



**ANNUAL FINANCIAL REPORT  
CUMBERLAND COUNTY, TENNESSEE**



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



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

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

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

**JAMES R. ARNETTE**  
*Director*

**CARL LOWE, CGFM**  
*Audit Manager*

**ANITA SCARLETT, CPA**  
*Auditor*

**STEPHEN ALRED**  
**CHRISTY N. TENNANT, CPA, CGFM**  
**DOUG SANDIDGE, CISA, CFE**  
*State Auditors*

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

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# CUMBERLAND COUNTY, TENNESSEE

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

***Scope***

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

***Results***

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

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

***Findings***

The following are summaries of the audit findings:

**OFFICE OF FINANCE DIRECTOR**

- ◆ The General, Highway/Public Works, General Debt Service, Education Capital Projects, and Solid Waste Disposal funds required material audit adjustments for proper financial statements presentation.
  - ◆ The General Fund had a deficit in unreserved fund balance at June 30, 2008.
  - ◆ The Solid Waste Disposal Fund had a deficit in unrestricted net assets at June 30, 2008.
  - ◆ Expenditures and encumbrances exceeded total appropriations in the General Fund.
- 

**OFFICE OF SHERIFF**

- ◆ The Sheriff's Department did not deposit some funds to the office bank account within three days of collection as required by state statute.
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**OTHER FINDING**

- ◆ Duties were not segregated adequately in the Finance Department and the Offices of Trustee, County Clerk, Register, and Sheriff.

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## INTRODUCTORY SECTION

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# Cumberland County Officials

## June 30, 2008

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### **Officials**

Brock Hill, County Mayor  
Wendell Houston, Road Superintendent  
Aarona VanWinkle, Director of Schools  
Carolyn Turner, Trustee  
Ralph Barnwell, Assessor of Property  
Jule Bryson, County Clerk  
Larry Sherrill, Circuit and General Sessions Courts Clerk  
Sue Tollett, Clerk and Master  
Judy Graham Swallows, Register  
Butch Burgess, Sheriff  
Nathan Brock, Finance Director

### **Board of County Commissioners**

Brock Hill, County Mayor, Chairman  
Jeff Brown  
Kenneth Carey, Jr.  
Terry Carter  
Clyde Cramer  
Jack Davis  
David Gibson  
Robert Harrison  
Michael Harvel  
Nancy Hyder

Jim Inman  
Carmin Lynch  
Greg Maxwell  
Johnny Presley  
Harry Sabine  
Charles Seiber  
Creed Lynn Tollett  
Wendell Wilson  
Sharon York

### **Board of Education**

Shirley Parris, Chairman  
Gordon Davis  
Orville Hale  
Brian Houston  
Victor Randolph

Robert Safdie  
Dan Schlafer  
Mary Smith  
Ricky Smith

### **Cumberland County Railroad Authority Board of Directors**

Brock Hill, County Mayor, Chairman  
George Adcock

**Financial Management Committee**

Brock Hill, County Mayor, Chairman  
Wendell Houston, Road Superintendent  
Aarona VanWinkle, Director of Schools  
Jeff Brown

Kenneth Carey, Jr.  
Clyde Cramer  
Robert Harrison

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## **FINANCIAL SECTION**

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

INDEPENDENT AUDITOR'S REPORT

April 8, 2009

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cumberland County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Cumberland County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Cumberland County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cumberland County Emergency Communications District, which represent 2.33 and 1.57 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Cumberland 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 other auditors provide a reasonable basis for our opinions.

In our opinion, 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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cumberland County, Tennessee, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 8, 2009, on our consideration of Cumberland 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., the discretely presented Cumberland County School Department has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. For the first time, the financial statements include the government-wide financial statements. Also, during the year, Cumberland County implemented the provisions of 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.

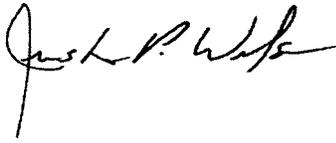
The management of Cumberland County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States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

The budgetary comparison, pension, and postemployment benefits information on pages 87 through 96 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 Cumberland County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Cumberland

County School Department and the Cumberland County Railroad Authority (discretely presented component units), 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 Fund, combining and individual fund financial statements of the Cumberland County School Department and the Cumberland County Railroad Authority (discretely presented component units), 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,



Justin P. Wilson  
Comptroller of the Treasury

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

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

	Primary Government		Component Units			
	Governmental Activities	Business-type Activities	Total	Cumberland County School Department	Cumberland County Railroad Authority	Cumberland County Emergency Communications District
<b>ASSETS</b>						
Cash	\$ 34,107	\$ 200	\$ 34,307	\$ 100	\$ 0	\$ 590,966
Equity in Pooled Cash and Investments	22,792,956	926,050	23,719,006	5,513,692	22,730	0
Inventories	0	0	0	64,502	0	0
Accounts Receivable	4,084,073	21,585	4,105,658	571	0	64,907
Allowance for Uncollectibles	(2,518,803)	0	(2,518,803)	0	0	0
Due from Other Governments	1,965,100	13,623	1,978,723	1,882,796	57,761	0
Property Taxes Receivable	10,692,562	0	10,692,562	6,694,900	0	0
Allowance for Uncollectible Property Taxes	(420,901)	0	(420,901)	(236,176)	0	0
Prepaid Expenses	0	0	0	0	0	13,393
Accrued Interest Receivable	0	0	0	0	0	14,010
Other Restricted Assets	0	0	0	0	0	100,000
Deferred Charges - Debt Issuance Cost	117,542	0	117,542	0	0	5,747
Capital Assets						
Assets Not Depreciated:						
Land	1,318,713	46,840	1,365,553	2,088,454	0	0
Construction in Progress	4,083,160	0	4,083,160	435,508	0	0
Assets Net of Accumulated Depreciation:						
Buildings and Improvements	6,513,555	3,633	6,517,188	62,484,876	0	929,398
Infrastructure	23,413,511	0	23,413,511	1,015,217	0	0
Landfill Facilities and Development	0	565,288	565,288	0	0	0
Other Capital Assets	4,060,026	91,258	4,151,284	3,616,692	0	278,994
Total Assets	\$ 76,135,601	\$ 1,668,477	\$ 77,804,078	\$ 83,561,132	\$ 80,491	\$ 1,997,415
<b>LIABILITIES</b>						
Accounts Payable	\$ 788,754	\$ 40,598	\$ 829,352	\$ 545,661	\$ 56,628	\$ 21,928
Accrued Payroll	2,255	0	2,255	71,100	0	12,996
Accrued Interest Payable	208,540	0	208,540	0	0	0
Contracts Payable	135,683	0	135,683	255,075	0	0
Retainage Payable	0	0	0	13,425	0	0
Due to State of Tennessee	30,513	0	30,513	0	0	0
Matured Bonds Payable	30,000	0	30,000	0	0	0
Matured Interest on Bonds	8,058	0	8,058	0	0	0

(Continued)

Exhibit A

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

	Primary Government Business-type Activities		Total	Component Units			
	Governmental Activities	Business-type Activities		Cumberland County School Department	Cumberland County Railroad Authority	Cumberland County Emergency Communications District	
<b>LIABILITIES (Cont.)</b>							
Current Liabilities Payable from Restricted Assets:							
Customer Deposits Payable	\$ 31,823	\$ 0	31,823	\$ 0	\$ 0	\$ 0	0
Deferred Revenue - Current Property Taxes	10,063,517	0	10,063,517	6,355,905	0	0	0
Noncurrent Liabilities:							
Due Within One Year	2,688,783	12,700	2,701,483	66,598	0	0	43,000
Due in More Than One Year	53,506,358	2,717,880	56,224,238	381,580	0	0	815,000
Total Liabilities	\$ 67,494,284	\$ 2,771,178	\$ 70,265,462	\$ 7,689,344	\$ 56,628	\$ 0	\$ 892,924
<b>NET ASSETS</b>							
Invested in Capital Assets, Net of Related Debt	\$ (16,307,119)	\$ 0	(16,307,119)	\$ 69,640,747	\$ 0	\$ 0	356,139
Invested in Capital Assets Restricted for:	0	707,019	707,019	0	0	0	0
Courthouse and Jail Maintenance	100,697	0	100,697	0	0	0	0
Solid Waste/Sanitation	271,025	0	271,025	0	0	0	0
Drug Control	242,174	0	242,174	0	0	0	0
Highway/Public Works	1,006,803	0	1,006,803	0	0	0	0
School Federal Projects	0	0	0	366,301	0	0	0
Central Cafeteria	0	0	0	953,360	0	0	0
Debt Service	18,829,029	0	18,829,029	0	0	0	100,000
Education Capital Projects	0	0	0	1,152,307	0	0	0
Basic Education Program	0	0	0	1,806,285	0	0	0
Other Purposes	337,433	0	337,433	18,131	0	0	0
Unrestricted	4,161,275	(1,809,720)	2,351,555	1,934,657	23,863	0	648,352
Total Net Assets	\$ 8,641,317	\$ (1,102,701)	\$ 7,538,616	\$ 75,871,788	\$ 23,863	\$ 0	\$ 1,104,491

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



Exhibit B

Cumberland County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets																																																																																																																																																																																																																										
	Program Revenues					Component Units																																																																																																																																																																																																																					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	Cumberland County School Department	Cumberland County Railroad Authority	Cumberland County Emergency Communications District																																																																																																																																																																																																																		
General Revenues:											Taxes:											Property Taxes Levied for General Purposes				\$ 7,426,175	\$ 0	\$ 7,426,175	\$ 5,331,207	\$ 0	\$ 0	0	Property Taxes Levied for Debt Service				3,395,363	0	3,395,363	0	0	0	0	Local Option Sales Taxes				2,272,485	0	2,272,485	7,531,021	0	0	0	Hotel/Motel Tax				451,728	0	451,728	0	0	0	0	Litigation Taxes				269,726	0	269,726	0	0	0	0	Business Tax				560,116	0	560,116	0	0	0	0	Wholesale Beer Tax				343,275	0	343,275	0	0	0	0	Other Local Taxes				103,324	0	103,324	11,314	0	0	0	Grants and Contributions Not Restricted to Specific Programs				1,708,771	0	1,708,771	29,685,948	0	0	10,000	Unrestricted Investment Earnings				1,138,735	0	1,138,735	0	0	0	30,618	Miscellaneous				10,158	0	10,158	80,684	0	0	15	Gain on Insurance Recovery				0	70,000	70,000	0	0	0	0	Total General Revenues				\$ 17,679,856	\$ 70,000	\$ 17,749,856	\$ 42,640,174	\$ 0	\$ 0	40,633	Insurance Recovery				\$ 15,662	\$ 738	\$ 16,400	\$ 9,678	\$ 0	\$ 0	0	Change in Net Assets				\$ 1,086,256	\$ (669,982)	\$ 416,274	\$ (2,192,911)	\$ 5,204	\$ 93,920		Net Assets, July 1, 2007				4,230,727	(432,719)	3,798,008	78,690,999	18,659	1,010,571		Prior-period Adjustment				3,324,334	0	3,324,334	(626,300)	0	0		Net Assets, June 30, 2008				\$ 8,641,317	\$ (1,102,701)	\$ 7,538,616	\$ 75,871,788	\$ 23,863	\$ 1,104,491	
Taxes:											Property Taxes Levied for General Purposes				\$ 7,426,175	\$ 0	\$ 7,426,175	\$ 5,331,207	\$ 0	\$ 0	0	Property Taxes Levied for Debt Service				3,395,363	0	3,395,363	0	0	0	0	Local Option Sales Taxes				2,272,485	0	2,272,485	7,531,021	0	0	0	Hotel/Motel Tax				451,728	0	451,728	0	0	0	0	Litigation Taxes				269,726	0	269,726	0	0	0	0	Business Tax				560,116	0	560,116	0	0	0	0	Wholesale Beer Tax				343,275	0	343,275	0	0	0	0	Other Local Taxes				103,324	0	103,324	11,314	0	0	0	Grants and Contributions Not Restricted to Specific Programs				1,708,771	0	1,708,771	29,685,948	0	0	10,000	Unrestricted Investment Earnings				1,138,735	0	1,138,735	0	0	0	30,618	Miscellaneous				10,158	0	10,158	80,684	0	0	15	Gain on Insurance Recovery				0	70,000	70,000	0	0	0	0	Total General Revenues				\$ 17,679,856	\$ 70,000	\$ 17,749,856	\$ 42,640,174	\$ 0	\$ 0	40,633	Insurance Recovery				\$ 15,662	\$ 738	\$ 16,400	\$ 9,678	\$ 0	\$ 0	0	Change in Net Assets				\$ 1,086,256	\$ (669,982)	\$ 416,274	\$ (2,192,911)	\$ 5,204	\$ 93,920		Net Assets, July 1, 2007				4,230,727	(432,719)	3,798,008	78,690,999	18,659	1,010,571		Prior-period Adjustment				3,324,334	0	3,324,334	(626,300)	0	0		Net Assets, June 30, 2008				\$ 8,641,317	\$ (1,102,701)	\$ 7,538,616	\$ 75,871,788	\$ 23,863	\$ 1,104,491												
Property Taxes Levied for General Purposes				\$ 7,426,175	\$ 0	\$ 7,426,175	\$ 5,331,207	\$ 0	\$ 0	0	Property Taxes Levied for Debt Service				3,395,363	0	3,395,363	0	0	0	0	Local Option Sales Taxes				2,272,485	0	2,272,485	7,531,021	0	0	0	Hotel/Motel Tax				451,728	0	451,728	0	0	0	0	Litigation Taxes				269,726	0	269,726	0	0	0	0	Business Tax				560,116	0	560,116	0	0	0	0	Wholesale Beer Tax				343,275	0	343,275	0	0	0	0	Other Local Taxes				103,324	0	103,324	11,314	0	0	0	Grants and Contributions Not Restricted to Specific Programs				1,708,771	0	1,708,771	29,685,948	0	0	10,000	Unrestricted Investment Earnings				1,138,735	0	1,138,735	0	0	0	30,618	Miscellaneous				10,158	0	10,158	80,684	0	0	15	Gain on Insurance Recovery				0	70,000	70,000	0	0	0	0	Total General Revenues				\$ 17,679,856	\$ 70,000	\$ 17,749,856	\$ 42,640,174	\$ 0	\$ 0	40,633	Insurance Recovery				\$ 15,662	\$ 738	\$ 16,400	\$ 9,678	\$ 0	\$ 0	0	Change in Net Assets				\$ 1,086,256	\$ (669,982)	\$ 416,274	\$ (2,192,911)	\$ 5,204	\$ 93,920		Net Assets, July 1, 2007				4,230,727	(432,719)	3,798,008	78,690,999	18,659	1,010,571		Prior-period Adjustment				3,324,334	0	3,324,334	(626,300)	0	0		Net Assets, June 30, 2008				\$ 8,641,317	\$ (1,102,701)	\$ 7,538,616	\$ 75,871,788	\$ 23,863	\$ 1,104,491																							
Property Taxes Levied for Debt Service				3,395,363	0	3,395,363	0	0	0	0	Local Option Sales Taxes				2,272,485	0	2,272,485	7,531,021	0	0	0	Hotel/Motel Tax				451,728	0	451,728	0	0	0	0	Litigation Taxes				269,726	0	269,726	0	0	0	0	Business Tax				560,116	0	560,116	0	0	0	0	Wholesale Beer Tax				343,275	0	343,275	0	0	0	0	Other Local Taxes				103,324	0	103,324	11,314	0	0	0	Grants and Contributions Not Restricted to Specific Programs				1,708,771	0	1,708,771	29,685,948	0	0	10,000	Unrestricted Investment Earnings				1,138,735	0	1,138,735	0	0	0	30,618	Miscellaneous				10,158	0	10,158	80,684	0	0	15	Gain on Insurance Recovery				0	70,000	70,000	0	0	0	0	Total General Revenues				\$ 17,679,856	\$ 70,000	\$ 17,749,856	\$ 42,640,174	\$ 0	\$ 0	40,633	Insurance Recovery				\$ 15,662	\$ 738	\$ 16,400	\$ 9,678	\$ 0	\$ 0	0	Change in Net Assets				\$ 1,086,256	\$ (669,982)	\$ 416,274	\$ (2,192,911)	\$ 5,204	\$ 93,920		Net Assets, July 1, 2007				4,230,727	(432,719)	3,798,008	78,690,999	18,659	1,010,571		Prior-period Adjustment				3,324,334	0	3,324,334	(626,300)	0	0		Net Assets, June 30, 2008				\$ 8,641,317	\$ (1,102,701)	\$ 7,538,616	\$ 75,871,788	\$ 23,863	\$ 1,104,491																																		
Local Option Sales Taxes				2,272,485	0	2,272,485	7,531,021	0	0	0	Hotel/Motel Tax				451,728	0	451,728	0	0	0	0	Litigation Taxes				269,726	0	269,726	0	0	0	0	Business Tax				560,116	0	560,116	0	0	0	0	Wholesale Beer Tax				343,275	0	343,275	0	0	0	0	Other Local Taxes				103,324	0	103,324	11,314	0	0	0	Grants and Contributions Not Restricted to Specific Programs				1,708,771	0	1,708,771	29,685,948	0	0	10,000	Unrestricted Investment Earnings				1,138,735	0	1,138,735	0	0	0	30,618	Miscellaneous				10,158	0	10,158	80,684	0	0	15	Gain on Insurance Recovery				0	70,000	70,000	0	0	0	0	Total General Revenues				\$ 17,679,856	\$ 70,000	\$ 17,749,856	\$ 42,640,174	\$ 0	\$ 0	40,633	Insurance Recovery				\$ 15,662	\$ 738	\$ 16,400	\$ 9,678	\$ 0	\$ 0	0	Change in Net Assets				\$ 1,086,256	\$ (669,982)	\$ 416,274	\$ (2,192,911)	\$ 5,204	\$ 93,920		Net Assets, July 1, 2007				4,230,727	(432,719)	3,798,008	78,690,999	18,659	1,010,571		Prior-period Adjustment				3,324,334	0	3,324,334	(626,300)	0	0		Net Assets, June 30, 2008				\$ 8,641,317	\$ (1,102,701)	\$ 7,538,616	\$ 75,871,788	\$ 23,863	\$ 1,104,491																																													
Hotel/Motel Tax				451,728	0	451,728	0	0	0	0	Litigation Taxes				269,726	0	269,726	0	0	0	0	Business Tax				560,116	0	560,116	0	0	0	0	Wholesale Beer Tax				343,275	0	343,275	0	0	0	0	Other Local Taxes				103,324	0	103,324	11,314	0	0	0	Grants and Contributions Not Restricted to Specific Programs				1,708,771	0	1,708,771	29,685,948	0	0	10,000	Unrestricted Investment Earnings				1,138,735	0	1,138,735	0	0	0	30,618	Miscellaneous				10,158	0	10,158	80,684	0	0	15	Gain on Insurance Recovery				0	70,000	70,000	0	0	0	0	Total General Revenues				\$ 17,679,856	\$ 70,000	\$ 17,749,856	\$ 42,640,174	\$ 0	\$ 0	40,633	Insurance Recovery				\$ 15,662	\$ 738	\$ 16,400	\$ 9,678	\$ 0	\$ 0	0	Change in Net Assets				\$ 1,086,256	\$ (669,982)	\$ 416,274	\$ (2,192,911)	\$ 5,204	\$ 93,920		Net Assets, July 1, 2007				4,230,727	(432,719)	3,798,008	78,690,999	18,659	1,010,571		Prior-period Adjustment				3,324,334	0	3,324,334	(626,300)	0	0		Net Assets, June 30, 2008				\$ 8,641,317	\$ (1,102,701)	\$ 7,538,616	\$ 75,871,788	\$ 23,863	\$ 1,104,491																																																								
Litigation Taxes				269,726	0	269,726	0	0	0	0	Business Tax				560,116	0	560,116	0	0	0	0	Wholesale Beer Tax				343,275	0	343,275	0	0	0	0	Other Local Taxes				103,324	0	103,324	11,314	0	0	0	Grants and Contributions Not Restricted to Specific Programs				1,708,771	0	1,708,771	29,685,948	0	0	10,000	Unrestricted Investment Earnings				1,138,735	0	1,138,735	0	0	0	30,618	Miscellaneous				10,158	0	10,158	80,684	0	0	15	Gain on Insurance Recovery				0	70,000	70,000	0	0	0	0	Total General Revenues				\$ 17,679,856	\$ 70,000	\$ 17,749,856	\$ 42,640,174	\$ 0	\$ 0	40,633	Insurance Recovery				\$ 15,662	\$ 738	\$ 16,400	\$ 9,678	\$ 0	\$ 0	0	Change in Net Assets				\$ 1,086,256	\$ (669,982)	\$ 416,274	\$ (2,192,911)	\$ 5,204	\$ 93,920		Net Assets, July 1, 2007				4,230,727	(432,719)	3,798,008	78,690,999	18,659	1,010,571		Prior-period Adjustment				3,324,334	0	3,324,334	(626,300)	0	0		Net Assets, June 30, 2008				\$ 8,641,317	\$ (1,102,701)	\$ 7,538,616	\$ 75,871,788	\$ 23,863	\$ 1,104,491																																																																			
Business Tax				560,116	0	560,116	0	0	0	0	Wholesale Beer Tax				343,275	0	343,275	0	0	0	0	Other Local Taxes				103,324	0	103,324	11,314	0	0	0	Grants and Contributions Not Restricted to Specific Programs				1,708,771	0	1,708,771	29,685,948	0	0	10,000	Unrestricted Investment Earnings				1,138,735	0	1,138,735	0	0	0	30,618	Miscellaneous				10,158	0	10,158	80,684	0	0	15	Gain on Insurance Recovery				0	70,000	70,000	0	0	0	0	Total General Revenues				\$ 17,679,856	\$ 70,000	\$ 17,749,856	\$ 42,640,174	\$ 0	\$ 0	40,633	Insurance Recovery				\$ 15,662	\$ 738	\$ 16,400	\$ 9,678	\$ 0	\$ 0	0	Change in Net Assets				\$ 1,086,256	\$ (669,982)	\$ 416,274	\$ (2,192,911)	\$ 5,204	\$ 93,920		Net Assets, July 1, 2007				4,230,727	(432,719)	3,798,008	78,690,999	18,659	1,010,571		Prior-period Adjustment				3,324,334	0	3,324,334	(626,300)	0	0		Net Assets, June 30, 2008				\$ 8,641,317	\$ (1,102,701)	\$ 7,538,616	\$ 75,871,788	\$ 23,863	\$ 1,104,491																																																																														
Wholesale Beer Tax				343,275	0	343,275	0	0	0	0	Other Local Taxes				103,324	0	103,324	11,314	0	0	0	Grants and Contributions Not Restricted to Specific Programs				1,708,771	0	1,708,771	29,685,948	0	0	10,000	Unrestricted Investment Earnings				1,138,735	0	1,138,735	0	0	0	30,618	Miscellaneous				10,158	0	10,158	80,684	0	0	15	Gain on Insurance Recovery				0	70,000	70,000	0	0	0	0	Total General Revenues				\$ 17,679,856	\$ 70,000	\$ 17,749,856	\$ 42,640,174	\$ 0	\$ 0	40,633	Insurance Recovery				\$ 15,662	\$ 738	\$ 16,400	\$ 9,678	\$ 0	\$ 0	0	Change in Net Assets				\$ 1,086,256	\$ (669,982)	\$ 416,274	\$ (2,192,911)	\$ 5,204	\$ 93,920		Net Assets, July 1, 2007				4,230,727	(432,719)	3,798,008	78,690,999	18,659	1,010,571		Prior-period Adjustment				3,324,334	0	3,324,334	(626,300)	0	0		Net Assets, June 30, 2008				\$ 8,641,317	\$ (1,102,701)	\$ 7,538,616	\$ 75,871,788	\$ 23,863	\$ 1,104,491																																																																																									
Other Local Taxes				103,324	0	103,324	11,314	0	0	0	Grants and Contributions Not Restricted to Specific Programs				1,708,771	0	1,708,771	29,685,948	0	0	10,000	Unrestricted Investment Earnings				1,138,735	0	1,138,735	0	0	0	30,618	Miscellaneous				10,158	0	10,158	80,684	0	0	15	Gain on Insurance Recovery				0	70,000	70,000	0	0	0	0	Total General Revenues				\$ 17,679,856	\$ 70,000	\$ 17,749,856	\$ 42,640,174	\$ 0	\$ 0	40,633	Insurance Recovery				\$ 15,662	\$ 738	\$ 16,400	\$ 9,678	\$ 0	\$ 0	0	Change in Net Assets				\$ 1,086,256	\$ (669,982)	\$ 416,274	\$ (2,192,911)	\$ 5,204	\$ 93,920		Net Assets, July 1, 2007				4,230,727	(432,719)	3,798,008	78,690,999	18,659	1,010,571		Prior-period Adjustment				3,324,334	0	3,324,334	(626,300)	0	0		Net Assets, June 30, 2008				\$ 8,641,317	\$ (1,102,701)	\$ 7,538,616	\$ 75,871,788	\$ 23,863	\$ 1,104,491																																																																																																				
Grants and Contributions Not Restricted to Specific Programs				1,708,771	0	1,708,771	29,685,948	0	0	10,000	Unrestricted Investment Earnings				1,138,735	0	1,138,735	0	0	0	30,618	Miscellaneous				10,158	0	10,158	80,684	0	0	15	Gain on Insurance Recovery				0	70,000	70,000	0	0	0	0	Total General Revenues				\$ 17,679,856	\$ 70,000	\$ 17,749,856	\$ 42,640,174	\$ 0	\$ 0	40,633	Insurance Recovery				\$ 15,662	\$ 738	\$ 16,400	\$ 9,678	\$ 0	\$ 0	0	Change in Net Assets				\$ 1,086,256	\$ (669,982)	\$ 416,274	\$ (2,192,911)	\$ 5,204	\$ 93,920		Net Assets, July 1, 2007				4,230,727	(432,719)	3,798,008	78,690,999	18,659	1,010,571		Prior-period Adjustment				3,324,334	0	3,324,334	(626,300)	0	0		Net Assets, June 30, 2008				\$ 8,641,317	\$ (1,102,701)	\$ 7,538,616	\$ 75,871,788	\$ 23,863	\$ 1,104,491																																																																																																															
Unrestricted Investment Earnings				1,138,735	0	1,138,735	0	0	0	30,618	Miscellaneous				10,158	0	10,158	80,684	0	0	15	Gain on Insurance Recovery				0	70,000	70,000	0	0	0	0	Total General Revenues				\$ 17,679,856	\$ 70,000	\$ 17,749,856	\$ 42,640,174	\$ 0	\$ 0	40,633	Insurance Recovery				\$ 15,662	\$ 738	\$ 16,400	\$ 9,678	\$ 0	\$ 0	0	Change in Net Assets				\$ 1,086,256	\$ (669,982)	\$ 416,274	\$ (2,192,911)	\$ 5,204	\$ 93,920		Net Assets, July 1, 2007				4,230,727	(432,719)	3,798,008	78,690,999	18,659	1,010,571		Prior-period Adjustment				3,324,334	0	3,324,334	(626,300)	0	0		Net Assets, June 30, 2008				\$ 8,641,317	\$ (1,102,701)	\$ 7,538,616	\$ 75,871,788	\$ 23,863	\$ 1,104,491																																																																																																																										
Miscellaneous				10,158	0	10,158	80,684	0	0	15	Gain on Insurance Recovery				0	70,000	70,000	0	0	0	0	Total General Revenues				\$ 17,679,856	\$ 70,000	\$ 17,749,856	\$ 42,640,174	\$ 0	\$ 0	40,633	Insurance Recovery				\$ 15,662	\$ 738	\$ 16,400	\$ 9,678	\$ 0	\$ 0	0	Change in Net Assets				\$ 1,086,256	\$ (669,982)	\$ 416,274	\$ (2,192,911)	\$ 5,204	\$ 93,920		Net Assets, July 1, 2007				4,230,727	(432,719)	3,798,008	78,690,999	18,659	1,010,571		Prior-period Adjustment				3,324,334	0	3,324,334	(626,300)	0	0		Net Assets, June 30, 2008				\$ 8,641,317	\$ (1,102,701)	\$ 7,538,616	\$ 75,871,788	\$ 23,863	\$ 1,104,491																																																																																																																																					
Gain on Insurance Recovery				0	70,000	70,000	0	0	0	0	Total General Revenues				\$ 17,679,856	\$ 70,000	\$ 17,749,856	\$ 42,640,174	\$ 0	\$ 0	40,633	Insurance Recovery				\$ 15,662	\$ 738	\$ 16,400	\$ 9,678	\$ 0	\$ 0	0	Change in Net Assets				\$ 1,086,256	\$ (669,982)	\$ 416,274	\$ (2,192,911)	\$ 5,204	\$ 93,920		Net Assets, July 1, 2007				4,230,727	(432,719)	3,798,008	78,690,999	18,659	1,010,571		Prior-period Adjustment				3,324,334	0	3,324,334	(626,300)	0	0		Net Assets, June 30, 2008				\$ 8,641,317	\$ (1,102,701)	\$ 7,538,616	\$ 75,871,788	\$ 23,863	\$ 1,104,491																																																																																																																																																
Total General Revenues				\$ 17,679,856	\$ 70,000	\$ 17,749,856	\$ 42,640,174	\$ 0	\$ 0	40,633	Insurance Recovery				\$ 15,662	\$ 738	\$ 16,400	\$ 9,678	\$ 0	\$ 0	0	Change in Net Assets				\$ 1,086,256	\$ (669,982)	\$ 416,274	\$ (2,192,911)	\$ 5,204	\$ 93,920		Net Assets, July 1, 2007				4,230,727	(432,719)	3,798,008	78,690,999	18,659	1,010,571		Prior-period Adjustment				3,324,334	0	3,324,334	(626,300)	0	0		Net Assets, June 30, 2008				\$ 8,641,317	\$ (1,102,701)	\$ 7,538,616	\$ 75,871,788	\$ 23,863	\$ 1,104,491																																																																																																																																																											
Insurance Recovery				\$ 15,662	\$ 738	\$ 16,400	\$ 9,678	\$ 0	\$ 0	0	Change in Net Assets				\$ 1,086,256	\$ (669,982)	\$ 416,274	\$ (2,192,911)	\$ 5,204	\$ 93,920		Net Assets, July 1, 2007				4,230,727	(432,719)	3,798,008	78,690,999	18,659	1,010,571		Prior-period Adjustment				3,324,334	0	3,324,334	(626,300)	0	0		Net Assets, June 30, 2008				\$ 8,641,317	\$ (1,102,701)	\$ 7,538,616	\$ 75,871,788	\$ 23,863	\$ 1,104,491																																																																																																																																																																						
Change in Net Assets				\$ 1,086,256	\$ (669,982)	\$ 416,274	\$ (2,192,911)	\$ 5,204	\$ 93,920		Net Assets, July 1, 2007				4,230,727	(432,719)	3,798,008	78,690,999	18,659	1,010,571		Prior-period Adjustment				3,324,334	0	3,324,334	(626,300)	0	0		Net Assets, June 30, 2008				\$ 8,641,317	\$ (1,102,701)	\$ 7,538,616	\$ 75,871,788	\$ 23,863	\$ 1,104,491																																																																																																																																																																																	
Net Assets, July 1, 2007				4,230,727	(432,719)	3,798,008	78,690,999	18,659	1,010,571		Prior-period Adjustment				3,324,334	0	3,324,334	(626,300)	0	0		Net Assets, June 30, 2008				\$ 8,641,317	\$ (1,102,701)	\$ 7,538,616	\$ 75,871,788	\$ 23,863	\$ 1,104,491																																																																																																																																																																																												
Prior-period Adjustment				3,324,334	0	3,324,334	(626,300)	0	0		Net Assets, June 30, 2008				\$ 8,641,317	\$ (1,102,701)	\$ 7,538,616	\$ 75,871,788	\$ 23,863	\$ 1,104,491																																																																																																																																																																																																							
Net Assets, June 30, 2008				\$ 8,641,317	\$ (1,102,701)	\$ 7,538,616	\$ 75,871,788	\$ 23,863	\$ 1,104,491																																																																																																																																																																																																																		

