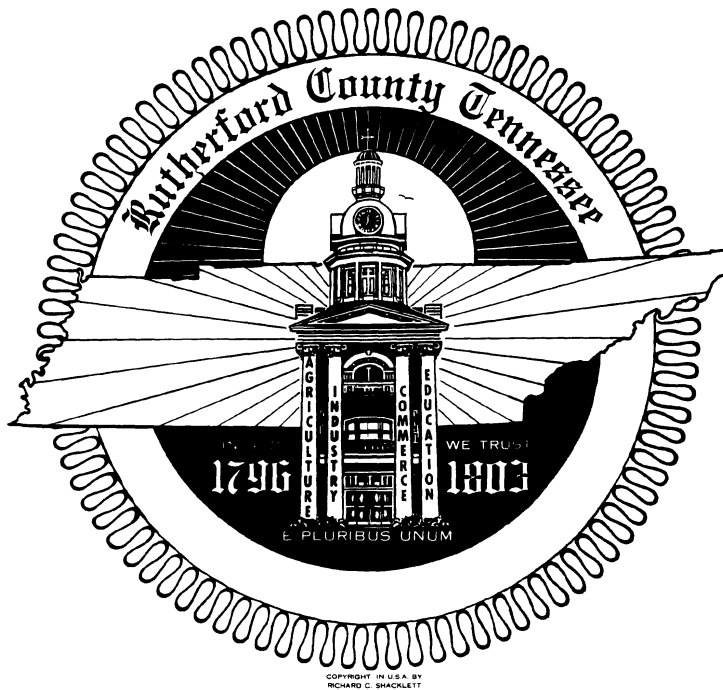


**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

RUTHERFORD COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2006

COMPREHENSIVE ANNUAL FINANCIAL REPORT
RUTHERFORD COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2006

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

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

ARTHUR L. ALEXANDER
Director

JEFF BAILEY, CPA, CGFM, CFE
Audit Manager

EUGENE HAMPTON II, CPA, CGFM
Auditor 4

DOUG BODARY, CPA, CFE
PATTY VARGO, CFE
TERA HAYNES, CFE
NATHAN ABBOTT, CISA, CFE
KELLEY McNEAL CPA, CGFM
State Auditors

LISA NOLEN, CPA, CGFM
DIRECTOR OF FINANCE
RUTHERFORD COUNTY, TENNESSEE

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

RUTHERFORD COUNTY, TENNESSEE

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Audit Highlights
Comprehensive Annual Financial Report
Rutherford County, Tennessee
For the Year Ended June 30, 2006

Scope

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

Results

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

Our audit resulted in ten findings and recommendations, which we have reviewed with Rutherford 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 DIRECTOR OF FINANCE

- ◆ The Workers' Compensation Fund had a net assets deficit of \$393,281 at June 30, 2006.
- ◆ Amounts withheld from contractor payments were not deposited to an escrow account.

OFFICE OF HIGHWAY SUPERINTENDENT

- ◆ Bid specifications for equipment purchases applied only to one brand.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ A cash shortage of at least \$3,031.34 was discovered.
-

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

- ◆ The office used an unauthorized signature stamp.
 - ◆ The office did not maintain formal user documentation pertaining to the court's software.
-

OFFICE OF REGISTER

- ◆ The register allowed individuals unsupervised access to her office to research documents after business hours. This unsupervised access seriously weakens internal controls over assets.
-

OFFICE OF SHERIFF

- ◆ Federal equitable shared funds were not channeled through the county's budgetary process as required by state statute.
-

OTHER FINDINGS

- ◆ Duties were not segregated adequately among the official and employees in the Office of Juvenile Court Clerk.
- ◆ County officials had not adopted a central system of purchasing.

INTRODUCTORY SECTION



RUTHERFORD COUNTY
FINANCE DEPARTMENT
Rutherford County Courthouse, Suite 201
Murfreesboro, Tennessee 37130
(615) 898-7795
FAX 904-7526

LETTER OF TRANSMITTAL

October 31, 2006

To the Honorable Ernest G. Burgess, County Mayor,
Board of County Commissioners, and Citizens of
Rutherford County, Tennessee

The Comprehensive Annual Financial Report of Rutherford County, Tennessee, for the year ended June 30, 2006, is hereby submitted as required by state statutes. These statutes require that all local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by the State of Tennessee's Comptroller of the Treasury, Division of County Audit, or by independent public accountants within six months of the close of each fiscal year. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Rutherford County, Tennessee. This report was prepared by the county's Finance Department in conjunction with the above state agency.

This report consists of management's representations concerning the finances of Rutherford County, Tennessee. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of Rutherford County, Tennessee, has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of financial statements in conformity with GAAP in Rutherford County. The cost of internal controls should not outweigh their benefits in Rutherford County, Tennessee. The comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The goal of the independent audit was to provide reasonable assurance that the financial statements of Rutherford County, Tennessee, for the fiscal year ended June 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The financial statements of Rutherford County, Tennessee, have been audited by State of Tennessee's Comptroller of the Treasury, Division of County Audit. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion on the financial statements of Rutherford County, Tennessee, for the fiscal year ended June 30, 2006, that are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Rutherford County, Tennessee, was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and compliance with legal requirements involving the administration of federal awards. These reports are available in a separate section of this comprehensive annual financial report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Rutherford County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Located in the "Heart of Tennessee" with 615 square miles of land area, Rutherford County is the geographic center of the state. Rutherford County was incorporated in 1834 and is governed by an elected county mayor and a 21-member County Commission. Virtually all of the County Commission's business is conducted through the committee system before moving to the full County Commission for a final vote. The county provides a full range of services, including elementary and secondary education; law enforcement and corrections; judicial; solid waste collection; public health and welfare; and the construction and maintenance of highways and related infrastructure.

Rutherford County operates under Chapter 49, Private Acts of 1979, as amended. This legislation is specific only to Rutherford County and governs the authorities, responsibilities, and day to day operations of the Finance Department. The finance director reports directly to the County Commission and is responsible for establishing and maintaining an accounting system for all funds of the county in accordance with generally accepted accounting principles. The appropriated budget is prepared by fund, function (e.g. public safety), and department (e.g., sheriff). A formal budget is adopted annually by the County Commission and is reviewed daily by the Finance Department for compliance. No appropriation made by the County Commission may be legally exceeded, except by

resolution of the full commission. The County Commission's budgetary control is at the major category level as defined by the Uniform Chart of Accounts, prescribed by the Tennessee State Comptroller's Office. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on Exhibit F as required supplementary information. For governmental funds, other than the General Fund, with appropriated annual budgets, this information is presented on Exhibit G-3 through Exhibit H.

The financial statements include separate reporting for three legally separate entities: (1) Rutherford County Board of Education, which operates the public school system in the county; (2) Community Care of Rutherford County, Inc., which provides nursing home care to the citizens of Rutherford County; and (3) Rutherford County Emergency Communications District, which provides a simplified means of securing emergency services through a uniform emergency number for the residents of Rutherford County. Rutherford County is financially accountable for only the Rutherford County Board of Education.

ECONOMIC CONDITION

Local Economy

The economic outlook for Rutherford County is excellent. The strength of the Rutherford County economy can be attributed to our diversity. Rutherford County is one of the fastest growing counties in America with a phenomenal growth rate of over 41.25 percent during the past ten years. Population growth has continuously driven a boom in residential construction.

Our largest manufacturing employers include NISSAN USA, Ingram Book Co., Bridgestone/Firestone, Whirlpool Corp., General Mills, and Verizon Wireless. While manufacturing is our strongest economic segment, we are expanding into distribution, transportation, and other service-related industries. We are also home to Tennessee's second largest state university with an enrollment exceeding 22,000, a veteran's hospital, the south central regional office for State Farm Insurance, and numerous other companies.

There are many significant factors that will undoubtedly contribute to the continued growth of our economy. One factor is that Rutherford County is within a day's drive of 75 percent of the nation's markets and only minutes from three major interstates. Also, the City of Murfreesboro is in the process of a massive development project involving city-owned land, noted as the "Gateway" project. Gateway is part of a broader plan to develop about 800 acres up to Interstate 24 and a new interchange into office buildings, retail shopping, and housing similar to that found in neighboring Williamson County. City and business leaders are banking on the development's attracting higher-paying jobs.

Because of the county's location, the county's unemployment rate has been relatively stable. In the past ten years, the rate dropped to a low of 2.9 percent in fiscal 1999 (compared to 4.3 percent for Tennessee and 4.4 percent for the United States) to a high of 4.5 percent in fiscal 2004 (compared to 5.7 percent for Tennessee and 5.81 percent for the

United States). For the fiscal year ended June 30, 2006, the average unemployment rate for Rutherford County dropped to 4.2 percent compared to 5.36 percent for Tennessee and 4.8 percent for the United States.

Major initiatives

Major financial pressures continue as a result of the very high population growth rate being experienced by Rutherford County. The most significant impact of this growth is the demand for additional capital investment. Tennessee statutes mandate to counties the primary responsibility for elementary and secondary education. Education is the largest single major expenditure function of the county. Over the last ten years, the cost of education ranged from 62 to 68 percent of the combined total expenditures for the primary government and the Board of Education.

In the fall of 2004, the Board of Education unveiled an updated ten year capital projects plan based on assumptions that student population would grow 4.8 percent. It is estimated to require new funding totaling approximately \$466 million over the next ten years to build ten elementary schools, seven middle schools, and three high schools.

Planned general capital projects within the next ten years include road improvements, renovation of the former health department building for additional office space, renovation of the Smyrna Health Department, workhouse, juvenile detention center, criminal justice center, parking garage, and an addition to the existing jail. It is estimated that the county will have a need for capital investment in these areas of more than \$110 million over the next five to ten years. As of June 30, 2006, Rutherford County has funded approximately \$28.9 million toward those projects.

Long-term financial planning

In addition to the initial construction costs for the above named facilities, Rutherford County will incur significant additional recurring costs to staff, operate, and maintain the new facilities. The commissioners are aware of the significance of the additional costs and prepare the operating budgets accordingly.

Unreserved undesignated fund balance in the General Fund totals almost \$20.58 million. This represents 34.68 percent of the General Fund's current-year expenditures and exceeds the amount set by policy (15 percent of current year expenditures). According to the commission's policy, the excess is available to cover revenue shortfalls, unanticipated expenditures, and to ensure stable tax rates.

Relevant financial policies

To better serve the needs of the commission and the public, the commission reviewed and revised the county's policy concerning the fund balance in the debt service fund. Initially the policy dictated that the unreserved undesignated fund balance in the debt service fund would be maintained at 75 percent of estimated debt service expenditures. The new policy requires the finance director to determine or estimate the principal and interest requirements of the county and recommend sources of revenues to meet those actual or

projected requirements. Additionally, the policy of the county requires that at the beginning of each fiscal year, the county will maintain an adequate amount in cash or investments in the debt service fund that is conservatively calculated to meet (1) cash flow needs, (2) budgeting contingencies, (3) emergency contingencies, (4) variable rate volatility contingencies, and (5) future forecasted needs. The ending fund balance of the debt service fund meets the new policy.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the county for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

To be awarded a Certificate of Achievement, the county had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Rutherford County has received the Certificate of Achievement for 11 consecutive fiscal years. We believe that our current CAFR continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department during the past fiscal year. They are Elaine Cawthon, Teresa Jolly, Faye Elam, Linda Eckerson, Chrissi Caruthers, Sheryl Sandefur, Susan Thompson, Ted Lindsey, and Nancy Jolly. I would also like to thank the staff of the county's Office of Information Technology for keeping our accounting system operational. Credit should also be given to the county mayor and the governing body for their interest and support in planning and conducting the operations of Rutherford County government in a responsible and progressive manner.

Sincerely,

Lisa A. Nolen, CPA, CGFM
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Rutherford County,
Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



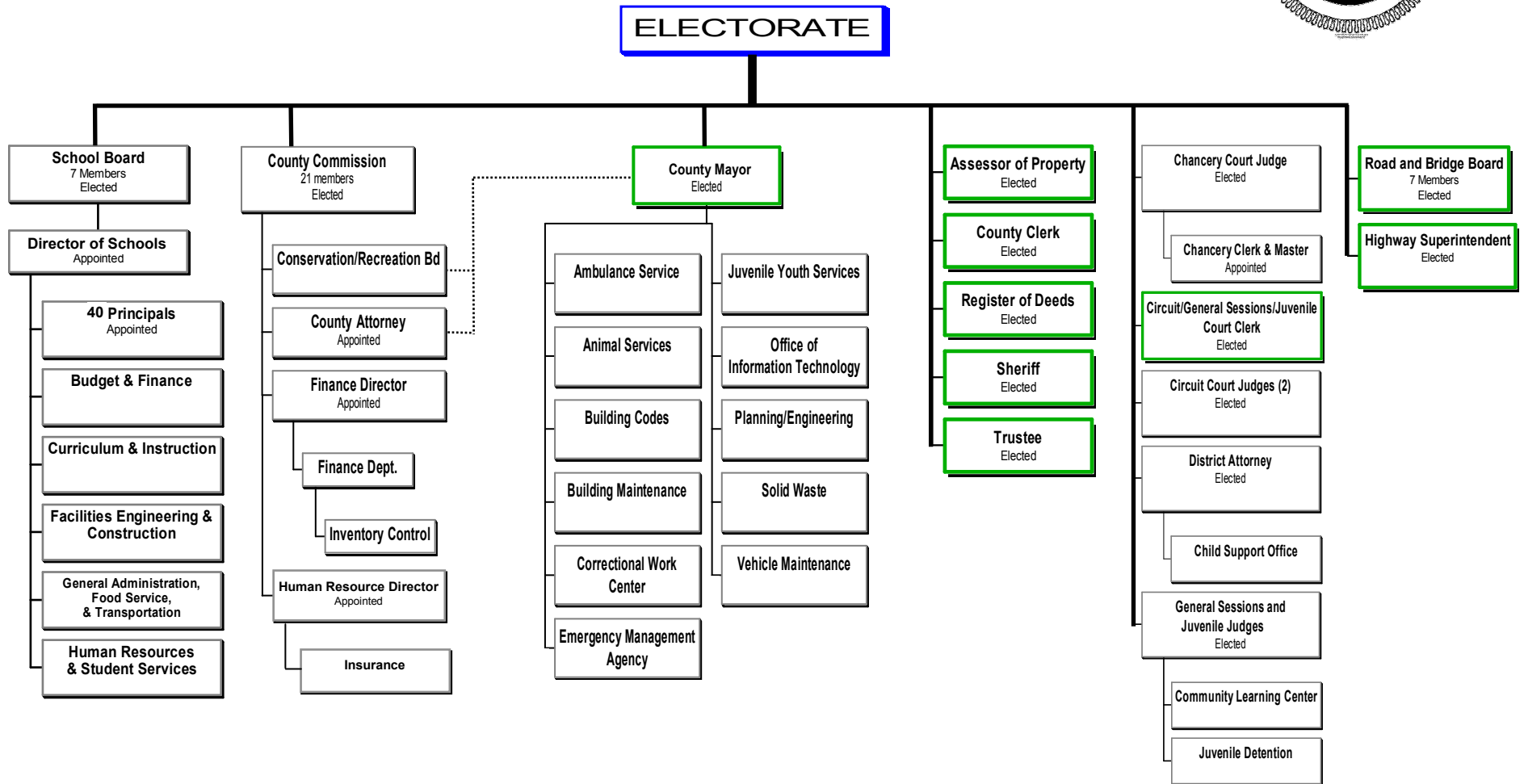
Carla E. Perry

President

Jeffrey R. Enen

Executive Director

Rutherford County Government Organizational Chart



Constitutional Offices

As of July, 2006

Rutherford County Officials

June 30, 2006

Officials

Nancy Allen, County Mayor
Mike Williams, Highway Superintendent
Harry Gill, Jr., Director of Schools
Evans Maples, Trustee
John Barbee, Assessor of Property
Georgia Lynch, County Clerk
Eloise Gaither, Circuit, General Sessions, and Juvenile Courts Clerk
John Bratcher, Clerk and Master
Jennifer Gerhart, Register
Truman Jones, Sheriff
Lisa Nolen, Director of Finance

Board of County Commissioners

Nancy Allen, Chairman	Mike Sparks
Doug Shafer	Richard Sage
Jack Black	Paul Johnson
Will Jordan	John Rodgers
Robert Peay, Jr.	Faye Elam
Carol Cook	Bob Bullen
Joe Jernigan	Jeff Phillips
Gary Farley	Allen McAdoo
Dwight Thorneberry	Joyce Ealy
Steven Sandlin	William Gooch
Anthony Johnson	Tina Jones

Highway Commissioners

Richard Stegall, Chairman	Randal Jones
Michael Anderson	Paul Johnson
Troy Baxter	David Victory
William Bratcher	

Rutherford County Officials (Cont.)

Board of Education

Rick Wise, Chairman
Mark Byrnes
Terry Hodge
Donald Jernigan

Dorris Jernigan, Sr.
Grant Kelley
Gary Patton

Budget, Finance, and Investment Committee

Joyce Ealy, Chairman
Bob Bullen
Anthony Johnson
Will Jordan

Robert Peay
Steve Sandlin
Doug Shafer

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

October 16, 2006

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rutherford County, Tennessee, as of and for the year ended June 30, 2006, which collectively comprise Rutherford County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Rutherford County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Community Care of Rutherford County, Inc., which represent .8 percent and three percent, respectively, of the assets and revenues of the aggregate discretely presented component units; and the discretely presented Rutherford County Emergency Communications District, which represent one percent and .6 percent, respectively, of the assets and revenues of the aggregate discretely presented component units, as of June 30, 2006, and for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the discretely presented Community Care of Rutherford County, Inc., and the discretely presented Rutherford County Emergency Communications District, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain

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

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

In accordance with Government Auditing Standards, we have also issued our report dated October 16, 2006, on our consideration of Rutherford County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

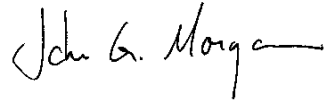
As described in Note V.B., Rutherford County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 46, Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34.

The management's discussion and analysis on pages 23 through 33 and the budgetary comparison information on pages 101 through 105 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rutherford 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 Fund, combining and individual fund financial statements of the Rutherford County School Department (a discretely presented component unit), miscellaneous schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Rutherford County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the

audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/sb

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

As management for Rutherford County, Tennessee, we offer readers of the financial statements for Rutherford County, Tennessee, this narrative overview and analysis of the financial activities of the Rutherford County, Tennessee, government for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report. **All amounts, unless otherwise indicated, are expressed in thousands of dollars.**

Financial Highlights

- The liabilities of Rutherford County Government exceeded its assets at the close of the most recent fiscal year by \$46,253 (net assets). Of this amount, \$302,901 is long-term debt that is attributable to the Rutherford County Board of Education.
- The government's total net assets decreased by \$18,796. This decrease is directly attributable to the county's issuance of debt for the school system.
- As of the close of the current fiscal year, the governmental funds of Rutherford County, Tennessee, reported combined ending fund balances of \$105,172, an increase of \$21,800 in comparison with the prior year. Most of this total amount, \$101,276, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$20,580, or 34.68 percent of total General Fund expenditures.
- The total debt of Rutherford County, Tennessee, increased by \$44,215 (13.87%) during the current fiscal year. The key factor in this increase was the issuance of approximately \$64.22 million bonded debt for school construction and equipment, and other general capital projects.

Overview of the Financial Statements

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

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

The statement of net assets presents information on all of the assets and liabilities for Rutherford County, Tennessee, with the differences between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Rutherford County, Tennessee, is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon

as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Rutherford County, Tennessee, that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Rutherford County, Tennessee, include general government; finance; administration of justice; public safety; public health and welfare; social, cultural, and recreational services; agriculture and natural resources; other operations; and highways/public works. The Rutherford County Government has no business-type activities to report.

The government-wide financial statements include not only Rutherford County Government itself (known as the primary government), but also a legally separate school system for which the Rutherford County Government is financially accountable. These statements also include a legally separate E-911 district and a legally separate nursing home facility. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on Exhibits A and B of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Rutherford County, Tennessee, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Rutherford County, Tennessee, can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

Rutherford County, Tennessee, maintains 14 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental

fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the General Debt Service Fund, the General Capital Projects Fund, and the Education Capital Projects Fund, all of which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Rutherford County, Tennessee, adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on Exhibits C-1 through C-4 of this report.

Proprietary funds. Rutherford County maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among Rutherford County's various functions. Rutherford County, Tennessee, uses internal service funds to account for the county's self insured insurance funds (workers' compensation, employee health insurance, and liability). Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on Exhibits D-1 through D-3 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Rutherford County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on Exhibit E of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 51 through 98 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Rutherford County's major fund's budgetary statement (General Fund). This required supplementary information has been presented in the required supplementary information section of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to the

required supplementary information. Combining and individual fund statements and schedules can be found on Exhibits G-1 through J-2 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Rutherford County, Tennessee, liabilities exceeded assets by \$46,253 at the close of the fiscal year. The Constitution for the State of Tennessee only allows the local legislative body authorization to issue debt. Therefore, whenever the Rutherford County Board of Education requires additional money to fund school construction and equipment, the related debt must be issued by the Rutherford County Government. As of June 30, 2006, Rutherford County had outstanding debt totaling \$302,901 for capital purposes of the Rutherford County Board of Education, but the capital assets are reported in the financial statements of the Rutherford County Board of Education. Rutherford County has incurred the related liability significantly decreasing its unrestricted net assets without a corresponding increase in the county's capital assets.

Rutherford County, Tennessee Net Assets

	Governmental Activities	
	2005	2006
Assets:		
Current and other assets	\$ 151,095	\$ 177,289
Capital assets	206,259	210,174
Total Assets	<u>\$ 357,354</u>	<u>\$ 387,463</u>
Liabilities:		
Long-term liabilities outstanding	\$ (306,075)	\$ (349,532)
Other Liabilities	(78,736)	(84,184)
Total Liabilities	<u>\$ (384,811)</u>	<u>\$ (433,716)</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 162,068	\$ 146,463
Restricted	65,024	85,672
Unrestricted	<u>(254,549)</u>	<u>(278,388)</u>
Total Net Assets	<u><u>\$ (27,457)</u></u>	<u><u>\$ (46,253)</u></u>

By far the largest portion of Rutherford County's net assets (\$146,463) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Rutherford County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Rutherford County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

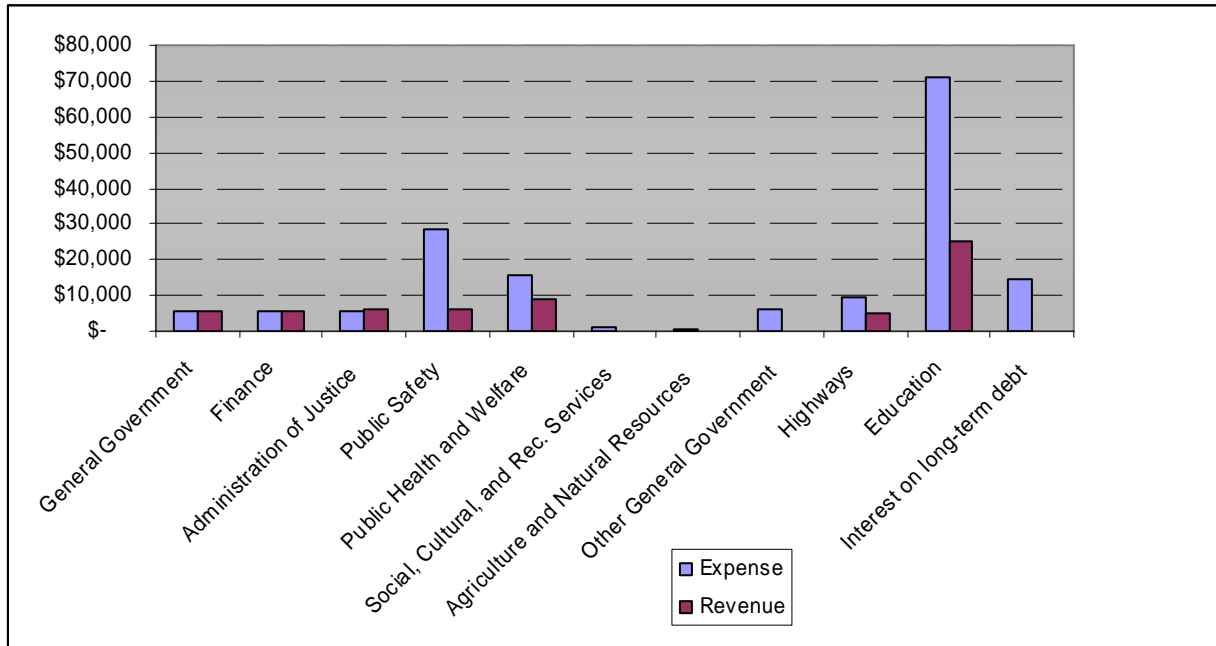
An additional portion of the net assets of Rutherford County, Tennessee, (\$85,672) represents resources that are subject to external restrictions on how they may be used. Any balance remaining may be used to meet the government's ongoing obligations to citizens and creditors.

Rutherford County's Changes in Net Assets

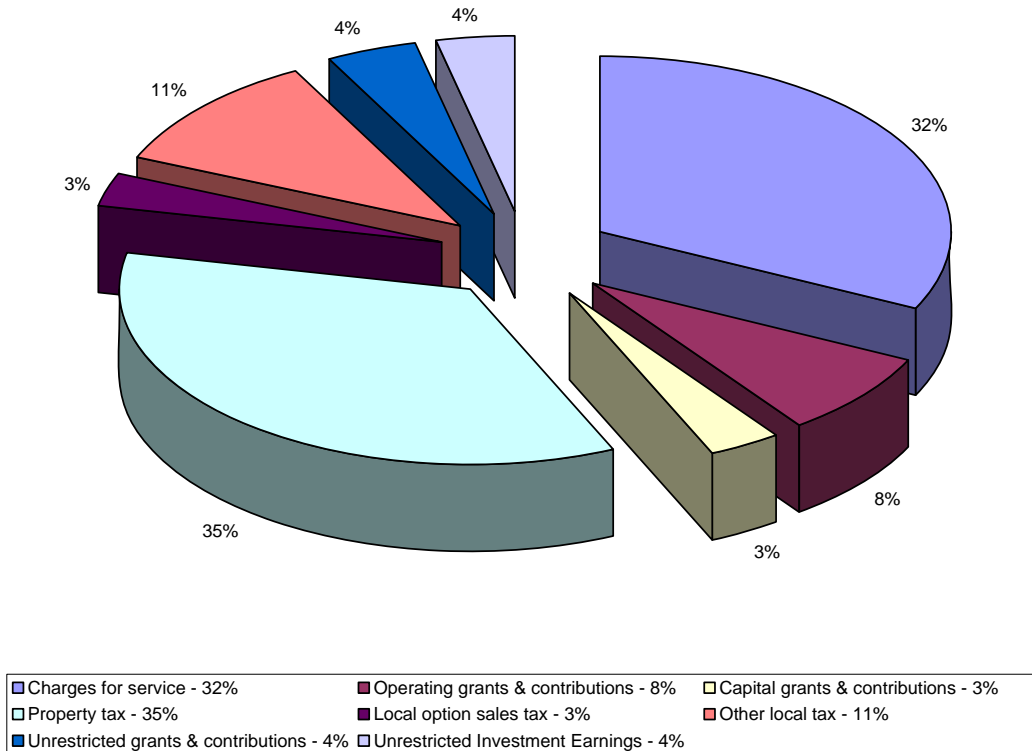
Governmental activities. Governmental activities decreased Rutherford County Government's net assets by \$18,796. Key elements of this decrease are as follows:

	Governmental Activities	
	2005	2006
Revenues:		
Program revenues:		
Charges for services	\$ 46,523	\$ 46,913
Operating grants and contributions	6,280	11,044
Capital grants and contributions	2,327	4,872
General revenues:		
Property taxes	47,535	50,967
Other taxes	20,374	20,232
Grants and contributions not restricted to specific programs	6,012	6,014
Unrestricted investment earnings	2,500	5,114
Gain on disposal of capital asset	2,500	62
Other	325	0
Total revenues	<u>\$ 134,376</u>	<u>\$ 145,218</u>
Expenses:		
General government	\$ 1,639	\$ 5,341
Finance	5,480	5,727
Administration of justice	4,753	5,331
Public safety	26,807	28,398
Public health and welfare	10,792	15,762
Social, cultural, and recreation services	1,186	1,352
Agriculture and natural resources	1,440	802
Other operations	6,880	6,104
Highways	13,859	9,750
Education	67,167	70,937
Interest on long-term debt	13,123	14,510
Other debt service	1,146	0
Total expenses	<u>\$ 154,272</u>	<u>\$ 164,014</u>
Increase in net assets	\$ (19,896)	\$ (18,796)
Net assets, July 1	<u>(7,561)</u>	<u>(27,457)</u>
Net assets, June 30	<u><u>\$ (27,457)</u></u>	<u><u>\$ (46,253)</u></u>

Expense and Program Revenues – Governmental Activities



Revenue by Source – Governmental Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, Rutherford County Government's governmental funds reported combined ending fund balances of \$105,172, an increase of \$21,800 in comparison with the prior year. Most of this total amount (\$101,276) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed (1) to liquidate contracts and purchase orders of the prior period (\$2,018) or (2) for a variety of other restricted purposes (\$1,878).

The General Fund is the chief operating fund of Rutherford County Government. At the end of the current fiscal year, unreserved fund balance was \$20,580 while total fund balance reached \$23,967. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 34.68 percent of total General Fund expenditures, while total fund balance represents 40.38 percent of that same amount. The fund balance of Rutherford County Government's General Fund increased by \$4,053 during the current fiscal year.

The General Debt Service Fund has a total fund balance of \$31,183. The increase in fund balance during the current year in the General Debt Service Fund totaled \$916. The increase to fund balance resulted from a significant increase in revenues derived from the county's local development tax and greater investment returns. Interest expenditures and principal payments increased during the current period as a result of issuing additional debt.

General Fund Budgetary Highlights

During the fiscal year, there was an increase in appropriations from the original budget. Differences between the original budget and the final amended budget are summarized as follows:

Net Change in Budget - Original vs. Amended

	2005	2006
General Government	\$ 162	\$ 450
Finance	509	(493)
Administration of Justice	206	15
Public Safety	1,489	2,843
Public Health & Welfare	161	276
Social, Cultural, & Recreational	30	9
Agriculture	5	1
Other Operations	849	500
Transfers Out	1,462	(199)
Total Increase in Appropriations	<u>\$ 4,873</u>	<u>\$ 3,402</u>

The largest increase was noted in Public Safety. During the fiscal year, the lawsuit filed by the Rutherford County Sheriff was settled. The judge's ruling resulted in 45 new positions. Medical services at the county's adult detention center were contracted out to a third party vendor which also helped to satisfy another portion of the judge's ruling for additional nursing staff. In addition, the county once again experienced extraordinarily high inmate medical costs.

The increase in General Government appropriations was related to a federal grant received for the replacement of voting machines. The decrease in Finance appropriations resulted from a reduction in the estimate of a communication grant from Comcast.

Other increases to the original budget were possible because of additional anticipated revenues. Those revenues included an upturn in sales tax collections, increase in development tax collections which funded several capital projects, and greater investment returns resulting from positive market conditions. Also, at the close of the fiscal year, actual expenditures were \$3.2 million less than budgetary estimates.

Capital Assets and Debt Administration

Capital Assets. Rutherford County Government's investment in capital assets for its governmental funds as of June 30, 2006, amounts to \$210,174 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, other capital assets (includes equipment), and infrastructure (roads, highways, and bridges). The increase in Rutherford County Government's investment in capital assets for the current fiscal year totaled \$3,915 which represented a 1.9 percent increase over the prior year.

	Governmental Activities	
	2005	2006
Land	\$ 66,266	\$ 68,752
Buildings & improvements	49,099	48,977
Infrastructure	83,661	83,327
Other fixed assets	5,924	7,319
Construction in progress	1,309	1,799
Total	<u>\$ 206,259</u>	<u>\$ 210,174</u>

Additional information on Rutherford County's capital assets can be found in Note IV.C. on pages 65 through 67 of this report.

Long-term debt. At the end of the current fiscal year, Rutherford County Government had total bonded debt outstanding of \$352,325 and notes outstanding of \$10,779. All debt is backed by the full faith and credit of the government.

Rutherford County, Tennessee, Outstanding Debt

Issued for:	Rutherford County Board of Education		General Government		Total Governmental Activities	
	2005	2006	2005	2006	2005	2006
Notes	\$ 15,329	\$ 9,654	\$ 1,315	\$ 1,125	\$ 16,644	\$ 10,779
Bonds	259,687	293,247	42,558	59,078	302,245	352,325
Total	<u>\$ 275,016</u>	<u>\$ 302,901</u>	<u>\$ 43,873</u>	<u>\$ 60,203</u>	<u>\$ 318,889</u>	<u>\$ 363,104</u>

Rutherford County Government's total debt increased by \$44,215 (13.87%) during the current fiscal year. The key factor in this increase was the additional debt totaling \$64,220 which was issued principally for the Rutherford County Board of Education.

Currently state statutes do not limit the amount of general obligation debt a government entity may issue. Rutherford County Government maintains an "AA" rating from Standard & Poor's and an "Aa2" from Moody's for general obligation debt.

Additional information on the Rutherford County Government's long-term debt can be found in Exhibits L-1, L-2, and Note IV.F. of this report.

Economic Factors and Next Year's Budget and Rates

The average unemployment rate of Rutherford County for the fiscal year ended June 2006 was 4.2 percent which was slightly less than the previous year's unemployment rate of 4.4 percent. This compares favorably to the state's average unemployment rate of 5.36 percent and the national average of 4.8 percent. It was noted by the Department of Labor that Rutherford County ranked first in the U.S. job market for three consecutive quarters.

- Some of the significant business activity to Rutherford County includes:
 - 1) Commitment was received from hotel developer John Q. Hammonds to build a \$39 million 250 room hotel and pay 25 percent of the cost for an adjacent conference center.
 - 2) Ground was broken on the \$90 million venture for “The Avenue,” a lifestyle mall project located near the Medical Center Parkway.
 - 3) Construction continues in the expansion of Stones River Mall.
 - 4) The Rutherford County/Smyrna Airport began expansion of their business park.
- The first floor occupancy rate of the government’s central business district has remained at 95 percent for the past seven years.
- Inflationary trends in the region compare similar to national indices.

All of these factors were considered in preparing the Rutherford County Government’s budget for the 2006-2007 fiscal year.

During the current fiscal year, unreserved fund balance in the General Fund increased to \$20,580. Rutherford County Government has appropriated \$6,586 of this amount for spending in the 2006-2007 fiscal year. Unreserved fund balance in the General Debt Service Fund increased to \$31,183. Of this amount, \$2,730 has been appropriated for spending in the 2006-2007 fiscal year. Projected unreserved fund balance in the General Debt Service Fund as of June 30, 2007, is expected to be 67 percent of budgeted debt service expenditures.

The 2006 tax year is a reappraisal year for Rutherford County. State law requires that in a reappraisal year, a certified tax rate be calculated and submitted to the State Board of Equalization for review. The certified rate is the calculated rate that will provide the same tax revenue from properties that were on the tax roll the previous year, given their increased assessed value. The certified tax rate for 2006 was calculated as \$2.35. An increase in the certified tax rate and a reallocation of the county property tax was approved by the Board of Commissioners and is shown in the next table.

Fund	2005 Rate	2006 Certified Rate	2006 Rate
General	\$0.595		\$0.47
Solid Waste/Sanitation	0.030		.00
Highway/Public Works	0.015		.01
General Purpose School	1.440		1.29
General Debt Service	0.720		0.67
Total County Property Tax	\$2.8000	\$2.35	\$2.44

Request for Information

This financial report is designed to provide a general overview of the Rutherford County Government's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Rutherford County Government, Suite 201, Courthouse, Murfreesboro, TN 37130.

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government	Component Units		
	Governmental Activities	Rutherford County School Department	Community Care of Rutherford County, Inc.	Emergency Communications District
<u>ASSETS</u>				
Cash	\$ 1,927,754	\$ 7,310	\$ 1,930,648	\$ 2,856,082
Equity in Pooled Cash and Investments	113,740,111	77,336,015	0	0
Inventories	0	0	20,578	0
Investments	2,770,925	0	0	0
Accounts Receivable	4,641,759	204,372	1,130,195	73,690
Allowance for Uncollectibles	(2,877,617)	0	0	0
Property Taxes Receivable	53,131,819	50,086,226	0	0
Allowance for Uncollectible Property Taxes	(2,740,322)	(2,565,298)	0	0
Accrued Interest Receivable	0	0	13,185	3,286
Due from Other Governments	3,038,498	9,783,057	0	65,000
Due from Component Units	353,577	0	0	0
Prepaid Items	20,971	0	10,544	15,960
Notes Receivable - Long-term	1,304,810	0	0	0
Deferred Charges - Debt Issuance Costs	1,977,453	0	0	0
Capital Assets:				
Assets Not Depreciated:				
Land	68,751,910	7,955,617	3,883	17,500
Construction in Progress	1,798,663	30,200,852	0	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	48,977,451	262,172,617	0	0
Other Capital Assets	7,318,952	4,743,906	372,099	1,342,237
Infrastructure	83,326,716	0	0	0
Total Assets	\$ 387,463,430	\$ 439,924,674	\$ 3,481,132	\$ 4,373,755
<u>LIABILITIES</u>				
Accounts Payable	\$ 459,555	\$ 1,627,855	\$ 154,516	\$ 52,630
Accrued Payroll	238,097	11,279,134	161,143	0
Accrued Interest Payable	3,372,377	73,800	0	0
Contracts Payable	0	335,639	0	0
Retainage Payable	0	6,000	0	0
Payroll Deductions Payable	433	0	137,189	0
Due to Primary Government	0	352,675	902	0
Deferred Revenue - Current Property Taxes	49,206,626	46,464,832	0	0
Other Current Liabilities	66,477	0	45,838	0
Noncurrent Liabilities:				
Due Within One Year	30,840,077	489,867	5,149	7,811
Due In More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	349,532,578	3,913,841	0	0
Total Liabilities	\$ 433,716,220	\$ 64,543,643	\$ 504,737	\$ 60,441

(Continued)

Exhibit A

Rutherford County, Tennessee
Statement of Net Assets (Cont.)

	Primary Government	Component Units		
		Rutherford County School Department	Community Care of Rutherford County, Inc.	Emergency Communications District
	Governmental Activities			
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 146,463,494	\$ 301,331,518	\$ 372,734	\$ 0
Invested in Capital Assets	0	0	0	1,359,737
Restricted for:				
Capital Projects	29,781,439	51,723,747	0	0
Debt Service	32,052,867	0	0	0
Solid Waste/Sanitation	5,084,114	0	0	0
Adequate Facilities/Development	5,873,419	0	0	0
Highway/Public Works	6,412,148	0	0	0
Textbook Purchases	0	3,555,794	0	0
Advances to Other Funds	0	1,080,000	0	0
Other Purposes	6,468,284	3,097,843	0	0
Unrestricted	(278,388,555)	14,592,129	2,603,661	2,953,577
Total Net Assets	<u>\$ (46,252,790)</u>	<u>\$ 375,381,031</u>	<u>\$ 2,976,395</u>	<u>\$ 4,313,314</u>

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

Exhibit B

Rutherford County, Tennessee
Statement of Activities
For the Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units		
					Total Governmental Activities	Rutherford County School Department	Community Care of Rutherford County, Inc.	Emergency Communications District
Primary Government:								
General Government	\$ 5,341,323	\$ 5,460,062	\$ 17,395	\$ 205,000	\$ 341,134	\$ 0	\$ 0	\$ 0
Finance	5,726,552	5,272,828	51,107	0	(402,617)	0	0	0
Administration of Justice	5,330,785	5,271,368	1,105,114	0	1,045,697	0	0	0
Public Safety	28,398,106	524,986	4,875,844	1,026,666	(21,970,610)	0	0	0
Public Health and Welfare	15,762,258	5,290,673	1,685,365	1,892,566	(6,893,654)	0	0	0
Social, Cultural, and Recreational Services	1,352,141	5,357	0	0	(1,346,784)	0	0	0
Agriculture & Natural Resources	802,395	118,270	22,542	0	(661,583)	0	0	0
Other Operations	6,104,417	0	0	0	(6,104,417)	0	0	0
Highways/Public Works	9,749,531	0	3,287,218	1,748,343	(4,713,970)	0	0	0
Education	70,936,781	24,969,148	0	0	(45,967,633)	0	0	0
Interest on Long-term Debt	14,509,986	0	0	0	(14,509,986)	0	0	0
Total Primary Government	<u>\$ 164,014,275</u>	<u>\$ 46,912,692</u>	<u>\$ 11,044,585</u>	<u>\$ 4,872,575</u>	<u>\$ (101,184,423)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Component Units:								
Rutherford County School Department	\$ 204,893,076	\$ 217,925	\$ 17,002,328	\$ 46,255,271	\$ 0	\$ (141,417,552)	\$ 0	\$ 0
Community Care of Rutherford County, Inc.	7,971,594	8,011,396	0	0	0	0	39,802	0
Emergency Communications District	1,100,597	1,205,857	0	0	0	0	0	105,260
Total Component Units	<u>\$ 213,965,267</u>	<u>\$ 9,435,178</u>	<u>\$ 17,002,328</u>	<u>\$ 46,255,271</u>	<u>\$ 0</u>	<u>\$ (141,417,552)</u>	<u>\$ 39,802</u>	<u>\$ 105,260</u>

(Continued)

Exhibit B

Rutherford County, Tennessee
Statement of Activities (Cont.)

