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



**FOR THE YEAR ENDED JUNE 30, 2008**



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**ANNUAL FINANCIAL REPORT  
FRANKLIN COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2008**

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

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

***JAMES R. ARNETTE  
Director***

***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](http://www.comptroller.state.tn.us)

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# ***Audit Highlights***

Annual Financial Report  
Franklin County, Tennessee  
For the Year Ended June 30, 2008

## ***Scope***

We have audited the basic financial statements of Franklin County as of and for the year ended June 30, 2008.

## ***Results***

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

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

## ***Findings***

The following are summaries of the audit findings:

### **OFFICE OF FINANCE DIRECTOR**

- ◆ A revenue anticipation note was not retired in compliance with state statute.
- ◆ The Public Library Fund was not budgeted.
- ◆ Bid specifications for vehicle purchases applied to only one brand.

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

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

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### **OFFICES OF COUNTY CLERK AND REGISTER**

- ◆ The offices did not review their software audit logs.

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### **OFFICE OF CLERK AND MASTER**

- ◆ The delinquent tax software did not have adequate application controls.
-

## **OFFICE OF SHERIFF**

- ◆ Receipts were not issued for some collections. Also, some receipts were not issued at the time of collection.
- 

## **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.

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# INTRODUCTORY SECTION

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# Franklin County Officials

## June 30, 2008

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### **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  
Andrea Smith, 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

### **Financial Management Committee**

Richard Stewart, County Mayor	Anthony DeMatteo
John Woodall, Superintendent of Highways	Sue Hill
Dr. Charles Edmonds, Director of Schools	A.L. Shasteen, Jr.
Eddie Clark	

### **Highway Commission**

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

### **Board of Education**

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

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## FINANCIAL SECTION

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**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-1402  
PHONE (615) 401-7841**

**INDEPENDENT AUDITOR'S REPORT**

February 11, 2009

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, 2008, 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 .89 percent and 3.57 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 .99 percent and .85 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 .02 percent and .23 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, 2008, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 11, 2009, on our consideration of Franklin County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

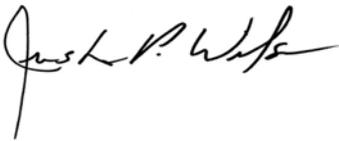
As described in Note V.B., Franklin County has adopted the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures.

The management's discussion and analysis on pages 21 through 33 and the budgetary comparison, pension, and postemployment benefits information on pages 91 through 101 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, 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 black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

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**Franklin County, Tennessee  
Management's Discussion and Analysis  
For the Year Ended June 30, 2008**

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, 2008. 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 \$33,458,994 (net assets).
- The Primary Government's total net assets increased by \$958,850.
- As of the close of the current fiscal year, the Franklin County Government's governmental funds reported combined ending fund balances of \$21,089,196, an increase of \$4,909,265 in comparison with the prior year. Of this total, \$19,571,705 (92.81 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 \$2,568,365, or 20.87 percent of the total General Fund expenditures.
- New debt issues totaled \$6,066,900. This debt includes \$6,000,000 in fixed rate bonds issued to fund a judicial center project and a capital lease of \$66,555 for a jail security system. However, the county's total debt increased by \$3,503,480 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 \$52,663,365 (net assets).
- The Franklin County School Department's net assets decreased by \$1,880,175.

- At the close of the current fiscal year, the School Department's combined ending fund balance was \$5,391,242. Of this amount, \$4,336,645 (80.43 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 nonrecurring 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, Special Purpose, Highway/Public Works, Education Debt Service, and Other Capital Projects funds, 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 \$86,122,359 at the close of the 2008 fiscal year. This represents a combined decrease of \$921,325 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 2008 and a comparison with the previous year.

#### Franklin County Government's Net Assets

	Primary Government		Component Unit	
			Franklin County School Department	
	6-30-07	6-30-08	6-30-07	6-30-08
Current and Other Assets	\$ 26,922,915	\$ 31,269,375	\$ 14,038,461	\$ 14,387,510
Capital Assets	52,420,451	51,870,070	49,472,062	47,953,054
Total Assets	<u>\$ 79,343,366</u>	<u>\$ 83,139,445</u>	<u>\$ 63,510,523</u>	<u>\$ 62,340,564</u>
Long-term Liabilities				
Outstanding	\$ 36,274,405	\$ 39,720,004	\$ 416,316	\$ 1,269,976
Other Liabilities	10,568,817	9,960,447	8,550,667	8,407,223
Total Liabilities	<u>\$ 46,843,222</u>	<u>\$ 49,680,451</u>	<u>\$ 8,966,983</u>	<u>\$ 9,677,199</u>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$ 44,601,367	\$ 39,195,816	\$ 49,167,855	\$ 47,750,408
Restricted	7,478,717	12,026,996	883,577	796,198
Unrestricted	<u>(19,579,940)</u>	<u>(17,763,818)</u>	<u>4,492,108</u>	<u>4,116,759</u>
Total Net Assets	<u>\$ 32,500,144</u>	<u>\$ 33,458,994</u>	<u>\$ 54,543,540</u>	<u>\$ 52,663,365</u>

A portion of the county's and DPCU School Department's net assets, \$12,026,996 and \$796,198, 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.

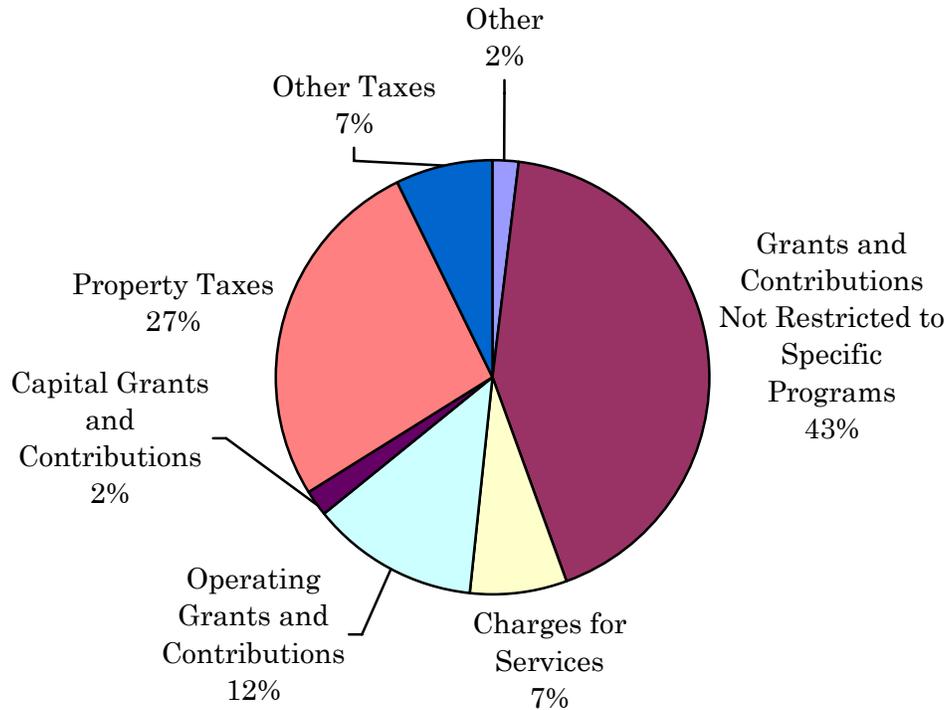
The primary government's net assets increased \$958,850 during the fiscal year. The School Department's net assets decreased \$1,880,175.

Long-term liabilities of the primary government include outstanding debt issued of \$39,024,536, landfill postclosure care costs of \$323,422, and compensated absences of \$372,046. Total government-wide long-term liabilities were \$40,989,980 at the end of the fiscal year, the difference being compensated absences in the Franklin County School Department totaling \$185,145, other postemployment benefits in the Franklin County School Department totaling \$882,185, and the Franklin County School Department's outstanding debt totaling \$202,646 (\$100,000 for a note and \$102,646 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 School Department	
	FY 2007	FY 2008	FY 2007	FY 2008
<b>Revenues:</b>				
<u>Program Revenues:</u>				
Charges for Services	\$ 2,969,304	\$ 2,992,351	\$ 1,812,707	\$ 1,798,673
Operating Grants and Contributions	2,709,397	3,929,097	4,814,159	4,593,470
Capital Grants and Contributions	1,659,677	1,058,477	151,974	227,464
<u>General Revenues:</u>				
Property Taxes	8,930,802	9,413,194	8,247,742	8,692,826
Other Taxes	930,117	880,052	3,939,900	3,948,096
Grants and Contributions Not Restricted to Specific Programs	1,921,880	1,880,864	25,407,329	26,957,891
Other	764,669	710,760	555,733	552,254
<b>Total Revenues</b>	<b>\$ 19,885,846</b>	<b>\$ 20,864,795</b>	<b>\$ 44,929,544</b>	<b>\$ 46,770,674</b>
<b>Expenses:</b>				
General Government	\$ 1,217,975	\$ 1,799,964	\$ 0	\$ 0
Finance	1,651,554	1,649,218	0	0
Administration of Justice	1,764,729	1,833,121	0	0
Public Safety	5,302,230	5,648,722	0	0
Public Health and Welfare	1,604,857	1,688,062	0	0
Social, Cultural, and Recreational Services	408,874	419,715	0	0
Agriculture and Natural Resources	159,859	139,124	0	0
Other Operations	1,787,986	1,739,722	0	0
Highways/Public Works	3,029,809	3,252,511	0	0
Education	0	0	46,799,251	48,650,849
Interest on Long-term Debt	1,635,922	1,678,944	0	0
Other Debt Service	114,079	56,842	0	0
<b>Total Expenses</b>	<b>\$ 18,677,874</b>	<b>\$ 19,905,945</b>	<b>\$ 46,799,251</b>	<b>\$ 48,650,849</b>
Increase (Decrease) in Net Assets	\$ 1,207,972	\$ 958,850	\$ (1,869,707)	\$ (1,880,175)
Net Assets, July 1	31,254,551	32,500,144	56,413,247	54,543,540
Prior-Period Adjustment	37,621	0	0	0
<b>Net Assets, June 30</b>	<b>\$ 32,500,144</b>	<b>\$ 33,458,994</b>	<b>\$ 54,543,540</b>	<b>\$ 52,663,365</b>

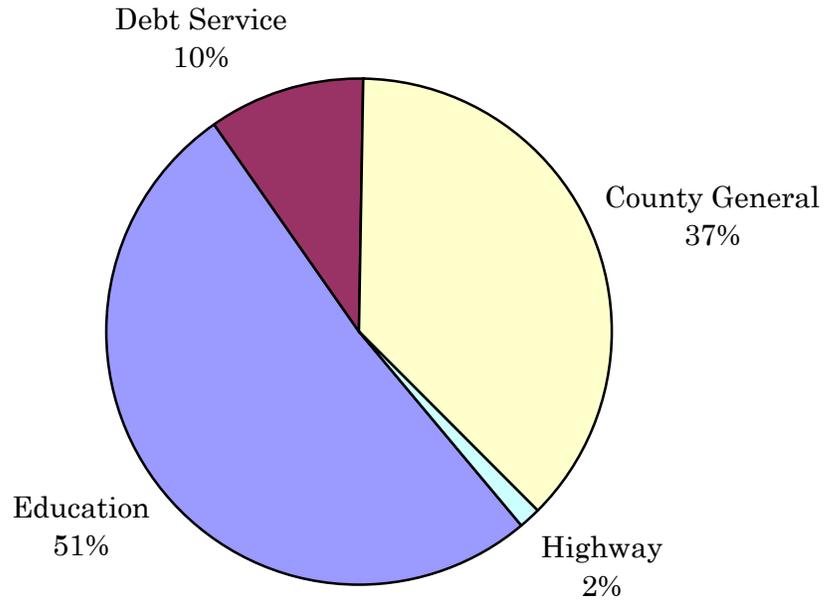
**Revenue by Source - Total Governmental Funds (Includes DPCU School Department)**



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**



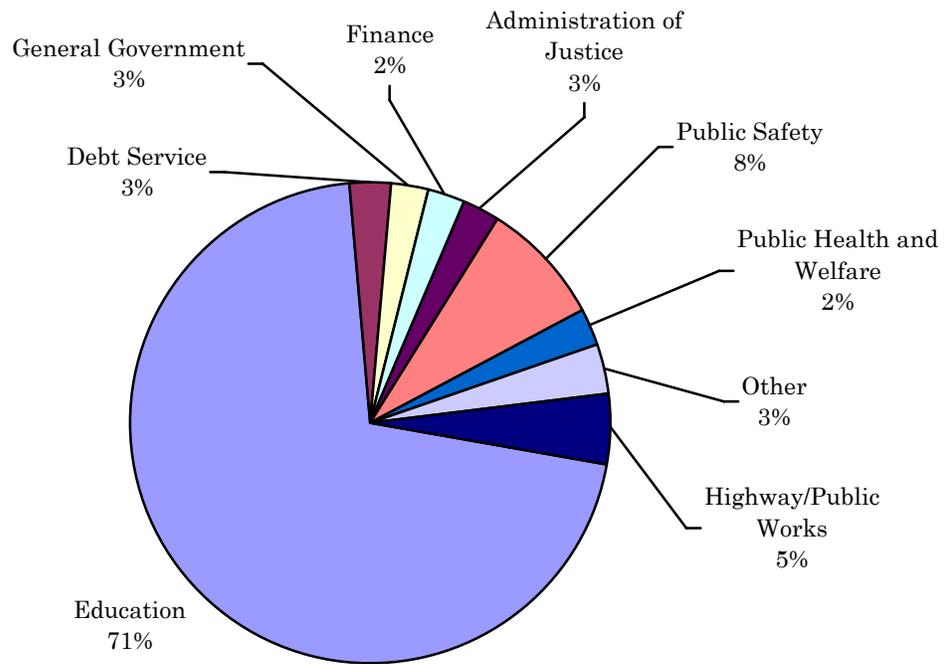
The county property tax is the most important source of local revenue for county governments. The tax is levied on all real and personal property based on the classification and value of the property, unless the property is exempt. In addition to the common tax rate, residents of the rural areas and/or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

<b>Property Tax Components</b>	<b>FYE</b> 2003	<b>FYE</b> 2004	<b>FYE</b> 2005	<b>FYE</b> 2006	<b>FYE</b> 2007	<b>FYE</b> 2008	<b>FYE</b> 2009
Common Rate	\$ 2.16	\$ 2.35	\$ 2.62	\$ 2.62	\$ 2.62	\$ 2.0144	\$ 2.1136
Solid Waste	0.20	0.20	0.20	0.20	0.20	0.1507	0.1507
Local Purpose (Rural Fire)	0.11	0.11	0.11	0.11	0.11	0.0818	0.0818
<b>Combined Rates</b>	<b>\$ 2.47</b>	<b>\$ 2.66</b>	<b>\$ 2.93</b>	<b>\$ 2.93</b>	<b>\$ 2.93</b>	<b>\$ 2.2469</b>	<b>\$ 2.3461</b>

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 for 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 71 percent of the total county-wide.

### Financial Analysis of the Government’s Funds

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

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

As of the end of the current fiscal year, the Franklin County Government's governmental funds reported combined ending fund balances of \$21,089,196, an increase of \$4,909,265 in comparison with the prior year. Of this total, \$19,571,705 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 (\$1,517,491).

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 \$3,632,091, of which \$2,568,365 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 20.86 percent of total General Fund expenditures, while total fund balance represents 29.51 percent of that same amount.

The unreserved fund balance of the Franklin County Government's General Fund increased \$265,077 during the current fiscal year.

The debt service funds have total fund balances of \$4,757,625, all of which are designated for the payment of debt service. The net decrease in fund balances during the current year in the debt service funds was \$289,231. A portion of property tax is levied for debt service. This tax produced revenues of \$1,578,216 in the current fiscal year.

The unreserved fund balance of the DPCU School Department was \$4,336,645. This fund balance represents a total increase of \$401,008 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, 2008, totals \$51,870,000 (net of accumulated depreciation), and \$47,953,054 (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 2008. The county completed the major county road improvement project, which began in fiscal year 2004-2005.
- The county began a judicial center project in the spring of 2007, procuring land for the future site. Construction began in the fall of 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	
	6-30-07	6-30-08	6-30-07	6-30-08
Land	\$ 27,053,694	\$ 27,048,954	\$ 5,451,186	\$ 5,451,186
Buildings and Improvements	11,300,986	11,213,568	56,261,356	56,295,346
Other Capital Assets	6,242,962	37,253,197	5,034,296	5,360,957
Infrastructure	35,968,950	6,347,118	0	0
Less Accumulated Depreciation	(28,146,141)	(29,992,767)	(17,274,776)	(19,154,435)
<b>Total</b>	<b>\$ 52,420,451</b>	<b>\$ 51,870,070</b>	<b>\$ 49,472,062</b>	<b>\$ 47,953,054</b>

### Debt Administration

**Long-term debt.** At the end of the current fiscal year, the Franklin County Government had total debt outstanding of \$39,024,536. 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 June 30, 2008, the primary government had outstanding debt of \$26,240,000 for capital purposes of the School Department.

A schedule of all outstanding debt as of June 30, 2008, for Franklin County follows.

## Franklin County's Outstanding Debt

Year	6-30-07	6-30-08
<u>Primary Government</u>		
2003 Series Jail Refunding Bonds	\$ 2,850,000	\$ 2,560,000
2002 Series School Bonds	6,775,000	6,535,000
2001 Series School Bonds	17,245,000	16,315,000
Industrial Revenue Bonds	173,000	158,000
2006A Highway Refunding Bonds	4,825,000	4,185,000
2006B School Refunding Bonds	3,610,000	3,395,000
2007 General Obligation Bonds	0	5,800,000
Capital Lease - Grader	43,056	12,981
Capital Lease - Jail Security System	0	63,555
	<hr/>	<hr/>
Total Primary Government	\$ 35,521,056	\$ 39,024,536
<u>Discretely Presented Franklin County School Department</u>		
2005 Capital Outlay Note	\$ 125,000	\$ 100,000
Capital Lease - Computers	179,207	102,646
	<hr/>	<hr/>
Total Discretely Presented Franklin County School Department	\$ 304,207	\$ 202,646

- Franklin County Government's total primary government debt increased \$3,503,480 during the current fiscal year due to repayment of principal amounts totaling \$2,563,420 and the issuance of new debt totaling \$6,066,900.
- During the current fiscal year, the government issued fixed rate bonds totaling \$6,000,000 to fund a judicial center project estimated to be completed in fiscal year 2009-2010.
- 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 a 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, Sections 9-21-403 and 9-21-404.

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

- Favorable economic factors include a stable tax base with steady growth, a job base of a variety of industrial employers which supports an average unemployment rate of 7.9 percent. This is the same rate for the rest of the state as well as for the United States as a whole. This percentage has risen for the unemployment rate of Franklin County, as it has increased from 4.6 percent last year.
- The county's annex project has been in process, the election office building was sold and the remodel was funded from those proceeds as well as additional appropriated funds. The election office, technology, archives, veteran's offices, and conference area have moved to the annex. The Finance Office is scheduled to move in the fall of 2008, and that office building is slated to be sold for future funding of the annex project.
- The current judicial center project will house the Circuit, General Sessions, Juvenile, Drug, and Chancery courts. When completed, the current general session's administration office will be disposed. Areas at the courthouse and the emergency operations center that currently house court administration offices and courtrooms will give much needed space for other county functions.

All of these factors were considered in preparing Franklin County Government's budget for the 2009 fiscal year. The budget for fiscal year 2008-2009 includes a tax increase. The property tax rate was increased to \$2.3461 common rate, due to debt service requirements and needs.

### **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, P.O. Box 518, 851 Dinah Shore Boulevard, Winchester, TN 37398.

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Franklin County, Tennessee  
Statement of Net Assets  
June 30, 2008

	Primary Governmental Activities	Component Units		
		Franklin County School Department	Franklin County Emergency Communications District	Industrial Development Board of Franklin County
<b>ASSETS</b>				
Cash	\$ 55,554	\$ 3,038	\$ 542,267	\$ 7,213
Equity in Pooled Cash and Investments	20,606,203	4,476,878	0	0
Accounts Receivable	19,515	47,295	31,301	0
Due from Other Governments	1,158,974	953,804	0	0
Property Taxes Receivable	9,504,210	8,731,690	0	0
Allowance for Uncollectible Property Taxes	(226,392)	(207,028)	0	0
Prepaid Items	24,116	381,833	0	0
Deferred Charges - Debt Issuance Costs	127,195	0	0	0
Capital Assets:				
Assets Not Depreciated:				
Land	27,048,954	5,451,186	0	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	6,833,250	39,781,714	0	0
Other Capital Assets	1,992,093	2,720,154	49,041	2,141
Infrastructure	15,995,773	0	0	0
Total Assets	\$ 83,139,445	\$ 62,340,564	\$ 622,609	\$ 9,354
<b>LIABILITIES</b>				
Accounts Payable	\$ 254,913	\$ 93,546	\$ 771	\$ 5,030
Accrued Payroll	101,472	11,677	0	0
Payroll Deductions Payable	126,925	0	0	0
Due to State of Tennessee	7,167	0	0	0
Accrued Interest Payable	462,598	8,285	0	0
Deferred Revenue - Current Property Taxes	9,007,372	8,293,715	0	0
Noncurrent Liabilities:				
Due Within One Year	3,467,407	292,780	0	0
Due in More Than One Year	36,252,597	977,196	0	0
Total Liabilities	\$ 49,680,451	\$ 9,677,199	\$ 771	\$ 5,030
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	\$ 39,195,816	\$ 47,750,408	\$ 0	\$ 0
Invested in Capital Assets	0	0	49,041	2,141
Restricted for:				
General Purposes	992,778	208,769	0	0
Courthouse and Jail Maintenance	43,229	0	0	0
Public Library	48,409	0	0	0
Solid Waste/Sanitation	92,572	0	0	0
Local Purpose	60,364	0	0	0
Drug Control	29,935	0	0	0
Highway/Public Works	867,908	0	0	0
School Federal Projects	0	45,297	0	0
Central Cafeteria	0	542,132	0	0
Debt Service	4,334,645	0	0	0
Capital Projects	5,557,156	0	0	0
Unrestricted	(17,763,818)	4,116,759	572,797	2,184
Total Net Assets	\$ 33,458,994	\$ 52,663,365	\$ 621,838	\$ 4,325

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



Exhibit B

Franklin County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Franklin County School Department	Franklin County Emergency Communications District	Industrial Development Board of Franklin County		
General Revenues:										
Taxes:										
Property Taxes Levied for General Purposes					\$ 7,744,814	\$ 8,692,826	\$ 0	\$ 0	\$ 0	0
Property Taxes Levied for Debt Service					1,668,380	0	0	0	0	0
Local Option Sales Taxes					63,416	3,943,076	0	0	0	0
Hotel/Motel Tax					64,166	0	0	0	0	0
Litigation Tax - General					186,241	0	0	0	0	0
Business Tax					258,757	0	0	0	0	0
Wholesale Beer Tax					208,388	0	0	0	0	0
Other Local Taxes					99,084	5,020	0	0	0	0
Grants and Contributions Not Restricted to Specific Programs					1,880,864	26,957,891	0	0	0	0
Unrestricted Investment Earnings					689,186	450,319	8,153	0	0	0
Miscellaneous					10,628	97,730	0	0	0	0
Sale of Land and Equipment					10,946	4,205	0	0	0	0
Total General Revenues					\$ 12,884,870	\$ 40,151,067	\$ 8,153	\$ 0	\$ 0	0
Change in Net Assets					\$ 958,850	\$ (1,880,175)	\$ 149,313	\$ 782	\$ 782	782
Net Assets, July 1, 2007					32,500,144	54,543,540	472,525	3,543	3,543	3,543
Net Assets, June 30, 2008					\$ 33,458,994	\$ 52,663,365	\$ 621,838	\$ 4,325	\$ 4,325	4,325

