



**ANNUAL FINANCIAL REPORT  
SUMNER COUNTY, TENNESSEE**



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



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

***DEPARTMENT OF AUDIT***  
***JOHN G. MORGAN***  
***Comptroller of the Treasury***

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

***JAMES R. ARNETTE***  
***Director***

***JEFF BAILEY, CPA, CGFM, CFE***  
***Audit Manager***

***EUGENE HAMPTON II, CPA, CGFM***  
***Auditor 4***

***KATIE ARMSTRONG, CPA, CFE***  
***STEPHANIE MACEINA, CFE***  
***TERYN McNEAL***  
***NATHAN ABBOTT, CISA, CFE***  
***JAY FINCHER***  
***State Auditors***

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

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

***Scope***

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

***Results***

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

Our audit resulted in 21 findings and recommendations, which we have reviewed with Sumner 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**

- ◆ Several funds required material audit adjustments for proper financial statement presentation.
- ◆ The office had accounting deficiencies.
- ◆ Payments by the General and General Debt Service funds for education purposes are of questionable legality.
- ◆ The office did not implement adequate controls to protect its information system resources.
- ◆ The accounting software did not have adequate application controls.
- ◆ The office did not maintain adequate records for federal grant activity.
- ◆ Several deficiencies were noted in regard to employees' leave.

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**OFFICE OF PURCHASING DIRECTOR**

- ◆ The office had deficiencies in purchasing procedures.
-

## **OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ The General Purpose School Fund required material audit adjustments for proper financial statement presentation.
  - ◆ Appropriations exceeded estimated available funds in the School Federal Projects Fund.
  - ◆ The School Department had deficiencies related to fingerprinting services.
  - ◆ The office had deficiencies related to paving projects.
  - ◆ Competitive bids were not solicited for two used vans for the Maintenance Department.
  - ◆ The office used an unauthorized signature stamp.
  - ◆ The School Department did not deposit some funds within three days of collection.
  - ◆ The accounting software did not have adequate application controls.
- 

## **OFFICE OF TRUSTEE**

- ◆ The trustee did not require a depository to adequately collateralize funds exceeding Federal Deposit Insurance Corporation coverage.
- 

## **OFFICE OF SHERIFF**

- ◆ Inmate funds totaling \$192 were missing.
- 

## **OFFICE OF CLERK AND MASTER**

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

## **OTHER FINDINGS**

- ◆ The county did not comply with its private act regarding purchasing.
- ◆ Duties were not segregated adequately in the Offices of Circuit Court Clerk and Clerk and Master.

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## INTRODUCTORY SECTION

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# Sumner County Officials

## June 30, 2008

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### **Officials**

R.J. Thompson, County Executive  
Scotty Parker, Superintendent of Roads  
Benny Bills, Director of Schools  
Marty Nelson, Trustee  
John Isbell, Assessor of Property  
Bill Kemp, County Clerk  
Mahailiah Hughes, Circuit, General Sessions, and Juvenile Courts Clerk  
Brenda Page, Clerk and Master  
Pam Whitaker, Register  
Bob Barker, Sheriff  
Rachel Nichols, Director of Finance  
Leah Dennen, Law Director

### **Board of County Commissioners**

R.J. Thompson, Chairman	Shawn Fennell
Mike Akins	Ragan Hall
David Cummings	David Satterfield
Steve Graves	Joe Matthews
Anthony Holt	James England
Saundra Ridings Boyd	Jim Vaughn
Bob Hendricks	Kirk Moser
Trisha Lemarbre	Merrol Hyde
Paul Decker	David Kimbrough
Chris Hughes	Jo Skidmore
Paul Goode	Jerry Stone
Paul Freels	Billy Hobbs
Bob Pospisil	

### **Board of Education**

Will Duncan, Chairman	Don Long
Mary Bradley	Sharon Lyle
David Brown	Nancy Roth
Mike Fussell	Randy Stamps
Glen Gregory	Rob Wheeler
Ben Harris	

## Sumner County Officials (Cont.)

### **Financial Management Committee**

R.J. Thompson, Chairman  
David Kimbrough  
Ragan Hall  
Chris Hughes

Jim Vaughn  
Benny Bills  
Scotty Parker

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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**

January 8, 2009

Sumner County Executive and  
Board of County Commissioners  
Sumner County, Tennessee

To the County Executive and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sumner County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Sumner County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sumner County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Resource Authority of Sumner County, which represent 1.4 percent and 1.7 percent, respectively, of the assets and revenues of the aggregate discretely presented component units; the discretely presented Sumner County Regional Airport Authority, which represent 1.3 percent and .12 percent, respectively, of the assets and revenues of the aggregate discretely presented component units; and the discretely presented Sumner County Emergency Communications District, which represent .7 percent and .58 percent, respectively, of the assets and revenues of the aggregate discretely presented component units, as of June 30, 2008, and for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the discretely presented Resource Authority of Sumner County, the discretely presented Sumner County Regional Airport Authority, and the discretely presented Sumner County Emergency Communications District, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sumner County, Tennessee, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 8, 2009, on our consideration of Sumner 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., Sumner County has adopted the provisions of Governmental Accounting Standards Board (GASB) 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 Sumner 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 and pension information on pages 87 through 91 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sumner 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 Sumner County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Sumner County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

John G. Morgan  
Comptroller of the Treasury

JGM/sb

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# BASIC FINANCIAL STATEMENTS

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

Exhibit A

	Primary Governmental Activities	Component Units					
		Summer County School Department	Resource Authority of Summer County	Summer County Regional Airport Authority	Summer County Emergency Communications District		
Cash	\$ 110,463	\$ 7,600	\$ 691,906	\$ 122,538	\$ 1,725,121		
Equity in Pooled Cash and Investments	126,417,127	21,656,143	0	0	0	0	
Inventories	0	0	20,000	0	0	0	
Investments	5,948,289	0	0	0	0	0	
Accounts Receivable	1,791,809	252,257	153,466	0	41,775	0	
Property Taxes Receivable	30,518,760	46,795,041	0	0	0	0	
Allowance for Uncollectible Property Taxes	(1,271,615)	(1,949,793)	0	0	0	0	
Accrued Interest Receivable	873,089	0	0	0	9,467	0	
Due from Other Governments	2,569,886	4,533,267	8,379	8,500	0	0	
Prepaid Items	0	0	0	11,555	0	0	
Deposits with State of Tennessee	0	0	0	292,953	0	0	
Deferred Charges - Debt Issuance Cost	584,996	0	0	0	0	0	
Capital Assets:							
Assets Not Depreciated:							
Land	1,931,615	8,538,276	282,491	19,000	0	0	
Construction in Progress	5,786,201	18,859,625	0	0	0	0	
Assets Net of Accumulated Depreciation:							
Buildings and Improvements	29,560,023	153,100,527	2,448,749	2,843,507	0	0	
Other Capital Assets	4,902,736	5,333,488	35,137	257,455	144,575	0	
Infrastructure	30,909,779	0	0	0	0	0	
Total Assets	\$ 240,633,158	\$ 257,126,431	\$ 3,640,128	\$ 3,555,508	\$ 1,920,938		

(Continued)

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

Exhibit A

	Primary Governmental Activities	Component Units							
		Summer County School Department	Resource Authority of Summer County	Summer County Regional Airport Authority	Summer County Emergency Communications District	Summer County	Summer County		
\$	2,351,653	\$	1,279,344	\$	224,268	\$	10,393	\$	4,061
	30,206		0		0		0		150
	0		2,687,081		0		0		0
	3,521,664		0		0		0		0
	205,571		0		0		0		0
	695,408		0		0		0		0
	4,060		0		0		0		0
	28,326,316		43,433,684		0		0		0
	0		0		0		2,115		0
	35,763,492		1,164,197		59,875		0		0
	152,928,980		547,858		1,750,834		0		0
\$	223,827,350	\$	49,112,164	\$	2,034,977	\$	12,508	\$	4,211

LIABILITIES

Accounts Payable	
Accrued Payroll	
Payroll Deductions Payable	
Contracts Payable	
Retainage Payable	
Accrued Interest Payable	
Due to Litigants, Heirs, and Others	
Deferred Revenue - Current Property Taxes	
Deferred Revenue	
Noncurrent Liabilities:	
Due Within One Year	
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	
Total Liabilities	

NET ASSETS

Invested in Capital Assets,					
Net of Related Debt					
Invested in Capital Assets					
Restricted for:					
Capital Projects					
Debt Service					
Highway/Public Works					

(Continued)

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

Exhibit A

	Primary Governmental Activities	Component Units								
		Summer County School Department	Resource Authority of Summer County	Summer County Regional Airport Authority	Summer County Emergency Communications District	Summer County	Summer County			
	\$	355,150	\$	0	\$	0	\$	0	0	
Courthouse and Jail Maintenance		103,297		0		0		0	0	
Drug Control		100,255		0		0		0	0	
District Attorney General		393,570		0		0		0	0	
Drug Court		101,690		0		0		0	0	
Computer System - Register		359,209		0		0		0	0	
Automation Purposes - Circuit Court		90,336		0		0		0	0	
Automation Purposes - Sheriff		0		1,384,895		0		0	0	
Special Education Program		0		110,880		0		0	0	
Title I Grants to Local Education Agencies		0		95,812		0		0	0	
Improving Teacher Quality State Grants		0		910,224		0		0	0	
Child Care Program		0		250,000		0		0	0	
Beech High School Athletic Facility		50,354		143,365		0		0	0	
Other Purposes		(157,382,642)		19,287,175		(1,161,226)		423,038	1,772,152	
Unrestricted										
Total Net Assets	\$	16,805,808	\$	208,014,267	\$	1,605,151	\$	3,543,000	\$	1,916,727

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

Exhibit B

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets											
	Program Revenues					Primary Government		Component Units			Sumner County Emergency Communications District	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Sumner County School Department	Resource Authority of Summer County	Sumner County Regional Airport Authority	Sumner County			
Primary Government:												
General Government	\$ 7,243,515	\$ 2,001,031	\$ 88,012	\$ 51,200	\$ (5,103,272)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	3,969,737	3,789,403	41,379	0	(138,955)	0	0	0	0	0	0	0
Administration of Justice	3,627,354	3,992,171	169,332	0	534,149	0	0	0	0	0	0	0
Public Safety	14,519,864	2,200,268	52,183	0	(12,267,413)	0	0	0	0	0	0	0
Public Health and Welfare	8,869,158	4,630,455	1,075,363	0	(3,163,340)	0	0	0	0	0	0	0
Social, Cultural, and Recreational Services	3,037,133	56,878	0	0	(2,980,255)	0	0	0	0	0	0	0
Agriculture and Natural Resources	476,302	0	0	0	(476,302)	0	0	0	0	0	0	0
Other Operations	18,284	0	0	0	(18,284)	0	0	0	0	0	0	0
Highway/Public Works	6,345,562	137,564	2,840,337	1,331,001	(2,036,660)	0	0	0	0	0	0	0
Education	40,518,583	14,653,866	0	0	(25,864,717)	0	0	0	0	0	0	0
Interest on Long-term Debt	7,857,421	0	0	0	(7,857,421)	0	0	0	0	0	0	0
Other Debt Service	94,611	0	0	0	(94,611)	0	0	0	0	0	0	0
<b>Total Primary Government</b>	<b>\$ 96,577,524</b>	<b>\$ 31,461,636</b>	<b>\$ 4,266,606</b>	<b>\$ 1,382,201</b>	<b>\$ (59,467,081)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
Component Units:												
Sumner County School Department	\$ 175,485,072	\$ 8,152,879	\$ 16,235,941	\$ 0	0	\$ (151,096,252)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Resource Authority of Summer County	3,722,802	3,211,139	48,565	0	0	0	(463,098)	0	0	0	0	0
Sumner County Regional Airport Authority	320,431	155,249	84,026	0	0	0	0	(81,156)	0	0	0	0
Sumner County Emergency Communications District	720,730	478,774	531,620	0	0	0	0	0	0	0	289,664	0
<b>Total Component Units</b>	<b>\$ 180,249,035</b>	<b>\$ 11,998,041</b>	<b>\$ 16,900,152</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (151,096,252)</b>	<b>\$ (463,098)</b>	<b>\$ (81,156)</b>	<b>\$ (81,156)</b>	<b>\$ 289,664</b>	<b>\$ 289,664</b>	<b>\$ 0</b>

(Continued)

Exhibit B

Sumner County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets											
	Program Revenues			Primary Government		Component Units						
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Summer County School Department	Resource Authority of Summer County	Regional Airport Authority	Summer County Emergency Communications District	Summer County	Summer County		
General Revenues:												
Taxes:												
Property Taxes Levied for General Purposes				\$ 15,526,487	\$ 46,571,543	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Property Taxes Levied for Debt Service				14,841,192	0	0	0	0	0	0	0	0
Local Option Sales Taxes				5,704,901	11,472,597	0	0	0	0	0	0	0
Wheel Tax				1,746,442	4,074,820	0	0	0	0	0	0	0
Business Tax				1,329,455	0	0	0	0	0	0	0	0
Adequate Facilities/Development Tax				1,637,914	0	0	0	0	0	0	0	0
Hotel/Motel Tax				405,600	0	0	0	0	0	0	0	0
Wholesale Beer Tax				407,750	0	0	0	0	0	0	0	0
Litigation Tax				627,634	0	0	0	0	0	0	0	0
Mineral Severance Tax				232,449	0	0	0	0	0	0	0	0
Grants and Contributions Not Restricted to Specific Programs				3,356,601	104,123,449	0	0	0	0	0	0	71,067
Gain on Disposal of Capital Assets				0	0	0	24,982	0	0	0	0	0
Unrestricted Investment Earnings				5,863,159	87,097	27,803	27,803	4,870	4,870	56,419	56,419	0
Miscellaneous				1,165,391	273,613	5,816	5,816	0	0	0	0	0
Total General Revenues				\$ 52,844,975	\$ 166,603,119	\$ 58,601	\$ 4,870	\$ 4,870	\$ 127,486	\$ 0	\$ 0	\$ 0
Change in Net Assets				\$ (6,622,106)	\$ 15,506,867	\$ (404,497)	\$ (76,286)	\$ 417,150	\$ 417,150	\$ 0	\$ 0	\$ 0
Net Assets, July 1, 2007				23,427,914	192,507,400	2,009,648	3,619,286	1,499,577	1,499,577	0	0	0
Net Assets, June 30, 2008				\$ 16,805,808	\$ 208,014,267	\$ 1,605,151	\$ 3,543,000	\$ 1,916,727	\$ 1,916,727	\$ 0	\$ 0	\$ 0

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

Exhibit C-1

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

	Major Funds			Nonmajor	Total
	General		General	Other	
	General	Debt Service	Capital Projects	Governmental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 110,463	\$ 110,463
Equity in Pooled Cash and Investments	22,427,603	13,470,680	80,181,994	2,725,441	118,805,718
Investments	0	5,948,289	0	0	5,948,289
Accounts Receivable	1,017,762	530,551	0	229,333	1,777,646
Due from Other Governments	1,051,891	994,568	0	523,427	2,569,886
Due from Other Funds	108,178	0	0	0	108,178
Property Taxes Receivable	14,920,250	14,920,250	0	678,260	30,518,760
Allowance for Uncollectible Property Taxes	(621,677)	(621,677)	0	(28,261)	(1,271,615)
Accrued Interest Receivable	67,475	805,614	0	0	873,089
<b>Total Assets</b>	<b>\$ 38,971,482</b>	<b>\$ 36,048,275</b>	<b>\$ 80,181,994</b>	<b>\$ 4,238,663</b>	<b>\$ 159,440,414</b>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 1,113,010	\$ 0	\$ 810,433	\$ 310,775	\$ 2,234,218
Accrued Payroll	3,512	0	0	26,694	30,206
Contracts Payable	0	0	3,521,664	0	3,521,664
Retainage Payable	0	0	205,571	0	205,571
Due to Other Funds	0	0	0	108,178	108,178
Due to Litigants, Heirs, and Others	0	0	0	4,060	4,060
Deferred Revenue - Current Property Taxes	13,848,421	13,848,421	0	629,474	28,326,316
Deferred Revenue - Delinquent Property Taxes	391,586	391,585	0	17,854	801,025
Other Deferred Revenues	293,872	1,270,699	0	220,000	1,784,571
<b>Total Liabilities</b>	<b>\$ 15,650,401</b>	<b>\$ 15,510,705</b>	<b>\$ 4,537,668</b>	<b>\$ 1,317,035</b>	<b>\$ 37,015,809</b>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 0	\$ 0	\$ 60,550,237	\$ 0	\$ 60,550,237
Reserved for Drug Court	393,570	0	0	0	393,570
Reserved for Sexual Offender Registration	9,879	0	0	0	9,879
Reserved for Courtroom Security	20,511	0	0	0	20,511
Reserved for Computer System - Register	101,690	0	0	0	101,690
Reserved for Automation Purposes - Circuit Court	359,209	0	0	0	359,209
Reserved for Automation Purposes - Chancery Court	19,964	0	0	0	19,964
Reserved for Automation Purposes - Sheriff	90,336	0	0	0	90,336
Unreserved, Reported In:					
General Fund	22,325,922	0	0	0	22,325,922
Special Revenue Funds	0	0	0	2,908,998	2,908,998
Debt Service Funds	0	20,537,570	0	0	20,537,570
Capital Projects Funds	0	0	15,094,089	12,630	15,106,719
<b>Total Fund Balances</b>	<b>\$ 23,321,081</b>	<b>\$ 20,537,570</b>	<b>\$ 75,644,326</b>	<b>\$ 2,921,628</b>	<b>\$ 122,424,605</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 38,971,482</b>	<b>\$ 36,048,275</b>	<b>\$ 80,181,994</b>	<b>\$ 4,238,663</b>	<b>\$ 159,440,414</b>

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

Exhibit C-2

Sumner 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)		\$ 122,424,605
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,931,615	
Add: construction in progress	5,786,201	
Add: buildings and improvements net of accumulated depreciation	29,560,023	
Add: other capital assets net of accumulated depreciation	4,902,736	
Add: infrastructure net of accumulated depreciation	<u>30,909,779</u>	73,090,354
(2) An internal service fund is used by management to charge the cost of liability, workers' compensation, and employee health and dental benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.		3,195,463
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (17,000,000)	
Less: bonds payable	(158,570,000)	
Less: deferred amount on refunding	(113,367)	
Less: other deferred revenue - premium on debt	(7,790,613)	
Less: accrued interest on bonds and notes	(695,408)	
Less: compensated absences payable	(905,818)	
Add: debt issuance costs	<u>584,996</u>	(184,490,210)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>2,585,596</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 16,805,808</u>

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

Exhibit C-3

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

	Major Funds			Nonmajor	Total
	General	General	General	Other	
		Debt	Capital	Governmental	
	Service	Projects	Funds	Funds	
<b>Revenues</b>					
Local Taxes	\$ 17,461,812	\$ 22,342,887	\$ 0	\$ 3,106,160	\$ 42,910,859
Licenses and Permits	533,705	0	0	12,750	546,455
Fines, Forfeitures, and Penalties	956,462	0	0	58,282	1,014,744
Charges for Current Services	5,561,987	0	0	161,010	5,722,997
Other Local Revenues	1,013,739	4,416,330	160,398	214,790	5,805,257
Fees Received from County Officials	7,543,225	0	0	0	7,543,225
State of Tennessee	4,931,985	0	5,000	3,155,735	8,092,720
Federal Government	165,257	0	0	8,784	174,041
Other Governments and Citizens Groups	138,488	387,268	0	0	525,756
<b>Total Revenues</b>	<b>\$ 38,306,660</b>	<b>\$ 27,146,485</b>	<b>\$ 165,398</b>	<b>\$ 6,717,511</b>	<b>\$ 72,336,054</b>
<b>Expenditures</b>					
Current:					
General Government	\$ 3,719,606	\$ 0	\$ 0	\$ 523,054	\$ 4,242,660
Finance	2,688,048	0	0	0	2,688,048
Administration of Justice	2,709,174	0	0	52,244	2,761,418
Public Safety	10,710,127	0	0	24,563	10,734,690
Public Health and Welfare	6,967,357	0	0	0	6,967,357
Social, Cultural, and Recreational Services	1,093,945	0	0	0	1,093,945
Agriculture and Natural Resources	303,160	0	0	0	303,160
Other Operations	10,494,046	416,233	104	0	10,910,383
Highways	0	0	0	5,940,158	5,940,158
Debt Service:					
Principal on Debt	0	11,830,000	0	0	11,830,000
Interest on Debt	0	7,754,071	0	0	7,754,071
Other Debt Service	0	887	308,124	0	309,011
Capital Projects	0	0	33,860,355	120	33,860,475
Capital Projects - Donated	237,816	138,097	0	0	375,913
<b>Total Expenditures</b>	<b>\$ 38,923,279</b>	<b>\$ 20,139,288</b>	<b>\$ 34,168,583</b>	<b>\$ 6,540,139</b>	<b>\$ 99,771,289</b>
Excess (Deficiency) of Revenues					
Over Expenditures	\$ (616,619)	\$ 7,007,197	\$ (34,003,185)	\$ 177,372	\$ (27,435,235)
<b>Other Financing Sources (Uses)</b>					
Bonds Issued	\$ 0	\$ 0	\$ 75,150,000	\$ 0	\$ 75,150,000
Premiums on Debt Issued	0	0	3,616,178	0	3,616,178
Transfers In	169,284	0	6,590,000	291,032	7,050,316
Transfers Out	(291,032)	(6,590,000)	0	0	(6,881,032)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (121,748)</b>	<b>\$ (6,590,000)</b>	<b>\$ 85,356,178</b>	<b>\$ 291,032</b>	<b>\$ 78,935,462</b>
Net Change in Fund Balances					
Fund Balance, July 1, 2007	\$ (738,367)	\$ 417,197	\$ 51,352,993	\$ 468,404	\$ 51,500,227
	24,059,448	20,120,373	24,291,333	2,453,224	70,924,378
Fund Balance, June 30, 2008					
	<u>\$ 23,321,081</u>	<u>\$ 20,537,570</u>	<u>\$ 75,644,326</u>	<u>\$ 2,921,628</u>	<u>\$ 122,424,605</u>

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

Exhibit C-4

Sumner 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)		\$ 51,500,227
(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	\$ 11,181,525	
Less: current year depreciation expense	<u>(5,178,471)</u>	6,003,054
(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	\$ 1,037,832	
Less: loss on disposal of capital assets	<u>(411,314)</u>	626,518
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2007	\$ (1,812,353)	
Add: deferred delinquent property taxes and other deferred June 30, 2008	<u>2,585,596</u>	773,243
(4) The issuance of long-term debt (e.g., notes, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. 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 effect of these differences in the treatment of long-term debt and related items:		
Less: bond proceeds	\$ (75,150,000)	
Less: premium on debt issued during year	(3,616,178)	
Less: amortization of debt issuance costs	(82,771)	
Add: principal payments on bonds	11,830,000	
Add: debt issuance cost on debt issued during year	214,400	
Add: amortization of deferred charges on refunding	201,875	
Add: amortization of debt issuance premiums	<u>769,842</u>	(65,832,832)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ (222,454)	
Change in compensated absences payable	<u>(103,470)</u>	(325,924)
(6) An internal service fund is used by management to charge the cost of liability, workers' compensation, and employee health and dental benefits to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		<u>633,608</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (6,622,106)</u>

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

Exhibit D-1

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

	Governmental Activities - Internal Service Fund
	<u>Self</u>
	<u>Insurance</u>
	<u>Fund</u>
 <u>ASSETS</u> 	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 7,611,409
Accounts Receivable	14,163
Total Assets	<u>\$ 7,625,572</u>
 <u>LIABILITIES</u> 	
Current Liabilities:	
Accounts Payable	\$ 117,435
Claims and Judgments Payable	4,312,674
Total Liabilities	<u>\$ 4,430,109</u>
 <u>NET ASSETS</u> 	
Unrestricted	<u>\$ 3,195,463</u>
Total Net Assets	<u>\$ 3,195,463</u>

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

Exhibit D-2

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

	Governmental Activities - Internal Service Fund
	<u>Self Insurance Fund</u>
<u>Operating Revenues</u>	
Charges for Current Services:	
Self-Insurance Premiums/Contributions	\$ 16,954,521
Other Local Revenues	247,465
Total Operating Revenues	<u>\$ 17,201,986</u>
<u>Operating Expenses</u>	
Employee Benefits:	
Handling Charges and Administrative Costs	\$ 593,543
Excess Risk Insurance	397,769
Dental Insurance	19,056
Liability Claims	15,620,283
Other Charges	253,012
Total Operating Expenses	<u>\$ 16,883,663</u>
Operating Income (Loss)	<u>\$ 318,323</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 289,013
Miscellaneous Refunds	195,556
Total Nonoperating Revenues (Expenses)	<u>\$ 484,569</u>
Income (Loss) Before Transfers	\$ 802,892
Transfers Out	<u>(169,284)</u>
Change in Net Assets	\$ 633,608
Net Assets, July 1, 2007	<u>2,561,855</u>
Nets Assets, June 30, 2008	<u><u>\$ 3,195,463</u></u>

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

Exhibit D-3

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

	Governmental Activities - Internal Service Fund <u>Self</u> Insurance Fund <u>                    </u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from Customers and Users	\$ 17,027,936
Payments to Suppliers	(593,543)
Claims Paid	(17,663,450)
Other Receipts (Payments)	443,021
Net Cash Provided By (Used In) Operating Activities	<u>\$ (786,036)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Investment Income	\$ 289,013
Net Cash Provided By (Used In) Investing Activities	<u>\$ 289,013</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Transfers to Other Funds	\$ (169,284)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (169,284)</u>
Net Increase (Decrease) In Cash	\$ (666,307)
Cash, July 1, 2007	<u>8,277,716</u>
Cash, June 30, 2008	<u>\$ 7,611,409</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>	
<u>TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>	
Operating Income (Loss)	\$ 318,323
Miscellaneous Revenues	195,556
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	73,415
Increase (Decrease) in Accounts Payable	117,435
Increase (Decrease) in Claims and Judgments Payable	<u>(1,490,765)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (786,036)</u>

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

Exhibit E

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 5,805,453
Equity in Pooled Cash and Investments	1,363,850
Accounts Receivable	1,841
Due from Other Governments	<u>2,741,992</u>
Total Assets	<u><u>\$ 9,913,136</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 2,741,992
Due to State of Tennessee	502,337
Due to Litigants, Heirs, and Others	5,581,961
Due to Joint Ventures	<u>1,086,846</u>
Total Liabilities	<u><u>\$ 9,913,136</u></u>

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Sumner 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 Sumner County:

**A. Reporting Entity**

Sumner County is a public municipal corporation governed by an elected 24-member board. As required by GAAP, these financial statements present Sumner 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 Sumner 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 Sumner County School Department operates the public school system in the county, and the voters of Sumner 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 Resource Authority in Sumner County, Tennessee, provides a solid waste Energy Recovery Plant on behalf of the residents of the county and the cities of Gallatin and Hendersonville. The authority is funded primarily through tipping fees and contributions from the county. Before the issuance of debt instruments, the authority must obtain approval from Sumner County and the cities of Gallatin and Hendersonville.