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

Exhibit C-1

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

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<b><u>ASSETS</u></b>					
Cash	\$ 200	\$ 0	\$ 0	\$ 33,907	\$ 34,107
Equity in Pooled Cash and Investments	2,878,899	580,191	18,553,595	780,271	22,792,956
Accounts Receivable	4,078,704	0	0	5,369	4,084,073
Allowance for Uncollectibles	(2,518,803)	0	0	0	(2,518,803)
Due from Other Governments	900,001	719,147	339,290	6,662	1,965,100
Due from Other Funds	39,276	0	0	0	39,276
Property Taxes Receivable	7,992,624	0	2,699,938	0	10,692,562
Allowance for Uncollectible Property Taxes	(302,043)	0	(118,858)	0	(420,901)
<b>Total Assets</b>	<b>\$ 13,068,858</b>	<b>\$ 1,299,338</b>	<b>\$ 21,473,965</b>	<b>\$ 826,209</b>	<b>\$ 36,668,370</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b><u>Liabilities</u></b>					
Accounts Payable	\$ 400,921	\$ 254,679	\$ 0	\$ 133,154	\$ 788,754
Accrued Payroll	2,255	0	0	0	2,255
Contracts Payable	95,800	0	0	39,883	135,683
Due to Other Funds	0	0	0	39,276	39,276
Due to State of Tennessee	30,513	0	0	0	30,513
Matured Bonds Payable	0	0	30,000	0	30,000
Matured Interest on Bonds	0	0	8,058	0	8,058
Current Liabilities Payable from Restricted Assets:					
Customer Deposits Payable	31,823	0	0	0	31,823
Deferred Revenue - Current Property Taxes	7,547,637	0	2,515,880	0	10,063,517
Deferred Revenue - Delinquent Property Taxes	113,344	0	43,910	0	157,254
Other Deferred Revenues	1,410,127	181,010	178,557	0	1,769,694
<b>Total Liabilities</b>	<b>\$ 9,632,420</b>	<b>\$ 435,689</b>	<b>\$ 2,776,405</b>	<b>\$ 212,313</b>	<b>\$ 13,056,827</b>
<b><u>Fund Balances</u></b>					
Reserved for Encumbrances	\$ 13,050,957	\$ 0	\$ 0	\$ 0	\$ 13,050,957
Reserved for Computer System - Register	232,392	0	0	0	232,392
Reserved for Automation Purposes - Circuit Court	1,708	0	0	0	1,708
Reserved for Automation Purposes - General Sessions Court	54,620	0	0	0	54,620
Reserved for Automation Purposes - Chancery Court	14,906	0	0	0	14,906
Reserved for Automation Purposes - Sheriff	33,807	0	0	0	33,807
Unreserved, Reported In:					
General Fund (Deficit)	(9,951,952)	0	0	0	(9,951,952)
Special Revenue Funds	0	863,649	0	613,896	1,477,545
Debt Service Funds	0	0	18,697,560	0	18,697,560
<b>Total Fund Balances</b>	<b>\$ 3,436,438</b>	<b>\$ 863,649</b>	<b>\$ 18,697,560</b>	<b>\$ 613,896</b>	<b>\$ 23,611,543</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 13,068,858</b>	<b>\$ 1,299,338</b>	<b>\$ 21,473,965</b>	<b>\$ 826,209</b>	<b>\$ 36,668,370</b>

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

Cumberland 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)		\$ 23,611,543
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,318,713	
Add: construction in progress	4,083,160	
Add: buildings and improvements net of accumulated depreciation	6,513,555	
Add: infrastructure net of accumulated depreciation	23,413,511	
Add: other capital assets net of accumulated depreciation	<u>4,060,026</u>	39,388,965
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (1,826,742)	
Less: bonds payable	(800,000)	
Less: other loans payable	(53,069,342)	
Less: compensated absences payable	(477,945)	
Less: other postemployment benefits liability	(21,112)	
Less: accrued interest on notes	(3,850)	
Less: accrued interest on bonds	(2,667)	
Less: accrued interest on other loans	(202,023)	
Add: change in deferred debt issuance costs	<u>117,542</u>	(56,286,139)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,926,948</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 8,641,317</u>

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

Exhibit C-3

Cumberland 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	Other	
				Governmental Funds	
<b>Revenues</b>					
Local Taxes	\$ 9,620,793	\$ 98,489	\$ 5,238,399	\$ 73,362	\$ 15,031,043
Licenses and Permits	195,005	0	0	0	195,005
Fines, Forfeitures, and Penalties	176,452	0	0	48,942	225,394
Charges for Current Services	2,035,369	0	0	0	2,035,369
Other Local Revenues	1,222,659	3,644	0	314,453	1,540,756
Fees Received from County Officials	2,371,841	0	0	0	2,371,841
State of Tennessee	2,211,444	2,562,400	0	41,850	4,815,694
Federal Government	480,733	0	0	0	480,733
Other Governments and Citizens Groups	479,449	0	0	0	479,449
<b>Total Revenues</b>	<b>\$ 18,793,745</b>	<b>\$ 2,664,533</b>	<b>\$ 5,238,399</b>	<b>\$ 478,607</b>	<b>\$ 27,175,284</b>
<b>Expenditures</b>					
Current:					
General Government	\$ 3,283,729	\$ 0	\$ 0	\$ 125,661	\$ 3,409,390
Finance	1,760,451	0	0	0	1,760,451
Administration of Justice	1,349,768	0	0	0	1,349,768
Public Safety	7,435,704	0	0	8,254	7,443,958
Public Health and Welfare	3,905,353	0	0	1,595,939	5,501,292
Social, Cultural, and Recreational Services	1,034,974	0	0	0	1,034,974
Agriculture and Natural Resources	144,562	0	0	0	144,562
Other Operations	1,153,437	0	0	84,761	1,238,198
Highways	0	2,604,600	0	65,951	2,670,551
Debt Service:					
Principal on Debt	0	111,112	2,130,904	0	2,242,016
Interest on Debt	0	13,167	2,879,955	0	2,893,122
Other Debt Service	0	0	139,555	0	139,555
Capital Projects - Donated	0	0	1,696,953	1,200,000	2,896,953
<b>Total Expenditures</b>	<b>\$ 20,067,978</b>	<b>\$ 2,728,879</b>	<b>\$ 6,847,367</b>	<b>\$ 3,080,566</b>	<b>\$ 32,724,790</b>
Excess (Deficiency) of Revenues Over Expenditures					
	\$ (1,274,233)	\$ (64,346)	\$ (1,608,968)	\$ (2,601,959)	\$ (5,549,506)
<b>Other Financing Sources (Uses)</b>					
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 1,200,000	\$ 1,200,000
Other Loans Issued	1,595,660	0	1,750,000	0	3,345,660
Insurance Recovery	15,662	0	0	0	15,662
Transfers In	0	0	0	1,425,000	1,425,000
Transfers Out	(1,425,000)	0	0	0	(1,425,000)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 186,322</b>	<b>\$ 0</b>	<b>\$ 1,750,000</b>	<b>\$ 2,625,000</b>	<b>\$ 4,561,322</b>
Net Change in Fund Balances					
Fund Balance, July 1, 2007	\$ 4,524,349	\$ 927,995	\$ 18,556,528	\$ 590,855	\$ 24,599,727
Fund Balance, June 30, 2008	\$ 3,436,438	\$ 863,649	\$ 18,697,560	\$ 613,896	\$ 23,611,543

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

Exhibit C-4

Cumberland 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)		\$ (988,184)
(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	\$ 4,661,885	
Less: current year depreciation expense	<u>(971,187)</u>	3,690,698
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized	\$ 233,956	
Less: loss on disposal of capital assets	(15,092)	
Less: decrease in revenue from the sale of disposed assets	<u>(1,406)</u>	217,458
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2008	\$ 1,926,948	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(1,596,558)</u>	330,390
(4) The issuance of long-term debt (e.g., bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Less: other loan proceeds	\$ (3,345,660)	
Less: refunding note proceeds	(1,200,000)	
Add: change in deferred debt issuance costs	(3,804)	
Add: principal payments on notes	322,016	
Add: principal payments on bonds	775,000	
Add: principal payments on other loans	<u>1,145,000</u>	(2,307,448)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in accrued interest payable	\$ (40,135)	
Change in compensated absences payable	204,589	
Change in other postemployment benefits liability	<u>(21,112)</u>	143,342
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,086,256</u>

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

Exhibit D-1

Cumberland County, Tennessee  
Statement of Net Assets  
Proprietary Fund  
June 30, 2008

	Business-type Activities
	<u>Major Fund</u>
	Solid Waste
	<u>Disposal Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 200
Equity in Pooled Cash and Investments	926,050
Accounts Receivable	21,585
Due from Other Governments	13,623
Total Current Assets	<u>\$ 961,458</u>
Noncurrent Assets:	
Capital Assets (Net of Accumulated Depreciation):	
Land	\$ 46,840
Landfill Facilities and Development	565,288
Buildings and Improvements	3,633
Machinery and Equipment	82,387
Other Capital Assets	8,871
Total Noncurrent Assets	<u>\$ 707,019</u>
Total Assets	<u>\$ 1,668,477</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 40,598
Accrued Liability for Landfill Closure/Postclosure Care Costs	12,700
Total Current Liabilities	<u>\$ 53,298</u>
Noncurrent Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	\$ 2,717,880
Total Noncurrent Liabilities	<u>\$ 2,717,880</u>
Total Liabilities	<u>\$ 2,771,178</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 707,019
Unrestricted	<u>(1,809,720)</u>
Total Net Assets	<u>\$ (1,102,701)</u>

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

Exhibit D-2

Cumberland County, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Fund  
For the Year Ended June 30, 2008

	Business-type Activities
	<u>Major Fund</u>
	<u>Solid Waste Disposal Fund</u>
<hr/>	
<u>Operating Revenues</u>	
Charges for Current Services	\$ 846,194
Total Operating Revenues	<u>\$ 846,194</u>
<u>Operating Expenses</u>	
Public Health and Welfare	\$ 1,185,328
Depreciation	407,297
Other Charges	4,318
Employee Benefits	18,056
Total Operating Expenses	<u>\$ 1,614,999</u>
Operating Income (Loss)	<u>\$ (768,805)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Solid Waste Grants	\$ 28,085
Gain on Insurance Recovery	70,000
Insurance Recovery	738
Total Nonoperating Revenues (Expenses)	<u>\$ 98,823</u>
Change in Net Assets	\$ (669,982)
Net Assets, July 1, 2007	<u>(432,719)</u>
Net Assets, June 30, 2008	<u><u>\$ (1,102,701)</u></u>

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

Exhibit D-3

Cumberland County, Tennessee  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2008

	Business-type Activities
	<u>Major Fund</u>
	<u>Solid Waste Disposal Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 859,871
Payments to Suppliers	(118,152)
Payments to Employees	(244,381)
Other Payments	(454,131)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 43,207</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	\$ (84,500)
Gain on Insurance Recovery	70,000
Insurance Recovery	738
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (13,762)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Grants Received	\$ 28,085
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 28,085</u>
Net Increase (Decrease) in Cash	\$ 57,530
Cash, July 1, 2007	<u>868,720</u>
Cash, June 30, 2008	<u><u>\$ 926,250</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (768,805)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	407,297
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	13,677
Increase (Decrease) in Accounts Payable	25,137
Increase (Decrease) in Accrued Liability for Landfill Closure Cost	<u>365,901</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 43,207</u></u>

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

Exhibit E

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,113,808
Equity in Pooled Cash and Investments	26,956
Due from Other Governments	<u>1,271,598</u>
Total Assets	<u>\$ 2,412,362</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 26,956
Due to Litigants, Heirs, and Others	1,113,808
Due to Other Taxing Units	<u>1,271,598</u>
Total Liabilities	<u>\$ 2,412,362</u>

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Cumberland 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 Cumberland County:

**A. Reporting Entity**

Cumberland County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Cumberland 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 Cumberland 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 Cumberland County School Department operates the public school system in the county, and the voters of Cumberland 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 Cumberland County Railroad Authority was created pursuant to Section 7-56-201, Tennessee Code Annotated. The authority is governed by a two-member board. The county mayor is the first member, and the second member is appointed by the Cumberland County Commission. The purpose of the authority is to acquire, operate, maintain, and dispose of railroad facilities, properties, and equipment for the benefit of public transportation in Cumberland County. The authority is funded primarily from state grants.

The Cumberland County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Cumberland County, and the Cumberland 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 Cumberland County School Department and the Cumberland County Railroad Authority do not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department and Railroad Authority are included in this report as listed in the table of contents. The Cumberland County Emergency Communications District's financial statements are published as a separate report. Complete financial statements of the Cumberland County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Cumberland County Emergency Communications District  
42 South Bend Drive  
Crossville, TN 38555

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Cumberland County School Department and Cumberland County Railroad Authority component units only report 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.

Cumberland County issues all debt for the discretely presented Cumberland County School Department. Net debt issues (\$1,200,000) were contributed by the county to the School Department during the year ended June 30, 2008.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and 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 Cumberland County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Cumberland County reports only one proprietary fund, an enterprise fund.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days

after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Cumberland 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 General Debt Service Fund for payments to be made early in the following year.

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

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

Cumberland 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.

Cumberland County reports the following major proprietary fund:

**Solid Waste Disposal Fund** – This fund accounts for solid waste disposal operations of the Cumberland County landfill.

Additionally, Cumberland County reports the following fund types:

**Capital Projects Fund** – The Education Capital Projects Fund is used to account for debt issued by Cumberland County that is

subsequently contributed to the discretely presented Cumberland County School Department for construction and renovation projects.

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Cumberland County, and funds received from the resale of properties acquired through property tax sales. 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 Cumberland County School Department reports the following major governmental fund:

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

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

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

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

The discretely presented Cumberland County Railroad reports the following major governmental fund:

**General Fund** – This fund is the only operating fund for the Railroad Authority. It is used to account for general operations of the Railroad Authority.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to the same limitations. Cumberland County has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and

contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund, an enterprise fund, used to account for transactions at the county's landfill. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the county's enterprise fund are charges for services. Operating expenses for the enterprise fund include landfill operations and maintenance costs.

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

#### **D. Assets, Liabilities, and Net Assets or Equity**

##### **1. Deposits and Investments**

For purposes of the statement of cash flows, cash includes cash on hand and cash on deposit with the county trustee.

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, the discretely presented Cumberland County School Department, and the discretely presented Cumberland County Railroad Authority. 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. Cumberland County, the School Department, and the Railroad Authority 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 outstanding 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 two percent of total taxes levied.

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

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

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

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

Additional costs attach to delinquent taxes after a court suit has been filed.

Most payables are disaggregated on the face of the financial statements. Current liabilities payable from restricted assets reflected in the primary government funds represent deposits received and placed with Cumberland County for cash bonds in-lieu-of performance bonds received by the Planning Commission from contractors.

Retainage payable in the discretely presented Cumberland County School Department's nonmajor governmental funds represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the nonmajor governmental funds.

**3. Inventories**

Inventories of the discretely presented Cumberland County School Department are recorded at cost, determined on the first-in, first-out method. 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 and the business-type 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 and an estimated useful life of more than one year. 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 Cumberland County School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50
Other Capital Assets	5 - 20
Infrastructure:	
Roads	40
Bridges	60

**5. Compensated Absences**

Cumberland County and the discretely presented Cumberland County School Department permit employees to accumulate a limited amount of earned but unused vacation benefits, which will be paid to employees upon separation of service or annually upon request if certain circumstances apply. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Vested or accumulated vacation leave is required to be accrued when incurred in proprietary funds using the accrual basis of accounting. However, these amounts would be immaterial to the financial statements of Cumberland County. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

**6. Long-term Obligations**

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type 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, landfill closure/postclosure care costs, and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

**7. Net Assets and Fund Equity**

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, 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, Cumberland County had \$50,790,166 in outstanding debt for capital purposes for the discretely presented Cumberland County School Department. This debt is a liability of Cumberland County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Cumberland County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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

**8. Prior-period Adjustments**

Capital assets of the county's Governmental Activities were restated (\$3,324,334) from the prior period due to the addition of roads that were upgraded and donated prior to July 1, 2007.

The beginning fund balance of the discretely presented Cumberland County School Department's General Purpose School Fund was restated and decreased by \$626,300. This adjustment was necessary to correctly reflect current receivables at July 1, 2007.

**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 Cumberland County School Department**

Exhibit J-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.

**Discretely Presented Cumberland County Railroad Authority**

The Cumberland County Railroad Authority did not have capital assets, debt, and accruals or deferrals to report; therefore, the only reconciling items from the governmental fund financial statements to the government-wide financial statements were reclassifications and are noted on the face of the basic financial statements.

**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 Cumberland County School Department**

Exhibit J-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.

### **Discretely Presented Cumberland County Railroad Authority**

The Cumberland County Railroad Authority did not have capital assets, debt, and accruals or deferrals to report; therefore, the only reconciling items from the governmental fund financial statements to the government-wide financial statements were reclassifications and are noted on the face of the basic financial statements.

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

### **A. Budgetary Information**

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

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

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

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

### **B. Unrestricted Net Assets Deficit/Unreserved Fund Balance Deficit**

The Solid Waste Disposal Fund (enterprise fund) had a deficit in unrestricted net assets of \$1,809,720 at June 30, 2008. This deficit primarily resulted from the recognition of a liability (\$2,730,580) in the financial statements for costs associated with closing the county's landfill and monitoring the landfill for 30 years after its closure. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements.

The General Fund had a deficit in unreserved fund balance of \$9,951,952 at June 30, 2008. This deficit resulted from the recognition of the unperformed portion of a jail construction contract totaling \$11,999,005 being reserved as an encumbrance in the financial statements. The County Commission has authorized an interfund loan (\$5,000,000) and a public building authority loan (\$6,300,000) to apply toward the jail project. This deficit should be liquidated subsequent to June 30, 2008, as the remaining financing is authorized.

Generally accepted accounting principles require unperformed contracts to be reflected as a reservation (encumbrance) of fund balance. If unperformed portions of the contract had not been reserved as an encumbrance of the fund balance in the financial statements, the General Fund would have reflected a fund balance of \$2,047,053. The following statement presents the financial condition of the General Fund at June 30, 2008, if the unperformed portion of the contract had not been reflected as a reservation of the fund balance:

General Fund  
Fund Equity - Restated  
June 30, 2008

Fund Balance

Unreserved:	
Undesignated	\$ 2,047,753
Fund Balance, June 30, 2008, Restated	<u>\$ 2,047,753</u>

**C. Expenditures and Encumbrances Exceeded Appropriations**

Expenditures and encumbrances exceeded total appropriations approved by the County Commission in the General Fund by \$5,861,247. Such overexpenditures are a violation of state statutes. The overexpenditures in the General Fund will be funded subsequent to June 30, 2008, as other loans and capital outlay notes are approved and received.

