	
Disposal Fees		2,487	
Permits		1,982	
Uniforms		10,308	
Utilities		13,737	
Building and Contents Insurance		766	
Liability Insurance		30,650	
Medical Claims		16,863	
Premiums on Corporate Surety Bonds		1,150	
Trustee's Commission		25,579	
Vehicle and Equipment Insurance		45,209	
Workers' Compensation Insurance		21,240	
Other Self-Insured Claims		4,202	
Other Charges		733	
Total Other Charges			\$ 184,833

Capital Outlay

Bridge Construction	\$	521,874	
Building Construction		250	
Building Improvements		164	
Communication Equipment		14,020	
Highway Construction		64,610	
Highway Equipment		69,710	
Motor Vehicles		13,835	
Office Equipment		1,601	
State Aid Projects		273,776	
Other Equipment		5,870	
Other Construction		896	
Other Capital Outlay		166	
Total Capital Outlay			966,772

Principal on Debt

Highways and Streets

Principal on Notes	\$	50,000	
Principal on Capital Leases		28,611	
Total Highways and Streets			78,611

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Interest on Debt

Highways and Streets

Interest on Notes	\$ 2,832	
Interest on Capital Leases	2,934	
Total Highways and Streets	<u>5,766</u>	\$ 5,766

Total Highway/Public Works Fund \$ 2,746,991

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 910,000	
Principal on Notes	60,000	
Total General Government	<u>970,000</u>	\$ 970,000

Interest on Debt

General Government

Interest on Bonds	\$ 183,773	
Interest on Other Loans	152,868	
Total General Government	<u>336,641</u>	336,641

Other Debt Service

General Government

Trustee's Commission	\$ 15,872	
Other Debt Issuance Charges	38,145	
Other Debt Service	8,606	
Total General Government	<u>62,623</u>	62,623

Total General Debt Service Fund 1,369,264

Education Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 1,325,000	
Total Education	<u>1,325,000</u>	\$ 1,325,000

Interest on Debt

Education

Interest on Bonds	\$ 1,155,485	
Interest on Other Loans	134,734	
Total Education	<u>1,290,219</u>	1,290,219

(Continued)

Exhibit J-7

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

Education Debt Service Fund (Cont.)

Other Debt Service

Education

Trustee's Commission	\$	31,303	
Other Debt Issuance Charges		24,460	
Other Debt Service		<u>8,444</u>	
Total Education			\$ <u>64,207</u>

Total Education Debt Service Fund \$ 2,679,426

Highway Capital Projects Fund

Capital Projects

Highway & Street Capital Projects

Highway Construction	\$	<u>1,777,074</u>	
Total Highway & Street Capital Projects			\$ <u>1,777,074</u>

Total Highway Capital Projects Fund 1,777,074

Total Governmental Funds - Primary Government \$ 21,955,552

Exhibit J-8

Franklin County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Franklin County School Department
For the Year Ended June 30, 2007

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 12,010,862	
Career Ladder Program	198,161	
Career Ladder Extended Contracts	152,757	
Homebound Teachers	14,073	
Educational Assistants	655,882	
Certified Substitute Teachers	92,676	
Non-certified Substitute Teachers	139,337	
Social Security	792,076	
State Retirement	835,492	
Medical Insurance	1,582,949	
Disability Insurance	5,452	
Unemployment Compensation	13,930	
Employer Medicare	185,324	
Tuition	281,500	
Other Contracted Services	93,317	
Instructional Supplies and Materials	432,272	
Textbooks	316,504	
Other Supplies and Materials	4,945	
Other Charges	13,612	
Regular Instruction Equipment	477,898	
Total Regular Instruction Program		\$ 18,299,019

Alternative Instruction Program

Teachers	\$ 187,229	
Career Ladder Program	3,833	
Educational Assistants	14,820	
Non-certified Substitute Teachers	2,045	
Social Security	12,710	
State Retirement	13,483	
Medical Insurance	25,430	
Disability Insurance	110	
Employer Medicare	2,973	
Total Alternative Instruction Program		262,633

Special Education Program

Teachers	\$ 1,877,945
Career Ladder Program	21,999
Homebound Teachers	26,799
Educational Assistants	119,288

(Continued)

Exhibit J-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.)