The Sumner County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Sumner County, and the Sumner

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 Sumner County Regional Airport Authority operates the county's airport facility. The authority is funded primarily through federal and state grants and leasing fees. Before the issuance of most debt instruments, the authority must obtain the County Commission's approval.

The Sumner County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Sumner County School Department are included in this report as listed in the table of contents. Complete financial statements of the Resource Authority in Sumner County, Tennessee, the Sumner County Emergency Communications District, and the Sumner County Regional Airport Authority can be obtained from their administrative offices at the following addresses:

Administrative Offices:

The Resource Authority in Sumner County, Tennessee  
625 Rappahannock Wire Road  
Gallatin, Tennessee 37066

Sumner County Emergency Communications District  
411 South Water Avenue  
Gallatin, Tennessee 37066

Sumner County Regional Airport Authority  
1475 Airport Boulevard  
Gallatin, Tennessee 37066

**Related Organizations** – The Industrial Development Board of Sumner County and the Health and Educational Facilities Board of Sumner County are related organizations of Sumner County. The County Commission's Committee on Committees nominates and the Sumner County Commission confirms the board members, but the county's accountability for these organizations does not extend beyond making the appointments.

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

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

of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Sumner County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Sumner County School Department component unit only reports governmental activities in the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Sumner County issues all debt for the discretely presented Sumner County School Department. No debt issues 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 (internal service fund), and fiduciary funds. The internal service fund is reported with the governmental activities in the government-wide financial statements, and the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Sumner 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 fund 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.

Sumner County reports the following major governmental funds:

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

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

**General Capital Projects Fund** – This fund accounts for general capital expenditures of the county and the discretely presented Sumner County School Department.

Additionally, Sumner County reports the following fund types:

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

**Internal Service Fund** – The Self Insurance Fund is used to account for the county’s self-insured liability, health, dental, and workers’ compensation programs. Premiums charged to the various county funds and employee payroll deductions are placed in this fund for the payment of claims.

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Sumner County, and funds held for the benefit of the judicial district drug task force. 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 Sumner 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 Sumner County School Department reports the following fund type:

**Special Revenue Fund** – The School Federal Projects Fund accounts for restricted federal revenues, which must be expended on specific education programs.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund, an internal service fund, used to account for the county's self-insured liability, health, dental, and workers' compensation programs. 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 internal service fund are charges for services. Operating expenses for the internal service fund include administrative expenses and employee benefits.

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

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

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

For purposes of the statement of cash flows, cash consists of 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 and the discretely presented Sumner County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General and General Debt Service funds. In addition, investments are held separately by the General Debt Service Fund. Sumner County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when

purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. The General Debt Service Fund had nonpooled investments consisting of funds in U.S. Treasury Notes. The net change in fair value of the U.S. Treasury Notes is not considered material to the financial statements of this report, and therefore, has been reported at cost rather than fair value.

## **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 property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to four 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. Claims and judgments payable totaling \$4,312,674 are discussed in Note V.A. Risk Management.

Retainage payable in the primary government's General Capital Projects Fund 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 General Capital Projects Fund.

### **3. Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$7,500 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 School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10 - 30
Other Capital Assets	5 - 10
Infrastructure	10 - 40

**4. Compensated Absences**

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

**5. 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 and claims and judgments, are recognized to the extent that the liabilities have matured (come due for payment) each period.

**6. 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, Sumner County had \$175,570,000 in outstanding debt for capital purposes for the discretely presented Sumner County School Department. This debt is a liability of Sumner County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Sumner County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2008:

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Archives	\$ 26,128
Codes Construction Fees	29,150
Gallatin Library	45,608
GIS Enterprise	93,731
Hendersonville Library	73,109
Hospital Proceeds	9,500,000
Planning Abatement	20,529
Volunteer State Scholarships	500,000
Portland Library	24,243
Westmoreland Library	5,621
Drug Control:	
Confiscated Funds Held for Disposition	38,161
General Purpose School:	
Duke Estate	108,648

**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 Sumner 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.

**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 Sumner 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.

### **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, Personnel Office, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

#### **B. Appropriations Exceeding Available Funding**

The budget and subsequent amendments submitted to and approved by the County Commission for the School Federal Projects Fund resulted in appropriations exceeding available funding by \$1,504,532.

#### **C. Cash Shortages – Current and Prior Years**

As noted in the Annual Financial Report for the year ended June 30, 2007, a cash shortage of \$2,022.70 existed at the Station Camp High School cafeteria. This case is still pending.

During the year, funds of an inmate totaling \$192 were unaccounted at the Sheriff's Department. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

**D. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the General Fund:

<u>Major Category</u>	<u>Amount Overspent</u>
County Buildings	\$ 22,072
Rabies and Animal Control	7,294
Agriculture Extension Service	19,673

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

**E. The County Had Deposits Exposed to Custodial Credit Risk**

The trustee did not require one depository holding county funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2008, deposits at this depository exceeded FDIC coverage and collateral securities pledged by \$52,480. Section 5-8-201, Tennessee Code Annotated requires any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of such county funds.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

**Deposits**

**Legal Provisions.** All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer.

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.

**Custodial Credit Risk.** Custodial credit risk is the risk that in the event of a bank failure, Sumner County's deposits may not be returned to it. Sumner County does not have a formal policy that limits custodial credit risk for deposits. Separate disclosures concerning bank balances of pooled deposits cannot be made for Sumner County and the discretely presented Sumner County School Department since both pool their deposits and investments through the county trustee. As of June 30, 2008, uninsured and uncollateralized bank balances of \$52,480 were exposed to custodial credit risk. Uninsured and uncollateralized deposits are a violation of state statutes.

### **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, Sumner County had the following investments carried at fair value or cost. Except for the investment in U.S. Treasury Notes, all investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Sumner County and the discretely presented Sumner County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Fair Value or Cost
Pooled:		
State Treasurer's Investment Pool	Daily	\$ 47,212,126
Federal Home Loan Bank	8-27-08	6,500,000
Federal Home Loan Bank	11-8-08	6,500,000
Total		\$ 60,212,126
Nonpooled:		
General Debt Service Fund:		
U.S. Treasury Notes	Various	\$ 5,948,289

**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. Sumner 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. Sumner County has no investment policy that would further limit its investment choices. As of June 30, 2008, Sumner County's investment in the State Treasurer's Investment Pool was unrated. Sumner County's investments in the Federal Home Loan Bank were rated AAA by Moody's Investor's Service.

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Sumner County places no limit on the amount the county may invest in one issuer. More than five percent of the county's investments are in the Federal Home Loan Bank. These investments are 21.59 percent of the county's total investments.

**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	\$ 1,931,615	\$ 0	\$ 0	\$ 1,931,615
Construction in Progress	0	5,786,201	0	5,786,201
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 1,931,615</b>	<b>\$ 5,786,201</b>	<b>\$ 0</b>	<b>\$ 7,717,816</b>
Capital Assets Depreciated:				
Buildings and Land Improvements	\$ 38,914,645	\$ 1,810,292	\$ 0	\$ 40,724,937
Roads and Bridges	56,906,646	3,347,253	(504,122)	59,749,777
Other Capital Assets	12,313,278	1,275,611	(557,550)	13,031,339
<b>Total Capital Assets Depreciated</b>	<b>\$ 108,134,569</b>	<b>\$ 6,433,156</b>	<b>\$ (1,061,672)</b>	<b>\$ 113,506,053</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 9,808,691	\$ 1,356,223	\$ 0	\$ 11,164,914
Roads and Bridges	26,310,461	2,642,976	(113,439)	28,839,998
Other Capital Assets	7,486,250	1,179,272	(536,919)	8,128,603
<b>Total Accumulated Depreciation</b>	<b>\$ 43,605,402</b>	<b>\$ 5,178,471</b>	<b>\$ (650,358)</b>	<b>\$ 48,133,515</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 64,529,167</b>	<b>\$ 1,254,685</b>	<b>\$ (411,314)</b>	<b>\$ 65,372,538</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 66,460,782</b>	<b>\$ 7,040,886</b>	<b>\$ (411,314)</b>	<b>\$ 73,090,354</b>

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

### Governmental Activities:

General Government	\$ 1,297,206
Finance	35,316
Administration of Justice	1,885
Public Safety	669,450
Public Health and Welfare	212,382
Social, Cultural, and Recreational Services	14,914
Highway/Public Works	<u>2,947,318</u>
<b>Total Depreciation Expense - Governmental Activities</b>	<b><u>\$ 5,178,471</u></b>

**Discretely Presented Sumner County School Department**

**Governmental Activities:**

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 7,488,276	\$ 1,050,000	\$ 0	\$ 8,538,276
Construction in Progress	5,547,025	17,131,682	(3,819,082)	18,859,625
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 13,035,301</b>	<b>\$ 18,181,682</b>	<b>\$ (3,819,082)</b>	<b>\$ 27,397,901</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 260,148,786	\$ 7,175,363	\$ (44,135)	\$ 267,280,014
Other Capital Assets	17,876,819	1,029,919	(875,111)	18,031,627
<b>Total Capital Assets Depreciated</b>	<b>\$ 278,025,605</b>	<b>\$ 8,205,282</b>	<b>\$ (919,246)</b>	<b>\$ 285,311,641</b>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 105,127,563	\$ 9,051,924	\$ 0	\$ 114,179,487
Other Capital Assets	12,215,679	1,345,529	(863,069)	12,698,139
<b>Total Accumulated Depreciation</b>	<b>\$ 117,343,242</b>	<b>\$ 10,397,453</b>	<b>\$ (863,069)</b>	<b>\$ 126,877,626</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 160,682,363</b>	<b>\$ (2,192,171)</b>	<b>\$ (56,177)</b>	<b>\$ 158,434,015</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 173,717,664</b>	<b>\$ 15,989,511</b>	<b>\$ (3,875,259)</b>	<b>\$ 185,831,916</b>

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

**Governmental Activities:**

Support Services	\$ 10,199,712
Operation of Non-Instructional Services	197,741
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 10,397,453</b>

**C. Construction Commitments**

At June 30, 2008, the General Capital Projects Fund had uncompleted construction contracts of approximately \$60,550,237 for the renovation of county and school buildings. 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:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 108,178

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

**Interfund Transfers:**

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

**Primary Government**

<u>Transfers Out</u>	<u>Transfers In</u>		
	<u>General Fund</u>	<u>General Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>
General Fund	\$ 0	\$ 0	\$ 291,032
General Debt Service Fund	0	6,590,000	0
Internal Service Fund	169,284	0	0
<b>Total</b>	<b>\$ 169,284</b>	<b>\$ 6,590,000</b>	<b>\$ 291,032</b>

**Discretely Presented Sumner County School Department**

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental fund	\$ 48,128

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.

**E. Long-term Debt**

**Primary Government**

**General Obligation Bonds and Notes**

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 12 years for bonds and up to three years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2008, will be retired from the General Debt Service Fund.

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

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
General Obligation Bonds	4 to 5 %	\$ 75,150,000	\$ 70,685,000
General Obligation Bonds - School Refunding	3.79	95,250,000	87,885,000
Capital Outlay Notes	4	17,000,000	17,000,000

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2009	\$ 13,545,000	\$ 7,438,225	\$ 20,983,225
2010	14,080,000	6,896,425	20,976,425
2011	14,640,000	6,278,775	20,918,775
2012	15,220,000	5,546,775	20,766,775
2013	15,820,000	4,867,500	20,687,500
2014-2018	77,450,000	12,176,625	89,626,625
2019	7,815,000	351,675	8,166,675
Total	\$ 158,570,000	\$ 43,556,000	\$ 202,126,000

Year Ending June 30	Notes		
	Principal	Interest	Total
2009	\$ 17,000,000	\$ 906,667	\$ 17,906,667
Total	\$ 17,000,000	\$ 906,667	\$ 17,906,667

There is \$20,537,570 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,216, based on the 2000 federal census. Debt per capita, including bonds and notes, totaled \$1,346, based on the 2000 federal census.

#### Changes in Long-term Liabilities

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

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2007	\$ 95,250,000	\$ 17,000,000
Additions	75,150,000	0
Deductions	(11,830,000)	0
Balance, June 30, 2008	\$ 158,570,000	\$ 17,000,000
Balance Due Within One Year	\$ 13,545,000	\$ 17,000,000

	Compensated Absences	Claims and Judgments
Balance, July 1, 2007	\$ 802,348	\$ 5,803,439
Additions	1,490,006	16,290,120
Deductions	(1,386,536)	(17,780,885)
Balance, June 30, 2008	<u>\$ 905,818</u>	<u>\$ 4,312,674</u>
Balance Due Within One Year	<u>\$ 905,818</u>	<u>\$ 4,312,674</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 180,788,492
Less: Due Within One Year	(35,763,492)
Add: Unamortized Premium on Debt	7,790,613
Add: Deferred Amount on Refunding	<u>113,367</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 152,928,980</u>

The internal service fund primarily serves the governmental funds. Accordingly, long-term liabilities for the internal service fund are included as part of the above totals for governmental activities. Compensated absences will be paid from the employing funds, primarily the General and Highway/Public Works funds.

**Discretely Presented Sumner County School Department**

Changes in Long-term Liabilities

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

Governmental Activities:

	Compensated Absences
Balance, July 1, 2007	\$ 1,512,232
Additions	1,170,756
Deductions	<u>(970,933)</u>
Balance, June 30, 2008	<u>\$ 1,712,055</u>
Balance Due Within One Year	<u>\$ 1,164,197</u>

Compensated absences will be paid from the employing funds.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Sumner 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 \$717,864 and \$76,963, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**G. Internal Financing**

In-lieu-of issuing debt with financial institutions, Sumner County often chooses to internally finance various projects with idle county funds. These debt issues that will be repaid from the same fund in which the loan was obtained are reflected as transfers (not notes receivable) in the financial statements of this report. Internally reported notes receivable from idle funds loaned from the General Debt Service Fund that will subsequently be paid by the General Debt Service Fund are reflected below:

Internally Reported Interfund Notes Receivable/Payable  
through the General Debt Service Fund

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
School Buses	\$ 775,000	0 %	1-16-08	2-28-08
County Roofs and HVACs	1,500,000	0	1-16-08	2-28-08
Archives and Storage Facility	2,015,000	0	1-16-08	2-28-08
Portland Health Department	600,000	0	1-16-08	2-28-08
	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-08
School Buses	\$ 0	\$ 775,000	\$ 775,000	\$ 0
County Roofs and HVACs	0	1,500,000	1,500,000	0
Archives and Storage Facility	0	2,015,000	2,015,000	0
Portland Health Department	0	600,000	600,000	0
Total	\$ 0	\$ 4,890,000	\$ 4,890,000	\$ 0

V. **OTHER INFORMATION**

A. **Risk Management**

The county has chosen to establish the Self-Insurance Fund for risks associated with employees' health and dental insurance plans, workers' compensation, and liability claims. The Self-Insurance Fund is accounted for as an internal service fund where assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$150,000 per single medical claim. Eighty percent of amounts in excess of this limit are covered by an excess loss policy to a maximum of \$1,000,000 per specific claim. The county retains the risk of loss to a limit of \$250,000 maximum tort liability, plus property damage. Claims in excess of this limit are covered by an insurance policy up to a limit of \$1,000,000 per specific claim.

All full-time employees of the primary government and certain non-classified employees of the discretely presented Sumner County School Department are eligible to participate in employee health and dental insurance. All employees of the primary government and the School Department are covered under the workers' compensation and liability coverage. A premium charge is allocated to each fund that accounts for full-time employees. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Self-Insurance Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. Claims liabilities include specific, incremental claim adjustment expenditures/expenses, if any. In addition, estimated revenues, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

**Self-Insurance Fund**

Fiscal Year	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2006-2007	\$ 5,593,199	\$ 16,629,759	\$ (16,419,519)	\$ 5,803,439
2007-2008	5,803,439	16,290,120	(17,780,885)	4,312,674

For its certified personnel, the discretely presented Sumner County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, 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**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues and Statement No. 50, Pension Disclosures became effective for the year ended June 30, 2008.

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

**C. Subsequent Events**

On July 21, 2008, Ragan Hall was appointed interim county executive by the County Commission due to the death of R.J. Thompson.

Finance Director Rachel Nichols resigned August 28, 2008, and was succeeded by James Young.

On November 17, 2008, Ragan Hall left the Office of County Executive and was succeeded by Anthony Holt.

**D. Contingent Liabilities**

The county is involved in several pending lawsuits. The county law director 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. Joint Venture**

The Eighteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Eighteenth Judicial District and Sumner County, and various cities within the county. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriff, and police chiefs of participating law enforcement agencies within each judicial district.

Sumner County does not have an equity interest in the above-noted joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

Office of District Attorney General  
Eighteenth Judicial District Drug Task Force  
Cordell Hull Building – Third Floor  
113 West Main Street  
Gallatin, Tennessee 37066

**F. Retirement Commitments**

**Employees**

**Plan Description**

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

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

### **Funding Policy**

Sumner County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2008, was 13.23 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Sumner County is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2008, Sumner County's annual pension cost of \$5,708,846 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. Sumner 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	\$5,708,846	100%	\$0
6-30-07	5,279,230	100	0
6-30-06	4,470,799	100	0

### Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 86.96 percent funded. The actuarial accrued liability for benefits was \$96.12 million, and the actuarial value of assets was \$83.59 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$12.53 million. The covered payroll (annual payroll of active employees covered by the plan) was \$40.40 million, and the ratio of the UAAL to the covered payroll was 31.02 percent.

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

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

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

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Sumner County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2008, was 6.24 percent of annual covered payroll. The employer contribution requirement for the Sumner County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2008, 2007, and 2006, were \$5,617,082, \$5,178,714, and \$4,363,560, respectively, equal to the required contributions for each year.

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

### **Primary Government**

In addition to the retirement commitments described above, Sumner County provides postretirement health care benefits to all employees who retire from the county on or after age 60 with at least 20 years of service or who retire after 30 years of service and have been eligible for coverage under the county group medical plan for a continuous five-year period immediately prior to retirement. The county pays 75 percent of medical premiums for retirees. Currently, five county retirees meet those eligibility requirements. During the year, expenditures totaling \$14,799 were recognized by the county for postemployment health care.

### **Discretely Presented Sumner County School Department**

In addition to the retirement commitments described above, the School Department provides postretirement health care benefits, in accordance with contract provisions, to all employees who have been employed by the School Department for ten years and who retire from the county on or after age 60 with at least 20 years of verified Tennessee Consolidated Retirement Service (TCRS) or have 30 years (regardless of age) of verified TCRS. The School Department pays 70 percent of medical premiums for retirees who had insurance coverage during the last three years of employment. Retirees receive one-year of coverage for every three years worked at the School Department with a maximum coverage of ten years or until eligible for Medicare, whichever comes first. Also, the School Department provides term life insurance of \$35,000 until the retiree reaches age 70. Currently, 27 school retirees meet these eligibility requirements. During the year, expenditures totaling \$52,780 were recognized by the School Department for the postemployment health care cost of this plan.

Also, the School Department, at the Board of Education's discretion, provides postretirement health care benefits, in accordance with contract provisions, to all employees who have been employed by the School Department for ten years and who retire from the county on or after age 57 with at least 20 years of verified Tennessee Consolidated Retirement Service (TCRS) or have 30 years (regardless of age) of verified TCRS. The School Department pays 100 percent of the least costly medical premiums available to retirees who had insurance coverage during the last three years of employment until they are eligible for Medicare. Thereafter to age 70, the retiree will be reimbursed up to \$800 per year for a Medicare supplement policy. Also, the School Department provides term life insurance of \$35,000 until the retiree reaches age 70. Currently, 268 school retirees meet these eligibility requirements. During the year, expenditures totaling \$796,769 were recognized by the School Department for the postemployment health care cost of this plan.

#### **H. Office of Finance Director**

Sumner County operates under Chapter 113, Private Acts of 2002, as amended, which provides for a system of central accounting, budgeting, and purchasing covering all funds of the county. This act provides for the creation of a Finance Department operated under the direction of the finance director. Effective June 17, 2002, the County Commission authorized the Highway Department to perform purchasing functions as provided by Section 54-7-113, Tennessee Code Annotated, and authorized the School Department to perform payroll, accounts payable, purchases, budgets, and ledgers for the School Department.

**I. Purchasing Laws**

Office of Finance Director

Chapter 113, Private Acts of 2002, as amended, governs purchasing procedures for the general county government. This act does not provide for a dollar amount requiring advertisement and competitive bidding, and the financial management committee has not formally adopted a dollar amount. Therefore, public advertising provisions for the general government fall under the provisions of the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated (TCA), which provide that general government purchases in excess of \$10,000 are to be made after public advertisement and competitive bidding.

Office of Superintendent of Roads

Section 54-7-113, TCA (Uniform Road Law), governs purchasing procedures for the Highway Department. This statute requires all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

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

**VI. OTHER NOTES – DISCRETELY PRESENTED RESOURCE AUTHORITY IN SUMNER COUNTY, TENNESSEE**

**A. Summary of Significant Accounting Policies**

The Resource Authority in Sumner County, Tennessee, is a public and governmental body acting as an instrumentality and agency of Sumner County and the cities of Gallatin and Hendersonville, organized in 1979 under Chapter No. 157 of the Tennessee Private Acts of 1979, as amended.

Up until May 2005, the authority operated a solid waste disposal and resource recovery facility, which incinerated and disposed of solid waste primarily from the county and the cities, produced steam for distribution to industrial customers, and generated electricity for internal plant consumption. The authority also operated a construction/demolition debris landfill and an ash monofill, both of which ceased operations in 2007. The authority began operations of a recycling facility during 1992. In May 2005, the authority began operating primarily as a transfer station for the solid waste within the county.

The accounting policies of the authority conform to generally accepted accounting principles applicable to governmental units. The authority complies with generally accepted accounting principles and applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. In addition, the authority applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The authority has elected not to follow FASB pronouncements issued since that date.

**Financial Reporting Entity** – The authority complies with GASB Statement No. 14, The Financial Reporting Entity. This statement establishes standards for defining and reporting on the financial reporting entity. It defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The authority considered all potential component units in determining what organizations should be included in the financial statements. Based on these criteria, there are no component units to include in the authority's financial statements.

**Basis of Presentation** – The authority is accounted for as an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector.

**Measurement Focus and Basis of Accounting** – Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

The proprietary funds utilize an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when liability is incurred or economic assets are used.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the authority's enterprise funds are charged to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Cash and Cash Equivalents** – For purposes of the statement of cash flows, the authority considers all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents. At June 30, 2008, all the authority's cash was deposited in an institution, which is a member of the Local Government Collateral Pool. The Tennessee Bank Collateral Pool is a multiple financial institution collateral pool where member financial institutions holding public funds pledge collateral to a common pool. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. The pool also has the ability to make additional assessments on a pro rata basis to members of the pool if the value of the pool's collateral is inadequate to cover a loss. As a result, the pool is similar to depository insurance.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the authority's deposits may not be returned or the authority will not be able to recover collateral securities in the possession of an outside party. The authority's policy requires deposits to be 105 percent secured by collateral, less the amount of Federal Deposit Insurance Corporation insurance or deposited in an institution, which participates in the state collateral pool. Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service. Collateral agreements must be approved prior to deposit of funds as provided by law. The authority approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of authority staff.

At June 30, 2008, there were no amounts of deposits exposed to custodial risks.

**Materials and Supplies** – Spare parts and supplies are stated at the lower of cost or estimated salvage value.

**Property, Plant, and Equipment** – Property, plant, and equipment is recorded at cost. The capitalization threshold for utility plant is \$500. Depreciation is computed by the straight-line method based on the estimated useful lives of related asset classifications. The authority's policy is to take a full year of depreciation in the year of acquisition. Buildings, structures, and improvements are depreciated over 20 to 30 years and equipment is depreciated over three to ten years.

**Compensated Absences** – The authority provides for paid vacations and sick leave for its employees. Accrued vacation costs are included in accrued expenses. However, accrued sick leave has not been recognized since the authority does not compensate employees for unused benefits at termination or retirement.

**Equity Classification** – Equity is classified as net assets and displayed, if applicable, in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets, net of accumulated depreciation and unamortized landfill costs, 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. The authority has no restricted net assets.
- 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.

**Use of Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles 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 expenditures/expenses during the reporting period. Actual results could differ from these estimates.

**B. Capital Assets**

The following is a summary of capital assets:

Business-type Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 282,491	\$ 0	\$ 0	\$ 282,491
Total Capital Assets Not Depreciated	\$ 282,491	\$ 0	\$ 0	\$ 282,491
Capital Assets Depreciated:				
Buildings and Improvements	\$ 4,779,686	\$ 251,956	\$ 0	\$ 5,031,642
Other Capital Assets	780,584	5,782	19,700	766,666
Total Capital Assets Depreciated	\$ 5,560,270	\$ 257,738	\$ 19,700	\$ 5,798,308

Business-type Activities (Cont.):

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Less Accumulated Depreciation For:				
Building and Improvements	\$ 2,419,280	\$ 163,613	\$ 0	\$ 2,582,893
Other Capital Assets	720,534	30,695	19,700	731,529
Total Accumulated Depreciation	<u>\$ 3,139,814</u>	<u>\$ 194,308</u>	<u>\$ 19,700</u>	<u>\$ 3,314,422</u>
Total Capital Assets Depreciated, Net	<u>\$ 2,420,456</u>	<u>\$ 63,430</u>	<u>\$ 0</u>	<u>\$ 2,483,886</u>
Business-type Activities Capital Assets, Net	<u>\$ 2,420,456</u>	<u>\$ 63,430</u>	<u>\$ 0</u>	<u>\$ 2,483,886</u>

Depreciation expense for 2008 was \$194,308.

