

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

**FOR THE YEAR ENDED JUNE 30, 2016**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT  
FRANKLIN COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2016**

***COMPTROLLER OF THE TREASURY  
JUSTIN P. WILSON***

***DIVISION OF LOCAL GOVERNMENT AUDIT  
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JENI PALADENI, CISA  
State Auditors***

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

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# ***Summary of Audit Findings***

Annual Financial Report  
Franklin County, Tennessee  
For the Year Ended June 30, 2016

## ***Scope***

We have audited the basic financial statements of Franklin County as of and for the year ended June 30, 2016.

## ***Results***

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

Our audit resulted in five 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 DEPARTMENT**

- ◆ Highway/Public Works Fund appropriations exceeded estimated available funding.

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

- ◆ A cash shortage of \$507 existed in the Extended School Program at Clark Memorial Elementary School as of June 20, 2016.
- ◆ Deficiencies were noted in the maintenance of accounting records for the Extended School Program.
- ◆ The Director of Schools had not formally documented internal controls.

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### **OFFICE OF SHERIFF**

- ◆ Official prenumbered receipts were not issued for some collections.

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# INTRODUCTORY SECTION

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# Franklin County Officials

## June 30, 2016

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### **Officials**

Richard Stewart, County Mayor  
John Woodall, Superintendent of Highways  
Dr. Amie Lonas, Director of Schools  
Randy Kelly, Trustee  
Bruce Spencer, Assessor of Property  
Phillip Custer, County Clerk  
Robert Baggett, Circuit, General Sessions, and Juvenile Courts Clerk  
Brenda Clark, Clerk and Master  
Lydia Johnson, Register of Deeds  
Tim Fuller, Sheriff  
Andrea Smith, Finance Director

### **Board of County Commissioners**

Eddie Clark, Chairman	Johnny Hughes
Dale Amacher	Lisa Mason
Stanley Bean	Iris Rudder
Don Cofer	Dale Schultz
David Eldridge	Gene Snead
Barbara Finney	Helen Stapleton
Angie Fuller	Charles Stines
Douglas Goodman	Dave Van Buskirk

### **Highway Commission**

Chuck Tipps, Chairman	Wade Hill
Bobby Clark	Joe McBee

### **Board of Education**

Kevin Caroland, Chairman	Sara Liechty
Chris Guess	Adam Tucker
Gary Hanger	Clei Jo Walker
Christine Hopkins	Lance Williams

## Franklin County Officials (Cont.)

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### **Financial Management Committee**

Richard Stewart, County Mayor, Chairman  
John Woodall, Superintendent of Highways  
Dr. Amie Lonas, Director of Schools  
David Eldridge

Johnny Hughes  
Iris Rudder  
Dave Van Buskirk

### **Audit Committee**

Glen Seaton, Chairman  
Jackie Axt  
Margaret Lynch

Glen Glasner  
Ron Schlagheck

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**FINANCIAL SECTION**

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on the Financial Statements**

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, 2016, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, 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, 2016, and the respective changes in financial position and the respective budgetary comparison for the General, Solid Waste/Sanitation, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in Note V.B., Franklin County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to these matters.

### ***Other Matters***

#### ***Required Supplementary Information***

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefit plans on pages 90-97 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

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 General Debt Service and Education Debt Service funds, 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 General Debt Service and Education Debt Service funds, combining and individual fund financial statements of the Franklin County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Education Debt Service funds, combining and individual fund financial statements of the Franklin County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2016, on our consideration of Franklin County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Franklin County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

September 27, 2016

JPW/yu

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# **BASIC FINANCIAL STATEMENTS**

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Exhibit A

Franklin County, Tennessee  
Statement of Net Position  
June 30, 2016

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Franklin County School Department</u>
<u>ASSETS</u>		
Cash	\$ 2,355	\$ 1,634
Equity in Pooled Cash and Investments	16,157,598	10,259,644
Accounts Receivable	57,163	33,288
Due from Component Units	355,208	0
Due from Other Governments	1,336,154	1,317,339
Property Taxes Receivable	13,855,739	9,568,990
Allowance for Uncollectible Property Taxes	(534,136)	(366,678)
Prepaid Items	46,724	5,218
Net Pension Asset - Agent Plan	163,644	135,632
Net Pension Asset - Cost-sharing Plan	0	12,532
Capital Assets:		
Assets Not Depreciated:		
Land	28,300,836	5,446,786
Construction in Progress	216,090	179,935
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	12,121,401	32,499,425
Other Capital Assets	11,816,112	3,249,957
Infrastructure	3,249,398	0
Total Assets	<u>\$ 87,144,286</u>	<u>\$ 62,343,702</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 308,104	\$ 0
Pension Changes in Experience	0	172,838
Pension Changes in Investment Earnings	742,308	4,505,032
Pension Contributions After Measurement Date	1,035,421	2,648,663
Total Deferred Outflows of Resources	<u>\$ 2,085,833</u>	<u>\$ 7,326,533</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 94,750	\$ 112,386
Accrued Payroll	98,678	83,288
Payroll Deductions Payable	62,037	0
Due to Primary Government	0	355,208
Due to State of Tennessee	18,524	0
Accrued Interest Payable	158,342	0
Noncurrent Liabilities:		
Due Within One Year	3,829,782	192,794
Due in More Than One Year	19,336,961	5,978,099
Total Liabilities	<u>\$ 23,599,074</u>	<u>\$ 6,721,775</u>

(Continued)

Exhibit A

Franklin County, Tennessee  
Statement of Net Position (Cont.)

	<u>Primary Governmental Activities</u>	<u>Component Units Franklin County School Department</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 12,910,983	\$ 8,937,135
Pension Changes in Experience	548,174	3,810,571
Pension Changes in Investment Earnings	968,986	6,082,344
Pension Other Deferrals	0	159,955
Total Deferred Inflows of Resources	<u>\$ 14,428,143</u>	<u>\$ 18,990,005</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 47,110,541	\$ 41,376,103
Restricted for:		
General Government	44,001	0
Finance	11,252	0
Public Safety	315,106	0
Public Health and Welfare	324,214	0
Social, Cultural, and Recreational Services	245,722	0
Highways/Public Works	1,551,690	0
Debt Service	4,659,321	0
Education	0	3,492,010
Other Purposes	163,644	0
Unrestricted	<u>(3,222,589)</u>	<u>(909,658)</u>
Total Net Position	<u>\$ 51,202,902</u>	<u>\$ 43,958,455</u>

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

Exhibit B

Franklin County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Unit	
					Primary Governmental Activities	Franklin County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 3,724,094	\$ 390,876	\$ 274,513	\$ 88,847	\$ (2,969,858)	\$ 0
Finance	1,886,701	1,047,694	0	11,561	(827,446)	0
Administration of Justice	1,791,703	1,110,828	18,000	0	(662,875)	0
Public Safety	7,493,442	941,232	489,680	49,460	(6,013,070)	0
Public Health and Welfare	2,252,329	192,864	281,751	126,529	(1,651,185)	0
Social, Cultural, and Recreational Services	442,105	19,613	143,849	0	(278,643)	0
Agriculture and Natural Resources	185,140	0	0	0	(185,140)	0
Highways/Public Works	3,123,779	200	2,051,518	0	(1,072,061)	0
Education	0	0	0	14,837	14,837	0
Interest on Long-term Debt	751,847	0	0	0	(751,847)	0
<b>Total Primary Government</b>	<b>\$ 21,651,140</b>	<b>\$ 3,703,307</b>	<b>\$ 3,259,311</b>	<b>\$ 291,234</b>	<b>\$ (14,397,288)</b>	<b>\$ 0</b>
Component Unit:						
Franklin County School Department	\$ 46,862,097	\$ 1,268,942	\$ 6,639,561	\$ 0	\$ 0	\$ (38,953,594)
<b>Total Component Unit</b>	<b>\$ 46,862,097</b>	<b>\$ 1,268,942</b>	<b>\$ 6,639,561</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (38,953,594)</b>

(Continued)

Exhibit B

Franklin County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Government Total Governmental Activities	Franklin County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 11,079,046	\$ 9,666,884	
Property Taxes Levied for Debt Service				2,890,230	0	
Local Option Sales Taxes				770,574	4,343,345	
Hotel/Motel Tax				253,284	0	
Litigation Tax - General				204,543	0	
Litigation Tax - Jail, Workhouse, or Courthouse				163,209	0	
Mixed Drink Tax				78,737	0	
Business Tax				375,041	0	
Mineral Severance Tax				59,772	0	
Wholesale Beer Tax				232,966	0	
Other Local Taxes				2,760	30,874	
Grants and Contributions Not Restricted to Specific Programs				2,589,941	27,648,044	
Unrestricted Investment Earnings				63,317	9,477	
Miscellaneous				117,224	35,466	
Sale of Assets/Equipment				47	65,233	
<b>Total General Revenues</b>				<b>\$ 18,880,691</b>	<b>\$ 41,799,323</b>	
Change in Net Position				\$ 4,483,403	\$ 2,845,729	
Net Position, July 1, 2015				46,719,499	41,112,726	
Net Position, June 30, 2016				<b>\$ 51,202,902</b>	<b>\$ 43,958,455</b>	

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, 2016

	Major Funds				
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Education Debt Service
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	8,381,017	439,704	1,238,523	1,488,697	2,761,362
Accounts Receivable	25,776	329	2	6	3
Due from Other Governments	802,885	0	393,269	0	140,000
Due from Other Funds	6,873	0	7,848	0	0
Property Taxes Receivable	8,198,998	1,560,111	573,719	1,886,252	977,790
Allowance for Uncollectible Property Taxes	(314,181)	(61,970)	(21,985)	(72,280)	(37,468)
Prepaid Items	44,001	736	1,217	500	0
Total Assets	\$ 17,145,369	\$ 1,938,910	\$ 2,192,593	\$ 3,303,175	\$ 3,841,687
<u>LIABILITIES</u>					
Accounts Payable	\$ 64,312	\$ 1,698	\$ 5,751	\$ 0	\$ 0
Accrued Payroll	89,697	7,455	0	0	0
Payroll Deductions Payable	57,240	4,109	0	0	0
Due to Other Funds	0	5,000	0	0	0
Due to State of Tennessee	17,565	735	0	0	0
Total Liabilities	\$ 228,814	\$ 18,997	\$ 5,751	\$ 0	\$ 0
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 7,657,606	\$ 1,436,642	\$ 535,835	\$ 1,761,700	\$ 913,225
Deferred Delinquent Property Taxes	206,514	55,896	14,451	47,510	24,628
Other Deferred/Unavailable Revenue	297,900	0	185,468	0	70,000
Total Deferred Inflows of Resources	\$ 8,162,020	\$ 1,492,538	\$ 735,754	\$ 1,809,210	\$ 1,007,853

(Continued)

Exhibit C-1

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

	Major Funds				
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Education Debt Service
<u>FUND BALANCES</u>					
Nonspendable:					
Prepaid Items	\$ 44,001	\$ 736	\$ 1,217	\$ 500	\$ 0
Restricted:					
Restricted for Finance	11,252	0	0	0	0
Restricted for Public Safety	0	0	0	0	0
Restricted for Public Health and Welfare	0	323,478	0	0	0
Restricted for Social, Cultural, and Recreational Services	0	0	0	0	0
Restricted for Highways/Public Works	0	0	421,827	0	0
Restricted for Debt Service	0	0	0	1,493,465	2,833,834
Committed:					
Committed for Public Health and Welfare	0	43,446	0	0	0
Committed for Social, Cultural, and Recreational Services	0	0	0	0	0
Committed for Other Purposes	5,000,000	0	0	0	0
Assigned:					
Assigned for General Government	432,594	0	0	0	0
Assigned for Finance	7,971	0	0	0	0
Assigned for Administration of Justice	1,107	0	0	0	0
Assigned for Public Safety	49,222	0	0	0	0
Assigned for Public Health and Welfare	19,868	59,715	0	0	0
Assigned for Social, Cultural, and Recreational Services	6,868	0	0	0	0
Assigned for Agriculture and Natural Resources	300	0	0	0	0
Assigned for Other Operations	399,200	0	0	0	0
Assigned for Highways/Public Works	0	0	1,028,044	0	0
Assigned for Capital Projects	140,682	0	0	0	0
Unassigned	2,641,470	0	0	0	0
Total Fund Balances	\$ 8,754,535	\$ 427,375	\$ 1,451,088	\$ 1,493,965	\$ 2,833,834
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 17,145,369	\$ 1,938,910	\$ 2,192,593	\$ 3,303,175	\$ 3,841,687

(Continued)

Exhibit C-1

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

	<u>Nonmajor Funds</u>		<u>Other Govern- mental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash	\$	2,355	\$	2,355
Equity in Pooled Cash and Investments		1,842,040		16,151,343
Accounts Receivable		31,047		57,163
Due from Other Governments		0		1,336,154
Due from Other Funds		0		14,721
Property Taxes Receivable		658,869		13,855,739
Allowance for Uncollectible Property Taxes		(26,252)		(534,136)
Prepaid Items		270		46,724
		<hr/>		<hr/>
Total Assets	\$	2,508,329	\$	30,930,063
<u>LIABILITIES</u>				
Accounts Payable	\$	22,989	\$	94,750
Accrued Payroll		1,526		98,678
Payroll Deductions Payable		688		62,037
Due to Other Funds		3,466		8,466
Due to State of Tennessee		224		18,524
Total Liabilities	\$	28,893	\$	282,455
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$	605,975	\$	12,910,983
Deferred Delinquent Property Taxes		24,215		373,214
Other Deferred/Unavailable Revenue		0		553,368
Total Deferred Inflows of Resources	\$	630,190	\$	13,837,565

(Continued)

Exhibit C-1

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

	<u>Nonmajor Funds</u>		<u>Total Governmental Funds</u>
	Other Govern- mental Funds		Governmental Funds
<u>FUND BALANCES</u>			
Nonspendable:			
Prepaid Items	\$ 270	\$	46,724
Restricted:			
Restricted for Finance	0		11,252
Restricted for Public Safety	315,106		315,106
Restricted for Public Health and Welfare	0		323,478
Restricted for Social, Cultural, and Recreational Services	245,452		245,452
Restricted for Highways/Public Works	1,159,009		1,580,836
Restricted for Debt Service	35,297		4,362,596
Committed:			
Committed for Public Health and Welfare	0		43,446
Committed for Social, Cultural, and Recreational Services	36,717		36,717
Committed for Other Purposes	0		5,000,000
Assigned:			
Assigned for General Government	0		432,594
Assigned for Finance	0		7,971
Assigned for Administration of Justice	0		1,107
Assigned for Public Safety	36,017		85,239
Assigned for Public Health and Welfare	0		79,583
Assigned for Social, Cultural, and Recreational Services	21,378		28,246
Assigned for Agriculture and Natural Resources	0		300
Assigned for Other Operations	0		399,200
Assigned for Highways/Public Works	0		1,028,044
Assigned for Capital Projects	0		140,682
Unassigned	0		2,641,470
Total Fund Balances	<u>\$ 1,849,246</u>	\$	<u>16,810,043</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,508,329</u>	\$	<u>30,930,063</u>

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

Exhibit C-2

Franklin County, Tennessee  
Reconciliation of the Balance Sheet of Governmental  
Funds to the Statement of Net Position  
June 30, 2016

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 16,810,043
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Add: land	\$ 28,300,836	
Add: construction in progress	216,090	
Add: buildings and improvements net of accumulated depreciation	12,121,401	
Add: infrastructure net of accumulated depreciation	11,816,112	
Add: other capital assets net of accumulated depreciation	<u>3,249,398</u>	55,703,837
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (3,467,520)	
Less: capital leases payable	(453,910)	
Less: bonds payable	(15,652,074)	
Add: debt to be contributed by the School Department	355,208	
Less: compensated absences payable	(713,429)	
Less: landfill closure/postclosure care costs	(316,659)	
Less: accrued interest on bonds, notes, and capital leases	(158,342)	
Less: other deferred revenue - premium on debt	(62,523)	
Less: other postemployment benefits liability	(2,500,628)	
Add: deferred amount on refunding	<u>308,104</u>	(22,661,773)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 1,777,729	
Less: deferred inflows of resources related to pensions	<u>(1,517,160)</u>	260,569
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		163,644
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>926,582</u>
Net position of governmental activities (Exhibit A)		<u>\$ 51,202,902</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, 2016

	Major Funds				
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Education Debt Service
<u>Revenues</u>					
Local Taxes	\$ 9,219,960	\$ 1,553,813	\$ 645,491	\$ 1,987,267	\$ 2,325,284
Licenses and Permits	88,381	12,576	3,248	10,696	5,542
Fines, Forfeitures, and Penalties	202,263	0	0	0	0
Charges for Current Services	295,162	53,453	250	0	0
Other Local Revenues	126,710	197,378	9,060	0	0
Fees Received From County Officials	1,947,178	0	0	0	0
State of Tennessee	2,698,464	24,657	2,048,518	0	0
Federal Government	725,248	0	0	0	0
Other Governments and Citizens Groups	274,162	0	0	0	166,040
<b>Total Revenues</b>	<b>\$ 15,577,528</b>	<b>\$ 1,841,877</b>	<b>\$ 2,706,567</b>	<b>\$ 1,997,963</b>	<b>\$ 2,496,866</b>
<u>Expenditures</u>					
Current:					
General Government	\$ 2,505,692	\$ 0	\$ 0	\$ 0	\$ 0
Finance	1,931,629	0	0	0	0
Administration of Justice	1,869,031	0	0	0	0
Public Safety	6,772,476	0	0	0	0
Public Health and Welfare	577,490	1,520,543	0	0	0
Social, Cultural, and Recreational Services	122,531	0	0	0	0
Agriculture and Natural Resources	178,515	0	0	0	0
Other Operations	1,013,995	100,325	0	0	0
Highways	0	0	2,479,605	0	0
Debt Service:					
Principal on Debt	0	0	13,067	1,399,490	2,876,903
Interest on Debt	0	0	6,054	350,298	425,496
Other Debt Service	0	0	0	38,944	37,511

(Continued)

Exhibit C-3

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

	Major Funds				
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Education Debt Service
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 596,476	\$ 0	\$ 0	\$ 0	\$ 0
Total Expenditures	<u>\$ 15,567,835</u>	<u>\$ 1,620,868</u>	<u>\$ 2,498,726</u>	<u>\$ 1,788,732</u>	<u>\$ 3,339,910</u>
<u>Excess (Deficiency) of Revenues</u>					
Over Expenditures	<u>\$ 9,693</u>	<u>\$ 221,009</u>	<u>\$ 207,841</u>	<u>\$ 209,231</u>	<u>\$ (843,044)</u>
<u>Other Financing Sources (Uses)</u>					
Proceeds from Sale of Capital Assets	\$ 2,982	\$ 0	\$ 12,701	\$ 0	\$ 0
Transfers In	98,606	0	5,000	150,000	0
Transfers Out	0	(48,803)	(51,803)	0	0
Total Other Financing Sources (Uses)	<u>\$ 101,588</u>	<u>\$ (48,803)</u>	<u>\$ (34,102)</u>	<u>\$ 150,000</u>	<u>\$ 0</u>
<u>Net Change in Fund Balances</u>					
Fund Balance, July 1, 2015	<u>\$ 8,643,254</u>	<u>\$ 255,169</u>	<u>\$ 1,277,349</u>	<u>\$ 1,134,734</u>	<u>\$ 3,676,878</u>
Fund Balance, June 30, 2016	<u>\$ 8,754,535</u>	<u>\$ 427,375</u>	<u>\$ 1,451,088</u>	<u>\$ 1,493,965</u>	<u>\$ 2,833,834</u>

(Continued)

Exhibit C-3

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

	Nonmajor Funds		Total Governmental Funds
	Other	Govern- mental Funds	
<hr/>			
<u>Revenues</u>			
Local Taxes	\$ 1,081,209	\$	16,813,024
Licenses and Permits	25,445		145,888
Fines, Forfeitures, and Penalties	54,685		256,948
Charges for Current Services	17,594		366,459
Other Local Revenues	3,729		336,877
Fees Received From County Officials	0		1,947,178
State of Tennessee	0		4,771,639
Federal Government	17,778		743,026
Other Governments and Citizens Groups	35,000		475,202
Total Revenues	<u>\$ 1,235,440</u>	<u>\$</u>	<u>25,856,241</u>
<u>Expenditures</u>			
Current:			
General Government	\$ 37	\$	2,505,729
Finance	0		1,931,629
Administration of Justice	350		1,869,381
Public Safety	610,834		7,383,310
Public Health and Welfare	0		2,098,033
Social, Cultural, and Recreational Services	263,084		385,615
Agriculture and Natural Resources	0		178,515
Other Operations	36,005		1,150,325
Highways	0		2,479,605
Debt Service:			
Principal on Debt	0		4,289,460
Interest on Debt	0		781,848
Other Debt Service	0		76,455

(Continued)

Exhibit C-3

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

	<u>Nonmajor Funds</u>		<u>Total Governmental Funds</u>
	Other Govern- mental Funds		
<hr/>			
<u>Expenditures (Cont.)</u>			
Capital Projects	\$ 1,110,537	\$	1,707,013
Total Expenditures	<u>\$ 2,020,847</u>	<u>\$</u>	<u>26,836,918</u>
 Excess (Deficiency) of Revenues Over Expenditures	 \$ (785,407)	 \$	 <u>(980,677)</u>
 <u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Capital Assets	\$ 0	\$	15,683
Transfers In	0		253,606
Transfers Out	<u>(153,000)</u>		<u>(253,606)</u>
Total Other Financing Sources (Uses)	<u>\$ (153,000)</u>	<u>\$</u>	<u>15,683</u>
 Net Change in Fund Balances	 \$ (938,407)	 \$	 (964,994)
Fund Balance, July 1, 2015	<u>2,787,653</u>		<u>17,775,037</u>
 Fund Balance, June 30, 2016	 <u>\$ 1,849,246</u>	 <u>\$</u>	 <u>16,810,043</u>

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

Exhibit C-4

Franklin County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2016

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)		\$ (964,994)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 2,674,976	
Less: current-year depreciation expense	<u>(2,034,780)</u>	640,196
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
Add: assets donated and capitalized	\$ 46,475	
Less: book value of capital assets disposed	<u>(10,178)</u>	36,297
(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 and other deferred June 30, 2016	\$ 926,582	
Less: deferred delinquent property taxes and other deferred June 30, 2015	<u>(581,984)</u>	344,598
(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 position. Also, governmental funds report the effect of 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: change in deferred amount on refunding debt	\$ (54,949)	
Add: change in premium on debt issuance	38,265	
Less: contributions from the School Department for capital leases	(151,203)	
Add: principal payments on notes	572,486	
Add: principal payments on capital leases	197,186	
Add: principal payments on bonds	<u>3,565,771</u>	4,167,556
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 30,001	
Change in net pension liability/asset	(21,948)	
Change in deferred outflows related to pensions	804,596	
Change in deferred inflows related to pensions	(384,603)	
Change in compensated absences payable	(29,834)	
Change in other postemployment benefits liability	(146,713)	
Change in landfill closure/postclosure care costs	<u>8,251</u>	<u>259,750</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 4,483,403</u>

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

Exhibit C-5

Franklin County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 9,219,960	\$ 0	\$ 0	\$ 9,219,960	\$ 9,334,200	\$ 9,222,897	\$ (2,937)
Licenses and Permits	88,381	0	0	88,381	81,000	77,000	11,381
Fines, Forfeitures, and Penalties	202,263	0	0	202,263	274,275	225,085	(22,822)
Charges for Current Services	295,162	0	0	295,162	316,725	310,725	(15,563)
Other Local Revenues	126,710	0	0	126,710	104,650	142,009	(15,299)
Fees Received From County Officials	1,947,178	0	0	1,947,178	1,914,000	1,902,000	45,178
State of Tennessee	2,698,464	0	0	2,698,464	2,643,970	2,818,668	(120,204)
Federal Government	725,248	0	0	725,248	746,627	1,343,098	(617,850)
Other Governments and Citizens Groups	274,162	0	0	274,162	323,640	357,840	(83,678)
<b>Total Revenues</b>	<b>\$ 15,577,528</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 15,577,528</b>	<b>\$ 15,739,087</b>	<b>\$ 16,399,322</b>	<b>\$ (821,794)</b>
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 265,968	\$ (4,088)	\$ 7,446	\$ 269,326	\$ 312,480	\$ 305,690	\$ 36,364
Beer Board	344	(344)	0	0	1,300	1,300	1,300
County Mayor/Executive	156,199	(106)	830	156,923	157,333	157,331	408
County Attorney	9,600	0	0	9,600	10,225	10,225	625
Election Commission	209,783	(1,095)	54	208,742	231,886	231,886	23,144
Register of Deeds	317,845	(7,961)	1,130	311,014	324,552	324,552	13,538
Planning	138,108	(456)	2,065	139,717	152,452	152,451	12,734
County Buildings	1,386,755	(375,717)	352,706	1,363,744	1,565,365	1,537,865	174,121
Other General Administration	21,090	(5,000)	650	16,740	38,900	31,950	15,210
<u>Finance</u>							
Property Assessor's Office	438,367	(423)	465	438,409	551,059	489,109	50,700
County Trustee's Office	305,145	(125)	6,027	311,047	312,682	318,882	7,835
County Clerk's Office	546,534	(1,934)	247	544,847	560,435	575,517	30,670
Other Finance	641,583	(570)	1,231	642,244	656,583	656,582	14,338
<u>Administration of Justice</u>							
Circuit Court	883,566	(854)	459	883,171	926,480	926,480	43,309
General Sessions Court	287,646	0	297	287,943	301,516	301,516	13,573