Other Salaries & Wages	\$	60,981	
Certified Substitute Teachers		3,106	
Non-certified Substitute Teachers		23,698	
Social Security		129,290	
State Retirement		137,036	
Medical Insurance		259,858	
Disability Insurance		946	
Unemployment Compensation		576	
Employer Medicare		30,237	
Contracts with Private Agencies		51,674	
Maintenance & Repair Services - Equipment		17,170	
Instructional Supplies and Materials		107,352	
Special Education Equipment		19,623	
Total Special Education Program			\$ 2,887,578

Vocational Education Program

Teachers	\$	1,203,028	
Career Ladder Program		14,000	
Certified Substitute Teachers		21,170	
Non-certified Substitute Teachers		20,936	
Social Security		73,845	
State Retirement		74,130	
Medical Insurance		171,761	
Employer Medicare		17,270	
Instructional Supplies and Materials		29,640	
Other Supplies and Materials		3,678	
Vocational Instruction Equipment		65,003	
Total Vocational Education Program			1,694,461

Student Body Education Program

Other Salaries & Wages	\$	69,448	
Social Security		4,104	
State Retirement		4,260	
Medical Insurance		10,323	
Employer Medicare		960	
Travel		2,888	
Other Contracted Services		69,779	
Other Supplies and Materials		40,957	
Other Charges		6,054	
Total Student Body Education Program			208,773

(Continued)

Exhibit J-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.)

Adult Education Program

Teachers	\$	33,721	
Clerical Personnel		3,219	
Social Security		2,733	
State Retirement		2,288	
Employer Medicare		558	
Instructional Supplies and Materials		19,540	
Total Adult Education Program			\$ 62,059

Support Services

Attendance

Supervisor/Director	\$	71,530	
Career Ladder Program		1,000	
Social Security		4,260	
State Retirement		4,446	
Medical Insurance		7,769	
Employer Medicare		996	
Other Supplies and Materials		1,246	
In Service/Staff Development		1,281	
Attendance Equipment		2,968	
Total Attendance			95,496

Health Services

Medical Personnel	\$	66,006	
Non-certified Substitute Teachers		928	
Social Security		3,952	
State Retirement		7,888	
Medical Insurance		529	
Disability Insurance		569	
Employer Medicare		924	
Travel		211	
In Service/Staff Development		842	
Total Health Services			81,849

Other Student Support

Career Ladder Program	\$	9,000	
Guidance Personnel		577,927	
Assessment Personnel		9,007	
School Resource Officer		33,905	
Non-certified Substitute Teachers		144	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Social Security	\$	36,284	
State Retirement		36,614	
Medical Insurance		37,729	
Employer Medicare		8,486	
Evaluation and Testing		20,128	
Total Other Student Support			\$ 769,224

Regular Instruction Program

Supervisor/Director	\$	129,405	
Career Ladder Program		11,000	
Librarians		545,116	
Clerical Personnel		27,040	
In-Service Training		32,820	
Social Security		45,160	
State Retirement		47,402	
Medical Insurance		68,682	
Disability Insurance		481	
Employer Medicare		10,562	
Travel		11,416	
Other Contracted Services		2,013	
Library Books/Media		31,756	
Other Supplies and Materials		24,817	
In Service/Staff Development		48,646	
Other Equipment		18,491	
Total Regular Instruction Program			1,054,807

Special Education Program

Supervisor/Director	\$	70,278	
Career Ladder Program		1,000	
Clerical Personnel		76,873	
Social Security		9,144	
State Retirement		13,556	
Medical Insurance		13,551	
Disability Insurance		561	
Employer Medicare		2,138	
Consultants		13,801	
Travel		16,229	
Other Supplies and Materials		58,284	
In Service/Staff Development		40,112	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Other Charges	\$ 1,388	
Total Special Education Program		\$ 316,915

Vocational Education Program

Supervisor/Director	\$ 39,473	
Secretary(ies)	33,010	
Social Security	4,494	
State Retirement	3,945	
Medical Insurance	5,091	
Disability Insurance	295	
Employer Medicare	1,051	
Maintenance & Repair Services - Equipment	1,260	
Travel	3,835	
Other Contracted Services	929	
In Service/Staff Development	4,325	
Total Vocational Education Program		97,708

