



**ANNUAL FINANCIAL REPORT
CHEATHAM COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2008



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

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

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

JAMES R. ARNETTE
Director

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TERYN MCNEAL
WENDY HEATH, CFE
State Auditors

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

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Audit Highlights
Annual Financial Report
Cheatham County, Tennessee
For the Year Ended June 30, 2008

Scope

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

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements did not include one component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

Our audit resulted in 15 findings and recommendations, which we have reviewed with Cheatham 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:

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

- ◆ The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation.
- ◆ The Landfill Department had a cash shortage of \$8,000 and several operating deficiencies.
- ◆ Deficiencies were noted in the maintenance of capital assets records.
- ◆ The director of accounts and budgets did not file a Report on Debt Obligation with the state director of Local Finance for a \$500,000 line of credit.
- ◆ Time sheets for an employee of the Ambulance Service did not accurately reflect time worked.
- ◆ The Ambulance Service did not have written policies concerning the collection and write-off of customer accounts.
- ◆ The Animal Control and Ambulance Service departments did not properly issue receipts for all collections.
- ◆ The building permits software did not have adequate application controls.

OFFICES OF ROAD SUPERINTENDENT AND DIRECTOR OF ACCOUNTS AND BUDGETS

- ◆ The Highway Department's bookkeeper falsified checks totaling \$68,281.11 for personal use.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The Education Capital Projects Fund required material audit adjustment for proper financial statement presentation.
 - ◆ The extended school program had operating deficiencies.
-

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ The office did not review software audit logs.
-

OFFICE OF CLERK AND MASTER

- ◆ The office did not review software audit logs.
-

OFFICE OF SHERIFF

- ◆ The Sheriff's Department had deficiencies in its vending services.
-

OTHER FINDING

- ◆ Duties were not segregated adequately among the officials and employees in the Animal Control, Landfill, and Building Codes departments and the Offices of Trustee and Sheriff.

INTRODUCTORY SECTION

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Cheatham County Officials

June 30, 2008

Officials

William Orange, County Mayor
Jerry Carney, Road Superintendent
Lynn Seifert, Director of Schools
Betty Balthrop, Assessor of Property
Dorothy Jones, Trustee
W.J. Hall, County Clerk
Julie Womack, Circuit and General Sessions Courts Clerk
Pam Jenkins, Clerk and Master
Dolores Moulton, Register
John Holder, Sheriff
Tara Patterson, Director of Accounts and Budgets

Board of County Commissioners

David McCullough, Chairman
Brenda Montgomery
William Anderson
William Baker
Rickey Burton
Wendell Crouch

David Davidson
LuAnn Engelman
Patricia Jarreau
Jack McCanless
Adair Schippers
John-Paul Wood, Jr.

Board of Education

Barry Breen, Chairman
Susan Greer
Kurt Scott

Rickey Thomas
Dianne Proffitt
Chris Spiegel

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FINANCIAL SECTION

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**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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INDEPENDENT AUDITOR'S REPORT

January 12, 2009

Cheatham County Mayor and
Board of County Commissioners
Cheatham 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 Cheatham County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Cheatham County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Cheatham County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the Cheatham County Emergency Communications District's financial statements, which represent one percent of the assets and revenues of the aggregate discretely presented component units. These financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the discretely presented Cheatham County Emergency Communications District, is based on the report 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 report of the other auditors provide a reasonable basis for our opinions.

The financial statements of the Cheatham County Water and Wastewater Authority, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the Cheatham County Water and Wastewater Authority, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Cheatham County Water and Wastewater Authority as discussed in the preceding paragraph, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units of Cheatham County, Tennessee, at June 30, 2008, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Cheatham County, Tennessee, as of June 30, 2008, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 12, 2009, on our consideration of Cheatham 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., Cheatham County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; GASB Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and GASB Statement No. 50, Pension Disclosures.

The management of Cheatham County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison, pension, and postemployment benefits information on pages 75 through 83 are not required parts of the basic financial statements but they do provide 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 Cheatham County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Education Debt Service funds, combining and individual fund financial statements of the Cheatham County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Education Debt Service funds, combining and individual fund financial statements of the Cheatham 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/yu

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BASIC FINANCIAL STATEMENTS

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Exhibit A

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

	<u>Component Units</u>		
	<u>Primary Government Governmental Activities</u>	<u>Cheatham County School Department</u>	<u>Cheatham County Emergency Communications District</u>
<u>ASSETS</u>			
Cash	\$ 14,875	\$ 0	\$ 0
Equity in Pooled Cash and Investments	15,322,379	2,965,111	380,073
Inventories	4,320	0	0
Accounts Receivable	2,195,397	98,161	22,333
Allowance for Uncollectibles	(1,233,710)	0	0
Property Taxes Receivable	11,567,527	7,579,696	0
Allowance for Uncollectible Property Taxes	(232,851)	(155,002)	0
Due from Other Governments	695,428	781,574	30,625
Cash Shortage	76,281	0	0
Notes Receivable	195,000	0	0
Interest Receivable	0	0	267
Prepaid Expense	0	0	11,963
Deferred Charges - Debt Issuance Costs	179,560	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	1,292,118	781,997	0
Construction in Progress	0	7,675,146	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	5,986,704	42,844,894	0
Other Capital Assets	1,434,157	3,296,801	491,021
Infrastructure	6,765,523	0	0
Total Assets	<u>\$ 44,262,708</u>	<u>\$ 65,868,378</u>	<u>\$ 936,282</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 497,065	\$ 236,444	\$ 48,586
Accrued Payroll	0	21,549	0
Payroll Deductions Payable	44,572	0	0
Contracts Payable	0	854,047	0
Retainage Payable	0	91,412	0
Accrued Interest Payable	50,240	0	3,989
Deferred Revenue - Current Property Taxes	10,937,149	7,161,247	0
Noncurrent Liabilities:			
Due Within One Year	3,391,381	41,019	29,000
Due in More Than One Year (net of deferred amount on refunding)	25,584,829	1,709,943	166,000
Total Liabilities	<u>\$ 40,505,236</u>	<u>\$ 10,115,661</u>	<u>\$ 247,575</u>

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Units	
		Cheatham County School Department	Cheatham County Emergency Communications District
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 12,726,010	\$ 0	\$ 292,031
Invested in Capital Assets	0	54,598,838	0
Restricted for:			
Capital Projects	1,333,653	0	0
Central Cafeteria	0	700,496	0
School Federal Projects	0	55,890	0
Debt Service	10,558,465	0	0
Highway/Public Works	1,248,153	0	0
Other Purposes	74,638	0	0
Unrestricted	<u>(22,183,447)</u>	<u>397,493</u>	<u>396,676</u>
Total Net Assets	<u>\$ 3,757,472</u>	<u>\$ 55,752,717</u>	<u>\$ 688,707</u>

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

Exhibit B

Cheatham County, Tennessee
Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units		
					Primary Government Total	Cheatham County School Department	Cheatham County Emergency Communications District
Primary Government:							
Governmental Activities:							
General Government	\$ 1,892,898	\$ 658,338	\$ 29,547	\$ 26,706	\$ (1,178,307)	\$ 0	\$ 0
Finance	1,051,515	1,020,848	12,376	0	(18,291)	0	0
Administration of Justice	1,182,182	909,953	45,766	0	(226,463)	0	0
Public Safety	4,395,233	258,803	182,450	15,000	(3,938,980)	0	0
Public Health and Welfare	3,188,409	815,875	142,750	100,672	(2,129,112)	0	0
Social, Cultural, and Recreational Services	346,208	5,116	21,985	0	(319,107)	0	0
Agriculture and Natural Resources	124,782	0	0	0	(124,782)	0	0
Other Operations	1,490,055	0	77,813	0	(1,412,242)	0	0
Highways/Public Works	3,459,740	0	1,664,284	281,634	(1,513,822)	0	0
Education	4,329,568	0	0	0	(4,329,568)	0	0
Interest on Long-term Debt	996,921	0	0	0	(996,921)	0	0
Other Debt Service	51,833	0	0	0	(51,833)	0	0
Total Primary Government	\$ 22,509,344	\$ 3,668,933	\$ 2,176,971	\$ 424,012	\$ (16,239,428)	\$ 0	\$ 0
Component Units:							
Cheatham County School Department	\$ 49,406,783	\$ 2,633,818	\$ 4,250,499	\$ 4,273,768	\$ 0	\$ (38,248,698)	\$ 0
Cheatham County Emergency Communications District	402,735	437,930	11,775	0	0	0	46,970
Total Component Units	\$ 49,809,518	\$ 3,071,748	\$ 4,262,274	\$ 4,273,768	\$ 0	\$ (38,248,698)	\$ 46,970

(Continued)

Exhibit B

Cheatham County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Component Units	
				Primary Government Total Governmental Activities	Cheatham County School Department
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 7,592,520	\$ 0
Property Taxes Levied for Debt Service				0	0
Local Option Sales Taxes				1,787,453	0
Wheel Tax				380,470	0
Adequate Facilities/Development Tax				0	0
Wholesale Beer Tax				0	0
Fire Tax				0	0
Business Tax				0	0
Litigation Tax- General				0	0
Litigation Tax- Jail, Workhouse, or Courthouse				0	0
Other Local Taxes				4,627	0
Grants and Contributions Not Restricted to Specific Programs				29,962,963	8,272
Unrestricted Investment Earnings				16,496	0
Miscellaneous				10,570	0
Gain on Disposal of Capital Assets				0	0
Total General Revenues				\$ 39,755,099	\$ 8,272
Change in Net Assets				\$ 1,506,401	\$ 55,242
Prior-period Adjustment				0	0
Net Assets, July 1, 2007				54,246,316	633,465
Net Assets, June 30, 2008				\$ 55,752,717	\$ 688,707

Exhibit C-1

Cheatham County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2008

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Debt Service	Other		
					Governmental Funds	Governmental Funds	
Cash	\$ 1,000	\$ 0	\$ 0	\$ 0	\$ 13,875	\$ 14,875	
Equity in Pooled Cash and Investments	2,881,492	1,308,244	2,526,775	6,817,782	1,788,086	15,322,379	
Inventories	4,320	0	0	0	0	4,320	
Accounts Receivable	2,014,156	37,736	18,131	116,543	8,831	2,195,397	
Allowance for Uncollectibles	(1,233,710)	0	0	0	0	(1,233,710)	
Due from Other Governments	137,823	280,502	0	254,093	23,010	695,428	
Due from Other Funds	14,292	0	0	335,000	0	349,292	
Property Taxes Receivable	5,975,991	549,393	206,597	3,443,287	1,392,259	11,567,527	
Allowance for Uncollectible Property Taxes	(117,995)	(10,822)	(4,190)	(69,820)	(30,024)	(232,851)	
Cash Shortage	0	68,281	0	0	8,000	76,281	
Notes Receivable - Long-term	0	0	195,000	0	0	195,000	
Total Assets	\$ 9,677,369	\$ 2,233,334	\$ 2,942,313	\$ 10,896,885	\$ 3,204,037	\$ 28,953,938	

ASSETS

LIABILITIES AND FUND BALANCES

Accounts Payable	\$ 130,236	\$ 2,491	\$ 0	\$ 310,754	\$ 53,584	\$ 497,065
Payroll Deductions Payable	1,449	42,011	0	0	1,112	44,572
Due to Other Funds	335,000	0	0	0	14,292	349,292
Deferred Revenue - Current Property Taxes	5,663,881	520,817	195,306	3,255,104	1,302,041	10,937,149
Deferred Revenue - Delinquent Property Taxes	171,958	15,589	6,284	104,805	48,228	346,864
Other Deferred Revenues	403,786	205,440	0	136,753	13,747	759,726
Total Liabilities	\$ 6,706,310	\$ 786,348	\$ 201,590	\$ 3,807,416	\$ 1,433,004	\$ 12,934,668
Fund Balances						
Reserved for Encumbrances	\$ 42,502	\$ 57,750	\$ 0	\$ 0	\$ 373,298	\$ 473,550
Reserved for Alcohol and Drug Treatment	41,689	0	0	0	0	41,689
Reserved for Litter Enforcement Awards	21,195	0	0	0	0	21,195
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	431,341	0	0	0	0	431,341
Reserved for Sexual Offender Registration	9,243	0	0	0	0	9,243
Reserved for Courtroom Security	571	0	0	0	0	571

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Debt Service	Other Governmental Funds	
\$	29,329	0	0	0	0	29,329
Reserved for Computer System - Register	6,856	0	0	0	0	6,856
Reserved for Automation Purposes - Circuit Court	31,317	0	0	0	0	31,317
Reserved for Automation Purposes - General Sessions Court	5,134	0	0	0	0	5,134
Reserved for Automation Purposes - Chancery Court	11,232	0	0	0	0	11,232
Reserved for Automation Purposes - Sheriff	0	0	195,000	0	0	195,000
Reserved for Long-term Notes Receivable						
Unreserved, Reported In:						
General Fund	2,340,650	0	0	0	0	2,340,650
Special Revenue Funds	0	1,389,236	0	0	451,376	1,840,612
Debt Service Funds	0	0	2,545,723	7,089,469	0	9,635,192
Capital Projects Funds	0	0	0	0	946,359	946,359
Total Fund Balances	\$ 2,971,059	\$ 1,446,986	\$ 2,740,723	\$ 7,089,469	\$ 1,771,033	\$ 16,019,270
Total Liabilities and Fund Balances	\$ 9,677,369	\$ 2,233,334	\$ 2,942,313	\$ 10,896,885	\$ 3,204,037	\$ 28,953,938

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)
 Reserved for Computer System - Register
 Reserved for Automation Purposes - Circuit Court
 Reserved for Automation Purposes - General Sessions Court
 Reserved for Automation Purposes - Chancery Court
 Reserved for Automation Purposes - Sheriff
 Reserved for Long-term Notes Receivable
 Unreserved, Reported In:
 General Fund
 Special Revenue Funds
 Debt Service Funds
 Capital Projects Funds
 Total Fund Balances

Total Liabilities and Fund Balances

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

Exhibit C-2

Cheatham County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2008

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 16,019,270
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,292,118	
Add: buildings and improvements net of accumulated depreciation	5,986,704	
Add: other capital assets net of accumulated depreciation	1,434,157	
Add: infrastructure net of accumulated depreciation	<u>6,765,523</u>	15,478,502
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (9,365,000)	
Less: notes payable	(920,000)	
Less: capital leases payable	(340,347)	
Less: others loans payable	(16,974,028)	
Less: line of credit payable	(82,090)	
Less: compensated absences payable	(820,005)	
Less: landfill closure/postclosure costs	(1,005,411)	
Add: deferred amount on refunded bonds	530,671	
Add: deferred charges - debt issuance costs	179,560	
Less: accrued interest on bonds, notes, and capital leases	<u>(50,240)</u>	(28,846,890)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,106,590</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 3,757,472</u>

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

Exhibit C-3

Cheatham County, Tennessee
Statement of Revenues, Expenditures,
 and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Debt Service	Education Capital Projects	Other		
						Governmental Funds	Governmental Funds	
Revenues								
Local Taxes	\$ 6,815,858	\$ 927,498	\$ 416,007	\$ 6,328,959	\$ 0	\$ 1,588,651	\$ 16,076,973	
Licenses and Permits	344,845	0	0	0	0	0	344,845	
Fines, Forfeitures, and Penalties	196,345	0	0	0	0	75,057	271,402	
Charges for Current Services	859,245	900	0	0	0	1,46,001	1,006,146	
Other Local Revenues	2,752,510	12,977	4	20,523	0	29,348	2,815,362	
Fees Received from County Officials	1,810,158	0	0	0	0	0	1,810,158	
State of Tennessee	626,881	1,974,567	4,600	76,677	0	67,448	2,750,173	
Federal Government	139,875	0	0	0	0	0	139,875	
Other Governments and Citizens Groups	278,178	0	26,135	0	0	2,500	306,813	
Total Revenues	\$ 13,823,895	\$ 2,915,942	\$ 446,746	\$ 6,426,159	\$ 0	\$ 1,909,005	\$ 25,521,747	
Expenditures								
Current:								
General Government	\$ 1,502,935	\$ 0	\$ 6,155	\$ 98,203	\$ 0	\$ 92,539	\$ 1,699,832	
Finance	1,050,213	0	0	0	0	0	1,050,213	
Administration of Justice	1,160,714	0	0	0	0	4,605	1,165,319	
Public Safety	4,374,952	0	0	0	0	50,660	4,425,612	
Public Health and Welfare	1,901,439	0	0	0	0	1,015,717	2,917,156	
Social, Cultural, and Recreational Services	311,836	0	0	0	0	0	311,836	
Agriculture and Natural Resources	123,591	0	0	0	0	0	123,591	
Other Operations	1,478,536	0	0	0	0	11,519	1,490,055	
Highways	0	3,278,352	0	0	0	0	3,278,352	
Debt Service:								
Principal on Debt	0	55,807	710,490	3,253,787	0	0	4,020,084	
Interest on Debt	0	5,487	80,209	959,465	0	0	1,045,161	
Other Debt Service	0	26	1,640	38,380	0	0	40,046	
Capital Projects	87,260	0	0	55,800	4,273,768	244,160	4,660,988	
Total Expenditures	\$ 11,991,476	\$ 3,339,672	\$ 798,494	\$ 4,405,635	\$ 4,273,768	\$ 1,419,200	\$ 26,228,245	
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,832,419	\$ (423,730)	\$ (351,748)	\$ 2,020,524	\$ (4,273,768)	\$ 489,805	\$ (706,498)	
Other Financing Sources (Uses)								
Notes Issued	\$ 262,490	\$ 0	\$ 0	\$ 0	\$ 789,850	\$ 0	\$ 1,052,340	
Capital Leases Issued	0	310,491	0	0	0	0	310,491	

(Continued)

Exhibit C-3

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

	Major Funds						Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Debt Service	Education Capital Projects	Other Governmental Funds	Governmental Funds		
<u>Other Financing Sources (Uses) (Cont.)</u>									
Other Loans Issued	\$ 0	\$ 82,090	\$ 0	\$ 7,894,500	\$ 3,483,918	\$ 0	\$ 0	\$ 11,460,508	
Insurance Recovery	3,365	0	0	0	0	0	5,351	8,716	
Transfers In	0	0	947,429	335,000	0	0	0	1,282,429	
Transfers Out	(1,282,429)	0	0	0	0	0	0	(1,282,429)	
Payments to Refunded Debt Escrow Agent	0	0	0	(7,838,700)	0	0	0	(7,838,700)	
Total Other Financing Sources (Uses)	\$ (1,016,574)	\$ 392,581	\$ 947,429	\$ 390,800	\$ 4,273,768	\$ 5,351	\$ 4,993,355		
Net Change in Fund Balances	\$ 815,845	\$ (31,149)	\$ 595,681	\$ 2,411,324	\$ 0	\$ 495,156	\$ 4,286,857		
Fund Balance, July 1, 2007	2,155,214	1,478,135	2,145,042	4,678,145	0	1,275,877	11,732,413		
Fund Balance, June 30, 2008	\$ 2,971,059	\$ 1,446,986	\$ 2,740,723	\$ 7,089,469	\$ 0	\$ 1,771,033	\$ 16,019,270		

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

Exhibit C-4

Cheatham County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2008

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 4,286,857
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,070,679	
Less: current year depreciation expense	<u>(1,204,240)</u>	(133,561)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Add: gain on disposal of capital assets	\$ 871,453	
Less: proceeds from disposal of capital assets	(1,947,429)	
Less: loss on disposal of capital assets	<u>(9,243)</u>	(1,085,219)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2008	\$ 1,106,590	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(1,005,015)</u>	101,575
(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.		
Add: principal payments on capital leases	\$ 55,807	
Add: principal payments on notes	1,295,340	
Add: principal payments on bonds	1,035,000	
Add: principal payments on other loans	1,633,937	
Add: payments to refunding agent	7,685,000	
Less: note proceeds	(1,052,340)	
Less: other loan proceeds	(11,378,418)	
Less: capital lease proceeds	(310,491)	
Less: line of credit proceeds	(82,090)	
Add: change in deferred amount on refunding debt	96,442	
Less: change in deferred debt issuance costs	<u>44,013</u>	(977,800)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 49,698	
Change in landfill closure/postclosure care costs	(23,037)	
Change in compensated absences payable	<u>(171,795)</u>	(145,134)
Change in net assets of governmental activities (Exhibit B)		<u>\$ 2,046,718</u>

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 352,470
Due from Other Governments	<u>391,898</u>
Total Assets	<u>\$ 744,368</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 391,898
Due to Litigants, Heirs, and Others	<u>352,470</u>
Total Liabilities	<u>\$ 744,368</u>

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

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CHEATHAM COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cheatham 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 Cheatham County:

A. Reporting Entity

Cheatham County is a public municipal corporation governed by an elected 12-member board. As required by GAAP, these financial statements present Cheatham 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 Cheatham 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 Cheatham County School Department operates the public school system in the county, and the voters of Cheatham County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Cheatham County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Cheatham County, and the Cheatham 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 Cheatham County Water and Wastewater Authority provides water and wastewater treatment services for industries in the Cheatham County Industrial Park and to some county schools, and the Cheatham County Commission appoints its governing body. The authority is funded primarily from user service fees. The financial statements of the Cheatham County Water and Wastewater Authority were not available from other auditors in time for inclusion in this report.

The Cheatham County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Cheatham County Water and Wastewater Authority were not available in time for inclusion, as previously mentioned. Complete financial statements of the Cheatham County Emergency Communications District and the Cheatham County Water and Wastewater Authority can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Cheatham County Emergency Communications District
P.O. Box 682
Ashland City, TN 37015

Cheatham County Water and Wastewater Authority
100 Public Square
Suite 115
Ashland City, TN 37015

Related Organization – The Cheatham County Industrial Development Board is a related organization of Cheatham County. The county’s officials are responsible for appointing the members of the board, but the county’s accountability for this organization does not extend beyond making the appointments. During the year ended June 30, 2008, the county did not appropriate any operating subsidies to the Cheatham County Industrial Development Board.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Cheatham 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 Cheatham 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.

Cheatham County issues all debt for the discretely presented Cheatham County School Department. Net debt issues (\$4,273,768) were contributed by the county to the School Department during the year ended June 30, 2008.

Separate financial statements are provided for governmental funds and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary funds 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 Cheatham County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary; however, Cheatham County has no proprietary funds to report. An emphasis is placed on major funds within the governmental category.

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

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

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

Fiduciary fund financial statements are reported using the economic resources measurement focus (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.

Cheatham 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.

Highway/Public Works Fund – This fund accounts for transactions of the county’s Highway Department.

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

Education Debt Service Fund – This fund accounts for the retirement of bonds, line of credit, and other loans for the construction and renovation of the county’s schools.

Education Capital Projects Fund – This fund accounts for debt issued by Cheatham County that is subsequently contributed to the discretely presented Cheatham County School Department for general capital expenditures.

Additionally, Cheatham County reports the following fund type:

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

The discretely presented Cheatham 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.

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

Additionally, the Cheatham County School Department reports the following fund type:

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.

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

2. Receivables and Payables

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

All 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.

Retainage payable in the Education Capital Projects Fund of the discretely presented School Department represents amounts withheld from payments made on construction contracts pending completion of the projects. The amounts are held by the county trustee as Equity in Pooled Cash and Investments.

3. Inventories

Inventories in the General Fund consist of expendable supplies held for consumption and are valued at cost. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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 or more for the primary government (infrastructure \$50,000), \$10,000 or more for the School Department, and an estimated useful life exceeding five 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	40
Land Improvements	10 - 20
Other Capital Assets	5 - 15
Infrastructure	20 - 40

5. **Compensated Absences**

It is the county's policy to permit employees to accumulate earned but unused vacation (with the exception of the Office of County Clerk) and sick pay benefits. There is no liability for unpaid accumulated sick leave (with the exception of the Road Department) since Cheatham County does not have a policy to pay any amounts when employees separate from service with the government. School Department employees may accumulate limited amounts of earned but unused vacation benefits. The general policy of the School Department permits the unlimited accumulation of unused sick leave days. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded. All vacation pay is accrued when incurred in the government-wide financial statements for the county

and the 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 refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental 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 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, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as

creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2008, Cheatham County has \$24,928,973 in outstanding debt for capital purposes of the discretely presented Cheatham County School Department. The debt is a liability of Cheatham County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Cheatham 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, 2008:

Fund/Purpose	Amount
General:	
Hotel/Motel	\$ 43,227
Fire Tax	117,291
GIS Data	7,877
Land Clean-Up	13,137
Assessor - Data Processing Fees	882
Health Department	3,452
Kingston Springs Library	13,206
Library	1,635
Sewer Project	800,000
Parks and Recreation	316,858
Insurance	53,038
FEMA Issues	171,138
Ag Tobacco Grant	15,229
General Purpose School:	
Daycare	308,739
Technology	25,594

8. Prior-period Adjustment

Capital assets were restated (\$1,895,028) from the prior year because the jail building and various pieces of equipment had been omitted.