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice (Cont.)</u>							
Drug Court	\$ 59,400	\$ 0	\$ 0	\$ 59,400	\$ 60,003	\$ 60,003	\$ 603
Chancery Court	252,812	(740)	0	252,072	287,716	279,716	27,644
Juvenile Court	124,531	0	351	124,882	129,473	129,473	4,591
Judicial Commissioners	127,612	0	0	127,612	130,082	130,082	2,470
Other Administration of Justice	14,250	0	0	14,250	18,000	18,000	3,750
Probation Services	119,214	0	0	119,214	120,737	120,737	1,523
<u>Public Safety</u>							
Sheriff's Department	3,535,991	(34,365)	29,519	3,531,145	3,575,424	3,612,196	81,051
Administration of the Sexual Offender Registry	14,241	(400)	0	13,841	22,012	22,012	8,171
Jail	1,850,378	(27,082)	13,400	1,836,696	1,777,286	1,885,091	48,395
Correctional Incentive Program Improvements	320,822	0	0	320,822	163,749	351,584	30,762
Juvenile Services	27,742	(400)	500	27,842	22,250	44,250	16,408
Civil Defense	153,188	(2,689)	905	151,404	163,348	165,472	14,068
Rescue Squad	7,980	(600)	1,627	9,007	30,000	48,392	39,385
Other Emergency Management	788,613	(886)	773	788,500	869,434	869,434	80,934
County Coroner/Medical Examiner	30,709	0	2,500	33,209	28,700	35,200	1,991
Public Safety Grants Program	42,812	0	0	42,812	68,208	78,208	35,396
<u>Public Health and Welfare</u>							
Local Health Center	24,178	(665)	9,143	32,656	34,756	43,136	10,480
Rabies and Animal Control	235,400	(6,089)	1,488	230,799	260,433	245,803	15,004
Other Local Health Services	140,396	(350)	0	140,046	161,738	147,138	7,092
Appropriation to State	29,946	0	0	29,946	30,646	29,946	0
General Welfare Assistance	17,775	0	0	17,775	17,775	17,775	0
Waste Pickup	91,341	(1,339)	8,161	98,163	101,827	101,827	3,664
Other Waste Collection	9,590	0	595	10,185	0	11,755	1,570
Other Public Health and Welfare	28,864	(4,510)	480	24,834	44,706	67,552	42,718
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	78,247	(5,171)	6,149	79,225	126,950	88,950	9,725
Parks and Fair Boards	44,284	(1,820)	720	43,184	53,728	53,728	10,544

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	\$ 106,209	\$ 0	\$ 300	\$ 106,509	\$ 104,818	\$ 110,017	\$ 3,508
Soil Conservation	72,306	(222)	0	72,084	75,060	75,060	2,976
<u>Other Operations</u>							
Industrial Development	50,864	(392)	653	51,125	122,207	82,207	31,082
Other Economic and Community Development	193,843	0	0	193,843	397,156	847,156	653,313
Veterans' Services	51,363	0	0	51,363	36,791	54,577	3,214
Other Charges	717,925	0	5,078	723,003	788,811	799,269	76,266
<u>Capital Projects</u>							
Other General Government Projects	289,763	(5,900)	7,100	290,963	456,148	339,038	48,075
Highway and Street Capital Projects	306,713	0	133,582	440,295	440,295	440,295	0
Total Expenditures	\$ 15,567,835	\$ (492,293)	\$ 596,631	\$ 15,672,173	\$ 16,823,515	\$ 17,426,415	\$ 1,754,242
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 9,693	\$ 492,293	\$ (596,631)	\$ (94,645)	\$ (1,084,428)	\$ (1,027,093)	\$ 932,448
<u>Other Financing Sources (Uses)</u>							
Proceeds from Sale of Capital Assets	\$ 2,982	\$ 0	\$ 0	\$ 2,982	\$ 0	\$ 2,982	\$ 0
Transfers In	98,606	0	0	98,606	248,606	98,606	0
Transfers Out	0	0	0	0	(165,000)	(15,000)	15,000
Total Other Financing Sources	\$ 101,588	\$ 0	\$ 0	\$ 101,588	\$ 83,606	\$ 86,588	\$ 15,000
Net Change in Fund Balance							
Fund Balance, July 1, 2015	\$ 111,281	\$ 492,293	\$ (596,631)	\$ 6,943	\$ (1,000,822)	\$ (940,505)	\$ 947,448
	8,643,254	(492,293)	0	8,150,961	7,872,550	7,872,550	278,411
Fund Balance, June 30, 2016							
	\$ 8,754,535	\$ 0	\$ (596,631)	\$ 8,157,904	\$ 6,871,728	\$ 6,932,045	\$ 1,225,859

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

Exhibit C-6

Franklin County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,553,813	\$ 0	\$ 0	\$ 1,553,813	\$ 1,553,654	\$ 1,551,839	\$ 1,974
Licenses and Permits	12,576	0	0	12,576	7,050	12,575	1
Charges for Current Services	53,453	0	0	53,453	45,000	53,523	(70)
Other Local Revenues	197,378	0	0	197,378	231,800	207,016	(9,638)
State of Tennessee	24,657	0	0	24,657	16,000	24,658	(1)
Total Revenues	\$ 1,841,877	\$ 0	\$ 0	\$ 1,841,877	\$ 1,853,504	\$ 1,849,611	\$ (7,734)
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Education/Information	\$ 1,345	\$ (100)	\$ 0	\$ 1,245	\$ 1,800	\$ 1,800	\$ 555
Convenience Centers	245,910	(2,797)	0	243,113	247,356	247,356	4,243
Transfer Stations	1,261,282	(106,472)	59,658	1,214,468	1,342,078	1,292,578	78,110
Postclosure Care Costs	12,006	(4,870)	0	7,136	12,000	12,000	4,864
<u>Other Operations</u>							
Other Charges	100,325	0	57	100,382	88,750	108,938	8,556
Total Expenditures	\$ 1,620,868	\$ (114,239)	\$ 59,715	\$ 1,566,344	\$ 1,691,984	\$ 1,662,672	\$ 96,328
Excess (Deficiency) of Revenues Over Expenditures	\$ 221,009	\$ 114,239	\$ (59,715)	\$ 275,533	\$ 161,520	\$ 186,939	\$ 88,594
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,000	\$ 0	\$ 0
Transfers Out	(48,803)	0	0	(48,803)	(193,803)	(48,803)	0
Total Other Financing Sources	\$ (48,803)	\$ 0	\$ 0	\$ (48,803)	\$ (43,803)	\$ (48,803)	\$ 0
Net Change in Fund Balance	\$ 172,206	\$ 114,239	\$ (59,715)	\$ 226,730	\$ 117,717	\$ 138,136	\$ 88,594
Fund Balance, July 1, 2015	255,169	(114,239)	0	140,930	250,777	250,777	(109,847)
Fund Balance, June 30, 2016	\$ 427,375	\$ 0	\$ (59,715)	\$ 367,660	\$ 368,494	\$ 388,913	\$ (21,253)

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

Exhibit C-7

Franklin County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 645,491	\$ 0	\$ 0	\$ 645,491	\$ 636,371	\$ 630,072	\$ 15,419
Licenses and Permits	3,248	0	0	3,248	2,900	3,600	(352)
Charges for Current Services	250	0	0	250	4,000	4,050	(3,800)
Other Local Revenues	9,060	0	0	9,060	17,400	5,901	3,159
State of Tennessee	2,048,518	0	0	2,048,518	2,538,022	1,999,622	48,896
Total Revenues	\$ 2,706,567	\$ 0	\$ 0	\$ 2,706,567	\$ 3,198,693	\$ 2,643,245	\$ 63,322
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 326,903	\$ (65)	\$ 3,284	\$ 330,122	\$ 337,587	\$ 341,587	\$ 11,465
Highway and Bridge Maintenance	757,401	(6,797)	9,129	759,733	849,620	819,926	60,193
Operation and Maintenance of Equipment	221,801	(14,507)	23,526	230,820	330,184	295,184	64,364
Quarry Operations	324,631	(4,059)	0	320,572	347,652	353,967	33,395
Other Charges	173,620	(637)	561	173,544	220,940	220,940	47,396
Capital Outlay	675,249	(21,945)	991,544	1,644,848	1,343,000	1,766,475	121,627
<u>Principal on Debt</u>							
Highways and Streets	13,067	0	0	13,067	13,068	13,068	1
<u>Interest on Debt</u>							
Highways and Streets	6,054	0	0	6,054	6,055	6,055	1
Total Expenditures	\$ 2,498,726	\$ (48,010)	\$ 1,028,044	\$ 3,478,760	\$ 3,448,106	\$ 3,817,202	\$ 338,442
Excess (Deficiency) of Revenues Over Expenditures	\$ 207,841	\$ 48,010	\$ (1,028,044)	\$ (772,193)	\$ (249,413)	\$ (1,173,957)	\$ 401,764
<u>Other Financing Sources (Uses)</u>							
Proceeds from Sale of Capital Assets	\$ 12,701	\$ 0	\$ 0	\$ 12,701	\$ 0	\$ 12,701	\$ 0
Transfers In	5,000	0	0	5,000	20,000	20,000	(15,000)
Transfers Out	(51,803)	0	0	(51,803)	(51,803)	(51,803)	0
Total Other Financing Sources	\$ (34,102)	\$ 0	\$ 0	\$ (34,102)	\$ (31,803)	\$ (19,102)	\$ (15,000)
Net Change in Fund Balance	\$ 173,739	\$ 48,010	\$ (1,028,044)	\$ (806,295)	\$ (281,216)	\$ (1,193,059)	\$ 386,764
Fund Balance, July 1, 2015	1,277,349	(48,010)	0	1,229,339	1,178,154	1,178,154	51,185
Fund Balance, June 30, 2016	\$ 1,451,088	\$ 0	\$ (1,028,044)	\$ 423,044	\$ 896,938	\$ (14,905)	\$ 437,949

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, 2016

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,443,290
Due from Other Governments	<u>630,129</u>
Total Assets	<u><u>\$ 2,073,419</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 630,129
Due to Litigants, Heirs, and Others	<u>1,443,290</u>
Total Liabilities	<u><u>\$ 2,073,419</u></u>

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

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**FRANKLIN COUNTY, TENNESSEE**  
**Index of Notes to the Financial Statements**

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**FRANKLIN COUNTY, TENNESSEE**  
**Index of Notes to the Financial Statements (Cont.)**

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**FRANKLIN COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**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 financial statements of the Franklin County Emergency Communications District, a component unit requiring discreet presentation, were excluded from this report due to materiality calculations; therefore, the effect of their omission will not affect our opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The 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, 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 financial statements of the Franklin County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Franklin County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Franklin County School Department are included in this report as listed in the table of contents. Complete financial statements of the Franklin County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Franklin County Emergency Communications District  
305 Edgewater Drive  
Winchester, TN 37398

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of 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. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2016.

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, deferred outflows of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Franklin County has no proprietary funds to report.

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Franklin County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual

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

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Franklin County reports the following major governmental funds:

**General Fund** – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Solid Waste/Sanitation Fund** – This special revenue fund accounts for transactions relating to the disposal of Franklin County’s solid waste. Local taxes and general service charges are the foundational revenues of this fund.

**Highway/Public Works Fund** – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

**General Debt Service Fund** – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

**Education Debt Service Fund** – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt for construction and renovations of the county’s schools.

Additionally, Franklin County reports the following fund types:

**Capital Projects Fund** – The Highway Capital Projects Fund is used to account for various road construction/repair projects within the county.

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

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

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

**Central Cafeteria Fund** – This special revenue fund is used to account for the cafeteria operations in each of the schools. USDA School Lunch and Breakfast Programs and payments received from the sale of meals are the foundational revenues of this fund.

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.

**D. Assets, Liabilities, Deferred Outflow/Inflow of Resources, and Net Position/Fund Balance**

**1. Deposits and Investments**

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer’s Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county’s own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Franklin County School Department. Each fund’s portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the Solid Waste/Sanitation Fund. Franklin County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer’s Investment Pool are reported at fair value. 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. Accordingly, the pool qualifies as a 2a7-like pool and is reported

at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. 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.

## **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 three percent of total taxes levied.

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 a deferred inflow of resources 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 as a deferred inflow of resources 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.

Most payables are disaggregated on the face of the financial statements.

## **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. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. Prepaids are offset in the nonspendable fund balance account in governmental funds.

**4. Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 (land improvements \$25,000; 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. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items

are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are for pension changes in experience and investment earnings, employer contributions made to the pension plan after the measurement date, and the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience and investment earnings, pension changes in proportionate share of contributions, and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**6. Compensated Absences**

It is the policy of the general government (excluding the Highway Department) to permit its employees to accumulate the following hours of vacation leave based on length of employment:

<u>Years of Service</u>	<u>Hours</u>
One	40
Two through Eight	80
Nine and Over	120

It is the policy of the Highway Department to permit its employees to accumulate the following days of vacation leave based on length of employment:

<u>Years of Service</u>	<u>Days</u>
One	5
Two through Nine	10
Ten and Over	15

In the general government, earned but unused vacation leave will be paid to the employee upon retirement, resignation, or termination. On

each employee's anniversary date, all accumulated unused vacation leave will be converted to sick leave. In the Highway Department, employees are required to take at least five days of vacation per fiscal year. Any accumulated unused vacation leave is paid to the employee on June 30 of each year. All vacation leave is accrued when incurred in the government-wide statements for the general county government. 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 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.

## **7. 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 Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner 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.

## 8. Net Position and Fund Balance

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

- a. Net investment in capital assets – 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 position – Consists of net position 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 position – All other net position that does not meet the definition of restricted or net investment in capital assets.

On the government-wide Statement of Net Position (Exhibit A), the account Restricted for Other Purposes for the primary government consists of pension obligations.

As of June 30, 2016, Franklin County has \$10,980,208 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 position with no corresponding increase in the county's capital assets.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on

the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county’s highest level of decision-making authority and the Board of Education, the School Department’s highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution authorized the county’s Financial Management Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

**9. Minimum Fund Balance Policy**

To provide management with appropriate guidelines and direction to assist in making sound decisions related to managing the fund balance of certain governmental funds, the following minimum fund balance policy exists for unassigned fund balance:

**Primary Government**

General Fund – 2.5 percent of current-year expenditures and transfers to other funds.

Courthouse and Jail Maintenance, Public Library, Solid Waste/Sanitation, Local Purpose Tax, and Highway/Public Works funds – five percent of current-year expenditures and transfers to other funds.

Debt Service Funds – the county will typically have at least one-half year of future principal and interest payments as fund balance.

**Discretely Presented Franklin County School Department**

Central Cafeteria Fund – five percent of current-year expenditures and transfers to other funds.

**E. Pension Plans**

**Primary Government**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Franklin County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Franklin County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

**Discretely Presented Franklin County School Department**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

**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 Position**

### **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 Position.

### **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 Position.

## **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 position 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 position of governmental activities reported in the government-wide Statement of Activities.

## **III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the Highway Capital Projects Fund, which adopts a project length budget. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the

Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, 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.

At June 30, 2016, Franklin County and the Franklin County School Department reported the following significant encumbrances:

Funds	Description	Amount
Primary Government		
Major Funds:		
General	Engineering and Road Construction	\$ 133,582
"	Heating and Air System Upgrade	63,389
"	Courthouse Renovation Projects	115,475
"	Gasoline and Diesel	21,443
"	Airport Maintenance Projects	163,893
Solid Waste/Sanitation	Garbage Hauling	42,533
Highway/Public Works	Asphalt	491,328
"	Bridge Replacement	330,275
"	Engineering Services	48,658
Nonmajor Funds:		
Public Library	Consulting Services	6,410
"	Parking Lot Repairs	6,000
Local Purpose Tax	Annual Fire Service	30,000
School Department		
Major Fund:		
General Purpose School	Textbooks and Software	390,458
"	Bus	206,615
"	Heating and Air System	89,401
"	Roof	212,282
"	Hardware	99,662

**B. Cash Shortage – Current Year**

During the annual audit of the Extended School Program (ESP) at Clark Memorial Elementary School, auditors determined that amounts recorded for some entries in the deposit log were less than the amounts written on the original receipts. Therefore, auditors performed extended audit procedures and discovered that a cash shortage of \$507 existed in the ESP as of June 20, 2016. This cash shortage has been reviewed with the district attorney general and the Franklin County director of schools. The employee believed to

be involved in these deficiencies resigned from the school system. Officials collected the cash shortage of \$507 from the employee on June 30, 2016. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

**C. Appropriations Exceeded Estimated Available Funding**

The budget and subsequent amendments approved by the County Commission for the Highway/Public Works Fund resulted in appropriations exceeding estimated available funding by \$14,905.

**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, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

**Deposits**

**Legal Provisions.** All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

## Investments

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

**Investment Balances.** As of June 30, 2016, Franklin County had the following investments carried at amortized costs which approximates fair value level 1 within the fair value hierarchy established by generally accepted accounting principles. 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>Weighted Average Maturity (days)</u>	<u>Maturities</u>	<u>Amortized Cost</u>
State Treasurer's Investment Pool	4 to 117	N/A	\$ 58,658

**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, 2016, 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, 2016, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	\$ 28,294,836	\$ 6,000	\$ 0	\$ 28,300,836
Construction in Progress	132,018	216,090	(132,018)	216,090
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 28,426,854</b>	<b>\$ 222,090</b>	<b>\$ (132,018)</b>	<b>\$ 28,516,926</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 19,344,157	\$ 318,607	\$ 0	\$ 19,662,764
Infrastructure	41,284,770	1,350,257	0	42,635,027
Other Capital Assets	9,721,504	962,515	(141,123)	10,542,896
<b>Total Capital Assets Depreciated</b>	<b>\$ 70,350,431</b>	<b>\$ 2,631,379</b>	<b>\$ (141,123)</b>	<b>\$ 72,840,687</b>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 7,073,695	\$ 467,668	\$ 0	\$ 7,541,363
Infrastructure	29,766,900	1,052,015	0	30,818,915
Other Capital Assets	6,909,346	515,097	(130,945)	7,293,498
<b>Total Accumulated Depreciation</b>	<b>\$ 43,749,941</b>	<b>\$ 2,034,780</b>	<b>\$ (130,945)</b>	<b>\$ 45,653,776</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 26,600,490</b>	<b>\$ 596,599</b>	<b>\$ (10,178)</b>	<b>\$ 27,186,911</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 55,027,344</b>	<b>\$ 818,689</b>	<b>\$ (142,196)</b>	<b>\$ 55,703,837</b>

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

**Governmental Activities:**

General Government	\$ 279,639
Finance	7,236
Administration of Justice	9,139
Public Safety	410,213
Public Health and Welfare	109,765
Social, Cultural, and Recreational Services	25,818
Agriculture and Natural Resources	10,906
Highways/Public Works	<u>1,182,064</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,034,780</u></u>

**Discretely Presented Franklin County School Department**

**Governmental Activities:**

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	\$ 5,426,186	\$ 20,600	\$ 0	\$ 5,446,786
Construction in Progress	0	179,935	0	179,935
Total Capital Assets Not Depreciated	<u>\$ 5,426,186</u>	<u>\$ 200,535</u>	<u>\$ 0</u>	<u>\$ 5,626,721</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 60,098,099	\$ 7,856	\$ 0	\$ 60,105,955
Other Capital Assets	8,656,210	919,542	(157,390)	9,418,362
Total Capital Assets Depreciated	<u>\$ 68,754,309</u>	<u>\$ 927,398</u>	<u>\$ (157,390)</u>	<u>\$ 69,524,317</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 26,314,238	\$ 1,292,292	\$ 0	\$ 27,606,530
Other Capital Assets	5,471,136	839,525	(142,256)	6,168,405
Total Accumulated Depreciation	<u>\$ 31,785,374</u>	<u>\$ 2,131,817</u>	<u>\$ (142,256)</u>	<u>\$ 33,774,935</u>
Total Capital Assets Depreciated, Net	<u>\$ 36,968,935</u>	<u>\$ (1,204,419)</u>	<u>\$ (15,134)</u>	<u>\$ 35,749,382</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 42,395,121</u></u>	<u><u>\$ (1,003,884)</u></u>	<u><u>\$ (15,134)</u></u>	<u><u>\$ 41,376,103</u></u>

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

**Governmental Activities:**

Instruction	\$ 1,612,902
Support Services	287,707
Operation of Non-instructional Services	<u>231,208</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,131,817</u></u>

**C. Insurance Recovery**

During the year, the discretely presented Franklin County School Department suffered damages to a school bus. Insurance recoveries of \$3,217, received in the current year, were used to repair the damages.

**D. Construction Commitments**

**Primary Government**

At June 30, 2016, the county had uncompleted construction contracts of approximately \$115,475 for courthouse renovation projects, approximately \$163,893 for airport renovation projects, and approximately \$133,582 for road construction projects. Funding has been received for these future expenditures.

At June 30, 2016, the Highway Department had an uncompleted construction contract of approximately \$330,275 for the construction of a bridge. Funding has been received for these future expenditures.

**Discretely Presented Franklin County School Department**

At June 30, 2016, the School Department had an uncompleted construction contract of approximately \$212,282 for roof repairs. Funding has been received for these future expenditures.

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

The composition of interfund balances as of June 30, 2016, was as follows:

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Solid Waste/Sanitation	\$ 557
"	Nonmajor governmental	6,316
Highway/Public Works	General	2,848
"	Solid Waste/Sanitation	5,000

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.

Certain receivables in the General Fund were in transit from the Solid Waste/Sanitation Fund (\$557) and a nonmajor governmental fund (\$2,850) at June 30, 2016. The receivable in the Highway/Public Works totaling \$2,848 was in transit from the General Fund at June 30, 2016.

**Due to/from Primary Government and Component Unit:**

Receivable Fund	Payable Fund	Amount
Primary Government:		
Governmental Activities	Component Unit: School Department: Governmental Activities	\$ 355,208

The Due to Primary Government consists of the balance of capital leases issued by the county for the School Department. The School Department has agreed to contribute the funds annually to the county's General Debt Service Fund to retire this lease. This long-term obligation is reflected in the governmental activities on the Statement of Net Position.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2016, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In		
	General Fund	Highway/ Public Works Fund	General Debt Service
Solid Waste/Sanitation	\$ 43,803	\$ 5,000	\$ 0
Highway/Public Works Fund	51,803	0	0
Nonmajor governmental funds	3,000	0	150,000
<b>Total</b>	<b>\$ 98,606</b>	<b>\$ 5,000</b>	<b>\$ 150,000</b>

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

**F. Capital Leases**

On January 3, 2011, Franklin County entered into a seven-year lease-purchase agreement for an energy efficient lighting system for all county buildings. The terms of the agreement require total lease payments of \$308,473 plus interest of 4.75 percent. Title to the energy efficient lighting system transfers to Franklin County at the end of the lease period. The lease payments are made from the General Fund.

On September 1, 2010, Franklin County entered into a seven-year lease-purchase agreement for the School Department for an energy efficient lighting system for some school buildings. The terms of the original agreement required total lease payments of \$500,000. There is no interest on this lease. Title to the energy efficient lighting system transfers to the School Department at the end of the lease period. The General Purpose School Fund is contributing the lease payments through the Education Debt Service Fund.

On October 1, 2010, Franklin County entered into a ten-year lease-purchase agreement for the School Department for an energy efficient lighting system for some school buildings. The terms of the original agreement required total lease payments of \$581,879 plus interest of five percent. Title to the energy efficient lighting system transfers to the School Department at the end of the lease period. The General Purpose School Fund is contributing the lease payments through the Education Debt Service Fund.

The assets acquired through capital leases are as follows:

**Primary Government**

<u>Asset</u>	<u>Governmental Activities</u>
Machinery and Equipment	\$ 308,473
Less: Accumulated Depreciation	<u>(74,326)</u>
Total Book Value	<u>\$ 234,147</u>

**Discretely Presented Franklin County School Department**

<u>Asset</u>	<u>Governmental Activities</u>
Machinery and Equipment	\$ 1,081,879
Less: Accumulated Depreciation	<u>(292,107)</u>
Total Book Value	<u>\$ 789,772</u>

Future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2016, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2017	\$ 197,513
2018	143,976
2019	73,773
2020	<u>73,772</u>
Total Minimum Lease Payments	\$ 489,034
Less: Amount Representing Interest	<u>(35,124)</u>
Present Value of Minimum Lease Payments	<u>\$ 453,910</u>

**G. Long-term Obligations**

**Primary Government**

**General Obligation Bonds and Notes**

Franklin County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 40 years for bonds and 12 years for notes. 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 and notes will be retired from the Highway/Public Works and General Debt Service funds.

General obligation bonds, notes, and capital leases outstanding as of June 30, 2016, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-16
General Obligation Bonds	2.5 to 5 %	5-21-48	\$ 10,878,000	\$ 6,832,074
General Obligation Bonds - Refunding	1.23 to 3.75	6-1-21	17,425,000	8,820,000
Capital Outlay Notes	2.33 to 4.875	2-1-23	4,449,666	3,467,520
Capital Leases	0 to 5	4-1-20	1,390,352	453,910

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2016, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2017	\$ 2,351,628	\$ 565,262	\$ 2,916,890
2018	2,427,520	490,900	2,918,420
2019	2,523,449	409,409	2,932,858
2020	2,594,416	322,496	2,916,912
2021	2,665,423	228,837	2,894,260
2022-2026	1,963,740	386,215	2,349,955
2027-2031	175,936	218,289	394,225
2032-2036	215,343	178,882	394,225
2037-2041	263,575	130,650	394,225
2042-2046	322,611	71,615	394,226
2047-2048	148,433	9,249	157,682
<b>Total</b>	<b>\$ 15,652,074</b>	<b>\$ 3,011,804</b>	<b>\$ 18,663,878</b>

Year Ending June 30	Notes		
	Principal	Interest	Total
2017	\$ 576,389	\$ 93,471	\$ 669,860
2018	580,448	77,872	658,320
2019	584,689	62,090	646,779
2020	589,111	46,128	635,239
2021	592,761	29,908	622,669
2022-2023	544,122	14,383	558,505
Total	<u>\$ 3,467,520</u>	<u>\$ 323,852</u>	<u>\$ 3,791,372</u>

There is \$1,493,465 available in the General Debt Service Fund and \$2,833,834 available in the Education Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and capital leases totaled \$477, based on the 2010 federal census.

The School Department is currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government.