Adult Programs

Supervisor/Director	\$ 56,441	
Social Security	3,499	
State Retirement	3,594	
Medical Insurance	4,643	
Employer Medicare	684	
In Service/Staff Development	3,808	
Other Charges	199	
Total Adult Programs		72,868

Board of Education

Board and Committee Members Fees	\$ 29,575
Social Security	1,834
Employer Medicare	429
Other Fringe Benefits	12,580
Audit Services	15,500
Dues and Memberships	15,111
Legal Services	26,696
Other Contracted Services	3,445
Other Supplies and Materials	4,067
Liability Insurance	142,663
Premiums on Corporate Surety Bonds	22

(Continued)

Exhibit J-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.)

Trustee's Commission	\$	273,470	
Workers' Compensation Insurance		281,353	
In Service/Staff Development		12,080	
Criminal Investigation of Applicants - TBI		11,520	
Other Charges		8,608	
Total Board of Education			\$ 838,953

Director of Schools

County Official/Administrative Officer	\$	105,301	
Career Ladder Program		1,000	
Secretary(ies)		40,077	
Clerical Personnel		27,040	
Overtime Pay		1,806	
Other Salaries & Wages		16,502	
Social Security		11,286	
State Retirement		14,752	
Medical Insurance		9,732	
Disability Insurance		1,512	
Employer Medicare		2,774	
Communication		40,535	
Dues and Memberships		2,686	
Maintenance & Repair Services - Equipment		1,293	
Postal Charges		4,291	
Travel		2,258	
Other Contracted Services		105	
Office Supplies		19,154	
Other Supplies and Materials		912	
In Service/Staff Development		6,131	
Other Charges		10,830	
Administration Equipment		5,656	
Total Director of Schools			325,633

Office of the Principal

Principals	\$	676,465
Career Ladder Program		31,000
Assistant Principals		539,711
Secretary(ies)		447,216
Clerical Personnel		23,920
Certified Substitute Teachers		132

(Continued)

Exhibit J-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 (Cont.)

Non-certified Substitute Teachers	\$	3,996	
Social Security		104,347	
State Retirement		132,753	
Medical Insurance		204,718	
Disability Insurance		3,736	
Employer Medicare		24,404	
Total Office of the Principal			\$ 2,192,398

Human Services/Personnel

Supervisor/Director	\$	74,530	
Clerical Personnel		58,032	
Social Security		7,982	
State Retirement		11,503	
Medical Insurance		12,434	
Disability Insurance		523	
Employer Medicare		1,867	
Travel		502	
Other Contracted Services		985	
Office Supplies		1,267	
Other Supplies and Materials		630	
In Service/Staff Development		998	
Administration Equipment		327	
Total Human Services/Personnel			171,580

Operation of Plant

Supervisor/Director	\$	68,563	
Guards		60,254	
Custodial Personnel		905,256	
Overtime Pay		7,872	
Other Salaries & Wages		109,736	
Social Security		69,189	
State Retirement		124,358	
Medical Insurance		184,065	
Disability Insurance		7,759	
Unemployment Compensation		6,796	
Employer Medicare		16,182	
Disposal Fees		24,478	
Other Contracted Services		1,062	
Custodial Supplies		191,307	

(Continued)

Exhibit J-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.)

Operation of Plant (Cont.)

Electricity	\$	1,365,552	
Natural Gas		198,411	
Water and Sewer		97,455	
Other Supplies and Materials		11,346	
Boiler Insurance		9,017	
Building and Contents Insurance		164,277	
Plant Operation Equipment		13,006	
Total Operation of Plant			\$ 3,635,941

Maintenance of Plant

Supervisor/Director	\$	51,002	
Secretary(ies)		22,880	
Maintenance Personnel		511,496	
Overtime Pay		45,544	
Other Salaries & Wages		5,543	
Social Security		38,413	
State Retirement		75,395	
Medical Insurance		82,770	
Disability Insurance		6,035	
Employer Medicare		8,984	
Communication		3,820	
Laundry Service		16,738	
Maintenance & Repair Services - Buildings		466,529	
Maintenance & Repair Services - Equipment		41,361	
Maintenance & Repair Services - Vehicles		18,200	
Other Contracted Services		84,734	
Equipment and Machinery Parts		62	
Gasoline		27,536	
Other Supplies and Materials		3,738	
In Service/Staff Development		366	
Other Charges		232	
Maintenance Equipment		38,548	
Total Maintenance of Plant			1,549,926

Transportation

Supervisor/Director	\$	44,511
Bus Drivers		176,419
Non-certified Substitute Teachers		1,634
Social Security		13,648

(Continued)

Exhibit J-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.)