**D. Prior-year Cash Shortage Liquidated**

In the audit for the year ended June 30, 2006, we reported a \$2,716.80 cash shortage at the Ambulance Service. In March 2008, a former employee of the Ambulance Service received pretrial diversion and paid restitution of \$2,716.80 to the county.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

Cumberland County, the Cumberland County School Department, and the Cumberland County Railroad Authority 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, Cumberland County had the following investments carried at cost. All investments are in the State Treasurer's Investment Pool. Separate disclosures concerning pooled investments cannot be made for Cumberland County, the discretely presented Cumberland County School Department, and the discretely presented Cumberland County Railroad Authority since all pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 18,189,978

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

**B. Capital Assets**

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

**Primary Government**

**Governmental Activities:**

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 1,000,713	\$ 318,000	\$ 0	\$ 1,318,713
Construction in Progress	930,578	3,168,222	(15,640)	4,083,160
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 1,931,291</b>	<b>\$ 3,486,222</b>	<b>\$ (15,640)</b>	<b>\$ 5,401,873</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 10,069,129	\$ 16,832	\$ (2,099)	\$ 10,083,862
Roads and Bridges	29,185,128	4,347,389	(10,929)	33,521,588
Other Capital Assets	8,674,186	385,371	(19,000)	9,040,557
<b>Total Capital Assets Depreciated</b>	<b>\$ 47,928,443</b>	<b>\$ 4,749,592</b>	<b>\$ (32,028)</b>	<b>\$ 52,646,007</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,393,497	\$ 177,310	\$ (500)	\$ 3,570,307
Roads and Bridges	9,926,503	188,783	(7,209)	10,108,077
Other Capital Assets	4,383,259	605,094	(7,822)	4,980,531
<b>Total Accumulated Depreciation</b>	<b>\$ 17,703,259</b>	<b>\$ 971,187</b>	<b>\$ (15,531)</b>	<b>\$ 18,658,915</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 30,225,184</b>	<b>\$ 3,778,405</b>	<b>\$ (16,497)</b>	<b>\$ 33,987,092</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 32,156,475</b>	<b>\$ 7,264,627</b>	<b>\$ (32,137)</b>	<b>\$ 39,388,965</b>

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

**Governmental Activities:**

General Government	\$	41,178
Finance		1,578
Public Safety		397,882
Public Health and Welfare		244,296
Social, Cultural, and Recreational Services		37,312
Highways/Public Works		<u>248,941</u>
 Total Depreciation Expense - Governmental Activities	 \$	 <u><u>971,187</u></u>

**Business-type Activities:**

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 46,840	\$ 0	\$ 0	\$ 46,840
Total Capital Assets Not Depreciated	<u>\$ 46,840</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 46,840</u>
Capital Assets Depreciated:				
Landfill Facilities and Development	\$ 3,509,688	\$ 0	\$ 0	\$ 3,509,688
Buildings and Improvements	13,825	0	0	13,825
Other Capital Assets	259,504	84,500	(74,525)	269,479
Total Capital Assets Depreciated	<u>\$ 3,783,017</u>	<u>\$ 84,500</u>	<u>\$ (74,525)</u>	<u>\$ 3,792,992</u>
Less Accumulated Depreciation For:				
Landfill Facilities and Development	\$ 2,547,501	\$ 396,899	\$ 0	\$ 2,944,400
Buildings and Improvements	9,501	691	0	10,192
Other Capital Assets	243,039	9,707	(74,525)	178,221
Total Accumulated Depreciation	<u>\$ 2,800,041</u>	<u>\$ 407,297</u>	<u>\$ (74,525)</u>	<u>\$ 3,132,813</u>
Total Capital Assets Depreciated, Net	<u>\$ 982,976</u>	<u>\$ (322,797)</u>	<u>\$ 0</u>	<u>\$ 660,179</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,029,816</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 707,019</u>

Depreciation of \$407,297 was recorded by the Solid Waste Disposal Fund.

**Discretely Presented Cumberland County School Department**

**Governmental Activities:**

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 1,798,454	\$ 290,000	\$ 0	\$ 2,088,454
Construction in Progress	40,500	395,008	0	435,508
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 1,838,954</b>	<b>\$ 685,008</b>	<b>\$ 0</b>	<b>\$ 2,523,962</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 76,311,723	\$ 0	\$ 0	\$ 76,311,723
Infrastructure	1,353,072	0	0	1,353,072
Other Capital Assets	6,644,071	729,480	(236,057)	7,137,494
<b>Total Capital Assets Depreciated</b>	<b>\$ 84,308,866</b>	<b>\$ 729,480</b>	<b>\$ (236,057)</b>	<b>\$ 84,802,289</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 12,456,066	\$ 1,370,781	\$ 0	\$ 13,826,847
Infrastructure	288,106	49,749	0	337,855
Other Capital Assets	3,211,339	521,847	(212,384)	3,520,802
<b>Total Accumulated Depreciation</b>	<b>\$ 15,955,511</b>	<b>\$ 1,942,377</b>	<b>\$ (212,384)</b>	<b>\$ 17,685,504</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 68,353,355</b>	<b>\$ (1,212,897)</b>	<b>\$ (23,673)</b>	<b>\$ 67,116,785</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 70,192,309</b>	<b>\$ (527,889)</b>	<b>\$ (23,673)</b>	<b>\$ 69,640,747</b>

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

**Governmental Activities:**

Instruction	\$ 1,035,008
Support Services	330,630
Operation of Non-Instructional Services	<u>48,850</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 1,414,488</u>

**C. Construction Commitments**

At June 30, 2008, the General Fund had uncompleted construction contracts of approximately \$1,050,000 for the construction of a communications tower and \$11,999,005 for the justice center expansion. Funding for the communications tower is expected to be received from a public building authority loan. Subsequent to June 30, 2008, the County Commission authorized an interfund loan (\$5,000,000) and a public building authority loan (\$6,300,000) to apply toward the justice center project. The remaining balance is expected to be received from future financing.

At June 30, 2008, the discretely presented Cumberland County School Department's Education Capital Projects Fund had an uncompleted construction contract of approximately \$522,377 for the alternative school. Funding has been received for these future expenditures.

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

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

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
<b>Primary Government:</b>		
General	Nonmajor governmental	\$ 39,276
<b>Discretely Presented School Department:</b>		
General Purpose School	Nonmajor governmental	5,000

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

The receivable in the discretely presented General Purpose School Fund (\$5,000) was in transit from the School Federal Projects Fund at June 30, 2008.

**Interfund Transfers:**

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

**Primary Government**

	<u>Transfer In</u> Nonmajor Govern- mental Funds
Transfer Out	
General Fund	\$ 1,425,000

**Discretely Presented Cumberland County School Department**

	<u>Transfer In</u> General Purpose School Fund
Transfer Out	
Nonmajor governmental funds	\$ 217,638

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

The discretely presented School Federal Projects Fund made a one-time transfer of \$206,442 to the General Purpose School Fund for special education early intervention services.

**E. Long-term Debt**

**Primary Government**

**General Obligation Bonds, Notes, and Other Loans**

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to four years for bonds, up to seven years for notes, and up to 35 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, other loans, and notes included in long-term debt as of June 30, 2008, will be retired from the General Debt Service or Highway/Public Works funds.

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

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
General Obligation Bonds -			
Refunding	4 %	\$ 3,085,000	\$ 800,000
Capital Outlay Notes	2.75 to 4.06	2,522,162	1,826,742
Other Loans	Variable	30,179,176	27,169,176
Other Loans	5.15 to 6	1,750,000	1,750,000
Other Loans - Synthetic			
Fixed by Swap	3.238 to 4.6	24,150,166	24,150,166

Cumberland County entered into various loan agreements with the Sevier County Public Building Authority and the Blount County Public Building Authority (PBAs) to finance various capital projects for Cumberland County and the discretely presented Cumberland County School Department. Under the loan agreements, the PBAs issued revenue bonds and made the proceeds available for loan to Cumberland County. In addition to repaying the loans, the county pays various other fees (trustee, debt remarketing, etc.) in connection with these loans. The following table summarizes loan agreements outstanding at June 30, 2008:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-08	Interest Type	Interest Rates as of 6-30-08	Approximate Fee Rates as of 6-30-08
<b>Sevier County PBA:</b>					
Series III-B-4	\$ 6,000,000	\$ 3,890,000	Variable	2.75 %	.49%
Series IV-F-2	7,500,000	7,500,000	Synthetic Fixed by Swap	6.2	.45
Series IV-H-2	6,650,166	6,650,166	Synthetic Fixed by Swap	6.43	.45
Series A-7-A	5,000,000	5,000,000	Variable	2.25	.46
Series VI-C-2	10,000,000	10,000,000	Synthetic Fixed by Swap	5.762	.45
<b>Blount County PBA:</b>					
Series D-1-C	10,000,000	10,000,000	Variable	5	.45
Series D-5-B	8,200,000	7,850,000	Variable	5	.45
Series D-11-B	979,176	429,176	Variable	5	.45
Series B-13-A	1,750,000	1,750,000	Fixed	5.15 to 6	0

The annual requirements to amortize all general obligation bonds, notes, 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	Notes		
	Principal	Interest	Total
2009	\$ 722,015	\$ 48,375	\$ 770,390
2010	559,515	26,389	585,904
2011	448,404	11,000	459,404
2012	48,404	0	48,404
2013	48,404	0	48,404
<b>Total</b>	<b>\$ 1,826,742</b>	<b>\$ 85,764</b>	<b>\$ 1,912,506</b>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2009	\$ 800,000	\$ 32,000	\$ 832,000
Total	\$ 800,000	\$ 32,000	832,000

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2009	\$ 880,000	\$ 2,863,599	\$ 274,533	\$ 4,018,132
2010	1,374,176	2,820,733	269,926	4,464,835
2011	1,225,000	2,745,336	262,361	4,232,697
2012	1,400,000	2,668,443	254,634	4,323,077
2013	1,445,000	2,583,330	246,565	4,274,895
2014-2018	8,455,000	11,759,010	1,122,449	21,336,459
2019-2023	9,900,000	9,366,416	892,738	20,159,154
2024-2028	9,990,166	6,814,875	678,296	17,483,337
2029-2033	10,550,000	4,504,745	424,695	15,479,440
2034-2038	6,375,000	2,107,500	189,676	8,672,176
2039	1,475,000	113,750	10,238	1,598,988
Total	\$ 53,069,342	\$ 48,347,737	\$ 4,626,111	\$ 106,043,190

There is \$18,697,560 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$17, based on the 2000 federal census. Debt per capita, including bonds, other loans, and notes, totaled \$1,190, based on the 2000 federal census.

#### Swap Agreements:

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee, at the request of the county, entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series IV-F-2.

**Objective of the interest rate swap.** To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$7.5 million Series IV-F-2 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

**Terms.** Under the swap, the authority pays the counterparty a fixed payment of 3.9 percent and receives a variable payment computed as

63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$7.5 million and the associated variable-rate bond has a \$7.5 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series IV-F-2 bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index (BMA). The bonds and the related swap agreement mature on June 1, 2020. As of June 30, 2008, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.90 %
Variable payment from counterparty	% of LIBOR	<u>(2.70)</u>
Net interest rate swap payments		1.20 %
Variable-rate bond payments		<u>5.00</u>
Synthetic interest rate on bonds		<u><u>6.20 %</u></u>

**Fair value.** As of June 30, 2008, the swap had a negative fair value of \$328,730. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value.

**Credit risk.** As of June 30, 2008, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. To mitigate the potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, which was rated AA by Standard and Poor's and Fitch and Aa3 by Moody's Investor Service as of June 30, 2008. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

**Basis risk.** As noted above, the swap exposes the county to basis risk if BMA increases to above 63 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 63 percent of LIBOR, then the synthetic rate on the bonds will decrease.

**Termination risk.** The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The authority or

the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

**Swap payments and associated debt.** As of June 30, 2008, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2009	\$ 0	\$ 375,000	\$ 89,798	\$ 464,798
2010	450,000	375,000	89,798	914,798
2011	475,000	352,500	84,410	911,910
2012	495,000	328,750	78,722	902,472
2013-2017	2,895,000	1,245,500	298,247	4,438,747
2018-2020	3,185,000	349,500	83,691	3,618,191
<b>Total</b>	<b>\$ 7,500,000</b>	<b>\$ 3,026,250</b>	<b>\$ 724,666</b>	<b>\$ 11,250,916</b>

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee, at the request of the county, entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series IV-H-2.

**Objective of the interest rate swap.** To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$6.95 million Series IV-H-2 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

**Terms.** Under the swap, the authority pays the counterparty a fixed payment of 4.13 percent and receives a variable payment computed as 63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$6,650,166, and the associated variable-rate bond has a \$6,650,166 principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series IV-H-2 bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index (BMA). The

bonds and the related swap agreement mature on June 1, 2027. As of June 30, 2008, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.13 %
Variable payment from counterparty	% of LIBOR	<u>(2.70)</u>
Net interest rate swap payments		1.43 %
Variable-rate bond payments		<u>5.00</u>
Synthetic interest rate on bonds		<u>6.43 %</u>

**Fair value.** As of June 30, 2008, the swap had a negative fair value of \$598,423. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

**Credit risk.** As of June 30, 2008, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. To mitigate the potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, which was rated AA by Standard and Poor's and Fitch and Aa3 by Moody's Investor Service as of June 30, 2008. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

**Basis risk.** As noted above, the swap exposes the county to basis risk if BMA increases to above 63 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 63 percent of LIBOR, then the synthetic rate on the bonds will decrease.

**Termination risk.** The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if

the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

**Swap payments and associated debt.** As of June 30, 2008, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2009	\$ 0	\$ 332,500	\$ 94,915	\$ 427,415
2010	0	332,500	94,915	427,415
2011	0	332,500	94,915	427,415
2012	0	332,500	94,915	427,415
2013	0	332,500	94,915	427,415
2014-2018	0	1,662,500	474,577	2,137,077
2019-2023	2,335,000	1,565,750	446,959	4,347,709
2024-2028	4,315,000	555,250	158,504	5,028,754
<b>Total</b>	<b>\$ 6,650,000</b>	<b>\$ 5,446,000</b>	<b>\$ 1,554,615</b>	<b>\$ 13,650,615</b>

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee, at the request of the county, entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series VI-C-2.

**Objective of the interest rate swap.** To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$10 million Series VI-C-2 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

**Terms.** Under the swap, the authority pays the counterparty a fixed payment of 3.293 percent and receives a variable payment computed as 59 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$10 million, and the associated variable-rate bond has a \$10 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series VI-C-2 bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index (BMA). The bonds and the related swap agreement mature on June 1, 2039. As of June 30, 2008, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.293 %
Variable payment from counterparty	% of LIBOR	<u>(2.531)</u>
Net interest rate swap payments		0.762 %
Variable-rate bond payments		<u>5.000</u>
Synthetic interest rate on bonds		<u><u>5.762 %</u></u>

**Fair value.** As of June 30, 2008, the swap had a negative fair value of \$216,076. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

**Credit risk.** As of June 30, 2008, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. To mitigate the potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, which was rated AA by Standard and Poor's and Fitch and Aa3 by Moody's Investor Service as of June 30, 2008. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

**Basis risk.** As noted above, the swap exposes the county to basis risk if BMA increases to above 59 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 59 percent of LIBOR, then the synthetic rate on the bonds will decrease.

**Termination risk.** The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

**Swap payments and associated debt.** As of June 30, 2008, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2009	\$ 0	\$ 500,000	\$ 76,190	\$ 576,190
2010	0	500,000	76,190	576,190
2011	0	500,000	76,190	576,190
2012	0	500,000	76,190	576,190
2013	0	500,000	76,190	576,190
2014-2018	0	2,500,000	380,950	2,880,950
2019-2023	0	2,500,000	380,950	2,880,950
2024-2028	0	2,500,000	380,950	2,880,950
2029-2033	2,150,000	2,447,500	372,950	4,970,450
2034-2038	6,375,000	1,355,000	206,475	7,936,475
2039	1,475,000	73,750	11,238	1,559,988
<b>Total</b>	<b>\$ 10,000,000</b>	<b>\$ 13,876,250</b>	<b>\$ 2,114,463</b>	<b>\$ 25,990,713</b>

Changes in Long-term Liabilities

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

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2007	\$ 1,575,000	\$ 948,758	\$ 50,868,682
Additions	0	1,200,000	3,345,660
Deductions	(775,000)	(322,016)	(1,145,000)
Balance, June 30, 2008	\$ 800,000	\$ 1,826,742	\$ 53,069,342
Balance Due Within One Year	\$ 800,000	\$ 722,015	\$ 880,000

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2007	\$ 682,534	\$ 0
Additions	572,335	77,037
Deductions	(776,924)	(55,925)
	<hr/>	<hr/>
Balance, June 30, 2008	\$ 477,945	\$ 21,112
	<hr/>	<hr/>
Balance Due Within One Year	\$ 286,768	\$ 0
	<hr/>	<hr/>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 56,195,141
Less: Due Within One Year	<u>(2,688,783)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 53,506,358</u>

Compensated absences will be paid from the employing funds, primarily the General and Highway/Public Works funds.

**Cumberland County Solid Waste Disposal Fund (Enterprise Fund)**

Long-term liability activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2008, was as follows:

Business-type Activities:

	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2007	\$ 2,364,679
Additions	372,103
Deductions	<u>(6,202)</u>
Balance, June 30, 2008	<u>\$ 2,730,580</u>
Balance Due Within One Year	<u>\$ 12,700</u>

## Discretely Presented Cumberland County School Department

### Changes in Long-term Liabilities

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

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2007	\$ 59,481	\$ 0
Additions	277,812	1,013,000
Deductions	(226,298)	(675,817)
Balance, June 30, 2008	<u>\$ 110,995</u>	<u>\$ 337,183</u>
Balance Due Within One Year	<u>\$ 66,598</u>	<u>\$ 0</u>

### Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 448,178
Less: Due Within One Year	<u>(66,598)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 381,580</u>

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

### **F. On-Behalf Payments – Discretely Presented Cumberland County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Cumberland 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 \$197,290 and \$25,163 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

#### Primary Government

The county is exposed to various risks related to general liability, property, casualty, and workers' compensation losses. The county's risk of loss relating to general liability, property, casualty, and workers' compensation is covered by participation in the Local Government Property and Casualty Fund (LGPCF) and the Local Government Workers' Compensation Fund (LGWCF), which are public entity risk pools established by the Tennessee County Services Association, an association of member counties. The county pays annual premiums to these pools for their general liability, property, casualty, and workers' compensation insurance coverage. The creation of these pools provides for it to be self-sustaining through member premiums. The LGPCF and LGWCF reinsure through commercial insurance companies for claims exceeding \$100,000 for each insured event.

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

#### Discretely Presented Cumberland County School Department

The School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays annual premiums to the TN-RMT for its 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.

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, Tennessee Code Annotated (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**

At the beginning of the year, the discretely presented Cumberland County School Department implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. In the prior year, the School Department had elected only to implement the provisions of Statement No. 34 that related to the fund financial statements. During the year, Cumberland County adopted provisions of 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.

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, Cumberland County and the Cumberland County School Department had only recognized the current year cost (expense) of these benefits. GASB Statement No. 45 was implemented prospectively with a zero net OPEB obligation at transition.

GASB Statement No. 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 Cumberland County. GASB Statement No. 48 had no effect on the financial statements of Cumberland 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 Cumberland 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 Cumberland County to provide additional and more detailed pension plan note disclosures than in previous years.

**C. Subsequent Events**

On July 31, 2008, the county issued a Refunding Loan - Series E-3-A of \$20,615,000 to refund the School Renovations loan – Series VI-F-2, Brown Elementary School – Series IV-H-2, and School Construction and Renovation – Series D-5-B.

On September 18, 2008, the county issued a Refunding and General Obligation Loan - Series V-E-1 of \$10,365,000 to refund the Stone Elementary - Series III-B-4 and to provide new funds of \$6,300,000 for the justice center project.

On November 20, 2008, the county issued a Refunding Loan - Series VII-B-2 of \$28,300,000 to refund the School Construction and Renovation loans - Series VI-C-2 and Series D-1-C and the Library Construction and Communications System – Series D-11-B.

Assessor of Property, Ralph Barnwell, retired August 31, 2008, and was succeeded by David Simcox on September 1, 2008.

**D. Contingent Liabilities**

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

**E. Landfill Closure/Postclosure Care Costs**

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. These closure and postclosure care costs generally are paid near or after the date that the landfill stops accepting waste. The Solid Waste Disposal Fund reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,730,580 reported as landfill closure and postclosure care liability at June 30, 2008, represents the cumulative amount reported to date based on the use of 100 percent of the capacity of the old landfill (\$273,198), which was closed during the 1999-2000 year; 83 percent of the estimated capacity of the new Class I landfill (\$1,172,904); and 83 percent of the capacity of the Class III/IV landfill (\$1,284,478). The new Class I (\$240,233) and the Class III/IV (\$263,086) landfills will recognize the remaining estimated cost of closure care as the remaining estimated capacity is filled. The county expects to close the new Class I, III, and IV landfills in March 2010. These amounts 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**

Cumberland County entered into an agreement with the counties of Cumberland, Morgan, and Roane, Tennessee, to establish an Industrial Development Board to purchase land for the development of a joint industrial park. Cumberland, Morgan, and Roane counties jointly own the board. The agreement established a nine-member board with each county appointing three members and being responsible for one-third of the entity's funding. Cumberland County issued another loan for \$1,750,000 on October 18, 2007, and contributed the net proceeds of \$1,696,953 to the Board.

**G. Retirement Commitments**

**Employees**

**Plan Description**

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

## Funding Policy

Cumberland 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 8.76 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Cumberland County is established and may be amended by the TCRS Board of Trustees.

## Annual Pension Cost

For the year ended June 30, 2008, Cumberland County's annual pension cost of \$1,404,399 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. Cumberland County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was ten years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

## Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$1,404,399	100%	\$0
6-30-07	1,319,362	100	0
6-30-06	996,695	100	0

## Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 84.73 percent funded. The actuarial accrued liability for benefits was \$33.85 million, and the actuarial value of assets was \$28.68 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$5.17 million. The covered payroll (annual payroll of active employees covered by the plan) was

\$15.18 million, and the ratio of the UAAL to the covered payroll was 34.06 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 Cumberland County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew

Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs>.

### **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 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 \$1,355,024, \$1,264,761, and \$1,055,754, respectively, equal to the required contributions for each year.

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

### **Plan Description**

Cumberland County and the Cumberland County School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, Tennessee Code Annotated (TCA), for local governments and Section 8-27-302, 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 a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants, however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The required contribution rate for retirees ranges from ten to 55 percent based on the years of service.

During the year ended June 30, 2008, the county and the discretely presented Cumberland County School Department contributed \$55,925 and \$675,817, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 77,037	\$ 1,013,000
Interest on the NPO	0	0
Adjustment to the ARC	0	0
Annual OPEB cost	\$ 77,037	\$ 1,013,000
Amount of contribution	(55,925)	(675,817)
Increase/decrease in NPO	\$ 21,112	\$ 337,183
Net OPEB obligation, 7-1-07	0	0
Net OPEB obligation, 6-30-08	\$ 21,112	\$ 337,183

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Government Group	\$ 77,037	73%	\$ 21,112
6-30-08	Local Education Group	1,013,000	67	337,183

\* Data not available for two preceding years.

Funded Status and Funding Progress

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

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	6-30-07	6-30-07
Actuarial accrued liability (AAL)	\$ 515,175	\$ 9,224,000
Actuarial value of plan assets	\$ 0	\$ 0

Funded Status and Funding Progress (Cont.)

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

	Local Government Group Plan	Local Education Group Plan
Unfunded actuarial accrued liability (UAAL)	\$ 515,175	\$ 9,224,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 9,620,223	\$ 24,059,056
UAAL as a % of covered payroll	5%	38%

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.

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

Cumberland County operates under the provisions of the County Financial Management System of 1981. This act provides for a central system of

accounting, budgeting, and purchasing for all county departments. The act also provides for the creation of a Finance Department operated under the direction of the finance director.

**J. Purchasing Law**

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by him to serve as the county purchasing agent. All purchase orders are issued by the Finance Department. Purchases exceeding \$5,000 for the Office of County Mayor, the discretely presented Cumberland County School Department, and the discretely presented Cumberland County Railroad Authority are required to be competitively bid. Purchases exceeding \$10,000 for the Office of Road Superintendent are required to be competitively bid.

**VI. OTHER NOTES - DISCRETELY PRESENTED CUMBERLAND COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**A. Summary of Significant Accounting Policies**

The financial statements of Cumberland County "911" Emergency Communications District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**1. Reporting Entity**

The Cumberland County "911" Emergency Communications District was organized in July 1990 under the authority of Title 7, Chapter 86, Tennessee Code Annotated to provide residents within the boundaries of Cumberland County, Tennessee, with emergency 911 service as a means of securing emergency services quickly and efficiently.

The County Commission of Cumberland County, Tennessee, is the basic level of government, which has financial accountability and control over certain activities related to the Cumberland County Emergency Communications District. The County Commission approves any issuance of debt by the district, has the authority to adjust the district's service charges, and appoints the nine-member Board of Directors, which governs the district. The Cumberland County Emergency Communications District is a component unit of Cumberland County, Tennessee.

2. **Measurement Focus, Basis of Accounting, and Basis of Presentation**

The district's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when the liability is incurred or the economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net assets. Net assets (i.e., total assets net of total liabilities) are segregated into invested capital assets, net of related debt; restricted for specified purposes; and unrestricted components. The operating statement presents increases (e.g. revenues) and decreases (e.g. expenses) in net total assets.

The district follows all pronouncements of the Governmental Accounting Standards Board and has elected not to follow Financial Accounting Standards Board pronouncements issued after November 16, 1989.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. **Deposits and Investments**

For the purpose of the Statement of Cash Flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition.

4. **Capital Assets**

Capital assets are carried at cost. The district capitalizes net interest cost as part of the cost of constructing capital assets.

Capital assets in service are depreciated using the straight-line method at rates that will amortize costs over the estimated useful lives of the assets. The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Vehicles, Equipment, Furniture, and Fixtures	5 to 10

**5. Restricted Assets**

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities will be first used for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net assets.

**6. Compensated Absences**

The district's policy provides that vacation time may be accumulated and carried forward to the next year in an amount not to exceed 184 total hours. Any hours exceeding the 184-hours limit will be converted to sick leave if not used prior to the end of the current employment year. Upon termination of employment, an employee will be entitled to payment of any unused vacation time, which has accrued, up to 184 hours. Payment will be based upon the employee's daily rate of compensation at the time of termination. The accumulated amount is charged to expense and corresponding liability in the financial statements.

**7. Long-term Debt and Costs**

Long-term debt is reported at face value. Costs related to the issuance of debt are deferred and amortized over the life of the debt issue.