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, 2008

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Special Purpose	Highway/Public Works	Education Debt Service	Other Capital Projects	Other	Governmental Funds	
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 55,554	\$ 55,554
Equity in Pooled Cash and Investments	3,486,478	5,745,000	593,625	3,045,024	5,557,156	2,177,359	2,177,359	20,604,642
Accounts Receivable	13,276	0	819	2	0	5,418	5,418	19,515
Due from Other Governments	641,214	0	445,966	63,691	0	8,103	8,103	1,158,974
Due from Other Funds	1,924	0	1,561	0	0	0	0	3,485
Property Taxes Receivable	6,273,458	0	259,115	1,093,669	0	1,877,968	1,877,968	9,504,210
Allowance for Uncollectible Property Taxes	(147,674)	0	(6,100)	(25,741)	0	(46,877)	(46,877)	(226,392)
Prepaid Items	15,396	0	3,928	0	0	4,792	4,792	24,116
Total Assets	\$ 10,284,072	\$ 5,745,000	\$ 1,298,914	\$ 4,176,645	\$ 5,557,156	\$ 4,082,317	\$ 4,082,317	\$ 31,144,104

ASSETS

Cash  
Equity in Pooled Cash and Investments  
Accounts Receivable  
Due from Other Governments  
Due from Other Funds  
Property Taxes Receivable  
Allowance for Uncollectible Property Taxes  
Prepaid Items

LIABILITIES AND FUND BALANCES

	General	Special Purpose	Highway/Public Works	Education Debt Service	Other Capital Projects	Other	Governmental Funds	Total Governmental Funds
Liabilities	\$ 195,888	\$ 0	\$ 16,687	\$ 0	\$ 0	\$ 42,338	\$ 42,338	\$ 254,913
Accounts Payable	89,196	0	3,397	0	0	8,879	8,879	101,472
Accrued Payroll	103,212	0	16,207	0	0	7,506	7,506	126,925
Payroll Deductions Payable	0	0	0	0	0	1,924	1,924	1,924
Due to Other Funds	6,494	0	0	0	0	673	673	7,167
Due to State of Tennessee	5,958,786	0	246,118	1,038,812	0	1,763,656	1,763,656	9,007,372
Deferred Revenue - Current Property Taxes	147,708	0	6,102	25,735	0	61,670	61,670	241,215
Deferred Revenue - Delinquent Property Taxes	150,697	0	163,223	0	0	0	0	313,920
Other Deferred Revenues	\$ 6,651,981	\$ 0	\$ 451,734	\$ 1,064,547	\$ 0	\$ 1,886,646	\$ 1,886,646	\$ 10,054,908
Total Liabilities	\$ 70,948	\$ 0	\$ 257,267	\$ 0	\$ 183,778	\$ 12,720	\$ 12,720	\$ 524,713
Fund Balances	4,694	0	0	0	0	0	0	4,694
Reserved for Encumbrances	988,084	0	0	0	0	0	0	988,084
Reserved for Computer System - Register								
Reserved for Other General Purposes								

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	Special Purpose	Highway/ Public Works	Education Debt Service	Other Capital Projects	Other Governmental Funds	Governmental Funds	
\$ 2,568,365	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,568,365
0	5,745,000	589,913	0	0	0	537,424	6,872,337
0	0	0	3,112,098	0	0	1,645,527	4,757,625
0	0	0	0	5,373,378	0	0	5,373,378
<u>\$ 3,632,091</u>	<u>\$ 5,745,000</u>	<u>\$ 847,180</u>	<u>\$ 3,112,098</u>	<u>\$ 5,557,156</u>	<u>\$ 2,195,671</u>	<u>\$ 21,089,196</u>	
<u>\$ 10,284,072</u>	<u>\$ 5,745,000</u>	<u>\$ 1,298,914</u>	<u>\$ 4,176,645</u>	<u>\$ 5,557,156</u>	<u>\$ 4,082,317</u>	<u>\$ 31,144,104</u>	

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)  
Unreserved, Reported In:  
General Fund  
Special Revenue Funds  
Debt Service Funds  
Capital Projects Funds  
Total Fund Balances

Total Liabilities and Fund Balances

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, 2008

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)		\$	21,089,196
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	27,048,954	
Add: buildings and improvements net of accumulated depreciation		6,833,250	
Add: infrastructure net of accumulated depreciation		15,995,773	
Add: other capital assets net of accumulated depreciation		<u>1,992,093</u>	51,870,070
(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	\$	(38,948,000)	
Less: capital leases payable		(76,536)	
Less: compensated absences payable		(372,046)	
Less: landfill closure/postclosure care costs		(323,422)	
Less: accrued interest on bonds and capital leases		(462,598)	
Add: deferred charges - debt issuance costs		<u>127,195</u>	(40,055,407)
(3) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.			<u>555,135</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>33,458,994</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, 2008

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Special Purpose	Highway / Public Works	Education Debt Service	Other Capital Projects	Other	Governmental Funds	
<u>Revenues</u>								
Local Taxes	\$ 6,804,863	\$ 0	\$ 324,067	\$ 1,639,892	\$ 0	\$ 2,052,496	\$ 10,821,318	
Licenses and Permits	74,712	0	1,379	6,020	0	33,579	115,690	
Fines, Forfeitures, and Penalties	173,442	0	0	0	0	33,022	206,464	
Charges for Current Services	167,178	0	2,599	0	0	51,375	221,152	
Other Local Revenues	173,024	0	317	300,000	240,056	612,630	1,326,027	
Fees Received from County Officials	1,774,400	0	0	0	0	0	1,774,400	
State of Tennessee	2,490,198	0	2,712,783	0	0	63,996	5,266,977	
Federal Government	138,637	0	0	0	0	0	138,637	
Other Governments and Citizens Groups	174,757	0	0	700,000	0	71,268	946,025	
<b>Total Revenues</b>	<b>\$ 11,971,211</b>	<b>\$ 0</b>	<b>\$ 3,041,145</b>	<b>\$ 2,645,912</b>	<b>\$ 240,056</b>	<b>\$ 2,918,366</b>	<b>\$ 20,816,690</b>	
<u>Expenditures</u>								
Current:								
General Government	\$ 1,774,875	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,774,875	
Finance	1,617,993	0	0	0	0	4,143	1,622,136	
Administration of Justice	1,573,668	0	0	0	0	0	1,573,668	
Public Safety	4,874,373	0	0	0	0	526,365	5,400,738	
Public Health and Welfare	490,556	0	0	0	0	1,307,082	1,797,638	
Social, Cultural, and Recreational Services	268,500	0	0	0	0	106,871	375,371	
Agriculture and Natural Resources	126,974	0	0	0	0	0	126,974	
Other Operations	1,574,894	0	0	0	0	73,842	1,648,736	
Highways	0	0	2,792,268	0	0	0	2,792,268	
Debt Service:								
Principal on Debt	0	0	30,075	1,385,000	0	1,145,000	2,560,075	
Interest on Debt	0	0	1,470	1,192,960	0	428,401	1,622,831	
Other Debt Service	0	0	0	27,774	0	60,679	88,453	
Capital Projects	9,300	0	0	0	282,900	368,217	660,417	
<b>Total Expenditures</b>	<b>\$ 12,311,133</b>	<b>\$ 0</b>	<b>\$ 2,823,813</b>	<b>\$ 2,605,734</b>	<b>\$ 282,900</b>	<b>\$ 4,020,600</b>	<b>\$ 22,044,180</b>	
Excess (Deficiency) of Revenues Over Expenditures	\$ (339,922)	\$ 0	\$ 217,332	\$ 40,178	\$ (42,844)	\$ (1,102,234)	\$ (1,227,490)	

(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	Special Purpose	Highway / Public Works	Education Debt Service	Other Capital Projects	Other Governmental Funds		
<u>Other Financing Sources (Uses)</u>								
Bonds Issued	\$ 0	\$ 0	0	0	\$ 6,000,000	\$ 0	\$ 0	6,000,000
Capital Leases Issued	66,900	0	0	0	0	0	0	66,900
Proceeds from Sale of Capital Assets	69,855	0	0	0	0	0	0	69,855
Transfers In	407,606	0	34,845	0	0	0	430,000	872,451
Transfers Out	(6,741)	0	(403,803)	0	(400,000)	(61,907)	(61,907)	(872,451)
<u>Total Other Financing Sources (Uses)</u>	\$ 537,620	\$ 0	\$ (368,958)	\$ 0	\$ 5,600,000	\$ 368,093	\$ 6,136,755	
Net Change in Fund Balances	\$ 197,698	\$ 0	\$ (151,626)	\$ 40,178	\$ 5,557,156	\$ (734,141)	\$ 4,909,265	
Fund Balance, July 1, 2007	3,434,393	5,745,000	998,806	3,071,920	0	2,929,812	16,179,931	
<u>Fund Balance, June 30, 2008</u>	\$ 3,632,091	\$ 5,745,000	\$ 847,180	\$ 3,112,098	\$ 5,557,156	\$ 2,195,671	\$ 21,089,196	

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

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, 2008

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)		\$ 4,909,265
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,633,239	
Less: current year depreciation expense	<u>(2,097,100)</u>	(463,861)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Add: gain on disposal of capital assets	\$ 5,297	
Less: decrease in revenue for the sale or insurance recovery of disposed assets	<u>(91,817)</u>	(86,520)
(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, 2008	\$ 555,135	
Less: deferred delinquent property taxes/other deferred June 30, 2007	<u>(485,068)</u>	70,067
(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: capital lease proceeds	\$ (66,900)	
Less: bond proceeds	(6,000,000)	
Less: change in deferred debt issuance costs	31,611	
Add: principal payments on bonds	2,530,000	
Add: principal payments on capital leases	<u>33,420</u>	(3,471,869)
(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	\$ (56,113)	
Change in compensated absences payable	(43,697)	
Change in landfill closure/postclosure care costs	<u>101,578</u>	<u>1,768</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 958,850</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, 2008

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,519,363
Due from Other Governments	<u>516,562</u>
Total Assets	<u><u>\$ 2,035,925</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 516,562
Due to Litigants, Heirs, and Others	<u>1,519,363</u>
Total Liabilities	<u><u>\$ 2,035,925</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, 2008**

**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, 2008, the county appropriated an operating subsidy of \$105,400 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.

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

**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.

**Other Capital Projects Fund** – This fund is used to account for the construction of the county’s judicial center.

Additionally, Franklin County reports the following fund type:

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

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

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

Additionally, the Franklin County School Department reports the following fund 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, General Debt Service, and General Purpose School funds. Franklin County and the Franklin County School Department have adopted a policy of reporting

U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

## **2. Receivables and Payables**

Activity between funds for unremitted current collections at the end of the fiscal year is referred to as due to/from other funds.

All property taxes receivable are shown net of an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to two 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>Years of Service</u>	<u>Hours</u>
one	40
two - eight	80
nine plus	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 Department to permit its employees, with up to one year of service, to accumulate the following days based on length of employment:

<u>Years of Service</u>	<u>Days</u>
one	5
two - eight	10
nine plus	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 and Highway/Public Works funds. 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 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, 2008, Franklin County has \$26,245,000 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.

On the government-wide statement of net assets (Exhibit A), the account Restricted for Other General Purposes for the primary government consists of various restrictions totaling \$992,778, with the primary restrictions being for: (1) proceeds from prior-period sales of land and buildings to be used for future land purchases (\$988,084); and (2) computer systems for various offices (\$4,694).

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

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

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

**Primary Government**

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

**Discretely Presented Franklin County School Department**

Exhibit 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 Exceeded Appropriations**

Expenditures exceeded appropriations approved by the County Commission in the Health Services major appropriation category (the legal level of control) of the discretely presented Franklin County School Department's School Federal Projects Fund by \$21,845. Such overexpenditures are a violation of state statute. This overexpenditure was funded from appropriations exceeding expenditures in other major appropriation categories.

**C. The Public Library Fund Was Not Budgeted**

The Public Library Fund (special revenue fund) was not budgeted as required by Section 5-9-401, Tennessee Code Annotated. See the Schedule of Findings and Questioned Costs section of this report for details.

**D. A Revenue Anticipation Note Was Not 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 not retired by June 30, 2008, as required by Section 9-21-801, Tennessee Code Annotated. See the Schedule of Findings and Questioned Costs section of this report for details.

#### 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 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, 2008, 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	\$ 57,017

**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, 2008, 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, 2008, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 27,053,694	\$ 0	\$ (4,740)	\$ 27,048,954
Total Capital Assets Not Depreciated	<u>\$ 27,053,694</u>	<u>\$ 0</u>	<u>\$ (4,740)</u>	<u>\$ 27,048,954</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 11,300,986	\$ 29,300	\$ (116,718)	\$ 11,213,568
Infrastructure	35,968,950	1,284,247	0	37,253,197
Other Capital Assets	6,242,962	319,692	(215,536)	6,347,118
Total Capital Assets Depreciated	<u>\$ 53,512,898</u>	<u>\$ 1,633,239</u>	<u>\$ (332,254)</u>	<u>\$ 54,813,883</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,097,842	\$ 347,528	\$ (65,052)	\$ 4,380,318
Infrastructure	19,973,820	1,283,604	0	21,257,424
Other Capital Assets	4,074,479	465,968	(185,422)	4,355,025
Total Accumulated Depreciation	<u>\$ 28,146,141</u>	<u>\$ 2,097,100</u>	<u>\$ (250,474)</u>	<u>\$ 29,992,767</u>
Total Capital Assets Depreciated, Net	<u>\$ 25,366,757</u>	<u>\$ (463,861)</u>	<u>\$ (81,780)</u>	<u>\$ 24,821,116</u>
Governmental Activities Capital Assets, Net	<u>\$ 52,420,451</u>	<u>\$ (463,861)</u>	<u>\$ (86,520)</u>	<u>\$ 51,870,070</u>

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

**Governmental Activities:**

General Government	\$ 65,224
Finance	34,525
Administration of Justice	15,753
Public Safety	357,348
Public Health and Welfare	85,997
Social, Cultural, and Recreational	44,000
Agriculture and Natural Resources	11,937
Other Operations	90,163
Highways	<u>1,392,153</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,097,100</u></u>

**Discretely Presented Franklin County School Department**

**Governmental Activities:**

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
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	\$ 56,261,356	\$ 33,990	\$ 0	\$ 56,295,346
Other Capital Assets	5,034,295	391,862	(65,200)	5,360,957
Total Capital Assets				
Depreciated	<u>\$ 61,295,651</u>	<u>\$ 425,852</u>	<u>\$ (65,200)</u>	<u>\$ 61,656,303</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 15,161,936	\$ 1,351,696	\$ 0	\$ 16,513,632
Other Capital Assets	2,112,839	577,222	(49,258)	2,640,803
Total Accumulated				
Depreciation	<u>\$ 17,274,775</u>	<u>\$ 1,928,918</u>	<u>\$ (49,258)</u>	<u>\$ 19,154,435</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 44,020,876</u>	<u>\$ (1,503,066)</u>	<u>\$ (15,942)</u>	<u>\$ 42,501,868</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 49,472,062</u>	<u>\$ (1,503,066)</u>	<u>\$ (15,942)</u>	<u>\$ 47,953,054</u>

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

**Governmental Activities:**

Instruction	\$ 1,668,518
Support Services	148,582
Operation of Non-Instructional Services	<u>111,818</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,928,918</u></u>

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

The composition of interfund balances as of June 30, 2008, is as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,924
Highway/Public Works	General	1,561
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	104,597
Nonmajor governmental	General Purpose School	2,959

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

The receivable in the Highway/Public Works Fund (\$1,561) was in transit from the General Fund at June 30, 2008.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2008, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In		
	General Fund	Highway/ Public Works Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 6,741	\$ 0
Highway/Public Works Fund	3,803	0	400,000
Other Capital Projects Fund	400,000	0	0
Nonmajor governmental funds	3,803	28,104	30,000
Total	<u>\$ 407,606</u>	<u>\$ 34,845</u>	<u>\$ 430,000</u>

**Discretely Presented Franklin County School Department**

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Fund
General Purpose School Fund	\$ 0	\$ 100,000
Nonmajor governmental fund	100,000	0
Total	<u>\$ 100,000</u>	<u>\$ 100,000</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.

The county made a one time transfer of \$400,000 from the Other Capital Projects Fund to the General Fund to reimburse the General Fund for a prior-period purchase of land for the judicial center.

**D. Operating Leases**

Franklin County leases data processing equipment for the Finance Department and trustee's office, such as computers, and the maintenance and upgrades for that equipment. The rent expenditures and/or expenses for the year ended June 30, 2008, were \$9,122 for the governmental funds. The county may terminate the lease agreement at the end of a fiscal period by giving notice to the lessor at least 60 days prior to the first day of the fiscal period in which appropriations will not be made. There are no provisions for

contingent or sublease rentals in the agreements. The future minimum lease payments for these leases are as follows:

Year Ending June 30	Amount
2009	\$ 36,487
2010	36,487
2011	36,487
2012	36,487
2013	<u>27,365</u>
Total	<u>\$ 173,313</u>

**E. Capital Leases**

**Primary Government**

On December 21, 2007, Franklin County entered into a five-year lease-purchase agreement for security equipment for the jail. The terms of the agreement require total lease payments of \$66,900. There is no interest on this lease. Title to the security equipment transfers to Franklin County at the end of the lease period. The lease payments are made from the General Fund.

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, 2008, were as follows:

Year Ending June 30	Governmental Funds
2009	\$ 26,524
2010	13,380
2011	13,380
2012	13,380
2013	<u>10,035</u>
Total Minimum Lease Payments	\$ 76,699
Amount Representing Interest	<u>(163)</u>
Present Value of Minimum Lease Payments	<u>\$ 76,536</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, 2008, were as follows:

Year Ending June 30	Governmental Funds
2009	\$ 90,777
2010	21,598
Total Minimum Lease Payments	\$ 112,375
Amount Representing Interest	(9,729)
Present Value of Minimum Lease Payments	<u>\$ 102,646</u>

**F. Long-term Debt**

**Primary Government**

**General Obligation Bonds**

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

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding were issued for original terms of up to 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 and Education Debt Service funds.

General obligation bonds and capital leases outstanding as of June 30, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
General Obligation Bonds	3.25 to 5 %	\$ 27,878,000	\$ 22,273,000
General Obligation Bonds - Refunding	3.13 to 4.75	20,225,000	16,675,000
Capital Leases	0 to 5	181,048	76,536

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2008, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2009	\$ 3,050,000	\$ 1,619,962	\$ 4,669,962
2010	3,155,000	1,504,934	4,659,934
2011	3,250,000	1,384,285	4,634,285
2012	3,370,000	1,257,854	4,627,854
2013	3,488,000	1,125,969	4,613,969
2014-2018	14,415,000	3,553,345	17,968,345
2019-2023	8,220,000	857,661	9,077,661
Total	\$ 38,948,000	\$ 11,304,010	\$ 50,252,010

There is \$1,645,527 available in the General Debt Service Fund and \$3,112,098 available in the Education Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$992, based on the 2000 federal census. Debt per capita, including bonds and the capital lease, totaled \$994, based on the 2000 federal census.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

Governmental Activities:

	Bonds	Capital Lease
	<u>                    </u>	<u>                    </u>
Balance, July 1, 2007	\$ 35,478,000	\$ 43,056
Additions	6,000,000	66,900
Deductions	(2,530,000)	(33,420)
	<u>                    </u>	<u>                    </u>
Balance, June 30, 2008	<u>\$ 38,948,000</u>	<u>\$ 76,536</u>
Balance Due Within One Year	<u>\$ 3,050,000</u>	<u>\$ 26,361</u>
	Landfill Postclosure Care Costs	Compensated Absences
	<u>                    </u>	<u>                    </u>
Balance, July 1, 2007	\$ 425,000	\$ 328,349
Additions	0	379,179
Deductions	(101,578)	(335,482)
	<u>                    </u>	<u>                    </u>
Balance, June 30, 2008	<u>\$ 323,422</u>	<u>\$ 372,046</u>
Balance Due Within One Year	<u>\$ 19,000</u>	<u>\$ 372,046</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 39,720,004
Less: Balance Due Within One Year	<u>(3,467,407)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 36,252,597</u>

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

**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, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
Capital Outlay Note	4.3 to 4.55%	\$ 150,000	\$ 100,000
Capital Lease	7.93	269,984	102,646

The annual requirements to amortize the note outstanding as of June 30, 2008, including interest payments, are presented in the following table:

Year Ending June 30	Note		
	Principal	Interest	Total
2009	\$ 25,000	\$ 4,153	\$ 29,153
2010	25,000	3,046	28,046
2011	25,000	1,927	26,927
2012	25,000	683	25,683
Total	\$ 100,000	\$ 9,809	\$ 109,809

Debt per capita, including the note and the capital lease, totaled \$5, 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, 2008, was as follows:

Governmental Activities:

	Note	Capital Lease
Balance, July 1, 2007	\$ 125,000	\$ 179,207
Deductions	(25,000)	(76,561)
Balance, June 30, 2008	\$ 100,000	\$ 102,646
Balance Due Within One Year	\$ 25,000	\$ 82,635

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2007	\$ 112,109	\$ 0
Additions	210,723	1,172,000
Deductions	(137,687)	(289,815)
Balance, June 30, 2008	<u>\$ 185,145</u>	<u>\$ 882,185</u>
Balance Due Within One Year	<u>\$ 185,145</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 1,269,976
Less: Balance Due Within One Year	<u>(292,780)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 977,196</u>

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

**G. On-Behalf Payments – Discretely Presented Franklin County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Franklin County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2008, were \$76,881 and \$30,238, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**H. 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, 2008; however, the note remained unpaid as of June 30, 2008, 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 9, 2008. Short-term debt activity for the year ended June 30, 2008, was as follows:

	Balance 7-1-07	Issued	Redeemed	Balance 6-30-08
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 Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county and School Department pay annual premiums to the TN-RMT for their general liability, property, and casualty coverage. The creation of the TN-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 Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays annual premiums to the TN-RMT for its workers’ compensation coverage. The creation of the TN-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 provides 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 (TCA), all local governments and quasi-governmental entities described above are eligible to participate.

