



**ANNUAL FINANCIAL REPORT
SUMNER COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2009



This page is left blank intentionally.

ANNUAL FINANCIAL REPORT
SUMNER COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2009

DEPARTMENT OF AUDIT
JUSTIN P. WILSON
Comptroller of the Treasury

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

JAMES R. ARNETTE
Director

JEFF BAILEY, CPA, CGFM, CFE
Audit Manager

RACHELLE CABADING, CFE
Auditor 4

FERMAN PRIDE, CGFM
STEPHANIE MACEINA, CFE
JOSEPH ENSMINGER, CFE
NATHAN ABBOTT, CISA, CFE
JACOB KENNEDY
State Auditors

This financial report is available at www.tn.gov/comptroller

This page is left blank intentionally.

SUMNER COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		9-10
<u>INTRODUCTORY SECTION</u>		11
Sumner County Officials		13
<u>FINANCIAL SECTION</u>		15
Independent Auditor's Report		17-19
Management's Discussion and Analysis		21-41
BASIC FINANCIAL STATEMENTS:		43
Government-wide Financial Statements:		
Statement of Net Assets	A	45-46
Statement of Activities	B	47-48
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	49
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	50
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	51
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	52
Proprietary Funds:		
Statement of Net Assets	D-1	53
Statement of Revenues, Expenses, and Changes in Net Assets	D-2	54
Statement of Cash Flows	D-3	55
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	E	56
Notes to the Financial Statements		57-96
REQUIRED SUPPLEMENTARY INFORMATION:		97
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual (Budgetary Basis) and Budget:		
General Fund	F-1	99-102
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Sumner County School Department	F-2	103

	Exhibit	Page(s)
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Sumner County School Department	F-3	104
Notes to the Required Supplementary Information		105
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		107
Nonmajor Governmental Funds:		109-110
Combining Balance Sheet	G-1	111
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	112
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Courthouse and Jail Maintenance Fund	G-3	113
Drug Control Fund	G-4	114
District Attorney General Fund	G-5	115
Highway/Public Works Fund	G-6	116
Major Governmental Fund:		117
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	H	119
Fiduciary Funds:		121
Combining Statement of Fiduciary Assets and Liabilities	I-1	123
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	I-2	124-125
Component Unit:		
Discretely Presented Sumner County School Department:		127
Statement of Activities	J-1	129
Balance Sheet – Governmental Funds	J-2	130
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	J-3	131
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-4	132
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-5	133
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-6	134-135
School Federal Projects Fund	J-7	136
Miscellaneous Schedules:		137
Schedule of Changes in Long-term Notes and Bonds	K-1	139
Schedule of Long-term Debt Requirements by Year	K-2	140
Schedule of Investments	K-3	141
Schedule of Transfers – Primary Government and Discretely Presented Sumner County School Department	K-4	142

	Exhibit	Page(s)
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Sumner County School Department	K-5	143
Schedule of Detailed Revenues – All Governmental Fund Types	K-6	144-155
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Sumner County School Department	K-7	156-157
Schedule of Detailed Expenditures – All Governmental Fund Types	K-8	158-179
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Sumner County School Department	K-9	180-196
Schedule of Detailed Revenues and Expenses – Self-Insurance Fund	K-10	197
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	K-11	198
 <u>SINGLE AUDIT SECTION</u>		 199
 Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		 201-203
Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>		 205-207
Schedule of Expenditures of Federal Awards and State Grants		209-210
Schedule of Audit Findings Not Corrected		211
Schedule of Findings and Questioned Costs		213-226
Auditee Reporting Responsibilities		227

This page is left blank intentionally.

Audit Highlights
Annual Financial Report
Sumner County, Tennessee
For the Year Ended June 30, 2009

Scope

We have audited the basic financial statements of Sumner County as of and for the year ended June 30, 2009.

Results

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

Our audit resulted in 12 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

- ◆ Deficiencies were noted in the \$300,000 payment to the Sumner Regional Airport Authority.
- ◆ Internal control deficiencies existed in the collection of funds at the Ambulance Service.
- ◆ The Library Department did not issue official prenumbered receipts for some collections and did not always deposit funds within three days of collection.
- ◆ Several deficiencies were noted concerning employees' leave.
- ◆ The Ambulance Service had deficiencies in computer system backup procedures.

OFFICE OF PURCHASING DIRECTOR

- ◆ The office had deficiencies in purchasing procedures.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Appropriations exceeded estimated available funds in the School Federal Projects Fund.
 - ◆ The office had deficiencies in controls over its information system environment.
-

OFFICE OF ASSESSOR OF PROPERTY

- ◆ Several deficiencies were noted concerning employees' leave.
-

OFFICE OF CLERK AND MASTER

- ◆ The office had deficiencies in controls over its information system environment.
-

OFFICE OF SHERIFF

- ◆ Collections for animal control were not adequately safeguarded.
-

OTHER FINDING

- ◆ Duties were not segregated adequately in the Offices of Circuit Court Clerk and Clerk and Master.

INTRODUCTORY SECTION

This page is left blank intentionally.

Sumner County Officials
June 30, 2009

Officials

Anthony Holt, 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
David Lawing, Director of Finance
Leah Dennen, Law Director

Board of County Commissioners

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

Board of Education

Mike Fussell, Chairman	Tim Brewer
Beth Cox	Danny Hale
David Brown	Ted Wise
Don Long	Will Duncan
Glen Gregory	Rob Wheeler
Ben Harris	

Financial Management Committee

David Kimbrough, Chairman	Jim Vaughn
Anthony Holt, County Executive	Frank Freels
Scotty Parker, Superintendent of Roads	Kirk Moser
Benny Bills, Director of Schools	

This page is left blank intentionally.

FINANCIAL SECTION

This page is left blank intentionally.



**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

December 18, 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, 2009, 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 Sumner County Regional Airport Authority, which represent 2.42 percent and .84 percent, respectively, of the assets and revenues of the aggregate discretely presented component units, as of June 30, 2009, and for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Sumner County Regional Airport Authority, is based on the report of the other auditors.

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

evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

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

In our opinion, based on our audit and the report of other auditors, except for the effects of not including the financial statements of the Sumner County Emergency Communications and the Resource Authority in Sumner County, Tennessee, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units of Sumner County, Tennessee, as of June 30, 2009, and the results of operations of the aggregate discretely presented component units, for the year ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sumner County, Tennessee, as of June 30, 2009, 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 December 18, 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.

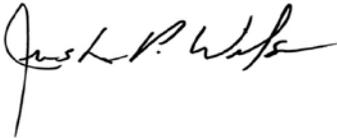
As described in Note V.B., Sumner County has adopted the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments.

The management's discussion and analysis on pages 21 through 41 and the budgetary comparison, pension, and postemployment benefits information on pages 99 through 105 are not required parts of the basic financial statements but they do provide supplementary information required by the Governmental Accounting Standards Board. 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.

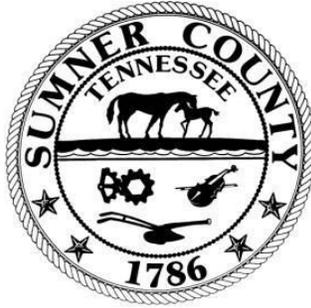
Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

This page is left blank intentionally.



Management's Discussion and Analysis For Sumner County, Tennessee

As management for Sumner County, Tennessee, we offer readers of Sumner County Government's financial statements this narrative overview and analysis of the financial activities of Sumner County Government for the fiscal year ended June 30, 2009. In addition, this discussion and analysis includes an overall view of the discretely presented component unit (DPCU), the Sumner County School Department. A separate set of financial statements is not issued for the Sumner County School Department. The intent of this discussion and analysis is to look at the county's and the discretely presented Sumner County School Department's financial performance as a whole.

The Sumner County Regional Airport Authority, the Sumner County Emergency Communications District, and the Resource Authority are also discretely presented component units of the county. However, the financial statements of the Sumner County Emergency Communications District and the Resource Authority were not available in time for inclusion in this report. Readers should also review the separately issued financial statements and management's discussions and analysis for these discretely presented component units.

FINANCIAL HIGHLIGHTS

- ❖ The liabilities of Sumner County exceeded its assets at the close of the fiscal year by approximately \$36.6 million. However, it should be noted that the financial statements of Sumner County include debt in excess of \$145 million attributable to the Sumner County Board of Education. The discretely presented Sumner County School Department's assets exceeded its liabilities by approximately \$254.84 million at June 30, 2009.
- ❖ The primary government's total net assets decreased by approximately \$53.4 million and the discretely presented Sumner County School Department's net assets increased by approximately \$46.83 million. However, it should be noted that the primary government had education expenses of approximately \$82.73 million. Of these educational expenses, approximately \$71.34 million were contributions for capital outlay. The remaining education costs were for the self-insured plans of occupational compensation (in-lieu-of workmen's compensation), liability insurance, and health insurance.

- ❖ As of the close of the fiscal year, Sumner County's Governmental Funds reported \$33,135,872 of total fund balances (reserved and unreserved); this is a decrease of \$89,288,733 from the previous fiscal year. This decrease is primarily attributable to a decrease in the General Capital Projects Fund of \$68,076,206. Of this decrease, \$64,175,119 was the expending of bond proceeds for school capital outlay projects. Also, the General Fund's balance decreased by \$6,962,646 primarily as a result of a \$4.8 million supplemental appropriation to purchase and renovate a school maintenance facility. This appropriation was funded by unreserved fund balance from the "Hospital Proceeds" designation. The General Debt Service Fund's balance decreased by \$14,258,363 for a \$17 million balloon payment on a capital outlay note. The discretely presented Sumner County School Department's Governmental Funds reported \$18,145,760 of total fund balances (reserved and unreserved); this is a decrease of \$3,460,617 from the previous fiscal year.
- ❖ At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$15,397,644 or approximately 33.63 percent of the General Fund's annual budgetary expenditures (including other uses). The unreserved fund balance of the discretely presented Sumner County School Department's General Purpose School Fund was \$13,469,950 or approximately 7.09 percent of the fund's annual budgetary expenditures (including other uses).
- ❖ The largest governmental activity performed by the primary government was education. As presented on Exhibit B, education's cost (primary government) was \$82,703,685, which consumed \$71,689,098 of local general tax revenue. These were costs associated directly with the primary government; the component unit - Sumner County School Department's total expenditures were \$215,097,474 with \$118,984,505 of net expenses.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Sumner County's and the discretely presented Sumner County School Department's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to the financial statements. This annual financial report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements were created to give readers a broad overview, in a manner similar to a private-sector business, of the county's and school's finances. The government-wide financial statements consist of two statements: the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets presents information on all of Sumner County's and its discretely presented component units' assets and liabilities with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the county and its discretely presented component units are improving or deteriorating.

The Statement of Activities presents information showing how Sumner County's and its discretely presented component units' net assets changed during the current fiscal year. All changes in net assets are reported on the accrual basis of accounting as soon as the underlying event giving rise to changes occurs. Therefore, some revenues and expenses reported in this statement will result in cash flows in future periods.

These government-wide financial statements of Sumner County and the discretely presented Sumner County School Department distinguish between major functions that are principally supported by taxes and intra-governmental revenues from functions that are intended to recover all, or a significant portion of, their costs from user fees and/or charges – business type activities. The governmental activities of Sumner County include: general government; finance; administration of justice; public safety; public health and welfare; social, cultural, and recreational services; agriculture and natural resources; other operations; highways; and education. Sumner County and the discretely presented Sumner County School Department have no business-type functions.

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

The government-wide financial statements include not only Sumner County Government itself (known as the primary government), but also a legally separate school system for which the Sumner County Government is financially accountable. These statements also include the legally separate Sumner County Regional Airport Authority. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Sumner County and the discretely presented Sumner County School Department use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Sumner County and the discretely presented Sumner County School Department can be divided into three broad categories: governmental, proprietary, and fiduciary funds.

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

Because the focus of the governmental funds is short-term in comparison to the government-wide financial statements, it is useful to compare the two. In doing so, readers may be able to understand how short-term financing decisions can impact the government long-term. Reconciliations between the government-wide financial statements and the governmental statements are provided on Exhibits C-2 and C-4 for Sumner County Primary Government and on Exhibits J-3 and J-5 for the discretely presented Sumner County School Department to facilitate all comparisons.

Sumner County maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General; General Debt Service; and the General Capital Projects funds; all of which are considered to be major funds. Financial data from the remaining governmental funds are combined into a single, aggregated amount with detail provided in the combining and individual fund financial statements and schedules.

The discretely presented Sumner County School Department maintains two individual governmental funds. The General Purpose School Fund is considered a major fund.

Sumner County adopts an annual budget for its General Fund, all special revenue funds (except the Constitutional Officers - Fees Fund), and its General Debt Service Fund. The discretely presented Sumner County School Department, with the approval of the county, adopts an annual budget for its General Purpose School and School Federal Projects funds. Budgetary comparisons have been provided for these funds to demonstrate budgetary compliance.

Governmental fund financial statements can be found in the table of contents.

Proprietary Funds

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on Exhibits D-1 through D-3.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Sumner County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds (economic resources measurement) except agency funds, which have no measurement focus.

The basic fiduciary fund financial statement can be found as Exhibit E.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in government-wide and fund financial statements. The notes to the financial statements can be located in the table of contents.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains combining and individual fund statements and schedules for Sumner County and the discretely presented Sumner County School Department. A table of contents has been provided to locate this information.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. Sumner County’s liabilities exceeded its assets at June 30, 2009, by \$36,596,624. The constitution for the State of Tennessee allows only the local legislative body to issue debt. Therefore, whenever the Sumner County Board of Education requires the issuance of debt to fund major capital projects or equipment purchases, the related debt must be issued by Sumner County. At the end of the current fiscal year, Sumner County had outstanding debt related to the Sumner County Board of Education of \$145,025,000. The related assets for this debt are reported on the statement of net assets under component units in the column Sumner County School Department. The discretely presented Sumner County School Department assets exceeded its liabilities at June 30, 2009, by \$254,841,907.

Sumner County’s and the Discretely Presented Sumner County School Department’s Net Assets

	Sumner County Primary Government Governmental Activities	
	June 30, 2009	June 30, 2008
Assets:		
Current and Other Assets	\$ 79,527,204	\$ 167,542,804
Capital Assets	78,320,179	73,090,354
Total Assets	\$ 157,847,383	\$ 240,633,158
Liabilities:		
Long-term Liabilities Outstanding	\$ 138,322,152	\$ 152,928,980
Other Liabilities	56,121,855	70,898,370
Total Liabilities	\$ 194,444,007	\$ 223,827,350

		Sumner County Primary Government Governmental Activities (Cont.)	
		June 30, 2009	June 30, 2008
Net Assets:			
Invested in Capital Assets, Net of			
Related Debt	\$	78,320,179	\$ 73,090,354
Restricted		19,492,243	101,098,096
Unrestricted		(134,409,046)	(157,382,642)
Total Net Assets	\$	(36,596,624)	\$ 16,805,808

		Sumner County School Department Governmental Activities	
		June 30, 2009	June 30, 2008
Assets:			
Current and Other Assets	\$	73,025,050	\$ 71,294,515
Capital Assets		244,556,295	185,831,916
Total Assets	\$	317,581,345	\$ 257,126,431
Liabilities:			
Long-term Liabilities Outstanding	\$	9,986,970	\$ 547,858
Other Liabilities		52,752,468	48,564,306
Total Liabilities	\$	62,739,438	\$ 49,112,164
Net Assets:			
Invested in Capital Assets	\$	244,556,295	\$ 185,831,916
Restricted		2,417,859	2,895,176
Unrestricted		7,867,753	19,287,175
Total Net Assets	\$	254,841,907	\$ 208,014,267

By far, the largest portion of Sumner County's and the discretely presented Sumner County School Department's net assets is \$78,320,179 and \$244,556,295, respectively, reflecting their investment in capital assets (e.g., land, building, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. Sumner County and the discretely presented Sumner County School Department use these capital assets to provide services to its citizenry; therefore, these are not available to meet any obligations. Although Sumner County's investment in its capital assets is reported net of related debt, resources needed to repay this debt must come from outside resources because the capital assets themselves cannot be liquidated to pay these liabilities.

An additional portion of Sumner County's and the discretely presented Sumner County School Department's net assets is \$19,492,243 and \$2,417,859, respectively, which are subject to external restrictions on how they may be used.

Sumner County's unrestricted net assets are a negative \$134,409,046. This negative balance represents all unrestricted non-capital related assets net of the Sumner County School Department's debt of \$145,025,000.

Sumner County's total net assets have decreased by \$53,402,432 from the previous year. This change was primarily the result of a net decrease in the fund balances of the General and General Capital Projects funds and prior-period adjustments. The General Fund expended \$4.8 million of the "Hospital Proceeds" designation to purchase and renovate a maintenance facility for the discretely presented Sumner County School Department. The General Capital Projects Fund expended \$64,175,119 on school capital projects from bond proceeds and \$1,068,690 on school roofing projects from funds transferred from the General Debt Service Fund in prior years. Prior-period adjustments of (\$1,951,323) were recognized. These adjustments consist of (\$1,716,738) of prepaid health insurance premiums for July and August 2008, and (\$234,585) of other postemployment benefits obligations, which were not recorded in the June 30, 2008, financial statements. The discretely presented Sumner County School Department's net assets have increased by \$46,827,640 from the previous year. This change was primarily the result of a net increase in capital assets of \$58,724,379 and decreases for a prior-period adjustment of (\$4,290,514) for other postemployment benefits obligations for the June 30, 2008, fiscal year.

Sumner County's and the Discretely Presented Sumner County School Department's Changes in Net Assets

	Sumner County Primary Government Governmental Activities	
	Fiscal Year Ended June 30, 2009	Fiscal Year Ended June 30, 2008
Revenues:		
Program Revenues:		
Charges for Services	\$ 28,355,681	\$ 31,461,636
Operating Grants and Contributions	4,145,735	4,266,606
Capital Grants and Contributions	5,295,616	1,382,201
General Revenues:		
Property Taxes	31,014,578	30,367,679
Local Option Sales Tax	5,559,794	5,704,901
Wheel Tax	1,747,230	1,746,442
Interstate Telecommunications Tax	7,119	0
Business Tax	1,301,051	1,329,455
Adequate Facilities/Development Tax	1,244,582	1,637,914
Hotel/Motel Tax	392,110	405,600
Wholesale Beer Tax	504,249	407,750
Litigation Taxes	594,819	627,634
Mineral Severance	147,176	232,449
Beer Privilege Tax	2,264	0
Grants and Contributions Not Restricted to Specific Programs	5,318,902	3,356,601

Sumner County Primary Government
Governmental Activities (Cont.)

	<u>Fiscal Year Ended</u> <u>June 30, 2009</u>	<u>Fiscal Year Ended</u> <u>June 30, 2008</u>
Revenues (Cont.):		
General Revenues (Cont.):		
Unrestricted Investment Income	\$ 2,813,273	\$ 5,863,159
Miscellaneous	877,593	1,165,391
Total Revenues	<u>\$ 89,321,772</u>	<u>\$ 89,955,418</u>
Expenses:		
General Government	\$ 6,248,278	\$ 7,243,515
Finance	4,236,943	3,969,737
Administration of Justice	3,792,860	3,627,354
Public Safety	15,087,319	14,519,864
Public Health and Welfare	9,274,308	8,869,158
Social, Cultural, and Recreational Services	3,465,467	3,037,133
Agriculture and Natural Resources	404,359	476,302
Other Operations	1,527,191	18,284
Highways	6,031,527	6,345,562
Education	82,730,685	40,518,583
Interest on Long-term Debt	7,972,469	7,857,421
Debt Service	1,475	94,611
Total Expenses	<u>\$ 140,772,881</u>	<u>\$ 96,577,524</u>
Change in Net Assets	\$ (51,451,109)	\$ (6,622,106)
Net Assets, July 1, 2008/July 1, 2007	16,805,808	23,427,914
Prior-period Adjustment	(1,951,323)	0
Net Assets , June 30, 2009/June 30, 2008	<u>\$ (36,596,624)</u>	<u>\$ 16,805,808</u>

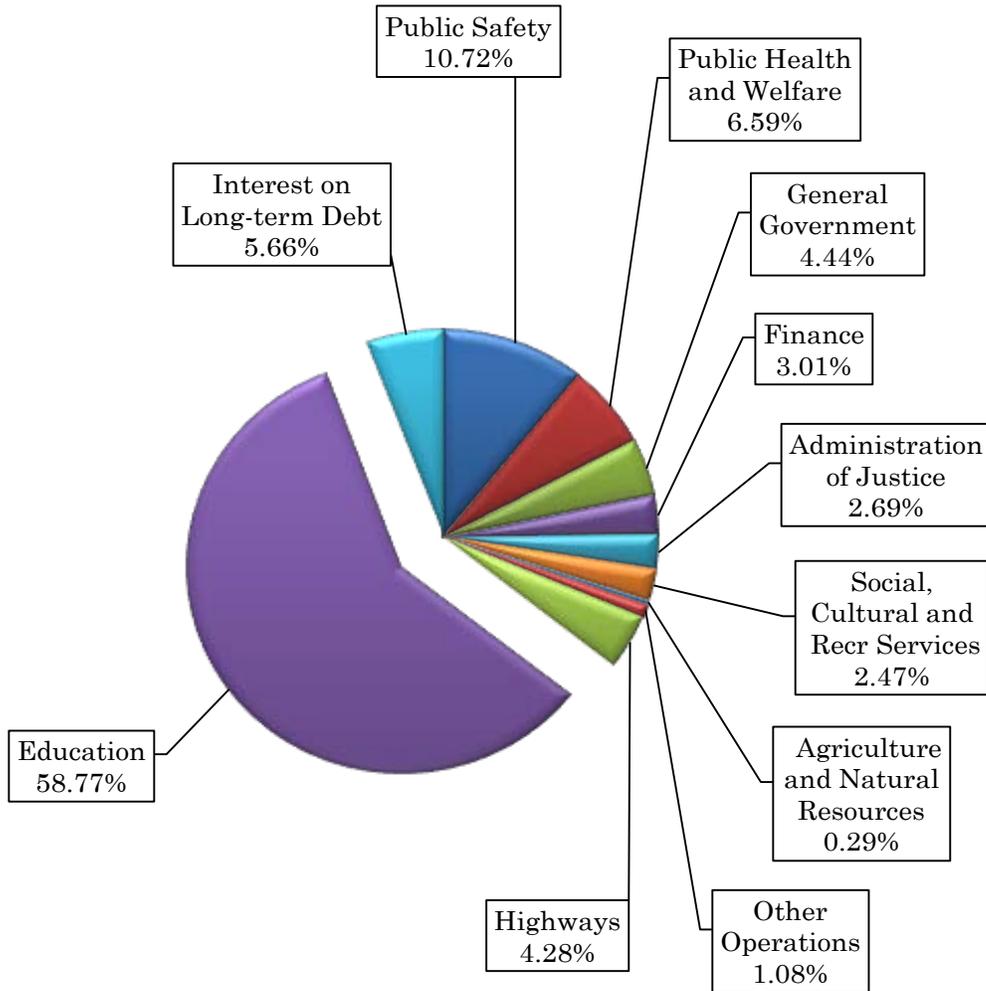
Sumner County School Department
Governmental Activities

	Fiscal Year Ended June 30, 2009	Fiscal Year Ended June 30, 2008
Revenues:		
Program Revenues:		
Charges for Services	\$ 8,986,750	\$ 8,152,879
Operating Grants and Contributions	17,193,752	16,235,941
Capital Grants and Contributions	69,932,467	0
General Revenues:		
Property Taxes	47,543,628	46,571,543
Local Option Sales Tax	11,066,550	11,472,597
Wheel Tax	4,076,613	4,074,820
Interstate Telecommunications Tax	8,980	0
Grants and Contributions Not Restricted to Specific Programs	107,105,208	104,123,449
Unrestricted Investment Income	36,543	87,097
Miscellaneous	265,137	273,613
Total Revenues	\$ 266,215,628	\$ 190,991,939
Expenses:		
Education	\$ 215,097,474	\$ 175,485,072
Total Expenses	\$ 215,097,474	\$ 175,485,072
Change in Net Assets	\$ 51,118,154	\$ 15,506,867
Net Assets, July 1, 2008/July 1, 2007	208,014,267	192,507,400
Prior-period Adjustment	(4,290,514)	0
Net Assets , June 30, 2009/June 30, 2008	\$ 254,841,907	\$ 208,014,267

Governmental Program Expenses

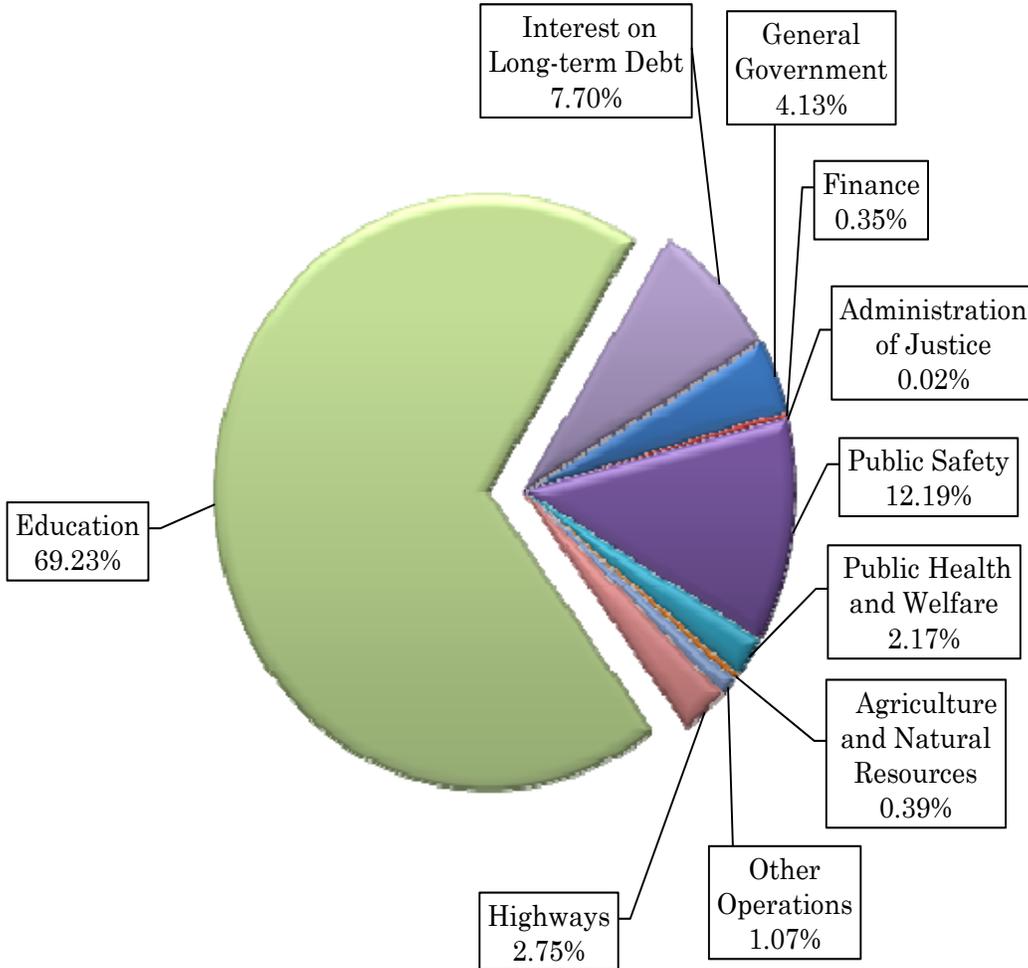
Education expenses of \$82,730,685 were the single largest expenditure of Sumner County, the primary government, consisting of 58.77 percent of total expenses. Of that amount, \$11,041,587 was recovered by charges for services. Social, Cultural, and Recreational Services were entirely funded from program revenues. However, a \$3,994,390 one-time social, cultural, and recreations capital contribution was received in the form of the Gallatin Library. For additional details, see illustrations below. Note all amounts are rounded to two decimal places in the following chart.