**8. Revenue and Expenses**

The district distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the district's principal ongoing operations. The principal operating revenues of the district are emergency telephone service charges collected from telephone service providers and shared wireless charges. Operating expenses include the cost of salaries and wages, employee benefits, contracted services, materials and supplies, other charges, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**9. Net Assets**

Governmental Accounting Standards Board Statement No. 34 requires the classification of net assets into three components – Invested in Capital Assets, Net of Related Debt, Restricted, and Unrestricted. These classifications are defined as follows:

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

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

**10. Budget**

The Board of Commissioners legally adopts the budget in accordance with the provisions of Tennessee Code Annotated, Section 7-86-120.

**B. Deposits and Investments**

Investment of district funds is restricted by State of Tennessee statutes to include the following:

bonds, notes, or treasury bills of the United States or other obligations guaranteed as to principal and interest by the United States or any of its agencies;

certificates of deposit and other evidence of deposit at Tennessee state and federally chartered banks and savings and loans associations;

the State of Tennessee local government investment pool;

obligations of the United States or its agencies under a repurchase agreement, with certain conditions;

bonds rated A or higher by any nationally recognized rating service of the State of Tennessee, bonds of any county or municipal corporations of the State of Tennessee (bonds of any road, levee, or drainage district is expressly excluded), bonds of any other state or political subdivision;

nonconvertible debt securities of the Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bank, and Student Loan Marketing Association provided such securities are rated in the highest category by at least two nationally recognized rating services;

the county's own bonds or notes issued in accordance with Tennessee Code Annotated Title 9, Chapter 21.

The investment must have a maturity of not greater than two years or with certain authorized approval up to five years.

At June 30, 2008, the district's deposits consisted of the following:

	<u>June 30, 2008</u>	
	<u>Bank Balance</u>	<u>Carrying Value</u>
First Bank - Operating Account	\$ 79,686	\$ 79,434
Regions Bank - Certificate of Deposit	100,000	100,000
First National Bank of Tennessee:		
Payroll Account	11,532	11,532
Certificate of Deposit	100,000	100,000
Cumberland County Bank:		
Certificate of Deposit	100,000	100,000
Highland Federal Savings and Loan:		
Certificate of Deposit	100,000	100,000
Progressive Savings Bank:		
Certificate of Deposit	200,000	200,000
Total Deposits	<u>\$ 691,218</u>	<u>\$ 690,966</u>

The difference between the bank balance and the carrying amount is due to outstanding checks and/or deposits in transit.

As of June 30, 2008, deposits in each bank are insured by the Federal Deposit Insurance Corporation (FDIC) for \$100,000. In addition, First Bank and Regions Bank are members of the State of Tennessee Bank Collateral Pool. The Tennessee Bank Collateral Pool is a multiple financial institution collateral pool in which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. For the fiscal year ended June 30, 2008, Progressive Savings Bank collateralized the district's deposits in excess of the insured amount by pledging securities of \$100,000, which are held by Federal Home Loan Bank of Cincinnati in the district's name. For the fiscal year ended June 30, 2008, First National Bank of Tennessee pledged securities of \$100,000, which are held by Compass Bank, the safekeeping custodian acting as agent for the district.

The district had no investments at June 30, 2008.

**C. Accounts Receivable**

Accounts receivable at June 30, 2008, consisted of funds due from the following agencies:

	<u>6-30-08</u>
Bledsoe Telephone Cooperative	\$ 194
BellSouth Telephone Communications	893
Citizens Telecommunications Company of Tennessee	39,160
Miscellaneous Providers	5,826
State of Tennessee Emergency Communications Board	<u>18,834</u>
Total	<u>\$ 64,907</u>

**D. Changes in Capital Assets**

A summary of changes in capital assets at June 30, 2008, follows:

**Governmental Activities:**

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
<b>Capital Assets Being Depreciated:</b>				
Building and Improvements	\$ 979,732	\$ 35,000	\$ 0	\$ 1,014,732
Office Equipment and Fixtures	52,154	4,165	(9,339)	46,980
Communications and Computer Equipment	423,441	181,429	(38,699)	566,171
Vehicles	20,987	0	0	20,987
<b>Total Capital Assets Being Depreciated</b>	<b>\$ 1,476,314</b>	<b>\$ 220,594</b>	<b>\$ (48,038)</b>	<b>\$ 1,648,870</b>
<b>Less Accumulated Depreciation:</b>				
Building and Improvements	\$ 60,358	\$ 24,976	\$ 0	\$ 85,334
Office Equipment and Fixtures	32,157	6,929	(9,339)	29,747
Communications and Computer Equipment	287,946	55,163	(38,699)	304,410
Vehicles	17,140	3,847	0	20,987
<b>Total Accumuated Depreciation</b>	<b>\$ 397,601</b>	<b>\$ 90,915</b>	<b>\$ (48,038)</b>	<b>\$ 440,478</b>
<b>Net Capital Assets</b>	<b>\$ 1,078,713</b>	<b>\$ 129,679</b>	<b>\$ 0</b>	<b>\$ 1,208,392</b>

**E. Long-term Debt**

On November 17, 2004, the district obtained financing of \$1 million through the City of Crossville, from the Public Building Authority of the City of Clarksville, Tennessee, Adjustable Rate Pooled Financing Revenue Bonds, Series 2004 (Tennessee Municipal Bond Fund) to construct a new facility for the Emergency Communications Center. The trustee calculates the loan rate for each loan payment period based on interest rates determined by the remarketing agent for the current month. The interest rate in effect at June 30, 2008, was 1.54 percent.

Details of the district's long-term debt for the year ended June 30, 2008, are as follows:

	Balance 7-1-07	Reductions	Balance 6-30-08	Due Within One Year
Tennessee Adjustable Rate Pooled Financing Revenue Bonds, Series 2004, Maturing 2024, Rate - Adjustable	\$ 899,000	\$ (41,000)	\$ 858,000	\$ 43,000

Debt Service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2009	\$ 43,000	\$ 13,213	\$ 56,213
2010	44,000	12,551	56,551
2011	45,000	11,873	56,873
2012	46,000	11,180	57,180
2013	48,000	10,472	58,472
2014-2018	262,000	40,856	302,856
2019-2023	304,000	19,404	323,404
2024	66,000	1,017	67,017
<b>Total</b>	<b>\$ 858,000</b>	<b>\$ 120,566</b>	<b>\$ 978,566</b>

Interest requirements are computed using the rate in effect at June 30, 2008, of 1.54 percent.

The bonds are secured to the City of Crossville by a statutory lien on the property and improvements thereto and on the revenues of the district. In the event that any indebtedness is not satisfied in full by these liens, the City of Crossville is given a lien on the district revenues that are not required uses of "911" revenue, as set forth within the Revenue Standards of the Tennessee Emergency Communications Board, as may be amended.

**F. Risk Financing**

The Cumberland County Emergency Communications District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage in the prior year.

<b>Commercial General Liability</b>	
General Aggregate	\$ 3,000,000
Products Aggregate	3,000,000
Personal and Advertising Injury	1,000,000
Each Occurrence or Medical Incident	1,000,000
Medical Expense, Any One Person	5,000
<b>Vehicle</b>	
Liability, Each Accident	1,000,000
Uninsured Motorists	1,000,000
Underinsured Motorists	1,000,000
Medical Payments	10,000
Physical Damage - Comprehensive	Actual Cash
Value:	
Physical Damage - Collision	Actual Cash
Value:	
Deductible - Comprehensive	250
Deductible - Collision	250
<b>Schedule of Property Coverage</b>	
Real Property	1,081,600
Personal Property	496,106
Deductible Per Occurrence - Policy - Per Occurrence	250
Earthquake - Per Item	78,885
Flood - Per Premises	1,000
Money and Securities	10,000
Software	250,000
<b>Management Liability</b>	
Aggregate Limit	3,000,000
Wrongful Act, Each	1,000,000
Injunctive Relief, Each Action	5,000
<b>Workmens' Compensation</b>	
Each Accident	100,000
Disease - Each Employee	100,000
Policy Limit	500,000
<b>Employee Theft</b>	
Per Loss Coverage - Limit of Occurrence	50,000
Excess Limit of Insurance	
Specific Employee or Positions for Employee	
Theft Only - Limit Per Occurrence	700,000

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 9,620,793	\$ 0	\$ 0	\$ 9,620,793	\$ 9,538,996	\$ 9,538,996	\$ 81,797
Licenses and Permits	195,005	0	0	195,005	381,527	381,527	(186,522)
Fines, Forfeitures, and Penalties	176,452	0	0	176,452	190,200	190,200	(13,748)
Charges for Current Services	2,035,369	0	0	2,035,369	2,060,200	2,060,200	(24,831)
Other Local Revenues	1,222,659	0	0	1,222,659	1,444,600	1,446,100	(223,441)
Fees Received from County Officials	2,371,841	0	0	2,371,841	2,460,500	2,460,500	(88,659)
State of Tennessee	2,211,444	0	0	2,211,444	2,839,440	2,925,128	(713,684)
Federal Government	480,733	0	0	480,733	1,481,103	1,595,342	(1,114,609)
Other Governments and Citizens Groups	479,449	0	0	479,449	535,000	538,500	(59,051)
<b>Total Revenues</b>	<b>\$ 18,793,745</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 18,793,745</b>	<b>\$ 20,931,566</b>	<b>\$ 21,136,493</b>	<b>\$ (2,342,748)</b>
<b>Expenditures</b>							
<b>General Government</b>							
County Commission	\$ 1,133,698	(1,680,000)	\$ 1,050,000	\$ 503,698	\$ 2,683,168	\$ 2,688,218	\$ 2,184,520
Board of Equalization	3,300	0	0	3,300	3,300	3,300	0
Beer Board	2,140	0	0	2,140	3,861	3,861	1,721
County Mayor/Executive	197,592	(10,377)	0	187,215	224,448	224,448	37,233
County Attorney	66,183	0	0	66,183	60,000	68,500	2,317
Election Commission	257,063	0	0	257,063	285,492	285,588	28,525
Register of Deeds	266,463	0	0	266,463	294,444	294,444	27,981
Codes Compliance	0	0	0	0	219,676	219,676	219,676
County Buildings	916,386	0	0	916,386	2,378,135	2,437,669	1,521,283
Other General Administration	440,904	0	0	440,904	504,910	504,910	64,006
<b>Finance</b>							
Accounting and Budgeting	431,135	0	0	431,135	454,508	465,217	34,082

(Continued)

Exhibit F-1

Cumberland 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>							
Property Assessor's Office	\$ 456,547	\$ 0	\$ 0	\$ 456,547	\$ 472,414	\$ 472,740	\$ 16,193
Reappraisal Program	126,651	0	0	126,651	140,446	140,960	14,309
County Trustee's Office	282,989	(1,952)	1,952	282,989	300,442	300,546	17,557
County Clerk's Office	463,129	0	0	463,129	491,121	491,625	28,496
<u>Administration of Justice</u>							
Circuit Court	501,439	0	0	501,439	532,617	532,617	31,178
General Sessions Court	197,739	0	0	197,739	205,764	205,764	8,025
Chancery Court	195,881	0	0	195,881	200,788	200,894	5,013
Juvenile Court	109,113	0	0	109,113	113,637	113,637	4,524
Judicial Commissioners	160,163	0	0	160,163	188,127	188,127	27,964
Probate Court	185,433	0	0	185,433	189,377	189,523	4,090
<u>Public Safety</u>							
Sheriff's Department	2,476,670	0	0	2,476,670	2,585,813	2,546,524	69,854
Drug Enforcement	11,696	0	0	11,696	0	0	(11,696)
Jail	3,219,347	0	11,999,005	15,218,352	2,841,994	2,885,932	(12,332,420)
Juvenile Services	124,058	0	0	124,058	121,530	135,831	11,773
Fire Prevention and Control	676,754	(32,088)	0	644,666	705,437	710,907	66,241
Civil Defense	96,337	0	0	96,337	104,224	115,932	19,595
Rescue Squad	8,670	0	0	8,670	8,670	8,670	0
Other Emergency Management	744,591	(1,640)	0	742,951	803,631	803,631	60,680
County Coroner/Medical Examiner	52,058	0	0	52,058	70,000	70,000	17,942
Other Public Safety	25,523	0	0	25,523	31,909	31,909	6,386
<u>Public Health and Welfare</u>							
Local Health Center	408,047	0	0	408,047	712,733	728,522	320,475

(Continued)

Exhibit F-1

Cumberland 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>Public Health and Welfare (Cont.)</u>							
Rabies and Animal Control	\$ 129,875	\$ 0	\$ 0	\$ 129,875	\$ 133,449	\$ 135,300	\$ 5,425
Ambulance/Emergency Medical Services	2,765,453	(83,887)	0	2,681,566	2,755,046	2,811,090	129,524
Alcohol and Drug Programs	87,496	0	0	87,496	87,610	87,610	114
Appropriation to State	57,500	0	0	57,500	57,500	57,500	0
Other Local Welfare Services	456,982	0	0	456,982	372,945	467,841	10,859
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	28,560	0	0	28,560	28,560	28,560	0
Libraries	724,154	0	0	724,154	391,611	392,143	(332,011)
Parks and Fair Boards	235,244	(8,950)	0	226,294	201,441	231,441	5,147
Other Social, Cultural, and Recreational	47,016	0	0	47,016	47,016	47,016	0
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	91,342	0	0	91,342	92,019	92,989	1,647
Soil Conservation	53,220	0	0	53,220	62,024	62,024	8,804
<u>Other Operations</u>							
Tourism	247,571	0	0	247,571	886,700	895,700	648,129
Other Economic and Community Development	34,693	0	0	34,693	1,045,050	1,045,050	1,010,357
Veterans' Services	11,688	0	0	11,688	25,000	25,000	13,312
Other Charges	377,542	0	0	377,542	470,002	470,002	92,460
Contributions to Other Agencies	242	0	0	242	26,321	26,321	26,079
Employee Benefits	427,119	0	0	427,119	406,000	432,585	5,466
Miscellaneous	54,582	0	0	54,582	60,500	60,500	5,918
<b>Total Expenditures</b>	<b>\$ 20,067,978</b>	<b>\$ (1,818,894)</b>	<b>\$ 13,050,957</b>	<b>\$ 31,300,041</b>	<b>\$ 25,081,410</b>	<b>\$ 25,438,794</b>	<b>\$ (5,861,247)</b>
<b>Excess (Deficiency) of Revenues</b>	<b>\$ (1,274,233)</b>	<b>\$ 1,818,894</b>	<b>\$ (13,050,957)</b>	<b>\$ (12,506,296)</b>	<b>\$ (4,149,844)</b>	<b>\$ (4,302,301)</b>	<b>\$ (8,203,995)</b>
<b>Over Expenditures</b>							

(Continued)

Exhibit F-1

Cumberland 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>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,992,170	\$ 396,510	\$ (396,510)
Other Loans Issued	1,595,660	0	0	1,595,660	435,330	2,030,990	(435,330)
Insurance Recovery	15,662	0	0	15,662	0	0	15,662
Transfers Out	(1,425,000)	0	0	(1,425,000)	(1,425,000)	(1,425,000)	0
Total Other Financing Sources (Uses)	\$ 186,322	\$ 0	\$ 0	\$ 186,322	\$ 1,002,500	\$ 1,002,500	\$ (816,178)
Net Change in Fund Balance	\$ (1,087,911)	\$ 1,818,894	\$ (13,050,957)	\$ (12,319,974)	\$ (3,147,344)	\$ (3,299,801)	\$ (9,020,173)
Fund Balance, July 1, 2007	4,524,349	(1,818,894)	0	2,705,455	5,035,773	5,035,773	(2,330,318)
Fund Balance, June 30, 2008	\$ 3,436,438	\$ 0	\$ (13,050,957)	\$ (9,614,519)	\$ 1,888,429	\$ 1,735,972	\$ (11,350,491)

Exhibit F-2

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 98,489	\$ 135,000	\$ 135,000	\$ (36,511)
Other Local Revenues	3,644	0	0	3,644
State of Tennessee	2,562,400	2,640,618	2,640,618	(78,218)
Total Revenues	<u>\$ 2,664,533</u>	<u>\$ 2,775,618</u>	<u>\$ 2,775,618</u>	<u>\$ (111,085)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 141,713	\$ 147,496	\$ 147,496	\$ 5,783
Highway and Bridge Maintenance	1,237,244	1,470,736	1,470,736	233,492
Operation and Maintenance of Equipment	284,870	321,525	321,525	36,655
Other Charges	94,627	120,700	120,700	26,073
Employee Benefits	62,030	90,000	90,000	27,970
Capital Outlay	784,116	786,750	786,750	2,634
<u>Principal on Debt</u>				
Highways and Streets	111,112	111,112	111,112	0
<u>Interest on Debt</u>				
Highways and Streets	13,167	13,335	13,335	168
Total Expenditures	<u>\$ 2,728,879</u>	<u>\$ 3,061,654</u>	<u>\$ 3,061,654</u>	<u>\$ 332,775</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (64,346)</u>	<u>\$ (286,036)</u>	<u>\$ (286,036)</u>	<u>\$ 221,690</u>
Net Change in Fund Balance	\$ (64,346)	\$ (286,036)	\$ (286,036)	\$ 221,690
Fund Balance, July 1, 2007	927,995	927,790	927,790	205
Fund Balance, June 30, 2008	<u>\$ 863,649</u>	<u>\$ 641,754</u>	<u>\$ 641,754</u>	<u>\$ 221,895</u>

Exhibit F-3

Cumberland 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	\$ 28,684	\$ 33,855	\$ 5,171	84.73 %	\$ 15,181	34.06 %

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 F-4

Cumberland County, Tennessee  
Schedule of Funding Progress - Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Cumberland County School Department  
June 30, 2008

(Dollar amounts in thousands)

	Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a
							Percentage of Covered Payroll ((b-a)/c)
Local Government Group Insurance Plan	6-30-07	\$ 0	\$ 515	\$ 515	0 %	\$ 9,620	5 %
Local Education Group Insurance Plan	6-30-07	0	9,224	9,224	0	24,059	38

\*Data not available for two preceding years.

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**CUMBERLAND 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 County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

**B. FUND DEFICIT**

The General Fund had a deficit in unreserved fund balance of \$9,951,952 at June 30, 2008. This deficit resulted from the recognition of the unperformed portion of a jail construction contract totaling \$11,999,005 being reserved as an encumbrance in the financial statements. The County Commission has authorized an interfund loan (\$5,000,000) and a public building authority loan (\$6,300,000) to apply toward the jail project. This fund deficit should be liquidated subsequent to June 30, 2008, as the remaining financing is authorized.

Generally accepted accounting principles require unperformed contracts to be reflected as a reservation (encumbrance) of fund balance. If unperformed portions of the contract had not been reserved as an encumbrance of the fund balance in the financial statements, the General Fund would have reflected a fund balance of \$2,047,053. The following statement presents the financial condition of the General Fund at June 30, 2008, if the unperformed portion of the contract had not been reflected as a reservation of the fund balance:

General Fund  
Fund Equity - Restated  
June 30, 2008

Fund Balance

Unreserved:	
Undesignated	\$ 2,047,753
Fund Balance, June 30, 2008, Restated	<u>\$ 2,047,753</u>

C. **EXPENDITURES AND ENCUMBRANCES EXCEEDED APPROPRIATIONS**

Expenditures and encumbrances exceeded total appropriations in the General Fund by \$5,861,247. These overexpenditures will be funded subsequent to June 30, 2008, as other loan and capital outlay note proceeds are approved and received.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions related to solid waste collection.

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.

## Capital Projects Fund

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

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Education Capital Projects Fund – The Education Capital Projects Fund is used to account for capital outlay notes issued by Cumberland County that are contributed to the Cumberland County School Department.

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Exhibit G-1

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

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	
\$	0 \$	0 \$	0 \$	33,907 \$	33,907
	100,697	437,400	242,174	0	780,271
	0	0	0	5,369	5,369
	0	6,662	0	0	6,662
\$	100,697 \$	444,062 \$	242,174 \$	39,276 \$	826,209

ASSETS

Cash	
Equity in Pooled Cash and Investments	
Accounts Receivable	
Due from Other Governments	
Total Assets	

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>					
Accounts Payable	0 \$	133,154 \$	0 \$	0 \$	133,154
Contracts Payable	0	39,883	0	0	39,883
Due to Other Funds	0	0	0	39,276	39,276
Total Liabilities	0 \$	173,037 \$	0 \$	39,276 \$	212,313
<u>Fund Balances</u>					
Unreserved	100,697 \$	271,025 \$	242,174 \$	0 \$	613,896
Total Fund Balances	100,697 \$	271,025 \$	242,174 \$	0 \$	613,896
Total Liabilities and Fund Balances	100,697 \$	444,062 \$	242,174 \$	39,276 \$	826,209

Exhibit G-2

Cumberland 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	Capital Projects Fund		Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control			Education Capital Projects		
<u>Revenues</u>								
Local Taxes	\$ 73,362	\$ 0	\$ 0	\$ 0	\$ 73,362	\$ 0	\$ 0	\$ 73,362
Fines, Forfeitures, and Penalties	0	200	48,742	0	48,942	0	0	48,942
Other Local Revenues	0	313,953	500	0	314,453	0	0	314,453
State of Tennessee	0	41,850	0	0	41,850	0	0	41,850
Total Revenues	\$ 73,362	\$ 356,003	\$ 49,242	\$ 0	\$ 478,607	\$ 0	\$ 0	\$ 478,607
<u>Expenditures</u>								
Current:								
General Government	\$ 125,661	\$ 0	\$ 0	\$ 0	\$ 125,661	\$ 0	\$ 0	\$ 125,661
Public Safety	0	0	8,254	0	8,254	0	0	8,254
Public Health and Welfare	0	1,595,939	0	0	1,595,939	0	0	1,595,939
Other Operations	739	83,837	185	0	84,761	0	0	84,761
Highways	0	65,951	0	0	65,951	0	0	65,951
Capital Projects - Donated	0	0	0	0	0	1,200,000	0	1,200,000
Total Expenditures	\$ 126,400	\$ 1,745,727	\$ 8,439	\$ 0	\$ 1,880,566	\$ 1,200,000	\$ 0	\$ 3,080,566
Excess (Deficiency) of Revenues Over Expenditures	\$ (53,038)	\$ (1,389,724)	\$ 40,803	\$ (1,401,959)	\$ (1,201,959)	\$ (1,200,000)	\$ (2,601,959)	
<u>Other Financing Sources (Uses)</u>								
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,200,000	\$ 0	\$ 1,200,000
Transfers In	0	1,425,000	0	0	1,425,000	0	0	1,425,000
Total Other Financing Sources (Uses)	\$ 0	\$ 1,425,000	\$ 0	\$ 0	\$ 1,425,000	\$ 1,200,000	\$ 0	\$ 2,625,000
Net Change in Fund Balances	\$ (53,038)	\$ 35,276	\$ 40,803	\$ 23,041	\$ 23,041	\$ 0	\$ 0	\$ 23,041
Fund Balance, July 1, 2007	153,735	235,749	201,371	590,855	590,855	0	0	590,855
Fund Balance, June 30, 2008	\$ 100,697	\$ 271,025	\$ 242,174	\$ 613,896	\$ 613,896	\$ 0	\$ 0	\$ 613,896

Exhibit G-3

Cumberland 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	\$ 73,362	\$ 70,000	\$ 70,000	\$ 3,362
Total Revenues	\$ 73,362	\$ 70,000	\$ 70,000	\$ 3,362
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 125,661	\$ 187,000	\$ 187,000	\$ 61,339
<u>Other Operations</u>				
Other Charges	739	1,000	1,000	261
Total Expenditures	\$ 126,400	\$ 188,000	\$ 188,000	\$ 61,600
Excess (Deficiency) of Revenues Over Expenditures	\$ (53,038)	\$ (118,000)	\$ (118,000)	\$ 64,962
Net Change in Fund Balance	\$ (53,038)	\$ (118,000)	\$ (118,000)	\$ 64,962
Fund Balance, July 1, 2007	153,735	131,824	131,824	21,911
Fund Balance, June 30, 2008	\$ 100,697	\$ 13,824	\$ 13,824	\$ 86,873

Exhibit G-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 200	\$ 250	\$ 250	\$ (50)
Other Local Revenues	313,953	220,000	279,731	34,222
State of Tennessee	41,850	40,967	40,967	883
<b>Total Revenues</b>	<b>\$ 356,003</b>	<b>\$ 261,217</b>	<b>\$ 320,948</b>	<b>\$ 35,055</b>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 334,695	\$ 342,201	\$ 354,733	\$ 20,038
Convenience Centers	718,812	694,473	739,541	20,729
Recycling Center	542,432	696,234	696,234	153,802
<u>Other Operations</u>				
Other Charges	3,171	2,500	2,500	(671)
Employee Benefits	80,666	54,500	81,663	997
<u>Highways</u>				
Litter and Trash Collection	65,951	68,133	68,986	3,035
<b>Total Expenditures</b>	<b>\$ 1,745,727</b>	<b>\$ 1,858,041</b>	<b>\$ 1,943,657</b>	<b>\$ 197,930</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,389,724)	\$ (1,596,824)	\$ (1,622,709)	\$ 232,985
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 1,425,000	\$ 1,425,000	\$ 1,425,000	\$ 0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 1,425,000</b>	<b>\$ 1,425,000</b>	<b>\$ 1,425,000</b>	<b>\$ 0</b>
Net Change in Fund Balance	\$ 35,276	\$ (171,824)	\$ (197,709)	\$ 232,985
Fund Balance, July 1, 2007	235,749	234,259	234,259	1,490
<b>Fund Balance, June 30, 2008</b>	<b>\$ 271,025</b>	<b>\$ 62,435</b>	<b>\$ 36,550</b>	<b>\$ 234,475</b>

Exhibit G-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 48,742	\$ 32,500	\$ 32,500	\$ 16,242
Other Local Revenues	500	0	0	500
Total Revenues	<u>\$ 49,242</u>	<u>\$ 32,500</u>	<u>\$ 32,500</u>	<u>\$ 16,742</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 8,254	\$ 28,900	\$ 28,900	\$ 20,646
<u>Other Operations</u>				
Other Charges	185	300	300	115
Total Expenditures	<u>\$ 8,439</u>	<u>\$ 29,200</u>	<u>\$ 29,200</u>	<u>\$ 20,761</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 40,803</u>	<u>\$ 3,300</u>	<u>\$ 3,300</u>	<u>\$ 37,503</u>
Net Change in Fund Balance	\$ 40,803	\$ 3,300	\$ 3,300	\$ 37,503
Fund Balance, July 1, 2007	201,371	179,091	179,091	22,280
Fund Balance, June 30, 2008	<u>\$ 242,174</u>	<u>\$ 182,391</u>	<u>\$ 182,391</u>	<u>\$ 59,783</u>

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# **Major Governmental Fund**

## **General Debt Service Fund**

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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.