The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by the fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

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

**B. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures became effective for the year ended June 30, 2008.

GASB Statement No. 45 establishes reporting requirements for Other Postemployment Benefits (OPEB). OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the county's financial statements. In previous years, the Franklin County School Department had only recognized the current year cost (expense) of these benefits. GASB Statement No. 45 was implemented prospectively with a zero net OPEB obligation at transition. GASB Statement No. 45 had no effect on the financial statements of Franklin County for the year ended June 30, 2008, since the county did not provide any postemployment benefits to its employees. However, beginning July 1, 2009, Franklin County will provide postemployment medical insurance benefits for retiring employees.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions are sales or collateralized borrowings and provides guidance on how to account for sales or pledges of receivables or future revenues. This statement provides additional guidance for sales of receivables and future revenues within the same reporting entity. This statement also requires governments to disclose in the notes to the financial statements the nature of any receivables or future revenues that have been pledged or sold. Tennessee state statutes do not currently allow counties to sell or pledge receivables or

sell future revenue streams. Therefore, those provisions of GASB Statement No. 48 that pertain to the sale or pledge receivables or sale of future revenue will not apply to Franklin County. GASB Statement No. 48 had no effect on the financial statements of Franklin County for the year ended June 30, 2008, since the county has not pledged any of its future revenues. However, it is reasonably expected that Franklin County may pledge a future revenue stream toward the payment of debt in subsequent years.

GASB Statement No. 50 amends previous guidance concerning pension information. This statement closely aligns the financial reporting requirements for pensions with those for other postemployment benefits and enhances the information disclosed in the notes to the financial statements or presented as required supplementary information for pension plans. This statement requires Franklin County to provide additional and more detailed pension plan note disclosures than in previous years.

**C. Subsequent Events**

Beginning July 1, 2009, Franklin County will provide postemployment medical insurance benefits for its eligible retiring worker.

Director of Schools, Dr. Charles Edmonds, resigned September 30, 2008, and was succeeded by Linda Foster, interim director of schools, effective October 1, 2008.

On December 15, 2008, Franklin County issued \$3,000,000 in general obligation bonds for school renovations.

**D. Contingent Liabilities**

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

**E. Change in Administration**

On August 15, 2007, Linda Carroll left the Office of Finance Director and was succeeded by Andrea Smith.

**F. 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 reports closure and postclosure care costs as expenditures in each period 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 \$323,422 reported as landfill postclosure care liability at June 30, 2008, 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 2008. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**G. 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, 2008.

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, 2008.

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 Drug Task Force  
375 Church Street, Suite 300  
Dayton, TN 37321

## H. 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, 2008, 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, 2008, Franklin County's annual pension cost of \$1,437,286 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 postretirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Franklin County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was ten years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$1,437,286	100%	\$0
6-30-07	1,378,181	100	0
6-30-06	1,196,542	100	0

### Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 85.69 percent funded. The actuarial accrued liability for benefits was \$24.24 million, and the actuarial value of assets was \$20.77 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.47 million. The covered payroll (annual payroll of active employees covered by the plan) was \$11.6 million, and the ratio of the UAAL to the covered payroll was 29.89 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

## **School Teachers**

### **Plan Description**

The 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 [www.treasury.state.tn.us](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 ended June 30, 2008, was 6.24 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, 2008, 2007, and 2006, were \$1,312,863, \$1,267,486, and \$1,033,863, respectively, equal to the required contributions for each year.

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

The Franklin County School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated for teachers. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare supplement plan that does not include pharmacy. The plan is reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

#### Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year, expenditures totaling \$289,815 were recognized by the Franklin County School Department for postemployment health care premiums.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 1,172,000
Interest on the NPO	0
Adjustment to the ARC	0
Annual OPEB cost	<hr/> \$ 1,172,000
Amount of contribution	(289,815)
Increase/decrease in NPO	<hr/> \$ 882,185
Net OPEB obligation, 7-1-07	0
Net OPEB obligation, 6-30-08	<hr/> <hr/> \$ 882,185

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
<hr/>				
6-30-08	Local Education Group	\$ 1,172,000	24.73 %	\$ 882,185

\* Data not available for two preceding years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2008, was as follows:

	Local Education Group Plan
	<hr/>
Actuarial valuation date	6-30-07
Actuarial accrued liability (AAL)	\$ 9,332,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 9,332,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 20,804,324
UAAL as a % of covered payroll	44.86%

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

#### Actuarial Methods and Assumptions

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

In the June 30, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

#### **J. 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.

#### **K. Purchasing Law**

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by her to serve as the county purchasing agent. The finance director serves as the purchasing agent for Franklin County. All purchase orders are issued by the Finance Department. Purchases exceeding \$5,000 (\$10,000 effective March 4, 2008) for the Office of County Executive and the discretely presented School Department and \$10,000 for the Office of Highway Superintendent are required to be competitively bid.

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.

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, 2008, was \$542,267. The amount of deposits collateralized with securities held by pledging financial institutions and federal depository insurance was \$542,267.

#### 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 the passage of an annual budget ordinance and amended as required for the proprietary funds. The same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principles basis. Budgetary control is exercised at the departmental level. All unencumbered budget appropriations, except project budgets, lapse at the end of each fiscal year.

### **B. Utility Plant**

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

	<u>7-1-07</u>	<u>Additions</u>	<u>6-30-08</u>
Equipment	\$ 85,249	\$ 0	\$ 85,249
Less: Accumulated Depreciation	(27,718)	(8,490)	(36,208)
Total	<u>\$ 57,531</u>	<u>\$ (8,490)</u>	<u>\$ 49,041</u>

**C. Cash Flow**

At June 30, 2008, total cash was \$542,267, of which \$180,852 is held in certificates of deposit with maturities of more than three months, leaving \$361,415 considered as cash equivalents.

**D. Budgeting Procedures**

The official budget for June 30, 2008, was prepared for adoption for the proprietary fund by June 20, 2007.

**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.

**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.

## **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 bonds and borrow money from banks or other financial institutions by issuing 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 by requiring 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 custodial bank in the board's name. The carrying amount of total cash deposits for the year ended June 30, 2008, is \$7,213.

**C. Capital Assets**

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

	<u>7-1-07</u>	<u>Additions</u>	<u>6-30-08</u>
Equipment	\$ 10,211	\$ 0	\$ 10,211
Less: Accumulated Depreciation	(6,572)	(1,498)	(8,070)
Total	<u>\$ 3,639</u>	<u>\$ (1,498)</u>	<u>\$ 2,141</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, 2008, 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, 2008, the Industrial Development Board of Franklin County, Tennessee's annual pension cost of \$7,469 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 ten years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

### Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-06	\$5,610	100%	\$0
6-30-07	7,130	100	0
6-30-08	7,469	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.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 6,804,863	\$ 0	\$ 0	\$ 6,804,863	\$ 6,603,923	\$ 6,719,423	\$ 85,440
Licenses and Permits	74,712	0	0	74,712	44,026	108,659	(33,947)
Fines, Forfeitures, and Penalties	173,442	0	0	173,442	163,095	175,095	(1,653)
Charges for Current Services	167,178	0	0	167,178	176,430	184,915	(17,737)
Other Local Revenues	173,024	0	0	173,024	108,181	252,354	(79,330)
Fees Received from County Officials	1,774,400	0	0	1,774,400	1,810,000	1,810,000	(35,600)
State of Tennessee	2,490,198	0	0	2,490,198	1,912,539	2,478,709	11,489
Federal Government	138,637	0	0	138,637	27,781	287,361	(148,724)
Other Governments and Citizens Groups	174,757	0	0	174,757	197,889	202,889	(28,132)
<b>Total Revenues</b>	<b>\$ 11,971,211</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 11,971,211</b>	<b>\$ 11,043,864</b>	<b>\$ 12,219,405</b>	<b>\$ (248,194)</b>
<b>Expenditures</b>							
<b>General Government</b>							
County Commission	\$ 262,820	\$ (2,550)	\$ 8,400	\$ 268,670	\$ 257,183	\$ 319,361	\$ 50,691
Beer Board	1,179	(35)	38	1,182	2,100	2,100	918
County Mayor/Executive	155,222	(414)	0	154,808	154,674	156,870	2,062
County Attorney	7,500	0	0	7,500	7,200	7,500	0
Election Commission	195,476	(128)	568	195,916	201,612	204,642	8,726
Register of Deeds	288,816	(898)	2,450	290,368	289,109	294,692	4,324
Planning	142,204	(674)	661	142,191	148,871	151,505	9,314
Geographical Information Systems	140,415	(2,865)	2,555	140,105	152,303	152,303	12,198
County Buildings	581,243	(23,066)	13,583	571,760	522,335	622,382	50,622
<b>Finance</b>							
Property Assessor's Office	380,611	0	209	380,820	416,691	399,546	18,726
County Trustee's Office	245,970	(70)	168	246,068	247,928	251,517	5,449

(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 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Clerk's Office	\$ 418,889	\$ (554)	\$ 1,279	\$ 419,614	\$ 430,907	\$ 434,495	\$ 14,881
Other Finance	572,523	(814)	140	571,849	561,877	575,444	3,595
<u>Administration of Justice</u>							
Circuit Court	772,614	(16,939)	2,274	757,949	767,565	767,565	9,616
General Sessions Court	268,020	0	310	268,330	272,011	272,011	3,681
Drug Court	52,382	0	0	52,382	52,748	52,748	366
Chancery Court	161,093	(576)	355	160,872	167,780	167,780	6,908
Juvenile Court	113,708	0	0	113,708	116,718	116,718	3,010
Judicial Commissioners	79,310	0	0	79,310	118,417	84,417	5,107
Probation Services	80,131	(246)	0	79,885	87,152	87,152	7,267
Courtroom Security	46,410	0	0	46,410	0	46,410	0
<u>Public Safety</u>							
Sheriff's Department	2,337,282	(22,259)	9,320	2,324,343	2,322,252	2,359,705	35,362
Administration of the Sexual Offender Registry	7,300	0	0	7,300	15,395	11,395	4,095
Jail	1,442,847	(15,525)	11,744	1,439,066	1,356,591	1,499,510	60,444
Correctional Incentive Program Improvements	95,979	0	0	95,979	95,028	100,027	4,048
Juvenile Services	9,230	0	0	9,230	13,500	13,500	4,270
Civil Defense	127,515	(1,806)	1,040	126,749	125,575	129,348	2,599
Rescue Squad	29,600	0	0	29,600	29,600	29,600	0
Other Emergency Management	685,599	(1,711)	6,442	690,330	666,409	703,116	12,786
County Coroner/Medical Examiner	31,975	0	0	31,975	36,000	36,000	4,025
Public Safety Grant Programs	107,046	0	5,019	112,065	0	164,592	52,527
Other Public Safety	0	0	0	0	0	65,000	65,000

(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:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2007	Encumbrances 6/30/2008			Original	Final	
<u>Expenditures (Cont.)</u>								
<u>Public Health and Welfare</u>								
Local Health Center	\$ 31,581	\$ (430)	\$ 570	\$ 31,721	\$ 34,647	\$ 35,563	\$ 3,842	
Rabies and Animal Control	209,303	(27)	1,787	211,063	121,453	231,214	20,151	
Crippled Children Services	2,012	0	0	2,012	2,683	2,683	671	
Other Local Health Services	116,907	0	0	116,907	197,600	205,500	88,593	
Regional Mental Health Center	10,000	0	0	10,000	10,000	10,000	0	
Appropriation to State	20,972	0	0	20,972	27,963	27,963	6,991	
General Welfare Assistance	22,000	0	0	22,000	22,000	22,000	0	
Waste Pickup	64,852	0	0	64,852	76,511	70,511	5,659	
Other Public Health and Welfare	12,929	0	396	13,325	0	15,789	2,464	
<u>Social, Cultural, and Recreational Services</u>								
Senior Citizens Assistance	50,702	0	1,640	52,342	50,000	53,758	1,416	
Libraries	162,065	0	0	162,065	162,671	164,639	2,574	
Parks and Fair Boards	55,733	0	0	55,733	74,755	71,705	15,972	
<u>Agriculture and Natural Resources</u>								
Agriculture Extension Service	68,316	0	0	68,316	89,404	91,654	23,338	
Soil Conservation	58,658	0	0	58,658	75,889	61,389	2,731	
<u>Other Operations</u>								
Industrial Development	160,379	(331)	0	160,048	167,267	167,267	7,219	
Other Economic and Community Development	590,839	0	0	590,839	97,209	591,135	296	
Veterans' Services	17,200	0	0	17,200	17,217	17,217	17	
Other Charges	734,076	(442)	0	733,634	744,605	742,349	8,715	
Contributions to Other Agencies	72,400	0	0	72,400	71,540	72,400	0	

(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 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Capital Projects</u>							
General Administration Projects	\$ 8,300	\$ (8,300)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Public Safety Projects	1,000	(1,000)	0	0	0	0	0
Total Expenditures	\$ 12,311,133	\$ (101,660)	\$ 70,948	\$ 12,280,421	\$ 11,678,945	\$ 12,933,687	\$ 653,266
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	\$ (339,922)	\$ 101,660	\$ (70,948)	\$ (309,210)	\$ (635,081)	\$ (714,282)	\$ 405,072
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 66,900	\$ 0	\$ 0	\$ 66,900	\$ 0	\$ 66,900	\$ 0
Proceeds from Sale of Capital Assets	69,855	0	0	69,855	0	0	69,855
Transfers In	407,606	0	0	407,606	407,606	407,606	0
Transfers Out	(6,741)	0	0	(6,741)	0	(408,200)	401,459
Total Other Financing Sources (Uses)	\$ 537,620	\$ 0	\$ 0	\$ 537,620	\$ 407,606	\$ 66,306	\$ 471,314
Net Change in Fund Balance	\$ 197,698	\$ 101,660	\$ (70,948)	\$ 228,410	\$ (227,475)	\$ (647,976)	\$ 876,386
Fund Balance, July 1, 2007	3,434,393	(101,660)	0	3,332,733	3,629,530	3,629,530	(296,797)
Fund Balance, June 30, 2008	\$ 3,632,091	\$ 0	\$ (70,948)	\$ 3,561,143	\$ 3,402,055	\$ 2,981,554	\$ 579,589

Exhibit E-2

Franklin County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Special Purpose Fund  
For the Year Ended June 30, 2008

	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, 2007	5,745,000	5,745,000	5,745,000	0
Fund Balance, June 30, 2008	\$ 5,745,000	\$ 5,745,000	\$ 5,745,000	\$ 0

Exhibit E-3

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 324,067	\$ 0	\$ 0	\$ 324,067	\$ 326,021	\$ 326,021	\$ (1,954)
Licenses and Permits	1,379	0	0	1,379	1,500	1,500	(121)
Charges for Current Services	2,599	0	0	2,599	1,000	1,000	1,599
Other Local Revenues	317	0	0	317	10,000	10,000	(9,683)
State of Tennessee	2,712,783	0	0	2,712,783	2,447,646	2,681,944	30,839
Total Revenues	\$ 3,041,145	\$ 0	\$ 0	\$ 3,041,145	\$ 2,786,167	\$ 3,020,465	\$ 20,680
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 270,270	\$ (1,754)	\$ 501	\$ 269,017	\$ 286,692	\$ 286,692	\$ 17,675
Highway and Bridge Maintenance	654,889	(7,412)	2,071	649,548	766,360	766,360	116,812
Operation and Maintenance of Equipment	318,372	(13,451)	3,167	308,088	350,903	350,903	42,815
Quarry Operations	283,188	(275)	0	282,913	321,288	321,288	38,375
Other Charges	149,988	(665)	0	149,323	177,278	177,278	27,955
Capital Outlay	1,115,561	0	251,528	1,367,089	1,185,422	1,542,021	174,932
Principal on Debt							
Highways and Streets	30,075	0	0	30,075	30,076	30,076	1
Interest on Debt							
Highways and Streets	1,470	0	0	1,470	1,470	1,470	0
Total Expenditures	\$ 2,823,813	\$ (23,557)	\$ 257,267	\$ 3,057,523	\$ 3,119,489	\$ 3,476,088	\$ 418,565
Excess (Deficiency) of Revenues Over Expenditures	\$ 217,332	\$ 23,557	\$ (257,267)	\$ (16,378)	\$ (333,322)	\$ (455,623)	\$ 439,245

(Continued)

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 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 34,845	\$ 0	\$ 0	\$ 34,845	\$ 50,000	\$ 50,000	\$ (15,155)
Transfers Out	(403,803)	0	0	(403,803)	(403,803)	(403,803)	0
Total Other Financing Sources (Uses)	<u>\$ (368,958)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (368,958)</u>	<u>\$ (353,803)</u>	<u>\$ (353,803)</u>	<u>\$ (15,155)</u>
Net Change in Fund Balance	\$ (151,626)	\$ 23,557	\$ (257,267)	\$ (385,336)	\$ (687,125)	\$ (809,426)	\$ 424,090
Fund Balance, July 1, 2007	998,806	(23,557)	0	975,249	1,020,950	975,249	0
Fund Balance, June 30, 2008	<u>\$ 847,180</u>	<u>\$ 0</u>	<u>\$ (257,267)</u>	<u>\$ 589,913</u>	<u>\$ 333,825</u>	<u>\$ 165,823</u>	<u>\$ 424,090</u>

Exhibit E-4

Franklin County, Tennessee  
Schedule of Funding Progress – Pension Plan  
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-07	\$ 20,772	\$ 24,240	\$ 3,468	85.69 %	\$ 11,604	29.89 %

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year; therefore, only the most current year is presented.

Exhibit E-5

Franklin County, Tennessee  
Schedule of Funding Progress - Other Postemployment Benefits Plan  
Discretely Presented Franklin County School Department  
June 30, 2008

(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)
6-30-07	\$ 0	\$ 9,332	\$ 9,332	0 %	\$ 20,804	44.86 %

\*Data not available for two preceding years.

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**FRANKLIN COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2008**

**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 Franklin County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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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.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund accounts for transactions involving solid waste collection.

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.

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

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Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

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

# Capital Projects Fund

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

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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, 2008

	Special Revenue Funds							Total Nonmajor Governmental Funds	
	Courthouse and Jail Maintenance	Public Library	Solid Waste/ Sanitation	Local Purpose Tax	Drug Control	Constitu- tional Officers - Fees	Total		Debt Service Fund
\$	0	54,572	0	0	0	982	55,554	0	
Equity in Pooled Cash and Investments	43,229	0	424,420	40,137	29,935	0	537,721	1,639,638	
Accounts Receivable	0	0	2,412	2,063	0	942	5,417	1	
Due from Other Governments	0	0	7,955	0	0	0	7,955	148	
Property Taxes Receivable	0	0	898,545	390,524	0	0	1,289,069	588,899	
Allowance for Uncollectible Property Taxes	0	0	(22,610)	(10,401)	0	0	(33,011)	(13,866)	
Prepaid Items	0	0	842	0	0	0	842	3,950	
Total Assets	\$ 43,229	\$ 54,572	\$ 1,311,564	\$ 422,323	\$ 29,935	\$ 1,924	\$ 1,863,547	\$ 2,218,770	\$ 4,082,317

ASSETS

Cash	0
Equity in Pooled Cash and Investments	43,229
Accounts Receivable	0
Due from Other Governments	0
Property Taxes Receivable	0
Allowance for Uncollectible Property Taxes	0
Prepaid Items	0
Total Assets	\$ 43,229

LIABILITIES AND FUND BALANCES

\$	0	6,163	36,175	0	0	0	42,338	0	42,338
Accounts Payable	0	0	8,879	0	0	0	8,879	0	8,879
Accrued Payroll	0	0	7,506	0	0	0	7,506	0	7,506
Payroll Deductions Payable	0	0	0	0	0	1,924	1,924	0	1,924
Due to Other Funds	0	0	673	0	0	0	673	0	673
Due to State of Tennessee	0	0	842,337	361,959	0	0	1,204,296	559,360	1,763,656
Deferred Revenue - Current Property Taxes	0	0	30,709	17,078	0	0	47,787	13,883	61,670
Deferred Revenue - Delinquent Property Taxes	0	0	926,279	379,037	0	0	1,313,403	573,243	1,886,646
Total Liabilities	\$ 0	\$ 6,163	\$ 926,279	\$ 379,037	\$ 0	\$ 1,924	\$ 1,313,403	\$ 573,243	\$ 1,886,646

\$	0	0	11,455	0	1,265	0	12,720	0	12,720
Fund Balances	43,229	48,409	373,830	43,286	28,670	0	537,424	1,645,527	2,182,951
Reserved for Encumbrances	0	0	0	0	0	0	0	0	0
Unreserved	43,229	48,409	385,285	43,286	29,935	0	550,144	1,645,527	2,195,671
Total Fund Balances	\$ 43,229	\$ 48,409	\$ 385,285	\$ 43,286	\$ 29,935	\$ 0	\$ 550,144	\$ 1,645,527	\$ 2,195,671

Total Liabilities and Fund Balances

\$	43,229	54,572	1,311,564	422,323	29,935	1,924	1,863,547	2,218,770	4,082,317
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Franklin County, Tennessee  
 Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2008

	Special Revenue Funds						Drug Control
	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Local Purpose Tax			
<u>Revenues</u>							
Local Taxes	\$ 29,496	\$ 0	\$ 883,510	\$ 447,034	\$ 0		0
Licenses and Permits	0	0	6,768	23,678	0		0
Fines, Forfeitures, and Penalties	0	0	0	0	0		33,022
Charges for Current Services	0	30,372	16,860	0	0		0
Other Local Revenues	0	3,473	423,707	0	0		6,368
State of Tennessee	0	0	29,737	0	0		34,259
Other Governments and Citizens Groups	0	70,268	0	0	0		1,000
Total Revenues	\$ 29,496	\$ 104,113	\$ 1,360,582	\$ 470,712	\$ 0		74,649
<u>Expenditures</u>							
Current:							
Finance	0	0	0	0	0		0
Public Safety	0	0	0	466,260	0		60,105
Public Health and Welfare	0	0	1,307,082	0	0		0
Social, Cultural, and Recreational Services	0	106,871	0	0	0		0
Other Operations	294	0	73,230	0	0		318
Debt Service:							
Principal on Debt	0	0	0	0	0		0
Interest on Debt	0	0	0	0	0		0
Other Debt Service	0	0	0	0	0		0
Capital Projects	0	0	0	0	0		0
Total Expenditures	\$ 294	\$ 106,871	\$ 1,380,312	\$ 466,260	\$ 0		60,423
Excess (Deficiency) of Revenues Over Expenditures	\$ 29,202	\$ (2,758)	\$ (19,730)	\$ 4,452	\$ 0		14,226

(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	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers Out	(30,000)	0	(3,803)	0	0	0
Total Other Financing Sources (Uses)	\$ (30,000)	\$ 0	\$ (3,803)	\$ 0	\$ 0	\$ 0
Net Change in Fund Balances	\$ (798)	\$ (2,758)	\$ (23,533)	\$ 4,452	\$ 14,226	\$ 14,226
Fund Balance, July 1, 2007	44,027	51,167	408,818	38,834	15,709	15,709
Fund Balance, June 30, 2008	\$ 43,229	\$ 48,409	\$ 385,285	\$ 43,286	\$ 29,935	\$ 29,935