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
					Primary Government	Component Units		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Rutherford County School Department	Community Care of Rutherford County, Inc.	Emergency Communications District
Functions/Programs	Expenses							
General Revenues:								
Taxes:								
Property taxes levied for general purposes					\$ 23,957,536	\$ 45,472,972	\$ 0	\$ 0
Property taxes levied for debt service					27,009,028	0	0	0
Local option sales tax					4,279,415	32,888,468	0	0
Other local taxes					15,952,996	3,946,222	0	0
Grants & contributions not restricted for specific programs					6,013,672	101,631,815	112,121	50,500
Unrestricted investment earnings					5,114,315	1,170,590	46,385	64,639
Gain on disposal of capital assets					61,799	572,711	0	0
Miscellaneous					0	0	0	94,000
Total General Revenues					\$ 82,388,761	\$ 185,682,778	\$ 158,506	\$ 209,139
Change in net assets					\$ (18,795,662)	\$ 44,265,226	\$ 198,308	\$ 314,399
Net assets, July 1, 2005					(27,457,128)	331,115,805	2,778,087	3,998,915
Net assets, June 30, 2006					\$ (46,252,790)	\$ 375,381,031	\$ 2,976,395	\$ 4,313,314

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

Exhibit C-1

Rutherford County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2006

	Major Funds			Nonmajor Funds	Total Govern- mental Funds
	General	General Debt Service	General Capital Projects	Other Govern- mental Funds	
ASSETS					
Cash	\$ 33,288	\$ 0	\$ 0	\$ 1,171,741	\$ 1,205,029
Equity in Pooled Cash and Investments	22,849,195	30,402,892	26,955,718	18,409,626	98,617,431
Investments	0	0	2,770,925	0	2,770,925
Accounts Receivable	4,066,616	329,051	0	117,335	4,513,002
Allowance for Uncollectibles	(1,877,479)	0	0	0	(1,877,479)
Due from Other Governments	1,135,761	593,694	176,391	1,128,462	3,034,308
Due from Other Funds	413,272	0	0	757	414,029
Due from Component Units	45,791	0	0	481	46,272
Property Taxes Receivable	21,761,019	30,869,596	0	501,204	53,131,819
Allowance for Uncollectible Property Taxes	(1,132,104)	(1,574,103)	0	(34,115)	(2,740,322)
Prepaid Items	20,971	0	0	0	20,971
Notes Receivable - Long-Term	0	0	0	1,304,810	1,304,810
Allowance for Doubtful Notes Receivable	0	0	0	(1,000,138)	(1,000,138)
Total Assets	\$ 47,316,330	\$ 60,621,130	\$ 29,903,034	\$ 21,600,163	\$ 159,440,657
LIABILITIES AND FUND BALANCES					
<u>Liabilities</u>					
Accounts Payable	\$ 173,427	\$ 265	\$ 161,397	\$ 3,138	\$ 338,227
Accrued Payroll	223,437	0	0	14,660	238,097
Payroll Deductions Payable	433	0	0	0	433
Due to Other Funds	1,975	0	0	409,340	411,315
Due to Litigants, Heirs, and Others	30,697	0	0	0	30,697
Other Current Liabilities	10,000	0	0	0	10,000
Current Liabilities Payable from Restricted Assets:					
Customer Deposits Payable	25,780	0	0	0	25,780
Deferred Revenue - Current Property Taxes	20,110,534	28,668,208	0	427,884	49,206,626
Deferred Revenue - Delinquent Property Taxes	443,297	536,443	0	33,516	1,013,256
Other Deferred Revenues	2,329,494	233,081	0	432,009	2,994,584
Total Liabilities	\$ 23,349,074	\$ 29,437,997	\$ 161,397	\$ 1,320,547	\$ 54,269,015
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 1,813,839	\$ 0	\$ 65,695	\$ 137,927	\$ 2,017,461
Reserved for Alcohol and Drug Treatment	313,709	0	0	0	313,709
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	741,971	0	0	0	741,971
Reserved for Sexual Offender Registration	5,676	0	0	0	5,676
Reserved for Computer System - Register	507,846	0	0	0	507,846
Reserved for Long-Term Notes Receivable	0	0	0	304,672	304,672
Reserved for Other General Purposes	4,270	0	0	0	4,270
Unreserved, Reported In:					
General Fund	20,579,945	0	0	0	20,579,945
Special Revenue Funds	0	0	0	19,804,660	19,804,660
Debt Service Funds	0	31,183,133	0	0	31,183,133
Capital Projects Funds	0	0	29,675,942	32,357	29,708,299
Total Fund Balances	\$ 23,967,256	\$ 31,183,133	\$ 29,741,637	\$ 20,279,616	\$ 105,171,642
Total Liabilities and Fund Balances	\$ 47,316,330	\$ 60,621,130	\$ 29,903,034	\$ 21,600,163	\$ 159,440,657

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

Exhibit C-2

Rutherford County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2006

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)	\$	105,171,642
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		210,173,692
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		4,007,840
(3) Internal service funds are used by management to charge the cost of liability, workers' compensation, and employee dental benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.		8,592,439
(4) Debt issuance costs are expensed when paid in the governmental funds. The unamortized portion of these charges are reflected on the statement of net assets.		1,977,453
(5) Interest costs of long-term debt are expensed when due in the governmental funds. Interest costs incurred as of the balance sheet date are accrued in the statement of net assets.		(3,372,377)
(6) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Add: bonds payable	\$	352,325,000
Add: notes payable		10,779,085
Add: compensated absences		3,438,359
Add: landfill closure/postclosure care costs		195,907
Add: unamortized debt premiums		9,537,715
Less: deferred amount on refunded notes		(3,472,587)
		<u>(372,803,479)</u>
Net assets of governmental activities (Exhibit A)	\$	<u><u>(46,252,790)</u></u>

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

Exhibit C-3

Rutherford County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2006

	Major Funds				Nonmajor Funds	
	General	General Debt Service	General Capital Projects	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>						
Local Taxes	\$ 33,006,953	\$ 30,788,360	\$ 0	\$ 0	\$ 12,805,720	\$ 76,601,033
Licenses and Permits	2,040,181	0	0	0	0	2,040,181
Fines, Forfeitures, and Penalties	2,021,776	0	0	0	956,680	2,978,456
Charges for Current Services	4,989,842	0	0	0	5,359,036	10,348,878
Other Local Revenues	3,088,740	2,325,699	37,001	0	971,516	6,422,956
Fees Received from County Officials	7,146,775	0	0	0	0	7,146,775
State of Tennessee	6,935,823	0	164,505	0	3,595,293	10,695,621
Federal Government	1,622,192	0	1,500,560	0	15,304	3,138,056
Other Governments and Citizens Groups	623,887	0	380,302	0	0	1,004,189
Total Revenues	\$ 61,476,169	\$ 33,114,059	\$ 2,082,368	\$ 0	\$ 23,703,549	\$ 120,376,145
<u>Expenditures</u>						
Current:						
General Government	\$ 4,582,799	\$ 773,209	\$ 0	\$ 0	\$ 809,243	\$ 6,165,251
Finance	4,041,984	0	0	0	1,910,531	5,952,515
Administration of Justice	3,623,376	0	0	0	1,635,061	5,258,437
Public Safety	28,816,330	0	0	0	500,071	29,316,401
Public Health and Welfare	10,677,965	0	0	0	2,936,103	13,614,068
Social, Cultural, and Recreational Services	1,252,141	0	0	0	0	1,252,141
Agricultural and Natural Resources	690,170	0	0	0	117	690,287
Other Operations	5,659,567	0	0	3,174,812	436,431	9,270,810
Highways	0	0	0	0	7,000,014	7,000,014
Debt Service:						
Principal on Debt	0	20,004,449	0	0	0	20,004,449
Interest on Debt	0	14,768,510	0	0	0	14,768,510
Other Debt Service	0	236,971	0	0	0	236,971
Capital Projects	0	0	6,153,197	46,255,271	114,883	52,523,351
Total Expenditures	\$ 59,344,332	\$ 35,783,139	\$ 6,153,197	\$ 49,430,083	\$ 15,342,454	\$ 166,053,205
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,131,837	\$ (2,669,080)	\$ (4,070,829)	\$ (49,430,083)	\$ 8,361,095	\$ (45,677,060)
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 0	\$ 236,972	\$ 17,570,680	\$ 46,412,348	\$ 0	\$ 64,220,000
Premiums on Debt Issued	0	0	0	3,017,735	0	3,017,735

Exhibit C-3

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

	Major Funds				Nonmajor Funds	
	General	General Debt Service	General Capital Projects	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>Other Financing Sources (Uses) (Cont.)</u>						
Transfers In	\$ 2,120,302	\$ 3,348,375	\$ 1,896,612	\$ 0	\$ 453,785	\$ 7,819,074
Transfers Out	(199,287)	0	(12,329)	0	(7,368,240)	(7,579,856)
Total Other Financing Sources (Uses)	<u>\$ 1,921,015</u>	<u>\$ 3,585,347</u>	<u>\$ 19,454,963</u>	<u>\$ 49,430,083</u>	<u>\$ (6,914,455)</u>	<u>\$ 67,476,953</u>
Net Change in Fund Balances	\$ 4,052,852	\$ 916,267	\$ 15,384,134	\$ 0	\$ 1,446,640	\$ 21,799,893
Fund Balance, July 1, 2005	<u>19,914,404</u>	<u>30,266,866</u>	<u>14,357,503</u>	<u>0</u>	<u>18,832,976</u>	<u>83,371,749</u>
Fund Balance, June 30, 2006	<u><u>\$ 23,967,256</u></u>	<u><u>\$ 31,183,133</u></u>	<u><u>\$ 29,741,637</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 20,279,616</u></u>	<u><u>\$ 105,171,642</u></u>

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

Exhibit C-4

Rutherford County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2006

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

Net change in fund balances - total governmental funds (Exhibit C-3) \$ 21,799,893

- (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 outlays in the current period	\$ 9,095,914	
Less: current year depreciation	(3,564,411)	5,531,503
- (2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.

Add: capital asset donations	\$ 1,743,060	
Less: capital asset disposals	(3,360,158)	(1,617,098)
- (3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

For the year ended June 30, 2005	\$ (4,389,481)	
For the year ended June 30, 2006	4,007,840	(381,641)
- (4) The issuance of long-term debt (e.g., notes, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Less: debt issued	\$ (64,220,000)	
Less: debt premiums	(3,017,735)	
Add: principal payment on notes	5,864,449	
Add: principal payment on bonds	14,140,000	(47,233,286)
- (5) Governmental funds report the effect of issuance costs, premiums, discounts, and similar items related to long-term debt issuance when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This adjustment reflects debt issuance cost expensed during the year recorded in the statement of activities.

Add: debt issuance cost on debt issued during year	\$ 405,160	
Add: debt issuance premiums amortized during year	414,873	
Less: deferred charges on refunding amortized during the year	(361,419)	
Less: debt issuance cost amortized during year	(92,546)	366,068

(Continued)

Exhibit C-4

Rutherford County, Tennessee

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities (Cont.)

(6)	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.	\$	53,315	\$	(298,535)
	Change in accrued interest payable		117,615		
	Change in landfill closure/postclosure care costs		(469,465)		
	Change in compensated absences				
(7)	Internal service funds are used by management to charge the cost of liability, workers' compensation, and employee dental benefits to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities in the statement of activities.				3,037,434
	Change in net assets of governmental activities (Exhibit B)			\$	(18,795,662)

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

Exhibit D-1

Rutherford County, Tennessee
Statement of Net Assets
Proprietary Funds
June 30, 2006

	Governmental Activities - Internal Service Funds
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 722,725
Equity in Pooled Cash and Investments	15,122,680
Accounts Receivable	128,757
Due from Other Governments	4,190
Due from Other Funds	1,218
Due from Component Units	307,305
Total Assets	<u>\$ 16,286,875</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 121,328
Claims and Judgments Payable	7,569,176
Due to Other Funds	3,932
Total Liabilities	<u>\$ 7,694,436</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 8,592,439</u>
Total Net Assets	<u>\$ 8,592,439</u>

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

Exhibit D-2

Rutherford County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Assets
Proprietary Funds
For the Year Ended June 30, 2006

	Governmental Activities - Internal Service Funds
<hr/>	
<u>Operating Revenues</u>	
Charges for Current Services:	
Self-Insurance Premiums/Contributions	\$ 31,647,678
Other Local Revenues:	
Retirees' Insurance Payments	1,120,889
Cobra Insurance Payments	46,676
Total Operating Revenues	<u>\$ 32,815,243</u>
<u>Operating Expenses</u>	
Employee Benefits:	
Handling Charges & Administrative Costs	\$ 3,036,632
Bank Charges	540
Contracts with Private Agencies	1,558,685
Legal Services	3,886
Drug and Medical Supplies	41,521
Other Contracted Services	67,308
Excess Risk Insurance	107,824
Medical Claims	22,346,994
Liability Claims	948,367
Refunds	500
Other Self-Insured Claims	1,438,246
Total Operating Expenses	<u>\$ 29,550,503</u>
Operating Income (Loss)	<u>\$ 3,264,740</u>
<u>Nonoperating Revenues (Expenses)</u>	
Miscellaneous Refunds	<u>\$ 11,912</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 11,912</u>
Income (Loss) Before Transfers	\$ 3,276,652
Transfers Out	<u>(239,218)</u>
Change in Net Assets	\$ 3,037,434
Net Assets, July 1, 2005	<u>5,555,005</u>
Net Assets, June 30, 2006	<u><u>\$ 8,592,439</u></u>

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

Exhibit D-3

Rutherford County, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2006

	Governmental Activities - Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from customers and users	\$ 32,631,110
Payment to suppliers	(4,588,818)
Claims Paid	(22,270,776)
Other Receipts (Payments)	4,486
Net Cash Provided By (Used In) Operating Activities	<u>\$ 5,776,002</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Transfers to Other Funds	<u>\$ (237,425)</u>
Net Cash Provided By (Used For) Noncapital Financing Activities	<u>\$ (237,425)</u>
Net Increase (Decrease) In Cash	\$ 5,538,577
Cash, July 1, 2005	<u>10,306,828</u>
Cash, June 30, 2006	<u><u>\$ 15,845,405</u></u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>	
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	
Operating Income (Loss)	\$ 3,264,740
Miscellaneous Refunds	11,912
Adjustments to Reconcile Net Operating Income (Loss) to	
Net Cash Provided by (Used In) Operating Activities:	
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	124,940
(Increase) Decrease in Due From Other Governments	(550)
(Increase) Decrease in Due From Other Funds	(1,218)
(Increase) Decrease in Due From Component Units	(307,305)
(Increase) Decrease in Prepaid Items	200,000
Increase (Decrease) in Accounts Payable	112,828
Increase (Decrease) in Claims and Judgments Payable	<u>2,370,655</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 5,776,002</u></u>

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

Exhibit E

Rutherford County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2006

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 7,059,869
Equity in Pooled Cash and Investments	231,933
Investments	650,099
Due from Other Governments	7,047,319
Taxes Receivable	9,412,736
Allowance for Uncollectible Taxes	<u>(482,098)</u>
Total Assets	<u><u>\$ 23,919,858</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 16,176,636
Accounts Payable	206
Due to Joint Ventures	33,048
Due to Litigants, Heirs, and Others	<u>7,709,968</u>
Total Liabilities	<u><u>\$ 23,919,858</u></u>

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

RUTHERFORD COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Rutherford 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 Rutherford County:

A. Reporting Entity

Rutherford County is a public municipal corporation governed by an elected 21-member board. As required by GAAP, these financial statements present Rutherford County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

The Rutherford County School Department operates the public school system in the county, and the voters of Rutherford County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

Community Care of Rutherford County, Inc., provides nursing care to the citizens of Rutherford County, and the Rutherford County Commission appoints its governing body. Patient charges provide the majority of the revenues for the entity. Before the issuance of debt instruments, the entity must obtain the County Commission's approval.

The Rutherford County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Rutherford County, and the Rutherford 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 Rutherford County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Rutherford County School Department are included in this report as listed in the table of contents. Complete financial statements of Community Care of Rutherford County, Inc., and the Rutherford County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Community Care of Rutherford County, Inc.
901 County Farm Road
Murfreesboro, TN 37130

Rutherford County Emergency Communications District
591 Fortress Blvd.
Murfreesboro, TN 37128

Related Organization – The Rutherford County Industrial Development Board is a related organization of Rutherford County. The County Commission's Steering Committee nominates and the Rutherford County Commission confirms the board members, but the county's accountability for the organization does not extend beyond making the appointments.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation of 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 Rutherford 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 Rutherford 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.

Rutherford County issues most debt for the discretely presented Rutherford County School Department. Net debt issues (\$46,255,271) were contributed by the county to the School Department for the year ended June 30, 2006.

Separate financial statements are provided for governmental funds, proprietary funds (internal service), and fiduciary funds. The internal service funds are reported with the governmental activities in the government-wide financial statements, and 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 proprietary funds and 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 Rutherford County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Rutherford County reports three proprietary funds (internal service funds). It has no enterprise funds to report.

Separate financial statements are provided for governmental funds, proprietary 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 internal service funds and the fiduciary funds in total are reported in single columns by fund type.

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. Rutherford 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.

Proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus (except for agency funds which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Rutherford 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.

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.

General Capital Projects Fund – This fund is used to account for general capital expenditures of the county.

Education Capital Projects Fund – This fund accounts for debt issued by Rutherford County that is subsequently contributed to the discretely presented Rutherford County School Department for construction and renovation projects.

Additionally, Rutherford County reports the following fund types:

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

Internal Service Funds – These funds, the Self-Insurance Fund, the Employee Insurance - Health Fund, and the Workers' Compensation Fund are used to account for the county's self-insured general liability, health, and workers' compensation programs. Premiums charged to the various county funds and employee payroll deductions are placed in these funds for the payment of claims.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Rutherford County, the city school system's share of educational revenues, and assets held in a custodial capacity for a regional planning agency. 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 Rutherford 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.

Other Capital Projects Fund – This fund is used to account for the receipt of debt issued by Rutherford County and contributed to the School Department for building construction and renovations.

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

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

Debt Service Fund – The Education Debt Service Fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Private-purpose Trust Fund – The Endowment Fund is used to account for resources legally held in trust to fund a scholarship at a local high school. Earnings on invested resources may be used to fund the scholarship, but the principal of the fund is required to be maintained intact.

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has three proprietary funds, internal service funds, used to account for self-insured liability, employees' health insurance, and workers' compensation programs. Operating revenues and expenses generally result from providing services in connection with the funds' principal ongoing operations. The principal operating revenues of the county's internal service funds are charges for services. Operating expenses for the internal service funds include administrative expenses, liability insurance claims, and employee benefits.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the statement of cash flows, cash includes demand deposits, cash on deposit with the county trustee, and cash on deposit with a paying agent.

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Rutherford

County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General, General Debt Service, and General Purpose School Funds. In addition, investments are held separately by two of the county's funds. Rutherford County and the Rutherford County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of interfund loan. All other outstanding balances between funds are reported as due to/from other funds.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to one percent of total taxes levied.

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

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

Most payables are disaggregated on the face of the financial statements. Current liabilities payable from restricted assets (customer deposits payable) reflected in the primary government funds represent deposits placed with Rutherford County for building codes certificates of occupancy (\$25,780). Claims and judgments payable totaling \$7,569,176 are discussed in Note V.A. Risk Management.

3. Prepaid Items

Using the consumption method, Rutherford County had prepaid postage totaling \$20,971 in the General Fund.

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 (infrastructure \$50,000) or more and an estimated useful life of more than two 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	50
Other Capital Assets	6 - 20
Infrastructure:	
Roads	75
Bridges	50

5. Compensated Absences

The county's and School Department's policies permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since their policies do not pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide statements for the county and the discretely presented School Department. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

6. Long-term Obligations

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

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

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

7. Net Assets and Fund Equity

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

The government-wide statement of net assets reports \$85,672,271 of restricted net assets for the primary government, of which \$5,873,419 is restricted by enabling legislation.

As of June 30, 2006, Rutherford County had \$364,810,910 in outstanding debt for capital purposes for the discretely presented Rutherford County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with another public school system in the county (Murfreesboro City School District) based on an average daily attendance proration. This debt is a liability of Rutherford County, but the capital assets acquired are

reported in the financial statements of the Rutherford County School Department and Murfreesboro City School District. Therefore, Rutherford County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2006:

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Animal shelter	\$ 16,467
Agriculture extension	18,248
Adequate Facilities/Development Tax:	
General debt service	975,000
Highway/Public Works:	
Storm water easement	684,607
General Capital Projects:	
Beasley Road connector	2,770,925

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Rutherford County School Department

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

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

Primary Government

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

Discretely Presented Rutherford County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

B. Net Assets Deficit

The Workers' Compensation Fund (internal service fund) had a net assets deficit of \$393,281 at June 30, 2006. This net assets deficit resulted from an increase in workers' compensation claims and estimates. Funding for these future expenditures is expected to be received from the General and General Purpose School Funds.

C. Cash Shortage

Subsequent to June 30, 2006, the Rutherford County School Department discovered a cash shortage of \$3,031.34. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs Section of this report.

D. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Tourism major appropriation category (the legal level of control) of the General Fund by \$7,395.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Rutherford County and the Rutherford County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash and Investments reflected on the balance sheets or statements of net assets represent nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk disclosure.

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

Investments

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

Investment Balances. As of June 30, 2006, Rutherford County had the following investments carried at cost. All investments are in the State Treasurer's Investment Pool. Separate disclosures concerning pooled investments cannot be made for Rutherford County and the discretely presented Rutherford County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
POOLED:		
State Treasurer's Investment Pool	Daily	<u>\$ 156,867,173</u>
NONPOOLED:		
Primary Government:		
General Capital Projects Fund:		
State Treasurer's Investment Pool	Daily	\$ 2,770,925
Constitutional Officers - Agency Fund:		
Clerk and Master:		
State Treasurer's Investment Pool	Daily	<u>650,099</u>
Total Nonpooled		<u>\$ 3,421,024</u>

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments, as previously disclosed. Rutherford 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. Rutherford County has an investment policy that further limits its investment choices. The policy allows the trustee to invest up to 70 percent of the portfolio in collateralized certificates of deposit and up to 100 percent of the portfolio in either U.S. Treasury Bills and Notes or the State Treasurer's Investment Pool. As of June 30, 2006, Rutherford County's investment in the State Treasurer's Investment Pool was unrated.

B. Notes Receivable

Revenues from loan payments for property sold by the Industrial/Economic Development Fund are recognized on the cash basis. The county and Wherry Housing have reached a payment agreement through bankruptcy court on this note. The Industrial/Economic Development Fund had a long-term note receivable of \$1,000,138 from Wherry Housing on June 30, 2006.

The Industrial/Economic Development Fund had another long-term note receivable of \$304,672 on June 30, 2006, from financing projects for the Smyrna-Rutherford County Airport (Joint Venture).

The General Purpose School Fund advanced the School Department's Other Capital Projects Fund \$1,080,000 to purchase land and pay for engineering/architects fees for school construction projects.

C. Capital Assets

Capital asset activity for the year ended June 30, 2006, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets Not Depreciated:				
Land	\$ 17,502,932	\$ 8,800,407	\$ (498,372)	\$ 25,804,967
Right-of-ways	48,762,527	0	(5,815,584)	42,946,943
Construction in Progress	1,309,600	1,799,242	(1,310,179)	1,798,663
Total Capital Assets Not Depreciated	\$ 67,575,059	\$ 10,599,649	\$ (7,624,135)	\$ 70,550,573

Governmental Activities: (Cont.)

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets				
Depreciated:				
Buildings and				
Improvements	\$ 64,536,734	\$ 1,405,503	\$ 0	\$ 65,942,237
Infrastructure	110,494,131	2,045,559	(1,029,083)	111,510,607
Other Capital Assets	21,811,204	3,712,062	(1,630,739)	23,892,527
Total Capital Assets				
Depreciated	<u>\$ 196,842,069</u>	<u>\$ 7,163,124</u>	<u>\$ (2,659,822)</u>	<u>\$ 201,345,371</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 15,437,202	\$ 1,527,584	\$ 0	\$ 16,964,786
Infrastructure	26,833,233	1,585,940	(235,282)	28,183,891
Other Capital Assets	15,887,406	1,886,482	(1,200,313)	16,573,575
Total Accumulated				
Depreciation	<u>\$ 58,157,841</u>	<u>\$ 5,000,006</u>	<u>\$ (1,435,595)</u>	<u>\$ 61,722,252</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 138,684,228</u>	<u>\$ 2,163,118</u>	<u>\$ (1,224,227)</u>	<u>\$ 139,623,119</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 206,259,287</u>	<u>\$ 12,762,767</u>	<u>\$ (8,848,362)</u>	<u>\$ 210,173,692</u>

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

Governmental Activities:

General Government	\$ 464,917
Finance	89,463
Administration of Justice	12,681
Public Safety	1,390,446
Public Health and Welfare	1,047,222
Agriculture & Natural Resources	81,087
Other Operations	6,238
Highways	<u>1,907,952</u>
Total Depreciation Expense -	
Governmental Activities	<u><u>\$ 5,000,006</u></u>

Discretely Presented Rutherford County School Department

Governmental Activities:

	Balance 7-1-05		Increases		Decreases		Balance 6-30-06
Capital Assets Not Depreciated:							
Land	\$ 7,960,617	\$	0	\$	(5,000)	\$	7,955,617
Construction in Progress	40,221,147		29,467,367		(39,487,662)		30,200,852
Total Capital Assets Not Depreciated	\$ 48,181,764	\$	29,467,367	\$	(39,492,662)	\$	38,156,469
Capital Assets Depreciated:							
Buildings and Improvements	\$ 270,378,278	\$	48,757,159	\$	(1,242,051)	\$	317,893,386
Other Capital Assets	10,025,642		1,540,702		(553,355)		11,012,989
Total Capital Assets Depreciated	\$ 280,403,920	\$	50,297,861	\$	(1,795,406)	\$	328,906,375
Less Accumulated Depreciation For:							
Buildings and Improvements	\$ 49,126,971	\$	6,642,623	\$	(48,825)	\$	55,720,769
Other Capital Assets	5,742,511		862,625		(336,053)		6,269,083
Total Accumulated Depreciation	\$ 54,869,482	\$	7,505,248	\$	(384,878)	\$	61,989,852
Total Capital Assets Depreciated, Net	\$ 225,534,438	\$	42,792,613	\$	(1,410,528)	\$	266,916,523
Governmental Activities Capital Assets, Net	\$ 273,716,202	\$	72,259,980	\$	(40,903,190)	\$	305,072,992

Depreciation expense totaling \$7,505,248 was charged to the discretely presented Rutherford County School Department.

D. Construction Commitments

At June 30, 2006, the discretely presented Rutherford County School Department had uncompleted construction contracts of approximately \$20,494,923 in the Other Capital Projects Fund for the school building program. Funding has been received for these future expenditures.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2006, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 409,340
General	Internal service	3,932
Internal service	General	1,218
Nonmajor governmental	General	757
School Department:		
General Purpose School	Nonmajor governmental	89,766

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

Interfund loans to/from other funds:

Receivable Fund	Payable Fund	Amount
School Department:		
General Purpose School	Other Capital Projects	\$ 1,080,000

The discretely presented General Purpose School Fund advanced the School Department's Other Capital Projects Fund \$1,080,000 for the purchase of land and engineering/architects fees for construction projects.

Due to/from primary government and component units:

Receivable Fund	Payable Fund	Amount
Primary government:		
General	Component unit:	
	School Dept. - General Purpose School	\$ 44,889
Nonmajor governmental	School Dept. - General Purpose School	481
Internal service	School Dept. - General Purpose School	307,305
General	Community Care of Rutherford Co., Inc.	902

Interfund Transfers:

Interfund transfers for the year ended June 30, 2006, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In			
	General Fund	General Debt Service Fund	General Capital Projects Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 0	\$ 199,287	\$ 0
General Capital Projects Fund	0	0	0	12,329
Nonmajor governmental funds	1,881,084	3,348,375	1,697,325	441,456
Internal service funds	239,218	0	0	0
Total	\$ 2,120,302	\$ 3,348,375	\$ 1,896,612	\$ 453,785

Discretely Presented Rutherford County School Department

Transfers Out	Transfers In		
	General Purpose School Fund	Other Capital Projects Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 3,518,451	\$ 326,600
Nonmajor governmental funds	127,477	0	0
Total	\$ 127,477	\$ 3,518,451	\$ 326,600

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. Long-term Debt

Primary Government

General Obligation Bonds and Notes

The county issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds. 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 25 years for bonds and up to 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. All bonds and notes included in long-term debt as of June 30, 2006, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2006, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-06
General Obligation Bonds	2.5 to 5.58 %	\$ 354,600,066	\$ 214,615,066
General Obligation Bonds - Refunding	2.25 to 5.25	181,664,934	137,709,934
Capital Outlay Notes	0 to 6	30,470,079	10,779,085

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2006, including interest payments, are as follows:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2007	\$ 14,685,000	\$ 16,203,050	\$ 9,854,085	\$ 693,776
2008	23,590,000	15,555,392	925,000	55,500
2009	21,220,000	14,518,842	0	0
2010	18,985,000	13,650,741	0	0
2011	19,215,000	12,860,242	0	0
2012-2016	108,730,000	49,507,124	0	0
2017-2021	87,265,000	25,395,173	0	0
2022-2026	45,835,000	8,700,737	0	0
2027-2030	12,800,000	1,473,750	0	0
Total	<u>\$ 352,325,000</u>	<u>\$ 157,865,051</u>	<u>\$ 10,779,085</u>	<u>\$ 749,276</u>

There is \$31,183,133 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita amounted to \$1,936, based on the 2000 federal census. Total debt per capita, including bonds and notes, amounted to \$1,995, based on the 2000 federal census.

Changes in Long-term Liabilities

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

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2005	\$ 302,245,000	\$ 16,643,534
Additions	64,220,000	0
Deductions	(14,140,000)	(5,864,449)
Balance, June 30, 2006	<u>\$ 352,325,000</u>	<u>\$ 10,779,085</u>
Balance Due Within One Year	<u>\$ 14,685,000</u>	<u>\$ 9,854,085</u>

	Compensated Absences	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2005	\$ 2,968,894	\$ 313,522
Additions	609,563	0
Deductions	(140,098)	(117,615)
Balance, June 30, 2006	<u>\$ 3,438,359</u>	<u>\$ 195,907</u>
Balance Due Within One Year	<u>\$ 103,151</u>	<u>\$ 142,500</u>

	Claims and Judgments
Balance, July 1, 2005	\$ 5,198,521
Additions	25,395,652
Deductions	(23,024,997)
Balance, June 30, 2006	<u>\$ 7,569,176</u>
Balance Due Within One Year	<u>\$ 6,055,341</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2006	\$ 374,307,527
Less: Due Within One Year	(30,840,077)
Add: Unamortized Premium on Debt	9,537,715
Less: Deferred Amount on Refunding	(3,472,587)
Noncurrent Liabilities - Due In More Than One Year - Exhibit A	<u>\$ 349,532,578</u>

The internal service funds primarily serve the governmental funds. Accordingly, long-term liabilities for the internal service funds are included as part of the above totals for governmental activities. At year end, \$7,569,176 of claims and judgments are included in the above amounts. Compensated absences payable will be paid from the employing funds, primarily the General Fund, the Solid Waste/Sanitation Fund, and the Highway/Public Works Fund. Landfill closure/postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

Defeasance of Prior Debt

In prior years, Rutherford County defeased certain outstanding general obligation bonds by placing the proceeds of the new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county’s financial statements. At June 30, 2006, the following outstanding bonds are considered defeased:

	<u>Amount</u>
1995 Capital Appreciation	\$ 23,055,082
1998 School Facilities and Closure Costs	21,520,000
1999 School Facilities	6,200,000
2000 School Bonds	22,600,000
2001 School Facilities	17,885,000
2001 School Facilities and Public Improvement	15,250,000

Discretely Presented Rutherford County School Department

General Obligation Bonds

The School Department issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding were issued for original terms of up to 8 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2006, will be retired from the Education Debt Service Fund.

General obligation bonds outstanding as of June 30, 2006, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-06
General Obligation Bonds	3.7 to 4%	\$ 4,035,000	\$ 3,735,000

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2006, including interest payments, are as follows:

Year Ending June 30	Bonds	
	Principal	Interest
2007	\$ 470,000	\$ 147,600
2008	490,000	128,800
2009	510,000	109,200
2010	530,000	88,800
2011	555,000	67,600
2012-2016	1,180,000	67,600
Total	\$ 3,735,000	\$ 609,600

Changes in Long-term Liabilities

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

Governmental Activities:

	Bonds	Compensated Absences
Balance, July 1, 2005	\$ 0	\$ 737,912
Additions	4,035,000	660,630
Deductions	(300,000)	(736,308)
Balance, June 30, 2006	\$ 3,735,000	\$ 662,234
Balance Due Within One Year	\$ 470,000	\$ 19,867

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2006	\$ 4,397,234
Less: Due Within One Year	(489,867)
Add: Unamortized Premium on Debt	51,061
Less: Deferred Amount on Refunding	<u>(44,587)</u>
Noncurrent Liabilities - Due In	
More Than One Year - Exhibit A	<u><u>\$ 3,913,841</u></u>

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

G. Donor Restricted Endowments

The discretely presented Rutherford County School Department accounts for an endowment totaling \$28,783 in a private-purpose trust fund, the Endowment Fund. The principal amount must remain intact, while interest earned on the principal funds a scholarship for the valedictorian of the senior class at Eagleville High School. During the year ended June 30, 2006, interest earned and expended totaled \$863 with no resulting effect on net assets.

V. OTHER INFORMATION

A. Risk Management

Rutherford County and the School Department have chosen to establish the Self-Insurance Fund for liability risks. The Self-Insurance Fund is accounted for as an internal service fund where assets are set aside for claim settlements. The county and School Department are self-insured to a limit of \$150,000 per claim for general liability claims and \$50,000 per claim for automobile claims. The county and School Department obtained commercial insurance for claims beyond the above-noted amounts. The maximum liability the county can incur is \$5,000,000 for general liability and \$1,000,000 for automobile claims.

Rutherford County has chosen to establish the Employee Insurance - Health Fund for risks associated with the employees' health insurance plan. The Employee Insurance - Health Fund is accounted for as an internal service fund where assets are set aside for claim settlements. The county is self-insured to a limit of \$100,000 per person per agreement year. The county carries no aggregate reinsurance coverage. Group life and accident insurance premiums paid to a private insurance company are also recorded in this fund.

Rutherford County has chosen to establish the Workers' Compensation Fund for risks associated with workers' compensation claims. The Workers' Compensation Fund is accounted for as an internal service fund where assets

are set aside for claim settlements. The county is self-insured to a limit of \$275,000 for a single claim except for Communicable Disease – Tuberculosis excluded, which is \$350,000.

All full-time employees of the primary government, the Smyrna-Rutherford County Airport (Joint Venture), and the discretely presented component units (Rutherford County School Department, Emergency Communications District, and Community Care of Rutherford County, Inc.) are eligible to participate in the Employee Insurance - Health Fund. All full-time employees of the primary government, the discretely presented Rutherford County School Department, and the discretely presented Emergency Communications District component units are eligible to participate in the Workers' Compensation Fund. Premium charges are allocated to each fund that accounts for full-time employees. These charges are based on actuarial estimates of the amounts needed to pay prior- and current-year claims. Liabilities of the funds are reported when losses are probable and the amounts of the losses can be reasonably estimated. The Employee Insurance - Health Fund and the Workers' Compensation Fund establish claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Claims liabilities include incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years for the Self-Insurance Fund, the Employee Insurance - Health Fund, and the Workers' Compensation Fund are as follows:

Self-Insurance Fund

		Beginning of Fiscal Year Liability		Current-year Claims and Estimates		Payments		Balance at Fiscal Year-end
2005-06	\$	0	\$	1,383,367	\$	(1,298,367)	\$	85,000

Employee Insurance - Health Fund

		Beginning of Fiscal Year Liability		Current-year Claims and Estimates		Payments		Balance at Fiscal Year-end
2004-05	\$	3,475,521	\$	21,787,587	\$	(21,787,587)	\$	3,475,521
2005-06		3,475,521		22,558,436		(20,628,781)		5,405,176

Workers' Compensation Fund

		Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2004-05	\$	1,135,098	1,818,791	(1,230,889)	\$ 1,723,000
2005-06		1,723,000	1,453,849	(1,097,849)	2,079,000

B. Accounting Changes

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries became effective for the year ended June 30, 2006. GASB Statement No. 42 requires governments to report the effects of capital asset impairments in their financial statements when they occur rather than as a part of the ongoing depreciation expense for the capital asset or upon disposal of the capital asset. In addition, GASB Statement No. 42 clarifies and establishes accounting requirements for insurance recoveries. GASB Statement No. 42 had no effect on the financial statements for the year ended June 30, 2006, since no capital asset impairment and material insurance recoveries occurred. However, it is reasonably expected that capital asset impairment and insurance recoveries may occur in subsequent years that will be subject to the provisions of Statement No. 42.

The provisions of GASB Statement No. 46, Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34 became effective for the year ended June 30, 2006. GASB Statement No. 46 provides guidance to determine when net assets have been restricted to a particular use by the passage of enabling legislation and specifies how those net assets should be reported in financial statements when there are changes in the circumstances surrounding such legislation. The statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation as of the end of the reporting period. Rutherford County previously did not disclose the amount of net assets restricted by enabling legislation.

The provisions of GASB Statement No. 47, Accounting for Termination Benefits became effective for the year ended June 30, 2006. GASB Statement No. 47 provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees who are involuntarily terminated. Statement No. 47 specifies when governments should recognize the cost of termination benefits they offer in accrual basis financial statements. Rutherford County was not offering any termination benefits to employees as of June 30, 2006. But it is

reasonably expected that Rutherford County will offer termination benefits in subsequent years subject to the accounting and reporting requirements of GASB Statement No. 47.

C. Subsequent Events

Effective September 1, 2006, Thomas Batey succeeded Evans Maples as trustee, and Ernest Burgess succeeded Nancy Allen as county mayor.

The Rutherford County School Department discovered a cash shortage of \$3,031.34 in September 2006. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs Section of this report.

D. Contingent Liabilities

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

E. Landfill Closure/Postclosure Care Costs

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. These closure and postclosure care costs generally are paid near or after the date that the landfill stops accepting waste. Rutherford County closed its class one landfill in April 1993, and has contracted its waste management to a private vendor. Rutherford County still operates a class three construction landfill, which accepts the kinds of waste not subject to state and federal regulations for closure and postclosure care costs. The Solid Waste/Sanitation Fund (special revenue fund) reports the operations of the class three construction landfill and the closure and postclosure care costs of the closed class one landfill as expenditures in each period in which they are incurred. The \$195,907 reported as landfill closure and postclosure care liability at June 30, 2006, represents the net amount reported to date based on the use of 100 percent of the estimated capacity of the landfill. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Ventures

The Rutherford County Library System is jointly owned by Rutherford County and the Cities of Murfreesboro and Smyrna and is operated by an appointed board. The board comprises 14 members, seven of whom are appointed by the Rutherford County Commission, with two being residents of Smyrna. The remaining seven members are appointed by the City of Murfreesboro. Rutherford County has control over budgeting and financing

the joint venture only to the extent of representation by the seven board members appointed. Rutherford County contributed \$904,625 to the operations of the libraries during the year ended June 30, 2006.

Rutherford County is a participant with Cannon, Coffee, and Warren Counties in a multi-county Municipal Solid Waste Planning Region. This entity was created to promote the preparation of municipal solid waste regional plans to effectively and efficiently manage solid waste. This entity is governed by a 13-member board comprising appointees from Cannon County (2), Coffee County (2), Rutherford County (3), Warren County (2), the City of Manchester (1), the City of McMinnville (1), the City of Murfreesboro (1), and the City of Woodbury (1). Funding is provided from member contributions and grants. There are no separately issued financial statements for the Municipal Solid Waste Planning Region. Rutherford County has been designated as the fiscal agent for the Planning Region and accounts for its activities through the Joint Venture Fund (agency fund), which is included in the financial statements of this report.

The Smyrna-Rutherford County Airport is operated through a joint operations agreement between Rutherford County and the Town of Smyrna, Tennessee. The agreement created a joint board of directors to manage the airport. The board comprises five members, two of whom are appointed by the Rutherford County Commission, two by the City of Smyrna, and one jointly appointed by Rutherford County and the City of Smyrna. Rutherford County has control over budgeting and financing the joint venture only to the extent of its representation by its board members.

The Joint Parking Authority of Rutherford County was created by Rutherford County and the City of Murfreesboro to operate and maintain a jointly owned parking garage. The Joint Parking Authority comprises seven members, three of whom are appointed by Rutherford County, three by the City of Murfreesboro, and one jointly by the county mayor and the city mayor. Rutherford County has control over budgeting and financing the joint venture only to the extent of representation by the three board members appointed. This agency has yet to begin operations; therefore, there is no financial activity to report.

The Rutherford County Chamber of Commerce Economic Development Council has been designated as the Joint Economic and Community Development Board for Rutherford County, the City of Murfreesboro, the Town of Smyrna, the City of LaVergne, and the Town of Eagleville. This designation was authorized by an interlocal agreement between the governments, as provided by Section 6-58-115(j), Tennessee Code Annotated (TCA). The purpose of this board is to foster communication relative to economic and community development between and among governmental entities, industry, and private citizens. If funding through the Rutherford County Chamber of Commerce is inadequate, the funding formula established by the Comprehensive Growth Plan, Section 6-58-101, et seq., TCA, shall be followed. Rutherford County has control over budgeting and

financing the board through the county mayor or designee to the board. Separate financial statements are not prepared for the board; however, financial information may be obtained through the Rutherford County Chamber of Commerce.

Rutherford County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the Rutherford County Library System and the Smyrna-Rutherford County Airport can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Rutherford County Library System
105 West Vine Street
Murfreesboro, TN 37130

Smyrna-Rutherford County Airport
660 Fitzhugh Blvd.
Smyrna, TN 37167

G. Retirement Commitments

Plan Description

Employees of Rutherford County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Rutherford County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department,

Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us. Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/PS/>.