State Retirement	\$	25,448	
Medical Insurance		30,298	
Disability Insurance		1,829	
Employer Medicare		3,192	
Communication		15,505	
Contracts with Vehicle Owners		1,247,683	
Maintenance & Repair Services - Vehicles		56,260	
Other Contracted Services		4,879	
Gasoline		44,779	
Vehicle and Equipment Insurance		25,377	
In Service/Staff Development		1,642	
Administration Equipment		1,179	
Transportation Equipment		50,142	
Total Transportation			\$ 1,744,425

Central and Other

Supervisor/Director	\$	78,000	
Clerical Personnel		33,010	
Other Salaries & Wages		182,785	
Social Security		17,217	
State Retirement		35,108	
Medical Insurance		33,049	
Disability Insurance		2,366	
Employer Medicare		4,027	
Other Fringe Benefits		9,878	
Data Processing Services		11,561	
Travel		5,881	
Other Contracted Services		1,372	
Office Supplies		43	
In Service/Staff Development		9,144	
Other Charges		1,502	
Total Central and Other			424,943

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	257	
Career Ladder Program		2,000	
Social Security		159	
State Retirement		138	

(Continued)

Exhibit J-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.)

Unemployment Compensation	\$	292	
Employer Medicare		37	
Maintenance & Repair Services - Equipment		8,000	
Transportation - Other than Students		642	
Travel		967	
Other Contracted Services		920	
Food Preparation Supplies		27	
Office Supplies		3,189	
Other Supplies and Materials		16,530	
In Service/Staff Development		15,206	
Other Charges		2,505	
Total Food Service			\$ 50,869

Community Services

Supervisor/Director	\$	102,648	
Other Salaries & Wages		185,634	
Non-certified Substitute Teachers		302	
Social Security		17,876	
State Retirement		15,945	
Medical Insurance		7,252	
Disability Insurance		506	
Employer Medicare		4,181	
Communication		1,510	
Travel		3,697	
Other Contracted Services		612	
Other Supplies and Materials		17,783	
In Service/Staff Development		220	
Other Charges		28,921	
Total Community Services			387,087

Early Childhood Education

Supervisor/Director	\$	27,821	
Teachers		357,517	
Educational Assistants		219,066	
Overtime Pay		212	
Other Salaries & Wages		874	
Certified Substitute Teachers		26	
Non-certified Substitute Teachers		6,022	
Social Security		36,158	

(Continued)

Exhibit J-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.)

State Retirement	\$	49,765	
Medical Insurance		90,099	
Disability Insurance		1,641	
Employer Medicare		8,453	
Travel		2,100	
Other Contracted Services		2,659	
Other Supplies and Materials		54,042	
In Service/Staff Development		6,849	
Other Charges		5,455	
Other Equipment		1,744	
Total Early Childhood Education			\$ 870,503

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$	160,000	
Building Improvements		267,878	
Other Capital Outlay		95,243	
Total Regular Capital Outlay			523,121

Principal on Debt

Education

Principal on Notes	\$	25,000	
Principal on Capital Leases		90,777	
Total Education			115,777

Interest on Debt

Education

Interest on Notes	\$	6,093	
Total Education			6,093

Other Debt Service

Education

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

Total General Purpose School Fund \$ 39,340,639

(Continued)

Exhibit J-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	835,750	
Educational Assistants		69,736	
Certified Substitute Teachers		4,294	
Non-certified Substitute Teachers		586	
Social Security		53,501	
State Retirement		60,135	
Medical Insurance		140,862	
Disability Insurance		695	
Employer Medicare		12,512	
Instructional Supplies and Materials		2,972	
Other Supplies and Materials		4,343	
Other Charges		4,309	
Regular Instruction Equipment		13,924	
Total Regular Instruction Program			\$ 1,203,619