Description of Indebtedness	Outstanding 6-30-16
<u>Capital Leases</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Efficient Lighting (State 1)	\$ 89,312
Energy Efficient Lighting (Excel)	265,896
Total	<u>\$ 355,208</u>

#### Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2016, was as follows:

	Bonds	Notes	Capital Leases
Balance, July 1, 2015	\$ 19,217,845	\$ 4,040,006	\$ 651,096
Reductions	(3,565,771)	(572,486)	(197,186)
Balance, June 30, 2016	<u>\$ 15,652,074</u>	<u>\$ 3,467,520</u>	<u>\$ 453,910</u>
Balance Due Within One Year	<u>\$ 2,351,628</u>	<u>\$ 576,389</u>	<u>\$ 181,486</u>

	Landfill Postclosure Care Costs	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2015	\$ 324,910	\$ 2,353,915	\$ 683,595
Additions	3,755	172,645	547,479
Reductions	(12,006)	(25,932)	(517,645)
Balance, June 30, 2016	\$ 316,659	\$ 2,500,628	\$ 713,429
Balance Due Within One Year	\$ 6,850	\$ 0	\$ 713,429

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 23,104,220
Less: Balance Due Within One Year	(3,829,782)
Add: Unamortized Premium on Debt	62,523
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 19,336,961</u>

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

**Discretely Presented Franklin County School Department**

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Franklin County School Department for the year ended June 30, 2016, was as follows:

Governmental Activities:

	Compensated Absences	Other Post- employment Benefits	Net Pension Liability - Cost-sharing Plan*
Balance, July 1, 2015	\$ 215,506	\$ 5,342,026	\$ (86,767)
Additions	161,291	943,195	2,563,561
Reductions	(184,003)	(522,485)	(2,261,431)
Balance, June 30, 2016	\$ 192,794	\$ 5,762,736	\$ 215,363
Balance Due Within One Year	\$ 192,794	\$ 0	\$ 0

\*At July 1, 2015, the cost-sharing plan had a net pension asset.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 6,170,893
Less: Balance Due Within One Year	<u>(192,794)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 5,978,099</u>

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

**H. On-Behalf Payments**

**Primary Government**

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Franklin County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2016, were \$3,050. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

**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, 2016, were \$134,589 and \$48,512, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**I. Short-term Debt**

**Primary Government**

Franklin County issued revenue anticipation notes totaling \$150,000 from the General Fund in advance of revenue collections and deposited the proceeds in the Solid Waste/Sanitation Fund. Short-term debt activity for the year ended June 30, 2016, was as follows:

	Balance 7-1-15	Issued	Paid	Balance 6-30-16
Revenue Anticipation Note	\$ 0	\$ 150,000	\$ (150,000)	\$ 0

**Discretely Presented Franklin County School Department**

Franklin County issued revenue anticipation notes totaling \$100,000 from the General Purpose School Fund in advance of revenue collections and deposited the proceeds in the School Federal Projects Fund. These notes were necessary because funds were not available to meet obligations coming due before grant reimbursement collections. Short-term debt activity for the year ended June 30, 2016, was as follows:

	Balance 7-1-15	Issued	Paid	Balance 6-30-16
Revenue Anticipation Note	\$ 0	\$ 100,000	\$ (100,000)	\$ 0

**V. OTHER INFORMATION**

**A. Risk Management**

Franklin County 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 the 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 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 its 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 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 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. 72, *Fair Value Measurement and Application*; Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*; Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; Statement No. 79, *Certain External Investment Pools and Pool Participants* became effective for the year ended June 30, 2016.

GASB Statement No. 72, establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. This standard supersedes previous statements as they relate to measuring fair value of certain assets and liabilities.

GASB Statement No. 73, established accounting and reporting requirements for pensions that are not administered through a trust account and also addresses changes made to Statements No. 67 and No. 68. The changes to Statements No. 67 and No. 68 require new RSI disclosures concerning plan investments, address specific payables to defined benefit plans, and address specific payables to defined benefit plans.

GASB Statement No. 76, addresses changes made to the hierarchy of generally accepted accounting principles. This standard supersedes Statement No. 55 and reduces the hierarchy from four to two categories.

GASB Statement No. 79, addresses issues related to certain external investment pools and pool participants because of changes in Security and Exchange rules relative to money market funds. This standard establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost rather than fair value for financial reporting purposes standards.

**C. Subsequent Event**

On July 1, 2016, the School Department's General Purpose School Fund issued a \$100,000 revenue anticipation note to the School Federal Projects Fund for temporary operating funds.

**D. Contingent Liabilities**

The county attorney advised that the county is involved in two pending lawsuits involving the Franklin County landfill located on the Yarbrough property. The first case was filed by Yarbrough heirs against Franklin County for damages involving the operation of the landfill. The second case is a condemnation case whereby Franklin County condemns the Yarbrough property. The county attorney believes that both of these cases could possibly lead to some potential liability for Franklin County. The county has previously paid into the court the appraised value of the Yarbrough property, and this has been withdrawn by the Yarbrough heirs. According to the county attorney, whether or not any additional liability will be assessed by the jury trying the case would be impossible to say.

The county is involved in other pending lawsuits. Attorneys for the county and the School Department estimate that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

**E. Landfill Postclosure Care Costs**

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

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Franklin County closed its sanitary landfill in 1995. The \$316,659 reported as landfill postclosure care liability at June 30, 2016, represents amounts based on what

it would cost to perform all postclosure care in 2016. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**F. Joint Ventures**

The Interlocal Solid Waste Authority is jointly operated by the counties of Franklin and Lincoln and the municipality of Tullahoma for the purpose of developing a solid waste regional plan. Since inception, the municipalities of Shelbyville, Ardmore, Elkton, Petersburg, Pulaski, and Minor Hill have been admitted as “participants.” 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, 2016.

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, Grundy, 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, 2016.

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

**G. Retirement Commitments**

**1. Tennessee Consolidated Retirement System (TCRS)**

**Primary Government**

**General Information About the Pension Plan**

*Plan Description.* Employees of Franklin County and non-certified employees of the discretely presented Franklin County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 54.68 percent and the non-certified employees of the discretely presented School Department comprised 45.32 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the

CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions plus any accumulated interest.

*Employees Covered by Benefit Terms.* At the measurement date of June 30, 2015, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	310
Inactive Employees Entitled to But Not Yet Receiving Benefits	369
Active Employees	493
 Total	 <u><u>1,172</u></u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees are non-contributory. Franklin County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, the Actuarial Determined Contribution (ADC) for Franklin County was \$1,782,002 based on a rate of 13.18 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Franklin County’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Net Pension Liability (Asset)**

Franklin County’s net pension liability (asset) was measured as of June 30, 2015, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability as of the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income Real Estate	4.61	8
	0.98	29
	4.73	7
Short-term Securities	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Franklin County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2014	\$ 37,669,527	\$ 38,150,336	\$ (480,809)
Changes for the year:			
Service Cost	\$ 986,760	\$ 0	\$ 986,760
Interest	2,849,313	0	2,849,313
Differences Between Expected and Actual Experience	(717,567)	0	(717,567)
Contributions-Employer	0	1,782,002	(1,782,002)
Contributions-Employees	0	0	0
Net Investment Income	0	1,180,304	(1,180,304)
Benefit Payments, Including Refunds of Employee Contributions	(1,330,894)	(1,330,894)	0
Administrative Expense	0	(25,333)	25,333
Other Changes	0	0	0
Net Changes	\$ 1,787,612	\$ 1,606,079	\$ 181,533
Balance, June 30, 2015	\$ 39,457,139	\$ 39,756,415	\$ (299,276)

### Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	54.68%	\$ 21,575,164	\$ 21,738,808	\$ (163,644)
School Department	45.32%	17,881,975	18,017,607	(135,632)
Total		\$ 39,457,139	\$ 39,756,415	\$ (299,276)

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the net pension liability (asset) of Franklin County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

Franklin County	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 4,841,009	\$ (299,276)	\$ (4,604,500)

**Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions**

*Pension Expense.* For the year ended June 30, 2016, Franklin County recognized pension expense of \$446,517.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2016, Franklin County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 1,002,513
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,357,550	1,772,104
Contributions Subsequent to the Measurement Date of June 30, 2015 (1)	1,868,457	N/A
Total	\$ 3,226,007	\$ 2,774,617

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2015,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and  
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 1,777,729	\$ 1,517,160
School Department	1,448,278	1,257,457
Total	<u>\$ 3,226,007</u>	<u>\$ 2,774,617</u>

Amounts reported as deferred outflows of resources, with the exception of contributions subsequent to the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (537,647)
2018	(537,647)
2019	(537,647)
2020	195,874
2021	0
Thereafter	0

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

**Discretely Presented Franklin County School Department**

**Non-certified Employees**

**General Information About the Pension Plan**

*Plan Description.* As noted above under the primary government, employees of Franklin County and non-certified employees of the discretely presented Franklin County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 54.68 percent and the non-certified employees of the discretely presented School Department comprised 45.32 percent of the plan based on contribution data.

## **Certified Employees**

### **Teacher Retirement Plan**

#### **General Information About the Pension Plan**

*Plan Description.* Teachers of the Franklin County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be

adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2016, to the Teacher Retirement Plan were \$57,580, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

### **Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Liabilities (Assets).* At June 30, 2016, the Franklin County School Department reported an asset of \$12,532 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Franklin County School Department's proportion of the net pension asset was based on the Franklin County School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Franklin County School Department's proportion was .311523 percent.

*Pension Expense.* For the year ended June 30, 2016, the Franklin County School Department recognized pension expense of \$16,424.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2016, the Franklin County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 4,079
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,013	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	<u>57,580</u>	<u>N/A</u>
Total	<u>\$ 58,593</u>	<u>\$ 4,079</u>

The Franklin County School Department's employer contributions of \$57,580, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (87)
2018	(87)
2019	(87)
2020	(87)
2021	(340)
Thereafter	(2,378)

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

*Actuarial Assumptions.* The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income Real Estate	4.61	8
	0.98	29
	4.73	7
Short-term Securities	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the Franklin County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Franklin County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability      \$            2,222    \$            (12,532)    \$            (23,354)

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

**Teacher Legacy Pension Plan**

**General Information About the Pension Plan**

*Plan Description.* Teachers of the Franklin County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living

adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Franklin County School Department for the year ended June 30, 2016, to the Teacher Legacy Pension Plan were \$1,758,047, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

### **Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Liability (Assets).* At June 30, 2016, the Franklin County School Department reported a liability of \$215,363 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Franklin County School Department's proportion of the net pension liability (asset) was based on the Franklin County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Franklin County School Department's proportion was .525744 percent. The proportion measured at June 30, 2014, was .533966 percent

*Negative Pension Expense.* For the year ended June 30, 2016, the Franklin County School Department recognized negative pension expense of \$213,811.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2016, the Franklin County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 172,838	\$ 3,352,153
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,888,777	5,279,226
Changes in Proportion of Net Pension Liability (Asset)	0	159,955
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	<u>1,758,047</u>	N/A
Total	<u>\$ 5,819,662</u>	<u>\$ 8,791,334</u>

The Franklin County School Department's employer contributions of \$1,758,047 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (1,455,402)
2018	(1,455,402)
2019	(1,455,402)
2020	304,340
2021	(667,853)
Thereafter	0

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

*Actuarial Assumptions.* The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustments for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity	6.46	%	33	%
Developed Market				
International Equity	6.26		17	
Emerging Market				
International Equity	6.40		5	
Private Equity and				
Strategic Lending	4.61		8	
U.S. Fixed Income	0.98		29	
Real Estate	4.73		7	
Short-term Securities	0.00		1	
			100	%
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the Franklin County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Franklin County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
--	---------------------	-------------------------------	---------------------

Net Pension Liability    \$ 14,682,706    \$ 215,363    \$ (11,761,892)

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

**2. Deferred Compensation**

Teachers hired after July 1, 2014, by the discretely presented Franklin County School Department are required to participate in a hybrid pension plan administered by the Tennessee Consolidated Retirement System. This hybrid pension plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the Franklin County School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Franklin County School Department contributed \$71,975 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

**H. Other Postemployment Benefits (OPEB)**

Plan Description

Franklin County and the School Department participate in the state-administered Local Education Group Insurance Plan and Local Government Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees and Section 8-27-207, *TCA*, for local governments. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state’s retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state’s website at <http://tn.gov/finance/act/cafr.html>.

### Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The School Department retirees' contributions vary depending on the insurance options they select, ranging from \$0 to \$969 per month for their insurance. The county and highway department retirees' contributions vary depending on the insurance options they select, ranging from \$61 to \$1,102 per month for their insurance. During the year ended June 30, 2016, the county and the School Department contributed \$25,932 and \$522,485, respectively, for postemployment benefits.

### Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 944,000	\$ 173,000
Interest on the NOPEBO	200,326	88,272
Adjustment to the ARC	(201,131)	(88,627)
Annual OPEB cost	\$ 943,195	\$ 172,645
Amount of contribution	(522,485)	(25,932)
Increase/decrease in NOPEBO	\$ 420,710	\$ 146,713
Net OPEB obligation, 7-1-15	5,342,026	2,353,915
Net OPEB obligation, 6-30-16	\$ 5,762,736	\$ 2,500,628

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-14	Local Education Group	\$ 1,000,523	58 %	\$ 4,805,773
6-30-15	"	1,035,952	48	5,342,026
6-30-16	"	943,195	55	5,762,736
6-30-14	Local Government Group	150,148	8	2,223,473
6-30-15	"	156,291	17	2,353,915
6-30-16	"	172,645	15	2,500,628

#### Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015, was as follows:

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-15	7-1-15
Actuarial accrued liability (AAL)	\$ 8,695,000	\$ 1,538,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 8,695,000	\$ 1,538,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 24,101,812	\$ 8,354,048
UAAL as a % of covered payroll	36%	18%

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 July 1, 2015, actuarial valuation for the Local Education Plan and the Local Government Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 6.5 percent initially. The trend rate will decrease to six percent in fiscal year 2016, and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2050. Both rates include a 2.5 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 July 1, 2007. Payroll is assumed to grow at a rate of three percent.

**I. Office of Central Accounting, Budgeting, and Purchasing**

Franklin County operates under the provisions of 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 also provides for the creation of a Finance Department operated under the direction of the finance director.

**J. 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 \$25,000 for the Office of County Mayor, the discretely presented School Department, and the Office of Highway Superintendent are required to be competitively bid.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

Franklin County, Tennessee  
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on  
Participation in the Public Employee Pension Plan of TCRS  
Primary Government  
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
<b>Total Pension Liability (Asset)</b>		
Service Cost	\$ 934,637	\$ 986,760
Interest	2,724,212	2,849,313
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	(714,099)	(717,567)
Changes in Assumptions	0	0
Benefit Payments, Including Refunds of Employee Contributions	(1,326,831)	(1,330,894)
Net Change in Total Pension Liability (Asset)	\$ 1,617,919	\$ 1,787,612
Total Pension Liability (Asset), Beginning	36,051,608	37,669,527
Total Pension Liability (Asset), Ending (a)	<u>\$ 37,669,527</u>	<u>\$ 39,457,139</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 1,756,198	\$ 1,782,002
Contributions - Employee	0	0
Net Investment Income	5,394,799	1,180,304
Benefit Payments, Including Refunds of Employee Contributions	(1,326,831)	(1,330,894)
Administrative Expense	(19,389)	(25,333)
Net Change in Plan Fiduciary Net Position	\$ 5,804,777	\$ 1,606,079
Plan Fiduciary Net Position, Beginning	32,345,559	38,150,336
Plan Fiduciary Net Position, Ending (b)	<u>\$ 38,150,336</u>	<u>\$ 39,756,415</u>
Net Pension Liability (Asset), Ending (a - b)	<u>\$ (480,809)</u>	<u>\$ (299,276)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.28%	100.76%
Covered Employee Payroll	\$ 13,284,415	\$ 13,520,502
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	(3.62)%	(2.21)%

Note: ten years of data will be presented when available.

Note: data presented includes the primary government and the discretely presented non-certified employees of the School Department.

Exhibit E-2

Franklin County, Tennessee  
Schedule of Contributions Based on Participation in the Public  
Employee Pension Plan of TCRS  
Primary Government  
For the Fiscal Year Ended June 30

	2014	2015	2016
Actuarially Determined Contribution	\$ 1,756,198	\$ 1,782,002	\$ 1,868,457
Less Contributions in Relation to the Actuarially Determined Contribution	(1,756,198)	(1,782,002)	(1,868,457)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0
Covered Employee Payroll	\$ 13,284,415	\$ 13,520,502	\$ 14,206,273
Contributions as a Percentage of Covered Employee Payroll	13.22%	13.18%	13.15%

Note: ten years of data will be presented when available.

Note: data presented includes the primary government and the discretely presented non-certified employees of the School Department.

Exhibit E-3

Franklin County, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Pension Plan of TCRS  
Discretely Presented Franklin County School Department  
For the Fiscal Year Ended June 30

	<u>2015</u>	<u>2016</u>
Contractually Required Contribution	\$ 16,182	\$ 35,988
Less Contributions in Relation to the Contractually Required Contribution	<u>(25,890)</u>	<u>(57,580)</u>
Contribution Deficiency (Excess)	<u>\$ (9,708)</u>	<u>\$ (21,592)</u>
Covered Payroll	\$ 647,261	\$ 1,439,510
Contributions as a Percentage of Covered Payroll	4.00%	4.00%

Note: ten years of data will be presented when available.

Exhibit E-4

Franklin County, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Legacy Pension Plan of TCRS  
Discretely Presented Franklin County School Department  
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually Required Contribution	\$ 1,861,081	\$ 1,779,184	\$ 1,758,047
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(1,861,081)</u>	<u>(1,779,184)</u>	<u>(1,758,047)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 20,958,110	\$ 19,681,280	\$ 19,447,359
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%

Note: ten years of data will be presented when available.

Exhibit E-5

Franklin County, Tennessee  
Schedule of Proportionate Share of the Net Pension Asset  
in the Teacher Pension Plan of TCRS  
Discretely Presented Franklin County School Department  
For the Fiscal Year Ended June 30 \*

	<u>2016</u>
School Department's Proportion of the Net Pension Asset	0.311523%
School Department's Proportionate Share of the Net Pension Asset	\$ (12,532)
Covered Employee Payroll	\$ 647,261
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	(1.94)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit E-6

Franklin County, Tennessee  
Schedule of Proportionate Share of the Net Pension Asset  
in the Teacher Legacy Pension Plan of TCRS  
Discretely Presented Franklin County School Department  
For the Fiscal Year Ended June 30 \*

	<u>2015</u>	<u>2016</u>
School Department's Proportion of the Net Pension Liability Asset	0.533966%	0.525744%
School Department's Proportionate Share of the Net Pension Asset (Liability)	\$ (86,767)	\$ 215,363
Covered Employee Payroll	\$ 20,958,110	\$ 19,681,280
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	(0.414002)%	1.094252%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit E-7

Franklin County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Franklin County School Department  
June 30, 2016

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-11	\$ 0	\$ 2,669	\$ 2,669	0 %	\$ 6,525	41 %
"	7-1-13	0	1,331	1,331	0	6,581	20
"	7-1-15	0	1,538	1,538	0	8,354	18
<u>DISCRETELY PRESENTED FRANKLIN COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-11	0	11,604	11,604	0	22,852	51
"	7-1-13	0	9,095	9,095	0	19,627	46
"	7-1-15	0	8,695	8,695	0	24,102	36

**FRANKLIN COUNTY, TENNESSEE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2016**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for 2016 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Five Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

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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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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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.

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

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

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

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 of deeds, and sheriff.

## Capital Projects Fund

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The Highway Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of road projects.

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Exhibit F-1

Franklin County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2016

	Special Revenue Funds					Total
	Courthouse and Jail Maintenance	Public Library	Local Purpose Tax	Drug Control	Constitu - tional Officers - Fees	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,355	\$ 2,355
Equity in Pooled Cash and Investments	35,297	303,909	282,743	38,573	0	660,522
Accounts Receivable	0	1,585	28,351	0	1,111	31,047
Property Taxes Receivable	0	285,490	373,379	0	0	658,869
Allowance for Uncollectible Property Taxes	0	(10,940)	(15,312)	0	0	(26,252)
Prepaid Items	0	270	0	0	0	270
Total Assets	\$ 35,297	\$ 580,314	\$ 669,161	\$ 38,573	\$ 3,466	\$ 1,326,811
<u>LIABILITIES</u>						
Accounts Payable	\$ 0	\$ 230	\$ 0	\$ 250	\$ 0	\$ 480
Accrued Payroll	0	1,526	0	0	0	1,526
Payroll Deductions Payable	0	688	0	0	0	688
Due to Other Funds	0	0	0	0	3,466	3,466
Due to State of Tennessee	0	224	0	0	0	224
Total Liabilities	\$ 0	\$ 2,668	\$ 0	\$ 250	\$ 3,466	\$ 6,384
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 0	\$ 266,638	\$ 339,337	\$ 0	\$ 0	\$ 605,975
Deferred Delinquent Property Taxes	0	7,191	17,024	0	0	24,215
Total Deferred Inflows of Resources	\$ 0	\$ 273,829	\$ 356,361	\$ 0	\$ 0	\$ 630,190

(Continued)

Exhibit F-1

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

	Special Revenue Funds					Total
	Courthouse and Jail Maintenance	Public Library	Local Purpose Tax	Drug Control	Constitu - tional Officers - Fees	
<u>FUND BALANCES</u>						
Nonspendable:						
Prepaid Items	\$ 0	\$ 270	\$ 0	\$ 0	\$ 0	\$ 270
Restricted:						
Restricted for Public Safety	0	0	282,800	32,306	0	315,106
Restricted for Social, Cultural, and Recreational Services	0	245,452	0	0	0	245,452
Restricted for Highways/Public Works	0	0	0	0	0	0
Restricted for Debt Service	35,297	0	0	0	0	35,297
Committed:						
Committed for Social, Cultural, and Recreational Services	0	36,717	0	0	0	36,717
Assigned:						
Assigned for Public Safety	0	0	30,000	6,017	0	36,017
Assigned for Social, Cultural, and Recreational Services	0	21,378	0	0	0	21,378
Total Fund Balances	<u>\$ 35,297</u>	<u>\$ 303,817</u>	<u>\$ 312,800</u>	<u>\$ 38,323</u>	<u>\$ 0</u>	<u>\$ 690,237</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 35,297</u>	<u>\$ 580,314</u>	<u>\$ 669,161</u>	<u>\$ 38,573</u>	<u>\$ 3,466</u>	<u>\$ 1,326,811</u>

(Continued)

Exhibit F-1

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

	<u>Capital Projects Fund Highway Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>		
Cash	\$ 0	\$ 2,355
Equity in Pooled Cash and Investments	1,181,518	1,842,040
Accounts Receivable	0	31,047
Property Taxes Receivable	0	658,869
Allowance for Uncollectible Property Taxes	0	(26,252)
Prepaid Items	0	270
	<hr/>	<hr/>
Total Assets	\$ 1,181,518	\$ 2,508,329
<u>LIABILITIES</u>		
Accounts Payable	\$ 22,509	\$ 22,989
Accrued Payroll	0	1,526
Payroll Deductions Payable	0	688
Due to Other Funds	0	3,466
Due to State of Tennessee	0	224
Total Liabilities	<hr/>	<hr/>
	\$ 22,509	\$ 28,893
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 0	\$ 605,975
Deferred Delinquent Property Taxes	0	24,215
Total Deferred Inflows of Resources	<hr/>	<hr/>
	\$ 0	\$ 630,190

(Continued)

Exhibit F-1

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

FUND BALANCES

	<u>Capital Projects Fund Highway Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Nonspendable:		
Prepaid Items	\$ 0	\$ 270
Restricted:		
Restricted for Public Safety	0	315,106
Restricted for Social, Cultural, and Recreational Services	0	245,452
Restricted for Highways/Public Works	1,159,009	1,159,009
Restricted for Debt Service	0	35,297
Committed:		
Committed for Social, Cultural, and Recreational Services	0	36,717
Assigned:		
Assigned for Public Safety	0	36,017
Assigned for Social, Cultural, and Recreational Services	0	21,378
Total Fund Balances	<u>\$ 1,159,009</u>	<u>\$ 1,849,246</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,181,518</u>	<u>\$ 2,508,329</u>

Exhibit F-2

Franklin County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2016

	Special Revenue Funds					Total
	Courthouse and Jail Maintenance	Public Library	Local Purpose Tax	Drug Control	Constitu - tional Officers - Fees	
<u>Revenues</u>						
Local Taxes	\$ 163,209	\$ 291,817	\$ 626,183	\$ 0	\$ 0	\$ 1,081,209
Licenses and Permits	0	1,617	23,828	0	0	25,445
Fines, Forfeitures, and Penalties	0	0	0	54,685	0	54,685
Charges for Current Services	0	17,207	0	0	387	17,594
Other Local Revenues	0	3,029	0	67	0	3,096
Federal Government	0	1,000	0	16,778	0	17,778
Other Governments and Citizens Groups	0	31,750	0	3,250	0	35,000
<b>Total Revenues</b>	<b>\$ 163,209</b>	<b>\$ 346,420</b>	<b>\$ 650,011</b>	<b>\$ 74,780</b>	<b>\$ 387</b>	<b>\$ 1,234,807</b>
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 37	\$ 37
Administration of Justice	0	0	0	0	350	350
Public Safety	0	0	535,855	74,979	0	610,834
Social, Cultural, and Recreational Services	0	263,084	0	0	0	263,084
Other Operations	1,608	33,870	0	521	0	35,999
Capital Projects	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>\$ 1,608</b>	<b>\$ 296,954</b>	<b>\$ 535,855</b>	<b>\$ 75,500</b>	<b>\$ 387</b>	<b>\$ 910,304</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 161,601	\$ 49,466	\$ 114,156	\$ (720)	\$ 0	\$ 324,503

(Continued)

Exhibit F-2

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

	Special Revenue Funds					Total
	Courthouse and Jail Maintenance	Public Library	Local Purpose Tax	Drug Control	Constitu - tional Officers - Fees	
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (150,000)	\$ (3,000)	\$ 0	\$ 0	\$ 0	(153,000)
Total Other Financing Sources (Uses)	\$ (150,000)	\$ (3,000)	\$ 0	\$ 0	\$ 0	(153,000)
Net Change in Fund Balances	\$ 11,601	\$ 46,466	\$ 114,156	\$ (720)	\$ 0	171,503
Fund Balance, July 1, 2015	23,696	257,351	198,644	39,043	0	518,734
Fund Balance, June 30, 2016	\$ 35,297	\$ 303,817	\$ 312,800	\$ 38,323	\$ 0	690,237