Exhibit F-2

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

	Special Revenue Funds			Debt		Capital		Total Nonmajor Governmental Funds
	(Cont.)			Service		Projects		
	Constitu- tional Officers - Fees	Total	General Debt Service	Highway Capital Projects	Fund	Fund	Fund	
<u>Revenues</u>								
Local Taxes	\$ 0	\$ 1,360,040	\$ 692,456	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,052,496
Licenses and Permits	0	30,446	3,133	0	0	0	0	33,579
Fines, Forfeitures, and Penalties	0	33,022	0	0	0	0	0	33,022
Charges for Current Services	4,143	51,375	0	0	0	0	0	51,375
Other Local Revenues	0	433,548	179,082	0	0	0	0	612,630
State of Tennessee	0	63,996	0	0	0	0	0	63,996
Other Governments and Citizens Groups	0	71,268	0	0	0	0	0	71,268
Total Revenues	\$ 4,143	\$ 2,043,695	\$ 874,671	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,918,366
<u>Expenditures</u>								
Current:								
Finance	\$ 4,143	\$ 4,143	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,143
Public Safety	0	526,365	0	0	0	0	0	526,365
Public Health and Welfare	0	1,307,082	0	0	0	0	0	1,307,082
Social, Cultural, and Recreational Services	0	106,871	0	0	0	0	0	106,871
Other Operations	0	73,842	0	0	0	0	0	73,842
Debt Service:								
Principal on Debt	0	0	1,145,000	0	0	0	0	1,145,000
Interest on Debt	0	0	428,401	0	0	0	0	428,401
Other Debt Service	0	0	60,679	0	0	0	0	60,679
Capital Projects	0	0	0	0	0	368,217	0	368,217
Total Expenditures	\$ 4,143	\$ 2,018,303	\$ 1,634,080	\$ 368,217	\$ 0	\$ 368,217	\$ 0	\$ 4,020,600
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 25,392	\$ (759,409)	\$ (368,217)	\$ 0	\$ (368,217)	\$ 0	\$ (1,102,234)

(Continued)

Exhibit F-2

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	(Cont.)				
Constitutional Officers - Fees	Total	General Debt Service	Highway Capital Projects		
Other Financing Sources (Uses)					
Transfers In	\$ 0	\$ 0	\$ 430,000	\$ 0	\$ 430,000
Transfers Out	0	(33,803)	0	(28,104)	(61,907)
Total Other Financing Sources (Uses)	\$ 0	\$ (33,803)	\$ 430,000	\$ (28,104)	\$ 368,093
Net Change in Fund Balances	\$ 0	\$ (8,411)	\$ (329,409)	\$ (396,321)	\$ (734,141)
Fund Balance, July 1, 2007	0	558,555	1,974,936	396,321	2,929,812
Fund Balance, June 30, 2008	\$ 0	\$ 550,144	\$ 1,645,527	\$ 0	\$ 2,195,671

Exhibit F-3

Franklin County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Courthouse and Jail Maintenance Fund  
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 29,496	\$ 33,000	\$ 33,000	\$ (3,504)
Total Revenues	\$ 29,496	\$ 33,000	\$ 33,000	\$ (3,504)
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 294	\$ 338	\$ 338	\$ 44
Total Expenditures	\$ 294	\$ 338	\$ 338	\$ 44
Excess (Deficiency) of Revenues Over Expenditures	\$ 29,202	\$ 32,662	\$ 32,662	\$ (3,460)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (30,000)	\$ (30,000)	\$ (30,000)	\$ 0
Total Other Financing Sources (Uses)	\$ (30,000)	\$ (30,000)	\$ (30,000)	\$ 0
Net Change in Fund Balance	\$ (798)	\$ 2,662	\$ 2,662	\$ (3,460)
Fund Balance, July 1, 2007	44,027	44,479	44,479	(452)
Fund Balance, June 30, 2008	\$ 43,229	\$ 47,141	\$ 47,141	\$ (3,912)

Exhibit F-4

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 883,510	\$ 0	\$ 0	\$ 883,510	\$ 861,902	\$ 861,902	\$ 21,608
Licenses and Permits	6,768	0	0	6,768	6,100	6,100	668
Charges for Current Services	16,860	0	0	16,860	33,000	33,000	(16,140)
Other Local Revenues	423,707	0	0	423,707	376,000	411,000	12,707
State of Tennessee	29,737	0	0	29,737	30,000	30,000	(263)
Total Revenues	\$ 1,360,582	\$ 0	\$ 0	\$ 1,360,582	\$ 1,307,002	\$ 1,342,002	\$ 18,580
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Education/Information	\$ 1,802	\$ 0	\$ 0	\$ 1,802	\$ 2,500	\$ 2,500	\$ 698
Convenience Centers	217,122	(3,574)	1,606	215,154	247,041	247,041	31,887
Transfer Stations	1,084,369	(6,397)	9,849	1,087,821	1,078,912	1,116,304	28,483
Postclosure Care Costs	3,789	0	0	3,789	10,000	10,000	6,211
<u>Other Operations</u>							
Other Charges	73,230	(13)	0	73,217	79,444	79,444	6,227
Total Expenditures	\$ 1,380,312	\$ (9,984)	\$ 11,455	\$ 1,381,783	\$ 1,417,897	\$ 1,455,289	\$ 73,506
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ (19,730)	\$ 9,984	\$ (11,455)	\$ (21,201)	\$ (110,895)	\$ (113,287)	\$ 92,086
<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	\$ (23,533)	\$ 9,984	\$ (11,455)	\$ (25,004)	\$ (114,698)	\$ (117,090)	\$ 92,086
Fund Balance, July 1, 2007	408,818	(9,984)	0	398,834	407,921	407,921	(9,087)
Fund Balance, June 30, 2008	\$ 385,285	\$ 0	\$ (11,455)	\$ 373,830	\$ 293,223	\$ 290,831	\$ 82,999

Exhibit F-5

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 447,034 \$	0 \$	447,034 \$	431,326 \$	451,462 \$	(4,428)
Licenses and Permits	23,678	0	23,678	23,643	23,643	35
Total Revenues	\$ 470,712 \$	0 \$	470,712 \$	454,969 \$	475,105 \$	(4,393)
<u>Expenditures</u>						
<u>Public Safety</u>						
Fire Prevention and Control	\$ 466,260 \$	(7,600) \$	458,660 \$	459,450 \$	459,450 \$	790
Total Expenditures	\$ 466,260 \$	(7,600) \$	458,660 \$	459,450 \$	459,450 \$	790
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,452 \$	7,600 \$	12,052 \$	(4,481) \$	15,655 \$	(3,603)
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 4,452 \$	7,600 \$	12,052 \$	(4,481) \$	15,655 \$	(3,603)
	38,834	(7,600)	31,234	14,551	14,551	16,683
Fund Balance, June 30, 2008	\$ 43,286 \$	0 \$	43,286 \$	10,070 \$	30,206 \$	13,080

Exhibit F-6

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 33,022	\$ 0	\$ 0	\$ 33,022	\$ 57,200	\$ 36,500	\$ (3,478)
Other Local Revenues	6,368	0	0	6,368	175	6,425	(57)
State of Tennessee	34,259	0	0	34,259	0	40,000	(5,741)
Other Governments and Citizens Groups	1,000	0	0	1,000	10,075	1,000	0
Total Revenues	\$ 74,649	\$ 0	\$ 0	\$ 74,649	\$ 67,450	\$ 83,925	\$ (9,276)
<u>Expenditures</u>							
Public Safety							
Drug Enforcement	\$ 60,105	(1,985)	1,265	59,385	66,850	87,188	27,803
Other Operations	318	0	0	318	600	600	282
Other Charges							
Total Expenditures	\$ 60,423	(1,985)	1,265	\$ 59,703	\$ 67,450	\$ 87,788	\$ 28,085
Excess (Deficiency) of Revenues Over Expenditures	\$ 14,226	1,985	(1,265)	14,946	0	(3,863)	18,809
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 14,226	1,985	(1,265)	14,946	0	(3,863)	18,809
	15,709	(1,985)	0	13,724	30,146	30,146	(16,422)
Fund Balance, June 30, 2008	\$ 29,935	0	(1,265)	28,670	30,146	26,283	2,387

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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 692,456	\$ 694,568	\$ 693,068	\$ (612)
Licenses and Permits	3,133	3,350	3,350	(217)
Other Local Revenues	179,082	400,000	200,000	(20,918)
Total Revenues	<u>\$ 874,671</u>	<u>\$ 1,097,918</u>	<u>\$ 896,418</u>	<u>\$ (21,747)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000	\$ 0
<u>Interest on Debt</u>				
General Government	428,401	428,402	428,402	1
<u>Other Debt Service</u>				
General Government	60,679	67,614	67,614	6,935
Total Expenditures	<u>\$ 1,634,080</u>	<u>\$ 1,641,016</u>	<u>\$ 1,641,016</u>	<u>\$ 6,936</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (759,409)</u>	<u>\$ (543,098)</u>	<u>\$ (744,598)</u>	<u>\$ (14,811)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 430,000	\$ 430,000	\$ 430,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 430,000</u>	<u>\$ 430,000</u>	<u>\$ 430,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (329,409)	\$ (113,098)	\$ (314,598)	\$ (14,811)
Fund Balance, July 1, 2007	<u>1,974,936</u>	<u>1,920,041</u>	<u>1,920,041</u>	<u>54,895</u>
Fund Balance, June 30, 2008	<u>\$ 1,645,527</u>	<u>\$ 1,806,943</u>	<u>\$ 1,605,443</u>	<u>\$ 40,084</u>

# **Major Governmental Fund**

## **Education Debt Service Fund**

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

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Exhibit 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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,639,892	\$ 1,879,228	\$ 1,672,607	\$ (32,715)
Licenses and Permits	6,020	5,680	6,019	1
Other Local Revenues	300,000	0	300,000	0
Other Governments and Citizens Groups	700,000	100,000	700,000	0
Total Revenues	<u>\$ 2,645,912</u>	<u>\$ 1,984,908</u>	<u>\$ 2,678,626</u>	<u>\$ (32,714)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 1,385,000	\$ 1,385,000	\$ 1,385,000	\$ 0
<u>Interest on Debt</u>				
Education	1,192,960	1,192,961	1,192,961	1
<u>Other Debt Service</u>				
Education	27,774	34,000	34,000	6,226
Total Expenditures	<u>\$ 2,605,734</u>	<u>\$ 2,611,961</u>	<u>\$ 2,611,961</u>	<u>\$ 6,227</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 40,178</u>	<u>\$ (627,053)</u>	<u>\$ 66,665</u>	<u>\$ (26,487)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 600,000	\$ 0	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 600,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 40,178	\$ (27,053)	\$ 66,665	\$ (26,487)
Fund Balance, July 1, 2007	<u>3,071,920</u>	<u>3,051,184</u>	<u>3,051,184</u>	<u>20,736</u>
Fund Balance, June 30, 2008	<u>\$ 3,112,098</u>	<u>\$ 3,024,131</u>	<u>\$ 3,117,849</u>	<u>\$ (5,751)</u>

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# Fiduciary Funds

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

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

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

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Exhibit H-1

Franklin County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2008

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitutional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,519,363	\$ 1,519,363
Due from Other Governments	516,562	0	516,562
Total Assets	<u>\$ 516,562</u>	<u>\$ 1,519,363</u>	<u>\$ 2,035,925</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 516,562	\$ 0	\$ 516,562
Due to Litigants, Heirs, and Others	0	1,519,363	1,519,363
Total Liabilities	<u>\$ 516,562</u>	<u>\$ 1,519,363</u>	<u>\$ 2,035,925</u>

Exhibit H-2

Franklin County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2008

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,936,239	\$ 2,936,239	\$ 0
Due from Other Governments	511,196	516,562	511,196	516,562
Total Assets	\$ 511,196	\$ 3,452,801	\$ 3,447,435	\$ 516,562
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 511,196	\$ 3,452,801	\$ 3,447,435	\$ 516,562
Total Liabilities	\$ 511,196	\$ 3,452,801	\$ 3,447,435	\$ 516,562
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,322,333	\$ 13,009,580	\$ 12,812,550	\$ 1,519,363
Total Assets	\$ 1,322,333	\$ 13,009,580	\$ 12,812,550	\$ 1,519,363
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,322,333	\$ 13,009,580	\$ 12,812,550	\$ 1,519,363
Total Liabilities	\$ 1,322,333	\$ 13,009,580	\$ 12,812,550	\$ 1,519,363
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,936,239	\$ 2,936,239	\$ 0
Cash	1,322,333	13,009,580	12,812,550	1,519,363
Due from Other Governments	511,196	516,562	511,196	516,562
Total Assets	\$ 1,833,529	\$ 16,462,381	\$ 16,259,985	\$ 2,035,925
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 511,196	\$ 3,452,801	\$ 3,447,435	\$ 516,562
Due to Litigants, Heirs, and Others	1,322,333	13,009,580	12,812,550	1,519,363
Total Liabilities	\$ 1,833,529	\$ 16,462,381	\$ 16,259,985	\$ 2,035,925

# Franklin County School Department

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

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

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

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

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Exhibit I-1

Franklin County, Tennessee  
 Statement of Activities  
 Discretely Presented Franklin County School Department  
 For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Component Unit:					
Governmental Activities:					
Instruction	\$ 28,044,402	\$ 354,166	\$ 2,843,182	\$ 227,464	\$ (24,619,590)
Support Services	14,544,598	12,204	0	0	(14,532,394)
Operation of Non-Instructional Services	5,271,050	1,432,303	1,750,288	0	(2,088,459)
Capital Outlay	167,130	0	0	0	(167,130)
Interest on Debt	13,669	0	0	0	(13,669)
Other Debt Service	610,000	0	0	0	(610,000)
Total Governmental Activities	\$ 48,650,849	\$ 1,798,673	\$ 4,593,470	\$ 227,464	\$ (42,031,242)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$	8,692,826
Local Option Sales Taxes					3,943,076
Other Local Taxes					5,020
Grants and Contributions Not Restricted to Specific Programs					26,957,891
Unrestricted Investment Earnings					450,319
Miscellaneous					97,730
Sale of Equipment					4,205
Total General Revenues				\$	40,151,067
Change in Net Assets				\$	(1,880,175)
Net Assets, July 1, 2007					54,543,540
Net Assets, June 30, 2008				\$	52,663,365

Exhibit I-2

Franklin County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Franklin County School Department  
June 30, 2008

	Major Fund General Purpose School	Nonmajor Funds Other Govern- mental Funds	Total Govern- mental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 3,038	\$ 3,038
Equity in Pooled Cash and Investments	3,980,437	496,441	4,476,878
Accounts Receivable	47,295	0	47,295
Due from Other Governments	763,087	190,717	953,804
Due from Other Funds	104,597	2,959	107,556
Property Taxes Receivable	8,731,690	0	8,731,690
Allowance for Uncollectible Property Taxes	(207,028)	0	(207,028)
Prepaid Items	381,833	0	381,833
Total Assets	<u>\$ 13,801,911</u>	<u>\$ 693,155</u>	<u>\$ 14,495,066</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 92,792	\$ 754	\$ 93,546
Accrued Payroll	11,302	375	11,677
Due to Other Funds	2,959	104,597	107,556
Deferred Revenue - Current Property Taxes	8,293,715	0	8,293,715
Deferred Revenue - Delinquent Property Taxes	214,023	0	214,023
Other Deferred Revenues	383,307	0	383,307
Total Liabilities	<u>\$ 8,998,098</u>	<u>\$ 105,726</u>	<u>\$ 9,103,824</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 800,531	\$ 0	\$ 800,531
Other Local Education Reserves	153,914	0	153,914
Reserved for Career Ladder - Extended Contract	45,248	0	45,248
Reserved for Career Ladder Program	9,607	0	9,607
Reserved for Title I Grants to Local Education Agencies	0	23,608	23,608
Reserved for Innovative Education Program Strategies	0	4,623	4,623
Reserved for Special Education - Grants to States	0	8,311	8,311
Other Federal Reserves	0	8,755	8,755
Unreserved, Reported In:			
General Fund	3,794,513	0	3,794,513
Special Revenue Funds	0	542,132	542,132
Total Fund Balances	<u>\$ 4,803,813</u>	<u>\$ 587,429</u>	<u>\$ 5,391,242</u>
Total Liabilities and Fund Balances	<u>\$ 13,801,911</u>	<u>\$ 693,155</u>	<u>\$ 14,495,066</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, 2008

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)		\$	5,391,242
(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		39,781,714	
Add: other capital assets net of accumulated depreciation		<u>2,720,154</u>	47,953,054
(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	\$	(100,000)	
Less: capital lease payable		(102,646)	
Less: compensated absences payable		(185,145)	
Less: other postemployment benefits		(882,185)	
Less: accrued interest on note and capital lease		<u>(8,285)</u>	(1,278,261)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>597,330</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>52,663,365</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, 2008

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 12,629,220	\$ 0	\$ 12,629,220
Licenses and Permits	49,498	0	49,498
Charges for Current Services	294,792	1,432,303	1,727,095
Other Local Revenues	626,767	27,677	654,444
State of Tennessee	26,715,258	33,880	26,749,138
Federal Government	304,628	4,220,017	4,524,645
Other Governments and Citizens Groups	227,464	0	227,464
Total Revenues	<u>\$ 40,847,627</u>	<u>\$ 5,713,877</u>	<u>\$ 46,561,504</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 23,640,765	\$ 2,087,708	\$ 25,728,473
Support Services	13,882,933	502,065	14,384,998
Operation of Non-Instructional Services	1,813,107	3,291,297	5,104,404
Capital Outlay	167,130	0	167,130
Debt Service:			
Principal on Debt	101,561	0	101,561
Interest on Debt	19,347	0	19,347
Other Debt Service	610,000	0	610,000
Total Expenditures	<u>\$ 40,234,843</u>	<u>\$ 5,881,070</u>	<u>\$ 46,115,913</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 612,784</u>	<u>\$ (167,193)</u>	<u>\$ 445,591</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 100,000	\$ 100,000	\$ 200,000
Transfers Out	(100,000)	(100,000)	(200,000)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 612,784	\$ (167,193)	\$ 445,591
Fund Balance, July 1, 2007	4,191,029	754,622	4,945,651
Fund Balance, June 30, 2008	<u>\$ 4,803,813</u>	<u>\$ 587,429</u>	<u>\$ 5,391,242</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, 2008

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)		\$	445,591
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	425,852	
Less: current year depreciation expense		<u>(1,928,918)</u>	(1,503,066)
(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	\$	(12,870)	
Less: decrease of revenue for the sale or insurance recovery of disposed assets		<u>(3,072)</u>	(15,942)
(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, 2008	\$	597,330	
Less: deferred delinquent property taxes/other deferred June 30, 2007		<u>(556,106)</u>	41,224
(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:			
Add: principal payments on note	\$	25,000	
Add: principal payments on capital lease		<u>76,561</u>	101,561
(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 compensated absences payable	\$	(73,036)	
Change in other postemployment benefits		(882,185)	
Change in accrued interest payable		<u>5,678</u>	(949,543)
Change in net assets of governmental activities (Exhibit B)			<u>\$ (1,880,175)</u>

Exhibit I-6

Franklin County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Franklin County School Department  
June 30, 2008

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 3,038	\$ 3,038
Equity in Pooled Cash and Investments	116,100	380,341	496,441
Due from Other Governments	30,999	159,718	190,717
Due from Other Funds	2,959	0	2,959
<b>Total Assets</b>	<b>\$ 150,058</b>	<b>\$ 543,097</b>	<b>\$ 693,155</b>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 41	\$ 713	\$ 754
Accrued Payroll	123	252	375
Due to Other Funds	104,597	0	104,597
<b>Total Liabilities</b>	<b>\$ 104,761</b>	<b>\$ 965</b>	<b>\$ 105,726</b>
<u>Fund Balances</u>			
Reserved for Title I Grants to Local Education Agencies	\$ 23,608	\$ 0	\$ 23,608
Reserved for Innovative Education Program Strategies	4,623	0	4,623
Reserved for Special Education - Grants to States	8,311	0	8,311
Other Federal Reserves	8,755	0	8,755
Unreserved	0	542,132	542,132
<b>Total Fund Balances</b>	<b>\$ 45,297</b>	<b>\$ 542,132</b>	<b>\$ 587,429</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 150,058</b>	<b>\$ 543,097</b>	<b>\$ 693,155</b>

## 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, 2008

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 1,432,303	\$ 1,432,303
Other Local Revenues	0	27,677	27,677
State of Tennessee	0	33,880	33,880
Federal Government	2,707,927	1,512,090	4,220,017
Total Revenues	<u>\$ 2,707,927</u>	<u>\$ 3,005,950</u>	<u>\$ 5,713,877</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,087,708	\$ 0	\$ 2,087,708
Support Services	502,065	0	502,065
Operation of Non-Instructional Services	80,020	3,211,277	3,291,297
Total Expenditures	<u>\$ 2,669,793</u>	<u>\$ 3,211,277</u>	<u>\$ 5,881,070</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 38,134</u>	<u>\$ (205,327)</u>	<u>\$ (167,193)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 100,000	\$ 0	\$ 100,000
Transfers Out	(100,000)	0	(100,000)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 38,134	\$ (205,327)	\$ (167,193)
Fund Balance, July 1, 2007	7,163	747,459	754,622
Fund Balance, June 30, 2008	<u>\$ 45,297</u>	<u>\$ 542,132</u>	<u>\$ 587,429</u>

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 12,629,220	\$ 0	\$ 0	\$ 12,629,220	\$ 12,416,200	\$ 213,020	
Licenses and Permits	49,498	0	0	49,498	48,000	1,498	
Charges for Current Services	294,792	0	0	294,792	252,000	22,792	
Other Local Revenues	626,767	0	0	626,767	462,000	612,701	14,066
State of Tennessee	26,715,258	0	0	26,715,258	26,463,460	(22,816)	
Federal Government	304,628	0	0	304,628	244,136	(16,119)	
Other Governments and Citizens Groups	227,464	0	0	227,464	189,082	(2,406)	
Total Revenues	\$ 40,847,627	\$ 0	\$ 0	\$ 40,847,627	\$ 40,044,878	\$ 210,035	
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 18,366,445	(497,245)	493,403	\$ 18,362,603	\$ 18,444,189	\$ 243,004	
Alternative Instruction Program	352,827	0	0	352,827	378,292	6,465	
Special Education Program	3,049,665	(28,268)	24,247	3,045,644	3,156,520	168,798	
Vocational Education Program	1,594,530	(12,952)	792	1,582,370	1,711,443	39,973	
Student Body Education Program	198,415	(25,085)	2,496	175,826	197,447	2,708	
Adult Education Program	78,883	(6,016)	342	73,209	74,238	8,182	
<u>Support Services</u>							
Attendance	249,152	0	0	249,152	252,742	3,590	
Health Services	141,863	0	0	141,863	138,523	572	
Other Student Support	994,851	(590)	0	994,261	978,712	26,151	
Regular Instruction Program	1,082,222	(21,440)	3,640	1,064,422	1,098,206	24,392	
Special Education Program	285,515	(8,684)	928	277,759	311,011	46,034	
Vocational Education Program	97,740	(1,568)	390	96,562	102,902	6,340	