Expenses by Governmental Activities



The following illustration shows the “net (expenses)” from Exhibit B as a percentage of the total. Unlike the preceding illustration, this one does not merely show the percentage of total costs, it shows the impact of the program on the local citizens’ tax base, as a percentage. Net expense is all program expenses less all program revenues. Note all amounts are rounded to two decimal places in the following chart.

Net Cost by Governmental Activities



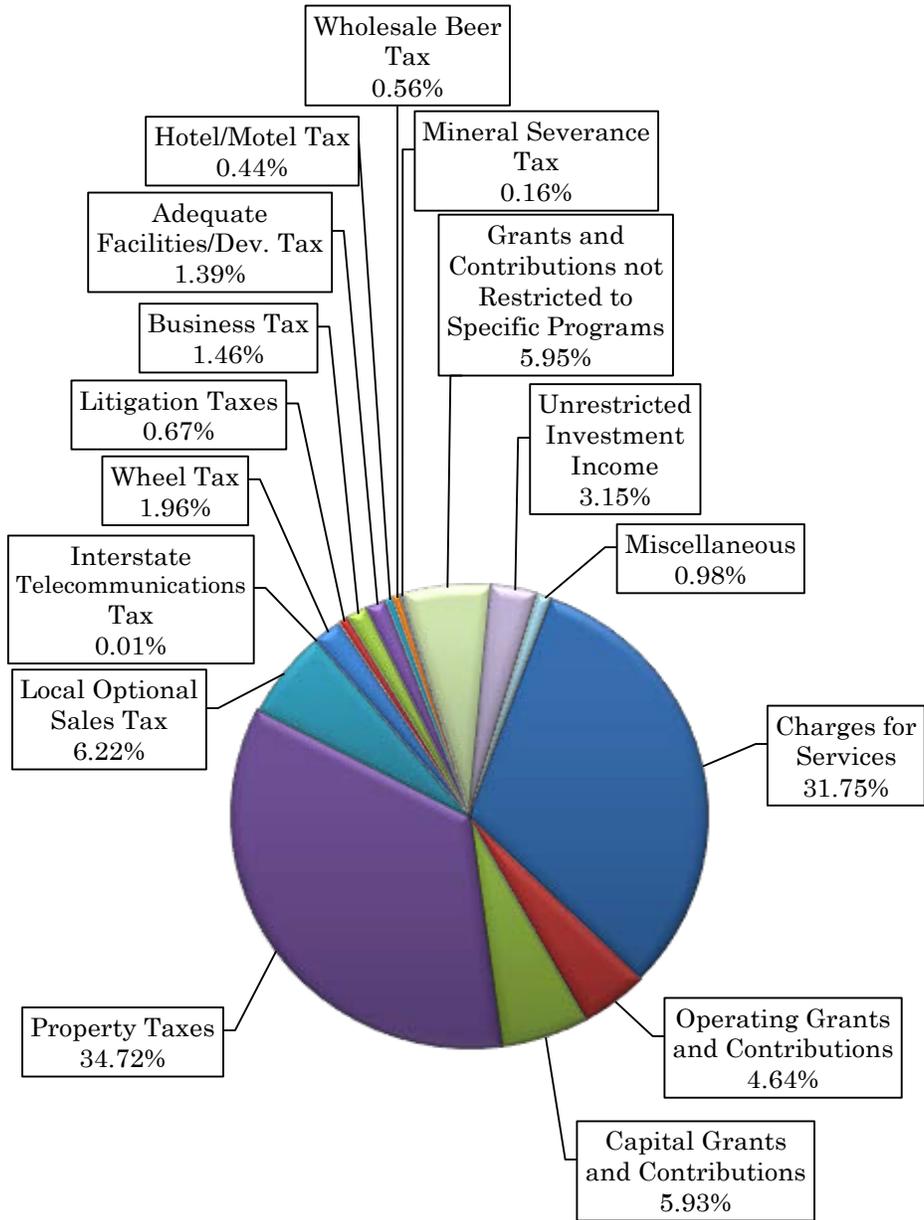
Revenues on the government-wide statement of activities are broken into two major categories, program and general revenues.

Program revenues are of three types: charges for services (arise from charges to customers), operating grants and contributions (restricted for a specific purpose), and capital grants and contributions (restricted for a specific purpose).

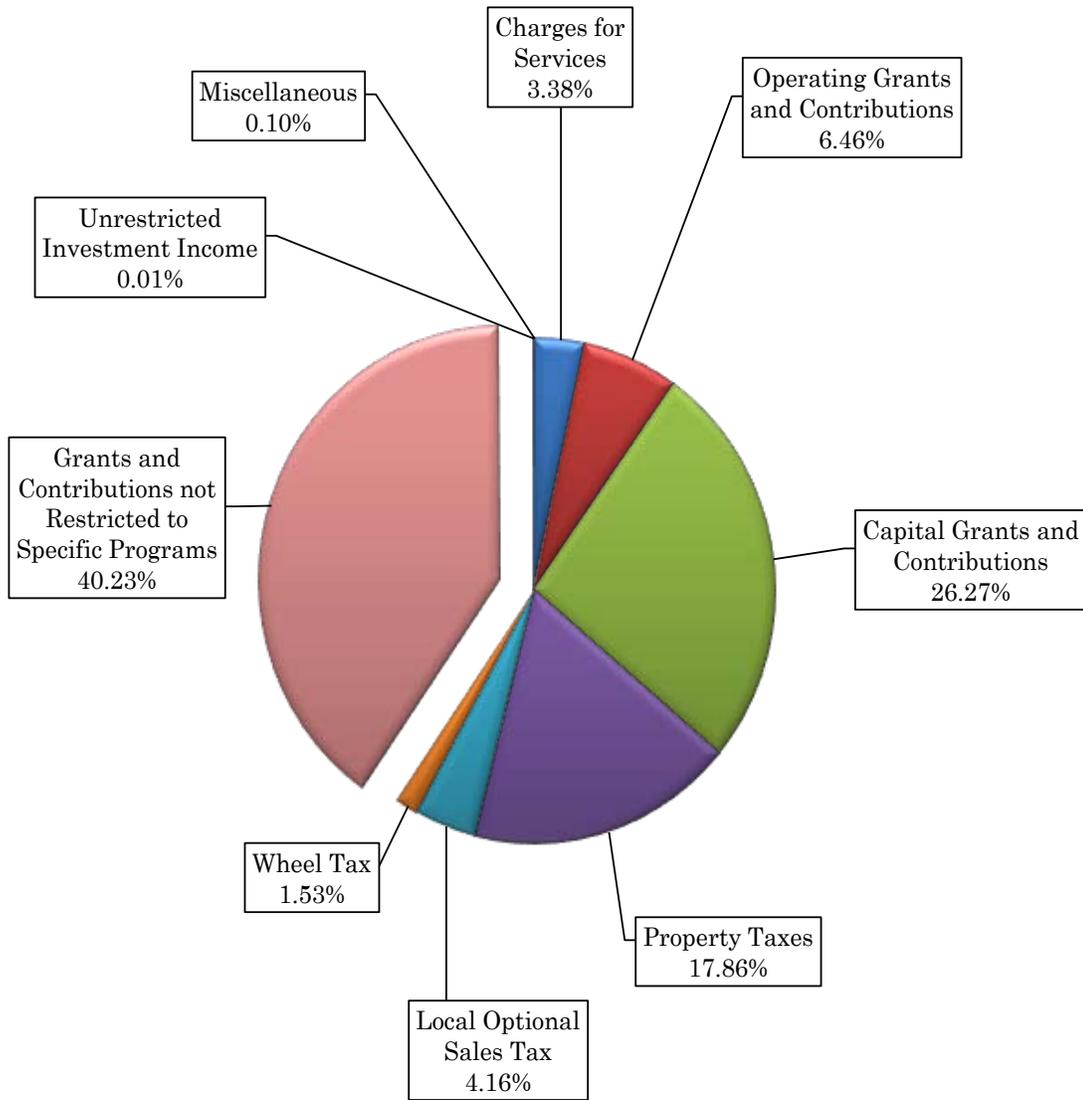
General revenues are all revenues that do not qualify as program revenues.

The largest revenue source by far is general revenues. The largest single revenue sources within this major category are property taxes for the county and grants and contributions not restricted to specific programs for the School Department. Note all amounts are rounded to two decimal places in the following charts.

**Primary Government
Revenues by Source – Governmental Activities**



**Sumner County School Department
Revenues by Source – Governmental Activities**



Financial Analysis of the Government's Funds

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

Unreserved Fund Balances for Major Funds for the Ten Most Recent Fiscal Years

Sumner County - Primary Government

Year Ended June 30	General Fund	General Debt Service Fund	General Capital Projects Fund
2000	\$ 4,997,685	\$ 13,317,141	\$ 5,867,927
2001	5,098,368	15,364,429	3,983,531
2002	4,460,685	17,476,579	8,065,819
2003	4,404,464	19,022,344	15,481,557
2004	17,013,753	20,870,672	10,919,792
2005	20,046,034	24,364,520	5,192,708
2006	20,809,202	23,941,424	1,329,281
2007	22,704,328	19,952,276	11,080,439
2008	22,325,922	20,537,570	15,094,089
2009	15,397,644	5,979,207	1,477,408

Discretely Presented Sumner County School Department

Year Ended June 30	General Purpose School Fund
2000	\$ 7,881,725
2001	8,990,690
2002	7,892,757
2003	6,966,130
2004	8,501,618
2005	6,701,713
2006	8,956,331
2007	14,745,559
2008	17,117,336
2009	13,469,950

As of the end of the current fiscal year, Sumner County Government's governmental funds reported combined ending fund balances of \$33,135,872, a decrease of \$89,288,733 in comparison to the previous fiscal year. Of this decrease, \$6,962,646 was attributable to a decrease in the General Fund's balance, primarily as a result of a budget amendment for \$4.8 million to purchase and renovate a maintenance facility for the Sumner County School Department and a \$1,065,477 shortfall from budgeted to actual for revenues and other financing sources. The General Debt Service Fund decreased by \$14,258,363 due to a \$17 million balloon payment on a capital outlay note. The General Capital Projects Fund decreased by \$68,076,206. This fund had \$66,201,157 of educational capital projects expenditures of which \$957,348 was offset by other local revenues and contributions. The

remaining education capital expenditures were paid from cash on hand from prior year bond issuances and inter-fund transfers. The remaining decreases in this fund consist of \$431,828 for construction costs of the Gallatin Library; \$363,382 for construction costs of the Hendersonville Library; \$702,356 for the construction costs of the Archives Building; \$690,807 for the construction costs of the Shackle Island Community Center; \$1,116,744 for waterline project donations; and the costs of various other small general government capital projects. Of this total, fund balances of \$6,203,203 represent an encumbered balance to liquidate contracts and purchase orders at the end of the period, \$843,300 represents unspent legally reserved revenues, and \$300,000 represents the amount reserved for a long-term note receivable from the Sumner County Airport Authority. Of the remaining unreserved fund balances, \$5,979,207 was in the General Debt Service Fund, \$2,822,447 in special revenue funds, and \$1,585,071 in capital projects funds. Special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. Capital projects funds are used to account for financial resources in the acquisition or construction of major capital facilities. As of June 30, 2009, the discretely presented Sumner County School Department's governmental funds reported combined ending fund balances of \$18,145,760, a decrease of \$3,460,617, in comparison from the previous fiscal year. Of this total, fund balances of \$2,270,189 represent an encumbered balance to liquidate contracts and purchase orders at the end of the period, and \$2,405,621 represents unspent legally reserved revenues.

The General Fund is the chief operating fund of the Sumner County Government. At the end of the current fiscal year, the unreserved fund balance was \$15,397,644, while the total fund balance was \$16,358,435. The unreserved fund balance decreased by \$6,928,278 during the fiscal year. This decrease in fund balance was primarily the result of a supplemental appropriation of \$4,800,000 for the purchase and renovation of a maintenance facility. This supplemental appropriation was funded from unreserved fund balance from the "Hospital Proceeds" designation. Revenues and other financial sources actual collections were (\$1,065,477) below budgeted amounts. The General Purpose School Fund is the chief operating fund of the discretely presented Sumner County School Department. At the end of the current fiscal year, the unreserved fund balance was \$13,469,950, while the total fund balance was \$16,949,916. The unreserved fund balance decreased by \$3,647,386 during the fiscal year.

The General Debt Service Fund had a total fund balance of \$6,279,207, with an unreserved fund balance of \$5,979,207. All of this fund's balance is reserved for the payment of long-term liabilities. The unreserved fund balance for the General Debt Service Fund decreased from the prior year by \$14,558,363 due to a \$17 million balloon capital outlay note payment.

The General Capital Projects Fund is used to account for major capital projects for Sumner County and the discretely presented Sumner County School Department. At the end of the current fiscal year, the unreserved fund balance was \$1,477,408, while the total fund balance was \$7,568,120. The unreserved fund balance decreased by \$13,616,681 during the fiscal year. This decrease in fund balance was primarily the result of expending bond proceeds from prior-year issuances.

General Fund Budgetary Highlights

The difference in the original and the final budget's appropriations, including other uses, was an increase of \$8,083,493 compared to the original budget of \$41,352,891 including other uses. Of this amount, \$2,389,943 was to be funded from an estimated increase in revenues and other sources with the remainder to be funded from fund balance. Following are the main components of the increase:

- \$4,800,000 supplemental appropriations to purchase and renovate a maintenance facility funded from the unreserved fund balance's "Hospital Proceeds" designation
- \$1,072,100 supplemental appropriation to the Sumner County Health Departments funded by an increase in estimated revenues from the State of Tennessee of \$1,060,100 and \$12,000 from the City of Portland
- \$500,000 supplemental appropriation for a Tennessee Housing Development Agency Grant funded by an estimated increase in grant revenues
- \$437,797 supplemental appropriation for Homeland Security Grants to be funded by an estimated increase in grant revenues
- \$295,000 supplemental appropriation to the Sumner County Regional Airport Authority for federal grant matching funds funded from the unreserved fund balance's "Hospital Proceeds" designation
- \$73,128 supplemental appropriation for geographical information system projects funded by an estimated increase in other local revenues
- \$79,000 supplemental appropriation for an officer provided to the Eighteenth Judicial District Drug Task Force to be funded by an estimated increase in other financing sources – operating transfers from the Eighteenth Judicial District Drug Task Force
- \$43,569 supplemental appropriation for Governor's Highway Safety Office Grants to be funded by an estimated increase in grant revenues
- \$86,883 supplemental appropriation to the Gallatin Library by an increase in estimated library revenues of \$2,500 with the remaining funded by the unreserved fund balance's "Gallatin Library" designation
- \$20,055 supplemental appropriation to the Portland Library funded by the unreserved fund balance's "Portland Library" designation
- \$114,282 supplemental appropriation to the Hendersonville Library funded by an increase in estimated library revenues of \$47,782 with the remaining \$66,500 from the unreserved fund's "Hendersonville Library" designation
- \$55,000 supplemental appropriation for the Sumner County Drug Court to be funded by an increase in estimated grant revenues of \$50,000 and a \$5,000 donation
- \$59,600 supplemental appropriations in other uses – operating transfer (to the general capital projects fund) for the remaining construction costs on the Shackle Island Community Center to be funded from the unreserved fund balance
- \$39,000 supplemental appropriation for Law Enforcement Training Grant to be funded by an increase in estimated revenues

- \$51,000 supplemental appropriation to cover additional costs of the Sumner County Tax Relief Program funded from the unreserved fund balance
- \$14,349 supplemental appropriation to a nonprofit agency, the Mid-Cumberland Human Resource Agency, funded from the unreserved fund balance
- \$115,295 supplemental appropriations in other uses – operating transfer to the general capital projects fund for the remaining construction costs on the R.J. Hank Thompson - Sumner County Archives Building funded from the unreserved fund balance
- \$30,903 supplemental appropriations for the Sumner County Animal Control funded from the unreserved fund balance
- \$38,638 supplemental appropriation for medical treatment of state inmates funded by an increase in estimated revenues from reimbursements from the State of Tennessee
- \$48,895 supplemental appropriation to the Sumner County Emergency Management Agency for the costs of a creek cleanup funded from the unreserved fund balance
- \$108,999 of various supplemental appropriations to be funded by \$107,570 from unreserved fund balance and \$1,429 from increases in estimated revenues

Differences in the final budget's estimated revenues and other sources; appropriations and other uses; and actual operations were \$1,065,477 and \$3,652,275 respectively. Following are the major components of the variances:

Estimated revenues and other sources:

- The “local taxes,” hotel/motel tax and business tax were \$32,141 and \$81,840, respectively, below projections due to the current economic recession. However, it should also be noted that “local taxes” in total were in excess of projections due to “county property tax” and “statutory local tax” collections.
- The “licenses and permits,” cable television franchise and building permits were \$91,567 and \$91,124, respectively, above and below projections. The building permits collections not meeting estimates are a direct result of the current economic recession.
- The “charges for current services,” patient charges (EMS) and probation fees were \$636,779 and \$50,465, respectively, below projections. These revenue shortfalls are a result of the current economic recession.
- The “fees received from county officials,” county clerk and register of deeds were \$80,265 and \$186,241, respectively, below projections due to the current economic recession. In addition, other revenues were incorrectly budgeted into “fees from county officials” and ultimately recognized in the appropriate revenue, other local revenue.
- The “State of Tennessee” revenues: income tax, state revenue sharing T.V.A., emergency hospital – prisoners, and contracted prisoner boarding were \$67,196, \$21,709, \$20,888, and \$28,949, respectively, above projections.
- The “federal government” revenues, Homeland Security Grants and other federal revenues were \$103,630 and \$359,342, respectively, above and below projections.

The Homeland Security Grants were in excess of budget due to amounts that were deferred in the June 30, 2008, fiscal year due to revenue recognition criteria not being met. The other federal revenue variance is the Tennessee Housing Development Agency Grant. The entire grant was budgeted, but \$359,342 of the total was not expended in the current fiscal year.

- The “other governments and citizens group” revenue contributions were \$44,425 below projections. This was due to the re-appraisal revenues from the City of Hendersonville not being received in time to meet the revenue recognition criteria and was deferred until the subsequent year.

Estimated expenditures and other uses:

- Due to mid-year decreases in the average cost of gasoline, actual expenditures were \$316,451 below budget.
- Capital projects, public health and welfare projects costs were \$390,355 below budgeted amounts. The budget amount consisted of a \$500,000 Tennessee Housing Development Agency Grant with actual expenditures of \$109,645.
- Employee benefits actual expenditures were \$643,653 below budgeted amounts. This variance is primarily due to the related benefits of temporarily vacant positions.
- Actual library expenditures were \$227,424 below budgeted amounts. This was primarily due to two major library expansions that were budgeted for the entire fiscal year but the expansions were not opened until later into the fiscal year.
- The ambulance service actual expenditures were \$289,200 less than budgeted. This was due to a temporary decrease in call volume and a request by the Sumner County Commission to cut costs to cover part of a \$636,779 short-fall in revenues for patient charges.
- All departments were requested mid-year to spend 97 percent or less of their appropriated amounts.

Discretely Presented Sumner County School Department – General Purpose School Fund Budgetary Highlights

The differences in the original and the final budget’s appropriations, including other uses, increased by \$4,728,819 compared to the original budget of \$192,888,409. This entire amount was to be funded from an estimated increase in revenues and other financing sources.

Capital Assets and Debt Administration

Primary Government

Sumner County’s investment in capital assets, net of accumulated depreciation, as of June 30, 2009, was \$78,320,179. This investment in net assets includes land, buildings, improvements, machinery and equipment, roads, and bridges. The total increase in Sumner County’s investment in capital assets for the fiscal year was \$5,229,825.

Major capital assets events during the fiscal year were:

- Land increased by \$562,613. This consisted of \$5,000 for the new Hendersonville County Clerk's Office's land, \$5,000 for the disposal of the old Hendersonville Library's land, and \$562,613 for the new Gallatin Library's land.
- Construction in progress decreased by \$2,546,100. Increases include \$5,000 for the Clark House; \$55,890 for the Station Camp Greenway; \$3,657 for the Hendersonville CareHere Clinic; \$175,554 for the Emergency Management Agency's Simulcast System; and \$363,383 for the new Hendersonville Library. The decreases consist of \$1,565,503 for the completion of the R.J. Hank Thompson – Sumner County Archives Building, \$68,793 for the completion of the Shackle Island Community Center, and \$1,515,288 for completion for the Gallatin Library.
- Building and land improvements increased by \$7,842,022. Increases consist of \$759,600 for the Shackle Island Community Center, \$2,267,859 for the R.J. Hank Thompson – Sumner County Archives Building, \$5,431,777 for the new Gallatin Library, and various other projects totaling \$260,538. Also, the amount disclosed as "increase" in the footnotes is net \$234,817 of reclassifications to other assets for various items. The decrease of \$642,935 is for the old Hendersonville Library, which was completely depreciated at the time of disposal.
- Additions to county roads and bridges totaled \$3,019,679.
- \$1,356,850 of depreciable equipment was purchased during the year, and \$234,817 was reclassified from a different category. Disposals of depreciable equipment totaled \$88,036. Equipment totaling \$58,250 was disposed of through sales and the remaining by surplus.
- Depreciation for the year on all capital assets totaled \$5,343,699.

Sumner County's Capital Assets

	Historical Value	Accumulated Depreciation	Net Value 6-30-09
Land	\$ 2,494,228	\$ 0	\$ 2,494,228
Construction in Progress	3,240,101	0	3,240,101
Buildings and Improvements	48,566,959	(12,033,193)	36,533,766
Other Capital Assets	14,534,970	(9,256,306)	5,278,664
Roads and Bridges	61,879,538	(31,106,118)	30,773,420
Total Values	<u>\$ 130,715,796</u>	<u>\$ (52,395,617)</u>	<u>\$ 78,320,179</u>

Discretely Presented Sumner County School Department

The discretely presented Sumner County School Department's investment in capital assets, net of accumulated depreciation, as of June 30, 2009, was \$244,556,295. This investment in net assets includes land, buildings, improvements, machinery, and equipment. The total increase in investment in capital assets for the fiscal year was \$58,724,379.