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Exhibit H

Cumberland 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	\$ 5,238,399	\$ 5,185,780	\$ 5,185,780	\$ 52,619
Total Revenues	\$ 5,238,399	\$ 5,185,780	\$ 5,185,780	\$ 52,619
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,585,904	\$ 1,585,904	\$ 1,585,904	\$ 0
Education	545,000	535,000	545,000	0
<u>Interest on Debt</u>				
General Government	287,271	543,834	543,834	256,563
Education	2,592,684	2,464,685	2,592,685	1
<u>Other Debt Service</u>				
General Government	139,555	100,000	100,000	(39,555)
<u>Capital Projects - Donated</u>				
Contribution to Joint Venture	1,696,953	1,696,953	1,696,953	0
Total Expenditures	\$ 6,847,367	\$ 6,926,376	\$ 7,064,376	\$ 217,009
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,608,968)	\$ (1,740,596)	\$ (1,878,596)	\$ 269,628
<u>Other Financing Sources (Uses)</u>				
Other Loans Issued	\$ 1,750,000	\$ 1,750,000	\$ 1,750,000	\$ 0
Total Other Financing Sources (Uses)	\$ 1,750,000	\$ 1,750,000	\$ 1,750,000	\$ 0
Net Change in Fund Balance	\$ 141,032	\$ 9,404	\$ (128,596)	\$ 269,628
Fund Balance, July 1, 2007	18,556,528	18,550,705	18,550,705	5,823
Fund Balance, June 30, 2008	\$ 18,697,560	\$ 18,560,109	\$ 18,422,109	\$ 275,451

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# Fiduciary Funds

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

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

Delinquent Tax Agency Fund – The Delinquent Tax Agency Fund is used to account for funds received from the resale of county properties previously acquired through Chancery Court tax sales.

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 I-1

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

	Agency Funds			Total
	Cities - Sales Tax	Delinquent Tax Agency	Constitu- tional Officers - Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,113,808	\$ 1,113,808
Equity in Pooled Cash and Investments	0	26,956	0	26,956
Due from Other Governments	1,271,598	0	0	1,271,598
Total Assets	\$ 1,271,598	\$ 26,956	\$ 1,113,808	\$ 2,412,362
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 26,956	\$ 0	\$ 26,956
Due to Litigants, Heirs, and Others	0	0	1,113,808	1,113,808
Due to Other Taxing Units	1,271,598	0	0	1,271,598
Total Liabilities	\$ 1,271,598	\$ 26,956	\$ 1,113,808	\$ 2,412,362

## Exhibit I-2

Cumberland 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	\$ 7,173,011	\$ 7,173,011	\$ 0
Due from Other Governments	1,337,458	1,271,598	1,337,458	1,271,598
Total Assets	\$ 1,337,458	\$ 8,444,609	\$ 8,510,469	\$ 1,271,598
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,337,458	\$ 8,444,609	\$ 8,510,469	\$ 1,271,598
Total Liabilities	\$ 1,337,458	\$ 8,444,609	\$ 8,510,469	\$ 1,271,598
<u>Delinquent Tax Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 49,335	\$ 17,885	\$ 40,264	\$ 26,956
Total Assets	\$ 49,335	\$ 17,885	\$ 40,264	\$ 26,956
<u>Liabilities</u>				
Accounts Payable	\$ 49,335	\$ 17,885	\$ 40,264	\$ 26,956
Total Liabilities	\$ 49,335	\$ 17,885	\$ 40,264	\$ 26,956
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,063,591	\$ 19,375,733	\$ 19,325,516	\$ 1,113,808
Total Assets	\$ 1,063,591	\$ 19,375,733	\$ 19,325,516	\$ 1,113,808
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,063,591	\$ 19,375,733	\$ 19,325,516	\$ 1,113,808
Total Liabilities	\$ 1,063,591	\$ 19,375,733	\$ 19,325,516	\$ 1,113,808
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,063,591	\$ 19,375,733	\$ 19,325,516	\$ 1,113,808
Equity in Pooled Cash and Investments	49,335	7,190,896	7,213,275	26,956
Due from Other Governments	1,337,458	1,271,598	1,337,458	1,271,598
Total Assets	\$ 2,450,384	\$ 27,838,227	\$ 27,876,249	\$ 2,412,362
<u>Liabilities</u>				
Accounts Payable	\$ 49,335	\$ 17,885	\$ 40,264	\$ 26,956
Due to Litigants, Heirs, and Others	1,063,591	19,375,733	19,325,516	1,113,808
Due to Other Taxing Units	1,337,458	8,444,609	8,510,469	1,271,598
Total Liabilities	\$ 2,450,384	\$ 27,838,227	\$ 27,876,249	\$ 2,412,362

# Cumberland County School Department

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

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

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

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

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 J-1

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

Functions/Programs	Program Revenues			Net Expense (Revenue) and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Component Unit:					
Governmental Activities:					
Instruction	\$ 32,260,857	\$ 178,503	\$ 2,752,236	\$ 1,200,000	\$ (28,130,118)
Support Services	15,376,191	0	144,563	0	(15,231,628)
Operation of Non-Instructional Services	4,904,014	1,201,600	2,221,397	0	(1,481,017)
<b>Total Governmental Activities</b>	<b>\$ 52,541,062</b>	<b>\$ 1,380,103</b>	<b>\$ 5,118,196</b>	<b>\$ 1,200,000</b>	<b>\$ (44,842,763)</b>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 5,331,207
Local Option Sales Taxes					7,531,021
Other Local Taxes					11,314
Grants and Contributions Not Restricted to Specific Programs					29,685,948
Miscellaneous					80,684
<b>Total General Revenues</b>					<b>\$ 42,640,174</b>
Insurance Recovery					\$ 9,678
Change in Net Assets					\$ (2,192,911)
Net Assets, July 1, 2007					78,690,999
Prior-period Adjustment					(626,300)
<b>Net Assets, June 30, 2008</b>					<b>\$ 75,871,788</b>

Exhibit J-2

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total Govern- mental Funds</u>
	General Purpose School	Other Govern- mental Funds	
<u>ASSETS</u>			
Cash	\$ 0	\$ 100	\$ 100
Equity in Pooled Cash and Investments	3,924,116	1,584,576	5,508,692
Inventories	0	64,502	64,502
Accounts Receivable	571	0	571
Due from Other Governments	1,642,484	240,312	1,882,796
Due from Other Funds	5,000	0	5,000
Property Taxes Receivable	6,694,900	0	6,694,900
Allowance for Uncollectible Property Taxes	(236,176)	0	(236,176)
<b>Total Assets</b>	<b>\$ 12,030,895</b>	<b>\$ 1,889,490</b>	<b>\$ 13,920,385</b>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 545,661	\$ 0	\$ 545,661
Accrued Payroll	66,973	4,127	71,100
Contracts Payable	255,075	0	255,075
Retainage Payable	0	13,425	13,425
Deferred Revenue - Current Property Taxes	6,355,905	0	6,355,905
Deferred Revenue - Delinquent Property Taxes	89,317	0	89,317
Other Deferred Revenues	745,744	0	745,744
<b>Total Liabilities</b>	<b>\$ 8,058,675</b>	<b>\$ 17,552</b>	<b>\$ 8,076,227</b>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 0	\$ 522,377	\$ 522,377
Reserved for Inventory	0	64,502	64,502
Reserved for Capital Outlay	600,030	0	600,030
Reserved for Career Ladder - Extended Contract	18,131	0	18,131
Reserved for Basic Education Program	1,806,285	0	1,806,285
Reserved for Title I Grants to Local Education Agencies	0	152,155	152,155
Reserved for Innovative Education Program Strategies	0	38,898	38,898
Reserved for Special Education - Grants to States	0	175,248	175,248
Unreserved, Reported In:			
General Fund	1,547,774	0	1,547,774
Special Revenue Funds	0	888,858	888,858
Capital Projects Funds	0	29,900	29,900
<b>Total Fund Balances</b>	<b>\$ 3,972,220</b>	<b>\$ 1,871,938</b>	<b>\$ 5,844,158</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,030,895</b>	<b>\$ 1,889,490</b>	<b>\$ 13,920,385</b>

Exhibit J-3

Cumberland County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Discretely Presented Cumberland 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 J-2)		\$ 5,844,158	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 2,088,454		
Add: construction in progress	435,508		
Add: buildings and improvements net of accumulated depreciation	62,484,876		
Add: infrastructure net of accumulated depreciation	1,015,217		
Add: other capital assets net of accumulated depreciation	<u>3,616,692</u>	69,640,747	
(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	\$ (110,995)		
Less: other postemployment benefits liability	<u>(337,183)</u>	(448,178)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>835,061</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 75,871,788</u>

Exhibit J-4

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 12,815,022	\$ 0	\$ 12,815,022
Charges for Current Services	174,976	1,181,047	1,356,023
Other Local Revenues	99,818	40,996	140,814
State of Tennessee	28,533,145	41,088	28,574,233
Federal Government	103,012	6,090,849	6,193,861
Other Governments and Citizens Groups	1,200,000	0	1,200,000
<b>Total Revenues</b>	<b>\$ 42,925,973</b>	<b>\$ 7,353,980</b>	<b>\$ 50,279,953</b>
<u>Expenditures</u>			
Current:			
Instruction	\$ 26,637,398	\$ 3,057,316	\$ 29,694,714
Support Services	15,108,939	427,690	15,536,629
Operation of Non-Instructional Services	1,257,491	3,621,695	4,879,186
Capital Outlay	1,273,569	0	1,273,569
Capital Projects	0	216,705	216,705
<b>Total Expenditures</b>	<b>\$ 44,277,397</b>	<b>\$ 7,323,406</b>	<b>\$ 51,600,803</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (1,351,424)</b>	<b>\$ 30,574</b>	<b>\$ (1,320,850)</b>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 9,678	\$ 0	\$ 9,678
Transfers In	217,638	0	217,638
Transfers Out	0	(217,638)	(217,638)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 227,316</b>	<b>\$ (217,638)</b>	<b>\$ 9,678</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,124,108)</b>	<b>\$ (187,064)</b>	<b>\$ (1,311,172)</b>
Fund Balance, July 1, 2007	5,722,628	2,059,002	7,781,630
Prior Period Adjustment	(626,300)	0	(626,300)
<b>Fund Balance, June 30, 2008</b>	<b>\$ 3,972,220</b>	<b>\$ 1,871,938</b>	<b>\$ 5,844,158</b>

Exhibit J-5

Cumberland County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Cumberland 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 J-4)		\$ (1,311,172)
(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	\$ 1,414,488	
Less: current year depreciation expense	<u>(1,942,377)</u>	(527,889)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: loss on the disposal of capital assets	<u>\$ (23,673)</u>	(23,673)
(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	\$ 835,061	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(776,541)</u>	58,520
(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	\$ (51,514)	
Change in other postemployment benefits liability	<u>(337,183)</u>	<u>(388,697)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (2,192,911)</u>

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

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects		
\$	0 \$	100 \$	100 \$	0 \$	0 \$	100
	313,283	705,591	1,018,874	565,702		1,584,576
	0	64,502	64,502	0		64,502
	57,145	183,167	240,312	0		240,312
\$	370,428 \$	953,360 \$	1,323,788 \$	565,702 \$		1,889,490

ASSETS

Cash	
Equity in Pooled Cash and Investments	
Inventories	
Due from Other Governments	
Total Assets	

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>					
Accrued Payroll	4,127 \$	0 \$	4,127 \$	0 \$	4,127
Retainage Payable	0	0	0	13,425	13,425
Total Liabilities	4,127 \$	0 \$	4,127 \$	13,425 \$	17,552
<u>Fund Balances</u>					
Reserved for Encumbrances	0 \$	0 \$	0 \$	522,377 \$	522,377
Reserved for Inventory	0	64,502	64,502	0	64,502
Reserved for Title I Grants to Local Education Agencies	152,155	0	152,155	0	152,155
Reserved for Innovative Education Program Strategies	38,898	0	38,898	0	38,898
Reserved for Special Education - Grants to States	175,248	0	175,248	0	175,248
Unreserved	0	888,858	888,858	29,900	918,758
Total Fund Balances	366,301 \$	953,360 \$	1,319,661 \$	552,277 \$	1,871,938
Total Liabilities and Fund Balances	370,428 \$	953,360 \$	1,323,788 \$	565,702 \$	1,889,490

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

	Special Revenue Funds				Capital Projects		Total Nonmajor Governmental Funds
	School Federal Projects		Central Cafeteria	Total	Education Capital Projects		
<u>Revenues</u>							
Charges for Current Services	\$ 0	\$ 1,181,047	\$ 1,181,047	\$ 0	\$ 0	\$ 1,181,047	
Other Local Revenues	0	40,996	40,996	0	0	40,996	
State of Tennessee	0	41,088	41,088	0	0	41,088	
Federal Government	3,984,182	2,106,667	6,090,849	0	0	6,090,849	
Total Revenues	\$ 3,984,182	\$ 3,369,798	\$ 7,353,980	\$ 0	\$ 0	\$ 7,353,980	
<u>Expenditures</u>							
Current:							
Instruction	\$ 3,057,316	0	\$ 3,057,316	0	0	\$ 3,057,316	
Support Services	427,690	0	427,690	0	0	427,690	
Operation of Non-Instructional Services	0	3,621,695	3,621,695	0	0	3,621,695	
Capital Projects	0	0	0	216,705	216,705	216,705	
Total Expenditures	\$ 3,485,006	\$ 3,621,695	\$ 7,106,701	\$ 216,705	\$ 216,705	\$ 7,323,406	
Excess (Deficiency) of Revenues Over Expenditures	\$ 499,176	\$ (251,897)	\$ 247,279	\$ (216,705)	\$ (216,705)	\$ 30,574	
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (217,638)	0	\$ (217,638)	0	0	\$ (217,638)	
Total Other Financing Sources (Uses)	\$ (217,638)	0	\$ (217,638)	0	0	\$ (217,638)	
Net Change in Fund Balances	\$ 281,538	\$ (251,897)	\$ 29,641	\$ (216,705)	\$ (216,705)	\$ (187,064)	
Fund Balance, July 1, 2007	84,763	1,205,257	1,290,020	768,982	768,982	2,059,002	
Fund Balance, June 30, 2008	\$ 366,301	\$ 953,360	\$ 1,319,661	\$ 552,277	\$ 552,277	\$ 1,871,938	

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 12,815,022	\$ 0	\$ 12,815,022	\$ 13,206,155	\$ 13,206,155	\$ (391,133)
Charges for Current Services	174,976	0	174,976	160,000	160,000	14,976
Other Local Revenues	99,818	0	99,818	224,000	231,050	(131,232)
State of Tennessee	28,533,145	0	28,533,145	28,143,783	28,379,736	153,409
Federal Government	103,012	0	103,012	351,442	146,545	(43,533)
Other Governments and Citizens Groups	1,200,000	0	1,200,000	0	1,200,000	0
Total Revenues	\$ 42,925,973	\$ 0	\$ 42,925,973	\$ 42,085,380	\$ 43,323,486	\$ (397,513)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 22,427,594	\$ 0	\$ 22,427,594	\$ 23,066,054	\$ 23,073,104	\$ 645,510
Alternative Instruction Program	210,983	0	210,983	256,998	256,998	46,015
Special Education Program	2,458,155	0	2,458,155	2,665,770	2,667,315	209,160
Vocational Education Program	1,540,666	0	1,540,666	1,551,360	1,551,360	10,694
<u>Support Services</u>						
Attendance	76,011	0	76,011	78,174	78,174	2,163
Health Services	217,271	0	217,271	258,621	258,621	41,350
Other Student Support	848,351	0	848,351	906,558	906,558	58,207
Regular Instruction Program	1,396,688	0	1,396,688	1,450,519	1,450,519	53,831
Special Education Program	462,620	0	462,620	477,660	477,660	15,040
Vocational Education Program	121,854	0	121,854	123,375	123,375	1,521
Other Programs	222,453	0	222,453	0	222,453	0
Board of Education	871,721	0	871,721	920,724	920,724	49,003
Director of Schools	274,116	0	274,116	290,733	290,733	16,617

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Office of the Principal	\$ 2,933,898	0	\$ 2,933,898	\$ 2,964,517	\$ 2,964,517	\$ 30,619
Operation of Plant	3,908,809	0	3,908,809	4,249,546	4,249,546	340,737
Maintenance of Plant	1,140,724	(111,448)	1,029,276	1,073,345	1,073,345	44,069
Transportation	2,309,075	0	2,309,075	2,418,837	2,418,837	109,762
Central and Other	325,348	0	325,348	378,782	392,282	66,934
<u>Operation of Non-Instructional Services</u>						
Community Services	162,138	0	162,138	163,395	163,395	1,257
Early Childhood Education	1,095,353	(69,000)	1,026,353	1,031,195	1,031,195	4,842
<u>Capital Outlay</u>						
Regular Capital Outlay	1,273,569	(65,524)	1,208,045	1,784,218	1,784,218	576,173
Total Expenditures	\$ 44,277,397	\$ (245,972)	\$ 44,031,425	\$ 46,110,381	\$ 46,354,929	\$ 2,323,504
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,351,424)	\$ 245,972	\$ (1,105,452)	\$ (4,025,001)	\$ (3,031,443)	\$ 1,925,991
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	0	0	1,200,000	0	0
Insurance Recovery	9,678	0	9,678	0	0	9,678
Transfers In	217,638	0	217,638	25,000	231,442	(13,804)
Total Other Financing Sources (Uses)	\$ 227,316	0	\$ 227,316	\$ 1,225,000	\$ 231,442	\$ (4,126)
Net Change in Fund Balance	\$ (1,124,108)	\$ 245,972	\$ (878,136)	\$ (2,800,001)	\$ (2,800,001)	\$ 1,921,865
Fund Balance, July 1, 2007	5,722,628	(245,972)	5,476,656	4,794,222	4,794,222	682,434
Prior Period Adjustment	(626,300)	0	(626,300)	0	0	(626,300)
Fund Balance, June 30, 2008	\$ 3,972,220	0	\$ 3,972,220	\$ 1,994,221	\$ 1,994,221	\$ 1,977,999

Exhibit J-9

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 3,984,182	\$ 3,771,482	\$ 3,788,257	\$ 195,925
Total Revenues	\$ 3,984,182	\$ 3,771,482	\$ 3,788,257	\$ 195,925
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,778,035	\$ 2,077,373	\$ 2,083,043	\$ 305,008
Special Education Program	1,127,150	1,327,169	1,335,006	207,856
Vocational Education Program	152,131	143,356	152,131	0
<u>Support Services</u>				
Other Student Support	92,334	98,662	97,122	4,788
Regular Instruction Program	258,809	456,048	457,411	198,602
Special Education Program	52,854	55,180	55,180	2,326
Vocational Education Program	12,487	12,487	12,487	0
Operation of Plant	11,004	13,700	11,004	0
Transportation	202	3,000	202	0
Total Expenditures	\$ 3,485,006	\$ 4,186,975	\$ 4,203,586	\$ 718,580
Excess (Deficiency) of Revenues Over Expenditures	\$ 499,176	\$ (415,493)	\$ (415,329)	\$ 914,505
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 144,900	\$ 144,900	\$ (144,900)
Transfers Out	(217,638)	(362,033)	(362,196)	144,558
Total Other Financing Sources (Uses)	\$ (217,638)	\$ (217,133)	\$ (217,296)	\$ (342)
Net Change in Fund Balance	\$ 281,538	\$ (632,626)	\$ (632,625)	\$ 914,163
Fund Balance, July 1, 2007	84,763	632,626	632,625	(547,862)
Fund Balance, June 30, 2008	\$ 366,301	\$ 0	\$ 0	\$ 366,301

Exhibit J-10

Cumberland County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Cumberland County School Department  
Central Cafeteria 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	\$ 1,181,047	\$ 1,275,875	\$ 1,275,875	\$ (94,828)
Other Local Revenues	40,996	37,120	37,120	3,876
State of Tennessee	41,088	42,000	42,000	(912)
Federal Government	2,106,667	2,188,364	2,188,364	(81,697)
Total Revenues	<u>\$ 3,369,798</u>	<u>\$ 3,543,359</u>	<u>\$ 3,543,359</u>	<u>\$ (173,561)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 3,621,695	\$ 3,976,194	\$ 3,976,194	\$ 354,499
Total Expenditures	<u>\$ 3,621,695</u>	<u>\$ 3,976,194</u>	<u>\$ 3,976,194</u>	<u>\$ 354,499</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (251,897)</u>	<u>\$ (432,835)</u>	<u>\$ (432,835)</u>	<u>\$ 180,938</u>
Net Change in Fund Balance	\$ (251,897)	\$ (432,835)	\$ (432,835)	\$ 180,938
Fund Balance, July 1, 2007	<u>1,205,257</u>	<u>1,214,168</u>	<u>1,214,168</u>	<u>(8,911)</u>
Fund Balance, June 30, 2008	<u>\$ 953,360</u>	<u>\$ 781,333</u>	<u>\$ 781,333</u>	<u>\$ 172,027</u>

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# Cumberland County Railroad Authority

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This section presents combining and individual fund financial statements for the Cumberland County Railroad Authority, a discretely presented component unit. The Cumberland County Railroad Authority uses only one fund, a General Fund.

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General Fund – The General Fund is used to account for general operations of the Railroad Authority.

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Exhibit K-1

Cumberland County, Tennessee  
Statement of Net Assets and Governmental Fund Balance Sheet  
Discretely Presented Cumberland County Railroad Authority  
June 30, 2008

	General Fund	Adjustments	Statement of Net Assets
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 22,730	\$ 0	\$ 22,730
Due from Other Governments	57,761	0	57,761
Total Assets	<u>\$ 80,491</u>	<u>\$ 0</u>	<u>\$ 80,491</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 56,628	\$ 0	\$ 56,628
Total Liabilities	<u>\$ 56,628</u>	<u>\$ 0</u>	<u>\$ 56,628</u>
<u>FUND BALANCE/NET ASSETS</u>			
<u>Fund Balances</u>			
Unreserved Reported In:			
General Fund	\$ 23,863	\$ (23,863)	\$ 0
Total Fund Balances	<u>\$ 23,863</u>	<u>\$ (23,863)</u>	<u>\$ 0</u>
Total Fund Balances	<u>\$ 23,863</u>		
Net Assets:			
Unrestricted		<u>\$ 23,863</u>	<u>\$ 23,863</u>
Total Net Assets		<u>\$ 23,863</u>	<u>\$ 23,863</u>

Exhibit K-2

Cumberland County, Tennessee  
Statement of Activities and Governmental Fund Revenues, Expenditures,  
and Changes in Fund Balance/Net Assets  
Discretely Presented Cumberland County Railroad Authority  
For the Year Ended June 30, 2008

	General Fund	Adjustments	Statement of Activities
<b>Expenditures/Expenses:</b>			
<b>Other Operations:</b>			
Other Economic and Community Development	\$ 852,754	\$ 0	\$ 852,754
<b>Total Expenditures/Expenses</b>	<b>\$ 852,754</b>	<b>\$ 0</b>	<b>\$ 852,754</b>
<b>Program Revenues:</b>			
<b>Operating Grants and Contributions:</b>			
State of Tennessee	\$ 857,958	\$ 0	\$ 857,958
<b>Net Program Expense</b>			<b>\$ (5,204)</b>
<b>Excess of Revenues over Expenditures</b>	<b>\$ 5,204</b>	<b>\$ (5,204)</b>	<b>\$ 0</b>
<b>Change in Net Assets</b>	<b>0</b>	<b>5,204</b>	<b>5,204</b>
<b>Fund Balance/Net Assets:</b>			
July 1, 2007	18,659	0	18,659
<b>June 30, 2008</b>	<b>\$ 23,863</b>	<b>\$ 0</b>	<b>\$ 23,863</b>

Exhibit K-3

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
State of Tennessee	\$ 857,958	0 \$	857,958 \$	100,000 \$	700,000 \$	157,958
Total Revenues	\$ 857,958	0 \$	857,958 \$	100,000 \$	700,000 \$	157,958
<u>Expenditures</u>						
<u>Other Operations</u>						
Other Charges	\$ 0	0 \$	0 \$	1,000 \$	1,000 \$	1,000
Capital Projects						
Other General Government Projects	852,754	(570,026)	282,728	99,000	699,000	416,272
Total Expenditures	\$ 852,754	(570,026) \$	282,728 \$	100,000 \$	700,000 \$	417,272
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,204	570,026 \$	575,230 \$	0 \$	0 \$	575,230
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 5,204	570,026 \$	575,230 \$	0 \$	0 \$	575,230
	18,659	(570,026)	(551,367)	23,425	23,425	(574,792)
Fund Balance, June 30, 2008	\$ 23,863	0 \$	23,863 \$	23,425 \$	23,425 \$	438

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## MISCELLANEOUS SCHEDULES

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Exhibit L-1

Cumberland County, Tennessee  
 Schedule of Changes in Long-term Notes, 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	Transferred	Paid and/or Matured During Period	Outstanding 6-30-08
<b>NOTES PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
Landfill Expansion	\$ 650,000	4.06 %	4-19-05	4-19-09	\$ 325,000	\$ 0	\$ 0	\$ 162,500	\$ 162,500
Jail Lighting and HVAC	338,828	0	5-1-06	5-1-13	0	0	290,424	48,404	242,020
School Improvements	1,200,000	2.75	5-29-08	5-29-11	0	1,200,000	0	0	1,200,000
<u>Payable through Courthouse and Jail Maintenance Fund</u>									
Jail Lighting and HVAC	338,828	0	5-1-06	5-1-13	290,424	0	(290,424)	0	0
<u>Payable through Highway/Public Works Fund</u>									
Refunding Road Improvements	333,334	3.95	6-28-07	6-28-10	333,334	0	0	111,112	222,222
Total Notes Payable					\$ 948,758	\$ 1,200,000	\$ 0	\$ 322,016	\$ 1,826,742
<b>OTHER LOANS PAYABLE</b>									
<u>Public Building Authority Loan Agreements</u>									
<u>Payable through General Debt Service Fund</u>									
Stone Elementary - Series III-B-4	6,000,000	Variable	7-23-1998	6-1-18	\$ 4,185,000	\$ 0	\$ 0	\$ 295,000	\$ 3,890,000
School Renovations - Series IV-F-2	7,500,000	6.2	12-28-00	6-1-20	7,500,000	0	0	0	7,500,000
Brown Elementary School - Series IV-H-2	6,650,166	6.43	10-25-01	6-1-27	6,650,166	0	0	0	6,650,166
Homestead Elementary - Series A-7-A	5,000,000	Variable	10-24-02	6-1-31	5,000,000	0	0	0	5,000,000
School Construction and Renovations - Series VI-C-2	10,000,000	5.762	10-21-04	6-1-39	10,000,000	0	0	0	10,000,000
School Construction and Renovations - Series D-1-C	10,000,000	Variable	3-17-05	6-1-32	10,000,000	0	0	0	10,000,000
School and Jail Construction and Renovations - Series D-5-B	8,200,000	Variable	12-28-05	6-1-22	6,804,340	1,345,660	0	300,000	7,850,000
Library Construction and Communications System - Series D-11-B	(1)	Variable	6-26-07	6-1-39	729,176	250,000	0	550,000	429,176
Plateau Partners Industrial Park - Series B-13-A	1,750,000	5.15 to 6	10-18-07	6-1-23	0	1,750,000	0	0	1,750,000
Total Other Loans Payable					\$ 50,868,682	\$ 3,345,660	\$ 0	\$ 1,145,000	\$ 53,069,342
<b>BONDS PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
Refunding Bonds	3,085,000	4	3-31-05	6-1-09	\$ 1,575,000	\$ 0	\$ 0	\$ 775,000	\$ 800,000
Total Bonds Payable					\$ 1,575,000	\$ 0	\$ 0	\$ 775,000	\$ 800,000

(1) The county has drawn loan proceeds of \$979,176. Total amount available from a loan agreement with the Public Building Authority is \$8,600,000.