(Continued)

Exhibit F-2

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

	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<hr/>		
<u>Revenues</u>		
Local Taxes	\$ 0	\$ 1,081,209
Licenses and Permits	0	25,445
Fines, Forfeitures, and Penalties	0	54,685
Charges for Current Services	0	17,594
Other Local Revenues	633	3,729
Federal Government	0	17,778
Other Governments and Citizens Groups	0	35,000
Total Revenues	<u>\$ 633</u>	<u>\$ 1,235,440</u>
<u>Expenditures</u>		
Current:		
General Government	\$ 0	\$ 37
Administration of Justice	0	350
Public Safety	0	610,834
Social, Cultural, and Recreational Services	0	263,084
Other Operations	6	36,005
Capital Projects	1,110,537	1,110,537
Total Expenditures	<u>\$ 1,110,543</u>	<u>\$ 2,020,847</u>
Excess (Deficiency) of Revenues		
Over Expenditures	<u>\$ (1,109,910)</u>	<u>\$ (785,407)</u>

(Continued)

Exhibit F-2

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

	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Other Financing Sources (Uses)</u>		
Transfers Out	\$ 0	\$ (153,000)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ (153,000)</u>
Net Change in Fund Balances	\$ (1,109,910)	\$ (938,407)
Fund Balance, July 1, 2015	<u>2,268,919</u>	<u>2,787,653</u>
Fund Balance, June 30, 2016	<u>\$ 1,159,009</u>	<u>\$ 1,849,246</u>

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 163,209	\$ 153,000	\$ 153,000	\$ 10,209
Total Revenues	\$ 163,209	\$ 153,000	\$ 153,000	\$ 10,209
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 1,608	\$ 1,600	\$ 1,608	\$ 0
Total Expenditures	\$ 1,608	\$ 1,600	\$ 1,608	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 161,601	\$ 151,400	\$ 151,392	\$ 10,209
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (150,000)	\$ (150,000)	\$ (150,000)	\$ 0
Total Other Financing Sources	\$ (150,000)	\$ (150,000)	\$ (150,000)	\$ 0
Net Change in Fund Balance	\$ 11,601	\$ 1,400	\$ 1,392	\$ 10,209
Fund Balance, July 1, 2015	23,696	19,424	19,424	4,272
Fund Balance, June 30, 2016	\$ 35,297	\$ 20,824	\$ 20,816	\$ 14,481

Exhibit F-4

Franklin County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Public Library Fund  
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 291,817	\$ 0	\$ 0	\$ 291,817	\$ 297,907	\$ 292,978	\$ (1,161)
Licenses and Permits	1,617	0	0	1,617	1,500	1,620	(3)
Charges for Current Services	17,207	0	0	17,207	17,250	17,250	(43)
Other Local Revenues	3,029	0	0	3,029	3,050	3,050	(21)
Federal Government	1,000	0	0	1,000	2,000	2,000	(1,000)
Other Governments and Citizens Groups	31,750	0	0	31,750	31,250	34,700	(2,950)
<b>Total Revenues</b>	<b>\$ 346,420</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 346,420</b>	<b>\$ 352,957</b>	<b>\$ 351,598</b>	<b>\$ (5,178)</b>
<u>Expenditures</u>							
<u>Social, Cultural, and Recreational Services</u>							
Libraries	\$ 263,084	\$ (3,436)	\$ 21,378	\$ 281,026	\$ 310,148	\$ 308,318	\$ 27,292
<u>Other Operations</u>							
Other Charges	33,870	0	0	33,870	36,870	36,870	3,000
<b>Total Expenditures</b>	<b>\$ 296,954</b>	<b>\$ (3,436)</b>	<b>\$ 21,378</b>	<b>\$ 314,896</b>	<b>\$ 347,018</b>	<b>\$ 345,188</b>	<b>\$ 30,292</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 49,466</b>	<b>\$ 3,436</b>	<b>\$ (21,378)</b>	<b>\$ 31,524</b>	<b>\$ 5,939</b>	<b>\$ 6,410</b>	<b>\$ 25,114</b>
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (3,000)	\$ 0	\$ 0	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ 0
<b>Total Other Financing Sources</b>	<b>\$ (3,000)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (3,000)</b>	<b>\$ (3,000)</b>	<b>\$ (3,000)</b>	<b>\$ 0</b>
<b>Net Change in Fund Balance</b>	<b>\$ 46,466</b>	<b>\$ 3,436</b>	<b>\$ (21,378)</b>	<b>\$ 28,524</b>	<b>\$ 2,939</b>	<b>\$ 3,410</b>	<b>\$ 25,114</b>
Fund Balance, July 1, 2015	257,351	(3,436)	0	253,915	258,443	258,443	(4,528)
<b>Fund Balance, June 30, 2016</b>	<b>\$ 303,817</b>	<b>\$ 0</b>	<b>\$ (21,378)</b>	<b>\$ 282,439</b>	<b>\$ 261,382</b>	<b>\$ 261,853</b>	<b>\$ 20,586</b>

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 626,183	\$ 0	\$ 0	\$ 626,183	\$ 572,865	\$ 604,715	\$ 21,468
Licenses and Permits	23,828	0	0	23,828	23,400	23,830	(2)
Total Revenues	<u>\$ 650,011</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 650,011</u>	<u>\$ 596,265</u>	<u>\$ 628,545</u>	<u>\$ 21,466</u>
<u>Expenditures</u>							
<u>Public Safety</u>							
Fire Prevention and Control	\$ 535,855	\$ (27,000)	\$ 30,000	\$ 538,855	\$ 536,100	\$ 547,600	\$ 8,745
Total Expenditures	<u>\$ 535,855</u>	<u>\$ (27,000)</u>	<u>\$ 30,000</u>	<u>\$ 538,855</u>	<u>\$ 536,100</u>	<u>\$ 547,600</u>	<u>\$ 8,745</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 114,156</u>	<u>\$ 27,000</u>	<u>\$ (30,000)</u>	<u>\$ 111,156</u>	<u>\$ 60,165</u>	<u>\$ 80,945</u>	<u>\$ 30,211</u>
Net Change in Fund Balance Fund Balance, July 1, 2015	<u>\$ 114,156</u> 198,644	<u>\$ 27,000</u> (27,000)	<u>\$ (30,000)</u> 0	<u>\$ 111,156</u> 171,644	<u>\$ 60,165</u> 160,479	<u>\$ 80,945</u> 160,479	<u>\$ 30,211</u> 11,165
Fund Balance, June 30, 2016	<u>\$ 312,800</u>	<u>\$ 0</u>	<u>\$ (30,000)</u>	<u>\$ 282,800</u>	<u>\$ 220,644</u>	<u>\$ 241,424</u>	<u>\$ 41,376</u>

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 54,685	\$ 0	\$ 0	\$ 54,685	\$ 52,700	\$ 63,200	\$ (8,515)
Charges for Current Services	0	0	0	0	50	50	(50)
Other Local Revenues	67	0	0	67	10,300	5,300	(5,233)
Federal Government	16,778	0	0	16,778	40,000	20,000	(3,222)
Other Governments and Citizens Groups	3,250	0	0	3,250	50	3,250	0
Total Revenues	\$ 74,780	\$ 0	\$ 0	\$ 74,780	\$ 103,100	\$ 91,800	\$ (17,020)
<u>Expenditures</u>							
<u>Public Safety</u>							
Drug Enforcement	\$ 74,979	\$ (1,547)	\$ 6,017	\$ 79,449	\$ 102,750	\$ 88,494	\$ 9,045
<u>Other Operations</u>							
Other Charges	521	0	0	521	700	700	179
Total Expenditures	\$ 75,500	\$ (1,547)	\$ 6,017	\$ 79,970	\$ 103,450	\$ 89,194	\$ 9,224
Excess (Deficiency) of Revenues Over Expenditures	\$ (720)	\$ 1,547	\$ (6,017)	\$ (5,190)	\$ (350)	\$ 2,606	\$ (7,796)
Net Change in Fund Balance	\$ (720)	\$ 1,547	\$ (6,017)	\$ (5,190)	\$ (350)	\$ 2,606	\$ (7,796)
Fund Balance, July 1, 2015	39,043	(1,547)	0	37,496	63,264	63,264	(25,768)
Fund Balance, June 30, 2016	\$ 38,323	\$ 0	\$ (6,017)	\$ 32,306	\$ 62,914	\$ 65,870	\$ (33,564)

# Major Governmental Funds

## Debt Service Funds

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Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

---

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

Education Debt Service Fund – The Education Debt Service Fund is used to account for the retirement of bonds, other loans, and most notes issued for the construction and renovations of the county's schools.

Exhibit G-1

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,987,267	\$ 1,995,509	\$ 1,989,974	\$ (2,707)
Licenses and Permits	10,696	6,000	10,695	1
Total Revenues	<u>\$ 1,997,963</u>	<u>\$ 2,001,509</u>	<u>\$ 2,000,669</u>	<u>\$ (2,706)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,399,490	\$ 1,399,491	\$ 1,399,496	\$ 6
<u>Interest on Debt</u>				
General Government	350,298	350,440	350,445	147
<u>Other Debt Service</u>				
General Government	38,944	34,500	40,500	1,556
Total Expenditures	<u>\$ 1,788,732</u>	<u>\$ 1,784,431</u>	<u>\$ 1,790,441</u>	<u>\$ 1,709</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 209,231</u>	<u>\$ 217,078</u>	<u>\$ 210,228</u>	<u>\$ (997)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 150,000	\$ 150,000	\$ 150,000	\$ 0
Total Other Financing Sources	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 359,231	\$ 367,078	\$ 360,228	\$ (997)
Fund Balance, July 1, 2015	<u>1,134,734</u>	<u>1,145,308</u>	<u>1,145,308</u>	<u>(10,574)</u>
Fund Balance, June 30, 2016	<u>\$ 1,493,965</u>	<u>\$ 1,512,386</u>	<u>\$ 1,505,536</u>	<u>\$ (11,571)</u>

Exhibit G-2

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,325,284	\$ 2,737,136	\$ 2,390,874	\$ (65,590)
Licenses and Permits	5,542	7,700	5,700	(158)
Other Governments and Citizens Groups	166,040	0	166,040	0
Total Revenues	<u>\$ 2,496,866</u>	<u>\$ 2,744,836</u>	<u>\$ 2,562,614</u>	<u>\$ (65,748)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 2,876,903	\$ 2,725,701	\$ 2,876,904	\$ 1
<u>Interest on Debt</u>				
Education	425,496	410,660	425,497	1
<u>Other Debt Service</u>				
Education	37,511	53,250	39,250	1,739
Total Expenditures	<u>\$ 3,339,910</u>	<u>\$ 3,189,611</u>	<u>\$ 3,341,651</u>	<u>\$ 1,741</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (843,044)</u>	<u>\$ (444,775)</u>	<u>\$ (779,037)</u>	<u>\$ (64,007)</u>
Net Change in Fund Balance	\$ (843,044)	\$ (444,775)	\$ (779,037)	\$ (64,007)
Fund Balance, July 1, 2015	3,676,878	3,682,783	3,682,783	(5,905)
Fund Balance, June 30, 2016	<u>\$ 2,833,834</u>	<u>\$ 3,238,008</u>	<u>\$ 2,903,746</u>	<u>\$ (69,912)</u>

# Fiduciary Funds

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

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

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

Exhibit H-1

Franklin County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2016

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu - tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,443,290	\$ 1,443,290
Due from Other Governments	630,129	0	630,129
	<hr/>		
Total Assets	\$ 630,129	\$ 1,443,290	\$ 2,073,419
<hr/>			
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 630,129	\$ 0	\$ 630,129
Due to Litigants, Heirs, and Others	0	1,443,290	1,443,290
	<hr/>		
Total Liabilities	\$ 630,129	\$ 1,443,290	\$ 2,073,419
<hr/>			

## Exhibit H-2

Franklin County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,708,578	\$ 3,708,578	\$ 0
Due from Other Governments	626,086	630,129	626,086	630,129
Total Assets	\$ 626,086	\$ 4,338,707	\$ 4,334,664	\$ 630,129
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 626,086	\$ 4,338,707	\$ 4,334,664	\$ 630,129
Total Liabilities	\$ 626,086	\$ 4,338,707	\$ 4,334,664	\$ 630,129
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,657,032	\$ 14,609,922	\$ 14,823,664	\$ 1,443,290
Total Assets	\$ 1,657,032	\$ 14,609,922	\$ 14,823,664	\$ 1,443,290
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,657,032	\$ 14,609,922	\$ 14,823,664	\$ 1,443,290
Total Liabilities	\$ 1,657,032	\$ 14,609,922	\$ 14,823,664	\$ 1,443,290
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,657,032	\$ 14,609,922	\$ 14,823,664	\$ 1,443,290
Equity in Pooled Cash and Investments	0	3,708,578	3,708,578	0
Due from Other Governments	626,086	630,129	626,086	630,129
Total Assets	\$ 2,283,118	\$ 18,948,629	\$ 19,158,328	\$ 2,073,419
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 626,086	\$ 4,338,707	\$ 4,334,664	\$ 630,129
Due to Litigants, Heirs, and Others	1,657,032	14,609,922	14,823,664	1,443,290
Total Liabilities	\$ 2,283,118	\$ 18,948,629	\$ 19,158,328	\$ 2,073,419

# 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.

---

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

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

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

Exhibit I-1

Franklin County, Tennessee  
Statement of Activities  
Discretely Presented Franklin County School Department  
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:				
Instruction	\$ 26,755,534	\$ 0	\$ 3,284,491	\$ (23,471,043)
Support Services	15,059,586	13,208	524,134	(14,522,244)
Operation of Non-instructional Services	5,032,140	1,255,734	2,830,936	(945,470)
Interest on Long-term Debt	14,837	0	0	(14,837)
<b>Total Governmental Activities</b>	<b>\$ 46,862,097</b>	<b>\$ 1,268,942</b>	<b>\$ 6,639,561</b>	<b>\$ (38,953,594)</b>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 9,666,884
Local Option Sales Taxes				4,343,345
Other Local Taxes				30,874
Grants and Contributions Not Restricted to Specific Programs				27,648,044
Unrestricted Investment Earnings				9,477
Miscellaneous				35,466
Sale of Equipment				65,233
<b>Total General Revenues</b>				<b>\$ 41,799,323</b>
Change in Net Position				\$ 2,845,729
Net Position, July 1, 2015				41,112,726
Net Position, June 30, 2016				<b>\$ 43,958,455</b>

Exhibit I-2

Franklin County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Franklin County School Department  
June 30, 2016

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Central</u>	<u>Fund</u>	
	<u>Purpose</u>	<u>Cafeteria</u>	<u>School</u>	<u>Governmental</u>
	<u>School</u>		<u>Federal</u>	<u>Funds</u>
			<u>Projects</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 1,634	\$ 0	\$ 1,634
Equity in Pooled Cash and Investments	7,403,437	2,835,135	21,072	10,259,644
Accounts Receivable	32,475	813	0	33,288
Due from Other Governments	1,316,480	713	146	1,317,339
Property Taxes Receivable	9,568,990	0	0	9,568,990
Allowance for Uncollectible Property Taxes	(366,678)	0	0	(366,678)
Prepaid Items	1,331	3,887	0	5,218
Total Assets	\$ 17,956,035	\$ 2,842,182	\$ 21,218	\$ 20,819,435
<u>LIABILITIES</u>				
Accounts Payable	\$ 111,657	\$ 729	\$ 0	\$ 112,386
Accrued Payroll	80,800	1,274	1,214	83,288
Total Liabilities	\$ 192,457	\$ 2,003	\$ 1,214	\$ 195,674
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 8,937,135	\$ 0	\$ 0	\$ 8,937,135
Deferred Delinquent Property Taxes	241,021	0	0	241,021
Other Deferred/Unavailable Revenue	380,000	0	0	380,000
Total Deferred Inflows of Resources	\$ 9,558,156	\$ 0	\$ 0	\$ 9,558,156
<u>FUND BALANCES</u>				
Nonspendable:				
Prepaid Items	\$ 1,331	\$ 3,887	\$ 0	\$ 5,218

(Continued)

Exhibit I-2

Franklin County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Franklin County School Department (Cont.)

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Central</u>	<u>Fund</u>	
	<u>Purpose</u>	<u>Cafeteria</u>	<u>School</u>	<u>Governmental</u>
	<u>School</u>		<u>Federal</u>	<u>Funds</u>
			<u>Projects</u>	
<u>FUND BALANCES (Cont.)</u>				
Restricted:				
Restricted for Education	\$ 492,332	\$ 2,836,292	\$ 10,004	\$ 3,338,628
Committed:				
Committed for Education	1,664,908	0	10,000	1,674,908
Assigned:				
Assigned for Education	1,133,838	0	0	1,133,838
Unassigned	4,913,013	0	0	4,913,013
Total Fund Balances	<u>\$ 8,205,422</u>	<u>\$ 2,840,179</u>	<u>\$ 20,004</u>	<u>\$ 11,065,605</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 17,956,035</u>	<u>\$ 2,842,182</u>	<u>\$ 21,218</u>	<u>\$ 20,819,435</u>

Exhibit I-3

Franklin County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
Discretely Presented Franklin County School Department  
June 30, 2016

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 11,065,605
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 5,446,786	
Add: construction in progress	179,935	
Add: buildings and improvements net of accumulated depreciation	32,499,425	
Add: other capital assets net of accumulated depreciation	<u>3,249,957</u>	41,376,103
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: contributions due on primary government debt for capital leases	\$ (355,208)	
Less: compensated absences payable	(192,794)	
Less: other postemployment benefits liability	(5,762,736)	
Less: net pension liability - cost-sharing plan	<u>(215,363)</u>	(6,526,101)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 7,326,533	
Less: deferred inflows of resources related to pensions	<u>(10,052,870)</u>	(2,726,337)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension assets - agent plan	\$ 135,632	
Add: net pension assets - cost-sharing plan	<u>12,532</u>	148,164
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>621,021</u>
Net position of governmental activities (Exhibit A)		<u>\$ 43,958,455</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, 2016

	Major Funds		Nonmajor	Total
	General Purpose School	Central Cafeteria	Fund School Federal Projects	
<u>Revenues</u>				
Local Taxes	\$ 14,234,241	\$ 0	\$ 0	\$ 14,234,241
Licenses and Permits	57,238	0	0	57,238
Charges for Current Services	228,726	1,028,012	0	1,256,738
Other Local Revenues	391,659	32,275	0	423,934
State of Tennessee	28,133,664	29,749	0	28,163,413
Federal Government	307,399	2,169,266	3,168,316	5,644,981
Total Revenues	\$ 43,352,927	\$ 3,259,302	\$ 3,168,316	\$ 49,780,545
<u>Expenditures</u>				
Current:				
Instruction	\$ 25,195,680	\$ 0	\$ 2,050,635	\$ 27,246,315
Support Services	14,913,154	0	1,107,677	16,020,831
Operation of Non-Instructional Services	2,002,911	2,923,322	0	4,926,233
Capital Outlay	277,079	0	0	277,079
Debt Service:				
Principal on Debt	151,203	0	0	151,203
Interest on Debt	14,837	0	0	14,837
Total Expenditures	\$ 42,554,864	\$ 2,923,322	\$ 3,158,312	\$ 48,636,498
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 798,063	\$ 335,980	\$ 10,004	\$ 1,144,047
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 695	\$ 0	\$ 0	\$ 695
Insurance Recovery	3,217	0	0	3,217
Total Other Financing Sources (Uses)	\$ 3,912	\$ 0	\$ 0	\$ 3,912
Net Change in Fund Balances	\$ 801,975	\$ 335,980	\$ 10,004	\$ 1,147,959
Fund Balance, July 1, 2015	7,403,447	2,504,199	10,000	9,917,646
Fund Balance, June 30, 2016	\$ 8,205,422	\$ 2,840,179	\$ 20,004	\$ 11,065,605

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, 2016

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)		\$ 1,147,959
(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	\$ 1,127,933	
Less: current-year depreciation expense	<u>(2,131,817)</u>	(1,003,884)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position		
Less: book value of capital assets disposed		(15,134)
(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 and other deferred June 30, 2016	\$ 621,021	
Less: deferred delinquent property taxes and other deferred June 30, 2015	<u>(693,740)</u>	(72,719)
(4) The contributions of long-term debt (e.g., notes, bonds, leases) by the primary government provide current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Add: principal contributions on leases to primary government		151,203
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ 22,712	
Change in other postemployment benefits liability	(420,710)	
Change in net pension liability/asset	(449,183)	
Change in deferred outflows related to pensions	4,501,334	
Change in deferred inflows related to pensions	<u>(1,015,849)</u>	<u>2,638,304</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 2,845,729</u>

Exhibit I-6

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 14,234,241	\$ 0	\$ 0	\$ 14,234,241	\$ 13,774,839	\$ 14,145,839	\$ 88,402
Licenses and Permits	57,238	0	0	57,238	46,800	56,800	438
Charges for Current Services	228,726	0	0	228,726	264,397	265,397	(36,671)
Other Local Revenues	391,659	0	0	391,659	262,456	391,795	(136)
State of Tennessee	28,133,664	0	0	28,133,664	28,016,968	28,137,875	(4,211)
Federal Government	307,399	0	0	307,399	136,397	375,753	(68,354)
<b>Total Revenues</b>	<b>\$ 43,352,927</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 43,352,927</b>	<b>\$ 42,501,857</b>	<b>\$ 43,373,459</b>	<b>\$ (20,532)</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 19,813,406	\$ (352,787)	\$ 549,800	\$ 20,010,419	\$ 20,010,478	\$ 20,118,386	\$ 107,967
Alternative Instruction Program	147,521	(422)	0	147,099	99,107	156,965	9,866
Special Education Program	3,834,499	(6,506)	9,624	3,837,617	3,954,551	3,946,366	108,749
Vocational Education Program	1,258,636	(4,441)	4,049	1,258,244	1,227,269	1,268,968	10,724
Student Body Education Program	141,618	(2,000)	6,565	146,183	150,954	150,954	4,771
<u>Support Services</u>							
Attendance	181,519	0	599	182,118	183,597	183,597	1,479
Health Services	517,113	(1,469)	0	515,644	530,306	530,305	14,661
Other Student Support	1,343,696	(505)	12,644	1,355,835	1,278,147	1,374,245	18,410
Regular Instruction Program	1,118,172	0	0	1,118,172	1,065,568	1,158,558	40,386
Special Education Program	295,098	(117)	3,357	298,338	306,764	314,949	16,611
Vocational Education Program	62,577	(234)	859	63,202	67,184	63,285	83
Other Programs	183,101	0	0	183,101	0	183,101	0
Board of Education	1,088,040	(3,103)	6,694	1,091,631	1,115,837	1,137,697	46,066
Director of Schools	355,667	(1,868)	4,447	358,246	639,459	610,179	251,933
Office of the Principal	2,237,121	(250)	0	2,236,871	2,325,740	2,302,067	65,196
Human Services/Personnel	112,525	(1,770)	75	110,830	113,971	113,971	3,141
Operation of Plant	3,395,633	(15,647)	4,160	3,384,146	3,663,428	3,576,512	192,366
Maintenance of Plant	1,193,279	(131,973)	98,526	1,159,832	1,366,021	1,303,016	143,184

(Continued)

Exhibit I-6

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 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 2,157,214	\$ (111,554)	\$ 215,223	\$ 2,260,883	\$ 2,397,202	\$ 2,397,202	\$ 136,319
Central and Other	672,399	(434)	3,160	675,125	717,045	683,768	8,643
<u>Operation of Non-Instructional Services</u>							
Community Services	635,584	(200)	0	635,384	608,230	798,969	163,585
Early Childhood Education	1,367,327	0	1,774	1,369,101	1,353,676	1,374,230	5,129
<u>Capital Outlay</u>							
Regular Capital Outlay	277,079	0	212,282	489,361	100,000	655,000	165,639
<u>Principal on Debt</u>							
Education	151,203	0	0	151,203	151,203	151,204	1
<u>Interest on Debt</u>							
Education	14,837	0	0	14,837	14,834	14,838	1
Total Expenditures	\$ 42,554,864	\$ (635,280)	\$ 1,133,838	\$ 43,053,422	\$ 43,440,571	\$ 44,568,332	\$ 1,514,910
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 798,063	\$ 635,280	\$ (1,133,838)	\$ 299,505	\$ (938,714)	\$ (1,194,873)	\$ 1,494,378
<u>Other Financing Sources (Uses)</u>							
Proceeds from Sale of Capital Assets	\$ 695	\$ 0	\$ 0	\$ 695	\$ 0	\$ 695	\$ 0
Insurance Recovery	3,217	0	0	3,217	0	0	3,217
Transfers In	0	0	0	0	100,000	0	0
Transfers Out	0	0	0	0	(101,848)	(2,200)	2,200
Total Other Financing Sources	\$ 3,912	\$ 0	\$ 0	\$ 3,912	\$ (1,848)	\$ (1,505)	\$ 5,417
Net Change in Fund Balance	\$ 801,975	\$ 635,280	\$ (1,133,838)	\$ 303,417	\$ (940,562)	\$ (1,196,378)	\$ 1,499,795
Fund Balance, July 1, 2015	7,403,447	(635,280)	0	6,768,167	6,055,675	6,055,675	712,492
Fund Balance, June 30, 2016	\$ 8,205,422	\$ 0	\$ (1,133,838)	\$ 7,071,584	\$ 5,115,113	\$ 4,859,297	\$ 2,212,287