Sumner County School Department's Capital Assets

	Historical Value	Accumulated Depreciation	Net Value 6-30-09
Land	\$ 8,538,276	\$ 0	\$ 8,538,276
Construction in Progress	61,160,494	0	61,160,494
Buildings and Improvements	296,383,181	(126,675,833)	169,707,348
Other Capital Assets	19,533,238	(14,383,061)	5,150,177
Total Values	<u>\$ 385,615,189</u>	<u>\$ (141,058,894)</u>	<u>\$ 244,556,295</u>

Additional details about Sumner County's and the discretely presented Sumner County School Department's capital assets can be found in the notes to the financial statements in Note IV.C. A table of contents has been provided with the specific page number.

Long-term Debt

At the end of the current fiscal year, Sumner County had long-term debt totaling \$145,025,000. This is a decrease in long-term debt of \$30,545,000 from the previous fiscal year. All debt is backed by the full faith and credit of the county.

Additional information on Sumner County Government's long-term debt can be found in Note IV.F. A table of contents has been provided with the specific page number.

Sumner County's Outstanding Long-term Debt

Issued For	Sumner County Board of Education
Bonds	\$ 145,025,000

Economic Factors and Next Year's Budgets and Rates

On September 21, 2009, Sumner County adopted a budget for the fiscal year ended June 30, 2010. Many factors were considered when adopting this budget.

Sumner County's unemployment rate as of June 30, 2009, was 10.5 percent (not seasonally adjusted) compared to the June 30, 2008, rate of 5.9 percent (not seasonally adjusted). This unemployment rate for June 2009 was lower than the State of Tennessee's as a whole, 11.1 percent (not seasonally adjusted). On June 30, 2009, the consumer price index for U.S. city average for all items not seasonally adjusted was negative 1.4 percent. The Sumner County Commission is committed to maintain at least \$7 million in the Sumner

County General Fund, after subtracting any legal reserves and approved designations. The projected balance in the Sumner County General Fund's approved budget for the 2010 fiscal year, after subtracting all projected legal reserves and approved designations, was \$7,255,254. Because of these circumstances, the budget committee, in conjunction with the full Sumner County Commission, minimized any new operational expenses. In addition, some departments were combined or eliminated in their entirety in the 2010 fiscal year.

Requests for information

This financial report is designed to provide only a general overview of the county's finances. For questions concerning any of the information provided in this report, please contact the Sumner County Finance Office at 355 North Belvedere Drive, Room 302, Gallatin, Tennessee 37066.

This page is left blank intentionally.

BASIC FINANCIAL STATEMENTS

This page is left blank intentionally.

Exhibit A

Sumner County, Tennessee
Statement of Net Assets
June 30, 2009

	Primary Government Governmental Activities	Component Units	
		Sumner County School Department	Sumner County Regional Airport Authority
<u>ASSETS</u>			
Cash	\$ 124,783	\$ 7,550	\$ 292,702
Equity in Pooled Cash and Investments	38,105,065	15,426,300	300,000
Investments	1,750,774	0	0
Accounts Receivable	3,332,407	503,724	0
Allowance for Uncollectible	(892,337)	0	0
Property Taxes Receivable	33,853,073	51,906,420	0
Allowance for Uncollectible Property Taxes	(772,063)	(1,183,807)	0
Notes Receivable - Long-term	300,000	0	0
Accrued Interest Receivable	250,292	0	0
Due from Other Governments	2,978,531	6,364,863	362,675
Prepaid Items	0	0	12,750
Deposits with State of Tennessee	0	0	175,597
Deferred Charges - Debt Issuance Cost	496,679	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	2,494,228	8,538,276	717,415
Construction in Progress	3,240,101	61,160,494	998,250
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	36,533,766	169,707,348	2,503,232
Other Capital Assets	5,278,664	5,150,177	228,849
Infrastructure	30,773,420	0	0
Other Noncurrent Assets	0	0	31,301
Total Assets	<u>\$ 157,847,383</u>	<u>\$ 317,581,345</u>	<u>\$ 5,622,771</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 820,959	\$ 479,272	\$ 349,675
Accrued Payroll	35,842	2,887,022	0
Payroll Deductions Payable	26	0	0
Contracts Payable	2,291,230	0	0
Retainage Payable	162,641	0	0
Accrued Interest Payable	574,702	0	0
Due to Litigants, Heirs, and Others	6,041	0	0
Deferred Revenue - Current Property Taxes	32,026,353	49,105,471	0
Deferred Revenue	0	0	2,115
Unearned Revenue	1,912,447	0	0
Noncurrent Liabilities:			
Due Within One Year	18,291,614	280,703	0
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	138,322,152	9,986,970	0
Total Liabilities	<u>\$ 194,444,007</u>	<u>\$ 62,739,438</u>	<u>\$ 351,790</u>

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Units	
		Sumner County School Department	Sumner County Regional Airport Authority
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 78,320,179	\$ 0	\$ 0
Invested in Capital Assets Restricted for:	0	244,556,295	4,447,746
Capital Projects	8,817,318	0	0
Debt Service	6,809,524	0	0
Highway/Public Works	2,544,029	0	0
Courthouse and Jail Maintenance	363,250	0	0
Drug Control	40,911	0	0
District Attorney General	68,911	0	0
Drug Court	167,752	0	0
Courtroom Security	35,012	0	0
Computer System - Register	119,534	0	0
Automation Purposes - Circuit Court	393,543	0	0
Automation Purposes - Sheriff	101,522	0	0
School Federal Projects	0	1,183,606	0
Other Local Education	0	1,158,713	0
Career Ladder Program	0	63,302	0
Other Purposes	30,937	12,238	0
Unrestricted	<u>(134,409,046)</u>	<u>7,867,753</u>	<u>823,235</u>
Total Net Assets	<u>\$ (36,596,624)</u>	<u>\$ 254,841,907</u>	<u>\$ 5,270,981</u>

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, 2009

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	0	Primary Government		Component Units	
						Total Governmental Activities	Summer County School Department	Regional Airport Authority	0
Primary Government:									
General Government	\$ 6,248,278	\$ 1,916,011	\$ 52,235	\$ 0	\$ (4,280,032)	\$ 0	\$ 0	\$ 0	0
Finance	4,236,943	3,830,349	43,429	0	(363,165)	0	0	0	0
Administration of Justice	3,792,860	3,700,032	72,651	0	(20,177)	0	0	0	0
Public Safety	15,087,319	2,325,701	138,302	0	(12,623,316)	0	0	0	0
Public Health and Welfare	9,274,308	5,356,309	1,075,953	591,076	(2,250,970)	0	0	0	0
Social, Cultural, and Recreational Services	3,465,467	49,854	3,900	3,994,390	582,677	0	0	0	0
Agriculture and Natural Resources	404,359	0	0	0	(404,359)	0	0	0	0
Other Operations	1,527,191	0	7,176	409,689	(1,110,326)	0	0	0	0
Highway/Public Works	6,031,527	135,838	2,752,089	300,461	(2,843,139)	0	0	0	0
Education	82,730,685	11,041,587	0	0	(71,689,098)	0	0	0	0
Interest on Long-term Debt	7,972,469	0	0	0	(7,972,469)	0	0	0	0
Other Debt Service	1,475	0	0	0	(1,475)	0	0	0	0
Total Primary Government	\$ 140,772,881	\$ 28,355,681	\$ 4,145,735	\$ 5,295,616	\$ (102,975,849)	\$ 0	\$ 0	\$ 0	0
Component Units:									
Summer County School Department	\$ 215,097,474	\$ 8,986,750	\$ 17,193,752	\$ 69,932,467	\$ 0	\$ (118,984,505)	\$ 0	\$ 0	0
Summer County Regional Airport Authority	528,758	158,887	2,094,702	0	0	0	0	1,724,831	1,724,831
Total Component Units	\$ 215,626,232	\$ 9,145,637	\$ 19,288,454	\$ 69,932,467	\$ 0	\$ (118,984,505)	\$ 0	\$ 1,724,831	1,724,831

(Continued)

Exhibit B

Sumner County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units		
				Primary Governmental Activities	Sumner County School Department	Sumner County Regional Airport Authority
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 15,852,907	\$ 47,543,628	\$ 0
Property Taxes Levied for Debt Service				15,161,671	0	0
Local Option Sales Tax				5,559,794	11,066,550	0
Wheel Tax				1,747,230	4,076,613	0
Interstate Telecommunications Tax				7,119	8,980	0
Business Tax				1,301,051	0	0
Adequate Facilities/Development Tax				1,244,582	0	0
Hotel/Motel Tax				392,110	0	0
Wholesale Beer Tax				504,249	0	0
Litigation Tax				594,819	0	0
Mineral Severance Tax				147,176	0	0
Beer Privilege Tax				2,264	0	0
Grants and Contributions Not Restricted to Specific Programs				5,318,902	107,105,208	0
Unrestricted Investment Earnings				2,813,273	36,543	3,150
Miscellaneous				877,593	265,137	0
Total General Revenues				\$ 51,524,740	\$ 170,102,659	\$ 3,150
Change in Net Assets				\$ (51,451,109)	\$ 51,118,154	\$ 1,727,981
Net Assets, July 1, 2008				16,805,808	208,014,267	3,543,000
Prior-period Adjustment				(1,951,323)	(4,290,514)	0
Net Assets, June 30, 2009				\$ (36,596,624)	\$ 254,841,907	\$ 5,270,981

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, 2009

	Major Funds			Nonmajor	Total
	General	Debt	Capital	Other	
	General	Service	Projects	Governmental	
			Funds	Governmental	Funds
<u>ASSETS</u>					
Cash	\$ 100	\$ 0	\$ 0	\$ 124,683	\$ 124,783
Equity in Pooled Cash and Investments	15,260,191	3,651,208	10,244,182	2,805,750	31,961,331
Investments	0	1,750,774	0	0	1,750,774
Accounts Receivable	2,054,705	12,713	1,222,632	31,511	3,321,561
Allowance for Uncollectibles	(892,337)	0	0	0	(892,337)
Due from Other Governments	1,469,474	951,318	0	557,739	2,978,531
Due from Other Funds	122,398	0	0	1,544	123,942
Property Taxes Receivable	17,363,720	15,738,146	0	751,207	33,853,073
Allowance for Uncollectible Property Taxes	(387,279)	(367,640)	0	(17,144)	(772,063)
Accrued Interest Receivable	44,306	203,100	0	0	247,406
Notes Receivable - Long-term	0	300,000	0	0	300,000
Total Assets	\$ 35,035,278	\$ 22,239,619	\$ 11,466,814	\$ 4,255,290	\$ 72,997,001
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 361,315	\$ 0	\$ 303,288	\$ 156,356	\$ 820,959
Accrued Payroll	2,200	0	0	33,642	35,842
Payroll Deductions Payable	26	0	0	0	26
Contracts Payable	0	0	2,291,230	0	2,291,230
Retainage Payable	0	0	162,641	0	162,641
Due to Other Funds	631	497	0	122,641	123,769
Due to Litigants, Heirs, and Others	0	0	0	6,041	6,041
Deferred Revenue - Current Property Taxes	16,460,831	14,854,896	0	710,626	32,026,353
Deferred Revenue - Delinquent Property Taxes	451,574	451,574	0	20,517	923,665
Other Deferred Revenues	1,400,266	653,445	1,141,535	275,357	3,470,603
Total Liabilities	\$ 18,676,843	\$ 15,960,412	\$ 3,898,694	\$ 1,325,180	\$ 39,861,129
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 112,491	\$ 0	\$ 6,090,712	\$ 0	\$ 6,203,203
Reserved for Drug Court	167,752	0	0	0	167,752
Reserved for Sexual Offender Registration	13,897	0	0	0	13,897
Reserved for Courtroom Security	35,012	0	0	0	35,012
Reserved for Computer System - Register	119,534	0	0	0	119,534
Reserved for Automation Purposes - Circuit Court	393,543	0	0	0	393,543
Reserved for Automation Purposes - Chancery Court	17,040	0	0	0	17,040
Reserved for Automation Purposes - Sheriff	101,522	0	0	0	101,522
Reserved for Long-term Notes Receivable	0	300,000	0	0	300,000
Unreserved, Reported In:					
General Fund	15,397,644	0	0	0	15,397,644
Special Revenue Funds	0	0	0	2,822,447	2,822,447
Debt Service Funds	0	5,979,207	0	0	5,979,207
Capital Projects Funds	0	0	1,477,408	107,663	1,585,071
Total Fund Balances	\$ 16,358,435	\$ 6,279,207	\$ 7,568,120	\$ 2,930,110	\$ 33,135,872
Total Liabilities and Fund Balances	\$ 35,035,278	\$ 22,239,619	\$ 11,466,814	\$ 4,255,290	\$ 72,997,001

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, 2009

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)		\$ 33,135,872
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,494,228	
Add: construction in progress	3,240,101	
Add: buildings and improvements net of accumulated depreciation	36,533,766	
Add: other capital assets net of accumulated depreciation	5,278,664	
Add: infrastructure net of accumulated depreciation	30,773,420	
Less: capital assets of the internal service fund that are also included in item (2) below	<u>(3,657)</u>	78,316,522
(2) An internal service fund is used by management to charge the cost of liability and workers' compensation insurance, and employee health and dental benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.		
Less: internal service fund's net assets	\$ (7,413)	
Add: Sumner County School Department OPEB liability	<u>577,119</u>	569,706
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (145,025,000)	
Less: other deferred revenue - premium on debt	(6,927,250)	
Less: accrued interest on bonds	(574,702)	
Less: compensated absences payable	(982,719)	
Add: deferred debt issuance costs	<u>496,679</u>	(153,012,992)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>4,394,268</u>
Net assets of governmental activities (Exhibit A)		<u>\$ (36,596,624)</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, 2009

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 17,977,435	\$ 22,194,485	\$ 0	\$ 3,013,797	\$ 43,185,717
Licenses and Permits	534,168	0	0	96,000	630,168
Fines, Forfeitures, and Penalties	844,762	0	0	43,720	888,482
Charges for Current Services	5,420,291	0	0	177,323	5,597,614
Other Local Revenues	1,018,272	3,365,620	487,122	146,615	5,017,629
Fees Received from County Officials	7,150,536	0	0	0	7,150,536
State of Tennessee	4,697,371	0	0	2,977,483	7,674,854
Federal Government	751,324	0	0	31,072	782,396
Other Governments and Citizens Groups	122,249	0	470,226	0	592,475
Total Revenues	\$ 38,516,408	\$ 25,560,105	\$ 957,348	\$ 6,486,010	\$ 71,519,871
<u>Expenditures</u>					
Current:					
General Government	\$ 3,678,567	\$ 0	\$ 0	\$ 550,000	\$ 4,228,567
Finance	2,867,179	0	0	0	2,867,179
Administration of Justice	2,694,898	0	0	92,071	2,786,969
Public Safety	11,375,092	0	0	130,874	11,505,966
Public Health and Welfare	7,120,336	0	0	0	7,120,336
Social, Cultural, and Recreational Services	1,563,062	0	0	0	1,563,062
Agriculture and Natural Resources	283,267	0	0	0	283,267
Other Operations	15,803,031	403,197	0	0	16,206,228
Highways	0	0	0	5,703,316	5,703,316
Debt Service:					
Principal on Debt	0	30,545,000	0	0	30,545,000
Interest on Debt	0	8,118,225	0	0	8,118,225
Other Debt Service	0	1,475	0	0	1,475
Capital Projects	109,645	0	69,948,666	967	70,059,278
Total Expenditures	\$ 45,495,077	\$ 39,067,897	\$ 69,948,666	\$ 6,477,228	\$ 160,988,868
Excess (Deficiency) of Revenues Over Expenditures					
	\$ (6,978,669)	\$ (13,507,792)	\$ (68,991,318)	\$ 8,782	\$ (89,468,997)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 983	\$ 0	\$ 0	\$ 0	\$ 983
Transfers In	191,581	0	927,112	0	1,118,693
Transfers Out	(176,541)	(750,571)	(12,000)	(300)	(939,412)
Total Other Financing Sources (Uses)	\$ 16,023	\$ (750,571)	\$ 915,112	\$ (300)	\$ 180,264
Net Change in Fund Balances					
	\$ (6,962,646)	\$ (14,258,363)	\$ (68,076,206)	\$ 8,482	\$ (89,288,733)
Fund Balance, July 1, 2008	23,321,081	20,537,570	75,644,326	2,921,628	122,424,605
Fund Balance, June 30, 2009	\$ 16,358,435	\$ 6,279,207	\$ 7,568,120	\$ 2,930,110	\$ 33,135,872

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, 2009

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)		\$ (89,288,733)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 7,119,769	
Less: current year depreciation expense	<u>(5,343,699)</u>	1,776,070
(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	\$ 3,994,390	
Less: loss on disposal of capital assets	<u>(544,292)</u>	3,450,098
(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, 2008	\$ (2,585,596)	
Add: deferred delinquent property taxes and other deferred June 30, 2009	<u>4,394,268</u>	1,808,672
(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:		
Add: premium on debt issued during year	\$ 863,363	
Less: amortization of debt issuance costs	(88,317)	
Add: principal payments on note	17,000,000	
Add: principal payments on bonds	13,545,000	
Add: amortization of deferred amount on refunding	<u>113,367</u>	31,433,413
(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	\$ 120,706	
Change in compensated absences payable	<u>(76,901)</u>	43,805
(6) An internal service fund is used by management to charge the cost of liability and workers' compensation insurance, 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.		
Less: internal service fund's change in net assets	\$ (876,295)	
Add: Sumner County School Department's change in OPEB liability	<u>201,861</u>	<u>(674,434)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (51,451,109)</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, 2009

Governmental
 Activities -
 Internal
 Service Fund

 Self-
 Insurance
 Fund

ASSETS

Current Assets:	
Equity in Pooled Cash and Investments	\$ 6,143,734
Accounts Receivable	10,846
Due from Other Funds	497
Accrued Interest Receivable	2,886
Total Current Assets	<u>\$ 6,157,963</u>
Noncurrent Assets:	
Capital Assets:	
Construction in Progress	\$ 3,657
Total Noncurrent Assets	<u>\$ 3,657</u>
Total Assets	<u>\$ 6,161,620</u>

LIABILITIES

Current Liabilities:	
Claims and Judgments Payable	\$ 3,228,895
Due to Other Funds	670
Unearned Revenue	1,912,447
Total Current Liabilities	<u>\$ 5,142,012</u>
Total Liabilities	<u>\$ 5,142,012</u>

NET ASSETS

Unrestricted	<u>\$ 1,019,608</u>
Total Net Assets	<u>\$ 1,019,608</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, 2009

	Governmental Activities - Internal Service Fund
	<u>Self- Insurance Fund</u>
<u>Operating Revenues</u>	
Charges for Current Services:	
Self-Insurance Premiums/Contributions	\$ 18,342,558
Other Local Revenues	495,327
Total Operating Revenues	<u>\$ 18,837,885</u>
<u>Operating Expenses</u>	
Employee Benefits:	
Handling Charges and Administrative Costs	\$ 660,828
Excess Risk Insurance	385,904
Liability Claims	17,560,670
Other Charges	590
Total Operating Expenses	<u>\$ 18,607,992</u>
Operating Income (Loss)	<u>\$ 229,893</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	<u>\$ 100,114</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 100,114</u>
Income (Loss) Before Transfers	\$ 330,007
Transfers Out	<u>(179,281)</u>
Change in Net Assets	\$ 150,726
Net Assets, July 1, 2008	3,195,463
Prior-period Adjustment	<u>(2,326,581)</u>
Nets Assets, June 30, 2009	<u>\$ 1,019,608</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, 2009

	Governmental Activities - Internal Service Fund Self Insurance Fund
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from Customers and Users	\$ 18,342,492
Payments to Suppliers	(661,418)
Claims Paid	(19,561,252)
Other Receipts (Payments)	495,327
Net Cash Provided By (Used In) Operating Activities	<u>\$ (1,384,851)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Investment Income	\$ 100,114
Net Cash Provided By (Used In) Investing Activities	<u>\$ 100,114</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Acquisition of Capital Assets	\$ (3,657)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (3,657)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Transfers to Other Funds	<u>\$ (179,281)</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (179,281)</u>
Net Increase (Decrease) In Cash	\$ (1,467,675)
Cash, July 1, 2008	<u>7,611,409</u>
Cash, June 30, 2009	<u><u>\$ 6,143,734</u></u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>	
Operating Income (Loss)	\$ 229,893
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Prior-period Adjustment	(2,326,581)
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	3,317
(Increase) Decrease in Due from Other Funds	(497)
(Increase) Decrease in Accrued Interest Receivable	(2,886)
Increase (Decrease) in Accounts Payable	(117,435)
Increase (Decrease) in Due to Other Funds	670
Increase (Decrease) in Unearned Revenue	1,912,447
Increase (Decrease) in Claims and Judgments Payable	<u>(1,083,779)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (1,384,851)</u></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, 2009

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 5,318,523
Equity in Pooled Cash and Investments	917,233
Accounts Receivable	1,675
Due from Other Governments	<u>2,499,941</u>
Total Assets	<u>\$ 8,737,372</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 2,499,941
Due to State of Tennessee	440,461
Due to Litigants, Heirs, and Others	5,091,423
Due to Joint Ventures	<u>705,547</u>
Total Liabilities	<u>\$ 8,737,372</u>

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

SUMNER COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

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.

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 financial statements of the Resource Authority in Sumner County, Tennessee, were not available from other auditors in time for inclusion in this report.

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 financial statements of the Sumner County Emergency Communications District were not available from other auditors in time for inclusion in this report.

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. Although required by GAAP, the financial statements of the Resource Authority in Sumner County, Tennessee, and the Sumner County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Resource Authority in Sumner County, Tennessee, Sumner County Emergency Communications District, and 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, 2009.

Separate financial statements are provided for governmental funds, the proprietary fund (internal service), 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 insurance, 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; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented 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 ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 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 \$3,228,895 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, other postemployment

benefits, 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, 2009, Sumner County had \$145,025,000 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, 2009:

Fund/Purpose	Amount
General:	
Hospital Proceeds	\$ 4,107,320
Volunteer State Scholarships	500,000
Library Books	121,594
Portland Library	113,005
Codes Construction Fees	29,150
Planning Abatement	20,529
Drug Control:	
Unawarded Forfeitures and Seizures	38,721
General Purpose School:	
Duke Estate	108,648

7. Prior-period Adjustments

Self-insurance premiums/contributions were restated \$1,716,738 for the primary government from the prior-year due to the School Department's insurance payments for July and August 2008 being paid prior to June 2008.

Other postemployment benefits liabilities were restated \$234,585 for the primary government from the prior-year because the county's self-insurance fund's actuarial study was dated July 1, 2007, and the county chose not to early implement Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

Other postemployment benefits liabilities were restated \$4,290,514 for the discretely presented School Department from the prior-year because the county's self-insurance fund's actuarial study and the state-administered Local Education Group Insurance and Medicare Supplement Plans' actuarial study were dated July 1, 2007, and the county chose not to early implement Governmental Accounting Standards Board Statement No. 45.

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, Other Boards and Committees, County Mayor/Executive, 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. Net Assets Deficit

The Self-Insurance Fund (internal service fund) had a deficit in unrestricted net assets of \$7,413 at June 30, 2009. This deficit resulted primarily from the recognition of a liability for other postemployment benefits.

C. 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 \$1,242,360.

D. 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. A police investigation did not discover any suspects; therefore, the school does not expect to recover these funds.

As noted in the Annual Financial Report for the year ended June 30, 2008, funds of an inmate totaling \$192 were unaccounted at the Sheriff's Department. A check was written from the sheriff's fee account to return the funds to the inmate.

During the year, animal control funds totaling \$40 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.

During the year, funds totaling \$180 were unaccounted at the Ambulance Service. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

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.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make

investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state 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, 2009, Sumner County had the following investments carried at 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.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
Pooled:		
State Treasurer's Investment Pool	Daily	<u>\$ 10,976,271</u>
Nonpooled:		
General Debt Service Fund:		
U.S. Treasury Notes	Various	<u>\$ 1,750,774</u>

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. 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, 2009, Sumner County’s investment in the State Treasurer’s Investment Pool was unrated.

B. Notes Receivable

The General Debt Service Fund had a long-term notes receivable of \$300,000 on June 30, 2009, from financing airport construction projects for the discretely presented Sumner County Regional Airport Authority and is presented on the balance sheet with a reservation of fund balance. Details of

this receivable are discussed in the Schedule of Findings and Questioned Costs section of this report.