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 Cheatham County School Department

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

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

Primary Government

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

Discretely Presented Cheatham County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted. 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 Cheatham 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, Other Boards and Committees, County Mayor/Executive, Personnel Office, 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. Fund Deficit

The discretely presented Education Capital Projects Fund had a deficit in unreserved fund balance of \$4,039,413 at June 30, 2008. This deficit resulted from the unperformed portions of construction contracts of \$3,195,489 being reserved as encumbrances and recognizing construction contract payables totaling \$976,341. Funding for these future expenditures is expected to be received from the issuance of debt.

C. Cash Shortages

The Highway Department bookkeeper falsified checks totaling \$68,281.11 for personal use. Also, a cash shortage of \$8,000 existed at the Landfill Department. Details of these cash shortages 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 several major appropriation categories (the legal level of control) of the following funds:

<u>Fund/Category</u>	<u>Amount Overspent</u>
General:	
County Coroner/Medical Examiner	\$ 6,531
Other Charges	1,283

Fund/Category (Cont.)	Amount Overspent
Solid Waste/Sanitation:	
Other General Administration	\$ 405
Employee Benefits	732
Education Debt Service:	
Other Debt Service - Education	1,487

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by greater than anticipated revenues or available fund balances.

E. Timesheets for an Employee Were Not Accurate

Timesheets for an employee of the Ambulance Service did not accurately reflect time worked. Details of this deficiency are discussed in the Schedule of Findings and Questioned Costs section of this report.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

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

Investment Balances. As of June 30, 2008, Cheatham County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Cheatham County and the discretely presented Cheatham County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 6,198,431

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. Cheatham 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. Cheatham County has no investment policy that would further limit its investment choices. As of June 30, 2008, Cheatham County's investment in the State Treasurer's Investment Pool was unrated.

B. Notes Receivable

Notes receivable of \$195,000 in the General Debt Service Fund resulted from financing projects for the discretely presented Cheatham County Emergency Communications District. The long-term notes receivable are offset by a reservation of fund balance. The amount of notes receivable that is not expected to be collected within one year is \$166,000.

C. Capital Assets

Capital assets activity for the year ended June 30, 2008, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 1,263,448	\$ 28,670	\$ 0	\$ 1,292,118
Total Capital Assets Not Depreciated	<u>\$ 1,263,448</u>	<u>\$ 28,670</u>	<u>\$ 0</u>	<u>\$ 1,292,118</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 9,152,903	\$ 3,917,033	\$ (2,324,264)	\$ 10,745,672
Infrastructure	16,670,643	180,500	0	16,851,143
Other Capital Assets	4,847,507	1,254,852	(371,288)	5,731,071
Total Capital Assets Depreciated	<u>\$ 30,671,053</u>	<u>\$ 5,352,385</u>	<u>\$ (2,695,552)</u>	<u>\$ 33,327,886</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 3,646,806	\$ 2,361,246	\$ (1,249,084)	\$ 4,758,968
Infrastructure	9,527,852	557,768	0	10,085,620
Other Capital Assets	3,957,589	700,574	(361,249)	4,296,914
Total Accumulated Depreciation	<u>\$ 17,132,247</u>	<u>\$ 3,619,588</u>	<u>\$ (1,610,333)</u>	<u>\$ 19,141,502</u>

Governmental Activities (Cont.):

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Total Capital Assets				
Depreciated, Net	\$ 13,538,806	\$ 1,732,797	\$ (1,085,219)	\$ 14,186,384
Governmental Activities				
Capital Assets, Net	\$ 14,802,254	\$ 1,761,467	\$ (1,085,219)	\$ 15,478,502

Increases include a prior-period adjustment of \$1,895,028 (net) because the jail building and various pieces of equipment had been omitted. Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$ 190,817
Public Safety	247,813
Public Health and Welfare	90,154
Social, Cultural, and Recreational Services	32,795
Highway/Public Works	<u>642,661</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,204,240</u>

Discretely Presented Cheatham County School Department

Governmental Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 781,997	\$ 0	\$ 0	\$ 781,997
Construction in Progress	1,778,202	5,896,944	0	<u>7,675,146</u>
Total Capital Assets Not Depreciated	\$ 2,560,199	\$ 5,896,944	\$ 0	\$ 8,457,143
Capital Assets Depreciated:				
Buildings and Improvements	\$ 72,710,808	\$ 322,982	\$ 0	\$ 73,033,790
Other Capital Assets	4,144,543	874,116	(153,614)	<u>4,865,045</u>
Total Capital Assets Depreciated	\$ 76,855,351	\$ 1,197,098	\$ (153,614)	<u>\$ 77,898,835</u>

Governmental Activities (Cont.):

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 28,422,147	\$ 1,766,749	\$ 0	\$ 30,188,896
Other Capital Assets	1,432,957	263,458	(128,171)	1,568,244
Total Accumulated Depreciation	<u>\$ 29,855,104</u>	<u>\$ 2,030,207</u>	<u>\$ (128,171)</u>	<u>\$ 31,757,140</u>
Total Capital Assets Depreciated, Net	<u>\$ 47,000,247</u>	<u>\$ (833,109)</u>	<u>\$ (25,443)</u>	<u>\$ 46,141,695</u>
Governmental Activities Capital Assets, Net	<u>\$ 49,560,446</u>	<u>\$ 5,063,835</u>	<u>\$ (25,443)</u>	<u>\$ 54,598,838</u>

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

Governmental Activities:

Support Services	<u>\$ 2,030,207</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,030,207</u>

D. Construction Commitments

At June 30, 2008, the General Capital Projects (\$168,500) and the Other Capital Projects funds (\$197,821) had uncompleted construction contracts. Funding has been received for these future expenditures.

At June 30, 2008, the School Department had uncompleted construction contracts in the General Purpose School (\$164,960) and the Education Capital Projects funds (\$3,195,489). Funding has been received for the future expenditures in the General Purpose School Fund. Funding for the future expenditures in the Education Capital Projects Fund is expected from the issuance of debt.

E. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
Education Debt Service	General	\$ 335,000
General	Nonmajor governmental	14,292
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	133
Nonmajor governmental	General Purpose School	106

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

Interfund Transfers:

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

Primary Government

Transfers Out	Transfers In	
	General Debt Service Fund	Education Debt Service Fund
General Fund	\$ 947,429	\$ 335,000

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

F. Capital Leases

Cheatham County has entered into various capital leases for the purchase of highway equipment as follows:

Asset Description	Original Amount of Lease	Interest Rate	Date of Issuance	Last Payment Date
Dump Truck	\$ 42,500	6.37 %	2-14-05	1-14-09
Two Tractors	81,474	5.15	4-15-05	4-15-10
Tractor/Mower	67,232	4.87	4-15-08	4-15-13
Paver	243,259	4.34	4-17-08	4-25-13

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2008, were as follows:

Year Ending June 30	Amount
2009	\$ 94,841
2010	84,800
2011	69,384
2012	69,388
2013	<u>57,823</u>
Total Minimum Lease Payments	\$ 376,236
Amount Representing Interest	<u>(35,889)</u>
 Present Value of Minimum Lease Payments	 <u>\$ 340,347</u>

All capital leases will be retired by the Highway/Public Works Fund.

G. Long-term Debt

Primary Government

General Obligation Bonds, Notes, Line of Credit, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. A line of credit is used to pay for expenditures related to a state-aid highway project.

General obligation bonds, capital outlay notes, line of credit, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, line of credit, and other loans outstanding were issued for original terms of up to 20 years for bonds, up to 12 years for notes, up to three years for the line of credit, and up to 20 years for other loans. Repayment terms are generally structured with increasing

amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, capital outlay notes, line of credit, and other loans included in long-term debt as of June 30, 2008, will be retired from the General Debt Service and Education Debt Service funds.

General obligation bonds, capital outlay notes, line of credit, other loans, and capital leases outstanding as of June 30, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
General Obligation Bonds -			
Refunding	2 to 9 %	\$ 10,295,000	\$ 9,365,000
Capital Outlay Notes	3.95 to 5.95	1,200,000	920,000
Other Loans	variable	21,103,936	16,974,028
Line of Credit	variable	82,090	82,090
Capital Leases	4.34 to 6.37	434,465	340,347

In prior years, Cheatham County entered into loan agreements with the Montgomery County Public Building Authority. Under these loan agreements, the authority loaned \$7,040,703, \$2,262,948, and \$9,820,000 to Cheatham County for various renovation and construction projects. These loans are repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans. At June 30, 2008, the variable interest rate was 1.29 percent on the \$7,040,703 and \$2,262,948 loans, 1.54 percent on the \$9,820,000 loan; and other fees based on the outstanding loan principal amounted to approximately .25 percent on the \$7,040,703 loan, .2 percent on the \$2,262,948 loan, and .17 percent on the \$9,820,000 loan (letter of credit); .08 percent (remarketing); and \$85 per month per loan (trustee).

During the current year, Cheatham County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$7,894,500 to Cheatham County for refunding school bonds. This loan is repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with this loan. At June 30, 2008, the variable interest rate was 1.54 percent, and other fees totaled \$85 per month (trustee), .15 percent (letter of credit), and .08 percent (remarketing) of the outstanding loan principal.

The annual requirements to amortize all general obligation bonds, notes, line of credit, and other loans outstanding as of June 30, 2008, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2009	\$ 735,000	\$ 329,329	\$ 1,064,329
2010	690,000	306,664	996,664
2011	725,000	286,654	1,011,654
2012	765,000	264,904	1,029,904
2013	805,000	240,424	1,045,424
2014-2018	4,590,000	745,905	5,335,905
2019	1,055,000	42,200	1,097,200
Total	\$ 9,365,000	\$ 2,216,080	\$ 11,581,080

Year Ending June 30	Notes		
	Principal	Interest	Total
2009	\$ 89,000	\$ 45,451	\$ 134,451
2010	95,000	41,727	136,727
2011	96,000	37,263	133,263
2012	102,000	32,597	134,597
2013	109,000	27,434	136,434
2014-2018	429,000	49,797	478,797
Total	\$ 920,000	\$ 234,269	\$ 1,154,269

Year Ending June 30	Line of Credit		
	Principal	Interest	Total
2009	\$ 0	\$ 3,537	\$ 3,537
2010	82,090	891	82,981
Total	\$ 82,090	\$ 4,428	\$ 86,518

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2009	\$ 2,186,184	\$ 336,572	\$ 64,017	\$ 2,586,773
2010	2,286,543	304,072	58,325	2,648,940
2011	1,114,856	270,087	52,370	1,437,313
2012	1,039,825	254,205	49,333	1,343,363
2013	1,081,865	239,545	46,467	1,367,877
2014-2018	6,208,913	590,700	121,402	6,921,015
2019-2022	3,055,842	98,315	21,319	3,175,476
Total	<u>\$ 16,974,028</u>	<u>\$ 2,093,496</u>	<u>\$ 413,233</u>	<u>\$ 19,480,757</u>

There is \$2,545,723 available in the General Debt Service and \$7,089,469 in the Education Debt Service funds to service long-term debt. Bonded debt per capita totaled \$261, based on the 2000 federal census. Debt per capita, including bonds, notes, line of credit, other loans, and capital leases totaled \$761, based on the 2000 federal census.

Changes in Long-term Liabilities

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

Governmental Activities	Other		
	Bonds	Notes	Loans
Balance, July 1, 2007	\$ 18,085,000	\$ 1,163,000	\$ 7,229,547
Additions	0	1,052,340	11,378,418
Deductions	(8,720,000)	(1,295,340)	(1,633,937)
Balance, June 30, 2008	<u>\$ 9,365,000</u>	<u>\$ 920,000</u>	<u>\$ 16,974,028</u>
Balance Due Within One Year	<u>\$ 735,000</u>	<u>\$ 89,000</u>	<u>\$ 2,186,184</u>
	Line		
	Capital Leases	Compensated Absences	of Credit
Balance, July 1, 2007	\$ 85,663	\$ 648,210	\$ 0
Additions	310,491	729,060	82,090
Deductions	(55,807)	(557,265)	0
Balance, June 30, 2008	<u>\$ 340,347</u>	<u>\$ 820,005</u>	<u>\$ 82,090</u>
Balance Due Within One Year	<u>\$ 81,193</u>	<u>\$ 287,004</u>	<u>\$ 0</u>

	<u>Landfill Closure/ Postclosure Care Costs</u>
Balance, July 1, 2007	\$ 982,374
Additions	36,568
Deductions	<u>(13,531)</u>
Balance, June 30, 2008	<u>\$ 1,005,411</u>
Balance Due Within One Year	<u>\$ 13,000</u>
Analysis of Noncurrent Liabilities Presented on Exhibit A:	
Total Noncurrent Liabilities, June 30, 2008	\$ 29,506,881
Less: Due Within One Year	(3,391,381)
Less: Deferred Amount on Refunding	<u>(530,671)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 25,584,829</u>

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

Discretely Presented Cheatham County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Cheatham County School Department for the year ended June 30, 2008, was as follows:

Governmental Activities:

	<u>Compensated Absences</u>	<u>Other Postemployment Benefits</u>
Balance, July 1, 2007	\$ 135,877	\$ 0
Additions	150,806	2,005,000
Deductions	<u>(122,609)</u>	<u>(418,112)</u>
Balance, June 30, 2008	<u>\$ 164,074</u>	<u>\$ 1,586,888</u>
Balance Due Within One Year	<u>\$ 41,019</u>	<u>0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 1,750,962
Less: Due Within One Year	<u>(41,019)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,709,943</u>

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

H. Short-term Debt

Cheatham County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the following funds. These notes were necessary because funds were not available to meet obligations coming due before current tax collections. Short-term debt activity for the year ended June 30, 2008, was as follows:

Fund	Balance 7-1-07	Issued	Redeemed	Balance 6-30-08
General	\$ 0	\$ 500,000	\$ (500,000)	\$ 0
Solid Waste/Sanitation	0	500,000	(500,000)	0
General Purpose School	0	1,000,000	(1,000,000)	0

I. On-Behalf Payments – Discretely Presented Cheatham County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Cheatham County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2008, were \$88,930 and \$10,050, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Cheatham County and the discretely presented Cheatham County School Department joined the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee

Governmental Tort Liability Act to provide governmental insurance coverage. The county pays an annual premium to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

Cheatham County provides health insurance coverage to its employees through the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, Tennessee Code Annotated (TCA), all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by the fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

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

B. Accounting Changes

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

GASB Statement No. 45 establishes reporting requirements for Other Postemployment Benefits (OPEB). OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the county's financial statements. In previous years, the Cheatham County School Department had only recognized the current year cost (expense) of these benefits. GASB Statement No. 45 was implemented prospectively with a zero net OPEB

obligation at transition. The primary government of Cheatham County does not currently offer other postemployment benefits.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions are sales or collateralized borrowings and provides guidance on how to account for sales or pledges of receivables or future revenues. This statement provides additional guidance for sales of receivables and future revenues within the same reporting entity. This statement also requires governments to disclose in the notes to the financial statements the nature of any receivables or future revenues that have been pledged or sold. Tennessee state statutes do not currently allow counties to sell or pledge receivables or sell future revenue streams. Therefore, those provisions of GASB Statement No. 48 that pertain to the sale or pledge receivables or sale of future revenue will not apply to Cheatham County. GASB Statement No. 48 had no effect on the financial statements of Cheatham County for the year ended June 30, 2008, since the county has not pledged any of its future revenues. However, it is reasonably expected that Cheatham County may pledge a future revenue stream toward the payment of debt in subsequent years.

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

C. Subsequent Events

On August 13, 2008, capital outlay notes of \$296,226 and \$263,210 were issued in the Education Capital Projects Fund for roof repairs.

On September 12, 2008, the Education Debt Service Fund issued a \$1,000,000 tax anticipation note to the General Purpose School Fund to provide temporary operating funds.

On September 19, 2008, the Education Debt Service Fund issued tax anticipation notes of \$600,000 to the Solid Waste/Sanitation Fund and \$500,000 to the General Fund to provide temporary operating funds.

On December 19, 2008, a \$514,987 capital outlay note was issued for school buses in the General Purpose School Fund.

As of January 12, 2009, Cheatham County requested \$4,467,165 from the Montgomery County Public Building Authority on the \$9,820,000 loan.

D. Contingent Liabilities

The county's attorney advised that there were no pending lawsuits against the county at June 30, 2008.

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. Although closure and postclosure care costs generally are paid near or after the date that the landfill stops accepting waste, a portion of these closure and postclosure care costs are recorded as a liability in each accounting period based on landfill capacity used as of each balance sheet date. Cheatham County stopped accepting waste during March 1994 and has contracted its waste management to a private vendor. The \$1,005,411 reported as landfill closure and postclosure liability at June 30, 2008, represents the cumulative amount recorded to date based on landfill capacity used. Dollar estimates are based on what it would cost to perform all closure and postclosure care in 2008. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Ventures

The Cheatham County Joint Economic and Community Development Board is a joint venture between Cheatham County and the cities of Ashland City, Kingston Springs, Pegram, and Pleasant View. The board comprises the county mayor, city mayors, and eight additional members. The purpose of the board is to foster communication relative to economic and community development between and among governmental entities, industry, and private citizens. The county and cities will provide the majority of funding for the board based on the percentage of their population compared to the total census of the county when financial activity begins. Cheatham County did not appropriate any funds to the Cheatham County Joint Economic and Community Development Board during the 2007-08 year.

The Twenty-Third Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-Third Judicial District; Cheatham, Dickson, Houston, Humphreys, and Stewart counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Cheatham County made no contributions to the DTF for the year ended June 30, 2008.

Cheatham County does not retain an equity interest in any of these joint ventures. Complete financial statements for the above-noted joint ventures can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Joint Economic and Community Development Board
100 Public Square
Ashland City, TN 37015

District Attorney General
Twenty-Third Judicial District Drug Task Force
P.O. Box 580
Charlotte, TN 37036

G. Jointly Governed Organization

The Cheatham County Rail Authority was created by the county in conjunction with Metropolitan Davidson County. The Cheatham County Rail Authority's board includes seven members. Five members are appointed by the Cheatham County Commission, and two members are appointed by Metropolitan Davidson County. Cheatham County did not appropriate any funds to the authority for the year ended June 30, 2008. Funding sources for the Cheatham County Rail Authority are grants, freight service fees, interest, and private contributions.

H. Retirement Commitments

Employees

Plan Description

Employees of Cheatham 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 ten 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 ten 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 Cheatham County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Cheatham County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2008, was 5.16 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Cheatham County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2008, Cheatham County's annual pension cost of \$657,081 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected postretirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Cheatham County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was ten years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$657,081	100%	\$0
6-30-07	572,085	100	0
6-30-06	444,564	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 94.09 percent funded. The actuarial accrued liability for benefits was \$22.97 million, and the actuarial value of assets was \$21.61 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.36 million. The covered payroll (annual payroll of active employees covered by the plan) was \$11.03 million, and the ratio of the UAAL to the covered payroll was 12.32 percent.

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

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

School Teachers

Plan Description

The Cheatham County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of

service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEPP. 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.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2008, was 6.24 percent of annual covered payroll. The employer contribution requirement for the Cheatham County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2008, 2007, and 2006, were \$1,371,881, \$1,266,589, and \$1,111,947, respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare supplement plan. During the year ended June 30, 2008, the discretely presented Cheatham County School Department made contributions totaling \$418,112 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Insurance Plan
	<u>Plan</u>
ARC	\$ 2,005,000
Interest on the NPO	0
Adjustment to the ARC	0
Annual OPEB cost	<u>\$ 2,005,000</u>
Amount of contribution	<u>(418,112)</u>
Increase/decrease in NPO	\$ 1,586,888
Net OPEB obligation, 7-1-07	<u>0</u>
Net OPEB obligation, 6-30-08	<u><u>\$ 1,586,888</u></u>

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	\$ 2,005,000	21 %	\$ 1,586,888

* Data not available for two preceding years.

Funded Status and Funding Progress

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

	<u>Local Education Group Insurance Plan</u>
Actuarial valuation date	6-30-07
Actuarial accrued liability (AAL)	\$ 14,514,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 14,514,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 22,030,000
UAAL as a % of covered payroll	66%

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

Actuarial Methods and Assumptions

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

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

J. Office of Central Accounting and Budgeting

Office of Director of Accounts and Budgets

Cheatham County operates under the provisions of the Fiscal Control Acts of 1957. These acts provide for a central system of accounting and budgeting covering all funds administered by the county mayor and road superintendent. These funds are maintained in the Office of Central Accounting and Budgeting under the supervision of the director of accounts and budgets.

K. Purchasing Laws

Offices of County Mayor and Road Superintendent

Purchasing procedures for these offices are governed by Chapter 250, Private Acts of 1933, and the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated (TCA). Purchasing procedures for the Road Department are also governed by the Uniform Road Law, Section 54-7-113, TCA. Chapter 250, Private Acts of 1933, provides for the establishment of a Purchasing Commission whose responsibility is to establish guidelines for bid requirements and purchasing procedures and to keep a record of all purchases. The County Purchasing Law of 1983 and the Uniform Road Law both provide for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids. In January 1987, the County Commission adopted a resolution requiring all purchases exceeding \$50 to be authorized by department heads and requiring the department heads to obtain purchase orders issued by the director of accounts and budgets.

Office of Director of Schools

Purchasing procedures for the discretely presented Cheatham County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, TCA, which provides for the 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 NOTE - DISCRETELY PRESENTED CHEATHAM COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. General Statement and Summary of Significant Accounting Policies

The Cheatham County Emergency Communication District was established for the purpose of providing an enhanced level of 911 services for Cheatham County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and more effectively due

to increased speed in the transmittal of critical information and improved reliability of address and information. It is a component unit and proprietary fund of Cheatham County. A board of directors, appointed by Cheatham County, runs the Cheatham County Emergency Communications District. The district must file a budget with Cheatham County each year. Any bond issued by the district is subject to approval by Cheatham County.

1. Summary of Significant Accounting Policies

The Cheatham County Emergency Communications District presents its financial statements on the accrual basis and according to Governmental Accounting Standards Board (GASB) Statement No. 20 follows pronouncement of the Financial Accounting Standards Board (FASB) issued before November 30, 1989, unless they conflict with or contradict GASB guidance. Since November 30, 1989, the district follows GASB guidelines only and does not follow any FASB guidelines issued after that date. The district follows GASB Statement No. 34, implemented July 1, 2002. Capital assets are recorded at cost and depreciated over their useful lives of five to ten years using the straight-line method. All equipment purchases under \$5,000 are expensed. The dispatchers are paid through the county government. The budget is compiled and brought before the board for approval. Revenues are recognized when earned, and expenses are recognized when incurred.

2. Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions.

3. Major Sources of Revenue

The major sources of operating revenue are emergency telephone charges collected from telephone companies, wireless surcharges, and operational funds from the state.

4. Occupancy and Personnel In-Kind

Cheatham County provides the district operations with occupancy space, dispatcher costs, and some utilities. No provision has been made to recognize these items in the financial statements.

B. Cash and Cash Equivalents

Tennessee Code Annotated (TCA), requires Tennessee banks and savings and loan associations to secure a governmental entity's deposits by pledging government securities as collateral. The market value of pledged securities must equal 105 percent of the entity's deposits. The entity may waive

collateral requirements for deposits that are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC) or Savings Association Insurance Fund (SAIF).

The following is a schedule of bank accounts at June 30, 2008:

Checking - Prime Trust Bank	\$ 186,296
Money Market - Prime Trust Bank	84,340
Certificates of Deposit - Prime Trust Bank	100,000
Local Government Investment Pool (LGIP)	<u>9,437</u>
 Total	 <u><u>\$ 380,073</u></u>

At June 30, 2008, the carrying amount of the Cheatham County Emergency Communications District's cash deposits was \$380,073. The district's deposit accounts are covered up to \$100,000 by the FDIC. Any amounts over \$100,000 are covered by the government collateralization pool of which Prime Trust Bank is a member. The district is authorized to deposit and invest funds according to the provisions of Section 5-8-301, TCA, [Acts 1992, ch. 891, sct 10].

C. Bonding

Cheatham County Emergency Communications District has insurance coverage for commercial liability, automobile, management, and surety bonds covering the treasurer, other members of the board, and the coordinator totaling \$35,000 each at June 30, 2008. There have been no losses or settlements during the past three years.

D. Capital Assets

The following is a schedule of equipment, current year depreciation expense, and accumulated depreciation at June 30, 2008:

<u>Assets</u>	<u>Cost</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation</u>
Communications Equipment	\$ 1,021,289	\$ 58,311	\$ 535,211
Office Equipment	11,439	938	10,953
Vehicles	<u>9,427</u>	<u>1,725</u>	<u>4,970</u>
 Total	 <u><u>\$ 1,042,155</u></u>	 <u><u>\$ 60,974</u></u>	 <u><u>\$ 551,134</u></u>

Changes in property and equipment during the year are as follows:

<u>Assets</u>	Balance 7-1-07	Additions	Balance 6-30-08
Communication Equipment	\$ 1,021,289	\$ 0	\$ 1,021,289
Office Equipment	11,439	0	11,439
Vehicles	9,427	0	9,427
Total	\$ 1,042,155	\$ 0	\$ 1,042,155

The district made no additions, adjustments, or retirements as of June 30, 2008.