Exhibit I-7

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 3,168,316	\$ 3,516,987	\$ 3,523,612	\$ (355,296)
Total Revenues	\$ 3,168,316	\$ 3,516,987	\$ 3,523,612	\$ (355,296)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,246,755	\$ 1,322,813	\$ 1,323,205	\$ 76,450
Special Education Program	740,742	783,994	789,941	49,199
Vocational Education Program	63,138	60,190	63,138	0
<u>Support Services</u>				
Health Services	212,607	211,062	214,682	2,075
Other Student Support	104,151	255,481	261,509	157,358
Regular Instruction Program	338,484	395,557	395,763	57,279
Special Education Program	264,406	273,440	270,611	6,205
Vocational Education Program	1,377	4,326	1,377	0
Transportation	186,652	210,124	203,386	16,734
Total Expenditures	\$ 3,158,312	\$ 3,516,987	\$ 3,523,612	\$ 365,300
Excess (Deficiency) of Revenues Over Expenditures	\$ 10,004	\$ 0	\$ 0	\$ 10,004
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 100,000	\$ 0	\$ 0
Transfers Out	0	(100,000)	0	0
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 10,004	\$ 0	\$ 0	\$ 10,004
Fund Balance, July 1, 2015	10,000	0	0	10,000
Fund Balance, June 30, 2016	\$ 20,004	\$ 0	\$ 0	\$ 20,004

Exhibit I-8

Franklin County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Franklin County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,028,012	\$ 1,079,845	\$ 1,028,945	\$ (933)
Other Local Revenues	32,275	5,500	31,700	575
State of Tennessee	29,749	32,754	32,754	(3,005)
Federal Government	2,169,266	2,177,890	2,242,890	(73,624)
Total Revenues	<u>\$ 3,259,302</u>	<u>\$ 3,295,989</u>	<u>\$ 3,336,289</u>	<u>\$ (76,987)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,923,322	\$ 3,555,363	\$ 3,656,563	\$ 733,241
Total Expenditures	<u>\$ 2,923,322</u>	<u>\$ 3,555,363</u>	<u>\$ 3,656,563</u>	<u>\$ 733,241</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 335,980</u>	<u>\$ (259,374)</u>	<u>\$ (320,274)</u>	<u>\$ 656,254</u>
Net Change in Fund Balance	\$ 335,980	\$ (259,374)	\$ (320,274)	\$ 656,254
Fund Balance, July 1, 2015	<u>2,504,199</u>	<u>2,432,937</u>	<u>2,432,937</u>	<u>71,262</u>
Fund Balance, June 30, 2016	<u>\$ 2,840,179</u>	<u>\$ 2,173,563</u>	<u>\$ 2,112,663</u>	<u>\$ 727,516</u>

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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, and Bonds  
For the Year Ended June 30, 2016

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Paid and/or Matured		Outstanding 6-30-16
						During Period		
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Industrial Development Board - Land	\$ 822,666	4.75	% 5-28-10	5-27-22	\$ 530,103	\$ 66,271	\$	463,832
Solid Waste/Highway Equipment	450,000	2.63	1-9-14	1-9-21	385,710	64,290		321,420
Highway and Road Improvements	2,000,000	2.33	1-6-15	4-1-22	2,000,000	286,000		1,714,000
Highway Capital Road Projects	1,000,000	2.33	5-11-15	4-1-22	1,000,000	142,858		857,142
Total Payable through General Debt Service Fund					<u>\$ 3,915,813</u>	<u>\$ 559,419</u>		<u>\$ 3,356,394</u>
<u>Payable through Highway/Public Works Fund</u>								
Quarry Land	177,000	4.875	11-10-11	2-1-23	\$ 124,193	\$ 13,067	\$	111,126
Total Payable through Highway/Public Works Fund					<u>\$ 124,193</u>	<u>\$ 13,067</u>		<u>\$ 111,126</u>
Total Notes Payable					<u>\$ 4,040,006</u>	<u>\$ 572,486</u>		<u>\$ 3,467,520</u>
<u>CAPITAL LEASES</u>								
<u>Payable through General Fund</u>								
Energy Efficiency Lighting System	308,473	4.75	1-3-11	1-3-18	\$ 144,685	\$ 45,983	\$	98,702
Total Payable through General Fund					<u>\$ 144,685</u>	<u>\$ 45,983</u>		<u>\$ 98,702</u>
<u>Contributions Due by the School Department from the General Purpose School Fund to the Education Debt Service Fund</u>								
Energy Efficient Lighting (State 1)	500,000	0	9-1-10	9-1-17	\$ 160,736	\$ 71,424	\$	89,312
Energy Efficient Lighting (State 2)	386,672	3	9-1-10	9-1-15	20,747	20,747		0
Energy Efficient Lighting (Excel)	581,879	5	10-1-10	4-1-20	324,928	59,032		265,896
Total Contributions Due by the School Department from the General Purpose School Fund to the Education Debt Service Fund					<u>\$ 506,411</u>	<u>\$ 151,203</u>		<u>\$ 355,208</u>
Total Capital Leases					<u>\$ 651,096</u>	<u>\$ 197,186</u>		<u>\$ 453,910</u>

(Continued)

Exhibit J-1

Franklin County, Tennessee

Schedule of Changes in Long-term Notes, Capital Leases, and Bonds (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Paid and/or Matured	
						During Period	Outstanding 6-30-16
<b><u>BONDS PAYABLE</u></b>							
<b><u>Payable through General Debt Service Fund</u></b>							
Industrial Revenue	\$ 378,000	5	% 11-18-1978	1-1-17	\$ 40,000	\$ 20,000	\$ 20,000
General Obligation Series 2007	6,000,000	4.19	8-15-07	4-1-23	4,070,000	450,000	3,620,000
General Obligation Judicial Center, Series 2010	1,500,000	4.13	5-21-10	5-21-48	1,407,845	20,771	1,387,074
General Obligation Refunding, Series 2014	1,810,000	1.28	6-7-13	6-1-16	349,300	349,300	0
Total Payable through General Debt Service Fund					<u>\$ 5,867,145</u>	<u>\$ 840,071</u>	<u>\$ 5,027,074</u>
<b><u>Payable through Education Debt Service Fund</u></b>							
School Bonds, Series 2008	3,000,000	2.5 to 4.5	12-17-08	6-1-24	\$ 1,995,000	\$ 190,000	\$ 1,805,000
School Refunding Bonds, Series 2009	15,205,000	2 to 3.75	6-15-09	3-1-21	8,760,000	1,345,000	7,415,000
School Refunding Bonds, Series 2011	3,495,000	1.35	12-28-11	3-1-16	905,000	905,000	0
School Refunding Bonds, Series 2014	2,220,000	1.23 to 2	6-7-13	6-1-21	1,690,700	285,700	1,405,000
Total Payable through Education Debt Service Fund					<u>\$ 13,350,700</u>	<u>\$ 2,725,700</u>	<u>\$ 10,625,000</u>
Total Bonds Payable					<u>\$ 19,217,845</u>	<u>\$ 3,565,771</u>	<u>\$ 15,652,074</u>

Exhibit J-2

Franklin County, Tennessee  
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Notes		
	Principal	Interest	Total
2017	\$ 576,389	\$ 93,471	\$ 669,860
2018	580,448	77,872	658,320
2019	584,689	62,090	646,779
2020	589,111	46,128	635,239
2021	592,761	29,908	622,669
2022	525,890	13,494	539,384
2023	18,232	889	19,121
Total	\$ 3,467,520	\$ 323,852	\$ 3,791,372

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2017	\$ 181,486	\$ 16,027	\$ 197,513
2018	133,240	10,736	143,976
2019	67,959	5,814	73,773
2020	71,225	2,547	73,772
Total	\$ 453,910	\$ 35,124	\$ 489,034

Year Ending June 30	Bonds		
	Principal	Interest	Total
2017	\$ 2,351,628	\$ 565,262	\$ 2,916,890
2018	2,427,520	490,900	2,918,420
2019	2,523,449	409,409	2,932,858
2020	2,594,416	322,496	2,916,912
2021	2,665,423	228,837	2,894,260
2022	801,472	130,333	931,805
2023	812,564	97,351	909,915
2024	288,701	61,844	350,545
2025	29,885	48,960	78,845
2026	31,118	47,727	78,845

(Continued)

Exhibit J-2

Franklin County, Tennessee  
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bonds (Cont.)		
	Principal	Interest	Total
2027	\$ 32,401	\$ 46,444	\$ 78,845
2028	33,738	45,107	78,845
2029	35,130	43,715	78,845
2030	36,579	42,266	78,845
2031	38,088	40,757	78,845
2032	39,659	39,186	78,845
2033	41,295	37,550	78,845
2034	42,998	35,847	78,845
2035	44,772	34,073	78,845
2036	46,619	32,226	78,845
2037	48,542	30,303	78,845
2038	50,544	28,301	78,845
2039	52,629	26,216	78,845
2040	54,800	24,045	78,845
2041	57,060	21,785	78,845
2042	59,414	19,431	78,845
2043	61,865	16,980	78,845
2044	64,417	14,428	78,845
2045	67,074	11,771	78,845
2046	69,841	9,005	78,846
2047	72,722	6,124	78,846
2048	75,711	3,125	78,836
Total	\$ 15,652,074	\$ 3,011,804	\$ 18,663,878

Exhibit J-3

Franklin County, Tennessee  
Schedule of Transfers  
For the Year Ended June 30, 2016

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Courthouse and Jail Maintenance	General Debt Service	Debt payments	\$ 150,000
Public Library	General	Reimbursement	3,000
Solid Waste/Sanitation	General	"	43,803
"	Highway/Public Works	"	5,000
Highway/Public Works	General	"	<u>51,803</u>
Total Transfers			<u>\$ 253,606</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, 2016

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 81,153	\$ 100,000	Western Surety Company
Superintendent of Highways	Section 8-24-102, <i>TCA</i> and County Commission	77,290 (1)	100,000	"
Director of Schools	State Board of Education and Franklin County Board of Education	110,000 (2)	100,000	"
Finance Director	County Commission	65,031 (3)	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	70,263	1,636,276	Auto-Owners Mutual Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	70,263	50,000	RLI Insurance Company
County Clerk	Section 8-24-102, <i>TCA</i>	70,263	100,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <i>TCA</i>	70,263	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , County Commission, and Chancery Court Judge	70,263 (4)	50,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	70,263	100,000	Western Surety Company
Sheriff	Section 8-24-102, <i>TCA</i>	77,290 (5)	100,000	RLI Insurance Company
Other Bonds:				
Public Employee Dishonesty			150,000	Tennessee Risk Management Trust

- (1) Does not include longevity of \$1,200 and unused vacation pay of \$1,626.
- (2) Does not include a chief executive officer training supplement of \$1,000.
- (3) Does not include an education incentive of \$950 and longevity of \$1,200.
- (4) Does not include longevity of \$1,200 and special commissioner fees of \$350.
- (5) Does not include a law enforcement training supplement of \$600.

Exhibit J-5

Franklin County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2016

	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	\$ 7,935,343	\$ 0	\$ 276,309	\$ 1,488,749	\$ 351,645	\$ 0
Trustee's Collections - Prior Year	186,984	0	6,101	25,481	9,473	0
Trustee's Collections - Bankruptcy	16,531	0	557	219	93	0
Circuit Clerk/Clerk and Master Collections - Prior Years	127,039	0	3,841	17,749	4,987	0
Interest and Penalty	42,492	0	1,415	5,240	1,716	0
Payments in-Lieu-of Taxes - T.V.A.	3,434	0	120	930	283	0
Payments in-Lieu-of Taxes - Local Utilities	26,347	0	919	0	0	0
Payments in-Lieu-of Taxes - Other	17,472	0	609	307	94	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	0
Hotel/Motel Tax	0	0	0	0	253,284	0
Litigation Tax - General	118,887	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	163,209	0	0	0	0
Business Tax	375,041	0	0	0	0	0
Mixed Drink Tax	78,737	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	55,927	0	1,946	15,138	4,608	0
Wholesale Beer Tax	232,966	0	0	0	0	0
Interstate Telecommunications Tax	2,134	0	0	0	0	0
Other Statutory Local Taxes	626	0	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 9,219,960</b>	<b>\$ 163,209</b>	<b>\$ 291,817</b>	<b>\$ 1,553,813</b>	<b>\$ 626,183</b>	<b>\$ 0</b>

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Local Purpose Tax	Drug Control
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 46,462	\$ 0	\$ 1,617	\$ 12,576	\$ 3,828	\$ 0
<u>Permits</u>						
Beer Permits	3,922	0	0	0	0	0
Building Permits	28,755	0	0	0	20,000	0
Other Permits	9,242	0	0	0	0	0
Total Licenses and Permits	\$ 88,381	\$ 0	\$ 1,617	\$ 12,576	\$ 23,828	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 8,763	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	29,839	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	4,957
Drug Court Fees	2,394	0	0	0	0	0
Jail Fees	9,176	0	0	0	0	0
DUI Treatment Fines	1,637	0	0	0	0	0
Data Entry Fee - Circuit Court	3,462	0	0	0	0	0
Courtroom Security Fee	117	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	22,458	0	0	0	0	0
Fines for Littering	104	0	0	0	0	0
Officers Costs	52,849	0	0	0	0	0
Game and Fish Fines	2,260	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	5,303
Drug Court Fees	6,574	0	0	0	0	0
Jail Fees	20,203	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Local Purpose Tax	Drug Control
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
DUI Treatment Fines	\$ 11,175	\$ 0	\$ 0	\$ 0	\$ 0	0
Data Entry Fee - General Sessions Court	11,213	0	0	0	0	0
Courtroom Security Fee	1,193	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	593	0	0	0	0	0
Officers Costs	5,224	0	0	0	0	0
Data Entry Fee - Juvenile Court	2,332	0	0	0	0	0
Courtroom Security Fee	2	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	788	0	0	0	0	0
Data Entry Fee - Chancery Court	1,744	0	0	0	0	0
<u>Other Courts - In-county</u>						
Drug Court Fees	3,745	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	44,425
Other Fines, Forfeitures, and Penalties	4,418	0	0	0	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 202,263</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>54,685</b>
<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	34,578	0	0
Solid Waste Disposal Fee	0	0	0	8,875	0	0
Other General Service Charges	7,755	0	17,207	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Local Purpose Tax	Drug Control
<u>Charges for Current Services (Cont.)</u>						
<u>Fees</u>						
Greenbelt Late Application Fee	\$ 200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Telephone Commissions	68,225	0	0	0	0	0
Vending Machine Collections	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0
Data Processing Fee - Register	14,010	0	0	0	0	0
Probation Fees	189,863	0	0	0	0	0
Data Processing Fee - Sheriff	4,354	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	7,050	0	0	0	0	0
Data Processing Fee - County Clerk	3,705	0	0	0	0	0
<b>Total Charges for Current Services</b>	<b>\$ 295,162</b>	<b>\$ 0</b>	<b>\$ 17,207</b>	<b>\$ 53,453</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 613	\$ 62,071	\$ 0	\$ 0
Lease/Rentals	18,635	0	0	0	0	0
Commissary Sales	10,957	0	0	0	0	0
Sale of Maps	50	0	0	0	0	0
Sale of Recycled Materials	0	0	0	134,291	0	0
Miscellaneous Refunds	33,734	0	10	1,016	0	67
<u>Nonrecurring Items</u>						
Sale of Equipment	47	0	0	0	0	0
Sale of Property	545	0	0	0	0	0
Contributions and Gifts	950	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Local Purpose Tax	Drug Control
<u>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>						
Other Local Revenues	\$ 61,792	\$ 0	\$ 2,406	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	\$ 126,710	\$ 0	\$ 3,029	\$ 197,378	\$ 0	\$ 67
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 345,229	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	248,207	0	0	0	0	0
General Sessions Court Clerk	269,914	0	0	0	0	0
Clerk and Master	146,909	0	0	0	0	0
Juvenile Court Clerk	46,362	0	0	0	0	0
Register	182,031	0	0	0	0	0
Sheriff	17,440	0	0	0	0	0
Trustee	691,086	0	0	0	0	0
Total Fees Received From County Officials	\$ 1,947,178	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 18,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	0	0	0	24,657	0	0
On-behalf Contributions for OPEB	3,050	0	0	0	0	0
Other General Government Grants	1,577	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	24,000	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	123,809	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Local Purpose Tax	Drug Control
<u>State of Tennessee (Cont.)</u>						
<u>Public Works Grants</u>						
Litter Program	\$ 35,430	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Tennessee Industrial Infrastructure Program	46,687	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	260,505	0	0	0	0	0
Beer Tax	18,488	0	0	0	0	0
Vehicle Certificate of Title Fees	7,474	0	0	0	0	0
Alcoholic Beverage Tax	83,996	0	0	0	0	0
State Revenue Sharing - T.V.A.	1,097,012	0	0	0	0	0
Contracted Prisoner Boarding	779,489	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	122,214	0	0	0	0	0
Other State Revenues	61,569	0	0	0	0	0
Total State of Tennessee	\$ 2,698,464	\$ 0	\$ 0	\$ 24,657	\$ 0	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 38,850	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	17,707	0	0	0	0	0
Other Federal through State	272,395	0	1,000	0	0	0
<u>Direct Federal Revenue</u>						
Forest Service	1,011	0	0	0	0	0
Other Direct Federal Revenue	395,285	0	0	0	0	16,778
Total Federal Government	\$ 725,248	\$ 0	\$ 1,000	\$ 0	\$ 0	\$ 16,778

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Local Purpose Tax	Drug Control
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 150,401	\$ 0	\$ 31,125	\$ 0	\$ 0	\$ 0
<u>Citizens Groups</u>						
Donations	62,500	0	625	0	0	3,250
<u>Other</u>						
Other	61,261	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 274,162</u>	<u>\$ 0</u>	<u>\$ 31,750</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,250</u>
Total	<u>\$ 15,577,528</u>	<u>\$ 163,209</u>	<u>\$ 346,420</u>	<u>\$ 1,841,877</u>	<u>\$ 650,011</u>	<u>\$ 74,780</u>

(Continued)

Exhibit J-5

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

	Special Revenue Funds		Debt Service Funds		Capital Projects Fund	Total
	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	Highway Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	\$ 555,270	\$ 1,825,596	\$ 946,348	\$ 0	\$ 13,379,260
Trustee's Collections - Prior Year	0	11,996	24,874	31,157	0	296,066
Trustee's Collections - Bankruptcy	0	919	2,165	3,221	0	23,705
Circuit Clerk/Clerk and Master Collections - Prior Years	0	7,606	18,722	19,445	0	199,389
Interest and Penalty	0	2,712	6,502	6,881	0	66,958
Payments in-Lieu-of Taxes - T.V.A.	0	240	791	410	0	6,208
Payments in-Lieu-of Taxes - Local Utilities	0	1,844	6,064	3,142	0	38,316
Payments in-Lieu-of Taxes - Other	0	1,223	4,021	607,435	0	631,161
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	700,574	0	700,574
Hotel/Motel Tax	0	0	0	0	0	253,284
Litigation Tax - General	0	0	85,656	0	0	204,543
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	163,209
Business Tax	0	0	0	0	0	375,041
Mixed Drink Tax	0	0	0	0	0	78,737
Mineral Severance Tax	0	59,772	0	0	0	59,772
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	3,909	12,876	6,671	0	101,075
Wholesale Beer Tax	0	0	0	0	0	232,966
Interstate Telecommunications Tax	0	0	0	0	0	2,134
Other Statutory Local Taxes	0	0	0	0	0	626
Total Local Taxes	\$ 0	\$ 645,491	\$ 1,987,267	\$ 2,325,284	\$ 0	\$ 16,813,024

(Continued)

Exhibit J-5

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

	Special Revenue Funds		Debt Service Funds		Capital Projects Fund	Total
	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	Highway Capital Projects	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 3,248	\$ 10,696	\$ 5,542	\$ 0	\$ 83,969
<u>Permits</u>						
Beer Permits	0	0	0	0	0	3,922
Building Permits	0	0	0	0	0	48,755
Other Permits	0	0	0	0	0	9,242
Total Licenses and Permits	\$ 0	\$ 3,248	\$ 10,696	\$ 5,542	\$ 0	\$ 145,888
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,763
Officers Costs	0	0	0	0	0	29,839
Drug Control Fines	0	0	0	0	0	4,957
Drug Court Fees	0	0	0	0	0	2,394
Jail Fees	0	0	0	0	0	9,176
DUI Treatment Fines	0	0	0	0	0	1,637
Data Entry Fee - Circuit Court	0	0	0	0	0	3,462
Courtroom Security Fee	0	0	0	0	0	117
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	22,458
Fines for Littering	0	0	0	0	0	104
Officers Costs	0	0	0	0	0	52,849
Game and Fish Fines	0	0	0	0	0	2,260
Drug Control Fines	0	0	0	0	0	5,303
Drug Court Fees	0	0	0	0	0	6,574
Jail Fees	0	0	0	0	0	20,203

(Continued)

Exhibit J-5

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

	Special Revenue Funds		Debt Service Funds		Capital Projects Fund	Total
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	Highway Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
DUI Treatment Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	11,175
Data Entry Fee - General Sessions Court	0	0	0	0	0	11,213
Courtroom Security Fee	0	0	0	0	0	1,193
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	593
Officers Costs	0	0	0	0	0	5,224
Data Entry Fee - Juvenile Court	0	0	0	0	0	2,332
Courtroom Security Fee	0	0	0	0	0	2
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	788
Data Entry Fee - Chancery Court	0	0	0	0	0	1,744
<u>Other Courts - In-county</u>						
Drug Court Fees	0	0	0	0	0	3,745
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	44,425
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	4,418
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>256,948</b>
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Transfer Waste Stations Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	10,000
Tipping Fees	0	0	0	0	0	34,578
Solid Waste Disposal Fee	0	0	0	0	0	8,875
Other General Service Charges	0	200	0	0	0	25,162

(Continued)

Exhibit J-5

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

	Special Revenue Funds		Debt Service Funds		Capital Projects Fund	Total
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	Highway Capital Projects	
<u>Charges for Current Services (Cont.)</u>						
<u>Fees</u>						
Greenbelt Late Application Fee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	200
Telephone Commissions	0	0	0	0	0	68,225
Vending Machine Collections	0	50	0	0	0	50
Constitutional Officers' Fees and Commissions	37	0	0	0	0	37
Special Commissioner Fees/Special Master Fees	350	0	0	0	0	350
Data Processing Fee - Register	0	0	0	0	0	14,010
Probation Fees	0	0	0	0	0	189,863
Data Processing Fee - Sheriff	0	0	0	0	0	4,354
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0	7,050
Data Processing Fee - County Clerk	0	0	0	0	0	3,705
<b>Total Charges for Current Services</b>	<b>\$ 387</b>	<b>\$ 250</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>366,459</b>
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	633	\$ 63,317
Lease/Rentals	0	0	0	0	0	18,635
Commissary Sales	0	0	0	0	0	10,957
Sale of Maps	0	0	0	0	0	50
Sale of Recycled Materials	0	702	0	0	0	134,993
Miscellaneous Refunds	0	8,358	0	0	0	43,185
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	47
Sale of Property	0	0	0	0	0	545
Contributions and Gifts	0	0	0	0	0	950

(Continued)

Exhibit J-5

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

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>		<u>Capital Projects Fund</u>		
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	Highway Capital Projects		Total
<u>Other Local Revenues (Cont.)</u>							
<u>Other Local Revenues</u>							
Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	64,198
Total Other Local Revenues	\$ 0	\$ 9,060	\$ 0	\$ 0	\$ 633	\$ 0	336,877
<u>Fees Received From County Officials</u>							
<u>Fees In-Lieu-of Salary</u>							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	345,229
Circuit Court Clerk	0	0	0	0	0	0	248,207
General Sessions Court Clerk	0	0	0	0	0	0	269,914
Clerk and Master	0	0	0	0	0	0	146,909
Juvenile Court Clerk	0	0	0	0	0	0	46,362
Register	0	0	0	0	0	0	182,031
Sheriff	0	0	0	0	0	0	17,440
Trustee	0	0	0	0	0	0	691,086
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,947,178
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	18,000
Solid Waste Grants	0	0	0	0	0	0	24,657
On-behalf Contributions for OPEB	0	0	0	0	0	0	3,050
Other General Government Grants	0	0	0	0	0	0	1,577
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	0	0	0	0	0	0	24,000
<u>Health and Welfare Grants</u>							
Health Department Programs	0	0	0	0	0	0	123,809

(Continued)

Exhibit J-5

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

	Special Revenue Funds		Debt Service Funds		Capital Projects Fund	Total
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	Highway Capital Projects	
<u>State of Tennessee (Cont.)</u>						
<u>Public Works Grants</u>						
Litter Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	35,430
Tennessee Industrial Infrastructure Program	0	0	0	0	0	46,687
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	260,505
Beer Tax	0	0	0	0	0	18,488
Vehicle Certificate of Title Fees	0	0	0	0	0	7,474
Alcoholic Beverage Tax	0	0	0	0	0	83,996
State Revenue Sharing - T.V.A.	0	0	0	0	0	1,097,012
Contracted Prisoner Boarding	0	0	0	0	0	779,489
Gasoline and Motor Fuel Tax	0	2,018,897	0	0	0	2,018,897
Petroleum Special Tax	0	29,621	0	0	0	29,621
Registrar's Salary Supplement	0	0	0	0	0	15,164
Other State Grants	0	0	0	0	0	122,214
Other State Revenues	0	0	0	0	0	61,569
Total State of Tennessee	\$ 0	\$ 2,048,518	\$ 0	\$ 0	\$ 0	4,771,639
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	38,850
Homeland Security Grants	0	0	0	0	0	17,707
Other Federal through State	0	0	0	0	0	273,395
<u>Direct Federal Revenue</u>						
Forest Service	0	0	0	0	0	1,011
Other Direct Federal Revenue	0	0	0	0	0	412,063
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	743,026

(Continued)

Exhibit J-5

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

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>		<u>Capital</u>	
	Constitu -	Highway /	General	Education	Highway	
	tional	Public	Debt	Debt	Capital	
	Officers -	Works	Service	Service	Projects	Total
	Fees					
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	166,040	\$ 0	347,566
<u>Citizens Groups</u>						
Donations	0	0	0	0	0	66,375
<u>Other</u>						
Other	0	0	0	0	0	61,261
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	166,040	\$ 0	475,202
Total	\$ 387	\$ 2,706,567	\$ 1,997,963	\$ 2,496,866	\$ 633	\$ 25,856,241