C. Capital Assets

Capital assets activity for the year ended June 30, 2009, was as follows:

Primary Government (includes Internal Service Fund)

Governmental Activities:

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 1,931,615	\$ 567,613	\$ (5,000)	\$ 2,494,228
Construction in Progress	5,786,201	603,484	(3,149,584)	3,240,101
Total Capital Assets Not Depreciated	\$ 7,717,816	\$ 1,171,097	\$ (3,154,584)	\$ 5,734,329
Capital Assets Depreciated:				
Buildings and Land Improvements	\$ 40,724,937	\$ 8,484,957	\$ (642,935)	\$ 48,566,959
Roads and Bridges	59,749,777	3,019,679	(889,918)	61,879,538
Other Capital Assets	13,031,339	1,591,667	(88,036)	14,534,970
Total Capital Assets Depreciated	\$ 113,506,053	\$ 13,096,303	\$ (1,620,889)	\$ 124,981,467
Less Accumulated Depreciation For:				
Buildings and Land Improvements	\$ 11,164,914	\$ 1,511,214	\$ (642,935)	\$ 12,033,193
Roads and Bridges	28,839,998	2,621,343	(355,223)	31,106,118
Other Capital Assets	8,128,603	1,211,142	(83,439)	9,256,306
Total Accumulated Depreciation	\$ 48,133,515	\$ 5,343,699	\$ (1,081,597)	\$ 52,395,617
Total Capital Assets Depreciated, Net	\$ 65,372,538	\$ 7,752,604	\$ (539,292)	\$ 72,585,850
Governmental Activities Capital Assets, Net	\$ 73,090,354	\$ 8,923,701	\$ (3,693,876)	\$ 78,320,179

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

Governmental Activities:

General Government	\$ 1,357,857
Finance	17,417
Administration of Justice	1,800
Public Safety	539,000
Public Health and Welfare	278,882
Social, Cultural, and Recreational Services	73,635
Highway/Public Works	<u>3,075,108</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 5,343,699</u></u>

Discretely Presented Sumner County School Department

Governmental Activities:

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 8,538,276	\$ 0	\$ 0	\$ 8,538,276
Construction in Progress	<u>18,859,625</u>	<u>65,372,686</u>	<u>(23,071,817)</u>	<u>61,160,494</u>
Total Capital Assets Not Depreciated	<u>\$ 27,397,901</u>	<u>\$ 65,372,686</u>	<u>\$ (23,071,817)</u>	<u>\$ 69,698,770</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 267,280,014	\$ 29,103,167	\$ 0	\$ 296,383,181
Other Capital Assets	<u>18,031,627</u>	<u>1,571,842</u>	<u>(70,231)</u>	<u>19,533,238</u>
Total Capital Assets Depreciated	<u>\$ 285,311,641</u>	<u>\$ 30,675,009</u>	<u>\$ (70,231)</u>	<u>\$ 315,916,419</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 114,179,487	\$ 12,496,346	\$ 0	\$ 126,675,833
Other Capital Assets	<u>12,698,139</u>	<u>1,755,153</u>	<u>(70,231)</u>	<u>14,383,061</u>
Total Accumulated Depreciation	<u>\$ 126,877,626</u>	<u>\$ 14,251,499</u>	<u>\$ (70,231)</u>	<u>\$ 141,058,894</u>
Total Capital Assets Depreciated, Net	<u>\$ 158,434,015</u>	<u>\$ 16,423,510</u>	<u>\$ 0</u>	<u>\$ 174,857,525</u>
Governmental Activities Capital Assets, Net	<u>\$ 185,831,916</u>	<u>\$ 81,796,196</u>	<u>\$ (23,071,817)</u>	<u>\$ 244,556,295</u>

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

Governmental Activities:

Support Services	\$ 14,004,752
Operation of Non-Instructional Services	<u>246,747</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 14,251,499</u></u>

D. Construction Commitments

At June 30, 2009, the General Fund (\$112,491) and the General Capital Projects Fund (\$6,090,712) had uncompleted construction contracts for the renovation of county and school facilities. Funding has been received for these future expenditures.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2009, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 122,398
Nonmajor governmental	General	631
Nonmajor governmental	Nonmajor governmental	243
Internal Service	General Debt Service	497
Nonmajor governmental	Internal Service	670

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2009, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Fund	General Capital Projects Fund
General Fund	\$ 0	\$ 176,541
General Debt Service Fund	0	750,571
General Capital Projects Fund	12,000	0
Nonmajor governmental fund	300	0
Internal Service Fund	179,281	0
Total	\$ 191,581	\$ 927,112

Discretely Presented Sumner County School Department

Transfer Out	Transfer In
	General Purpose School Fund
Nonmajor governmental fund	\$ 22,133

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

F. Long-term Debt

Primary Government

General Obligation Bonds and Notes

The county issues general obligation bonds 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 outstanding were issued for original terms of up to 12 years. Repayment

terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2009, will be retired from the General Debt Service Fund.

General obligation bonds outstanding as of June 30, 2009, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
General Obligation Bonds	4 to 5 %	\$ 75,150,000	\$ 65,440,000
General Obligation Bonds - School Refunding	3.79	92,250,000	79,585,000

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2009, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2015-2019	68,805,000	8,378,975	77,183,975
Total	<u>\$ 145,025,000</u>	<u>\$ 36,117,775</u>	<u>\$ 181,142,775</u>

There is \$5,979,207 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,112, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

Governmental Activities:	Bonds	Notes	Claims and Judgments
Balance, July 1, 2008	\$ 158,570,000	\$ 17,000,000	\$ 4,312,674
Additions	0	0	18,974,185
Deductions	(13,545,000)	(17,000,000)	(20,057,964)
Balance, June 30, 2009	<u>\$ 145,025,000</u>	<u>\$ 0</u>	<u>\$ 3,228,895</u>
Balance Due Within One Year	<u>\$ 14,080,000</u>	<u>\$ 0</u>	<u>\$ 3,228,895</u>

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2008	\$ 905,818	\$ 0
Prior-period Adjustment	0	234,585
Additions	1,364,557	262,000
Deductions	(1,287,656)	(46,683)
Balance, June 30, 2009	<u>\$ 982,719</u>	<u>\$ 449,902</u>
Balance Due Within One Year	<u>\$ 982,719</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 149,686,516
Less: Due Within One Year	(18,291,614)
Add: Unamortized Premium on Debt	<u>6,927,250</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 138,322,152</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, 2009, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2008	\$ 1,712,055	\$ 0
Prior-period Adjustment	0	4,290,514
Additions	1,236,565	6,695,186
Deductions	(1,077,272)	(2,589,375)
Balance, June 30, 2009	<u>\$ 1,871,348</u>	<u>\$ 8,396,325</u>
Balance Due Within One Year	<u>\$ 280,703</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 10,267,673
Less: Due Within One Year	<u>(280,703)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 9,986,970</u>

Compensated absences will be paid from the employing funds.

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

The State of Tennessee pays health insurance premiums for retired employees and teachers on-behalf of Sumner County and the Sumner County School Department. These payments are made by the state to the Local Government Group Insurance Plan, Local Education Group Insurance Plan, and the Medicare Supplement Plan. 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 Government Group Insurance Plan, Local Education Group Insurance Plan, and the Medicare Supplement Plan for the year ended June 30, 2009, were \$7,176, \$749,568, and \$86,943, respectively. The county and School Department has recognized these on-behalf payments as revenues and expenditures in the General and General Purpose School funds.

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
2007-2008	\$ 5,803,439	\$ 16,290,120	\$ (17,780,885)	\$ 4,312,674
2008-2009	4,312,674	18,974,185	(20,057,964)	3,228,895

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. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments became effective for the year ended June 30, 2009.

GASB Statement No. 45 establishes reporting requirements for Other Postemployment Benefits (OPEB). OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the county's financial statements. In previous years, Sumner County and the Sumner County School Department had only recognized the current-year cost (expense) of these benefits. Other postemployment benefit obligations were restated \$234,585 for the primary government and \$4,290,514 for the discretely presented School Department from the prior-year because the county's self-insurance fund's actuarial study and the state-administered Local Education Group Insurance and Medicare Supplement Plans' actuarial study were dated July 1, 2007, and the county chose not to early implement GASB Statement No. 45.

GASB Statement No. 49 requires county governments to measure and report their pollution remediation liabilities. A county has a pollution remediation problem if one of five obligating events occurs. The statement requires governments to restate beginning net assets in government-wide and proprietary fund financial statements for pollution remediation liabilities that existed as of July 1, 2008. Previous to Statement No. 49, counties were not required to measure and record pollution remediation liabilities. GASB Statement No. 49 had no effect on the financial statements of Sumner County for the year ended June 30, 2009, since the county had none of the obligating events. However, it is reasonably expected that Sumner County could have pollution remediation liabilities in subsequent years.

GASB Statement No. 52 requires endowments to report land and other real estate investments at fair value. Previous to Statement No. 52, land and other real estate held by endowments were reported at historical cost. Changes in fair value between years will be reported as investment income (loss). GASB Statement No. 52 had no effect on the financial statements of Sumner County for the year ended June 30, 2009, since the county had no endowment investments. However, it is reasonably expected that Sumner County could have endowment investments in subsequent years.

C. Subsequent Event

On November 16, 2009, Sumner County authorized the issuance of general obligation bonds up to \$6,600,000 for various county and school projects.

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. Changes in Administration

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

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

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

On March 1, 2009, James Young left the Office of Finance Director and was succeeded by David Lawing.

F. 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

G. 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 www.tn.gov/treasury/tcrs.

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, 2009, was 13.36 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, 2009, Sumner County’s annual pension cost of \$6,151,838 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. 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, 2007 was eight 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
6-30-09	\$6,151,838	100%	\$0
6-30-08	5,708,846	100	0
6-30-07	5,279,230	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 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, presents multiyear trend information about whether the actuarial values of plan

assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

School Teachers

Plan Description

The 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 SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Sumner County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2009, was 6.42 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, 2009, 2008, and 2007, were \$6,166,457, \$5,617,082, and \$5,178,714, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Self-Insurance Plan

Plan Description

All full-time employees and eligible retirees of the primary government and all full-time classified employees and eligible classified retirees of the discretely presented Sumner County School Department are eligible to participate in the health and dental insurance cost-sharing plan accounted for in the Self-Insurance Fund (internal service fund). Life insurance ranging from \$25,000 to \$35,000 is also provided to the classified retirees at the School Department. For accounting purposes, the plan is an agent single-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee established by the County Commission.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The county develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums.

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.

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, 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.

Sumner County and the Sumner County School Department made contributions totaling \$466,822 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Primary Government	School Department	Total
ARC	\$ 262,000	\$ 622,000	\$ 884,000
Interest on the NPO	0	0	0
Adjustment to the ARC	0	0	0
Annual OPEB cost	\$ 262,000	\$ 622,000	\$ 884,000
Amount of contribution	(46,683)	(420,139)	(466,822)
Increase/decrease in NPO	\$ 215,317	\$ 201,861	\$ 417,178
Net OPEB obligation, 7-1-08	234,585	375,258	609,843
Net OPEB obligation, 6-30-09	\$ 449,902	\$ 577,119	\$ 1,027,021

Fiscal Year Ended*	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Primary Government	\$ 262,000	18 %	\$ 449,902
6-30-09	School Department	622,000	68	577,119

* Data only available for one year.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows:

	Primary Government	School Department
Actuarial valuation date	7-1-07	7-1-07
Actuarial accrued liability (AAL)	\$ 2,085,000	\$ 6,706,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,085,000	\$ 6,706,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 22,489,298	\$ 25,451,255
UAAL as a % of covered payroll	9%	26%

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

Actuarial Methods and Assumptions

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

In the July 1, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a five percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent for 2007, grading down to six percent for 2017 and beyond. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over a 30-year period beginning with June 30, 2009.

State Sponsored Local Education Group Insurance Plan and Medicare Supplement Plan

Plan Description

The Sumner County School Department participates in the state-administered Local Education Group Insurance Plan and the Medicare Supplement Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated (TCA), for local education employees, and Section 8-27-701, TCA, for the Medicare Supplement. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in the plan develop their own contribution policy in terms of subsidizing retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The Sumner County School Department made contributions totaling \$1,997,755 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan	Total
ARC	\$ 5,632,000	\$ 265,000	\$ 5,897,000
Interest on the NPO	165,504	10,682	176,186
Adjustment to the ARC	(161,084)	(10,397)	(171,481)
Annual OPEB cost	<u>\$ 5,636,420</u>	<u>\$ 265,285</u>	<u>\$ 5,901,705</u>
Amount of contribution	(1,950,953)	(46,802)	(1,997,755)
Increase/decrease in NPO	<u>\$ 3,685,467</u>	<u>\$ 218,483</u>	<u>\$ 3,903,950</u>
Net OPEB obligation, 7-1-08	<u>3,677,873</u>	<u>237,383</u>	<u>3,915,256</u>
Net OPEB obligation, 6-30-09	<u><u>\$ 7,363,340</u></u>	<u><u>\$ 455,866</u></u>	<u><u>\$ 7,819,206</u></u>

Fiscal Year Ended* Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09 Local Education Group Plan	\$ 5,636,420	35 %	\$ 7,363,340
6-30-09 Medicare Supplement Plan	265,285	18	455,866

* Data only available for one year.

Funded Status and Funding Progress

	Local Education Group Plan	Medicare Supplement Plan
The funded status of the plan as of June 30, 2009, was as follows:		
Actuarial valuation date	7-1-07	7-1-07
Actuarial accrued liability (AAL)	\$ 44,938,000	\$ 2,244,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 44,938,000	\$ 2,244,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 95,535,952	\$ 0
UAAL as a % of covered payroll	47%	0%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required

supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

In the July 1, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over a 30-year period beginning with June 30, 2009.

I. Office of Finance Director

Sumner County operates under Chapter 113, Private Acts of 2002, as amended, which provides for a central system of 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.

J. 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 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 of the authority 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 individuals 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 authority is managed on a daily basis by a third-party administrator.

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 general purpose 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 general purpose financial statements. The accompanying financial statements present the financial position and the changes in net assets and cash flows 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, 2009.

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) 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, 2009, the authority's combined bank account balances exceeded FDIC insured limits by \$342,702. 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, 2009.

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 hangars for pilots who use the airport facilities and one hangar for the fixed base operator (FBO). Most of the hangars were built and are owned by the authority; however, 11 of the hangars 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, 2009.

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, 2009, 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 matter was scheduled for trial on October 1, 2009. 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, 2009.

E. State Grants

During the year ended June 30, 2009, a total of \$1,480,353 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, 2009, the authority held approved state grants with \$2,755,021 remaining and available to the authority.

At June 30, 2009, the authority had \$175,597 remaining on deposit with the State of Tennessee for matching portions of grants that have been awarded to the authority. The authority remitted an additional \$45,084 to the state during 2009 and recognized \$162,440 in returns of previously submitted matching funds.

Matching funds are recognized by the authority on a pro-rata basis as the underlying projects are completed and grant funds are released by the state.

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, 2009, management expense totaled \$30,000.

G. Budget

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

H. Capital Assets

Nondepreciable assets owned by the authority consist solely of land recorded at cost. In previous years, 11 privately built hangars were removed from the airport's capital assets. 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, 2009, totaled \$368,881.

The following is a summary of the authority's depreciable and non-depreciable assets as of June 30, 2009:

	Balance 7-1-08	Increases	Balance 6-30-09
Capital Assets Not Depreciated:			
Land	\$ 19,000	\$ 698,415	\$ 717,415
Construction in Progress	0	998,250	998,250
Total Capital Assets Not Depreciated	<u>\$ 19,000</u>	<u>\$ 1,696,665</u>	<u>\$ 1,715,665</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 6,003,258	\$ 0	\$ 6,003,258
Other Capital Assets	297,061	0	297,061
Total Capital Assets Depreciated	<u>\$ 6,300,319</u>	<u>\$ 0</u>	<u>\$ 6,300,319</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 3,159,751	\$ 340,275	\$ 3,500,026
Other Capital Assets	39,606	28,606	68,212
Total Accumulated Depreciation	<u>\$ 3,199,357</u>	<u>\$ 368,881</u>	<u>\$ 3,568,238</u>
Total Capital Assets Depreciated, Net	<u>\$ 3,100,962</u>	<u>\$ (368,881)</u>	<u>\$ 2,732,081</u>
Business-type Activities Capital Assets, Net	<u>\$ 3,119,962</u>	<u>\$ 1,327,784</u>	<u>\$ 4,447,746</u>

I. Related Party Transactions

During the year ended June 30, 2009, the authority received \$595,000 from Sumner County. Of these funds, \$295,000 was used to cover required matching funds on federal grants awarded to the authority. The remaining \$300,000 has not yet been spent and is being held in a certificate of deposit.

Certain board members lease hangars for their private aircrafts. These leases are billed and paid on the same terms as the public.

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/Subsequent Events

On July 13, 2009, the authority purchased a corporate aircraft hangar that was previously owned by a private party. The purchase price of this hangar was \$350,175 and was financed by a promissory note in the same amount bearing interest at three percent and collateralized by a \$300,000 certificate of deposit. The note does not require monthly principal payments and is due in full on July 31, 2010. The hangar was leased at a rate of \$3,500 per month to a member of the board. While principal payments are not required on the note, the authority intends to apply approximately \$3,200 per month of this lease payment to principal beginning in August 2009.

As noted in Note I, the \$300,000 certificate of deposit represents funds received from Sumner County based on Resolution 0207-08 in July 2002. The authority did not receive the grant until July 2008. Resolution 0207-08 characterizes these funds as an interest-free loan to the authority and requires repayment at a rate of \$2,500 per month.

As of the date of this report, Sumner County government had not presented any documentation to the authority evidencing the terms of the loan and, as such, no payments have been made. Further, the authority does not believe the intent of this award at the time it was made was that it be in loan form. Representatives of the county and the authority are reviewing this matter. The grant is reflected as part of net assets at June 30, 2009.

**REQUIRED SUPPLEMENTARY
INFORMATION**

This page is left blank intentionally.

Exhibit F-1

Sumner County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Revenues						
Local Taxes	\$ 17,977,435	\$ 0	\$ 17,977,435	\$ 17,733,656	\$ 17,733,656	\$ 243,779
Licenses and Permits	534,168	0	534,168	532,000	532,000	2,168
Fines, Forfeitures, and Penalties	844,762	0	844,762	793,650	798,450	46,312
Charges for Current Services	5,420,291	0	5,420,291	6,172,250	6,187,250	(766,959)
Other Local Revenues	1,018,272	0	1,018,272	877,642	995,217	23,055
Fees Received from County Officials	7,150,536	0	7,150,536	7,492,500	7,534,377	(383,841)
State of Tennessee	4,697,371	0	4,697,371	3,357,808	4,550,499	146,872
Federal Government	751,324	0	751,324	0	917,000	(165,676)
Other Governments and Citizens Groups	122,249	0	122,249	158,000	168,000	(45,751)
Total Revenues	\$ 38,516,408	\$ 0	\$ 38,516,408	\$ 37,117,506	\$ 39,416,449	\$ (900,041)
Expenditures						
General Government						
County Commission	\$ 253,997	\$ 0	\$ 253,997	\$ 228,880	\$ 265,880	\$ 11,883
Board of Equalization	11,939	0	11,939	45,000	15,000	3,061
Other Boards and Committees	1,900	0	1,900	0	4,000	2,100
County Mayor/Executive	204,972	0	204,972	212,982	216,582	11,610
Personnel Office	80,181	0	80,181	80,523	80,523	342
County Attorney	254,033	0	254,033	254,045	255,320	1,287
Election Commission	529,293	0	529,293	654,687	654,687	125,394
Register of Deeds	446,481	0	446,481	548,933	551,033	104,552
Planning	268,833	0	268,833	286,059	286,059	17,226
Engineering	163,986	0	163,986	164,991	169,791	5,805
Codes Compliance	263,021	0	263,021	282,934	278,874	15,853
County Buildings	1,120,251	0	1,120,251	1,131,956	1,131,956	11,705

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Expenditures (Cont.)						
<u>General Government (Cont.)</u>						
Preservation of Records	\$ 79,680	\$ 0	\$ 79,680	\$ 97,482	\$ 97,482	\$ 17,802
Finance						
Accounting and Budgeting	303,677	0	303,677	307,758	311,818	8,141
Purchasing	22,711	0	22,711	22,712	22,712	1
Property Assessor's Office	554,055	0	554,055	486,312	561,540	7,485
Reappraisal Program	451,276	0	451,276	444,722	480,517	29,241
County Trustee's Office	336,429	0	336,429	393,212	395,312	58,883
County Clerk's Office	973,921	0	973,921	992,840	994,940	21,019
Data Processing	101,993	0	101,993	108,734	108,734	6,741
Other Finance	123,117	0	123,117	123,119	123,119	2
<u>Administration of Justice</u>						
Circuit Court	988,140	0	988,140	1,145,014	1,147,114	158,974
General Sessions Judge	230,688	0	230,688	233,719	233,719	3,031
Drug Court	244,706	0	244,706	229,742	284,742	40,036
Chancery Court	449,931	0	449,931	451,430	453,530	3,599
Juvenile Court	315,619	0	315,619	337,696	337,422	21,803
Judicial Commissioners	198,629	0	198,629	202,374	208,660	10,031
Probation Services	267,185	0	267,185	281,075	281,075	13,890
<u>Public Safety</u>						
Sheriff's Department	5,467,576	0	5,467,576	6,104,181	6,269,492	801,916
Administration of the Sexual Offender Registry	2,622	0	2,622	9,100	9,100	6,478
Jail	4,866,852	0	4,866,852	5,132,965	5,171,603	304,751
Juvenile Services	335,285	0	335,285	385,247	402,349	67,064
Fire Prevention and Control	2,000	0	2,000	2,000	2,000	0

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Public Safety (Cont.)</u>						
Rural Fire Protection	\$ 144,000	\$ 0	\$ 144,000	\$ 144,000	\$ 144,000	\$ 0
Other Emergency Management	556,757	93,447	650,204	164,341	654,682	4,478
<u>Public Health and Welfare</u>						
Local Health Center	1,292,148	0	1,292,148	237,357	1,309,457	17,309
Rabies and Animal Control	111,600	0	111,600	81,048	111,950	350
Ambulance/Emergency Medical Services	5,483,295	0	5,483,295	5,772,495	5,772,495	289,200
Other Local Health Services	34,479	0	34,479	41,951	41,951	7,472
Appropriation to State	197,655	0	197,655	197,655	197,655	0
General Welfare Assistance	445	0	445	0	1,000	555
Aid to Dependent Children	714	0	714	1,000	1,000	286
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	196,425	0	196,425	190,000	241,000	44,575
Libraries	1,366,637	0	1,366,637	1,365,142	1,594,061	227,424
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	252,517	0	252,517	260,745	260,745	8,228
Soil Conservation	30,750	0	30,750	30,842	30,842	92
<u>Other Operations</u>						
Tourism	376,238	0	376,238	376,238	376,238	0
Airport	295,000	0	295,000	0	295,000	0
Veterans' Services	60,396	0	60,396	69,553	69,553	9,157
Other Charges	1,186,833	0	1,186,833	1,259,204	1,267,409	80,576
Contributions to Other Agencies	5,153,382	19,044	5,172,426	391,396	5,206,019	33,593
Employee Benefits	8,689,272	0	8,689,272	9,349,500	9,332,925	643,653
Miscellaneous	41,910	0	41,910	38,000	45,176	3,266

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Capital Projects</u>						
Public Health and Welfare Projects	\$ 109,645	0	109,645	0	500,000	\$ 390,355
Total Expenditures	\$ 45,495,077	112,491	45,607,568	41,352,891	49,259,843	\$ 3,652,275
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ (6,978,669)	(112,491)	(7,091,160)	(4,235,385)	(9,843,394)	\$ 2,752,234
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 983	0	983	0	0	\$ 983
Transfers In	191,581	0	191,581	267,000	358,000	(166,419)
Transfers Out	(176,541)	0	(176,541)	0	(176,541)	0
Total Other Financing Sources (Uses)	\$ 16,023	0	16,023	267,000	181,459	\$ (165,436)
Net Change in Fund Balance	\$ (6,962,646)	(112,491)	(7,075,137)	(3,968,385)	(9,661,935)	\$ 2,586,798
Fund Balance, July 1, 2008	23,321,081	0	23,321,081	22,539,384	22,539,384	781,697
Fund Balance, June 30, 2009	\$ 16,358,435	(112,491)	16,245,944	18,570,999	12,877,449	\$ 3,368,495

Exhibit F-2

Sumner County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Sumner County School Department
June 30, 2009

(Dollar amounts in thousands)

Fiscal Year Ended	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)
6-30-09	7-1-07	\$ 83,594	\$ 96,128	12,534	86.96 %	\$ 40,406	31.02 %
6-30-08	7-1-07	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 2007-08 year; therefore, data is only presented for two years.

Exhibit F-3

Sumner County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Sumner County School Department
June 30, 2009

(Dollar amounts in thousands)

Plans	Fiscal Year Ended*	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>Primary Government:</u>								
Self-Insurance Plan	6-30-09	7-1-07	\$ 0	\$ 2,085	\$ 2,085	0%	\$ 22,489	0
<u>Discretely Presented Sumner County School Department:</u>								
Self-Insurance Plan	6-30-09	7-1-07	0	6,706	6,706	0	25,451	26
Local Education Group Insurance Plan	6-30-09	7-1-07	0	44,938	44,938	0	95,536	47
Medicare Supplement Plan	6-30-09	7-1-07	0	2,244	2,244	0	0	0

*Data not available for two preceding years.