E. Accounts Receivable and Due from State ECB

Accounts receivable consist of the following for emergency telephone and wireless surcharges collected for the district:

<u>Accounts Receivable</u>	
Bell South	\$ 17,543
Other Emergency Phone Service Charges	4,790
Subtotal	\$ 22,333
<u>Due from State ECB</u>	
State of Tennessee	30,625
Total	\$ 52,958

F. Notes Payable

On September 29, 2006, the district borrowed \$400,000 from Cheatham County at an interest rate of 3.979 percent.

Maturities of long-term debt are as follows:

<u>Year Ending</u>	Principal	Interest	Balance
6-30-09	\$ 29,000	\$ 7,759	\$ 166,000
6-30-10	30,000	6,605	136,000
6-30-11	31,000	5,411	105,000
6-30-12	32,000	4,178	73,000
6-30-13	34,000	2,905	39,000
6-30-14	35,000	1,552	4,000
6-30-15	4,000	159	0
Total	\$ 195,000	\$ 28,569	\$ 0

A schedule of current year activities for notes payable is as follows:

Balance 7-1-07	Principle Payments	Balance 6-30-08
\$ 373,000	\$ 178,000	\$ 195,000

G. Contracts with Government Agencies

The Cheatham County Emergency Communications District pays Cheatham County for contract labor. The district had no employees of its own at June 30, 2008.

H. Compensated Absences

The district does not have any employees; therefore, no compensated absence liability has been recorded.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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Exhibit E-1

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 6,815,858	\$ 0	\$ 0	\$ 6,815,858	\$ 7,404,570	\$ 7,404,570	\$ (588,712)
Licenses and Permits	344,845	0	0	344,845	499,574	499,574	(154,729)
Fines, Forfeitures, and Penalties	196,345	0	0	196,345	195,100	195,100	1,245
Charges for Current Services	859,245	0	0	859,245	883,082	884,682	(25,437)
Other Local Revenues	2,752,510	0	0	2,752,510	759,000	2,738,168	14,342
Fees Received from County Officials	1,810,158	0	0	1,810,158	1,791,000	1,791,000	19,158
State of Tennessee	626,881	0	0	626,881	642,492	774,997	(148,116)
Federal Government	139,875	0	0	139,875	53,359	70,722	69,153
Other Governments and Citizens Groups	278,178	0	0	278,178	302,345	302,345	(24,167)
Total Revenues	\$ 13,823,895	\$ 0	\$ 0	\$ 13,823,895	\$ 12,530,522	\$ 14,661,158	\$ (837,263)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 95,202	\$ 0	\$ 72	\$ 95,274	\$ 96,795	\$ 96,795	\$ 1,521
Other Boards and Committees	0	0	0	0	250	250	250
County Mayor/Executive	188,392	(3,451)	0	184,941	164,267	189,267	4,326
Personnel Office	67,019	(198)	0	66,821	73,099	69,656	2,835
Election Commission	137,653	(107)	0	137,546	144,859	143,189	5,643
Register of Deeds	162,073	(1,897)	1,947	162,123	170,812	167,370	5,247
Planning	169,019	(387)	1,183	169,815	183,305	176,419	6,604
Building	234,115	0	69	234,184	206,241	249,443	15,259
County Buildings	449,462	(6,578)	934	443,818	469,096	454,252	10,434
Finance							
Accounting and Budgeting	275,664	(7,900)	3,900	271,664	299,745	281,416	9,752
Property Assessor's Office	231,502	0	545	232,047	258,515	239,952	7,905
Reappraisal Program	43,719	0	0	43,719	47,556	44,113	394
County Trustee's Office	193,211	0	2,279	195,490	212,322	198,014	2,524

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Clerk's Office	\$ 306,117	\$ (143)	230	\$ 306,204	\$ 355,550	\$ 319,406	\$ 13,202
<u>Administration of Justice</u>							
Circuit Court	393,304	(7,359)	619	386,564	429,919	399,148	12,584
General Sessions Court	139,236	0	0	139,236	143,286	146,864	7,628
Chancery Court	214,605	(8,254)	871	207,222	244,046	217,836	10,614
Juvenile Court	272,751	(3,363)	70	269,458	300,058	278,864	9,406
Probation Services	140,818	0	2,384	143,202	151,983	145,097	1,895
<u>Public Safety</u>							
Sheriff's Department	2,224,458	(8,464)	10,507	2,226,501	2,106,462	2,287,658	61,157
Jail	1,231,233	(1,457)	7,010	1,236,786	1,420,306	1,309,895	73,109
Rural Fire Protection	232,571	0	0	232,571	232,570	232,571	0
Other Emergency Management	108,123	0	140	108,263	112,169	109,725	1,462
County Coroner/Medical Examiner	47,131	0	0	47,131	34,600	40,600	(6,531)
Other Public Safety	531,436	0	0	531,436	599,725	547,394	15,958
<u>Public Health and Welfare</u>							
Local Health Center	27,152	0	0	27,152	68,152	68,952	41,800
Rabies and Animal Control	176,367	(250)	625	176,742	223,933	192,202	15,460
Ambulance/Emergency Medical Services	1,584,954	(2,077)	1,757	1,584,634	1,624,485	1,635,925	51,291
Other Local Health Services	36,142	0	0	36,142	36,348	36,348	206
General Welfare Assistance	33,198	0	0	33,198	33,000	33,198	0
Sanitation Education/Information	43,626	0	0	43,626	42,088	46,318	2,692
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	46,087	0	0	46,087	47,000	47,000	913
Libraries	221,818	(6,400)	4,303	219,721	205,070	233,449	13,728
Parks and Fair Boards	43,931	0	0	43,931	51,500	51,500	7,569

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	\$ 89,686	\$ 0	\$ 1,168	\$ 90,854	\$ 104,933	\$ 113,300	\$ 22,446
Soil Conservation	33,905	0	0	33,905	41,863	34,441	536
<u>Other Operations</u>							
Other Economic and Community Development	96,604	0	1,889	98,493	115,973	112,529	14,036
Veterans' Services	0	0	0	0	1,844	1,844	1,844
Other Charges	150,283	0	0	150,283	135,000	149,000	(1,283)
Contributions to Other Agencies	314,424	0	0	314,424	286,500	316,500	2,076
Employee Benefits	690,613	0	0	690,613	215,000	771,847	81,234
Miscellaneous	226,612	0	0	226,612	265,166	238,666	12,054
<u>Capital Projects</u>							
Public Health and Welfare Projects	87,260	0	0	87,260	0	87,260	0
Total Expenditures	\$ 11,991,476	\$ (58,285)	\$ 42,502	\$ 11,975,693	\$ 11,955,391	\$ 12,515,473	\$ 539,780
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,832,419	\$ 58,285	\$ (42,502)	\$ 1,848,202	\$ 575,131	\$ 2,145,685	\$ (297,483)
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 262,490	\$ 0	\$ 0	\$ 262,490	\$ 0	\$ 262,490	\$ 0
Insurance Recovery	3,365	0	0	3,365	0	1,500	1,865
Transfers Out	(1,282,429)	0	0	(1,282,429)	(600,000)	(1,547,429)	265,000
Total Other Financing Sources (Uses)	\$ (1,016,574)	\$ 0	\$ 0	\$ (1,016,574)	\$ (600,000)	\$ (1,283,439)	\$ 266,865
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 815,845	\$ 58,285	\$ (42,502)	\$ 831,628	\$ (24,869)	\$ 862,246	\$ (30,618)
	2,155,214	(58,285)	0	2,096,929	1,664,408	1,664,408	432,521
Fund Balance, June 30, 2008	\$ 2,971,059	\$ 0	\$ (42,502)	\$ 2,928,557	\$ 1,639,539	\$ 2,526,654	\$ 401,903

Exhibit E-2

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 927,498	\$ 0	\$ 927,498	\$ 929,800	\$ 929,800	\$ (2,302)
Charges for Current Services	900	0	900	10,000	10,000	(9,100)
Other Local Revenues	12,977	0	12,977	15,050	15,050	(2,073)
State of Tennessee	1,974,567	0	1,974,567	2,420,976	2,420,976	(446,409)
Total Revenues	\$ 2,915,942	\$ 0	\$ 2,915,942	\$ 3,375,826	\$ 3,375,826	\$ (459,884)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 167,084	\$ 0	\$ 167,084	\$ 171,487	\$ 171,488	\$ 4,404
Highway and Bridge Maintenance	1,963,079	57,000	2,020,079	2,482,414	2,476,533	456,454
Operation and Maintenance of Equipment	297,287	750	298,037	370,507	337,484	39,447
Other Charges	160,541	0	160,541	120,300	164,204	3,663
Employee Benefits	264,076	0	264,076	395,400	395,400	131,324
Capital Outlay	426,285	0	426,285	40,000	452,581	26,296
<u>Principal on Debt</u>						
Highways and Streets	55,807	0	55,807	121,979	121,941	66,134
<u>Interest on Debt</u>						
Highways and Streets	5,487	0	5,487	15,103	15,115	9,628
<u>Other Debt Service</u>						
Highways and Streets	26	0	26	0	26	0
Total Expenditures	\$ 3,339,672	\$ 57,750	\$ 3,397,422	\$ 3,717,190	\$ 4,134,772	\$ 737,350
Excess (Deficiency) of Revenues Over Expenditures	\$ (423,730)	\$ (57,750)	\$ (481,480)	\$ (341,364)	\$ (758,946)	\$ 277,466
<u>Other Financing Sources (Uses)</u>						
Capital Leases Issued	\$ 310,491	\$ 0	\$ 310,491	\$ 0	\$ 310,491	\$ 0

(Continued)

Exhibit E-2

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>						
Other Loans Issued	\$ 82,090	0	\$ 82,090	0	\$ 82,090	\$ 0
Total Other Financing Sources (Uses)	\$ 392,581	0	\$ 392,581	0	\$ 392,581	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ (31,149)	(57,750)	(88,899)	(341,364)	(366,365)	\$ 277,466
	1,478,135	0	1,478,135	1,465,731	1,465,731	12,404
Fund Balance, June 30, 2008	\$ 1,446,986	(57,750)	\$ 1,389,236	\$ 1,124,367	\$ 1,099,366	\$ 289,870

Exhibit E-3

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-07	\$ 21,619	\$ 22,978	\$ 1,359	94.09 %	\$ 11,035	12.32 %

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

Exhibit E-4

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

(Dollar amounts in thousands)

Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-07	\$ 0	\$ 14,514	\$ 14,514	0%	\$ 22,030	66%

Local Education Group Plan

81 *Data not available for two preceding years.

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

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 Cheatham 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, Other Boards and Committees, County Mayor/Executive, Personnel Office, etc.). Management may make revisions within major categories, but only the Cheatham 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. CASH SHORTAGE

The Highway Department bookkeeper falsified checks totaling \$68,281.11 for personal use. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

C. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the County Coroner/Medical Examiner (\$6,531) and Other Charges (\$1,283) major appropriation categories (the legal level of control) of the General Fund. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

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

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Nonmajor Governmental Funds

Special Revenue Funds

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

Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation and the recording of certain instruments. The proceeds of the tax must be used to pay for improvements or maintenance on the courthouse and jail.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions of Cheatham County’s recycling/convenience centers.

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

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

Unemployment Compensation Fund – The Unemployment Compensation Fund is used to account for transactions of the county’s unemployment compensation plan.

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.

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

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for motor vehicle purchases.

Exhibit F-1

Cheatham County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2008

	Special Revenue Funds						Total
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Unemployment Compensation		
\$	0	150	0	13,725	0	0	13,875
24,434	318,415	131,898	0	22,957	0	0	497,704
994	4,328	1,346	567	0	0	0	7,235
0	5,007	0	0	0	0	0	5,007
0	933,902	0	0	0	0	0	933,902
0	(18,502)	0	0	0	0	0	(18,502)
0	8,000	0	0	0	0	0	8,000
\$	25,428	1,251,300	133,244	14,292	22,957	0	1,447,221

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable
 Payroll Deductions Payable
 Due to Other Funds
 Deferred Revenue - Current Property Taxes
 Deferred Revenue - Delinquent Property Taxes
 Other Deferred Revenues

Total Liabilities

Fund Balances

Reserved for Encumbrances
 Unreserved

Total Fund Balances

Total Liabilities and Fund Balances

\$	0	52,054	0	0	1,530	0	53,584
0	1,112	0	0	0	0	0	1,112
0	0	0	14,292	0	0	0	14,292
0	878,878	0	0	0	0	0	878,878
0	27,255	0	0	0	0	0	27,255
0	13,747	0	0	0	0	0	13,747
\$	0	973,046	0	14,292	1,530	0	988,868
\$	0	4,392	2,585	0	0	0	6,977
25,428	273,862	130,659	0	21,427	0	0	451,376
\$	25,428	278,254	133,244	0	21,427	0	458,353
\$	25,428	1,251,300	133,244	14,292	22,957	0	1,447,221

(Continued)

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

	<u>Capital Projects Funds</u>			Total Nonmajor Governmental Funds
	General Capital Projects	Other Capital Projects	Total	
\$	0	0	0	\$ 13,875
Cash	672,084	618,298	1,290,382	1,788,086
Equity in Pooled Cash and Investments	586	1,010	1,596	8,831
Accounts Receivable	0	18,003	18,003	23,010
Due from Other Governments	110,963	347,394	458,357	1,392,259
Property Taxes Receivable	(3,841)	(7,681)	(11,522)	(30,024)
Allowance for Uncollectible Property Taxes	0	0	0	8,000
Cash Shortage				
Total Assets	\$ 779,792	\$ 977,024	\$ 1,756,816	\$ 3,204,037

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

\$	0	0	0	\$ 53,584
Accounts Payable	0	0	0	1,112
Payroll Deductions Payable	0	0	0	14,292
Due to Other Funds	97,653	325,510	423,163	1,302,041
Deferred Revenue - Current Property Taxes	8,391	12,582	20,973	48,228
Deferred Revenue - Delinquent Property Taxes	0	0	0	13,747
Other Deferred Revenues				
Total Liabilities	\$ 106,044	\$ 338,092	\$ 444,136	\$ 1,433,004
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 168,500	\$ 197,821	\$ 366,321	\$ 373,298
Unreserved	505,248	441,111	946,359	1,397,735
Total Fund Balances	\$ 673,748	\$ 638,932	\$ 1,312,680	\$ 1,771,033
Total Liabilities and Fund Balances	\$ 779,792	\$ 977,024	\$ 1,756,816	\$ 3,204,037

Liabilities

Accounts Payable
Payroll Deductions Payable
Due to Other Funds
Deferred Revenue - Current Property Taxes
Deferred Revenue - Delinquent Property Taxes
Other Deferred Revenues
Total Liabilities

Fund Balances

Reserved for Encumbrances
Unreserved
Total Fund Balances

Total Liabilities and Fund Balances

Cheatham County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue Funds						Total
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Unemployment Compensation		
<u>Revenues</u>							
Local Taxes	\$ 20,924	\$ 890,659	\$ 0	\$ 0	\$ 0	\$ 0	911,583
Fines, Forfeitures, and Penalties	0	0	75,057	0	0	0	75,057
Charges for Current Services	0	109,235	0	4,766	32,000	0	146,001
Other Local Revenues	0	11,348	0	0	0	0	11,348
State of Tennessee	0	37,113	15,000	0	0	0	52,113
Other Governments and Citizens Groups	0	0	2,500	0	0	0	2,500
Total Revenues	\$ 20,924	\$ 1,048,355	\$ 92,557	\$ 4,766	\$ 32,000	\$ 0	\$ 1,198,602
<u>Expenditures</u>							
Current:							
General Government	\$ 20,092	\$ 19,205	\$ 761	\$ 0	\$ 38,918	\$ 0	\$ 78,976
Administration of Justice	0	0	0	4,605	0	0	4,605
Public Safety	0	0	50,499	161	0	0	50,660
Public Health and Welfare	0	1,015,717	0	0	0	0	1,015,717
Other Operations	0	11,519	0	0	0	0	11,519
Capital Projects	0	0	0	0	0	0	0
Total Expenditures	\$ 20,092	\$ 1,046,441	\$ 51,260	\$ 4,766	\$ 38,918	\$ 0	\$ 1,161,477
Excess (Deficiency) of Revenues Over Expenditures	\$ 832	\$ 1,914	\$ 41,297	\$ 0	\$ (6,918)	\$ 0	\$ 37,125
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balances	\$ 832	\$ 1,914	\$ 41,297	\$ 0	\$ (6,918)	\$ 0	\$ 37,125
Fund Balance, July 1, 2007	24,596	276,340	91,947	0	28,345	0	421,228
Fund Balance, June 30, 2008	\$ 25,428	\$ 278,254	\$ 133,244	\$ 0	\$ 21,427	\$ 0	\$ 458,353

(Continued)

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

	Capital Projects Funds			Total Nonmajor Governmental Funds
	General Capital Projects	Other Capital Projects	Total	
<u>Revenues</u>				
Local Taxes	\$ 269,248	\$ 407,820	\$ 677,068	\$ 1,588,651
Fines, Forfeitures, and Penalties	0	0	0	75,057
Charges for Current Services	0	0	0	146,001
Other Local Revenues	0	18,000	18,000	29,348
State of Tennessee	6,134	9,201	15,335	67,448
Other Governments and Citizens Groups	0	0	0	2,500
Total Revenues	\$ 275,382	\$ 435,021	\$ 710,403	\$ 1,909,005
<u>Expenditures</u>				
Current:				
General Government	\$ 5,394	\$ 8,169	\$ 13,563	\$ 92,539
Administration of Justice	0	0	0	4,605
Public Safety	0	0	0	50,660
Public Health and Welfare	0	0	0	1,015,717
Other Operations	0	0	0	11,519
Capital Projects	40,931	203,229	244,160	244,160
Total Expenditures	\$ 46,325	\$ 211,398	\$ 257,723	\$ 1,419,200
Excess (Deficiency) of Revenues Over Expenditures	\$ 229,057	\$ 223,623	\$ 452,680	\$ 489,805
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 5,351	\$ 5,351	\$ 5,351
Total Other Financing Sources (Uses)	\$ 0	\$ 5,351	\$ 5,351	\$ 5,351
Net Change in Fund Balances Fund Balance, July 1, 2007	\$ 229,057	\$ 228,974	\$ 458,031	\$ 495,156
	444,691	409,958	854,649	1,275,877
Fund Balance, June 30, 2008	\$ 673,748	\$ 638,932	\$ 1,312,680	\$ 1,771,033

Exhibit F-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 20,924	\$ 25,000	\$ 25,000	\$ (4,076)
Total Revenues	\$ 20,924	\$ 25,000	\$ 25,000	\$ (4,076)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 19,874	\$ 20,000	\$ 20,000	\$ 126
Other General Administration	218	350	350	132
Total Expenditures	\$ 20,092	\$ 20,350	\$ 20,350	\$ 258
Excess (Deficiency) of Revenues Over Expenditures	\$ 832	\$ 4,650	\$ 4,650	\$ (3,818)
Net Change in Fund Balance	\$ 832	\$ 4,650	\$ 4,650	\$ (3,818)
Fund Balance, July 1, 2007	24,596	25,347	25,347	(751)
Fund Balance, June 30, 2008	\$ 25,428	\$ 29,997	\$ 29,997	\$ (4,569)

Exhibit F-4

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 890,659	\$ 0	\$ 890,659	\$ 904,000	\$ 904,000	\$ (13,341)
Charges for Current Services	109,235	0	109,235	90,000	90,000	19,235
Other Local Revenues	11,348	0	11,348	19,150	19,150	(7,802)
State of Tennessee	37,113	0	37,113	20,000	20,000	17,113
Total Revenues	\$ 1,048,355	\$ 0	\$ 1,048,355	\$ 1,033,150	\$ 1,033,150	\$ 15,205
<u>Expenditures</u>						
<u>General Government</u>						
Other General Administration	\$ 19,205	\$ 0	\$ 19,205	\$ 17,500	\$ 18,800	\$ (405)
<u>Public Health and Welfare</u>						
Sanitation Management	165,902	0	165,902	192,720	167,442	1,540
Convenience Centers	805,134	3,892	809,026	761,791	832,456	23,430
Landfill Operation and Maintenance	44,681	500	45,181	71,800	53,905	8,724
<u>Other Operations</u>						
Employee Benefits	9,940	0	9,940	0	9,208	(732)
Miscellaneous	1,579	0	1,579	2,600	1,600	21
Total Expenditures	\$ 1,046,441	\$ 4,392	\$ 1,050,833	\$ 1,046,411	\$ 1,083,411	\$ 32,578
<u>Excess (Deficiency) of Revenues Over Expenditures</u>						
	\$ 1,914	\$ (4,392)	\$ (2,478)	\$ (13,261)	\$ (50,261)	\$ 47,783
<u>Net Change in Fund Balance</u>						
Fund Balance, July 1, 2007	\$ 276,340	0	276,340	324,236	324,236	(47,896)
Fund Balance, June 30, 2008	\$ 278,254	\$ (4,392)	\$ 273,862	\$ 310,975	\$ 273,975	\$ (113)

Exhibit F-5

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 75,057	0 \$	75,057 \$	36,000 \$	36,000 \$	39,057
State of Tennessee	15,000	0	15,000	0	15,000	0
Other Governments and Citizens Groups	2,500	0	2,500	0	2,500	0
Total Revenues	\$ 92,557	0 \$	92,557 \$	36,000 \$	53,500 \$	39,057
<u>Expenditures</u>						
<u>General Government</u>						
Other General Administration	\$ 761	0 \$	761 \$	350 \$	761 \$	0
Public Safety						
Drug Enforcement	50,499	2,585	53,084	30,000	63,489	10,405
Total Expenditures	\$ 51,260	2,585 \$	53,845 \$	30,350 \$	64,250 \$	10,405
Excess (Deficiency) of Revenues Over Expenditures	\$ 41,297	(2,585) \$	38,712 \$	5,650 \$	(10,750) \$	49,462
Net Change in Fund Balance	\$ 41,297	(2,585) \$	38,712 \$	5,650 \$	(10,750) \$	49,462
Fund Balance, July 1, 2007	91,947	0	91,947	89,501	89,501	2,446
Fund Balance, June 30, 2008	\$ 133,244	(2,585) \$	130,659 \$	95,151 \$	78,751 \$	51,908

Exhibit F-6

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Unemployment Compensation Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 32,000	\$ 22,400	\$ 43,400	\$ (11,400)
Total Revenues	\$ 32,000	\$ 22,400	\$ 43,400	\$ (11,400)
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 38,918	\$ 15,000	\$ 46,000	\$ 7,082
Total Expenditures	\$ 38,918	\$ 15,000	\$ 46,000	\$ 7,082
Excess (Deficiency) of Revenues Over Expenditures	\$ (6,918)	\$ 7,400	\$ (2,600)	\$ (4,318)
Net Change in Fund Balance	\$ (6,918)	\$ 7,400	\$ (2,600)	\$ (4,318)
Fund Balance, July 1, 2007	28,345	28,345	28,345	0
Fund Balance, June 30, 2008	\$ 21,427	\$ 35,745	\$ 25,745	\$ (4,318)

Exhibit F-7

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Capital Projects Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 269,248	0 \$	269,248 \$	259,900 \$	259,900 \$	9,348
State of Tennessee	6,134	0	6,134	1,900	1,900	4,234
Total Revenues	\$ 275,382	0 \$	275,382 \$	261,800 \$	261,800 \$	13,582
<u>Expenditures</u>						
<u>General Government</u>						
Other General Administration	\$ 5,394	0 \$	5,394 \$	2,500 \$	5,500 \$	106
Capital Projects	40,931	168,500	209,431	256,000	256,000	46,569
Other General Government Projects	46,325	168,500	214,825	258,500	261,500	46,675
Total Expenditures	\$ 229,057	(168,500) \$	60,557 \$	3,300 \$	300 \$	60,257
Excess (Deficiency) of Revenues Over Expenditures	\$ 229,057	(168,500) \$	60,557 \$	3,300 \$	300 \$	60,257
Net Change in Fund Balance Fund Balance, July 1, 2007	444,691	0	444,691	444,501	444,501	190
Fund Balance, June 30, 2008	\$ 673,748	(168,500) \$	505,248 \$	447,801 \$	444,801 \$	60,447

Exhibit F-8

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Other Capital Projects Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 407,820	\$ 0	\$ 0	\$ 407,820	\$ 393,450	\$ 393,450	\$ 14,370
Other Local Revenues	18,000	0	0	18,000	0	0	18,000
State of Tennessee	9,201	0	0	9,201	7,500	7,500	1,701
Total Revenues	\$ 435,021	\$ 0	\$ 0	\$ 435,021	\$ 400,950	\$ 400,950	\$ 34,071
<u>Expenditures</u>							
<u>General Government</u>							
Other General Administration	\$ 8,169	\$ 0	\$ 0	\$ 8,169	\$ 6,500	\$ 10,400	\$ 2,231
<u>Capital Projects</u>							
Other General Government Projects	203,229	(66,389)	197,821	334,661	360,000	375,989	41,328
Total Expenditures	\$ 211,398	\$ (66,389)	\$ 197,821	\$ 342,830	\$ 366,500	\$ 386,389	\$ 43,559
Excess (Deficiency) of Revenues Over Expenditures	\$ 223,623	\$ 66,389	\$ (197,821)	\$ 92,191	\$ 34,450	\$ 14,561	\$ 77,630
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 5,351	\$ 0	\$ 0	\$ 5,351	\$ 0	\$ 0	\$ 5,351
Total Other Financing Sources (Uses)	\$ 5,351	\$ 0	\$ 0	\$ 5,351	\$ 0	\$ 0	\$ 5,351
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 228,974	\$ 66,389	\$ (197,821)	\$ 97,542	\$ 34,450	\$ 14,561	\$ 82,981
	409,958	(66,389)	0	343,569	416,064	416,064	(72,495)
Fund Balance, June 30, 2008	\$ 638,932	\$ 0	\$ (197,821)	\$ 441,111	\$ 450,514	\$ 430,625	\$ 10,486