Exhibit L-2

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

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 722,015	\$ 48,375	\$ 770,390
2010	559,515	26,389	585,904
2011	448,404	11,000	459,404
2012	48,404	0	48,404
2013	48,404	0	48,404
Total	\$ 1,826,742	\$ 85,764	\$ 1,912,506

Year Ending June 30	Other Loan Principal	Other Loan Interest	Other Loan Fees	Total Other Loan Requirements
2009	\$ 880,000	\$ 2,863,599	\$ 274,533	\$ 4,018,132
2010	1,374,176	2,820,733	269,926	4,464,835
2011	1,225,000	2,745,336	262,361	4,232,697
2012	1,400,000	2,668,443	254,634	4,323,077
2013	1,445,000	2,583,330	246,565	4,274,895
2014	1,520,000	2,496,255	238,279	4,254,534
2015	1,620,000	2,428,158	231,672	4,279,830
2016	1,700,000	2,355,346	224,713	4,280,059
2017	1,755,000	2,278,949	217,385	4,251,334
2018	1,860,000	2,200,302	210,400	4,270,702
2019	1,950,000	2,070,946	194,265	4,215,211
2020	2,015,000	1,971,133	187,543	4,173,676
2021	1,955,000	1,878,383	178,554	4,011,937
2022	2,000,000	1,774,321	170,269	3,944,590
2023	1,980,000	1,671,633	162,107	3,813,740
2024	1,810,000	1,564,696	153,698	3,528,394
2025	1,920,000	1,468,446	145,035	3,533,481
2026	2,035,000	1,366,633	135,872	3,537,505
2027	2,125,166	1,259,069	127,513	3,511,748
2028	2,100,000	1,156,031	116,178	3,372,209

(Continued)

Exhibit L-2

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

Year Ending June 30	Other Loan Principal	Other Loan Interest	Other Loan Fees	Total Other Loan Requirements
2029	2,215,000	1,077,291	106,088	3,398,379
2030	2,330,000	994,588	95,474	3,420,062
2031	2,405,000	907,866	85,883	3,398,749
2032	2,500,000	827,500	74,475	3,401,975
2033	1,100,000	697,500	62,775	1,860,275
2034	1,150,000	610,000	54,900	1,814,900
2035	1,225,000	520,000	46,800	1,791,800
2036	1,275,000	426,250	38,363	1,739,613
2037	1,325,000	327,500	29,475	1,681,975
2038	1,400,000	223,750	20,138	1,643,888
2039	1,475,000	113,750	10,238	1,598,988
Total	\$ 53,069,342	\$ 48,347,737	\$ 4,626,111	\$ 106,043,190

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2009	\$ 800,000	\$ 32,000	\$ 832,000
Total	\$ 800,000	\$ 32,000	\$ 832,000

Exhibit L-3

Cumberland County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Cumberland County School Department  
For the Year Ended June 30, 2008

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Solid Waste/Sanitation	Operations	\$ 1,425,000
Total Transfers			<u>\$ 1,425,000</u>
<u>DISCRETELY PRESENTED CUMBERLAND COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 11,196
School Federal Projects	General Purpose School	Special Education - Early Intervention Services	206,442
Total Transfers			<u>\$ 217,638</u>

Exhibit L-4

Cumberland County, Tennessee  
 Schedule of Salaries and Official Bonds of Principal Officials  
 Primary Government and Discretely Presented Cumberland 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, TCA	\$ 70,422	\$ 50,000	Travelers Casualty and Surety Company of America
Highway Superintendent	Section 8-24-102, TCA	67,070	100,000	"
Director of Schools	State Board of Education and Cumberland County Board of Education	92,885 (1)	(5)	"
Trustee	Section 8-24-102, TCA	60,972	1,784,553	"
Assessor of Property	Section 8-24-102, TCA	60,972	10,000	"
Director of Finance	County Commission	63,210 (2)	50,000	"
County Clerk	Section 8-24-102, TCA	60,972	50,000	"
Circuit Court Clerk	Section 8-24-102, TCA	60,972	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	60,972 (3)	75,000	"
Register	Section 8-24-102, TCA	60,972	25,000	"
Sheriff	Section 8-24-102, TCA	67,070 (4)	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			150,000	Local Government Insurance Pool
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

- (1) Includes chief executive officer training supplement of \$1,000.
- (2) Includes longevity pay of \$2,238.
- (3) Does not include special commissioner fees of \$2,780.
- (4) Does not include a law enforcement training supplement of \$600.
- (5) The director of schools is covered under the public employee dishonesty bond.

Exhibit L-5

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

	Special Revenue Funds							Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Highway / Public Works	Debt Service Fund		
						General Debt	Service	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 7,145,121	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,267,021	\$ 10,412,142	
Trustee's Collections - Prior Year	100,122	0	0	0	0	50,728	150,850	
Circuit/Clerk & Master Collections - Prior Years	92,635	0	0	0	0	46,935	139,570	
Interest and Penalty	56,112	0	0	0	0	27,889	84,001	
Payments in-Lieu-of Taxes - Local Utilities	5,294	0	0	0	0	0	5,294	
Payments in-Lieu-of Taxes - Other	94,577	0	0	0	0	0	94,577	
<u>County Local Option Taxes</u>								
Local Option Sales Tax	483,250	0	0	0	0	1,775,312	2,258,562	
Hotel/Motel Tax	451,728	0	0	0	0	0	451,728	
Litigation Tax - General	125,850	0	0	0	0	0	125,850	
Litigation Tax - Special Purpose	0	73,362	0	0	0	0	73,362	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	70,514	70,514	
Business Tax	560,116	0	0	0	0	0	560,116	
Mineral Severance Tax	362	0	0	0	98,489	0	98,851	
<u>Statutory Local Taxes</u>								
Bank Excise Tax	151,438	0	0	0	0	0	151,438	
Wholesale Beer Tax	343,275	0	0	0	0	0	343,275	
Interstate Telecommunications Tax	4,473	0	0	0	0	0	4,473	
Other Statutory Local Taxes	6,440	0	0	0	0	0	6,440	
Total Local Taxes	\$ 9,620,793	\$ 73,362	\$ 0	\$ 0	\$ 98,489	\$ 5,238,399	\$ 15,031,043	
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Cable TV Franchise	\$ 190,493	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 190,493	
<u>Permits</u>								
Beer Permits	4,512	0	0	0	0	0	4,512	
Total Licenses and Permits	\$ 195,005	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 195,005	

(Continued)

Exhibit L-5

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

	Special Revenue Funds										Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation			Drug Control	Highway / Public Works		Debt Service Fund		
			General	Maintenance	Sanitation		Waste / Sanitation	Drug Control	Highway / Public Works	Debt Service	
<b>\$</b>	<b>5,038</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,038</b>
<u>Fines, Forfeitures, and Penalties</u>											
<u>Circuit Court</u>											
Fines	5,038	0	0	0	0	0	0	0	0	0	5,038
Officers Costs	3,816	0	0	0	0	0	0	0	0	0	3,816
Jail Fees	4,203	0	0	0	0	0	0	0	0	0	4,203
DUI Treatment Fines	1,694	0	0	0	0	0	0	0	0	0	1,694
Data Entry Fee - Circuit Court	467	0	0	0	0	0	0	0	0	0	467
<u>General Sessions Court</u>											
Fines	31,243	0	200	0	0	0	0	0	0	0	31,443
Officers Costs	66,572	0	0	0	0	0	0	0	0	0	66,572
Jail Fees	19,029	0	0	0	0	0	0	0	0	0	19,029
DUI Treatment Fines	7,304	0	0	0	0	0	0	0	0	0	7,304
Data Entry Fee - General Sessions Court	12,241	0	0	0	0	0	0	0	0	0	12,241
Courtroom Security Fee	184	0	0	0	0	0	0	0	0	0	184
<u>Juvenile Court</u>											
Fines	2,087	0	0	0	0	0	0	0	0	0	2,087
Jail Fees	5,852	0	0	0	0	0	0	0	0	0	5,852
<u>Chancery Court</u>											
Officers Costs	11,851	0	0	0	0	0	0	0	0	0	11,851
Data Entry Fee - Chancery Court	4,871	0	0	0	0	0	0	0	0	0	4,871
<u>Other Courts - In-county</u>											
Drug Control Fines	0	0	0	0	23,710	0	0	0	0	0	23,710
<u>Other Fines, Forfeitures, and Penalties</u>											
Proceeds from Confiscated Property	0	0	0	0	25,032	0	0	0	0	0	25,032
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 176,452</b>	<b>\$ 0</b>	<b>\$ 200</b>	<b>\$ 0</b>	<b>\$ 48,742</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 225,394</b>
<u>Charges for Current Services</u>											
<u>General Service Charges</u>											
Patient Charges	1,964,163	0	0	0	0	0	0	0	0	0	1,964,163
<u>Fees</u>											
Copy Fees	2,987	0	0	0	0	0	0	0	0	0	2,987
Telephone Commissions	18,479	0	0	0	0	0	0	0	0	0	18,479

(Continued)

Exhibit L-5

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

	Special Revenue Funds						Debt Service Fund	Total
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	General Debt Service		
<u>Charges for Current Services (Cont.)</u>								
<u>Fees (Cont.)</u>								
Data Processing Fee - Register	\$ 41,385	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 41,385	
Data Processing Fee - Sheriff	4,955	0	0	0	0	0	4,955	
Sexual Offender Registration Fees - Sheriff	3,400	0	0	0	0	0	3,400	
Total Charges for Current Services	\$ 2,035,369	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,035,369	
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 1,138,735	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,138,735	
Lease/Rentals	37,402	0	0	0	0	0	37,402	
Sale of Materials and Supplies	0	0	0	1,406	0	0	1,406	
Commissary Sales	7,341	0	0	0	0	0	7,341	
Sale of Recycled Materials	0	0	313,953	0	0	0	313,953	
Miscellaneous Refunds	9,920	0	0	238	0	0	10,158	
<u>Nonrecurring Items</u>								
Sale of Equipment	493	0	0	2,000	0	0	2,493	
Contributions and Gifts	28,768	0	500	0	0	0	29,268	
Total Other Local Revenues	\$ 1,222,659	\$ 0	\$ 313,953	\$ 3,644	\$ 0	\$ 0	\$ 1,540,756	
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	\$ 458,937	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 458,937	
Circuit Court Clerk	103,473	0	0	0	0	0	103,473	
General Sessions Court Clerk	384,626	0	0	0	0	0	384,626	
Clerk and Master	317,200	0	0	0	0	0	317,200	
Register	452,360	0	0	0	0	0	452,360	
Sheriff	17,678	0	0	0	0	0	17,678	
Trustee	637,567	0	0	0	0	0	637,567	
Total Fees Received from County Officials	\$ 2,371,841	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,371,841	

(Continued)

Exhibit L-5

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Highway / Public Works	Debt Service Fund			
						General	Debt Service		
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 31,122	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 31,122	
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	51,000	0	0	0	0	0	0	51,000	
Other Public Safety Grants	47,960	0	0	0	0	0	0	47,960	
<u>Health and Welfare Grants</u>									
Health Department Programs	298,380	0	0	0	0	0	0	298,380	
<u>Public Works Grants</u>									
Bridge Program	0	0	0	0	115,157	0	0	115,157	
State Aid Program	0	0	0	0	229,245	0	0	229,245	
Litter Program	0	0	41,850	0	0	0	0	41,850	
<u>Other State Revenues</u>									
Income Tax	574,418	0	0	0	0	0	0	574,418	
Beer Tax	19,312	0	0	0	0	0	0	19,312	
Alcoholic Beverage Tax	73,146	0	0	0	0	0	0	73,146	
Mixed Drink Tax	18,033	0	0	0	0	0	0	18,033	
State Revenue Sharing - T.V.A.	772,553	0	0	0	0	0	0	772,553	
Contracted Prisoner Boarding	198,030	0	0	0	0	0	0	198,030	
Gasoline and Motor Fuel Tax	0	0	0	0	2,180,411	0	0	2,180,411	
Petroleum Special Tax	0	0	0	0	37,587	0	0	37,587	
Reappraisal Program Reimbursement	39,416	0	0	0	0	0	0	39,416	
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	16,380	
Other State Grants	30,273	0	0	0	0	0	0	30,273	
Other State Revenues	41,421	0	0	0	0	0	0	41,421	
Total State of Tennessee	\$ 2,211,444	\$ 0	\$ 41,850	\$ 0	\$ 2,562,400	\$ 0	\$ 0	\$ 4,815,694	
<u>Federal Government</u>									
<u>Federal Through State</u>									
Civil Defense Reimbursement	\$ 1,017	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,017	
Law Enforcement Grants	18,000	0	0	0	0	0	0	18,000	
Other Federal through State	454,476	0	0	0	0	0	0	454,476	

(Continued)

Exhibit L-5

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

	Special Revenue Funds						Debt Service Fund	Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service		
<u>Federal Government (Cont.)</u>								
<u>Direct Federal Revenue</u>								
Other Direct Federal Revenue	\$ 7,240	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,240
Total Federal Government	\$ 480,733	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 480,733
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Contracted Services	\$ 475,949	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 475,949
<u>Citizens Groups</u>								
Donations	3,500	0	0	0	0	0	0	3,500
Total Other Governments and Citizens Groups	\$ 479,449	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 479,449
Total	\$ 18,793,745	\$ 73,362	\$ 356,003	\$ 49,242	\$ 2,664,533	\$ 5,238,399	\$ 27,175,284	

Exhibit L-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 5,131,769	\$ 0	\$ 0	\$ 5,131,769
Trustee's Collections - Prior Year	92,323	0	0	92,323
Circuit/Clerk & Master Collections - Prior Years	50,587	0	0	50,587
Interest and Penalty	22,399	0	0	22,399
<u>County Local Option Taxes</u>				
Local Option Sales Tax	7,506,630	0	0	7,506,630
Business Tax	5,331	0	0	5,331
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	5,983	0	0	5,983
<b>Total Local Taxes</b>	<b>\$ 12,815,022</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 12,815,022</b>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Other	\$ 100,470	\$ 0	\$ 0	\$ 100,470
Lunch Payments - Children	0	0	620,929	620,929
Lunch Payments - Adults	0	0	57,674	57,674
Income from Breakfast	0	0	87,486	87,486
A la carte Sales	0	0	411,431	411,431
Receipts from Individual Schools	74,506	0	0	74,506
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	3,527	3,527
<b>Total Charges for Current Services</b>	<b>\$ 174,976</b>	<b>\$ 0</b>	<b>\$ 1,181,047</b>	<b>\$ 1,356,023</b>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 24,080	\$ 24,080
Refund of Telecommunication & Internet Fees (E-Rate)	34,648	0	0	34,648
Retirees' Insurance Payments	1,402	0	0	1,402
Miscellaneous Refunds	47,706	0	16,916	64,622
<u>Nonrecurring Items</u>				
Sale of Equipment	7,112	0	0	7,112
Sale of Property	8,702	0	0	8,702
Damages Recovered from Individuals	248	0	0	248
<b>Total Other Local Revenues</b>	<b>\$ 99,818</b>	<b>\$ 0</b>	<b>\$ 40,996</b>	<b>\$ 140,814</b>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 222,453	\$ 0	\$ 0	\$ 222,453
<u>Public Safety Grants</u>				
Safe and Drug-free Schools and Communities	40,700	0	0	40,700
<u>State Education Funds</u>				
Basic Education Program	26,470,001	0	0	26,470,001
Early Childhood Education	1,023,231	0	0	1,023,231
School Food Service	0	0	41,088	41,088
Driver Education	12,805	0	0	12,805
Other State Education Funds	144,563	0	0	144,563
Career Ladder Program	391,850	0	0	391,850
Career Ladder - Extended Contract	130,306	0	0	130,306

(Continued)

Exhibit L-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues</u>				
Other State Revenues	\$ 97,236	\$ 0	\$ 0	\$ 97,236
Total State of Tennessee	\$ 28,533,145	\$ 0	\$ 41,088	\$ 28,574,233
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,536,395	\$ 1,536,395
Breakfast	0	0	555,194	555,194
USDA - Other	0	0	15,078	15,078
Vocational Education - Basic Grants to States	0	232,758	0	232,758
Title I Grants to Local Education Agencies	0	1,745,850	0	1,745,850
Innovative Education Program Strategies	0	50,427	0	50,427
Special Education - Grants to States	1,545	1,512,672	0	1,514,217
Special Education Preschool Grants	0	44,922	0	44,922
English Language Acquisition Grants	0	13,675	0	13,675
Safe and Drug-Free Schools - State Grants	0	74,913	0	74,913
Eisenhower Professional Development State Grants	0	299,165	0	299,165
Other Federal through State	27,825	9,800	0	37,625
<u>Direct Federal Revenue</u>				
Other Direct Federal Revenue	73,642	0	0	73,642
Total Federal Government	\$ 103,012	\$ 3,984,182	\$ 2,106,667	\$ 6,193,861
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 1,200,000	\$ 0	\$ 0	\$ 1,200,000
Total Other Governments and Citizens Groups	\$ 1,200,000	\$ 0	\$ 0	\$ 1,200,000
Total	\$ 42,925,973	\$ 3,984,182	\$ 3,369,798	\$ 50,279,953

Exhibit L-7

Cumberland County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Cumberland County Railroad Authority  
For the Year Ended June 30, 2008

	General	Total
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Other General Government Grants	\$ 857,958	\$ 857,958
Total State of Tennessee	<u>\$ 857,958</u>	<u>\$ 857,958</u>
 Total	 <u>\$ 857,958</u>	 <u>\$ 857,958</u>

Exhibit L-8

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	60,853	
Social Security		4,655	
State Retirement		2,627	
Employee and Dependent Insurance		88,954	
Life Insurance		809	
Dental Insurance		4,512	
Audit Services		11,516	
Contracts with Government Agencies		18,080	
Contracts with Private Agencies		1,200	
Contributions		5,050	
Dues and Memberships		3,954	
Legal Notices, Recording, and Court Costs		52	
Travel		2,090	
Communication Equipment		929,346	
Total County Commission			\$ 1,133,698

Board of Equalization

Board and Committee Members Fees	\$	3,300	
Total Board of Equalization			3,300

Beer Board

Board and Committee Members Fees	\$	1,570	
Social Security		100	
Legal Notices, Recording, and Court Costs		470	
Total Beer Board			2,140

County Mayor/Executive

County Official/Administrative Officer	\$	70,422	
Assistant(s)		20,965	
Data Processing Personnel		15,900	
Secretary(ies)		22,012	
Longevity Pay		208	
Overtime Pay		463	
Social Security		9,212	
State Retirement		10,151	
Employee and Dependent Insurance		18,207	
Life Insurance		153	
Dental Insurance		836	
Other Fringe Benefits		814	
Communication		1,966	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Dues and Memberships	\$	1,709	
Maintenance and Repair Services - Office Equipment		62	
Printing, Stationery, and Forms		800	
Travel		4,000	
Other Contracted Services		12,000	
Office Supplies		1,672	
Premiums on Corporate Surety Bonds		88	
Other Charges		539	
Office Equipment		1,036	
Other Equipment		4,377	
Total County Mayor/Executive			\$ 197,592

County Attorney

County Official/Administrative Officer	\$	66,183	
Total County Attorney			66,183

Election Commission

County Official/Administrative Officer	\$	54,875	
Clerical Personnel		77,943	
Part-time Personnel		2,169	
Longevity Pay		2,056	
Election Commission		2,750	
Election Workers		30,739	
In-Service Training		3,484	
Social Security		10,358	
State Retirement		11,815	
Employee and Dependent Insurance		23,525	
Life Insurance		183	
Dental Insurance		1,051	
Communication		2,743	
Dues and Memberships		275	
Legal Notices, Recording, and Court Costs		2,362	
Maintenance and Repair Services - Equipment		6,933	
Printing, Stationery, and Forms		9,334	
Rentals		850	
Travel		1,499	
Other Contracted Services		7,847	
Office Supplies		1,862	
Other Charges		2,000	
Data Processing Equipment		410	
Total Election Commission			257,063

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$	60,972	
Deputy(ies)		103,550	
Part-time Personnel		16,250	
Longevity Pay		2,883	
Social Security		13,179	
State Retirement		14,665	
Employee and Dependent Insurance		28,717	
Life Insurance		219	
Dental Insurance		1,314	
Communication		1,182	
Dues and Memberships		617	
Maintenance Agreements		11,557	
Printing, Stationery, and Forms		10,946	
Office Supplies		347	
Premiums on Corporate Surety Bonds		65	
Total Register of Deeds			\$ 266,463

County Buildings

Supervisor/Director	\$	34,100	
Custodial Personnel		160,333	
Longevity Pay		3,746	
Overtime Pay		2,994	
Social Security		15,788	
State Retirement		18,126	
Employee and Dependent Insurance		45,902	
Life Insurance		327	
Dental Insurance		2,103	
Other Fringe Benefits		5,740	
Maintenance and Repair Services - Buildings		41,138	
Disposal Fees		425,000	
Office Supplies		568	
Uniforms		1,796	
Utilities		89,154	
Building Improvements		16,283	
Other Equipment		53,288	
Total County Buildings			916,386

Other General Administration

Supervisor/Director	\$	29,640
Mechanic(s)		30,160

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Longevity Pay	\$	883	
Social Security		4,741	
State Retirement		5,457	
Employee and Dependent Insurance		10,806	
Life Insurance		108	
Dental Insurance		503	
Other Fringe Benefits		1,609	
Communication		801	
Gasoline		342,611	
Uniforms		1,578	
Utilities		4,578	
Other Supplies and Materials		4,179	
Maintenance Equipment		3,250	
Total Other General Administration			\$ 440,904

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	60,972	
Accountants/Bookkeepers		225,841	
Salary Supplements		8,250	
Longevity Pay		9,378	
Social Security		23,217	
State Retirement		26,907	
Employee and Dependent Insurance		44,060	
Life Insurance		315	
Dental Insurance		2,013	
Other Fringe Benefits		2,716	
Communication		2,066	
Data Processing Services		1,000	
Legal Notices, Recording, and Court Costs		2,089	
Maintenance Agreements		8,872	
Printing, Stationery, and Forms		8,706	
Travel		796	
Office Supplies		3,737	
Periodicals		25	
Premiums on Corporate Surety Bonds		175	
Total Accounting and Budgeting			431,135

Property Assessor's Office

County Official/Administrative Officer	\$	60,972	
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(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Assistant(s)	\$	218,629	
Longevity Pay		3,626	
In-Service Training		943	
Social Security		21,479	
State Retirement		23,683	
Employee and Dependent Insurance		51,135	
Life Insurance		328	
Dental Insurance		2,366	
Communication		1,370	
Data Processing Services		34,516	
Dues and Memberships		1,280	
Maintenance Agreements		752	
Travel		5,083	
Other Contracted Services		24,715	
Office Supplies		1,106	
Premiums on Corporate Surety Bonds		100	
Other Charges		4,088	
Office Equipment		376	
Total Property Assessor's Office			\$ 456,547