(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 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Adult Programs	\$ 72,595	\$ (126)	\$ 0	\$ 72,469	\$ 65,757	\$ 74,323	\$ 1,854
Other Programs	107,119	0	0	107,119	0	107,119	0
Board of Education	811,910	(9,917)	8,343	810,336	837,937	858,788	48,452
Director of Schools	525,367	(3,678)	4,683	526,372	552,271	554,986	28,614
Office of the Principal	2,291,196	0	0	2,291,196	2,320,398	2,320,398	29,202
Human Services/Personnel	84,386	(714)	324	83,996	85,118	85,118	1,122
Operation of Plant	3,367,060	(3,358)	2,020	3,365,722	3,690,185	3,684,555	318,833
Maintenance of Plant	1,486,422	(80,940)	117,466	1,522,948	1,766,218	1,801,311	278,363
Transportation	1,866,719	(498)	30,302	1,896,523	1,815,094	1,913,044	16,521
Central and Other	418,816	(1,655)	716	417,877	412,598	432,173	14,296
<u>Operation of Non-Instructional Services</u>							
Food Service	3,625	(2,129)	0	1,496	2,278	2,278	782
Community Services	535,459	(12,682)	6,839	529,616	523,541	580,046	50,430
Early Childhood Education	1,274,023	(15,645)	31,109	1,289,487	1,256,827	1,297,615	8,128
<u>Capital Outlay</u>							
Regular Capital Outlay	167,130	(122,191)	72,491	117,430	270,000	352,566	235,136
<u>Principal on Debt</u>							
Education	101,561	0	0	101,561	731,023	101,562	1
<u>Interest on Debt</u>							
Education	19,347	0	0	19,347	0	19,461	114
<u>Other Debt Service</u>							
Education	610,000	0	0	610,000	0	610,000	0
Total Expenditures	\$ 40,234,843	\$ (855,381)	\$ 800,531	\$ 40,179,993	\$ 41,173,470	\$ 41,788,050	\$ 1,608,057

(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 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 612,784	\$ 855,381	\$ (800,531)	\$ 667,634	\$ (1,128,592)	\$ (1,150,458)	\$ 1,818,092
Other Financing Sources (Uses)							
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,093	\$ (13,093)
Transfers In	100,000	0	0	100,000	0	100,000	0
Transfers Out	(100,000)	0	0	(100,000)	0	(100,000)	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,093	\$ (13,093)
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 612,784	\$ 855,381	\$ (800,531)	\$ 667,634	\$ (1,128,592)	\$ (1,137,365)	\$ 1,804,999
Fund Balance, June 30, 2008	4,191,029	(855,381)	0	3,335,648	3,061,203	3,061,203	274,445
	\$ 4,803,813	\$ 0	\$ (800,531)	\$ 4,003,282	\$ 1,932,611	\$ 1,923,838	\$ 2,079,444

Exhibit I-9

Franklin County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Franklin County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,707,927	\$ 2,838,978	\$ 2,845,154	\$ (137,227)
Total Revenues	\$ 2,707,927	\$ 2,838,978	\$ 2,845,154	\$ (137,227)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,099,462	\$ 1,165,232	\$ 1,167,959	\$ 68,497
Special Education Program	899,891	942,367	942,367	42,476
Vocational Education Program	88,355	82,179	88,355	0
<u>Support Services</u>				
Health Services	193,817	171,972	171,972	(21,845)
Other Student Support	24,659	37,462	37,440	12,781
Regular Instruction Program	155,797	176,032	175,832	20,035
Special Education Program	127,792	188,372	188,372	60,580
<u>Operation of Non-Instructional Services</u>				
Community Services	80,020	80,000	80,020	0
Total Expenditures	\$ 2,669,793	\$ 2,843,616	\$ 2,852,317	\$ 182,524
Excess (Deficiency) of Revenues Over Expenditures	\$ 38,134	\$ (4,638)	\$ (7,163)	\$ 45,297
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 100,000	\$ 121,142	\$ 100,000	\$ 0
Transfers Out	(100,000)	(121,142)	(100,000)	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 38,134	\$ (4,638)	\$ (7,163)	\$ 45,297
Fund Balance, July 1, 2007	7,163	7,163	7,163	0
Fund Balance, June 30, 2008	\$ 45,297	\$ 2,525	\$ 0	\$ 45,297

Exhibit I-10

Franklin County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Discreetly Presented Franklin County School Department  
 Central Cafeteria Fund  
 For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 1,432,303	\$ 0	\$ 1,432,303	\$ 1,463,031	\$ 1,432,591	\$ (288)
Other Local Revenues	27,677	0	27,677	35,000	26,750	927
State of Tennessee	33,880	0	33,880	33,200	33,680	200
Federal Government	1,512,090	0	1,512,090	1,358,450	1,512,310	(220)
Total Revenues	\$ 3,005,950	\$ 0	\$ 3,005,950	\$ 2,889,681	\$ 3,005,331	\$ 619
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 3,211,277	(27,595)	\$ 3,183,682	\$ 3,336,465	\$ 3,452,115	\$ 268,433
Total Expenditures	\$ 3,211,277	(27,595)	\$ 3,183,682	\$ 3,336,465	\$ 3,452,115	\$ 268,433
Excess (Deficiency) of Revenues Over Expenditures						
	\$ (205,327)	\$ 27,595	\$ (177,732)	\$ (446,784)	\$ (446,784)	\$ 269,052
Net Change in Fund Balance						
Fund Balance, July 1, 2007	\$ 747,459	(27,595)	\$ 719,864	\$ 710,654	\$ 710,654	\$ 9,210
Fund Balance, June 30, 2008	\$ 542,132	\$ 0	\$ 542,132	\$ 263,870	\$ 263,870	\$ 278,262

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## MISCELLANEOUS SCHEDULES

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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, 2008

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-08
<b>PRIMARY GOVERNMENT</b>								
<b>CAPITAL LEASES</b>								
Payable through General Fund								
Jail Security Equipment	\$ 66,900	0 %	12-21-07	12-21-12	\$ 0	\$ 66,900	\$ 3,345	\$ 63,555
Payable through Highway/Public Works Fund								
Grader	114,148	5	10-5-04	11-8-08	43,056	0	30,075	12,981
Total Capital Leases					\$ 43,056	\$ 66,900	\$ 33,420	\$ 76,536
<b>BONDS PAYABLE</b>								
Payable through General Debt Service Fund								
Industrial Revenue	378,000	5	11-18-1978	1-1-17	\$ 173,000	0	15,000	158,000
General Obligation Jail Refunding Bonds, Series 2003	3,545,000	3.13	6-26-03	6-30-16	2,850,000	0	290,000	2,560,000
General Obligation Highway Refunding Bonds, Series 2006B	5,440,000	3.8	12-29-06	6-1-14	4,825,000	0	640,000	4,185,000
General Obligation Series 2007	6,000,000	4.19	8-15-07	4-1-23	0	6,000,000	200,000	5,800,000
Total Payable through General Debt Service Fund					\$ 7,848,000	\$ 6,000,000	\$ 1,145,000	\$ 12,703,000
Payable through Education Debt Service Fund								
School Bonds, Series 2001	21,500,000	3.25 to 4.75	11-28-01	3-1-21	\$ 17,245,000	0	930,000	16,315,000
Refunding School Bonds, Series 2002	7,430,000	3.25 to 4.75	5-15-02	6-30-16	6,775,000	0	240,000	6,535,000
Refunding School Bonds, Series 2006A	3,810,000	3.8 to 4	12-29-06	6-1-21	3,610,000	0	215,000	3,395,000
Total Payable through Education Debt Service Fund					\$ 27,630,000	\$ 0	\$ 1,385,000	\$ 26,245,000
Total Bonds Payable					\$ 35,478,000	\$ 6,000,000	\$ 2,530,000	\$ 38,948,000

(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 7-1-07	Issued During Period	Paid and/or	
							Matured During Period	Outstanding 6-30-08
<b>DISCRETELY PRESENTED FRANKLIN COUNTY</b>								
<b><u>SCHOOL DEPARTMENT</u></b>								
<b>NOTES PAYABLE</b>								
Payable through General Purpose School Fund Lighting	\$ 150,000	4.3 to 4.55 %	10-14-05	10-14-11	\$ 125,000	\$ 0	\$ 25,000	\$ 100,000
<b>CAPITAL LEASES</b>								
Payable through General Purpose School Fund Computers	269,984	7.93	8-1-06	8-1-09	\$ 179,207	\$ 0	\$ 76,561	\$ 102,646

Exhibit J-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Lease Principal	Lease Interest	Total Lease Requirements
2009	\$ 26,361	\$ 163	\$ 26,524
2010	13,380	0	13,380
2011	13,380	0	13,380
2012	13,380	0	13,380
2013	10,035	0	10,035
Total	\$ 76,536	\$ 163	\$ 76,699

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2009	\$ 3,050,000	\$ 1,619,962	\$ 4,669,962
2010	3,155,000	1,504,934	4,659,934
2011	3,250,000	1,384,285	4,634,285
2012	3,370,000	1,257,854	4,627,854
2013	3,488,000	1,125,969	4,613,969
2014	3,620,000	987,188	4,607,188
2015	3,180,000	838,823	4,018,823
2016	3,335,000	703,291	4,038,291
2017	2,090,000	557,975	2,647,975
2018	2,190,000	466,068	2,656,068
2019	2,295,000	368,311	2,663,311
2020	2,385,000	264,942	2,649,942
2021	2,470,000	156,998	2,626,998
2022	535,000	44,940	579,940
2023	535,000	22,470	557,470
Total	\$ 38,948,000	\$ 11,304,010	\$ 50,252,010

(Continued)

Exhibit J-2

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

DISCRETELY PRESENTED FRANKLIN COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 25,000	\$ 4,153	\$ 29,153
2010	25,000	3,046	28,046
2011	25,000	1,927	26,927
2012	25,000	683	25,683
Total	<u>\$ 100,000</u>	<u>\$ 9,809</u>	<u>\$ 109,809</u>

Year Ending June 30	Lease Principal	Lease Interest	Total Lease Requirements
2009	\$ 82,635	\$ 8,142	\$ 90,777
2010	20,011	1,587	21,598
Total	<u>\$ 102,646</u>	<u>\$ 9,729</u>	<u>\$ 112,375</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, 2008

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Highway/Public Works	Reimbursement	\$ 6,741
Courthouse and Jail Maintenance	General Debt Service	Debt	30,000
Solid Waste/Sanitation	General	Reimbursement	3,803
Highway/Public Works	General	Reimbursement	3,803
Highway/Public Works	General Debt Service	Debt	400,000
Highway Capital Projects	Highway/Public Works	To close fund	28,104
Other Capital Projects	General	Reimbursement	400,000
Total Transfers Primary Government			<u>\$ 872,451</u>
<u>DISCRETELY PRESENTED FRANKLIN</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Revenue anticipation loan	\$ 100,000
School Federal Projects	General Purpose School	Revenue anticipation loan not retired prior to June 30	<u>100,000</u>
Total Transfers Discretely Presented Franklin County School Department			<u>\$ 200,000</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, 2008

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 70,422	\$ 50,000	Western Surety Company
Superintendent of Highways	Section 8-24-102, <u>TCA</u>	67,070	100,000	"
Director of Schools	State Board of Education and Franklin County			
Finance Director	Board of Education	108,626 (1)	50,000	"
Trustee	County Commission	62,912	50,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	60,972	1,306,000	RLI Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u>	60,972	10,000	Western Surety Company
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	60,972	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	60,972	50,000	RLI Insurance Company
Register	Section 8-24-102, <u>TCA</u>	60,972	50,000	Western Surety Company
Sheriff	Section 8-24-102, <u>TCA</u>	67,070 (2)	25,000	"
Other Bonds:				
Public Employee Dishonesty			150,000	Tennessee Risk Management Trust

(1) Includes chief executive officer training supplement of \$1,000.  
 (2) Does not include a law enforcement training supplement of \$600.

Franklin County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2008

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste/ Sanitation	Local Purpose Tax	Drug Control
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 5,884,396	\$ 0	\$ 0	\$ 832,078	\$ 359,584	\$ 0
Trustee's Collections - Prior Year	159,820	0	0	22,028	9,583	0
Circuit/Clerk & Master Collections - Prior Years	114,149	0	0	16,645	7,176	0
Interest and Penalty	27,819	0	0	3,877	1,706	0
Payments in-Lieu-of Taxes - T.V.A.	3,671	0	0	745	405	0
Payments in-Lieu-of Taxes - Local Utilities	19,031	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	4,672	0	0	66	36	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	0
Hotel/Motel Tax	0	0	0	0	64,166	0
Litigation Tax - General	80,506	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	29,496	0	0	0	0
Business Tax	258,757	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	39,924	0	0	8,071	4,378	0
Wholesale Beer Tax	208,388	0	0	0	0	0
Interstate Telecommunications Tax	3,052	0	0	0	0	0
Other Statutory Local Taxes	678	0	0	0	0	0
Total Local Taxes	\$ 6,804,863	\$ 29,496	\$ 0	\$ 883,510	\$ 447,034	\$ 0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 33,390	\$ 0	\$ 0	\$ 6,768	\$ 3,678	\$ 0
Permits						
Beer Permits	4,505	0	0	0	0	0
Building Permits	36,817	0	0	0	20,000	0
Total Licenses and Permits	\$ 74,712	\$ 0	\$ 0	\$ 6,768	\$ 23,678	\$ 0

(Continued)

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	Drug Control	
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 23,039	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	16,999	0	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	0	8,024
Drug Court Fees	3,051	0	0	0	0	0	0
Jail Fees	3,718	0	0	0	0	0	0
DUI Treatment Fines	3,365	0	0	0	0	0	0
Data Entry Fee - Circuit Court	3,558	0	0	0	0	0	0
Courtroom Security Fee	123	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	24,132	0	0	0	0	0	0
Officers Costs	50,174	0	0	0	0	0	0
Game and Fish Fines	1,797	0	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	0	5,207
Drug Court Fees	5,231	0	0	0	0	0	0
Jail Fees	11,007	0	0	0	0	0	0
DUI Treatment Fines	7,943	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	5,997	0	0	0	0	0	0
Courtroom Security Fee	1,495	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	1,263	0	0	0	0	0	0
Officers Costs	1,575	0	0	0	0	0	0
Game and Fish Fines	22	0	0	0	0	0	0
Data Entry Fee - Juvenile Court	1,018	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	2,593	0	0	0	0	0	0
Data Entry Fee - Chancery Court	846	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	19,791
Other Fines, Forfeitures, and Penalties	4,496	0	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 173,442	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,022

(Continued)

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	Drug Control
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Transfer Waste Stations Collection Charge	\$ 0	\$ 0	\$ 0	\$ 10,000	\$ 0	\$ 0
Tipping Fees	0	0	0	6,860	0	0
Other General Service Charges	5,975	0	0	0	0	0
<u>Fees</u>						
Copy Fees	279	0	0	0	0	0
Library Fees	0	0	30,372	0	0	0
Telephone Commissions	4,682	0	0	0	0	0
Vending Machine Collections	442	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0
Data Processing Fee - Register	18,622	0	0	0	0	0
Probation Fees	131,227	0	0	0	0	0
Data Processing Fee - Sheriff	4,851	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,100	0	0	0	0	0
Total Charges for Current Services	\$ 167,178	\$ 0	\$ 30,372	\$ 16,860	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 50,000	\$ 0	\$ 48	\$ 220,000	\$ 0	\$ 0
Lease/Rentals	17,550	0	0	0	0	0
Sale of Maps	575	0	0	0	0	0
Sale of Recycled Materials	0	0	0	203,244	0	0
Miscellaneous Refunds	14,023	0	0	463	0	118
<u>Nonrecurring Items</u>						
Sale of Equipment	2,363	0	0	0	0	5,300
Sale of Property	3,283	0	0	0	0	0
Contributions and Gifts	59,956	0	3,425	0	0	950
<u>Other Local Revenues</u>						
Other Local Revenues	25,274	0	0	0	0	0
Total Other Local Revenues	\$ 173,024	\$ 0	\$ 3,473	\$ 423,707	\$ 0	\$ 6,368

(Continued)

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	Drug Control	
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	\$ 296,029	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	246,621	0	0	0	0	0	0
General Sessions Court Clerk	265,513	0	0	0	0	0	0
Clerk and Master	132,712	0	0	0	0	0	0
Juvenile Court Clerk	33,510	0	0	0	0	0	0
Register	231,764	0	0	0	0	0	0
Sheriff	12,777	0	0	0	0	0	0
Trustee	555,474	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 1,774,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
State Reappraisal Grant	14,590	0	0	0	0	0	0
Solid Waste Grants	0	0	0	29,737	0	0	0
Other General Government Grants	537,185	0	0	0	0	0	0
Public Safety Grants							
Law Enforcement Training Programs	19,800	0	0	0	0	0	0
<u>Health and Welfare Grants</u>							
Health Department Programs	98,750	0	0	0	0	0	0
Other Health and Welfare Grants	45,789	0	0	0	0	0	0
Public Works Grants							
Bridge Program	0	0	0	0	0	0	0
State Aid Program	0	0	0	0	0	0	0
Litter Program	38,339	0	0	0	0	0	0
Other Public Works Grants	0	0	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	246,400	0	0	0	0	0	0
Beer Tax	19,312	0	0	0	0	0	0
Alcoholic Beverage Tax	60,545	0	0	0	0	0	0

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	Drug Control	
<u>State of Tennessee (Cont.)</u>							
<u>Other State Revenues (Cont.)</u>							
Mixed Drink Tax	\$ 12,847	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Revenue Sharing - T.V.A.	916,969	0	0	0	0	0	0
Contracted Prisoner Boarding	424,514	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0	0	0
Other State Revenues	29,778	0	0	0	0	0	34,259
Total State of Tennessee	\$ 2,490,198	\$ 0	\$ 0	\$ 29,737	\$ 0	\$ 0	\$ 34,259
<u>Federal Government</u>							
<u>Federal Through State</u>							
Other Federal through State	\$ 130,913	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Direct Federal Revenue</u>	7,724	0	0	0	0	0	0
Other Direct Federal Revenue	\$ 138,637	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Federal Government							
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Prisoner Board	\$ 14,491	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	88,639	0	70,268	0	0	0	200
Citizens Groups							
Donations	100	0	0	0	0	0	800
Other							
Other	71,527	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 174,757	\$ 0	\$ 70,268	\$ 0	\$ 0	\$ 0	\$ 1,000
Total	\$ 11,971,211	\$ 29,496	\$ 104,113	\$ 1,360,582	\$ 470,712	\$ 74,649	\$ 74,649

(Continued)

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Fund
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	Other Capital Projects	Total	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 0	\$ 243,051	\$ 552,401	\$ 1,025,815	\$ 0	\$ 8,897,325	
Trustee's Collections - Prior Year	0	6,590	14,829	28,010	0	240,860	
Circuit/Clerk & Master Collections - Prior Years	0	4,652	10,566	19,642	0	172,830	
Interest and Penalty	0	1,148	2,592	4,666	0	41,808	
Payments in-Lieu-of Taxes - T.V.A.	0	140	344	371	0	5,676	
Payments in-Lieu-of Taxes - Local Utilities	0	787	1,797	3,602	0	25,217	
Payments in-Lieu-of Taxes - Other	0	193	439	487,417	0	492,823	
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	63,416	0	63,416	
Hotel/Motel Tax	0	0	0	0	0	64,166	
Litigation Tax - General	0	0	105,735	0	0	186,241	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	29,496	
Business Tax	0	0	0	0	0	258,757	
Mineral Severance Tax	0	65,858	0	0	0	65,858	
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	1,648	3,753	6,953	0	64,727	
Wholesale Beer Tax	0	0	0	0	0	208,388	
Interstate Telecommunications Tax	0	0	0	0	0	3,052	
Other Statutory Local Taxes	0	0	0	0	0	678	
Total Local Taxes	\$ 0	\$ 324,067	\$ 692,456	\$ 1,639,892	\$ 0	\$ 10,821,318	
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise Permits	\$ 0	\$ 1,379	\$ 3,133	\$ 6,020	\$ 0	\$ 54,368	
Beer Permits	0	0	0	0	0	4,505	
Building Permits	0	0	0	0	0	56,817	
Total Licenses and Permits	\$ 0	\$ 1,379	\$ 3,133	\$ 6,020	\$ 0	\$ 115,690	

(Continued)

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Fund		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	Other Capital Projects				
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	23,039
Officers Costs	0	0	0	0	0	0	0	0	16,999
Drug Control Fines	0	0	0	0	0	0	0	0	8,024
Drug Court Fees	0	0	0	0	0	0	0	0	3,051
Jail Fees	0	0	0	0	0	0	0	0	3,718
DUI Treatment Fines	0	0	0	0	0	0	0	0	3,365
Data Entry Fee - Circuit Court	0	0	0	0	0	0	0	0	3,558
Courtroom Security Fee	0	0	0	0	0	0	0	0	123
<u>General Sessions Court</u>									
Fines	0	0	0	0	0	0	0	0	24,132
Officers Costs	0	0	0	0	0	0	0	0	50,174
Game and Fish Fines	0	0	0	0	0	0	0	0	1,797
Drug Control Fines	0	0	0	0	0	0	0	0	5,207
Drug Court Fees	0	0	0	0	0	0	0	0	5,231
Jail Fees	0	0	0	0	0	0	0	0	11,007
DUI Treatment Fines	0	0	0	0	0	0	0	0	7,943
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	0	5,997
Courtroom Security Fee	0	0	0	0	0	0	0	0	1,495
<u>Juvenile Court</u>									
Fines	0	0	0	0	0	0	0	0	1,263
Officers Costs	0	0	0	0	0	0	0	0	1,575
Game and Fish Fines	0	0	0	0	0	0	0	0	22
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	0	0	1,018
<u>Chancery Court</u>									
Officers Costs	0	0	0	0	0	0	0	0	2,593
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	0	846
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	0	0	0	0	0	0	0	0	19,791
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	0	0	4,496
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	206,464

(Continued)

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Fund	Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	Other Capital Projects			
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Transfer Waste Stations Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	10,000
Tipping Fees	0	0	0	0	0	0	0	6,860
Other General Service Charges	0	2,599	0	0	0	0	0	8,574
<u>Fees</u>								
Copy Fees	0	0	0	0	0	0	0	279
Library Fees	0	0	0	0	0	0	0	30,372
Telephone Commissions	0	0	0	0	0	0	0	4,682
Vending Machine Collections	0	0	0	0	0	0	0	442
Constitutional Officers' Fees and Commissions	4,143	0	0	0	0	0	0	4,143
Data Processing Fee - Register	0	0	0	0	0	0	0	18,622
Probation Fees	0	0	0	0	0	0	0	131,227
Data Processing Fee - Sheriff	0	0	0	0	0	0	0	4,851
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	1,100
Total Charges for Current Services	\$ 4,143	\$ 2,599	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 221,152
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 0	\$ 0	\$ 179,082	\$ 0	\$ 240,056	\$ 0	\$ 689,186	
Lease/Rentals	0	0	0	0	0	0	17,550	
Sale of Maps	0	0	0	0	0	0	575	
Sale of Recycled Materials	0	0	0	0	0	0	203,244	
Miscellaneous Refunds	0	317	0	0	0	0	14,921	
<u>Nonrecurring Items</u>								
Sale of Equipment	0	0	0	0	0	0	7,663	
Sale of Property	0	0	0	0	0	0	3,283	
Contributions and Gifts	0	0	0	0	300,000	0	364,331	
<u>Other Local Revenues</u>								
Other Local Revenues	0	0	0	0	0	0	25,274	
Total Other Local Revenues	\$ 0	\$ 317	\$ 179,082	\$ 300,000	\$ 240,056	\$ 0	\$ 1,326,027	

(Continued)