Major Governmental Funds

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

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

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

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Exhibit G-1

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 416,007	\$ 410,200	\$ 410,200	\$ 5,807
Other Local Revenues	4	15	15	(11)
State of Tennessee	4,600	6,500	6,500	(1,900)
Other Governments and Citizens Groups	26,135	0	205,865	(179,730)
Total Revenues	<u>\$ 446,746</u>	<u>\$ 416,715</u>	<u>\$ 622,580</u>	<u>\$ (175,834)</u>
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 6,155	\$ 8,000	\$ 8,000	\$ 1,845
<u>Principal on Debt</u>				
General Government	710,490	306,000	723,490	13,000
<u>Interest on Debt</u>				
General Government	80,209	93,741	101,414	21,205
<u>Other Debt Service</u>				
General Government	1,640	4,100	4,100	2,460
Total Expenditures	<u>\$ 798,494</u>	<u>\$ 411,841</u>	<u>\$ 837,004</u>	<u>\$ 38,510</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (351,748)</u>	<u>\$ 4,874</u>	<u>\$ (214,424)</u>	<u>\$ (137,324)</u>
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 0	\$ 205,865	\$ 0	\$ 0
Transfers In	947,429	0	160,402	787,027
Total Other Financing Sources (Uses)	<u>\$ 947,429</u>	<u>\$ 205,865</u>	<u>\$ 160,402</u>	<u>\$ 787,027</u>
Net Change in Fund Balance	\$ 595,681	\$ 210,739	\$ (54,022)	\$ 649,703
Fund Balance, July 1, 2007	<u>2,145,042</u>	<u>1,778,810</u>	<u>1,778,810</u>	<u>366,232</u>
Fund Balance, June 30, 2008	<u>\$ 2,740,723</u>	<u>\$ 1,989,549</u>	<u>\$ 1,724,788</u>	<u>\$ 1,015,935</u>

Exhibit G-2

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education Debt Service Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,328,959	\$ 6,214,500	\$ 6,214,500	\$ 114,459
Other Local Revenues	20,523	0	0	20,523
State of Tennessee	76,677	77,500	77,500	(823)
Total Revenues	<u>\$ 6,426,159</u>	<u>\$ 6,292,000</u>	<u>\$ 6,292,000</u>	<u>\$ 134,159</u>
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 98,203	\$ 100,000	\$ 110,000	\$ 11,797
<u>Principal on Debt</u>				
Education	3,253,787	1,274,937	3,550,013	296,226
<u>Interest on Debt</u>				
Education	959,465	912,581	984,611	25,146
<u>Other Debt Service</u>				
Education	38,380	17,800	36,893	(1,487)
<u>Capital Projects</u>				
Education Capital Projects	55,800	0	55,800	0
Total Expenditures	<u>\$ 4,405,635</u>	<u>\$ 2,305,318</u>	<u>\$ 4,737,317</u>	<u>\$ 331,682</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,020,524</u>	<u>\$ 3,986,682</u>	<u>\$ 1,554,683</u>	<u>\$ 465,841</u>
<u>Other Financing Sources (Uses)</u>				
Other Loans Issued	\$ 7,894,500	\$ 0	\$ 7,894,500	\$ 0
Transfers In	335,000	600,000	600,000	(265,000)
Payments to Refunded Debt Escrow Agent	(7,838,700)	0	(7,838,700)	0
Total Other Financing Sources (Uses)	<u>\$ 390,800</u>	<u>\$ 600,000</u>	<u>\$ 655,800</u>	<u>\$ (265,000)</u>
Net Change in Fund Balance	\$ 2,411,324	\$ 4,586,682	\$ 2,210,483	\$ 200,841
Fund Balance, July 1, 2007	<u>4,678,145</u>	<u>4,664,524</u>	<u>4,664,524</u>	<u>13,621</u>
Fund Balance, June 30, 2008	<u>\$ 7,089,469</u>	<u>\$ 9,251,206</u>	<u>\$ 6,875,007</u>	<u>\$ 214,462</u>

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 sales tax revenues collected inside incorporated cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis.

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

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Exhibit H-1

Cheatham County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
For the Year Ended June 30, 2008

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 352,470	\$ 352,470
Due from Other Governments	391,898	0	391,898
Total Assets	<u>\$ 391,898</u>	<u>\$ 352,470</u>	<u>\$ 744,368</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 391,898	\$ 0	\$ 391,898
Due to Litigants, Heirs, and Others	0	352,470	352,470
Total Liabilities	<u>\$ 391,898</u>	<u>\$ 352,470</u>	<u>\$ 744,368</u>

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,281,718	\$ 2,281,718	\$ 0
Due from Other Governments	385,772	391,898	385,772	391,898
Total Assets	\$ 385,772	\$ 2,673,616	\$ 2,667,490	\$ 391,898
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 385,772	\$ 2,673,616	\$ 2,667,490	\$ 391,898
Total Liabilities	\$ 385,772	\$ 2,673,616	\$ 2,667,490	\$ 391,898
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 663,825	\$ 7,168,424	\$ 7,479,779	\$ 352,470
Total Assets	\$ 663,825	\$ 7,168,424	\$ 7,479,779	\$ 352,470
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 663,825	\$ 7,168,424	\$ 7,479,779	\$ 352,470
Total Liabilities	\$ 663,825	\$ 7,168,424	\$ 7,479,779	\$ 352,470
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 663,825	\$ 7,168,424	\$ 7,479,779	\$ 352,470
Equity in Pooled Cash and Investments	0	2,281,718	2,281,718	0
Due from Other Governments	385,772	391,898	385,772	391,898
Total Assets	\$ 1,049,597	\$ 9,842,040	\$ 10,147,269	\$ 744,368
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 385,772	\$ 2,673,616	\$ 2,667,490	\$ 391,898
Due to Litigants, Heirs, and Others	663,825	7,168,424	7,479,779	352,470
Total Liabilities	\$ 1,049,597	\$ 9,842,040	\$ 10,147,269	\$ 744,368

Cheatham County School Department

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

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

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

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Exhibit I-1

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Component Unit:				
Governmental Activities:				
Instruction	\$ 29,438,337	\$ 96,855	\$ 1,788,830	\$ 0
Support Services	15,565,131	148,399	615,705	4,273,768
Operation of Non-Instructional Services	4,403,315	2,388,564	1,845,964	0
Total Governmental Activities	\$ 49,406,783	\$ 2,633,818	\$ 4,250,499	\$ 4,273,768
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 7,592,520
Local Option Sales Taxes				1,787,453
Wheel Tax				380,470
Other Local Taxes				4,627
Grants and Contributions Not Restricted to Specific Programs				29,962,963
Unrestricted Investment Earnings				16,496
Miscellaneous				10,570
Total General Revenues				\$ 39,755,099
Change in Net Assets				\$ 1,506,401
Net Assets, July 1, 2007				54,246,316
Net Assets, June 30, 2008				\$ 55,752,717

Exhibit I-2

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Education</u>	<u>Other</u>	
	<u>Purpose</u>	<u>Capital</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 2,193,321	\$ 132,417	\$ 639,373	\$ 2,965,111
Accounts Receivable	96,452	0	1,709	98,161
Due from Other Governments	650,231	0	131,343	781,574
Due from Other Funds	133	0	106	239
Property Taxes Receivable	7,579,696	0	0	7,579,696
Allowance for Uncollectible Property Taxes	(155,002)	0	0	(155,002)
Total Assets	\$ 10,364,831	\$ 132,417	\$ 772,531	\$ 11,269,779
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 198,459	\$ 30,882	\$ 7,103	\$ 236,444
Accrued Payroll	19,100	0	2,449	21,549
Contracts Payable	0	854,047	0	854,047
Retainage Payable	0	91,412	0	91,412
Due to Other Funds	106	0	133	239
Deferred Revenue - Current Property Taxes	7,161,247	0	0	7,161,247
Deferred Revenue - Delinquent Property Taxes	234,804	0	0	234,804
Other Deferred Revenues	146,644	0	0	146,644
Total Liabilities	\$ 7,760,360	\$ 976,341	\$ 9,685	\$ 8,746,386
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 285,776	\$ 3,195,489	\$ 50,464	\$ 3,531,729
Reserved for Career Ladder Program	8,201	0	0	8,201
Reserved for Basic Education Program	71,976	0	0	71,976
Reserved for Title I Grants to Local Education Agencies	0	0	5,142	5,142
Other Federal Reserves	0	0	6,817	6,817
Unreserved, Reported In:				
General Fund	2,238,518	0	0	2,238,518
Special Revenue Funds	0	0	700,423	700,423
Capital Projects Funds (Deficit)	0	(4,039,413)	0	(4,039,413)
Total Fund Balances	\$ 2,604,471	\$ (843,924)	\$ 762,846	\$ 2,523,393
Total Liabilities and Fund Balances	\$ 10,364,831	\$ 132,417	\$ 772,531	\$ 11,269,779

Exhibit I-3

Cheatham County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Cheatham County School Department
June 30, 2008

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	2,523,393
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	781,997	
Add: construction in progress		7,675,146	
Add: buildings and improvements net of accumulated depreciation		42,844,894	
Add: other capital assets net of accumulated depreciation		<u>3,296,801</u>	54,598,838
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: compensated absences payable	\$	(164,074)	
Less: other postemployment benefits liability		<u>(1,586,888)</u>	(1,750,962)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>381,448</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>55,752,717</u></u>

Exhibit I-4

Cheatham County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Cheatham County School Department
For the Year Ended June 30, 2008

	Major Funds		Nonmajor	Total
	General Purpose School	Education Capital Projects	Funds Other Governmental Funds	
<u>Revenues</u>				
Local Taxes	\$ 9,841,014	\$ 0	\$ 0	\$ 9,841,014
Licenses and Permits	3,116	0	0	3,116
Charges for Current Services	1,037,243	0	1,522,593	2,559,836
Other Local Revenues	100,947	0	14,261	115,208
State of Tennessee	30,259,558	0	32,878	30,292,436
Federal Government	450,529	0	3,241,812	3,692,341
Other Governments and Citizens Groups	309,850	3,963,918	0	4,273,768
Total Revenues	<u>\$ 42,002,257</u>	<u>\$ 3,963,918</u>	<u>\$ 4,811,544</u>	<u>\$ 50,777,719</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 26,458,889	\$ 0	\$ 1,208,636	\$ 27,667,525
Support Services	14,380,412	0	849,654	15,230,066
Operation of Non-Instructional Services	1,342,143	0	2,902,333	4,244,476
Capital Outlay	147,482	0	0	147,482
Capital Projects	0	5,462,943	0	5,462,943
Total Expenditures	<u>\$ 42,328,926</u>	<u>\$ 5,462,943</u>	<u>\$ 4,960,623</u>	<u>\$ 52,752,492</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>\$ (326,669)</u>	<u>\$ (1,499,025)</u>	<u>\$ (149,079)</u>	<u>\$ (1,974,773)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 49,821	\$ 0	\$ 5,428	\$ 55,249
Total Other Financing Sources (Uses)	<u>\$ 49,821</u>	<u>\$ 0</u>	<u>\$ 5,428</u>	<u>\$ 55,249</u>
Net Change in Fund Balances	\$ (276,848)	\$ (1,499,025)	\$ (143,651)	\$ (1,919,524)
Fund Balance, July 1, 2007	2,881,319	655,101	906,497	4,442,917
Fund Balance, June 30, 2008	<u>\$ 2,604,471</u>	<u>\$ (843,924)</u>	<u>\$ 762,846</u>	<u>\$ 2,523,393</u>

Exhibit I-5

Cheatham County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Cheatham County School Department
For the Year Ended June 30, 2008

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ (1,919,524)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 7,094,042	
Less: current year depreciation expense	<u>(2,030,207)</u>	5,063,835
(2) A loss on disposal of capital assets decreases capital assets.		(25,443)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2007	\$ (378,830)	
Add: deferred delinquent property taxes and other deferred June 30, 2008	<u>381,448</u>	2,618
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ (28,197)	
Change in other postemployment benefits liability	<u>(1,586,888)</u>	<u>(1,615,085)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,506,401</u>

Exhibit I-6

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

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 35,116	\$ 604,257	\$ 639,373
Accounts Receivable	80	1,629	1,709
Due from Other Governments	34,706	96,637	131,343
Due from Other Funds	0	106	106
Total Assets	<u>\$ 69,902</u>	<u>\$ 702,629</u>	<u>\$ 772,531</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 7,065	\$ 38	\$ 7,103
Accrued Payroll	2,449	0	2,449
Due to Other Funds	133	0	133
Total Liabilities	<u>\$ 9,647</u>	<u>\$ 38</u>	<u>\$ 9,685</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 48,296	\$ 2,168	\$ 50,464
Reserved for Title I Grants to Local Education Agencies	5,142	0	5,142
Other Federal Reserves	6,817	0	6,817
Unreserved	0	700,423	700,423
Total Fund Balances	<u>\$ 60,255</u>	<u>\$ 702,591</u>	<u>\$ 762,846</u>
Total Liabilities and Fund Balances	<u>\$ 69,902</u>	<u>\$ 702,629</u>	<u>\$ 772,531</u>

Exhibit I-7

Cheatham County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Cheatham County School Department
For the Year Ended June 30, 2008

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 1,522,593	\$ 1,522,593
Other Local Revenues	0	14,261	14,261
State of Tennessee	0	32,878	32,878
Federal Government	2,115,463	1,126,349	3,241,812
Total Revenues	<u>\$ 2,115,463</u>	<u>\$ 2,696,081</u>	<u>\$ 4,811,544</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,208,636	\$ 0	\$ 1,208,636
Support Services	849,654	0	849,654
Operation of Non-Instructional Services	0	2,902,333	2,902,333
Total Expenditures	<u>\$ 2,058,290</u>	<u>\$ 2,902,333</u>	<u>\$ 4,960,623</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 57,173</u>	<u>\$ (206,252)</u>	<u>\$ (149,079)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 0	\$ 5,428	\$ 5,428
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 5,428</u>	<u>\$ 5,428</u>
Net Change in Fund Balances	\$ 57,173	\$ (200,824)	\$ (143,651)
Fund Balance, July 1, 2007	3,082	903,415	906,497
Fund Balance, June 30, 2008	<u>\$ 60,255</u>	<u>\$ 702,591</u>	<u>\$ 762,846</u>

Exhibit I-8

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Cheatham County School Department
General Purpose School Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 9,841,014	\$ 0	\$ 0	\$ 9,841,014	\$ 9,905,784	\$ 9,905,784	\$ (64,770)
Licenses and Permits	3,116	0	0	3,116	3,600	3,600	(484)
Charges for Current Services	1,037,243	0	0	1,037,243	1,022,613	1,027,613	9,630
Other Local Revenues	100,947	0	0	100,947	42,837	105,384	(4,437)
State of Tennessee	30,259,558	0	0	30,259,558	30,040,634	30,244,167	15,391
Federal Government	450,529	0	0	450,529	508,411	513,411	(62,882)
Other Governments and Citizens Groups	309,850	0	0	309,850	0	309,850	0
Total Revenues	\$ 42,002,257	\$ 0	\$ 0	\$ 42,002,257	\$ 41,523,879	\$ 42,109,809	\$ (107,552)
Expenditures							
Instruction							
Regular Instruction Program	\$ 22,328,147	(19,166)	111,574	\$ 22,420,555	\$ 22,738,531	\$ 22,740,515	\$ 319,960
Alternative Instruction Program	105,971	0	0	105,971	110,905	108,457	2,486
Special Education Program	2,699,074	0	0	2,699,074	2,739,505	2,737,005	37,931
Vocational Education Program	1,227,433	(203)	155	1,227,385	1,236,464	1,237,769	10,384
Adult Education Program	98,264	(5,374)	630	93,520	124,625	124,646	31,126
Support Services							
Attendance	95,559	0	0	95,559	96,167	96,167	608
Health Services	294,849	(622)	2,586	296,813	288,254	301,806	4,993
Other Student Support	1,182,256	0	0	1,182,256	1,180,827	1,196,766	14,510
Regular Instruction Program	1,646,104	(12,631)	13,861	1,647,334	1,673,860	1,690,660	43,326
Alternative Instruction Program	18,931	0	500	19,431	16,807	20,307	876
Special Education Program	430,332	0	0	430,332	420,240	434,071	3,739
Vocational Education Program	124,902	0	0	124,902	126,781	126,781	1,879
Adult Programs	98,199	0	0	98,199	98,599	98,599	400
Other Programs	98,980	0	0	98,980	0	98,980	0

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Board of Education	\$ 617,997	\$ 0	\$ 0	\$ 617,997	\$ 642,523	\$ 642,523	\$ 24,526
Director of Schools	258,029	0	0	258,029	231,058	263,521	5,492
Office of the Principal	2,565,853	0	0	2,565,853	2,570,759	2,582,123	16,270
Fiscal Services	273,179	0	826	274,005	282,771	282,771	8,766
Operation of Plant	3,165,141	0	3,056	3,168,197	3,275,711	3,260,764	92,567
Maintenance of Plant	950,118	(29,123)	5,773	926,768	925,625	953,395	26,627
Transportation	2,559,983	(635,056)	70,810	1,995,737	1,652,048	2,045,953	50,216
<u>Operation of Non-Instructional Services</u>							
Community Services	884,361	(264)	6,422	890,519	959,121	969,121	78,602
Early Childhood Education	457,782	(6,219)	1,786	453,349	452,964	453,349	0
<u>Capital Outlay</u>							
Regular Capital Outlay	147,482	(66,200)	67,797	149,079	137,900	151,747	2,668
Total Expenditures	\$ 42,328,926	\$ (774,858)	\$ 285,776	\$ 41,839,844	\$ 41,982,045	\$ 42,617,796	\$ 777,952
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ (326,669)	\$ 774,858	\$ (285,776)	\$ 162,413	\$ (458,166)	\$ (507,987)	\$ 670,400
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 49,821	\$ 0	\$ 0	\$ 49,821	\$ 0	\$ 49,821	\$ 0
Total Other Financing Sources (Uses)	\$ 49,821	\$ 0	\$ 0	\$ 49,821	\$ 0	\$ 49,821	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ (276,848)	\$ 774,858	\$ (285,776)	\$ 212,234	\$ (458,166)	\$ (458,166)	\$ 670,400
	2,881,319	(774,858)	0	2,106,461	2,130,233	2,130,233	(23,772)
Fund Balance, June 30, 2008	\$ 2,604,471	\$ 0	\$ (285,776)	\$ 2,318,695	\$ 1,672,067	\$ 1,672,067	\$ 646,628

Exhibit I-9

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 2,115,463	\$ 0	\$ 0	\$ 2,115,463	\$ 2,821,445	\$ 2,826,696	\$ (711,233)
Total Revenues	\$ 2,115,463	\$ 0	\$ 0	\$ 2,115,463	\$ 2,821,445	\$ 2,826,696	\$ (711,233)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 464,508	\$ 0	\$ 0	\$ 464,508	\$ 507,478	\$ 529,966	\$ 65,458
Special Education Program	675,817	0	16,458	692,275	1,074,774	1,089,437	397,162
Vocational Education Program	68,311	(2,522)	21,028	86,817	81,794	87,045	228
<u>Support Services</u>							
Other Student Support	84,418	0	0	84,418	99,829	97,829	13,411
Regular Instruction Program	307,180	0	10,243	317,423	485,848	465,360	147,937
Special Education Program	441,639	0	567	442,206	550,224	541,202	98,996
Vocational Education Program	6,500	0	0	6,500	6,500	6,500	0
Transportation	9,917	0	0	9,917	15,558	9,917	0
Total Expenditures	\$ 2,058,290	\$ (2,522)	\$ 48,296	\$ 2,104,064	\$ 2,822,005	\$ 2,827,256	\$ 723,192
Excess (Deficiency) of Revenues Over Expenditures	\$ 57,173	\$ 2,522	\$ (48,296)	\$ 11,399	\$ (560)	\$ (560)	\$ 11,959
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 57,173	\$ 2,522	\$ (48,296)	\$ 11,399	\$ (560)	\$ (560)	\$ 11,959
	3,082	(2,522)	0	560	3,082	3,082	(2,522)
Fund Balance, June 30, 2008	\$ 60,255	\$ 0	\$ (48,296)	\$ 11,959	\$ 2,522	\$ 2,522	\$ 9,437

Exhibit I-10

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,522,593	\$ 0	\$ 0	\$ 1,522,593	\$ 1,723,000	\$ 1,723,000	\$ (200,407)
Other Local Revenues	14,261	0	0	14,261	25,000	25,000	(10,739)
State of Tennessee	32,878	0	0	32,878	35,000	35,000	(2,122)
Federal Government	1,126,349	0	0	1,126,349	1,100,000	1,100,000	26,349
Total Revenues	\$ 2,696,081	\$ 0	\$ 0	\$ 2,696,081	\$ 2,883,000	\$ 2,883,000	\$ (186,919)
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 2,902,333	\$ (69,565)	\$ 2,168	\$ 2,834,936	\$ 2,948,275	\$ 2,948,275	\$ 113,339
Total Expenditures	\$ 2,902,333	\$ (69,565)	\$ 2,168	\$ 2,834,936	\$ 2,948,275	\$ 2,948,275	\$ 113,339
Excess (Deficiency) of Revenues Over Expenditures	\$ (206,252)	\$ 69,565	\$ (2,168)	\$ (138,855)	\$ (65,275)	\$ (65,275)	\$ (73,580)
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 5,428	\$ 0	\$ 0	\$ 5,428	\$ 0	\$ 0	\$ 5,428
Total Other Financing Sources (Uses)	\$ 5,428	\$ 0	\$ 0	\$ 5,428	\$ 0	\$ 0	\$ 5,428
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ (200,824)	\$ 69,565	\$ (2,168)	\$ (133,427)	\$ (65,275)	\$ (65,275)	\$ (68,152)
	903,415	(69,565)	0	833,850	833,849	833,849	1
Fund Balance, June 30, 2008	\$ 702,591	\$ 0	\$ (2,168)	\$ 700,423	\$ 768,574	\$ 768,574	\$ (68,151)

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MISCELLANEOUS SCHEDULES

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Exhibit J-1

Cheatham County, Tennessee
 Schedule of Changes in Long-term Notes, Capital Leases, Line of Credit, Other Loans, and Bonds
 For the Year Ended June 30, 2008

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-08
PRIMARY GOVERNMENT									
NOTES PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Nursing Home Facility	\$ 800,000	3.95 to 5.95 %	3-23-04	3-15-16	\$ 635,000	0 \$	60,000 \$	0 \$	575,000
Nursing Home Renovations	175,000	6.97	9-28-05	3-11-08	155,000	0	155,000	0	0
E-911 Communication Tower	400,000	3.979	9-29-05	9-1-17	373,000	0	28,000	0	345,000
E-911 Communication Tower	262,490	4.65	3-24-08	5-30-08	0	262,490	262,490	0	0
Total Payable through General Debt Service Fund	\$ 1,163,000				\$ 1,163,000	\$ 262,490	\$ 505,490	\$ 0	\$ 920,000
<u>Payable through Education Debt Service Fund</u>									
School Roof	480,000	4.65	1-11-08	3-7-08	0 \$	480,000 \$	480,000 \$	0 \$	0
School Buses	309,850	3.5	6-18-08	6-30-08	0	309,850	309,850	0	0
Total Payable through Education Debt Service Fund	\$ 789,850				\$ 0	\$ 789,850	\$ 789,850	\$ 0	\$ 0
Total Notes Payable	\$ 1,163,000				\$ 1,163,000	\$ 1,052,340	\$ 1,295,340	\$ 0	\$ 920,000
CAPITAL LEASES PAYABLE									
<u>Payable through Highway/Public Works Fund</u>									
Tractor/Mower	56,730	4.05	10-1-02	1-21-08	7,253	0	7,253	0	0
Two Tractor/Mowers	71,800	4.95	3-21-03	3-21-08	11,739	0	11,739	0	0
Dump Truck	42,500	6.37	2-14-05	1-14-09	17,969	0	11,148	0	6,821
Two Tractors	81,474	5.15	4-15-05	4-15-10	48,702	0	16,391	0	32,311
Tractor/Mower	67,232	4.87	4-15-08	4-15-13	0	67,232	1,988	0	65,244
Paver	243,259	4.34	4-17-08	4-25-13	0	243,259	7,288	0	235,971
Total Capital Leases Payable	\$ 85,663				\$ 85,663	\$ 310,491	\$ 55,807	\$ 0	\$ 340,347
LINE OF CREDIT									
<u>Payable through Education Debt Service Fund</u>									
Old Clarksville Highway/Highway 49 Intersection	(1)	Variable	9-19-07	10-1-09	0 \$	82,090 \$	0 \$	0 \$	82,090
Total Line of Credit	\$ 0				\$ 0	\$ 82,090	\$ 0	\$ 0	\$ 82,090