SUMNER COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2009

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, Other Boards and Committees, County Mayor/Executive, 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.

This page is left blank intentionally.

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

This page is left blank intentionally.

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

Exhibit G-1

Sumner County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2009

	Special Revenue Funds						Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	Total		Highway Capital Projects	Nonmajor Governmental Funds	
Cash	0	0	0	0	0	124,683	0	0	124,683	
Equity in Pooled Cash and Investments	406,252	44,048	70,266	0	2,177,521	2,698,087	107,663	0	2,805,750	
Accounts Receivable	21,993	0	0	781	8,737	31,511	0	0	31,511	
Due from Other Governments	0	91	0	0	557,648	557,739	0	0	557,739	
Due from Other Funds	670	0	0	0	874	1,544	0	0	1,544	
Property Taxes Receivable	0	0	0	0	751,207	751,207	0	0	751,207	
Allowance for Uncollectible Property Taxes	0	0	0	0	(17,144)	(17,144)	0	0	(17,144)	
Total Assets	428,915	44,139	70,266	125,464	3,478,843	4,147,627	107,663	0	4,255,290	

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable
 Accrued Payroll
 Due to Other Funds
 Due to Litigants, Heirs, and Others
 Deferred Revenue - Current Property Taxes
 Deferred Revenue - Delinquent Property Taxes
 Other Deferred Revenues

Total Liabilities

Fund Balances

Unreserved
 Total Fund Balances

Total Liabilities and Fund Balances

Accounts Payable	65,422	253	1,355	0	89,326	156,356	0	0	156,356
Accrued Payroll	0	0	0	0	33,642	33,642	0	0	33,642
Due to Other Funds	243	0	0	122,398	0	122,641	0	0	122,641
Due to Litigants, Heirs, and Others	0	2,975	0	3,066	0	6,041	0	0	6,041
Deferred Revenue - Current Property Taxes	0	0	0	0	710,626	710,626	0	0	710,626
Deferred Revenue - Delinquent Property Taxes	0	0	0	0	20,517	20,517	0	0	20,517
Other Deferred Revenues	0	0	0	0	275,357	275,357	0	0	275,357
Total Liabilities	65,665	3,228	1,355	125,464	1,129,468	1,325,180	0	0	1,325,180
Fund Balances	363,250	40,911	68,911	0	2,349,375	2,783,726	107,663	0	2,930,110
Unreserved	363,250	40,911	68,911	0	2,349,375	2,822,447	107,663	0	2,930,110
Total Fund Balances	363,250	40,911	68,911	0	2,349,375	2,822,447	107,663	0	2,930,110
Total Liabilities and Fund Balances	428,915	44,139	70,266	125,464	3,478,843	4,147,627	107,663	0	4,255,290

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, 2009

	Special Revenue Funds						Total	Capital Projects Fund	Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway / Public Works	Total			
Revenues									
Local Taxes	\$ 425,898	\$ 0	\$ 0	\$ 0	\$ 2,587,899	\$ 3,013,797	\$ 0	\$ 3,013,797	
Licenses and Permits	0	0	0	0	0	0	96,000	96,000	
Fines, Forfeitures, and Penalties	0	13,814	29,906	0	0	43,720	0	43,720	
Charges for Current Services	132,502	14,000	0	30,821	0	177,323	0	177,323	
Other Local Revenues	0	10,737	0	0	135,878	146,615	0	146,615	
State of Tennessee	0	0	0	0	2,977,483	2,977,483	0	2,977,483	
Federal Government	0	29,937	0	0	1,135	31,072	0	31,072	
Total Revenues	\$ 558,400	\$ 68,488	\$ 29,906	\$ 30,821	\$ 5,702,395	\$ 6,390,010	\$ 96,000	\$ 6,486,010	
Expenditures									
Current:									
General Government	\$ 550,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 550,000	\$ 0	\$ 550,000	
Administration of Justice	0	0	61,250	30,821	0	92,071	0	92,071	
Public Safety	0	130,874	0	0	0	130,874	0	130,874	
Highways	0	0	0	0	5,703,316	5,703,316	0	5,703,316	
Capital Projects	0	0	0	0	0	0	967	967	
Total Expenditures	\$ 550,000	\$ 130,874	\$ 61,250	\$ 30,821	\$ 5,703,316	\$ 6,476,261	\$ 967	\$ 6,477,228	
Excess (Deficiency) of Revenues Over Expenditures	\$ 8,400	\$ (62,386)	\$ (31,344)	\$ 0	\$ (921)	\$ (86,251)	\$ 95,033	\$ 8,782	
Other Financing Sources (Uses)									
Transfers Out	\$ (300)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (300)	\$ 0	\$ (300)	
Total Other Financing Sources (Uses)	\$ (300)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (300)	\$ 0	\$ (300)	
Net Change in Fund Balances	\$ 8,100	\$ (62,386)	\$ (31,344)	\$ 0	\$ (921)	\$ (86,551)	\$ 95,033	\$ 8,482	
Fund Balance, July 1, 2008	355,150	103,297	100,255	0	2,350,296	2,908,998	12,630	2,921,628	
Fund Balance, June 30, 2009	\$ 363,250	\$ 40,911	\$ 68,911	\$ 0	\$ 2,349,375	\$ 2,822,447	\$ 107,663	\$ 2,930,110	

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 425,898	\$ 420,000	\$ 420,000	\$ 5,898
Charges for Current Services	132,502	120,000	120,000	12,502
Total Revenues	<u>\$ 558,400</u>	<u>\$ 540,000</u>	<u>\$ 540,000</u>	<u>\$ 18,400</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 550,000	\$ 540,000	\$ 611,222	\$ 61,222
Total Expenditures	<u>\$ 550,000</u>	<u>\$ 540,000</u>	<u>\$ 611,222</u>	<u>\$ 61,222</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 8,400</u>	<u>\$ 0</u>	<u>\$ (71,222)</u>	<u>\$ 79,622</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (300)	\$ 0	\$ (300)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (300)</u>	<u>\$ 0</u>	<u>\$ (300)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 8,100	\$ 0	\$ (71,522)	\$ 79,622
Fund Balance, July 1, 2008	<u>355,150</u>	<u>240,000</u>	<u>240,000</u>	<u>115,150</u>
Fund Balance, June 30, 2009	<u><u>\$ 363,250</u></u>	<u><u>\$ 240,000</u></u>	<u><u>\$ 168,478</u></u>	<u><u>\$ 194,772</u></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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 13,814	\$ 97,500	\$ 97,500	\$ (83,686)
Charges for Current Services	14,000	0	0	14,000
Other Local Revenues	10,737	12,500	12,500	(1,763)
Federal Government	29,937	0	0	29,937
Total Revenues	<u>\$ 68,488</u>	<u>\$ 110,000</u>	<u>\$ 110,000</u>	<u>\$ (41,512)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 130,874	\$ 111,840	\$ 144,840	\$ 13,966
Total Expenditures	<u>\$ 130,874</u>	<u>\$ 111,840</u>	<u>\$ 144,840</u>	<u>\$ 13,966</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (62,386)</u>	<u>\$ (1,840)</u>	<u>\$ (34,840)</u>	<u>\$ (27,546)</u>
Net Change in Fund Balance	\$ (62,386)	\$ (1,840)	\$ (34,840)	\$ (27,546)
Fund Balance, July 1, 2008	103,297	110,000	110,000	(6,703)
Fund Balance, June 30, 2009	<u>\$ 40,911</u>	<u>\$ 108,160</u>	<u>\$ 75,160</u>	<u>\$ (34,249)</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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 29,906	\$ 32,000	\$ 32,000	\$ (2,094)
Total Revenues	\$ 29,906	\$ 32,000	\$ 32,000	\$ (2,094)
<u>Expenditures</u>				
<u>Administration of Justice</u>				
District Attorney General	\$ 61,250	\$ 50,000	\$ 81,000	\$ 19,750
Total Expenditures	\$ 61,250	\$ 50,000	\$ 81,000	\$ 19,750
Excess (Deficiency) of Revenues Over Expenditures	\$ (31,344)	\$ (18,000)	\$ (49,000)	\$ 17,656
Net Change in Fund Balance	\$ (31,344)	\$ (18,000)	\$ (49,000)	\$ 17,656
Fund Balance, July 1, 2008	100,255	150,000	150,000	(49,745)
Fund Balance, June 30, 2009	\$ 68,911	\$ 132,000	\$ 101,000	\$ (32,089)

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,587,899	\$ 2,508,256	\$ 2,508,256	\$ 79,643
Other Local Revenues	135,878	109,490	109,490	26,388
State of Tennessee	2,977,483	3,052,128	3,052,128	(74,645)
Federal Government	1,135	50,000	50,000	(48,865)
Total Revenues	<u>\$ 5,702,395</u>	<u>\$ 5,719,874</u>	<u>\$ 5,719,874</u>	<u>\$ (17,479)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 197,881	\$ 207,013	\$ 209,848	\$ 11,967
Highway and Bridge Maintenance	3,469,941	3,958,394	4,062,894	592,953
Operation and Maintenance of Equipment	760,910	1,214,801	1,226,401	465,491
Quarry Operations	37,155	69,629	69,629	32,474
Litter and Trash Collection	26,152	49,646	49,646	23,494
Other Charges	222,250	230,775	237,882	15,632
Employee Benefits	688,607	866,852	873,252	184,645
Capital Outlay	300,420	857,500	725,058	424,638
Total Expenditures	<u>\$ 5,703,316</u>	<u>\$ 7,454,610</u>	<u>\$ 7,454,610</u>	<u>\$ 1,751,294</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (921)</u>	<u>\$ (1,734,736)</u>	<u>\$ (1,734,736)</u>	<u>\$ 1,733,815</u>
Net Change in Fund Balance	\$ (921)	\$ (1,734,736)	\$ (1,734,736)	\$ 1,733,815
Fund Balance, July 1, 2008	2,350,296	2,272,854	2,272,854	77,442
Fund Balance, June 30, 2009	<u>\$ 2,349,375</u>	<u>\$ 538,118</u>	<u>\$ 538,118</u>	<u>\$ 1,811,257</u>

Major Governmental Fund

General Debt Service Fund

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

This page is left blank intentionally.

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 22,194,485	\$ 22,335,656	\$ 22,335,656	\$ (141,171)
Other Local Revenues	3,365,620	2,030,000	2,030,000	1,335,620
Total Revenues	<u>\$ 25,560,105</u>	<u>\$ 24,365,656</u>	<u>\$ 24,365,656</u>	<u>\$ 1,194,449</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 403,197	\$ 520,000	\$ 519,025	\$ 115,828
<u>Principal on Debt</u>				
General Government	0	100,000	100,000	100,000
Education	30,545,000	31,545,000	31,294,429	749,429
<u>Interest on Debt</u>				
Education	8,118,225	8,118,225	8,118,225	0
<u>Other Debt Service</u>				
Education	1,475	1,500	2,475	1,000
Total Expenditures	<u>\$ 39,067,897</u>	<u>\$ 40,284,725</u>	<u>\$ 40,034,154</u>	<u>\$ 966,257</u>
Excess (Deficiency) of Revenues Over Expenditures		<u>\$ (13,507,792)</u>	<u>\$ (15,919,069)</u>	<u>\$ (15,668,498)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 500,000	\$ 500,000	\$ (500,000)
Transfers Out	(750,571)	0	(750,571)	0
Total Other Financing Sources (Uses)	<u>\$ (750,571)</u>	<u>\$ 500,000</u>	<u>\$ (250,571)</u>	<u>\$ (500,000)</u>
Net Change in Fund Balance	\$ (14,258,363)	\$ (15,419,069)	\$ (15,919,069)	\$ 1,660,706
Fund Balance, July 1, 2008	<u>20,537,570</u>	<u>16,760,812</u>	<u>16,760,812</u>	<u>3,776,758</u>
Fund Balance, June 30, 2009	<u>\$ 6,279,207</u>	<u>\$ 1,341,743</u>	<u>\$ 841,743</u>	<u>\$ 5,437,464</u>

This page is left blank intentionally.

Fiduciary Funds

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

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

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.

This page is left blank intentionally.

Exhibit I-1

Sumner County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2009

	Agency Funds			
	Cities - Sales Tax	Constitu- tional Officers - Agency	Judicial District Drug	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 5,315,268	\$ 3,255	\$ 5,318,523
Equity in Pooled Cash and Investments	0	0	917,233	917,233
Accounts Receivable	0	1,675	0	1,675
Due from Other Governments	2,499,941	0	0	2,499,941
Total Assets	<u>\$ 2,499,941</u>	<u>\$ 5,316,943</u>	<u>\$ 920,488</u>	<u>\$ 8,737,372</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 2,499,941	\$ 0	\$ 0	\$ 2,499,941
Due to State of Tennessee	0	440,461	0	440,461
Due to Litigants, Heirs, and Others	0	4,876,482	214,941	5,091,423
Due to Joint Ventures	0	0	705,547	705,547
Total Liabilities	<u>\$ 2,499,941</u>	<u>\$ 5,316,943</u>	<u>\$ 920,488</u>	<u>\$ 8,737,372</u>

Exhibit I-2

Sumner County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2009

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 15,164,959	\$ 15,164,959	\$ 0
Due from Other Governments	2,741,992	2,499,941	2,741,992	2,499,941
Total Assets	\$ 2,741,992	\$ 17,664,900	\$ 17,906,951	\$ 2,499,941
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,741,992	\$ 17,664,900	\$ 17,906,951	\$ 2,499,941
Total Liabilities	\$ 2,741,992	\$ 17,664,900	\$ 17,906,951	\$ 2,499,941
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 5,800,716	\$ 5,315,268	\$ 5,800,716	\$ 5,315,268
Accounts Receivable	1,841	1,675	1,841	1,675
Total Assets	\$ 5,802,557	\$ 5,316,943	\$ 5,802,557	\$ 5,316,943
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 5,300,220	\$ 4,876,482	\$ 5,300,220	\$ 4,876,482
Due to State of Tennessee	502,337	440,461	502,337	440,461
Total Liabilities	\$ 5,802,557	\$ 5,316,943	\$ 5,802,557	\$ 5,316,943
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Cash	\$ 4,737	\$ 22,500	\$ 23,982	\$ 3,255
Equity in Pooled Cash and Investments	1,363,850	711,113	1,157,730	917,233
Total Assets	\$ 1,368,587	\$ 733,613	\$ 1,181,712	\$ 920,488
<u>Liabilities</u>				
Due to Joint Ventures	\$ 1,086,846	\$ 641,022	\$ 1,022,321	\$ 705,547
Due to Litigants, Heirs, and Others	281,741	92,591	159,391	214,941
Total Liabilities	\$ 1,368,587	\$ 733,613	\$ 1,181,712	\$ 920,488
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 5,805,453	\$ 5,337,768	\$ 5,824,698	\$ 5,318,523
Equity in Pooled Cash and Investments	1,363,850	15,876,072	16,322,689	917,233
Accounts Receivable	1,841	1,675	1,841	1,675
Due From Other Governments	2,741,992	2,499,941	2,741,992	2,499,941
Total Assets	\$ 9,913,136	\$ 23,715,456	\$ 24,891,220	\$ 8,737,372

(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 (Cont.)</u>				
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,741,992	\$ 17,664,900	\$ 17,906,951	\$ 2,499,941
Due to Joint Ventures	1,086,846	641,022	1,022,321	705,547
Due to State of Tennessee	502,337	440,461	502,337	440,461
Due to Litigants, Heirs, and Others	5,581,961	4,969,073	5,459,611	5,091,423
Total Liabilities	\$ 9,913,136	\$ 23,715,456	\$ 24,891,220	\$ 8,737,372

This page is left blank intentionally.

Sumner County School Department

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.

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.

This page is left blank intentionally.

Exhibit J-1

Sumner County, Tennessee
Statement of Activities
Discretely Presented Sumner County School Department
For the Year Ended June 30, 2009

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:				
Instruction	\$ 129,421,708	\$ 8,119,210	\$ 0	\$ (120,564,637)
Support Services	72,811,877	3,447,705	69,932,467	749,559
Operation of Non-Instructional Services	12,376,767	5,626,837	0	1,317,695
Other Debt Service	487,122	0	0	(487,122)
Total Governmental Activities	\$ 215,097,474	\$ 17,193,752	\$ 69,932,467	\$ (118,984,505)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 47,543,628
Local Option Sales Tax				11,066,550
Wheel Tax				4,076,613
Interstate Telecommunications Tax				8,980
Grants and Contributions Not Restricted to Specific Programs				107,105,208
Unrestricted Investment Income				36,543
Miscellaneous				265,137
Total General Revenues				\$ 170,102,659
Change in Net Assets				\$ 51,118,154
Net Assets, July 1, 2008				208,014,267
Prior-period Adjustment				(4,290,514)
Net Assets, June 30, 2009				\$ 254,841,907

Exhibit J-2

Sumner County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Sumner County School Department
June 30, 2009

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Fund</u>	<u>Total</u>
	General Purpose School	School Federal Projects	Govern- mental Funds
<u>ASSETS</u>			
Cash	\$ 7,550	\$ 0	\$ 7,550
Equity in Pooled Cash and Investments	14,385,485	1,040,815	15,426,300
Accounts Receivable	503,724	0	503,724
Due from Other Governments	6,184,999	179,864	6,364,863
Property Taxes Receivable	51,906,420	0	51,906,420
Allowance for Uncollectible Property Taxes	(1,183,807)	0	(1,183,807)
Total Assets	<u>\$ 71,804,371</u>	<u>\$ 1,220,679</u>	<u>\$ 73,025,050</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 454,437	\$ 24,835	\$ 479,272
Payroll Deductions Payable	2,887,022	0	2,887,022
Deferred Revenue - Current Property Taxes	49,105,471	0	49,105,471
Deferred Revenue - Delinquent Property Taxes	1,416,302	0	1,416,302
Other Deferred Revenues	991,223	0	991,223
Total Liabilities	<u>\$ 54,854,455</u>	<u>\$ 24,835</u>	<u>\$ 54,879,290</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 2,257,951	\$ 12,238	\$ 2,270,189
Other Local Education Reserves	1,158,713	0	1,158,713
Reserved for Career Ladder Program	63,302	0	63,302
Reserved for Title I Grants to Local Education Agencies	0	69,989	69,989
Reserved for Special Education - Grants to States	0	1,076,990	1,076,990
Other Federal Reserves	0	36,627	36,627
Unreserved, Reported In:			
General Fund	13,469,950	0	13,469,950
Total Fund Balances	<u>\$ 16,949,916</u>	<u>\$ 1,195,844</u>	<u>\$ 18,145,760</u>
Total Liabilities and Fund Balances	<u>\$ 71,804,371</u>	<u>\$ 1,220,679</u>	<u>\$ 73,025,050</u>

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, 2009

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)		\$	18,145,760
(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		61,160,494	
Add: buildings and improvements net of accumulated depreciation		169,707,348	
Add: other capital assets net of accumulated depreciation		<u>5,150,177</u>	244,556,295
(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	\$	(1,871,348)	
Less: other postemployment benefits liability		<u>(8,396,325)</u>	(10,267,673)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>2,407,525</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>254,841,907</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, 2009

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u>
	General Purpose School	School Federal Projects	Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 62,914,697	\$ 0	\$ 62,914,697
Licenses and Permits	7,049	0	7,049
Charges for Current Services	7,970,206	0	7,970,206
Other Local Revenues	1,490,405	0	1,490,405
State of Tennessee	107,728,572	0	107,728,572
Federal Government	5,965,061	9,588,175	15,553,236
Total Revenues	<u>\$ 186,075,990</u>	<u>\$ 9,588,175</u>	<u>\$ 195,664,165</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 117,042,476	\$ 8,267,430	\$ 125,309,906
Support Services	57,986,515	1,738,057	59,724,572
Operation of Non-Instructional Services	11,483,890	0	11,483,890
Capital Outlay	2,202,461	0	2,202,461
Debt Service:			
Other Debt Service	487,122	0	487,122
Total Expenditures	<u>\$ 189,202,464</u>	<u>\$ 10,005,487</u>	<u>\$ 199,207,951</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,126,474)</u>	<u>\$ (417,312)</u>	<u>\$ (3,543,786)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 83,169	\$ 0	\$ 83,169
Transfers In	22,133	0	22,133
Transfers Out	0	(22,133)	(22,133)
Total Other Financing Sources (Uses)	<u>\$ 105,302</u>	<u>\$ (22,133)</u>	<u>\$ 83,169</u>
Net Change in Fund Balances	\$ (3,021,172)	\$ (439,445)	\$ (3,460,617)
Fund Balance, July 1, 2008	19,971,088	1,635,289	21,606,377
Fund Balance, June 30, 2009	<u>\$ 16,949,916</u>	<u>\$ 1,195,844</u>	<u>\$ 18,145,760</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, 2009

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)		\$ (3,460,617)
(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	\$ 3,043,411	
Add: assets donated and capitalized	69,932,467	
Less: current year depreciation expense	<u>(14,251,499)</u>	58,724,379
(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 and other deferred June 30, 2009	\$ 2,407,525	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(2,288,029)</u>	119,496
(3) 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		(159,293)
Change in other postemployment benefits liability		<u>(4,105,811)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 51,118,154</u>

Exhibit J-6

Sumner County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discreetly Presented Sumner County School Department
 General Purpose School Fund
 For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 62,914,697	\$ 0	\$ 0	\$ 62,914,697	\$ 63,614,777	\$ 63,614,777	\$ (700,080)
Licenses and Permits	7,049	0	0	7,049	9,000	9,000	(1,951)
Charges for Current Services	7,970,206	0	0	7,970,206	9,812,398	10,147,865	(2,177,659)
Other Local Revenues	1,490,405	0	0	1,490,405	683,200	1,541,057	(50,652)
State of Tennessee	107,728,572	0	0	107,728,572	104,146,571	106,673,249	1,055,323
Federal Government	5,965,061	0	0	5,965,061	3,705,761	4,633,828	1,331,233
Total Revenues	\$ 186,075,990	\$ 0	\$ 0	\$ 186,075,990	\$ 181,971,707	\$ 186,619,776	\$ (543,786)
Expenditures							
Instruction							
Regular Instruction Program	\$ 88,278,500	\$ (831,570)	\$ 1,464,588	\$ 88,911,518	\$ 88,295,545	\$ 89,285,325	\$ 373,807
Alternative Instruction Program	1,593,576	0	0	1,593,576	1,795,391	1,797,871	204,295
Special Education Program	17,645,997	0	0	17,645,997	18,246,853	18,529,699	883,702
Vocational Education Program	9,228,539	(60,392)	0	9,168,147	9,307,670	9,287,670	119,523
Adult Education Program	295,864	0	0	295,864	364,764	407,856	111,992
Support Services							
Attendance	353,090	0	0	353,090	362,436	362,436	9,346
Health Services	619,285	0	12,358	631,643	739,566	690,364	58,721
Other Student Support	4,411,434	0	0	4,411,434	4,586,645	4,512,814	101,380
Regular Instruction Program	6,920,392	(18,669)	7,943	6,909,666	6,031,179	7,165,302	255,636
Alternative Instruction Program	295,071	0	0	295,071	309,849	309,849	14,778
Special Education Program	1,490,666	0	0	1,490,666	1,514,164	1,589,384	98,718
Vocational Education Program	225,687	0	0	225,687	243,061	243,351	17,664
Adult Programs	291,535	0	0	291,535	303,530	300,439	8,904

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Other Programs	\$ 836,511	\$ 0	\$ 0	\$ 836,511	\$ 0	\$ 836,511	\$ 0
Board of Education	3,879,219	0	0	3,879,219	3,899,661	4,064,761	185,542
Director of Schools	526,303	0	18,371	544,674	633,551	622,551	77,877
Office of the Principal	11,672,341	0	20,821	11,693,162	11,874,525	11,788,193	95,031
Fiscal Services	982,278	(1,589)	12,757	993,446	1,041,380	1,018,880	25,434
Human Services/Personnel	481,459	0	9,995	491,454	552,710	502,710	11,256
Operation of Plant	13,060,962	(23,189)	42,375	13,080,148	12,767,987	13,246,684	166,536
Maintenance of Plant	4,349,547	(89,195)	82,406	4,342,758	4,670,139	4,550,937	208,179
Transportation	6,777,688	(22,276)	11,688	6,767,100	7,645,046	7,264,946	497,846
Central and Other	813,047	0	7,362	820,409	880,941	871,231	50,822
<u>Operation of Non-Instructional Services</u>							
Food Service	10,107,833	0	12,000	10,119,833	13,716,415	13,716,415	3,596,582
Community Services	1,376,057	(9,533)	35,254	1,401,778	1,196,401	1,433,401	31,623
Capital Outlay							
Regular Capital Outlay	2,202,461	(537,452)	520,033	2,185,042	1,394,000	2,702,791	517,749
Other Debt Service							
Education	487,122	0	0	487,122	500,000	488,000	878
Total Expenditures	\$ 189,202,464	\$ (1,593,865)	\$ 2,257,951	\$ 189,866,550	\$ 192,873,409	\$ 197,590,371	\$ 7,723,821
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,126,474)	\$ 1,593,865	\$ (2,257,951)	\$ (3,790,560)	\$ (10,901,702)	\$ (10,970,595)	\$ 7,180,035
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 83,169	\$ 0	\$ 0	\$ 83,169	\$ 0	\$ 80,750	\$ 2,419
Transfers In	22,133	0	0	22,133	60,000	60,000	(37,867)
Transfers Out	0	0	0	0	(15,000)	(26,857)	26,857
Total Other Financing Sources (Uses)	\$ 105,302	\$ 0	\$ 0	\$ 105,302	\$ 45,000	\$ 113,893	\$ (8,591)
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ (3,021,172)	\$ 1,593,865	\$ (2,257,951)	\$ (3,685,258)	\$ (10,856,702)	\$ (10,856,702)	\$ 7,171,444
Fund Balance, June 30, 2009	19,971,088	(1,593,865)	0	18,377,223	17,891,563	17,891,563	485,660
Fund Balance, June 30, 2009	\$ 16,949,916	\$ 0	\$ (2,257,951)	\$ 14,691,965	\$ 7,034,861	\$ 7,034,861	\$ 7,657,104

Exhibit J-7

Sumner County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sumner County School Department
School Federal Projects Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 9,588,175	\$ 0	\$ 0	\$ 9,588,175	\$ 10,076,422	\$ 12,047,360	\$ (2,459,185)
Total Revenues	\$ 9,588,175	\$ 0	\$ 0	\$ 9,588,175	\$ 10,076,422	\$ 12,047,360	\$ (2,459,185)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 3,030,349	(1,700)	10,000	\$ 3,038,649	\$ 3,770,785	\$ 3,763,463	\$ 724,814
Alternative Instruction Program	26,885	0	0	26,885	26,656	30,109	3,224
Special Education Program	4,940,864	0	2,238	4,943,102	4,153,286	6,908,893	1,965,791
Vocational Education Program	269,332	0	0	269,332	205,000	270,190	858
<u>Support Services</u>							
Other Student Support	63,373	(1,800)	0	61,573	86,953	97,843	36,270
Regular Instruction Program	640,258	0	0	640,258	791,274	950,141	309,883
Special Education Program	911,755	0	0	911,755	843,202	1,076,762	165,007
Vocational Education Program	65,231	0	0	65,231	100,778	85,000	19,769
Transportation	57,440	0	0	57,440	58,568	66,480	9,040
Total Expenditures	\$ 10,005,487	\$ (3,500)	\$ 12,238	\$ 10,014,225	\$ 10,036,502	\$ 13,248,881	\$ 3,234,656
Excess (Deficiency) of Revenues Over Expenditures	\$ (417,312)	\$ 3,500	\$ (12,238)	\$ (426,050)	\$ 39,920	\$ (1,201,521)	\$ 775,471
<u>Other Financing Sources (Uses)</u>							
Transfers Out	(22,133)	0	0	(22,133)	(39,920)	(40,839)	18,706
Total Other Financing Sources (Uses)	(22,133)	0	0	(22,133)	(39,920)	(40,839)	18,706
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ (439,445)	\$ 3,500	\$ (12,238)	\$ (448,183)	\$ 0	\$ (1,242,360)	\$ 794,177
	1,635,289	(3,500)	0	1,631,789	0	0	1,631,789
Fund Balance, June 30, 2009	\$ 1,195,844	\$ 0	\$ (12,238)	\$ 1,183,606	\$ 0	\$ (1,242,360)	\$ 2,425,966

MISCELLANEOUS SCHEDULES

This page is left blank intentionally.