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, 2016

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 9,261,279	\$ 0	\$ 0	\$ 9,261,279
Trustee's Collections - Prior Year	203,366	0	0	203,366
Trustee's Collections - Bankruptcy	18,665	0	0	18,665
Circuit Clerk/Clerk and Master Collections - Prior Years	140,058	0	0	140,058
Interest and Penalty	47,313	0	0	47,313
Payments in-Lieu-of Taxes - T.V.A.	4,008	0	0	4,008
Payments in-Lieu-of Taxes - Local Utilities	30,746	0	0	30,746
Payments in-Lieu-of Taxes - Other	20,389	0	0	20,389
<u>County Local Option Taxes</u>				
Local Option Sales Tax	4,412,267	0	0	4,412,267
Mixed Drink Tax	27,260	0	0	27,260
<u>Statutory Local Taxes</u>				
Bank Excise Tax	65,276	0	0	65,276
Interstate Telecommunications Tax	3,614	0	0	3,614
Total Local Taxes	\$ 14,234,241	\$ 0	\$ 0	\$ 14,234,241
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 3,012	\$ 0	\$ 0	\$ 3,012
Cable TV Franchise	54,226	0	0	54,226
Total Licenses and Permits	\$ 57,238	\$ 0	\$ 0	\$ 57,238

(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	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Other	\$ 227,722	\$ 0	\$ 0	\$ 227,722
Lunch Payments - Children	0	0	542,500	542,500
Lunch Payments - Adults	0	0	47,194	47,194
A la Carte Sales	0	0	438,318	438,318
TBI Criminal Background Fee	1,004	0	0	1,004
Total Charges for Current Services	\$ 228,726	\$ 0	\$ 1,028,012	\$ 1,256,738
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 9,477	\$ 9,477
Lease/Rentals	12,204	0	0	12,204
E-Rate Funding	8,461	0	0	8,461
Miscellaneous Refunds	27,005	0	0	27,005
<u>Nonrecurring Items</u>				
Sale of Equipment	7,435	0	22,798	30,233
Sale of Property	35,000	0	0	35,000
Contributions and Gifts	60,731	0	0	60,731
<u>Other Local Revenues</u>				
Other Local Revenues	240,823	0	0	240,823
Total Other Local Revenues	\$ 391,659	\$ 0	\$ 32,275	\$ 423,934
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 183,101	\$ 0	\$ 0	\$ 183,101

(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	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 26,285,549	\$ 0	\$ 0	\$ 26,285,549
Early Childhood Education	1,134,621	0	0	1,134,621
School Food Service	0	0	29,749	29,749
Other State Education Funds	309,396	0	0	309,396
Career Ladder Program	167,797	0	0	167,797
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	50,000	0	0	50,000
Other State Grants	3,200	0	0	3,200
Total State of Tennessee	\$ 28,133,664	\$ 0	\$ 29,749	\$ 28,163,413
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,494,071	\$ 1,494,071
USDA - Commodities	0	0	93,366	93,366
Breakfast	0	0	550,186	550,186
USDA - Other	0	0	31,643	31,643
Vocational Education - Basic Grants to States	0	86,515	0	86,515
Title I Grants to Local Education Agencies	0	1,327,589	0	1,327,589
Special Education - Grants to States	56,904	1,380,838	0	1,437,742
Special Education Preschool Grants	0	33,574	0	33,574
English Language Acquisition Grants	0	5,486	0	5,486
Rural Education	0	71,210	0	71,210
Eisenhower Professional Development State Grants	0	263,104	0	263,104
Job Training Partnership Act	51,033	0	0	51,033
Other Federal through State	110,440	0	0	110,440

(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	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Federal Government (Cont.)</u>				
<u>Direct Federal Revenue</u>				
Other Direct Federal Revenue	\$ 89,022	\$ 0	\$ 0	\$ 89,022
Total Federal Government	\$ 307,399	\$ 3,168,316	\$ 2,169,266	\$ 5,644,981
 Total	 \$ 43,352,927	 \$ 3,168,316	 \$ 3,259,302	 \$ 49,780,545

Exhibit J-7

Franklin County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2016

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	66,752	
Social Security		3,880	
Pensions		191	
Medical Insurance		335	
Unemployment Compensation		5	
Employer Medicare		965	
Audit Services		12,316	
Dues and Memberships		12,210	
Legal Services		7,487	
Legal Notices, Recording, and Court Costs		4,008	
Maintenance Agreements		2,026	
Travel		1,999	
Other Contracted Services		980	
Office Supplies		12,300	
Refunds		2,046	
In Service/Staff Development		3,952	
Tax Relief Program		93,973	
Other Charges		40,543	
Total County Commission			\$ 265,968

Beer Board

Legal Notices, Recording, and Court Costs	\$	344	
Total Beer Board			344

County Mayor/Executive

County Official/Administrative Officer	\$	81,153	
Assistant(s)		30,667	
Social Security		6,779	
Pensions		13,219	
Life Insurance		98	
Medical Insurance		14,207	
Unemployment Compensation		184	
Employer Medicare		1,585	
Other Fringe Benefits		200	
Communication		113	
Dues and Memberships		1,800	
Maintenance Agreements		2,196	
Postal Charges		17	
Gasoline		498	
Office Supplies		1,492	
Premiums on Corporate Surety Bonds		350	
Other Charges		1,641	
Total County Mayor/Executive			156,199

County Attorney

Legal Services	\$	9,600	
Total County Attorney			9,600

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	63,237	
Deputy(ies)		29,076	
Educational Incentive - Official/Admin Officer		950	
Longevity Pay		840	
Overtime Pay		3,604	
Other Salaries and Wages		11,586	
Election Commission		1,430	
Election Workers		17,610	
Social Security		7,752	
Pensions		12,742	
Life Insurance		94	
Medical Insurance		13,210	
Unemployment Compensation		560	
Employer Medicare		1,813	
Other Fringe Benefits		500	
Communication		1,007	
Data Processing Services		14,600	
Dues and Memberships		225	
Legal Notices, Recording, and Court Costs		6,408	
Maintenance Agreements		1,735	
Maintenance and Repair Services - Equipment		421	
Postal Charges		2,853	
Printing, Stationery, and Forms		2,049	
Travel		1,097	
Other Contracted Services		5,605	
Data Processing Supplies		300	
Office Supplies		4,004	
Other Supplies and Materials		3,980	
In Service/Staff Development		495	
Total Election Commission			\$ 209,783

Register of Deeds

County Official/Administrative Officer	\$	70,263
Deputy(ies)		121,572
Educational Incentive - Other County Employees		2,850
Longevity Pay		3,300
Social Security		11,496
Pensions		26,254
Life Insurance		234
Medical Insurance		33,024
Unemployment Compensation		384
Employer Medicare		2,689
Other Fringe Benefits		800
Communication		443
Data Processing Services		13,871
Dues and Memberships		700
Maintenance Agreements		673

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Maintenance and Repair Services - Office Equipment	\$	4,048	
Travel		2,527	
Other Contracted Services		16,850	
Office Supplies		4,413	
Premiums on Corporate Surety Bonds		414	
In Service/Staff Development		1,040	
Total Register of Deeds			\$ 317,845

Planning

Supervisor/Director	\$	50,411	
Deputy(ies)		40,318	
Educational Incentive - Other County Employees		1,900	
Longevity Pay		1,800	
Overtime Pay		725	
Social Security		5,771	
Pensions		12,635	
Life Insurance		90	
Medical Insurance		13,627	
Unemployment Compensation		192	
Employer Medicare		1,350	
Other Fringe Benefits		400	
Communication		750	
Dues and Memberships		25	
Legal Notices, Recording, and Court Costs		991	
Maintenance Agreements		1,100	
Maintenance and Repair Services - Office Equipment		642	
Maintenance and Repair Services - Vehicles		589	
Postal Charges		766	
Travel		376	
Gasoline		958	
Office Supplies		1,566	
Premiums on Corporate Surety Bonds		50	
In Service/Staff Development		1,076	
Total Planning			138,108

County Buildings

Supervisor/Director	\$	32,215	
Custodial Personnel		117,037	
Maintenance Personnel		29,490	
Part-time Personnel		280	
Longevity Pay		2,700	
Other Salaries and Wages		210	
Social Security		10,886	
Pensions		21,099	
Life Insurance		355	
Medical Insurance		45,133	
Unemployment Compensation		828	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Employer Medicare	\$	2,544	
Other Fringe Benefits		1,400	
Communication		66,555	
Engineering Services		23,400	
Maintenance Agreements		22,090	
Maintenance and Repair Services - Buildings		42,997	
Maintenance and Repair Services - Equipment		33,490	
Maintenance and Repair Services - Vehicles		2,046	
Pest Control		8,091	
Disposal Fees		6,858	
Other Contracted Services		313,793	
Custodial Supplies		26,892	
Gasoline		1,392	
Uniforms		1,963	
Utilities		369,992	
Other Supplies and Materials		761	
Other Charges		2,791	
Principal on Capital Leases		45,983	
Interest on Capital Leases		6,333	
Building Construction		83,290	
Building Improvements		13,702	
Other Capital Outlay		50,159	
Total County Buildings			\$ 1,386,755

Other General Administration

On-behalf Payments to OPEB	\$	3,050	
Communication		893	
Maintenance Agreements		8,553	
Other Contracted Services		4,350	
Other Charges		309	
Data Processing Equipment		3,935	
Total Other General Administration			21,090

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	70,263	
Deputy(ies)		192,905	
Educational Incentive - Other County Employees		3,800	
Longevity Pay		4,500	
Board and Committee Members Fees		3,675	
Social Security		16,530	
Pensions		33,480	
Life Insurance		332	
Medical Insurance		40,312	
Unemployment Compensation		848	
Employer Medicare		3,866	
Other Fringe Benefits		1,200	

(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.)

Consultants	\$	2,100	
Contracts with Government Agencies		19,827	
Contracts with Private Agencies		21,161	
Dues and Memberships		1,800	
Legal Notices, Recording, and Court Costs		375	
Maintenance Agreements		8,048	
Maintenance and Repair Services - Vehicles		2,661	
Postal Charges		2,551	
Travel		548	
Gasoline		1,759	
Office Supplies		2,792	
In Service/Staff Development		699	
Other Charges		257	
Office Equipment		2,078	
Total Property Assessor's Office			\$ 438,367

County Trustee's Office

County Official/Administrative Officer	\$	70,263	
Deputy(ies)		117,397	
Educational Incentive - Other County Employees		3,800	
Longevity Pay		3,960	
Other Salaries and Wages		1,314	
Social Security		11,826	
Pensions		26,091	
Life Insurance		234	
Medical Insurance		33,193	
Unemployment Compensation		389	
Employer Medicare		2,766	
Other Fringe Benefits		800	
Data Processing Services		5,995	
Dues and Memberships		820	
Maintenance Agreements		1,080	
Postal Charges		11,000	
Travel		2,367	
Other Contracted Services		6,149	
Office Supplies		4,821	
In Service/Staff Development		880	
Total County Trustee's Office			305,145

County Clerk's Office

County Official/Administrative Officer	\$	70,263	
Deputy(ies)		262,557	
Part-time Personnel		19,653	
Educational Incentive - Other County Employees		4,750	
Longevity Pay		5,400	
Social Security		21,654	
Pensions		44,431	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Life Insurance	\$	421	
Medical Insurance		59,347	
Unemployment Compensation		983	
Employer Medicare		5,100	
Other Fringe Benefits		1,700	
Communication		570	
Data Processing Services		21,371	
Dues and Memberships		739	
Maintenance Agreements		2,512	
Postal Charges		6,022	
Travel		2,626	
Office Supplies		7,331	
Premiums on Corporate Surety Bonds		247	
In Service/Staff Development		965	
Data Processing Equipment		6,090	
Other Equipment		1,802	
Total County Clerk's Office	\$		546,534

Other Finance

Assistant(s)	\$	3,987	
Supervisor/Director		65,031	
Deputy(ies)		55,031	
Accountants/Bookkeepers		283,818	
Educational Incentive - Official/Admin Officer		950	
Educational Incentive - Other County Employees		4,750	
Longevity Pay		8,160	
Social Security		24,331	
Pensions		55,929	
Life Insurance		456	
Medical Insurance		59,690	
Unemployment Compensation		954	
Employer Medicare		5,690	
Other Fringe Benefits		2,000	
Communication		2,124	
Data Processing Services		26,815	
Dues and Memberships		605	
Maintenance Agreements		10,176	
Postal Charges		6,094	
Travel		4,424	
Other Contracted Services		1,223	
Office Supplies		12,439	
Premiums on Corporate Surety Bonds		755	
In Service/Staff Development		3,274	
Other Charges		265	
Data Processing Equipment		2,612	
Total Other Finance			641,583

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	70,263	
Deputy(ies)		501,318	
Part-time Personnel		16,059	
Educational Incentive - Other County Employees		3,600	
Longevity Pay		7,800	
Overtime Pay		1,089	
Jury and Witness Expense		6,694	
Social Security		35,839	
Pensions		77,575	
Life Insurance		702	
Medical Insurance		85,587	
Unemployment Compensation		1,526	
Employer Medicare		8,382	
Other Fringe Benefits		3,200	
Communication		983	
Data Processing Services		21,760	
Dues and Memberships		665	
Legal Notices, Recording, and Court Costs		334	
Maintenance Agreements		6,965	
Postal Charges		8,107	
Travel		2,422	
Library Books/Media		1,788	
Office Supplies		12,205	
Premiums on Corporate Surety Bonds		197	
In Service/Staff Development		1,445	
Other Charges		21	
Data Processing Equipment		7,040	
Total Circuit Court			\$ 883,566

General Sessions Court

County Official/Administrative Officer	\$	150,638	
Deputy(ies)		69,978	
Longevity Pay		360	
Social Security		11,723	
Pensions		28,503	
Life Insurance		144	
Medical Insurance		17,076	
Unemployment Compensation		255	
Employer Medicare		3,163	
Other Fringe Benefits		400	
Communication		918	
Maintenance and Repair Services - Equipment		1,162	
Postal Charges		188	
Travel		1,173	
Library Books/Media		77	
Office Supplies		1,713	
In Service/Staff Development		175	
Total General Sessions Court			287,646

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court

Supervisor/Director	\$	42,675	
Longevity Pay		360	
Social Security		2,300	
Pensions		5,698	
Life Insurance		47	
Medical Insurance		6,605	
Unemployment Compensation		96	
Employer Medicare		538	
Other Fringe Benefits		200	
Communication		881	
Total Drug Court	\$		59,400

Chancery Court

County Official/Administrative Officer	\$	70,263	
Deputy(ies)		62,292	
Longevity Pay		1,200	
Social Security		8,170	
Pensions		16,481	
Life Insurance		140	
Medical Insurance		17,613	
Unemployment Compensation		341	
Employer Medicare		1,911	
Other Fringe Benefits		600	
Communication		28	
Data Processing Services		6,079	
Dues and Memberships		575	
Maintenance Agreements		2,474	
Postal Charges		1,000	
Travel		571	
Other Contracted Services		849	
Library Books/Media		610	
Office Supplies		2,030	
Premiums on Corporate Surety Bonds		150	
Data Processing Equipment		59,435	
Total Chancery Court			252,812

Juvenile Court

Assistant(s)	\$	46,720	
Deputy(ies)		40,914	
Longevity Pay		1,680	
Social Security		5,402	
Pensions		11,863	
Life Insurance		94	
Medical Insurance		13,210	
Unemployment Compensation		192	
Employer Medicare		1,263	
Other Fringe Benefits		400	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Communication	\$	887	
Travel		1,043	
Library Books/Media		653	
In Service/Staff Development		210	
Total Juvenile Court			\$ 124,531

Judicial Commissioners

County Official/Administrative Officer	\$	72,576	
Part-time Personnel		13,159	
Longevity Pay		1,620	
Social Security		5,154	
Pensions		11,754	
Life Insurance		117	
Medical Insurance		19,814	
Unemployment Compensation		448	
Employer Medicare		1,205	
Other Fringe Benefits		800	
Dues and Memberships		375	
Office Supplies		225	
Other Equipment		365	
Total Judicial Commissioners			127,612

Other Administration of Justice

Other Contracted Services	\$	14,250	
Total Other Administration of Justice			14,250

Probation Services

Supervisor/Director	\$	44,729	
Part-time Personnel		16,635	
Longevity Pay		660	
Other Salaries and Wages		23,726	
Social Security		5,167	
Pensions		9,187	
Life Insurance		94	
Medical Insurance		13,210	
Unemployment Compensation		289	
Employer Medicare		1,208	
Other Fringe Benefits		460	
Communication		14	
Drugs and Medical Supplies		2,285	
Office Supplies		1,550	
Total Probation Services			119,214

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	77,290	
Assistant(s)		60,915	

(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.)

Supervisor/Director	\$	46,164	
Deputy(ies)		605,560	
Investigator(s)		248,920	
Captain(s)		102,326	
Sergeant(s)		159,918	
Accountants/Bookkeepers		68,780	
Instructional Computer Personnel		39,176	
Salary Supplements		33,000	
Guards		213,420	
Part-time Personnel		58,917	
School Resource Officer		423,712	
Longevity Pay		23,580	
Overtime Pay		86,023	
Other Salaries and Wages		33,733	
Social Security		135,716	
Pensions		265,223	
Life Insurance		2,113	
Medical Insurance		264,705	
Unemployment Compensation		6,308	
Employer Medicare		32,212	
Other Fringe Benefits		11,000	
Communication		32,119	
Contracts with Private Agencies		20,823	
Dues and Memberships		2,218	
Maintenance Agreements		14,459	
Maintenance and Repair Services - Equipment		2,496	
Maintenance and Repair Services - Vehicles		109,501	
Postal Charges		1,056	
Travel		11,847	
Diesel Fuel		5,175	
Gasoline		131,366	
Law Enforcement Supplies		7,873	
Office Supplies		12,348	
Propane Gas		640	
Tires and Tubes		21,686	
Uniforms		12,606	
Other Supplies and Materials		2,241	
Premiums on Corporate Surety Bonds		785	
In Service/Staff Development		10,029	
Constitutional Officers' Operating Expenses		301	
Other Charges		16,181	
Data Processing Equipment		4,513	
Law Enforcement Equipment		18,437	
Motor Vehicles		98,580	
Total Sheriff's Department	\$		3,535,991

(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

Guards	\$	10,862	
Social Security		686	
Unemployment Compensation		133	
Employer Medicare		160	
Other Fringe Benefits		200	
Remittance of Revenue Collected		2,200	
Total Administration of the Sexual Offender Registry			\$ 14,241

Jail

Assistant(s)	\$	52,216	
Deputy(ies)		38,409	
Medical Personnel		78,222	
Salary Supplements		3,000	
Guards		477,028	
Cafeteria Personnel		46,076	
Maintenance Personnel		35,663	
Part-time Personnel		70,062	
Longevity Pay		5,520	
Overtime Pay		46,512	
Other Salaries and Wages		22,432	
Social Security		52,790	
Pensions		95,727	
Life Insurance		1,068	
Medical Insurance		148,499	
Unemployment Compensation		3,382	
Employer Medicare		12,346	
Other Fringe Benefits		5,800	
Maintenance Agreements		17,161	
Maintenance and Repair Services - Buildings		21,877	
Maintenance and Repair Services - Equipment		17,313	
Medical and Dental Services		18,478	
Pest Control		1,500	
Transportation - Other than Students		5,602	
Travel		2,180	
Disposal Fees		2,532	
Custodial Supplies		37,678	
Food Supplies		244,390	
Law Enforcement Supplies		400	
Prisoners Clothing		10,033	
Uniforms		2,829	
Other Supplies and Materials		1,617	
Medical Claims		239,592	
In Service/Staff Development		1,200	
Other Charges		4,484	
Building Improvements		11,932	
Data Processing Equipment		3,850	
Other Equipment		10,978	
Total Jail			1,850,378

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Correctional Incentive Program Improvements

Contracts with Private Agencies	\$	256,565	
Travel		3,716	
Other Contracted Services		17,170	
Other Supplies and Materials		1,249	
Other Charges		27,128	
Other Equipment		14,994	
Total Correctional Incentive Program Improvements	\$		320,822

Juvenile Services

Contracts with Private Agencies	\$	21,875	
Other Contracted Services		5,867	
Total Juvenile Services			27,742

Civil Defense

Assistant(s)	\$	27,408	
Supervisor/Director		52,602	
Longevity Pay		1,680	
Overtime Pay		11,188	
Social Security		5,643	
Pensions		11,648	
Life Insurance		90	
Medical Insurance		10,274	
Unemployment Compensation		252	
Employer Medicare		1,320	
Other Fringe Benefits		400	
Communication		5,218	
Dues and Memberships		285	
Maintenance and Repair Services - Buildings		614	
Maintenance and Repair Services - Equipment		2,063	
Maintenance and Repair Services - Vehicles		3,149	
Postal Charges		18	
Travel		1,216	
Other Contracted Services		5,646	
Diesel Fuel		1,063	
Gasoline		1,916	
Office Supplies		2,335	
Other Supplies and Materials		1,305	
In Service/Staff Development		405	
Other Charges		680	
Other Equipment		4,770	
Total Civil Defense			153,188

Rescue Squad

Dues and Memberships	\$	266	
Gasoline		183	
Other Supplies and Materials		776	
Other Charges		221	
Other Equipment		6,534	
Total Rescue Squad			7,980

(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

Assistant(s)	\$	36,801	
Supervisor/Director		43,227	
Dispatchers/Radio Operators		400,037	
Longevity Pay		2,880	
Overtime Pay		31,696	
Other Salaries and Wages		16,518	
Social Security		32,061	
Pensions		61,893	
Life Insurance		725	
Medical Insurance		84,211	
Unemployment Compensation		1,920	
Employer Medicare		7,498	
Other Fringe Benefits		3,200	
Communication		15,256	
Contracts with Private Agencies		24,558	
Maintenance and Repair Services - Equipment		4,738	
Maintenance and Repair Services - Vehicles		459	
Postal Charges		138	
Travel		3,777	
Gasoline		908	
Office Supplies		7,293	
Uniforms		1,000	
In Service/Staff Development		3,095	
Other Charges		268	
Data Processing Equipment		30	
Other Equipment		4,426	
Total Other Emergency Management			\$ 788,613

County Coroner/Medical Examiner

Other Contracted Services	\$	6,159	
Medical Claims		24,550	
Total County Coroner/Medical Examiner			30,709

Public Safety Grants Program

Overtime Pay	\$	9,422	
Other Fringe Benefits		2,535	
Legal Services		368	
Law Enforcement Equipment		5,632	
Other Equipment		6,293	
Other Capital Outlay		18,562	
Total Public Safety Grants Program			42,812

Public Health and Welfare

Local Health Center

Communication	\$	1,274	
Dues and Memberships		200	
Maintenance Agreements		1,119	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Maintenance and Repair Services - Buildings	\$	845	
Disposal Fees		1,587	
Custodial Supplies		2,602	
Office Supplies		470	
Utilities		10,873	
Building and Contents Insurance		3,341	
Liability Insurance		533	
Other Charges		1,334	
Total Local Health Center			\$ 24,178

Rabies and Animal Control

Assistant(s)	\$	82,161	
Supervisor/Director		12,476	
Longevity Pay		360	
Overtime Pay		2,554	
Other Salaries and Wages		52	
Social Security		5,909	
Pensions		10,607	
Life Insurance		136	
Medical Insurance		17,987	
Unemployment Compensation		412	
Employer Medicare		1,382	
Other Fringe Benefits		400	
Communication		1,381	
Dues and Memberships		190	
Licenses		370	
Maintenance and Repair Services - Buildings		813	
Maintenance and Repair Services - Vehicles		3,765	
Medical and Dental Services		25	
Postal Charges		250	
Travel		616	
Other Contracted Services		57,612	
Animal Food and Supplies		2,756	
Diesel Fuel		1,261	
Drugs and Medical Supplies		1,468	
Gasoline		3,812	
Instructional Supplies and Materials		170	
Office Supplies		378	
Uniforms		2,099	
Other Supplies and Materials		3,708	
Refunds		25	
In Service/Staff Development		450	
Motor Vehicles		19,207	
Other Equipment		608	
Total Rabies and Animal Control			235,400

(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)	\$	22,102	
Other Salaries and Wages		70,949	
Social Security		5,668	
Pensions		9,935	
Life Insurance		140	
Medical Insurance		13,210	
Unemployment Compensation		484	
Employer Medicare		1,326	
Other Fringe Benefits		800	
Travel		13,261	
Other Contracted Services		2,406	
In Service/Staff Development		115	
Total Other Local Health Services			\$ 140,396

Appropriation to State

Contracts with Government Agencies	\$	29,946	
Total Appropriation to State			29,946

General Welfare Assistance

Other Contracted Services	\$	17,775	
Total General Welfare Assistance			17,775

Waste Pickup

Laborers	\$	50,929	
Overtime Pay		500	
Other Salaries and Wages		757	
Social Security		3,122	
Pensions		6,951	
Life Insurance		90	
Medical Insurance		11,865	
Unemployment Compensation		181	
Employer Medicare		730	
Other Fringe Benefits		400	
Contracts with Other Public Agencies		889	
Travel		51	
Other Supplies and Materials		14,676	
In Service/Staff Development		200	
Total Waste Pickup			91,341

Other Waste Collection

Laborers	\$	6,484	
Overtime Pay		2,022	
Social Security		527	
Unemployment Compensation		29	
Employer Medicare		123	
Disposal Fees		405	
Total Other Waste Collection			9,590

(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 Public Health and Welfare

Other Charges	\$ 28,864	
Total Other Public Health and Welfare		\$ 28,864

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Maintenance and Repair Services - Buildings	\$ 275	
Other Contracted Services	22,050	
Custodial Supplies	2,399	
Gasoline	53,523	
Total Senior Citizens Assistance		78,247

Parks and Fair Boards

Supervisor/Director	\$ 14,931	
Other Salaries and Wages	10,660	
Social Security	1,584	
Unemployment Compensation	235	
Employer Medicare	373	
Other Fringe Benefits	100	
Communication	382	
Maintenance Agreements	359	
Maintenance and Repair Services - Buildings	10,274	
Other Supplies and Materials	2,486	
Other Charges	2,900	
Total Parks and Fair Boards		44,284