(Continued)

Exhibit J-1

Cheatham County, Tennessee
 Schedule of Changes in Long-term Notes, Capital Leases, Line of Credit, Other Loans, and Bonds (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-08
OTHER LOANS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Public Works Projects	\$ 1,977,211	Variable	11-1-1999	5-25-19	\$ 1,577,145	0 \$	145,000 \$	0 \$	1,432,145
Total Payable through General Debt Service Fund					\$ 1,577,145	0 \$	145,000 \$	0 \$	1,432,145
<u>Payable through Education Debt Service Fund</u>									
Public Works Projects	5,063,492	Variable	11-1-1999	5-25-19	\$ 3,528,961	0 \$	189,337 \$	0 \$	3,339,624
Public Works Projects	2,262,948	Variable	6-14-00	5-25-19	1,701,574	0	110,600	0	1,590,974
Public Works Projects	(2)	Variable	6-28-07	5-25-14	421,867	3,483,918	1,189,000	0	2,716,785
School Refunding	7,894,500	Variable	5-7-08	5-25-22	0	7,894,500	0	0	7,894,500
Total Payable through Education Debt Service Fund					\$ 5,652,402	\$ 11,378,418	\$ 1,488,937	\$ 0	\$ 15,541,883
Total Other Loans Payable					\$ 7,229,547	\$ 11,378,418	\$ 1,633,937	\$ 0	\$ 16,974,028
BONDS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Refunding Bond - Nursing Home	690,000	7 to 9	% 1-1-1989	1-1-09	\$ 120,000	0 \$	60,000 \$	0 \$	60,000
Total Payable through General Debt Service Fund					\$ 120,000	0 \$	60,000 \$	0 \$	60,000
<u>Payable through Education Debt Service Fund</u>									
Schools	8,000,000	3.85 to 6.75	12-1-1996	5-7-08	\$ 1,400,000	0 \$	275,000 \$	1,125,000 \$	0
Schools	8,000,000	4.85 to 6.75	12-1-1996	5-7-08	2,225,000	0	250,000	1,975,000	0
Schools	7,500,000	4 to 4.85	7-1-1998	5-7-08	4,935,000	0	350,000	4,585,000	0
Refunding	9,605,000	2 to 4	9-15-04	6-1-19	9,405,000	0	100,000	0	9,305,000
Total Payable through Education Debt Service Fund					\$ 17,965,000	0 \$	975,000 \$	7,685,000 \$	9,305,000
Total Bonds Payable					\$ 18,085,000	0 \$	1,035,000 \$	7,685,000 \$	9,365,000

(1) Total amount approved was \$500,000, of which \$417,910 remains available for draws as of June 30, 2008

(2) Total amount approved was \$9,820,000, of which \$5,914,215 remains available for draws as of June 30, 2008

Exhibit J-2

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

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 89,000	\$ 45,451	\$ 134,451
2010	95,000	41,727	136,727
2011	96,000	37,263	133,263
2012	102,000	32,597	134,597
2013	109,000	27,434	136,434
2014	110,000	21,599	131,599
2015	116,000	15,724	131,724
2016	123,000	9,252	132,252
2017	39,000	2,407	41,407
2018	41,000	815	41,815
Total	\$ 920,000	\$ 234,269	\$ 1,154,269

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Note Requirements
2009	\$ 81,193	\$ 13,648	\$ 94,841
2010	74,783	10,017	84,800
2011	62,436	6,948	69,384
2012	65,277	4,111	69,388
2013	56,658	1,165	57,823
Total	\$ 340,347	\$ 35,889	\$ 376,236

Year Ending June 30	Line of Credit Principal	Line of Credit Interest	Total Line of Credit Requirements
2009	\$ 0	\$ 3,537	\$ 3,537
2010	82,090	891	82,981
Total	\$ 82,090	\$ 4,428	\$ 86,518

(Continued)

Exhibit J-2

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

Year Ending June 30	Other Loans Principal	Other Loans Interest	Other Loans Fees	Total Other Loans Requirements
2009	\$ 2,186,184	\$ 336,572	\$ 64,017	\$ 2,586,773
2010	2,286,543	304,072	58,325	2,648,940
2011	1,114,856	270,087	52,370	1,437,313
2012	1,039,825	254,205	49,333	1,343,363
2013	1,081,865	239,545	46,467	1,367,877
2014	1,127,258	224,303	43,397	1,394,958
2015	1,184,072	117,356	24,561	1,325,989
2016	1,237,375	100,685	21,289	1,359,349
2017	1,293,243	83,273	17,867	1,394,383
2018	1,366,965	65,083	14,288	1,446,336
2019	1,199,551	45,843	10,507	1,255,901
2020	724,000	28,587	5,289	757,876
2021	713,590	17,437	3,624	734,651
2022	418,701	6,448	1,899	427,048
Total	\$ 16,974,028	\$ 2,093,496	\$ 413,233	\$ 19,480,757

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2009	\$ 735,000	\$ 329,329	\$ 1,064,329
2010	690,000	306,664	996,664
2011	725,000	286,654	1,011,654
2012	765,000	264,904	1,029,904
2013	805,000	240,424	1,045,424
2014	840,000	213,255	1,053,255
2015	880,000	183,015	1,063,015
2016	920,000	151,335	1,071,335
2017	955,000	117,295	1,072,295
2018	995,000	81,005	1,076,005
2019	1,055,000	42,200	1,097,200
Total	\$ 9,365,000	\$ 2,216,080	\$ 11,581,080

Exhibit J-3

Cheatham County, Tennessee
Schedule of Notes Receivable
For the Year Ended June 30, 2008

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-08
<u>General Debt Service Fund</u> Loan	Emergency Communications District	\$ 400,000	9-29-05	9-1-17	3.979 %	<u>\$ 195,000</u>

Exhibit J-4

Cheatham County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2008

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Education Debt Service	Development tax	\$ 335,000
General	General Debt Service	Nursing home debt	947,429
Total Transfers			<u>\$ 1,282,429</u>

Exhibit J-5

Cheatham County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Cheatham County School Department
For the Year Ended June 30, 2008

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 70,332	\$ 50,000	RLI Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	67,069	100,000	Western Surety Company
Director of Schools	State Board of Education and Local Board of Education	95,923	(2)	
Trustee	Section 8-24-102, <u>TCA</u>	60,894	1,441,000	RLI Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	60,894	10,000	Western Surety Company
Director of Accounts and Budgets	County Commission	60,698	25,000	RLI Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u>	60,894	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	60,894	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	60,894	50,000	"
Register	Section 8-24-102, <u>TCA</u>	60,894	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	67,069	50,000	"
<u>Employee Bonds</u>				
General Employee Blanket Bond			150,000	Tennessee Risk Management Trust
School Employee Blanket Bond			150,000	"
Director of Emergency Medical Services and Coroner			25,000	RLI Insurance Company
Emergency Management Coordinator			25,000	"

- (1) Includes \$1,000 for chief executive officer training supplement and \$1,160 for longevity pay.
- (2) Covered under the School Employee Blanket Bond.
- (3) Does not include special commissioner fees of \$4,605.
- (4) Does not include a law enforcement training supplement of \$600.

Exhibit J-6

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Unemployment Compensation	Highway/ Public Works
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 5,303,624	\$ 0	\$ 840,779	\$ 0	\$ 0	\$ 0	\$ 517,429
Trustee's Collections - Prior Year	128,075	0	23,717	0	0	0	14,231
Circuit/Clerk & Master Collections - Prior Years	40,460	0	6,094	0	0	0	3,656
Interest and Penalty	46,335	0	8,207	0	0	0	4,953
Pick-up Taxes	0	0	54	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	39,001	0	6,270	0	0	0	4,251
Payments in-Lieu-of Taxes - Other	6,000	0	952	0	0	0	184
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	0	0	0
Hotel/Motel Tax	35,773	0	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0	379,571
Litigation Tax - General	136,729	20,924	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	46,602	0	0	0	0	0	0
Business Tax	0	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	471
Adequate Facilities/Development Tax	502,500	0	0	0	0	0	0
Other County Local Option Taxes	240,955	0	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	24,764	0	4,586	0	0	0	2,752
Wholesale Beer Tax	262,038	0	0	0	0	0	0
Interstate Telecommunications Tax	3,002	0	0	0	0	0	0
Total Local Taxes	\$ 6,815,858	\$ 20,924	\$ 890,659	\$ 0	\$ 0	\$ 0	\$ 927,498
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Animal Registration	5,755	0	0	0	0	0	0
Animal Vaccination	5,080	0	0	0	0	0	0
Cable TV Franchise	81,160	0	0	0	0	0	0
Permits							
Beer Permits	2,075	0	0	0	0	0	0
Building Permits	242,075	0	0	0	0	0	0
Other Permits	8,700	0	0	0	0	0	0
Total Licenses and Permits	\$ 344,845	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Unemployment Compensation	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 15,760	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	3,177	0	0	0	0	0	0
Data Entry Fee - Circuit Court	2,050	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	38,934	0	0	0	0	0	0
Fines for Littering	475	0	0	0	0	0	0
Officers Costs	80,938	0	0	0	0	0	0
Game and Fish Fines	1,012	0	0	0	0	0	0
Drug Court Fees	702	0	0	0	0	0	0
Jail Fees	23,343	0	0	0	0	0	0
Judicial Commissioner Fees	2,435	0	0	0	0	0	0
DUI Treatment Fines	8,626	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	10,194	0	0	0	0	0	0
Courtroom Security Fee	275	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	1,793	0	0	0	0	0	0
Drug Control Fines	1,640	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	167	0	0	0	0	0	0
Data Entry Fee - Chancery Court	1,886	0	0	0	0	0	0
<u>Other Courts - In-county</u>							
Drug Control Fines	0	0	0	24,654	0	0	0
DUI Treatment Fines	140	0	0	0	0	0	0
<u>Judicial District Drug Program</u>							
Drug Task Force Forfeitures and Seizures	0	0	0	50,403	0	0	0
Data Entry Fee - Other Courts	458	0	0	0	0	0	0
Courtroom Security Fee	247	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>							
Other Fines, Forfeitures, and Penalties	2,093	0	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 196,345	\$ 0	\$ 0	\$ 75,057	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-6

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Unemployment Compensation	Highway / Public Works
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Self-Insurance Premiums/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,000	\$ 0
Tipping Fees	0	0	109,235	0	0	0	0
Patient Charges	706,305	0	0	0	0	0	0
Work Release Charges for Board	1,450	0	0	0	0	0	0
Other General Service Charges	4,860	0	0	0	0	0	900
<u>Fees</u>							
Copy Fees	1,143	0	0	0	0	0	0
Library Fees	5,116	0	0	0	0	0	0
Telephone Commissions	17,236	0	0	0	0	0	0
Vending Machine Collections	1	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions	17,476	0	0	0	4,766	0	0
Data Processing Fee - Register	17,178	0	0	0	0	0	0
Probation Fees	80,059	0	0	0	0	0	0
Data Processing Fee - Sheriff	5,246	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	3,175	0	0	0	0	0	0
Total Charges for Current Services	\$ 859,245	\$ 0	\$ 109,235	\$ 0	\$ 4,766	\$ 32,000	\$ 900
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 695,723	\$ 0	\$ 62	\$ 0	\$ 0	\$ 0	\$ 172
Lease/Rentals	10,000	0	0	0	0	0	0
Sale of Maps	7,877	0	0	0	0	0	0
Sale of Recycled Materials	540	0	11,286	0	0	0	0
Retirees' Insurance Payments	0	0	0	0	0	0	4,783
Miscellaneous Refunds	15,210	0	0	0	0	0	8,022
Expenditure Credits	27,106	0	0	0	0	0	0
<u>Nonrecurring Items</u>							
Sale of Equipment	5,788	0	0	0	0	0	0
Sale of Property	1,947,429	0	0	0	0	0	0
Contributions and Gifts	25,434	0	0	0	0	0	0
Performance Bond Forfeitures	6,531	0	0	0	0	0	0

(Continued)

Exhibit J-6

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Unemployment Compensation	Highway / Public Works
<u>Other Local Revenues (Cont.)</u>							
Other Local Revenues	\$ 10,872	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	\$ 2,752,510	\$ 0	\$ 11,348	\$ 0	\$ 0	\$ 0	\$ 12,977
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	\$ 409,771	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	410,096	0	0	0	0	0	0
Clerk and Master	133,444	0	0	0	0	0	0
Register	242,940	0	0	0	0	0	0
Sheriff	25,197	0	0	0	0	0	0
Trustee	588,710	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 1,810,158	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 17,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	12,376	0	0	0	0	0	0
Solid Waste Grants	0	0	17,177	0	0	0	0
Other General Government Grants	26,706	0	0	15,000	0	0	0
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	18,600	0	0	0	0	0	0
Health and Welfare Grants	32,784	0	0	0	0	0	0
<u>Health Department Programs</u>							
<u>Public Works Grants</u>							
Bridge Program	0	0	0	0	0	0	35,000
State Aid Program	0	0	0	0	0	0	246,634
Litter Program	30,283	0	0	0	0	0	0
<u>Other State Revenues</u>							
Flood Control	3,826	0	0	0	0	0	0
Income Tax	73,865	0	0	0	0	0	0
Beer Tax	43,967	0	0	0	0	0	0
Alcoholic Beverage Tax	34,120	0	0	0	0	0	0

(Continued)

Exhibit J-6

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Unemployment Compensation	Highway/ Public Works
<u>State of Tennessee (Cont.)</u>							
<u>Other State Revenues (Cont.)</u>							
State Revenue Sharing - T.V.A.	\$ 125,750	\$ 0	\$ 19,936	\$ 0	\$ 0	\$ 0	\$ 12,268
Prisoner Transportation	428	0	0	0	0	0	0
Contracted Prisoner Boarding	187,320	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,651,824
Petroleum Special Tax	0	0	0	0	0	0	28,841
Registrar's Salary Supplement	16,380	0	0	0	0	0	0
Other State Revenues	3,076	0	0	0	0	0	0
Total State of Tennessee	\$ 626,881	\$ 0	\$ 37,113	\$ 15,000	\$ 0	\$ 0	\$ 1,974,567
<u>Federal Government</u>							
Federal Through State							
Other Federal through State	\$ 118,035	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Direct Federal Revenue	21,840	0	0	0	0	0	0
Police Service (Lake Area)	\$ 139,875	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Federal Government	\$ 278,178	\$ 0	\$ 0	\$ 2,500	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>							
Other Governments							
Contributions	\$ 278,178	\$ 0	\$ 0	\$ 2,500	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 278,178	\$ 0	\$ 0	\$ 2,500	\$ 0	\$ 0	\$ 0
Total	\$ 13,823,895	\$ 20,924	\$ 1,048,355	\$ 92,557	\$ 4,766	\$ 32,000	\$ 2,915,942

(Continued)

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

	Debt Service Funds		Capital Projects Funds			Total
	General	Education	General	Capital	Other	
	Debt	Debt	Projects	Projects	Projects	
	Service	Service	Projects	Projects	Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 194,023	\$ 3,233,756	\$ 258,706	\$ 388,032	\$ 10,736,349	
Trustee's Collections - Prior Year	7,918	99,699	4,743	9,487	287,870	
Circuit/Clerk & Master Collections - Prior Years	2,031	27,219	957	1,914	82,331	
Interest and Penalty	2,556	34,678	1,751	3,232	101,712	
Pick-up Taxes	0	206	17	25	302	
Payments in-Lieu-of-Taxes - Local Utilities	1,508	24,326	1,865	2,857	80,078	
Payments in-Lieu-of Taxes - Other	220	3,661	292	439	11,748	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	1,425,650	0	0	1,425,650	
Hotel/Motel Tax	0	0	0	0	35,773	
Wheel Tax	0	1,138,712	0	0	1,518,283	
Litigation Tax - General	0	0	0	0	157,653	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	46,602	
Business Tax	206,222	0	0	0	206,222	
Mineral Severance Tax	0	0	0	0	471	
Adequate Facilities/Development Tax	0	321,791	0	0	824,291	
Other County Local Option Taxes	0	0	0	0	240,955	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	1,529	19,261	917	1,834	55,643	
Wholesale Beer Tax	0	0	0	0	262,038	
Interstate Telecommunications Tax	0	0	0	0	3,002	
Total Local Taxes	\$ 416,007	\$ 6,328,959	\$ 269,248	\$ 407,820	\$ 16,076,973	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,755	
Animal Vaccination	0	0	0	0	5,080	
Cable TV Franchise	0	0	0	0	81,160	
<u>Permits</u>						
Beer Permits	0	0	0	0	2,075	
Building Permits	0	0	0	0	242,075	
Other Permits	0	0	0	0	8,700	
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 344,845	

(Continued)

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

	Debt Service Funds			Capital Projects Funds			Total
	General Debt Service	Education Debt Service	0 \$	General Capital Projects	Other Capital Projects	0 \$	
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$	0 \$	0 \$	0 \$	0 \$	0 \$	15,760
Officers Costs		0	0	0	0	0	3,177
Data Entry Fee - Circuit Court		0	0	0	0	0	2,050
<u>General Sessions Court</u>							
Fines		0	0	0	0	0	38,934
Fines for Littering		0	0	0	0	0	475
Officers Costs		0	0	0	0	0	80,938
Game and Fish Fines		0	0	0	0	0	1,012
Drug Court Fees		0	0	0	0	0	702
Jail Fees		0	0	0	0	0	23,343
Judicial Commissioner Fees		0	0	0	0	0	2,435
DUI Treatment Fines		0	0	0	0	0	8,626
Data Entry Fee - General Sessions Court		0	0	0	0	0	10,194
Courtroom Security Fee		0	0	0	0	0	275
<u>Juvenile Court</u>							
Fines		0	0	0	0	0	1,793
Drug Control Fines		0	0	0	0	0	1,640
<u>Chancery Court</u>							
Officers Costs		0	0	0	0	0	167
Data Entry Fee - Chancery Court		0	0	0	0	0	1,886
<u>Other Courts - In-county</u>							
Drug Control Fines		0	0	0	0	0	24,654
DUI Treatment Fines		0	0	0	0	0	140
<u>Judicial District Drug Program</u>							
Drug Task Force Forfeitures and Seizures		0	0	0	0	0	50,403
Data Entry Fee - Other Courts		0	0	0	0	0	458
Courtroom Security Fee		0	0	0	0	0	247
<u>Other Fines, Forfeitures, and Penalties</u>							
Other Fines, Forfeitures, and Penalties		0	0	0	0	0	2,093
Total Fines, Forfeitures, and Penalties	\$	0 \$	0 \$	0 \$	0 \$	0 \$	271,402

(Continued)

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

	Debt Service Funds		Capital Projects Funds			Total
	General Debt Service	Education Debt Service	General Projects	Capital Projects	Other Projects	
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Self-Insurance Premiums/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,000
Tipping Fees	0	0	0	0	0	109,235
Patient Charges	0	0	0	0	0	706,305
Work Release Charges for Board	0	0	0	0	0	1,450
Other General Service Charges	0	0	0	0	0	5,760
<u>Fees</u>						
Copy Fees	0	0	0	0	0	1,143
Library Fees	0	0	0	0	0	5,116
Telephone Commissions	0	0	0	0	0	17,236
Vending Machine Collections	0	0	0	0	0	1
Constitutional Officers' Fees and Commissions	0	0	0	0	0	22,242
Data Processing Fee - Register	0	0	0	0	0	17,178
Probation Fees	0	0	0	0	0	80,059
Data Processing Fee - Sheriff	0	0	0	0	0	5,246
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	3,175
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,006,146
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 4	\$ 0	\$ 0	\$ 0	\$ 0	\$ 695,961
Lease/Rentals	0	0	0	0	0	10,000
Sale of Maps	0	0	0	0	0	7,877
Sale of Recycled Materials	0	0	0	0	0	11,826
Retirees' Insurance Payments	0	0	0	0	0	4,783
Miscellaneous Refunds	0	1,500	0	0	18,000	42,732
Expenditure Credits	0	0	0	0	0	27,106
<u>Nonrecurring Items</u>						
Sale of Equipment	0	19,023	0	0	0	24,811
Sale of Property	0	0	0	0	0	1,947,429
Contributions and Gifts	0	0	0	0	0	25,434
Performance Bond Forfeitures	0	0	0	0	0	6,531

(Continued)

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

	Debt Service Funds		Capital Projects Funds		Total
	General Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects	
<u>Other Local Revenues (Cont.)</u>					
Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,872
Total Other Local Revenues	\$ 4	\$ 20,523	\$ 0	\$ 18,000	\$ 2,815,362
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 409,771
Circuit Court Clerk	0	0	0	0	410,096
Clerk and Master	0	0	0	0	133,444
Register	0	0	0	0	242,940
Sheriff	0	0	0	0	25,197
Trustee	0	0	0	0	588,710
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,810,158
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,400
State Reappraisal Grant	0	0	0	0	12,376
Solid Waste Grants	0	0	0	0	17,177
Other General Government Grants	0	0	0	0	41,706
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	18,600
Health and Welfare Grants	0	0	0	0	32,784
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	35,000
State Aid Program	0	0	0	0	246,634
Litter Program	0	0	0	0	30,283
<u>Other State Revenues</u>					
Flood Control	0	0	0	0	3,826
Income Tax	0	0	0	0	73,865
Beer Tax	0	0	0	0	43,967
Alcoholic Beverage Tax	0	0	0	0	34,120

(Continued)

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

	Debt Service Funds		Capital Projects Funds		Total
	General Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>					
Other State Revenues (Cont.)					
State Revenue Sharing - T.V.A.	\$ 4,600	\$ 76,677	\$ 6,134	\$ 9,201	\$ 254,566
Prisoner Transportation	0	0	0	0	428
Contracted Prisoner Boarding	0	0	0	0	187,320
Gasoline and Motor Fuel Tax	0	0	0	0	1,651,824
Petroleum Special Tax	0	0	0	0	28,841
Registrar's Salary Supplement	0	0	0	0	16,380
Other State Revenues	0	0	0	0	3,076
Total State of Tennessee	\$ 4,600	\$ 76,677	\$ 6,134	\$ 9,201	\$ 2,750,173
<u>Federal Government</u>					
Federal Through State					
Other Federal through State	\$ 0	\$ 0	\$ 0	\$ 0	\$ 118,035
Direct Federal Revenue					
Police Service (Lake Area)	0	0	0	0	21,840
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 139,875
<u>Other Governments and Citizens Groups</u>					
Other Governments					
Contributions	\$ 26,135	\$ 0	\$ 0	\$ 0	\$ 306,813
Total Other Governments and Citizens Groups	\$ 26,135	\$ 0	\$ 0	\$ 0	\$ 306,813
Total	\$ 446,746	\$ 6,426,159	\$ 275,382	\$ 435,021	\$ 25,521,747

Exhibit J-7

Cheatham County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Cheatham County School Department
For the Year Ended June 30, 2008

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 7,211,277	\$ 0	\$ 0	\$ 0	7,211,277
Trustee's Collections - Prior Year	235,690	0	0	0	235,690
Circuit/Clerk & Master Collections - Prior Years	51,593	0	0	0	51,593
Interest and Penalty	70,519	0	0	0	70,519
Pick-up Taxes	2,441	0	0	0	2,441
Payments in-Lieu-of Taxes - Local Utilities	59,709	0	0	0	59,709
Payments in-Lieu-of Taxes - Other	2,576	0	0	0	2,576
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,782,062	0	0	0	1,782,062
Wheel Tax	380,470	0	0	0	380,470
<u>Statutory Local Taxes</u>					
Bank Excise Tax	40,050	0	0	0	40,050
Interstate Telecommunications Tax	4,627	0	0	0	4,627
Total Local Taxes	\$ 9,841,014	\$ 0	\$ 0	\$ 0	9,841,014
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 3,116	\$ 0	\$ 0	\$ 0	3,116
Total Licenses and Permits	\$ 3,116	\$ 0	\$ 0	\$ 0	3,116
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Regular Day Students	\$ 404	\$ 0	\$ 0	\$ 0	404
Tuition - Summer School	2,000	0	0	0	2,000
Lunch Payments - Children	0	0	882,789	0	882,789
Lunch Payments - Adults	0	0	48,392	0	48,392
Income from Breakfast	0	0	114,936	0	114,936
A la carte Sales	0	0	440,978	0	440,978
Receipts from Individual Schools	161,977	0	0	0	161,977
Community Service Fees - Children	872,862	0	0	0	872,862
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	35,498	0	35,498
Total Charges for Current Services	\$ 1,037,243	\$ 0	\$ 1,522,593	\$ 0	2,559,836
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 3,787	\$ 0	12,709	\$ 0	16,496
Refund of Telecommunication & Internet Fees (E-Rate)	43,162	0	0	0	43,162
Miscellaneous Refunds	145	0	735	0	880
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	2,041	0	317	0	2,358
Contributions and Gifts	20,992	0	500	0	21,492
<u>Other Local Revenues</u>					
Other Local Revenues	30,820	0	0	0	30,820
Total Other Local Revenues	\$ 100,947	\$ 0	\$ 14,261	\$ 0	115,208
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 98,980	\$ 0	\$ 0	\$ 0	98,980
<u>State Education Funds</u>					
Basic Education Program	28,894,001	0	0	0	28,894,001
Early Childhood Education	451,825	0	0	0	451,825
School Food Service	0	0	32,878	0	32,878
Other State Education Funds	220,542	0	0	0	220,542
Career Ladder Program	269,496	0	0	0	269,496
Career Ladder - Extended Contract	95,206	0	0	0	95,206
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	171,756	0	0	0	171,756
Other State Revenues	57,752	0	0	0	57,752
Total State of Tennessee	\$ 30,259,558	\$ 0	\$ 32,878	\$ 0	30,292,436