Exhibit K-1

Sumner County, Tennessee
Schedule of Changes in Long-term Notes and Bonds
For the Year Ended June 30, 2009

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Paid and/or Matured During Period	Outstanding 6-30-09
<u>NOTES PAYABLE</u>							
Payable through General Debt Service Fund School	\$ 17,000,000	4	% 10-12-06	6-1-09	\$ 17,000,000	\$ 17,000,000	\$ 0
Total Notes Payable					<u>\$ 17,000,000</u>	<u>\$ 17,000,000</u>	<u>\$ 0</u>
<u>BONDS PAYABLE</u>							
Payable through General Debt Service Fund School Refunding	95,250,000	3.79	4-9-07	6-1-17	\$ 87,885,000	\$ 8,300,000	\$ 79,585,000
General Obligation Schools	75,150,000	4 to 5	10-31-07	6-1-19	70,685,000	5,245,000	65,440,000
Total Bonds Payable					<u>\$ 158,570,000</u>	<u>\$ 13,545,000</u>	<u>\$ 145,025,000</u>

Exhibit K-2

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

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
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>\$ 145,025,000</u>	<u>\$ 36,117,775</u>	<u>\$ 181,142,775</u>

Exhibit K-3

Sumner County, Tennessee
Schedule of Investments
June 30, 2009

<u>Fund and Type</u>	<u>Date of Purchase</u>	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
<u>General Debt Service Fund</u> Treasury Notes	Various	Various	Varies	\$ 1,750,774

Exhibit K-4

Summer County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Summer County School Department
For the Year Ended June 30, 2009

<u>To Fund</u>	<u>From Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Self-Insurance	Salaries	\$ 179,281
General	General Capital Projects	Health Department utilities	12,000
General	Courthouse and Jail Maintenance	Mowing	300
General Capital Projects	General Debt Service	School buses	250,571
General Capital Projects	General Debt Service	Waterline extension	500,000
General Capital Projects	General	Construction projects	176,541
Total Transfers Primary Government			<u>\$ 1,118,693</u>
<u>DISCRETELY PRESENTED SUMNER COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Indirect costs	\$ 22,133
Total Transfers Discretely Presented Summer County School Department			<u>\$ 22,133</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, 2009

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive:				
R.J. Thompson (7-1-08 through 7-6-08)	Sections 8-24-102 and 5-1-310, <u>TCA</u>	\$ 3,895 (1)	\$ 50,000	Hartford Fire Insurance Company
Ragan Hall (7-21-08 through 11-17-08)	Sections 8-24-102 and 5-1-310, <u>TCA</u>	31,800	50,000	"
Anthony Holt (11-18-08 through 6-30-09)	Sections 8-24-102 and 5-1-310, <u>TCA</u>	58,794	50,000	"
Superintendent of Roads	Section 8-24-102, <u>TCA</u>	91,559	100,000	"
Director of Schools	State Board of Education and Local Board of Education	125,780		
Trustee	Sections 8-24-102 and 5-1-310, <u>TCA</u>	85,338 (1)	4,656,000	"
Assessor of Property	Sections 8-24-102 and 5-1-310, <u>TCA</u>	85,338 (1)	10,000	Western Surety Company
Director of Finance:				
Rachel Nichols (7-1-08 through 8-28-08)	County Commission	17,274 (2)	50,000	Hartford Fire Insurance Company
James Young (8-26-08 through 3-1-09)	County Commission	32,800	50,000	"
David Lawing (3-2-09 through 6-30-09)	County Commission	29,423	50,000	"
County Clerk	Sections 8-24-102 and 5-1-310, <u>TCA</u>	85,338 (1)	50,000	"
Circuit Court Clerk	Sections 8-24-102 and 5-1-310, <u>TCA</u>	85,338 (1)	50,000	"
Clerk and Master	Sections 8-24-102 and 5-1-310, <u>TCA</u> and Chancery Court			
Register	Sections 8-24-102 and 5-1-310, <u>TCA</u>	85,338 (3)	50,000	The Ohio Casualty Insurance Company
Sheriff	Section 8-24-102, <u>TCA</u>	85,338 (1)	25,000	Hartford Fire Insurance Company
		91,559 (4)	25,000	"

- (1) Includes \$1,500 education supplement.
- (2) Includes \$3,516 vacation pay.
- (3) Does not include special commissioner fees totaling \$30,821. Includes an education supplement of \$1,500.
- (4) Does not include a 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, 2009

	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	\$ 14,644,073	\$ 0	\$ 0	\$ 0	\$ 0	667,699
Trustee's Collections - Prior Year	229,839	0	0	0	0	10,488
Circuit/Clerk & Master Collections - Prior Years	150,559	0	0	0	0	6,865
Interest and Penalty	54,837	0	0	0	0	2,500
Pick-up Taxes	22,376	0	0	0	0	1,020
Payments in-Lieu-of Taxes - T.V.A.	134	0	0	0	0	6
Payments in-Lieu-of Taxes - Local Utilities	107,790	0	0	0	0	4,915
Payments in-Lieu-of Taxes - Other	6,441	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	0
Hotel/Motel Tax	392,110	0	0	0	0	0
Wheel Tax	0	0	0	0	0	1,747,230
Litigation Tax - General	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	425,898	0	0	0	0
Business Tax	1,301,051	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	147,176
Adequate Facilities/Development Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	561,712	0	0	0	0	0
Wholesale Beer Tax	504,249	0	0	0	0	0
Beer Privilege Tax	2,264	0	0	0	0	0
Interstate Telecommunications Tax	0	0	0	0	0	0
Total Local Taxes	\$ 17,977,435	\$ 425,898	\$ 0	\$ 0	\$ 0	\$ 2,587,899
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 5,158	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	416,567	0	0	0	0	0
<u>Permits</u>						
Beer Permits	1,662	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>Licenses and Permits (Cont.)</u>							
<u>Permits (Cont.)</u>							
Building Permits	\$ 108,876	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Permits	1,905	0	0	0	0	0	0
Total Licenses and Permits	\$ 534,168	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 29,250	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	46,075	0	0	0	0	0	0
Drug Control Fines	0	0	2,467	0	0	0	0
District Attorney General Fees	0	0	0	6,241	0	0	0
DUI Treatment Fines	4,804	0	0	0	0	0	0
Data Entry Fee - Circuit Court	44,938	0	0	0	0	0	0
Courtroom Security Fee	1,503	0	0	0	0	0	0
<u>Criminal Court</u>							
Drug Court Fees	14,654	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	184,228	0	0	0	0	0	0
Officers Costs	261,560	0	0	0	0	0	0
Drug Control Fines	0	0	11,347	0	0	0	0
Drug Court Fees	48,988	0	0	0	0	0	0
District Attorney General Fees	0	0	0	23,618	0	0	0
DUI Treatment Fines	89,812	0	0	0	0	0	0
Courtroom Security Fee	12,801	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	12,130	0	0	0	0	0	0
Officers Costs	20,953	0	0	0	0	0	0
Courtroom Security Fee	129	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	11,715	0	0	0	0	0	0
Data Entry Fee - Chancery Court	6,310	0	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	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Chancery Court (Cont.)</u>						
Courtroom Security Fee	\$ 68	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Courts - In-county</u>						
Fines for Littering	115	0	0	0	0	0
<u>Courts in Other District Counties</u>						
District Attorney General Fees	0	0	0	47	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Other Fines, Forfeitures, and Penalties	54,729	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 844,762	\$ 0	\$ 13,814	\$ 29,906	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Self-Insurance Premiums/Contributions	\$ 100,826	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	4,583,221	0	0	0	0	0
Zoning Studies	1,500	0	0	0	0	0
Work Release Charges for Board	23,400	0	0	0	0	0
Other General Service Charges	10,455	0	14,000	0	0	0
<u>Fees</u>						
Subdivision Lot Fees	12,103	0	0	0	0	0
Engineer Review Fees	4,534	0	0	0	0	0
Copy Fees	2,302	0	0	0	0	0
Library Fees	47,924	0	0	0	0	0
Greenbelt Late Application Fee	300	0	0	0	0	0
Telephone Commissions	0	127,502	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	30,821	0
Data Processing Fee - Register	68,016	0	0	0	0	0
Probation Fees	439,535	0	0	0	0	0
Data Processing Fee - Sheriff	31,177	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	6,640	0	0	0	0	0
Data Processing Fee - County Clerk	51,272	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>Charges for Current Services (Cont.)</u>						
<u>Other Charges for Services</u>						
Other Charges for Services	\$ 37,086	\$ 5,000	\$ 0	\$ 0	\$ 0	\$ 0
Total Charges for Current Services	\$ 5,420,291	\$ 132,502	\$ 14,000	\$ 0	\$ 30,821	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 313,499	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	176,143	0	0	0	0	0
Sale of Materials and Supplies	1,023	0	0	0	0	33,328
Commissary Sales	115,371	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	86,037
Sale of Maps	571	0	0	0	0	0
Miscellaneous Refunds	7,020	0	0	0	0	40
<u>Nonrecurring Items</u>						
Sale of Equipment	10,855	0	0	0	0	0
Sale of Property	2,519	0	0	0	0	0
Damages Recovered from Individuals	0	0	0	0	0	16,473
Contributions and Gifts	329,424	0	10,737	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	61,847	0	0	0	0	0
Total Other Local Revenues	\$ 1,018,272	\$ 0	\$ 10,737	\$ 0	\$ 0	\$ 135,878
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 1,469,735	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	1,909,728	0	0	0	0	0
Clerk and Master	471,382	0	0	0	0	0
Register	963,759	0	0	0	0	0
Sheriff	45,792	0	0	0	0	0
Trustee	2,290,140	0	0	0	0	0
Total Fees Received from County Officials	\$ 7,150,536	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds						Highway / Public Works
	General	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitu- tional Officers - Fees		
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 7,102	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
State Reappraisal Grant	42,742	0	0	0	0	0	0
On-Behalf Contributions for OPEB	7,176	0	0	0	0	0	0
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	39,000	0	0	0	0	0	0
Health and Welfare Grants							
Health Department Programs	1,058,790	0	0	0	0	0	0
<u>Public Works Grants</u>							
State Aid Program	0	0	0	0	0	0	275,969
Litter Program	0	0	0	0	0	0	53,544
<u>Other State Revenues</u>							
Flood Control	82,317	0	0	0	0	0	0
Income Tax	392,197	0	0	0	0	0	0
Beer Tax	18,701	0	0	0	0	0	0
Alcoholic Beverage Tax	150,004	0	0	0	0	0	0
Mixed Drink Tax	7,026	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	1,221,709	0	0	0	0	0	0
Emergency Hospital - Prisoners	41,359	0	0	0	0	0	0
Contracted Prisoner Boarding	1,528,949	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	2,543,205
Petroleum Special Tax	0	0	0	0	0	0	104,765
Registrar's Salary Supplement	14,912	0	0	0	0	0	0
Other State Grants	8,154	0	0	0	0	0	0
Other State Revenues	77,233	0	0	0	0	0	0
Total State of Tennessee	\$ 4,697,371	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,977,483
<u>Federal Government</u>							
<u>Federal Through State</u>							
Disaster Relief	\$ 13,806	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,135
Homeland Security Grants	497,630	0	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>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
Law Enforcement Grants	\$ 18,575	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	159,689	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Police Service (Lake Area)	9,034	0	0	0	0	0
Asset Forfeiture Funds	0	0	29,937	0	0	0
Other Direct Federal Revenue	52,590	0	0	0	0	0
<u>Total Federal Government</u>	\$ 751,324	\$ 0	\$ 29,937	\$ 0	\$ 0	\$ 1,135
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 75,575	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	46,674	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	0	0	0	0	0	0
<u>Total Other Governments and Citizens Groups</u>	\$ 122,249	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Total</u>	\$ 38,516,408	\$ 558,400	\$ 68,488	\$ 29,906	\$ 30,821	\$ 5,702,395

(Continued)

Exhibit K-6

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

	Debt		Capital Projects Funds		Total	
	Service Fund		Highway Capital Projects			
	General Debt Service		General Capital Projects			
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 14,644,073	\$	0	\$	29,955,845	
Trustee's Collections - Prior Year	229,840		0		470,167	
Circuit/Clerk & Master Collections - Prior Years	150,559		0		307,983	
Interest and Penalty	54,834		0		112,171	
Pick-up Taxes	22,376		0		45,772	
Payments in-Lieu-of Taxes - T.V.A.	134		0		274	
Payments in-Lieu-of Taxes - Local Utilities	107,790		0		220,495	
Payments in-Lieu-of Taxes - Other	0		0		6,441	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	5,564,641		0		5,564,641	
Hotel/Motel Tax	0		0		392,110	
Wheel Tax	0		0		1,747,230	
Litigation Tax - General	168,921		0		168,921	
Litigation Tax - Jail, Workhouse, or Courthouse Business Tax	0		0		425,898	
Mineral Severance Tax	0		0		1,301,051	
Adequate Facilities/Development Tax	1,244,582		0		1,244,582	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0		0		561,712	
Wholesale Beer Tax	0		0		504,249	
Beer Privilege Tax	0		0		2,264	
Interstate Telecommunications Tax	6,735		0		6,735	
Total Local Taxes	\$ 22,194,485	\$	0	\$	43,185,717	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$	0	\$	0	\$	5,158
Cable TV Franchise	0		0		416,567	
<u>Permits</u>						
Beer Permits	0		0		1,662	

(Continued)

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

	Debt Service Fund		Capital Projects Funds		Total
	General	Debt Service	General	Highway Capital Projects	
<u>Licenses and Permits (Cont.)</u>					
<u>Permits (Cont.)</u>					
Building Permits	0	0	0	0	108,876
Other Permits	0	0	0	96,000	97,905
Total Licenses and Permits	0	0	0	96,000	630,168
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	0	0	0	0	29,250
Officers Costs	0	0	0	0	46,075
Drug Control Fines	0	0	0	0	2,467
District Attorney General Fees	0	0	0	0	6,241
DUI Treatment Fines	0	0	0	0	4,804
Data Entry Fee - Circuit Court	0	0	0	0	44,938
Courtroom Security Fee	0	0	0	0	1,503
<u>Criminal Court</u>					
Drug Court Fees	0	0	0	0	14,654
<u>General Sessions Court</u>					
Fines	0	0	0	0	184,228
Officers Costs	0	0	0	0	261,560
Drug Control Fines	0	0	0	0	11,347
Drug Court Fees	0	0	0	0	48,988
District Attorney General Fees	0	0	0	0	23,618
DUI Treatment Fines	0	0	0	0	89,812
Courtroom Security Fee	0	0	0	0	12,801
<u>Juvenile Court</u>					
Fines	0	0	0	0	12,130
Officers Costs	0	0	0	0	20,953
Courtroom Security Fee	0	0	0	0	129
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	11,715
Data Entry Fee - Chancery Court	0	0	0	0	6,310

(Continued)

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

	Debt Service Fund		Capital Projects Funds		Total
	General	Debt Service	General	Highway Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
Chancery Court (Cont.)					
Courtroom Security Fee	0	0	0	0	68
Other Courts - In-county					
Fines for Littering	0	0	0	0	115
Courts in Other District Counties					
District Attorney General Fees	0	0	0	0	47
Other Fines, Forfeitures, and Penalties					
Other Fines, Forfeitures, and Penalties	0	0	0	0	54,729
Total Fines, Forfeitures, and Penalties	0	0	0	0	888,482
<u>Charges for Current Services</u>					
General Service Charges					
Self-Insurance Premiums/Contributions	0	0	0	0	100,826
Patient Charges	0	0	0	0	4,583,221
Zoning Studies	0	0	0	0	1,500
Work Release Charges for Board	0	0	0	0	23,400
Other General Service Charges	0	0	0	0	24,455
<u>Fees</u>					
Subdivision Lot Fees	0	0	0	0	12,103
Engineer Review Fees	0	0	0	0	4,534
Copy Fees	0	0	0	0	2,302
Library Fees	0	0	0	0	47,924
Greenbelt Late Application Fee	0	0	0	0	300
Telephone Commissions	0	0	0	0	127,502
Special Commissioner Fees/Special Master Fees	0	0	0	0	30,821
Data Processing Fee - Register	0	0	0	0	68,016
Probation Fees	0	0	0	0	439,535
Data Processing Fee - Sheriff	0	0	0	0	31,177
Sexual Offender Registration Fees - Sheriff	0	0	0	0	6,640
Data Processing Fee - County Clerk	0	0	0	0	51,272

(Continued)

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

	Debt		Capital Projects Funds		Total
	Service Fund	Debt Service	General Capital Projects	Highway Capital Projects	
<u>Charges for Current Services (Cont.)</u>					
<u>Other Charges for Services</u>					
Other Charges for Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 42,086
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,597,614
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 3,035,620	\$ 0	\$ 0	\$ 0	\$ 3,349,119
Lease/Rentals	0	0	0	0	176,143
Sale of Materials and Supplies	0	0	0	0	34,351
Commissary Sales	0	0	0	0	115,371
Sale of Gasoline	0	0	0	0	86,037
Sale of Maps	0	0	0	0	571
Miscellaneous Refunds	0	0	0	0	7,060
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0	0	10,855
Sale of Property	0	0	0	0	2,519
Damages Recovered from Individuals	0	0	0	0	16,473
Contributions and Gifts	30,000	487,122	0	0	857,283
<u>Other Local Revenues</u>					
Other Local Revenues	300,000	0	0	0	361,847
Total Other Local Revenues	\$ 3,365,620	\$ 487,122	\$ 0	\$ 0	\$ 5,017,629
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	0	0	0	0	1,469,735
Circuit Court Clerk	0	0	0	0	1,909,728
Clerk and Master	0	0	0	0	471,382
Register	0	0	0	0	963,759
Sheriff	0	0	0	0	45,792
Trustee	0	0	0	0	2,290,140
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,150,536

(Continued)

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

	Debt Service Fund		Capital Projects Funds		Total
	General	Debt Service	General	Highway Capital Projects	
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	0	0	0	0	7,102
State Reappraisal Grant	0	0	0	0	42,742
On-Behalf Contributions for OPEB	0	0	0	0	7,176
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	39,000
Health and Welfare Grants	0	0	0	0	1,058,790
<u>Health Department Programs</u>					
Public Works Grants	0	0	0	0	275,969
State Aid Program	0	0	0	0	53,544
Litter Program	0	0	0	0	82,317
Other State Revenues	0	0	0	0	392,197
Flood Control	0	0	0	0	18,701
Income Tax	0	0	0	0	150,004
Beer Tax	0	0	0	0	7,026
Alcoholic Beverage Tax	0	0	0	0	1,221,709
Mixed Drink Tax	0	0	0	0	41,359
State Revenue Sharing - T.V.A.	0	0	0	0	1,528,949
Emergency Hospital - Prisoners	0	0	0	0	2,543,205
Contracted Prisoner Boarding	0	0	0	0	104,765
Gasoline and Motor Fuel Tax	0	0	0	0	14,912
Petroleum Special Tax	0	0	0	0	8,154
Registrar's Salary Supplement	0	0	0	0	77,233
Other State Grants	0	0	0	0	0
Other State Revenues	0	0	0	0	0
Total State of Tennessee	0	0	0	0	7,674,854
<u>Federal Government</u>					
<u>Federal Through State</u>					
Disaster Relief	0	0	0	0	14,941
Homeland Security Grants	0	0	0	0	497,630

(Continued)

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

	Debt		Capital Projects Funds		Total
	Service Fund	Debt Service	General Capital Projects	Highway Capital Projects	
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
Law Enforcement Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,575
Other Federal through State	0	0	0	0	159,689
<u>Direct Federal Revenue</u>					
Police Service (Lake Area)	0	0	0	0	9,034
Asset Forfeiture Funds	0	0	0	0	29,937
Other Direct Federal Revenue	0	0	0	0	52,590
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 782,396
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 75,575
Contracted Services	0	0	0	0	46,674
<u>Citizens Groups</u>					
Donations	0	470,226	0	0	470,226
Total Other Governments and Citizens Groups	\$ 0	\$ 470,226	\$ 0	\$ 0	\$ 592,475
Total	\$ 25,560,105	\$ 957,348	\$ 96,000	\$ 71,519,871	

Exhibit K-7

Sumner County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Sumner County Schol Department
For the Year Ended June 30, 2009

	General Purpose School	School Federal Projects	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 45,920,298	\$ 0	\$ 45,920,298
Trustee's Collections - Prior Year	720,710	0	720,710
Circuit/Clerk & Master Collections - Prior Years	472,116	0	472,116
Interest and Penalty	171,950	0	171,950
Pick-up Taxes	70,165	0	70,165
Payments in-Lieu-of Taxes - T.V.A.	419	0	419
Payments in-Lieu-of Taxes - Local Utilities	338,003	0	338,003
<u>County Local Option Taxes</u>			
Local Option Sales Tax	11,136,210	0	11,136,210
Wheel Tax	4,076,613	0	4,076,613
<u>Statutory Local Taxes</u>			
Interstate Telecommunications Tax	8,213	0	8,213
Total Local Taxes	\$ 62,914,697	\$ 0	\$ 62,914,697
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 5,158	\$ 0	\$ 5,158
<u>Permits</u>			
Other Permits	1,891	0	1,891
Total Licenses and Permits	\$ 7,049	\$ 0	\$ 7,049
<u>Charges for Current Services</u>			
<u>Education Charges</u>			
Tuition - Regular Day Students	\$ 141,901	\$ 0	\$ 141,901
Tuition - Summer School	24,482	0	24,482
Lunch Payments - Children	5,256,399	0	5,256,399
Lunch Payments - Adults	330,926	0	330,926
Income from Breakfast	164,828	0	164,828
Receipts from Individual Schools	545,039	0	545,039
Community Service Fees - Children	1,325,367	0	1,325,367
TBI Criminal Background Fees	69,000	0	69,000
<u>Other Charges for Services</u>			
Other Charges for Services	112,264	0	112,264
Total Charges for Current Services	\$ 7,970,206	\$ 0	\$ 7,970,206
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 36,543	\$ 0	\$ 36,543
Lease/Rentals	82,844	0	82,844
Sale of Materials and Supplies	34,329	0	34,329
Refund of Telecommunication & Internet Fees (E-Rate)	130,739	0	130,739
Retirees' Insurance Payments	41,594	0	41,594
Miscellaneous Refunds	49,700	0	49,700
<u>Nonrecurring Items</u>			
Sale of Equipment	34,144	0	34,144
Sale of Property	7,700	0	7,700
Damages Recovered from Individuals	5,222	0	5,222
Contributions and Gifts	168,219	0	168,219