Special Education Program

Teachers	\$	114,421	
Educational Assistants		521,451	
Other Salaries & Wages		32,036	
Certified Substitute Teachers		1,717	
Social Security		39,356	
State Retirement		71,291	
Medical Insurance		98,894	
Disability Insurance		770	
Employer Medicare		9,204	
Contracts with Private Agencies		156,281	
Instructional Supplies and Materials		33,297	
Other Supplies and Materials		24,885	
Total Special Education Program			1,103,603

Vocational Education Program

Other Supplies and Materials	\$	46,733	
Other Charges		4,000	
Vocational Instruction Equipment		41,372	
Total Vocational Education Program			92,105

Support Services

Health Services

Medical Personnel	\$	138,941	
-------------------	----	---------	--

(Continued)

Exhibit J-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.)

Health Services (Cont.)

Social Security	\$	8,560	
State Retirement		14,093	
Medical Insurance		13,035	
Employer Medicare		2,002	
Other Supplies and Materials		18	
Total Health Services			\$ 176,649

Other Student Support

Other Salaries & Wages	\$	11,762	
Social Security		772	
State Retirement		58	
Employer Medicare		128	
Travel		2,000	
Other Supplies and Materials		4,128	
In Service/Staff Development		3,581	
Other Charges		7,546	
Total Other Student Support			29,975

Regular Instruction Program

Supervisor/Director	\$	99,523	
Clerical Personnel		34,122	
Educational Assistants		11,471	
Social Security		8,015	
State Retirement		10,178	
Medical Insurance		17,351	
Disability Insurance		494	
Employer Medicare		1,875	
Maintenance & Repair Services - Equipment		18	
Travel		17,531	
Instructional Supplies and Materials		982	
Library Books/Media		65,573	
Other Supplies and Materials		8,313	
In Service/Staff Development		10,142	
Other Charges		4,737	
Other Equipment		8,340	
Total Regular Instruction Program			298,665

Alternative Instruction Program

Teachers	\$	25,006	
----------	----	--------	--

(Continued)

Exhibit J-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.)

Alternative Instruction Program (Cont.)

Social Security	\$	1,387	
State Retirement		958	
Medical Insurance		4,324	
Employer Medicare		324	
Travel		86	
Other Contracted Services		4,896	
Instructional Supplies and Materials		2,350	
Other Charges		5,185	
Total Alternative Instruction Program			\$ 44,516

Special Education Program

Psychological Personnel	\$	144,089	
Social Security		8,621	
State Retirement		8,833	
Medical Insurance		9,396	
Employer Medicare		2,016	
Travel		949	
Other Supplies and Materials		1,694	
Total Special Education Program			175,598

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	35,006	
Other Salaries & Wages		17,860	
Social Security		3,249	
State Retirement		5,142	
Medical Insurance		4,219	
Employer Medicare		760	
Other Fringe Benefits		186	
Travel		191	
Other Supplies and Materials		24,965	
In Service/Staff Development		1,000	
Other Charges		4,022	
Total Community Services			96,600

Total School Federal Projects Fund \$ 3,221,330

(Continued)

Exhibit J-8

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	72,713	
Clerical Personnel		55,484	
Cafeteria Personnel		987,751	
Social Security		66,738	
State Retirement		118,093	
Medical Insurance		205,551	
Disability Insurance		8,114	
Employer Medicare		15,608	
Communication		6,750	
Maintenance & Repair Services - Equipment		8,656	
Travel		5,385	
Other Contracted Services		18,334	
Food Preparation Supplies		86,354	
Food Supplies		1,230,195	
Office Supplies		3,896	
Other Supplies and Materials		33,247	
In Service/Staff Development		126	
Other Charges		732	
Food Service Equipment		274,926	
Total Food Service			\$ 3,198,653

Total Central Cafeteria Fund \$ 3,198,653

Total Governmental Funds - Franklin County School Department \$ 45,760,622

Exhibit J-9

Franklin County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2007

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,954,678
Total Cash Receipts	<u>\$ 2,954,678</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 2,925,131
Trustee's Commission	29,547
Total Cash Disbursements	<u>\$ 2,954,678</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2006	<u>0</u>
 Cash Balance, June 30, 2007	 <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

December 19, 2007

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, 2007, which collectively comprise Franklin County's basic financial statements and have issued our report thereon dated December 19, 2007. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Public Library Fund, a special revenue fund, and the Franklin County Emergency Communications District and the Industrial Development Board of Franklin County, discretely presented component units, as described in our report on Franklin County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Franklin County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Franklin County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Franklin County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting: 07.09.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not 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: 07.01, 07.02, 07.03, 07.04, 07.05, 07.06, 07.07, and 07.08.