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Fund		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	Other Capital Projects				
<u>Fees Received from County Officials</u>									
<u>Fees in-Lieu-of Salary</u>									
County Clerk	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	296,029
Circuit Court Clerk	0	0	0	0	0	0	0	0	246,621
General Sessions Court Clerk	0	0	0	0	0	0	0	0	265,513
Clerk and Master	0	0	0	0	0	0	0	0	132,712
Juvenile Court Clerk	0	0	0	0	0	0	0	0	33,510
Register	0	0	0	0	0	0	0	0	231,764
Sheriff	0	0	0	0	0	0	0	0	12,777
Trustee	0	0	0	0	0	0	0	0	555,474
<b>Total Fees Received from County Officials</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>1,774,400</b>
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	9,000
State Reappraisal Grant	0	0	0	0	0	0	0	0	14,590
Solid Waste Grants	0	0	0	0	0	0	0	0	29,737
Other General Government Grants	0	0	0	0	0	0	0	0	537,185
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	0	0	0	0	0	0	0	0	19,800
Health and Welfare Grants	0	0	0	0	0	0	0	0	98,750
Other Health and Welfare Grants	0	0	0	0	0	0	0	0	45,789
<u>Public Works Grants</u>									
Bridge Program	0	161,890	0	0	0	0	0	0	161,890
State Aid Program	0	548,544	0	0	0	0	0	0	548,544
Litter Program	0	0	0	0	0	0	0	0	38,339
Other Public Works Grants	0	2,252	0	0	0	0	0	0	2,252
<u>Other State Revenues</u>									
Income Tax	0	0	0	0	0	0	0	0	246,400
Beer Tax	0	0	0	0	0	0	0	0	19,312
Alcoholic Beverage Tax	0	0	0	0	0	0	0	0	60,545

(Continued)

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Fund
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	Other Capital Projects	Total	
<u>State of Tennessee (Cont.)</u>							
<u>Other State Revenues (Cont.)</u>							
Mixed Drink Tax	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	12,847
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	916,969
Contracted Prisoner Boarding	0	0	0	0	0	0	424,514
Gasoline and Motor Fuel Tax	0	1,968,559	0	0	0	0	1,968,559
Petroleum Special Tax	0	31,538	0	0	0	0	31,538
Registrar's Salary Supplement	0	0	0	0	0	0	16,380
Other State Revenues	0	0	0	0	0	0	64,037
Total State of Tennessee	\$ 0 \$	2,712,783 \$	0 \$	0 \$	0 \$	0 \$	5,266,977
<u>Federal Government</u>							
<u>Federal Through State</u>							
Other Federal through State	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	130,913
<u>Direct Federal Revenue</u>							
Other Direct Federal Revenue	0	0	0	0	0	0	7,724
Total Federal Government	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	138,637
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Prisoner Board	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	14,491
Contributions	0	0	0	700,000	0	0	859,107
<u>Citizens Groups</u>							
Donations	0	0	0	0	0	0	900
<u>Other</u>							
Other	0	0	0	0	0	0	71,527
Total Other Governments and Citizens Groups	\$ 0 \$	0 \$	0 \$	700,000 \$	0 \$	0 \$	946,025
Total	\$ 4,143 \$	3,041,145 \$	874,671 \$	2,645,912 \$	240,056 \$	20,816,690	

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, 2008

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 8,190,166	\$ 0	\$ 0	\$ 8,190,166
Trustee's Collections - Prior Year	212,507	0	0	212,507
Circuit/Clerk & Master Collections - Prior Years	156,777	0	0	156,777
Interest and Penalty	38,718	0	0	38,718
Payments in-Lieu-of Taxes - T.V.A.	4,717	0	0	4,717
Payments in-Lieu-of Taxes - Local Utilities	28,631	0	0	28,631
Payments in-Lieu-of Taxes - Other	6,523	0	0	6,523
<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	55,561	0	0	55,561
Interstate Telecommunications Tax	5,020	0	0	5,020
Total Local Taxes	\$ 12,629,220	\$ 0	\$ 0	\$ 12,629,220
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 3,030	\$ 0	\$ 0	\$ 3,030
Cable TV Franchise	46,468	0	0	46,468
Total Licenses and Permits	\$ 49,498	\$ 0	\$ 0	\$ 49,498
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Summer School	\$ 6,065	\$ 0	\$ 0	\$ 6,065
Tuition - Other	288,727	0	0	288,727
Lunch Payments - Children	0	0	904,858	904,858
Lunch Payments - Adults	0	0	80,076	80,076
Income from Breakfast	0	0	64,670	64,670
Special Milk Sales	0	0	19,045	19,045
A la carte Sales	0	0	363,654	363,654
Total Charges for Current Services	\$ 294,792	\$ 0	\$ 1,432,303	\$ 1,727,095
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 425,000	\$ 0	\$ 25,319	\$ 450,319
Lease/Rentals	12,204	0	0	12,204
Refund of Telecommunication and Internet Fees (E-Rate)	59,374	0	0	59,374
Miscellaneous Refunds	95,372	0	2,358	97,730
<u>Nonrecurring Items</u>				
Sale of Equipment	7,277	0	0	7,277
Contributions and Gifts	27,540	0	0	27,540
Total Other Local Revenues	\$ 626,767	\$ 0	\$ 27,677	\$ 654,444

(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</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 107,119	\$ 0	\$ 0	\$ 107,119
<u>State Education Funds</u>				
Basic Education Program	24,726,999	0	0	24,726,999
Early Childhood Education	1,063,389	0	0	1,063,389
School Food Service	0	0	33,880	33,880
Driver Education	15,795	0	0	15,795
Other State Education Funds	190,143	0	0	190,143
Career Ladder Program	317,694	0	0	317,694
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	47,655	0	0	47,655
Other State Revenues	50,098	0	0	50,098
Total State of Tennessee	\$ 26,715,258	\$ 0	\$ 33,880	\$ 26,749,138
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,076,199	\$ 1,076,199
Breakfast	0	0	434,816	434,816
USDA - Other	0	0	1,075	1,075
Adult Education State Grant Program	78,446	0	0	78,446
Vocational Education - Basic Grants to States	0	103,855	0	103,855
Title I Grants to Local Education Agencies	0	953,611	0	953,611
Innovative Education Program Strategies	0	9,677	0	9,677
Special Education - Grants to States	109,368	1,181,654	0	1,291,022
Special Education Preschool Grants	0	48,156	0	48,156
Safe and Drug-Free Schools - State Grants	0	104,499	0	104,499
Eisenhower Professional Development State Grants	0	295,867	0	295,867
Job Training Partnership Act	52,880	0	0	52,880
Other Federal through State	20,707	10,608	0	31,315
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	43,227	0	0	43,227
Total Federal Government	\$ 304,628	\$ 2,707,927	\$ 1,512,090	\$ 4,524,645
<u>Other Governments and Citizens Groups</u>				
<u>Other</u>				
Other	\$ 227,464	\$ 0	\$ 0	\$ 227,464
Total Other Governments and Citizens Groups	\$ 227,464	\$ 0	\$ 0	\$ 227,464
Total	\$ 40,847,627	\$ 2,707,927	\$ 3,005,950	\$ 46,561,504

Exhibit J-7

Franklin County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2008

General Fund

General Government

County Commission

Part-time Personnel	\$	5,703	
Board and Committee Members Fees		68,593	
Social Security		5,677	
State Retirement		555	
Unemployment Compensation		32	
Audit Services		8,956	
Contracts with Private Agencies		23,835	
Data Processing Services		39,843	
Dues and Memberships		11,833	
Legal Services		1,770	
Legal Notices, Recording, and Court Costs		3,522	
Travel		692	
Office Supplies		13,665	
Refunds		4,337	
In Service/Staff Development		600	
Tax Relief Program		60,440	
Other Charges		12,767	
Total County Commission			\$ 262,820

Beer Board

Contracts with Private Agencies	\$	1,000	
Legal Notices, Recording, and Court Costs		104	
Travel		75	
Total Beer Board			1,179

County Mayor/Executive

County Official/Administrative Officer	\$	70,422	
Assistant(s)		30,699	
Part-time Personnel		10,283	
Educational Incentive - Other County Employees		1,000	
Longevity Pay		1,140	
Overtime Pay		1,454	
Social Security		8,672	
State Retirement		12,434	
Life Insurance		94	
Medical Insurance		10,224	
Disability Insurance		912	
Unemployment Compensation		181	
Communication		1,513	
Maintenance Agreements		1,200	

(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.)

Postal Charges	\$	584	
Travel		2,981	
Office Supplies		1,167	
Premiums on Corporate Surety Bonds		175	
In Service/Staff Development		87	
Total County Mayor/Executive			\$ 155,222

County Attorney

Legal Services	\$	7,500	
Total County Attorney			7,500

Election Commission

County Official/Administrative Officer	\$	54,785	
Deputy(ies)		27,892	
Educational Incentive - Official/Admin Officer		1,000	
Longevity Pay		840	
Overtime Pay		2,327	
Other Salaries and Wages		12,113	
Election Commission		1,980	
Election Workers		18,915	
Social Security		7,993	
State Retirement		10,253	
Life Insurance		94	
Medical Insurance		5,135	
Disability Insurance		741	
Unemployment Compensation		363	
Communication		1,815	
Data Processing Services		5,095	
Dues and Memberships		237	
Legal Notices, Recording, and Court Costs		2,870	
Maintenance Agreements		495	
Maintenance and Repair Services - Equipment		311	
Postal Charges		3,980	
Printing, Stationery, and Forms		5,734	
Travel		2,344	
Other Contracted Services		6,202	
Data Processing Supplies		1,898	
Office Supplies		4,150	
Utilities		3,854	
Other Supplies and Materials		2,899	

(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	\$	414	
Premiums on Corporate Surety Bonds		50	
In Service/Staff Development		45	
Data Processing Equipment		7,215	
Office Equipment		1,437	
Total Election Commission			\$ 195,476

Register of Deeds

County Official/Administrative Officer	\$	60,972	
Deputy(ies)		100,557	
Part-time Personnel		11,200	
Educational Incentive - Official/Admin Officer		1,000	
Educational Incentive - Other County Employees		4,000	
Longevity Pay		2,160	
Social Security		13,298	
State Retirement		19,866	
Life Insurance		234	
Medical Insurance		25,673	
Disability Insurance		1,439	
Unemployment Compensation		417	
Communication		2,591	
Data Processing Services		15,023	
Dues and Memberships		1,207	
Maintenance and Repair Services - Office Equipment		966	
Postal Charges		1,636	
Travel		1,299	
Other Contracted Services		4,690	
Office Supplies		11,677	
Premiums on Corporate Surety Bonds		200	
In Service/Staff Development		1,461	
Furniture and Fixtures		7,250	
Total Register of Deeds			288,816

Planning

County Official/Administrative Officer	\$	46,713	
Assistant(s)		36,651	
Educational Incentive - Official/Admin Officer		1,000	
Educational Incentive - Other County Employees		2,000	
Longevity Pay		720	
Social Security		6,578	

(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	\$	10,121	
Life Insurance		121	
Medical Insurance		6,182	
Disability Insurance		723	
Unemployment Compensation		196	
Communication		1,629	
Contracts with Government Agencies		11,250	
Dues and Memberships		675	
Legal Notices, Recording, and Court Costs		3,570	
Maintenance Agreements		3,532	
Maintenance and Repair Services - Vehicles		474	
Postal Charges		1,052	
Travel		857	
Gasoline		1,818	
Library Books/Media		55	
Office Supplies		3,134	
Vehicle and Equipment Insurance		462	
In Service/Staff Development		2,691	
Total Planning			\$ 142,204

Geographical Information Systems

Instructional Computer Personnel	\$	68,745	
Longevity Pay		960	
Social Security		5,486	
State Retirement		8,137	
Life Insurance		82	
Medical Insurance		10,269	
Disability Insurance		541	
Unemployment Compensation		168	
Communication		2,787	
Maintenance Agreements		442	
Postal Charges		11	
Other Contracted Services		25,000	
Data Processing Supplies		1,938	
Gasoline		270	
Office Supplies		310	
Data Processing Equipment		15,269	
Total Geographical Information Systems			140,415

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

Assistant(s)	\$	121,963	
Supervisor/Director		28,399	
Longevity Pay		1,140	
Overtime Pay		7,467	
Social Security		11,834	
State Retirement		16,262	
Life Insurance		316	
Medical Insurance		35,542	
Disability Insurance		1,139	
Unemployment Compensation		730	
Communication		34,866	
Maintenance Agreements		6,560	
Maintenance and Repair Services - Buildings		28,147	
Maintenance and Repair Services - Equipment		1,575	
Maintenance and Repair Services - Vehicles		1,287	
Medical and Dental Services		60	
Pest Control		7,450	
Rentals		19,800	
Other Contracted Services		5,200	
Custodial Supplies		15,790	
Gasoline		2,276	
Uniforms		4,730	
Utilities		78,775	
Other Supplies and Materials		1,798	
Building and Contents Insurance		30,421	
Vehicle and Equipment Insurance		933	
Building Improvements		106,308	
Plant Operation Equipment		10,475	
Total County Buildings			\$ 581,243

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	60,972
Deputy(ies)		121,486
Educational Incentive - Official/Admin Officer		1,000
Educational Incentive - Other County Employees		3,000
Longevity Pay		3,180
Overtime Pay		3,088
Other Salaries and Wages		48,126
Board and Committee Members Fees		3,480

(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.)

Social Security	\$	18,344	
State Retirement		28,290	
Life Insurance		328	
Medical Insurance		30,807	
Disability Insurance		1,966	
Unemployment Compensation		504	
Communication		865	
Contracts with Government Agencies		18,473	
Contracts with Private Agencies		15,675	
Dues and Memberships		1,280	
Maintenance Agreements		5,917	
Maintenance and Repair Services - Office Equipment		80	
Maintenance and Repair Services - Vehicles		774	
Postal Charges		3,229	
Travel		2,180	
Gasoline		3,440	
Office Supplies		1,777	
Utilities		131	
Vehicle and Equipment Insurance		933	
In Service/Staff Development		1,080	
Other Charges		206	
Total Property Assessor's Office			\$ 380,611

County Trustee's Office

County Official/Administrative Officer	\$	60,972
Deputy(ies)		100,370
Part-time Personnel		1,458
Educational Incentive - Official/Admin Officer		1,000
Educational Incentive - Other County Employees		1,000
Longevity Pay		2,040
Social Security		11,787
State Retirement		19,517
Life Insurance		234
Medical Insurance		26,054
Disability Insurance		1,451
Unemployment Compensation		350
Communication		453
Dues and Memberships		617
Postal Charges		8,223
Travel		1,943

(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	\$	4,063	
Premiums on Corporate Surety Bonds		3,000	
In Service/Staff Development		1,438	
Total County Trustee's Office			\$ 245,970

County Clerk's Office

County Official/Administrative Officer	\$	60,972	
Deputy(ies)		173,354	
Part-time Personnel		38,673	
Educational Incentive - Official/Admin Officer		1,000	
Educational Incentive - Other County Employees		4,000	
Longevity Pay		5,340	
Overtime Pay		962	
Social Security		21,204	
State Retirement		28,753	
Life Insurance		374	
Medical Insurance		41,121	
Disability Insurance		2,188	
Unemployment Compensation		891	
Communication		1,408	
Data Processing Services		14,674	
Dues and Memberships		632	
Maintenance Agreements		2,005	
Postal Charges		8,782	
Travel		821	
Other Contracted Services		300	
Office Supplies		5,069	
Premiums on Corporate Surety Bonds		175	
In Service/Staff Development		1,788	
Data Processing Equipment		3,930	
Furniture and Fixtures		473	
Total County Clerk's Office			418,889

Other Finance

County Official/Administrative Officer	\$	62,912	
Deputy(ies)		49,466	
Accountants/Bookkeepers		276,512	
Educational Incentive - Official/Admin Officer		1,000	
Educational Incentive - Other County Employees		7,000	
Longevity Pay		5,520	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Other Finance (Cont.)

Social Security	\$	29,934	
State Retirement		46,260	
Life Insurance		547	
Medical Insurance		50,628	
Disability Insurance		3,383	
Unemployment Compensation		1,031	
Communication		6,097	
Dues and Memberships		820	
Maintenance Agreements		1,889	
Postal Charges		7,890	
Travel		1,308	
Other Contracted Services		515	
Data Processing Supplies		2,362	
Gasoline		318	
Office Supplies		5,196	
Utilities		6,846	
Other Supplies and Materials		135	
Premiums on Corporate Surety Bonds		330	
In Service/Staff Development		4,486	
Other Charges		138	
Total Other Finance			\$ 572,523

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	60,972
Deputy(ies)		404,423
Part-time Personnel		50,539
Longevity Pay		9,240
Overtime Pay		4,185
Jury and Witness Fees		6,065
Social Security		38,882
State Retirement		56,046
Life Insurance		699
Medical Insurance		71,181
Disability Insurance		4,134
Unemployment Compensation		1,507
Communication		8,007
Data Processing Services		5,931
Dues and Memberships		482
Maintenance Agreements		5,571

(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.)

Postal Charges	\$	8,845	
Travel		896	
Other Contracted Services		7,552	
Office Supplies		18,541	
Premiums on Corporate Surety Bonds		116	
Office Equipment		8,800	
Total Circuit Court			\$ 772,614

General Sessions Court

Judge(s)	\$	129,960	
Deputy(ies)		67,795	
Longevity Pay		480	
Social Security		13,111	
State Retirement		23,502	
Life Insurance		140	
Medical Insurance		15,404	
Disability Insurance		1,594	
Unemployment Compensation		168	
Communication		4,567	
Maintenance and Repair Services - Equipment		1,750	
Postal Charges		195	
Travel		1,671	
Office Supplies		1,093	
Utilities		6,250	
Other Supplies and Materials		55	
In Service/Staff Development		215	
Office Equipment		70	
Total General Sessions Court			268,020

Drug Court

Supervisor/Director	\$	37,492	
Social Security		2,785	
State Retirement		4,480	
Life Insurance		47	
Medical Insurance		5,135	
Disability Insurance		339	
Unemployment Compensation		14	
Communication		2,090	
Total Drug Court			52,382

(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

County Official/Administrative Officer	\$	60,972	
Deputy(ies)		49,110	
Part-time Personnel		2,495	
Longevity Pay		1,740	
Social Security		8,300	
State Retirement		11,929	
Life Insurance		125	
Medical Insurance		14,621	
Disability Insurance		879	
Unemployment Compensation		344	
Communication		711	
Data Processing Services		1,955	
Dues and Memberships		482	
Postal Charges		3,024	
Office Supplies		4,275	
Premiums on Corporate Surety Bonds		131	
Total Chancery Court			\$ 161,093

Juvenile Court

Assistant(s)	\$	42,888	
Deputy(ies)		38,053	
Longevity Pay		1,200	
Social Security		5,934	
State Retirement		9,698	
Life Insurance		94	
Medical Insurance		5,135	
Disability Insurance		640	
Unemployment Compensation		168	
Communication		885	
Travel		1,653	
Office Supplies		800	
Utilities		6,250	
In Service/Staff Development		310	
Total Juvenile Court			113,708

Judicial Commissioners

County Official/Administrative Officer	\$	56,661
Social Security		4,110
State Retirement		2,768
Life Insurance		63

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners (Cont.)

Medical Insurance	\$	10,892	
Disability Insurance		80	
Unemployment Compensation		386	
Communication		2,105	
Travel		565	
Office Supplies		1,109	
In Service/Staff Development		571	
Total Judicial Commissioners			\$ 79,310

Probation Services

County Official/Administrative Officer	\$	41,823	
Part-time Personnel		18,922	
Longevity Pay		480	
Social Security		4,579	
State Retirement		4,940	
Life Insurance		47	
Medical Insurance		5,135	
Disability Insurance		378	
Unemployment Compensation		168	
Communication		676	
Postal Charges		123	
Office Supplies		774	
Utilities		2,086	
Total Probation Services			80,131

Courtroom Security

Other Equipment	\$	46,410	
Total Courtroom Security			46,410

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,070	
Assistant(s)		53,059	
Supervisor/Director		25,090	
Deputy(ies)		468,470	
Investigator(s)		181,678	
Captain(s)		86,297	
Sergeant(s)		132,912	
Accountants/Bookkeepers		53,271	
Salary Supplements		25,525	

(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.)

Guards	\$	145,225	
Part-time Personnel		13,233	
School Resource Officer		83,295	
Longevity Pay		10,200	
Overtime Pay		17,351	
Social Security		103,349	
State Retirement		128,959	
Life Insurance		1,537	
Medical Insurance		153,681	
Disability Insurance		9,008	
Unemployment Compensation		4,325	
Communication		45,171	
Contracts with Private Agencies		7,534	
Dues and Memberships		2,390	
Maintenance Agreements		3,612	
Maintenance and Repair Services - Equipment		7,229	
Maintenance and Repair Services - Vehicles		92,312	
Medical and Dental Services		590	
Postal Charges		1,437	
Travel		8,310	
Gasoline		151,895	
Law Enforcement Supplies		9,229	
Office Supplies		10,328	
Tires and Tubes		10,686	
Uniforms		20,211	
Other Supplies and Materials		3,841	
Building and Contents Insurance		24,379	
Liability Insurance		41,732	
Premiums on Corporate Surety Bonds		295	
Vehicle and Equipment Insurance		28,129	
In Service/Staff Development		6,176	
Other Charges		14,975	
Data Processing Equipment		5,218	
Law Enforcement Equipment		13,523	
Motor Vehicles		64,545	
Total Sheriff's Department			\$ 2,337,282

Administration of the Sexual Offender Registry

Guards	\$	6,529
Social Security		499

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Administration of the Sexual Offender Registry (Cont.)

Unemployment Compensation	\$	77	
Office Supplies		195	
Total Administration of the Sexual Offender Registry			\$ 7,300

Jail

Assistant(s)	\$	44,944
Deputy(ies)		32,722
Medical Personnel		60,000
Guards		425,826
Clerical Personnel		25,199
Cafeteria Personnel		41,671
Part-time Personnel		29,930
Longevity Pay		4,260
Overtime Pay		7,942
Social Security		50,205
State Retirement		61,298
Life Insurance		1,108
Medical Insurance		109,538
Disability Insurance		4,481
Unemployment Compensation		2,872
Maintenance Agreements		14,751
Maintenance and Repair Services - Buildings		7,841
Maintenance and Repair Services - Equipment		16,167
Medical and Dental Services		18,820
Pest Control		660
Transportation - Other than Students		5,436
Travel		1,741
Custodial Supplies		35,153
Food Supplies		136,089
Law Enforcement Supplies		2,330
Prisoners Clothing		8,723
Uniforms		3,338
Utilities		84,926
Other Supplies and Materials		1,846
Medical Claims		120,765
In Service/Staff Development		1,903
Other Charges		3,631
Principal on Capital Leases		3,345
Other Debt Service		146
Data Processing Equipment		1,580

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Other Equipment	\$ 71,660	
Total Jail		\$ 1,442,847

Correctional Incentive Program Improvements

Other Salaries and Wages	\$ 10,000	
Social Security	765	
Unemployment Compensation	84	
Communication	1,200	
Postal Charges	594	
Travel	2,618	
Other Contracted Services	73,363	
Office Supplies	5,800	
In Service/Staff Development	512	
Data Processing Equipment	1,043	
Total Correctional Incentive Program Improvements		95,979

Juvenile Services

Contracts with Private Agencies	\$ 2,625	
Other Contracted Services	6,605	
Total Juvenile Services		9,230

Civil Defense

County Official/Administrative Officer	\$ 40,832
Secretary(ies)	24,701
Longevity Pay	540
Social Security	5,008
State Retirement	7,711
Life Insurance	94
Medical Insurance	5,135
Disability Insurance	586
Unemployment Compensation	168
Communication	7,419
Dues and Memberships	105
Maintenance Agreements	2,981
Maintenance and Repair Services - Buildings	1,730
Maintenance and Repair Services - Equipment	6,205
Maintenance and Repair Services - Vehicles	135
Postal Charges	92
Travel	536
Diesel Fuel	1,816

(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.)