**C. Landfill Closure and Postclosure Costs**

The authority operated three landfills. Operation, closure, and postclosure care of these landfills are highly regulated (federal regulations 42 USC 6907(a)(3), 6949(c), and USC 1345(d) and (e), and Tennessee Rule 1200-1-76.03 (2)).

The authority accounts for the landfills under the provisions of GASB Statement No. 18. This statement requires the current recognition of future closure and postclosure costs based on landfill capacity used to date. These cost estimates require revision for future changes in the closure and postclosure plan or operating conditions (including changes in technology or applicable laws or regulations); these revisions are recognized currently as such conditions occur. The following estimates were made by the authority's independent engineer.

Estimates of future closure and postclosure care costs are summarized as follows:

Closure	\$ 273,664
Postclosure	<u>1,477,170</u>
Total	<u><u>\$ 1,750,834</u></u>

The Capps Gap Landfill is closed and is 12 years into postclosure monitoring. The Oak Grove Landfill and Ash Monofill's Cells I, II, and III were officially closed in 2006. Postclosure monitoring on the landfills began in 2006. All authority landfills are closed. There is also a provision for the cost of closure of the waste to energy plant facility, which ceased operations in 2005.

The authority, along with Sumner County and the cities of Gallatin and Hendersonville, has a "Contract in-Lieu-of Performance Bond" with the state for financial assurance of the closure and postclosure costs. The authority is potentially responsible for environmental clean-up costs associated with its landfill operations. However, management anticipates any future clean-up cost would be assessed to, and paid by, the party responsible for generating the hazardous materials. During the fiscal year, the state made changes in the calculation of the bond, which also resulted in changes in the estimates by the engineer for postclosure costs.

**D. Municipal and County Agreements**

Agreements between the authority, the cities of Gallatin and Hendersonville, and Sumner County provide that when future (cumulative) profits are available from the operation of the authority, payments by the cities and the county in-lieu-of tipping fees and other revenues will be returned. During fiscal year 2008, the City of Gallatin paid \$468,082 in tipping fees. Sumner County paid \$100,000 in-lieu-of tipping fees. The City of Hendersonville has ceased taking waste to the authority.

The agreements further provide that in the event the authority's revenues are insufficient to cover the cost of the project, the county and the cities agree to pay such deficit in the proportions of 3/7, 2/7, and 2/7, respectively. No deficit assessments were made in fiscal year 2008. Since the City of Hendersonville is no longer bringing waste to the authority, it has not been finalized as to whether this agreement will continue.

**E. Pension Plan**

The authority contributes a percentage of employees' salaries to a defined contribution retirement program. These funds are invested with ING Life Insurance and Annuity Company. The employee has several investment options. An employee must be full-time and employed for 90 days in order to be eligible. The percentage of contribution is based on the following:

<u>Percent of Salary If Employee Contributes</u>	<u>Percent of Salary The Authority Contributes</u>
0	2
1	3
2	4
3	5

The authority's total payroll was \$346,993 for 2008. Employees who are covered and participating under the pension plan were paid \$299,710 for 2008. The resource authority contributed 4.67 percent (\$14,007) for 2008 of covered and participating salaries.

**F. Tipping Fees**

A major portion of the authority's revenue is from tipping fees. A significant portion of tipping fees are from commercial haulers who are required under waste control laws to dump waste collected within Sumner County at the authority. Recent court decisions have supported the enforcement of this law. One major commercial hauler is delivering most of Sumner County's commercial waste to the resource authority, and one major hauler is not. Enforcement by management has not been aggressively sought.

**G. Risk of Loss**

The authority is exposed to the normal business risk and the environmental risk related to the operations of a waste-to-energy plant, a recycling plant, a construction/demolition debris landfill, and an ash monofill. The authority is a member of the Tennessee Municipal Risk Management Self Insurance Program for workers' compensation and general liability coverage. The authority has obtained coverage from commercial insurance carriers for casualty and property coverage. These insurance coverages minimize the loss from risks to which the authority is exposed. There were no significant reductions in insurance coverage, and settled claims resulting from these risks have not significantly exceeded insurance coverage in any of the past three fiscal years.

**H. Contingency**

In May 2005, the authority ceased waste-to-energy operations and began operating as a transfer station. The authority entered into a contract with a private waste company that provides for loading, hauling, and disposal of the solid waste. Also, in 2007, the City of Hendersonville passed legislation expressing their desire to dissolve the authority and ceased transporting their solid waste to the authority. The City of Gallatin and the county have not passed similar legislation, which is necessary to affect a dissolution. Issues relating to these changes in operations and the extent of participation of the cities and county still exist and could result in additional costs and liabilities. The ultimate outcome of these uncertainties cannot be presently determined and as a result, an estimate of the costs and liabilities, if any, cannot be determined.

The authority is involved in several lawsuits primarily related to workers' compensation, which should be covered by insurance and should not have a material effect on the financial statements.

**I. Special Item**

During 2008, the authority disposed of surplus property, which came about due to the changes in operations. The gain on the sale of these capital assets is reported as a special item on the Statement of Activities.

**J. Contracts and Commitments**

The authority has entered into a load, haul, and disposal contract that runs through August 2010, and provides for a rate per ton plus adjustments for CPI and diesel prices.

The authority also has a contract with a company to grind brush for \$3.65 per cubic yard, which runs through October 2008.

**K. Subsequent Event**

Subsequent to year end, the authority reached an agreement to purchase the property on which the former waste-to-energy plant was constructed. The deed included a reversionary clause necessitating the purchase. The purchase price will be \$25,000.

**VII. OTHER NOTES – DISCRETELY PRESENTED SUMNER COUNTY REGIONAL AIRPORT AUTHORITY**

**A. Organization and Reporting Entity**

The Sumner County Regional Airport Authority, a component unit of Sumner County, Tennessee, was established in 1981 in accordance with Resolution No. 1811-102 of the Sumner County Commission, pursuant to the Airport Authorities Act as set forth in the Tennessee Code Annotated, Section 42-3-103. The governing board is selected by the authority as terms expire and confirmed by the Sumner County Board of County Commissioners. The authority's 11-member board consists of members who have the requisite aviation background or have a lifetime and/or an education background in the aviation field as well as members who are residents of the community. The airport administrator is hired.

The authority meets the criteria set forth in generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB) for inclusion as a component unit with the county's financial statements based on the county's responsibility for the appointment of the authority's members and their approval of capital programs and certain debt issuances. As a component unit of the county, the authority's financial statements are discretely presented in the county's financial statements. The accompanying financial statements present the financial position and the

changes in net assets of the authority only. The authority does not have any component units and is not involved in any joint ventures.

## **B. Summary of Significant Accounting Policies**

**Basis of Accounting** – The financial statements of the authority are prepared in accordance with generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The authority's activities are accounted for similar to those often found in the private sector using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, net assets, revenues, and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

**Cash, Cash Equivalents, and Investments** – For purposes of the statement of cash flows, the authority considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. No cash equivalents were held by the authority as of June 30, 2008.

Per Tennessee statutes, bank accounts may only be established and maintained in financial institutions whose deposits are federally insured. Bank account balances (including checking and investment accounts combined) must not exceed the amount federally insured by the Federal Deposit Insurance Corporation (FDIC) (\$100,000) unless the financial institution participates in the state collateral pool or pledges collateral for deposits in excess of the insured limits, and the collateral is maintained in accordance with state statutes. As of June 30, 2008, the authority's combined bank account balances exceeded FDIC insured limits by \$22,538. The financial institution does not participate in the state collateral pool but has pledged adequate collateral to cover the excess risk.

**Receivables** – Receivables are reported at their gross value when earned and reduced by the estimated portion that is expected to be uncollectible. The allowance for uncollectible amounts is based on collection history, aviation industry trends, and current information regarding the credit worthiness of the tenants and others doing business with the authority. When continued collection activity results in receipt of amounts previously written-off, revenue is recognized for the amount collected. The authority determined an allowance for uncollectible amounts was not needed as of June 30, 2008.

**Capital Assets** – Capital assets were recorded at historical cost. Subsequent acquisitions of new assets and expenditures, which substantially increase the useful lives of existing assets exceeding \$7,500 are recorded at cost. Other acquisitions below this threshold are expensed in the period incurred.

Maintenance and repairs are expensed as incurred. In the future, when properties are disposed of, the related costs and accumulated depreciation will be removed from the respective accounts, and any gain or loss on disposition will be credited or charged to an expense. Capital assets will be written off when fully depreciated unless clearly identified as still being in use.

Capital assets are depreciated over their estimated useful lives. Office equipment, computers, and fixtures are fully expensed in the year of purchase. The estimated lives by general classification are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	30
Building and Land Improvements	10-15
Large Equipment and Vehicles	10
Small Equipment and Vehicles	5

**Capital Contributions** – Certain expenditures for airport capital improvements are significantly funded through state allocation or grant programs. Capital funding provided under government grants is considered earned as the related allowable expenditure is incurred.

Grants for capital assets acquisition, facility development, and rehabilitation are reported in the statement of revenues, expenses, and changes in net assets, after nonoperating revenues and expenses as capital contributions.

**Revenue** – The authority provides 39 hangars for pilots who use the airport facilities and one hangar for the fixed base operator (FBO). Thirty of the hangars were built and are owned by the authority, and 11 were built and are owned by private individuals. The authority leases to the owners the underlying land related to the hangars privately built. The ownership of the 11 hangars built by private individuals will transfer to the authority at the end of their respective 30-year lease terms. Underlying land leases range from \$40 to \$323 per month. Leases on hangars built and owned by the authority have rents that range from \$145 to \$175 per month for individual hangars and \$500 and \$3,750 per month for the two corporate hangars.

**Deferred Revenue** – The authority records hangar rent collected in advance of the months in which it is earned as deferred revenue. Deferred revenue totaled \$2,115 at June 30, 2008.

**Net Assets** – In conformity with GASB Statement No. 34, net assets have been labeled and displayed in three components: invested in capital assets, net of related debt; restricted; and unrestricted. As of June 30, 2008, there were no restricted net assets.

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

**C. Contingencies**

The authority is a defendant in a lawsuit titled Northstar Environmental Group v. Sumner County Regional Airport Authority. The authority continues to defend this matter, and the outcome cannot be determined at this time. However, authority management and counsel estimate that should loss occur, it will not exceed \$20,000. The potential loss is reasonably possible and has not been accrued.

**D. Long-term Debt**

No long-term debt was incurred by the authority for the year ended June 30, 2008.

**E. State Grants**

During the year ended June 30, 2008, a total of \$69,026 in federal and state grant monies was paid by the State of Tennessee to the authority. These funds were disbursed for various construction and maintenance projects. The construction is overseen by the state, and all expenditures are reviewed for propriety by the state. None of these funds are required to be repaid.

At June 30, 2008, the authority had placed \$292,953 on deposit with the State of Tennessee for matching portions of future grants that have been awarded to the authority. These nine grants total \$2,609,528, which is comprised of \$2,316,575 in federal funds with the remainder coming from the matching funds provided by the authority.

These funds will be returned to the authority on a pro rata basis as the underlying projects are completed and grant funds are released by the state. No funds had been disbursed at June 30, 2008.

**F. Airport Management**

The authority has contracted with Jet Harbor, Inc., to act as fixed base operator (FBO) for the airport. As FBO, Jet Harbor, engages in flight instruction, aircraft rental, aircraft maintenance, aircraft charter, and the sale of fuel and lubricants.

The authority has contracted with J&S Properties to perform daily management duties for \$2,500 per month. During the year ended June 30, 2008, management expense totaled \$30,200.

**G. Budget**

The authority is not required by law or GASB to utilize a budget and does not do so.

**H. Capital Assets**

Non-depreciable assets owned by the authority consist of land recorded at cost. At June 30, 2008, the authority was committed to the purchase of additional land (see Note VII.L.). Eleven privately built hangars were removed from the airport's capital assets in previous years. These hangars are leased by private parties on 30-year terms, and ownership of the hangars will revert to the authority at the conclusion of the respective leases.

Depreciation expense for the year ending June 30, 2008, totaled \$193,787.

The following is a summary of the authority's depreciable and non-depreciable assets as of June 30, 2008:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 6,500	\$ 12,500	\$ 0	\$ 19,000
Construction in Progress	280,321	5,740	(286,061)	0
Total Capital Assets Not Depreciated	\$ 286,821	\$ 18,240	\$ (286,061)	\$ 19,000
Capital Assets Depreciated:				
Buildings and Improvements	\$ 6,003,258	\$ 0	\$ 0	\$ 6,003,258
Other Capital Assets	11,000	286,061	0	297,061
Total Capital Assets Depreciated	\$ 6,014,258	\$ 286,061	\$ 0	\$ 6,300,319
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,994,570	\$ 165,181	\$ 0	\$ 3,159,751
Other Capital Assets	11,000	28,606	0	39,606
Total Accumulated Depreciation	\$ 3,005,570	\$ 193,787	\$ 0	\$ 3,199,357
Total Capital Assets Depreciated, Net	\$ 3,008,688	\$ 92,274	\$ 0	\$ 3,100,962
Business-type Activities Capital Assets, Net	\$ 3,295,509	\$ 110,514	\$ (286,061)	\$ 3,119,962

**I. Related Party Transactions**

During the year ended June 30, 2008, the authority received \$15,000 from Sumner County that was used for improvements and operating expenses. None of this is required to be repaid.

**J. Risk Financing Activities**

The authority is exposed to certain risks of loss related to its buildings (hangars), equipment, and infrastructure improvements (runways). The authority is not covered by the Sumner County Self-Insurance Plan, but has obtained commercial insurance as required by the "Airport Minimum Standards and Rules and Regulations." The authority has had no settlements in excess of insurance coverage in the past three years.

**K. Leases**

The authority has a 30-year lease for certain privately built hangars whose ownership reverts to the authority at the end of the lease period. These hangars were removed from capital assets in previous years. The value of these hangars is estimated at \$1,260,000.

**L. Commitments**

In December 2007, the authority entered into a contract with HP Gallatin, LLC, for the purchase of a 24.56 acre tract of land at 1071 Cairo Road, Gallatin, Tennessee. The contract price is \$677,963 plus a \$135 per day surcharge from December 7, 2007, until the date of closing. At June 30, 2008, the authority had \$12,500 on deposit as earnest money.

Funding for this purchase will be provided through a federal grant totaling \$979,000 approved in February 2008. This grant provides funds to facilitate the purchase of a total of 42 acres of land. The authority had not received any disbursements from this grant at June 30, 2008.

**VIII. OTHER NOTES – DISCRETELY PRESENTED SUMNER COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**A. Summary of Accounting Policies**

**Nature of Activities** – Sumner County Emergency Communications District is a political subdivision created in November 1986. The district was organized to provide emergency communications to all fire and law enforcement departments of the county. Although the district is considered a municipality under its enabling legislation, it cannot levy or collect taxes and the charges for services shall not be considered or classified as taxes. The district is managed by a nine-member board of directors who are appointed

by the Sumner County Board of County Commissioners. Sumner County maintains controlling interest on the district board in that six of the nine board members must consist of: (1) the Sumner County executive; (2) the Sumner County clerk; and (3) four Sumner County commissioners.

The district is a discretely presented component unit of Sumner County, and the financial statements are presented in both the district's financial report and within this report. The district is considered a discretely presented component unit of Sumner County as defined under the criteria set forth in Governmental Accounting Standards Board Statement No. 14, because the district would be unable to issue debt without going through Sumner County. The district is self-supported by a telephone subscriber fee charged to the citizens of Sumner County. The district's financial statements include only the assets and operations of the district, and do not include any other fund, organization, agency, or department of Sumner County.

**Basis of Accounting and Financial Statement Presentation** – The term basis of accounting is used to determine when a transaction or event is recognized on the district's operating statement. The district uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned, and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

The Governmental Accounting Standards Board (GASB) exercises jurisdiction over accounting and financial reporting for governments. The Financial Accounting Standards Board (FASB) exercises jurisdiction over private enterprises and nonprofits. The Office of the Comptroller of the Treasury requires Tennessee emergency communications districts to follow option one of GASB Statement No. 20. This option requires the district to follow only GASB guidance after November 30, 1989, and not to follow any FASB guidance after that date.

The district adopted the provisions of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Statement No. 34 established standards for external reporting for all state and local governmental entities, which includes a statement of net assets; a statement of revenues, expenses, and changes in net assets; and a statement of cash flows. It 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:

1. 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 mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted – This component of net assets consists of constraints placed on net assets use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

**Use of Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles 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.

**Cash and Cash Equivalents** – For purposes of the statement of net assets and the statement of cash flows, Sumner County Emergency Communications District considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Capital Assets** – Capital assets are defined by the district as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Additions to capital assets are recorded at acquisition cost or estimated market value at the date of donation in the case of donated property. Depreciation and amortization are provided for in amounts sufficient to relate the cost of the assets to operations over their estimated service lives using the half-year convention, straight-line method of depreciation. Estimated useful lives, in years, for depreciable assets are as follows:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10-40
Furniture and Fixtures	7-10
Office Equipment	5-10
Communications Equipment	5-10
Vehicles	5

**Income Taxes** – Sumner County Emergency Communications District is a tax-exempt organization under Section 115 of the Internal Revenue Code and, accordingly, no provision for federal income taxes has been made.

**Operating Revenues and Expenses** – The district distinguishes operating revenues and expenses from nonoperating 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 to residents for providing emergency 911 services. Operating expenses include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Budgetary Data** – Prior to the beginning of the fiscal year, the board of directors prepares an operating budget. Depreciation is not budgeted. The budgeted cost of capital assets purchased and debt service are included as expenditures. Therefore, the budget is not intended to be presented in accordance with generally accepted accounting principles. The budget may be amended by the board as conditions warrant throughout the year.

**B. Cash and Depository Collateral**

The district’s current policies limit deposit of funds to accounts with commercial banks, which are required to pledge securities as collateral for the deposits should they be in excess of Federal Deposit Insurance Corporation (FDIC) coverage. The financial institutions used by the district have either pledged securities as collateral or the institution is a participant in the Tennessee Collateral Pool, which was established to provide security for public funds deposits in excess of FDIC coverage.

At year end, the district had deposits totaling \$194,613 that were collateralized with pledged securities held by the financial institution. The remaining deposits of \$1,530,508 were fully insured by FDIC and the Tennessee Collateral Pool.

**C. Accounts Receivable**

The following schedule reflects the components of accounts receivable as of June 30, 2008:

Emergency telephone service charges	<u>\$ 41,775</u>
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**D. Capital Assets**

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

	Balance 7-1-07	Increases	Balance 6-30-08
Capital Assets Depreciated:			
Other Capital Assets	\$ 1,678,448	\$ 66,580	\$ 1,745,028
Total Capital Assets Depreciated	<u>\$ 1,678,448</u>	<u>\$ 66,580</u>	<u>\$ 1,745,028</u>
Less Accumulated Depreciation For:			
Other Capital Assets	\$ 1,288,113	\$ 312,340	\$ 1,600,453
Total Accumulated Depreciation	<u>\$ 1,288,113</u>	<u>\$ 312,340</u>	<u>\$ 1,600,453</u>
Total Capital Assets Depreciated, Net	<u>\$ 390,335</u>	<u>\$ (245,760)</u>	<u>\$ 144,575</u>

Depreciation charged to expense for the current year amounted to \$312,340.

**E. Prepaid Expense**

In June 2003, the district paid a deposit for leased equipment of \$325,000, which is reflected in the financial statements as prepaid expense. AT&T issued a credit for this deposit against the monthly lease payment at the rate of \$5,417 per month for 60 months, ending June 30, 2008. As a return on the \$325,000 deposit, AT&T also credited \$500 as a discount against the monthly lease payment for a term of 60 months, ending June 30, 2008.

**F. Capitalized Lease Obligation**

The district entered into a capital lease agreement for equipment costing \$1,242,076 in 2003. The five-year lease is amortized at 8.89 percent after an initial payment of \$209,317. Current activity for the year ended June 30, 2008, is as follows:

	Balance 7-1-07	Reductions	Balance 6-30-08
Capital Lease	\$ 244,659	\$ 244,659	\$ 0

**G. Major Revenue Source**

Revenue for operation and maintenance of the Sumner County Emergency Communications District is generated by a surcharge placed on residential and business phone lines. The surcharge is collected by AT&T and remitted to the district monthly less a one percent administrative fee. In fiscal year 2000, the district began collecting revenue generated by wireless phone users.

The Tennessee Emergency Communications Board collects the revenue and distributes 25 percent of the funds to the emergency communications districts based on the proportion of the population of each district to that of the state, according to the latest census.

**H. Risk Management**

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the year ended June 30, 2008, the district was insured against potential losses associated with these risks through the purchase of commercial insurance policies written for Sumner County or the other governmental departments serviced by the district. There have been no losses in excess of insurance coverage during the last three years.

**I. Service Arrangement Contract**

The district has negotiated a service application with AT&T Telecommunications for the installation and service of an Enhanced 911 Emergency Service System. AT&T furnishes equipment and service sufficient to operate the system for an initial installation fee and a monthly fee based upon the number of telephone stations and access lines served by the system. Current-year cost to the district for use of this equipment was \$266,388.

**J. Operational Contract**

The district has contracted with S&S Communications, Inc., for all day-to-day supervision and clerical operations of the district. The contract is negotiated annually on July 1 and is reflected in the financial statements as a director and assistant fee of \$78,864. All calls processed by the district communication system are processed by dispatchers located at various police, fire, or medical emergency stations. All dispatchers are employees of the respective emergency departments.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 17,461,812	\$ 16,644,990	\$ 16,625,990	\$ 835,822
Licenses and Permits	533,705	520,000	520,000	13,705
Fines, Forfeitures, and Penalties	956,462	797,100	807,100	149,362
Charges for Current Services	5,561,987	4,855,500	5,179,196	382,791
Other Local Revenues	1,013,739	812,350	877,535	136,204
Fees Received from County Officials	7,543,225	7,090,000	7,142,147	401,078
State of Tennessee	4,931,985	3,850,480	4,065,387	866,598
Federal Government	165,257	0	793,507	(628,250)
Other Governments and Citizens Groups	138,488	170,000	170,000	(31,512)
<b>Total Revenues</b>	<b>\$ 38,306,660</b>	<b>\$ 34,740,420</b>	<b>\$ 36,180,862</b>	<b>\$ 2,125,798</b>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 375,417	\$ 268,500	\$ 387,400	\$ 11,983
Board of Equalization	1,967	7,500	7,500	5,533
County Mayor/Executive	207,243	214,107	216,207	8,964
Personnel Office	78,178	49,750	78,250	72
County Attorney	266,144	256,393	271,393	5,249
Election Commission	517,605	514,955	608,928	91,323
Register of Deeds	463,291	537,565	593,085	129,794
Planning	284,597	599,683	334,396	49,799
Engineering	180,728	182,825	182,825	2,097
Codes Compliance	269,145	0	282,222	13,077
County Buildings	997,128	972,656	975,056	(22,072)
Preservation of Records	78,163	95,343	95,343	17,180
<u>Finance</u>				
Accounting and Budgeting	298,832	332,417	303,917	5,085
Purchasing	22,050	22,050	22,050	0
Property Assessor's Office	496,856	502,929	501,388	4,532
Reappraisal Program	399,157	396,430	421,226	22,069
County Trustee's Office	328,466	401,094	387,194	58,728
County Clerk's Office	925,243	938,317	940,417	15,174
Data Processing	100,331	111,133	111,133	10,802
Other Finance	117,113	100,833	125,833	8,720
<u>Administration of Justice</u>				
Circuit Court	1,018,113	1,116,054	1,118,154	100,041
General Sessions Judge	214,611	232,073	232,073	17,462
Drug Court	274,039	311,146	367,016	92,977
Chancery Court	436,479	464,453	466,553	30,074
Juvenile Court	315,060	334,462	334,462	19,402
Judicial Commissioners	191,361	203,750	203,750	12,389
Probation Services	259,511	305,630	305,630	46,119

(Continued)

Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 5,149,655	\$ 5,250,468	\$ 5,533,778	\$ 384,123
Administration of the Sexual Offender Registry	3,581	0	9,100	5,519
Jail	4,479,856	4,985,850	4,807,686	327,830
Juvenile Services	358,927	372,776	393,276	34,349
Fire Prevention and Control	2,000	2,000	2,000	0
Rural Fire Protection	144,000	144,000	144,000	0
Other Emergency Management	572,108	183,780	888,880	316,772
<u>Public Health and Welfare</u>				
Local Health Center	1,259,405	1,257,694	1,377,883	118,478
Rabies and Animal Control	268,168	245,874	260,874	(7,294)
Ambulance/Emergency Medical Services	5,138,432	4,909,390	5,180,096	41,664
Dental Health Program	64,621	133,067	133,067	68,446
Other Local Health Services	37,814	38,713	38,713	899
Appropriation to State	197,655	197,655	197,655	0
General Welfare Assistance	490	2,000	2,000	1,510
Aid to Dependent Children	772	1,000	1,000	228
Other Local Welfare Services	0	1,000	1,000	1,000
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	161,886	191,500	191,500	29,614
Libraries	932,059	846,354	953,095	21,036
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	273,205	253,532	253,532	(19,673)
Soil Conservation	29,955	30,075	30,075	120
<u>Other Operations</u>				
Tourism	375,103	375,103	375,103	0
Other Economic and Community Development	5,000	0	5,000	0
Airport	15,000	15,000	310,000	295,000
Veterans' Services	64,567	67,615	67,615	3,048
Other Charges	1,116,872	1,281,100	1,324,345	207,473
Contributions to Other Agencies	818,914	317,889	1,244,333	425,419
Employee Benefits	8,072,478	8,536,200	8,529,482	457,004
Miscellaneous	26,112	38,000	38,000	11,888
<u>Capital Projects - Donated</u>				
Capital Projects Donated to Other Entities	237,816	0	237,816	0
Total Expenditures	\$ 38,923,279	\$ 39,149,683	\$ 42,404,305	\$ 3,481,026
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (616,619)	\$ (4,409,263)	\$ (6,223,443)	\$ 5,606,824
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 169,284	\$ 203,125	\$ 210,076	\$ (40,792)
Transfers Out	(291,032)	0	(350,632)	59,600
Total Other Financing Sources (Uses)	\$ (121,748)	\$ 203,125	\$ (140,556)	\$ 18,808
Net Change in Fund Balance				
Fund Balance, July 1, 2007	\$ (738,367)	\$ (4,206,138)	\$ (6,363,999)	\$ 5,625,632
	24,059,448	20,875,774	20,875,774	3,183,674
Fund Balance, June 30, 2008				
	\$ 23,321,081	\$ 16,669,636	\$ 14,511,775	\$ 8,809,306

Exhibit F-2

Sumner 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	\$ 83,594	\$ 96,128	\$ 12,534	86.96 %	\$ 40,406	31.02 %

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.