(Continued)

Exhibit J-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 847,327	\$ 0	\$ 847,327
Breakfast	0	0	279,022	0	279,022
Adult Education State Grant Program	106,039	0	0	0	106,039
Vocational Education - Basic Grants to States	0	93,545	0	0	93,545
Title I Grants to Local Education Agencies	0	622,118	0	0	622,118
Innovative Education Program Strategies	0	12,905	0	0	12,905
Special Education - Grants to States	102,003	1,103,237	0	0	1,205,240
Special Education Preschool Grants	0	40,736	0	0	40,736
English Language Acquisition Grants	0	10,997	0	0	10,997
Safe and Drug-Free Schools - State Grants	0	19,880	0	0	19,880
Eisenhower Professional Development State Grants	0	212,045	0	0	212,045
Other Federal through State	78,777	0	0	0	78,777
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	163,710	0	0	0	163,710
Total Federal Government	\$ 450,529	\$ 2,115,463	\$ 1,126,349	\$ 0	\$ 3,692,341
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 309,850	\$ 0	\$ 0	\$ 3,963,918	\$ 4,273,768
Total Other Governments and Citizens Groups	\$ 309,850	\$ 0	\$ 0	\$ 3,963,918	\$ 4,273,768
Total	\$ 42,002,257	\$ 2,115,463	\$ 2,696,081	\$ 3,963,918	\$ 50,777,719

Exhibit J-8

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

General Fund

General Government

County Commission

Other Salaries and Wages	\$	7,113	
Board and Committee Members Fees		56,337	
In-Service Training		465	
Social Security		4,795	
Audit Services		8,152	
Dues and Memberships		1,550	
Legal Services		16,551	
Other Supplies and Materials		239	
Total County Commission			\$ 95,202

County Mayor/Executive

County Official/Administrative Officer	\$	70,332	
Secretary(ies)		33,887	
Social Security		7,897	
State Retirement		5,378	
Communication		9,932	
Consultants		4,920	
Dues and Memberships		10,975	
Legal Services		9,685	
Maintenance and Repair Services - Office Equipment		322	
Maintenance and Repair Services - Vehicles		412	
Travel		66	
Gasoline		1,184	
Office Supplies		1,089	
Other Charges		28,862	
Communication Equipment		3,451	
Total County Mayor/Executive			188,392

Personnel Office

Supervisor/Director	\$	54,393	
Social Security		4,034	
State Retirement		2,807	
Contracts with Private Agencies		2,875	
Printing, Stationery, and Forms		126	
Office Supplies		132	
Office Equipment		2,652	
Total Personnel Office			67,019

Election Commission

County Official/Administrative Officer	\$	54,804	
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(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Attendants	\$	24,193	
Board and Committee Members Fees		3,025	
Election Workers		15,576	
In-Service Training		675	
Other Per Diem and Fees		1,960	
Social Security		5,753	
State Retirement		4,076	
Advertising		2,498	
Communication		1,464	
Dues and Memberships		150	
Maintenance and Repair Services - Equipment		8,930	
Printing, Stationery, and Forms		2,526	
Travel		402	
Office Supplies		1,193	
Data Processing Equipment		5,172	
Office Equipment		5,256	
Total Election Commission			\$ 137,653

Register of Deeds

County Official/Administrative Officer	\$	60,894	
Deputy(ies)		52,652	
Part-time Personnel		9,883	
Social Security		9,424	
State Retirement		5,478	
Communication		2,148	
Data Processing Services		13,123	
Dues and Memberships		794	
Maintenance and Repair Services - Office Equipment		750	
Travel		1,272	
Office Supplies		5,655	
Total Register of Deeds			162,073

Planning

Assistant(s)	\$	30,260	
Supervisor/Director		51,691	
Part-time Personnel		14,430	
In-Service Training		2,258	
Social Security		7,281	
State Retirement		4,229	
Communication		3,647	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Data Processing Services	\$	1,274	
Dues and Memberships		158	
Legal Services		500	
Maintenance Agreements		38,000	
Maintenance and Repair Services - Equipment		659	
Printing, Stationery, and Forms		1,090	
Travel		3,875	
Gasoline		35	
Library Books/Media		203	
Office Supplies		3,124	
Office Equipment		6,305	
Total Planning			\$ 169,019

Building

County Official/Administrative Officer	\$	36,218	
Assistant(s)		41,743	
Supervisor/Director		48,054	
Investigator(s)		25,892	
Secretary(ies)		25,197	
Part-time Personnel		683	
Board and Committee Members Fees		1,875	
In-Service Training		807	
Social Security		13,359	
State Retirement		8,201	
Communication		3,388	
Data Processing Services		3,946	
Dues and Memberships		545	
Legal Services		4,802	
Maintenance and Repair Services - Equipment		1,104	
Maintenance and Repair Services - Vehicles		1,960	
Printing, Stationery, and Forms		1,523	
Other Contracted Services		7,671	
Gasoline		5,046	
Office Supplies		1,623	
Office Equipment		478	
Total Building			234,115

County Buildings

Assistant(s)	\$	18,014
Supervisor/Director		42,785

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Custodial Personnel	\$	43,213	
Social Security		7,310	
State Retirement		4,438	
Maintenance and Repair Services - Buildings		63,775	
Maintenance and Repair Services - Vehicles		821	
Pest Control		5,645	
Custodial Supplies		7,054	
Diesel Fuel		1,052	
Electricity		145,567	
Fertilizer, Lime, and Seed		1,749	
Gasoline		5,542	
Natural Gas		38,075	
Propane Gas		21,504	
Tires and Tubes		226	
Water and Sewer		41,689	
Other Supplies and Materials		1,003	
Total County Buildings			\$ 449,462

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	60,698	
Assistant(s)		42,854	
Data Processing Personnel		21,361	
Salary Supplements		8,647	
Clerical Personnel		34,487	
In-Service Training		1,697	
Social Security		12,528	
State Retirement		8,671	
Advertising		14,617	
Data Processing Services		11,617	
Postal Charges		40,893	
Printing, Stationery, and Forms		4,340	
Travel		2,468	
Office Supplies		2,360	
Office Equipment		8,426	
Total Accounting and Budgeting			275,664

Property Assessor's Office

County Official/Administrative Officer	\$	60,894
Deputy(ies)		40,208

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Assessment Personnel	\$	63,233	
Part-time Personnel		11,276	
Board and Committee Members Fees		2,440	
In-Service Training		195	
Social Security		12,927	
State Retirement		8,480	
Communication		965	
Contracts with Private Agencies		9,760	
Data Processing Services		15,839	
Dues and Memberships		1,043	
Legal Services		25	
Maintenance and Repair Services - Office Equipment		275	
Maintenance and Repair Services - Vehicles		490	
Printing, Stationery, and Forms		240	
Gasoline		2,325	
Office Supplies		506	
Office Equipment		381	
Total Property Assessor's Office			\$ 231,502

Reappraisal Program

Deputy(ies)	\$	38,979	
Social Security		2,729	
State Retirement		2,011	
Total Reappraisal Program			43,719

County Trustee's Office

County Official/Administrative Officer	\$	60,894	
Deputy(ies)		88,192	
Part-time Personnel		4,055	
In-Service Training		625	
Social Security		10,841	
State Retirement		7,693	
Communication		2,134	
Contracts with Other Public Agencies		800	
Data Processing Services		11,471	
Dues and Memberships		579	
Maintenance and Repair Services - Office Equipment		90	
Travel		1,405	
Office Supplies		2,721	
Data Processing Equipment		1,631	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Office Equipment	\$ 80	
Total County Trustee's Office		\$ 193,211

County Clerk's Office

County Official/Administrative Officer	\$ 60,894	
Deputy(ies)	133,007	
Internal Audit Personnel	17,722	
Part-time Personnel	25,678	
Other Salaries and Wages	10,075	
In-Service Training	50	
Social Security	16,962	
State Retirement	10,005	
Communication	2,452	
Data Processing Services	12,994	
Dues and Memberships	769	
Maintenance and Repair Services - Office Equipment	1,183	
Printing, Stationery, and Forms	3,531	
Travel	752	
Office Supplies	2,897	
Office Equipment	7,146	
Total County Clerk's Office		306,117

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$ 60,894	
Deputy(ies)	239,772	
Jury and Witness Fees	5,578	
Social Security	21,759	
State Retirement	15,515	
Communication	2,390	
Contracts with Government Agencies	3,000	
Data Processing Services	8,681	
Dues and Memberships	454	
Matching Share	18,000	
Office Supplies	7,888	
Office Equipment	9,373	
Total Circuit Court		393,304

General Sessions Court

Judge(s)	\$ 79,307	
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(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Deputy(ies)	\$	33,866	
Guards		7,845	
Social Security		7,888	
State Retirement		6,028	
Communication		312	
Data Processing Services		2,996	
Dues and Memberships		460	
Travel		534	
Total General Sessions Court			\$ 139,236

Chancery Court

County Official/Administrative Officer	\$	60,894	
Deputy(ies)		112,218	
Social Security		12,387	
State Retirement		7,898	
Communication		1,235	
Data Processing Services		7,797	
Dues and Memberships		624	
Legal Notices, Recording, and Court Costs		15	
Maintenance and Repair Services - Office Equipment		873	
Office Supplies		3,705	
Furniture and Fixtures		6,959	
Total Chancery Court			214,605

Juvenile Court

Judge(s)	\$	37,091	
Probation Officer(s)		82,693	
Social Workers		48,159	
Salary Supplements		17,520	
Secretary(ies)		32,305	
Other Salaries and Wages		12,133	
Social Security		16,592	
State Retirement		10,002	
Communication		3,588	
Contracts with Government Agencies		1,600	
Data Processing Services		1,200	
Dues and Memberships		835	
Maintenance and Repair Services - Office Equipment		1,247	
Travel		91	
Drugs and Medical Supplies		878	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Gasoline	\$	1,395	
Library Books/Media		820	
Office Supplies		2,185	
Office Equipment		2,417	
Total Juvenile Court			\$ 272,751

Probation Services

Probation Officer(s)	\$	83,888	
Attendants		24,193	
Social Security		7,939	
State Retirement		5,577	
Communication		1,585	
Maintenance and Repair Services - Office Equipment		436	
Printing, Stationery, and Forms		491	
Travel		571	
Remittance of Revenue Collected		10,883	
Drugs and Medical Supplies		3,867	
Office Supplies		1,388	
Total Probation Services			140,818

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,069	
Assistant(s)		33,801	
Supervisor/Director		56,016	
Deputy(ies)		768,272	
Detective(s)		49,338	
Investigator(s)		125,206	
Sergeant(s)		160,593	
Guards		68,892	
Clerical Personnel		85,942	
Overtime Pay		15,223	
Other Salaries and Wages		38,616	
In-Service Training		865	
Social Security		106,284	
State Retirement		72,509	
Communication		29,296	
Data Processing Services		70	
Dues and Memberships		1,700	
Evaluation and Testing		1,295	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Legal Services	\$	2,468	
Maintenance and Repair Services - Equipment		4,435	
Maintenance and Repair Services - Office Equipment		6,030	
Maintenance and Repair Services - Vehicles		20,953	
Travel		8,190	
Gasoline		141,881	
Law Enforcement Supplies		7,778	
Office Supplies		8,000	
Tires and Tubes		10,171	
Uniforms		9,732	
Other Supplies and Materials		2,778	
Liability Insurance		28,021	
Vehicle and Equipment Insurance		14,308	
Workers' Compensation Insurance		25,244	
Data Processing Equipment		1,811	
Law Enforcement Equipment		225,043	
Office Equipment		694	
Other Equipment		25,934	
Total Sheriff's Department			\$ 2,224,458

Jail

Supervisor/Director	\$	48,113	
Sergeant(s)		115,972	
Foremen		64,610	
Guards		623,233	
Clerical Personnel		32,305	
Board and Committee Members Fees		325	
Social Security		64,766	
State Retirement		37,662	
Maintenance and Repair Services - Equipment		1,212	
Medical and Dental Services		136,719	
Custodial Supplies		15,629	
Food Supplies		83,831	
Law Enforcement Supplies		968	
Prisoners Clothing		4,792	
Other Supplies and Materials		613	
Other Equipment		483	
Total Jail			1,231,233

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Rural Fire Protection

Remittance of Revenue Collected	\$ 232,571	
Total Rural Fire Protection		\$ 232,571

Other Emergency Management

Assistant(s)	\$ 35,899	
Supervisor/Director	44,950	
In-Service Training	180	
Social Security	6,037	
State Retirement	4,172	
Communication	2,472	
Maintenance and Repair Services - Equipment	300	
Maintenance and Repair Services - Vehicles	1,348	
Travel	439	
Gasoline	3,859	
Instructional Supplies and Materials	30	
Office Supplies	660	
Other Supplies and Materials	1,543	
Other Charges	3,773	
Communication Equipment	1,268	
Other Equipment	1,193	
Total Other Emergency Management		108,123

County Coroner/Medical Examiner

County Official/Administrative Officer	\$ 46,875	
Social Security	153	
State Retirement	103	
Total County Coroner/Medical Examiner		47,131

Other Public Safety

Supervisor/Director	\$ 48,508	
Assessment Personnel	34,728	
Dispatchers/Radio Operators	384,749	
Part-time Personnel	8,796	
Social Security	34,762	
State Retirement	19,893	
Total Other Public Safety		531,436

Public Health and Welfare

Local Health Center

Clerical Personnel	\$ 7,754	
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(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Social Security	\$	593	
Communication		1,759	
Janitorial Services		9,000	
Postal Charges		988	
Custodial Supplies		717	
Drugs and Medical Supplies		1,277	
Office Supplies		751	
Other Supplies and Materials		1,380	
Other Charges		2,933	
Total Local Health Center			\$ 27,152

Rabies and Animal Control

Supervisor/Director	\$	40,950	
Deputy(ies)		49,156	
Attendants		21,694	
In-Service Training		160	
Social Security		8,186	
State Retirement		5,297	
Communication		2,674	
Maintenance and Repair Services - Equipment		2,377	
Maintenance and Repair Services - Office Equipment		280	
Maintenance and Repair Services - Vehicles		944	
Printing, Stationery, and Forms		775	
Veterinary Services		3,571	
Animal Food and Supplies		600	
Custodial Supplies		2,598	
Drugs and Medical Supplies		14,595	
Gasoline		6,978	
Office Supplies		1,369	
Uniforms		527	
Other Supplies and Materials		340	
Motor Vehicles		2,217	
Office Equipment		2,025	
Other Equipment		9,054	
Total Rabies and Animal Control			176,367

Ambulance/Emergency Medical Services

Supervisor/Director	\$	57,597	
Attendants		976,180	
Part-time Personnel		128,604	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

In-Service Training	\$	1,661	
Social Security		87,352	
State Retirement		47,638	
Communication		10,769	
Consultants		2,400	
Contracts with Private Agencies		5,976	
Dues and Memberships		150	
Licenses		1,050	
Maintenance and Repair Services - Equipment		1,410	
Maintenance and Repair Services - Office Equipment		303	
Maintenance and Repair Services - Vehicles		37,184	
Rentals		10,783	
Remittance of Revenue Collected		64,621	
Disposal Fees		6,055	
Custodial Supplies		1,145	
Drugs and Medical Supplies		56,473	
Gasoline		48,045	
Office Supplies		1,787	
Tires and Tubes		4,016	
Uniforms		1,976	
Other Supplies and Materials		838	
Vehicle and Equipment Insurance		5,937	
Workers' Compensation Insurance		22,000	
Communication Equipment		774	
Furniture and Fixtures		1,280	
Office Equipment		950	
Total Ambulance/Emergency Medical Services			\$ 1,584,954

Other Local Health Services

Secretary(ies)	\$	30,926	
Social Security		2,289	
State Retirement		1,596	
Communication		1,256	
Communication Equipment		75	
Total Other Local Health Services			36,142

General Welfare Assistance

Contracts with Government Agencies	\$	33,198	
Total General Welfare Assistance			33,198

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information

Foremen	\$	25,983	
Social Security		1,988	
State Retirement		1,341	
Maintenance and Repair Services - Vehicles		1,080	
Gasoline		5,465	
Instructional Supplies and Materials		6,660	
Other Supplies and Materials		1,109	
Total Sanitation Education/Information			\$ 43,626

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Matching Share	\$	46,087	
Total Senior Citizens Assistance			46,087

Libraries

Supervisor/Director	\$	60,034	
Part-time Personnel		74,298	
In-Service Training		324	
Social Security		9,741	
State Retirement		2,425	
Communication		3,327	
Dues and Memberships		920	
Travel		1,033	
Library Books/Media		38,667	
Office Supplies		7,261	
Office Equipment		23,788	
Total Libraries			221,818

Parks and Fair Boards

Contributions	\$	43,931	
Total Parks and Fair Boards			43,931

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	40,433	
Educational Assistants		26,621	
Board and Committee Members Fees		200	
In-Service Training		545	
Social Security		4,722	
State Retirement		6,617	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Communication	\$	2,912	
Travel		1,577	
Other Charges		560	
Office Equipment		5,499	
Total Agriculture Extension Service			\$ 89,686

Soil Conservation

Secretary(ies)	\$	26,621	
Social Security		1,610	
State Retirement		1,374	
Contracts with Other Public Agencies		3,300	
Other Contracted Services		1,000	
Total Soil Conservation			33,905

Other Operations

Other Economic and Community Development

Supervisor/Director	\$	51,715	
Part-time Personnel		7,665	
Social Security		4,394	
State Retirement		2,668	
Advertising		7,255	
Communication		2,721	
Dues and Memberships		2,230	
Printing, Stationery, and Forms		1,389	
Travel		5,794	
Other Contracted Services		4,272	
Office Supplies		1,077	
Other Charges		3,038	
Office Equipment		2,386	
Total Other Economic and Community Development			96,604

Other Charges

Trustee's Commission	\$	150,283	
Total Other Charges			150,283

Contributions to Other Agencies

Contributions	\$	314,424	
Total Contributions to Other Agencies			314,424

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

Life Insurance	\$	11,013	
Medical Insurance		<u>679,600</u>	
Total Employee Benefits			\$ 690,613

Miscellaneous

Longevity Pay	\$	91,110	
Disability Insurance		23,685	
Unemployment Compensation		5,000	
Boiler Insurance		1,367	
Building and Contents Insurance		30,803	
Liability Insurance		35,000	
Premiums on Corporate Surety Bonds		6,902	
Vehicle and Equipment Insurance		5,548	
Workers' Compensation Insurance		<u>27,197</u>	
Total Miscellaneous			226,612

Capital Projects

Public Health and Welfare Projects

Contracts with Government Agencies	\$	<u>87,260</u>	
Total Public Health and Welfare Projects			<u>87,260</u>

Total General Fund \$ 11,991,476

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Building Improvements	\$	<u>19,874</u>	
Total County Buildings			\$ 19,874

Other General Administration

Trustee's Commission	\$	<u>218</u>	
Total Other General Administration			<u>218</u>

Total Courthouse and Jail Maintenance Fund 20,092

Solid Waste/Sanitation Fund

General Government

Other General Administration

Trustee's Commission	\$	<u>19,205</u>	
Total Other General Administration			\$ 19,205

(Continued)

Exhibit J-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	51,275	
Equipment Operators		30,401	
Truck Drivers		29,518	
Clerical Personnel		23,868	
Social Security		10,009	
State Retirement		5,446	
Communication		1,248	
Electricity		3,571	
Instructional Supplies and Materials		530	
Office Supplies		1,367	
Water and Sewer		439	
Vehicle and Equipment Insurance		3,000	
Workers' Compensation Insurance		5,230	
Total Sanitation Management			\$ 165,902

Convenience Centers

Laborers	\$	51,595	
Social Security		3,947	
Communication		2,884	
Contracts with Government Agencies		592,690	
Contracts with Private Agencies		46,777	
Maintenance and Repair Services - Equipment		14,675	
Rentals		3,679	
Diesel Fuel		44,317	
Electricity		3,750	
Equipment and Machinery Parts		11,570	
Lubricants		877	
Tires and Tubes		8,689	
Other Equipment		19,684	
Total Convenience Centers			805,134

Landfill Operation and Maintenance

Contracts with Private Agencies	\$	3,914	
Evaluation and Testing		13,531	
Maintenance and Repair Services - Equipment		6,660	
Crushed Stone		6,829	
Equipment and Machinery Parts		5,989	
Fertilizer, Lime, and Seed		416	
Small Tools		1,117	
Other Supplies and Materials		420	

(Continued)

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

<u>Solid Waste/Sanitation Fund (Cont.)</u>		
<u>Public Health and Welfare (Cont.)</u>		
<u>Landfill Operation and Maintenance (Cont.)</u>		
Other Equipment	\$ 5,805	
Total Landfill Operation and Maintenance		\$ 44,681
<u>Other Operations</u>		
<u>Employee Benefits</u>		
Employee and Dependent Insurance	\$ 9,940	
Total Employee Benefits		9,940
<u>Miscellaneous</u>		
Longevity Pay	\$ 1,579	
Total Miscellaneous		<u>1,579</u>
Total Solid Waste/Sanitation Fund		\$ 1,046,441
<u>Drug Control Fund</u>		
<u>General Government</u>		
<u>Other General Administration</u>		
Trustee's Commission	\$ 761	
Total Other General Administration		\$ 761
<u>Public Safety</u>		
<u>Drug Enforcement</u>		
Confidential Drug Enforcement Payments	\$ 25,000	
Legal Services	1,000	
Maintenance and Repair Services - Equipment	523	
Law Enforcement Supplies	730	
Other Supplies and Materials	550	
Law Enforcement Equipment	<u>22,696</u>	
Total Drug Enforcement		<u>50,499</u>
Total Drug Control Fund		51,260
<u>Constitutional Officers - Fees Fund</u>		
<u>Administration of Justice</u>		
<u>Chancery Court</u>		
Constitutional Officers' Operating Expenses	\$ 4,605	
Total Chancery Court		\$ 4,605

(Continued)

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

Constitutional Officers - Fees Fund (Cont.)

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$ 161	
Total Sheriff's Department		\$ 161

Total Constitutional Officers - Fees Fund \$ 4,766

Unemployment Compensation Fund

General Government

Other General Administration

Unemployment Compensation	\$ 38,918	
Total Other General Administration		\$ 38,918

Total Unemployment Compensation Fund 38,918

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 67,069	
Secretary(ies)	38,147	
Clerical Personnel	41,659	
Advertising	526	
Contracts with Private Agencies	7,001	
Data Processing Services	275	
Dues and Memberships	2,990	
Legal Services	1,900	
Licenses	83	
Printing, Stationery, and Forms	1,295	
Rentals	1,812	
Travel	786	
Custodial Supplies	478	
Data Processing Supplies	209	
Drugs and Medical Supplies	238	
Office Supplies	486	
Other Supplies and Materials	292	
Office Equipment	1,838	
Total Administration		\$ 167,084

Highway and Bridge Maintenance

Foremen	\$ 143,379
Equipment Operators - Heavy	377,471
Truck Drivers	292,429

(Continued)

Exhibit J-8

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

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

Laborers	\$	30,385	
Overtime Pay		13,078	
Licenses		500	
Other Contracted Services		360,918	
Asphalt - Cold Mix		1,419	
Asphalt - Hot Mix		439,671	
Asphalt - Liquid		178,490	
Concrete		317	
Crushed Stone		50,088	
Other Road Supplies		1,490	
Pipe - Metal		5,581	
Road Signs		4,636	
Salt		4,884	
Fencing		20,360	
Other Supplies and Materials		2,721	
Bridge Construction		35,262	
Total Highway and Bridge Maintenance			\$ 1,963,079

Operation and Maintenance of Equipment

Foremen	\$	49,379	
Mechanic(s)		71,417	
Overtime Pay		309	
Rentals		1,154	
Diesel Fuel		72,603	
Equipment Parts - Light		18,738	
Equipment and Machinery Parts		16,605	
Garage Supplies		7,460	
Gasoline		36,415	
Lubricants		4,752	
Propane Gas		2,652	
Small Tools		604	
Tires and Tubes		11,178	
Uniforms		4,021	
Total Operation and Maintenance of Equipment			297,287

Other Charges

Communication	\$	4,703	
Maintenance and Repair Services - Buildings		666	
Maintenance and Repair Services - Equipment		1,275	
Electricity		11,981	

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Natural Gas	\$	4,027	
Water and Sewer		1,544	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		31,559	
Vehicle and Equipment Insurance		30,000	
Workers' Compensation Insurance		30,532	
Other Charges		<u>43,904</u>	
Total Other Charges	\$		160,541

Employee Benefits

Longevity Pay	\$	27,100	
Social Security		89,757	
State Retirement		56,075	
Life Insurance		2,648	
Medical Insurance		86,259	
Disability Insurance		<u>2,237</u>	
Total Employee Benefits			264,076

Capital Outlay

Communication Equipment	\$	3,076	
Highway Construction		82,090	
Highway Equipment		327,119	
Motor Vehicles		<u>14,000</u>	
Total Capital Outlay			426,285

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$	<u>55,807</u>	
Total Highways and Streets			55,807

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$	<u>5,487</u>	
Total Highways and Streets			5,487

Other Debt Service

Highways and Streets

Other Debt Service	\$	<u>26</u>	
Total Highways and Streets			<u>26</u>

Total Highway/Public Works Fund \$ 3,339,672

(Continued)

Exhibit J-8

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

General Debt Service Fund

General Government

Other General Administration

Trustee's Commission	\$ 6,155	
Total Other General Administration		\$ 6,155

Principal on Debt

General Government

Principal on Bonds	\$ 60,000	
Principal on Notes	505,490	
Principal on Other Loans	145,000	
Total General Government		710,490

Interest on Debt

General Government

Interest on Bonds	\$ 8,880	
Interest on Notes	62,053	
Interest on Other Loans	9,276	
Total General Government		80,209

Other Debt Service

General Government

Bank Charges	\$ 1,640	
Total General Government		1,640

Total General Debt Service Fund		\$ 798,494
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Education Debt Service Fund

General Government

Other General Administration

Trustee's Commission	\$ 98,203	
Total Other General Administration		\$ 98,203

Principal on Debt

Education

Principal on Bonds	\$ 975,000	
Principal on Notes	789,850	
Principal on Other Loans	1,488,937	
Total Education		3,253,787

Interest on Debt

Education

Interest on Bonds	\$ 715,260	
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(Continued)

Exhibit J-8

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

Education Debt Service Fund (Cont.)