Funding Policy

Rutherford County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2006, was 11.59 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Rutherford County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2006, Rutherford County's annual pension cost of \$6,369,684 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Rutherford County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 10 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-06	\$6,369,684	100%	\$0
6-30-05	5,719,396	100	0
6-30-04	4,760,244	100	0

Required Supplementary Information
Schedule of Funding Progress for Rutherford County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a/b)	(c)	((b-a)/c)
6-30-05	\$80,580	\$87,883	\$7,303	91.69%	\$48,428	15.08%
6-30-03	66,122	74,352	8,230	88.93	42,007	19.59
6-30-01	54,975	63,583	8,608	86.46	37,515	22.95

SCHOOL TEACHERS

Plan Description

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for Rutherford County is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2006, was 5.5 percent of annual covered payroll. The employer contribution requirement for Rutherford County is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2006, 2005, and 2004, were \$5,434,251, \$4,699,570, and \$3,179,591, respectively, equal to the required contributions for each year.

H. Post-employment Benefits

In addition to the retirement commitments described above, Rutherford County and the discretely presented Rutherford County School Department provide post-retirement health care benefits, in accordance with contract provisions, to all employees who retire from the county on or after age 55 with at least 15 years of service and have been covered under the county group medical plan for a continuous five-year period immediately prior to retirement, who retire from the county on or after age 62 with at least ten years of service and have been covered under the county group medical plan for a continuous five-year period immediately prior to retirement, or who retire after 30 years of service and have been covered under the county group medical plan for a continuous five-year period immediately prior to retirement. Currently, 59 county and 234 school retirees meet those eligibility requirements. The county and the School Department pay 50 percent of medical premiums for retirees and their dependents. Expenditures for post-retirement health care benefits are recognized as retirees report claims and include a provision for estimated claims incurred but not reported to the county. During the year, expenditures totaling \$91,727 (county) and \$518,567 (School Department) were recognized for post-employment care.

I. Office of Central Accounting and Budgeting

Office of Director of Finance

Rutherford County operates under Chapter 49, Private Acts of 1979, as amended. This act provides for a central system of accounting and budgeting covering all funds of the county. Accounting records of all funds are maintained under the supervision of the director of finance.

J. Purchasing Laws

Office of County Mayor

Chapter 421, Private Acts of 1943, as amended, governs purchasing procedures for the general county government. This act provides for

purchases to be made by the county mayor and for all purchases exceeding \$5,000 (excluding emergency purchases) to be made based on competitive bids solicited through newspaper advertisement.

Office of Highway Superintendent

Chapter 55, Private Acts of 1951, as amended, and Section 54-7-113, Tennessee Code Annotated (Uniform Road Law), govern purchasing procedures for the Highway Department. These statutes require all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

Purchasing procedures for the discretely presented Rutherford County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, Tennessee Code Annotated, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000.

VI. OTHER NOTES – DISCRETELY PRESENTED COMMUNITY CARE OF RUTHERFORD COUNTY, INC.

A. Summary of Significant Accounting Policies

The financial statements of Community Care of Rutherford County, Inc., (the nursing home) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The financial statements and footnotes are the representations of the nursing home's management.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

Financial Reporting Entity - Component Unit – As specified and described by Standard 14 of the Governmental Accounting Standards Board (GASB), the nursing home is a component unit of the primary government of Rutherford County, Tennessee. The nursing home reports its financial information separately from Rutherford County; however, the county in its financial report also discretely presents the nursing home's financial information.

Legally, the nursing home is a separate nonprofit entity that has considerable legal, financial, and administrative autonomy. However, as the governing board is not elected, but is instead entirely appointed by the

Rutherford County Commission, the nursing home cannot be a primary government. Instead, it qualifies as a component unit according to the directives of GASB.

GASB 14 specifies that component units must be legally separate organizations, which have financial accountability to a primary government. Financial accountability exists prima facie if a special-purpose government is not fiscally independent. GASB states that to be fiscally independent, the government has to have the authority to do all of three activities. One of these activities is to issue bonded debt without approval by another government. The nursing home may not issue debt without Rutherford County's approval, as the county remains contingently liable for all debt obligations. Because the nursing home is both a legal entity and financially accountable to the primary government of Rutherford County as the County Commission approves all members of the governing board and by the nature of its fiscal dependence on Rutherford County as described above, it is a component unit of Rutherford County, Tennessee.

Basis of Presentation – The financial statements are prepared on the accrual basis of accounting, which recognizes revenues when earned and expenses when the liability is incurred. As a component unit of Rutherford County, Tennessee, the financial statements of the nursing home are presented in the manner required by generally accepted governmental accounting principles for enterprise funds.

The nursing home has applied all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Enterprise funds account for operations that are financed and operated in a manner similar to that of private businesses. The intent of the governing body is that the costs (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

Cash, Cash Equivalents, and Investments – Cash and cash equivalents consist of cash, demand deposits, and short-term certificates of deposit with an original maturity of three months or less. All certificates of deposit reflected a maturity of greater than three months at June 30, 2006. Investments were limited to certificates of deposit and were stated at fair value.

Resident Service Revenue and Accounts Receivable – Resident service revenue is reported at the estimated net realizable amounts from residents, third-party payers, and others for services rendered. Revenue under third-party payer agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

Resident accounts receivable are due within ten days after the issuance of the request for payment. Third-party payer receivables are usually collected within ten days after the issuance of the request for payment. Third-party payer receivables are usually collected within 60 days. Receivables past due more than 120 days are considered delinquent. Management, based on individual evaluation and specific circumstances, writes off delinquent accounts. Some delinquent accounts deemed to be collected are placed with an attorney for collection. Management records bad debts using the allowance method in accordance with generally accepted accounting principles.

Inventories – Inventories consist of expendable supplies held for consumption and are valued at the lower of cost or market based on the first-in, first-out method.

Property and Equipment – Property and equipment are defined by the nursing home as assets with an initial individual cost of \$1,000 or more and an estimated useful life of three years or longer. All property and equipment are valued at cost. Donated fixed assets are valued at their estimated fair value on the date donated.

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

Depreciation has been calculated using the straight-line method and estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Land improvements	10-20
Buildings and leasehold improvements	15-25
Transportation equipment	4-5
Furniture, fixtures, and equipment	3-20

Compensated Absences – Nursing home employees accrue personal leave, or compensated absences, by a prescribed formula based on length of service. Compensated absences related to the nursing home employees are recorded within the period earned.

Operating Revenues and Expenses – The nursing home's operating revenues and expenses consist of revenues earned and expenses incurred relating to the operation and maintenance of its system. All other revenues and expenses are reported as non-operating revenues and expenses.

Risk Financing – The nursing home is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The nursing home maintains commercial insurance coverage on each area of risk. Exposure is limited to

claims in excess of standard policy limitations. The nursing home annually reviews its insurance needs based on claims and/or potential claims to minimize exposure. There were no claims in excess of insurance coverage during the past three years.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes – No provision for accrued income taxes is reflected on the financial statements, as the nursing home is exempt from income taxes as a non-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code.

B. Deposits

The nursing home's cash and cash equivalents are comprised of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are comprised of certificates of deposit with maturities of greater than three months. At June 30, 2006, the carrying amount of cash deposits was \$915,212 and the bank balance was \$1,114,913.

The nursing home is authorized to invest in U.S. Treasury Bills, mutual funds, and certificates of deposit in local banks as well as participate in the Local Government Investment Pool administered by the State of Tennessee. The pool contains investments in certificates of deposit, U.S. Treasury securities and repurchase agreements, backed by the U.S. Treasury securities. The treasurer of the State of Tennessee administers the investment pool. Nursing home policy dictates that deposits meet certain requirements, such as, be deposited in an institution that participates in the state collateral pool. Members of the pool may be required by agreement to pay an assessment to cover any deficiency.

Under this additional agreement, public fund accounts covered by the pool are considered to be classified as category one insured credit risk in accordance with GASB Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements.

The bank balance at June 30, 2006, was covered by federal depository insurance or by collateral held in the Local Government Collateral Pool.

C. Capital Assets

Capital assets activity for the year ended June 30, 2006, was as follows:

Description	Beginning Balance	Additions	Retirements	Ending Balance
<u>Capital assets not depreciated</u>	\$ 0	\$ 0	\$ 0	\$ 0
<u>Capital assets being depreciated</u>				
Land Improvements	\$ 3,883	\$ 0	\$ 0	\$ 3,883
Buildings and improvements	133,690	3,328	0	137,018
Transportation equipment	48,460	3,000	0	51,460
Furniture, fixtures, and equipment	332,111	97,946	500	429,557
Total	\$ 518,144	\$ 104,274	\$ 500	\$ 621,918
<u>Accumulated depreciation</u>				
Land improvements	\$ 2,695	\$ 80	\$ 0	\$ 2,775
Buildings and improvements	18,173	8,400	0	26,573
Transportation equipment	34,730	10,317	0	45,047
Furniture, fixtures and equipment	138,642	32,899	0	171,541
Total	\$ 194,240	\$ 51,696	\$ 0	\$ 245,936
Net capital assets	\$ 323,904	\$ 52,578	\$ 500	\$ 375,982

D. Accounts Receivable

Receivables totaling \$1,130,195 as of June 30, 2006, were comprised of:

Resident service fees	\$ 1,212,633
Less: allowance for uncollectibles	(130,000)
Net resident service fees	\$ 1,082,633
Payroll taxes overpayment	18,038
Resident trust funds loss	29,524
Total	<u>\$ 1,130,195</u>

Resident trust funds loss receivable relates to a theft discovered in the resident trust funds accounts. The shortage was determined as a result of an audit of the trust accounts by a third-party. Legal council has taken action to obtain reimbursement.

E. Resident Funds Held in Trust

The nursing home is required to maintain a cash account as a depository for resident funds. The fund is restricted in use and can be used only for providing spending money for residents, purchasing supplies for residents with cash in the fund, or paying amounts due to the nursing home for resident care, providing the amount does not include monies stipulated for residents' use only. All funds are required to be placed in an insured interest-bearing account.

F. Leases

Equipment – The nursing home entered into a 60-month noncancelable operating lease for the use of a copier on April 16, 2002. Lease expense incurred during the year ended June 30, 2006, totaled \$2,535. The lease term will end during the subsequent year with scheduled payments totaling \$1,902.

The nursing home is party to a noncancelable capital lease for the purchase of certain furniture, fixtures, and equipment. The capitalized cost and accumulated depreciation of these capital assets at June 30, 2006, was \$12,113 and \$9,892, respectively. The remaining unpaid balance of \$3,247 is reflected as a current liability as it is scheduled to be paid in full during the fiscal year ended June 30, 2007.

Facilities – The nursing home renewed on May 3, 2006, a lease agreement with Rutherford County, Tennessee, for the use of the building it occupies. The nursing home, under terms of the lease, will incur no lease expense as long as the nursing home meets its responsibility to pay timely its cost of group health and life insurance premiums incurred. The lease term is five years, from July 1, 2006, and ends on June 30, 2011.

During the fiscal year ended June 30, 2006, incurred and paid group health and life insurance premiums totaled \$840,496.

G. Concentration of Credit Risk

The nursing home grants credits without collateral to its residents, most whom are insured under third-party payer agreements. The receivables from residents and third-parties are comprised of:

Medicaid	29.95 %
Medicare	34.53
Private	11.70
Insurance	23.82

Approximately 89.7 percent of net resident revenue is derived from third-party payers.

H. Pension Plan

Plan Description – Certain employees of Rutherford County are members of the Tennessee Consolidated Retirement System (TCRS), an agent multiple-employer public employee retirement system pension (PERS) that acts as a common investment and administrative agent for political subdivisions in the state. The retirement plan for Community Care of Rutherford County, Inc., is included in the retirement program noted in footnote V.G. above. Therefore, separate retirement information for the

nursing home is not available. Details relative to the funding status and progress, actuarially determined contribution requirements and contributions made, and trend information regarding the retirement plan can be found in footnote V.G. The nursing home's payroll for employees covered by the TCRS for the year ended June 30, 2006, was \$3,789,589. Contributions to the plan by the nursing home for the year ended June 30, 2006, totaled \$439,214.

The TCRS is a defined benefit retirement plan covering teachers and general employees of the state, as well as employees of political subdivisions that have elected coverage. Membership in the system is mandatory for state employees, teachers, and employees of participating political subdivisions. The TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service.

A reduced retirement benefit is available to vested members at age 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, were vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee Code Annotated.

Rutherford County is non-contributory and pays the total cost of pension compensation with the exception of certain employees whose contributions are identified in the pension plan footnote V.G.

I. Post-employment Benefits

In addition to the benefits described above, the county provides post-employment health care benefits to all employees who retire from the county on or after age 55 with at least 15 years of service and five years of previous health care benefits. As of June 30, 2006, three retirees met those eligibility requirements. The nursing home matches 50 percent of the health care premium that pays secondary to Medicare for each retiree. During the year ended June 30, 2006, expenditures of \$2,667 were recognized for post-employment health care premiums.

J. Health Care Regulations

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement

for patient/resident services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as repayments for patient/resident services previously billed. Management believes that the nursing home is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

VII. OTHER NOTES – DISCRETELY PRESENTED RUTHERFORD COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

General Information – On May 15, 1984, the Tennessee state legislature approved the Tennessee Emergency Communications District Law (Acts 1984, ch. 867), which enables a county, upon approval by voters, to create a district to provide local emergency telephone service. Subsequently, on May 6, 1986, the voters of Rutherford County approved the establishment of a district for their county, the Rutherford County Emergency Communications District.

As provided by the act, the district operates as a governmental organization through the directives of a board of directors and provides enhanced emergency telephone service for its service area. The directors serve without compensation for terms of four years. By their authority, they have employed a full-time director to assist the board in discharging its management responsibilities.

Financial Reporting Entity - Component Unit – As specified and described by Standard 14 of the Governmental Accounting Standards Board (GASB), the district is a component unit of the primary government of Rutherford County, Tennessee. The district reports its financial information separately from Rutherford County; however, the district's financial information should also be discretely presented by the county in its financial report.

Legally, the district is a separate governmental entity that has considerable legal, financial, and administrative autonomy. However, as the governing board is not elected, but instead is entirely appointed by the Rutherford County Commission, the district cannot be a primary government. Instead, it qualifies as a component unit according to the directives of GASB.

GASB 14 specifies that component units must be legally separate organizations that have financial accountability to a primary government. Financial accountability exists prima facie if a special-purpose government is

not fiscally independent. GASB states that to be fiscally independent, the government has to have the authority to do three activities. Two of these are to issue bonded debt without approval by another government and to levy taxes or set rates or charges without approval by another government. As provided by Section 7-86-114, Tennessee Code Annotated, before issuing negotiable bonds, the district must have approval of the legislative body of a county wherein a district is established. It also must have approval before making purchase contracts, lease agreements, and notes payable of over five years' duration. In addition, the Rutherford County Commission has the ability to adjust the district's service charges. Because the district is both a legal entity and is financially accountable to the primary government of Rutherford County, as the County Commission appoints all members of the governing board and by the nature of its fiscal dependence on Rutherford County as described above, it is a component unit of Rutherford County.

At June 30, 2006, there were no related receivables or payables between Rutherford County and the district. The district did not engage in any activities that were subject to the approval of Rutherford County.

Basis of Presentation and Accounting – As a governmental entity, the district abides by the accounting rules and regulations issued by the Governmental Accounting Standards Board (GASB), as well as the Financial Accounting Standards Board issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. After November 30, 1989, the district follows GASB guidance only and does not follow any FASB guidance issued after that date. Promulgations of that board require that the accrual method of accounting be used for governmental units that operate in a manner similar to a private business.

The district does not have the authority to levy or collect taxes but is supported instead by the fees collected from telephone subscribers who benefit from the availability of its service. It recovers the cost of providing its services from its customers. Consequently, the district functions in a manner similar to a private business enterprise and uses the accrual method of accounting. Income is recognized as it is earned, and expenses are recognized as they are incurred whether or not cash is received or paid out at that time.

The accounts of the district are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the district's assets, liabilities, net assets, revenues, and expenses. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accounting and financial reporting treatment applied to the district is determined by its measurement focus. The transactions of the district are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statements of net assets. Net assets (i.e., total assets net of total liabilities) are segregated into invested in capital assets, net of related debt; restricted for debt service; and unrestricted components. As of June 30, 2006, the district had no debt.

Budgetary Law and Practice – The director of the district files an annual budget with the chief executive of Rutherford County in accordance with Tennessee Code Annotated, Title 7, Chapter 86, Part 1. In March of each year, the director presents to the board of directors a preliminary budget, which is then discussed and amended as necessary for board approval.

The budget for operations is prepared on the cash receipts and disbursements basis by line-item accounts. Revenues are budgeted in the year receipt is expected, and disbursements are budgeted in the year that the disbursement is expected to occur. The board has determined to maintain an investment approximating 12 months of the operating budget or \$600,000 in cash and certificates of deposit as a resource for future expenses.

Prepaid Expenses – The cost of prepaid insurance and any other applicable costs that are prepaid are charged to operations over the period of coverage. For the year ended June 30, 2006, prepaid insurance and service contract costs were \$15,960.

Property and Equipment – Property and equipment are stated at cost or estimated historical cost if actual cost is not available and depreciated over the estimated useful lives of the related assets by the straight-line method of depreciation. The district defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Maintenance and repairs are charged to operations when incurred. Major renewals and betterments are capitalized. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts, and any gain or loss is included as non-operating revenue or loss.

The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Furniture and fixtures	5-10
Communications equipment	2-10
Vehicle	5
Other capital assets	5-10

Compensated Absences – The Board of Directors voted to adopt a policy for vacation, sick leave, and holidays effective January 1, 1995. Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the district. Excess days earned are transferred to sick leave days. Sick leave accrues to full-time, permanent employees at the rate of one day per month of service. An employee is entitled to accrue sick leave days without limitation on the number of days. If an employee should leave prior to the vesting of his retirement benefits, no compensation will be paid for unused sick days. After an employee is eligible to receive vested benefits in the retirement plan, any sick leave that said employee has accrued will be credited for retirement service days. Employees are entitled to overtime or compensatory time. The maximum amount of compensatory time that may be accrued by non-emergency personnel is 250 hours, and the maximum hours for emergency personnel is 450 hours. Any hours exceeding the maximum amount convert to sick leave on January 1. The director cannot acquire overtime pay, but can build and use compensatory time.

An estimated liability for vacation, sick leave, and compensatory benefits has been accrued under the vesting method. The estimated amount calculated for compensated absences was recorded as a liability at June 30, 2006, and is \$7,810.

Estimates – Management of the district has made certain estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses to prepare these financial statements in conformity with generally accepted accounting principles. Actual results may differ from those estimates.

Cash Flow - Cash and Cash Equivalents – The district presents its cash flow statement using the direct method. For purposes of cash flow presentation, the district considers cash in operating bank accounts, cash on hand, and certificates of deposit that have original maturities of three months or less as cash and cash equivalents. At June 30, 2006, there were no certificates of deposit that qualified as cash equivalents.

Operating Revenues and Expenses – The district's operating revenues and expenses consist of revenues earned and expenses incurred relating to the operation and maintenance of its system. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

B. Cash and Investments

Investments

Legal Provisions. The district is authorized to make investments in bonds, notes, or treasury bills of the United States, Federal Land Bank bonds, Federal Home Loan Bank notes and bonds, Federal National Mortgage Association notes and debentures, banks or cooperative debentures, or any of its other agencies, or obligations guaranteed as to principal and interest by the United States or any of its agencies with a maturity not greater than one year, or in the pooled investment fund established under Tennessee law. During the year ended June 30, 2006, the Board of Directors chose to limit the investment of funds to certificates of deposits at banks. Cash reserves for operations were held in bank checking and savings accounts.

At June 30, 2006, the carrying amount of cash deposits was \$1,525,471 and the bank balance was \$1,663,969 as listed below. All bank accounts earn a variable rate of interest. At June 30, 2006, the entire bank balance was covered by federal depository insurance, or by collateral held in the Tennessee Bank Collateral Pool. The Tennessee Bank Collateral Pool (the pool) is a multiple financial institution collateral pool to which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. The pool also has the ability to make additional assessments on a pro rata basis to the members of the pool if the value of collateral is inadequate to cover a loss.

<u>Cash Accounts</u>	<u>Interest Rate</u>	<u>Amount</u>
Sun Trust Bank checking	0.43 %	\$ 808,696
Sun Trust Bank cash investment	2.40	<u>716,775</u>
Total		<u>\$ 1,525,471</u>

Certificates of Deposit – At June 30, 2006, the district held the following certificates of deposit:

Bank	Maturity	Interest	Amount
First Bank	1-2-07	4.20 %	\$ 100,000
Pinnacle National Bank	4-13-07	4.00	100,000
SunTrust Bank	7-15-07	5.15	123,046
First Tennessee Bank	7-17-07	5.00	103,690
Fifth Third Bank	8-17-06	3.65	100,000
US Bank	9-17-06	3.54	100,000
Bank of the South	12-17-06	3.67	100,000
Bank of America	3-13-08	3.39	100,000
Regions Bank	1-13-07	4.402	100,000
MidSouth Bank	6-13-07	4.924	100,042
Rutherford Bank & Trust	9-15-06	4.21	103,710
AmSouth Bank	5-28-07	5.12	100,123
Wilson Bank & Trust	12-19-06	5.00	<u>100,000</u>
Total			<u>\$ 1,330,611</u>

The certificates of deposit are insured by the Federal Deposit Insurance Corporation or the Tennessee Bank Collateral Pool.

C. Accounts Receivable

The district receives its revenue from telephone subscribers residing within Rutherford County. As provided in the act, telephone companies collect the fees from the subscribers and remit the funds on a not longer than bi-monthly basis to the district. The policy of the telephone companies has been to remit funds based upon their billings rather than on their collections. Accordingly, the financial statements do not include a provision for bad debts.

The following are receivables from the telephone companies at June 30, 2006:

BellSouth Telecommunications, Inc.	\$ 48,322
Tennessee Telephone Co.	7,835
Birch Telecom	3,324
Others	<u>14,209</u>
Total	<u>\$ 73,690</u>

D. Capital Assets

Capital assets are summarized as follows:

Depreciable Assets	7-1-05	Additions	Deletions	6-30-06
Buildings and Improvements	\$ 1,098,077	\$ 0	\$ 0	\$ 1,098,077
Communications Equipment	939,278	59,366	(464,246)	534,398
Furniture and Fixtures	46,199	1,105	(2,528)	44,776
Office Equipment	76,826	6,550	(45,987)	37,389
Vehicle	33,810	0	0	33,810
Other Capital Assets	116,152	7,747	(2,307)	121,592
Total	\$ 2,310,342	\$ 74,768	\$ (515,068)	\$ 1,870,042
Less: Accumulated Depreciation	(948,710)	(86,807)	507,712	(527,805)
Total	\$ 1,361,632	\$ (12,039)	\$ (7,356)	\$ 1,342,237
<u>Non-depreciable Assets</u>				
Land	\$ 17,500	\$ 0	\$ 0	\$ 17,500
Total	\$ 17,500	\$ 0	\$ 0	\$ 17,500
Total Capital Assets	\$ 1,379,132	\$ (12,039)	\$ (7,356)	\$ 1,359,737

E. Retirement Plan

Plan Description – Employees of Rutherford County Emergency Communications District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service, or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, became vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are

amended by the Tennessee General Assembly. Political subdivisions such as Rutherford County Emergency Communications District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy – Rutherford County Emergency Communications District has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll.

Rutherford County Emergency Communications District is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2006, was 9.54 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Rutherford County Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost – For the year ended June 30, 2006, Rutherford County Emergency Communications District's annual pension cost of \$15,683 to TCRS was equal to Rutherford County Emergency Communications District's required and actual contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period.

Rutherford County Emergency Communications District's unfunded actuarial accrued liability is amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003, was 17 years. Trend information is as follows:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$ 11,411	100 %	\$ 0
6-30-04	8,626	100	0
6-30-03	8,490	100	0

Required Supplementary Information – The following is the Schedule of Funding Progress for Rutherford County Emergency Communications District:

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
6-30-03	\$ 155	\$ 168	\$ 13	92.26 %	\$ 111	11.71%
6-30-01	123	137	14	89.78	102	13.73
6-30-99	93	112	19	83.04	88	21.67

F. Risk Management

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district purchases commercial insurance for claims and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit F

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 33,006,953	\$ 0	\$ 0	\$ 33,006,953	\$ 31,832,502	\$ 32,774,640	\$ 232,313
Licenses and Permits	2,040,181	0	0	2,040,181	1,345,430	1,999,000	41,181
Fines, Forfeitures, and Penalties	2,021,776	0	0	2,021,776	1,788,402	1,940,228	81,548
Charges for Current Services	4,989,842	0	0	4,989,842	4,384,350	4,982,884	6,958
Other Local Revenues	3,088,740	0	0	3,088,740	1,096,000	3,521,640	(432,900)
Fees Received from County Officials	7,146,775	0	0	7,146,775	6,072,000	6,965,000	181,775
State of Tennessee	6,935,823	0	0	6,935,823	6,279,201	7,211,590	(275,767)
Federal Government	1,622,192	0	0	1,622,192	1,407,444	2,177,068	(554,876)
Other Governments and Citizens Groups	623,887	0	0	623,887	1,111,150	617,100	6,787
Total Revenues	\$ 61,476,169	\$ 0	\$ 0	\$ 61,476,169	\$ 55,316,479	\$ 62,189,150	\$ (712,981)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 192,317	\$ 0	\$ 0	\$ 192,317	\$ 203,470	\$ 203,470	\$ 11,153
Board of Equalization	10,517	0	0	10,517	33,270	33,270	22,753
County Mayor/Executive	306,594	(3,864)	2,420	305,150	312,160	312,161	7,011
Personnel Office	136,449	(226)	3,619	139,842	142,519	144,149	4,307
County Attorney	248,080	0	0	248,080	251,997	251,997	3,917
Election Commission	517,005	(697)	470,339	986,647	564,006	1,031,516	44,869
Register of Deeds	124,047	(1,224)	11,135	133,958	149,823	149,823	15,865
Planning	595,735	(10,223)	7,471	592,983	657,055	657,792	64,809
Codes Compliance	45,996	0	0	45,996	46,322	46,322	326
Geographical Information Systems	798,421	(514,098)	94,309	378,632	448,522	387,702	9,070
County Buildings	1,136,545	(166,212)	52,582	1,022,915	1,050,392	1,085,392	62,477
Other General Administration	219,715	(2,950)	0	216,765	218,915	222,249	5,484
Preservation of Records	13,556	(2,344)	26,309	37,521	40,653	40,841	3,320
Risk Management	237,822	(670)	1,396	238,548	241,539	244,239	5,691

(Continued)

Exhibit F

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance</u>							
Accounting and Budgeting	\$ 769,584	\$ (750)	\$ 280	\$ 769,114	\$ 771,481	\$ 781,961	\$ 12,847
Property Assessor's Office	1,462,090	(80,644)	69,373	1,450,819	1,673,239	1,664,374	213,555
Reappraisal Program	511,932	(200)	0	511,732	518,055	542,945	31,213
County Trustee's Office	44,776	(1,204)	0	43,572	52,475	52,475	8,903
County Clerk's Office	148,846	(13,068)	9,631	145,409	166,950	166,950	21,541
Data Processing	1,104,756	(36,058)	41,508	1,110,206	1,680,189	1,160,189	49,983
<u>Administration of Justice</u>							
Circuit Court	385,561	(8,244)	0	377,317	400,468	400,468	23,151
Circuit Court Judge	211,850	0	1,550	213,400	222,033	224,271	10,871
General Sessions Court	801,516	(380)	250	801,386	817,591	820,050	18,664
Drug Court	335,045	(1,526)	148	333,667	371,847	371,847	38,180
Chancery Court	651,906	(2,355)	1,074	650,625	676,926	683,138	32,513
Juvenile Court	224,288	0	765	225,053	236,286	240,109	15,056
District Attorney General	56,967	0	0	56,967	59,842	59,842	2,875
Other Administration of Justice	68,796	0	0	68,796	70,672	70,672	1,876
Probation Services	887,447	(400)	164	887,211	976,000	976,000	88,789
<u>Public Safety</u>							
Sheriff's Department	13,791,962	(242,894)	312,146	13,861,214	13,283,838	14,188,273	327,059
Special Patrols	47,442	0	0	47,442	66,767	66,767	19,325
Traffic Control	7,885	0	0	7,885	10,000	10,000	2,115
Wheel Tax Officer	73,792	(350)	410	73,852	76,387	76,387	2,535
Administration of the Sexual Offender Registry	224	0	0	224	0	250	26
Jail	9,927,996	(78,370)	155,449	10,005,075	8,520,238	10,310,487	305,412
Workhouse	2,051,815	(5,479)	10,698	2,057,034	2,029,544	2,148,835	91,801
Juvenile Services	1,042,578	(1,907)	2,649	1,043,320	1,059,665	1,081,073	37,753
Rescue Squad	69,000	0	0	69,000	69,000	69,000	0

(Continued)

Exhibit F

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety (Cont.)</u>							
Disaster Relief	\$ 1,077,714	\$ (300,771)	\$ 257,802	\$ 1,034,745	\$ 1,341,667	\$ 1,344,425	\$ 309,680
Inspection and Regulation	725,922	(2,697)	2,074	725,299	740,037	744,162	18,863
<u>Public Health and Welfare</u>							
Local Health Center	483,808	(1,308)	9,568	492,068	616,540	554,853	62,785
Rabies and Animal Control	872,972	(20,213)	48,372	901,131	904,180	962,755	61,624
Ambulance/Emergency Medical Services	7,757,820	(107,783)	179,565	7,829,602	7,920,974	8,155,001	325,399
Nursing Home	5,300	(5,300)	0	0	20,000	20,000	20,000
Dental Health Program	12,425	(3,030)	2,738	12,133	14,400	14,400	2,267
Other Local Health Services	1,348,212	(11,200)	2,129	1,339,141	1,556,702	1,556,702	217,561
General Welfare Assistance	31,531	0	0	31,531	31,531	31,531	0
Sanitation Management	14,742	0	0	14,742	14,742	14,742	0
Other Public Health and Welfare	151,155	0	0	151,155	114,400	159,400	8,245
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	24,570	0	0	24,570	24,570	24,570	0
Senior Citizens Assistance	1,500	0	0	1,500	1,500	1,500	0
Libraries	904,625	0	0	904,625	904,625	904,625	0
Parks and Fair Boards	321,446	0	460	321,906	360,540	369,940	48,034
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	489,208	0	0	489,208	510,147	511,649	22,441
Soil Conservation	56,065	0	0	56,065	56,558	56,558	493
Storm Water Management	144,897	0	4,381	149,278	180,681	180,681	31,403
<u>Other Operations</u>							
Tourism	222,495	0	0	222,495	194,400	215,100	(7,395)
Other Economic and Community Development	44	0	0	44	173,941	173,941	173,897
Other Charges	184,490	(2,611)	1,619	183,498	232,867	236,061	52,563
Employee Benefits	738,627	0	0	738,627	593,500	754,684	16,057

(Continued)

Exhibit F

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations (Cont.)</u>							
Payments to Cities	\$ 1,622,124	\$ 0	\$ 0	\$ 1,622,124	\$ 1,622,124	\$ 1,622,124	\$ 0
Miscellaneous	2,891,787	(67,004)	29,456	2,854,239	2,727,001	3,041,953	187,714
Total Expenditures	\$ 59,344,332	\$ (1,698,254)	\$ 1,813,839	\$ 59,459,917	\$ 59,027,763	\$ 62,628,643	\$ 3,168,726
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,131,837	\$ 1,698,254	\$ (1,813,839)	\$ 2,016,252	\$ (3,711,284)	\$ (439,493)	\$ 2,455,745
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 2,120,302	\$ 0	\$ 0	\$ 2,120,302	\$ 2,185,134	\$ 2,265,450	\$ (145,148)
Transfers Out	(199,287)	0	0	(199,287)	0	(199,287)	0
Total Other Financing Sources (Uses)	\$ 1,921,015	\$ 0	\$ 0	\$ 1,921,015	\$ 2,185,134	\$ 2,066,163	\$ (145,148)
Net Change in Fund Balance	\$ 4,052,852	\$ 1,698,254	\$ (1,813,839)	\$ 3,937,267	\$ (1,526,150)	\$ 1,626,670	\$ 2,310,597
Fund Balance, July 1, 2005	19,914,404	(1,698,254)	0	18,216,150	17,469,801	17,469,801	746,349
Fund Balance, June 30, 2006	\$ 23,967,256	\$ 0	\$ (1,813,839)	\$ 22,153,417	\$ 15,943,651	\$ 19,096,471	\$ 3,056,946

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

A. BUDGETARY INFORMATION

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

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

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the Tourism major appropriation category (the legal level of control) of the General Fund by \$7,395. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by greater than anticipated revenues.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Rutherford County’s demolition landfill operations, convenience center operations, and postclosure care costs of the county’s closed landfill.

Industrial/Economic Development Fund – The Industrial/Economic Development Fund is used to account for the operations of the Smyrna Airport properties.

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

Adequate Facilities/Development Tax Fund – The Adequate Facilities/Development Tax Fund is used to account for operations funded from the local development tax and investment income.

District Attorney General Fund – The District Attorney General Fund is used to account for restricted revenue held for the benefit of the Office of District Attorney General.

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

Highway/Public Works Fund – The Highway/Public Works Fund is used to account for transactions of the county Highway Department.

Public Works Fund – The Public Works Fund is used to account for transactions of the county’s Public Works Department.

Capital Projects Funds

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

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for industrial park projects.

Nursing Home Projects Fund – The Nursing Home Projects Fund is used to account for nursing home projects.

Exhibit G-1

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

	Special Revenue Funds					
	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Adequate Facilities/ Development Tax	District Attorney General	Constitu- tional Officers - Fees
<u>ASSETS</u>						
Cash	\$ 200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,171,541
Equity in Pooled Cash and Investments	4,776,827	258,334	1,376,228	5,861,717	147,294	0
Accounts Receivable	108,585	0	0	0	0	0
Due from Other Governments	292,791	0	5,222	30,869	185	0
Due from Other Funds	0	0	0	0	0	0
Due from Component Units	0	0	0	0	0	0
Property Taxes Receivable	35,439	0	0	0	0	0
Allowance for Uncollectible Property Taxes	(9,302)	0	0	0	0	0
Notes Receivable - Long-term	0	1,304,810	0	0	0	0
Allowance for Doubtful Notes Receivable	0	(1,000,138)	0	0	0	0
Total Assets	<u>\$ 5,204,540</u>	<u>\$ 563,006</u>	<u>\$ 1,381,450</u>	<u>\$ 5,892,586</u>	<u>\$ 147,479</u>	<u>\$ 1,171,541</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 1,977	\$ 0	\$ 0	\$ 0	\$ 12	\$ 0
Accrued Payroll	11,500	0	0	0	160	3,000
Due to Other Funds	1	0	0	19,167	0	390,171
Deferred Revenue - Current Property Taxes	0	0	0	0	0	0
Deferred Revenue - Delinquent Property Taxes	22,356	0	0	0	0	0
Other Deferred Revenues	84,592	0	0	0	0	0
Total Liabilities	<u>\$ 120,426</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 19,167</u>	<u>\$ 172</u>	<u>\$ 393,171</u>
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 119,791	\$ 0	\$ 10,691	\$ 0	\$ 0	\$ 0
Reserved for Long-term Notes Receivable	0	304,672	0	0	0	0
Unreserved	4,964,323	258,334	1,370,759	5,873,419	147,307	778,370
Total Fund Balances	<u>\$ 5,084,114</u>	<u>\$ 563,006</u>	<u>\$ 1,381,450</u>	<u>\$ 5,873,419</u>	<u>\$ 147,307</u>	<u>\$ 778,370</u>
Total Liabilities and Fund Balances	<u>\$ 5,204,540</u>	<u>\$ 563,006</u>	<u>\$ 1,381,450</u>	<u>\$ 5,892,586</u>	<u>\$ 147,479</u>	<u>\$ 1,171,541</u>

(Continued)

Exhibit G-1

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

	Special Revenue Funds (Cont.)		Capital Projects Funds			Total Nonmajor Governmental Funds
	Highway / Public Works	Total	Community Development/ Industrial Park	Nursing Home Projects	Total	
<u>ASSETS</u>						
Cash	\$ 0	\$ 1,171,741	\$ 0	\$ 0	\$ 0	\$ 1,171,741
Equity in Pooled Cash and Investments	5,949,424	18,369,824	28,850	10,952	39,802	18,409,626
Accounts Receivable	8,750	117,335	0	0	0	117,335
Due from Other Governments	799,395	1,128,462	0	0	0	1,128,462
Due from Other Funds	757	757	0	0	0	757
Due from Component Units	481	481	0	0	0	481
Property Taxes Receivable	465,765	501,204	0	0	0	501,204
Allowance for Uncollectible Property Taxes	(24,813)	(34,115)	0	0	0	(34,115)
Notes Receivable - Long-term	0	1,304,810	0	0	0	1,304,810
Allowance for Doubtful Notes Receivable	0	(1,000,138)	0	0	0	(1,000,138)
Total Assets	\$ 7,199,759	\$ 21,560,361	\$ 28,850	\$ 10,952	\$ 39,802	\$ 21,600,163
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 1,149	\$ 3,138	\$ 0	\$ 0	\$ 0	\$ 3,138
Accrued Payroll	0	14,660	0	0	0	14,660
Due to Other Funds	1	409,340	0	0	0	409,340
Deferred Revenue - Current Property Taxes	427,884	427,884	0	0	0	427,884
Deferred Revenue - Delinquent Property Taxes	11,160	33,516	0	0	0	33,516
Other Deferred Revenues	347,417	432,009	0	0	0	432,009
Total Liabilities	\$ 787,611	\$ 1,320,547	\$ 0	\$ 0	\$ 0	\$ 1,320,547
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 0	\$ 130,482	\$ 0	\$ 7,445	\$ 7,445	\$ 137,927
Reserved for Long-term Notes Receivable	0	304,672	0	0	0	304,672
Unreserved	6,412,148	19,804,660	28,850	3,507	32,357	19,837,017
Total Fund Balances	\$ 6,412,148	\$ 20,239,814	\$ 28,850	\$ 10,952	\$ 39,802	\$ 20,279,616
Total Liabilities and Fund Balances	\$ 7,199,759	\$ 21,560,361	\$ 28,850	\$ 10,952	\$ 39,802	\$ 21,600,163

Exhibit G-2

Rutherford County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

	Special Revenue Funds					
	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Adequate Facilities/ Development Tax	District Attorney General	Constitu - tional Officers - Fees
<u>Revenues</u>						
Local Taxes	\$ 2,087,227	\$ 0	\$ 22,266	\$ 6,696,750	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	0	0	909,956	0	46,724	0
Charges for Current Services	1,398,538	0	0	0	0	3,960,498
Other Local Revenues	73,940	155,551	47,784	278,509	0	0
State of Tennessee	265,044	0	0	0	0	0
Federal Government	0	0	3,600	0	0	0
Total Revenues	\$ 3,824,749	\$ 155,551	\$ 983,606	\$ 6,975,259	\$ 46,724	\$ 3,960,498
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 69,940	\$ 477	\$ 738,826
Finance	0	0	0	0	0	1,910,531
Administration of Justice	0	0	0	0	7,931	1,627,130
Public Safety	0	0	500,071	0	0	0
Public Health and Welfare	2,936,103	0	0	0	0	0
Agricultural and Natural Resources	0	0	0	0	0	0
Other Operations	216,436	219,995	0	0	0	0
Highways	0	0	0	0	0	0
Capital Projects	0	0	0	114,883	0	0
Total Expenditures	\$ 3,152,539	\$ 219,995	\$ 500,071	\$ 184,823	\$ 8,408	\$ 4,276,487
Excess (Deficiency) of Revenues Over Expenditures	\$ 672,210	\$ (64,444)	\$ 483,535	\$ 6,790,436	\$ 38,316	\$ (315,989)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 12,329	\$ 0	\$ 0
Transfers Out	0	0	0	(6,756,784)	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ (6,744,455)	\$ 0	\$ 0
Net Change in Fund Balances	\$ 672,210	\$ (64,444)	\$ 483,535	\$ 45,981	\$ 38,316	\$ (315,989)
Fund Balance, July 1, 2005	4,411,904	627,450	897,915	5,827,438	108,991	1,094,359
Fund Balance, June 30, 2006	\$ 5,084,114	\$ 563,006	\$ 1,381,450	\$ 5,873,419	\$ 147,307	\$ 778,370