Food Supplies	\$	193	
Gasoline		2,808	
Office Supplies		2,279	
Tires and Tubes		633	
Utilities		6,250	
Other Supplies and Materials		1,912	
Building and Contents Insurance		2,177	
Liability Insurance		3,824	
Vehicle and Equipment Insurance		466	
In Service/Staff Development		335	
Other Charges		844	
Total Civil Defense			\$ 127,515

Rescue Squad

Contributions	\$	29,600	
Total Rescue Squad			29,600

Other Emergency Management

County Official/Administrative Officer	\$	39,588	
Dispatchers/Radio Operators		346,194	
Part-time Personnel		20,111	
Longevity Pay		4,140	
Overtime Pay		36,609	
Social Security		32,654	
State Retirement		46,524	
Life Insurance		601	
Medical Insurance		56,510	
Disability Insurance		3,174	
Unemployment Compensation		1,443	
Other Fringe Benefits		318	
Communication		23,205	
Contracts with Private Agencies		42,337	
Maintenance and Repair Services - Equipment		690	
Maintenance and Repair Services - Vehicles		100	
Medical and Dental Services		60	
Postal Charges		12	
Travel		3,875	
Gasoline		2,073	
Office Supplies		4,545	
Utilities		2,267	

(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.)

Other Supplies and Materials	\$	1,353	
Building and Contents Insurance		2,875	
Liability Insurance		3,837	
Vehicle and Equipment Insurance		462	
In Service/Staff Development		5,447	
Communication Equipment		1,758	
Data Processing Equipment		2,007	
Other Equipment		830	
Total Other Emergency Management			\$ 685,599

County Coroner/Medical Examiner

County Official/Administrative Officer	\$	6,000	
Medical Claims		25,975	
Total County Coroner/Medical Examiner			31,975

Public Safety Grant Programs

Overtime Pay	\$	10,003	
Maintenance and Repair Services - Equipment		100	
Other Contracted Services		6,444	
Instructional Supplies and Materials		28,341	
Other Supplies and Materials		7,782	
In Service/Staff Development		695	
Communication Equipment		28,940	
Other Equipment		24,741	
Total Public Safety Grant Programs			107,046

Public Health and Welfare

Local Health Center

Communication	\$	1,320	
Dues and Memberships		100	
Janitorial Services		8,340	
Maintenance and Repair Services - Buildings		543	
Postal Charges		1,500	
Other Contracted Services		788	
Custodial Supplies		1,566	
Office Supplies		1,102	
Utilities		12,580	
Building and Contents Insurance		3,094	
Liability Insurance		494	
Other Charges		154	
Total Local Health Center			31,581

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Assistant(s)	\$	40,476	
Supervisor/Director		35,106	
Longevity Pay		1,200	
Overtime Pay		5,264	
Social Security		6,234	
State Retirement		3,256	
Life Insurance		113	
Medical Insurance		13,663	
Disability Insurance		225	
Unemployment Compensation		473	
Communication		2,751	
Licenses		628	
Maintenance and Repair Services - Buildings		111	
Maintenance and Repair Services - Vehicles		885	
Medical and Dental Services		27	
Postal Charges		284	
Travel		142	
Other Contracted Services		28,746	
Animal Food and Supplies		1,119	
Drugs and Medical Supplies		3,181	
Gasoline		8,716	
Office Supplies		1,939	
Uniforms		1,862	
Utilities		1,794	
Other Supplies and Materials		4,671	
Building and Contents Insurance		126	
Liability Insurance		803	
Refunds		25	
Vehicle and Equipment Insurance		466	
In Service/Staff Development		150	
Building Improvements		25,425	
Motor Vehicles		14,195	
Other Equipment		5,247	
Total Rabies and Animal Control			\$ 209,303

Crippled Children Services

Contracts with Government Agencies	\$	2,012	
Total Crippled Children Services			2,012

(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)	\$	20,796	
Longevity Pay		480	
Other Salaries and Wages		57,775	
Social Security		5,960	
State Retirement		5,816	
Life Insurance		131	
Medical Insurance		10,269	
Disability Insurance		411	
Unemployment Compensation		397	
Maintenance and Repair Services - Equipment		455	
Travel		8,306	
Other Contracted Services		5,781	
Other Supplies and Materials		50	
In Service/Staff Development		280	
Total Other Local Health Services			\$ 116,907

Regional Mental Health Center

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

Appropriation to State

Contracts with Government Agencies	\$	20,972	
Total Appropriation to State			20,972

General Welfare Assistance

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

Waste Pickup

Laborers	\$	43,121	
Longevity Pay		540	
Social Security		3,291	
State Retirement		5,105	
Life Insurance		62	
Medical Insurance		3,873	
Disability Insurance		285	
Unemployment Compensation		158	
Contracts with Other Public Agencies		7,180	
Travel		660	
Other Supplies and Materials		507	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

In Service/Staff Development	\$ 70	
Total Waste Pickup		\$ 64,852

Other Public Health and Welfare

Advertising	\$ 2,000	
Other Supplies and Materials	9,251	
Other Charges	1,678	
Total Other Public Health and Welfare		12,929

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 24,500	
Custodial Supplies	1,472	
Utilities	16,972	
Building and Contents Insurance	4,708	
Motor Vehicles	3,050	
Total Senior Citizens Assistance		50,702

Libraries

County Official/Administrative Officer	\$ 35,208	
Assistant(s)	27,042	
Librarians	20,697	
Longevity Pay	1,740	
Social Security	6,343	
State Retirement	9,571	
Life Insurance	140	
Medical Insurance	15,373	
Disability Insurance	727	
Unemployment Compensation	294	
Communication	54	
Contributions	42,168	
Building and Contents Insurance	2,708	
Total Libraries		162,065

Parks and Fair Boards

Supervisor/Director	\$ 6,967	
Other Salaries and Wages	9,644	
Social Security	1,271	
Unemployment Compensation	191	
Communication	764	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Contributions	\$	19,152	
Maintenance and Repair Services - Buildings		8,248	
Travel		128	
Utilities		2,883	
Other Supplies and Materials		4,322	
Other Charges		2,163	
Total Parks and Fair Boards			\$ 55,733

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	53,990	
Other Fringe Benefits		8,136	
Communication		2,863	
Other Supplies and Materials		446	
Other Charges		2,531	
Data Processing Equipment		350	
Total Agriculture Extension Service			68,316

Soil Conservation

Secretary to Board	\$	23,839	
Longevity Pay		1,500	
Other Salaries and Wages		15,346	
Social Security		3,028	
State Retirement		3,385	
Life Insurance		70	
Medical Insurance		7,812	
Disability Insurance		256	
Unemployment Compensation		167	
Contributions		3,255	
Total Soil Conservation			58,658

Other Operations

Industrial Development

Assistant(s)	\$	31,152	
Longevity Pay		1,200	
Social Security		2,429	
State Retirement		3,778	
Life Insurance		47	
Medical Insurance		5,343	
Disability Insurance		279	

(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.)

Unemployment Compensation	\$	84	
Communication		1,848	
Contributions		105,400	
Dues and Memberships		560	
Maintenance Agreements		308	
Postal Charges		857	
Rentals		5,782	
Office Supplies		899	
Premiums on Corporate Surety Bonds		95	
Other Charges		192	
Data Processing Equipment		126	
Total Industrial Development			\$ 160,379

Other Economic and Community Development

Contracts with Government Agencies	\$	97,209	
Other Charges		489,142	
Other Equipment		4,488	
Total Other Economic and Community Development			590,839

Veterans' Services

County Official/Administrative Officer	\$	14,667	
Social Security		1,122	
Unemployment Compensation		84	
Communication		692	
Dues and Memberships		25	
Postal Charges		82	
Travel		478	
Office Supplies		50	
Total Veterans' Services			17,200

Other Charges

Contracts with Private Agencies	\$	300,000	
Medical and Dental Services		2,996	
Liability Insurance		95,894	
Medical Claims		23,333	
Trustee's Commission		145,784	
Workers' Compensation Insurance		146,651	
Liability Claims		17,324	
Other Charges		2,094	
Total Other Charges			734,076

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Contributions to Other Agencies

Contributions	\$ 72,400	
Total Contributions to Other Agencies		\$ 72,400

Capital Projects

General Administration Projects

Furniture and Fixtures	\$ 8,300	
Total General Administration Projects		8,300

Public Safety Projects

Communication Equipment	\$ 1,000	
Total Public Safety Projects		<u>1,000</u>

Total General Fund		\$ 12,311,133
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Courthouse and Jail Maintenance Fund

Other Operations

Other Charges

Trustee's Commission	\$ 294	
Total Other Charges		<u>\$ 294</u>

Total Courthouse and Jail Maintenance Fund		294
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Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Librarians	\$ 26,709	
Social Security	2,166	
Maintenance and Repair Services - Buildings	9,847	
Other Contracted Services	10,069	
Library Books/Media	24,167	
Utilities	19,932	
Other Supplies and Materials	5,867	
Other Charges	3,232	
Data Processing Equipment	<u>4,882</u>	
Total Libraries		<u>\$ 106,871</u>

Total Public Library Fund		106,871
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(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Advertising	\$	890	
Other Supplies and Materials		912	
Total Sanitation Education/Information			\$ 1,802

Convenience Centers

Laborers	\$	160,371	
Social Security		12,269	
Unemployment Compensation		1,490	
Communication		7,268	
Maintenance and Repair Services - Buildings		4,624	
Maintenance and Repair Services - Equipment		14,785	
Utilities		9,592	
Other Supplies and Materials		4,123	
Building Construction		2,600	
Total Convenience Centers			217,122

Transfer Stations

County Official/Administrative Officer	\$	51,096	
Deputy(ies)		31,362	
Foremen		28,909	
Mechanic(s)		27,241	
Equipment Operators - Light		25,307	
Truck Drivers		46,415	
Laborers		87,570	
Educational Incentive - Official/Admin Officer		1,000	
Educational Incentive - Other County Employees		1,000	
Longevity Pay		6,120	
Overtime Pay		4,702	
Social Security		23,140	
State Retirement		36,393	
Life Insurance		515	
Medical Insurance		56,689	
Disability Insurance		2,676	
Unemployment Compensation		924	
Communication		1,330	
Contracts with Government Agencies		442,214	
Contracts with Private Agencies		35,376	
Maintenance Agreements		980	
Maintenance and Repair Services - Equipment		15,933	
Maintenance and Repair Services - Vehicles		1,211	

(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.)

Travel	\$	1,220	
Diesel Fuel		38,854	
Gasoline		4,700	
Lubricants		1,740	
Office Supplies		3,733	
Tires and Tubes		5,834	
Uniforms		1,779	
Utilities		5,586	
Vehicle Parts		2,728	
Other Supplies and Materials		13,348	
In Service/Staff Development		429	
Solid Waste Equipment		76,315	
Total Transfer Stations			\$ 1,084,369

Postclosure Care Costs

Contracts with Private Agencies	\$	3,789	
Total Postclosure Care Costs			3,789

Other Operations

Other Charges

Medical and Dental Services	\$	780	
Building and Contents Insurance		11,901	
Liability Insurance		13,884	
Medical Claims		995	
Trustee's Commission		19,822	
Vehicle and Equipment Insurance		13,884	
Workers' Compensation Insurance		11,866	
Other Charges		98	
Total Other Charges			73,230

Total Solid Waste/Sanitation Fund \$ 1,380,312

Local Purpose Tax Fund

Public Safety

Fire Prevention and Control

Maintenance and Repair Services - Vehicles	\$	21	
Other Contracted Services		457,600	
Gasoline		92	
Trustee's Commission		8,547	
Total Fire Prevention and Control			\$ 466,260

Total Local Purpose Tax Fund 466,260

(Continued)

Exhibit J-7

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

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	9,708	
Maintenance and Repair Services - Equipment		305	
Maintenance and Repair Services - Vehicles		945	
Travel		1,816	
Animal Food and Supplies		238	
Instructional Supplies and Materials		4,029	
Law Enforcement Supplies		275	
Other Supplies and Materials		1,307	
In Service/Staff Development		739	
Other Charges		1,961	
Law Enforcement Equipment		6,502	
Motor Vehicles		32,280	
Total Drug Enforcement			\$ 60,105

Other Operations

Other Charges

Trustee's Commission	\$	318	
Total Other Charges			318

Total Drug Control Fund \$ 60,423

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	4,143	
Total County Trustee's Office			\$ 4,143

Total Constitutional Officers - Fees Fund 4,143

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	67,070	
Assistant(s)		103,040	
Longevity Pay		2,340	
Overtime Pay		172	
Other Salaries and Wages		1,758	
Board and Committee Members Fees		18,240	
Social Security		11,875	
State Retirement		20,803	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Life Insurance	\$	192	
Medical Insurance		23,171	
Dental Insurance		810	
Disability Insurance		1,517	
Employer Medicare		2,777	
Other Fringe Benefits		1,374	
Dues and Memberships		4,553	
Legal Services		1,200	
Legal Notices, Recording, and Court Costs		280	
Maintenance and Repair Services - Office Equipment		1,943	
Postal Charges		150	
Travel		1,209	
Other Contracted Services		1,560	
Office Supplies		916	
In Service/Staff Development		2,054	
Other Charges		1,266	
Total Administration			\$ 270,270

Highway and Bridge Maintenance

Foremen	\$	40,797
Mechanic(s)		12,018
Equipment Operators - Heavy		84,998
Equipment Operators - Light		182,704
Truck Drivers		75,284
Longevity Pay		10,080
Overtime Pay		3,262
Social Security		25,384
State Retirement		46,746
Life Insurance		831
Medical Insurance		88,058
Dental Insurance		3,133
Disability Insurance		3,949
Employer Medicare		5,929
Other Fringe Benefits		3,805
Other Contracted Services		4,637
Asphalt - Cold Mix		13,535
Asphalt - Hot Mix		164
Concrete		628
Crushed Stone		7,869
General Construction Materials		1,305

(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 (Cont.)

Other Road Supplies	\$	11,963	
Road Signs		16,764	
Salt		6,612	
Small Tools		903	
Other Supplies and Materials		3,531	
Total Highway and Bridge Maintenance			\$ 654,889

Operation and Maintenance of Equipment

Foremen	\$	29,929	
Longevity Pay		780	
Overtime Pay		39	
Other Salaries and Wages		21,799	
Social Security		3,259	
State Retirement		6,280	
Life Insurance		94	
Medical Insurance		11,410	
Dental Insurance		407	
Disability Insurance		464	
Employer Medicare		762	
Other Fringe Benefits		427	
Maintenance and Repair Services - Buildings		602	
Maintenance and Repair Services - Equipment		9,093	
Diesel Fuel		98,171	
Equipment and Machinery Parts		57,781	
Garage Supplies		25,867	
Gasoline		26,754	
Lubricants		6,035	
Small Tools		1,841	
Tires and Tubes		16,578	
Total Operation and Maintenance of Equipment			318,372

Quarry Operations

Foremen	\$	30,060
Equipment Operators - Light		36,023
Longevity Pay		720
Overtime Pay		20
Other Salaries and Wages		16,861
Social Security		5,135
State Retirement		10,002
Life Insurance		47

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Quarry Operations (Cont.)

Medical Insurance	\$	17,926	
Dental Insurance		638	
Disability Insurance		262	
Employer Medicare		1,201	
Other Fringe Benefits		244	
Communication		1,582	
Explosive and Drilling Services		16,660	
Operating Lease Payments		14,400	
Maintenance and Repair Services - Buildings		1,728	
Maintenance and Repair Services - Equipment		12,381	
Printing, Stationery, and Forms		1,249	
Diesel Fuel		32,741	
Electricity		38,406	
Equipment and Machinery Parts		30,626	
Garage Supplies		9,609	
Lubricants		3,838	
Tires and Tubes		93	
Water and Sewer		736	
Total Quarry Operations			\$ 283,188

Other Charges

Communication	\$	6,885	
Medical and Dental Services		886	
Disposal Fees		2,596	
Permits		2,158	
Uniforms		8,688	
Utilities		13,056	
Building and Contents Insurance		721	
Liability Insurance		28,851	
Medical Claims		5,071	
Premiums on Corporate Surety Bonds		750	
Trustee's Commission		25,866	
Vehicle and Equipment Insurance		42,555	
Workers' Compensation Insurance		10,690	
Other Charges		1,215	
Total Other Charges			149,988

Capital Outlay

Bridge Construction	\$	72,836
Communication Equipment		7,000

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay (Cont.)

Highway Construction	\$	287,274	
Highway Equipment		19,696	
Office Equipment		2,020	
State Aid Projects		694,125	
Other Construction		22,610	
Other Capital Outlay		10,000	
Total Capital Outlay			\$ 1,115,561

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$	30,075	
Total Highways and Streets			30,075

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$	1,470	
Total Highways and Streets			1,470

Total Highway/Public Works Fund \$ 2,823,813

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	1,145,000	
Total General Government			\$ 1,145,000

Interest on Debt

General Government

Interest on Bonds	\$	428,401	
Total General Government			428,401

Other Debt Service

General Government

Trustee's Commission	\$	14,816	
Other Debt Issuance Charges		45,113	
Other Debt Service		750	
Total General Government			60,679

Total General Debt Service Fund 1,634,080

(Continued)

Exhibit J-7

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

<u>Education Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>Education</u>		
Principal on Bonds	\$ 1,385,000	
Total Education		\$ 1,385,000
 <u>Interest on Debt</u>		
<u>Education</u>		
Interest on Bonds	\$ 1,192,960	
Total Education		1,192,960
 <u>Other Debt Service</u>		
<u>Education</u>		
Trustee's Commission	\$ 27,290	
Other Debt Service	484	
Total Education		<u>27,774</u>
Total Education Debt Service Fund		\$ 2,605,734
 <u>Highway Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Highway and Street Capital Projects</u>		
Highway Construction	\$ 368,217	
Total Highway and Street Capital Projects		<u>\$ 368,217</u>
Total Highway Capital Projects Fund		368,217
 <u>Other Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Administration of Justice Projects</u>		
Other Contracted Services	\$ 282,900	
Total Administration of Justice Projects		<u>\$ 282,900</u>
Total Other Capital Projects Fund		<u>282,900</u>
Total Governmental Funds - Primary Government		<u>\$ 22,044,180</u>

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, 2008

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 12,209,199	
Career Ladder Program	194,109	
Career Ladder Extended Contracts	126,541	
Homebound Teachers	17,710	
Educational Assistants	481,167	
Other Salaries and Wages	5,856	
Certified Substitute Teachers	80,044	
Non-certified Substitute Teachers	139,860	
Social Security	785,963	
State Retirement	840,896	
Medical Insurance	1,728,984	
Disability Insurance	4,719	
Unemployment Compensation	17,117	
Employer Medicare	184,476	
Tuition	248,482	
Other Contracted Services	81,572	
Instructional Supplies and Materials	517,272	
Textbooks	378,678	
Other Supplies and Materials	5,406	
Other Charges	10,088	
Regular Instruction Equipment	308,306	
Total Regular Instruction Program		\$ 18,366,445

Alternative Instruction Program

Teachers	\$ 283,576	
Career Ladder Program	4,000	
Non-certified Substitute Teachers	755	
Social Security	17,559	
State Retirement	17,945	
Medical Insurance	24,886	
Employer Medicare	4,106	
Total Alternative Instruction Program		352,827

Special Education Program

Teachers	\$ 1,892,103
Career Ladder Program	19,999
Homebound Teachers	25,660
Educational Assistants	143,091
Other Salaries and Wages	17,870

(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.)

Certified Substitute Teachers	\$	165	
Non-certified Substitute Teachers		8,768	
Social Security		126,561	
State Retirement		138,480	
Medical Insurance		257,781	
Disability Insurance		1,219	
Unemployment Compensation		599	
Employer Medicare		29,608	
Contracts with Private Agencies		240,354	
Maintenance and Repair Services - Equipment		17,831	
Other Contracted Services		3,522	
Instructional Supplies and Materials		87,161	
Other Supplies and Materials		3,888	
Special Education Equipment		35,005	
Total Special Education Program			\$ 3,049,665

Vocational Education Program

Teachers	\$	1,144,127	
Career Ladder Program		14,000	
Certified Substitute Teachers		27,329	
Non-certified Substitute Teachers		21,095	
Social Security		71,155	
State Retirement		72,268	
Medical Insurance		169,202	
Employer Medicare		16,668	
Instructional Supplies and Materials		33,747	
Textbooks		3,465	
Other Supplies and Materials		2,439	
Vocational Instruction Equipment		19,035	
Total Vocational Education Program			1,594,530

Student Body Education Program

Other Salaries and Wages	\$	60,462
Social Security		3,619
State Retirement		3,347
Medical Insurance		7,392
Employer Medicare		854
Travel		1,454
Other Contracted Services		70,545

(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.)

Student Body Education Program (Cont.)

Other Supplies and Materials	\$	39,285	
Other Charges		11,457	
Total Student Body Education Program			\$ 198,415

Adult Education Program

Teachers	\$	52,272	
Clerical Personnel		3,847	
Social Security		3,459	
State Retirement		3,416	
Medical Insurance		5,422	
Employer Medicare		809	
Instructional Supplies and Materials		9,456	
Other Supplies and Materials		12	
Other Charges		190	
Total Adult Education Program			78,883

Support Services

Attendance

Supervisor/Director	\$	61,954	
Career Ladder Program		583	
Clerical Personnel		81,476	
Other Salaries and Wages		37,125	
Social Security		9,724	
State Retirement		16,873	
Medical Insurance		32,012	
Disability Insurance		892	
Employer Medicare		2,553	
Travel		904	
Other Supplies and Materials		1,022	
In Service/Staff Development		1,734	
Attendance Equipment		2,300	
Total Attendance			249,152

Health Services

Medical Personnel	\$	109,690	
Social Security		6,558	
State Retirement		13,108	
Medical Insurance		8,945	
Disability Insurance		819	

(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.)

Health Services (Cont.)

Employer Medicare	\$	1,534	
Travel		475	
In Service/Staff Development		734	
Total Health Services			\$ 141,863

Other Student Support

Career Ladder Program	\$	8,000	
Guidance Personnel		638,199	
Assessment Personnel		9,843	
Secretary(ies)		34,626	
School Resource Officer		53,300	
Other Salaries and Wages		64,467	
Non-certified Substitute Teachers		1,015	
Social Security		45,544	
State Retirement		49,223	
Medical Insurance		50,329	
Disability Insurance		266	
Employer Medicare		10,651	
Evaluation and Testing		26,454	
Travel		1,469	
In Service/Staff Development		1,465	
Total Other Student Support			994,851

Regular Instruction Program

Supervisor/Director	\$	101,355	
Career Ladder Program		11,000	
Librarians		560,446	
Clerical Personnel		27,958	
Educational Assistants		56,776	
Certified Substitute Teachers		110	
In-Service Training		6,497	
Non-certified Substitute Teachers		1,280	
Social Security		46,126	
State Retirement		52,514	
Medical Insurance		81,607	
Disability Insurance		723	
Employer Medicare		10,793	
Travel		11,230	
Other Contracted Services		1,687	

(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.)