Interest on Debt (Cont.)

Education (Cont.)

Interest on Notes	\$	6,918	
Interest on Other Loans		<u>237,287</u>	
Total Education			\$ 959,465

Other Debt Service

Education

Bank Charges	\$	37,130	
Fiscal Agent Charges		500	
Legal Services		<u>750</u>	
Total Education			38,380

Capital Projects

Education Capital Projects

Other Debt Issuance Charges	\$	<u>55,800</u>	
Total Education Capital Projects			<u>55,800</u>

Total Education Debt Service Fund \$ 4,405,635

General Capital Projects Fund

General Government

Other General Administration

Trustee's Commission	\$	<u>5,394</u>	
Total Other General Administration			\$ 5,394

Capital Projects

Other General Government Projects

Building Improvements	\$	<u>40,931</u>	
Total Other General Government Projects			<u>40,931</u>

Total General Capital Projects Fund 46,325

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Contributions	\$	<u>4,273,768</u>	
Total Education Capital Projects			\$ <u>4,273,768</u>

Total Education Capital Projects Fund 4,273,768

(Continued)

Exhibit J-8

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

<u>Other Capital Projects Fund</u>		
<u>General Government</u>		
<u>Other General Administration</u>		
Trustee's Commission	\$ 8,169	
Total Other General Administration		\$ 8,169
 <u>Capital Projects</u>		
<u>Other General Government Projects</u>		
Motor Vehicles	\$ 203,229	
Total Other General Government Projects		<u>203,229</u>
 Total Other Capital Projects Fund		 <u>\$ 211,398</u>
 Total Governmental Funds - Primary Government		 <u><u>\$ 26,228,245</u></u>

Exhibit J-9

Cheatham County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Cheatham County School Department
For the Year Ended June 30, 2008

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 14,659,656	
Career Ladder Program	152,742	
Career Ladder Extended Contracts	58,500	
Homebound Teachers	57,352	
Educational Assistants	963,888	
Certified Substitute Teachers	8,821	
Non-certified Substitute Teachers	228,376	
Social Security	947,350	
State Retirement	956,397	
Life Insurance	18,355	
Medical Insurance	2,707,152	
Dental Insurance	23,401	
Disability Insurance	65,560	
Employer Medicare	223,120	
Other Fringe Benefits	1,561	
Maintenance and Repair Services - Equipment	94,620	
Tuition	4,667	
Other Contracted Services	169,683	
Instructional Supplies and Materials	98,811	
Textbooks	431,128	
Other Supplies and Materials	74,514	
Fee Waivers	96,036	
Other Charges	1,988	
Regular Instruction Equipment	284,469	
Total Regular Instruction Program		\$ 22,328,147

Alternative Instruction Program

Teachers	\$ 86,658	
Career Ladder Program	1,000	
Social Security	5,411	
State Retirement	5,470	
Medical Insurance	5,422	
Dental Insurance	479	
Employer Medicare	1,266	
Instructional Supplies and Materials	265	
Total Alternative Instruction Program		105,971

Special Education Program

Teachers	\$ 1,478,916	
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(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Career Ladder Program	\$	17,358	
Homebound Teachers		5,700	
Educational Assistants		64,456	
Speech Pathologist		288,914	
Certified Substitute Teachers		50	
Non-certified Substitute Teachers		9,235	
Social Security		109,682	
State Retirement		112,071	
Medical Insurance		344,975	
Dental Insurance		2,138	
Employer Medicare		25,653	
Other Fringe Benefits		425	
Contracts with Private Agencies		174,249	
Maintenance and Repair Services - Equipment		1,442	
Other Contracted Services		55,365	
Other Supplies and Materials		4,625	
Special Education Equipment		3,820	
Total Special Education Program			\$ 2,699,074

Vocational Education Program

Teachers	\$	922,969	
Career Ladder Program		8,735	
Certified Substitute Teachers		50	
Non-certified Substitute Teachers		1,854	
Social Security		55,238	
State Retirement		56,765	
Medical Insurance		154,102	
Dental Insurance		2,529	
Employer Medicare		13,010	
Maintenance and Repair Services - Equipment		2,950	
Instructional Supplies and Materials		8,978	
Other Supplies and Materials		253	
Total Vocational Education Program			1,227,433

Adult Education Program

Teachers	\$	70,089	
Social Security		4,220	
State Retirement		3,964	
Dental Insurance		1,082	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program (Cont.)

Employer Medicare	\$	987	
Other Contracted Services		5,855	
Instructional Supplies and Materials		10,336	
Other Equipment		1,731	
Total Adult Education Program			\$ 98,264

Support Services

Attendance

Supervisor/Director	\$	74,815	
Career Ladder Program		1,000	
Social Security		4,677	
State Retirement		4,731	
Medical Insurance		5,396	
Employer Medicare		1,094	
Travel		622	
Other Supplies and Materials		1,360	
In Service/Staff Development		1,864	
Total Attendance			95,559

Health Services

Supervisor/Director	\$	33,506	
Medical Personnel		112,523	
Secretary(ies)		29,790	
Other Salaries and Wages		105	
Social Security		9,768	
State Retirement		7,611	
Medical Insurance		39,142	
Employer Medicare		2,284	
Dues and Memberships		515	
Travel		7,307	
Other Contracted Services		2,286	
Drugs and Medical Supplies		3,070	
Other Supplies and Materials		45,245	
In Service/Staff Development		736	
Health Equipment		614	
Other Equipment		347	
Total Health Services			294,849

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support

Career Ladder Program	\$	11,515	
Guidance Personnel		886,087	
Social Security		52,180	
State Retirement		54,371	
Medical Insurance		143,817	
Dental Insurance		1,320	
Employer Medicare		12,383	
Other Supplies and Materials		20,583	
Total Other Student Support			\$ 1,182,256

Regular Instruction Program

Supervisor/Director	\$	281,154	
Career Ladder Program		21,652	
Career Ladder Extended Contracts		9,000	
Librarians		537,650	
Materials Supervisor		13,381	
Secretary(ies)		72,341	
Other Salaries and Wages		155,541	
Social Security		64,369	
State Retirement		64,937	
Medical Insurance		134,636	
Dental Insurance		1,980	
Employer Medicare		15,054	
Dues and Memberships		626	
Travel		22,453	
Other Contracted Services		84,004	
Library Books/Media		64,185	
Other Supplies and Materials		24,877	
In Service/Staff Development		78,264	
Total Regular Instruction Program			1,646,104

Alternative Instruction Program

Supervisor/Director	\$	13,403	
Career Ladder Program		200	
Social Security		835	
State Retirement		849	
Employer Medicare		195	
Maintenance and Repair Services - Equipment		137	
Other Equipment		3,312	
Total Alternative Instruction Program			18,931

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program

Supervisor/Director	\$	64,606	
Career Ladder Program		1,000	
Psychological Personnel		84,248	
Secretary(ies)		59,447	
Other Salaries and Wages		111,199	
Social Security		19,329	
State Retirement		16,071	
Medical Insurance		35,329	
Employer Medicare		4,521	
Travel		16,115	
Other Contracted Services		5,651	
Other Supplies and Materials		2,874	
In Service/Staff Development		9,942	
Total Special Education Program			\$ 430,332

Vocational Education Program

Supervisor/Director	\$	63,668	
Career Ladder Program		1,000	
Secretary(ies)		21,730	
Social Security		4,774	
State Retirement		5,157	
Medical Insurance		9,303	
Employer Medicare		1,116	
Communication		2,356	
Travel		798	
Other Contracted Services		15,000	
Total Vocational Education Program			124,902

Adult Programs

Supervisor/Director	\$	57,627	
Career Ladder Program		800	
Clerical Personnel		14,292	
Other Salaries and Wages		4,500	
Social Security		4,171	
State Retirement		4,374	
Medical Insurance		9,738	
Employer Medicare		985	
Travel		507	
In Service/Staff Development		1,205	
Total Adult Programs			98,199

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

On-Behalf Payments to OPEB	\$ 98,980	
Total Other Programs		\$ 98,980

Board of Education

Other Salaries and Wages	\$ 300	
Board and Committee Members Fees	5,430	
Social Security	354	
State Retirement	15	
Unemployment Compensation	27,000	
Employer Medicare	83	
Audit Services	8,350	
Dues and Memberships	9,814	
Legal Services	7,878	
Other Contracted Services	1,467	
Liability Insurance	58,500	
Trustee's Commission	240,737	
Workers' Compensation Insurance	238,342	
In Service/Staff Development	15,099	
Criminal Investigation of Applicants - TBI	553	
Other Charges	4,075	
Total Board of Education		617,997

Director of Schools

County Official/Administrative Officer	\$ 95,923
Secretary(ies)	32,165
Social Security	7,981
State Retirement	7,795
Life Insurance	169
Medical Insurance	3,619
Dental Insurance	1,306
Employer Medicare	1,867
Other Fringe Benefits	166
Communication	21,421
Dues and Memberships	3,002
Maintenance and Repair Services - Equipment	940
Postal Charges	8,458
Travel	2,762
Other Contracted Services	31,141
Office Supplies	7,870

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

In Service/Staff Development	\$	1,630	
Other Charges		29,814	
Total Director of Schools			\$ 258,029

Office of the Principal

Principals	\$	782,298	
Career Ladder Program		23,822	
Career Ladder Extended Contracts		14,000	
Assistant Principals		728,088	
Secretary(ies)		451,506	
Social Security		117,945	
State Retirement		118,874	
Medical Insurance		210,393	
Dental Insurance		3,959	
Employer Medicare		27,584	
Other Fringe Benefits		409	
Communication		70,722	
Dues and Memberships		6,300	
Other Contracted Services		4,848	
Office Supplies		5,105	
Total Office of the Principal			2,565,853

Fiscal Services

Supervisor/Director	\$	57,333	
Accountants/Bookkeepers		137,490	
Social Security		11,132	
State Retirement		10,053	
Medical Insurance		19,334	
Dental Insurance		1,306	
Employer Medicare		2,604	
Data Processing Services		6,384	
Maintenance and Repair Services - Equipment		10,871	
Travel		788	
Other Contracted Services		8,771	
Data Processing Supplies		6,090	
Office Supplies		171	
In Service/Staff Development		852	
Total Fiscal Services			273,179

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant

Accountants/Bookkeepers	\$	34,169	
Custodial Personnel		736,862	
Overtime Pay		7,821	
Other Salaries and Wages		81,527	
Social Security		50,429	
State Retirement		20,900	
Medical Insurance		66,249	
Employer Medicare		11,794	
Laundry Service		5,784	
Disposal Fees		43,635	
Other Contracted Services		113,987	
Custodial Supplies		161,943	
Electricity		1,188,607	
Natural Gas		175,295	
Water and Sewer		193,672	
Other Supplies and Materials		7	
Building and Contents Insurance		173,703	
In Service/Staff Development		625	
Plant Operation Equipment		98,132	
Total Operation of Plant			\$ 3,165,141

Maintenance of Plant

Supervisor/Director	\$	50,458
Secretary(ies)		31,910
Maintenance Personnel		274,497
Social Security		20,853
State Retirement		16,371
Medical Insurance		35,772
Employer Medicare		4,877
Communication		11,612
Laundry Service		8,309
Maintenance and Repair Services - Buildings		177,523
Maintenance and Repair Services - Equipment		45,346
Maintenance and Repair Services - Vehicles		4,216
Pest Control		8,383
Disposal Fees		1,987
Other Contracted Services		17,763
Equipment and Machinery Parts		105,686
Gasoline		25,291

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

General Construction Materials	\$	11,763	
Other Supplies and Materials		43,038	
Vehicle and Equipment Insurance		5,084	
In Service/Staff Development		3,774	
Other Charges		4,275	
Other Equipment		41,330	
Total Maintenance of Plant			\$ 950,118

Transportation

Supervisor/Director	\$	44,769	
Mechanic(s)		133,773	
Bus Drivers		790,880	
Other Salaries and Wages		1,809	
In-Service Training		7,068	
Social Security		55,870	
State Retirement		43,581	
Medical Insurance		30,208	
Employer Medicare		13,702	
Communication		8,032	
Contracts with Parents		2,196	
Laundry Service		7,421	
Maintenance and Repair Services - Equipment		5,320	
Medical and Dental Services		4,985	
Travel		595	
Disposal Fees		411	
Other Contracted Services		25,820	
Crushed Stone		1,048	
Diesel Fuel		304,621	
Garage Supplies		460	
Gasoline		7,024	
Lubricants		5,105	
Small Tools		624	
Tires and Tubes		22,942	
Vehicle Parts		110,418	
Other Supplies and Materials		9,845	
Vehicle and Equipment Insurance		45,756	
In Service/Staff Development		1,485	
Other Charges		6,206	
Transportation Equipment		868,009	
Total Transportation			2,559,983

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	38,756	
Teachers		41,741	
Other Salaries and Wages		557,458	
Social Security		38,255	
State Retirement		19,725	
Medical Insurance		23,216	
Dental Insurance		363	
Employer Medicare		8,914	
Communication		4,734	
Travel		4,110	
Other Contracted Services		3,750	
Instructional Supplies and Materials		264	
Other Supplies and Materials		142,182	
In Service/Staff Development		893	
Total Community Services	\$		884,361

Early Childhood Education

Supervisor/Director	\$	10,112	
Teachers		189,142	
Career Ladder Program		1,338	
Educational Assistants		63,350	
Other Salaries and Wages		27,797	
Non-certified Substitute Teachers		4,400	
Social Security		17,215	
State Retirement		15,982	
Medical Insurance		46,822	
Dental Insurance		913	
Employer Medicare		4,027	
Travel		298	
Food Supplies		4,344	
Instructional Supplies and Materials		18,111	
Other Supplies and Materials		42,743	
In Service/Staff Development		3,946	
Other Charges		2,108	
Other Equipment		5,134	
Total Early Childhood Education			457,782

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Debt Service Contribution to Primary Government	\$	1,500	
Building Improvements		51,200	
Data Processing Equipment		3,875	
Furniture and Fixtures		36,270	
Motor Vehicles		11,600	
Other Capital Outlay		43,037	
Total Regular Capital Outlay			\$ 147,482

Total General Purpose School Fund \$ 42,328,926

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	77,585	
Educational Assistants		219,230	
Other Salaries and Wages		30,769	
Non-certified Substitute Teachers		7,600	
Social Security		17,623	
State Retirement		14,994	
Medical Insurance		23,333	
Employer Medicare		4,409	
Other Contracted Services		7,803	
Instructional Supplies and Materials		34,569	
Other Supplies and Materials		5,746	
Regular Instruction Equipment		20,847	
Total Regular Instruction Program			\$ 464,508

Special Education Program

Teachers	\$	6,022	
Educational Assistants		420,485	
Other Salaries and Wages		66,841	
Social Security		29,145	
State Retirement		21,185	
Medical Insurance		42,714	
Employer Medicare		6,817	
Other Contracted Services		74,392	
Instructional Supplies and Materials		3,054	
Other Supplies and Materials		5,162	
Total Special Education Program			675,817

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Clerical Personnel	\$	13,598	
Social Security		843	
State Retirement		702	
Employer Medicare		197	
Travel		5,892	
Instructional Supplies and Materials		19,501	
Vocational Instruction Equipment		27,578	
Total Vocational Education Program			\$ 68,311

Support Services

Other Student Support

Other Salaries and Wages	\$	51,616	
Social Security		3,200	
State Retirement		3,221	
Medical Insurance		5,422	
Employer Medicare		748	
Other Contracted Services		5,000	
Other Supplies and Materials		463	
Other Charges		14,748	
Total Other Student Support			84,418

Regular Instruction Program

Supervisor/Director	\$	49,854	
Secretary(ies)		24,034	
Other Salaries and Wages		55,957	
Social Security		7,707	
State Retirement		7,787	
Medical Insurance		14,729	
Employer Medicare		1,803	
Maintenance and Repair Services - Equipment		390	
Travel		4,388	
Other Supplies and Materials		1,423	
In Service/Staff Development		132,529	
Other Equipment		6,579	
Total Regular Instruction Program			307,180

Special Education Program

Psychological Personnel	\$	92,481	
Secretary(ies)		2,649	

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Other Salaries and Wages	\$	202,771	
Social Security		17,847	
State Retirement		18,560	
Medical Insurance		35,401	
Dental Insurance		1,320	
Employer Medicare		4,174	
Other Contracted Services		8,632	
Other Supplies and Materials		34,388	
In Service/Staff Development		23,416	
Total Special Education Program			\$ 441,639

Vocational Education Program

Consultants	\$	2,587	
Travel		856	
In Service/Staff Development		3,057	
Total Vocational Education Program			6,500

Transportation

Bus Drivers	\$	8,780	
Social Security		550	
State Retirement		458	
Employer Medicare		129	
Total Transportation			9,917

Total School Federal Projects Fund \$ 2,058,290

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	51,026	
Clerical Personnel		59,615	
Cafeteria Personnel		872,112	
Other Salaries and Wages		23,355	
Social Security		60,652	
State Retirement		35,087	
Life Insurance		1,876	
Medical Insurance		47,512	
Disability Insurance		1,683	
Employer Medicare		14,185	

(Continued)

Exhibit J-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Communication	\$ 9,333	
Maintenance and Repair Services - Equipment	74,288	
Transportation - Other than Students	25,968	
Travel	2,926	
Other Contracted Services	33,403	
Food Preparation Supplies	87,573	
Food Supplies	1,199,615	
Office Supplies	14,108	
Uniforms	13,640	
Utilities	103,456	
In Service/Staff Development	11,239	
Other Charges	2,233	
Food Service Equipment	157,448	
Total Food Service	<u>\$ 2,902,333</u>	

Total Central Cafeteria Fund \$ 2,902,333

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$ 108,294	
Engineering Services	700	
Legal Services	3,162	
Other Contracted Services	2,236	
Building and Contents Insurance	11,817	
Building Construction	567,288	
Building Improvements	4,557,549	
Furniture and Fixtures	72,966	
Heating and Air Conditioning Equipment	108,049	
Other Equipment	30,882	
Total Education Capital Projects	<u>\$ 5,462,943</u>	

Total Education Capital Projects Fund 5,462,943

Total Governmental Funds - Cheatham County School Department \$ 52,752,492

Exhibit J-10

Cheatham County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2008

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,281,718
Total Cash Receipts	<u>\$ 2,281,718</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 2,258,901
Trustee's Commission	<u>22,817</u>
Total Cash Disbursements	<u>\$ 2,281,718</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2007	<u>0</u>
 Cash Balance, June 30, 2008	 <u><u>\$ 0</u></u>

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SINGLE AUDIT SECTION

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

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

January 12, 2009

Cheatham County Mayor and
Board of County Commissioners
Cheatham 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 Cheatham County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Cheatham County's basic financial statements and have issued our report thereon dated January 12, 2009. Our report was modified to include a reference to other auditors. Our report is qualified due to not including the financial statements of the Cheatham County Water and Wastewater Authority, a discretely presented component unit, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the discretely presented Cheatham County Emergency Communications District as described in our report on Cheatham County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 08.01, 08.02(B,C,D), 08.03, 08.06, 08.08, 08.10, 08.11(B), 08.12, 08.13, 08.14(B,C,E), and 08.15.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 08.01, 08.03, and 08.10 to be material weaknesses.

Compliance and Other Matters

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

accompanying Schedule of Findings and Questioned Costs as items 08.02(A,E), 08.04, 08.05, 08.07, 08.09, 08.11(A,C), and 08.14(A,D).

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

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

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, County Commission, Board of Education, others within Cheatham County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/yu

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

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

January 12, 2009

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Cheatham County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Cheatham 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 Cheatham County's management. Our responsibility is to express an opinion on Cheatham County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cheatham County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We

believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Cheatham County's compliance with those requirements.

In our opinion, Cheatham County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

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

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cheatham County as of and for the year ended June 30, 2008, and have issued our report thereon dated January 12, 2009. Our report on the aggregate discretely presented component unit's financial statements is qualified due to not including the financial statements of the Cheatham County Water and Wastewater Authority, a discretely presented component unit, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the

financial statements that collectively comprise Cheatham County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, County Commission, Board of Education, others within Cheatham County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

A handwritten signature in black ink that reads "John G. Morgan" with a horizontal flourish extending to the right.

John G. Morgan
Comptroller of the Treasury

JGM/yu

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 147,007 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	279,022
National School Lunch Program	10.555	N/A	847,327 (3)
Total U.S. Department of Agriculture			<u>\$ 1,273,356</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
HOME Investment Partnerships Program	14.239	(2)	\$ 100,672
Total U.S. Department of Housing and Urban Development			<u>\$ 100,672</u>
U.S. Department of Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 6,274
Total U.S. Department of Interior			<u>\$ 6,274</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	(2)	\$ 17,363
Total U.S. Department of Transportation			<u>\$ 17,363</u>
U.S. Department of Education:			
Direct Program:			
Fund for the Improvement of Education	84.215	N/A	\$ 163,710
Passed-through State Department of Labor and Workforce Development:			
Adult Education-Basic Grants to States	84.002	(2)	82,266
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	616,976
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,188,410
Special Education - Preschool Grants	84.173	N/A	40,736
Career and Technical Education - Basic Grants to States	84.048	N/A	72,517
English Language Acquisition Grant	84.365	N/A	10,997
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	19,880
Even Start - State Educational Agencies	84.213	(2)	78,777
State Grants for Innovative Programs	84.298	N/A	12,905
Improving Teacher Quality State Grants	84.367	N/A	195,350
Total U.S. Department of Education			<u>\$ 2,482,524</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	Z-07-037383-00	\$ 1,773
Total U.S. Election Assistance Commission			<u>\$ 1,773</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
Federal School Health Grant	93.938	(2)	\$ 600
Total U.S. Department of Health and Human Services			<u>\$ 600</u>
Total Expenditure of Federal Awards			<u>\$ 3,882,562</u>

(Continued)

Cheatham County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Litter Program - State Department of Transportation	N/A	(2)	\$ 30,283
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	12,376
Juvenile Services Program - State Commission on Children and Youth	N/A	(4)	9,400
Community Enhancement Grant - Tennessee Secretary of State	N/A	(2)	8,000
Adult Basic Education - State Department of Labor and Workforce Development	N/A	(2)	38,893
Early Childhood Education - State Department of Education	N/A	(2)	451,825
Health Department Programs- State Department of Health	N/A	Z-08-020330-00	16,995
Rural Local Health Services Grant - State Department of Health	N/A	(2)	113,552
Tobacco Grant - State Department of Health	N/A	GG-08-23244-00	15,789
Electronic Fingerprint Imaging System Grant - State Office of Criminal Justice Programs	N/A	Z-06-027082-00	15,000
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	5,000
Safe Schools Act - State Department of Education	N/A	(2)	34,900
 Total State Grants			 <u>\$ 752,013</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 for CFDA No. 10.555 is \$994,334.

(4) Z-08-023211-00: \$90; Z-08-022740-00: \$9,310.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below is a finding from the Annual Financial Report for Cheatham County, Tennessee, for the year ended June 30, 2007, which has not been corrected.