(Continued)

Exhibit K-7

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

	General Purpose School	School Federal Projects	Total
<u>Other Local Revenues (Cont.)</u>			
<u>Other Local Revenues</u>			
Other Local Revenues	\$ 899,371	\$ 0	\$ 899,371
Total Other Local Revenues	\$ 1,490,405	\$ 0	\$ 1,490,405
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
On-Behalf Contributions for OPEB	\$ 836,511	\$ 0	\$ 836,511
<u>State Education Funds</u>			
Basic Education Program	102,542,300	0	102,542,300
Basic Education Program - ARRA	1,340,700	0	1,340,700
School Food Service	110,099	0	110,099
Other State Education Funds	682,026	0	682,026
Career Ladder Program	1,103,306	0	1,103,306
Career Ladder - Extended Contract	449,500	0	449,500
<u>Other State Revenues</u>			
Mixed Drink Tax	7,026	0	7,026
Other State Grants	657,104	0	657,104
Total State of Tennessee	\$ 107,728,572	\$ 0	\$ 107,728,572
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA School Lunch Program	\$ 3,395,132	\$ 0	\$ 3,395,132
Breakfast	884,845	0	884,845
USDA - Other	11,445	0	11,445
Adult Education State Grant Program	272,082	0	272,082
Vocational Education - Basic Grants to States	0	334,563	334,563
Title I Grants to Local Education Agencies	0	2,701,492	2,701,492
Special Education - Grants to States	548,066	5,495,174	6,043,240
Special Education Preschool Grants	0	136,108	136,108
English Language Acquisition Grants	0	91,706	91,706
Safe and Drug-Free Schools - State Grants	592,389	71,904	664,293
Education for Homeless Children and Youth	53,828	0	53,828
Eisenhower Professional Development State Grants	0	727,908	727,908
Other Federal through State	98,050	29,320	127,370
<u>Direct Federal Revenue</u>			
ROTC Reimbursement	109,224	0	109,224
Total Federal Government	\$ 5,965,061	\$ 9,588,175	\$ 15,553,236
Total	\$ 186,075,990	\$ 9,588,175	\$ 195,664,165

Exhibit K-8

Sumner County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2009

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	179,272	
Audit Services		41,855	
Dues and Memberships		17,964	
Legal Notices, Recording, and Court Costs		770	
Printing, Stationery, and Forms		590	
Other Charges		13,546	
Total County Commission			\$ 253,997

Board of Equalization

Board and Committee Members Fees	\$	11,939	
Total Board of Equalization			11,939

Other Boards and Committees

Board and Committee Members Fees	\$	1,900	
Total Other Boards and Committees			1,900

County Mayor/Executive

County Official/Administrative Officer	\$	94,489	
Assistant(s)		89,995	
Clerical Personnel		2,249	
Communication		2,468	
Contributions		875	
Dues and Memberships		1,950	
Maintenance and Repair Services - Office Equipment		1,373	
Postal Charges		510	
Travel		3,176	
Office Supplies		1,422	
In Service/Staff Development		175	
Other Charges		6,290	
Total County Mayor/Executive			204,972

Personnel Office

County Official/Administrative Officer	\$	48,668	
Accountants/Bookkeepers		29,355	
Communication		504	
Printing, Stationery, and Forms		87	
Travel		92	
Office Supplies		1,475	
Total Personnel Office			80,181

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

County Official/Administrative Officer	\$	140,780	
Other Salaries and Wages		97,071	
Disability Insurance		2,759	
Communication		2,197	
Dues and Memberships		570	
Maintenance and Repair Services - Office Equipment		3,151	
Postal Charges		586	
Travel		450	
Library Books/Media		5,069	
Office Supplies		1,400	
Total County Attorney			\$ 254,033

Election Commission

County Official/Administrative Officer	\$	74,913	
Secretary(ies)		144,742	
Other Salaries and Wages		25,064	
Election Commission		7,501	
Election Workers		129,432	
Communication		9,535	
Dues and Memberships		275	
Legal Notices, Recording, and Court Costs		13,095	
Maintenance and Repair Services - Office Equipment		23,706	
Postal Charges		5,506	
Printing, Stationery, and Forms		32,584	
Travel		6,774	
Office Supplies		5,505	
Voting Machines		32,830	
Other Capital Outlay		17,831	
Total Election Commission			529,293

Register of Deeds

County Official/Administrative Officer	\$	85,338	
Deputy(ies)		275,605	
Communication		1,176	
Dues and Memberships		716	
Maintenance and Repair Services - Office Equipment		12,497	
Postal Charges		240	
Printing, Stationery, and Forms		1,603	
Travel		2,103	
Maintenance and Repair Services - Records		2,500	

(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.)

Data Processing Supplies	\$	371	
Duplicating Supplies		8,585	
Office Supplies		5,459	
Periodicals		116	
Data Processing Equipment		50,172	
Total Register of Deeds			\$ 446,481

Planning

County Official/Administrative Officer	\$	68,319	
Investigator(s)		36,852	
Secretary(ies)		69,221	
Other Salaries and Wages		52,530	
Communication		1,308	
Contracts with Government Agencies		12,250	
Dues and Memberships		250	
Operating Lease Payments		6,785	
Legal Notices, Recording, and Court Costs		252	
Maintenance and Repair Services - Vehicles		1,530	
Matching Share		5,976	
Postal Charges		1,442	
Printing, Stationery, and Forms		348	
Travel		12	
Gasoline		3,062	
Office Supplies		2,480	
Small Tools		100	
In Service/Staff Development		1,346	
Other Equipment		4,770	
Total Planning			268,833

Engineering

County Official/Administrative Officer	\$	77,250	
Assistant(s)		22,125	
Investigator(s)		40,972	
Communication		1,536	
Consultants		11,758	
Dues and Memberships		1,615	
Maintenance and Repair Services - Vehicles		573	
Postal Charges		119	
Printing, Stationery, and Forms		32	
Travel		269	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Engineering (Cont.)

Gasoline	\$	3,861	
Office Supplies		701	
In Service/Staff Development		120	
Other Charges		3,040	
Furniture and Fixtures		15	
Total Engineering			\$ 163,986

Codes Compliance

Supervisor/Director	\$	59,310	
Investigator(s)		122,603	
Secretary(ies)		57,519	
Communication		1,828	
Dues and Memberships		350	
Operating Lease Payments		463	
Maintenance and Repair Services - Vehicles		3,035	
Postal Charges		153	
Printing, Stationery, and Forms		874	
Travel		302	
Data Processing Supplies		3,725	
Gasoline		7,019	
Office Supplies		2,782	
Small Tools		338	
In Service/Staff Development		1,170	
Other Capital Outlay		1,550	
Total Codes Compliance			263,021

County Buildings

Maintenance Personnel	\$	214,678	
Electricity		531,930	
Natural Gas		211,192	
Water and Sewer		162,451	
Total County Buildings			1,120,251

Preservation of Records

Clerical Personnel	\$	73,393	
Communication		1,821	
Maintenance and Repair Services - Office Equipment		241	
Printing, Stationery, and Forms		57	
Travel		166	
Maintenance and Repair Services - Records		1,073	

(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 (Cont.)

Office Supplies	\$	1,234	
Other Charges		<u>1,695</u>	
Total Preservation of Records			\$ 79,680

Finance

Accounting and Budgeting

Assistant(s)	\$	54,075	
Supervisor/Director		79,497	
Accountants/Bookkeepers		135,913	
Communication		1,176	
Contracts with Private Agencies		4,825	
Dues and Memberships		60	
Postal Charges		6,746	
Printing, Stationery, and Forms		1,971	
Travel		327	
Duplicating Supplies		1,475	
Office Supplies		3,913	
In Service/Staff Development		650	
Data Processing Equipment		12,083	
Furniture and Fixtures		178	
Other Capital Outlay		<u>788</u>	
Total Accounting and Budgeting			303,677

Purchasing

Supervisor/Director	\$	<u>22,711</u>	
Total Purchasing			22,711

Property Assessor's Office

County Official/Administrative Officer	\$	85,338	
Data Processing Personnel		158,162	
Assessment Personnel		92,595	
Other Salaries and Wages		76,353	
Communication		6,977	
Dues and Memberships		1,949	
Maintenance and Repair Services - Office Equipment		6,833	
Postal Charges		1,738	
Travel		2,588	
Office Supplies		3,159	
Other Charges		73,128	
Other Equipment		<u>45,235</u>	
Total Property Assessor's Office			554,055

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Supervisor/Director	\$	51,820	
Data Processing Personnel		55,826	
Other Salaries and Wages		210,374	
Contracts with Government Agencies		22,971	
Maintenance and Repair Services - Vehicles		2,332	
Postal Charges		36,331	
Travel		561	
Other Contracted Services		45,155	
Gasoline		6,707	
Office Supplies		4,199	
Other Capital Outlay		15,000	
Total Reappraisal Program			\$ 451,276

County Trustee's Office

County Official/Administrative Officer	\$	85,338	
Deputy(ies)		162,580	
Communication		2,697	
Contracts with Government Agencies		47,443	
Dues and Memberships		576	
Legal Notices, Recording, and Court Costs		88	
Maintenance and Repair Services - Office Equipment		10,634	
Postal Charges		8,568	
Travel		3,418	
Tuition		603	
Office Supplies		2,983	
Data Processing Equipment		10,395	
Furniture and Fixtures		500	
Other Capital Outlay		606	
Total County Trustee's Office			336,429

County Clerk's Office

County Official/Administrative Officer	\$	85,338
Deputy(ies)		764,124
Communication		2,972
Dues and Memberships		766
Janitorial Services		3,208
Maintenance Agreements		8,624
Maintenance and Repair Services - Office Equipment		786
Postal Charges		23,705
Printing, Stationery, and Forms		2,051

(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 (Cont.)

Rentals	\$	7,895	
Travel		6,316	
Tuition		270	
Office Supplies		6,541	
Periodicals		469	
Communication Equipment		395	
Data Processing Equipment		57,020	
Office Equipment		3,441	
Total County Clerk's Office			\$ 973,921

Data Processing

Supervisor/Director	\$	49,609	
Data Processing Personnel		34,525	
Communication		1,304	
Legal Notices, Recording, and Court Costs		855	
Maintenance and Repair Services - Equipment		1,708	
Postal Charges		1,912	
Travel		232	
Other Contracted Services		6,285	
Data Processing Supplies		3,191	
Office Supplies		1,313	
Communication Equipment		1,059	
Total Data Processing			101,993

Other Finance

County Official/Administrative Officer	\$	39,861	
Assistant(s)		25,750	
Supervisor/Director		57,506	
Total Other Finance			123,117

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	85,338	
Clerical Personnel		772,477	
Communication		2,482	
Dues and Memberships		881	
Legal Notices, Recording, and Court Costs		37,691	
Maintenance and Repair Services - Office Equipment		22,523	
Postal Charges		18,000	
Travel		3,031	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Office Supplies	\$	30,194	
Data Processing Equipment		10,604	
Other Capital Outlay		4,919	
Total Circuit Court			\$ 988,140

General Sessions Judge

Judge(s)	\$	140,639	
Secretary(ies)		56,748	
Communication		979	
Dues and Memberships		215	
Operating Lease Payments		2,445	
Postal Charges		610	
Printing, Stationery, and Forms		1,756	
Travel		678	
Other Contracted Services		1,682	
Office Supplies		951	
Periodicals		530	
Other Supplies and Materials		480	
Other Charges		22,975	
Total General Sessions Judge			230,688

Drug Court

County Official/Administrative Officer	\$	121,522	
Other Fringe Benefits		46,794	
Communication		288	
Evaluation and Testing		47,000	
Transportation - Other than Students		4,035	
Travel		1,020	
Other Contracted Services		10,647	
Duplicating Supplies		1,954	
Office Supplies		1,989	
In Service/Staff Development		3,965	
Other Charges		5,492	
Total Drug Court			244,706

Chancery Court

County Official/Administrative Officer	\$	85,338	
Clerical Personnel		274,702	
Communication		3,066	
Dues and Memberships		741	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Janitorial Services	\$	2,400	
Maintenance and Repair Services - Office Equipment		4,796	
Postal Charges		29,375	
Printing, Stationery, and Forms		3,888	
Travel		883	
Tuition		2,232	
Duplicating Supplies		10,003	
Office Supplies		9,274	
Refunds		10,059	
Data Processing Equipment		9,234	
Other Capital Outlay		3,940	
Total Chancery Court			\$ 449,931

Juvenile Court

Judge(s)	\$	140,639	
Assistant(s)		63,448	
Secretary(ies)		85,756	
Communication		6,230	
Dues and Memberships		385	
Maintenance and Repair Services - Office Equipment		8,823	
Printing, Stationery, and Forms		156	
Travel		1,549	
Other Contracted Services		5,994	
Office Supplies		1,883	
Periodicals		431	
Other Capital Outlay		325	
Total Juvenile Court			315,619

Judicial Commissioners

County Official/Administrative Officer	\$	189,919	
Communication		722	
Printing, Stationery, and Forms		4,335	
Office Supplies		2,367	
Data Processing Equipment		1,286	
Total Judicial Commissioners			198,629

Probation Services

Probation Officer(s)	\$	229,126	
Clerical Personnel		26,535	
Communication		638	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Probation Services (Cont.)

Dues and Memberships	\$	700	
Postal Charges		910	
Travel		1,002	
Duplicating Supplies		2,194	
Office Supplies		4,643	
In Service/Staff Development		275	
Other Capital Outlay		1,162	
Total Probation Services			\$ 267,185

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	92,159
Deputy(ies)		2,109,118
Detective(s)		383,747
Captain(s)		225,560
Lieutenant(s)		149,233
Sergeant(s)		291,819
Dispatchers/Radio Operators		371,665
Guards		267,279
Clerical Personnel		409,746
Maintenance Personnel		44,003
Part-time Personnel		66,361
Advertising		1,628
Communication		31,516
Dues and Memberships		2,682
Evaluation and Testing		9,590
Licenses		1,412
Maintenance and Repair Services - Equipment		28,469
Maintenance and Repair Services - Vehicles		35,650
Postal Charges		6,688
Printing, Stationery, and Forms		14,696
Transportation - Other than Students		1,466
Veterinary Services		9,684
Animal Food and Supplies		3,553
Data Processing Supplies		95,818
Diesel Fuel		361
Gasoline		201,521
General Construction Materials		1,408
Law Enforcement Supplies		55,835
Office Supplies		20,198

(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.)

Propane Gas	\$	1,542	
Tires and Tubes		11,476	
Uniforms		42,813	
Utilities		18,012	
Other Supplies and Materials		2,073	
In Service/Staff Development		36,556	
Other Charges		18,941	
Data Processing Equipment		19,991	
Motor Vehicles		379,344	
Office Equipment		3,963	
Total Sheriff's Department			\$ 5,467,576

Administration of the Sexual Offender Registry

Other Charges	\$	2,622	
Total Administration of the Sexual Offender Registry			2,622

Jail

Assistant(s)	\$	60,140	
Captain(s)		55,523	
Lieutenant(s)		141,661	
Sergeant(s)		198,745	
Guards		2,916,560	
Cafeteria Personnel		46,389	
Part-time Personnel		10,455	
Medical and Dental Services		960,964	
Food Supplies		368,016	
Other Supplies and Materials		108,399	
Total Jail			4,866,852

Juvenile Services

Youth Service Officer(s)	\$	316,659	
Communication		2,829	
Maintenance and Repair Services - Office Equipment		1,038	
Postal Charges		10	
Printing, Stationery, and Forms		325	
Travel		4,227	
Other Contracted Services		5,034	
Office Supplies		3,758	
Other Charges		302	
Other Capital Outlay		1,103	
Total Juvenile Services			335,285

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

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	\$ 73,542	
Deputy(ies)	16,222	
Communication	12,063	
Maintenance Agreements	2,374	
Maintenance and Repair Services - Equipment	3,492	
Maintenance and Repair Services - Vehicles	3,504	
Travel	249	
Other Contracted Services	1,508	
Animal Food and Supplies	291	
Gasoline	9,444	
Office Supplies	994	
Other Supplies and Materials	7,734	
Vehicle and Equipment Insurance	16,183	
Workers' Compensation Insurance	4,291	
Other Charges	393,351	
Other Capital Outlay	11,515	
Total Other Emergency Management		556,757

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$ 784,515	
Other Fringe Benefits	297,733	
Communication	30,496	
Maintenance and Repair Services - Buildings	71,729	
Postal Charges	5,640	
Travel	19,410	
Custodial Supplies	1,086	
Drugs and Medical Supplies	905	
Office Supplies	3,176	
Utilities	74,583	
Other Charges	2,875	
Total Local Health Center		1,292,148

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Other Salaries and Wages	\$	69,279	
Communication		1,317	
Maintenance and Repair Services - Vehicles		495	
Veterinary Services		26,106	
Animal Food and Supplies		1,757	
Gasoline		2,437	
Uniforms		401	
Utilities		7,926	
Other Charges		1,882	
Total Rabies and Animal Control			\$ 111,600

Ambulance/Emergency Medical Services

Supervisor/Director	\$	81,985	
Medical Personnel		4,328,967	
Communication		46,543	
Operating Lease Payments		40,326	
Licenses		6,000	
Maintenance and Repair Services - Buildings		5,010	
Maintenance and Repair Services - Equipment		5,997	
Maintenance and Repair Services - Office Equipment		47,426	
Maintenance and Repair Services - Vehicles		90,067	
Medical and Dental Services		3,953	
Postal Charges		8,997	
Drugs and Medical Supplies		168,451	
Gasoline		127,163	
Office Supplies		16,111	
Uniforms		54,043	
Liability Insurance		19,876	
In Service/Staff Development		29,663	
Other Charges		2,304	
Other Capital Outlay		400,413	
Total Ambulance/Emergency Medical Services			5,483,295

Other Local Health Services

Secretary(ies)	\$	33,214	
Office Supplies		1,246	
Other Charges		19	
Total Other Local Health Services			34,479

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Appropriation to State

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

General Welfare Assistance

Pauper Burials	\$ 445	
Total General Welfare Assistance		445

Aid to Dependent Children

Other Contracted Services	\$ 714	
Total Aid to Dependent Children		714

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 40,000	
Tax Relief Program	156,425	
Total Senior Citizens Assistance		196,425

Libraries

Clerical Personnel	\$ 830,245	
Communication	17,123	
Maintenance and Repair Services - Buildings	33,274	
Maintenance and Repair Services - Equipment	4,184	
Postal Charges	2,946	
Library Books/Media	88,075	
Office Supplies	28,730	
Periodicals	9,156	
Utilities	86,059	
Other Supplies and Materials	96,641	
Other Charges	159,444	
Other Capital Outlay	10,760	
Total Libraries		1,366,637

Agriculture and Natural Resources

Agriculture Extension Service

County Official/Administrative Officer	\$ 98,402	
Assistant(s)	94,642	
Secretary(ies)	47,276	
Communication	4,636	
Dues and Memberships	395	
Maintenance and Repair Services - Office Equipment	1,111	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Travel	\$	5,055	
Office Supplies		<u>1,000</u>	
Total Agriculture Extension Service	\$		252,517

Soil Conservation

Secretary(ies)	\$	26,341	
Other Charges		<u>4,409</u>	
Total Soil Conservation			30,750

Other Operations

Tourism

Contributions	\$	<u>376,238</u>	
Total Tourism			376,238

Airport

Contributions	\$	<u>295,000</u>	
Total Airport			295,000

Veterans' Services

County Official/Administrative Officer	\$	58,698	
Communication		336	
Postal Charges		145	
Travel		421	
Office Supplies		253	
Office Equipment		<u>543</u>	
Total Veterans' Services			60,396

Other Charges

Contracts with Other Public Agencies	\$	174,900	
Evaluation and Testing		8,252	
Medical and Dental Services		51,025	
Rentals		3,600	
Other Contracted Services		16,180	
Other Supplies and Materials		8,327	
Building and Contents Insurance		69,173	
Liability Insurance		325,878	
Premiums on Corporate Surety Bonds		655	
Trustee's Commission		356,052	
Workers' Compensation Insurance		157,609	
Other Charges		<u>15,182</u>	
Total Other Charges			1,186,833

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Contributions to Other Agencies

Contributions	\$ 5,153,382	
Total Contributions to Other Agencies		\$ 5,153,382

Employee Benefits

Longevity Pay	\$ 409,200	
Social Security	1,528,628	
State Retirement	2,689,991	
Life Insurance	39,144	
Medical Insurance	3,796,629	
Dental Insurance	181,140	
Unemployment Compensation	44,540	
Total Employee Benefits		8,689,272

Miscellaneous

On-Behalf Payments to OPEB	\$ 7,176	
Other Charges	34,734	
Total Miscellaneous		41,910

Capital Projects

Public Health and Welfare Projects

Other Contracted Services	\$ 10,169	
Building Construction	99,476	
Total Public Health and Welfare Projects		109,645

Total General Fund \$ 45,495,077

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Communication	\$ 33,769	
Maintenance and Repair Services - Buildings	231,835	
Maintenance and Repair Services - Equipment	848	
Maintenance and Repair Services - Vehicles	819	
Other Contracted Services	257,428	
Custodial Supplies	11,490	
Gasoline	1,610	
General Construction Materials	7,972	
Trustee's Commission	4,229	
Total County Buildings		\$ 550,000

Total Courthouse and Jail Maintenance Fund 550,000

(Continued)

Exhibit K-8

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

Drug Control Fund

Public Safety

Drug Enforcement

Evaluation and Testing	\$	1,755	
Drugs and Medical Supplies		1,766	
Law Enforcement Supplies		27,346	
Office Supplies		9,198	
Other Supplies and Materials		19,490	
Trustee's Commission		157	
Motor Vehicles		71,162	
Total Drug Enforcement			<u>\$ 130,874</u>

Total Drug Control Fund \$ 130,874

District Attorney General Fund

Administration of Justice

District Attorney General

Communication	\$	35	
Dues and Memberships		645	
Janitorial Services		4,000	
Rentals		6,000	
Travel		5,225	
Tuition		541	
Other Contracted Services		8,697	
Office Supplies		168	
Other Supplies and Materials		38	
Trustee's Commission		299	
In Service/Staff Development		2,133	
Other Charges		33,469	
Total District Attorney General			<u>\$ 61,250</u>

Total District Attorney General Fund 61,250

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	30,821	
Total Chancery Court			<u>\$ 30,821</u>

Total Constitutional Officers - Fees Fund 30,821

(Continued)

Exhibit K-8

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	91,559	
Assistant(s)		44,585	
Clerical Personnel		31,666	
Data Processing Services		9,878	
Dues and Memberships		3,950	
Legal Services		4,700	
Legal Notices, Recording, and Court Costs		140	
Maintenance and Repair Services - Buildings		131	
Maintenance and Repair Services - Office Equipment		2,706	
Postal Charges		227	
Printing, Stationery, and Forms		88	
Other Contracted Services		455	
Custodial Supplies		511	
Drugs and Medical Supplies		273	
Office Supplies		1,921	
Other Charges		5,091	
Total Administration			\$ 197,881

Highway and Bridge Maintenance

Foremen	\$	165,869	
Equipment Operators		497,029	
Truck Drivers		197,421	
Laborers		17,849	
Engineering Services		2,948	
Other Contracted Services		6,257	
Asphalt - Hot Mix		2,348,589	
Asphalt - Liquid		13,414	
Concrete		44,097	
Crushed Stone		49,998	
General Construction Materials		72,638	
Pipe		5,303	
Pipe - Concrete		15,599	
Pipe - Metal		799	
Road Signs		23,352	
Small Tools		1,389	
Structural Steel		4,015	
Wood Products		3,375	
Total Highway and Bridge Maintenance			3,469,941

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Foremen	\$	42,638	
Mechanic(s)		159,231	
Laborers		34,929	
Maintenance and Repair Services - Buildings		3,945	
Maintenance and Repair Services - Vehicles		14,637	
Other Contracted Services		27,029	
Custodial Supplies		1,477	
Diesel Fuel		139,309	
Equipment and Machinery Parts		148,395	
Garage Supplies		12,039	
Gasoline		94,040	
Lubricants		18,646	
Small Tools		12,540	
Tires and Tubes		46,794	
Other Supplies and Materials		3,429	
Other Charges		1,832	
Total Operation and Maintenance of Equipment			\$ 760,910

Quarry Operations

Foremen	\$	24,655	
Communication		477	
Electricity		744	
Explosives and Drilling Supplies		5,357	
Other Supplies and Materials		50	
Fines, Assessments, and Penalties		2,572	
Other Charges		3,300	
Total Quarry Operations			37,155

Litter and Trash Collection

Instructional Supplies and Materials	\$	18,927	
Other Supplies and Materials		1,415	
Other Charges		5,810	
Total Litter and Trash Collection			26,152

Other Charges

Communication	\$	7,199	
Electricity		18,027	
Natural Gas		6,949	
Water and Sewer		1,569	
Liability Insurance		98,957	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Trustee's Commission	\$	59,222	
Vehicle and Equipment Insurance		<u>30,327</u>	
Total Other Charges			\$ 222,250

Employee Benefits

Social Security	\$	97,252	
State Retirement		176,756	
Life Insurance		2,552	
Medical Insurance		279,321	
Dental Insurance		12,309	
Unemployment Compensation		15,634	
Other Fringe Benefits		41,850	
Workers' Compensation Insurance		<u>62,933</u>	
Total Employee Benefits			688,607

Capital Outlay

Building Construction	\$	3,150	
Furniture and Fixtures		1,616	
Highway Equipment		294,813	
Office Equipment		<u>841</u>	
Total Capital Outlay			<u>300,420</u>

Total Highway/Public Works Fund \$ 5,703,316

General Debt Service Fund

Other Operations

Other Charges

Trustee's Commission	\$	<u>403,197</u>	
Total Other Charges			\$ 403,197

Principal on Debt

Education

Principal on Bonds	\$	13,545,000	
Principal on Notes		<u>17,000,000</u>	
Total Education			30,545,000

Interest on Debt

Education

Interest on Bonds	\$	7,438,225	
Interest on Notes		<u>680,000</u>	
Total Education			8,118,225

(Continued)

Exhibit K-8

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

General Debt Service Fund (Cont.)