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

This report is intended solely for the information and use of management, the county mayor, County Commission, superintendent of highways, director of schools, Board of Education, others within Franklin County, 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.

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



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

December 19, 2007

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

To the Franklin 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, 2007. 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 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 of 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, 2007.

Internal Control Over Compliance

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

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

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Franklin County as of and for the year ended June 30, 2007, and have issued our report thereon dated December 19, 2007. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Franklin County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by

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

This report is intended solely for the information and use of management, the county mayor, County Commission, superintendent of highways, director of schools, Board of Education, others within Franklin County, 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.

Yours very truly,

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

Franklin County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2007

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	\$ 12,470
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	137,763
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	279,968
National School Lunch Program	10.555	N/A	1,078,448
Total U.S. Department of Agriculture			\$ 1,508,649
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	(2)	\$ 4,834
Passed-through Hamilton County Sheriff's Department:			
Edward Byrne Memorial State and Local Law Enforcement Assistance:			
Discretionary Grant Program	16.580	(2)	9,364
Total U.S. Department of Justice			\$ 14,198
U.S. Department of Labor:			
Passed-through Workforce Solutions:			
WIA Youth Activities	17.259	(2)	\$ 53,188
Total U.S. Department of Labor:			\$ 53,188
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	(3)	\$ 18,718
Total U.S. Department of Transportation			\$ 18,718
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z-07-033690-00	\$ 95,776
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	1,053,343
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,568,290
Special Education - Preschool Grants	84.173	N/A	55,091
Vocational Education - Basic Grants to States	84.048	N/A	109,825
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	78,980
Twenty-First Century Community Learning Centers	84.287	(2)	96,599
State Grants for Innovative Programs	84.298	(2)	66,721
Education Technology State Grants	84.318	(2)	143,414
English Language Acquisition Grants	84.365	(2)	26,140
Improving Teacher Quality State Grants	84.367	(2)	182,750
Hurricane Education Recovery	84.938	(2)	27,264
Total U.S. Department of Education			\$ 3,504,193
U.S. Elections Assistance Commission:			
Passed-through Tennessee Secretary of State's Office:			
Help America Vote Act Requirements Payments	90.401	(4)	\$ 133,858
Total U.S. Elections Assistance Commission			\$ 133,858

(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-07-034218-00	\$ 23,222
Total U.S. Department of Health and Human Services			<u>\$ 23,222</u>
U.S. Cooperation for National and Community Service:			
Passed-through State Department of Education:			
Learn and Serve America-School and Community Based Programs	94.004	Z-07-037215-00	\$ 5,084
Total U.S. Cooperation for National and Community Service			<u>\$ 5,084</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z-04-022440-00	\$ 140,555
Emergency Management Performance Grant	97.042	Z-07-020616-00	21,659
Homeland Security Grant Program	97.067	Z-05-025155-00	125,452
Total U.S. Department of Homeland Security			<u>\$ 287,666</u>
Total Expenditures of Federal Awards			<u>\$ 5,548,776</u>

<u>State Grants</u>		Contract Number	
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 14,549
Juvenile Services Program - State Department of Children's Services	N/A	Z-07-036528-00	9,000
Litter Program - State Department of Transportation	N/A	Z-07-033794-00	27,894
Health Department Program - State Department of Health	N/A	(5)	150,153
Family Resource - State Department of Education	N/A	(2)	44,346
Early Childhood Education - State Department of Education	N/A	(2)	731,517
Safe Schools Act - State Department of Education	N/A	(2)	33,905
Fingerprint Grant - State Office of Criminal Justice Programs	N/A	Z-06-027065-00	15,000
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	28,290
Total State Grants			<u>\$ 1,054,654</u>

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

- (1) - Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) - Information not available.
(3) - Z-06-027328-00: \$8,723; Z-07-035799-00: \$4,995; Z-07-035800-00: \$5,000.
(4) - Z-07-037875-00: \$4,800; Z-07-037410-00: \$3,175; Z-06-032941-00: \$125,883.
(5) - Z-06-025954-00: \$31,653; Z-07-031533-00: \$118,500.