Agriculture and Natural Resources

Agricultural Extension Service

Other Salaries and Wages	\$ 84,217	
Social Security	366	
Unemployment Compensation	71	
Employer Medicare	86	
Other Fringe Benefits	14,935	
Communication	3,401	
Travel	2,800	
Other Contracted Services	333	
Total Agricultural Extension Service		106,209

Soil Conservation

Secretary to Board	\$ 23,848	
Other Salaries and Wages	27,185	
Social Security	3,130	
Pensions	6,301	
Life Insurance	90	
Medical Insurance	6,996	
Unemployment Compensation	224	
Employer Medicare	732	
Other Fringe Benefits	400	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

Travel	\$	2,124	
In Service/Staff Development		1,054	
Other Charges		222	
Total Soil Conservation			\$ 72,306

Other Operations

Industrial Development

Assistant(s)	\$	15,527	
Part-time Personnel		6,073	
Social Security		1,349	
Unemployment Compensation		239	
Employer Medicare		316	
Other Fringe Benefits		200	
Communication		384	
Dues and Memberships		4,650	
Maintenance Agreements		3,885	
Maintenance and Repair Services - Buildings		75	
Pest Control		900	
Postal Charges		49	
Travel		448	
Disposal Fees		1,502	
Other Contracted Services		8,961	
Gasoline		1,494	
Office Supplies		817	
Premiums on Corporate Surety Bonds		326	
In Service/Staff Development		795	
Other Charges		2,874	
Total Industrial Development			50,864

Other Economic and Community Development

Contracts with Government Agencies	\$	107,156	
Other Contracted Services		86,687	
Total Other Economic and Community Development			193,843

Veterans' Services

Assistant(s)	\$	14,902	
Supervisor/Director		19,654	
Part-time Personnel		4,388	
Social Security		2,177	
Pensions		1,009	
Medical Insurance		3,094	
Unemployment Compensation		258	
Employer Medicare		566	
Other Fringe Benefits		300	
Contracts with Private Agencies		399	
Maintenance Agreements		1,905	
Travel		1,544	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Office Supplies	\$	812	
Other Charges		<u>355</u>	
Total Veterans' Services	\$		51,363

Other Charges

Other Fringe Benefits	\$	17,062	
Medical and Dental Services		1,975	
Building and Contents Insurance		84,077	
Liability Insurance		120,121	
Medical Claims		31,264	
Trustee's Commission		194,591	
Vehicle and Equipment Insurance		101,532	
Workers' Compensation Insurance		135,161	
Liability Claims		2,169	
Other Self-insured Claims		11,504	
Other Charges		<u>18,469</u>	
Total Other Charges			717,925

Capital Projects

Other General Government Projects

Solid Waste Equipment	\$	259,051	
Other Equipment		9,915	
Other Capital Outlay		<u>20,797</u>	
Total Other General Government Projects			289,763

Highway and Street Capital Projects

Highway Equipment	\$	300,000	
Other Capital Outlay		<u>6,713</u>	
Total Highway and Street Capital Projects			<u>306,713</u>

Total General Fund \$ 15,567,835

Courthouse and Jail Maintenance Fund

Other Operations

Other Charges

Trustee's Commission	\$	1,608	
Total Other Charges			<u>\$ 1,608</u>

Total Courthouse and Jail Maintenance Fund 1,608

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Assistant(s)	\$	49,876	
Supervisor/Director		31,337	
Librarians		23,958	
Longevity Pay		1,680	

(Continued)

Exhibit J-7

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

Public Library Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Other Salaries and Wages	\$	37,643	
Social Security		8,836	
Pensions		12,613	
Life Insurance		148	
Medical Insurance		20,905	
Unemployment Compensation		828	
Employer Medicare		2,067	
Other Fringe Benefits		950	
Communication		2,302	
Dues and Memberships		493	
Maintenance and Repair Services - Buildings		16,381	
Maintenance and Repair Services - Office Equipment		5,038	
Travel		1,055	
Other Contracted Services		1,656	
Library Books/Media		29,368	
Office Supplies		1,734	
Other Supplies and Materials		5,861	
Other Charges		1,581	
Data Processing Equipment		2,357	
Office Equipment		3,332	
Other Capital Outlay		1,085	
Total Libraries			\$ 263,084

Other Operations

Other Charges

Medical and Dental Services	\$	30	
Pest Control		600	
Utilities		19,730	
Building and Contents Insurance		3,392	
Liability Insurance		1,161	
Medical Claims		459	
Trustee's Commission		5,939	
Workers' Compensation Insurance		2,559	
Total Other Charges			\$ 33,870

Total Public Library Fund \$ 296,954

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Advertising	\$	1,345	
Total Sanitation Education/Information			\$ 1,345

Convenience Centers

Laborers	\$	181,687	
Social Security		11,401	
Unemployment Compensation		1,949	

(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.)

Convenience Centers (Cont.)

Employer Medicare	\$	2,666	
Other Fringe Benefits		2,200	
Communication		10,004	
Maintenance and Repair Services - Buildings		5,182	
Maintenance and Repair Services - Equipment		13,750	
Gasoline		746	
Utilities		11,877	
Other Supplies and Materials		4,448	
Total Convenience Centers			\$ 245,910

Transfer Stations

Supervisor/Director	\$	54,000
Deputy(ies)		34,254
Foremen		40,386
Equipment Operators - Light		69,697
Truck Drivers		165,732
Laborers		25,221
Part-time Personnel		9,768
Longevity Pay		3,360
Overtime Pay		1,988
Other Salaries and Wages		1,273
Social Security		24,408
Pensions		48,364
Life Insurance		542
Medical Insurance		65,300
Unemployment Compensation		1,477
Employer Medicare		5,708
Other Fringe Benefits		2,575
Communication		1,405
Contracts with Government Agencies		506,591
Contracts with Private Agencies		38,216
Dues and Memberships		235
Maintenance and Repair Services - Buildings		1,000
Maintenance and Repair Services - Equipment		14,940
Maintenance and Repair Services - Vehicles		17,846
Pest Control		900
Postal Charges		90
Travel		2,411
Diesel Fuel		21,864
Equipment and Machinery Parts		19,612
Garage Supplies		8,303
Gasoline		2,600
Lubricants		3,347
Office Supplies		2,039
Tires and Tubes		13,581
Uniforms		2,399
Utilities		7,954

(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.)

Vehicle Parts	\$	3,929	
Other Supplies and Materials		17,074	
In Service/Staff Development		1,047	
Other Charges		190	
Solid Waste Equipment		19,656	
Total Transfer Stations			\$ 1,261,282

Postclosure Care Costs

Contracts with Private Agencies	\$	12,006	
Total Postclosure Care Costs			12,006

Other Operations

Other Charges

Medical and Dental Services	\$	375	
Building and Contents Insurance		15,025	
Liability Insurance		17,529	
Medical Claims		7,977	
Trustee's Commission		31,986	
Vehicle and Equipment Insurance		18,623	
Workers' Compensation Insurance		7,619	
Other Self-insured Claims		1,000	
Other Charges		191	
Total Other Charges			100,325

Total Solid Waste/Sanitation Fund \$ 1,620,868

Local Purpose Tax Fund

Public Safety

Fire Prevention and Control

Contracts with Government Agencies	\$	2,000	
Other Contracted Services		523,500	
Trustee's Commission		9,865	
Other Charges		490	
Total Fire Prevention and Control			\$ 535,855

Total Local Purpose Tax Fund 535,855

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	20,000	
Travel		1,362	
Other Contracted Services		2,193	
Animal Food and Supplies		956	
Instructional Supplies and Materials		3,667	
Other Supplies and Materials		2,925	
In Service/Staff Development		1,590	

(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Other Charges	\$	13,257	
Motor Vehicles		28,540	
Other Equipment		489	
Total Drug Enforcement			\$ 74,979

Other Operations

Other Charges

Trustee's Commission	\$	521	
Total Other Charges			521

Total Drug Control Fund \$ 75,500

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	37	
Total Register of Deeds			\$ 37

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	350	
Total Chancery Court			350

Total Constitutional Officers - Fees Fund 387

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	77,290	
Assistant(s)		119,770	
Longevity Pay		3,600	
Overtime Pay		1,987	
Other Salaries and Wages		2,061	
Board and Committee Members Fees		21,600	
Social Security		13,892	
Pensions		26,755	
Life Insurance		187	
Medical Insurance		26,419	
Dental Insurance		1,033	
Unemployment Compensation		2	
Employer Medicare		3,252	
Other Fringe Benefits		848	
Dues and Memberships		4,163	
Legal Services		5,717	
Legal Notices, Recording, and Court Costs		640	
Maintenance and Repair Services - Office Equipment		6,175	
Postal Charges		118	

(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.)

Travel	\$	2,434	
Other Contracted Services		5,457	
Office Supplies		620	
In Service/Staff Development		2,115	
Other Charges		768	
Total Administration			\$ 326,903

Highway and Bridge Maintenance

Foremen	\$	40,257	
Mechanic(s)		50,456	
Equipment Operators - Heavy		155,039	
Equipment Operators - Light		102,411	
Truck Drivers		113,537	
Longevity Pay		10,800	
Overtime Pay		4,643	
Other Salaries and Wages		22	
Social Security		29,120	
Pensions		59,429	
Life Insurance		621	
Medical Insurance		83,996	
Dental Insurance		3,284	
Employer Medicare		6,810	
Other Fringe Benefits		3,832	
Other Contracted Services		600	
Crushed Stone		10,286	
General Construction Materials		2,369	
Other Road Materials		35,278	
Pipe		1,860	
Road Signs		39,348	
Small Tools		760	
Other Supplies and Materials		2,643	
Total Highway and Bridge Maintenance			757,401

Operation and Maintenance of Equipment

Foremen	\$	43,899	
Overtime Pay		626	
Social Security		2,734	
Pensions		5,895	
Life Insurance		47	
Medical Insurance		6,605	
Dental Insurance		258	
Employer Medicare		639	
Other Fringe Benefits		263	
Maintenance and Repair Services - Buildings		833	
Maintenance and Repair Services - Equipment		3,596	
Diesel Fuel		48,521	
Equipment and Machinery Parts		51,022	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Garage Supplies	\$	17,567	
Gasoline		11,167	
Lubricants		11,070	
Small Tools		370	
Tires and Tubes		16,689	
Total Operation and Maintenance of Equipment	\$		221,801

Quarry Operations

Foremen	\$	39,924	
Equipment Operators - Light		38,310	
Longevity Pay		2,100	
Other Salaries and Wages		18,920	
Social Security		5,960	
Pensions		13,134	
Life Insurance		94	
Medical Insurance		17,828	
Dental Insurance		697	
Employer Medicare		1,394	
Other Fringe Benefits		525	
Communication		1,892	
Engineering Services		9,820	
Explosive and Drilling Services		24,444	
Operating Lease Payments		9,600	
Maintenance and Repair Services - Equipment		27,494	
Diesel Fuel		14,621	
Electricity		46,067	
Equipment and Machinery Parts		36,935	
Garage Supplies		3,853	
Lubricants		2,956	
Tires and Tubes		6,890	
Water and Sewer		985	
Other Supplies and Materials		188	
Total Quarry Operations			324,631

Other Charges

Communication	\$	7,623	
Medical and Dental Services		555	
Pest Control		300	
Disposal Fees		4,229	
Permits		3,004	
Uniforms		7,457	
Utilities		12,976	
Building and Contents Insurance		27,318	
Liability Insurance		31,871	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		32,476	
Vehicle and Equipment Insurance		31,983	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Workers' Compensation Insurance	\$	11,814	
Other Charges		<u>1,664</u>	
Total Other Charges	\$		173,620

Capital Outlay

Bridge Construction	\$	24,600	
Communication Equipment		9,192	
Highway Construction		411,838	
Highway Equipment		72,509	
Motor Vehicles		2,990	
State Aid Projects		131,003	
Other Equipment		16,000	
Other Construction		1,574	
Other Capital Outlay		<u>5,543</u>	
Total Capital Outlay			675,249

Principal on Debt

Highways and Streets

Principal on Notes	\$	<u>13,067</u>	
Total Highways and Streets			13,067

Interest on Debt

Highways and Streets

Interest on Notes	\$	<u>6,054</u>	
Total Highways and Streets			<u>6,054</u>

Total Highway/Public Works Fund \$ 2,498,726

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	840,071	
Principal on Notes		<u>559,419</u>	
Total General Government	\$		1,399,490

Interest on Debt

General Government

Interest on Bonds	\$	249,915	
Interest on Notes		<u>100,383</u>	
Total General Government			350,298

Other Debt Service

General Government

Trustee's Commission	\$	38,543	
Other Debt Service		<u>401</u>	
Total General Government			<u>38,944</u>

Total General Debt Service Fund 1,788,732

(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	\$ 2,725,700	
Principal on Capital Leases	151,203	
Total Education		\$ 2,876,903
<u>Interest on Debt</u>		
<u>Education</u>		
Interest on Bonds	\$ 410,659	
Interest on Capital Leases	14,837	
Total Education		425,496
<u>Other Debt Service</u>		
<u>Education</u>		
Trustee's Commission	\$ 36,759	
Other Debt Service	752	
Total Education		37,511
Total Education Debt Service Fund		\$ 3,339,910
<u>Highway Capital Projects Fund</u>		
<u>Other Operations</u>		
<u>Other Charges</u>		
Trustee's Commission	\$ 6	
Total Other Charges		\$ 6
<u>Capital Projects</u>		
<u>Highway and Street Capital Projects</u>		
Highway Construction	\$ 1,110,537	
Total Highway and Street Capital Projects		1,110,537
Total Highway Capital Projects Fund		1,110,543
Total Governmental Funds - Primary Government		<u>\$ 26,836,918</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, 2016

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 12,356,132	
Career Ladder Program	92,630	
Career Ladder Extended Contracts	20,725	
Homebound Teachers	48,663	
Educational Assistants	529,815	
Bonus Payments	138,906	
Other Salaries and Wages	5,352	
Certified Substitute Teachers	165,344	
Non-certified Substitute Teachers	140,573	
Social Security	774,664	
Pensions	1,207,189	
Medical Insurance	2,048,965	
Unemployment Compensation	14,915	
Employer Medicare	182,647	
Other Fringe Benefits	4,107	
Tuition	315,234	
Other Contracted Services	328,080	
Instructional Supplies and Materials	624,562	
Textbooks	442,941	
Other Charges	1,497	
Regular Instruction Equipment	370,465	
Total Regular Instruction Program		\$ 19,813,406

Alternative Instruction Program

Teachers	\$ 88,474	
Career Ladder Program	782	
Educational Assistants	15,666	
Bonus Payments	649	
Non-certified Substitute Teachers	1,722	
Social Security	5,669	
Pensions	9,963	
Medical Insurance	20,008	
Employer Medicare	1,363	
Other Fringe Benefits	122	
Other Contracted Services	1,975	
Other Supplies and Materials	1,128	
Total Alternative Instruction Program		147,521

Special Education Program

Teachers	\$ 1,727,797	
Career Ladder Program	15,000	
Homebound Teachers	38,570	
Educational Assistants	427,190	
Speech Pathologist	432,779	
Bonus Payments	23,358	
Certified Substitute Teachers	5,166	

(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.)

Non-certified Substitute Teachers	\$	31,146	
Social Security		156,650	
Pensions		258,156	
Medical Insurance		457,260	
Unemployment Compensation		9,092	
Employer Medicare		36,705	
Other Fringe Benefits		3,271	
Contracts with Private Agencies		172,429	
Maintenance and Repair Services - Equipment		13,059	
Other Contracted Services		2,642	
Instructional Supplies and Materials		13,059	
Other Supplies and Materials		7,170	
Special Education Equipment		4,000	
Total Special Education Program			\$ 3,834,499

Vocational Education Program

Teachers	\$	870,264	
Career Ladder Program		1,000	
Bonus Payments		12,058	
Certified Substitute Teachers		369	
Non-certified Substitute Teachers		18,198	
Social Security		51,267	
Pensions		79,806	
Medical Insurance		159,877	
Employer Medicare		12,037	
Instructional Supplies and Materials		19,910	
Other Charges		1,635	
Vocational Instruction Equipment		32,215	
Total Vocational Education Program			1,258,636

Student Body Education Program

Other Salaries and Wages	\$	38,754	
Social Security		2,370	
Pensions		2,031	
Employer Medicare		554	
Other Contracted Services		84,863	
Other Supplies and Materials		2,977	
Other Charges		10,069	
Total Student Body Education Program			141,618

Support Services

Attendance

Clerical Personnel	\$	77,587	
Bonus Payments		649	
Other Salaries and Wages		40,443	
Certified Substitute Teachers		62	

(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.)

Attendance (Cont.)

Social Security	\$	7,098	
Pensions		15,642	
Medical Insurance		23,359	
Employer Medicare		1,661	
Other Fringe Benefits		989	
Travel		523	
Other Contracted Services		10,444	
In Service/Staff Development		1,705	
Attendance Equipment		1,357	
Total Attendance	\$		181,519

Health Services

Medical Personnel	\$	271,879	
Bonus Payments		649	
Other Salaries and Wages		77,646	
Non-certified Substitute Teachers		5,313	
Social Security		20,117	
Pensions		42,912	
Medical Insurance		63,112	
Employer Medicare		4,707	
Other Fringe Benefits		2,177	
Travel		11,726	
Other Contracted Services		275	
Other Supplies and Materials		16,590	
In Service/Staff Development		10	
Total Health Services			517,113

Other Student Support

Career Ladder Program	\$	6,000	
Guidance Personnel		714,889	
Social Workers		82,489	
Assessment Personnel		9,048	
Secretary(ies)		67,105	
Bonus Payments		8,435	
Other Salaries and Wages		76,861	
Certified Substitute Teachers		31	
Non-certified Substitute Teachers		396	
Social Security		55,777	
Pensions		93,596	
Medical Insurance		125,384	
Employer Medicare		13,197	
Other Fringe Benefits		1,549	
Communication		291	
Contracts with Government Agencies		49,460	
Evaluation and Testing		10,926	
Travel		2,760	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Other Supplies and Materials	\$ 5,203	
In Service/Staff Development	10,476	
Other Charges	9,823	
Total Other Student Support		\$ 1,343,696

Regular Instruction Program

Supervisor/Director	\$ 145,896	
Career Ladder Program	9,000	
Librarians	609,539	
Clerical Personnel	16,737	
Bonus Payments	7,853	
Other Salaries and Wages	48,086	
Certified Substitute Teachers	738	
Non-certified Substitute Teachers	3,000	
Social Security	45,754	
Pensions	71,413	
Medical Insurance	85,233	
Employer Medicare	11,463	
Other Fringe Benefits	155	
Travel	8,150	
Other Supplies and Materials	3,484	
In Service/Staff Development	51,671	
Total Regular Instruction Program		1,118,172

Special Education Program

Supervisor/Director	\$ 78,165	
Career Ladder Program	1,000	
Clerical Personnel	89,759	
Bonus Payments	1,947	
Other Salaries and Wages	5,890	
Social Security	10,675	
Pensions	19,217	
Medical Insurance	23,359	
Employer Medicare	2,497	
Other Fringe Benefits	735	
Travel	18,632	
Other Supplies and Materials	11,614	
In Service/Staff Development	29,192	
Other Charges	2,416	
Total Special Education Program		295,098

Vocational Education Program

Secretary(ies)	\$ 36,965	
Bonus Payments	649	
Social Security	2,257	
Pensions	4,957	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Medical Insurance	\$	5,840	
Employer Medicare		528	
Other Fringe Benefits		316	
Maintenance and Repair Services - Equipment		436	
Travel		1,102	
Other Contracted Services		2,276	
In Service/Staff Development		7,251	
Total Vocational Education Program			\$ 62,577

Other Programs

On-behalf Payments to OPEB	\$	183,101	
Total Other Programs			183,101

Board of Education

Secretary to Board	\$	738	
Board and Committee Members Fees		31,200	
Social Security		1,013	
Pensions		97	
Employer Medicare		463	
Other Fringe Benefits		140,752	
Audit Services		18,420	
Dues and Memberships		14,395	
Legal Services		12,863	
Other Contracted Services		6,955	
Other Supplies and Materials		2,700	
Liability Insurance		179,103	
Premiums on Corporate Surety Bonds		525	
Trustee's Commission		301,549	
Workers' Compensation Insurance		357,483	
In Service/Staff Development		9,863	
Criminal Investigation of Applicants - TBI		7,049	
Other Charges		2,872	
Total Board of Education			1,088,040

Director of Schools

County Official/Administrative Officer	\$	110,000	
Assistant(s)		83,800	
Career Ladder Program		1,000	
Clerical Personnel		24,746	
Bonus Payments		1,298	
Social Security		13,128	
Pensions		20,995	
Medical Insurance		21,315	
Employer Medicare		3,073	
Other Fringe Benefits		200	
Communication		46,229	

(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.)

Contributions	\$	3,157	
Dues and Memberships		3,246	
Maintenance and Repair Services - Equipment		5,801	
Postal Charges		1,382	
Travel		648	
Office Supplies		6,872	
In Service/Staff Development		7,686	
Other Charges		1,091	
Total Director of Schools			\$ 355,667

Office of the Principal

Principals	\$	789,657	
Career Ladder Program		14,333	
Assistant Principals		491,213	
Secretary(ies)		330,543	
Bonus Payments		12,706	
Other Salaries and Wages		48,266	
Certified Substitute Teachers		1,906	
Non-certified Substitute Teachers		508	
Social Security		99,146	
Pensions		167,973	
Medical Insurance		251,359	
Employer Medicare		23,204	
Other Fringe Benefits		3,116	
Other Supplies and Materials		250	
Other Charges		2,941	
Total Office of the Principal			2,237,121

Human Services/Personnel

Clerical Personnel	\$	71,704	
Bonus Payments		1,298	
Social Security		4,446	
Pensions		9,622	
Medical Insurance		11,679	
Employer Medicare		1,040	
Other Fringe Benefits		581	
Maintenance and Repair Services - Equipment		6,025	
Other Contracted Services		3,440	
In Service/Staff Development		2,451	
Administration Equipment		239	
Total Human Services/Personnel			112,525

Operation of Plant

Custodial Personnel	\$	866,109	
Bonus Payments		13,301	
Other Salaries and Wages		86,147	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Non-certified Substitute Teachers	\$	18,631	
Social Security		57,904	
Pensions		118,949	
Medical Insurance		172,320	
Unemployment Compensation		65	
Employer Medicare		13,679	
Other Fringe Benefits		7,897	
Disposal Fees		41,967	
Other Contracted Services		99,140	
Custodial Supplies		198,474	
Electricity		1,247,384	
Gasoline		883	
Natural Gas		69,688	
Water and Sewer		122,539	
Other Supplies and Materials		1,895	
Boiler Insurance		13,331	
Building and Contents Insurance		242,859	
In Service/Staff Development		1,980	
Other Charges		491	
Total Operation of Plant			\$ 3,395,633

Maintenance of Plant

Supervisor/Director	\$	63,734	
Maintenance Personnel		451,326	
Bonus Payments		7,678	
Other Salaries and Wages		6,315	
Social Security		29,677	
Pensions		67,895	
Medical Insurance		80,052	
Employer Medicare		6,941	
Other Fringe Benefits		3,716	
Communication		397	
Laundry Service		1,511	
Maintenance and Repair Services - Buildings		344,081	
Maintenance and Repair Services - Equipment		19,194	
Maintenance and Repair Services - Vehicles		19,385	
Other Contracted Services		59,849	
Gasoline		21,002	
Other Supplies and Materials		576	
Maintenance Equipment		9,950	
Total Maintenance of Plant			1,193,279

Transportation

Supervisor/Director	\$	40,289	
Bus Drivers		193,234	
Bonus Payments		270	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Other Salaries and Wages	\$	32,053	
Non-certified Substitute Teachers		14,220	
Social Security		16,540	
Pensions		33,276	
Medical Insurance		61,162	
Employer Medicare		3,884	
Other Fringe Benefits		1,568	
Communication		2,279	
Contracts with Vehicle Owners		1,476,461	
Maintenance and Repair Services - Vehicles		101,625	
Other Contracted Services		9,942	
Gasoline		35,852	
Tires and Tubes		7,625	
Other Supplies and Materials		807	
Vehicle and Equipment Insurance		21,180	
In Service/Staff Development		1,414	
Other Charges		18	
Transportation Equipment		103,515	
Total Transportation			\$ 2,157,214

Central and Other

Supervisor/Director	\$	97,022	
Clerical Personnel		25,809	
Bonus Payments		3,893	
Other Salaries and Wages		267,197	
Social Security		21,758	
Pensions		51,919	
Medical Insurance		46,474	
Employer Medicare		5,089	
Other Fringe Benefits		2,892	
Data Processing Services		11,561	
Travel		1,195	
Other Supplies and Materials		72,066	
In Service/Staff Development		10,003	
Other Charges		691	
Other Equipment		54,830	
Total Central and Other			672,399

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	5,200	
Teachers		53,500	
Bonus Payments		649	
Other Salaries and Wages		253,264	
Social Security		19,002	
Pensions		26,148	

(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.)