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**SUMNER 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, Personnel Office, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

**B. EXPENDITURES EXCEEDED APPROPRIATIONS**

Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the General Fund:

<u>Major Category</u>	<u>Amount Overspent</u>
County Buildings	\$ 22,072
Rabies and Animal Control	7,294
Agriculture Extension Service	19,673

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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

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

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

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

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

## Capital Projects Fund

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

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Highway Capital Projects Fund – The Highway Capital Projects Fund is used to account for highway-related expenditures of the county.

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Exhibit G-1

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

	Special Revenue Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway / Public Works		
\$	0	0	0	110,463	0	0	110,463
Cash	311,826	109,196	98,159	0	2,194,380	11,880	2,725,441
Equity in Pooled Cash and Investments	54,650	1,351	2,954	1,775	167,853	750	229,333
Accounts Receivable	0	0	0	0	523,427	0	523,427
Due from Other Governments	0	0	0	0	678,260	0	678,260
Property Taxes Receivable	0	0	0	0	(28,261)	0	(28,261)
Allowance for Uncollectible Property Taxes	0	0	0	0			
Total Assets	\$ 366,476	\$ 110,547	\$ 101,113	\$ 112,238	\$ 3,535,659	\$ 12,630	\$ 4,238,663

ASSETS

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

LIABILITIES AND FUND BALANCES

\$	11,326	7,250	858	0	291,341	0	310,775
Liabilities	0	0	0	0	26,694	0	26,694
Accounts Payable	0	0	0	108,178	0	0	108,178
Accrued Payroll	0	0	0	4,060	0	0	4,060
Due to Other Funds	0	0	0	0	629,474	0	629,474
Due to Litigants, Heirs, and Others	0	0	0	0	17,854	0	17,854
Deferred Revenue - Current Property Taxes	0	0	0	0	220,000	0	220,000
Deferred Revenue - Delinquent Property Taxes	0	0	0	0			
Other Deferred Revenues	0	0	0	0			
Total Liabilities	\$ 11,326	\$ 7,250	\$ 858	\$ 112,238	\$ 1,185,363	\$ 0	\$ 1,317,035
Fund Balances	355,150	103,297	100,255	0	2,350,296	12,630	2,921,628
Unreserved	355,150	103,297	100,255	0	2,350,296	12,630	2,921,628
Total Fund Balances	\$ 366,476	\$ 110,547	\$ 101,113	\$ 112,238	\$ 3,535,659	\$ 12,630	\$ 4,238,663

Total Liabilities and Fund Balances

Exhibit G-2

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

	Special Revenue Funds					Total	
	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway/ Public Works		Capital Projects Fund
<u>Revenues</u>							
Local Taxes	\$ 450,883	\$ 0	\$ 0	\$ 0	\$ 2,655,277	\$ 0	\$ 3,106,160
Licenses and Permits	0	0	0	0	0	12,750	12,750
Fines, Forfeitures, and Penalties	0	24,149	34,133	0	0	0	58,282
Charges for Current Services	136,289	14,000	0	10,721	0	0	161,010
Other Local Revenues	0	10,647	0	0	204,143	0	214,790
State of Tennessee	0	0	0	0	3,155,735	0	3,155,735
Federal Government	0	8,784	0	0	0	0	8,784
Total Revenues	\$ 587,172	\$ 57,580	\$ 34,133	\$ 10,721	\$ 6,015,155	\$ 12,750	\$ 6,717,511
<u>Expenditures</u>							
Current:							
General Government	\$ 523,054	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 523,054
Administration of Justice	0	0	41,523	10,721	0	0	52,244
Public Safety	0	24,563	0	0	0	0	24,563
Highways	0	0	0	0	5,940,158	0	5,940,158
Capital Projects	0	0	0	0	0	120	120
Total Expenditures	\$ 523,054	\$ 24,563	\$ 41,523	\$ 10,721	\$ 5,940,158	\$ 120	\$ 6,540,139
Excess (Deficiency) of Revenues Over Expenditures	\$ 64,118	\$ 33,017	\$ (7,390)	\$ 0	\$ 74,997	\$ 12,630	\$ 177,372
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 291,032	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 291,032
Total Other Financing Sources (Uses)	\$ 291,032	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 291,032
Net Change in Fund Balances Fund Balance, July 1, 2007	\$ 355,150	\$ 33,017	\$ (7,390)	\$ 0	\$ 74,997	\$ 12,630	\$ 468,404
	0	70,280	107,645	0	2,275,299	0	2,453,224
Fund Balance, June 30, 2008	\$ 355,150	\$ 103,297	\$ 100,255	\$ 0	\$ 2,350,296	\$ 12,630	\$ 2,921,628

Exhibit G-3

Sumner 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	\$ 450,883	\$ 396,000	\$ 396,000	\$ 54,883
Charges for Current Services	136,289	110,000	110,000	26,289
Total Revenues	<u>\$ 587,172</u>	<u>\$ 506,000</u>	<u>\$ 506,000</u>	<u>\$ 81,172</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 523,054	\$ 472,000	\$ 527,000	\$ 3,946
Total Expenditures	<u>\$ 523,054</u>	<u>\$ 472,000</u>	<u>\$ 527,000</u>	<u>\$ 3,946</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 64,118</u>	<u>\$ 34,000</u>	<u>\$ (21,000)</u>	<u>\$ 85,118</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 291,032	0	0	\$ 291,032
Total Other Financing Sources (Uses)	<u>\$ 291,032</u>	<u>0</u>	<u>0</u>	<u>\$ 291,032</u>
Net Change in Fund Balance	\$ 355,150	\$ 34,000	\$ (21,000)	\$ 376,150
Fund Balance, July 1, 2007	0	24,238	24,238	(24,238)
Fund Balance, June 30, 2008	<u>\$ 355,150</u>	<u>\$ 58,238</u>	<u>\$ 3,238</u>	<u>\$ 351,912</u>

Exhibit G-4

Sumner 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	\$ 24,149	\$ 55,300	\$ 55,300	\$ (31,151)
Charges for Current Services	14,000	0	0	14,000
Other Local Revenues	10,647	14,700	64,700	(54,053)
Federal Government	8,784	0	0	8,784
Total Revenues	<u>\$ 57,580</u>	<u>\$ 70,000</u>	<u>\$ 120,000</u>	<u>\$ (62,420)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 24,563	\$ 41,840	\$ 101,840	\$ 77,277
Total Expenditures	<u>\$ 24,563</u>	<u>\$ 41,840</u>	<u>\$ 101,840</u>	<u>\$ 77,277</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 33,017</u>	<u>\$ 28,160</u>	<u>\$ 18,160</u>	<u>\$ 14,857</u>
Net Change in Fund Balance	\$ 33,017	\$ 28,160	\$ 18,160	\$ 14,857
Fund Balance, July 1, 2007	<u>70,280</u>	<u>69,400</u>	<u>69,400</u>	<u>880</u>
Fund Balance, June 30, 2008	<u>\$ 103,297</u>	<u>\$ 97,560</u>	<u>\$ 87,560</u>	<u>\$ 15,737</u>

Exhibit G-5

Sumner County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
District Attorney General 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	\$ 34,133	\$ 32,000	\$ 32,000	\$ 2,133
Total Revenues	\$ 34,133	\$ 32,000	\$ 32,000	\$ 2,133
<u>Expenditures</u>				
<u>Administration of Justice</u>				
District Attorney General	\$ 41,523	\$ 50,000	\$ 50,000	\$ 8,477
Total Expenditures	\$ 41,523	\$ 50,000	\$ 50,000	\$ 8,477
Excess (Deficiency) of Revenues Over Expenditures	\$ (7,390)	\$ (18,000)	\$ (18,000)	\$ 10,610
Net Change in Fund Balance	\$ (7,390)	\$ (18,000)	\$ (18,000)	\$ 10,610
Fund Balance, July 1, 2007	107,645	124,719	124,719	(17,074)
Fund Balance, June 30, 2008	\$ 100,255	\$ 106,719	\$ 106,719	\$ (6,464)

Exhibit G-6

Sumner 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	\$ 2,655,277	\$ 2,442,361	\$ 2,442,361	\$ 212,916
Other Local Revenues	204,143	109,490	109,490	94,653
State of Tennessee	3,155,735	3,052,128	3,052,128	103,607
Federal Government	0	50,000	50,000	(50,000)
Total Revenues	<u>\$ 6,015,155</u>	<u>\$ 5,653,979</u>	<u>\$ 5,653,979</u>	<u>\$ 361,176</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 182,240	\$ 203,388	\$ 203,388	\$ 21,148
Highway and Bridge Maintenance	3,429,022	3,839,810	3,839,810	410,788
Operation and Maintenance of Equipment	909,398	988,103	1,018,803	109,405
Quarry Operations	48,003	68,417	68,417	20,414
Litter and Trash Collection	34,682	49,194	49,194	14,512
Other Charges	226,676	225,600	247,600	20,924
Employee Benefits	698,557	839,238	839,238	140,681
Capital Outlay	411,580	877,500	824,800	413,220
Total Expenditures	<u>\$ 5,940,158</u>	<u>\$ 7,091,250</u>	<u>\$ 7,091,250</u>	<u>\$ 1,151,092</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 74,997</u>	<u>\$ (1,437,271)</u>	<u>\$ (1,437,271)</u>	<u>\$ 1,512,268</u>
Net Change in Fund Balance	\$ 74,997	\$ (1,437,271)	\$ (1,437,271)	\$ 1,512,268
Fund Balance, July 1, 2007	<u>2,275,299</u>	<u>2,202,853</u>	<u>2,202,853</u>	<u>72,446</u>
Fund Balance, June 30, 2008	<u>\$ 2,350,296</u>	<u>\$ 765,582</u>	<u>\$ 765,582</u>	<u>\$ 1,584,714</u>

# **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

Sumner 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	\$ 22,342,887	\$ 22,564,903	\$ 22,564,903	\$ (222,016)
Other Local Revenues	4,416,330	2,530,000	2,530,000	1,886,330
Other Governments and Citizens Groups	387,268	0	387,500	(232)
Total Revenues	<u>\$ 27,146,485</u>	<u>\$ 25,094,903</u>	<u>\$ 25,482,403</u>	<u>\$ 1,664,082</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 416,233	\$ 405,000	\$ 478,000	\$ 61,767
<u>Principal on Debt</u>				
General Government	0	6,500,000	0	0
Education	11,830,000	9,140,000	11,830,000	0
<u>Interest on Debt</u>				
General Government	0	130,000	57,000	57,000
Education	7,754,071	8,700,943	7,854,571	100,500
<u>Other Debt Service</u>				
General Government	887	0	1,500	613
Education	0	1,500	0	0
<u>Capital Projects - Donated</u>				
Capital Projects Donated to Other Entities	138,097	0	138,097	0
Total Expenditures	<u>\$ 20,139,288</u>	<u>\$ 24,877,443</u>	<u>\$ 20,359,168</u>	<u>\$ 219,880</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 7,007,197</u>	<u>\$ 217,460</u>	<u>\$ 5,123,235</u>	<u>\$ 1,883,962</u>
<u>Other Financing Sources (Uses)</u>				
Other Loans Issued	\$ 0	\$ 30,000	\$ 30,000	\$ (30,000)
Transfers In	0	387,500	0	0
Transfers Out	(6,590,000)	0	(7,275,000)	685,000
Total Other Financing Sources (Uses)	<u>\$ (6,590,000)</u>	<u>\$ 417,500</u>	<u>\$ (7,245,000)</u>	<u>\$ 655,000</u>
Net Change in Fund Balance	\$ 417,197	\$ 634,960	\$ (2,121,765)	\$ 2,538,962
Fund Balance, July 1, 2007	<u>20,120,373</u>	<u>13,545,794</u>	<u>13,545,794</u>	<u>6,574,579</u>
Fund Balance, June 30, 2008	<u>\$ 20,537,570</u>	<u>\$ 14,180,754</u>	<u>\$ 11,424,029</u>	<u>\$ 9,113,541</u>

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# Fiduciary Funds

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

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

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

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for state grants and other restricted revenues held for the benefit of the multi-jurisdictional drug task force, which was created by contract (mutual aid agreement) between the participating city and county governments.

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Exhibit I-1

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

	<u>Agency Funds</u>			
	Cities - Sales Tax	Constitu- tional Officers - Agency	Judicial District Drug	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 5,800,716	\$ 4,737	\$ 5,805,453
Equity in Pooled Cash and Investments	0	0	1,363,850	1,363,850
Accounts Receivable	0	1,841	0	1,841
Due from Other Governments	2,741,992	0	0	2,741,992
Total Assets	<u>\$ 2,741,992</u>	<u>\$ 5,802,557</u>	<u>\$ 1,368,587</u>	<u>\$ 9,913,136</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 2,741,992	\$ 0	\$ 0	\$ 2,741,992
Due to State of Tennessee	0	502,337	0	502,337
Due to Litigants, Heirs, and Others	0	5,300,220	281,741	5,581,961
Due to Joint Ventures	0	0	1,086,846	1,086,846
Total Liabilities	<u>\$ 2,741,992</u>	<u>\$ 5,802,557</u>	<u>\$ 1,368,587</u>	<u>\$ 9,913,136</u>

## Exhibit I-2

Sumner 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	\$ 15,167,133	\$ 15,167,133	\$ 0
Due from Other Governments	2,586,530	2,741,992	2,586,530	2,741,992
Total Assets	\$ 2,586,530	\$ 17,909,125	\$ 17,753,663	\$ 2,741,992
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,586,530	\$ 17,909,125	\$ 17,753,663	\$ 2,741,992
Total Liabilities	\$ 2,586,530	\$ 17,909,125	\$ 17,753,663	\$ 2,741,992
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 5,892,223	\$ 5,800,716	\$ 5,892,223	\$ 5,800,716
Accounts Receivable	590	1,841	590	1,841
Total Assets	\$ 5,892,813	\$ 5,802,557	\$ 5,892,813	\$ 5,802,557
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 5,198,856	\$ 5,300,220	\$ 5,198,856	\$ 5,300,220
Due to State of Tennessee	693,957	502,337	693,957	502,337
Total Liabilities	\$ 5,892,813	\$ 5,802,557	\$ 5,892,813	\$ 5,802,557
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Cash	\$ 7,047	\$ 27,000	\$ 29,310	\$ 4,737
Equity in Pooled Cash and Investments	873,192	874,048	383,390	1,363,850
Total Assets	\$ 880,239	\$ 901,048	\$ 412,700	\$ 1,368,587
<u>Liabilities</u>				
Due to Joint Ventures	\$ 849,898	\$ 642,601	\$ 405,653	\$ 1,086,846
Due to Litigants, Heirs, and Others	30,341	258,447	7,047	281,741
Total Liabilities	\$ 880,239	\$ 901,048	\$ 412,700	\$ 1,368,587

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 5,899,270	\$ 5,827,716	\$ 5,921,533	\$ 5,805,453
Equity in Pooled Cash and Investments	873,192	16,041,181	15,550,523	1,363,850
Accounts Receivable	590	1,841	590	1,841
Due From Other Governments	2,586,530	2,741,992	2,586,530	2,741,992
Total Assets	\$ 9,359,582	\$ 24,612,730	\$ 24,059,176	\$ 9,913,136
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,586,530	\$ 17,909,125	\$ 17,753,663	\$ 2,741,992
Due to Joint Ventures	849,898	642,601	405,653	1,086,846
Due to State of Tennessee	693,957	502,337	693,957	502,337
Due to Litigants, Heirs, and Others	5,229,197	5,558,667	5,205,903	5,581,961
Total Liabilities	\$ 9,359,582	\$ 24,612,730	\$ 24,059,176	\$ 9,913,136

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# Sumner County School Department

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

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Exhibit J-1

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 117,825,002	\$ 692,211	\$ 7,248,459	\$ (109,884,332)
Support Services	45,255,218	20,849	2,503,475	(42,730,894)
Operation of Non-Instructional Services	12,017,584	7,439,819	6,484,007	1,906,242
Other Debt Service	387,268	0	0	(387,268)
Total Governmental Activities	\$ 175,485,072	\$ 8,152,879	\$ 16,235,941	\$ (151,096,252)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 46,571,543
Local Option Sales Taxes				11,472,597
Wheel Tax				4,074,820
Grants and Contributions Not Restricted to Specific Programs				104,123,449
Unrestricted Investment Income				87,097
Miscellaneous				273,613
Total General Revenues				\$ 166,603,119
Change in Net Assets				\$ 15,506,867
Net Assets, July 1, 2007				192,507,400
Net Assets, June 30, 2008				\$ 208,014,267

Exhibit J-2

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

	<u>Major Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>
	General Purpose School	School Federal Projects Fund	Govern- mental Funds
<b><u>ASSETS</u></b>			
Cash	\$ 7,600	\$ 0	\$ 7,600
Equity in Pooled Cash and Investments	20,162,304	1,493,839	21,656,143
Accounts Receivable	252,257	0	252,257
Due from Other Governments	4,350,565	182,702	4,533,267
Property Taxes Receivable	46,795,041	0	46,795,041
Allowance for Uncollectible Property Taxes	(1,949,793)	0	(1,949,793)
<b>Total Assets</b>	<b>\$ 69,617,974</b>	<b>\$ 1,676,541</b>	<b>\$ 71,294,515</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 1,238,092	\$ 41,252	\$ 1,279,344
Payroll Deductions Payable	2,687,081	0	2,687,081
Deferred Revenue - Current Property Taxes	43,433,684	0	43,433,684
Deferred Revenue - Delinquent Property Taxes	1,227,913	0	1,227,913
Other Deferred Revenues	1,060,116	0	1,060,116
<b>Total Liabilities</b>	<b>\$ 49,646,886</b>	<b>\$ 41,252</b>	<b>\$ 49,688,138</b>
<b><u>Fund Balances</u></b>			
Reserved for Encumbrances	\$ 1,593,865	\$ 3,500	\$ 1,597,365
Other Local Education Reserves	1,230,437	0	1,230,437
Reserved for Career Ladder Program	29,450	0	29,450
Reserved for Title I Grants to Local Education Agencies	0	110,880	110,880
Reserved for Innovative Education Program Strategies	0	6,245	6,245
Reserved for Special Education - Grants to States	0	1,384,895	1,384,895
Other Federal Reserves	0	129,769	129,769
Unreserved, Reported In:			
General Fund	17,117,336	0	17,117,336
<b>Total Fund Balances</b>	<b>\$ 19,971,088</b>	<b>\$ 1,635,289</b>	<b>\$ 21,606,377</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 69,617,974</b>	<b>\$ 1,676,541</b>	<b>\$ 71,294,515</b>

Exhibit J-3

Sumner County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Discretely Presented Sumner 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)		\$	21,606,377
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	8,538,276	
Add: construction in progress		18,859,625	
Add: buildings and improvements net of accumulated depreciation		153,100,527	
Add: other capital assets net of accumulated depreciation		<u>5,333,488</u>	185,831,916
(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			(1,712,055)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			
			<u>2,288,029</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>208,014,267</u></u>

Exhibit J-4

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

	<u>Major Fund</u>	<u>Nonmajor Fund</u>	
	General Purpose School	School Federal Projects Fund	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 62,041,978	\$ 0	\$ 62,041,978
Licenses and Permits	7,234	0	7,234
Charges for Current Services	8,042,231	0	8,042,231
Other Local Revenues	693,086	0	693,086
State of Tennessee	104,246,033	0	104,246,033
Federal Government	5,169,874	9,367,346	14,537,220
Other Governments and Citizens Groups	485,350	0	485,350
Total Revenues	<u>\$ 180,685,786</u>	<u>\$ 9,367,346</u>	<u>\$ 190,053,132</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 110,209,167	\$ 7,610,355	\$ 117,819,522
Support Services	54,204,494	1,578,098	55,782,592
Operation of Non-Instructional Services	11,124,410	0	11,124,410
Capital Outlay	1,909,772	0	1,909,772
Debt Service:			
Other Debt Service	387,268	0	387,268
Total Expenditures	<u>\$ 177,835,111</u>	<u>\$ 9,188,453</u>	<u>\$ 187,023,564</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,850,675</u>	<u>\$ 178,893</u>	<u>\$ 3,029,568</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 132,120	\$ 0	\$ 132,120
Transfers In	48,128	0	48,128
Transfers Out	0	(48,128)	(48,128)
Total Other Financing Sources (Uses)	<u>\$ 180,248</u>	<u>\$ (48,128)</u>	<u>\$ 132,120</u>
Net Change in Fund Balances	\$ 3,030,923	\$ 130,765	\$ 3,161,688
Fund Balance, July 1, 2007	16,940,165	1,504,524	18,444,689
Fund Balance, June 30, 2008	<u>\$ 19,971,088</u>	<u>\$ 1,635,289</u>	<u>\$ 21,606,377</u>

Exhibit J-5

Sumner County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Sumner 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)		\$ 3,161,688
(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	\$ 22,567,882	
Less: current year depreciation expense	<u>(10,397,453)</u>	12,170,429
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes/other deferred June 30, 2008	\$ 2,288,029	
Less: deferred delinquent property taxes/other deferred June 30, 2007	<u>(1,857,279)</u>	430,750
(3) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: loss on disposal of capital assets		(56,177)
(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		<u>(199,823)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 15,506,867</u>

Exhibit J-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 62,041,978	\$ 0	\$ 0	\$ 62,041,978	\$ 60,324,466	\$ 60,324,466	\$ 1,717,512
Licenses and Permits	7,234	0	0	7,234	9,000	9,000	(1,766)
Charges for Current Services	8,042,231	0	0	8,042,231	9,563,057	9,563,057	(1,520,826)
Other Local Revenues	693,086	0	0	693,086	671,719	845,366	(152,280)
State of Tennessee	104,246,033	0	0	104,246,033	100,877,499	104,414,716	(168,683)
Federal Government	5,169,874	0	0	5,169,874	3,100,450	3,929,293	1,240,581
Other Governments and Citizens Groups	485,350	0	0	485,350	0	0	485,350
<b>Total Revenues</b>	<b>\$ 180,685,786</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 180,685,786</b>	<b>\$ 174,546,191</b>	<b>\$ 179,085,898</b>	<b>\$ 1,599,888</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Regular Instruction Program	\$ 83,524,759	\$ (204,097)	\$ 831,570	\$ 84,152,232	\$ 82,587,783	\$ 84,555,721	\$ 403,489
Alternative Instruction Program	1,494,886	0	0	1,494,886	1,606,462	1,610,262	115,276
Special Education Program	15,807,002	0	0	15,807,002	16,999,469	17,029,618	1,222,616
Vocational Education Program	9,084,849	(50,913)	60,392	9,094,328	9,081,263	9,174,263	79,935
Adult Education Program	297,571	0	0	297,571	343,751	372,550	74,979
<b>Support Services</b>							
Attendance	330,396	0	0	330,396	340,238	340,562	10,166
Health Services	537,567	0	0	537,567	490,031	619,372	81,805
Other Student Support	4,263,011	0	0	4,263,011	4,477,178	4,477,178	214,167
Regular Instruction Program	7,178,162	(2,120)	18,669	7,194,711	6,120,699	7,363,047	168,336
Alternative Instruction Program	260,919	0	0	260,919	259,097	267,597	6,678
Special Education Program	1,419,755	0	0	1,419,755	1,383,943	1,477,488	57,733
Vocational Education Program	206,638	0	0	206,638	222,693	222,693	16,055
Adult Programs	277,931	(840)	0	277,091	288,142	283,410	6,319
Other Programs	794,827	0	0	794,827	0	794,827	0
Board of Education	3,460,718	0	0	3,460,718	3,761,953	3,941,953	481,235
Director of Schools	514,821	(10,313)	0	504,508	549,584	549,584	45,076

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Office of the Principal	\$ 10,925,736	\$ (148,484)	\$ 0	\$ 10,777,252	\$ 11,235,768	\$ 11,224,768	\$ 447,516
Fiscal Services	895,386	(608)	1,589	896,367	934,726	934,726	38,359
Human Services/Personnel	419,840	0	0	419,840	439,554	439,554	19,714
Operation of Plant	11,695,358	(32,934)	23,189	11,685,613	11,717,090	11,752,590	66,977
Maintenance of Plant	3,828,882	(2,049)	89,195	3,916,028	4,169,315	4,123,315	207,287
Transportation	6,671,545	(4,796)	22,276	6,689,025	6,709,073	6,903,073	214,048
Central and Other	523,002	0	0	523,002	579,217	559,217	36,215
<u>Operation of Non-Instructional Services</u>							
Food Service	10,000,657	0	0	10,000,657	12,494,457	12,494,457	2,493,800
Community Services	1,123,753	(6,300)	9,533	1,126,986	1,137,114	1,137,114	10,128
Capital Outlay							
Regular Capital Outlay	1,909,772	(272,340)	537,452	2,174,884	868,619	2,601,192	426,308
Other Debt Service							
Education	387,268	0	0	387,268	387,270	387,270	2
Total Expenditures	\$ 177,835,111	\$ (735,794)	\$ 1,593,865	\$ 178,693,182	\$ 179,184,489	\$ 185,637,401	\$ 6,944,219
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ 2,850,675	\$ 735,794	\$ (1,593,865)	\$ 1,992,604	\$ (4,638,298)	\$ (6,551,503)	\$ 8,544,107
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 132,120	\$ 0	\$ 0	\$ 132,120	\$ 0	\$ 0	\$ 132,120
Transfers In	48,128	0	0	48,128	50,000	50,000	(1,872)
Transfers Out	0	0	0	0	(15,000)	(26,795)	26,795
Total Other Financing Sources (Uses)	\$ 180,248	\$ 0	\$ 0	\$ 180,248	\$ 35,000	\$ 23,205	\$ 157,043
Net Change in Fund Balance	\$ 3,030,923	\$ 735,794	\$ (1,593,865)	\$ 2,172,852	\$ (4,603,298)	\$ (6,528,298)	\$ 8,701,150
Fund Balance, July 1, 2007	16,940,165	(735,794)	0	16,204,371	10,913,647	10,913,647	5,290,724
Fund Balance, June 30, 2008	\$ 19,971,088	\$ 0	\$ (1,593,865)	\$ 18,377,223	\$ 6,310,349	\$ 4,385,349	\$ 13,991,874