Franklin County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2007

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, 2006, which have not been corrected.

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.05	210	Extended school program collections were not deposited within three days of collection

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.07	212	Official receipts were not issued for some collections
06.08	212	Funds were not deposited within three days of collection

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.09	212	Duties were not segregated adequately in the Offices of 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, 2007

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 one significant deficiency in internal control.
3. The audit disclosed two instances of noncompliance that are material to the financial statements of Franklin County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Title I Grants to Local Educational Agencies (CFDA No. 84.010), and the Special Education Cluster: the Special Education – Grants to States and the Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Franklin County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

OFFICE OF FINANCE DEPARTMENT

**FINDING 07.01 A REVENUE ANTICIPATION NOTE WAS NOT ISSUED AND
RETIRED IN COMPLIANCE WITH STATE STATUTE**
(Material Noncompliance Under Government Auditing Standards)

During the year, the School Federal Projects Fund borrowed \$100,000 from the General Purpose School Fund to provide cash for operations in anticipation of revenue collections. This loan was not approved by the state director of Local Finance and was not retired by June 30, 2007. Section 9-21-801, Tennessee Code Annotated, allows the County Commission to issue revenue anticipation notes with the approval of the state director of Local Finance provided the notes are retired by the end of the current fiscal year. This note has been reflected in the financial statements of this report as a current receivable in the General Purpose School Fund and a current payable in the School Federal Projects Fund. This note was repaid on July 10, 2007.

RECOMMENDATION

Revenue anticipation notes should be approved by the state director of Local Finance and retired prior to the end of the fiscal year issued as required by state statute.

FINDING 07.02 THE PUBLIC LIBRARY FUND WAS NOT BUDGETED
(Noncompliance Under Government Auditing Standards)

The Public Library Fund (special revenue fund) was not budgeted. Section 5-9-401, Tennessee Code Annotated, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies."

RECOMMENDATION

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

OFFICE OF DIRECTOR OF SCHOOLS

**FINDING 07.03 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.

**FINDING 07.04 CENTRAL CAFETERIA FUND BANK STATEMENTS WERE NOT RECONCILED WITH THE GENERAL LEDGER
(Noncompliance Under Government Auditing Standards)**

During the year examined, Central Cafeteria Fund bank statements had not been reconciled with the general ledger. Additional testing of receipts and disbursements was performed to verify cash transactions and the balance in the program's bank account at year-end. At June 30, 2007, the cash balance reflected in the general ledger was understated by \$975. Management accepted the audit adjustments we provided to properly reflect the cash balance in the financial statements of this report.

RECOMMENDATION

Bank statements should be reconciled with the general ledger monthly, and any errors should be corrected promptly.

OFFICE OF CLERK AND MASTER

**FINDING 07.05 THE CLERK AND MASTER DID NOT REQUIRE A DEPOSITORY TO COLLATERALIZE FUNDS
(Noncompliance Under Government Auditing Standards)**

The clerk and master did not require a depository to pledge securities to protect county funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2007, deposits at the depository exceeded FDIC coverage by \$44,352. Section 5-8-201, Tennessee Code Annotated, provides for county officials to require any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of county funds.

RECOMMENDATION

The clerk and master should require all depositories to pledge adequate securities to protect county funds exceeding FDIC coverage as required by state statute.

OFFICE OF SHERIFF

FINDING 07.06 **DEFICIENCIES WERE NOTED IN THE OPERATIONS RELATED TO A TELEPHONE SERVICE CONTRACT** (Material Noncompliance Under Government Auditing Standards)

In April 1999, the county entered into a five-year contract with PayTel Communications, Inc., for inmate telephone services. This contract provided for the county to receive remuneration at various percentages of revenues billed for all phones. In March 2004, the contract was extended through April 2009. Also, in March 2004, the Sheriff's Department entered into a three-year lease-purchase agreement with Dell for 20 computers. An arrangement was made for PayTel Communications, Inc., to make monthly lease payments (\$837) directly to Dell from the county's accumulated commissions.