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.06	181	Duties were not segregated adequately in the Offices of Trustee and Sheriff

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CHEATHAM COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2008

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Cheatham County disclosed significant deficiencies in internal control. Three of these deficiencies were also considered to be material weaknesses.
3. The audit disclosed two instances of noncompliance that are material to the financial statements of Cheatham County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), and the Special Education Cluster: Special Education Grants to States and Special Education Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Cheatham County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the county mayor, county attorney, director of accounts and budgets, building commissioner, director of schools, and sheriff are paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

FINDING 08.01 **THE HIGHWAY/PUBLIC WORKS FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2008, certain general ledger account balances in the Highway/Public Works Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Cheatham County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Cheatham County should have appropriate processes in place to ensure that its general ledgers are materially correct.

FINDING 08.02 **THE LANDFILL DEPARTMENT HAD A CASH SHORTAGE OF \$8,000 AND SEVERAL OPERATING DEFICIENCIES**
(A. and E. – Noncompliance Under Government Auditing Standards;
B., C., and D. – Internal Control – Significant Deficiency Under Government Auditing Standards)

On January 11, 2008, the Office of District Attorney General informed auditors about a cash shortage at the Cheatham County landfill. Their investigation revealed that during the period January 2006 through December 2007, the landfill director sold recyclable materials to PSC Metals and received cash totaling \$13,747.25. These collections were not deposited with the county or accounted for otherwise. On December 17, 2008, the solid waste director pled guilty to one count of theft of property from \$10,000 to \$60,000 and was

sentenced to three years probation, 200 hours of unpaid community service, and ordered to pay restitution totaling \$8,000. The landfill director paid the \$8,000 in restitution on January 16, 2009.

Our audit of the Landfill Department revealed the following deficiencies. These deficiencies can be attributed to a lack of management oversight.

- A. Receipts were not issued for all collections at the county's landfill. The landfill only issued a receipt when a customer requested a receipt. Section 9-2-103, Tennessee Code Annotated (TCA), requires receipts to be issued for all collections. Without receipts, we were unable to determine if all of the landfill's collections had been accounted for and whether all funds had been deposited within three days of collection as required by Section 5-8-207, TCA.
- B. Receipts marked as "void" did not always have the customer copy attached to the original copy or other documentation as evidence that the receipt was legitimately void.
- C. The landfill did not maintain accounts receivable records during the audit period. Without adequate records, auditors were unable to determine the balance of receivable accounts at June 30, 2008.
- D. The county dispensed fuel from a tank located at the landfill for use by department vehicles. However, the office did not reconcile amounts used with amounts purchased and on hand. Also, the only physical control on the pump to reduce the risk of loss was a padlock. The landfill director did not maintain a list of keys assigned to landfill personnel. The failure to maintain adequate controls over consumable assets results in a loss of control over the assets and increases the risk of loss.
- E. Competitive bids were not solicited for the purchase of fuel for the Landfill Department (\$34,621). Purchasing procedures for this office are governed by the provisions of the County Purchasing Law of 1983. Section 5-14-204, TCA, states "fuel and fuel products may be purchased in the open market without public advertisement, but shall whenever possible be based on at least three competitive bids." The failure to solicit competitive bids for fuel was management's decision and could result in the county paying more than the most competitive price.

RECOMMENDATION

Official prenumbered receipts should be issued for all collections, and all funds should be deposited within three days of collection as required by state statutes. Voided receipts should have all original copies attached or other supporting documentation as evidence that the receipt is void. Management should maintain accounts receivable records and provide auditors with an accounts receivable listing each June 30. The office should reconcile gasoline usage with gasoline purchased and on hand, as well as with gallons pumped. Also, the office should review the physical controls over the fuel pump to reduce the risk of

potential losses. Competitive bids should be solicited for fuel purchases as required by state statute.

FINDING 08.03 **DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF CAPITAL ASSETS RECORDS**
(Internal Control – Material Weakness Under Government Auditing Standards)

Our examination of the capital assets records revealed the following deficiencies. These deficiencies can be attributed in part to the lack of management oversight and the lack of technical skills to maintain accounting records in accordance with generally accepted accounting principles. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

- A. The county did not follow its capital assets policy concerning the useful life of roads. The county policy established a useful life of 20 years for roads; however, the county is depreciating roads using a useful life of 25 years.
- B. The county is depreciating infrastructure using a salvage value of 25 percent; however, the capital assets policy does not address salvage value.
- C. The county did not maintain capital assets control cards as required by the county's policy. These control cards identify the historical cost and location of each asset.
- D. Assets were not tagged or otherwise clearly identified as county property. In addition, the records did not contain sufficient information such as the asset's serial number or other form of identification that would allow the asset to be physically inspected and reconciled with the capital assets listing.
- E. The county could not provide supporting documentation for the cost of various items posted as a prior-period adjustment totaling \$4,310,376.
- F. Several equipment purchases (\$254,107) were omitted from the capital assets records.
- G. The nursing home was sold during the audit period; however, its book value (\$2,407,403) and corresponding accumulated depreciation (\$1,331,427) were not deducted from the capital assets records. Also, several vehicles (\$288,149) and their corresponding accumulated depreciation (\$278,906) were not deducted from the capital assets records. The vehicles appear to have been disposed of in prior years although the county could not provide adequate documentation of their disposals.
- H. The beginning balances on the capital assets reports did not agree with prior-year ending balances.

RECOMMENDATION

Management should provide the necessary oversight to ensure that its capital assets records are accurately maintained in compliance with generally accepted accounting principles.

MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS

The Office of Accounts and Budgets has always relied on a local certified public accountant to maintain the capital assets records. Since the Office of the Director of Accounts and Budgets is responsible for the accuracy of these records, we will be discontinuing the service that the local accountant has provided the last several years. After review of the capital assets policies, steps have already been taken, and measures have been put in place to ensure that the records will be in compliance in the future.

FINDING 08.04 **THE COUNTY DID NOT COMPLY WITH THE AUTHORIZATION, APPROVAL, AND STATE STATUTES REGARDING THE ISSUANCE OF DEBT**
(Noncompliance Under Government Auditing Standards)

The County Commission authorized and the state director of Local Finance approved the issuance of a one year \$500,000 capital outlay note for road construction. However, in-lieu-of issuing the capital outlay note, the county opened a three-year line of credit with a local bank. Also, the county did not file a Report on Debt Obligation with the state director of Local Finance for the line of credit that was issued. Section 9-21-151, Tennessee Code Annotated, requires that within 45 days following the issuance of debt, a county must provide to the state director of Local Finance certain information, such as a description of the purchase for which the debt is issued, a description of the debt obligation, and an itemized description of the cost of issuance.

RECOMMENDATION

The county should comply with the authorization of the County Commission and the approval of the state director of Local Finance regarding the issuance of debt. The office should file a Report on Debt Obligation with the state director of Local Finance as required by state statute.

MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS

This account is drawn on by the State of Tennessee, between the Tennessee Department of Transportation and the bank, thus the reason the debt obligations were not sent to the state. However, the bank has been asked to provide a statement showing all the transactions on this account so that the debt obligation form can be completed.

FINDING 08.05

TIME SHEETS FOR AN EMPLOYEE OF THE AMBULANCE SERVICE DID NOT ACCURATELY REFLECT TIME WORKED
(Material Noncompliance Under Government Auditing Standards)

Auditors determined that the hours reflected on time sheets since June 2006 for one ambulance service employee did not accurately reflect the actual hours worked. This employee initially worked as an emergency medical technician (EMT) and was paid an average of 80 regular hours and 32 overtime hours every two weeks. The employee filed a grievance with the Equal Employment Opportunity Commission (EEOC) for a promotion, subsequently withdrew the grievance, and verbally agreed to be transferred to an office position working 80 regular hours every two weeks but maintaining the same salary as she was making as an EMT working an average of 80 regular hours and 32 overtime hours. Instead of adjusting the employee's rate of pay to reflect accurately that she was working only 80 hours every two weeks, the ambulance service director completed the employee's time sheets to reflect that she was still working 80 regular hours and 32 overtime hours every two weeks. The director admitted to inflating the employee's reported hours to settle the grievance filed with EEOC. It should be noted that the director subsequently left the county's employment. This finding has been discussed with the district attorney general, and the district attorney general has requested an investigation by the Tennessee Bureau of Investigation regarding the false time sheets and alleged forgeries.

RECOMMENDATION

Time sheets should be completed by the employee, reflect actual hours worked, and should be signed by the employee and her supervisor to certify that the information is accurate. Increases in salary should be reflected by adjusting the hourly rate of pay.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I am writing to give pertinent information and clarification to a situation surrounding an event involving our director of EMS, Ken Simms. During the audit process of 2008, the auditors discovered what appears to be a falsification of time sheets for Ms. Robin Ellis, an employee at our EMS Department. During September 2006, notice of a vacancy for a supervisory position was posted for EMS. I do not recall the number of applicants who submitted resumes. A person deemed most qualified was given the position. Another long term employee, Ms. Robin Ellis, filed discrimination charges with the EEOC stating sex discrimination. The EEOC mediation process was attended by Mr. Simms and our county attorney, Mr. Bob Perry. The mediation moved along reaching agreement that whereas Ms. Ellis would not receive the position, she would be moved to another position more suited to her circumstances, and would continue to be paid as an EMT. Because of other concerns, the official EEOC mediation process came to an end when the employee (and her husband) left the mediation in anger. Hence, as the mediation process with the EEOC was not complete, it is my understanding that no official EEOC report exists containing any agreement. Later, Ms. Ellis met with Mr. Simms and said she would accept the other position as had been agreed upon. The salary of the position where she was to be moved did not equal that of an EMT. Therefore, in a meeting in my office, involving Mr. Simms, Mr. Perry, and myself, we reached an agreement that we would move her and continue to pay her the salary of an EMT. To do this, Mr. Simms was to add the necessary hours to the

time sheet to make up the difference. This he did with my approval. It should be mentioned that based upon Ms. Ellis' physical health at the time we were of the opinion that she might be forced to leave county employment in a relative short time. This, thankfully, of course, has not happened.

Before the audit process of 2008 began, Mr. Simms requested of Ms. Patterson, our Director of Budget and Accounts, that this method be changed as he was concerned with the appearance. The salary of Ms. Ellis' present position was changed by my authority to cover this amount.

The situation has been explained verbally to the auditors, and now in writing by Mr. Perry and me. I will not explain here again the circumstance surrounding this event, as you already have my explanation in writing. The district attorney has reviewed your request and determined that no investigation is necessary. Confidential agreement limits my discussion as to all that went into the decision to handle the time sheet in such fashion. I take full responsibility for the decision and, given the information available to me and the broad range of circumstances surrounding this issue at that moment in time, I would perhaps make the same decision. We thought that due to physical issues faced by this employee that she would most likely be forced to retire from county employment in a short time. Hence, this influenced the decision to handle the situation the way we did. If we had thought she would be staying (and we are thankful she did), we most likely would have taken different steps in reference to the method of payment of salary. This is a good, long-term employee who provides great service.

Do understand that this situation was corrected prior to any finding when Mr. Simms, the director, asked that, "given the appearance" that this method be changed to a more suited one. Since it was now obvious that the employee was not leaving, changing the method seemed the correct action. I, by my authority, changed the method.

I am requesting that given the situation the wording in the finding be altered to remove the word "falsified" or any related word. I would even be more pleased to see the finding removed entirely, but I realize there are issues here.

MANAGEMENT'S RESPONSE – COUNTY ATTORNEY

On October 3, 2006, I met with the county human resources director, Clyde White, who gave me a copy of a Notice of Charge of Discrimination from the U.S. Equal Employment Opportunity Commission (EEOC) and a copy of the Charge of Discrimination filed by Robin Ellis. I returned to my office, reviewed the documents, and opened a file in the matter. On October 4, 2006, I met in the County Mayor's Office with the ambulance director, Ken Simms, the county human resources director, Clyde White, and County Mayor Bill Orange, to discuss the pending charge, the circumstances of the matter, and defense alternatives available to the county. It was decided that the county should agree to mediation in the matter. Later that day, I returned to the County Mayor's Office, and the County Mayor and I executed both the agreement to mediate and the confidentiality agreement in the matter. Subsequently, I forwarded both agreements to EEOC.

Mediation before EEOC mediator, Kenneth Lee, was scheduled for December 5, 2006, in Nashville. On December 4, 2006, I had a telephone conference with the county ambulance

director and briefly reviewed the matter and discussed with him the mediation procedure. On December 5th, I met the county ambulance director at the EEOC office in Nashville. The mediation session was acrimonious and lasted a couple of hours. The parties and their representatives/attorneys are bound to the terms of the confidentiality agreement not to disclose the matters discussed. However, I can disclose that the mediation session did end with the county making a settlement proposal but with no agreed resolution.

On December 6th, I met with the county mayor in his office, and we discussed the events of the previous day's mediation. I do not have any further recollection or record of any additional involvement with this matter until March 23, 2007. On that day, I called an attorney in Nashville who specializes in employment law matters and discussed with her the possibility of representing the county if this matter went to a formal contested hearing through the EEOC process. I do not specifically remember what prompted me to call the Nashville attorney, but I believe that I had heard from some source that we still did not have a definitive resolution of the matter, and I wanted the county to be prepared if the claimant did pursue the matter further. I believe that sometime later I heard that the ambulance director and the claimant had reached a settlement agreement and that the charge of discrimination was no longer being pursued by Ms. Ellis. I do not know if a written settlement agreement was ever executed. I was not asked to prepare same.

FINDING 08.06 THE AMBULANCE SERVICE DID NOT HAVE WRITTEN POLICIES CONCERNING THE COLLECTION AND WRITE-OFF OF CUSTOMER ACCOUNTS
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The Ambulance Service did not have written policies concerning the collection and write-off of customer accounts. Sound business practice dictates that written policies concerning customer accounts should be adopted. This deficiency is the result of the lack of management oversight. Without formal policies for the collection and write-off of customer accounts, employees have no guidance for consistent and uniform treatment of customers.

RECOMMENDATION

The Ambulance Service should develop written policies concerning the collection and write-off of customer accounts and present these policies to the County Commission for its consideration.

FINDING 08.07 THE ANIMAL CONTROL AND AMBULANCE SERVICE DEPARTMENTS DID NOT PROPERLY ISSUE RECEIPTS FOR ALL COLLECTIONS
(Noncompliance Under Government Auditing Standards)

The Animal Control Department used an adoption form as their receipt, and the Ambulance Service Department only issued receipts when requested by customers.

Section 9-2-103, Tennessee Code Annotated (TCA), provides for the issuance of official prenumbered receipts for all collections. These deficiencies are the result of management's decisions and increase the risks of unauthorized transactions. Since the adoption forms were not pre-numbered and receipts were not issued for all collections, we could not determine if all collections had been accounted for and if collections were remitted to the county trustee within three days of collection as required by Section 5-8-207, TCA.

RECOMMENDATION

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

FINDING 08.08 THE BUILDING PERMITS SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The following deficiencies in the Office of Building Commissioner related to the building permit software were identified:

- A. The application did not provide a record of changes to previously issued receipts and permits. Users had the capability to change information on receipts and permits, leaving no evidence of the original information.
- B. Permits and receipts could be deleted from the application, leaving no evidence of the original transaction.
- C. Voided receipts were not properly reflected on daily reports.

Sound business practices dictate that proper application controls be implemented. Since the vendor did not design the system with proper controls and since management was not aware of the importance of these controls, inappropriate system activity could occur.

RECOMMENDATION

Management should contact the software vendor concerning the addition of controls to the permit application that would provide an audit trail for any changes to receipts or permits. The capability of deleting permits and receipts should be removed from the application. Instead, an option to void receipts that properly reflects receipt activity on the daily reports should be implemented. These controls would help to ensure the reliability and integrity of the information maintained by the system.

MANAGEMENT'S RESPONSE – BUILDING COMMISSIONER

- A. Upon installation of the software in 2004, our office inquired concerning the ability of changing information in the system. The vendor's reply was that the system did not carry any type of method that would save changed information.

- B. The system allowed the deletion of incorrectly charged fees.
- C. Personnel did not realize the extreme necessity of keeping track of fees/receipts charged in error. We have implemented a procedure requiring the printing and signing of any fee/receipt charged in error. The error is logged into a handwritten file before it is deleted by the administrative assistant.

AUDITOR'S REBUTTAL

The implementation of procedures to account for changes or deletions of receipts is good practice. However, since transactions could be altered or deleted, adequate controls should be in place within the software, and there should not be reliance on paper documents to complete the audit trail.

OFFICES OF ROAD SUPERINTENDENT AND DIRECTOR OF ACCOUNTS AND BUDGETS

FINDING 08.09 **THE HIGHWAY DEPARTMENT'S BOOKKEEPER FALSIFIED CHECKS TOTALING \$68,281.11 FOR PERSONAL USE**
(Material Noncompliance Under Government Auditing Standards)

On January 30, 2008, the county mayor and director of accounts and budgets notified auditors of possible irregularities at the Cheatham County Highway Department. Our investigation revealed that from February 5, 2007, through December 18, 2007, the Highway Department bookkeeper fraudulently issued 16 vendor checks totaling \$68,281.11 for personal use.

The flow of documents is for the Highway Department's bookkeeper to send packets of supporting documentation for expenditures along with the corresponding printed unsigned checks to the Office of Accounts and Budgets. Personnel in the Office of Accounts and Budgets are supposed to review the packets of supporting documentation, process the checks through a check-signing machine, and return all of the information back to the Highway Department. The Highway Department's bookkeeper then mails the checks to the vendors, attaches a duplicate copy of the check to the supporting documentation packet, and returns the completed packets to the Office of Accounts and Budgets to be filed for audit inspection. However, the 16 checks processed through the check signing machine were not physically compared with the supporting documentation packets by personnel in the Office of Accounts and Budgets until they suspected an irregularity had occurred. Also, we noted that the Highway Department's bookkeeper used a signature stamp to affix the Road Superintendent's signature on payment approval forms.

The Highway Department bookkeeper's husband operates a video and tanning business called Movietime. Our investigation noted that the bookkeeper issued the following checks, which were deposited with Movietime for the personal use of the bookkeeper.

Date	Payee	Check #	Amount	Expenditure Description
2-5-07	Charles McTann	17410	\$ 4,975.00	Bridge Construction
3-7-07	Charles McTann	17494	4,842.00	Bridge Construction
4-9-07	Charles McTann	17574	4,275.00	Bridge Construction
4-23-07	Charles McTann	17596	5,987.00	Bridge Construction
6-18-07	Charles McTann	17736	4,298.00	Bridge Construction
7-10-07	Charles McTann	17785	4,881.00	Bridge Construction
8-7-07	Movintime	17843	4,270.00	Equipment Parts - Light
8-27-07	Movintime	17881	3,644.47	Equipment Parts - Light
9-6-07	Movintime	17915	3,908.72	Equipment Parts - Light
9-25-07	Movintime	15962	4,464.00	Equipment Parts - Light
10-9-07	Moventime	16002	3,672.42	Equipment and Machinery Parts
10-29-07	Moventime	16033	4,272.00	Equipment and Machinery Parts
11-14-07	Moventime	16061	4,194.52	Equipment and Machinery Parts
11-28-07	Moventime	16093	2,402.71	Equipment and Machinery Parts
12-11-07	Moventime	16127	4,691.52	Equipment and Machinery Parts
12-18-07	Moventime	16148	<u>3,502.75</u>	Equipment and Machinery Parts
Total			<u>\$ 68,281.11</u>	

These checks were issued to fictitious payees using variations related to the family's video and tanning company (Movietime). The county terminated the bookkeeper's employment with the Highway Department on February 12, 2008. On August 15, 2008, the bookkeeper was found guilty of theft of \$60,000 or more and was sentenced to eight years. After serving six months, the sentence will be reduced to seven years and six months of probation along with 400 hours of unpaid community service. The bookkeeper was ordered to pay restitution totaling \$68,281.11 to the Highway Department. On December 5, 2008, the bookkeeper paid \$30,097.36 of this judgment.

RECOMMENDATION

Officials should seek restitution for the balance of the judgment. Also, officials should take immediate steps to develop improved internal control procedures over the inspection and reconciliation of documents delivered from the Highway Department to the Office of Accounts and Budgets. The Highway Department should immediately discontinue the use of any signature stamps.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 08.10 THE EDUCATION CAPITAL PROJECTS FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION
(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2008, certain general ledger account balances in the Education Capital Projects Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require the School Department to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the School Department's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the School Department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to present properly the financial statements in this report.

RECOMMENDATION

The School Department should have appropriate processes in place to ensure that its general ledgers are materially correct.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The School Department staff will ensure that the appropriate adjustments are made to the financial statements and that the general ledgers are materially correct.

FINDING 08.11 THE EXTENDED SCHOOL PROGRAM HAD OPERATING DEFICIENCIES
(A. and C. – Noncompliance Under Government Auditing Standards;
B. – Internal Control – Significant Deficiency Under Government Auditing Standards)

Our audit revealed the following deficiencies in the extended school program. These deficiencies can be attributed to a lack of management oversight.

- A. Official prenumbered receipts were not issued for some collections. Section 9-2-103, Tennessee Code Annotated (TCA), requires official prenumbered receipts to be issued for all collections. Without official prenumbered receipts, we were unable to determine if all funds have been accounted for.
- B. In some instances, receipts were dated after the date of the corresponding deposit; therefore, these receipts were not issued at the time of collection. The

practice of issuing receipts subsequent to the actual collection increases the risk that officials will not properly account for funds.

- C. In some instances, the extended school program did not deposit funds within three days of collection. Section 5-8-207, TCA, requires county officials to deposit public funds to the office bank account within three days of collection. The delay in depositing funds could result in a loss of investment earnings and increases the risks of fraud and misappropriation.

RECOMMENDATION

Official prenumbered receipts should be issued for all collections at the time of collection. The extended school program should ensure that all funds are deposited within three days of collection as required by state statute.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The extended school program staff has received instructions on the proper procedures for receipting funds collected and have been advised to deposit all funds within three days of collection. The extended school program director is reviewing procedures to ensure that receipts and deposits are made correctly. We have purchased a new software program for our extended school program sites that will assist with the receipting process.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 08.12 **THE OFFICE DID NOT REVIEW SOFTWARE AUDIT LOGS**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The software application used by the office generated a daily log that displayed changes made by users. Since this log provided the only audit trail of these changes, it should be reviewed daily for inappropriate activity. Because they were not aware of its importance, management did not begin reviewing this log until several months into the fiscal year. Procedures for reviewing this log are currently in place.

OFFICE OF CLERK AND MASTER

FINDING 08.13 **THE OFFICE DID NOT REVIEW SOFTWARE AUDIT LOGS**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The software application used by the office generated a daily log that displayed changes made by users. Since this log provided the only audit trail of these changes, it should be reviewed daily for inappropriate activity. Because they were not aware of its importance,

management did not begin reviewing this log until several months into the fiscal year. Procedures for reviewing this log are currently in place.

OFFICE OF SHERIFF

FINDING 08.14 **THE SHERIFF'S DEPARTMENT HAD DEFICIENCIES IN ITS VENDING SERVICES**
(A. and D. – Noncompliance Under Government Auditing Standards; B., C., and E. – Internal Control – Significant Deficiency Under Government Auditing Standards)

The sheriff advised auditors that a prior sheriff entered into an oral agreement with a vendor for vending machine services in-lieu-of the county providing commissary operations for prisoners. Under the oral agreement, the vendor provides vending machines and receives all proceeds generated from the use of the machines.

The following deficiencies were noted concerning vending services:

- A. The state Department of Human Services blind vendors program was not given priority in the placement of vending machines in the jail as required by Section 71-4-501, Tennessee Code Annotated (TCA).
- B. The contract for vending machine services was not competitively bid to ensure the department receives the best services for the prices charged.
- C. The contract for vending machines was not evidenced by a written agreement to document each party's rights and obligations within the agreement.
- D. The oral contract for vending machines was not approved by the County Commission as required by Section 7-51-901, TCA.
- E. The oral contract does not provide for any compensation to the county. However, we were advised that on September 7, 2005, the vendor used proceeds from the county's vending machines to purchase cameras and camera equipment totaling \$4,779.70 and donated the equipment to the Sheriff's Department.

RECOMMENDATION

The county should consider terminating the oral contract with the vending machine operator. The state Department of Human Services should be given priority for vending services. In the absence of the state Department of Human Services running the vending program, vending machine service contracts should be competitively bid, evidenced by a written agreement, include a profit sharing arrangement, and be approved by the County Commission.

MANAGEMENT'S RESPONSE – SHERIFF

We were unaware that we had to offer the vending machines to the Department of Human Services blind vendors program or that we needed a written contract with the vendor. This agreement has been done for years, and we continued to operate like it has always been done. Since it has been brought to my attention, we are trying to correct the problem. We have contacted the Department of Human Services to offer the vending business to the blind vendors program.

OTHER FINDING AND RECOMMENDATION

FINDING 08.15 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE ANIMAL CONTROL, LANDFILL, AND BUILDING CODES DEPARTMENTS AND THE OFFICES OF TRUSTEE AND SHERIFF**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Animal Control, Landfill, and Building Codes departments and the Offices of Trustee and Sheriff. Employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of managements' decisions and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

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

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

There were no findings and questioned costs for federal awards.

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

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