Exhibit J-7

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures/ (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 9,367,346	\$ 0	\$ 9,367,346	\$ 9,616,829	\$ 11,663,140	\$ (2,295,794)
Total Revenues	\$ 9,367,346	\$ 0	\$ 9,367,346	\$ 9,616,829	\$ 11,663,140	\$ (2,295,794)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 3,137,779	\$ 1,700	\$ 3,139,479	\$ 3,368,199	\$ 3,796,484	\$ 657,005
Alternative Instruction Program	24,723	0	24,723	24,812	39,484	14,761
Special Education Program	4,191,189	0	4,191,189	4,018,879	6,580,186	2,388,997
Vocational Education Program	256,664	0	256,664	311,592	256,666	2
<u>Support Services</u>						
Other Student Support	78,423	1,800	80,223	141,512	116,688	36,465
Regular Instruction Program	579,178	0	579,178	745,823	823,979	244,801
Special Education Program	781,326	0	781,326	813,834	1,334,153	552,827
Vocational Education Program	85,003	0	85,003	47,000	85,009	6
Transportation	54,168	0	54,168	75,201	98,113	43,945
Total Expenditures	\$ 9,188,453	\$ 3,500	\$ 9,191,953	\$ 9,546,852	\$ 13,130,762	\$ 3,938,809
Excess (Deficiency) of Revenues Over Expenditures	\$ 178,893	\$ (3,500)	\$ 175,393	\$ 69,977	\$ (1,467,622)	\$ 1,643,015
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 50,000	\$ 50,000	\$ (50,000)
Transfers Out	(48,128)	0	(48,128)	(119,977)	(86,910)	38,782
Total Other Financing Sources (Uses)	\$ (48,128)	\$ 0	\$ (48,128)	\$ (69,977)	\$ (36,910)	\$ (11,218)
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 130,765	\$ (3,500)	\$ 127,265	\$ 0	\$ (1,504,532)	\$ 1,631,797
	1,504,524	0	1,504,524	0	0	1,504,524
Fund Balance, June 30, 2008	\$ 1,635,289	\$ (3,500)	\$ 1,631,789	\$ 0	\$ (1,504,532)	\$ 3,136,321

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Sumner County, Tennessee  
Schedule of Changes in Long-term Notes and Bonds  
For the Year Ended June 30, 2008

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-08
<u>NOTES PAYABLE</u>								
Payable through General Debt Service Fund	\$ 17,000,000	4	% 10-12-06	6-1-09	\$ 17,000,000	\$ 0	\$ 0	\$ 17,000,000
School								
Total Notes Payable					\$ 17,000,000	\$ 0	\$ 0	\$ 17,000,000
<u>BONDS PAYABLE</u>								
Payable through General Debt Service Fund	95,250,000	3.79	4-9-07	6-1-17	\$ 95,250,000	\$ 0	\$ 7,365,000	\$ 87,885,000
School Refunding	75,150,000	4 to 5	10-31-07	6-1-19	0	75,150,000	4,465,000	70,685,000
General Obligation Schools								
Total Bonds Payable					\$ 95,250,000	\$ 75,150,000	\$ 11,830,000	\$ 158,570,000

Exhibit K-2

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

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 17,000,000	\$ 906,667	\$ 17,906,667
Total	<u>\$ 17,000,000</u>	<u>\$ 906,667</u>	<u>\$ 17,906,667</u>

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2009	\$ 13,545,000	\$ 7,438,225	\$ 20,983,225
2010	14,080,000	6,896,425	20,976,425
2011	14,640,000	6,278,775	20,918,775
2012	15,220,000	5,546,775	20,766,775
2013	15,820,000	4,867,500	20,687,500
2014	16,460,000	4,149,325	20,609,325
2015	17,120,000	3,326,325	20,446,325
2016	17,815,000	2,470,325	20,285,325
2017	18,570,000	1,579,575	20,149,575
2018	7,485,000	651,075	8,136,075
2019	7,815,000	351,675	8,166,675
Total	<u>\$ 158,570,000</u>	<u>\$ 43,556,000</u>	<u>\$ 202,126,000</u>

Exhibit K-3

Sumner County, Tennessee  
Schedule of Investments  
June 30, 2008

Fund and Type	Date of Purchase	Date of Maturity	Interest Rates	Amount
<u>General Debt Service Fund</u>				
Treasury Notes	Various	Various	Varies	\$ 5,948,289

Exhibit K-4

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

<u>To Fund</u>	<u>From Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Self-Insurance	Salaries	\$ 169,284
Courthouse and Jail Maintenance	General	Establish new fund	291,032
General Capital Projects	General Debt Service	Internal loan	4,890,000
General Capital Projects	General Debt Service	Construction projects	1,700,000
Total Transfers Primary Government			<u>\$ 7,050,316</u>
<u>DISCRETELY PRESENTED SUMNER</u>			
<u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Indirect costs	\$ 48,128
Total Transfers Discretely Presented Sumner County School Department			<u>\$ 48,128</u>

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Sections 8-24-102 and 5-1-310, <u>TCA</u>	\$ 95,441 (1)	\$ 50,000	Hartford Fire Insurance Company
Superintendent of Roads	Section 8-24-102, <u>TCA</u>	88,893	100,000	"
Director of Schools	State Board of Education and Local Board of Education	121,765		
Trustee	Sections 8-24-102 and 5-1-310, <u>TCA</u>	82,913 (1)	4,656,000	"
Assessor of Property	Sections 8-24-102 and 5-1-310, <u>TCA</u>	82,913 (1)	10,000	Western Surety Company
Director of Finance	Sections 8-24-102 and 5-1-310, <u>TCA</u>	77,175	50,000	Hartford Fire Insurance Company
County Clerk	County Commission	82,913 (1)	50,000	"
Circuit Court Clerk	Sections 8-24-102 and 5-1-310, <u>TCA</u>	82,913 (1)	50,000	"
Clerk and Master	Sections 8-24-102 and 5-1-310, <u>TCA</u> , and Chancery Court	82,913 (2)	50,000	The Ohio Casualty Insurance Company
Register	Sections 8-24-102 and 5-1-310, <u>TCA</u>	82,913 (1)	25,000	Hartford Fire Insurance Company
Sheriff	Section 8-24-102, <u>TCA</u>	88,893 (3)	25,000	"

(1) Includes \$1,500 education supplement.

(2) Does not include special commissioner fees totaling \$10,721. Includes an education supplement of \$1,500.

(3) Does not include law enforcement training supplement of \$600.

Exhibit K-6

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 14,212,795	\$ 0	\$ 0	\$ 0	\$ 0	648,045
Trustee's Collections - Prior Year	230,483	0	0	0	0	10,490
Circuit/Clerk & Master Collections - Prior Years	176,893	0	0	0	0	8,065
Interest and Penalty	57,067	0	0	0	0	2,594
Pick-up Taxes	44,923	0	0	0	0	2,048
Payments in-Lieu-of Taxes - T.V.A.	134	0	0	0	0	6
Payments in-Lieu-of Taxes - Local Utilities	112,684	0	0	0	0	5,138
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	0
Hotel/Motel Tax	405,600	0	0	0	0	0
Wheel Tax	0	0	0	0	0	1,746,442
Litigation Tax - General	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	450,883	0	0	0	0
Business Tax	1,329,455	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	232,449
Adequate Facilities/Development Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	484,028	0	0	0	0	0
Wholesale Beer Tax	407,750	0	0	0	0	0
Total Local Taxes	\$ 17,461,812	\$ 450,883	\$ 0	\$ 0	\$ 0	\$ 2,655,277
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 5,467	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	302,039	0	0	0	0	0
<u>Permits</u>						
Building Permits	223,954	0	0	0	0	0
Other Permits	2,245	0	0	0	0	0
Total Licenses and Permits	\$ 533,705	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 22,386	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	47,445	0	0	0	0	0
Drug Control Fines	0	0	1,278	0	0	0
District Attorney General Fees	0	0	0	7,989	0	0
DUI Treatment Fines	6,176	0	0	0	0	0
Data Entry Fee - Circuit Court	50,142	0	0	0	0	0
Courtroom Security Fee	1,776	0	0	0	0	0
<u>Criminal Court</u>						
Drug Court Fees	11,599	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	182,267	0	0	0	0	0
Officers Costs	260,689	0	0	0	0	0
Drug Control Fines	0	0	17,292	0	0	0
Drug Court Fees	64,064	0	0	0	0	0
District Attorney General Fees	0	0	0	26,144	0	0
DUI Treatment Fines	111,068	0	0	0	0	0
Courtroom Security Fee	12,479	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	20,194	0	0	0	0	0
Officers Costs	22,916	0	0	0	0	0
Courtroom Security Fee	161	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	15,219	0	0	0	0	0
Data Entry Fee - Chancery Court	6,914	0	0	0	0	0
Courtroom Security Fee	1,503	0	0	0	0	0
<u>Other Courts - In-county</u>						
Fines for Littering	55	0	0	0	0	0
Drug Control Fines	10,000	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Other Fines, Forfeitures, and Penalties	109,409	0	5,579	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 956,462	\$ 0	\$ 24,149	\$ 34,133	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway / Public Works
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Self-Insurance Premiums/Contributions	\$ 124,415	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	4,609,436	0	0	0	0	0
Zoning Studies	2,450	0	0	0	0	0
Work Release Charges for Board	24,321	0	0	0	0	0
Health Department Collections	1,054	0	0	0	0	0
Other General Service Charges	18,110	0	14,000	0	0	0
<u>Fees</u>						
Subdivision Lot Fees	26,800	0	0	0	0	0
Engineer Review Fees	23,297	0	0	0	0	0
Copy Fees	4,591	0	0	0	0	0
Library Fees	56,878	0	0	0	0	0
Telephone Commissions	0	136,289	0	0	0	0
Constitutional Officers' Fees and Commissions	46,286	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	10,721	0
Data Processing Fee - Register	75,734	0	0	0	0	0
Probation Fees	488,388	0	0	0	0	0
Data Processing Fee - Sheriff	32,325	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	4,360	0	0	0	0	0
<u>Other Charges for Services</u>						
Other Charges for Services	23,542	0	0	0	0	0
Total Charges for Current Services	\$ 5,561,987	\$ 136,289	\$ 14,000	\$ 0	\$ 10,721	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 452,854	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	176,143	0	0	0	0	0
Sale of Materials and Supplies	2,653	0	0	0	0	27,533
Commissary Sales	106,081	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	107,378
Sale of Maps	1,621	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway / Public Works
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Miscellaneous Refunds	\$ 4,538	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,726
Expenditure Credits	155	0	0	0	0	0
<u>Nonrecurring Items</u>						
Gain on Disposal of Property	417	0	0	0	0	0
Sale of Equipment	0	0	0	0	0	59,506
Contributions and Gifts	138,526	0	10,647	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	130,751	0	0	0	0	0
Total Other Local Revenues	\$ 1,013,739	\$ 0	\$ 10,647	\$ 0	\$ 0	\$ 204,143
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 1,481,805	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	1,994,674	0	0	0	0	0
Clerk and Master	552,346	0	0	0	0	0
Register	1,169,888	0	0	0	0	0
Sheriff	44,002	0	0	0	0	0
Trustee	2,300,510	0	0	0	0	0
Total Fees Received from County Officials	\$ 7,543,225	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	41,379	0	0	0	0	0
Public Safety Grants						
Law Enforcement Training Programs	36,000	0	0	0	0	0
Health and Welfare Grants						
Health Department Programs	1,173,058	0	0	0	0	0
Public Works Grants						
State Aid Program	0	0	0	0	0	293,169

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway / Public Works
State of Tennessee (Cont.)						
Public Works Grants (Cont.)						
Litter Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 55,747
Other State Revenues						
Flood Control	85,551	0	0	0	0	0
Income Tax	452,403	0	0	0	0	0
Beer Tax	19,312	0	0	0	0	0
Alcoholic Beverage Tax	154,649	0	0	0	0	0
State Revenue Sharing - T.V.A.	1,165,413	0	0	0	0	0
Contracted Prisoner Boarding	1,617,590	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	2,702,054
Petroleum Special Tax	0	0	0	0	0	104,765
Registrar's Salary Supplement	16,380	0	0	0	0	0
Other State Grants	15,789	0	0	0	0	0
Other State Revenues	145,461	0	0	0	0	0
Total State of Tennessee	\$ 4,931,985	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,155,735
Federal Government						
Federal Through State						
Disaster Relief	\$ 797	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	129,425	0	0	0	0	0
Direct Federal Revenue						
Other Direct Federal Revenue	35,035	0	8,784	0	0	0
Total Federal Government	\$ 165,257	\$ 0	\$ 8,784	\$ 0	\$ 0	\$ 0
Other Governments and Citizens Groups						
Other Governments						
Contributions	\$ 113,061	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	25,427	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 138,488	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 38,306,660	\$ 587,172	\$ 57,580	\$ 34,133	\$ 10,721	\$ 6,015,155

(Continued)

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

	Debt Service Fund	Capital Projects Funds			Total
		General	Capital Projects	Highway Capital Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 14,212,829	\$ 0	\$ 0	\$ 29,073,669	
Trustee's Collections - Prior Year	220,160	0	0	461,133	
Circuit/Clerk & Master Collections - Prior Years	168,828	0	0	353,786	
Interest and Penalty	55,468	0	0	115,129	
Pick-up Taxes	44,662	0	0	91,633	
Payments in-Lieu-of Taxes - T.V.A.	134	0	0	274	
Payments in-Lieu-of Taxes - Local Utilities	112,684	0	0	230,506	
<u>County Local Option Taxes</u>					
Local Option Sales Tax	5,713,457	0	0	5,713,457	
Hotel/Motel Tax	0	0	0	405,600	
Wheel Tax	0	0	0	1,746,442	
Litigation Tax - General	176,751	0	0	176,751	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	450,883	
Business Tax	0	0	0	1,329,455	
Mineral Severance Tax	0	0	0	232,449	
Adequate Facilities/Development Tax	1,637,914	0	0	1,637,914	
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0	484,028	
Wholesale Beer Tax	0	0	0	407,750	
Total Local Taxes	\$ 22,342,887	\$ 0	\$ 0	\$ 42,910,859	
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 0	\$ 0	\$ 0	5,467	
Cable TV Franchise	0	0	0	302,039	
<u>Permits</u>					
Building Permits	0	0	0	223,954	
Other Permits	0	0	12,750	14,995	
Total Licenses and Permits	\$ 0	\$ 0	\$ 12,750	\$ 546,455	

(Continued)

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

	Debt Service Fund	Capital Projects Funds			Total
		General	General Capital Projects	Highway Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$	0	0	0	22,386
Officers Costs		0	0	0	47,445
Drug Control Fines		0	0	0	1,278
District Attorney General Fees		0	0	0	7,989
DUI Treatment Fines		0	0	0	6,176
Data Entry Fee - Circuit Court		0	0	0	50,142
Courtroom Security Fee		0	0	0	1,776
<u>Criminal Court</u>					
Drug Court Fees		0	0	0	11,599
<u>General Sessions Court</u>					
Fines		0	0	0	182,267
Officers Costs		0	0	0	260,689
Drug Control Fines		0	0	0	17,292
Drug Court Fees		0	0	0	64,064
District Attorney General Fees		0	0	0	26,144
DUI Treatment Fines		0	0	0	111,068
Courtroom Security Fee		0	0	0	12,479
<u>Juvenile Court</u>					
Fines		0	0	0	20,194
Officers Costs		0	0	0	22,916
Courtroom Security Fee		0	0	0	161
<u>Chancery Court</u>					
Officers Costs		0	0	0	15,219
Data Entry Fee - Chancery Court		0	0	0	6,914
Courtroom Security Fee		0	0	0	1,503
<u>Other Courts - In-county</u>					
Fines for Littering		0	0	0	55
Drug Control Fines		0	0	0	10,000
<u>Other Fines, Forfeitures, and Penalties</u>					
Other Fines, Forfeitures, and Penalties		0	0	0	114,988
Total Fines, Forfeitures, and Penalties	\$	0	0	0	1,014,744

(Continued)

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

	Debt Service Fund		Capital Projects Funds			Total
	General	Debt Service	General	Capital Projects	Highway Capital Projects	
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Self-Insurance Premiums/Contributions	\$	0 \$	0 \$	0 \$	0 \$	124,415
Patient Charges		0	0	0	0	4,609,436
Zoning Studies		0	0	0	0	2,450
Work Release Charges for Board		0	0	0	0	24,321
Health Department Collections		0	0	0	0	1,054
Other General Service Charges		0	0	0	0	32,110
<u>Fees</u>						
Subdivision Lot Fees		0	0	0	0	26,800
Engineer Review Fees		0	0	0	0	23,297
Copy Fees		0	0	0	0	4,591
Library Fees		0	0	0	0	56,878
Telephone Commissions		0	0	0	0	136,289
Constitutional Officers' Fees and Commissions		0	0	0	0	46,286
Special Commissioner Fees/Special Master Fees		0	0	0	0	10,721
Data Processing Fee - Register		0	0	0	0	75,754
Probation Fees		0	0	0	0	488,388
Data Processing Fee - Sheriff		0	0	0	0	32,325
Sexual Offender Registration Fees - Sheriff		0	0	0	0	4,360
<u>Other Charges for Services</u>						
Other Charges for Services		0	0	0	0	23,542
<b>Total Charges for Current Services</b>	<b>\$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>5,722,997</b>
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$	4,381,012 \$	10,398 \$	0 \$	0 \$	4,844,264
Lease/Rentals		0	0	0	0	176,143
Sale of Materials and Supplies		0	0	0	0	30,186
Commissary Sales		0	0	0	0	106,081
Sale of Gasoline		0	0	0	0	107,378
Sale of Maps		0	0	0	0	1,621

(Continued)

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

	Debt Service Fund	Capital Projects Funds			Total
		General	Highway	Capital Projects	
<u>Other Local Revenues (Cont.)</u>					
<u>Recurring Items (Cont.)</u>					
Miscellaneous Refunds	\$ 5,318	\$ 150,000	\$ 0	\$ 0	\$ 169,582
Expenditure Credits	0	0	0	0	155
<u>Nonrecurring Items</u>					
Gain on Disposal of Property	0	0	0	0	417
Sale of Equipment	0	0	0	0	59,506
Contributions and Gifts	30,000	0	0	0	179,173
<u>Other Local Revenues</u>	0	0	0	0	130,751
Total Other Local Revenues	\$ 4,416,330	\$ 160,398	\$ 0	\$ 0	\$ 5,805,257
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,481,805
Circuit Court Clerk	0	0	0	0	1,994,674
Clerk and Master	0	0	0	0	552,346
Register	0	0	0	0	1,169,888
Sheriff	0	0	0	0	44,002
Trustee	0	0	0	0	2,300,510
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,543,225
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
State Reappraisal Grant	0	0	0	0	41,379
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	36,000
Health and Welfare Grants	0	0	0	0	1,173,058
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	293,169

(Continued)

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

	Debt Service Fund	Capital Projects Funds			Total
		General Debt Service	General Capital Projects	Highway Capital Projects	
<u>State of Tennessee (Cont.)</u>					
<u>Public Works Grants (Cont.)</u>					
Litter Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 55,747
<u>Other State Revenues</u>					
Flood Control	0	0	0	0	85,551
Income Tax	0	0	0	0	452,403
Beer Tax	0	0	0	0	19,312
Alcoholic Beverage Tax	0	0	0	0	154,649
State Revenue Sharing - T.V.A.	0	0	0	0	1,165,413
Contracted Prisoner Boarding	0	0	0	0	1,617,590
Gasoline and Motor Fuel Tax	0	0	0	0	2,702,054
Petroleum Special Tax	0	0	0	0	104,765
Registrar's Salary Supplement	0	0	0	0	16,380
Other State Grants	0	5,000	0	0	20,789
Other State Revenues	0	0	0	0	145,461
Total State of Tennessee	\$ 0	\$ 5,000	\$ 0	\$ 0	\$ 8,092,720
<u>Federal Government</u>					
<u>Federal Through State</u>					
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	797
Other Federal through State	0	0	0	0	129,425
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	0	0	0	0	43,819
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 174,041
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 387,268	\$ 0	\$ 0	\$ 0	500,329
Contracted Services	0	0	0	0	25,427
Total Other Governments and Citizens Groups	\$ 387,268	\$ 0	\$ 0	\$ 0	\$ 525,756
Total	\$ 27,146,485	\$ 165,398	\$ 12,750	\$ 72,336,054	

Exhibit K-7

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

	General Purpose School	School Federal Projects	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 44,567,842	\$ 0	\$ 44,567,842
Trustee's Collections - Prior Year	732,494	0	732,494
Circuit/Clerk & Master Collections - Prior Years	562,759	0	562,759
Interest and Penalty	180,539	0	180,539
Pick-up Taxes	141,128	0	141,128
Payments in-Lieu-of Taxes - T.V.A.	419	0	419
Payments in-Lieu-of Taxes - Local Utilities	353,349	0	353,349
<u>County Local Option Taxes</u>			
Local Option Sales Tax	11,428,628	0	11,428,628
Wheel Tax	4,074,820	0	4,074,820
Total Local Taxes	<u>\$ 62,041,978</u>	<u>\$ 0</u>	<u>\$ 62,041,978</u>
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 5,467	\$ 0	\$ 5,467
<u>Permits</u>			
Other Permits	1,767	0	1,767
Total Licenses and Permits	<u>\$ 7,234</u>	<u>\$ 0</u>	<u>\$ 7,234</u>
<u>Charges for Current Services</u>			
<u>Education Charges</u>			
Tuition - Regular Day Students	\$ 129,198	\$ 0	\$ 129,198
Tuition - Summer School	27,830	0	27,830
Tuition - Other	6,424	0	6,424
Lunch Payments - Children	5,338,169	0	5,338,169
Lunch Payments - Adults	320,858	0	320,858
Income from Breakfast	182,100	0	182,100
Receipts from Individual Schools	479,172	0	479,172
Community Service Fees - Children	1,445,127	0	1,445,127
TBI Criminal Background Fees	20,849	0	20,849
<u>Other Charges for Services</u>			
Other Charges for Services	92,504	0	92,504
Total Charges for Current Services	<u>\$ 8,042,231</u>	<u>\$ 0</u>	<u>\$ 8,042,231</u>
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 87,097	\$ 0	\$ 87,097
Lease/Rentals	62,555	0	62,555
Sale of Materials and Supplies	33,382	0	33,382
Retirees' Insurance Payments	67,645	0	67,645
Miscellaneous Refunds	164,857	0	164,857
<u>Nonrecurring Items</u>			
Sale of Equipment	89,979	0	89,979
Damages Recovered from Individuals	1,307	0	1,307
Contributions and Gifts	171,553	0	171,553
<u>Other Local Revenues</u>			
Other Local Revenues	14,711	0	14,711
Total Other Local Revenues	<u>\$ 693,086</u>	<u>\$ 0</u>	<u>\$ 693,086</u>

(Continued)

Exhibit K-7

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

	General Purpose School	School Federal Projects	Total
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
On-Behalf Contributions for OPEB	\$ 794,827	\$ 0	\$ 794,827
<u>State Education Funds</u>			
Basic Education Program	100,690,000	0	100,690,000
School Food Service	111,992	0	111,992
Other State Education Funds	553,823	0	553,823
Career Ladder Program	1,192,038	0	1,192,038
Career Ladder - Extended Contract	516,610	0	516,610
<u>Other State Revenues</u>			
Mixed Drink Tax	9,904	0	9,904
Other State Grants	159,089	0	159,089
Other State Revenues	217,750	0	217,750
Total State of Tennessee	\$ 104,246,033	\$ 0	\$ 104,246,033
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA School Lunch Program	\$ 3,111,625	\$ 0	\$ 3,111,625
Breakfast	809,892	0	809,892
USDA - Other	12,734	0	12,734
Adult Education State Grant Program	279,327	0	279,327
Vocational Education - Basic Grants to States	0	341,666	341,666
Title I Grants to Local Education Agencies	0	2,924,420	2,924,420
Innovative Education Program Strategies	0	38,123	38,123
Special Education - Grants to States	253,694	4,989,013	5,242,707
Special Education Preschool Grants	0	114,520	114,520
English Language Acquisition Grants	0	109,890	109,890
Safe and Drug-Free Schools - State Grants	550,483	86,475	636,958
Education for Homeless Children and Youth	42,776	0	42,776
Eisenhower Professional Development State Grants	0	763,239	763,239
Other Federal through State	6,385	0	6,385
<u>Direct Federal Revenue</u>			
ROTC Reimbursement	102,958	0	102,958
Total Federal Government	\$ 5,169,874	\$ 9,367,346	\$ 14,537,220
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$ 435,350	\$ 0	\$ 435,350
<u>Citizens Groups</u>			
Donations	50,000	0	50,000
Total Other Governments and Citizens Groups	\$ 485,350	\$ 0	\$ 485,350
Total	\$ 180,685,786	\$ 9,367,346	\$ 190,053,132

Exhibit K-8

Sumner 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	\$	178,200	
Audit Services		39,642	
Dues and Memberships		28,566	
Legal Notices, Recording, and Court Costs		4,215	
Printing, Stationery, and Forms		1,319	
Other Charges		123,475	
Total County Commission			\$ 375,417

Board of Equalization

Board and Committee Members Fees	\$	1,967	
Total Board of Equalization			1,967

County Mayor/Executive

County Official/Administrative Officer	\$	95,441	
Assistant(s)		87,230	
Clerical Personnel		4,547	
Communication		1,816	
Dues and Memberships		1,950	
Maintenance and Repair Services - Office Equipment		1,434	
Postal Charges		899	
Travel		1,293	
Office Supplies		2,526	
Other Charges		10,107	
Total County Mayor/Executive			207,243

Personnel Office

County Official/Administrative Officer	\$	47,250	
Accountants/Bookkeepers		28,500	
Communication		491	
Postal Charges		205	
Travel		269	
Office Supplies		1,463	
Total Personnel Office			78,178

County Attorney

County Official/Administrative Officer	\$	135,442	
Other Salaries and Wages		85,099	
Disability Insurance		2,759	
Communication		1,623	
Dues and Memberships		1,072	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Attorney (Cont.)