Regular Instruction Program (Cont.)

Other Supplies and Materials	\$	25,875	
In Service/Staff Development		66,919	
Other Equipment		19,326	
Total Regular Instruction Program			\$ 1,082,222

Special Education Program

Supervisor/Director	\$	71,855	
Career Ladder Program		1,000	
Clerical Personnel		78,387	
Social Security		9,276	
State Retirement		13,914	
Medical Insurance		14,364	
Disability Insurance		690	
Employer Medicare		2,169	
Consultants		15,000	
Travel		14,750	
Other Supplies and Materials		35,110	
In Service/Staff Development		26,743	
Other Charges		2,257	
Total Special Education Program			285,515

Vocational Education Program

Supervisor/Director	\$	41,276	
Secretary(ies)		34,139	
Social Security		2,756	
State Retirement		4,080	
Medical Insurance		5,396	
Disability Insurance		305	
Employer Medicare		1,094	
Maintenance and Repair Services - Equipment		643	
Travel		5,449	
Other Contracted Services		895	
In Service/Staff Development		1,707	
Total Vocational Education Program			97,740

Adult Programs

Supervisor/Director	\$	57,837	
Social Security		3,569	
State Retirement		3,609	

(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.)

Adult Programs (Cont.)

Medical Insurance	\$	4,524	
Employer Medicare		835	
Travel		1,154	
In Service/Staff Development		941	
Other Charges		126	
Total Adult Programs			\$ 72,595

Other Programs

On-Behalf Payments to OPEB	\$	107,119	
Total Other Programs			107,119

Board of Education

Board and Committee Members Fees	\$	31,200	
Social Security		1,934	
Employer Medicare		452	
Other Fringe Benefits		20,655	
Audit Services		16,200	
Dues and Memberships		24,136	
Legal Services		33,303	
Other Contracted Services		8,960	
Other Supplies and Materials		3,488	
Liability Insurance		132,319	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		283,375	
Workers' Compensation Insurance		237,249	
In Service/Staff Development		4,650	
Criminal Investigation of Applicants - TBI		8,736	
Other Charges		4,903	
Total Board of Education			811,910

Director of Schools

County Official/Administrative Officer	\$	107,626	
Assistant(s)		148,025	
Career Ladder Program		1,000	
Secretary(ies)		41,384	
Clerical Personnel		27,958	
Other Salaries and Wages		17,171	
Social Security		20,340	
State Retirement		24,301	

(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.)

Director of Schools (Cont.)

Medical Insurance	\$	23,921	
Disability Insurance		1,598	
Employer Medicare		4,910	
Communication		63,780	
Dues and Memberships		360	
Maintenance and Repair Services - Equipment		448	
Postal Charges		4,667	
Travel		1,164	
Other Contracted Services		2,155	
Office Supplies		16,431	
Other Supplies and Materials		958	
In Service/Staff Development		3,776	
Other Charges		4,786	
Administration Equipment		8,608	
Total Director of Schools			\$ 525,367

Office of the Principal

Principals	\$	680,382	
Career Ladder Program		28,000	
Assistant Principals		596,371	
Secretary(ies)		425,477	
Other Salaries and Wages		68,841	
Certified Substitute Teachers		138	
Non-certified Substitute Teachers		2,302	
Social Security		109,521	
State Retirement		140,487	
Medical Insurance		209,696	
Disability Insurance		4,366	
Employer Medicare		25,615	
Total Office of the Principal			2,291,196

Human Services/Personnel

Clerical Personnel	\$	60,009	
Social Security		3,721	
State Retirement		7,171	
Medical Insurance		4,946	
Disability Insurance		543	
Employer Medicare		870	
Other Contracted Services		1,126	

(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.)

Human Services/Personnel (Cont.)

Office Supplies	\$	77	
Other Supplies and Materials		610	
In Service/Staff Development		1,571	
Administration Equipment		3,742	
Total Human Services/Personnel			\$ 84,386

Operation of Plant

Supervisor/Director	\$	43,032	
Guards		30,093	
Custodial Personnel		890,521	
Overtime Pay		862	
Other Salaries and Wages		41,004	
Non-certified Substitute Teachers		8,585	
Social Security		58,286	
State Retirement		106,712	
Medical Insurance		159,792	
Disability Insurance		7,918	
Unemployment Compensation		6,278	
Employer Medicare		14,170	
Disposal Fees		29,314	
Other Contracted Services		204	
Custodial Supplies		123,089	
Electricity		1,378,057	
Natural Gas		179,641	
Water and Sewer		96,021	
Other Supplies and Materials		597	
Boiler Insurance		9,497	
Building and Contents Insurance		171,804	
Other Charges		40	
Plant Operation Equipment		11,543	
Total Operation of Plant			3,367,060

Maintenance of Plant

Supervisor/Director	\$	58,987
Secretary(ies)		23,657
Maintenance Personnel		548,382
Overtime Pay		12,802
Other Salaries and Wages		6,284
Social Security		38,946

(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.)

Maintenance of Plant (Cont.)

State Retirement	\$	76,938	
Medical Insurance		92,471	
Disability Insurance		5,756	
Employer Medicare		9,108	
Communication		4,697	
Laundry Service		17,312	
Maintenance and Repair Services - Buildings		462,882	
Maintenance and Repair Services - Equipment		13,698	
Maintenance and Repair Services - Vehicles		12,015	
Other Contracted Services		70,926	
Gasoline		30,012	
Other Supplies and Materials		1,295	
In Service/Staff Development		217	
Other Charges		37	
Total Maintenance of Plant			\$ 1,486,422

Transportation

Supervisor/Director	\$	45,032	
Bus Drivers		180,024	
Non-certified Substitute Teachers		3,557	
Social Security		13,727	
State Retirement		26,095	
Medical Insurance		32,855	
Disability Insurance		1,896	
Employer Medicare		3,271	
Communication		18,199	
Contracts with Vehicle Owners		1,342,409	
Maintenance and Repair Services - Vehicles		91,376	
Travel		25	
Other Contracted Services		4,298	
Gasoline		59,426	
Other Supplies and Materials		223	
Vehicle and Equipment Insurance		21,600	
In Service/Staff Development		2,047	
Other Charges		34	
Transportation Equipment		20,625	
Total Transportation			1,866,719

(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.)

Central and Other

Supervisor/Director	\$	80,346	
Clerical Personnel		34,139	
Other Salaries and Wages		168,827	
Social Security		16,454	
State Retirement		33,856	
Medical Insurance		30,099	
Disability Insurance		2,600	
Employer Medicare		3,848	
Other Fringe Benefits		4,083	
Data Processing Services		11,561	
Travel		4,562	
Other Supplies and Materials		14,475	
In Service/Staff Development		10,723	
Other Charges		3,243	
Total Central and Other			\$ 418,816

Operation of Non-Instructional Services

Food Service

Career Ladder Program	\$	1,496	
Transportation - Other than Students		21	
Office Supplies		750	
Other Supplies and Materials		36	
In Service/Staff Development		1,322	
Total Food Service			3,625

Community Services

Supervisor/Director	\$	114,868
Teachers		53,339
Other Salaries and Wages		206,247
Social Security		23,069
State Retirement		23,476
Medical Insurance		16,314
Disability Insurance		654
Employer Medicare		5,395
Communication		1,180
Travel		5,527
Other Contracted Services		1,512
Other Supplies and Materials		47,372
In Service/Staff Development		4,319

(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.)

Community Services (Cont.)

Other Charges	\$ 32,187	
Total Community Services		\$ 535,459

Early Childhood Education

Supervisor/Director	\$ 32,649	
Teachers	481,266	
Educational Assistants	307,540	
Other Salaries and Wages	26,180	
Non-certified Substitute Teachers	2,420	
Social Security	50,843	
State Retirement	70,453	
Medical Insurance	127,872	
Disability Insurance	2,428	
Employer Medicare	11,891	
Travel	955	
Other Contracted Services	880	
Other Supplies and Materials	124,327	
In Service/Staff Development	7,002	
Other Charges	16,845	
Other Equipment	10,472	
Total Early Childhood Education		1,274,023

Capital Outlay

Regular Capital Outlay

Architects	\$ 13,945	
Building Improvements	38,131	
Other Capital Outlay	115,054	
Total Regular Capital Outlay		167,130

Principal on Debt

Education

Principal on Notes	\$ 25,000	
Principal on Capital Leases	76,561	
Total Education		101,561

Interest on Debt

Education

Interest on Notes	\$ 5,132	
Interest on Capital Leases	14,215	
Total Education		19,347

(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.)

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 610,000	
Total Education		\$ 610,000

Total General Purpose School Fund \$ 40,234,843

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 775,613	
Educational Assistants	73,173	
Non-certified Substitute Teachers	768	
Social Security	49,800	
State Retirement	56,946	
Medical Insurance	129,518	
Disability Insurance	646	
Employer Medicare	11,648	
Other Charges	1,350	
Total Regular Instruction Program		\$ 1,099,462

Special Education Program

Teachers	\$ 121,674	
Educational Assistants	498,370	
Certified Substitute Teachers	55	
Non-certified Substitute Teachers	21,530	
Social Security	37,829	
State Retirement	67,148	
Medical Insurance	132,364	
Disability Insurance	4,645	
Employer Medicare	8,886	
Contracts with Private Agencies	7,390	
Total Special Education Program		899,891

Vocational Education Program

Other Supplies and Materials	\$ 46,176	
Other Charges	4,000	
Vocational Instruction Equipment	38,179	
Total Vocational Education Program		88,355

(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

Health Services

Medical Personnel	\$	149,048	
Social Security		9,026	
State Retirement		17,811	
Medical Insurance		14,542	
Disability Insurance		1,279	
Employer Medicare		2,111	
Total Health Services			\$ 193,817

Other Student Support

Other Salaries and Wages	\$	10,676	
Travel		2,000	
Other Supplies and Materials		1,445	
In Service/Staff Development		3,500	
Other Charges		7,038	
Total Other Student Support			24,659

Regular Instruction Program

Supervisor/Director	\$	68,465	
Social Security		3,994	
State Retirement		4,272	
Medical Insurance		8,235	
Employer Medicare		934	
Maintenance and Repair Services - Equipment		1,605	
Travel		2,217	
Library Books/Media		59,461	
In Service/Staff Development		6,113	
Other Charges		501	
Total Regular Instruction Program			155,797

Special Education Program

Psychological Personnel	\$	105,248	
Social Security		6,210	
State Retirement		6,567	
Medical Insurance		8,315	
Employer Medicare		1,452	
Total Special Education Program			127,792

(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.)

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	34,998	
Other Salaries and Wages		11,935	
Social Security		2,872	
State Retirement		5,032	
Medical Insurance		4,473	
Disability Insurance		82	
Employer Medicare		672	
Other Fringe Benefits		244	
Travel		917	
Other Supplies and Materials		17,317	
In Service/Staff Development		184	
Other Charges		1,294	
Total Community Services			\$ 80,020

Total School Federal Projects Fund \$ 2,669,793

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	74,676	
Clerical Personnel		55,606	
Cafeteria Personnel		958,567	
Other Salaries and Wages		52,381	
In-Service Training		500	
Social Security		67,786	
State Retirement		123,531	
Medical Insurance		222,109	
Disability Insurance		8,932	
Unemployment Compensation		774	
Employer Medicare		15,934	
Communication		8,191	
Maintenance and Repair Services - Equipment		24,592	
Transportation - Other than Students		199	
Travel		6,378	
Other Contracted Services		6,796	
Food Preparation Supplies		79,841	
Food Supplies		1,322,853	
Office Supplies		4,920	
Other Supplies and Materials		32,297	
In Service/Staff Development	\$	17,350	
Other Charges		1,257	
Food Service Equipment		125,807	
Total Food Service			\$ 3,211,277

Total Central Cafeteria Fund 3,211,277

Total Governmental Funds - Franklin County School Department \$ 46,115,913

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, 2008

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,936,239
Total Cash Receipts	<u>\$ 2,936,239</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 2,906,877
Trustee's Commission	29,362
Total Cash Disbursements	<u>\$ 2,936,239</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2007	<u>0</u>
 Cash Balance, June 30, 2008	 <u><u>\$ 0</u></u>

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## **SINGLE AUDIT SECTION**

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STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-1402  
PHONE (615) 401-7841

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

February 11, 2009

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, 2008, which collectively comprise Franklin County's basic financial statements and have issued our report thereon dated February 11, 2009. 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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 08.05, 08.06, and 08.08.

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 none of the significant deficiencies described above are material weaknesses.

### Compliance and Other Matters

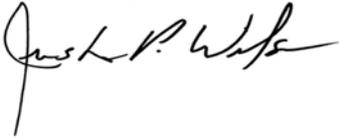
As part of obtaining reasonable assurance about whether Franklin County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items: 08.01, 08.02, 08.03, 08.04, and 08.07.

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

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

This report is intended solely for the information and use of management, the county mayor, 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

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STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-1402  
PHONE (615) 401-7841

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

February 11, 2009

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, 2008. 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, 2008.

#### 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

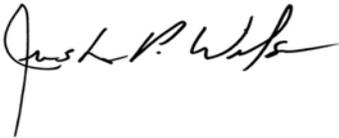
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Franklin County as of and for the year ended June 30, 2008, and have issued our report thereon dated February 11, 2009. 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.

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

This report is intended solely for the information and use of management, the county mayor, 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

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Franklin County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2008

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	\$ 2,531
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	171,018 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	434,816
National School Lunch Program	10.555	N/A	1,077,274 (3)
Total U.S. Department of Agriculture			<u>\$ 1,685,639</u>
U.S. Department of Justice:			
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(4)	92,486
Total U.S. Department of Justice			<u>\$ 92,486</u>
U.S. Department of Labor:			
Passed-through Workforce Solutions:			
WIA Youth Activities	17.259	(2)	\$ 52,880
Total U.S. Department of Labor:			<u>\$ 52,880</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	Z-07-036302-00	\$ 10,207
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	Z-08-023721-00	630
Alcohol Open Container Requirements	20.607	Z-08-024022-00	27,590
Total U.S. Department of Transportation			<u>\$ 38,427</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z-08-020778-00	\$ 78,446
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	932,528
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,284,302
Special Education - Preschool Grants	84.173	N/A	46,565
Vocational Education - Basic Grants to States	84.048	N/A	103,855
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	24,412
Twenty-First Century Community Learning Centers	84.287	(2)	79,978
State Grants for Innovative Programs	84.298	(2)	9,046
Education Technology State Grants	84.318	(2)	17,639
Improving Teacher Quality State Grants	84.367	(2)	287,221
Total U.S. Department of Education			<u>\$ 2,863,992</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	\$ 14,322
Total U.S. Cooperation for National and Community Service			<u>\$ 14,322</u>
Total Expenditures of Federal Awards			<u>\$ 4,747,746</u>

(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	Contract Number	Expenditures
<u>State Grants</u>			
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 14,590
Juvenile Services Program - State Department of Children's Services	N/A	Z-08-022755-00	9,000
Litter Program - State Department of Transportation	N/A	Z-08-020991-00	38,339
Rural Local Health Services - State Department of Health	N/A	Z-08-020342-00	98,750
Audio/Visual Equipment - Administrative Office of the Courts	N/A	(2)	7,999
Courtroom Security Equipment - Administrative Office of the Courts	N/A	(2)	33,771
Archives Grant - Tennessee Secretary of State	N/A	Z-08-201508-00	4,500
Help America Vote Act of 2002 Statewide Voter Database Compliance - Tennessee Secretary of State	N/A	Z-08-201066-00	1,773
Home Program - State Housing Development Agency	N/A	DG-08-20729-00	489,142
Tobacco Cessation - State Department of Health	N/A	GG-08-23327-00	15,789
Community Enhancement Grant - Tennessee Secretary of State	N/A	(2)	30,000
Family Resource - State Department of Education	N/A	(2)	33,300
Early Childhood Education - State Department of Education	N/A	(2)	1,063,389
Safe Schools Act - State Department of Education	N/A	(2)	33,300
Adult Education - State Department of Labor and Workforce Development	N/A	Z-08-201206-00	14,355
Coordinated School Health Program - State Department of Health	N/A	(2)	130,000
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	29,737
Total State Grants			\$ 2,047,734

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$1,248,292.
- (4) Z-06-027525-00: \$66,254; Z-06-027519-00: \$26,232

Franklin County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2008

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, 2007, which have not been corrected.

**OFFICE OF FINANCE DEPARTMENT**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.01	210	A revenue anticipation note was not retired in compliance with state statutes
07.02	210	The public library fund was not budgeted

**OFFICE OF DIRECTOR OF SCHOOLS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.03	211	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>
07.07(B)	213	Official receipts were not issued for some collections
07.08	214	Funds were not deposited within three days of collection

**OTHER FINDING**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.09	214	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

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**FRANKLIN COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2008**

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**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 significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that is 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. The written responses of the finance director are paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

### **OFFICE OF FINANCE DEPARTMENT**

**FINDING 08.01**      **A REVENUE ANTICIPATION NOTE WAS NOT 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. Section 9-21-801, Tennessee Code Annotated, authorizes 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. These notes were not retired by June 30, 2008, because of cash flow problems. Therefore, these notes have been reflected in the financial statements of this report as Due from Other Funds in the General Purpose School Fund and Due to Other Funds in the School Federal Projects Fund. This note was repaid on July 9, 2008. This deficiency can be attributed to the failure of management to correct a similar audit finding noted in the prior report.

### **RECOMMENDATION**

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

### **MANAGEMENT'S RESPONSE – FINANCE DIRECTOR**

In the future, the Finance Office will issue checks retiring the revenue anticipation note in sufficient time for the trustee to have them deposited by the last working day of June.

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**FINDING 08.02**      **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." This deficiency can be attributed to the failure of management to correct this audit finding noted in the prior report and results in unauthorized expenditures.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – FINANCE DIRECTOR

The finance director and a committee of the County Commission are working with the Library Board to resolve this finding when most feasible for all parties involved.

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FINDING 08.03      **BID SPECIFICATIONS FOR VEHICLE PURCHASES APPLIED TO ONLY ONE BRAND**  
(Noncompliance Under Government Auditing Standards)

The office solicited and received two bids (\$22,691 and \$21,424, per unit) for the purchase of two patrol vehicles for the Sheriff’s Department. The office awarded the bid to the highest bidder because the other bidder did not meet bid specifications. However, bid specifications could be met by only one manufacturer. Using bid specifications that apply only to a particular brand of equipment violates the intent of the County Financial Management System of 1981, Section 5-21-119, Tennessee Code Annotated, which requires competitive bids on purchases exceeding \$10,000.

RECOMMENDATION

The office should develop bid specifications that are not brand specific. Bids should be evaluated on the basis of several criteria, including price, quality, availability, warranty, maintenance costs, experience, etc.

MANAGEMENT’S RESPONSE – FINANCE DIRECTOR

The Finance Department’s Policies and Procedures Manual reflects the manner in which all bids are handled for Franklin County: “Bidding Policies – Section I. – VI.” The bid cited in the finding was handled within those guidelines. A competing bidder, within their sealed bid, stated that the specifications were not competitive as written; however, the company submitted a bid anyway, and it was considered. We will watch more closely on all specifications to ensure this does not happen again; however, all bid awards are based on the department’s history, needs, and finances. The sheriff felt strongly the Charger was the best purchase for his department, and the bid was awarded as such, based on cost, history, and quality. There was no official protest to the Finance Department concerning the bid award.

AUDITOR’S REBUTTAL

The fact that the Finance Department’s Policies and Procedures Manual contains language that it is the bidder’s responsibility to inform management when the bid specifications restrict or limit their ability to submit a bid, does not relieve management of their responsibility to properly prepare bid specifications that do not restrict or limit the

competitive process. When a competing bidder questioned the bid specifications as being restrictively written, management should have been alerted to review the matter before proceeding with the bid award.

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## **OFFICE OF DIRECTOR OF SCHOOLS**

**FINDING 08.04      COLLECTIONS FOR THE EXTENDED SCHOOL PROGRAM WERE NOT DEPOSITED WITHIN THREE DAYS OF COLLECTION  
(Noncompliance Under Government Auditing Standards)**

Some collections for the extended school program were not deposited within three days of collection as required by Section 5-8-207, Tennessee Code Annotated. This statute requires county officials to deposit public funds within three days after receipt of the funds. This operating deficiency is the result of management's decision and is a deficiency in internal controls that increases the risk of unauthorized transactions and theft.

### **RECOMMENDATION**

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

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## **OFFICES OF COUNTY CLERK AND REGISTER**

**FINDING 08.05      THE OFFICES DID NOT REVIEW THEIR SOFTWARE AUDIT LOGS  
(Internal Control – Significant Deficiency Under Government Auditing Standards)**

The software applications used by the Offices of County Clerk and Register generated daily logs that displayed changes made by users. Since these logs provided the only audit trail of these changes, they should be reviewed daily for inappropriate activity. Because they were not aware of their importance, management did not review the audit logs on a regular basis. Procedures for reviewing these logs are currently in place.

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## **OFFICE OF CLERK AND MASTER**

**FINDING 08.06      THE DELINQUENT TAX SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS  
(Internal Control – Significant Deficiency Under Government Auditing Standards)**

The software application did not provide a record of changes made to delinquent tax information. Users had the capability to change information leaving no evidence of the original information. Sound business practices dictate that proper application controls be

implemented. The vendor had implemented an audit log to record these changes; however, this feature had not been installed on the version of the software used by the office. This deficiency is a result of management's failure to contact the vendor to implement adequate controls in the software. This lack of application control could allow inappropriate system activity.

#### RECOMMENDATION

Management should contact the vendor to have the delinquent tax audit log installed. This log should be reviewed by management on a routine basis.

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#### **OFFICE OF SHERIFF**

##### **FINDING 08.07      THE OFFICE HAD DEFICIENCIES IN RECEIPTING PROCEDURES (Noncompliance Under Government Auditing Standards)**

Our examination of receipting procedures revealed the following deficiencies. These deficiencies can be attributed to the failure of management to correct the audit findings noted in prior reports.

- A. Receipts were not issued for some collections received from the County Mayor's Office and funds returned by undercover agents. Section 9-2-103, Tennessee Code Annotated (TCA), requires official receipts be issued for collections.
- B. Some receipts were not issued at the time of collection. Instead, receipts were issued for collections when the bank deposits were prepared. The practice of issuing receipts subsequent to the actual collection increases the risks that funds will not be properly accounted. Since receipts were not issued at the point of collection, we were unable to determine if the office had complied with Section 5-8-207, TCA, which requires officials to deposit all receipts within three days of collection.

#### RECOMMENDATION

The office should issue official receipts for all collections at the time of collection and should deposit all funds intact within three days of collection as required by state statute.

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## OTHER FINDING AND RECOMMENDATION

FINDING 08.08      **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. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

### RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

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

There were no findings and questioned costs for federal programs.

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**FRANKLIN COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2008**

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