Reappraisal Program

Clerical Personnel	\$	73,323	
Longevity Pay		2,614	
In-Service Training		1,475	
Social Security		5,809	
State Retirement		6,451	
Employee and Dependent Insurance		16,856	
Life Insurance		99	
Dental Insurance		789	
Data Processing Services		12,287	
Postal Charges		57	
Travel		5,672	
Office Supplies		702	
Office Equipment		517	
Total Reappraisal Program			126,651

County Trustee's Office

County Official/Administrative Officer	\$	60,972	
Deputy(ies)		131,028	
Longevity Pay		4,504	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Social Security	\$	14,264	
State Retirement		16,327	
Employee and Dependent Insurance		32,975	
Life Insurance		243	
Dental Insurance		1,492	
Communication		1,798	
Dues and Memberships		607	
Maintenance and Repair Services - Office Equipment		4,684	
Printing, Stationery, and Forms		4,060	
Travel		501	
Office Supplies		1,700	
Premiums on Corporate Surety Bonds		6,246	
Other Charges		688	
Office Equipment		900	
Total County Trustee's Office			\$ 282,989

County Clerk's Office

County Official/Administrative Officer	\$	60,972	
Deputy(ies)		253,185	
Longevity Pay		4,504	
Social Security		23,428	
State Retirement		26,299	
Employee and Dependent Insurance		67,108	
Life Insurance		453	
Dental Insurance		3,026	
Communication		1,410	
Dues and Memberships		632	
Maintenance and Repair Services - Office Equipment		17,597	
Printing, Stationery, and Forms		32	
Travel		373	
Office Supplies		2,958	
Premiums on Corporate Surety Bonds		175	
Office Equipment		977	
Total County Clerk's Office			463,129

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	60,972	
Deputy(ies)		265,125	
Guards		4,950	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Part-time Personnel	\$	5,273	
Longevity Pay		5,825	
Board and Committee Members Fees		650	
Jury and Witness Fees		9,607	
Social Security		25,946	
State Retirement		28,186	
Employee and Dependent Insurance		63,542	
Life Insurance		432	
Dental Insurance		2,870	
Communication		2,834	
Dues and Memberships		482	
Maintenance and Repair Services - Office Equipment		9,261	
Printing, Stationery, and Forms		5,719	
Travel		35	
Office Supplies		4,554	
Premiums on Corporate Surety Bonds		1,115	
Other Charges		136	
Data Processing Equipment		3,925	
Total Circuit Court			\$ 501,439

General Sessions Court

Judge(s)	\$	129,960	
Secretary(ies)		27,280	
Part-time Personnel		300	
Longevity Pay		682	
Social Security		10,030	
State Retirement		13,834	
Employee and Dependent Insurance		11,762	
Life Insurance		111	
Dental Insurance		526	
Communication		718	
Consultants		455	
Dues and Memberships		900	
Printing, Stationery, and Forms		10	
Travel		844	
Office Supplies		297	
Other Charges		30	
Total General Sessions Court			197,739

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	60,972	
Deputy(ies)		66,300	
Longevity Pay		2,706	
Social Security		9,926	
State Retirement		11,386	
Employee and Dependent Insurance		17,644	
Life Insurance		147	
Dental Insurance		789	
Communication		927	
Dues and Memberships		712	
Maintenance and Repair Services - Office Equipment		16,996	
Printing, Stationery, and Forms		4,579	
Office Supplies		1,762	
Premiums on Corporate Surety Bonds		375	
Office Equipment		660	
Total Chancery Court			\$ 195,881

Juvenile Court

Youth Service Officer(s)	\$	58,812	
Longevity Pay		948	
In-Service Training		441	
Social Security		4,572	
State Retirement		4,805	
Employee and Dependent Insurance		11,762	
Life Insurance		111	
Dental Insurance		526	
Communication		709	
Contracts with Government Agencies		24,372	
Travel		1,200	
Office Supplies		855	
Total Juvenile Court			109,113

Judicial Commissioners

County Official/Administrative Officer	\$	65,608	
Supervisor/Director		31,300	
Part-time Personnel		30,596	
Longevity Pay		1,892	
In-Service Training		225	
Social Security		9,896	
State Retirement		4,694	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners (Cont.)

Employee and Dependent Insurance	\$	12,884	
Life Insurance		118	
Dental Insurance		767	
Printing, Stationery, and Forms		545	
Travel		298	
Office Supplies		111	
Premiums on Corporate Surety Bonds		900	
Office Equipment		329	
Total Judicial Commissioners			\$ 160,163

Probate Court

Secretary(ies)	\$	130,100	
Longevity Pay		3,146	
Social Security		9,274	
State Retirement		11,672	
Employee and Dependent Insurance		29,406	
Life Insurance		180	
Dental Insurance		1,314	
Printing, Stationery, and Forms		80	
Travel		261	
Total Probate Court			185,433

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,070	
Deputy(ies)		1,381,896	
Salary Supplements		46,200	
Secretary(ies)		89,663	
Longevity Pay		27,904	
In-Service Training		6,611	
Social Security		123,078	
State Retirement		138,861	
Employee and Dependent Insurance		265,472	
Life Insurance		1,736	
Dental Insurance		12,096	
Communication		16,730	
Evaluation and Testing		3,793	
Maintenance and Repair Services - Equipment		4,001	
Maintenance and Repair Services - Vehicles		41,232	
Printing, Stationery, and Forms		2,045	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Travel	\$	8,525	
Drug Treatment		1,659	
Other Contracted Services		8,059	
Office Supplies		8,716	
Uniforms		16,030	
Premiums on Corporate Surety Bonds		100	
Communication Equipment		757	
Law Enforcement Equipment		59,260	
Motor Vehicles		142,631	
Office Equipment		2,545	
Total Sheriff's Department			\$ 2,476,670

Drug Enforcement

Overtime Pay	\$	11,696	
Total Drug Enforcement			11,696

Jail

Medical Personnel	\$	39,361	
Bus Drivers		23,571	
Guards		944,506	
Clerical Personnel		89,722	
Cafeteria Personnel		95,043	
Part-time Personnel		72,650	
Longevity Pay		23,700	
In-Service Training		1,060	
Social Security		96,060	
State Retirement		92,759	
Employee and Dependent Insurance		231,028	
Life Insurance		1,498	
Dental Insurance		11,001	
Evaluation and Testing		2,883	
Medical and Dental Services		175,203	
Travel		3,913	
Food Supplies		144,604	
Office Supplies		5,928	
Uniforms		10,628	
Utilities		134,772	
Other Supplies and Materials		59,566	
Building Construction		925,396	
Food Service Equipment		13,492	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Law Enforcement Equipment	\$	17,173	
Office Equipment		3,830	
Total Jail			\$ 3,219,347

Juvenile Services

Guards	\$	56,752	
Part-time Personnel		42,612	
Longevity Pay		571	
Social Security		7,639	
State Retirement		5,022	
Employee and Dependent Insurance		7,883	
Life Insurance		72	
Dental Insurance		526	
Communication		563	
Office Supplies		933	
Utilities		1,131	
Office Equipment		354	
Total Juvenile Services			124,058

Fire Prevention and Control

Supervisor/Director	\$	46,348	
Salary Supplements		4,200	
Part-time Personnel		18,030	
Longevity Pay		9,889	
Overtime Pay		37,174	
Other Salaries and Wages		259,267	
In-Service Training		7,245	
Social Security		27,484	
State Retirement		30,935	
Employee and Dependent Insurance		56,678	
Life Insurance		393	
Dental Insurance		2,561	
Communication		1,167	
Contracts with Government Agencies		2,000	
Evaluation and Testing		2,483	
Maintenance and Repair Services - Buildings		13,254	
Maintenance and Repair Services - Equipment		7,198	
Maintenance and Repair Services - Vehicles		28,049	
Travel		2,953	
Office Supplies		1,787	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Uniforms	\$	2,837	
Utilities		44,803	
Other Supplies and Materials		1,223	
Communication Equipment		27,914	
Other Equipment		40,882	
Total Fire Prevention and Control			\$ 676,754

Civil Defense

Assistant(s)	\$	25,002	
Supervisor/Director		41,800	
Longevity Pay		1,600	
Social Security		5,341	
State Retirement		4,137	
Employee and Dependent Insurance		10,165	
Life Insurance		106	
Dental Insurance		504	
Other Fringe Benefits		1,529	
Communication		2,398	
Consultants		2,700	
Travel		617	
Office Supplies		35	
Other Charges		140	
Office Equipment		263	
Total Civil Defense			96,337

Rescue Squad

Contracts with Private Agencies	\$	8,670	
Total Rescue Squad			8,670

Other Emergency Management

Supervisor/Director	\$	37,900	
Dispatchers/Radio Operators		454,296	
Part-time Personnel		32,622	
Longevity Pay		7,325	
Overtime Pay		6,786	
In-Service Training		3,027	
Social Security		40,663	
State Retirement		42,368	
Employee and Dependent Insurance		106,969	
Life Insurance		710	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Dental Insurance	\$	5,167	
Other Fringe Benefits		2,839	
Maintenance Agreements		1,500	
Office Supplies		779	
Office Equipment		1,640	
Total Other Emergency Management			\$ 744,591

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	52,058	
Total County Coroner/Medical Examiner			52,058

Other Public Safety

Deputy(ies)	\$	11,554	
In-Service Training		3,704	
Social Security		884	
Law Enforcement Equipment		9,381	
Total Other Public Safety			25,523

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	20,995	
Longevity Pay		1,913	
Other Salaries and Wages		201,104	
Social Security		16,709	
State Retirement		11,603	
Employee and Dependent Insurance		45,733	
Life Insurance		303	
Dental Insurance		2,218	
Communication		17,848	
Contracts with Private Agencies		15,789	
Maintenance and Repair Services - Buildings		3,482	
Travel		12,756	
Other Contracted Services		4,171	
Drugs and Medical Supplies		11,081	
Office Supplies		8,976	
Utilities		17,625	
Other Supplies and Materials		5,894	
Other Charges		1,319	
Building Improvements		6,043	
Office Equipment		2,485	
Total Local Health Center			408,047

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Deputy(ies)	\$	54,289	
Longevity Pay		1,326	
Other Salaries and Wages		5,889	
Social Security		4,498	
State Retirement		5,123	
Employee and Dependent Insurance		11,762	
Life Insurance		72	
Dental Insurance		526	
Other Fringe Benefits		1,780	
Contracts with Private Agencies		30,600	
Gasoline		7,500	
Office Supplies		1,390	
Uniforms		1,154	
Other Supplies and Materials		3,966	
Total Rabies and Animal Control			\$ 129,875

Ambulance/Emergency Medical Services

Supervisor/Director	\$	49,327
Medical Personnel		918,235
Secretary(ies)		47,571
Part-time Personnel		44,024
Longevity Pay		26,473
Overtime Pay		622,719
In-Service Training		8,288
Social Security		127,659
State Retirement		138,595
Employee and Dependent Insurance		248,257
Life Insurance		1,611
Dental Insurance		11,328
Other Fringe Benefits		2,487
Communication		7,869
Consultants		2,400
Debt Collection Services		11,808
Maintenance and Repair Services - Buildings		2,545
Maintenance and Repair Services - Office Equipment		1,016
Maintenance and Repair Services - Vehicles		29,589
Travel		1,269
Other Contracted Services		4,924
Drugs and Medical Supplies		74,962
Office Supplies		7,259

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Uniforms	\$	10,666	
Utilities		14,891	
Other Supplies and Materials		15,543	
Other Charges		4,660	
Motor Vehicles		290,767	
Office Equipment		1,228	
Other Equipment		37,483	
Total Ambulance/Emergency Medical Services			\$ 2,765,453

Alcohol and Drug Programs

Assistant(s)	\$	30,500	
Supervisor/Director		32,165	
Longevity Pay		1,880	
Social Security		4,898	
State Retirement		5,654	
Employee and Dependent Insurance		11,762	
Life Insurance		111	
Dental Insurance		526	
Total Alcohol and Drug Programs			87,496

Appropriation to State

Contributions	\$	57,500	
Total Appropriation to State			57,500

Other Local Welfare Services

Longevity Pay	\$	1,046	
Other Salaries and Wages		105,906	
Social Security		8,294	
State Retirement		9,369	
Employee and Dependent Insurance		11,762	
Life Insurance		107	
Dental Insurance		789	
Contracts with Government Agencies		42,182	
Contracts with Other Public Agencies		94,623	
Contracts with Other School Systems		28,974	
Contracts with Private Agencies		59,853	
Contracts with Parents		33,824	
Contracts with Public Carriers		57,613	
Postal Charges		41	
Travel		1,509	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Welfare Services (Cont.)

Office Supplies	\$	1,090	
Total Other Local Welfare Services			\$ 456,982

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contracts with Private Agencies	\$	28,560	
Total Senior Citizens Assistance			28,560

Libraries

Supervisor/Director	\$	43,400	
Deputy(ies)		38,400	
Secretary(ies)		24,710	
Clerical Personnel		21,715	
Part-time Personnel		51,346	
Longevity Pay		4,132	
In-Service Training		5,195	
Social Security		14,063	
State Retirement		11,698	
Employee and Dependent Insurance		23,525	
Life Insurance		183	
Dental Insurance		1,051	
Other Fringe Benefits		1,187	
Communication		5,178	
Contracts with Government Agencies		1,100	
Maintenance and Repair Services - Buildings		4,137	
Maintenance and Repair Services - Office Equipment		4,199	
Postal Charges		2,000	
Printing, Stationery, and Forms		1,916	
Other Contracted Services		10,234	
Library Books/Media		74,602	
Periodicals		4,806	
Utilities		15,381	
Other Supplies and Materials		11,972	
Building Construction		344,739	
Building Improvements		3,285	
Total Libraries			724,154

Parks and Fair Boards

Supervisor/Director	\$	30,306	
Custodial Personnel		17,118	

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Part-time Personnel	\$	25,576	
Longevity Pay		840	
Social Security		5,459	
State Retirement		3,795	
Employee and Dependent Insurance		11,762	
Life Insurance		111	
Dental Insurance		526	
Other Fringe Benefits		987	
Uniforms		817	
Utilities		43,998	
Other Supplies and Materials		24,999	
Building Improvements		28,950	
Site Development		30,000	
Other Equipment		10,000	
Total Parks and Fair Boards			\$ 235,244

Other Social, Cultural, and Recreational

Contracts with Private Agencies	\$	47,016	
Total Other Social, Cultural, and Recreational			47,016

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	83,430	
Communication		2,472	
Travel		1,470	
Office Supplies		1,000	
Communication Equipment		2,970	
Total Agriculture Extension Service			91,342

Soil Conservation

Secretary(ies)	\$	28,000	
Part-time Personnel		7,920	
Longevity Pay		700	
Social Security		2,802	
State Retirement		2,514	
Employee and Dependent Insurance		5,652	
Life Insurance		36	
Dental Insurance		263	
Dues and Memberships		1,320	
Legal Notices, Recording, and Court Costs		720	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

Travel	\$	2,259	
Office Supplies		559	
Office Equipment		475	
Total Soil Conservation			\$ 53,220

Other Operations

Tourism

Contracts with Private Agencies	\$	35,700	
Contributions		59,993	
Land		151,878	
Total Tourism			247,571

Other Economic and Community Development

Other Construction	\$	34,693	
Total Other Economic and Community Development			34,693

Veterans' Services

Contracts with Government Agencies	\$	11,688	
Total Veterans' Services			11,688

Other Charges

Liability Insurance	\$	164,460	
Trustee's Commission		202,286	
Other Charges		10,796	
Total Other Charges			377,542

Contributions to Other Agencies

Contributions	\$	242	
Total Contributions to Other Agencies			242

Employee Benefits

Unemployment Compensation	\$	24,593	
Medical and Dental Services		942	
Workers' Compensation Insurance		401,584	
Total Employee Benefits			427,119

Miscellaneous

Postal Charges	\$	54,141	
Other Charges		441	
Total Miscellaneous			54,582

Total General Fund \$ 20,067,978

(Continued)

Exhibit L-8

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

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	91,371	
Building Improvements		34,290	
Total County Buildings			\$ 125,661

Other Operations

Other Charges

Trustee's Commission	\$	739	
Total Other Charges			739

Total Courthouse and Jail Maintenance Fund \$ 126,400

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Laborers	\$	111,934	
Part-time Personnel		10,890	
Longevity Pay		2,658	
Overtime Pay		863	
Social Security		9,819	
State Retirement		10,330	
Employee and Dependent Insurance		28,488	
Life Insurance		144	
Dental Insurance		1,314	
Other Fringe Benefits		2,475	
Diesel Fuel		88,026	
Uniforms		1,521	
Other Supplies and Materials		48,350	
Site Development		13,383	
Other Equipment		4,500	
Total Waste Pickup			\$ 334,695

Convenience Centers

Guards	\$	127,925	
Part-time Personnel		286,967	
Longevity Pay		3,256	
Overtime Pay		419	
Social Security		31,933	
State Retirement		11,431	
Employee and Dependent Insurance		35,287	
Life Insurance		156	

(Continued)

Exhibit L-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Dental Insurance	\$	1,577	
Other Fringe Benefits		1,658	
Contracts with Other Public Agencies		25,000	
Operating Lease Payments		9,300	
Uniforms		8,141	
Utilities		33,222	
Other Supplies and Materials		19,384	
Building Construction		15,844	
Site Development		28,244	
Other Equipment		79,068	
Total Convenience Centers			\$ 718,812

Recycling Center

Laborers	\$	97,804	
Part-time Personnel		34,014	
Longevity Pay		2,202	
Overtime Pay		457	
Social Security		10,324	
State Retirement		7,982	
Employee and Dependent Insurance		22,082	
Life Insurance		113	
Dental Insurance		1,008	
Other Fringe Benefits		874	
Travel		443	
Diesel Fuel		2,804	
Office Supplies		2,218	
Uniforms		3,400	
Utilities		4,648	
Other Supplies and Materials		45,153	
Building Construction		5,850	
Site Development		252,820	
Other Equipment		48,236	
Total Recycling Center			542,432

Other Operations

Other Charges

Trustee's Commission	\$	3,171	
Total Other Charges			3,171

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

Unemployment Compensation	\$	3,503	
Workers' Compensation Insurance		77,163	
Total Employee Benefits			\$ 80,666

Highways

Litter and Trash Collection

Deputy(ies)	\$	41,551	
Longevity Pay		427	
Social Security		3,211	
State Retirement		3,677	
Employee and Dependent Insurance		11,533	
Life Insurance		72	
Dental Insurance		526	
Communication		20	
Travel		282	
Diesel Fuel		1,350	
Office Supplies		268	
Uniforms		52	
Other Supplies and Materials		2,982	
Total Litter and Trash Collection			65,951

Total Solid Waste/Sanitation Fund \$ 1,745,727

Drug Control Fund

Public Safety

Drug Enforcement

In-Service Training	\$	370	
Communication		288	
Maintenance and Repair Services - Vehicles		4,999	
Other Supplies and Materials		79	
Law Enforcement Equipment		2,518	
Total Drug Enforcement			\$ 8,254

Other Operations

Other Charges

Trustee's Commission	\$	185	
Total Other Charges			185

Total Drug Control Fund 8,439

(Continued)

Exhibit L-8

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	67,070	
Assistant(s)		34,382	
Longevity Pay		860	
Overtime Pay		2,530	
Social Security		7,978	
State Retirement		9,253	
Employee and Dependent Insurance		11,762	
Life Insurance		111	
Dental Insurance		526	
Other Fringe Benefits		792	
Dues and Memberships		3,365	
Travel		1,928	
Office Supplies		857	
Other Charges		299	
Total Administration			\$ 141,713

Highway and Bridge Maintenance

Equipment Operators - Heavy	\$	269,274	
Truck Drivers		146,048	
Laborers		61,006	
Longevity Pay		13,851	
Overtime Pay		23,985	
Social Security		39,934	
State Retirement		45,016	
Employee and Dependent Insurance		93,500	
Life Insurance		579	
Dental Insurance		4,458	
Other Fringe Benefits		8,220	
Other Contracted Services		16,086	
Asphalt - Cold Mix		28,437	
Asphalt - Hot Mix		140,810	
Asphalt - Liquid		260,872	
Crushed Stone		74,421	
Pipe - Metal		794	
Road Signs		9,917	
Sand		15	
Wood Products		21	
Total Highway and Bridge Maintenance			1,237,244

(Continued)

Exhibit L-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Mechanic(s)	\$	86,112	
Longevity Pay		2,949	
Overtime Pay		61	
Social Security		6,978	
State Retirement		7,990	
Employee and Dependent Insurance		17,414	
Life Insurance		108	
Dental Insurance		789	
Other Fringe Benefits		2,093	
Laundry Service		1,727	
Diesel Fuel		76,657	
Equipment and Machinery Parts		35,081	
Gasoline		33,999	
Lubricants		4,978	
Tires and Tubes		7,934	
Total Operation and Maintenance of Equipment			\$ 284,870

Other Charges

Communication	\$	5,873	
Electricity		4,584	
Natural Gas		4,603	
Water and Sewer		1,994	
Premiums on Corporate Surety Bonds		175	
Trustee's Commission		23,400	
Vehicle and Equipment Insurance		49,777	
Other Charges		4,221	
Total Other Charges			94,627

Employee Benefits

Unemployment Compensation	\$	5,453	
Workers' Compensation Insurance		56,577	
Total Employee Benefits			62,030

Capital Outlay

Bridge Construction	\$	270,686	
State Aid Projects		449,710	
Other Equipment		63,720	
Total Capital Outlay			784,116

(Continued)

Exhibit L-8

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

Highway/Public Works Fund (Cont.)

Principal on Debt

Highways and Streets

Principal on Notes	\$ 111,112	
Total Highways and Streets		\$ 111,112

Interest on Debt

Highways and Streets

Interest on Notes	\$ 13,167	
Total Highways and Streets		<u>13,167</u>

Total Highway/Public Works Fund		\$ 2,728,879
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General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 775,000	
Principal on Notes	210,904	
Principal on Other Loans	<u>600,000</u>	
Total General Government		\$ 1,585,904

Education

Principal on Other Loans	\$ 545,000	
Total Education		545,000

Interest on Debt

General Government

Interest on Bonds	\$ 63,000	
Interest on Notes	13,272	
Interest on Other Loans	<u>210,999</u>	
Total General Government		287,271

Education

Interest on Other Loans	\$ 2,592,684	
Total Education		2,592,684

Other Debt Service

General Government

Financial Advisory Services	\$ 535	
Trustee's Commission	85,973	
Underwriter's Discount	21,875	
Other Debt Issuance Charges	<u>31,172</u>	
Total General Government		139,555

(Continued)

Exhibit L-8

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Capital Projects - Donated</u>			
<u>Capital Projects Donated to Other Entities</u>			
Contributions	\$	<u>1,696,953</u>	
Total Capital Projects Donated to Other Entities			\$ <u>1,696,953</u>
Total General Debt Service Fund			\$ 6,847,367
<u>Education Capital Projects Fund</u>			
<u>Capital Projects - Donated</u>			
<u>Capital Projects Donated to School Department</u>			
Contributions	\$	<u>1,200,000</u>	
Total Capital Projects Donated to School Department			\$ <u>1,200,000</u>
Total Education Capital Projects Fund			<u>1,200,000</u>
Total Governmental Funds - Primary Government			<u>\$ 32,724,790</u>

Exhibit L-9

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	14,040,255	
Career Ladder Program		245,308	
Career Ladder Extended Contracts		52,500	
Homebound Teachers		37,652	
Educational Assistants		771,582	
Other Salaries and Wages		169,486	
Certified Substitute Teachers		37,099	
Non-certified Substitute Teachers		189,087	
Social Security		1,145,012	
State Retirement		954,969	
Life Insurance		30,135	
Medical Insurance		3,300,720	
Dental Insurance		129,412	
Maintenance and Repair Services - Equipment		61,450	
Other Contracted Services		128,562	
Instructional Supplies and Materials		322,392	
Textbooks		374,533	
Other Supplies and Materials		6,535	
Fee Waivers		5,236	
Other Charges		42,081	
Regular Instruction Equipment		383,588	
Total Regular Instruction Program			\$ 22,427,594

Alternative Instruction Program

Teachers	\$	150,524	
Career Ladder Program		1,000	
Career Ladder Extended Contracts		2,000	
Social Security		11,300	
State Retirement		9,580	
Life Insurance		285	
Medical Insurance		25,894	
Dental Insurance		876	
Other Contracted Services		857	
Instructional Supplies and Materials		1,500	
Other Supplies and Materials		1,165	
In Service/Staff Development		441	
Fee Waivers		561	
Other Equipment		5,000	
Total Alternative Instruction Program			210,983

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	1,507,378	
Career Ladder Program		31,100	
Career Ladder Extended Contracts		14,500	
Homebound Teachers		37,113	
Educational Assistants		49,859	
Speech Pathologist		144,055	
Other Salaries and Wages		45,475	
Certified Substitute Teachers		425	
Non-certified Substitute Teachers		3,465	
Social Security		136,474	
State Retirement		114,523	
Life Insurance		3,271	
Medical Insurance		329,169	
Dental Insurance		11,526	
Maintenance and Repair Services - Equipment		100	
Instructional Supplies and Materials		15,000	
Textbooks		2,238	
Other Supplies and Materials		4,497	
Other Charges		3,000	
Special Education Equipment		4,987	
Total Special Education Program			\$ 2,458,155

Vocational Education Program

Teachers	\$	998,813
Career Ladder Program		17,000
Career Ladder Extended Contracts		4,000
Educational Assistants		12,179
Certified Substitute Teachers		835
Non-certified Substitute Teachers		2,992
Social Security		79,546
State Retirement		66,133
Life Insurance		2,024
Medical Insurance		196,647
Dental Insurance		6,678
Maintenance and Repair Services - Equipment		8,480
Other Contracted Services		36,000
Instructional Supplies and Materials		39,303
T&I Construction Materials		36,463
Textbooks		6,662

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Other Supplies and Materials	\$	1,992	
Other Charges		11,295	
Vocational Instruction Equipment		13,624	
Total Vocational Education Program			\$ 1,540,666