Maintenance and Repair Services - Office Equipment	\$	2,981	
Postal Charges		1,060	
Printing, Stationery, and Forms		990	
Travel		857	
Other Contracted Services		8,985	
Data Processing Supplies		558	
Library Books/Media		7,239	
Office Supplies		4,576	
Refunds		312	
Data Processing Equipment		12,456	
Other Capital Outlay		135	
Total County Attorney			\$ 266,144

Election Commission

County Official/Administrative Officer	\$	72,731	
Secretary(ies)		143,804	
Other Salaries and Wages		18,383	
Election Commission		5,850	
Election Workers		52,801	
Communication		13,088	
Dues and Memberships		275	
Legal Notices, Recording, and Court Costs		10,064	
Maintenance and Repair Services - Buildings		334	
Maintenance and Repair Services - Office Equipment		20,560	
Postal Charges		22,740	
Printing, Stationery, and Forms		32,735	
Travel		3,740	
Office Supplies		7,386	
Voting Machines		56,450	
Other Capital Outlay		56,664	
Total Election Commission			517,605

Register of Deeds

County Official/Administrative Officer	\$	82,913
Deputy(ies)		270,725
Advertising		59
Communication		1,177
Dues and Memberships		680
Maintenance and Repair Services - Office Equipment		11,187
Postal Charges		14,349

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Printing, Stationery, and Forms	\$	1,900	
Travel		1,484	
Maintenance and Repair Services - Records		98	
Data Processing Supplies		983	
Duplicating Supplies		14,127	
Office Supplies		5,970	
Data Processing Equipment		53,419	
Furniture and Fixtures		4,220	
Total Register of Deeds			\$ 463,291

Planning

County Official/Administrative Officer	\$	66,329	
Investigator(s)		35,779	
Secretary(ies)		67,205	
Other Salaries and Wages		25,108	
Other Fringe Benefits		3,000	
Communication		1,978	
Contracts with Government Agencies		12,250	
Dues and Memberships		35	
Operating Lease Payments		8,126	
Legal Notices, Recording, and Court Costs		505	
Maintenance and Repair Services - Vehicles		2,233	
Matching Share		730	
Postal Charges		2,500	
Printing, Stationery, and Forms		493	
Gasoline		4,254	
Office Supplies		4,860	
Small Tools		15	
In Service/Staff Development		2,114	
Other Charges		6,011	
Furniture and Fixtures		3,023	
Motor Vehicles		16,935	
Other Equipment		20,912	
Other Capital Outlay		202	
Total Planning			284,597

Engineering

County Official/Administrative Officer	\$	69,615
Assistant(s)		20,355
Investigator(s)		39,778

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Engineering (Cont.)

Communication	\$	1,765	
Consultants		11,285	
Dues and Memberships		1,745	
Legal Notices, Recording, and Court Costs		263	
Maintenance and Repair Services - Vehicles		4,375	
Postal Charges		209	
Printing, Stationery, and Forms		823	
Travel		10	
Permits		3,825	
Gasoline		4,451	
Office Supplies		5,656	
In Service/Staff Development		154	
Other Capital Outlay		15,998	
Total Engineering			\$ 180,307

Codes Compliance

Supervisor/Director	\$	57,582	
Investigator(s)		119,032	
Secretary(ies)		59,785	
Communication		1,455	
Dues and Memberships		470	
Legal Notices, Recording, and Court Costs		134	
Maintenance and Repair Services - Vehicles		5,283	
Travel		706	
Data Processing Supplies		8,112	
Gasoline		10,451	
Office Supplies		2,754	
Small Tools		54	
In Service/Staff Development		2,171	
Other Capital Outlay		1,156	
Total Codes Compliance			269,145

County Buildings

Maintenance Personnel	\$	175,659	
Maintenance and Repair Services - Buildings		13,518	
Electricity		444,887	
Natural Gas		237,044	
Water and Sewer		126,020	
Total County Buildings			997,128

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records

Clerical Personnel	\$	70,633	
Communication		1,736	
Maintenance and Repair Services - Office Equipment		496	
Postal Charges		247	
Travel		124	
Maintenance and Repair Services - Records		1,742	
Other Contracted Services		896	
Office Supplies		827	
In Service/Staff Development		153	
Other Charges		1,309	
Total Preservation of Records			\$ 78,163

Finance

Accounting and Budgeting

Assistant(s)	\$	52,500	
Supervisor/Director		77,175	
Accountants/Bookkeepers		118,832	
Communication		1,191	
Contracts with Private Agencies		15,750	
Dues and Memberships		50	
Maintenance and Repair Services - Office Equipment		165	
Postal Charges		7,677	
Printing, Stationery, and Forms		2,981	
Travel		312	
Duplicating Supplies		1,709	
Office Supplies		4,789	
In Service/Staff Development		579	
Data Processing Equipment		15,047	
Other Capital Outlay		75	
Total Accounting and Budgeting			298,832

Purchasing

Supervisor/Director	\$	22,050	
Total Purchasing			22,050

Property Assessor's Office

County Official/Administrative Officer	\$	82,913	
Supervisor/Director		1,680	
Data Processing Personnel		145,081	
Assessment Personnel		91,923	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Other Salaries and Wages	\$	74,129	
Communication		6,630	
Contracts with Government Agencies		35,959	
Dues and Memberships		1,944	
Maintenance and Repair Services - Office Equipment		5,981	
Postal Charges		2,403	
Travel		1,099	
Office Supplies		4,366	
Other Equipment		42,748	
Total Property Assessor's Office			\$ 496,856

Reappraisal Program

Supervisor/Director	\$	50,311	
Data Processing Personnel		49,200	
Other Salaries and Wages		194,990	
Maintenance and Repair Services - Vehicles		2,365	
Postal Charges		4,097	
Travel		1,360	
Other Contracted Services		49,935	
Gasoline		10,869	
Office Supplies		2,672	
Other Capital Outlay		33,358	
Total Reappraisal Program			399,157

County Trustee's Office

County Official/Administrative Officer	\$	82,913	
Deputy(ies)		154,724	
Communication		2,342	
Contracts with Government Agencies		28,650	
Dues and Memberships		715	
Legal Notices, Recording, and Court Costs		149	
Maintenance and Repair Services - Office Equipment		13,227	
Postal Charges		30,018	
Travel		2,703	
Tuition		780	
Office Supplies		5,351	
Furniture and Fixtures		125	
Other Capital Outlay		6,769	
Total County Trustee's Office			328,466

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

County Official/Administrative Officer	\$	82,913	
Deputy(ies)		710,252	
Communication		4,926	
Dues and Memberships		530	
Janitorial Services		3,780	
Legal Notices, Recording, and Court Costs		97	
Maintenance Agreements		7,364	
Maintenance and Repair Services - Office Equipment		792	
Postal Charges		23,203	
Printing, Stationery, and Forms		3,465	
Rentals		18,780	
Travel		5,778	
Tuition		395	
Office Supplies		6,537	
Periodicals		490	
Communication Equipment		500	
Data Processing Equipment		51,960	
Office Equipment		3,481	
Total County Clerk's Office			\$ 925,243

Data Processing

Supervisor/Director	\$	48,164	
Data Processing Personnel		32,519	
Communication		1,798	
Legal Notices, Recording, and Court Costs		470	
Maintenance and Repair Services - Equipment		531	
Postal Charges		1,676	
Travel		197	
Other Contracted Services		3,930	
Data Processing Supplies		4,676	
Office Supplies		3,661	
Communication Equipment		2,709	
Total Data Processing			100,331

Other Finance

County Official/Administrative Officer	\$	38,700	
Assistant(s)		21,154	
Supervisor/Director		55,831	
Clerical Personnel		1,428	
Total Other Finance			117,113

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	82,913	
Clerical Personnel		774,064	
Communication		2,486	
Dues and Memberships		815	
Legal Notices, Recording, and Court Costs		38,284	
Maintenance and Repair Services - Office Equipment		22,182	
Postal Charges		17,000	
Travel		1,878	
Office Supplies		39,694	
Data Processing Equipment		34,103	
Other Capital Outlay		4,694	
Total Circuit Court			\$ 1,018,113

General Sessions Judge

Judge(s)	\$	136,823	
Secretary(ies)		54,326	
Communication		944	
Dues and Memberships		150	
Operating Lease Payments		2,091	
Postal Charges		617	
Printing, Stationery, and Forms		407	
Travel		215	
Other Contracted Services		1,205	
Office Supplies		1,075	
Periodicals		534	
Other Supplies and Materials		622	
Other Charges		15,270	
Other Capital Outlay		332	
Total General Sessions Judge			214,611

Drug Court

County Official/Administrative Officer	\$	120,246	
Other Fringe Benefits		40,523	
Communication		288	
Consultants		41,500	
Evaluation and Testing		5,000	
Transportation - Other than Students		3,400	
Travel		1,534	
Other Contracted Services		47,031	
Duplicating Supplies		1,640	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court (Cont.)

Office Supplies	\$	1,865	
In Service/Staff Development		5,100	
Other Charges		5,912	
Total Drug Court			\$ 274,039

Chancery Court

County Official/Administrative Officer	\$	82,913	
Clerical Personnel		267,126	
Communication		3,067	
Dues and Memberships		530	
Janitorial Services		2,400	
Legal Notices, Recording, and Court Costs		384	
Maintenance and Repair Services - Office Equipment		6,778	
Postal Charges		27,599	
Printing, Stationery, and Forms		2,417	
Travel		1,305	
Tuition		2,374	
Other Contracted Services		14,076	
Duplicating Supplies		7,013	
Office Supplies		11,156	
Other Supplies and Materials		113	
Data Processing Equipment		7,228	
Total Chancery Court			436,479

Juvenile Court

Judge(s)	\$	136,823	
Assistant(s)		62,668	
Secretary(ies)		83,258	
Communication		8,460	
Dues and Memberships		645	
Maintenance and Repair Services - Office Equipment		9,176	
Postal Charges		1,292	
Printing, Stationery, and Forms		1,987	
Travel		2,045	
Other Contracted Services		5,629	
Office Supplies		2,702	
Periodicals		375	
Total Juvenile Court			315,060

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners

County Official/Administrative Officer	\$	185,941	
Communication		773	
Office Supplies		1,894	
Other Capital Outlay		2,753	
Total Judicial Commissioners			\$ 191,361

Probation Services

Probation Officer(s)	\$	222,115	
Clerical Personnel		26,906	
Communication		659	
Dues and Memberships		500	
Postal Charges		888	
Travel		762	
Other Contracted Services		100	
Duplicating Supplies		2,594	
Office Supplies		4,081	
Other Capital Outlay		906	
Total Probation Services			259,511

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	89,493	
Deputy(ies)		1,942,103	
Detective(s)		375,999	
Captain(s)		218,978	
Lieutenant(s)		134,382	
Sergeant(s)		251,105	
Dispatchers/Radio Operators		365,274	
Guards		252,137	
Clerical Personnel		353,393	
Maintenance Personnel		42,683	
Part-time Personnel		43,684	
Advertising		2,044	
Communication		29,872	
Dues and Memberships		2,275	
Evaluation and Testing		9,510	
Licenses		1,339	
Maintenance and Repair Services - Equipment		28,047	
Maintenance and Repair Services - Vehicles		43,556	
Postal Charges		4,960	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Printing, Stationery, and Forms	\$	12,469	
Transportation - Other than Students		3,253	
Data Processing Supplies		108,934	
Gasoline		293,079	
Law Enforcement Supplies		57,469	
Office Supplies		19,661	
Propane Gas		2,555	
Tires and Tubes		8,244	
Uniforms		42,090	
In Service/Staff Development		37,769	
Other Charges		12,790	
Motor Vehicles		355,573	
Office Equipment		4,935	
Total Sheriff's Department			\$ 5,149,655

Administration of the Sexual Offender Registry

Other Charges	\$	3,581	
Total Administration of the Sexual Offender Registry			3,581

Jail

Assistant(s)	\$	58,335	
Captain(s)		53,857	
Lieutenant(s)		137,409	
Sergeant(s)		196,138	
Guards		2,570,940	
Cafeteria Personnel		31,808	
Part-time Personnel		13,463	
Other Salaries and Wages		101,699	
Medical and Dental Services		849,386	
Food Supplies		373,368	
Other Supplies and Materials		93,453	
Total Jail			4,479,856

Juvenile Services

Assistant(s)	\$	63,422	
Youth Service Officer(s)		266,747	
Communication		3,648	
Maintenance and Repair Services - Office Equipment		886	
Postal Charges		3,098	
Printing, Stationery, and Forms		2,685	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Travel	\$	2,774	
Drug Treatment		3,450	
Other Contracted Services		4,570	
Office Supplies		2,471	
Other Charges		3,400	
Other Capital Outlay		1,776	
Total Juvenile Services			\$ 358,927

Fire Prevention and Control

Contracts with Government Agencies	\$	2,000	
Total Fire Prevention and Control			2,000

Rural Fire Protection

Contributions	\$	144,000	
Total Rural Fire Protection			144,000

Other Emergency Management

Supervisor/Director	\$	71,400	
Deputy(ies)		15,750	
Communication		9,871	
Maintenance and Repair Services - Equipment		4,739	
Maintenance and Repair Services - Vehicles		4,795	
Other Contracted Services		886	
Animal Food and Supplies		460	
Gasoline		12,303	
Office Supplies		699	
Other Supplies and Materials		8,743	
Vehicle and Equipment Insurance		14,823	
Workers' Compensation Insurance		5,808	
Other Charges		367,480	
Other Capital Outlay		54,351	
Total Other Emergency Management			572,108

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$	776,610	
Other Fringe Benefits		294,004	
Communication		23,515	
Maintenance and Repair Services - Buildings		45,727	
Maintenance and Repair Services - Office Equipment		176	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Postal Charges	\$	4,645	
Travel		19,033	
Drugs and Medical Supplies		1,097	
Office Supplies		2,205	
Utilities		55,532	
Other Charges		34,257	
Other Capital Outlay		2,604	
Total Local Health Center			\$ 1,259,405

Rabies and Animal Control

Supervisor/Director	\$	9,762	
Other Salaries and Wages		123,301	
Communication		2,376	
Maintenance and Repair Services - Vehicles		2,012	
Veterinary Services		62,523	
Animal Food and Supplies		7,706	
Gasoline		7,222	
Uniforms		1,446	
Utilities		19,815	
In Service/Staff Development		820	
Other Charges		5,754	
Other Capital Outlay		25,431	
Total Rabies and Animal Control			268,168

Ambulance/Emergency Medical Services

Supervisor/Director	\$	81,829	
Medical Personnel		4,033,831	
Communication		33,639	
Maintenance and Repair Services - Buildings		4,507	
Maintenance and Repair Services - Equipment		4,898	
Maintenance and Repair Services - Office Equipment		81,899	
Maintenance and Repair Services - Vehicles		89,946	
Medical and Dental Services		3,638	
Postal Charges		7,202	
Drugs and Medical Supplies		193,138	
Gasoline		185,015	
Office Supplies		20,231	
Uniforms		33,413	
Liability Insurance		18,057	
In Service/Staff Development		24,794	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Other Charges	\$ 5,714	
Other Capital Outlay	316,681	
Total Ambulance/Emergency Medical Services		\$ 5,138,432

Dental Health Program

Medical Personnel	\$ 60,951	
Other Supplies and Materials	3,670	
Total Dental Health Program		64,621

Other Local Health Services

Secretary(ies)	\$ 36,342	
Office Supplies	1,472	
Total Other Local Health Services		37,814

Appropriation to State

Contracts with Government Agencies	\$ 197,655	
Total Appropriation to State		197,655

General Welfare Assistance

Pauper Burials	\$ 490	
Total General Welfare Assistance		490

Aid to Dependent Children

Other Contracted Services	\$ 772	
Total Aid to Dependent Children		772

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 41,500	
Tax Relief Program	120,386	
Total Senior Citizens Assistance		161,886

Libraries

Clerical Personnel	\$ 595,023	
Communication	12,027	
Maintenance and Repair Services - Buildings	25,764	
Maintenance and Repair Services - Equipment	3,088	
Postal Charges	3,488	
Library Books/Media	54,862	
Office Supplies	21,733	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Periodicals	\$	7,062	
Utilities		51,885	
Other Supplies and Materials		69,155	
Other Charges		47,695	
Other Capital Outlay		40,277	
Total Libraries			\$ 932,059

Agriculture and Natural Resources

Agriculture Extension Service

County Official/Administrative Officer	\$	95,536	
Assistant(s)		93,996	
Salary Supplements		20,965	
Secretary(ies)		50,219	
Communication		3,633	
Dues and Memberships		400	
Maintenance and Repair Services - Office Equipment		2,194	
Travel		5,295	
Office Supplies		967	
Total Agriculture Extension Service			273,205

Soil Conservation

Secretary(ies)	\$	25,573	
Other Charges		4,382	
Total Soil Conservation			29,955

Other Operations

Tourism

Contributions	\$	375,103	
Total Tourism			375,103

Other Economic and Community Development

Contributions	\$	5,000	
Total Other Economic and Community Development			5,000

Airport

Contributions	\$	15,000	
Total Airport			15,000

Veterans' Services

County Official/Administrative Officer	\$	62,511	
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(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Communication	\$	337	
Postal Charges		200	
Travel		342	
Office Supplies		825	
Office Equipment		352	
Total Veterans' Services			\$ 64,567

Other Charges

Contracts with Other Public Agencies	\$	90,000	
Evaluation and Testing		7,192	
Medical and Dental Services		59,287	
Rentals		3,600	
Other Supplies and Materials		55,766	
Building and Contents Insurance		56,349	
Liability Insurance		326,074	
Premiums on Corporate Surety Bonds		756	
Trustee's Commission		360,239	
Workers' Compensation Insurance		157,609	
Total Other Charges			1,116,872

Contributions to Other Agencies

Contributions	\$	818,914	
Total Contributions to Other Agencies			818,914

Employee Benefits

Longevity Pay	\$	385,950	
Social Security		1,437,140	
State Retirement		2,493,092	
Life Insurance		60,087	
Medical Insurance		3,509,089	
Dental Insurance		170,135	
Unemployment Compensation		16,985	
Total Employee Benefits			8,072,478

Miscellaneous

Other Charges	\$	26,112	
Total Miscellaneous			26,112

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Capital Projects - Donated

Capital Projects Donated to Other Entities

Contributions	\$ 237,816	
Total Capital Projects Donated to Other Entities		\$ 237,816

Total General Fund \$ 38,922,858

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Communication	\$ 35,573	
Maintenance and Repair Services - Buildings	310,857	
Maintenance and Repair Services - Vehicles	985	
Other Contracted Services	155,293	
Custodial Supplies	9,625	
Gasoline	1,916	
Other Supplies and Materials	4,633	
Trustee's Commission	4,172	
Total County Buildings		\$ 523,054

Total Courthouse and Jail Maintenance Fund 523,054

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$ 2,000	
Evaluation and Testing	2,220	
Drugs and Medical Supplies	1,602	
Office Supplies	9,198	
Other Supplies and Materials	9,357	
Trustee's Commission	186	
Total Drug Enforcement		\$ 24,563

Total Drug Control Fund 24,563

District Attorney General Fund

Administration of Justice

District Attorney General

Communication	\$ 32	
Dues and Memberships	645	
Janitorial Services	4,000	
Legal Notices, Recording, and Court Costs	627	

(Continued)

Exhibit K-8

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

District Attorney General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General (Cont.)

Rentals	\$	6,000	
Travel		3,812	
Tuition		257	
Other Contracted Services		12,285	
Office Supplies		290	
Other Supplies and Materials		42	
Trustee's Commission		312	
In Service/Staff Development		4,634	
Other Charges		5,982	
Furniture and Fixtures		2,605	
Total District Attorney General			\$ 41,523

Total District Attorney General Fund \$ 41,523

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	10,721	
Total Chancery Court			\$ 10,721

Total Constitutional Officers - Fees Fund 10,721

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	88,893	
Assistant(s)		44,294	
Clerical Personnel		21,519	
Data Processing Services		10,418	
Dues and Memberships		3,950	
Legal Services		4,700	
Legal Notices, Recording, and Court Costs		418	
Maintenance and Repair Services - Buildings		359	
Maintenance and Repair Services - Office Equipment		3,468	
Postal Charges		331	
Printing, Stationery, and Forms		383	
Travel		230	
Other Contracted Services		1,387	
Custodial Supplies		430	
Drugs and Medical Supplies		260	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Office Supplies	\$ 1,200	
Total Administration		\$ 182,240

Highway and Bridge Maintenance

Foremen	\$ 162,694	
Equipment Operators	33,721	
Equipment Operators - Heavy	250,668	
Equipment Operators - Light	270,192	
Truck Drivers	120,794	
Laborers	26,489	
Asphalt - Hot Mix	2,277,229	
Asphalt - Liquid	25,181	
Concrete	17,820	
Crushed Stone	81,013	
General Construction Materials	115,017	
Pipe - Concrete	24,492	
Road Signs	14,765	
Small Tools	698	
Structural Steel	4,099	
Wood Products	4,150	
Total Highway and Bridge Maintenance		3,429,022

Operation and Maintenance of Equipment

Foremen	\$ 42,198	
Mechanic(s)	153,930	
Laborers	15,812	
Other Salaries and Wages	17,733	
Maintenance and Repair Services - Buildings	6,154	
Maintenance and Repair Services - Vehicles	29,835	
Other Contracted Services	21,155	
Custodial Supplies	1,349	
Diesel Fuel	190,487	
Equipment and Machinery Parts	166,066	
Garage Supplies	11,892	
Gasoline	176,961	
Lubricants	14,227	
Small Tools	18,995	
Tires and Tubes	37,721	
Other Supplies and Materials	3,437	
Other Charges	1,446	
Total Operation and Maintenance of Equipment		909,398

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Quarry Operations

Foremen	\$	35,012	
Communication		686	
Electricity		878	
Explosives and Drilling Supplies		7,176	
Other Charges		4,251	
Total Quarry Operations			\$ 48,003

Litter and Trash Collection

Guards	\$	4,750	
Diesel Fuel		3,198	
Instructional Supplies and Materials		14,630	
Other Supplies and Materials		5,040	
Other Charges		7,064	
Total Litter and Trash Collection			34,682

Other Charges

Communication	\$	6,990	
Electricity		16,896	
Natural Gas		6,879	
Water and Sewer		1,601	
Liability Insurance		98,968	
Trustee's Commission		65,015	
Vehicle and Equipment Insurance		30,327	
Total Other Charges			226,676

Employee Benefits

Social Security	\$	96,723	
State Retirement		174,476	
Life Insurance		4,514	
Medical Insurance		297,119	
Dental Insurance		12,065	
Unemployment Compensation		5,500	
Other Fringe Benefits		45,225	
Workers' Compensation Insurance		62,935	
Total Employee Benefits			698,557

Capital Outlay

Bridge Construction	\$	405	
Building Construction		128,347	
Furniture and Fixtures		3,250	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay (Cont.)

Highway Equipment	\$ 277,246	
Office Equipment	<u>2,332</u>	
Total Capital Outlay		\$ <u>411,580</u>

Total Highway/Public Works Fund \$ 5,940,158

General Debt Service Fund

Other Operations

Other Charges

Trustee's Commission	\$ 416,233	
Total Other Charges		\$ 416,233

Principal on Debt

Education

Principal on Bonds	\$ 11,830,000	
Total Education		11,830,000

Interest on Debt

Education

Interest on Bonds	\$ 7,074,071	
Interest on Notes	<u>680,000</u>	
Total Education		7,754,071

Other Debt Service

General Government

Other Debt Service	\$ 887	
Total General Government		887

Capital Projects - Donated

Capital Projects Donated to Other Entities

Contributions	\$ 138,097	
Total Capital Projects Donated to Other Entities		<u>138,097</u>

Total General Debt Service Fund 20,139,288

General Capital Projects Fund

Other Operations

Other Charges

Trustee's Commission	\$ 104	
Total Other Charges		\$ 104

(Continued)

Exhibit K-8

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

General Capital Projects Fund (Cont.)