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)			Capital Projects Funds			Total Nonmajor Governmental Funds
	Highway / Public Works	Public Works	Total	Community Development/ Industrial Park	Nursing Home Projects	Total	
<u>Revenues</u>							
Local Taxes	\$ 3,999,477	\$ 0	\$ 12,805,720	\$ 0	\$ 0	\$ 0	\$ 12,805,720
Fines, Forfeitures, and Penalties	0	0	956,680	0	0	0	956,680
Charges for Current Services	0	0	5,359,036	0	0	0	5,359,036
Other Local Revenues	415,732	0	971,516	0	0	0	971,516
State of Tennessee	3,330,249	0	3,595,293	0	0	0	3,595,293
Federal Government	11,704	0	15,304	0	0	0	15,304
Total Revenues	\$ 7,757,162	\$ 0	\$ 23,703,549	\$ 0	\$ 0	\$ 0	\$ 23,703,549
<u>Expenditures</u>							
Current:							
General Government	\$ 0	\$ 0	\$ 809,243	\$ 0	\$ 0	\$ 0	\$ 809,243
Finance	0	0	1,910,531	0	0	0	1,910,531
Administration of Justice	0	0	1,635,061	0	0	0	1,635,061
Public Safety	0	0	500,071	0	0	0	500,071
Public Health and Welfare	0	0	2,936,103	0	0	0	2,936,103
Agricultural and Natural Resources	0	117	117	0	0	0	117
Other Operations	0	0	436,431	0	0	0	436,431
Highways	7,000,014	0	7,000,014	0	0	0	7,000,014
Capital Projects	0	0	114,883	0	0	0	114,883
Total Expenditures	\$ 7,000,014	\$ 117	\$ 15,342,454	\$ 0	\$ 0	\$ 0	\$ 15,342,454
Excess (Deficiency) of Revenues Over Expenditures	\$ 757,148	\$ (117)	\$ 8,361,095	\$ 0	\$ 0	\$ 0	\$ 8,361,095
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 441,456	\$ 0	\$ 453,785	\$ 0	\$ 0	\$ 0	\$ 453,785
Transfers Out	0	(611,456)	(7,368,240)	0	0	0	(7,368,240)
Total Other Financing Sources (Uses)	\$ 441,456	\$ (611,456)	\$ (6,914,455)	\$ 0	\$ 0	\$ 0	\$ (6,914,455)
Net Change in Fund Balances	\$ 1,198,604	\$ (611,573)	\$ 1,446,640	\$ 0	\$ 0	\$ 0	\$ 1,446,640
Fund Balance, July 1, 2005	5,213,544	611,573	18,793,174	28,850	10,952	39,802	18,832,976
Fund Balance, June 30, 2006	\$ 6,412,148	\$ 0	\$ 20,239,814	\$ 28,850	\$ 10,952	\$ 39,802	\$ 20,279,616

Exhibit G-3

Rutherford County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,087,227	\$ 0	\$ 0	\$ 2,087,227	\$ 2,019,776	\$ 2,091,762	\$ (4,535)
Charges for Current Services	1,398,538	0	0	1,398,538	1,110,000	1,318,400	80,138
Other Local Revenues	73,940	0	0	73,940	40,000	69,080	4,860
State of Tennessee	265,044	0	0	265,044	311,890	291,346	(26,302)
Total Revenues	\$ 3,824,749	\$ 0	\$ 0	\$ 3,824,749	\$ 3,481,666	\$ 3,770,588	\$ 54,161
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Education/Information	\$ 109,478	\$ (4,239)	\$ 0	\$ 105,239	\$ 91,216	\$ 109,067	\$ 3,828
Convenience Centers	1,680,196	(9,973)	34,253	1,704,476	1,741,816	1,809,406	104,930
Other Waste Collection	313,648	(2,500)	4,350	315,498	287,500	323,500	8,002
Landfill Operation and Maintenance	715,166	(57,006)	78,338	736,498	828,669	855,854	119,356
Postclosure Care Costs	117,615	(22,000)	2,850	98,465	142,500	138,315	39,850
<u>Other Operations</u>							
Employee Benefits	56,962	0	0	56,962	44,200	61,800	4,838
Miscellaneous	159,474	0	0	159,474	74,050	159,750	276
Total Expenditures	\$ 3,152,539	\$ (95,718)	\$ 119,791	\$ 3,176,612	\$ 3,209,951	\$ 3,457,692	\$ 281,080
Excess (Deficiency) of Revenues Over Expenditures	\$ 672,210	\$ 95,718	\$ (119,791)	\$ 648,137	\$ 271,715	\$ 312,896	\$ 335,241
Net Change in Fund Balance	\$ 672,210	\$ 95,718	\$ (119,791)	\$ 648,137	\$ 271,715	\$ 312,896	\$ 335,241
Fund Balance, July 1, 2005	4,411,904	(95,718)	0	4,316,186	4,316,025	4,316,025	161
Fund Balance, June 30, 2006	\$ 5,084,114	\$ 0	\$ (119,791)	\$ 4,964,323	\$ 4,587,740	\$ 4,628,921	\$ 335,402

Exhibit G-4

Rutherford County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Industrial/Economic Development Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 155,551	\$ 118,387	\$ 155,551	\$ 0
Total Revenues	\$ 155,551	\$ 118,387	\$ 155,551	\$ 0
<u>Expenditures</u>				
<u>Other Operations</u>				
Industrial Development	\$ 202,965	\$ 202,970	\$ 202,970	\$ 5
Payments to Cities	17,030	17,030	17,030	0
Total Expenditures	\$ 219,995	\$ 220,000	\$ 220,000	\$ 5
Excess (Deficiency) of Revenues Over Expenditures	\$ (64,444)	\$ (101,613)	\$ (64,449)	\$ 5
Net Change in Fund Balance	\$ (64,444)	\$ (101,613)	\$ (64,449)	\$ 5
Fund Balance, July 1, 2005	627,450	264,069	264,069	363,381
Fund Balance, June 30, 2006	\$ 563,006	\$ 162,456	\$ 199,620	\$ 363,386

Exhibit G-5

Rutherford County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 22,266	\$ 0	\$ 0	\$ 22,266	\$ 0	\$ 25,000	\$ (2,734)
Fines, Forfeitures, and Penalties	909,956	0	0	909,956	680,000	870,000	39,956
Other Local Revenues	47,784	0	0	47,784	14,500	47,000	784
Federal Government	3,600	0	0	3,600	0	0	3,600
Total Revenues	<u>\$ 983,606</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 983,606</u>	<u>\$ 694,500</u>	<u>\$ 942,000</u>	<u>\$ 41,606</u>
<u>Expenditures</u>							
<u>Public Safety</u>							
Drug Enforcement	\$ 500,071	\$ (11,506)	\$ 10,691	\$ 499,256	\$ 698,627	\$ 702,047	\$ 202,791
Total Expenditures	<u>\$ 500,071</u>	<u>\$ (11,506)</u>	<u>\$ 10,691</u>	<u>\$ 499,256</u>	<u>\$ 698,627</u>	<u>\$ 702,047</u>	<u>\$ 202,791</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 483,535</u>	<u>\$ 11,506</u>	<u>\$ (10,691)</u>	<u>\$ 484,350</u>	<u>\$ (4,127)</u>	<u>\$ 239,953</u>	<u>\$ 244,397</u>
Net Change in Fund Balance	\$ 483,535	\$ 11,506	\$ (10,691)	\$ 484,350	\$ (4,127)	\$ 239,953	\$ 244,397
Fund Balance, July 1, 2005	<u>897,915</u>	<u>(11,506)</u>	<u>0</u>	<u>886,409</u>	<u>886,410</u>	<u>886,410</u>	<u>(1)</u>
Fund Balance, June 30, 2006	<u><u>\$ 1,381,450</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (10,691)</u></u>	<u><u>\$ 1,370,759</u></u>	<u><u>\$ 882,283</u></u>	<u><u>\$ 1,126,363</u></u>	<u><u>\$ 244,396</u></u>

Exhibit G-6

Rutherford County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Adequate Facilities/Development Tax Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 6,696,750	\$ 0	\$ 6,696,750	\$ 4,125,000	\$ 6,754,000	\$ (57,250)
Other Local Revenues	278,509	0	278,509	60,000	272,360	6,149
Total Revenues	\$ 6,975,259	\$ 0	\$ 6,975,259	\$ 4,185,000	\$ 7,026,360	\$ (51,101)
<u>Expenditures</u>						
<u>General Government</u>						
Other General Administration	\$ 69,940	\$ 0	\$ 69,940	\$ 41,850	\$ 70,300	\$ 360
<u>Capital Projects</u>						
General Administration Projects	14,883	(14,883)	0	0	0	0
Social, Cultural, and Recreation Projects	100,000	0	100,000	100,000	100,000	0
Total Expenditures	\$ 184,823	\$ (14,883)	\$ 169,940	\$ 141,850	\$ 170,300	\$ 360
Excess (Deficiency) of Revenues Over Expenditures	\$ 6,790,436	\$ 14,883	\$ 6,805,319	\$ 4,043,150	\$ 6,856,060	\$ (50,741)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 12,329	\$ 0	\$ 12,329	\$ 0	\$ 12,329	\$ 0
Transfers Out	(6,756,784)	0	(6,756,784)	(3,911,500)	(6,923,325)	166,541
Total Other Financing Sources (Uses)	\$ (6,744,455)	\$ 0	\$ (6,744,455)	\$ (3,911,500)	\$ (6,910,996)	\$ 166,541
Net Change in Fund Balance	\$ 45,981	\$ 14,883	\$ 60,864	\$ 131,650	\$ (54,936)	\$ 115,800
Fund Balance, July 1, 2005	5,827,438	(14,883)	5,812,555	4,118,630	4,118,630	1,693,925
Fund Balance, June 30, 2006	\$ 5,873,419	\$ 0	\$ 5,873,419	\$ 4,250,280	\$ 4,063,694	\$ 1,809,725

Exhibit G-7

Rutherford County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,999,477	\$ 3,686,878	\$ 3,914,302	\$ 85,175
Other Local Revenues	415,732	85,000	420,686	(4,954)
State of Tennessee	3,330,249	3,605,100	3,327,927	2,322
Federal Government	11,704	0	11,704	0
Total Revenues	<u>\$ 7,757,162</u>	<u>\$ 7,376,978</u>	<u>\$ 7,674,619</u>	<u>\$ 82,543</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 559,099	\$ 618,072	\$ 632,297	\$ 73,198
Highway and Bridge Maintenance	4,065,153	4,392,975	4,390,208	325,055
Operation and Maintenance of Equipment	889,733	1,050,325	1,053,067	163,334
Quarry Operations	450,094	645,880	645,880	195,786
Other Charges	321,941	529,048	517,548	195,607
Employee Benefits	162,960	130,600	168,600	5,640
Capital Outlay	551,034	884,860	884,860	333,826
Total Expenditures	<u>\$ 7,000,014</u>	<u>\$ 8,251,760</u>	<u>\$ 8,292,460</u>	<u>\$ 1,292,446</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 757,148</u>	<u>\$ (874,782)</u>	<u>\$ (617,841)</u>	<u>\$ 1,374,989</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 441,456	0	\$ 441,456	0
Total Other Financing Sources (Uses)	<u>\$ 441,456</u>	<u>0</u>	<u>\$ 441,456</u>	<u>0</u>
Net Change in Fund Balance	\$ 1,198,604	\$ (874,782)	\$ (176,385)	\$ 1,374,989
Fund Balance, July 1, 2005	<u>5,213,544</u>	<u>5,213,096</u>	<u>5,213,096</u>	<u>448</u>
Fund Balance, June 30, 2006	<u>\$ 6,412,148</u>	<u>\$ 4,338,314</u>	<u>\$ 5,036,711</u>	<u>\$ 1,375,437</u>

Exhibit G-8

Rutherford County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Public Works Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures</u>						
<u>Agriculture & Natural Resources</u>						
Storm Water Management	\$ 117	\$ (99)	\$ 18	\$ 0	\$ 18	\$ 0
Total Expenditures	\$ 117	\$ (99)	\$ 18	\$ 0	\$ 18	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ (117)	\$ 99	\$ (18)	\$ 0	\$ (18)	\$ 0
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (611,456)	\$ 0	\$ (611,456)	\$ 0	\$ (611,456)	\$ 0
Total Other Financing Sources (Uses)	\$ (611,456)	\$ 0	\$ (611,456)	\$ 0	\$ (611,456)	\$ 0
Net Change in Fund Balance	\$ (611,573)	\$ 99	\$ (611,474)	\$ 0	\$ (611,474)	\$ 0
Fund Balance, July 1, 2005	611,573	(99)	611,474	0	611,456	18
Fund Balance, June 30, 2006	\$ 0	\$ 0	\$ 0	\$ 0	\$ (18)	\$ 18

Major Governmental Fund

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.

Exhibit H

Rutherford County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 30,788,360	\$ 30,144,396	\$ 30,756,593	\$ 31,767
Other Local Revenues	2,325,699	716,250	2,400,551	(74,852)
Total Revenues	<u>\$ 33,114,059</u>	<u>\$ 30,860,646</u>	<u>\$ 33,157,144</u>	<u>\$ (43,085)</u>
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 773,209	\$ 859,260	\$ 896,850	\$ 123,641
<u>Principal on Debt</u>				
General Government	1,901,190	1,901,190	1,901,190	0
Education	18,103,259	18,103,259	18,103,259	0
<u>Interest on Debt</u>				
General Government	2,086,574	2,086,575	2,086,575	1
Education	12,681,936	12,681,936	12,681,936	0
<u>Other Debt Service</u>				
General Government	61,612	0	61,612	0
Education	175,359	0	175,359	0
Total Expenditures	<u>\$ 35,783,139</u>	<u>\$ 35,632,220</u>	<u>\$ 35,906,781</u>	<u>\$ 123,642</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,669,080)</u>	<u>\$ (4,771,574)</u>	<u>\$ (2,749,637)</u>	<u>\$ 80,557</u>
<u>Other Financing Sources (Uses)</u>				
Bonds Issued	\$ 236,972	0	\$ 236,972	0
Transfers In	3,348,375	2,062,500	3,377,000	(28,625)
Total Other Financing Sources (Uses)	<u>\$ 3,585,347</u>	<u>\$ 2,062,500</u>	<u>\$ 3,613,972</u>	<u>\$ (28,625)</u>
Net Change in Fund Balance	\$ 916,267	\$ (2,709,074)	\$ 864,335	\$ 51,932
Fund Balance, July 1, 2005	<u>30,266,866</u>	<u>30,242,771</u>	<u>30,242,771</u>	<u>24,095</u>
Fund Balance, June 30, 2006	<u>\$ 31,183,133</u>	<u>\$ 27,533,697</u>	<u>\$ 31,107,106</u>	<u>\$ 76,027</u>

Proprietary Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the county, or other governments, on a cost-reimbursed basis.

Self-Insurance Fund – The Self-Insurance Fund is used to account for transactions of the county's self-insured liability insurance.

Workers' Compensation Fund – The Workers' Compensation Fund is used to account for the county's self-insured workers' compensation program.

Employee Insurance - Health Fund – The Employee Insurance - Health Fund is used to account for the county's self-insured health program.

Exhibit I-1

Rutherford County, Tennessee
Combining Statement of Net Assets
Proprietary Funds
June 30, 2006

	Internal Service Funds			
	Self -	Employee	Workers'	Total
	Insurance	Insurance - Health	Compensation	
<u>ASSETS</u>				
Cash	\$ 144,852	\$ 432,000	\$ 145,873	\$ 722,725
Equity in Pooled Cash and Investments	221,619	13,359,942	1,541,119	15,122,680
Accounts Receivable	10,000	118,064	693	128,757
Due from Other Governments	0	4,190	0	4,190
Due from Other Funds	0	1,218	0	1,218
Due from Component Units	267,000	40,305	0	307,305
Total Assets	<u>\$ 643,471</u>	<u>\$ 13,955,719</u>	<u>\$ 1,687,685</u>	<u>\$ 16,286,875</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 68,685	\$ 52,643	\$ 0	\$ 121,328
Claims and Judgments Payable	85,000	5,405,176	2,079,000	7,569,176
Due to Other Funds	0	1,966	1,966	3,932
Total Liabilities	<u>\$ 153,685</u>	<u>\$ 5,459,785</u>	<u>\$ 2,080,966</u>	<u>\$ 7,694,436</u>
<u>NET ASSETS</u>				
Unrestricted	<u>\$ 489,786</u>	<u>\$ 8,495,934</u>	<u>\$ (393,281)</u>	<u>\$ 8,592,439</u>
Total Net Assets	<u>\$ 489,786</u>	<u>\$ 8,495,934</u>	<u>\$ (393,281)</u>	<u>\$ 8,592,439</u>

Exhibit I-2

Rutherford County, Tennessee
Combining Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2006

	Internal Service Funds			
	Self -	Employee	Workers'	Total
	Insurance	Insurance - Health	Compensation	
<u>Operating Revenues</u>				
Charges for Current Services:				
Self-Insurance Premiums/Contributions	\$ 1,123,000	\$ 28,784,378	\$ 1,740,300	\$ 31,647,678
Other Local Revenues:				
Retirees' Insurance Payments	0	1,120,889	0	1,120,889
Cobra Insurance Payments	0	46,676	0	46,676
Total Operating Revenues	\$ 1,123,000	\$ 29,951,943	\$ 1,740,300	\$ 32,815,243
<u>Operating Expenses</u>				
Employee Benefits:				
Handling Charges & Administrative Costs	\$ 47,200	\$ 2,918,932	\$ 70,500	\$ 3,036,632
Bank Charges	0	540	0	540
Contracts with Private Agencies	0	1,558,685	0	1,558,685
Legal Services	0	3,886	0	3,886
Drug and Medical Supplies	0	41,521	0	41,521
Other Contracted Services	29,750	35,058	2,500	67,308
Excess Risk Insurance	0	0	107,824	107,824
Medical Claims	0	22,346,994	0	22,346,994
Liability Claims	948,367	0	0	948,367
Refunds	0	500	0	500
Other Self-Insured Claims	0	0	1,438,246	1,438,246
Total Operating Expenses	\$ 1,025,317	\$ 26,906,116	\$ 1,619,070	\$ 29,550,503
Operating Income (Loss)	\$ 97,683	\$ 3,045,827	\$ 121,230	\$ 3,264,740
<u>Nonoperating Revenues (Expenses)</u>				
Miscellaneous Refunds	\$ 0	\$ 10,908	\$ 1,004	\$ 11,912
Total Nonoperating Revenues (Expenses)	\$ 0	\$ 10,908	\$ 1,004	\$ 11,912
Income (Loss) Before Transfers	\$ 97,683	\$ 3,056,735	\$ 122,234	\$ 3,276,652
Transfers Out	0	(119,609)	(119,609)	(239,218)
Change in Net Assets	\$ 97,683	\$ 2,937,126	\$ 2,625	\$ 3,037,434
Net Assets, July 1, 2005	392,103	5,558,808	(395,906)	5,555,005
Net Assets, June 30, 2006	\$ 489,786	\$ 8,495,934	\$ (393,281)	\$ 8,592,439

Rutherford County, Tennessee
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2006

	Internal Service Funds			
	Self - Insurance	Employee Insurance - Health	Workers' Compensation	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from Customers and Users	\$ 846,000	\$ 30,045,503	\$ 1,739,607	\$ 32,631,110
Payment to Suppliers	(16,765)	(4,501,553)	(70,500)	(4,588,818)
Claims Paid	(863,367)	(20,217,339)	(1,190,070)	(22,270,776)
Other Receipts (Payments)	0	5,982	(1,496)	4,486
Net Cash Provided By (Used In) Operating Activities	\$ (34,132)	\$ 5,332,593	\$ 477,541	\$ 5,776,002
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Transfers to Other Funds	\$ 0	\$ (119,782)	\$ (117,643)	\$ (237,425)
Net Cash Provided By (Used For) Noncapital Financing Activities	\$ 0	\$ (119,782)	\$ (117,643)	\$ (237,425)
Net Increase (Decrease) in Cash	\$ (34,132)	\$ 5,212,811	\$ 359,898	\$ 5,538,577
Cash, July 1, 2005	400,603	8,579,131	1,327,094	10,306,828
Cash, June 30, 2006	\$ 366,471	\$ 13,791,942	\$ 1,686,992	\$ 15,845,405
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>				
Operating Income (Loss)	\$ 97,683	\$ 3,045,827	\$ 121,230	\$ 3,264,740
Miscellaneous Refunds	0	10,908	1,004	11,912
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:				
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(10,000)	135,633	(693)	124,940
(Increase) Decrease in Due From Other Governments	0	(550)	0	(550)
(Increase) Decrease in Due From Other Funds	0	(1,218)	0	(1,218)
(Increase) Decrease in Due From Component Units	(267,000)	(40,305)	0	(307,305)
(Increase) Decrease in Prepaid Items	0	200,000	0	200,000
Increase (Decrease) in Accounts Payable	60,185	52,643	0	112,828
Increase (Decrease) in Claims and Judgments Payable	85,000	1,929,655	356,000	2,370,655
Net Cash Provided By (Used In) Operating Activities	\$ (34,132)	\$ 5,332,593	\$ 477,541	\$ 5,776,002

Fiduciary Funds

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

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

City School ADA - Murfreesboro Fund – The City School ADA - Murfreesboro Fund is used to account for the city school system's share of education revenues collected by the county which must be apportioned between the various school systems on an average daily attendance basis. These collections are remitted to the city school system on a monthly basis.

Joint Venture Fund – The Joint Venture Fund is used to account for transactions of the Central Tennessee Solid Waste Planning Board for Rutherford, Cannon, Warren, and Coffee Counties.

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

Exhibit J-1

Rutherford County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2006

	Agency Funds				
	Cities -	City		Constitu-	
	Sales	School		tional	
	Tax	ADA -	Joint	Officers -	
		Murfreesboro	Venture	Agency	Total
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 7,059,869	\$ 7,059,869
Equity in Pooled Cash and Investments	0	198,679	33,254	0	231,933
Investments	0	0	0	650,099	650,099
Due from Other Governments	5,870,080	1,177,239	0	0	7,047,319
Taxes Receivable	0	9,412,736	0	0	9,412,736
Allowance for Uncollectible Taxes	0	(482,098)	0	0	(482,098)
Total Assets	<u>\$ 5,870,080</u>	<u>\$ 10,306,556</u>	<u>\$ 33,254</u>	<u>\$ 7,709,968</u>	<u>\$ 23,919,858</u>
<u>LIABILITIES</u>					
Due to Other Taxing Units	\$ 5,870,080	\$ 10,306,556	\$ 0	\$ 0	\$ 16,176,636
Accounts Payable	0	0	206	0	206
Due to Joint Ventures	0	0	33,048	0	33,048
Due to Litigants, Heirs, and Others	0	0	0	7,709,968	7,709,968
Total Liabilities	<u>\$ 5,870,080</u>	<u>\$ 10,306,556</u>	<u>\$ 33,254</u>	<u>\$ 7,709,968</u>	<u>\$ 23,919,858</u>

Exhibit J-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 34,050,481	\$ 34,050,481	\$ 0
Due From Other Governments	5,357,408	5,870,080	5,357,408	5,870,080
Total Assets	\$ 5,357,408	\$ 39,920,561	\$ 39,407,889	\$ 5,870,080
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,357,408	\$ 39,920,561	\$ 39,407,889	\$ 5,870,080
Total Liabilities	\$ 5,357,408	\$ 39,920,561	\$ 39,407,889	\$ 5,870,080
<u>City School ADA - Murfreesboro Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 193,176	\$ 15,424,232	\$ 15,418,729	\$ 198,679
Due From Other Governments	0	1,177,239	0	1,177,239
Taxes Receivable	8,696,098	9,412,736	8,696,098	9,412,736
Allowance for Uncollectible Taxes	(145,925)	(482,098)	(145,925)	(482,098)
Total Assets	\$ 8,743,349	\$ 25,532,109	\$ 23,968,902	\$ 10,306,556
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 8,743,349	\$ 25,532,109	\$ 23,968,902	\$ 10,306,556
Total Liabilities	\$ 8,743,349	\$ 25,532,109	\$ 23,968,902	\$ 10,306,556
<u>Joint Venture</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 36,836	\$ 206	\$ 3,788	\$ 33,254
Total Assets	\$ 36,836	\$ 206	\$ 3,788	\$ 33,254
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 206	\$ 0	\$ 206
Due to Joint Ventures	36,836	0	3,788	33,048
Total Liabilities	\$ 36,836	\$ 206	\$ 3,788	\$ 33,254
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 5,813,827	\$ 62,133,158	\$ 60,887,116	\$ 7,059,869
Investments	224,902	650,099	224,902	650,099
Accounts Receivable	16,278	0	16,278	0
Total Assets	\$ 6,055,007	\$ 62,783,257	\$ 61,128,296	\$ 7,709,968
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 6,055,007	\$ 62,783,257	\$ 61,128,296	\$ 7,709,968
Total Liabilities	\$ 6,055,007	\$ 62,783,257	\$ 61,128,296	\$ 7,709,968

(Continued)

Exhibit J-2

Rutherford County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 5,813,827	\$ 62,133,158	\$ 60,887,116	\$ 7,059,869
Equity in Pooled Cash and Investments	230,012	49,474,919	49,472,998	231,933
Investments	224,902	650,099	224,902	650,099
Accounts Receivable	16,278	0	16,278	0
Due From Other Governments	5,357,408	7,047,319	5,357,408	7,047,319
Taxes Receivable	8,696,098	9,412,736	8,696,098	9,412,736
Allowance for Uncollectible Taxes	(145,925)	(482,098)	(145,925)	(482,098)
Total Assets	<u>\$ 20,192,600</u>	<u>\$ 128,236,133</u>	<u>\$ 124,508,875</u>	<u>\$ 23,919,858</u>
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 206	\$ 0	\$ 206
Due to Other Taxing Units	14,100,757	65,452,670	63,376,791	16,176,636
Due to Joint Ventures	36,836	0	3,788	33,048
Due to Litigants, Heirs, and Others	6,055,007	62,783,257	61,128,296	7,709,968
Total Liabilities	<u>\$ 20,192,600</u>	<u>\$ 128,236,133</u>	<u>\$ 124,508,875</u>	<u>\$ 23,919,858</u>

Rutherford County School Department

This section presents fund financial statements for the Rutherford County School Department, a discretely presented component unit. The School Department uses a General Fund, one Special Revenue Fund, one Debt Service Fund, one Capital Projects Fund, and one Fiduciary Fund.

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.

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

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for building construction and renovations of the School Department.

Endowment Fund – The Endowment Fund is used to account for an endowment received by the School Department for which the principal amount must remain intact while interest earned on the principal is to fund a scholarship at Eagleville High School.

Exhibit K-1

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

	Major Funds		Nonmajor Funds	Total Govern- mental Funds
	General Purpose School	Other Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>				
Cash	\$ 7,310	\$ 0	\$ 0	\$ 7,310
Equity in Pooled Cash and Investments	23,835,282	53,140,386	360,347	77,336,015
Accounts Receivable	199,017	5,000	355	204,372
Due from Other Governments	8,838,420	0	944,637	9,783,057
Due from Other Funds	89,766	0	0	89,766
Property Taxes Receivable	50,086,226	0	0	50,086,226
Allowance for Uncollectible Property Taxes	(2,565,298)	0	0	(2,565,298)
Advances to Other Funds	1,080,000	0	0	1,080,000
Total Assets	<u>\$ 81,570,723</u>	<u>\$ 53,145,386</u>	<u>\$ 1,305,339</u>	<u>\$ 136,021,448</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 1,573,921	\$ 0	\$ 53,934	\$ 1,627,855
Accrued Payroll	10,869,192	0	409,942	11,279,134
Contracts Payable	0	335,639	0	335,639
Retainage Payable	0	6,000	0	6,000
Due to Other Funds	0	0	89,766	89,766
Due to Primary Government	352,675	0	0	352,675
Advances Payable to Other Funds	0	1,080,000	0	1,080,000
Deferred Revenue - Current Property Taxes	46,464,832	0	0	46,464,832
Deferred Revenue - Delinquent Property Taxes	903,137	0	0	903,137
Other Deferred Revenues	3,073,942	0	0	3,073,942
Total Liabilities	<u>\$ 63,237,699</u>	<u>\$ 1,421,639</u>	<u>\$ 553,642</u>	<u>\$ 65,212,980</u>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 5,720,713	\$ 20,494,923	\$ 372,617	\$ 26,588,253
Reserved for Advances to Other Funds	1,080,000	0	0	1,080,000
Reserved for Driver Education	199,119	0	0	199,119
Reserved for Career Ladder - Extended Contract	9,069	0	0	9,069
Reserved for Career Ladder Program	41,190	0	0	41,190
Reserved for Special Education - Grants to States	0	0	304,970	304,970
Other Federal Reserves	0	0	5,959	5,959
Unreserved, Reported In:				
General Fund	11,282,933	0	0	11,282,933
Debt Service Funds	0	0	68,151	68,151
Capital Projects Funds	0	31,228,824	0	31,228,824
Total Fund Balances	<u>\$ 18,333,024</u>	<u>\$ 51,723,747</u>	<u>\$ 751,697</u>	<u>\$ 70,808,468</u>
Total Liabilities and Fund Balances	<u>\$ 81,570,723</u>	<u>\$ 53,145,386</u>	<u>\$ 1,305,339</u>	<u>\$ 136,021,448</u>

Exhibit K-2

Rutherford County, Tennessee

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets

Discretely Presented Rutherford County School Department

June 30, 2006

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

Total fund balances - balance sheet - governmental funds (Exhibit K-1)		\$	70,808,468
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			305,072,992
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			3,977,079
(3) Debt issuance costs are expensed when paid in the governmental funds. The unamortized portion of these charges are reflected on the statement of net assets.			44,587
(4) Interest costs of long-term debt are expensed when due in the governmental funds. Interest costs incurred as of the balance sheet date are accrued in the statement of net assets.			(73,800)
(5) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Bonds payable	\$	3,735,000	
Compensated absences		662,234	
Unamortized debt premiums		<u>51,061</u>	<u>(4,448,295)</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>375,381,031</u></u>

Exhibit K-3

Rutherford County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Rutherford County School Department
For the Year Ended June 30, 2006

	Major Funds		Nonmajor Funds		
	General Purpose School	Other Capital Projects	Other Governmental Funds	Total Governmental Funds	
<u>Revenues</u>					
Local Taxes	\$ 82,345,975	\$ 0	\$ 0	\$ 82,345,975	
Licenses and Permits	15,369	0	0	15,369	
Charges for Current Services	185,755	0	0	185,755	
Other Local Revenues	1,855,257	0	68,715	1,923,972	
State of Tennessee	101,319,196	0	0	101,319,196	
Federal Government	5,137,310	0	10,339,740	15,477,050	
Other Governments and Citizens Groups	0	46,255,271	0	46,255,271	
Total Revenues	\$ 190,858,862	\$ 46,255,271	\$ 10,408,455	\$ 247,522,588	
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 564	\$ 564	
Instruction	119,279,105	0	6,480,035	125,759,140	
Support Services	59,612,665	0	3,652,180	63,264,845	
Operation of Non-Instructional Services	5,202,485	0	8,133	5,210,618	
Capital Outlay	347,010	0	0	347,010	
Debt Service:					
Principal on Debt	0	0	300,000	300,000	
Interest on Debt	0	0	26,600	26,600	
Capital Projects	0	40,586,670	0	40,586,670	
Total Expenditures	\$ 184,441,265	\$ 40,586,670	\$ 10,467,512	\$ 235,495,447	
Excess (Deficiency) of Revenues Over Expenditures	\$ 6,417,597	\$ 5,668,601	\$ (59,057)	\$ 12,027,141	
<u>Other Financing Sources (Uses)</u>					
Bonds Issued	\$ 0	\$ 4,035,000	\$ 0	\$ 4,035,000	
Premiums on Debt Issued	0	55,201	0	55,201	
Transfers In	127,477	3,518,451	326,600	3,972,528	
Transfers Out	(3,845,051)	0	(127,477)	(3,972,528)	
Total Other Financing Sources (Uses)	\$ (3,717,574)	\$ 7,608,652	\$ 199,123	\$ 4,090,201	
Net Change in Fund Balances	\$ 2,700,023	\$ 13,277,253	\$ 140,066	\$ 16,117,342	
Fund Balance, July 1, 2005	15,633,001	38,446,494	611,631	54,691,126	
Fund Balance, June 30, 2006	\$ 18,333,024	\$ 51,723,747	\$ 751,697	\$ 70,808,468	

Exhibit K-4

Rutherford County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Rutherford County School Department
For the Year Ended June 30, 2006

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

Net change in fund balances - total governmental funds (Exhibit K-3)		\$ 16,117,342
(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 outlays in the current period	\$ 79,765,228	
Less: current year depreciation	<u>(7,120,370)</u>	72,644,858
(2) Donated capital assets do not generate current financial resources and are therefore not recognized in the governmental funds. This adjustment reflects capital assets donated during the current period.		(41,288,068)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
For the year ended June 30, 2005	\$ (3,446,389)	
For the year ended June 30, 2006	<u>3,977,079</u>	530,690
(4) The issuance of long-term debt (e.g., notes, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Less: debt issued	\$ (4,035,000)	
Add: principal payment on bonds	<u>300,000</u>	(3,735,000)
(5) Governmental funds report the effect of issuance costs, premiums, discounts, and similar items related to long-term debt issuance when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This adjustment reflects debt issuance cost expensed during the year recorded in the statement of activities.		
Add: debt issuance cost on debt issued during year	\$ 48,202	
Add: debt premium amortized during year	4,140	
Less: debt premium on debt issued during year	(55,201)	
Less: debt issuance cost amortized during year	<u>(3,615)</u>	(6,474)
(6) 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	\$ (73,800)	
Change in compensated absences	<u>75,678</u>	1,878
Change in net assets of governmental activities (Exhibit B)		<u>\$ 44,265,226</u>

Exhibit K-5

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

	Special Revenue Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Education Debt Service	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 295,654	\$ 64,693	\$ 360,347
Accounts Receivable	355	0	355
Due from Other Governments	941,179	3,458	944,637
Total Assets	<u>\$ 1,237,188</u>	<u>\$ 68,151</u>	<u>\$ 1,305,339</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 53,934	\$ 0	\$ 53,934
Accrued Payroll	409,942	0	409,942
Due to Other Funds	89,766	0	89,766
Total Liabilities	<u>\$ 553,642</u>	<u>\$ 0</u>	<u>\$ 553,642</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 372,617	\$ 0	\$ 372,617
Reserved for Special Education - Grants to States	304,970	0	304,970
Other Federal Reserves	5,959	0	5,959
Unreserved	0	68,151	68,151
Total Fund Balances	<u>\$ 683,546</u>	<u>\$ 68,151</u>	<u>\$ 751,697</u>
Total Liabilities and Fund Balances	<u>\$ 1,237,188</u>	<u>\$ 68,151</u>	<u>\$ 1,305,339</u>

Exhibit K-6

Rutherford County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Rutherford County School Department
For the Year Ended June 30, 2006

	Special Revenue Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Education Debt Service	
<u>Revenues</u>			
Other Local Revenues	\$ 0	\$ 68,715	\$ 68,715
Federal Government	10,339,740	0	10,339,740
Total Revenues	\$ 10,339,740	\$ 68,715	\$ 10,408,455
<u>Expenditures</u>			
Current:			
General Government	\$ 0	\$ 564	\$ 564
Instruction	6,480,035	0	6,480,035
Support Services	3,652,180	0	3,652,180
Operation of Non-Instructional Services	8,133	0	8,133
Debt Service:			
Principal on Debt	0	300,000	300,000
Interest on Debt	0	26,600	26,600
Total Expenditures	\$ 10,140,348	\$ 327,164	\$ 10,467,512
Excess (Deficiency) of Revenues Over Expenditures	\$ 199,392	\$ (258,449)	\$ (59,057)
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 0	\$ 326,600	\$ 326,600
Transfers Out	(127,477)	0	(127,477)
Total Other Financing Sources (Uses)	\$ (127,477)	\$ 326,600	\$ 199,123
Net Change in Fund Balances	\$ 71,915	\$ 68,151	\$ 140,066
Fund Balance, July 1, 2005	611,631	0	611,631
Fund Balance, June 30, 2006	\$ 683,546	\$ 68,151	\$ 751,697

Exhibit K-7

Rutherford County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Rutherford County School Department
General Purpose School Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 82,345,975	\$ 0	\$ 0	\$ 82,345,975	\$ 79,652,562	\$ 81,085,833	\$ 1,260,142
Licenses and Permits	15,369	0	0	15,369	13,000	13,000	2,369
Charges for Current Services	185,755	0	0	185,755	395,820	395,820	(210,065)
Other Local Revenues	1,855,257	0	0	1,855,257	651,000	1,502,640	352,617
State of Tennessee	101,319,196	0	0	101,319,196	98,592,242	101,050,742	268,454
Federal Government	5,137,310	0	0	5,137,310	5,590,230	5,632,777	(495,467)
Total Revenues	\$ 190,858,862	\$ 0	\$ 0	\$ 190,858,862	\$ 184,894,854	\$ 189,680,812	\$ 1,178,050
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 96,483,555	\$ (3,127,575)	\$ 4,411,362	\$ 97,767,342	\$ 98,524,612	\$ 99,136,488	\$ 1,369,146
Alternative Instruction Program	1,331,195	(4,020)	3,324	1,330,499	1,392,977	1,396,062	65,563
Special Education Program	14,294,044	(99,036)	113,715	14,308,723	15,426,067	14,490,234	181,511
Vocational Education Program	6,788,215	(131,633)	334,632	6,991,214	6,410,398	7,049,157	57,943
Adult Education Program	382,096	(38,797)	26,662	369,961	463,989	482,074	112,113
<u>Support Services</u>							
Attendance	472,779	(1,768)	2,684	473,695	478,260	481,316	7,621
Health Services	1,580,127	(6,235)	8,081	1,581,973	1,674,776	1,696,387	114,414
Other Student Support	4,994,334	(7,935)	52,864	5,039,263	4,984,893	5,204,925	165,662
Regular Instruction Program	6,371,306	(30,303)	16,656	6,357,659	6,485,181	6,550,912	193,253
Alternative Instruction Program	483,414	(1,534)	2,782	484,662	495,010	499,013	14,351
Special Education Program	1,940,798	(26,814)	31,684	1,945,668	855,296	1,977,778	32,110
Vocational Education Program	120,974	(1,780)	0	119,194	107,729	122,374	3,180
Adult Programs	161,967	(445)	0	161,522	155,199	199,020	37,498
Board of Education	3,476,118	(6,037)	0	3,470,081	3,219,707	3,555,462	85,381
Director of Schools	497,389	(9,929)	6,402	493,862	542,079	549,713	55,851

(Continued)

Exhibit K-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Office of the Principal	\$ 9,931,642	\$ (2,264)	\$ 64,775	\$ 9,994,153	\$ 9,991,876	\$ 10,212,545	\$ 218,392
Fiscal Services	603,782	(2,796)	1,313	602,299	594,773	610,317	8,018
Operation of Plant	14,569,345	(273,061)	353,848	14,650,132	13,490,754	15,272,775	622,643
Maintenance of Plant	4,129,511	(123,450)	195,691	4,201,752	4,184,370	4,304,919	103,167
Transportation	8,431,348	(18,893)	5,025	8,417,480	8,293,366	8,451,374	33,894
Central and Other	1,847,831	(79,771)	51,520	1,819,580	1,831,058	1,898,819	79,239
<u>Operation of Non-Instructional Services</u>							
Food Service	4,413,358	(49,072)	3,958	4,368,244	4,900,560	4,900,744	532,500
Community Services	494,170	0	3,354	497,524	436,924	514,652	17,128
Early Childhood Education	294,957	0	11,062	306,019	0	312,915	6,896
<u>Capital Outlay</u>							
Regular Capital Outlay	347,010	(340,784)	19,319	25,545	45,000	45,000	19,455
Total Expenditures	\$ 184,441,265	\$ (4,383,932)	\$ 5,720,713	\$ 185,778,046	\$ 184,984,854	\$ 189,914,975	\$ 4,136,929
 Excess (Deficiency) of Revenues Over Expenditures	 \$ 6,417,597	 \$ 4,383,932	 \$ (5,720,713)	 \$ 5,080,816	 \$ (90,000)	 \$ (234,163)	 \$ 5,314,979
 <u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 127,477	\$ 0	\$ 0	\$ 127,477	\$ 105,000	\$ 104,741	\$ 22,736
Transfers Out	(3,845,051)	0	0	(3,845,051)	0	(3,845,051)	0
Total Other Financing Sources (Uses)	\$ (3,717,574)	\$ 0	\$ 0	\$ (3,717,574)	\$ 105,000	\$ (3,740,310)	\$ 22,736
 Net Change in Fund Balance	 \$ 2,700,023	 \$ 4,383,932	 \$ (5,720,713)	 \$ 1,363,242	 \$ 15,000	 \$ (3,974,473)	 \$ 5,337,715
Fund Balance, July 1, 2005	15,633,001	(4,383,932)	0	11,249,069	9,721,693	9,721,693	1,527,376
 Fund Balance, June 30, 2006	 \$ 18,333,024	 \$ 0	 \$ (5,720,713)	 \$ 12,612,311	 \$ 9,736,693	 \$ 5,747,220	 \$ 6,865,091

Exhibit K-8

Rutherford County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Rutherford County School Department
School Federal Projects Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 10,339,740	\$ 0	\$ 0	\$ 10,339,740	\$ 11,220,873	\$ 11,797,680	\$ (1,457,940)
Total Revenues	\$ 10,339,740	\$ 0	\$ 0	\$ 10,339,740	\$ 11,220,873	\$ 11,797,680	\$ (1,457,940)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,860,549	\$ (13,939)	\$ 39,870	\$ 2,886,480	\$ 2,613,322	\$ 3,074,546	\$ 188,066
Special Education Program	2,967,958	(11,107)	29,635	2,986,486	3,393,057	3,442,381	455,895
Vocational Education Program	651,528	(86,895)	33,448	598,081	617,932	610,218	12,137
<u>Support Services</u>							
Health Services	211,136	0	0	211,136	243,559	243,559	32,423
Other Student Support	793,435	(1,869)	1,497	793,063	879,481	904,095	111,032
Regular Instruction Program	1,096,523	(184,751)	267,463	1,179,235	1,453,093	1,462,723	283,488
Special Education Program	1,458,818	0	0	1,458,818	1,675,141	1,677,001	218,183
Vocational Education Program	57,460	(3,215)	704	54,949	48,000	57,626	2,677
Transportation	34,808	0	0	34,808	7,480	40,595	5,787
<u>Operation of Non-Instructional Services</u>							
Food Service	8,133	(6,575)	0	1,558	1,879	2,510	952
Total Expenditures	\$ 10,140,348	\$ (308,351)	\$ 372,617	\$ 10,204,614	\$ 10,932,944	\$ 11,515,254	\$ 1,310,640
Excess (Deficiency) of Revenues Over Expenditures	\$ 199,392	\$ 308,351	\$ (372,617)	\$ 135,126	\$ 287,929	\$ 282,426	\$ (147,300)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (127,477)	\$ 0	\$ 0	\$ (127,477)	\$ (287,929)	\$ (282,426)	\$ 154,949
Total Other Financing Sources (Uses)	\$ (127,477)	\$ 0	\$ 0	\$ (127,477)	\$ (287,929)	\$ (282,426)	\$ 154,949
Net Change in Fund Balance	\$ 71,915	\$ 308,351	\$ (372,617)	\$ 7,649	\$ 0	\$ 0	\$ 7,649
Fund Balance, July 1, 2005	611,631	(308,351)	0	303,280	611,631	611,631	(308,351)
Fund Balance, June 30, 2006	\$ 683,546	\$ 0	\$ (372,617)	\$ 310,929	\$ 611,631	\$ 611,631	\$ (300,702)