Support Services

Attendance

Supervisor/Director	\$	54,935	
Career Ladder Program		1,000	
Social Security		4,279	
State Retirement		3,490	
Life Insurance		75	
Medical Insurance		10,914	
Dental Insurance		240	
Travel		306	
Other Supplies and Materials		692	
Other Charges		80	
Total Attendance			76,011

Health Services

Medical Personnel	\$	142,481	
Part-time Personnel		2,840	
Social Security		10,946	
State Retirement		11,607	
Life Insurance		252	
Medical Insurance		38,097	
Dental Insurance		1,686	
Travel		1,335	
Other Contracted Services		2,734	
Drugs and Medical Supplies		577	
Other Supplies and Materials		2,458	
In Service/Staff Development		300	
Health Equipment		1,958	
Total Health Services			217,271

Other Student Support

Career Ladder Program	\$	5,600	
Guidance Personnel		595,627	
Career Ladder Extended Contracts		3,000	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Social Security	\$	45,275	
State Retirement		37,666	
Life Insurance		998	
Medical Insurance		99,400	
Dental Insurance		3,211	
Evaluation and Testing		29,932	
Travel		388	
Other Charges		27,254	
Total Other Student Support			\$ 848,351

Regular Instruction Program

Supervisor/Director	\$	196,680	
Career Ladder Program		22,700	
Career Ladder Extended Contracts		11,500	
Librarians		449,201	
Instructional Computer Personnel		257,601	
Secretary(ies)		46,606	
Social Security		71,883	
State Retirement		65,386	
Life Insurance		1,423	
Medical Insurance		157,292	
Dental Insurance		5,663	
Consultants		1,800	
Maintenance and Repair Services - Equipment		60	
Travel		11,699	
Library Books/Media		66,000	
Other Supplies and Materials		1,768	
In Service/Staff Development		29,426	
Total Regular Instruction Program			1,396,688

Special Education Program

Supervisor/Director	\$	70,698
Career Ladder Program		5,400
Psychological Personnel		138,841
Secretary(ies)		22,761
Clerical Personnel		16,877
Other Salaries and Wages		85,542
Social Security		25,688
State Retirement		22,384

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Life Insurance	\$	511	
Medical Insurance		53,042	
Dental Insurance		1,881	
Consultants		178	
Maintenance and Repair Services - Equipment		969	
Travel		15,312	
Other Supplies and Materials		1,500	
Other Charges		628	
Other Equipment		408	
Total Special Education Program			\$ 462,620

Vocational Education Program

Supervisor/Director	\$	62,516	
Career Ladder Program		1,000	
Clerical Personnel		30,286	
Social Security		7,695	
State Retirement		7,156	
Life Insurance		107	
Medical Insurance		10,527	
Dental Insurance		470	
Other Supplies and Materials		420	
In Service/Staff Development		950	
Other Charges		727	
Total Vocational Education Program			121,854

Other Programs

On-Behalf Payments to OPEB	\$	222,453	
Total Other Programs			222,453

Board of Education

Board and Committee Members Fees	\$	28,800	
Social Security		2,203	
State Retirement		1,314	
Life Insurance		574	
Medical Insurance		202,520	
Dental Insurance		1,026	
Unemployment Compensation		53,685	
Audit Services		7,000	
Legal Services		33,197	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Travel	\$	13,092	
Other Contracted Services		9,024	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		245,767	
Workers' Compensation Insurance		271,749	
Other Charges		1,420	
Total Board of Education			\$ 871,721

Director of Schools

County Official/Administrative Officer	\$	91,885	
Career Ladder Program		1,000	
Social Security		6,932	
State Retirement		5,580	
Life Insurance		75	
Medical Insurance		5,370	
Dental Insurance		240	
Communication		105,452	
Dues and Memberships		16,648	
Postal Charges		2,547	
Travel		2,992	
Other Contracted Services		3,592	
Office Supplies		8,067	
Criminal Investigation of Applicants - TBI		12,060	
Other Charges		6,638	
Administration Equipment		5,038	
Total Director of Schools			274,116

Office of the Principal

Principals	\$	772,453	
Career Ladder Program		14,900	
Career Ladder Extended Contracts		16,000	
Assistant Principals		703,272	
Secretary(ies)		473,750	
Clerical Personnel		209,302	
Social Security		163,727	
State Retirement		150,544	
Life Insurance		3,234	
Medical Insurance		394,264	
Dental Insurance		15,088	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Communication	\$	3,646	
In Service/Staff Development		1,736	
Other Charges		11,982	
Total Office of the Principal			\$ 2,933,898

Operation of Plant

Custodial Personnel	\$	1,063,169	
Other Salaries and Wages		17,648	
Social Security		82,426	
State Retirement		83,371	
Life Insurance		2,066	
Medical Insurance		295,085	
Dental Insurance		14,149	
Janitorial Services		31,440	
Disposal Fees		36,705	
Contracts for Landfill Facilities		21,856	
Other Contracted Services		19,995	
Custodial Supplies		129,783	
Electricity		1,462,395	
Natural Gas		300,215	
Uniforms		19,302	
Water and Sewer		101,833	
Building and Contents Insurance		209,590	
Other Charges		1,437	
Plant Operation Equipment		16,344	
Total Operation of Plant			3,908,809

Maintenance of Plant

Supervisor/Director	\$	43,923	
Secretary(ies)		22,979	
Maintenance Personnel		337,689	
Part-time Personnel		24,706	
Social Security		31,967	
State Retirement		32,140	
Life Insurance		457	
Medical Insurance		63,370	
Dental Insurance		3,018	
Maintenance Agreements		4,975	
Maintenance and Repair Services - Buildings		302,191	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Other Contracted Services	\$	55,317	
Equipment and Machinery Parts		24,913	
Fertilizer, Lime, and Seed		14,691	
Drainage Materials		9,966	
Chemicals		2,736	
Other Supplies and Materials		34,979	
Other Charges		12,160	
Heating and Air Conditioning Equipment		61,030	
Maintenance Equipment		57,517	
Total Maintenance of Plant			\$ 1,140,724

Transportation

Supervisor/Director	\$	43,923	
Mechanic(s)		92,573	
Bus Drivers		840,572	
Clerical Personnel		23,120	
Attendants		15,896	
Other Salaries and Wages		27,694	
Social Security		77,159	
State Retirement		82,717	
Life Insurance		2,696	
Medical Insurance		375,717	
Dental Insurance		18,804	
Maintenance and Repair Services - Vehicles		687	
Travel		792	
Other Contracted Services		4,843	
Equipment and Machinery Parts		8,963	
Gasoline		323,932	
Lubricants		6,035	
Office Supplies		952	
Tires and Tubes		25,628	
Vehicle Parts		50,103	
Other Supplies and Materials		5,102	
In Service/Staff Development		2,621	
Other Charges		1,986	
Transportation Equipment		276,560	
Total Transportation			2,309,075

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other

Assistant(s)	\$	81,121	
Supervisor/Director		37,872	
Secretary(ies)		30,949	
Clerical Personnel		50,768	
School Resource Officer		10,509	
Other Salaries and Wages		23,162	
Social Security		17,706	
State Retirement		17,698	
Life Insurance		233	
Medical Insurance		30,521	
Dental Insurance		1,303	
Other Contracted Services		1,568	
Other Supplies and Materials		17,088	
Other Charges		4,850	
Total Central and Other			\$ 325,348

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	30,600	
Social Workers		32,831	
Other Salaries and Wages		62,673	
Social Security		10,715	
State Retirement		5,751	
Life Insurance		72	
Medical Insurance		10,688	
Dental Insurance		481	
Travel		2,467	
Food Supplies		1,024	
Other Supplies and Materials		3,694	
Other Charges		1,142	
Total Community Services			162,138

Early Childhood Education

Supervisor/Director	\$	17,154	
Teachers		480,883	
Career Ladder Extended Contracts		1,478	
Educational Assistants		137,424	
Non-certified Substitute Teachers		7,222	
Social Security		47,419	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

State Retirement	\$	40,826	
Life Insurance		1,378	
Medical Insurance		126,783	
Dental Insurance		5,910	
Instructional Supplies and Materials		38,048	
Other Supplies and Materials		5,603	
In Service/Staff Development		8,636	
Other Charges		2,451	
Regular Instruction Equipment		174,138	
Total Early Childhood Education	\$		1,095,353

Capital Outlay

Regular Capital Outlay

Engineering Services	\$	23,901	
Building Construction		412,566	
Building Improvements		292,166	
Land		290,000	
Site Development		54,785	
Other Capital Outlay		200,151	
Total Regular Capital Outlay			1,273,569

Total General Purpose School Fund \$ 44,277,397

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	566,393	
Educational Assistants		459,175	
Other Salaries and Wages		14,630	
Certified Substitute Teachers		2,000	
Non-certified Substitute Teachers		7,920	
Social Security		78,402	
State Retirement		68,990	
Life Insurance		2,679	
Medical Insurance		336,318	
Dental Insurance		14,874	
Unemployment Compensation		6,038	
Other Fringe Benefits		4,166	
Maintenance and Repair Services - Equipment		51,988	

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Instructional Supplies and Materials	\$	102,847	
Other Charges		804	
Regular Instruction Equipment		60,811	
Total Regular Instruction Program			\$ 1,778,035

Special Education Program

Teachers	\$	61,571	
Educational Assistants		491,419	
Other Salaries and Wages		104,989	
Non-certified Substitute Teachers		7,110	
Social Security		49,644	
State Retirement		48,817	
Life Insurance		1,633	
Medical Insurance		198,943	
Dental Insurance		10,739	
Unemployment Compensation		4,305	
Contracts with Private Agencies		96,872	
Other Contracted Services		3,900	
Instructional Supplies and Materials		3,194	
In Service/Staff Development		6,712	
Other Charges		950	
Special Education Equipment		36,352	
Total Special Education Program			1,127,150

Vocational Education Program

Instructional Supplies and Materials	\$	15,526	
Vocational Instruction Equipment		136,605	
Total Vocational Education Program			152,131

Support Services

Other Student Support

Guidance Personnel	\$	29,973	
Social Security		2,293	
Evaluation and Testing		35	
Travel		18,000	
Food Supplies		223	
In Service/Staff Development		17,874	
Other Charges		23,936	
Total Other Student Support			92,334

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	77,285	
Instructional Computer Personnel		1,594	
Secretary(ies)		32,180	
Other Salaries and Wages		16,684	
Social Security		9,500	
State Retirement		8,469	
Life Insurance		111	
Medical Insurance		10,741	
Dental Insurance		526	
Unemployment Compensation		210	
Other Fringe Benefits		429	
Travel		862	
Other Contracted Services		6,390	
Other Supplies and Materials		1,411	
In Service/Staff Development		89,288	
Other Charges		3,000	
Other Equipment		129	
Total Regular Instruction Program			\$ 258,809

Special Education Program

Psychological Personnel	\$	37,530	
Social Security		2,889	
State Retirement		2,278	
Life Insurance		8	
Unemployment Compensation		105	
In Service/Staff Development		8,814	
Other Equipment		1,230	
Total Special Education Program			52,854

Vocational Education Program

Travel	\$	250	
In Service/Staff Development		5,900	
Other Charges		6,337	
Total Vocational Education Program			12,487

Operation of Plant

Custodial Personnel	\$	3,867	
Social Security		437	
Plant Operation Equipment		6,700	
Total Operation of Plant			11,004

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation

Other Charges	\$	202	
Total Transportation			\$ 202

Total School Federal Projects Fund \$ 3,485,006

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	43,888	
Accountants/Bookkeepers		37,773	
Clerical Personnel		34,798	
Cafeteria Personnel		1,070,513	
Maintenance Personnel		57,854	
Longevity Pay		5,000	
Other Salaries and Wages		8,376	
Social Security		96,297	
State Retirement		72,275	
Life Insurance		1,666	
Medical Insurance		234,397	
Dental Insurance		12,078	
Unemployment Compensation		2,734	
Communication		6,828	
Maintenance and Repair Services - Equipment		5,750	
Maintenance and Repair Services - Office Equipment		661	
Pest Control		3,960	
Transportation - Other than Students		20,833	
Travel		4,795	
Disposal Fees		31,080	
Contracts for Landfill Facilities		14,951	
Other Contracted Services		12,332	
Equipment and Machinery Parts		41,519	
Food Supplies		1,560,231	
Office Supplies		8,464	
Uniforms		2,381	
Utilities		3,351	
Other Supplies and Materials		119,041	
In Service/Staff Development		3,226	
Other Charges		21,752	
Food Service Equipment		82,891	
Total Food Service			\$ 3,621,695

Total Central Cafeteria Fund 3,621,695

(Continued)

Exhibit L-9

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

<u>Education Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Building Improvements	\$	<u>216,705</u>	
Total Education Capital Projects			<u>\$ 216,705</u>
 Total Education Capital Projects Fund			 <u>\$ 216,705</u>
 Total Governmental Funds - Cumberland County School Department			 <u><u>\$ 51,600,803</u></u>

Exhibit L-10

Cumberland County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Cumberland County Railroad Authority  
For the Year Ended June 30, 2008

<u>General Fund</u>			
<u>Capital Projects</u>			
<u>Other General Government Projects</u>			
Other Construction	\$	<u>852,754</u>	
Total Other General Government Projects			<u>\$ 852,754</u>
 Total General Fund			 <u>\$ 852,754</u>
 Total Governmental Funds - Cumberland County Railroad Authority			 <u><u>\$ 852,754</u></u>

Exhibit L-11

Cumberland County, Tennessee  
Schedule of Detailed Revenues and Expenses  
Proprietary Fund  
For the Year Ended June 30, 2008

	Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/>
<u>Operating Revenues</u>	
<u>Charges of Current Services</u>	
Tipping Fees	\$ 846,194
Total Operating Revenues	<hr/> \$ 846,194
Total Operating Revenues	<hr/> <hr/> \$ 846,194
<u>Operating Expenses</u>	
<u>Public Health and Welfare</u>	
<u>Landfill Operation and Maintenance</u>	
Supervisor/Director	\$ 39,707
Equipment Operators	105,787
Part-time Personnel	16,765
Longevity Pay	3,209
Overtime Pay	624
Social Security	12,872
State Retirement	13,326
Employee and Dependent Insurance	29,176
Life Insurance	232
Dental Insurance	1,314
Other Fringe Benefits	2,793
Travel	520
Contracts for Landfill Facilities	62,676
Diesel Fuel	51,091
Office Supplies	1,297
Uniforms	1,653
Utilities	12,937
Other Supplies and Materials	155,719
Depreciation	407,297
Landfill Closure/Postclosure Care Costs	365,901
Other Charges	307,729
Total Landfill Operation and Maintenance	<hr/> \$ 1,592,625
<u>Other Operations</u>	
<u>Other Charges</u>	
Trustees' Commission	<hr/> \$ 4,318
<u>Employee Benefits</u>	
Unemployment Compensation	\$ 438
Workers' Compensation Insurance	17,618
Total Employee Benefits	<hr/> \$ 18,056
Total Expenses	<hr/> <hr/> \$ 1,614,999

Exhibit L-12

Cumberland 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	\$ 7,173,011
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 7,101,281
Trustee's Commission	71,730
Total Cash Disbursements	<u>\$ 7,173,011</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

April 8, 2009

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cumberland County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Cumberland County's basic financial statements and have issued our report thereon dated April 8, 2009. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Cumberland County Emergency Communications District as described in our report on Cumberland County's financial statements. This report does not include the results of the other auditor's 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 Cumberland 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 Cumberland County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cumberland 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, 08.03, and 08.06.

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 Cumberland 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, 08.02, and 08.03 to be material weaknesses.

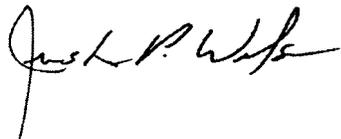
### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cumberland 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 08.04 and 08.05.

Cumberland 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 Cumberland 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, Board of County Commissioners, Board of Education, Railroad Authority Board of Directors, others within Cumberland 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the beginning.

Justin P. Wilson  
Comptroller of the Treasury

JPW/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  
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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

April 8, 2009

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Cumberland 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. Cumberland 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 Cumberland County's management. Our responsibility is to express an opinion on Cumberland 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 Cumberland County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Cumberland County's compliance with those requirements.

In our opinion, Cumberland 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 Cumberland County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Cumberland County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Cumberland County's internal control over compliance.

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

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

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

#### Schedule of Expenditures of Federal Awards

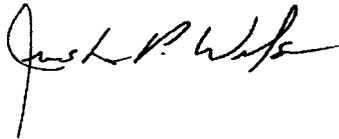
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cumberland County as of and for the year ended June 30, 2008, and have issued our reports thereon dated April 8, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that

collectively comprise Cumberland 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.

Cumberland 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 Cumberland 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, the Board of County Commissioners, Board of Education, Railroad Authority Board of Directors, others within Cumberland County, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke at the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

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Cumberland 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	Passed-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	\$ 148,604 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	555,194
National School Lunch Program	10.555	N/A	1,536,395 (3)
Summer Food Service Program for Children	10.559	N/A	15,078
Total U.S. Department of Agriculture			\$ 2,255,271
U.S. Department of Justice:			
Direct Programs:			
High Intensity Drug Trafficking Area	16.XXX	N/A	\$ 7,240
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(4)	31,122
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	Z-06-027609-00	18,000
Total U.S. Department of Justice			\$ 56,362
U.S. Department of Labor:			
Passed-through East Tennessee Human Resource Agency:			
WIA Cluster:			
WIA Adult Program	17.258	N/A	\$ 194,211
WIA Youth Activities	17.259	N/A	126,318
WIA Dislocated Workers	17.260	N/A	133,946
Total U.S. Department of Labor			\$ 454,475
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grant to Local Educational Agencies	84.010	N/A	\$ 1,630,286
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,349,299
Special Education - Preschool Grants	84.173	N/A	44,922
Vocational Education - Basic Grants to States	84.048	N/A	232,758
Safe and Drug Free Schools and Communities - State Grants	84.186	(2)	34,713
Education for Homeless Children and Youth	84.196	N/A	27,825
Twenty-First Century Community Learning Centers	84.287	(2)	50,000
Innovative Education Program Strategies	84.298	N/A	11,948
Education Technology State Grants	84.318	(2)	16,872
Rural Education	84.358	N/A	71,081
English Language Acquisition Grants	84.365	N/A	14,235
Improving Teacher Quality State Grants	84.367	N/A	248,073
Total U.S. Department of Education			\$ 3,732,012
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	Z-07-20637-00	\$ 1,017
Total Expenditures of Federal Awards			\$ 6,499,137

(Continued)

Cumberland 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>			
Railroad Rehabilitation Grant - State Department of Transportation	N/A	(2)	\$ 857,958
Family Resource Center - State Department of Education	N/A	(2)	32,514
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	39,416
Law Enforcement Training - State Department of Safety	N/A	(2)	51,000
Litter Program - State Department of Transportation	N/A	(2)	41,850
Rural Local Health Services - State Department of Health	N/A	(2)	298,380
Community Enhancement Grant - Tennessee Secretary of State	N/A	(2)	13,500
Audio/Visual Equipment - Administrative Office of the Courts	N/A	(2)	8,888
Security Enhancements - Administrative Office of the Courts	N/A	(2)	39,072
Lottery for Education - PreK - State Department of Education	N/A	(2)	1,023,231
Safe Schools Act - State Department of Education	N/A	(2)	40,700
Coordinated School Health - State Department of Education	N/A	(2)	104,999
Touching the Lives of Children - State Department of Education	N/A	(2)	7,050
Waste Tire Storage and Disposal - State Department of Environment and Conservation	N/A	(2)	28,085
Three Star Innovation Grant - State Department of Environment and Conservation	N/A	(2)	<u>15,000</u>
<b>Total State Grants</b>			<b><u>\$ 2,601,643</u></b>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

(1) Presented in conformity with generally accepted accounting principles and prepared on the modified accrual basis of accounting.

(2) Information not available.

(3) Total for CFDA No. 10.555 is \$1,684,999.

(4) Z-08-022747-00: \$6,750; Z-05-025538-00: \$24,372.

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

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

**OFFICE OF FINANCE DIRECTOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.04	17	The Solid Waste Disposal Fund had a deficit in unrestricted net assets

**OFFICE OF SHERIFF**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.10	21	Funds were not deposited within three days of collection

**OTHER FINDING**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.11	21	Duties were not segregated adequately in the Finance Department and in the Offices of Trustee, County Clerk, Register, and Sheriff

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**CUMBERLAND COUNTY, TENNESSEE,**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2008**

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

1. Our report on the financial statements of Cumberland County is unqualified.
2. The audit of the financial statements of Cumberland County disclosed significant deficiencies in internal control. Three of these deficiencies were considered to be material weaknesses.
3. The audit disclosed one instance of noncompliance that was material to the financial statements of Cumberland 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, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); the Workforce Investment Program Cluster: WIA Adult Program, WIA Youth Activities, and WIA Dislocated Workers (CFDA Nos. 17.258, 17.259, and 17.260); Title I Grants to Local Educational Agencies (CFDA No. 84.010); 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. Cumberland 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 director of finance are paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

### **OFFICE OF FINANCE DIRECTOR**

#### **FINDING 08.01      **THE GENERAL, HIGHWAY/PUBLIC WORKS, GENERAL DEBT SERVICE, EDUCATION CAPITAL PROJECTS, AND SOLID WASTE DISPOSAL FUNDS 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 General, Highway/Public Works, General Debt Service, Education Capital Projects, and Solid Waste Disposal funds 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 Cumberland 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**

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

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

The recommendation is acknowledged, and Cumberland County shall adjust current processes to address this finding.

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**FINDING 08.02      THE GENERAL FUND HAD A DEFICIT IN UNRESERVED  
FUND BALANCE AT JUNE 30, 2008**  
(Internal Control – Material Weakness Under Government Auditing  
Standards)

The General Fund had a deficit in unreserved fund balance of \$9,951,952 at June 30, 2008. This deficit resulted from the recognition of the unperformed portion of a jail construction contract totaling \$11,999,005 being reserved as an encumbrance in the financial statements. The County Commission has authorized an interfund loan (\$5,000,000) and a public building authority loan (\$6,300,000) to fund the jail project. This fund deficit should be liquidated subsequent to June 30, 2008, as the other financing is received.

Generally accepted accounting principles require unperformed contracts to be reflected as a reservation (encumbrance) of fund balance. If unperformed portions of the contract had not been reserved as an encumbrance of the fund balance in the financial statements, the General Fund would have reflected a fund balance of \$2,047,053. The following statement presents the financial condition of the General Fund at June 30, 2008, if the unperformed portion of the contract had not been reflected as a reservation of the fund balance:

Fund Balance	
Unreserved:	
Undesignated	<u>\$ 2,047,053</u>
Fund Balance, June 30, 2008, Restated	<u>\$ 2,047,053</u>

**RECOMMENDATION**

Officials should monitor the fund's activity and ensure the fund deficit is liquidated.

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

Cumberland County recognizes that the restated fund balance is \$2,047,053 after consideration of the capital building programs.

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**FINDING 08.03      THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN  
UNRESTRICTED NET ASSETS**  
(Internal Control – Material Weakness Under Government Auditing  
Standards)

The Solid Waste Disposal Fund had a deficit of \$1,809,720 in unrestricted net assets at June 30, 2008. This deficit resulted from the recognition of a liability (\$2,730,580) in the financial statements for costs associated with closing the county's landfill and monitoring the landfill for 30 years after its closure. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements. This deficiency can be attributed to the failure of management to correct this finding noted in the prior-audit report.

**RECOMMENDATION**

County officials should develop and implement a plan that would fund the deficit in unrestricted net assets.

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

The finding is acknowledged, and the recommendation by auditors shall be reviewed with the Budget Committee.

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**FINDING 08.04      EXPENDITURES AND ENCUMBRANCES EXCEEDED APPROPRIATIONS  
(Material Noncompliance Under Government Auditing Standards)**

Expenditures and encumbrances exceeded total appropriations in the General Fund by \$5,861,247. Section 5-9-401, Tennessee Code Annotated states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” The overexpenditures in the General Fund resulted primarily from construction projects that were not budgeted. This deficiency resulted in unauthorized expenditures.

**RECOMMENDATION**

Expenditures and encumbrances should be held within appropriations approved by the County Commission.

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

Appropriate measures have been taken to ensure that expenditures do not exceed appropriations approved by the County Commission.

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**OFFICE OF SHERIFF**

**FINDING 08.05      SOME COLLECTIONS WERE NOT DEPOSITED WITHIN THREE DAYS  
(Noncompliance Under Government Auditing Standards)**

The Sheriff's Department did not deposit some funds to the bank account within three days of collection. Section 5-8-207, Tennessee Code Annotated, requires all public funds to be deposited within three days of collection. During the period under examination, as many as 17 days lapsed between the dates some funds were received and the date the funds were deposited to the office bank account. This deficiency can be attributed to the failure of management to correct the finding noted in the prior-audit report. The delay in depositing

funds weakens internal controls over collections and increases the risks for fraud and misappropriation.

**RECOMMENDATION**

The Sheriff's Department should deposit all funds within three days of collection as required by state statute.

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**OTHER FINDING AND RECOMMENDATION**

**FINDING 08.06**      **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE FINANCE DEPARTMENT AND THE OFFICES OF TRUSTEE, COUNTY CLERK, REGISTER, AND SHERIFF**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Finance Department and in the Offices of the Trustee, County Clerk, Register, and Sheriff. Officials and employees responsible for maintaining the accounting records in this department and offices were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

**RECOMMENDATION**

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

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

The Finance Department takes all reasonable measures to segregate duties among employees and opportunities to improve in this area are reviewed frequently. However, in order to maximize the use of resources and personnel, it is often necessary to assign employees to more than one area of responsibility making it difficult to properly segregate duties.

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

There were no findings and questioned costs for federal awards.

**CUMBERLAND 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' Schedules of Findings and Questioned Costs.