Other Debt Service

Education

Underwriter's Discount	\$ 93,724	
Other Debt Issuance Charges	<u>214,400</u>	
Total Education		\$ 308,124

Capital Projects

General Administration Projects

Other Capital Outlay	\$ 24,363	
Total General Administration Projects		24,363

Administration of Justice Projects

Other Capital Outlay	\$ 10,273	
Total Administration of Justice Projects		10,273

Public Health and Welfare Projects

Building Construction	\$ 1,139,137	
Other Capital Outlay	<u>26,814</u>	
Total Public Health and Welfare Projects		1,165,951

Social, Cultural, and Recreation Projects

Building Construction	\$ 5,763,636	
Site Development	<u>2,796</u>	
Total Social, Cultural, and Recreation Projects		5,766,432

Other General Government Projects

Building Improvements	\$ 1,133,363	
Total Other General Government Projects		1,133,363

Education Capital Projects

Building Construction	\$ 24,985,674	
Transportation Equipment	<u>774,299</u>	
Total Education Capital Projects		<u>25,759,973</u>

Total General Capital Projects Fund \$ 34,168,583

Highway Capital Projects Fund

Capital Projects

Highway and Street Capital Projects

Trustee's Commission	\$ 120	
Total Highway and Street Capital Projects		<u>\$ 120</u>

Total Highway Capital Projects Fund 120

Total Governmental Funds - Primary Government \$ 99,770,868

Exhibit K-9

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 58,205,691	
Career Ladder Program	627,180	
Career Ladder Extended Contracts	261,764	
Homebound Teachers	45,486	
Educational Assistants	1,280,669	
Other Salaries and Wages	80,382	
Certified Substitute Teachers	269,646	
Non-certified Substitute Teachers	471,011	
Social Security	3,632,435	
State Retirement	3,782,551	
Life Insurance	108,448	
Medical Insurance	10,117,223	
Dental Insurance	357,688	
Employer Medicare	857,132	
Maintenance and Repair Services - Equipment	23,111	
Other Contracted Services	48,100	
Instructional Supplies and Materials	631,585	
Textbooks	2,296,074	
Other Supplies and Materials	19,891	
Fee Waivers	370,281	
Other Charges	6,150	
Regular Instruction Equipment	32,261	
Total Regular Instruction Program		\$ 83,524,759

Alternative Instruction Program

Teachers	\$ 799,024	
Career Ladder Program	7,000	
Educational Assistants	108,332	
Other Salaries and Wages	167,550	
Certified Substitute Teachers	5,315	
Non-certified Substitute Teachers	1,665	
Social Security	64,515	
State Retirement	86,393	
Life Insurance	1,689	
Medical Insurance	214,493	
Dental Insurance	7,352	
Employer Medicare	15,096	
Instructional Supplies and Materials	12,182	
Other Charges	4,380	
Total Alternative Instruction Program		1,494,986

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$ 7,610,553	
Career Ladder Program	88,971	
Career Ladder Extended Contracts	20,358	
Homebound Teachers	192,381	
Educational Assistants	1,389,182	
Speech Pathologist	1,131,187	
Other Salaries and Wages	495,400	
Certified Substitute Teachers	22,450	
Non-certified Substitute Teachers	149,243	
Social Security	652,430	
State Retirement	797,562	
Life Insurance	17,546	
Medical Insurance	2,502,113	
Dental Insurance	85,957	
Employer Medicare	153,355	
Contracts with Private Agencies	243,599	
Other Contracted Services	32,798	
Instructional Supplies and Materials	42,339	
Textbooks	22,324	
Other Supplies and Materials	2,721	
Other Charges	24,498	
Special Education Equipment	130,035	
Total Special Education Program		\$ 15,807,002

Vocational Education Program

Teachers	\$ 6,007,232
Career Ladder Program	71,497
Career Ladder Extended Contracts	8,000
Educational Assistants	182,934
Certified Substitute Teachers	33,975
Non-certified Substitute Teachers	36,450
Social Security	380,056
State Retirement	402,517
Life Insurance	12,114
Medical Insurance	947,169
Dental Insurance	33,518
Employer Medicare	88,946
Maintenance and Repair Services - Equipment	15,436
Instructional Supplies and Materials	192,829

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Textbooks	\$	274,700	
Fee Waivers		25,890	
Other Charges		11,909	
Vocational Instruction Equipment		359,677	
Total Vocational Education Program			\$ 9,084,849

Adult Education Program

Teachers	\$	200,839	
Career Ladder Program		1,000	
Other Salaries and Wages		5,680	
Social Security		11,716	
State Retirement		10,064	
Life Insurance		324	
Medical Insurance		30,533	
Dental Insurance		1,422	
Employer Medicare		2,919	
Instructional Supplies and Materials		33,074	
Total Adult Education Program			297,571

Support Services

Attendance

Supervisor/Director	\$	76,896	
Career Ladder Program		1,000	
Clerical Personnel		23,130	
Other Salaries and Wages		143,949	
Social Security		14,665	
State Retirement		26,965	
Life Insurance		619	
Medical Insurance		29,393	
Dental Insurance		853	
Employer Medicare		3,430	
Travel		6,870	
Other Supplies and Materials		1,339	
Other Charges		1,287	
Total Attendance			330,396

Health Services

Medical Personnel	\$	247,807	
Other Salaries and Wages		68,019	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Social Security	\$	18,771	
State Retirement		23,882	
Life Insurance		330	
Medical Insurance		69,444	
Dental Insurance		1,729	
Employer Medicare		4,390	
Travel		20,261	
Other Contracted Services		12,713	
Drugs and Medical Supplies		5,382	
Other Supplies and Materials		8,018	
Other Charges		56,821	
Total Health Services			\$ 537,567

Other Student Support

Career Ladder Program	\$	47,465	
Guidance Personnel		2,774,553	
Career Ladder Extended Contracts		41,000	
Clerical Personnel		194,880	
Other Salaries and Wages		181,727	
Social Security		192,592	
State Retirement		219,602	
Life Insurance		5,979	
Medical Insurance		487,661	
Dental Insurance		15,658	
Employer Medicare		45,285	
Evaluation and Testing		56,609	
Total Other Student Support			4,263,011

Regular Instruction Program

Supervisor/Director	\$	529,587	
Career Ladder Program		69,265	
Career Ladder Extended Contracts		45,556	
Librarians		2,312,418	
Materials Supervisor		74,891	
Instructional Computer Personnel		93,629	
Secretary(ies)		91,053	
Clerical Personnel		405,961	
Educational Assistants		26,267	
Other Salaries and Wages		916,814	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

In-Service Training	\$	3,690	
Social Security		262,191	
State Retirement		327,975	
Life Insurance		8,354	
Medical Insurance		744,949	
Dental Insurance		26,253	
Employer Medicare		62,267	
Travel		55,586	
Other Contracted Services		12,504	
Library Books/Media		271,581	
Other Supplies and Materials		165,040	
In Service/Staff Development		41,668	
Other Charges		438,025	
Other Equipment		192,638	
Total Regular Instruction Program			\$ 7,178,162

Alternative Instruction Program

Supervisor/Director	\$	74,900	
Career Ladder Program		2,600	
Guidance Personnel		47,831	
Librarians		30,941	
Secretary(ies)		33,300	
Social Security		11,632	
State Retirement		14,156	
Life Insurance		427	
Medical Insurance		27,484	
Dental Insurance		1,243	
Employer Medicare		2,720	
Library Books/Media		4,972	
Other Supplies and Materials		8,713	
Total Alternative Instruction Program			260,919

Special Education Program

Supervisor/Director	\$	356,987
Career Ladder Program		14,000
Psychological Personnel		284,088
Career Ladder Extended Contracts		2,000
Secretary(ies)		73,847
Clerical Personnel		59,004

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Speech Pathologist	\$	57,718	
Other Salaries and Wages		114,387	
In-Service Training		1,200	
Social Security		57,759	
State Retirement		77,281	
Life Insurance		1,965	
Medical Insurance		161,983	
Dental Insurance		4,040	
Employer Medicare		13,508	
Communication		1,052	
Consultants		14,324	
Postal Charges		469	
Travel		83,940	
Other Supplies and Materials		6,774	
In Service/Staff Development		27,614	
Other Charges		5,815	
Total Special Education Program			\$ 1,419,755

Vocational Education Program

Supervisor/Director	\$	75,096	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		2,000	
Secretary(ies)		31,034	
Social Security		6,629	
State Retirement		9,009	
Life Insurance		274	
Medical Insurance		15,579	
Dental Insurance		441	
Employer Medicare		1,550	
Travel		59,098	
Other Supplies and Materials		2,903	
In Service/Staff Development		25	
Other Charges		309	
Other Equipment		691	
Total Vocational Education Program			206,638

Adult Programs

Supervisor/Director	\$	115,066
Career Ladder Program		3,000

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

Career Ladder Extended Contracts	\$	4,000	
Other Salaries and Wages		83,566	
In-Service Training		675	
Social Security		12,499	
State Retirement		18,663	
Life Insurance		516	
Medical Insurance		23,671	
Dental Insurance		902	
Employer Medicare		2,923	
Travel		2,414	
Other Supplies and Materials		1,201	
In Service/Staff Development		2,098	
Other Charges		3,087	
Other Equipment		3,650	
Total Adult Programs			\$ 277,931

Other Programs

On-Behalf Payments to OPEB	\$	794,827	
Total Other Programs			794,827

Board of Education

Other Salaries and Wages	\$	23,957	
Board and Committee Members Fees		66,000	
Social Security		5,024	
State Retirement		1,175	
Medical Insurance		1,699	
Dental Insurance		68	
Unemployment Compensation		60,364	
Employer Medicare		1,297	
Other Fringe Benefits		1,165,460	
Audit Services		546	
Dues and Memberships		31,201	
Legal Services		111,207	
Travel		3,160	
Other Contracted Services		430	
Other Supplies and Materials		210	
Liability Insurance		140,078	
Trustee's Commission		1,316,089	
Workers' Compensation Insurance		424,264	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

In Service/Staff Development	\$	1,750	
Criminal Investigation of Applicants - TBI		55,172	
Other Charges		51,567	
Total Board of Education			\$ 3,460,718

Director of Schools

County Official/Administrative Officer	\$	121,765	
Secretary(ies)		85,142	
Social Security		11,231	
State Retirement		17,839	
Life Insurance		456	
Medical Insurance		29,044	
Dental Insurance		839	
Employer Medicare		2,945	
Communication		187,776	
Dues and Memberships		5,762	
Postal Charges		40,654	
Travel		774	
Office Supplies		690	
Other Charges		1,942	
Administration Equipment		7,962	
Total Director of Schools			514,821

Office of the Principal

Principals	\$	3,227,301	
Career Ladder Program		103,620	
Career Ladder Extended Contracts		81,000	
Assistant Principals		2,455,030	
Secretary(ies)		886,046	
Clerical Personnel		1,172,886	
Social Security		469,591	
State Retirement		632,134	
Life Insurance		17,577	
Medical Insurance		1,481,095	
Dental Insurance		48,988	
Employer Medicare		110,105	
Communication		34	
Office Supplies		57,419	
Other Charges		15,488	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Administration Equipment	\$ 167,422	
Total Office of the Principal		\$ 10,925,736

Fiscal Services

Supervisor/Director	\$ 83,600	
Internal Audit Personnel	43,680	
Accountants/Bookkeepers	70,278	
Purchasing Personnel	77,454	
Secretary(ies)	25,721	
Clerical Personnel	153,992	
Other Salaries and Wages	143,256	
Social Security	35,407	
State Retirement	79,113	
Life Insurance	1,412	
Medical Insurance	92,992	
Dental Insurance	2,553	
Employer Medicare	8,281	
Advertising	3,095	
Dues and Memberships	395	
Travel	3,686	
Office Supplies	5,072	
Other Supplies and Materials	6,817	
In Service/Staff Development	2,061	
Other Charges	47,603	
Administration Equipment	8,918	
Total Fiscal Services		895,386

Human Services/Personnel

Supervisor/Director	\$ 80,286
Secretary(ies)	31,980
Clerical Personnel	170,137
Other Salaries and Wages	20,709
Social Security	18,114
State Retirement	40,088
Life Insurance	764
Medical Insurance	39,316
Dental Insurance	1,363
Employer Medicare	4,236
Advertising	1,051

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Human Services/Personnel (Cont.)

Travel	\$	3,102	
Office Supplies		1,524	
In Service/Staff Development		762	
Other Charges		6,408	
Total Human Services/Personnel			\$ 419,840

Operation of Plant

Supervisor/Director	\$	60,900	
Secretary(ies)		27,827	
Custodial Personnel		2,964,591	
Other Salaries and Wages		393,345	
Social Security		199,537	
State Retirement		425,085	
Life Insurance		5,062	
Medical Insurance		938,917	
Dental Insurance		25,211	
Employer Medicare		46,841	
Maintenance and Repair Services - Equipment		4,943	
Travel		10,025	
Disposal Fees		263,012	
Other Contracted Services		396,677	
Custodial Supplies		372,529	
Electricity		3,869,299	
Natural Gas		584,850	
Water and Sewer		742,021	
Other Supplies and Materials		3,790	
Building and Contents Insurance		281,019	
Other Charges		40,910	
Plant Operation Equipment		38,967	
Total Operation of Plant			11,695,358

Maintenance of Plant

Supervisor/Director	\$	23,534
Secretary(ies)		32,061
Maintenance Personnel		1,673,799
Other Salaries and Wages		84,141
Social Security		106,731
State Retirement		236,436
Life Insurance		3,530

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Medical Insurance	\$	389,911	
Dental Insurance		11,039	
Employer Medicare		24,962	
Maintenance and Repair Services - Vehicles		5,059	
Travel		5,564	
Other Contracted Services		150,059	
Equipment and Machinery Parts		387,634	
Gasoline		94,364	
Other Supplies and Materials		495,922	
In Service/Staff Development		7,943	
Other Charges		68,791	
Administration Equipment		8,020	
Maintenance Equipment		19,382	
Total Maintenance of Plant			\$ 3,828,882

Transportation

Supervisor/Director	\$	80,413
Mechanic(s)		321,788
Bus Drivers		2,323,031
Clerical Personnel		39,957
Other Salaries and Wages		326,717
Social Security		173,658
State Retirement		400,033
Life Insurance		5,619
Medical Insurance		1,361,997
Dental Insurance		41,162
Employer Medicare		40,615
Communication		1,625
Laundry Service		3,857
Maintenance and Repair Services - Vehicles		13,894
Travel		2,015
Other Contracted Services		14,319
Diesel Fuel		913,412
Garage Supplies		2,528
Gasoline		17,875
Lubricants		25,833
Tires and Tubes		78,673
Vehicle Parts		232,050
Other Supplies and Materials		9,977

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Vehicle and Equipment Insurance	\$	171,294	
In Service/Staff Development		3,764	
Other Charges		41,049	
Transportation Equipment		24,390	
Total Transportation			\$ 6,671,545

Central and Other

Computer Programmer(s)	\$	49,140	
Data Processing Personnel		278,869	
Clerical Personnel		30,246	
In-Service Training		150	
Social Security		21,275	
State Retirement		47,099	
Life Insurance		468	
Medical Insurance		52,706	
Dental Insurance		1,755	
Employer Medicare		4,976	
Maintenance and Repair Services - Equipment		5,816	
Travel		2,119	
Office Supplies		1,065	
Other Supplies and Materials		2,096	
In Service/Staff Development		267	
Other Charges		8,339	
Data Processing Equipment		16,616	
Total Central and Other			523,002

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	69,006	
Career Ladder Program		1,000	
Clerical Personnel		97,343	
Cafeteria Personnel		2,806,511	
Other Salaries and Wages		153,450	
Social Security		173,709	
State Retirement		358,411	
Life Insurance		5,072	
Medical Insurance		1,333,297	
Dental Insurance		41,215	
Employer Medicare		40,976	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Communication	\$	3,618	
Maintenance and Repair Services - Equipment		55,046	
Travel		15,053	
Other Contracted Services		76,011	
Food Preparation Supplies		252,665	
Food Supplies		4,164,068	
Office Supplies		19,230	
Utilities		207,819	
Other Supplies and Materials		6,579	
In Service/Staff Development		15,618	
Other Charges		9,873	
Food Service Equipment		95,087	
Total Food Service			\$ 10,000,657

Community Services

Supervisor/Director	\$	188,215	
Clerical Personnel		18,395	
Educational Assistants		32,202	
Other Salaries and Wages		400,459	
Social Security		36,403	
State Retirement		55,884	
Life Insurance		168	
Medical Insurance		122,997	
Dental Insurance		4,852	
Employer Medicare		8,540	
Travel		1,020	
Other Contracted Services		1,640	
Food Supplies		38,392	
Other Supplies and Materials		84,862	
Refunds		388	
In Service/Staff Development		170	
Other Charges		98,933	
Other Equipment		30,233	
Total Community Services			1,123,753

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	1,635,565	
Other Capital Outlay		274,207	
Total Regular Capital Outlay			1,909,772

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 387,268	
Total Education		\$ 387,268

Total General Purpose School Fund \$ 177,835,111

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,284,389	
Educational Assistants	677,360	
Other Salaries and Wages	41,119	
Certified Substitute Teachers	7,293	
Non-certified Substitute Teachers	17,347	
Social Security	118,848	
State Retirement	171,378	
Life Insurance	3,659	
Medical Insurance	429,932	
Dental Insurance	14,047	
Employer Medicare	27,999	
Other Contracted Services	29,980	
Instructional Supplies and Materials	229,794	
Other Supplies and Materials	12,280	
Other Charges	13,828	
Regular Instruction Equipment	58,526	
Total Regular Instruction Program		\$ 3,137,779

Alternative Instruction Program

Educational Assistants	\$ 12,891	
Social Security	689	
State Retirement	1,705	
Medical Insurance	8,406	
Dental Insurance	318	
Employer Medicare	161	
Instructional Supplies and Materials	553	
Total Alternative Instruction Program		24,723

Special Education Program

Teachers	\$ 303,229
Educational Assistants	1,315,068

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Speech Pathologist	\$	55,893	
Other Salaries and Wages		541,163	
Certified Substitute Teachers		1,825	
Non-certified Substitute Teachers		6,232	
Social Security		125,661	
State Retirement		245,549	
Life Insurance		2,771	
Medical Insurance		866,846	
Dental Insurance		28,678	
Employer Medicare		29,510	
Contracts with Private Agencies		91,767	
Maintenance and Repair Services - Equipment		2,404	
Instructional Supplies and Materials		444,444	
Other Supplies and Materials		23,463	
Other Charges		30,250	
Special Education Equipment		76,436	
Total Special Education Program			\$ 4,191,189

Vocational Education Program

Instructional Supplies and Materials	\$	43,945	
Vocational Instruction Equipment		212,719	
Total Vocational Education Program			256,664

Support Services

Other Student Support

Other Salaries and Wages	\$	22,318	
Social Security		1,334	
State Retirement		2,953	
Medical Insurance		4,687	
Dental Insurance		143	
Employer Medicare		312	
Other Contracted Services		989	
Other Supplies and Materials		27,829	
Other Charges		17,858	
Total Other Student Support			78,423

Regular Instruction Program

Supervisor/Director	\$	42,761	
Instructional Computer Personnel		49,335	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Secretary(ies)	\$	22,729	
Clerical Personnel		10,304	
Other Salaries and Wages		155,371	
Social Security		16,559	
State Retirement		22,964	
Life Insurance		733	
Medical Insurance		34,797	
Dental Insurance		1,121	
Employer Medicare		3,913	
Maintenance and Repair Services - Equipment		1,608	
Travel		2,824	
Other Supplies and Materials		4,542	
In Service/Staff Development		201,902	
Other Charges		3,884	
Other Equipment		3,831	
Total Regular Instruction Program			\$ 579,178

Special Education Program

Supervisor/Director	\$	80,564	
Psychological Personnel		445,534	
Clerical Personnel		544	
Other Salaries and Wages		40,966	
Social Security		33,293	
State Retirement		37,475	
Life Insurance		1,072	
Medical Insurance		86,031	
Dental Insurance		3,676	
Employer Medicare		7,786	
Consultants		3,534	
Postal Charges		118	
Travel		1,477	
Other Supplies and Materials		3,566	
In Service/Staff Development		32,322	
Other Charges		3,368	
Total Special Education Program			781,326

Vocational Education Program

Travel	\$	54,328	
In Service/Staff Development		25,941	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Other Charges	\$ 105	
Other Equipment	<u>4,629</u>	
Total Vocational Education Program		\$ 85,003

Transportation

Bus Drivers	\$ 37,177	
Social Security	2,185	
State Retirement	4,887	
Life Insurance	103	
Medical Insurance	9,100	
Dental Insurance	205	
Employer Medicare	<u>511</u>	
Total Transportation		<u>54,168</u>

Total School Federal Projects Fund \$ 9,188,453

Total Governmental Funds - Sumner County School Department \$ 187,023,564

Exhibit K-10

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

	Governmental Activities - Internal Service Fund <hr/> Self - Insurance Fund <hr/>
<u>Revenues</u>	
<u>Charges for Current Services</u>	
<u>General Service Charges</u>	
Self-Insurance Premiums/Contributions	\$ 863,835
Other Employee Benefit Charges/Contributions	14,955,686
Other General Service Charges	1,135,000
Total Charges for Current Services	<u>\$ 16,954,521</u>
<u>Other Local Revenues</u>	
<u>Recurring Items</u>	
Investment Income	\$ 289,013
Retirees' Insurance Payments	246,911
Cobra Insurance Payments	554
Miscellaneous Refunds	195,556
Total Other Local Revenues	<u>\$ 732,034</u>
Total Revenues	<u>\$ 17,686,555</u>
<u>Expenses</u>	
<u>General Government</u>	
<u>Risk Management</u>	
Handling Charges and Administrative Costs	\$ 79,452
Liability Claims	646,538
Total Risk Management	<u>\$ 725,990</u>
<u>Employee Benefits</u>	
Handling Charges and Administrative Costs	\$ 514,091
Dental Insurance	19,056
Excess Risk Insurance	397,769
Medical Claims	12,792,874
Other Self-Insured Claims	790,386
Specialized Medical Treatment	1,390,485
Other Charges	253,012
Total Employee Benefits	<u>\$ 16,157,673</u>
Total Expenses	<u>\$ 16,883,663</u>

Exhibit K-11

Sumner 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	\$ 15,167,133
Total Cash Receipts	<u>\$ 15,167,133</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 15,015,462
Trustee's Commission	151,671
Total Cash Disbursements	<u>\$ 15,167,133</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2007	<u>0</u>
 Cash Balance, June 30, 2008	 <u><u>\$ 0</u></u>

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## **SINGLE AUDIT SECTION**

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

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

January 8, 2009

Sumner County Executive and  
Board of County Commissioners  
Sumner County, Tennessee

To the County Executive and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sumner County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Sumner County's basic financial statements and have issued our report thereon dated January 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 discretely presented Resource Authority of Sumner County, the discretely presented Sumner County Regional Airport Authority, and the discretely presented Sumner County Emergency Communications District as described in our report on Sumner County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sumner 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 Sumner County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sumner 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, 08.04, 08.05, 08.06, 08.07, 08.09, 08.10, 08.15, 08.16, 08.18, 08.19, and 08.21.

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 Sumner County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sumner 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

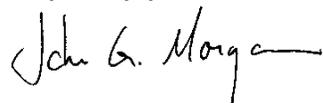
results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 08.03, 08.08, 08.11, 08.12, 08.13, 08.14, 08.17, and 08.20.

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

Sumner 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 Sumner 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 executive, director of schools, superintendent of roads, County Commission, Board of Education, Financial Management Committee, others within Sumner County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

John G. Morgan  
Comptroller of the Treasury

JGM/sb

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

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

January 8, 2009

Sumner County Executive and  
Board of County Commissioners  
Sumner County, Tennessee

To the County Executive and Board of County Commissioners:

Compliance

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

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

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

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

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

### Schedule of Expenditures of Federal Awards

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

Sumner 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 Sumner 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 executive, director of schools, superintendent of roads, County Commission, Board of Education, Financial Management Committee, others within Sumner County and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

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

John G. Morgan  
Comptroller of the Treasury

JGM/sb

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	(2)	\$ 558,232 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	809,892
National School Lunch Program	10.555	(2)	3,124,359 (3)
Total U.S. Department of Agriculture			<u>\$ 4,492,483</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 18,985
Total U.S. Department of the Interior			<u>\$ 18,985</u>
U.S. Department of Justice:			
Direct Program:			
Edward Byrne Memorial Formula Grant Program	16.579	(2)	\$ 9,448 (4)
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial Formula Grant Program	16.579	(2)	28,225 (4)
Drug Court Discretionary Grant Program	16.585	(2)	50,000
Total U.S. Department of Justice			<u>\$ 87,673</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	Z-08-023846	\$ 5,000
Total U.S. Department of Transportation			<u>\$ 5,000</u>
U.S. Department of Education			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	N/A	\$ 279,327
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	2,855,185
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	5,208,786
Special Education - Preschool Grants	84.173	N/A	96,313
Career and Technical Education - Basic Grants to States	84.048	N/A	341,666
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	78,249
Education for Homeless Children and Youth - Grants for State and Local Activities	84.196	(2)	42,776
21st Century Community Learning Centers	84.287	(2)	399,653
State Grants for Innovative Programs	84.298	N/A	98,503
Education Technology State Grants	84.318	(2)	39,125
English Language Acquisition Grants	84.365	N/A	129,283
Improving Teacher Quality State Grants	84.367	N/A	649,551
Total U.S. Department of Education			<u>\$ 10,218,417</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
Elections Assistance Commission:			
Passed-through Tennessee Secretary of State's Office:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 46,200
Total Elections Assistance Commission			\$ 46,200
U.S. Department of Health and Human Services:			
Passed-through State Department of Labor and Workforce Development:			
Child Welfare Services - State Grants (Family Resource Center)	93.645	(2)	\$ 33,300
Total U.S. Department of Health and Human Services			\$ 33,300
U.S. Department of Homeland Security			
Passed-through State Department of Military:			
Hazard Mitigation Grant	97.039	(2)	\$ 797
Total U.S. Department of Homeland Security			\$ 797
Total Expenditures of Federal Awards			\$ 14,902,855

State Grants		Contract Number	
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 41,379
Youth Violence and Drug Use Prevention - State Department of Education		N/A	102,318
Lottery for Education: Afterschool Program - State Department of Education	N/A	N/A	322,441
Tobacco Use Prevention and Cessation - State Department of Health	N/A	GG-08-23233	31,578
Safe Schools Act - State Department of Education	N/A	N/A	158,903
Courtroom Security Grant - State Supreme Court	N/A	(2)	46,933
Coordinated School Health Program - State Department of Education	N/A	N/A	110,000
Internet Connectivity Grant - State Department of Education	N/A	(2)	101,235
Development and Coordination of Rural Health Services - State Department of Health	N/A	Z-08-020387	1,059,573
Juvenile Justice States Supplemental Funds - State Commission on Children and Youth	N/A	Z-08-022812	9,000
Litter Program - State Department of Transportation	N/A	Z-08-021048	55,747
Community Enhancement Grant - Tennessee Secretary of State	N/A	(2)	5,000
Total State Grants			\$ 2,044,107

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$3,682,591.
- (4) Total Edward Byrne Memorial Formula Grant Program (CFDA No. 16.579) \$37,673.

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

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

**DIRECTOR OF SCHOOLS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.04	126	Appropriations exceeded available funding in the School Federal Projects Fund

**OFFICE OF TRUSTEE**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.08	128	The office did not require a depository to adequately collateralize funds exceeding FDIC coverage

**OTHER FINDINGS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.11	130	Duties were not segregated adequately in the Offices of Circuit Court Clerk and Clerk and Master
07.12	130	The county does not comply with its private act regarding purchasing

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**SUMNER 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 Sumner County is unqualified.
2. The audit of the financial statements of Sumner County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed four instances of noncompliance that are material to the financial statements of Sumner County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), Title I Grants to Local Educational Agencies (CFDA No. 84.010), and Improving Teacher Quality State Grants (CFDA No. 84.367) were determined to be major programs.
8. A \$447,086 threshold was used to distinguish between Type A and Type B federal programs.
9. Sumner County did not qualify as a low-risk auditee.