Exhibit K-9

Rutherford County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Rutherford County School Department
Education Debt Service Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 68,715	\$ 0	\$ 68,667	\$ 48
Total Revenues	\$ 68,715	\$ 0	\$ 68,667	\$ 48
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 564	\$ 0	\$ 690	\$ 126
<u>Principal on Debt</u>				
Education	300,000	300,000	300,000	0
<u>Interest on Debt</u>				
Education	26,600	26,600	26,600	0
Total Expenditures	\$ 327,164	\$ 326,600	\$ 327,290	\$ 126
Excess (Deficiency) of Revenues Over Expenditures	\$ (258,449)	\$ (326,600)	\$ (258,623)	\$ 174
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 326,600	\$ 326,600	\$ 326,600	\$ 0
Total Other Financing Sources (Uses)	\$ 326,600	\$ 326,600	\$ 326,600	\$ 0
Net Change in Fund Balance	\$ 68,151	\$ 0	\$ 67,977	\$ 174
Fund Balance, July 1, 2005	0	0	0	0
Fund Balance, June 30, 2006	\$ 68,151	\$ 0	\$ 67,977	\$ 174

Exhibit K-10

Rutherford County, Tennessee
Statement of Fiduciary Net Assets
Fiduciary Fund
Discretely Presented Rutherford County School Department
June 30, 2006

Private -
 Purpose
 Trust
 Fund

 Endowment
 Fund

ASSETS

Equity in Pooled Cash and Investments	\$ 28,783
Total Assets	<u>\$ 28,783</u>

NET ASSETS

Held in Trust for Scholarships	<u>\$ 28,783</u>
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Exhibit K-11

Rutherford County, Tennessee
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
Discretely Presented Rutherford County School Department
For the Year Ended June 30, 2006

	Private - Purpose Trust Fund
	Endowment Fund
<u>ADDITIONS</u>	
Investment Income:	
Interest	\$ 863
Total Additions	<u>\$ 863</u>
<u>DEDUCTIONS</u>	
Education:	
Scholarship	\$ 863
Total Deductions	<u>\$ 863</u>
Change in Net Assets	\$ 0
Net Assets, July 1, 2005	<u>28,783</u>
Net Assets, June 30, 2006	<u><u>\$ 28,783</u></u>

MISCELLANEOUS SCHEDULES

Exhibit L-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-05	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-06
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School EPA Asbestos Abatement	\$ 440,079	0 %	Various	5-31-08	\$ 43,534	\$ 0	\$ 24,449	\$ 19,085
School Facilities	28,030,000	5.296149	5-1-1995	5-1-07	15,285,000	0	5,650,000	9,635,000
Land Purchase for Agriculture Facility	2,000,000	6	4-24-01	1-10-08	1,315,000	0	190,000	1,125,000
Total Notes Payable					<u>\$ 16,643,534</u>	<u>\$ 0</u>	<u>\$ 5,864,449</u>	<u>\$ 10,779,085</u>
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Refunding Bonds - School	40,600,000	2.25 to 5.25	2-15-1993	4-1-08	\$ 5,300,000	\$ 0	\$ 3,865,000	\$ 1,435,000
School Facilities	2,600,000	3.6 to 5	3-1-1994	5-1-06	290,000	0	290,000	0
Public Improvement - Jail	22,500,000	4.7 to 6.5	8-1-1996	4-1-06	845,000	0	845,000	0
School Facilities and Closure Costs	35,015,000	4.1 to 5.1	4-9-1998	4-1-08	4,755,000	0	1,520,000	3,235,000
School Facilities	9,900,000	5.2945	12-14-1999	6-30-09	2,900,000	0	500,000	2,400,000
School Facilities	34,000,000	5.5764981	3-8-00	6-30-20	9,600,000	0	600,000	9,000,000
Refunding Bonds	73,585,000	4 to 5	3-22-01	4-1-20	70,050,000	0	1,255,000	68,795,000
School Facilities	30,850,000	4 to 5	3-22-01	4-1-11	8,520,000	0	1,365,000	7,155,000
School Facilities and Public Improvement	30,610,000	4 to 5	10-24-01	4-1-11	10,600,000	0	1,600,000	9,000,000
School Facilities and Public Improvement	23,610,000	4 to 5	6-1-02	5-1-22	20,610,000	0	1,000,000	19,610,000
Various Purpose and Refunding (24.29%)	30,115,000	4.1446	4-1-03	4-1-23	30,115,000	0	0	30,115,000
School Facilities and Public Improvement	24,995,000	2.75 to 4.5	12-10-03	6-1-23	24,995,000	0	0	24,995,000
Refunding Bonds	42,400,000	3 to 5	11-1-04	4-1-21	42,400,000	0	0	42,400,000
School Facilities and Public Improvement	53,500,000	2.5 to 5	12-1-04	4-1-30	53,500,000	0	1,300,000	52,200,000
Refunding Bonds - School	17,765,000	3.5 to 5	2-1-05	4-1-21	17,765,000	0	0	17,765,000
General Obligation Bonds	64,220,000	4.375 to 5	6-1-06	6-1-26	0	64,220,000	0	64,220,000
Total Bonds Payable					<u>\$ 302,245,000</u>	<u>\$ 64,220,000</u>	<u>\$ 14,140,000</u>	<u>\$ 352,325,000</u>
<u>DISCRETELY PRESENTED RUTHERFORD COUNTY SCHOOL DEPARTMENT</u>								
<u>BONDS PAYABLE</u>								
<u>Payable through Education Debt Service Fund</u>								
School Facilities and Improvement	4,035,000	3.7 to 4	12-1-05	12-1-13	\$ 0	\$ 4,035,000	\$ 300,000	\$ 3,735,000
Total Bonds Payable					<u>\$ 0</u>	<u>\$ 4,035,000</u>	<u>\$ 300,000</u>	<u>\$ 3,735,000</u>

Exhibit L-2

Rutherford County, Tennessee

Schedule of Principal and Interest Requirements by Year

Year Ending June 30	Principal Requirements			Percent Principal Retired	Interest Requirements			Total Debt Service Requirements
	Bonds	Notes	Total		Bonds	Notes	Total	
2007	\$ 15,155,000	\$ 9,854,085	\$ 25,009,085		\$ 16,350,650	\$ 693,776	\$ 17,044,426	\$ 42,053,511
2008	24,080,000	925,000	25,005,000		15,684,192	55,500	15,739,692	40,744,692
2009	21,730,000	0	21,730,000		14,628,042	0	14,628,042	36,358,042
2010	19,515,000	0	19,515,000		13,739,541	0	13,739,541	33,254,541
2011	19,770,000	0	19,770,000	30%	12,927,842	0	12,927,842	32,697,842
2012	21,795,000	0	21,795,000		12,031,741	0	12,031,741	33,826,741
2013	22,630,000	0	22,630,000		11,009,967	0	11,009,967	33,639,967
2014	22,100,000	0	22,100,000		9,923,765	0	9,923,765	32,023,765
2015	22,960,000	0	22,960,000		8,852,516	0	8,852,516	31,812,516
2016	20,425,000	0	20,425,000	60%	7,756,735	0	7,756,735	28,181,735
2017	18,350,000	0	18,350,000		6,781,761	0	6,781,761	25,131,761
2018	19,380,000	0	19,380,000		5,930,237	0	5,930,237	25,310,237
2019	17,380,000	0	17,380,000		5,004,513	0	5,004,513	22,384,513
2020	16,255,000	0	16,255,000		4,218,969	0	4,218,969	20,473,969
2021	15,900,000	0	15,900,000	84%	3,459,693	0	3,459,693	19,359,693
2022	12,440,000	0	12,440,000		2,746,244	0	2,746,244	15,186,244
2023	11,355,000	0	11,355,000		2,146,868	0	2,146,868	13,501,868
2024	7,015,000	0	7,015,000		1,601,344	0	1,601,344	8,616,344
2025	7,335,000	0	7,335,000		1,263,593	0	1,263,593	8,598,593
2026	7,690,000	0	7,690,000	97%	942,688	0	942,688	8,632,688
2027	3,000,000	0	3,000,000		576,000	0	576,000	3,576,000
2028	3,100,000	0	3,100,000		441,000	0	441,000	3,541,000
2029	3,250,000	0	3,250,000		301,500	0	301,500	3,551,500
2030	3,450,000	0	3,450,000	100%	155,250	0	155,250	3,605,250
Total	\$ 356,060,000	\$ 10,779,085	\$ 366,839,085		\$ 158,474,651	\$ 749,276	\$ 159,223,927	\$ 526,063,012

Exhibit L-3

Rutherford County, Tennessee
Schedule of Investments
June 30, 2006

<u>Fund and Type</u>	<u>Date of Purchase</u>	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
<u>General Capital Projects Fund</u>				
State Treasurer's Investment Pool	various	none	varies	\$ 2,770,925
<u>Constitutional Officers - Agency Fund</u>				
<u>Clerk and Master</u>				
State Treasurer's Investment Pool	various	none	varies	<u>650,099</u>
Total Investments				<u>\$ 3,421,024</u>

Exhibit L-4

Rutherford County, Tennessee
Schedule of Notes Receivable
Primary Government and Discretely Presented Rutherford County School Department
June 30, 2006

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rates	Balance
<u>Primary Government</u>						
Industrial/Economic Development Fund:						
Former Rental Property	Wherry Housing	\$ 1,279,297	1-10-1994	3-9-19	0 %	\$ 1,000,138
Construction/Renovations	Smyrna/Rutherford County Airport	639,724	9-17-1999	11-17-10	6	<u>304,672</u>
Total						<u>\$ 1,304,810</u>
<u>Discretely Presented Rutherford County School Department</u>						
Advance (Long-term loan):						
General Purpose School Fund	Other Capital Projects Fund	2,200,000	5-21-04	6-30-07	0	<u>\$ 1,080,000</u>
Total						<u>\$ 1,080,000</u>

Exhibit L-5

Rutherford County, Tennessee

Schedule of Transfers

Primary Government and Discretely Presented Rutherford County School Department
For the Year Ended June 30, 2006

To Fund	From Fund	Purpose	Amount
<u>Primary Government</u>			
General Capital Projects	General	Provide funds for various projects	\$ 199,287
General Debt Service	Adequate Facilities/Development Tax	Transfer one-half development tax	3,348,375
General	Adequate Facilities/Development Tax	Reimburse equipment purchases	1,711,084
General Capital Projects	Adequate Facilities/Development Tax	Reimburse various capital expenditures	1,697,325
Adequate Facilities/Development Tax	General Capital Projects	Close construction project	12,329
General	Worker's Compensation	Provide funds for salaries	119,609
General	Employee Insurance - Health	Provide funds for salaries	119,609
Highway/Public Works	Public Works	Close fund	441,456
General	Public Works	Close fund	170,000
Total Transfers Primary Government			<u>\$ 7,819,074</u>
<u>Discretely Presented Rutherford County School Department</u>			
Other Capital Projects	General Purpose School	Provide funds for school projects	\$ 3,518,451
Education Debt Service	General Purpose School	Provide funds for debt retirement	326,600
General Purpose School	School Federal Projects	Indirect costs	127,477
Total Transfers Discretely Presented Rutherford County School Department			<u>\$ 3,972,528</u>

Exhibit L-6

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 88,989	\$ 60,000	Ohio Casualty Insurance Company
Highway Superintendent	Section 8-24-102, <u>TCA</u>	84,752	100,000	"
Director of Schools	State Board of Education and Local Board of Education	118,886 (1)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	77,048	3,276,400	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	77,048	10,000	"
Director of Finance	County Commission	84,530 (2)	100,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	77,048	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u> and County Commission	84,752	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , Chancery Court Judge and County Commission	96,011 (3)	50,000	"
Register	Section 8-24-102, <u>TCA</u>	77,066	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	85,271 (4)	25,000	"
<u>Other Bonds</u>				
County Engineer			2,000	"
Coroner			2,500	"
Employee Blanket Bond			100,000	The Hartford Insurance Company

- (1) Includes \$1,000 career ladder payment. Does not include \$400 per month vehicle allowance.
(2) Includes longevity pay of \$225.
(3) Includes special commissioner fees of \$18,663 and longevity pay of \$300.
(4) Includes law enforcement training supplement of \$519.

Exhibit L-7

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Adequate Facilities/ Development Tax
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 21,436,690	\$ 1,079,401	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	380,520	19,160	0	0	0
Circuit/Clerk & Master Collections - Prior Years	220,280	11,092	0	0	0
Interest and Penalty	81,899	4,073	0	0	0
Pick-up Taxes	116,168	5,849	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	3,217	162	0	0	0
Payments in-Lieu-of Taxes - Other	5,173,782	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	314,072	942,216	0	0	0
Hotel/Motel Tax	748,129	0	0	0	0
Wheel Tax	2,583,512	0	0	0	0
Litigation Tax - General	125,903	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	239,985	0	0	0	0
Business Tax	501,945	25,274	0	0	0
Mineral Severance Tax	0	0	0	0	0
Adequate Facilities/Development Tax	0	0	0	0	6,696,750
<u>Statutory Local Taxes</u>					
Bank Excise Tax	371,603	0	0	0	0
Wholesale Beer Tax	701,394	0	0	0	0
Interstate Telecommunications Tax	7,854	0	0	0	0
Other Statutory Local Taxes	0	0	0	22,266	0
Total Local Taxes	\$ 33,006,953	\$ 2,087,227	\$ 0	\$ 22,266	\$ 6,696,750
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Registration	\$ 87,037	\$ 0	\$ 0	\$ 0	\$ 0
Animal Vaccination	26,373	0	0	0	0
Cable TV Franchise	511,391	0	0	0	0
<u>Permits</u>					
Building Permits	893,315	0	0	0	0
Plumbing Permits	88,600	0	0	0	0
Food Handling Permits	1,800	0	0	0	0

(Continued)

Exhibit L-7

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Adequate Facilities/ Development Tax
<u>Licenses and Permits (Cont.)</u>					
<u>Permits (Cont.)</u>					
Other Permits	\$ 431,665	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 2,040,181	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 82,113	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	407,145	0	0	0	0
Drug Control Fines	0	0	0	106,581	0
Drug Court Fees	6,715	0	0	0	0
Jail Fees	371,737	0	0	0	0
District Attorney General Fees	0	0	0	0	0
Data Entry Fee - Circuit Court	3,226	0	0	0	0
Courtroom Security Fee	30	0	0	0	0
<u>Criminal Court</u>					
Drug Court Fees	294	0	0	0	0
DUI Treatment Fines	9,937	0	0	0	0
Data Entry Fee - Criminal Court	2,686	0	0	0	0
Courtroom Security Fee	111	0	0	0	0
<u>General Sessions Court</u>					
Fines	473,552	0	0	0	0
Game and Fish Fines	780	0	0	0	0
Drug Control Fines	0	0	0	187,971	0
Drug Court Fees	42,344	0	0	0	0
DUI Treatment Fines	54,226	0	0	0	0
Data Entry Fee - General Sessions Court	41,868	0	0	0	0
Courtroom Security Fee	564	0	0	0	0
<u>Juvenile Court</u>					
Fines	7,135	0	0	0	0
Drug Court Fees	7,618	0	0	0	0
Jail Fees	351,146	0	0	0	0
Data Entry Fee - Juvenile Court	5,318	0	0	0	0
Courtroom Security Fee	628	0	0	0	0

(Continued)

Exhibit L-7

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Adequate Facilities/ Development Tax
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Chancery Court</u>					
Data Entry Fee - Chancery Court	\$ 6,661	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Courts - In-county</u>					
Fines	144,052	0	0	0	0
Drug Court Fees	1,890	0	0	0	0
District Attorney General Fees	0	0	0	0	0
<u>Courts in Other District Counties</u>					
District Attorney General Fees	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	615,404	0
Total Fines, Forfeitures, and Penalties	\$ 2,021,776	\$ 0	\$ 0	\$ 909,956	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	\$ 0	\$ 291,285	\$ 0	\$ 0	\$ 0
Surcharge - Host Agency	0	1,107,253	0	0	0
Patient Charges	4,250,557	0	0	0	0
Past Due Collections - Ambulance	23,100	0	0	0	0
Zoning Studies	43,350	0	0	0	0
Work Release Charges for Board	1,340	0	0	0	0
Other General Service Charges	1,000	0	0	0	0
<u>Fees</u>					
Subdivision Lot Fees	167,346	0	0	0	0
Recreation Fees	5,357	0	0	0	0
Telephone Commissions	219,804	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0
Data Processing Fee - Register	142,877	0	0	0	0
Probation Fees	10,274	0	0	0	0
Data Processing Fee - Sheriff	22,063	0	0	0	0
Sexual Offender Registration Fees - Sheriff	4,220	0	0	0	0
<u>Education Charges</u>					
Contract for Administrative Services with Other LEAs	92,384	0	0	0	0

(Continued)

Exhibit L-7

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Adequate Facilities/ Development Tax
<u>Charges for Current Services (Cont.)</u>					
<u>Other Charges for Services</u>					
Other Charges for Services	\$ 6,170	\$ 0	\$ 0	\$ 0	\$ 0
Total Charges for Current Services	\$ 4,989,842	\$ 1,398,538	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 2,445,338	\$ 0	\$ 118,387	\$ 47,784	\$ 278,509
Lease/Rentals	165,076	0	0	0	0
Sale of Materials and Supplies	14,522	0	0	0	0
Commissary Sales	130,595	0	0	0	0
Sale of Maps	12,665	0	0	0	0
Sale of Recycled Materials	81	71,860	0	0	0
Sale of Animals/Livestock	156,874	0	0	0	0
Miscellaneous Refunds	22,515	2,080	0	0	0
<u>Nonrecurring Items</u>					
Accrued Interest on Debt Issues	0	0	0	0	0
Sale of Equipment	0	0	0	0	0
Sale of Property	0	0	37,164	0	0
Contributions & Gifts	47,138	0	0	0	0
Performance Bond Forfeitures	93,836	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	100	0	0	0	0
Total Other Local Revenues	\$ 3,088,740	\$ 73,940	\$ 155,551	\$ 47,784	\$ 278,509
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
County Clerk	\$ 900,000	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	882,856	0	0	0	0
Register	1,572,436	0	0	0	0
Trustee	3,204,940	0	0	0	0
<u>Fees-In-Lieu of Salary</u>					
Clerk and Master	540,949	0	0	0	0

(Continued)

Exhibit L-7

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Adequate Facilities/ Development Tax
<u>Fees Received from County Officials (Cont.)</u>					
<u>Fees-In-Lieu of Salary (Cont.)</u>					
Sheriff	\$ 45,594	\$ 0	\$ 0	\$ 0	\$ 0
Total Fees Received from County Officials	\$ 7,146,775	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	51,107	0	0	0	0
Solid Waste Grants	0	13,644	0	0	0
Other General Government Grants	20,042	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	79,461	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	1,295,699	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	0
Litter Program	0	91,614	0	0	0
<u>Other State Revenues</u>					
Flood Control	0	0	0	0	0
Income Tax	215,575	0	0	0	0
Beer Tax	17,212	0	0	0	0
Alcoholic Beverage Tax	169,519	0	0	0	0
Mixed Drink Tax	7,165	0	0	0	0
Contracted Prisoner Boarding	4,308,673	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0
Other State Grants	109,444	0	0	0	0
Other State Revenues	636,546	159,786	0	0	0
Total State of Tennessee	\$ 6,935,823	\$ 265,044	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit L-7

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Adequate Facilities/ Development Tax
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 30,948	\$ 0	\$ 0	\$ 0	\$ 0
Breakfast	17,347	0	0	0	0
Community Development	44	0	0	0	0
Homeland Security Grants	963,246	0	0	0	0
Law Enforcement Grants	38,420	0	0	0	0
Other Federal through State	45,491	0	0	0	0
<u>Direct Federal Revenue</u>					
Police Service (Lake Area)	31,350	0	0	0	0
Asset Forfeiture Funds	17,281	0	0	3,600	0
Public Safety Partnership and Community Policing - COPS	349,082	0	0	0	0
Other Direct Federal Revenue	128,983	0	0	0	0
Total Federal Government	\$ 1,622,192	\$ 0	\$ 0	\$ 3,600	\$ 0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 29,389	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	56,500	0	0	0	0
Contracted Services	331,679	0	0	0	0
<u>Citizens Groups</u>					
Donations	0	0	0	0	0
<u>Other</u>					
Other	206,319	0	0	0	0
Total Other Governments and Citizens Groups	\$ 623,887	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 61,476,169	\$ 3,824,749	\$ 155,551	\$ 983,606	\$ 6,975,259

(Continued)

Exhibit L-7

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Total
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	\$ 0	\$ 544,744	\$ 25,935,872	\$ 0	\$ 48,996,707
Trustee's Collections - Prior Year	0	0	9,670	460,384	0	869,734
Circuit/Clerk & Master Collections - Prior Years	0	0	5,598	266,513	0	503,483
Interest and Penalty	0	0	2,055	99,088	0	187,115
Pick-up Taxes	0	0	2,952	140,550	0	265,519
Payments in-Lieu-of Taxes - T.V.A.	0	0	82	3,893	0	7,354
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	5,173,782
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	314,072	2,675,687	0	4,246,047
Hotel/Motel Tax	0	0	0	0	0	748,129
Wheel Tax	0	0	2,583,512	0	0	5,167,024
Litigation Tax - General	0	0	0	599,078	0	724,981
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	239,985
Business Tax	0	0	12,755	607,295	0	1,147,269
Mineral Severance Tax	0	0	524,037	0	0	524,037
Adequate Facilities/Development Tax	0	0	0	0	0	6,696,750
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	0	371,603
Wholesale Beer Tax	0	0	0	0	0	701,394
Interstate Telecommunications Tax	0	0	0	0	0	7,854
Other Statutory Local Taxes	0	0	0	0	0	22,266
Total Local Taxes	\$ 0	\$ 0	\$ 3,999,477	\$ 30,788,360	\$ 0	\$ 76,601,033
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 87,037
Animal Vaccination	0	0	0	0	0	26,373
Cable TV Franchise	0	0	0	0	0	511,391
<u>Permits</u>						
Building Permits	0	0	0	0	0	893,315
Plumbing Permits	0	0	0	0	0	88,600
Food Handling Permits	0	0	0	0	0	1,800

Exhibit L-7

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Total
<u>Licenses and Permits (Cont.)</u>						
<u>Permits (Cont.)</u>						
Other Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 431,665
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,040,181
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 82,113
Officers Costs	0	0	0	0	0	407,145
Drug Control Fines	0	0	0	0	0	106,581
Drug Court Fees	0	0	0	0	0	6,715
Jail Fees	0	0	0	0	0	371,737
District Attorney General Fees	39,614	0	0	0	0	39,614
Data Entry Fee - Circuit Court	0	0	0	0	0	3,226
Courtroom Security Fee	0	0	0	0	0	30
<u>Criminal Court</u>						
Drug Court Fees	0	0	0	0	0	294
DUI Treatment Fines	0	0	0	0	0	9,937
Data Entry Fee - Criminal Court	0	0	0	0	0	2,686
Courtroom Security Fee	0	0	0	0	0	111
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	473,552
Game and Fish Fines	0	0	0	0	0	780
Drug Control Fines	0	0	0	0	0	187,971
Drug Court Fees	0	0	0	0	0	42,344
DUI Treatment Fines	0	0	0	0	0	54,226
Data Entry Fee - General Sessions Court	0	0	0	0	0	41,868
Courtroom Security Fee	0	0	0	0	0	564
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	7,135
Drug Court Fees	0	0	0	0	0	7,618
Jail Fees	0	0	0	0	0	351,146
Data Entry Fee - Juvenile Court	0	0	0	0	0	5,318
Courtroom Security Fee	0	0	0	0	0	628

Exhibit L-7

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Chancery Court</u>						
Data Entry Fee - Chancery Court	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,661
<u>Other Courts - In-county</u>						
Fines	0	0	0	0	0	144,052
Drug Court Fees	0	0	0	0	0	1,890
District Attorney General Fees	5,890	0	0	0	0	5,890
<u>Courts in Other District Counties</u>						
District Attorney General Fees	1,220	0	0	0	0	1,220
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	615,404
Total Fines, Forfeitures, and Penalties	\$ 46,724	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,978,456
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 291,285
Surcharge - Host Agency	0	0	0	0	0	1,107,253
Patient Charges	0	0	0	0	0	4,250,557
Past Due Collections - Ambulance	0	0	0	0	0	23,100
Zoning Studies	0	0	0	0	0	43,350
Work Release Charges for Board	0	0	0	0	0	1,340
Other General Service Charges	0	0	0	0	0	1,000
<u>Fees</u>						
Subdivision Lot Fees	0	0	0	0	0	167,346
Recreation Fees	0	0	0	0	0	5,357
Telephone Commissions	0	0	0	0	0	219,804
Constitutional Officers' Fees and Commissions	0	3,941,835	0	0	0	3,941,835
Special Commissioner Fees/Special Master Fees	0	18,663	0	0	0	18,663
Data Processing Fee - Register	0	0	0	0	0	142,877
Probation Fees	0	0	0	0	0	10,274
Data Processing Fee - Sheriff	0	0	0	0	0	22,063
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	4,220
<u>Education Charges</u>						
Contract for Administrative Services with Other LEAs	0	0	0	0	0	92,384

Exhibit L-7

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Total
<u>Charges for Current Services (Cont.)</u>						
<u>Other Charges for Services</u>						
Other Charges for Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,170
Total Charges for Current Services	\$ 0	\$ 3,960,498	\$ 0	\$ 0	\$ 0	\$ 10,348,878
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 222,148	\$ 1,965,148	\$ 37,001	\$ 5,114,315
Lease/Rentals	0	0	0	116,250	0	281,326
Sale of Materials and Supplies	0	0	72,898	0	0	87,420
Commissary Sales	0	0	0	0	0	130,595
Sale of Maps	0	0	0	0	0	12,665
Sale of Recycled Materials	0	0	0	0	0	71,941
Sale of Animals/Livestock	0	0	0	0	0	156,874
Miscellaneous Refunds	0	0	0	0	0	24,595
<u>Nonrecurring Items</u>						
Accrued Interest on Debt Issues	0	0	0	244,301	0	244,301
Sale of Equipment	0	0	120,686	0	0	143,756
Sale of Property	0	0	0	0	0	37,164
Contributions & Gifts	0	0	0	0	0	24,068
Performance Bond Forfeitures	0	0	0	0	0	93,836
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	0	0	100
Total Other Local Revenues	\$ 0	\$ 0	\$ 415,732	\$ 2,325,699	\$ 37,001	\$ 6,422,956
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 900,000
Circuit Court Clerk	0	0	0	0	0	882,856
Register	0	0	0	0	0	1,572,436
Trustee	0	0	0	0	0	3,204,940
<u>Fees-In-Lieu of Salary</u>						
Clerk and Master	0	0	0	0	0	540,949

(Continued)

Exhibit L-7

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Total
<u>Fees Received from County Officials (Cont.)</u>						
<u>Fees-In-Lieu of Salary (Cont.)</u>						
Sheriff	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 45,594
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,146,775
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
State Reappraisal Grant	0	0	0	0	0	51,107
Solid Waste Grants	0	0	0	0	0	13,644
Other General Government Grants	0	0	0	0	0	20,042
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	79,461
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	1,295,699
<u>Public Works Grants</u>						
State Aid Program	0	0	30,283	0	0	30,283
Litter Program	0	0	0	0	0	91,614
<u>Other State Revenues</u>						
Flood Control	0	0	10,144	0	0	10,144
Income Tax	0	0	0	0	0	215,575
Beer Tax	0	0	0	0	0	17,212
Alcoholic Beverage Tax	0	0	0	0	0	169,519
Mixed Drink Tax	0	0	0	0	0	7,165
Contracted Prisoner Boarding	0	0	0	0	0	4,308,673
Gasoline and Motor Fuel Tax	0	0	3,143,397	0	0	3,143,397
Petroleum Special Tax	0	0	146,425	0	0	146,425
Registrar's Salary Supplement	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	4,900	114,344
Other State Revenues	0	0	0	0	159,605	955,937
Total State of Tennessee	\$ 0	\$ 0	\$ 3,330,249	\$ 0	\$ 164,505	\$ 10,695,621

Exhibit L-7

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Total
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,948
Breakfast	0	0	0	0	0	17,347
Community Development	0	0	0	0	0	44
Homeland Security Grants	0	0	0	0	0	963,246
Law Enforcement Grants	0	0	0	0	0	38,420
Other Federal through State	0	0	11,704	0	1,500,560	1,557,755
<u>Direct Federal Revenue</u>						
Police Service (Lake Area)	0	0	0	0	0	31,350
Asset Forfeiture Funds	0	0	0	0	0	20,881
Public Safety Partnership and Community Policing - COPS	0	0	0	0	0	349,082
Other Direct Federal Revenue	0	0	0	0	0	128,983
Total Federal Government	\$ 0	\$ 0	\$ 11,704	\$ 0	\$ 1,500,560	\$ 3,138,056
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,389
Contributions	0	0	0	0	0	56,500
Contracted Services	0	0	0	0	0	331,679
<u>Citizens Groups</u>						
Donations	0	0	0	0	380,302	380,302
<u>Other</u>						
Other	0	0	0	0	0	206,319
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 380,302	\$ 1,004,189
Total	\$ 46,724	\$ 3,960,498	\$ 7,757,162	\$ 33,114,059	\$ 2,082,368	\$ 120,376,145

Exhibit L-8

Rutherford County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Rutherford County School Department
For the Year Ended June 30, 2006

	General Purpose School	School Federal Projects	Education Debt Service	Other Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 43,670,320	\$ 0	\$ 0	\$ 0	\$ 43,670,320
Trustee's Collections - Prior Year	775,051	0	0	0	775,051
Circuit/Clerk & Master Collections - Prior Years	448,686	0	0	0	448,686
Interest and Penalty	166,533	0	0	0	166,533
Pick-up Taxes	311,402	0	0	0	311,402
Payments in-Lieu-of Taxes - T.V.A.	7,787	0	0	0	7,787
Payments in-Lieu-of Taxes - Local Utilities	566,051	0	0	0	566,051
<u>County Local Option Taxes</u>					
Local Option Sales Tax	32,451,672	0	0	0	32,451,672
Wheel Tax	2,899,522	0	0	0	2,899,522
Business Tax	1,022,494	0	0	0	1,022,494
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	26,457	0	0	0	26,457
Total Local Taxes	\$ 82,345,975	\$ 0	\$ 0	\$ 0	\$ 82,345,975
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 15,369	\$ 0	\$ 0	\$ 0	\$ 15,369
Total Licenses and Permits	\$ 15,369	\$ 0	\$ 0	\$ 0	\$ 15,369
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Summer School	\$ 128,480	\$ 0	\$ 0	\$ 0	\$ 128,480
Tuition - Other	44,850	0	0	0	44,850
Contract for Administrative Services with Other LEAs	12,425	0	0	0	12,425
Total Charges for Current Services	\$ 185,755	\$ 0	\$ 0	\$ 0	\$ 185,755
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 1,110,742	\$ 0	\$ 59,848	\$ 0	\$ 1,170,590
Sale of Materials and Supplies	24,440	0	0	0	24,440
Miscellaneous Refunds	429,737	0	0	0	429,737
<u>Nonrecurring Items</u>					
Accrued Interest on Debt Issues	0	0	8,867	0	8,867
Sale of Equipment	6,805	0	0	0	6,805
Contributions & Gifts	275,803	0	0	0	275,803
<u>Other Local Revenues</u>					
Other Local Revenues	7,730	0	0	0	7,730
Total Other Local Revenues	\$ 1,855,257	\$ 0	\$ 68,715	\$ 0	\$ 1,923,972
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 97,349,740	\$ 0	\$ 0	\$ 0	\$ 97,349,740
Early Childhood Education	306,105	0	0	0	306,105
School Food Service	141,094	0	0	0	141,094
Driver Education	128,615	0	0	0	128,615
Other State Education Funds	351,760	0	0	0	351,760

(Continued)

Exhibit L-8

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

	General Purpose School	School Federal Projects	Education Debt Service	Other Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Career Ladder Program	\$ 1,355,034	\$ 0	\$ 0	\$ 0	\$ 1,355,034
Career Ladder - Extended Contract	363,085	0	0	0	363,085
<u>Other State Revenues</u>					
Mixed Drink Tax	181,000	0	0	0	181,000
State Revenue Sharing - T.V.A.	1,142,763	0	0	0	1,142,763
Total State of Tennessee	\$ 101,319,196	\$ 0	\$ 0	\$ 0	\$ 101,319,196
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 3,287,856	\$ 0	\$ 0	\$ 0	\$ 3,287,856
Breakfast	733,069	0	0	0	733,069
USDA - Other	93,839	0	0	0	93,839
Vocational Education - Basic Grants to States	0	640,503	0	0	640,503
Title I Grants to Local Education Agencies	0	2,316,218	0	0	2,316,218
Innovative Education Program Strategies	0	68,139	0	0	68,139
Special Education - Grants to States	310,167	5,536,822	0	0	5,846,989
Special Education Preschool Grants	0	88,164	0	0	88,164
Eisenhower Professional Development State Grants	0	794,515	0	0	794,515
Other Federal through State	278,672	895,379	0	0	1,174,051
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	433,707	0	0	0	433,707
Total Federal Government	\$ 5,137,310	\$ 10,339,740	\$ 0	\$ 0	\$ 15,477,050
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 46,255,271	\$ 46,255,271
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 46,255,271	\$ 46,255,271
Total	\$ 190,858,862	\$ 10,339,740	\$ 68,715	\$ 46,255,271	\$ 247,522,588

Exhibit L-9

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

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	104,250	
Other Per Diem & Fees		74,400	
Social Security		11,076	
Employer Medicare		2,591	
Total County Commission			\$ 192,317

Board of Equalization

Board and Committee Members Fees	\$	9,289	
Social Security		564	
Employer Medicare		132	
Legal Notices, Recording, and Court Costs		532	
Total Board of Equalization			10,517

County Mayor/Executive

County Official/Administrative Officer	\$	88,989	
Secretary(ies)		124,564	
Longevity Pay		1,500	
Social Security		12,740	
State Retirement		24,925	
Employee and Dependent Insurance		24,151	
Employer Medicare		2,980	
Communication		1,154	
Dues and Memberships		150	
Legal Notices, Recording, and Court Costs		10,456	
Maintenance Agreements		1,657	
Maintenance & Repair Services - Office Equipment		2,435	
Postal Charges		3,971	
Travel		273	
Duplicating Supplies		1,363	
Office Supplies		3,699	
Data Processing Equipment		1,587	
Total County Mayor/Executive			306,594

Personnel Office

County Official/Administrative Officer	\$	65,104	
Assistant(s)		32,159	
Longevity Pay		200	
In-Service Training		828	
Social Security		5,797	
State Retirement		11,296	

(Continued)

Exhibit L-9

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

General Fund (Cont.)General Government (Cont.)Personnel Office (Cont.)

Employee and Dependent Insurance	\$	12,780	
Employer Medicare		1,356	
Communication		1,313	
Dues and Memberships		450	
Postal Charges		296	
Travel		212	
Office Supplies		2,072	
Data Processing Equipment		2,586	
Total Personnel Office			\$ 136,449

County Attorney

County Official/Administrative Officer	\$	102,285	
Secretary(ies)		73,412	
Longevity Pay		1,075	
Overtime Pay		993	
Social Security		10,259	
State Retirement		20,603	
Employee and Dependent Insurance		24,094	
Employer Medicare		2,496	
Communication		1,197	
Dues and Memberships		2,500	
Maintenance & Repair Services - Equipment		370	
Postal Charges		131	
Travel		1,976	
Office Supplies		1,400	
Data Processing Equipment		1,570	
Office Equipment		3,719	
Total County Attorney			248,080

Election Commission

County Official/Administrative Officer	\$	69,343	
Part-time Personnel		16,286	
Longevity Pay		1,200	
Overtime Pay		924	
Other Salaries & Wages		169,739	
Election Commission		10,244	
Election Workers		80,775	
In-Service Training		1,273	
Social Security		18,625	
State Retirement		27,956	

(Continued)

Exhibit L-9

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

General Fund (Cont.)General Government (Cont.)Election Commission (Cont.)

Employee and Dependent Insurance	\$	25,863	
Employer Medicare		4,356	
Communication		11,425	
Data Processing Services		1,160	
Dues and Memberships		1,049	
Legal Notices, Recording, and Court Costs		7,204	
Maintenance Agreements		8,326	
Maintenance & Repair Services - Office Equipment		411	
Postal Charges		16,710	
Printing, Stationery, and Forms		6,131	
Rentals		1,417	
Travel		4,074	
Data Processing Supplies		1,968	
Office Supplies		9,616	
Data Processing Equipment		11,118	
Office Equipment		9,812	
Total Election Commission			\$ 517,005

Register of Deeds

In-Service Training	\$	300	
Communication		1,201	
Data Processing Services		33,295	
Operating Lease Payments		2,937	
Maintenance Agreements		4,123	
Postal Charges		14,847	
Travel		39	
Other Contracted Services		20,016	
Data Processing Supplies		6,058	
Office Supplies		6,197	
Other Supplies and Materials		2,004	
Data Processing Equipment		20,887	
Office Equipment		12,143	
Total Register of Deeds			124,047

Planning

County Official/Administrative Officer	\$	74,789	
Assistant(s)		145,470	
Supervisor/Director		67,033	
Secretary(ies)		62,034	
Part-time Personnel		27,865	

(Continued)

Exhibit L-9

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

General Fund (Cont.)General Government (Cont.)Planning (Cont.)

Longevity Pay	\$	1,325	
Board and Committee Members Fees		27,800	
In-Service Training		6,374	
Social Security		24,469	
State Retirement		40,641	
Employee and Dependent Insurance		43,910	
Employer Medicare		5,722	
Communication		3,455	
Dues and Memberships		1,738	
Legal Notices, Recording, and Court Costs		5,441	
Maintenance Agreements		5,183	
Maintenance & Repair Services - Office Equipment		896	
Maintenance & Repair Services - Vehicles		737	
Postal Charges		3,534	
Printing, Stationery, and Forms		922	
Data Processing Supplies		8,810	
Gasoline		3,426	
Office Supplies		12,606	
Periodicals		842	
Other Supplies and Materials		2,713	
Data Processing Equipment		2,000	
Motor Vehicles		16,000	
Total Planning			\$ 595,735

Codes Compliance

Secretary(ies)	\$	28,992	
Longevity Pay		400	
Social Security		1,676	
State Retirement		3,406	
Employee and Dependent Insurance		9,259	
Employer Medicare		392	
Communication		1,871	
Total Codes Compliance			45,996

Geographical Information Systems

Data Processing Personnel	\$	119,093	
Part-time Personnel		13,454	
Longevity Pay		300	
Overtime Pay		1,591	
Social Security		8,046	

(Continued)

Exhibit L-9

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

General Fund (Cont.)General Government (Cont.)Geographical Information Systems (Cont.)

State Retirement	\$	14,022	
Employee and Dependent Insurance		19,217	
Employer Medicare		1,882	
Data Processing Services		10,275	
Dues and Memberships		375	
Maintenance Agreements		25,355	
Postal Charges		14	
Travel		4,521	
Data Processing Supplies		24,748	
Data Processing Equipment		52,747	
Other Capital Outlay		502,781	
Total Geographical Information Systems			\$ 798,421

County Buildings

Supervisor/Director	\$	57,244	
Clerical Personnel		20,962	
Custodial Personnel		72,317	
Maintenance Personnel		76,696	
Part-time Personnel		92,784	
Longevity Pay		1,100	
Overtime Pay		4,996	
Social Security		19,609	
State Retirement		27,033	
Employee and Dependent Insurance		52,332	
Employer Medicare		4,586	
Communication		35,860	
Maintenance & Repair Services - Buildings		38,651	
Travel		1,642	
Other Contracted Services		51,139	
Custodial Supplies		19,056	
Gasoline		6,712	
Utilities		302,876	
Other Supplies and Materials		45,905	
Building Improvements		197,441	
Data Processing Equipment		1,734	
Maintenance Equipment		5,870	
Total County Buildings			1,136,545

Other General Administration

Supervisor/Director	\$	64,724	
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(Continued)

Exhibit L-9

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

General Fund (Cont.)General Government (Cont.)Other General Administration (Cont.)

Teachers	\$	89,466	
Salary Supplements		4,500	
Longevity Pay		925	
Social Security		9,572	
State Retirement		18,499	
Employee and Dependent Insurance		16,698	
Employer Medicare		2,238	
Communication		392	
Maintenance Agreements		150	
Travel		416	
Riprap		2,067	
Other Supplies and Materials		1,736	
Data Processing Equipment		3,209	
Office Equipment		5,123	
Total Other General Administration			\$ 219,715

Preservation of Records

Other Salaries & Wages	\$	3,679	
Social Security		228	
Employer Medicare		53	
Communication		197	
Dues and Memberships		480	
Maintenance Agreements		264	
Postal Charges		241	
Library Books/Media		193	
Office Supplies		6,035	
Other Supplies and Materials		277	
Other Charges		763	
Office Equipment		1,146	
Total Preservation of Records			13,556

Risk Management

Supervisor/Director	\$	55,308	
Clerical Personnel		66,452	
Longevity Pay		325	
Other Salaries & Wages		42,876	
Social Security		9,887	
State Retirement		19,119	
Employee and Dependent Insurance		28,885	
Employer Medicare		2,312	

(Continued)

Exhibit L-9

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

General Fund (Cont.)General Government (Cont.)Risk Management (Cont.)