In January 2007, the PayTel Communications, Inc., contract was extended for the term April 2009 through April 2014. Also, in January 2007, the Sheriff's Department entered into another three-year lease-purchase agreement with Dell for 30 computers and 20 printers. Another arrangement was made for PayTel Communications, Inc., to make the county's monthly lease payments (\$1,440) directly to Dell from the county's accumulated commissions.

The following deficiencies were noted:

- A. The original contract and contract extensions with PayTel Communications, Inc., were not entered into in accordance with the provisions of Section 7-51-904, Tennessee Code Annotated (TCA). This statute provides that a contract can only be entered into after being approved by a resolution of the County Commission.
- B. The office did not remit the revenues earned from its jail telephone operations to the county. The State Attorney General opined in November 1989 (U89-134) that revenues earned from telephone operations are local revenues and should be administered as any other local revenue. Section 8-24-103, TCA, requires that all fees and commissions earned by the Sheriff's Department be remitted to the county on a monthly basis.
- C. At the direction of the sheriff, PayTel Communication, Inc., used proceeds from the county's telephone commissions to make the county's lease payments with Dell. Section 5-9-401, TCA, requires all county funds from whatever source to be appropriated by the county legislative body. These funds were not appropriated by the County Commission and were therefore not expended in compliance with Section 5-9-401, TCA.

- D. The computer financing arrangements with Dell were unauthorized capital leases. These capital leases had not been approved by the County Commission or state director of Local Finance as required by Section 9-21-601, TCA. Also, county officials did not file Reports of Debt Obligations with the state director of Local Finance for the capital leases. Section 9-21-151, TCA, requires that within 45 days following the issuance of a debt, the county must provide to the state director of Local Finance certain information, such as a brief description of the purposes for which the debt was issued and an itemized description of the costs of issuance of the debt.
- E. The computer leases exceeded \$5,000 and were not competitively bid. Section 5-21-120, TCA, requires that expenditures estimated to exceed \$5,000 should be publicly advertised and competitively bid.

RECOMMENDATION

All contracts should be entered into in accordance with state statutes. All revenues generated from the operation of the jail telephone system should be remitted to the county on a monthly basis, and all operating expenses of the office should be appropriated by the County Commission and paid through the county's budgetary process. Financing arrangements should be approved by the County Commission and state director of Local Finance, and county officials should file a Report on Debt Obligations with the state director of Local Finance for all debt issues. Competitive bids should be solicited for all purchases estimated to exceed \$5,000.

FINDING 07.07 **THE OFFICE HAD DEFICIENCIES IN THE ADMINISTRATION OF DRUG CONTROL FUNDS** (Noncompliance Under Government Auditing Standards)

Our examination of the administration of drug control funds revealed the following deficiencies:

- A. The Sheriff's Office used confidential funds to pay \$1,850 of nonconfidential expenditures. These expenditures included building supplies for the narcotics office, equipment for a narcotics vehicle, and equipment and uniforms for narcotics officers. Section 39-17-420(a)(1), Tennessee Code Annotated (TCA), states, "Cash transactions related to undercover investigative operations ... shall be administered in compliance with procedures established by the comptroller of the treasury." These procedures provide that payments from local drug funds for all nonconfidential expenses should be made by the county's Drug Control Fund through the budgetary process.
- B. 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, TCA, requires official receipts be issued for collections.

RECOMMENDATION

Nonconfidential expenditures should be paid by warrants drawn on the county's Drug Control Fund (special revenue fund) through the budgetary process. The office should issue official receipts for all collections as required by state statute.

FINDING 07.08 **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 07.09 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF TRUSTEE; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

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

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

There were no findings and questioned costs for federal programs.

FRANKLIN COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2007

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

Director of Finance – Summary Schedule of Prior Year's Audit Findings

FINDINGS 06.03 and 06.10

The School Federal Projects Fund did not have a cash overdraft for the fiscal year 2006-2007.

FINDINGS 06.09 and 06.11

Segregation of duties in the Office of Finance Director is adequate.