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

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

### **OFFICE OF FINANCE DIRECTOR**

**FINDING 08.01**      **SEVERAL FUNDS REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

At June 30, 2008, certain general ledger account balances in the General, Highway/Public Works, and General Debt Service 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 Sumner 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**

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

---

**FINDING 08.02**      **THE OFFICE HAD ACCOUNTING DEFICIENCIES**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The following accounting deficiencies were noted in the Finance Office. We presented audit adjustments to management that they approved and posted to properly present the funds in the financial statements of this report.

- A. Closing entries related to property taxes receivable in the General, Highway/Public Works and General Debt Service funds were posted backwards, resulting in material misstatements.

- B. Receivables totaling \$452,794 for state income taxes at June 30, 2008, were not determined and recorded on the accounting records of the General Fund as required by generally accepted accounting principles.
- C. The Finance Office did not accurately prorate delinquent property tax revenues between the General, Highway/Public Works, General Debt Service, and General Purpose School funds. The inaccurate calculations were the result of an employee utilizing the 2005 tax rate instead of the 2006 tax rate to prorate delinquent property taxes.

Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations.

**RECOMMENDATION**

Sumner County should accurately determine and post year-end closing entries to produce financial statements that are materially correct. Receivables should be properly determined and recorded in the accounting records of every fund each June 30. The finance director should ensure that delinquent property tax revenues are prorated accurately.

**MANAGEMENT’S RESPONSE – COUNTY EXECUTIVE ANTHONY HOLT**

A misunderstanding between the auditors and the Finance Office staff existed concerning delinquent taxes. This matter has been resolved.

**FINDING 08.03      PAYMENTS BY THE GENERAL AND GENERAL DEBT SERVICE FUNDS FOR EDUCATION PURPOSES ARE OF QUESTIONABLE LEGALITY  
(Material Noncompliance Under Government Auditing Standards)**

The following payments from the General and General Debt Service funds were authorized by the County Commission; however, these payments are of questionable legality:

- A. Between March 1, 2003, and June 19, 2006, the County Commission authorized seven loans totaling \$679,475 to various school booster clubs from the General and General Debt Service funds, to be repaid by the clubs over a period of five to ten years. During the year ended June 30, 2008, the County Commission forgave the remaining balances of these loans (\$375,913). Therefore, \$375,913 of General and General Debt Service funds were used for education purposes.
- B. During the year, the County Commission approved \$926,444 from the General Fund to pay for renovations at four high schools. The county contributed \$280,350 directly to the School Department. Between June 30, 2008, and the date of this report, the General Fund paid \$308,744 directly to vendors for School Department expenditures.

Opinion No. 92-03 issued by the Tennessee Attorney General's Office states "...a county legislative body cannot lawfully divert revenues collected for general county purposes, or other non-education purposes, and apply those moneys to education purposes." Therefore, we question the legality of using General and General Debt Service funds for education purposes.

#### RECOMMENDATION

Expenditures for the School Department should be appropriated and paid from school funds. General and General Debt Service funds should not be used to pay education expenses.

#### MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE ANTHONY HOLT

The Finance Office, within its legal capabilities, will remind all offices and departments of these legal obligations.

---

FINDING 08.04      **THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION SYSTEM RESOURCES**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur. This vulnerability was corrected after it was brought to the official's attention.

---

FINDING 08.05      **THE ACCOUNTING SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Prior to their posting in the general ledger, automated financial transactions could be changed, and an audit trail of these changes would not be maintained. Sound business practices dictate that proper application controls be implemented. Without an audit trail of system activity, errors and improper changes could occur and go undetected. When this weakness was brought to the official's attention, the vendor was contacted and this capability was removed.

---

**FINDING 08.06      THE OFFICE DID NOT MAINTAIN ADEQUATE RECORDS FOR FEDERAL GRANT ACTIVITY**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The Finance Office did not centralize records for federal grants received by the county; instead, these grant records were administered by various county departments without any oversight by the director of finance. Therefore, accounting records in the Finance Department did not include certain grant records such as claims for reimbursements, bid files, and compliance documentation. Furthermore the Finance Office could not provide auditors with a list of federal awards and their Catalog of Federal Domestic Assistance (CFDA) numbers. We obtained the grant information for the Schedule of Expenditures and Federal Awards from various county sources.

**RECOMMENDATION**

The Finance Office should maintain all grant applications and administer grant funds for all departments of Sumner County. The office should maintain a list of federal awards received by the county, including each grant’s CFDA number.

**MANAGEMENT’S RESPONSE – COUNTY EXECUTIVE ANTHONY HOLT**

The Finance Office recognizes the need to better address this issue and is working to coordinate grant requests in a unified location.

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**FINDING 08.07      SEVERAL DEFICIENCIES WERE NOTED IN REGARD TO EMPLOYEES’ LEAVE**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Our examination of the general county government’s employee leave records, excluding the constitutional offices, which may have their own leave policies, revealed the following deficiencies that appear to be the result of a lack of management oversight:

- A. The vacation leave policy, as noted in the county’s employee handbook, has been interpreted differently by various department heads within the general county government. As a result, the vacation leave policy is not applied consistently from department to department.
- B. Leave balances of several employees were in excess of the maximum balances provided in the county’s employee handbook.
- C. The Finance Office did not have documentation on file to support vacation, sick, or compensatory leave taken by general government employees. Payroll disbursements for county employees were made with the assumption that leave records are maintained by each department head.

## RECOMMENDATION

The county's vacation leave policy should be applied consistently from department to department within the general county government. Leave balances should not exceed the maximum balances provided in the county's employee handbook. The Finance Office should maintain summary accrued leave information by account function for all county offices and departments of the general county government. These records should reflect the dollar value of the leave at the beginning of the year, the amounts earned and used, and the value of the leave at year end.

## MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE ANTHONY HOLT

The Finance Office along with the Human Resources Office has worked very hard to coordinate and recommend computerized leave totals. However, different office needs as well as the rights of constitutional office holders contradict this finding. Until the State of Tennessee changes the Tennessee Constitution, the present manner of addressing personnel matters will have to remain. The Finance Office works diligently to undertake these requirements but should not be penalized for actions over which they have no control.

## AUDITOR'S REBUTTAL

Section 5-23-101 through 5-23-112, Tennessee Code Annotated, provides guidance for the adoption of written personnel policies by the county. This statute allowed the constitutional officers to adopt their own policies by December 31, 1997, or its employees would be governed by the base personnel policies adopted by the County Commission for the general government employees. Therefore, this finding does not address the constitutional offices but addresses inconsistencies with other employees paid by the general county government. All departments within the general county government should apply the county's leave policies consistently.

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## OFFICE OF PURCHASING DIRECTOR

### FINDING 08.08      **THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**

(Material Noncompliance Under Government Auditing Standards)

Chapter 113, Private Acts of 2002, as amended, governs purchasing procedures for Sumner County. The private act provides that the purchasing agent review specifications and changes developed by individual departments to allow for maximum competition of prospective bidders; prepare formal and informal bids; collect sealed bids; open bids through a procedure open to the public; evaluate, compare and submit bids for approval by the financial management committee, if so deemed by the committee; issue purchase orders and contracts; and verify receiving the merchandise or service. Sumner County's private act does not provide for a dollar amount requiring advertisement and competitive bidding, and the financial management committee has not formally adopted a dollar amount.

Therefore, public advertising provisions for the general government fall under the provisions of the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated (TCA), which provide that general government purchases in excess of \$10,000 are to be made after public advertisement and competitive bidding.

Our examination revealed the following purchasing deficiencies. The county's failure to comply with its private act is the result of management's decisions.

- A. The purchasing agent did not perform the purchasing functions noted above as provided in the private act since each general government department performs its own purchasing functions.
- B. Competitive bids were solicited through newspaper advertisement for the purchase of a four-wheel drive truck for the Animal Control Department. Two days prior to the bid closing date, the county purchased a truck (\$14,505) at a dealer's only auto auction. The purchased vehicle was a two-wheel drive truck; therefore, the purchased truck did not meet the bid specifications as advertised.
- C. The county did not purchase from the lowest bidder in the following instances:
  - 1. Sumner County solicited and received bids for a sport utility vehicle (\$15,998) for the county engineer; however, the lowest bid was not accepted. Additionally, the purchasing agent did not collect the sealed bids, nor open the bids through a procedure open to the public as required by the county's Private Act. Instead, the department head received bids through e-mail/fax and ultimately selected the vendor. The department head stated that the lowest bid was not accepted because a newer vehicle with fewer miles was available through a different vendor. The bid specifications did not request a particular make and stated that the vehicle shall have less than 30,000 miles, which the low bidder met. Also, the county did not receive information from an independent source that would otherwise confirm that the vehicle purchased was the best financial decision for the county.
  - 2. Sumner County solicited and received bids for a truck (\$29,416) for the Office of Emergency Management; however, the lowest bid was not accepted. Additionally, the purchasing agent did not collect the sealed bids, nor open the bids through a procedure open to the public as required by the county's Private Act. Instead, the department head received bids in his office and ultimately selected the vendor. The department head did not accept the low bid because the truck would not immediately be available; however, the bid specifications did not mandate a delivery date.

In the case, Owen of Georgia, Inc., versus Shelby County, 442F. Supp. 314 (w.b. Tenn. 1977), the court stated that “to reject the bid of the lowest bidder there must be such evidence of the irresponsibility of the bidder as would cause fair-minded and reasonable men to believe that it was not for the best interest of the municipality to award the contract to the lowest bidder.”

- D. The office had not established a formal purchase order system. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. The absence of a formal purchase order system increases the risks of unauthorized purchases.

### RECOMMENDATION

The purchasing agent should perform the purchasing functions as provided in the private act. Purchases should not be made prior to the advertised bid closing date. Purchases should be made from the vendor with the lowest price that meets bid specifications unless adequate documentation is on file supporting the decision to reject the lowest bid. The purchasing agent should collect the sealed bids and open the bids through a procedure open to the public as required by the county’s private act. The office should establish a formal purchase order system to improve internal controls over the purchasing process and to document purchasing commitments.

### MANAGEMENT’S RESPONSE – COUNTY EXECUTIVE ANTHONY HOLT

- Item A. The county has a purchasing director who works very hard to coordinate and plan group purchases. However, different office needs as well as the rights of constitutional office holders contradict this finding. Until the State of Tennessee changes the Tennessee Constitution, the present manner of purchasing will have to remain. The Finance Office works diligently to undertake these requirements but should not be penalized for actions over which they have no control.
- Item B. The purchasing director admits that he mistakenly read the date when the bid ended. No bidders arose ultimately, so the early closing date of the auction resulted in no rejected bidders.
- Item C. This item was addressed with the county engineer and the Office of Emergency Management whereby they were reminded of the legal standard necessary for purchase of best and lowest with the statutory.

### AUDITOR’S REBUTTAL TO ITEM A

All purchases for offices and departments within the general county government expending funds appropriated by the County Commission should be made in compliance with the private act and Tennessee statutes.

**OFFICE OF DIRECTOR OF SCHOOLS**

**FINDING 08.09**      **THE GENERAL PURPOSE SCHOOL FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

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

**RECOMMENDATION**

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

**MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS**

A manual adjustment was made to record property and sales taxes, which became due in 2008 but would not be collected until fiscal year 2009. An error was made in recording the adjustment, thus requiring another adjustment to correct the amount. Our financial software is designed to produce statements in the state-required format. Adjustments to conform to generally accepted accounting principles will continue to be necessary as long as the state and the Division of County Audit require financial information to be presented in different formats. Finance Department personnel will review all year-end adjustments to be sure that they are recorded correctly and do not result in a material misstatement of property and/or sales taxes due.

**AUDITOR’S REBUTTAL**

The Tennessee Department of Education and the Division of County Audit do not require financial information to be presented in different formats. The Governmental Accounting Standards Board requires all state and local governments in the United States that comply with generally accepted accounting principles to convert fund level financial information prepared on the modified accrual basis of accounting to a government-wide level prepared on a full accrual basis.

**FINDING 08.10      APPROPRIATIONS EXCEEDED ESTIMATED AVAILABLE FUNDS IN THE SCHOOL FEDERAL PROJECTS FUND**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The budget and subsequent amendments submitted to and approved by the County Commission for the School Federal Projects Fund resulted in appropriations exceeding estimated available funding causing a budgeted fund deficit of \$1,504,532. Sound budgetary principles dictate that appropriations be held within estimated available funding. The budget deficiency was the result of budget amendments increasing appropriations without providing a corresponding revenue source.

**RECOMMENDATION**

Appropriations that exceed estimated available funds should not be submitted to the County Commission, and the County Commission should not approve such appropriations. Budget amendments increasing appropriations should include a corresponding revenue source.

**MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS**

The School Department presented and received approval of a number of Federal Projects budget amendments to record the Federal Projects carryover funds from both FY06 and FY07. These funds were not included in the original Federal Projects budget presented to the Board of Education and County Commission at the beginning of FY08. It is our understanding that both bodies needed to approve and appropriate these carryover funds. The amendments were presented to the Board of Education and the County Commission in the proper format to be recorded in our financial reporting software to ensure proper reporting to the State Department of Education. This resulted in an apparent, but not actual, over-appropriation of funds. This bookkeeping discrepancy will be reviewed with the State Department of Education fiscal consultant to find a method of satisfying the reporting requirements of both departments.

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**FINDING 08.11      THE SCHOOL DEPARTMENT HAD DEFICIENCIES RELATED TO FINGERPRINTING SERVICES**  
(Material Noncompliance Under Government Auditing Standards)

The Sumner County School Department provides fingerprinting services for department employees through a contract with Cogent, Inc. As part of the contract, the School Department also provides fingerprinting services for various local businesses and private citizens. We were advised that in return for providing these services to local businesses and private citizens, the School Department has the use of the electronic fingerprinting equipment and receives a price break on fingerprints for department employees. The following deficiencies were noted regarding these services:

- A. The School Department provides fingerprinting services to local businesses and private citizens as an agent for Cogent, Inc., utilizing a School Department employee who spends a significant amount of time providing these services. The fees collected for fingerprinting services from local business and private citizens (money orders and cashier's checks) are not considered public funds; therefore, these fees are not receipted and channeled through the county but are remitted directly to Cogent, Inc. Providing fingerprinting services to local businesses and private citizens as an agent for a for-profit company and processing their fees appear to be a service outside the scope of public education and is of questionable legality.
- B. While the School Department has a contract with Cogent, Inc., concerning the price of fingerprints, equipment ownership, and maintenance, the contract does not document the responsibilities and liabilities of each party related to damage, theft, or fraud.

### RECOMMENDATION

Absent of statutory authority, the School Department should discontinue providing fingerprinting services to local businesses and private citizens. The School Department should obtain a written contract that documents responsibilities and liabilities of each party.

### MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The School Department provides fingerprinting services for both its own employees, as well as other individuals who are required for various reasons to be fingerprinted. In return for providing this service, the School Department has the use of electronic fingerprinting equipment and receives the state contracted rate for fingerprinting; in addition it receives a commission from Cogent, Inc., that in part offsets the cost of the school system employee. The electronic equipment allows the School Department to receive reports on its employees within five days, rather than four to six weeks using the paper process. The Board of Education will re-evaluate the options available for fingerprinting employees to determine how it can best meet all of the related requirements.

In the interim, the Board of Education will review the contract with Cogent, Inc., to more clearly delineate each party's responsibilities and liabilities under the contract. Receipts will be issued to each individual from whom funds are collected. These receipts will be kept on file at the Board of Education Central Office. Collection procedures for funds payable to Cogent, Inc., received from outside individuals will be reviewed for a possible solution that satisfies the Division of County Audit without overstating Board of Education revenues and expenditures.

### AUDITOR'S REBUTTAL

The School Department should discontinue providing fingerprinting services to local businesses and private citizens.

**FINDING 08.12      THE OFFICE HAD DEFICIENCIES RELATED TO PAVING PROJECTS**  
(Material Noncompliance Under Government Auditing Standards)

On July 17, 2007, the Board of Education voted to request the County Commission approve paving projects from available premiums on a bond sale; however, the County Commission was never presented with this request. The Board of Education solicited public bids for paving at three high schools and opened the bids on October 16, 2007. All three bids were rejected due to problems with the bid specifications. However, based on the Board of Education's approval of the funding request on July 17, 2007, the Executive Committee (director of schools and chairman of the Board of Education) subsequently solicited competitive bids to pave parking lots at Gallatin High School and Beech High School in accordance with Section 49-2-203, Tennessee Code Annotated. The bid opening date was advertised to be July 16, 2008; however, on that date, the School Department provided vendors who were present with an addendum to the bid specifications and extended the bid opening date to July 23, 2008. On July 23, 2008, the Executive Committee awarded the paving contracts for Gallatin High School (\$489,065) and Beech High School (\$223,575), and the paving projects were subsequently completed by August 11, 2008. Payments for these contracts were made on December 16, 2008. We noted the following deficiencies:

- A. The Board of Education authorized the Executive Committee to seek funding for the paving projects; however, there is no evidence that the County Commission was ever presented with this funding request.
- B. The Executive Committee interpreted the Board of Education's authorization to solicit funding from the County Commission as their approval to solicit bids; however, the Board of Education never formally instructed the Executive Committee to solicit or award bids.
- C. The advertised bid opening date and related bid specifications of July 16, 2008, were amended without public notice. Sound business practices dictate that when original advertised bid information is amended, all bids received on the bid opening date should be rejected, and the amended date and new specifications should be publicly advertised.
- D. The lowest bid (\$189,115) was not accepted for the Beech High School project because the second lowest bid (\$223,575) included the milling of existing material before paving, while the lowest bid was based on patching holes and repaving. Since vendors bid different methods of paving, it appears the bid specifications were not specific enough for bidders to bid similar methods for comparability.
- E. The School Department did not enter into formal written contracts with the contractors employed to complete the projects. Without a written contract, the School Department and the contractors have no documented guidance for their responsibilities.

## RECOMMENDATION

The Board of Education should receive funding authorization from the County Commission prior to the Executive Committee advertising for bids and awarding contracts. The Board of Education should formally authorize the Executive Committee to advertise for bids and award contracts. Bid specifications should be written to allow comparability between bidders. The School Department should enter into formal written contracts with all contractors.

## MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The Board of Education authorized the director of schools to seek funding for several paving projects as recorded in the board's minutes of the July 17, 2007. Management understood this authorization to include the development of specifications and the permission to solicit sealed bids for the projects. The Board of Education continued over the next year to repeatedly request updates on these paving projects from the staff, further indicating the board's approval of these projects. The Board was updated at its regular meetings on the progress of the bid process and of the actual paving.

The statutory threshold for a written contract was requested from the auditors at the exit conference; however, the auditors were unable to provide an amount other than the \$500,000 threshold for construction projects. Absent any other statute, the finding of not having a written contract should be removed. Neither contract awarded exceeded \$500,000. The written specifications contained in the bid packet became part of the contract between the Board of Education and the paving contractors. The Board of Education is currently reviewing its purchasing policies with respect to the requirement of written contracts.

Management has reviewed sealed bid requirements with all departments to ensure that no changes will be made to advertised specifications without public notice.

The low bid for the Beech High School paving was not accepted for appropriate reasons. Management will review all bid awards to be sure that documentation is written and placed with the bid file, purchase order, and/or contract.

## AUDITOR'S REBUTTAL

Sound business practices dictate that any construction project regardless of size be evidenced by a formal written contract detailing each party's expectations and obligations.

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### **FINDING 08.13      **COMPETITIVE BIDS WERE NOT SOLICITED FOR TWO USED VANS FOR THE MAINTENANCE DEPARTMENT** (Noncompliance Under Government Auditing Standards)**

Competitive bids were not solicited for the purchase of two used vans (\$14,200 and \$11,565). Supporting documentation on file for the purchases indicated that the Executive Committee approved these as emergency purchases, and bids were not solicited because "sealed bid requests and newspaper advertisements in the past have yielded no bidders due

to the nature of the used vehicle market.” Section 49-2-203, Tennessee Code Annotated, requires public advertisement and solicitation of competitive bids for purchases exceeding \$10,000. Emergency purchases can reasonably be defined as purchases that do not occur within the normal course of business, could not have been foreseen, and/or are so urgent in character that an immediate purchase must be made because essential services would be disrupted. These purchases do not appear to be emergency purchases. The School Department’s failure to comply with purchasing policies and state statute is the result of management’s decision and leads to unauthorized transactions.

**RECOMMENDATION**

Competitive bids should be solicited for all purchases exceeding \$10,000 as required by statute. Emergency purchases should be unique in nature and subsequently approved by the Board of Education.

**MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS**

Two used trucks were purchased from a local car dealer for the Maintenance Department. Three Maintenance Department vehicles had broken down within several days, and school work orders were not able to be completed due to the lack of transportation for maintenance work crews. Satisfactory used vehicles were not available from state or federal surplus. The Executive Committee determined that the lack of available vehicles constituted an emergency situation in which essential maintenance services could not be provided to the district. The dealer could not guarantee that the vehicles would be available if the sealed bid process was followed. Due to the urgent need for these vehicles, Executive Committee approval was requested.

Under the current Board of Education practices, the Executive Committee no longer acts as the purchasing agent for the board. Used vehicles will be purchased only from state or federal surplus.

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**FINDING 08.14**      **THE OFFICE USED AN UNAUTHORIZED SIGNATURE STAMP**  
**(Noncompliance Under Government Auditing Standards)**

The School Department used a signature stamp to affix the director of school’s signature to documents issued by the office. Tennessee Code Annotated (TCA), does not provide authority for the use a signature stamp; however, Section 49-2-113, TCA, provides for the use of mechanical signing equipment approved by the Commissioner of Education and the Comptroller of the Treasury.

**RECOMMENDATION**

The office should immediately discontinue using the signature stamp.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The signature stamp of the director of schools was used only for the signing of diplomas. Certain forms and letters were signed electronically, using the digital signatures used in the electronic signing of warrants. The signature files are password protected and embedded within the financial software. Use of any signature stamp will be discontinued in accordance with TCA.

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FINDING 08.15      **THE SCHOOL DEPARTMENT DID NOT DEPOSIT SOME FUNDS WITHIN THREE DAYS OF COLLECTION**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

In some instances, the School Department did not deposit funds within three days of collection. Section 5-8-207, Tennessee Code Annotated, requires county officials to deposit public funds with the county trustee within three days of collection of the funds. The delay in depositing funds results in a loss of investment earnings and increases the risks of fraud and misappropriation.

RECOMMENDATION

The School Department should ensure that all funds are deposited within three days of collection as required by state statute.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Internal procedures have been revised. Deposits will be made with the county trustee at least every Tuesday and Friday, meeting the three day requirement.

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FINDING 08.16      **THE ACCOUNTING SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Prior to being posted in the general ledger, automated financial transactions could be changed, and an audit trail of these changes would not be maintained. Sound business practices dictate that proper application controls be implemented. Without an audit trail of system activity, errors and improper changes could occur and go undetected. When this weakness was brought to the official's attention, the vendor was contacted and this capability was removed.

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## **OFFICE OF TRUSTEE**

**FINDING 08.17      THE OFFICE DID NOT REQUIRE A DEPOSITORY TO ADEQUATELY COLLATERALIZE FUNDS EXCEEDING FEDERAL DEPOSIT INSURANCE CORPORATION COVERAGE  
(Noncompliance Under Government Auditing Standards)**

The trustee did not require a depository to pledge securities to protect funds exceeding Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2008, deposits, at a depository holding county funds, exceeded FDIC coverage and collateral securities pledged by \$52,480. Section 5-8-201, Tennessee Code Annotated, provides for county officials to require any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of the funds exceeding FDIC coverage. This deficiency exists due to the trustee not correcting the deficiency reported in prior audit reports. The failure to adequately collateralize funds could result in a loss of funds for the county.

### **RECOMMENDATION**

The trustee should require all depositories to pledge adequate securities to protect county funds exceeding FDIC coverage as required by state statute.

### **MANAGEMENT'S RESPONSE – TRUSTEE**

The bank that failed to pledge adequate collateral securities has been temporarily removed from our investment list and encouraged to become part of the bank collateral pool.

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## **OFFICE OF SHERIFF**

**FINDING 08.18      INMATE FUNDS TOTALING \$192 WERE MISSING  
(Internal Control – Significant Deficiency Under Government Auditing Standards)**

In February 2008, the sheriff advised auditors that an inmate's funds totaling \$192 were missing. The Sheriff's Department conducted an internal investigation, but could not determine who was responsible for the shortage. Therefore, a check was written from the sheriff's fee account to return the funds to the inmate. This shortage was the result of a lack of management oversight over risks related to safeguarding assets.

### **RECOMMENDATION**

Management should perform a risk assessment and analyze their internal control procedures over safeguarding assets.

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**OFFICE OF CLERK AND MASTER**

**FINDING 08.19**      **THE OFFICE DID NOT REVIEW SOFTWARE AUDIT LOGS**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

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

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**OTHER FINDINGS AND RECOMMENDATIONS**

**FINDING 08.20**      **THE COUNTY DID NOT COMPLY WITH ITS PRIVATE ACT REGARDING PURCHASING**  
(Noncompliance Under Government Auditing Standards)

Chapter 113, Private Acts of 2002, provides that the financial management committee, with the assistance of the purchasing agent, shall establish a purchasing system for the county. The financial management committee had not established a formal purchasing system.

**RECOMMENDATION**

The financial management committee should establish a purchasing system in compliance with its private act.

**MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE ANTHONY HOLT**

The county has implemented purchasing resolutions and policies.

**AUDITOR'S REBUTTAL**

Auditors requested a written copy of the county's purchasing policies and procedures; however, county officials could not provide a copy of formal policies and procedures adopted by the financial management committee.

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**FINDING 08.21      DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF CIRCUIT COURT CLERK AND CLERK AND MASTER**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of Circuit Court Clerk and Clerk and Master. Employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions 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 – CIRCUIT COURT CLERK**

The finding, which I have had in previous years, involves segregation of duties in the Office of Circuit Court Clerk. I feel very comfortable with the financial division of the office and the way the accounting duties are carried out. I believe there could be no theft in my office with the procedures that I have in place due to the several employees that are involved with receipts, checks, etc.

**AUDITOR'S REBUTTAL**

Our professional standards require that we bring this matter to the reader's attention in this report.

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

There were no findings and questioned costs for federal awards.

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**SUMNER 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.