Communication	\$	62	
Maintenance Agreements		1,255	
Postal Charges		971	
Travel		1,466	
Gasoline		88	
Office Supplies		4,250	
Data Processing Equipment		4,566	
Total Risk Management			\$ 237,822

FinanceAccounting and Budgeting

County Official/Administrative Officer	\$	84,305	
Accountants/Bookkeepers		355,110	
Salary Supplements		7,200	
Clerical Personnel		22,510	
Part-time Personnel		6,091	
Longevity Pay		3,750	
Overtime Pay		1,225	
Other Salaries & Wages		56,450	
Social Security		31,724	
State Retirement		61,498	
Employee and Dependent Insurance		76,786	
Employer Medicare		7,419	
Communication		1,647	
Dues and Memberships		2,240	
Maintenance Agreements		4,020	
Maintenance & Repair Services - Equipment		1,537	
Postal Charges		8,569	
Travel		4,496	
Office Supplies		24,374	
Other Supplies and Materials		298	
Data Processing Equipment		8,335	
Total Accounting and Budgeting			769,584

Property Assessor's Office

County Official/Administrative Officer	\$	77,048	
Deputy(ies)		698,418	
Salary Supplements		5,000	
Part-time Personnel		5,800	
Longevity Pay		4,600	

(Continued)

Exhibit L-9

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

General Fund (Cont.)Finance (Cont.)Property Assessor's Office (Cont.)

Overtime Pay	\$	1,585	
In-Service Training		2,240	
Social Security		47,179	
State Retirement		91,221	
Employee and Dependent Insurance		122,228	
Employer Medicare		11,029	
Communication		4,816	
Data Processing Services		74,372	
Operating Lease Payments		9,462	
Maintenance & Repair Services - Equipment		414	
Postal Charges		5,933	
Travel		3,354	
Other Contracted Services		98,040	
Data Processing Supplies		1,135	
Gasoline		7	
Office Supplies		16,394	
Other Supplies and Materials		3,586	
Data Processing Equipment		156,584	
Furniture and Fixtures		1,100	
Motor Vehicles		19,740	
Office Equipment		805	
Total Property Assessor's Office			\$ 1,462,090

Reappraisal Program

Deputy(ies)	\$	270,529
Longevity Pay		2,300
Overtime Pay		4,904
Social Security		16,413
State Retirement		32,189
Employee and Dependent Insurance		57,934
Employer Medicare		3,839
Communication		1,125
Data Processing Services		10,374
Maintenance & Repair Services - Equipment		340
Maintenance & Repair Services - Vehicles		5
Postal Charges		37,001
Data Processing Supplies		6,146
Gasoline		7,863
Other Supplies and Materials		951
Data Processing Equipment		3,957

(Continued)

Exhibit L-9

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

General Fund (Cont.)Finance (Cont.)Reappraisal Program (Cont.)

Motor Vehicles	\$	47,833	
Office Equipment		8,229	
Total Reappraisal Program			\$ 511,932

County Trustee's Office

Communication	\$	1,540	
Legal Notices, Recording, and Court Costs		686	
Maintenance Agreements		558	
Postal Charges		28,173	
Office Supplies		6,331	
Other Supplies and Materials		1,270	
Data Processing Equipment		6,218	
Total County Trustee's Office			44,776

County Clerk's Office

Communication	\$	11,385	
Data Processing Services		17,912	
Operating Lease Payments		31,200	
Maintenance Agreements		5,619	
Maintenance & Repair Services - Equipment		855	
Postal Charges		35,962	
Gasoline		876	
Office Supplies		33,004	
Other Supplies and Materials		2,366	
Office Equipment		9,667	
Total County Clerk's Office			148,846

Data Processing

County Official/Administrative Officer	\$	84,085	
Data Processing Personnel		352,488	
Part-time Personnel		20,821	
Longevity Pay		925	
Overtime Pay		5,999	
Social Security		28,184	
State Retirement		51,413	
Employee and Dependent Insurance		52,140	
Employer Medicare		6,591	
Communication		55,021	
Data Processing Services		73,320	
Postal Charges		124	

(Continued)

Exhibit L-9

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

General Fund (Cont.)Finance (Cont.)Data Processing (Cont.)

Travel	\$	7,561	
Data Processing Supplies		21,556	
Data Processing Equipment		151,053	
Other Equipment		193,475	
Total Data Processing			\$ 1,104,756

Administration of JusticeCircuit Court

Jury and Witness Fees	\$	37,992	
Communication		3,247	
Data Processing Services		81,048	
Legal Services		50,102	
Maintenance Agreements		2,043	
Postal Charges		24,054	
Office Supplies		58,446	
Other Charges		100,000	
Data Processing Equipment		2,757	
Furniture and Fixtures		2,020	
Office Equipment		23,852	
Total Circuit Court			385,561

Circuit Court Judge

Assistant(s)	\$	36,705	
Deputy(ies)		117,999	
Longevity Pay		575	
Social Security		9,348	
State Retirement		17,775	
Employee and Dependent Insurance		26,447	
Employer Medicare		2,186	
Maintenance & Repair Services - Equipment		268	
Postal Charges		18	
Uniforms		333	
Other Supplies and Materials		196	
Total Circuit Court Judge			211,850

General Sessions Court

Judge(s)	\$	230,222	
Assistant(s)		45,175	
Deputy(ies)		58,660	
Part-time Personnel		7,894	

(Continued)

Exhibit L-9

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

General Fund (Cont.)Administration of Justice (Cont.)General Sessions Court (Cont.)

Longevity Pay	\$	1,650	
Overtime Pay		182	
Other Salaries & Wages		235,387	
Social Security		32,192	
State Retirement		66,246	
Employee and Dependent Insurance		84,188	
Employer Medicare		8,181	
Communication		3,154	
Data Processing Services		16,800	
Dues and Memberships		1,170	
Maintenance Agreements		1,623	
Maintenance & Repair Services - Office Equipment		721	
Postal Charges		2	
Travel		2,949	
Library Books/Media		545	
Office Supplies		3,816	
Uniforms		416	
Office Equipment		343	
Total General Sessions Court			\$ 801,516

Drug Court

Supervisor/Director	\$	49,572	
Secretary(ies)		24,173	
Longevity Pay		250	
Other Salaries & Wages		93,277	
Social Security		10,121	
State Retirement		19,387	
Employee and Dependent Insurance		14,960	
Employer Medicare		2,367	
Communication		6,668	
Dues and Memberships		1,500	
Maintenance Agreements		724	
Postal Charges		458	
Rentals		15,600	
Travel		31,530	
Other Contracted Services		29,607	
Office Supplies		2,187	
Other Supplies and Materials		30,816	
Data Processing Equipment		1,848	
Total Drug Court			335,045

(Continued)

Exhibit L-9

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

General Fund (Cont.)Administration of Justice (Cont.)Chancery Court

County Official/Administrative Officer	\$	77,048	
Deputy(ies)		284,365	
Attendants		30,270	
Part-time Personnel		28,632	
Longevity Pay		2,250	
Overtime Pay		340	
Jury and Witness Fees		426	
Social Security		25,098	
State Retirement		45,687	
Employee and Dependent Insurance		77,845	
Employer Medicare		5,870	
Communication		2,351	
Data Processing Services		5,350	
Dues and Memberships		675	
Legal Notices, Recording, and Court Costs		417	
Maintenance Agreements		6,780	
Maintenance & Repair Services - Equipment		308	
Postal Charges		14,759	
Travel		903	
Other Contracted Services		153	
Office Supplies		19,444	
Other Supplies and Materials		223	
Data Processing Equipment		11,026	
Office Equipment		11,686	
Total Chancery Court			\$ 651,906

Juvenile Court

Judge(s)	\$	77,048
Deputy(ies)		29,450
Secretary(ies)		30,518
Social Security		8,340
State Retirement		15,880
Employee and Dependent Insurance		17,916
Employer Medicare		1,950
Communication		1,451
Dues and Memberships		1,240
Postal Charges		54
Travel		1,483
Other Contracted Services		33,315
Library Books/Media		2,046

(Continued)

Exhibit L-9

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

General Fund (Cont.)Administration of Justice (Cont.)Juvenile Court (Cont.)

Office Supplies	\$	1,522	
Other Supplies and Materials		1,273	
Data Processing Equipment		802	
Total Juvenile Court			\$ 224,288

District Attorney General

Assistant(s)	\$	44,080	
Social Security		2,733	
State Retirement		5,109	
Employee and Dependent Insurance		57	
Employer Medicare		639	
Data Processing Services		4,315	
Office Supplies		34	
Total District Attorney General			56,967

Other Administration of Justice

Part-time Personnel	\$	7,734	
Other Salaries & Wages		36,924	
Social Security		2,609	
State Retirement		4,280	
Employee and Dependent Insurance		9,259	
Employer Medicare		610	
Communication		469	
Maintenance Agreements		1,080	
Postal Charges		11	
Other Contracted Services		4,315	
Office Supplies		1,505	
Total Other Administration of Justice			68,796

Probation Services

County Official/Administrative Officer	\$	51,901	
Assistant(s)		36,942	
Youth Service Officer(s)		117,074	
Secretary(ies)		25,894	
Longevity Pay		875	
In-Service Training		830	
Social Security		13,876	
State Retirement		26,969	
Employee and Dependent Insurance		40,889	
Employer Medicare		3,245	

(Continued)

Exhibit L-9

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

General Fund (Cont.)Administration of Justice (Cont.)Probation Services (Cont.)

Communication	\$	2,166	
Contracts with Private Agencies		553,735	
Data Processing Services		4,560	
Maintenance Agreements		717	
Postal Charges		132	
Printing, Stationery, and Forms		300	
Travel		3,002	
Office Supplies		2,502	
Data Processing Equipment		1,838	
Total Probation Services			\$ 887,447

Public SafetySheriff's Department

County Official/Administrative Officer	\$	84,752
Deputy(ies)		318,989
Salary Supplements		79,361
Part-time Personnel		266,809
Longevity Pay		41,550
Overtime Pay		412,619
Other Salaries & Wages		7,455,822
In-Service Training		64,808
Other Per Diem & Fees		2,990
Social Security		522,701
State Retirement		967,470
Employee and Dependent Insurance		1,254,916
Employer Medicare		122,250
Communication		113,475
Contracts with Private Agencies		900
Data Processing Services		6,951
Dues and Memberships		7,466
Legal Services		69,521
Maintenance Agreements		3,845
Maintenance & Repair Services - Equipment		31,893
Maintenance & Repair Services - Vehicles		148,807
Medical and Dental Services		3,491
Postal Charges		8,183
Printing, Stationery, and Forms		8,586
Other Contracted Services		31,827
Data Processing Supplies		4,742
Gasoline		516,722

(Continued)

Exhibit L-9

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

General Fund (Cont.)Public Safety (Cont.)Sheriff's Department (Cont.)

Instructional Supplies and Materials	\$	10,804	
Law Enforcement Supplies		40,658	
Office Supplies		32,820	
Periodicals		3,394	
Uniforms		124,897	
Vehicle Parts		180,546	
Other Supplies and Materials		21,216	
Judgments		8,875	
Other Charges		3,929	
Communication Equipment		48,516	
Data Processing Equipment		52,043	
Law Enforcement Equipment		110,697	
Motor Vehicles		595,933	
Office Equipment		6,188	
Total Sheriff's Department			\$ 13,791,962

Special Patrols

Nightwatchmen	\$	39,709	
Social Security		2,462	
State Retirement		4,695	
Employer Medicare		576	
Total Special Patrols			47,442

Traffic Control

Utilities	\$	7,885	
Total Traffic Control			7,885

Wheel Tax Officer

County Official/Administrative Officer	\$	47,232	
Longevity Pay		350	
Social Security		2,672	
State Retirement		5,515	
Employee and Dependent Insurance		9,259	
Employer Medicare		625	
Communication		1,259	
Maintenance & Repair Services - Vehicles		525	
Postal Charges		106	
Gasoline		1,777	
Office Supplies		137	
Uniforms		434	

(Continued)

Exhibit L-9

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

General Fund (Cont.)Public Safety (Cont.)Wheel Tax Officer (Cont.)

Other Supplies and Materials	\$	239	
Communication Equipment		2,752	
Law Enforcement Equipment		910	
Total Wheel Tax Officer			\$ 73,792

Administration of the Sexual Offender Registry

Office Supplies	\$	224	
Total Administration of the Sexual Offender Registry			224

Jail

Maintenance Personnel	\$	29,261	
Part-time Personnel		51,134	
Longevity Pay		13,375	
Overtime Pay		81,174	
Other Salaries & Wages		3,942,954	
In-Service Training		11,677	
Social Security		247,020	
State Retirement		463,417	
Employee and Dependent Insurance		777,882	
Employer Medicare		57,773	
Dues and Memberships		978	
Maintenance Agreements		28,068	
Maintenance & Repair Services - Buildings		79,557	
Maintenance & Repair Services - Equipment		6,993	
Medical and Dental Services		731,939	
Printing, Stationery, and Forms		2,967	
Transportation - Other than Students		25,781	
Other Contracted Services		1,193,581	
Custodial Supplies		84,858	
Data Processing Supplies		4,370	
Drugs and Medical Supplies		166,119	
Food Preparation Supplies		47,147	
Food Supplies		1,095,729	
Law Enforcement Supplies		17,118	
Office Supplies		7,044	
Periodicals		3,238	
Prisoners Clothing		34,030	
Uniforms		55,246	
Utilities		566,756	
Other Supplies and Materials		19,305	

(Continued)

Exhibit L-9

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

General Fund (Cont.)Public Safety (Cont.)Jail (Cont.)

Building Improvements	\$	51,938	
Communication Equipment		16,099	
Data Processing Equipment		6,808	
Food Service Equipment		6,660	
Total Jail			\$ 9,927,996

Workhouse

County Official/Administrative Officer	\$	57,755
Captain(s)		51,568
Lieutenant(s)		42,876
Sergeant(s)		123,381
Guards		561,380
Secretary(ies)		38,970
Clerical Personnel		30,322
Part-time Personnel		40,362
Longevity Pay		3,325
Overtime Pay		9,655
Other Salaries & Wages		8,716
Board and Committee Members Fees		4,600
In-Service Training		3,162
Social Security		58,716
State Retirement		107,482
Employee and Dependent Insurance		135,262
Employer Medicare		13,733
Communication		6,169
Dues and Memberships		300
Evaluation and Testing		1,832
Operating Lease Payments		1,340
Maintenance & Repair Services - Buildings		12,389
Maintenance & Repair Services - Equipment		9,073
Medical and Dental Services		269,082
Pest Control		750
Postal Charges		272
Printing, Stationery, and Forms		134
Other Contracted Services		84,410
Custodial Supplies		24,837
Data Processing Supplies		4,691
Equipment and Machinery Parts		3,552
Food Supplies		157,363
Gasoline		4,278

(Continued)

Exhibit L-9

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

General Fund (Cont.)Public Safety (Cont.)Workhouse (Cont.)

Law Enforcement Supplies	\$	2,512	
Office Supplies		4,004	
Prisoners Clothing		13,903	
Uniforms		6,248	
Utilities		126,783	
Other Supplies and Materials		18,190	
Data Processing Equipment		1,411	
Food Service Equipment		1,143	
Office Equipment		5,884	
Total Workhouse			\$ 2,051,815

Juvenile Services

County Official/Administrative Officer	\$	55,734
Assistant(s)		46,341
Supervisor/Director		41,376
Salary Supplements		13,200
Guards		146,731
Attendants		189,098
Part-time Personnel		223,115
Longevity Pay		550
Overtime Pay		28,560
In-Service Training		5,919
Social Security		45,788
State Retirement		59,676
Employee and Dependent Insurance		54,592
Employer Medicare		10,708
Communication		3,517
Data Processing Services		6,415
Maintenance Agreements		1,037
Maintenance & Repair Services - Buildings		4,975
Maintenance & Repair Services - Equipment		300
Maintenance & Repair Services - Vehicles		315
Postal Charges		580
Printing, Stationery, and Forms		1,800
Travel		433
Other Contracted Services		24,274
Drugs and Medical Supplies		524
Food Supplies		39,888
Gasoline		2,743
Office Supplies		896

(Continued)

Exhibit L-9

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

General Fund (Cont.)Public Safety (Cont.)Juvenile Services (Cont.)

Uniforms	\$	3,148	
Other Supplies and Materials		27,420	
Data Processing Equipment		2,925	
Total Juvenile Services			\$ 1,042,578

Rescue Squad

Contributions	\$	69,000	
Total Rescue Squad			69,000

Disaster Relief

County Official/Administrative Officer	\$	62,422	
Assistant(s)		46,341	
Supervisor/Director		38,693	
Secretary(ies)		30,518	
Longevity Pay		950	
In-Service Training		345	
Social Security		10,769	
State Retirement		20,737	
Employee and Dependent Insurance		28,297	
Employer Medicare		2,518	
Communication		15,759	
Consultants		25,000	
Contracts with Government Agencies		4,130	
Contributions		2,000	
Dues and Memberships		876	
Maintenance Agreements		3,604	
Maintenance & Repair Services - Vehicles		2,288	
Postal Charges		216	
Printing, Stationery, and Forms		54	
Travel		1,413	
Other Contracted Services		2,919	
Data Processing Supplies		2,334	
Electricity		3,415	
Gasoline		6,259	
Instructional Supplies and Materials		1,513	
Office Supplies		2,000	
Uniforms		1,792	
Other Supplies and Materials		18,617	
Data Processing Equipment		8,453	
Other Equipment		733,482	
Total Disaster Relief			1,077,714

(Continued)

Exhibit L-9

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

General Fund (Cont.)Public Safety (Cont.)Inspection and Regulation

County Official/Administrative Officer	\$	66,357	
Deputy(ies)		322,945	
Clerical Personnel		87,545	
Longevity Pay		2,175	
Overtime Pay		1,161	
Board and Committee Members Fees		200	
Social Security		28,833	
State Retirement		55,653	
Employee and Dependent Insurance		73,397	
Employer Medicare		6,743	
Communication		8,552	
Dues and Memberships		1,015	
Maintenance Agreements		2,653	
Postal Charges		1,493	
Printing, Stationery, and Forms		1,546	
Travel		5,212	
Other Contracted Services		3,012	
Gasoline		13,212	
Office Supplies		5,743	
Uniforms		650	
Other Supplies and Materials		556	
In Service/Staff Development		944	
Data Processing Equipment		3,676	
Motor Vehicles		32,649	
Total Inspection and Regulation			\$ 725,922

Public Health and WelfareLocal Health Center

Longevity Pay	\$	1,200	
Other Salaries & Wages		216,453	
Social Security		13,078	
State Retirement		25,382	
Employee and Dependent Insurance		33,256	
Employer Medicare		3,059	
Communication		12,479	
Contracts with Government Agencies		61,688	
Maintenance & Repair Services - Buildings		5,562	
Maintenance & Repair Services - Equipment		1,383	
Travel		1,826	
Other Contracted Services		43,001	

(Continued)

Exhibit L-9

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

General Fund (Cont.)Public Health and Welfare (Cont.)Local Health Center (Cont.)

Drugs and Medical Supplies	\$	9,020	
Utilities		46,647	
Other Supplies and Materials		9,774	
Total Local Health Center			\$ 483,808

Rabies and Animal Control

County Official/Administrative Officer	\$	55,734	
Supervisor/Director		63,297	
Secretary(ies)		30,518	
Attendants		274,321	
Part-time Personnel		13,383	
Longevity Pay		1,300	
Overtime Pay		12,851	
Social Security		27,447	
State Retirement		50,845	
Employee and Dependent Insurance		62,907	
Employer Medicare		6,419	
Advertising		1,027	
Communication		13,877	
Dues and Memberships		514	
Maintenance Agreements		4,675	
Maintenance & Repair Services - Buildings		2,429	
Maintenance & Repair Services - Vehicles		6,710	
Medical and Dental Services		355	
Postal Charges		241	
Travel		5,996	
Veterinary Services		68,561	
Other Contracted Services		47,412	
Animal Food and Supplies		6,832	
Custodial Supplies		2,115	
Data Processing Supplies		3,085	
Drugs and Medical Supplies		30,064	
Gasoline		25,091	
Office Supplies		4,331	
Uniforms		2,869	
Utilities		31,220	
Other Supplies and Materials		6,617	
Refunds		1,328	
Communication Equipment		891	
Data Processing Equipment		7,710	
Total Rabies and Animal Control			872,972

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services

County Official/Administrative Officer	\$	79,309
Supervisor/Director		573,238
Accountants/Bookkeepers		240,172
Paraprofessionals		3,021,544
Foremen		55,308
Dispatchers/Radio Operators		416,316
Custodial Personnel		22,318
Part-time Personnel		161,332
Longevity Pay		19,750
Overtime Pay		358,241
In-Service Training		35,361
Social Security		298,115
State Retirement		557,046
Employee and Dependent Insurance		641,263
Employer Medicare		69,722
Communication		87,776
Contracts with Private Agencies		49,237
Evaluation and Testing		30,355
Maintenance & Repair Services - Buildings		42,932
Maintenance & Repair Services - Vehicles		91,105
Medical and Dental Services		11,407
Pest Control		3,920
Postal Charges		19,299
Printing, Stationery, and Forms		6,004
Travel		6,187
Other Contracted Services		3,433
Custodial Supplies		11,060
Data Processing Supplies		13,859
Drugs and Medical Supplies		236,540
Gasoline		102,489
Instructional Supplies and Materials		7,760
Office Supplies		16,397
Uniforms		77,915
Utilities		57,456
Other Supplies and Materials		57,923
Refunds		76,595
Other Charges		58,806
Building Improvements		51,104
Communication Equipment		9,526
Data Processing Equipment		26,067

(Continued)

Exhibit L-9

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

General Fund (Cont.)Public Health and Welfare (Cont.)Ambulance/Emergency Medical Services (Cont.)

Motor Vehicles	\$ 33,718	
Office Equipment	13,491	
Other Equipment	<u>6,424</u>	
Total Ambulance/Emergency Medical Services		\$ 7,757,820

Nursing Home

Building Improvements	\$ <u>5,300</u>	
Total Nursing Home		5,300

Dental Health Program

Medical and Dental Services	\$ <u>12,425</u>	
Total Dental Health Program		12,425

Other Local Health Services

Medical Personnel	\$ 942,945	
Longevity Pay	2,925	
Social Security	55,902	
State Retirement	103,507	
Employee and Dependent Insurance	193,106	
Employer Medicare	13,074	
Postal Charges	4,500	
Printing, Stationery, and Forms	1,704	
Travel	9,886	
Other Supplies and Materials	17,818	
Liability Insurance	<u>2,845</u>	
Total Other Local Health Services		1,348,212

General Welfare Assistance

Contributions	\$ <u>31,531</u>	
Total General Welfare Assistance		31,531

Sanitation Management

Contracts with Private Agencies	\$ <u>14,742</u>	
Total Sanitation Management		14,742

Other Public Health and Welfare

Medical and Dental Services	\$ 14,400	
Other Contracted Services	<u>136,755</u>	
Total Other Public Health and Welfare		151,155

(Continued)

Exhibit L-9

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

General Fund (Cont.)Social, Cultural, and Recreational ServicesAdult Activities

Contributions	\$ 24,570	
Total Adult Activities		\$ 24,570

Senior Citizens Assistance

Contributions	\$ 1,500	
Total Senior Citizens Assistance		1,500

Libraries

Contributions	\$ 904,625	
Total Libraries		904,625

Parks and Fair Boards

Supervisor/Director	\$ 16,500	
Other Salaries & Wages	128,574	
Board and Committee Members Fees	3,150	
Social Security	9,190	
Employer Medicare	2,150	
Contracts with Private Agencies	25,052	
Contributions	83,319	
Maintenance & Repair Services - Buildings	2,468	
Matching Share	14,000	
Postal Charges	80	
Travel	1,395	
Other Contracted Services	20,000	
Equipment and Machinery Parts	11,768	
Office Supplies	209	
Other Supplies and Materials	3,591	
Total Parks and Fair Boards		321,446

Agriculture & Natural ResourcesAgriculture Extension Service

Teachers	\$ 56,235	
Secretary(ies)	59,706	
Part-time Personnel	54,897	
Longevity Pay	425	
Board and Committee Members Fees	1,850	
Social Security	10,405	
State Retirement	13,493	
Employee and Dependent Insurance	29,672	
Employer Medicare	2,434	

(Continued)

Exhibit L-9

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

General Fund (Cont.)Agriculture & Natural Resources (Cont.)Agriculture Extension Service (Cont.)

Communication	\$	4,798	
Contracts with Government Agencies		160,349	
Data Processing Services		1,745	
Postal Charges		2,000	
Travel		4,280	
Other Contracted Services		12,102	
Fertilizer, Lime, and Seed		731	
Gasoline		1,296	
Office Supplies		5,366	
Utilities		62,234	
Other Supplies and Materials		1,607	
Data Processing Equipment		3,583	
Total Agriculture Extension Service			\$ 489,208

Soil Conservation

Assistant(s)	\$	32,772	
Part-time Personnel		3,434	
Longevity Pay		175	
Social Security		2,112	
State Retirement		3,819	
Employee and Dependent Insurance		9,259	
Employer Medicare		494	
Contributions		4,000	
Total Soil Conservation			56,065

Storm Water Management

Assistant(s)	\$	46,341	
Part-time Personnel		13,881	
In-Service Training		3,270	
Social Security		3,605	
State Retirement		5,371	
Employee and Dependent Insurance		9,259	
Employer Medicare		843	
Communication		4,226	
Contracts with Private Agencies		2,500	
Postal Charges		6,920	
Printing, Stationery, and Forms		4,383	
Travel		1,399	
Other Contracted Services		1,234	
Data Processing Supplies		478	

(Continued)

Exhibit L-9

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

General Fund (Cont.)Agriculture & Natural Resources (Cont.)Storm Water Management (Cont.)

Gasoline	\$	2,448	
Office Supplies		1,150	
Other Supplies and Materials		9,310	
Data Processing Equipment		6,599	
Motor Vehicles		21,680	
Total Storm Water Management			\$ 144,897

Other OperationsTourism

Contributions	\$	222,495	
Total Tourism			222,495

Other Economic and Community Development

Contracts with Other Public Agencies	\$	44	
Total Other Economic and Community Development			44

Other Charges

Mechanic(s)	\$	36,379	
Laborers		54,532	
Longevity Pay		475	
Overtime Pay		444	
Social Security		5,468	
State Retirement		10,643	
Employee and Dependent Insurance		20,413	
Employer Medicare		1,279	
Communication		302	
Maintenance & Repair Services - Vehicles		2,904	
Equipment and Machinery Parts		106	
Gasoline		10,277	
Utilities		14,420	
Vehicle Parts		23,409	
Other Supplies and Materials		3,439	
Total Other Charges			184,490

Employee Benefits

Unemployment Compensation	\$	25,832	
Other Fringe Benefits		60,895	
Workers' Compensation Insurance		651,900	
Total Employee Benefits			738,627

(Continued)

Exhibit L-9

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

General Fund (Cont.)Other Operations (Cont.)Payments to Cities

Contracts with Government Agencies	\$ 1,622,124	
Total Payments to Cities		\$ 1,622,124

Miscellaneous

Audit Services	\$ 41,139	
Consultants	7,385	
Contributions	467,361	
Dues and Memberships	32,321	
Engineering Services	6,945	
Legal Services	55,949	
Maintenance & Repair Services - Buildings	35,592	
Maintenance & Repair Services - Office Equipment	1,709	
Travel	230	
Other Contracted Services	20,000	
Building and Contents Insurance	39,610	
Judgments	606,714	
Liability Insurance	653,087	
Premiums on Corporate Surety Bonds	1,200	
Refunds	8,119	
Trustee's Commission	755,752	
Tax Relief Program	121,033	
Other Charges	37,641	
Total Miscellaneous		2,891,787

Total General Fund \$ 59,344,332

Solid Waste/Sanitation FundPublic Health and WelfareSanitation Education/Information

Laborers	\$ 32,154	
Part-time Personnel	16,173	
Longevity Pay	500	
Other Salaries & Wages	22,647	
Social Security	4,371	
State Retirement	6,442	
Employee and Dependent Insurance	8,807	
Employer Medicare	1,022	
Instructional Supplies and Materials	8,888	
Other Supplies and Materials	8,474	
Total Sanitation Education/Information		\$ 109,478

(Continued)

Exhibit L-9

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

Solid Waste/Sanitation Fund (Cont.)Public Health and Welfare (Cont.)Convenience Centers

Supervisor/Director	\$	53,438	
Foremen		33,016	
Truck Drivers		338,812	
Laborers		290,955	
Clerical Personnel		29,261	
Maintenance Personnel		30,351	
Part-time Personnel		1,455	
Longevity Pay		2,675	
Overtime Pay		22,248	
Social Security		46,842	
State Retirement		61,817	
Employee and Dependent Insurance		111,035	
Employer Medicare		11,302	
Communication		14,291	
Evaluation and Testing		844	
Maintenance & Repair Services - Equipment		7,579	
Maintenance & Repair Services - Vehicles		89,362	
Postal Charges		15	
Rentals		13,340	
Tow-in Services		488	
Travel		1,919	
Other Contracted Services		8,463	
Crushed Stone		4,030	
Data Processing Supplies		319	
Diesel Fuel		136,252	
Equipment and Machinery Parts		45,826	
Gasoline		9,091	
Office Supplies		548	
Tires and Tubes		32,181	
Uniforms		5,034	
Utilities		10,481	
Fencing		1,455	
Other Supplies and Materials		20,006	
Building Construction		232	
Building Improvements		200	
Communication Equipment		880	
Maintenance Equipment		3,177	
Motor Vehicles		195,976	
Solid Waste Equipment		45,000	
Total Convenience Centers			\$ 1,680,196

(Continued)

Exhibit L-9

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

Solid Waste/Sanitation Fund (Cont.)Public Health and Welfare (Cont.)Other Waste Collection

Advertising	\$	2,500	
Contracts with Private Agencies		263,900	
Other Supplies and Materials		4,406	
Solid Waste Equipment		42,842	
Total Other Waste Collection			\$ 313,648

Landfill Operation and Maintenance

Supervisor/Director	\$	32,697
Mechanic(s)		28,264
Laborers		66,212
Clerical Personnel		30,351
Part-time Personnel		9,674
Longevity Pay		850
Overtime Pay		7,649
Social Security		10,511
State Retirement		19,273
Employee and Dependent Insurance		27,851
Employer Medicare		2,458
Advertising		2,654
Communication		4,599
Contracts with Private Agencies		254,234
Engineering Services		680
Maintenance & Repair Services - Equipment		2,463
Maintenance & Repair Services - Vehicles		983
Postal Charges		9
Rentals		550
Travel		2,842
Disposal Fees		92,926
Other Contracted Services		1,686
Crushed Stone		35,821
Custodial Supplies		24
Data Processing Supplies		323
Diesel Fuel		8,204
Electricity		2,860
Equipment Parts - Light		1,300
Equipment and Machinery Parts		6,284
Fertilizer, Lime, and Seed		4,450
Garage Supplies		2,514
Gasoline		6,317
Pipe		1,375

(Continued)

Exhibit L-9

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

Solid Waste/Sanitation Fund (Cont.)Public Health and Welfare (Cont.)Landfill Operation and Maintenance (Cont.)

Propane Gas	\$	1,875	
Small Tools		1,927	
Tires and Tubes		1,061	
Uniforms		3,800	
Vehicle Parts		879	
Drainage Materials		1,632	
Fencing		1,808	
Other Supplies and Materials		13,728	
Motor Vehicles		19,568	
Total Landfill Operation and Maintenance			\$ 715,166

Postclosure Care Costs

Contracts with Private Agencies	\$	86,077	
Engineering Services		2,550	
Contracts for Postclosure Care Costs		15,998	
Crushed Stone		2,751	
Fertilizer, Lime, and Seed		739	
Testing		9,500	
Total Postclosure Care Costs			117,615

Other OperationsEmployee Benefits

Unemployment Compensation	\$	162	
Workers' Compensation Insurance		56,800	
Total Employee Benefits			56,962

Miscellaneous

Building and Contents Insurance	\$	1,043	
Judgments		90,000	
Liability Insurance		21,794	
Trustee's Commission		46,637	
Total Miscellaneous			159,474

Total Solid Waste/Sanitation Fund \$ 3,152,539

Industrial/Economic Development FundOther OperationsIndustrial Development

Contracts with Other Public Agencies	\$	105,280	
Contributions		96,500	

(Continued)

Exhibit L-9

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

Industrial/Economic Development Fund (Cont.)Other Operations (Cont.)Industrial Development (Cont.)

Trustee's Commission	\$ 1,185	
Total Industrial Development		\$ 202,965

Payments to Cities

Contracts with Government Agencies	\$ 17,030	
Total Payments to Cities		17,030

Total Industrial/Economic Development Fund		\$ 219,995
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Drug Control FundPublic SafetyDrug Enforcement

Longevity Pay	\$ 1,125	
Overtime Pay	44,959	
Other Salaries & Wages	203,136	
In-Service Training	20,109	
Social Security	14,996	
State Retirement	28,885	
Employee and Dependent Insurance	37,988	
Employer Medicare	3,507	
Confidential Drug Enforcement Payments	105,000	
Maintenance & Repair Services - Vehicles	14,342	
Veterinary Services	643	
Animal Food and Supplies	219	
Law Enforcement Supplies	2,105	
Other Supplies and Materials	5,627	
Trustee's Commission	9,466	
Law Enforcement Equipment	7,964	
Total Drug Enforcement		\$ 500,071

Total Drug Control Fund		500,071
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Adequate Facilities/Development Tax FundGeneral GovernmentOther General Administration

Trustee's Commission	\$ 69,940	
Total Other General Administration		\$ 69,940

(Continued)

Exhibit L-9

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

Adequate Facilities/Development Tax Fund (Cont.)Capital ProjectsGeneral Administration Projects

Motor Vehicles	\$ 14,883	
Total General Administration Projects		\$ 14,883

Social, Cultural, and Recreation Projects

Contracts with Government Agencies	\$ 100,000	
Total Social, Cultural, and Recreation Projects		100,000

Total Adequate Facilities/Development Tax Fund		\$ 184,823
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District Attorney General FundGeneral GovernmentOther General Administration

Trustee's Commission	\$ 477	
Total Other General Administration		\$ 477

Administration of JusticeDistrict Attorney General

Part-time Personnel	\$ 1,486	
Social Security	92	
Employer Medicare	22	
Other Supplies and Materials	6,331	
Total District Attorney General		7,931

Total District Attorney General Fund		8,408
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Constitutional Officers - Fees FundGeneral GovernmentRegister of Deeds

Constitutional Officers' Operating Expenses	\$ 738,826	
Total Register of Deeds		\$ 738,826

FinanceCounty Trustee's Office

Constitutional Officers' Operating Expenses	\$ 434,525	
Total County Trustee's Office		434,525

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 1,476,006	
Total County Clerk's Office		1,476,006

(Continued)

Exhibit L-9

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

Constitutional Officers - Fees Fund (Cont.)Administration of JusticeCircuit Court Clerk

Constitutional Officers' Operating Expenses	\$ 1,608,467	
Total Circuit Court Clerk		\$ 1,608,467

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 18,663	
Total Chancery Court		18,663

Total Constitutional Officers - Fees Fund		\$ 4,276,487
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Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$ 84,752	
Assistant(s)	53,233	
Secretary(ies)	69,717	
Longevity Pay	925	
Overtime Pay	190	
Board and Committee Members Fees	23,550	
Social Security	14,099	
State Retirement	24,202	
Employee and Dependent Insurance	24,124	
Employer Medicare	3,297	
Communication	5,327	
Dues and Memberships	6,630	
Janitorial Services	6,675	
Legal Notices, Recording, and Court Costs	1,689	
Maintenance & Repair Services - Office Equipment	468	
Postal Charges	766	
Printing, Stationery, and Forms	786	
Travel	267	
Drugs and Medical Supplies	771	
Electricity	13,654	
Natural Gas	20,144	
Office Supplies	1,692	
Water and Sewer	3,510	
Building and Contents Insurance	3,041	
Liability Insurance	103,399	
Trustee's Commission	80,855	
Other Charges	5,629	
Office Equipment	5,707	
Total Administration		\$ 559,099

(Continued)

Exhibit L-9

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Highway and Bridge Maintenance

Foremen	\$	212,965	
Equipment Operators		614,625	
Truck Drivers		330,102	
Laborers		26,627	
Longevity Pay		9,100	
Overtime Pay		5,053	
Social Security		70,605	
State Retirement		136,837	
Employee and Dependent Insurance		284,371	
Employer Medicare		16,513	
Engineering Services		6,780	
Other Contracted Services		60,688	
Asphalt		2,200,000	
General Construction Materials		4,761	
Pipe - Metal		34,506	
Road Signs		9,482	
Salt		22,371	
Uniforms		19,767	
Total Highway and Bridge Maintenance			\$ 4,065,153

Operation and Maintenance of Equipment

Foremen	\$	39,217	
Mechanic(s)		146,513	
Laborers		50,031	
Longevity Pay		1,950	
Overtime Pay		3,534	
Social Security		14,333	
State Retirement		27,700	
Employee and Dependent Insurance		50,741	
Employer Medicare		3,352	
Maintenance & Repair Services - Equipment		89,276	
Other Contracted Services		26,600	
Diesel Fuel		164,752	
Equipment and Machinery Parts		135,505	
Garage Supplies		8,289	
Gasoline		55,478	
Lubricants		10,766	
Tires and Tubes		44,383	
Other Supplies and Materials		17,313	
Total Operation and Maintenance of Equipment			889,733

(Continued)

Exhibit L-9

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Quarry Operations

Foremen	\$	38,145	
Mechanic(s)		26,131	
Equipment Operators		69,167	
Truck Drivers		94,182	
Clerical Personnel		21,639	
Longevity Pay		1,950	
Social Security		14,825	
State Retirement		29,909	
Employee and Dependent Insurance		60,814	
Employer Medicare		3,467	
Communication		641	
Electricity		48,548	
Equipment and Machinery Parts		38,644	
Water and Sewer		332	
Building Construction		1,700	
Total Quarry Operations			\$ 450,094

Other Charges

Assistant(s)	\$	46,163
Salary Supplements		10,000
Foremen		31,891
Equipment Operators		27,027
Truck Drivers		48,400
Secretary(ies)		29,337
Longevity Pay		150
In-Service Training		2,858
Social Security		11,060
State Retirement		20,606
Employee and Dependent Insurance		47,674
Employer Medicare		2,587
Communication		1,397
Legal Notices, Recording, and Court Costs		68
Maintenance & Repair Services - Equipment		725
Printing, Stationery, and Forms		149
Travel		1,352
Other Contracted Services		1,100
Data Processing Supplies		292
Diesel Fuel		10,925
Equipment and Machinery Parts		2,770
Gasoline		3,000

(Continued)

Exhibit L-9

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Other Charges (Cont.)

General Construction Materials	\$	3,546	
Lubricants		372	
Office Supplies		1,010	
Pipe - Metal		4,991	
Tires and Tubes		1,529	
Other Supplies and Materials		2,081	
Other Equipment		8,881	
Total Other Charges			\$ 321,941

Employee Benefits

Unemployment Compensation	\$	8,528	
Other Fringe Benefits		30,832	
Workers' Compensation Insurance		123,600	
Total Employee Benefits			162,960

Capital Outlay

Bridge Construction	\$	105,487	
Building Improvements		4,875	
Highway Equipment		416,555	
State Aid Projects		24,117	
Total Capital Outlay			551,034

Total Highway/Public Works Fund \$ 7,000,014

Public Works FundAgriculture & Natural ResourcesStorm Water Management

Data Processing Supplies	\$	94	
Trustee's Commission		23	
Total Storm Water Management			\$ 117

Total Public Works Fund 117

General Debt Service FundGeneral GovernmentOther General Administration

Trustee's Commission	\$	595,223	
Other Debt Issuance Charges		166,538	
Other Debt Service		11,448	
Total Other General Administration			\$ 773,209

(Continued)

Exhibit L-9

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

General Debt Service Fund (Cont.)Principal on DebtGeneral Government

Principal on Bonds	\$ 1,711,190	
Principal on Notes	190,000	
Total General Government		\$ 1,901,190

Education

Principal on Bonds	\$ 12,428,810	
Principal on Notes	5,674,449	
Total Education		18,103,259

Interest on DebtGeneral Government

Interest on Bonds	\$ 2,007,674	
Interest on Notes	78,900	
Total General Government		2,086,574

Education

Interest on Bonds	\$ 11,688,411	
Interest on Notes	993,525	
Total Education		12,681,936

Other Debt ServiceGeneral Government

Underwriter's Discount	\$ 52,681	
Other Debt Issuance Charges	8,931	
Total General Government		61,612

Education

Underwriter's Discount	\$ 149,941	
Other Debt Issuance Charges	25,418	
Total Education		175,359

Total General Debt Service Fund \$ 35,783,139

General Capital Projects FundCapital ProjectsGeneral Administration Projects

Architects	\$ 71,413	
Engineering Services	400	
Building Construction	2,329,103	
Building Improvements	86,976	

(Continued)

Exhibit L-9

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

General Administration Projects (Cont.)