Medical Insurance	\$	18,168	
Employer Medicare		4,444	
Other Fringe Benefits		628	
Communication		683	
Travel		39,428	
Other Contracted Services		101,725	
Other Supplies and Materials		73,710	
Other Charges		39,035	
Total Community Services			\$ 635,584

Early Childhood Education

Supervisor/Director	\$	13,328	
Teachers		572,249	
Clerical Personnel		17,174	
Educational Assistants		334,852	
Bonus Payments		6,705	
Other Salaries and Wages		13,845	
Certified Substitute Teachers		5,699	
Non-certified Substitute Teachers		1,958	
Social Security		55,643	
Pensions		102,290	
Medical Insurance		201,843	
Employer Medicare		13,013	
Other Fringe Benefits		2,902	
Maintenance and Repair Services - Equipment		2,941	
Travel		565	
Other Supplies and Materials		20,885	
In Service/Staff Development		1,435	
Total Early Childhood Education			1,367,327

Capital Outlay

Regular Capital Outlay

Engineering Services	\$	29,299	
Land		20,600	
Other Capital Outlay		227,180	
Total Regular Capital Outlay			277,079

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$	151,203	
Total Education			151,203

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$	14,837	
Total Education			14,837

Total General Purpose School Fund \$ 42,554,864

(Continued)

Exhibit J-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	687,366	
Educational Assistants		91,706	
Bonus Payments		6,705	
Other Salaries and Wages		21,262	
Social Security		43,689	
Pensions		71,956	
Medical Insurance		134,183	
Employer Medicare		10,674	
Other Fringe Benefits		586	
Instructional Supplies and Materials		52,506	
Regular Instruction Equipment		126,122	
Total Regular Instruction Program			\$ 1,246,755

Special Education Program

Teachers	\$	83,692	
Educational Assistants		342,673	
Speech Pathologist		14,544	
Non-certified Substitute Teachers		768	
Social Security		25,990	
Pensions		54,039	
Medical Insurance		120,808	
Employer Medicare		6,078	
Other Fringe Benefits		2,739	
Instructional Supplies and Materials		19,000	
Other Supplies and Materials		8,453	
Special Education Equipment		61,958	
Total Special Education Program			740,742

Vocational Education Program

Clerical Personnel	\$	1,279	
Social Security		79	
Employer Medicare		19	
Other Supplies and Materials		2,518	
Vocational Instruction Equipment		59,243	
Total Vocational Education Program			63,138

Support Services

Health Services

Medical Personnel	\$	159,096	
Social Security		9,654	
Pensions		20,969	
Medical Insurance		19,466	
Employer Medicare		2,258	
Other Fringe Benefits		1,110	
In Service/Staff Development		54	
Total Health Services			212,607

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support

Bonus Payments	\$	649	
Other Salaries and Wages		46,080	
Social Security		2,647	
Pensions		4,224	
Medical Insurance		8,613	
Employer Medicare		619	
Travel		16,000	
Other Supplies and Materials		14,933	
In Service/Staff Development		7,077	
Other Equipment		3,309	
Total Other Student Support	\$		104,151

Regular Instruction Program

Supervisor/Director	\$	51,004	
Bonus Payments		3,069	
Other Salaries and Wages		198,389	
Social Security		15,451	
Pensions		23,121	
Medical Insurance		32,930	
Employer Medicare		3,614	
Maintenance and Repair Services - Equipment		987	
Travel		153	
Library Books/Media		1,339	
Other Supplies and Materials		214	
In Service/Staff Development		8,213	
Total Regular Instruction Program			338,484

Special Education Program

Psychological Personnel	\$	116,916	
Clerical Personnel		30,005	
Bonus Payments		1,947	
Other Salaries and Wages		42,586	
Social Security		11,433	
Pensions		20,340	
Medical Insurance		25,257	
Employer Medicare		2,674	
Other Fringe Benefits		441	
Other Supplies and Materials		2,357	
In Service/Staff Development		10,450	
Total Special Education Program			264,406

Vocational Education Program

Clerical Personnel	\$	1,279	
Social Security		79	
Employer Medicare		19	
Total Vocational Education Program			1,377

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation

Other Salaries and Wages	\$	123,886	
Social Security		7,318	
Pensions		16,328	
Medical Insurance		36,498	
Employer Medicare		1,711	
Other Fringe Benefits		911	
Total Transportation			<u>\$ 186,652</u>

Total School Federal Projects Fund \$ 3,158,312

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	61,200	
Clerical Personnel		30,685	
Cafeteria Personnel		812,762	
Bonus Payments		1,298	
Other Salaries and Wages		33,602	
Social Security		54,822	
Pensions		105,089	
Medical Insurance		182,490	
Employer Medicare		12,971	
Other Fringe Benefits		6,144	
Communication		3,053	
Maintenance and Repair Services - Equipment		1,852	
Travel		6,438	
Disposal Fees		23,693	
Other Contracted Services		11,801	
Food Supplies		1,309,633	
Office Supplies		930	
USDA - Commodities		93,366	
Other Supplies and Materials		24,793	
In Service/Staff Development		7,231	
Other Charges		6,729	
Food Service Equipment		132,740	
Total Food Service			<u>\$ 2,923,322</u>

Total Central Cafeteria Fund 2,923,322

Total Governmental Funds - Franklin County School Department \$ 48,636,498

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, 2016

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 3,708,578
Total Cash Receipts	<u>\$ 3,708,578</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 3,671,492
Trustee's Commission	37,086
Total Cash Disbursements	<u>\$ 3,708,578</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2015	<u>0</u>
 Cash Balance, June 30, 2016	 <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 LOCAL GOVERNMENT AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-1402  
PHONE (615) 401-7841

**Independent Auditor's 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***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2016, and the related notes to the financial statements, which collectively comprise Franklin County basic financial statements, and have issued our report thereon dated September 27, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Franklin County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Franklin County's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a

combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2016-003 (B,C,D).

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Franklin County financial statements are free from 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: 2016-001, 2016-002, 2016-003(A), 2016-004, and 2016-005.

### **Franklin County's Responses to Findings**

Franklin County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Franklin County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Franklin County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

September 27, 2016

JPW/yu



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

**Independent Auditor's Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance; and Report on the Schedule of  
Expenditures of Federal Awards Required by the Uniform Guidance**

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

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Franklin County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Franklin County's major federal programs for the year ended June 30, 2016. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Franklin County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Franklin County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Franklin County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

Management of Franklin County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Franklin County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

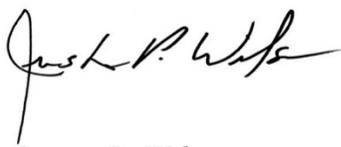
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The sole purpose of this report on internal control over compliance is to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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, 2016, and the related notes to the financial statements, which collectively comprise Franklin County's basic financial statements. We issued our report thereon dated September 27, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

September 27, 2016

JPW/yu

Franklin County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1) (2)  
For the Year Ended June 30, 2016

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 93,366 (4)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	550,186
National School Lunch Program	10.555	N/A	1,520,764 (4)
State Administrative Expenses for Child Nutrition	10.560	N/A	4,950
Total U.S. Department of Agriculture			<u>\$ 2,169,266</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program (Noncash Assistance)	12.U01	N/A	\$ 49,285 (7)
Total U.S. Department of Defense			<u>\$ 49,285</u>
U.S. Department of Justice:			
Direct Programs:			
Second Chance Act Reentry Initiative	16.812	N/A	\$ 310,822
Equitable Sharing Program	16.922	N/A	16,778
Total U.S. Department of Justice			<u>\$ 327,600</u>
U.S. Department of Labor:			
Passed-through Workforce Solutions:			
WIA/WIOA Youth Activities	17.259	(3)	\$ 51,033
Total U.S. Department of Labor			<u>\$ 51,033</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	(3)	\$ 248,024
Alcohol Open Container Requirements	20.607	(5)	24,371
Total U.S. Department of Transportation			<u>\$ 272,395</u>
Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	N/A	\$ 1,000
Total Institute of Museum and Library Services:			<u>\$ 1,000</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,327,589
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,427,737
Special Education - Preschool Grants	84.173	N/A	33,574
Career and Technical Education - Basic Grants to States	84.048	N/A	86,515
Rural Education	84.358	(3)	71,210
Improving Teacher Quality State Grants	84.367	(3)	263,105
Passed-through Lincoln County, Tennessee:			
English Language Acquisition State Grants	84.365	N/A	5,486
Total U.S. Department of Education			<u>\$ 3,215,216</u>
U.S. Department of Health and Human Services:			
Direct Program:			
Drug-free Communities Support Program Grants	93.276	(3)	\$ 89,022
Passed-through State Department of Mental Health and Substance Abuse Services:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(6)	110,440
Total U.S. Department of Health and Human Services			<u>\$ 199,462</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	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Executive Office of the President:			
Direct Program:			
High Intensity Drug Trafficking Areas Program	95.001	(3)	\$ 31,205
Total U.S. Department of Executive Office of the President			<u>\$ 31,205</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(3)	\$ 38,850
Homeland Security Grant Program	97.067	(3)	\$ 17,707
Total U.S. Department of Homeland Security			<u>\$ 56,557</u>
Total Expenditures of Federal Awards			<u>\$ 6,373,019</u>

State Grants		Contract Number	
Early Childhood Education - State Department of Education	N/A	(3)	\$ 1,134,621
ACT Explore/Plan Testing - State Department of Education	N/A	(3)	9,987
Family Resource Center - State Department of Education	N/A	(3)	29,612
Safe Schools - State Department of Education	N/A	(3)	29,460
Coordinated School Health - State Department of Education	N/A	(3)	124,995
Lifeline Peer Project - State Department of Mental Health and Substance Abuse Services	N/A	(3)	115,342
Student Tickets Subsidy Grant - State Arts Commission	N/A	(3)	3,200
Used Oil Equipment Grant - State Department of Environment and Conservation	N/A	(3)	55,054
Juvenile Services Program - State Department of Children's Services	N/A	(3)	18,000
Agriculture Growth Initiative - State Department of Agriculture	N/A	(3)	42,160
Fair Merit Award - State Department of Agriculture	N/A	(3)	1,577
FastTrack Industrial Development Program - State Department of Economic and Community Development	N/A	(3)	46,687
Litter Program - State Department of Transportation	N/A	(3)	35,430
Rural Local Health Services - State Department of Health	N/A	(3)	123,809
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	(3)	25,000
Waste Tire Grant - State Department of Environment and Conservation	N/A	(3)	<u>24,657</u>
Total State Grants			<u>\$ 1,819,591</u>

SUBRECIPIENTS

Program Title	Federal CFDA Number	Amount Provided to Subrecipient	Subrecipient
Second Chance Act Reentry Initiative	16.812	\$310,822	Middle Tennessee Rural Reentry

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) Franklin County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Total for CFDA No. 10.555 is \$1,614,130.
- (5) Z-16-GHS122: \$20,027; Z-15-GHS124: \$4,344.
- (6) DGA 45 372 2015-2016 007: \$36,339. Pass-through Entity Identifying Number not available; \$74,101.
- (7) During the year ended June 30, 2016, Franklin County received excess military equipment from the U.S. Department of Military valued at \$49,285.

Franklin County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2016

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or uncorrected. Presented below are financial statement findings along with their current status from the Annual Financial Report for Franklin County, Tennessee, for the year ended June 30, 2016.

***Prior-year Financial Statement Findings***

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<b><u>OFFICE OF FINANCE DEPARTMENT</u></b>					
2015	198	2015-001	A Note was not Issued in Compliance with State Statute	N/A	Corrected
<b><u>OFFICE OF DIRECTOR OF SCHOOLS</u></b>					
2015	198	2015-002	The Extended School Program did not Deposit Some Funds within Three Days of Collection	N/A	Not Corrected - See Explanation on Corrective Action Plan
<b><u>OFFICE OF CLERK AND MASTER</u></b>					
2015	199	2015-003	The Office did not Consistently Review Its Software Audit Logs	N/A	Corrected
2015	199	2015-004	The Docket Trial Balance did not Reconcile with General Ledger Accounts	N/A	Corrected
<b><u>OFFICE OF SHERIFF</u></b>					
2015	200	2015-005	The Office had Deficiencies in Cash Collection Procedures	N/A	Not Corrected - See Explanation on Corrective Action Plan
2015	200	2015-006	The Annual Financial Report was not Accurate	N/A	Corrected

***Prior-year Federal Award Findings***

There were no prior-year federal award findings to report.

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**FRANKLIN COUNTY, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2016**

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

**Financial Statements:**

- 1. Our report on the financial statements of Franklin County is unmodified.
- 2. Internal Control Over Financial Reporting:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **YES**
- 3. Noncompliance material to the financial statements noted? **NO**

**Federal Awards:**

- 4. Internal Control Over Major Federal Programs:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **NONE REPORTED**
- 5. Type of report auditor issued on compliance for major programs: **UNMODIFIED**
- 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
- 7. Identification of Major Federal Programs:
  - \* CFDA Number 84.010 Title I Grants to Local Education Agencies
- 8. Dollar threshold used to distinguish between Type A and Type B Programs: **\$750,000**
- 9. Auditee qualified as low-risk auditee? **YES**

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

Findings and recommendations, as a result of our audit, of the financial statements of Franklin County, Tennessee, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. The finance director, director of schools, and sheriff provided corrective action plans, which are paraphrased in the Management's Corrective Action Plan section of this report.

### **OFFICE OF FINANCE DEPARTMENT**

**FINDING 2016-001**                    **HIGHWAY/PUBLIC WORKS FUND APPROPRIATIONS  
EXCEEDED ESTIMATED AVAILABLE FUNDING**  
(Noncompliance Under *Government Auditing Standards*)

The budget and subsequent amendments approved by the County Commission for the Highway/Public Works Fund resulted in appropriations exceeding estimated available funding by \$14,905. Sound budgetary principles dictate that appropriations be held within estimated available funding. This deficiency was the result of a lack of management oversight.

### **RECOMMENDATION**

Appropriations that exceed estimated available funding should not be submitted to the County Commission, and the County Commission should not approve such appropriations.

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

As finance director, I will review more closely the approved budget balances in regard to fund balance, revenue, and appropriations in order not to exceed available funding when preparing and presenting budget amendments to the committees and commission.

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

**FINDING 2016-002**                    **A CASH SHORTAGE OF \$507 EXISTED IN THE  
EXTENDED SCHOOL PROGRAM AT CLARK MEMORIAL  
ELEMENTARY SCHOOL AS OF JUNE 20, 2016**  
(Noncompliance Under *Government Auditing Standards*)

During the annual audit of the Extended School Program (ESP) at Clark Memorial Elementary School, auditors determined that amounts recorded for some entries in the deposit log were less than the amounts written on the original receipts. Therefore, auditors performed extended audit procedures and discovered that a cash shortage of \$507 existed in the ESP as of June 20, 2016.

Auditors identified several original receipts totaling \$2,287.70 had been recorded for different amounts in the deposit log and/or student log. ESP employees made deposits based on amounts recorded in these logs and not amounts recorded on the receipts. Details of these deposits are presented in the following table:

Item No.	Deposit Date	Receipt Numbers	Amount Received	Amount Deposited	Cash Shortage
1.	7-15-15	42718-42729	\$ 785.70	\$ 761.70	\$ 24.00
2.	9-15-15	42854	30.00	0.00	30.00 (1)
3.	10-2-15	42892	48.00	43.00	5.00 (2)
4.	10-28-15	42912	40.00	32.00	8.00 (3)
5.	11-13-15	42929	100.00	50.00	50.00 (4)
6.	2-2-16	45010	60.00	0.00	60.00 (5)
7.	2-9-16	45018	260.00	200.00	60.00 (6)
8.	2-23-16	45038	80.00	0.00	80.00 (7)
9.	3-7-16	45046	250.00	200.00	50.00 (8)
10.	3-28-16	45067	140.00	100.00	40.00 (9)
11.	4-18-16	45079	100.00	60.00	40.00 (10)
12.	4-26-16	45088-45093	394.00	334.00	60.00
Total			\$ 2,287.70	\$ 1,780.70	\$ 507.00

- (1) Receipt was written for \$30. Deposit log was "whited out", and VOID was written on the log. Recorded in the student log for \$30.
- (2) Receipt was written for \$48; recorded in the deposit log as \$43; recorded in the student log as \$48.
- (3) Receipt was written for \$40; recorded in the deposit log as \$38; recorded in the student log as \$32.
- (4) Receipt was written for \$100. Deposit log amount was "whited out" and changed to \$50. Recorded in the student log as \$100.
- (5) Receipt was written for \$60. Deposit log was "whited out" and VOID was written on the log. Recorded in the student log for \$60.
- (6) Receipt was written for \$260. On the deposit log, the \$260 was changed to \$200. Recorded in the student log for \$260.
- (7) The ESP copy of receipt number 45038 had no information written on it. However, the student log reflected \$80 for this receipt. We contacted the parents of child involved, and they told us they always pay in cash, but could not find their copy of the receipt.
- (8) Receipt was written for \$250; recorded in the deposit log as \$200; recorded in the student log as \$250.
- (9) Receipt was written for \$140. On the deposit log, the \$140 was changed to \$100. Recorded in the student log for \$140.
- (10) Receipt was written for \$100; recorded in the deposit log as \$60; recorded in the student log as \$100.

As a result of these deficiencies, a cash shortage of \$507 existed in the Extended School Program at Clark Memorial Elementary School as of June 20, 2016. This cash shortage has

been reviewed with the district attorney general and the Franklin County Director of Schools. The employee believed to be involved in these deficiencies resigned from the school system. Officials collected the cash shortage of \$507 from the employee on June 30, 2016.

#### MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

On Thursday, June 30, 2016, I met with both the Clark Memorial ESP Program Director and a teacher assistant. The audit findings were discussed and the teacher assistant wrote a personal check for \$507 to cover the missing funds. She also turned in her resignation from her position with the ESP program, as well as any other positions she held with Franklin County Schools. The money was deposited into the ESP account the same day.

#### FINDING 2016-003

#### **DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF ACCOUNTING RECORDS FOR THE EXTENDED SCHOOL PROGRAM**

(A. – Noncompliance Under *Government Auditing Standards*; B., C., and D. – Internal Control – Significant Deficiency Under *Government Auditing Standards*)

We noted the following deficiencies in the collection of funds at certain Extended School Program collection sites, which resulted from a lack of management oversight:

- A. As part of our audit procedures for obtaining reasonable assurance that Extended School Program funds were deposited with the county trustee within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we judgmentally selected the month of March 2016 for six schools, and 11 months for Clark Memorial Elementary School, to examine receipts and deposits. The program office did not deposit some funds with the county trustee within three days of collection in 39 of 91 deposits made during these months. Also, this deficiency exists because management failed to correct the finding noted in the prior-year audit report. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.
- B. In some instances, receipts were not issued at the time of collection at certain Extended School Program sites. The practice of issuing receipts subsequent to the actual collection increases the risk that officials will not properly account for funds.
- C. Bank statements of the individual school's Extended School Program were not accurately reconciled with the general ledger. Employees attempted to reconcile the bank accounts monthly; however, all errors were not identified. The monthly reconciliation of bank statements and the identification and correction of errors are necessary procedures to ensure all collections are recorded accurately in the accounting records.

- D. Duties were not segregated adequately among the officials and employees of the Extended School Program. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Sound business practices dictate that management is responsible for designing internal controls to give reasonable assurance of the reliability in 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

Extended School Program funds should be deposited with the county trustee within three days of collection as required by state statute. Officials should ensure that receipts are issued for all collections at the time of collection. Bank statements should be accurately reconciled with the general ledger monthly, and any errors discovered should be corrected promptly. Officials should segregate duties to the extent possible using available resources.

### MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

On July 1, 2016, a new ESP County-wide Director was hired. The new director is a retired Franklin County Schools Superintendent, former administrator, and teacher. During the month of July, she revised all processes and procedures, to include the ESP handbook and financial reporting at both the site and county levels. In working with the site directors, she established a method of accountability that requires all collected funds to be deposited within two business days (deposits are required on Monday, Wednesday, and Friday).

The process for collecting, receipting and recording all monies has been revised and a system is in place for persons collecting the money to immediately receipt the money. Segregation of duties has been addressed by including the school bookkeeper/secretary in the financial process as needed.

An Excel worksheet, set up as a standardized, general ledger program, has been established and put into place at all sites. The ESP Director will make periodic spot checks throughout the year in order to ensure compliance with the new accounting procedures is followed. This had not been done over the past few years and has caused the finding to be repeated.

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### FINDING 2016-004

### **THE DIRECTOR OF SCHOOLS HAD NOT FORMALLY DOCUMENTED INTERNAL CONTROLS**

(Noncompliance Under *Government Auditing Standards*)

Section 9-18-102(a), *Tennessee Code Annotated (TCA)*, requires each county government to establish and maintain internal controls to provide reasonable assurance for compliance with applicable laws, the safeguarding of assets, and proper accountability for the preparation of accurate and reliable financial records and reports. These provisions became effective for the fiscal year ended June 30, 2016. The director of schools had not formally documented internal

controls for office operations to verify compliance with the above-noted statute. Formal documentation could be in the form of printed or digital policies and procedures for the maintenance of controls, including the segregation of employee duties. Failure to implement and maintain internal controls could put public assets at risk of loss, misuse, or abuse.

#### RECOMMENDATION

The director of schools should formally document and maintain internal controls for office operations as required by Section 9-18-102(a), *TCA*.

#### MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The requirement for the school system to provide documented internal controls was a new requirement for this fiscal year. The director of schools was unaware of this new requirement and no notification or guidance was provided from the State Department of Education or the finance department. The director of human resources and funding is working with the school system's director of finance to develop the required internal controls document and will have it completed, published, and distributed by October 1, 2016. Training will be provided for the school level bookkeepers and administrators during the month of October.

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#### OFFICE OF SHERIFF

##### FINDING 2016-005

##### **OFFICIAL PRENUMBERED RECEIPTS WERE NOT ISSUED FOR SOME COLLECTIONS**

(Noncompliance Under *Government Auditing Standards*)

Official prenumbered receipts were not issued for some collections. Section 9-2-103, *Tennessee Code Annotated*, requires prenumbered receipts should be issued for all collections. Management's failure to issue prenumbered receipts for all collections weakens internal control over cash collections and makes it difficult to test the office's compliance with the three-day deposit law. This deficiency is the result of a lack of management oversight and the sheriff's failure to correct the finding noted in the prior-year audit report.

#### RECOMMENDATION

Prenumbered receipts should be issued for all collections as required by state statute.

#### MANAGEMENT'S RESPONSE – SHERIFF

We concur with this finding and direct deposits were explained as well as corrective action taken to correct this issue. Effective immediately personnel will receipt all checks and direct deposits as they are received.

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

There were no findings and questioned costs related to federal awards for the year ended June 30, 2016. Our audit followed audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Findings relating specifically to the audit of the financial statements of Franklin County, Tennessee, are separately presented under Part II, Findings Relating to the Financial Statements.

**Franklin County, Tennessee  
Management's Corrective Action Plan  
For the Year Ended June 30, 2016**

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings are presented below:

**Corrective Action - Financial Statement Findings**

**OFFICE OF FINANCE DEPARTMENT**

**FINDING 2016-001                      **HIGHWAY/PUBLIC WORKS FUND APPROPRIATIONS  
EXCEEDED ESTIMATED AVAILABLE FUNDING****

Response and Corrective Action Plan Prepared by:	Andrea Smith, Finance Director, Franklin County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	June 30, 2017
Repeat Finding:	No
Reason Why Corrective Action was Not Taken – PY	N/A

**Planned Corrective Action:**

As finance director, I will review more closely the approved budget balances in regard to fund balance, revenue, and appropriations in order not to exceed available funding when preparing and presenting budget amendments to the committees and commission.

---

**OFFICE OF DIRECTOR OF SCHOOLS**

**FINDING 2016-002                      **A CASH SHORTAGE OF \$507 EXISTED IN THE  
EXTENDED SCHOOL PROGRAM AT CLARK MEMORIAL  
ELEMENTARY SCHOOL AS OF JUNE 20, 2016****

Response and Corrective Action Plan Prepared by:	Dr. Amie Lonas, Director of Schools, Franklin County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	June 30, 2016
Repeat Finding:	No
Reason Why Corrective Action was Not Taken – PY	N/A

Planned Corrective Action:

On Thursday, June 30, 2016, the Director of Schools met with both the Clark Memorial ESP Program Director and a teacher assistant. The audit findings were discussed and the teacher assistant wrote a personal check for \$507 to cover the missing funds. She also turned in a resignation from her position with the ESP program, as well as any other positions she held with Franklin County Schools. The money was deposited into the ESP account the same day.

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FINDING 2016-003

**DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF ACCOUNTING RECORDS FOR THE EXTENDED SCHOOL PROGRAM**

Response and Corrective Action Plan Prepared by:	Dr. Amie Lonas, Director of Schools, Franklin County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	July 29, 2016
Repeat Finding:	Yes
Reason Why Corrective Action was Not Taken – PY	No action was taken on previous finding.

Planned Corrective Action:

On July 1, 2016, a new ESP County-wide Director was hired. The new director is a retired Franklin County Schools Superintendent, former administrator, and teacher. During the month of July, she revised all processes and procedures, to include the ESP handbook and financial reporting at both the site and county levels. In working with the site directors, she established a method of accountability that requires all collected funds to be deposited within two business days (deposits are required on Monday, Wednesday, and Friday).

The process for collecting, receipting and recording all monies has been revised and a system is in place for persons collecting the money to immediately receipt the money. Segregation of duties has been addressed by including the school bookkeeper/secretary in the financial process, as needed.

An Excel worksheet, set up as a standardized, general ledger program, has been established and put into place at all sites. The ESP Director will make periodic spot checks throughout the year in order to ensure compliance with the new accounting procedures is followed. This had not been done over the past few years and has caused the finding to be repeated.

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FINDING 2016-004

**THE DIRECTOR OF SCHOOLS HAD NOT FORMALLY DOCUMENTED INTERNAL CONTROLS**

Response and Corrective Action Plan Prepared by:	Dr. Amie Lonas, Director of Schools, Franklin County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	October 28, 2016
Repeat Finding:	No
Reason Why Corrective Action was Not Taken – PY	N/A

Planned Corrective Action:

The requirement for the school system to provide documented internal controls was a new requirement for this fiscal year. The Director of Schools was unaware of this new requirement and no notification or guidance was provided from the State Department or the Finance Department. The Director of Human Resources and Funding is working with the school system's Director of Finance to develop the required internal controls document and will have it completed, published, and distributed by October 1, 2016. Training will be provided for the school level bookkeepers and administrators during the month of October.

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**OFFICE OF SHERIFF**

FINDING 2016-005

**OFFICIAL PRENUMBERED RECEIPTS WERE NOT ISSUED FOR SOME COLLECTIONS**

Response and Corrective Action Plan Prepared by:	Tim Fuller, Sheriff
Person Responsible for Implementing the Corrective Action:	Tim Armstrong, Computer Technician/Administrative Assistant
Anticipated Completion Date of Corrective Action:	September 2016
Repeat Finding:	Yes
Reason Why Corrective Action was Not Taken – PY	Miscommunication and misunderstanding the definition of the previous finding.

Planned Corrective Action:

Effective immediately personal will receipt all checks and direct deposits as they are received.

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