Data Processing Equipment	\$ 12,413	
Furniture and Fixtures	4,899	
Site Development	2,350	
Total General Administration Projects		\$ 2,507,554

Administration of Justice Projects

Legal Services	\$ 106,290	
Total Administration of Justice Projects		106,290

Public Safety Projects

Architects	\$ 567,950	
Consultants	94,625	
Engineering Services	10,825	
Permits	250	
Data Processing Equipment	83,918	
Total Public Safety Projects		757,568

Public Health and Welfare Projects

Architects	\$ 12,425	
Other Contracted Services	2,448	
Crushed Stone	19,716	
Other Charges	13,362	
Land	1,866,375	
Total Public Health and Welfare Projects		1,914,326

Agriculture and Natural Resource Projects

Architects	\$ 10,800	
Contracts with Government Agencies	31,119	
Total Agriculture and Natural Resource Projects		41,919

Highway & Street Capital Projects

Contracts with Government Agencies	\$ 792,840	
Engineering Services	32,700	
Total Highway & Street Capital Projects		825,540

Total General Capital Projects Fund		\$ 6,153,197
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(Continued)

Exhibit L-9

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

Education Capital Projects FundOther OperationsPayments to Cities

Other Debt Service

\$ 3,174,812

Total Payments to Cities

\$ 3,174,812

Capital ProjectsEducation Capital Projects

Contributions

\$ 46,255,271

Total Education Capital Projects

46,255,271

Total Education Capital Projects Fund

\$ 49,430,083

Total Governmental Funds - Primary Government

\$ 166,053,205

Exhibit L-10

Rutherford County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Rutherford County School Department
For the Year Ended June 30, 2006

General Purpose School FundInstructionRegular Instruction Program

Teachers	\$ 65,182,238	
Career Ladder Program	735,793	
Career Ladder Extended Contracts	190,400	
Educational Assistants	2,415,669	
Other Salaries & Wages	879,822	
Social Security	4,191,313	
State Retirement	4,006,658	
Life Insurance	100,487	
Medical Insurance	10,524,569	
Unemployment Compensation	34,895	
Employer Medicare	980,168	
Maintenance & Repair Services - Equipment	2,131	
Contracts for Substitute Teachers - Non-certified	1,175,982	
Other Contracted Services	46,370	
Instructional Supplies and Materials	1,829,068	
Textbooks	2,436,329	
Other Supplies and Materials	351,311	
Fee Waivers	62,478	
Other Charges	108,616	
Regular Instruction Equipment	1,229,258	
Total Regular Instruction Program		\$ 96,483,555

Alternative Instruction Program

Teachers	\$ 902,709	
Career Ladder Program	10,999	
Educational Assistants	79,756	
Social Security	59,717	
State Retirement	60,224	
Life Insurance	1,528	
Medical Insurance	154,015	
Unemployment Compensation	2,047	
Employer Medicare	13,966	
Contracts for Substitute Teachers - Non-certified	10,718	
Other Contracted Services	14,977	
Instructional Supplies and Materials	20,286	
Other Equipment	253	
Total Alternative Instruction Program		1,331,195

(Continued)

Exhibit L-10

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

General Purpose School Fund (Cont.)Instruction (Cont.)Special Education Program

Teachers	\$	7,873,858	
Career Ladder Program		107,387	
Career Ladder Extended Contracts		8,000	
Educational Assistants		1,672,395	
Other Salaries & Wages		63,452	
Social Security		582,469	
State Retirement		643,701	
Life Insurance		17,492	
Medical Insurance		1,646,335	
Unemployment Compensation		13,018	
Employer Medicare		136,163	
Maintenance & Repair Services - Equipment		13,359	
Contracts for Substitute Teachers - Non-certified		186,693	
Other Contracted Services		1,056,119	
Instructional Supplies and Materials		135,118	
Textbooks		39,170	
Other Supplies and Materials		34,500	
Other Charges		16,788	
Special Education Equipment		48,027	
Total Special Education Program			\$ 14,294,044

Vocational Education Program

Teachers	\$	4,782,366	
Career Ladder Program		52,440	
Career Ladder Extended Contracts		7,000	
Clerical Personnel		36,062	
Social Security		292,669	
State Retirement		273,825	
Life Insurance		6,644	
Medical Insurance		700,221	
Employer Medicare		68,449	
Maintenance & Repair Services - Equipment		20,772	
Contracts for Substitute Teachers - Non-certified		111,821	
Other Contracted Services		60,697	
Instructional Supplies and Materials		163,853	
Textbooks		70,469	
Other Supplies and Materials		51,160	
Other Charges		245	
Vocational Instruction Equipment		89,522	
Total Vocational Education Program			6,788,215

(Continued)

Exhibit L-10

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

General Purpose School Fund (Cont.)Instruction (Cont.)Adult Education Program

Teachers	\$	238,694	
Other Salaries & Wages		20,352	
Social Security		15,834	
State Retirement		8,544	
Life Insurance		170	
Medical Insurance		15,979	
Employer Medicare		3,703	
Other Contracted Services		1,905	
Instructional Supplies and Materials		22,633	
Other Supplies and Materials		2,331	
Other Charges		99	
Other Equipment		51,852	
Total Adult Education Program			\$ 382,096

Support ServicesAttendance

Supervisor/Director	\$	67,262	
Career Ladder Program		5,000	
Career Ladder Extended Contracts		2,000	
Social Workers		166,897	
Clerical Personnel		45,316	
Social Security		17,322	
State Retirement		17,820	
Life Insurance		244	
Medical Insurance		36,803	
Employer Medicare		4,051	
Travel		6,617	
Other Contracted Services		94,023	
Other Supplies and Materials		6,974	
Other Charges		447	
Attendance Equipment		2,003	
Total Attendance			472,779

Health Services

Medical Personnel	\$	971,711	
Other Salaries & Wages		184,182	
Social Security		69,210	
State Retirement		132,822	
Life Insurance		1,493	

(Continued)

Exhibit L-10

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

General Purpose School Fund (Cont.)Support Services (Cont.)Health Services (Cont.)

Medical Insurance	\$	150,639	
Employer Medicare		16,186	
Travel		17,905	
Other Contracted Services		300	
Drugs and Medical Supplies		2,246	
Other Supplies and Materials		23,223	
Other Charges		2,593	
Health Equipment		6,763	
Other Equipment		854	
Total Health Services			\$ 1,580,127

Other Student Support

Career Ladder Program	\$	41,143	
Guidance Personnel		3,005,678	
Career Ladder Extended Contracts		5,000	
Social Workers		80,307	
Clerical Personnel		146,030	
Attendants		212,013	
Other Salaries & Wages		19,984	
Social Security		210,568	
State Retirement		214,088	
Life Insurance		5,067	
Medical Insurance		493,021	
Unemployment Compensation		3,696	
Employer Medicare		49,246	
Contracts with Government Agencies		92,385	
Evaluation and Testing		155,384	
Travel		6,673	
Contracts for Substitute Teachers - Non-certified		30,200	
Other Contracted Services		50,904	
Other Supplies and Materials		34,327	
In Service/Staff Development		16,514	
Other Equipment		122,106	
Total Other Student Support			4,994,334

Regular Instruction Program

Supervisor/Director	\$	542,564
Career Ladder Program		98,895
Career Ladder Extended Contracts		22,300

(Continued)

Exhibit L-10

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

General Purpose School Fund (Cont.)Support Services (Cont.)Regular Instruction Program (Cont.)

Librarians	\$	1,940,463	
Materials Supervisor		26,449	
Instructional Computer Personnel		1,399,390	
Secretary(ies)		56,073	
Clerical Personnel		52,487	
Educational Assistants		337,601	
Other Salaries & Wages		298,238	
In-Service Training		7,000	
Social Security		286,809	
State Retirement		293,188	
Life Insurance		6,167	
Medical Insurance		639,526	
Unemployment Compensation		3,627	
Employer Medicare		67,076	
Travel		36,923	
Contracts for Substitute Teachers - Non-certified		26,646	
Other Contracted Services		54,172	
Library Books/Media		63,086	
Other Supplies and Materials		56,522	
In Service/Staff Development		36,419	
Other Equipment		19,685	
Total Regular Instruction Program			\$ 6,371,306

Alternative Instruction Program

Supervisor/Director	\$	136,042	
Career Ladder Program		8,000	
Guidance Personnel		87,864	
Librarians		45,286	
Clerical Personnel		39,640	
Other Salaries & Wages		48,218	
Social Security		22,014	
State Retirement		24,638	
Life Insurance		453	
Medical Insurance		54,350	
Employer Medicare		5,149	
Library Books/Media		1,621	
Other Supplies and Materials		8,451	
Other Equipment		1,688	
Total Alternative Instruction Program			483,414

(Continued)

Exhibit L-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program

Supervisor/Director	\$	111,996	
Career Ladder Program		28,396	
Psychological Personnel		324,830	
Career Ladder Extended Contracts		4,000	
Secretary(ies)		29,355	
Clerical Personnel		24,481	
Speech Pathologist		863,233	
Social Security		83,199	
State Retirement		79,939	
Life Insurance		1,689	
Medical Insurance		187,906	
Employer Medicare		19,458	
Travel		72,511	
Other Contracted Services		21,800	
Other Supplies and Materials		31,285	
In Service/Staff Development		21,246	
Other Charges		10,527	
Other Equipment		24,947	
Total Special Education Program			\$ 1,940,798

Vocational Education Program

Supervisor/Director	\$	75,888	
Social Security		4,635	
State Retirement		4,174	
Life Insurance		57	
Employer Medicare		1,084	
Travel		33,111	
In Service/Staff Development		2,025	
Total Vocational Education Program			120,974

Adult Programs

Supervisor/Director	\$	86,856	
Clerical Personnel		28,052	
Social Security		2,528	
State Retirement		8,028	
Life Insurance		113	
Medical Insurance		15,145	
Employer Medicare		591	
Travel		717	

(Continued)

Exhibit L-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

Other Contracted Services	\$	787	
Other Supplies and Materials		1,544	
In Service/Staff Development		3,670	
Other Charges		9,020	
Other Equipment		4,916	
Total Adult Programs			\$ 161,967

Board of Education

Secretary to Board	\$	95,543	
Board and Committee Members Fees		71,406	
Social Security		10,302	
State Retirement		11,035	
Life Insurance		112	
Medical Insurance		518,562	
Employer Medicare		2,409	
Dues and Memberships		8,682	
Legal Services		24,921	
Travel		1,299	
Judgments		250	
Liability Insurance		253,255	
Premiums on Corporate Surety Bonds		26,786	
Trustee's Commission		1,493,905	
Workers' Compensation Insurance		908,000	
In Service/Staff Development		530	
Criminal Investigation of Applicants - TBI		49,121	
Total Board of Education			3,476,118

Director of Schools

County Official/Administrative Officer	\$	118,886	
Other Salaries & Wages		26,711	
Social Security		7,402	
State Retirement		9,635	
Life Insurance		113	
Medical Insurance		9,636	
Employer Medicare		2,157	
Other Fringe Benefits		4,800	
Communication		159,678	
Dues and Memberships		7,288	
Postal Charges		48,792	

(Continued)

Exhibit L-10

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

General Purpose School Fund (Cont.)Support Services (Cont.)Director of Schools (Cont.)

Travel	\$	4,251	
Other Contracted Services		29,023	
In Service/Staff Development		125	
Other Charges		29,591	
Administration Equipment		39,301	
Total Director of Schools			\$ 497,389

Office of the Principal

Principals	\$	2,523,786	
Career Ladder Program		122,635	
Accountants/Bookkeepers		468,981	
Career Ladder Extended Contracts		110,000	
Assistant Principals		2,715,228	
Secretary(ies)		770,751	
Clerical Personnel		610,115	
Social Security		441,559	
State Retirement		507,229	
Life Insurance		9,477	
Medical Insurance		945,063	
Unemployment Compensation		372	
Employer Medicare		103,268	
Communication		249,687	
Dues and Memberships		19,150	
Contracts for Substitute Teachers - Non-certified		17,307	
Other Contracted Services		14,365	
Office Supplies		9,018	
Other Charges		116,649	
Administration Equipment		177,002	
Total Office of the Principal			9,931,642

Fiscal Services

Supervisor/Director	\$	176,072	
Accountants/Bookkeepers		177,771	
Purchasing Personnel		71,559	
Social Security		25,365	
State Retirement		49,304	
Life Insurance		567	
Medical Insurance		63,638	
Employer Medicare		5,932	

(Continued)

Exhibit L-10

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

General Purpose School Fund (Cont.)Support Services (Cont.)Fiscal Services (Cont.)

Travel	\$	4,293	
Other Contracted Services		2,526	
Office Supplies		18,184	
Other Supplies and Materials		1,944	
Administration Equipment		6,627	
Total Fiscal Services			\$ 603,782

Operation of Plant

Custodial Personnel	\$	3,488,589	
Social Security		208,913	
State Retirement		371,239	
Life Insurance		9,072	
Medical Insurance		741,066	
Unemployment Compensation		23,079	
Employer Medicare		48,855	
Other Contracted Services		222,260	
Custodial Supplies		318,520	
Electricity		5,876,061	
Natural Gas		2,078,539	
Water and Sewer		582,381	
Other Supplies and Materials		57,944	
Boiler Insurance		17,120	
Building and Contents Insurance		490,199	
Other Charges		120	
Plant Operation Equipment		35,388	
Total Operation of Plant			14,569,345

Maintenance of Plant

Supervisor/Director	\$	136,254	
Secretary(ies)		82,951	
Maintenance Personnel		1,417,786	
Social Security		98,351	
State Retirement		187,508	
Life Insurance		2,644	
Medical Insurance		314,566	
Unemployment Compensation		33	
Employer Medicare		23,002	
Laundry Service		12,595	
Maintenance & Repair Services - Buildings		569,830	

(Continued)

Exhibit L-10

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

General Purpose School Fund (Cont.)Support Services (Cont.)Maintenance of Plant (Cont.)

Maintenance & Repair Services - Equipment	\$	212,539	
Travel		5,075	
Other Contracted Services		425,994	
Other Supplies and Materials		495,357	
Vehicle and Equipment Insurance		61,308	
Other Charges		10,820	
Maintenance Equipment		72,898	
Total Maintenance of Plant			\$ 4,129,511

Transportation

Supervisor/Director	\$	55,630	
Clerical Personnel		64,724	
Other Salaries & Wages		32,006	
Social Security		9,295	
State Retirement		17,658	
Life Insurance		272	
Medical Insurance		6,392	
Employer Medicare		2,174	
Contracts with Private Agencies		289,395	
Contracts with Parents		1,497	
Contracts with Vehicle Owners		7,822,175	
Travel		1,454	
Other Contracted Services		31,646	
Other Supplies and Materials		5,871	
Vehicle and Equipment Insurance		67,911	
Other Charges		21,395	
Administration Equipment		1,853	
Total Transportation			8,431,348

Central and Other

Supervisor/Director	\$	237,888	
Career Ladder Program		3,000	
Computer Programmer(s)		667,342	
Career Ladder Extended Contracts		2,000	
Clerical Personnel		117,923	
Other Salaries & Wages		64,404	
Social Security		66,074	
State Retirement		117,636	
Life Insurance		1,341	

(Continued)

Exhibit L-10

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

General Purpose School Fund (Cont.)Support Services (Cont.)Central and Other (Cont.)

Medical Insurance	\$	139,392	
Employer Medicare		15,453	
Data Processing Services		28,486	
Maintenance & Repair Services - Equipment		163,581	
Travel		25,947	
Other Contracted Services		25,538	
Data Processing Supplies		4,521	
Other Supplies and Materials		137,969	
In Service/Staff Development		11,883	
Administration Equipment		12,369	
Data Processing Equipment		5,084	
Total Central and Other			\$ 1,847,831

Operation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	116,797	
Career Ladder Program		1,800	
Accountants/Bookkeepers		32,317	
Career Ladder Extended Contracts		2,000	
Cafeteria Personnel		63,969	
Social Security		13,309	
State Retirement		18,325	
Life Insurance		170	
Medical Insurance		16,363	
Unemployment Compensation		5,394	
Employer Medicare		3,113	
Payments to Schools - Breakfast		733,069	
Payments to Schools - Lunch		3,287,856	
Travel		4,788	
Other Contracted Services		6,718	
Food Supplies		39,797	
Office Supplies		1,654	
Other Supplies and Materials		21,451	
In Service/Staff Development		3,674	
Food Service Equipment		40,794	
Total Food Service			4,413,358

Community Services

Teachers	\$	248,229	
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(Continued)

Exhibit L-10

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

General Purpose School Fund (Cont.)Operation of Non-Instructional Services (Cont.)Community Services (Cont.)

Career Ladder Program	\$	3,000	
Educational Assistants		91,281	
Social Security		20,393	
State Retirement		24,295	
Life Insurance		726	
Medical Insurance		59,552	
Employer Medicare		4,769	
Contracts for Substitute Teachers - Non-certified		7,901	
Other Supplies and Materials		612	
Other Charges		33,412	
Total Community Services			\$ 494,170

Early Childhood Education

Teachers	\$	129,844	
Career Ladder Program		900	
Educational Assistants		43,867	
Social Security		10,250	
State Retirement		12,379	
Life Insurance		411	
Medical Insurance		54,342	
Employer Medicare		2,397	
Contracts for Substitute Teachers - Non-certified		3,511	
Instructional Supplies and Materials		19,273	
Other Supplies and Materials		14,939	
In Service/Staff Development		1,307	
Other Charges		1,537	
Total Early Childhood Education			294,957

Capital OutlayRegular Capital Outlay

Other Contracted Services	\$	4,328	
Site Development		1,898	
Other Capital Outlay		340,784	
Total Regular Capital Outlay			347,010

Total General Purpose School Fund \$ 184,441,265

(Continued)

Exhibit L-10

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

School Federal Projects FundInstructionRegular Instruction Program

Teachers	\$	1,594,844	
Clerical Personnel		962	
Educational Assistants		231,687	
Other Salaries & Wages		31,556	
In-Service Training		145,352	
Social Security		95,866	
State Retirement		97,308	
Life Insurance		2,090	
Medical Insurance		168,884	
Employer Medicare		22,872	
Contracts for Substitute Teachers - Non-certified		41,236	
Instructional Supplies and Materials		34,524	
Other Supplies and Materials		181,646	
In Service/Staff Development		15,445	
Other Charges		120	
Regular Instruction Equipment		196,157	
Total Regular Instruction Program			\$ 2,860,549

Special Education Program

Teachers	\$	656,453	
Educational Assistants		916,508	
Other Salaries & Wages		203,443	
Social Security		103,441	
State Retirement		164,065	
Life Insurance		5,027	
Medical Insurance		484,952	
Employer Medicare		24,192	
Contracts for Substitute Teachers - Non-certified		41,876	
Other Contracted Services		219,357	
Instructional Supplies and Materials		126,584	
Special Education Equipment		22,060	
Total Special Education Program			2,967,958

Vocational Education Program

Clerical Personnel	\$	84,537	
In-Service Training		1,000	
Social Security		4,954	
State Retirement		9,853	
Life Insurance		284	

(Continued)

Exhibit L-10

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

School Federal Projects Fund (Cont.)Instruction (Cont.)Vocational Education Program (Cont.)

Medical Insurance	\$	27,448	
Employer Medicare		1,159	
Other Contracted Services		622	
Instructional Supplies and Materials		108,537	
Other Supplies and Materials		70,275	
In Service/Staff Development		155	
Vocational Instruction Equipment		342,704	
Total Vocational Education Program			\$ 651,528

Support ServicesHealth Services

Medical Personnel	\$	39,268	
Other Salaries & Wages		117,394	
Social Security		9,451	
State Retirement		16,659	
Life Insurance		210	
Medical Insurance		25,944	
Employer Medicare		2,210	
Total Health Services			211,136

Other Student Support

Social Workers	\$	313,934	
Attendants		161,865	
Other Salaries & Wages		69,395	
Social Security		32,235	
State Retirement		36,535	
Life Insurance		1,067	
Medical Insurance		118,128	
Employer Medicare		7,539	
Travel		483	
Other Contracted Services		2,975	
Other Supplies and Materials		49,279	
Total Other Student Support			793,435

Regular Instruction Program

Supervisor/Director	\$	74,555	
Secretary(ies)		26,464	
Other Salaries & Wages		51,864	
Social Security		9,191	

(Continued)

Exhibit L-10

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

School Federal Projects Fund (Cont.)Support Services (Cont.)Regular Instruction Program (Cont.)

State Retirement	\$	9,203	
Life Insurance		168	
Medical Insurance		23,877	
Employer Medicare		2,259	
Consultants		2,371	
Maintenance & Repair Services - Equipment		105	
Travel		6,059	
Other Contracted Services		144,621	
Other Supplies and Materials		26,174	
In Service/Staff Development		704,666	
Other Equipment		14,946	
Total Regular Instruction Program			\$ 1,096,523

Special Education Program

Psychological Personnel	\$	462,717	
Clerical Personnel		25,592	
Other Salaries & Wages		613,480	
Social Security		66,137	
State Retirement		62,202	
Life Insurance		1,288	
Medical Insurance		165,356	
Employer Medicare		15,395	
In Service/Staff Development		46,651	
Total Special Education Program			1,458,818

Vocational Education Program

Travel	\$	47,797	
In Service/Staff Development		9,663	
Total Vocational Education Program			57,460

Transportation

Contracts with Vehicle Owners	\$	34,808	
Total Transportation			34,808

Operation of Non-Instructional ServicesFood Service

Cafeteria Personnel	\$	1,379	
Social Security		86	
State Retirement		73	

(Continued)

Exhibit L-10

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

School Federal Projects Fund (Cont.)Operation of Non-Instructional Services (Cont.)Food Service (Cont.)

Employer Medicare	\$	20	
Food Supplies		<u>6,575</u>	
Total Food Service			<u>\$ 8,133</u>

Total School Federal Projects Fund \$ 10,140,348

Education Debt Service FundGeneral GovernmentOther General Administration

Trustee's Commission	\$	<u>564</u>	
Total Other General Administration			<u>\$ 564</u>

Principal on DebtEducation

Principal on Bonds	\$	<u>300,000</u>	
Total Education			<u>300,000</u>

Interest on DebtEducation

Interest on Bonds	\$	<u>26,600</u>	
Total Education			<u>26,600</u>

Total Education Debt Service Fund 327,164

Other Capital Projects FundCapital ProjectsEducation Capital Projects

Architects	\$	747,939	
Engineering Services		247,852	
Underwriter's Discount		9,845	
Other Debt Issuance Charges		36,250	
Building Construction		26,313,235	
Building Improvements		6,048,308	
Furniture and Fixtures		426,297	
Regular Instruction Equipment		975,771	
Site Development		5,771,658	
Other Equipment		993	
Other Capital Outlay		<u>8,522</u>	
Total Education Capital Projects			<u>\$ 40,586,670</u>

Total Other Capital Projects Fund 40,586,670

Total Governmental Funds - Rutherford County School Department \$ 235,495,447

Exhibit L-11

Rutherford County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2006

	Cities - Sales Tax Fund	City School ADA - Murfreesboro Fund	Total
<u>Cash Receipts</u>			
Current Property Tax	\$ 0	\$ 8,254,626	\$ 8,254,626
Trustee's Collections - Prior Years	0	101,862	101,862
Circuit/Clerk and Master Collections - Prior Years	0	91,810	91,810
Interest and Penalty	0	31,399	31,399
Pick-up Taxes	0	43,967	43,967
Payments in Lieu of Taxes - T.V.A.	0	8,432	8,432
Payments in Lieu of Taxes - Local Utilities	0	97,946	97,946
Local Option Sales Tax	34,050,481	6,056,314	40,106,795
Wheel Tax	0	537,424	537,424
Business Tax	0	192,631	192,631
Interstate Telecommunications Tax	0	4,988	4,988
Marriage Licenses	0	2,833	2,833
Total Cash Receipts	<u>\$ 34,050,481</u>	<u>\$ 15,424,232</u>	<u>\$ 49,474,713</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 33,709,976	\$ 15,181,002	\$ 48,890,978
Trustee's Commission	340,505	237,727	578,232
Total Cash Disbursements	<u>\$ 34,050,481</u>	<u>\$ 15,418,729</u>	<u>\$ 49,469,210</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 5,503	\$ 5,503
Cash Balance, July 1, 2005	0	193,176	193,176
Cash Balance, June 30, 2006	<u>\$ 0</u>	<u>\$ 198,679</u>	<u>\$ 198,679</u>

STATISTICAL SECTION

This part of the Rutherford County's comprehensive annual report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health. Certain information about the discretely presented Rutherford County School Department is included because, in our judgment, this information is beneficial in assessing the economic condition of the primary government.

	Table	Page(s)
Financial Trends:		
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	1-5	231-238
Revenue Capacity:		
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	6-10	239-243
Debt Capacity:		
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. The tables on legal debt margin information and pledged-revenue coverage are not applicable to counties in Tennessee.	11-12	244-245
Demographic and Economic Information:		
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	13-14	246-247
Operating Information:		
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	15-17	248-250

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Table 1

Rutherford County, Tennessee
Net Assets by Component
Primary Government and Discretely Presented Component Unit
Last Ten Fiscal Years (in thousands) (Note 3)
(accrual basis of accounting)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
PRIMARY GOVERNMENT: (Note 1, 2)										
Governmental activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,910	\$ 149,327	\$ 166,358	\$ 162,068	\$ 146,463
Restricted for:										
Capital Projects	-	-	-	-	-	4,978	16,114	10,606	14,397	29,782
Debt Service	-	-	-	-	-	29,430	26,657	26,632	31,323	32,053
Solid Waste/Sanitation	-	-	-	-	-	-	-	-	4,519	5,084
Adequate Facilities/Development Tax	-	-	-	-	-	-	-	-	5,827	5,873
Highways/Public Works	-	-	-	-	-	-	-	-	6,034	6,412
Other Purposes	-	-	-	-	-	6,910	7,590	10,618	2,924	6,468
Unrestricted (2)	-	-	-	-	-	(217,979)	(218,611)	(221,776)	(254,549)	(278,388)
Total governmental activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (60,751)</u>	<u>\$ (18,923)</u>	<u>\$ (7,562)</u>	<u>\$ (27,457)</u>	<u>\$ (46,253)</u>
COMPONENT UNIT - Rutherford County Schools (Note 2)										
Governmental activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 224,730	\$ 246,569	\$ 261,946	\$ 273,716	\$ 301,332
Restricted for:										
Capital Projects	-	-	-	-	-	37,769	19,815	16,309	38,446	51,723
Textbooks	-	-	-	-	-	-	-	-	-	3,556
Advances to Other	-	-	-	-	-	-	-	-	-	1,080
Other Purposes	-	-	-	-	-	681	819	1,315	1,986	3,098
Unrestricted	-	-	-	-	-	13,049	12,457	17,378	16,968	14,592
Total governmental activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 276,229</u>	<u>\$ 279,660</u>	<u>\$ 296,948</u>	<u>\$ 331,116</u>	<u>\$ 375,381</u>

Notes:

- (1) Rutherford County Government does not engage in any business-type activities.
- (2) Rutherford County Board of Education is not part of the Primary Government, but is reflected as a component unit. The primary government is responsible for the debt issued to finance construction/improvement of education facilities; however, the physical structures are considered assets of the component unit.
- (3) GASB Statement 34 was implemented for the fiscal year ended June 30, 2002; therefore, the presented information is unavailable for periods before 2002.

Table 2

Rutherford County, Tennessee
Changes in Net Assets
Last Ten Fiscal Years (in thousands) (Note 2)
(accrual basis of accounting)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EXPENSES (Note 1)										
Governmental activities:										
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,291	\$ 930	\$ 2,244	\$ 1,639	\$ 5,341
Finance	-	-	-	-	-	4,414	5,143	4,863	5,480	5,727
Administration of Justice	-	-	-	-	-	4,289	4,609	4,970	4,753	5,331
Public Safety	-	-	-	-	-	20,611	23,719	24,925	26,807	28,398
Public Health & Welfare	-	-	-	-	-	9,802	10,709	10,928	10,792	15,762
Social, Cultural, & Recreational Services	-	-	-	-	-	1,023	2,538	1,203	1,186	1,352
Agriculture & Natural Resources	-	-	-	-	-	402	346	971	1,439	802
Other Operations	-	-	-	-	-	-	5,118	4,811	6,880	6,104
Highways/Public Works	-	-	-	-	-	13,268	7,369	10,784	13,859	9,750
Education (Pymts to Comp. Unit)	-	-	-	-	-	52,058	28,827	40,140	67,167	70,937
Interest on Long-Term Debt	-	-	-	-	-	12,480	13,346	13,497	13,123	14,510
Other Debt Service	-	-	-	-	-	-	20	-	1,146	-
Total Governmental activities expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127,638	\$ 102,674	\$ 119,336	\$ 154,271	\$ 164,014
PROGRAM REVENUES										
Governmental activities:										
Charges for Services:										
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,389	\$ 3,345	\$ 3,679	\$ 4,226	\$ 5,460
Finance	-	-	-	-	-	4,102	4,351	5,126	5,514	5,273
Administration of Justice	-	-	-	-	-	2,987	4,299	4,908	5,525	5,271
Public Safety	-	-	-	-	-	4,883	4,055	3,459	3,874	5,25
Public Health & Welfare	-	-	-	-	-	3,792	4,727	5,719	5,616	5,291
Social, Cultural, & Recreational Services	-	-	-	-	-	9	9	9	8	5
Agriculture & Natural Resources	-	-	-	-	-	3	6	65	126	118
Other Operations	-	-	-	-	-	-	-	68	-	-
Highways/Public Works	-	-	-	-	-	142	143	19	-	-
Education	-	-	-	-	-	-	12,164	18,139	21,634	24,969
Operating Grants and Contributions	-	-	-	-	-	6,361	7,446	5,120	6,279	11,045
Capital Grants and Contributions	-	-	-	-	-	10,594	2,271	9,292	2,327	4,873
Total Governmental activities program revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,262	\$ 42,816	\$ 55,603	\$ 55,129	\$ 62,830

(Continued)

Table 2

<u>Rutherford County, Tennessee</u> <u>Changes in Net Assets (Cont.)</u> <u>Last Ten Fiscal Years (in thousands) (Note 2)</u> <u>(accrual basis of accounting)</u>											
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	
Net (expense)/Revenue Governmental Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (91,376)	\$ (59,858)	\$ (63,733)	\$ (99,142)	\$ (101,184)	
General Revenues and Other Changes in Net Assets											
Governmental Activities:											
Taxes											
Property tax levied for general purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,945	\$ 17,933	\$ 22,585	22,520	23,957	
Property tax levied for debt services	-	-	-	-	-	19,689	20,805	22,621	25,016	27,009	
Sales tax	-	-	-	-	-	4,328	3,967	3,891	4,007	4,279	
Other local taxes	-	-	-	-	-	11,138	12,154	15,407	16,366	15,953	
Unrestricted grants and contributions	-	-	-	-	-	5,106	5,224	5,905	6,011	6,014	
Investment earnings	-	-	-	-	-	2,377	1,583	1,065	2,501	5,114	
Gain on disposal of capital assets	-	-	-	-	-	-	-	36	2,500	62	
Miscellaneous	-	-	-	-	-	32	779	467	325	-	
Total Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,615	\$ 62,445	\$ 71,977	\$ 79,246	\$ 82,388	
Change in Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (31,761)	\$ 2,587	\$ 8,244	\$ (19,896)	\$ (18,796)	

Notes:

- (1) Rutherford County Government does not engage in any business-type activities.
- (2) GASB Statement 34 was implemented for the fiscal year ended June 30, 2002; therefore, the presented information is unavailable for periods before 2002.

Table 2a

Rutherford County, Tennessee
Changes in Net Assets - Rutherford County Board of Education
Last Ten Fiscal Years (in thousands) (Note 2)
(accrual basis of accounting)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
EXPENSES (Note 1)										
Governmental activities:										
Education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,607	\$ 158,452	\$ 175,256	\$ 196,516	\$ 204,893
Total Governmental activities expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,607	\$ 158,452	\$ 175,256	\$ 196,516	\$ 204,893
PROGRAM REVENUES										
Governmental activities:										
Charges for Services - Education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 315	\$ 241	\$ 244	\$ 258	\$ 218
Operating Grants and Contributions	-	-	-	-	-	8,953	9,377	13,040	16,650	17,002
Capital grants and Contributions	-	-	-	-	-	52,058	14,930	23,511	43,554	46,255
Total Governmental activities program revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,326	\$ 24,548	\$ 36,795	\$ 60,462	\$ 63,475
Net (expense)/Revenue Governmental Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (89,281)	\$ (133,904)	\$ (138,461)	\$ (136,054)	\$ (141,418)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes										
Property tax levied for general purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,759	\$ 34,645	\$ 41,219	\$ 42,453	\$ 45,473
Sales tax	-	-	-	-	-	22,921	24,124	27,946	29,887	32,888
Other local taxes	-	-	-	-	-	3,054	3,155	3,398	3,709	3,946
Unrestricted grants and contributions	-	-	-	-	-	69,910	74,819	82,331	93,215	101,632
Investment earnings	-	-	-	-	-	463	281	203	460	1,171
Gain on disposal of capital assets	-	-	-	-	-	-	-	356	-	573
Miscellaneous	-	-	-	-	-	92	311	296	498	-
Total Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,199	\$ 137,335	\$ 155,749	\$ 170,222	\$ 185,683
Change in Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,918	\$ 3,431	\$ 17,288	\$ 34,168	\$ 44,265

Notes:

- (1) Rutherford County Schools do not engage in any business-type activities.
- (2) GASB Statement 34 was implemented for the fiscal year ended June 30, 2002; therefore, the presented information is unavailable for periods before 2002

Table 3

Rutherford County, Tennessee
Governmental Activities Tax Revenue by Source
General Government and Rutherford County Board of Education
Last Ten Fiscal Years (1)
(accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax for General Purposes	Property Tax for Ruth. Co. Schools	Property Tax for Debt Service	Sales Tax - Primary Government	Sales Tax - Ruth. Co. Schools	Other Local Tax - Primary Govt.	Other Local Tax - Ruth. Co. Schools	Total
1997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1998	-	-	-	-	-	-	-	-
1999	-	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-	-
2002	16,945	32,759	19,689	4,328	22,921	11,138	3,054	110,834
2003	17,933	34,645	20,805	3,967	24,124	12,154	3,155	116,783
2004	22,585	41,218	22,621	3,891	27,946	15,407	3,398	137,066
2005	22,520	42,453	25,015	4,007	29,887	16,366	3,709	143,957
2006	23,958	45,473	27,009	4,279	32,888	15,953	3,946	153,506

(1) GASB Statement 34 was implemented for the fiscal year ended June 30, 2002; therefore, the presented information is unavailable for periods before 2002.

Table 4

Rutherford County, Tennessee
General Government Fund Balances - Primary Government and Rutherford County Board of Education
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
PRIMARY GOVERNMENT										
General Fund										
Reserved	\$ 317	\$ 528	\$ 636	\$ 843	\$ 958	\$ 1,006	\$ 1,561	\$ 2,247	\$ 2,978	\$ 3,387
Unreserved	6,205	7,326	8,967	9,662	11,705	11,958	12,331	16,234	16,936	20,580
Total General Fund	<u>\$ 6,522</u>	<u>\$ 7,853</u>	<u>\$ 9,603</u>	<u>\$ 10,504</u>	<u>\$ 12,663</u>	<u>\$ 12,964</u>	<u>\$ 13,892</u>	<u>\$ 18,481</u>	<u>\$ 19,914</u>	<u>\$ 23,967</u>
All other governmental funds										
Reserved	\$ 12,570	\$ 2,820	\$ 1,591	\$ 1,407	\$ 1,120	\$ 837	\$ 724	\$ 757	\$ 501	\$ 508
Unreserved, reported in:										
Special revenue funds	7,656	9,909	8,674	10,988	11,952	10,190	11,031	14,743	18,308	19,805
Debt Service	15,256	19,179	21,469	26,004	31,953	31,664	28,975	28,765	30,267	31,183
Capital projects funds	4,035	6,108	5,115	2,601	946	8,456	12,869	6,117	14,382	29,708
Total all other governmental funds	<u>\$ 39,517</u>	<u>\$ 38,016</u>	<u>\$ 36,849</u>	<u>\$ 41,000</u>	<u>\$ 45,972</u>	<u>\$ 51,148</u>	<u>\$ 53,600</u>	<u>\$ 50,381</u>	<u>\$ 63,458</u>	<u>\$ 81,204</u>
COMPONENT UNIT - Rutherford County Board of Education										
General Purpose School Fund										
Reserved	\$ 3,330	\$ 4,332	\$ 4,424	\$ 6,060	\$ 3,522	\$ 3,045	\$ 4,415	\$ 7,269	\$ 5,758	\$ 7,050
Unreserved	7,913	13,537	15,093	11,817	8,385	7,484	5,412	6,954	9,875	11,283
Total General Purpose School Fund	<u>\$ 11,243</u>	<u>\$ 17,869</u>	<u>\$ 19,517</u>	<u>\$ 17,877</u>	<u>\$ 11,907</u>	<u>\$ 10,529</u>	<u>\$ 9,827</u>	<u>\$ 14,223</u>	<u>\$ 15,633</u>	<u>\$ 18,333</u>
All other school funds										
Reserved	\$ 16,533	\$ 5,103	\$ 22,374	\$ 38,340	\$ 29,704	\$ 28,556	\$ 22,738	\$ 7,535	\$ 5,659	\$ 21,178
Unreserved, reported in:										
Debt Service	-	-	-	-	-	-	-	-	-	68
Capital projects funds	(2,193)	34,234	2,194	2,991	1,076	9,894	(2,104)	10,089	33,399	31,229
Total all other governmental funds	<u>\$ 14,340</u>	<u>\$ 39,337</u>	<u>\$ 24,568</u>	<u>\$ 41,331</u>	<u>\$ 30,780</u>	<u>\$ 38,450</u>	<u>\$ 20,634</u>	<u>\$ 17,624</u>	<u>\$ 39,058</u>	<u>\$ 52,475</u>

Table 5

Rutherford County, Tennessee
Changes in Fund Balances General Governmental and Rutherford County Board of Education
Last Ten Fiscal Years

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	\$ 75,042	\$ 82,188	\$ 89,991	\$ 98,365	\$ 109,730	\$ 115,597	\$ 121,848	\$ 142,164	\$ 150,852	\$ 158,947
Licenses & Permits	521	716	1,115	838	727	946	1,112	1,314	1,693	2,055
Fines & Forfeitures	1,180	1,287	979	1,308	1,347	1,546	1,882	2,286	2,638	2,978
Charges for Service	5,268	5,532	6,072	5,707	6,173	6,883	8,270	9,385	10,046	10,535
Other Local Revenue	5,946	5,619	6,074	7,614	8,242	4,161	3,212	2,881	4,771	8,347
Fees from Co. Officials	2,491	2,999	3,459	3,911	4,295	4,822	5,370	6,029	9,953	7,147
State Revenues	61,065	66,174	70,986	73,821	75,876	78,917	84,838	91,580	99,272	112,015
Federal Revenues	5,624	6,720	6,090	7,960	7,572	9,070	9,717	13,657	16,050	18,615
Other Govt/Citizens	2,878	334	2,530	277	203	3,627	1,206	545	452	1,004
Total revenues	\$ 160,015	\$ 171,569	\$ 187,296	\$ 199,801	\$ 214,165	\$ 225,569	\$ 237,455	\$ 269,841	\$ 295,727	\$ 321,643
Expenditures										
General Government	\$ 3,780	\$ 3,648	\$ 3,686	\$ 6,366	\$ 8,783	\$ 4,646	\$ 4,562	\$ 5,096	\$ 5,331	\$ 6,165
Finance	2,696	3,167	3,490	2,442	2,696	4,393	5,021	4,872	5,452	5,953
Admin. of Justice	3,280	2,996	3,166	2,526	2,661	4,268	4,566	4,752	4,780	5,258
Public Safety	8,387	11,084	13,874	15,878	17,716	19,927	22,028	24,010	25,910	29,316
Public Health/Welfare	5,819	6,861	7,769	8,280	9,451	9,504	10,623	11,657	11,591	13,614
Social, Cultural/Rec.	626	702	889	937	1,006	1,023	1,095	1,103	1,086	1,252
Agriculture & Natural Resource	257	271	297	335	372	386	359	446	1,418	690
Other Operations	4,558	3,486	3,295	4,464	4,072	4,297	5,015	4,712	11,206	9,271
Highway & Bridge	5,063	5,355	5,648	5,222	5,579	5,555	5,831	6,455	6,478	7,000
Education	97,233	101,415	112,558	122,877	133,889	138,682	147,432	161,932	181,565	194,909
Debt Service										
Principal	11,301	11,379	12,811	12,744	13,543	14,070	16,975	16,384	17,719	20,004
Interest	6,701	7,174	8,841	8,314	10,271	12,537	13,105	13,761	14,065	14,769
Other charges					170	290		164	1,146	237
Capital Projects-General	21,038	12,050	9,046	5,436	3,610	2,468	5,585	8,716	3,289	6,268
Capital Projects-Schools	20,384	18,914	14,569	27,593	43,187	45,727	32,804	28,206	25,681	40,587
Total expenditures	\$ 191,123	\$ 188,502	\$ 199,939	\$ 223,414	\$ 257,006	\$ 267,773	\$ 275,001	\$ 292,266	\$ 316,717	\$ 355,293
Excess of revenues over (under) expenditures	\$ (31,108)	\$ (16,933)	\$ (12,643)	\$ (23,613)	\$ (42,841)	\$ (42,204)	\$ (37,546)	\$ (22,425)	\$ (20,990)	\$ (33,650)

(Continued)

Table 5

Rutherford County, Tennessee
Changes in Fund Balances General Governmental and Rutherford County Board of Education
Last Ten Fiscal Years (Cont.)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Other financing sources (uses)										
Transfers in	\$ 14,794	\$ 46,032	\$ 141	\$ 916	\$ 2,732	\$ 7,488	\$ 5,583	\$ 7,383	\$ 11,187	\$ 11,792
Transfers out	(14,794)	(45,946)	(38)	(805)	(2,605)	(8,471)	(5,912)	(7,197)	(11,678)	(11,552)
Bond proceeds	22,500	35,015	-	43,900	30,850	54,220	22,581	24,995	53,500	68,255
Note proceeds	20,332	13,190	-	-	2,133	-	-	-	-	-
Proceeds on refunded bonds	-	-	-	-	73,585	-	7,534	-	60,165	-
Payments to refunded bond escrow agent	-	-	-	-	(74,074)	-	(7,534)	-	(64,792)	-
Premiums on Bonds sold	-	18	-	27	902	628	158	-	6,502	3,073
Transfer to component unit	-	-	-	(250)	(72)	-	-	-	-	-
Proceeds on Sale of Land	-	-	-	-	-	-	-	-	4,000	-
TOTAL OTHER SOURCES	\$ 42,832	\$ 48,309	\$ 104	\$ 43,788	\$ 33,451	\$ 53,865	\$ 22,409	\$ 25,181	\$ 58,884	\$ 71,568
 Net change in fund balances	 \$ 11,724	 \$ 31,376	 \$ (12,539)	 \$ 20,175	 \$ (9,390)	 \$ 11,661	 \$ (15,137)	 \$ 2,756	 \$ 37,894	 \$ 37,918
 Debt Service as a percentage of noncapital expenditures	 12.0%	 11.8%	 12.3%	 11.1%	 11.4%	 12.2%	 12.7%	 11.9%	 11.4%	 11.4%

General Governmental and Rutherford County Board of Education TAX Revenues by Source
Last Ten Fiscal Years (expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Hotel Tax	Wheel Tax	Litigation Tax	Business Tax	Mineral Tax	Other local Tax	Bank Excise Tax	Wholesale Beer	Interstate Telecom	Total Tax Revenue
1997	\$52,670	\$14,457	\$410	\$3,476	\$420	\$1,088	\$363	\$1,662	\$204	\$292	\$0	\$75,042
1998	57,996	15,543	441	3,645	480	1,154	385	2,069	178	297	0	82,188
1999	63,270	16,843	445	3,841	479	1,340	429	2,754	221	359	0	89,981
2000	67,899	18,686	456	4,086	529	1,341	493	4,165	269	441	0	98,365
2001	70,934	25,647	632	6,180	674	1,356	310	3,102	168	698	29	109,730
2002	74,293	26,810	543	6,625	749	1,420	335	3,890	241	658	33	115,597
2003	78,153	28,172	579	6,820	873	1,462	361	4,429	214	744	41	121,848
2004	91,540	31,549	644	7,205	884	1,664	453	7,150	279	761	35	142,164
2005	96,676	33,700	645	7,649	909	1,969	534	7,701	406	628	35	150,852
2006	101,949	36,698	748	8,067	965	2,170	524	6,719	372	701	34	158,947

Includes recurring expenditures of the general, special revenue, capital projects and debt service fund types.

Table 6

Rutherford County, Tennessee
Assessed and Estimated Actual Value of Property
Last Ten Fiscal Years

Fiscal Year Ending June 30	Tax Year	Tax Rate	<u>Real Property</u>		<u>Personal Property</u>		<u>Public Utilities</u>		<u>Total</u>		Ratio of Total Assessed Value To Total Estimated
			Estimated	Assessed	Estimated	Assessed	Estimated	Assessed	Estimated	Assessed	Actual Value
1997	1996	\$ 3.30	\$ 4,745,928,800	\$ 1,366,884,875	\$ 669,991,587	\$ 200,997,476	\$ 149,501,544	\$ 82,225,849	\$ 5,565,421,931	\$ 1,650,108,200	29.65%
1998	1997	3.37	5,078,872,200	1,465,911,480	724,533,679	217,360,103	145,589,653	80,074,309	5,948,995,532	1,763,345,892	29.64
1999	1998	2.78	6,839,877,800	1,962,731,840	807,020,614	242,118,810	177,208,473	97,464,660	7,824,106,887	2,302,315,310	29.43
2000	1999	2.78	7,308,228,200	2,100,499,940	859,717,699	257,924,467	191,292,080	105,210,644	8,359,237,979	2,463,635,051	29.47
2001	2000	2.78	7,793,905,200	2,237,519,835	823,454,620	247,060,102	188,371,398	103,604,269	8,805,731,218	2,588,184,206	29.39
2002	2001	2.78	8,268,341,800	2,373,819,640	845,079,350	253,563,060	194,901,282	107,195,705	9,308,322,432	2,734,578,405	29.38
2003	2002	2.51	9,748,484,300	2,798,492,465	889,493,780	266,890,260	216,907,176	119,298,947	10,854,885,256	3,184,681,672	29.34
2004	2003	2.80	10,227,529,400	2,927,993,510	913,226,059	274,004,385	201,952,962	116,024,129	11,342,708,421	3,318,022,024	29.25
2005	2004	2.80	10,802,285,100	3,086,158,845	941,673,640	282,527,970	217,588,269	119,673,548	11,961,547,009	3,488,360,363	29.16
2006	2005	2.80	11,466,156,500	3,267,027,185	1,178,800,896	353,671,780	226,489,474	124,569,211	12,871,446,870	3,745,268,176	29.10

Sources: Trustee Tax Rolls, Assessor Geographic Tax Rolls, Public Service Commission

Note: Exempt properties are not included in the assessed or estimated value because the property assessor does not currently place values on these.

Table 7

Rutherford County, Tennessee
Property Tax Rates (per \$100 assessed value)
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year			(1)	(2)	Percent of					
Ending	Tax	Rutherford	Average Daily	Net	County Tax	City of	Town of	City of	City of	
June 30	Year	County	Attendance Factor	County	Rate Collected for	Benefit of the City	Murfreesboro	Smyrna	LaVergne	Eagleville
				Rate	of Murfreesboro					
1997	1996	\$ 3.30	0.1856	\$ 2.96	10.30%	\$	2.26	\$ 0.48	\$ 0.54	\$ 1.03
1998	1997	3.37	0.1832	2.51	10.00%		2.26	0.48	0.54	1.03
1999	1998	2.78	0.1820	2.51	9.71%		1.90	0.48	0.50	0.79
2000	1999	2.78	0.1767	2.52	9.35%		1.90	0.72	0.50	0.79
2001	2000	2.78	0.1739	2.53	8.99%		1.90	0.83	0.50	0.79
2002	2001	2.78	0.1684	2.54	8.63%		1.90	0.72	0.50	0.79
2003	2002	2.51	0.1670	2.29	8.76%		1.70	0.72	0.50	0.72
2004	2003	2.80	0.1631	2.56	8.57%		1.72	0.69	0.50	0.72
2005	2004	2.80	0.1575	2.57	8.21%		1.72	0.69	0.50	0.72
2006	2005	2.80	0.1582	2.57	8.21%		1.72	0.69	0.50	0.87

Source: Trustee's Office, City Records, and Tennessee Association of Businesses

- (1) Average daily attendance factor is the weighted full time equivalent determined by the Tennessee Department of Education and is based on the number of students attending county and city school systems. By law, Rutherford County must share locally generated revenue with the City of Murfreesboro for its school system.
- (2) Net county rate is arrived at by multiplying the portion of the tax rate designated for school purposes by the ADA factor and subtracting from the total county rate.

Table 8

Rutherford County, Tennessee
Principal Taxpayers
For the Fiscal Year Ended June 30, 2006.

Taxpayer	Type of Business	Rank	2005		Percentage of Total Taxes Levied (2)	Rank	1996		Percentage of Total Taxes Levied (2)
			Assessed Valuation	2005 Tax Liability			Assessed Valuation	1996 Tax Liability	
Nissan Motor Mfg. Co. Automobile Maker		1	\$ 216,458,574	\$ 4,438,717	4.22%	1	\$ 399,465,254	\$ 3,776,023 (1)	7.04%
Bridgestone Tire Maker		2	39,228,826	1,098,407	1.04%	2	46,774,484	1,566,030	2.92%
Middle Tennessee Electric Public Utility-Electric Company		3	38,218,586	1,070,120	1.02%	3	19,550,671	913,644	1.70%
Pillsbury Co./General Mills Bakery Goods		4	35,846,875	1,003,712	0.95%	5	17,680,588	583,459	1.09%
BellSouth Public Utility-Telephone Co.		5	23,198,742	649,564	0.62%	4	22,249,254	734,226	1.37%
Southpark, Nashville, LLC Warehousing		6	21,634,840	605,775	0.58%				
HCA Health Services Stone Crest Medical Center		7	19,838,691	555,483	0.53%				
Osborne-Hessey Storage Co. Warehousing		8	17,043,640	477,222	0.45%				
Rich-Healy Bakery Goods		9	13,885,008	388,781	0.37%				
Stones River, LLC Mall		10	11,483,200	321,529	0.31%	10	8,592,280	283,545	0.53%
Cumberland Swann Pharmaceutical/Health Co.						6	13,155,580	434,135	0.81%
State Farm Insurance Regional Office-Insurance Co.						7	11,852,127	391,121	0.73%
Wal-Mart Retail						8	9,591,646	323,124	0.60%
United Cities Gas Public Utilities						9	8,777,256	289,649	0.54%
					<u>10.08%</u>				
									<u>17.33%</u>

Source: Trustee Tax Rolls, In-Lieu-of Tax Agreements

- (1) The taxes represent \$725,163 (1996 tax year) and \$1,263,299 (2005 tax year) collected on real and personal property for the transport division. The remaining amounts of \$3,050,860 (1996) and \$3,175,417 (2005) represent net tax payments collected through payment in-lieu-of tax agreements.
- (2) This information is presented instead of the percent of assessed value, since Nissan's payment is principally based on a payment in-lieu-of a tax agreement that is not assessment driven.

Table 9

Rutherford County, Tennessee
Property Tax Levies and Collections - By Tax Year
Last Ten Fiscal Years
As of June 30, 2006

Tax Year	Total Tax Levy	Fiscal Year Tax Collections	Percent of Fiscal Year Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
1996	\$ 53,625,211	\$ 51,236,492	95.55%	\$ 2,338,952	\$ 53,575,444	99.91%	\$ 49,767	0.09%
1997	58,776,790	56,966,453	96.92%	1,751,226	58,717,679	99.90%	59,111	0.10%
1998	64,252,785	62,134,729	96.70%	2,051,570	64,186,299	99.90%	66,486	0.10%
1999	68,779,516	65,913,865	95.83%	2,815,730	68,729,595	99.93%	49,921	0.07%
2000	72,057,084	68,830,952	95.52%	3,159,974	71,990,926	99.91%	66,158	0.09%
2001	76,232,827	72,780,582	95.47%	3,299,137	76,079,719	99.80%	153,108	0.20%
2002	79,909,122	76,104,340	95.24%	3,656,304	79,760,644	99.81%	148,478	0.19%
2003	93,099,927	89,736,798	96.39%	3,161,742	92,898,540	99.78%	201,387	0.22%
2004	97,889,256	94,864,349	96.91%	2,444,208	97,308,557	99.41%	580,699	0.59%
2005 (2)	105,297,727	101,990,111	96.86%	(1)	101,990,111	96.86%	3,307,616	3.14%

Source: Trustee tax collection records and tax rolls, clerk and master tax collection records.

(1) Taxes are current until August 1 of the following year.

(2) Current year collections (2005 tax year) include an adjustment of Bridgestone's prepaid taxes of \$978,296.

Table 10

Rutherford County, Tennessee
Assessed and Estimated Actual Value of In-Lieu-of Tax Agreements
and Tax Payments
Last Ten Fiscal Years

Fiscal Year	Ending	Tax			Tax
June 30	Year	Estimated	Assessed	Payments	
1997	1996	\$ 1,096,700,168	\$ 387,133,376	\$ 3,369,071	
1998	1997	1,093,417,168	411,865,838	3,389,612	
1999	1998	1,087,029,548	383,265,128	2,881,009	
2000	1999	1,087,029,548	383,265,128	2,881,009	
2001	2000	1,087,029,548	383,265,128	2,881,008	
2002	2001	1,317,357,830	377,729,024	2,884,301	
2003	2002	1,351,106,813	392,534,657	2,914,150	
2004	2003	1,218,399,585	424,667,199	3,370,062	
2005	2004	1,246,266,807	423,810,464	3,381,739	
2006	2005	1,559,590,910	435,054,895	3,520,688	

Source: In lieu of tax agreements

NOTE: The value of properties subject to in-lieu-of tax payments is included in the agreements with each company. The county received payments from seven companies in 2005-2006, with Nissan representing approximately 93.3% of the total. Section 7-53-305, TCA is the statutory basis for these agreements, which allows the county's Industrial Development Board to finance new development with revenue bonds, and establish these agreements during the term of the bonds.

In-lieu-of tax revenues are included in the General Fund. The revenues reflected in the financial statements include payments received from Nissan for the Town of Smyrna, Tennessee. These payments have not been reflected in the this table.

Table 11

Rutherford County, Tennessee
Ratio of Net General Obligation Bonded Debt
To Assessed Value and Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt	Less: Amounts Available in Debt Service Funds	Net Bonded Debt	Assessed Value	Ratio of Net Bonded Debt to Assessed Value	(1) Population	Net Bonded Debt per Capita
1997	\$ 147,780,521	\$ 16,198,276	\$ 131,582,245	\$ 1,650,108,208	7.97	154,543	\$ 851
1998	185,313,634	19,411,437	165,902,197	1,763,345,892	9.41	161,942	1,024
1999	173,328,929	21,469,367	151,859,562	2,302,315,310	6.60	167,703	906
2000	205,361,403	26,003,765	179,357,638	2,463,635,051	7.28	171,783	1,044
2001	229,156,330	31,952,799	197,203,531	2,588,184,206	7.62	182,023	1,083
2002	269,306,881	31,664,227	237,642,654	2,734,578,405	8.69	190,143	1,250
2003	275,187,432	28,975,397	246,212,035	3,184,681,672	7.73	194,934	1,263
2004	283,797,983	28,764,889	246,212,035	3,318,022,024	7.42	202,310	1,217
2005	318,888,534	30,266,866	288,621,668	3,488,360,363	8.27	210,025	1,374
2006	366,839,085	31,251,284	335,587,801	3,745,268,176	8.96	218,292	1,537

Sources: Table 5, Tennessee Department of Economic & Community Development

(1) Population figures are estimated for all years except the 2001 fiscal year

NOTE: General Bonded Debt on this table includes capital outlay notes, since most have maturities in excess of 10 year:

Table 12

Rutherford County, Tennessee
Direct and Overlapping Debt
General Obligation Bonds and Notes
As of June 30, 2006

Direct Debt

General Bonded Debt	\$ 356,060,000
Notes Payable	10,779,085
Less: Debt Service Funds	<u>(31,251,284)</u>
 Total Direct Debt	 \$ 335,587,801

Overlapping Debt

City of Murfreesboro	\$ 138,000,101
Town of Smyrna	9,305,253
City of LaVergne	13,205,000
City of Eagleville	<u>295,682</u>
 Total Overlapping Debt	 <u>160,806,036</u>

Total Direct and Overlapping Debt	<u><u>\$ 496,393,837</u></u>
--	-------------------------------------

Source: City Records

Table 13

Rutherford County, Tennessee
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year Ending June 30	(1) Population	Per Capita Income	(2) Median Age	County School Enrollment	Average Unemployment Rate
1997	159,543	\$ 22,575	29.8	22,930	3.8%
1998	161,942	24,321	29.8	23,898	3.3%
1999	167,703	25,212	29.8	24,228	2.9%
2000	171,783	25,716	29.8	24,750	2.9%
2001	182,023	26,630	31.2	25,793	3.4%
2002	190,143	26,533	31.2	26,817	4.4%
2003	194,934	26,946	31.2	28,049	4.4%
2004	202,310	26,935	31.2	29,410	4.5%
2005	210,025	27,910	31.2	31,058	4.4%
2006	218,292	28,644	31.2	32,827	4.2%

Source: University of Tennessee, Center for Business & Economic Research,
Tennessee Department of Education, Bureau of Economic Analysis &
Business and Economic Research Center

(1) Populations are estimated for all years except fiscal year 2001.

(2) The Census Bureau determines the median age for local areas in each decade.
The last determination was during the 2000 census and will be determined
again after the 2010 census.

Table 14

Rutherford County, Tennessee
Principal Employers
Current Year (1)

Employer	2006		% of Total County Employment
	Employees	Rank	
Nissan Motor Manufacturing Corp. USA	8,100	1	7.00%
Rutherford County Government & Board of Education	4,136	2	3.58%
Middle Tennessee State University	1,936	3	1.67%
Ingram Book Company	1,913	4	1.65%
Bridgestone/Firestone, Inc.	1,873	5	1.62%
State Farm Insurance	1,506	6	1.30%
Alvin C. York Veterans Administration Medical Center	1,411	7	1.22%
Middle Tennessee Medical Center	1,300	8	1.12%
Asurion	1,200	9	1.04%
Cinram	1,125	10	0.97%
Total			21.18%

(1) Data for previous nine years is not available.

Table 15

Rutherford County, Tennessee
Full-Time Employees by Function
Last Ten Years

	Employees as of June 30,									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Function:										
General Government	47	49	52	54	54	57	58	58	58	65
Finance	74	76	77	81	82	84	84	85	85	83
Justice	52	52	59	68	68	73	76	77	78	79
Public Safety	209	289	313	348	352	357	366	387	397	446
Health & Welfare	117	130	137	156	157	159	169	179	186	203
Agriculture	1	1	1	4	4	6	6	7	12	8
Other	2	2	2	3	3	3	3	3	3	3
Road & Bridge	71	72	71	72	71	73	71	71	71	77
Total	573	671	712	786	791	812	833	867	890	964
COMPONENT UNIT:										
Education	1,935	2,055	2,199	2,204	2,354	2,467	2,444	2,597	2,748	2,779

Table 16

Rutherford County, Tennessee
Operating Indicators by Function
June 30, 2006

FUNCTION	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<u>General Government</u>										
Registered Voters	77,569	80,738	82,766	86,541	89,247	93,415	96,682	105,286	116,705	121,222
Building Permits Issued										
Single Family Homes	1,047	992	858	779	642	618	585	566	828	996
All Other Permits	933	1,119	1,126	1,327	1,777	1,583	1,668	1,588	1,586	2,488
<u>Public Safety</u>										
Number of warrants served:										
State	8,720	8,304	7,433	8,742	9,764	10,155	9,518	10,542	10,216	10,799
Civil	10,793	16,385	14,035	14,624	15,964	16,762	16,390	17,638	17,655	17,516
<u>Public Health</u>										
Ambulance - Call Volume	N/A	12,030	12,617	12,613	13,688	14,803	16,432	17,341	16,978	16,993
Response Time - avg. minutes	N/A	8	8	9	9	8	8	8	9	8
Animal Control										
Requests for service	N/A	N/A	N/A	7,662	9,327	12,764	14,765	13,313	10,937	13,953
Animals Impounded	N/A	N/A	N/A	8,312	8,510	8,822	9,739	8,510	7,421	8,511
Animals Adopted	N/A	N/A	N/A	1,335	1,496	1,498	1,385	1,596	1,774	2,104
<u>Road & Bridge</u>										
Street Resurfaced (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	71.7	62.8
<u>Sanitation</u>										
(tons per day)										
Refuse Collected	N/A	N/A	80.4	83.8	84.1	92.9	97.9	103.1	111.8	110.9
Recyclables Collected	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10.8	12.7	11.2

N/A= Information is not available for this period.

Table 17

Rutherford County, Tennessee
Capital Assets by Function
June 30, 2006

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	2004	<u>2005</u>	<u>2006</u>
FUNCTION										
Highways and Streets										
Number of Streets in System	1,506	1,441	1,506	1,574	1,650	1,689	1,724	1,759	1,763	1,829
Number of Miles	922	912	927	931	936	940	942	941	946	942
Number of Bridges	153	208	208	208	161	162	157	157	157	157
Public Safety										
Number of Correctional Facilities	3	3	3	3	3	3	3	3	3	3
Health and Welfare										
Nursing Home	1	1	1	1	1	1	1	1	1	1
Number of beds	131	131	131	131	131	131	131	131	131	131
Dispatch Station					1	1	1	1	1	1
Ambulance Stations	4	6	6	7	8	8	8	8	10	10
Number of ambulance units	13	14	15	17	14	14	14	17	20	20
Sanitation/Landfill										
Number of trucks	5	5	6	7	9	10	11	12	13	14
Health Department Facilities	2	2	2	2	2	2	2	2	2	2
<u>Facilities and Services Not Included in the Primary Government</u>										
Education:										
Form of Administration										
Number of Employees	2,219	2,392	2,527	2,694	2,826	2,622	2,622	2,597	2,771	2,779
Elementary Schools	16	18	19	19	21	21	21	21	21	21
Middle Schools	3	3	3	3	3	3	3	6	7	7
High Schools	5	5	5	5	6	6	6	7	7	7
K-12 School	1	1	1	1	1	1	1	1	1	1
Alternative School	1	1	1	1	1	1	1	2	2	2

SINGLE AUDIT SECTION



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

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

October 16, 2006

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rutherford County, Tennessee, as of and for the year ended June 30, 2006, which collectively comprise Rutherford County's basic financial statements and have issued our report thereon dated October 16, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 06.01, 06.04, 06.05, 06.06, 06.07, 06.09, and 06.10.

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

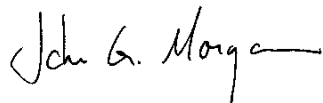
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rutherford County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as items 06.02, 06.03, and 06.08.

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read "John G. Morgan", with a stylized flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/sb



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

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

October 16, 2006

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Rutherford County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. Rutherford County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Rutherford County's management. Our responsibility is to express an opinion on Rutherford County's compliance based on our audit.

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

In our opinion, Rutherford County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

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

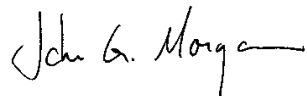
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce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

Schedule of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rutherford County, Tennessee, as of and for the year ended June 30, 2006, and have issued our report thereon dated October 16, 2006. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/sb

OTHER 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
For Community Care of Rutherford County, Inc.

Board of Directors
Community Care of Rutherford County, Inc.
Murfreesboro, Tennessee

I have audited the financial statements of Community Care of Rutherford County, Inc., a component unit of Rutherford County, Tennessee, as of and for the year ended June 30, 2006, and have issued my report thereon. I conducted my 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 of America.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Community Care of Rutherford County, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

I have, however, reported two matters not material to the financial statements, involving internal control, to the management of Community Care of Rutherford County, Inc., in a separate letter.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Care of Rutherford County, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Tennessee State Comptroller's Office and other regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

OTHER 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
For Rutherford County Emergency Communications District

Board of Directors
Rutherford County Emergency Communications District
Murfreesboro, Tennessee

We have audited the financial statements of Rutherford County Emergency Communications District as of and for the year ended June 30, 2006, and have issued our report thereon. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Rutherford County Emergency Communications District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rutherford County Emergency Communications District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Commissioners, management, and appropriate regulatory authorities and is not intended to be and should not be used by anyone other than these specified parties.

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Distribution (Noncash Assistance)	10.550	(2)	\$ 1,116,026
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	750,416
National School Lunch Program	10.555	(2)	3,318,804
Passed-through State Department of Human Services:			
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	(2)	93,839
Total U.S. Department of Agriculture			<u>\$ 5,279,085</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 29,890
Total U.S. Department of the Interior			<u>\$ 29,890</u>
U.S. Department of Justice:			
Direct Program:			
Drug Court Discretionary Grant Program	16.585	N/A	\$ 105,783
Local Law Enforcement Block Grant Program	16.592	N/A	38,420
Public Safety Partnership and Community Policing (COPS - UHP)	16.710	N/A	183,423 (3)
Public Safety Partnership and Community Policing (COPS - IN SCHOOLS)	16.710	N/A	157,584 (3)
Public Safety Partnership and Community Policing (COPS - SOS)	16.710	N/A	8,075 (3)
Passed-through State Department of Children's Services:			
Juvenile Accountability Incentive Block Grants	16.523	GG061212100	10,059
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial State and Local Law Enforcement Assistance			
Discretionary Grants Program	16.580	(2)	86,743
Violence Against Women Formula Grants	16.588	(2)	45,491
Total U.S. Department of Justice			<u>\$ 635,578</u>
National Science Foundation:			
Passed-through Tennessee State University:			
Education and Human Resources	47.076	(2)	\$ 338
Total National Science Foundation			<u>\$ 338</u>

(Continued)

Rutherford 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 Education:			
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	Z0502226100	\$ 72,901 (4)
Adult Education - State Grant Program	84.002	Z0602781400	205,771 (4)
Adult Education - State Grant Program	84.002	(2)	30,537 (4)
Civil Rights Training and Advisory Services	84.004	N/A	12,846
Title 1 Grants to Local Educational Agencies	84.010	N/A	2,312,255
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	5,578,705
Special Education - Preschool Grants	84.173	N/A	87,122
Vocational Education - Basic Grants to States	84.048	N/A	680,040
Safe and Drug Free Schools and Communities - State Grants	84.186A	(2)	136,621
Education for Homeless Children and Youth	84.196	(2)	81,645
Twenty-First Century Community Learning Centers	84.287	(2)	63,682
State Grants for Innovative Programs	84.298	N/A	53,882
Education Technology State Grants	84.318	(2)	45,431
Comprehensive School Reform Demonstration	84.332A	(2)	15,068
English Language Acquisition Grants	84.365A	N/A	182,859
Improving Teacher Quality State Grants	84.367	N/A	872,823
Hurricane Education Recovery	84.938C	N/A	424,137
Total U.S. Department of Education			<u>\$ 10,856,325</u>
U.S. Department of Health and Human Services:			
Passed-through State Office of Criminal Justice Programs:			
Child Support Enforcement	93.563	(2)	\$ 12,643
Total U.S. Department of Health and Human Services			<u>\$ 12,643</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.004	(2)	\$ 267,207 (5)
Homeland Security Grant Program	97.004	Z0401975800	25,000 (5)
Homeland Security Grant Program	97.004	Z0402004701	7,400 (5)
Homeland Security Grant Program	97.004	Z0402248900	367,307 (5)
Homeland Security Grant Program	97.004	Z0402414101	296,332 (5)
Pre-Disaster Mitigation Competitive Grants	97.017	GG061208700	532,657 (6)
Pre-Disaster Mitigation Competitive Grants	97.017	GG061208800	967,903 (6)
Pre-Disaster Mitigation Competitive Grants	97.017	GG041128800	11,704 (6)
Emergency Management Performance Grants	97.042	Z0603286100	28,659
Total U.S. Department of Homeland Security			<u>\$ 2,504,169</u>
Total Expenditures of Federal Awards			<u><u>\$ 19,318,028</u></u>

(Continued)

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

State Grants	Federal CFDA Number	Contract Number	Expenditures
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 51,107
Teen Trax Grant - State Department of Children's Services	N/A	GG0612048	42,022
Juvenile Justice - State Commission on Children and Youth	N/A	Z0502042400	9,000
Helicon Grant - State Department of Economic and Community Development	N/A	(2)	325,591
Adult Education - State Department of Education	N/A	Z0502226101	19,379
Adult Education - State Department of Education	N/A	Z0602781401	49,892
Early Childhood Education - State Department of Education	N/A	(2)	306,105
Safe Schools Act - State Department of Education	N/A	(2)	281,502
Archives Development Program - State Department of State	N/A	(2)	4,900
Litter Grant - State Department of Environment & Conservation	N/A	(2)	91,614
Recycling Program - State Department of Environment & Conservation	N/A	(2)	13,644
Waste Tire Program - State Department of Environment & Conservation	N/A	Z0301135100	159,786
Rural Local Health Services - State Department of Health	N/A	Z0502057700	1,295,699
Total State Grants			<u>\$ 2,650,241</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.

(2) Information not available.

(3) Total Public Safety Partnership and Community Policing from the
U. S. Department of Justice (CFDA No. 16.710) \$349,082.

(4) Total Adult Education - State Grant Program from the
U. S. Department of Education (CFDA No. 84.002) \$309,209.

(5) Total Homeland Security Grant Program from the
U. S. Department of Homeland Security (CFDA No. 97.004) \$963,246.

(6) Total Pre-Disaster Mitigation Competitive Grants from the
U. S. Department of Homeland Security (CFDA No. 97.017) \$1,512,264.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Comprehensive Annual Financial Report for Rutherford County, Tennessee, for the year ended June 30, 2005, which have not been corrected.

OFFICE OF DIRECTOR OF FINANCE

Finding Number	Page Number	Subject
05.02	262	The Workers' Compensation Fund had a net assets deficit

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

Finding Number	Page Number	Subject
05.04	263	The office used an unauthorized signature stamp Sufficient user documentation for the court's software application was not maintained
05.05	263	

OFFICE OF REGISTER

Finding Number	Page Number	Subject
05.06	264	The Office of Register allowed individuals unsupervised access to the office after business hours

OTHER FINDINGS

Finding Number	Page Number	Subject
05.08	265	Duties were not segregated adequately in the Office of Juvenile Court Clerk
05.09	258	A central system of purchasing had not been adopted

RUTHERFORD COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

PART I, SUMMARY OF AUDITOR'S RESULTS

1. An unqualified opinion was issued on the financial statements of Rutherford County.
2. The audit of the financial statements of Rutherford County disclosed reportable conditions in internal control. None of these conditions was considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of Rutherford County.
4. The audit disclosed no reportable conditions in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); Vocational Education - Basic Grants to States (CFDA No. 84.048); and Pre-Disaster Mitigation Competitive Grants (CFDA No. 97.017) were determined to be major programs.
8. A threshold of \$579,541 was used to distinguish between Type A and Type B federal programs.
9. Rutherford County did qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The director of school's, register's, and sheriff's written responses are quoted in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

OFFICE OF DIRECTOR OF FINANCE

FINDING 06.01 **THE WORKERS' COMPENSATION FUND HAD A NET ASSETS DEFICIT**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The Workers' Compensation Fund (internal service fund) had a net assets deficit of \$393,281 at June 30, 2006. This net assets deficit resulted from estimated and actual claims exceeding available revenue.

RECOMMENDATION

County officials should liquidate the net assets deficit and should closely review and monitor this situation to determine if the fund can be self-sufficient over an extended period of time.

FINDING 06.02 **AMOUNTS WITHHELD FROM CONTRACTOR PAYMENTS WERE NOT DEPOSITED TO AN ESCROW ACCOUNT**
(Noncompliance Under Government Auditing Standards)

The office did not deposit amounts withheld from contractor payments into an escrow account. Section 66-11-144, Tennessee Code Annotated, requires that amounts withheld from contractor payments be deposited into an escrow account for contracts of \$500,000 or more.

RECOMMENDATION

Amounts withheld from contractor payments on contracts of \$500,000 or more should be deposited into an escrow account in compliance with state statute.

OFFICE OF HIGHWAY SUPERINTENDENT

FINDING 06.03 BID SPECIFICATIONS FOR EQUIPMENT PURCHASES APPLIED ONLY TO ONE BRAND (Material Noncompliance Under Government Auditing Standards)

Our examination of purchasing procedures revealed the following deficiencies:

- A. The office solicited and received three bids (\$58,440, \$61,351, and \$67,633) for the purchase of a four-wheel drive backhoe. The office awarded the bid to the highest bidder because the other bidders did not meet bid specifications. However, bid specifications could be met by only one manufacturer.
- B. The office solicited bids for the purchase of two tandem dump trucks using bid specifications that could be met by only one manufacturer and accepted the one bid received (\$219,623).

Using bid specifications that apply only to a particular brand of equipment violates the intent of the Uniform Road Law, Section 54-7-113, Tennessee Code Annotated, which requires competitive bids on purchases exceeding \$10,000.

RECOMMENDATION

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

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 06.04 A CASH SHORTAGE OF AT LEAST \$3,031.34 WAS DISCOVERED (Internal Control – Reportable Condition Under Government Auditing Standards)

On September 8, 2006, School Department officials informed auditors they had discovered that an employee purchased personal items with school funds. A review of the records revealed a cash shortage of at least \$3,031.34. This shortage consisted of personal purchases for groceries (\$2,434.14), a telephone (\$247.14), and miscellaneous items (\$350.06). The School Department terminated the employee's position on September 12, 2006. We have reviewed this finding with the district attorney general.

RECOMMENDATION

Internal controls over the purchasing process and the disbursement of school funds should be strengthened to protect School Department assets. Furthermore, officials should take steps to seek reimbursement for the improper purchases.

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

In order to strengthen the internal controls, this position has been transferred to the accounting department. The duties of the position will be split between two people and the initial purchase requisitions will continue to be generated and approved by the special education department.

School department staff met with Detective Stephenson of the Rutherford County Sheriff's Department on October 18, 2006, to review the evidence as it stands.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

FINDING 06.05 **THE OFFICE USED AN UNAUTHORIZED SIGNATURE STAMP**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The Office of Circuit, General Sessions, and Juvenile Courts Clerk used a signature stamp to affix the clerk's signature to checks issued by the office. State statutes do not provide authority for county offices and departments to use a signature stamp in place of an individual's actual signature.

RECOMMENDATION

In the absence of statutory authority, the clerk should discontinue using the signature stamp.

FINDING 06.06 **SUFFICIENT USER DOCUMENTATION WAS NOT MAINTAINED FOR THE COURTS' SOFTWARE APPLICATION**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The Office of Circuit, General Sessions, and Juvenile Courts Clerk did not maintain formal user documentation pertaining to the courts' software. This documentation is necessary to provide users with information regarding system maintenance, system inputs, application processing requirements, output definitions, and system recovery. Inadequate documentation may result in inaccurate and inefficient processing of applications.

RECOMMENDATION

The office should maintain user documentation for the courts' software. The county's agreement with the software vendor explicitly states that the vendor will provide the county with a user's manual and related documentation. Therefore, management should contact their vendor and obtain current user documentation for the court's software.

OFFICE OF REGISTER

FINDING 06.07 **INDIVIDUALS WERE ALLOWED UNSUPERVISED ACCESS TO THE OFFICE AFTER BUSINESS HOURS** (Internal Control – Reportable Condition Under Government Auditing Standards)

The register did not adequately control access to her office. Individuals who were not office employees had unsupervised access to the office after business hours. Allowing persons who are not employees to have unsupervised access to an office after business hours seriously weakens internal controls over assets.

RECOMMENDATION

Individuals who are not office employees should not be allowed unsupervised access to the office after business hours.

MANAGEMENT'S RESPONSE – REGISTER (DIRECT QUOTE)

For over forty (40) years, attorneys and others performing title searches have had access to the office after official business hours and during this time there have never been any problems occurring as a result. All cash is secured at the close of business and is inaccessible to anyone other than my staff. This process benefits not only the attorneys involved but my staff as well.

REBUTTAL

Internal control over assets extends beyond the cash of the office to include the security of records and equipment, which are subject to theft and abuse. This unsupervised access could expose the county to potential liability claims and safety issues for people who are not employees.

OFFICE OF SHERIFF

FINDING 06.08 **FEDERAL EQUITABLE SHARED FUNDS WERE NOT CHANNELED THROUGH THE COUNTY'S BUDGETARY PROCESS**

(Noncompliance Under Government Auditing Standards)

The office maintained a bank account for federal equitable shared funds forfeited to the county. These funds were not channeled through the county's budgetary process but were expended by the Sheriff's Department for various program operations. Section 5-9-401, Tennessee Code Annotated (TCA), requires "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies."

RECOMMENDATION

The office should remit the federal equitable shared funds to the county's General Fund or a special revenue fund to be accounted for in separate accounts for tracking purposes. These funds should be appropriated by the County Commission and channeled through the county's budgetary process as required by state statute.

MANAGEMENT'S RESPONSE – SHERIFF (DIRECT QUOTE)

In September 1996, Detective Don Davenport was assigned to the Middle Tennessee Drug Enforcement (DEA) Task Force. As a member of this Task Force, the Rutherford County Sheriff's Office receives shares of forfeiture funds that the Task Force seizes and are awarded by the U.S. District Court. These funds fall under the control of the Department of Justice Asset Forfeiture Program. An annual report is sent to the Department of Justice each year, and these funds are subject to audit by the Department of Justice.

In September 1996, then Lieutenant Chuck Thomas, Sergeant Kerry Nelson, and Chief Deputy of Administration Susan Gammon met with Paul Long who was the Rutherford County Finance Director at that time. It was discussed how we should set up the account. Mr. Long stated it could be done one of two ways. He, the county, could administer the account or the Rutherford County Sheriff's Office could do it. Lieutenant Thomas contacted the Nashville DEA Office and was advised that the Sheriff's Office should administer the account and not the county. An account was then set up and has been in use since this time with approval of the Department of Justice.

In August 2006, Sheriff Truman Jones was notified by the Division of County Audit that we could not administer this account and that it would have to be transferred to Rutherford County Government. Major Chuck Thomas contacted Caroline Dingess, U.S. Department of Justice, who administers the asset forfeiture program for Tennessee. Ms. Dingess stated that the account was fine the way it was and that the funds were subject to be audited by the Department of Justice and not the Tennessee Division of Audit. This was backed up by the Nashville DEA Office.

In October 2006, the Review of Audit Findings and Recommendations was released. Major Thomas again contacted Caroline Dingess and informed her of the findings. She referred Major Thomas to the Department of Justice Attorneys for Asset Forfeiture. Major Thomas spoke with Justice Attorney Erin Pearl who was the duty attorney. She confirmed what Ms. Dingess had instructed and stated she would have the lead attorney contact Major Thomas. Major Thomas was then contacted by Department of Justice Attorney Nancy Ryder. Ms. Ryder was informed of the findings and TCA Code 5-9-401. Ms. Ryder was familiar with the TCA Code and stated that the program did not fall under this code. She stated the these funds are not considered county funds and are to be administered by the Rutherford County Sheriff's Office as an agreement between the Department of Justice and the Sheriff's Office. She stated that the funds could only be received by the Sheriff's Office, via direct deposit, and not the county. Funds would not be sent to Rutherford County. She stated that if the account was transferred, no further monies would be sent. She referred the Federal Equitable Sharing Agreement signed by both Sheriff Truman Jones and then County Mayor Nancy Allen which is valid through September 30, 2008. Number 5 of the agreement, Internal Controls, sets forth how to administer the account. She also stated that these funds were subject to audit by the Department of Justice and not the State of Tennessee.

REBUTTAL

Number 5 of the Federal Equitable Sharing Agreement referred to above states, "The parties agree to account separately for federal equitable sharing funds received from the Department of Justice and the Department of the Treasury. Funds from state and local forfeitures and other sources must not be commingled with federal equitable sharing funds. The recipient agency shall establish a separate revenue account or accounting code for state, local, Department of Justice, and Department of the Treasury forfeiture funds. Interest income generated must be accounted for in the appropriate federal forfeiture fund account." The issue is to maintain a separate identity, depositing the forfeited funds with the county in the General Fund or a special revenue fund in separate revenue accounts for accounting purposes satisfies Number 5 of the agreement. Furthermore, in A Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies published by the U.S. Department of Justice in Appendix C, a sample bookkeeping procedure, item No. 1, allows recipients to "Establish a separate revenue account through your Department of Finance for the proceeds from the disposition of federal sharing proceeds. This account should also receive any interest income generated by the funds. This account will be solely for the use of federal sharing proceeds. No other funds may be included in this account." Therefore, these guidelines permit the Finance Department to account for the funds.

Section 8-4-109, Tennessee Code Annotated, provides that "The comptroller of the treasury is hereby authorized to audit any books and records of any governmental entity created under and by virtue of the statutes of the state of Tennessee which handles public funds." The Federal Equitable Sharing Agreement states in item No. 7 that, "The Department of Justice and the Department of the Treasury reserve the right to conduct periodic random audits." Therefore, while the Department of Justice and the Department of the Treasury may audit the federal forfeited funds, the Comptroller of the Treasury will audit the funds as required by state statute. In addition to state statutes, the federal government passed in

1984 “The Federal Single Audit Act”. This act gave our office the authority to audit all federal funds as a method of reducing duplication of audit effort.

In A Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies published by the U.S. Department of Justice in Appendix C, item No. 8, “In some jurisdictions, approval for expenditures must also be obtained from the governing body, such as a town council or city manager’s office.” Therefore, since the Rutherford County Commission is required to appropriate all expenditures of the Sheriff’s Department as required by Section 5-9-401, TCA, and also as authorized by the Department of Justice manual, the federal forfeitures must be maintained in a fund administered by the Finance Office.

Finally, we contacted the Criminal Division of the U.S. Department of Justice/FSA, and they referenced the Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies noting that the county could not budget anticipated receipts, funds must be used to supplement not supplant resources, and shared funds may not be used for any purpose that would constitute an improper use of state or local law enforcement funds. Furthermore, they stated that it is to be determined on the state and local level how the money should be maintained, so long as the money is not used to supplant the budget and is not budgeted for expenses prior to the funds being received.

The county should maintain the forfeited funds in the General Fund or a special revenue fund and budget the forfeited funds as received to supplement local resources for allowable expenditures. This would be in compliance with Department of Justice Guidelines and applicable state law.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 06.09 **DUTIES WERE NOT ADEQUATELY SEGREGATED IN THE OFFICE OF JUVENILE COURT CLERK** (Internal Control – Reportable Condition Under Government Auditing Standards)

Duties were not adequately segregated among the employees in the Office of Juvenile Court Clerk. Employees responsible for maintaining the accounting records were also involved in receipting, depositing, and/or disbursing funds.

RECOMMENDATION

To strengthen internal controls over operations, the official should adequately segregate duties among employees.

FINDING 06.10

A CENTRAL SYSTEM OF PURCHASING HAD NOT BEEN ADOPTED

(Internal Control – Reportable Condition Under Government Auditing Standards)

Rutherford County officials had not adopted a central system of purchasing. Establishing a central system would significantly improve internal controls over the purchasing process.

RECOMMENDATION

Rutherford County officials should consider adopting the County Financial Management System of 1981 or a private act, which would provide for a central system of purchasing covering all county departments.

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

There were no findings and questioned costs for federal awards.

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

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