Other Debt Service

Education

Other Debt Service	\$ 1,475	
Total Education	<u>1,475</u>	\$ 1,475

Total General Debt Service Fund \$ 39,067,897

General Capital Projects Fund

Capital Projects

General Administration Projects

Other Capital Outlay	\$ 75,900	
Total General Administration Projects	<u>75,900</u>	\$ 75,900

Social, Cultural, and Recreation Projects

Building Construction	\$ 2,188,375	
Site Development	<u>60,890</u>	
Total Social, Cultural, and Recreation Projects		2,249,265

Public Utility Projects

Other Contracted Services	\$ 1,116,744	
Total Public Utility Projects		1,116,744

Other General Government Projects

Airport Improvement	\$ 300,000	
Building Improvements	<u>1,068,690</u>	
Total Other General Government Projects		1,368,690

Highway and Street Capital Projects

Highway Construction	\$ 5,600	
Total Highway and Street Capital Projects		5,600

Education Capital Projects

Building Construction	\$ 63,658,223	
Transportation Equipment	974,244	
Other Capital Outlay	<u>500,000</u>	
Total Education Capital Projects		<u>65,132,467</u>

Total General Capital Projects Fund 69,948,666

(Continued)

Exhibit K-8

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

<u>Highway Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Highway and Street Capital Projects</u>			
Trustee's Commission	\$	<u>967</u>	
Total Highway and Street Capital Projects			\$ <u>967</u>
Total Highway Capital Projects Fund			\$ <u>967</u>
Total Governmental Funds - Primary Government			\$ <u>160,988,868</u>

Exhibit K-9

Sumner County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sumner County Schol Department
For the Year Ended June 30, 2009

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 62,104,307	
Career Ladder Program	571,156	
Career Ladder Extended Contracts	310,410	
Homebound Teachers	46,509	
Educational Assistants	1,402,659	
Other Salaries and Wages	104,719	
Certified Substitute Teachers	295,298	
Non-certified Substitute Teachers	531,954	
Social Security	3,859,421	
State Retirement	4,162,625	
Life Insurance	89,574	
Medical Insurance	10,990,898	
Dental Insurance	414,358	
Employer Medicare	914,871	
Maintenance and Repair Services - Equipment	33,006	
Other Contracted Services	243,255	
Instructional Supplies and Materials	673,688	
Textbooks	934,216	
Other Supplies and Materials	82,733	
Fee Waivers	484,229	
Other Charges	9,639	
Regular Instruction Equipment	18,975	
Total Regular Instruction Program		\$ 88,278,500

Alternative Instruction Program

Teachers	\$ 826,490	
Career Ladder Program	2,900	
Educational Assistants	127,798	
Other Salaries and Wages	168,018	
Certified Substitute Teachers	5,212	
Non-certified Substitute Teachers	4,625	
Social Security	67,322	
State Retirement	94,694	
Life Insurance	1,060	
Medical Insurance	255,403	
Dental Insurance	8,534	
Employer Medicare	15,763	
Instructional Supplies and Materials	12,949	
Other Charges	2,808	
Total Alternative Instruction Program		1,593,576

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$ 8,461,763	
Career Ladder Program	74,403	
Career Ladder Extended Contracts	19,383	
Homebound Teachers	190,735	
Educational Assistants	1,588,088	
Speech Pathologist	1,222,291	
Other Salaries and Wages	653,583	
Certified Substitute Teachers	31,240	
Non-certified Substitute Teachers	176,525	
Social Security	726,859	
State Retirement	925,078	
Life Insurance	14,119	
Medical Insurance	2,817,705	
Dental Insurance	100,924	
Employer Medicare	171,655	
Contracts with Private Agencies	138,552	
Other Contracted Services	22,458	
Instructional Supplies and Materials	76,257	
Textbooks	59,441	
Other Supplies and Materials	2,336	
Other Charges	16,646	
Special Education Equipment	<u>155,956</u>	
Total Special Education Program		\$ 17,645,997

Vocational Education Program

Teachers	\$ 6,264,825
Career Ladder Program	66,334
Career Ladder Extended Contracts	15,360
Educational Assistants	189,580
Certified Substitute Teachers	35,173
Non-certified Substitute Teachers	40,550
Social Security	392,618
State Retirement	429,351
Life Insurance	9,831
Medical Insurance	999,480
Dental Insurance	37,742
Employer Medicare	92,617
Maintenance and Repair Services - Equipment	8,401
Instructional Supplies and Materials	222,404

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Textbooks	\$	42,281	
Fee Waivers		38,529	
Other Charges		9,163	
Vocational Instruction Equipment		334,300	
Total Vocational Education Program			\$ 9,228,539

Adult Education Program

Teachers	\$	212,099	
Career Ladder Program		1,000	
Other Salaries and Wages		3,204	
Social Security		12,086	
State Retirement		10,294	
Life Insurance		266	
Medical Insurance		31,120	
Dental Insurance		1,357	
Employer Medicare		3,047	
Instructional Supplies and Materials		21,177	
Other Charges		214	
Total Adult Education Program			295,864

Support Services

Attendance

Supervisor/Director	\$	79,593	
Career Ladder Program		1,000	
Clerical Personnel		25,994	
Other Salaries and Wages		149,886	
Social Security		15,344	
State Retirement		28,672	
Life Insurance		516	
Medical Insurance		30,585	
Dental Insurance		877	
Employer Medicare		3,588	
Travel		11,219	
Other Supplies and Materials		1,682	
Other Charges		4,134	
Total Attendance			353,090

Health Services

Medical Personnel	\$	302,505	
-------------------	----	---------	--

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Other Salaries and Wages	\$	63,609	
Social Security		21,537	
State Retirement		26,756	
Life Insurance		31	
Medical Insurance		94,314	
Dental Insurance		2,815	
Employer Medicare		5,037	
Postal Charges		17	
Travel		20,699	
Other Contracted Services		25,679	
Drugs and Medical Supplies		4,909	
Other Supplies and Materials		23,248	
Other Charges		24,415	
Health Equipment		3,714	
Total Health Services			\$ 619,285

Other Student Support

Career Ladder Program	\$	40,000	
Guidance Personnel		2,835,380	
Career Ladder Extended Contracts		24,000	
Clerical Personnel		210,099	
Other Salaries and Wages		191,228	
Social Security		194,491	
State Retirement		229,815	
Life Insurance		4,733	
Medical Insurance		544,059	
Dental Insurance		17,008	
Employer Medicare		46,032	
Evaluation and Testing		74,589	
Total Other Student Support			4,411,434

Regular Instruction Program

Supervisor/Director	\$	625,494	
Career Ladder Program		63,548	
Career Ladder Extended Contracts		46,519	
Librarians		2,387,845	
Materials Supervisor		74,772	
Instructional Computer Personnel		57,366	
Secretary(ies)		93,760	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Clerical Personnel	\$	438,672	
Educational Assistants		27,066	
Other Salaries and Wages		876,109	
In-Service Training		2,700	
Social Security		264,461	
State Retirement		345,124	
Life Insurance		6,986	
Medical Insurance		800,719	
Dental Insurance		27,753	
Employer Medicare		63,986	
Travel		59,990	
Other Contracted Services		9,699	
Library Books/Media		261,170	
Other Supplies and Materials		128,015	
In Service/Staff Development		49,169	
Other Charges		193,669	
Other Equipment		15,800	
Total Regular Instruction Program			\$ 6,920,392

Alternative Instruction Program

Supervisor/Director	\$	77,519	
Career Ladder Program		3,200	
Guidance Personnel		48,550	
Librarians		33,222	
Secretary(ies)		35,719	
Clerical Personnel		11,396	
Social Security		12,524	
State Retirement		16,727	
Life Insurance		416	
Medical Insurance		37,669	
Dental Insurance		1,789	
Employer Medicare		2,929	
Library Books/Media		4,621	
Other Supplies and Materials		8,790	
Total Alternative Instruction Program			295,071

Special Education Program

Supervisor/Director	\$	421,491
Career Ladder Program		14,000

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Psychological Personnel	\$	310,019	
Career Ladder Extended Contracts		2,000	
Secretary(ies)		74,053	
Clerical Personnel		63,154	
Speech Pathologist		67,508	
Other Salaries and Wages		76,590	
Social Security		61,634	
State Retirement		79,841	
Life Insurance		1,616	
Medical Insurance		142,592	
Dental Insurance		4,540	
Employer Medicare		14,414	
Communication		1,250	
Consultants		8,921	
Postal Charges		469	
Travel		88,081	
Other Supplies and Materials		3,380	
In Service/Staff Development		29,620	
Other Charges		2,824	
Other Equipment		22,669	
Total Special Education Program			\$ 1,490,666

Vocational Education Program

Supervisor/Director	\$	77,693	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		2,000	
Secretary(ies)		38,370	
Social Security		6,821	
State Retirement		9,481	
Life Insurance		225	
Medical Insurance		16,009	
Dental Insurance		468	
Employer Medicare		1,671	
Travel		67,195	
Other Supplies and Materials		3,001	
Other Charges		753	
Total Vocational Education Program			225,687

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs

Supervisor/Director	\$	119,631	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		4,000	
Other Salaries and Wages		82,354	
In-Service Training		450	
Social Security		12,497	
State Retirement		18,547	
Life Insurance		408	
Medical Insurance		35,185	
Dental Insurance		1,120	
Employer Medicare		2,924	
Travel		3,913	
Other Supplies and Materials		1,199	
In Service/Staff Development		4,419	
Other Charges		1,888	
Total Adult Programs			\$ 291,535

Other Programs

On-Behalf Payments to OPEB	\$	836,511	
Total Other Programs			836,511

Board of Education

Other Salaries and Wages	\$	24,263	
Board and Committee Members Fees		61,000	
Social Security		4,213	
State Retirement		1,223	
Medical Insurance		1,934	
Dental Insurance		68	
Unemployment Compensation		119,763	
Employer Medicare		1,229	
Other Fringe Benefits		1,406,714	
Audit Services		40,000	
Dues and Memberships		31,252	
Legal Services		168,128	
Travel		4,860	
Other Contracted Services		5,100	
Other Supplies and Materials		443	
Liability Insurance		139,599	
Trustee's Commission		1,313,637	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Workers' Compensation Insurance	\$	424,264	
Criminal Investigation of Applicants - TBI		53,776	
Refund to Applicant for Criminal Investigation		7,728	
Other Charges		70,025	
Total Board of Education			\$ 3,879,219

Director of Schools

County Official/Administrative Officer	\$	125,780	
Secretary(ies)		73,056	
Social Security		10,711	
State Retirement		17,835	
Life Insurance		312	
Medical Insurance		29,358	
Dental Insurance		823	
Employer Medicare		2,829	
Communication		223,407	
Dues and Memberships		5,937	
Postal Charges		31,149	
Travel		348	
Office Supplies		578	
Other Charges		3,513	
Administration Equipment		667	
Total Director of Schools			526,303

Office of the Principal

Principals	\$	3,448,209	
Career Ladder Program		93,000	
Career Ladder Extended Contracts		68,000	
Assistant Principals		2,775,498	
Secretary(ies)		935,717	
Clerical Personnel		1,215,163	
Social Security		505,226	
State Retirement		687,249	
Life Insurance		15,107	
Medical Insurance		1,642,415	
Dental Insurance		56,667	
Employer Medicare		118,296	
Office Supplies		60,895	
Other Supplies and Materials		16,205	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Other Charges	\$	24,718	
Administration Equipment		<u>9,976</u>	
Total Office of the Principal	\$		11,672,341

Fiscal Services

Supervisor/Director	\$	86,108	
Internal Audit Personnel		54,181	
Accountants/Bookkeepers		76,327	
Purchasing Personnel		79,775	
Secretary(ies)		26,374	
Clerical Personnel		181,913	
Other Salaries and Wages		151,037	
Social Security		39,043	
State Retirement		84,821	
Life Insurance		1,128	
Medical Insurance		91,627	
Dental Insurance		2,433	
Employer Medicare		9,131	
Advertising		2,194	
Dues and Memberships		305	
Travel		3,694	
Other Contracted Services		642	
Office Supplies		3,500	
Other Supplies and Materials		5,966	
In Service/Staff Development		2,714	
Other Charges		45,641	
Administration Equipment		<u>33,724</u>	
Total Fiscal Services			982,278

Human Services/Personnel

Supervisor/Director	\$	82,695	
Secretary(ies)		34,155	
Clerical Personnel		204,239	
Other Salaries and Wages		19,535	
Social Security		20,354	
State Retirement		45,445	
Life Insurance		631	
Medical Insurance		53,445	
Dental Insurance		1,327	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Human Services/Personnel (Cont.)

Employer Medicare	\$	4,762	
Advertising		399	
Dues and Memberships		50	
Travel		1,883	
Office Supplies		1,704	
In Service/Staff Development		499	
Other Charges		8,370	
Administration Equipment		1,966	
Total Human Services/Personnel			\$ 481,459

Operation of Plant

Supervisor/Director	\$	80,340	
Secretary(ies)		28,684	
Custodial Personnel		3,124,180	
Other Salaries and Wages		406,313	
Social Security		210,188	
State Retirement		454,129	
Life Insurance		3,994	
Medical Insurance		1,128,406	
Dental Insurance		31,213	
Employer Medicare		49,411	
Maintenance and Repair Services - Equipment		5,996	
Travel		13,559	
Disposal Fees		288,123	
Other Contracted Services		399,677	
Custodial Supplies		378,555	
Electricity		4,748,290	
Natural Gas		549,222	
Water and Sewer		750,837	
Other Supplies and Materials		15,312	
Building and Contents Insurance		299,892	
Other Charges		44,668	
Plant Operation Equipment		49,973	
Total Operation of Plant			13,060,962

Maintenance of Plant

Secretary(ies)	\$	26,501
Maintenance Personnel		1,945,260
Other Salaries and Wages		95,703

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Social Security	\$	121,611	
State Retirement		273,224	
Life Insurance		3,050	
Medical Insurance		472,673	
Dental Insurance		13,384	
Employer Medicare		28,441	
Maintenance and Repair Services - Vehicles		10,805	
Travel		5,734	
Other Contracted Services		130,207	
Equipment and Machinery Parts		361,032	
Gasoline		79,342	
Other Supplies and Materials		697,005	
In Service/Staff Development		5,895	
Other Charges		41,645	
Administration Equipment		7,004	
Maintenance Equipment		31,031	
Total Maintenance of Plant			\$ 4,349,547

Transportation

Supervisor/Director	\$	92,537
Mechanic(s)		343,454
Bus Drivers		2,334,984
Clerical Personnel		41,205
Other Salaries and Wages		371,851
Social Security		178,435
State Retirement		414,029
Life Insurance		4,346
Medical Insurance		1,468,784
Dental Insurance		43,612
Employer Medicare		41,732
Communication		3,775
Laundry Service		4,744
Maintenance and Repair Services - Vehicles		21,750
Travel		838
Other Contracted Services		14,820
Diesel Fuel		731,505
Garage Supplies		3,201
Gasoline		33,015
Lubricants		26,645

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Tires and Tubes	\$	85,783	
Vehicle Parts		242,553	
Other Supplies and Materials		6,342	
Vehicle and Equipment Insurance		171,294	
In Service/Staff Development		7,171	
Other Charges		56,501	
Transportation Equipment		<u>32,782</u>	
Total Transportation	\$		6,777,688

Central and Other

Supervisor/Director	\$	60,900	
Computer Programmer(s)		50,603	
Data Processing Personnel		372,296	
Clerical Personnel		27,381	
Social Security		30,197	
State Retirement		64,067	
Life Insurance		478	
Medical Insurance		90,755	
Dental Insurance		5,275	
Employer Medicare		7,062	
Maintenance and Repair Services - Equipment		5,202	
Travel		833	
Office Supplies		1,086	
Other Supplies and Materials		2,264	
In Service/Staff Development		9,862	
Other Charges		8,226	
Data Processing Equipment		<u>76,560</u>	
Total Central and Other			813,047

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	71,348	
Career Ladder Program		1,000	
Clerical Personnel		102,413	
Cafeteria Personnel		2,816,665	
Other Salaries and Wages		174,262	
Social Security		175,274	
State Retirement		365,396	
Life Insurance		3,993	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Medical Insurance	\$	1,346,183	
Dental Insurance		41,413	
Employer Medicare		41,722	
Communication		3,834	
Maintenance and Repair Services - Equipment		44,583	
Travel		19,549	
Other Contracted Services		73,487	
Food Preparation Supplies		263,746	
Food Supplies		4,211,563	
Office Supplies		24,442	
Utilities		200,680	
Other Supplies and Materials		5,906	
In Service/Staff Development		18,825	
Other Charges		8,783	
Food Service Equipment		<u>92,766</u>	
Total Food Service	\$		10,107,833

Community Services

Supervisor/Director	\$	209,700	
Clerical Personnel		19,950	
Educational Assistants		34,198	
Other Salaries and Wages		472,038	
Social Security		42,022	
State Retirement		63,228	
Life Insurance		119	
Medical Insurance		156,906	
Dental Insurance		5,643	
Employer Medicare		9,865	
Travel		2,067	
Other Contracted Services		1,628	
Food Supplies		44,505	
Other Supplies and Materials		89,468	
Refunds		805	
In Service/Staff Development		1,706	
Other Charges		162,517	
Other Equipment		<u>59,692</u>	
Total Community Services			1,376,057

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ 1,984,611	
Other Capital Outlay	217,850	
Total Regular Capital Outlay		\$ 2,202,461

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 487,122	
Total Education		487,122

Total General Purpose School Fund \$ 189,202,464

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,298,508	
Educational Assistants	667,515	
Other Salaries and Wages	44,018	
Certified Substitute Teachers	6,213	
Non-certified Substitute Teachers	23,775	
Social Security	115,962	
State Retirement	171,574	
Life Insurance	2,464	
Medical Insurance	454,024	
Dental Insurance	15,995	
Employer Medicare	28,101	
Other Contracted Services	30,140	
Instructional Supplies and Materials	106,884	
Other Supplies and Materials	12,340	
Other Charges	16,445	
Regular Instruction Equipment	36,391	
Total Regular Instruction Program		\$ 3,030,349

Alternative Instruction Program

Educational Assistants	\$ 14,025
Social Security	755
State Retirement	1,874
Medical Insurance	8,742
Dental Insurance	345
Employer Medicare	177

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Alternative Instruction Program (Cont.)

Instructional Supplies and Materials	\$ 967	
Total Alternative Instruction Program		\$ 26,885

Special Education Program

Teachers	\$ 300,072	
Educational Assistants	1,391,638	
Speech Pathologist	105,689	
Other Salaries and Wages	596,379	
Certified Substitute Teachers	2,200	
Non-certified Substitute Teachers	8,125	
Social Security	135,488	
State Retirement	267,051	
Life Insurance	2,406	
Medical Insurance	1,022,266	
Dental Insurance	33,803	
Employer Medicare	31,844	
Contracts with Private Agencies	75,524	
Maintenance and Repair Services - Equipment	472	
Instructional Supplies and Materials	646,983	
Other Supplies and Materials	1,577	
Other Charges	5,296	
Special Education Equipment	314,051	
Total Special Education Program		4,940,864

Vocational Education Program

Instructional Supplies and Materials	\$ 62,494	
Vocational Instruction Equipment	206,838	
Total Vocational Education Program		269,332

Support Services

Other Student Support

Other Salaries and Wages	\$ 22,981	
Social Security	1,401	
State Retirement	3,070	
Medical Insurance	2,151	
Dental Insurance	57	
Employer Medicare	330	
Other Contracted Services	6,993	
Other Supplies and Materials	6,538	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Other Charges	\$ 19,852	
Total Other Student Support		\$ 63,373

Regular Instruction Program

Supervisor/Director	\$ 118,768	
Instructional Computer Personnel	50,817	
Secretary(ies)	23,416	
Clerical Personnel	10,853	
Other Salaries and Wages	85,638	
In-Service Training	2,850	
Social Security	17,047	
State Retirement	24,314	
Life Insurance	595	
Medical Insurance	35,974	
Dental Insurance	1,243	
Employer Medicare	4,064	
Maintenance and Repair Services - Equipment	1,114	
Travel	2,708	
Other Supplies and Materials	8,469	
In Service/Staff Development	242,501	
Other Charges	4,181	
Other Equipment	5,706	
Total Regular Instruction Program		640,258

Special Education Program

Supervisor/Director	\$ 85,590	
Psychological Personnel	464,121	
Secretary(ies)	673	
Other Salaries and Wages	50,729	
In-Service Training	800	
Social Security	35,162	
State Retirement	41,724	
Life Insurance	946	
Medical Insurance	103,768	
Dental Insurance	4,139	
Employer Medicare	8,224	
Consultants	27,391	
Postal Charges	256	
Travel	9,639	

(Continued)

Exhibit K-9

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

<u>School Federal Projects Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Special Education Program (Cont.)</u>		
Other Supplies and Materials	\$ 9,043	
In Service/Staff Development	46,808	
Other Charges	4,234	
Other Equipment	18,508	
Total Special Education Program		\$ 911,755
 <u>Vocational Education Program</u>		
Travel	\$ 42,391	
In Service/Staff Development	22,840	
Total Vocational Education Program		65,231
 <u>Transportation</u>		
Bus Drivers	\$ 31,746	
Social Security	1,741	
State Retirement	4,042	
Life Insurance	59	
Medical Insurance	19,215	
Dental Insurance	233	
Employer Medicare	404	
Total Transportation		<u>57,440</u>
Total School Federal Projects Fund		<u>\$ 10,005,487</u>
Total Governmental Funds - Sumner County Schol Department		<u><u>\$ 199,207,951</u></u>

Exhibit K-10

Sumner County, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Fund
For the Year Ended June 30, 2009

	Governmental Activities - Internal Service Fund <hr/> Self - Insurance Fund
<u>Revenues</u>	
<u>Charges for Current Services</u>	
<u>General Service Charges</u>	
Self-Insurance Premiums/Contributions	\$ 945,521
Other Employee Benefit Charges/Contributions	16,262,037
Other General Service Charges	1,135,000
Total Charges for Current Services	<u>\$ 18,342,558</u>
<u>Other Local Revenues</u>	
<u>Recurring Items</u>	
Investment Income	\$ 100,114
Retirees' Insurance Payments	390,622
Cobra Insurance Payments	669
Miscellaneous Refunds	104,036
Total Other Local Revenues	<u>\$ 595,441</u>
Total Revenues	<u>\$ 18,937,999</u>
<u>Expenses</u>	
<u>General Government</u>	
<u>Risk Management</u>	
Handling Charges and Administrative Costs	\$ 31,528
Other Self-Insured Claims	261,795
Total Risk Management	<u>\$ 293,323</u>
<u>Employee Benefits</u>	
Handling Charges and Administrative Costs	\$ 629,300
Excess Risk Insurance	385,904
Medical Claims	14,865,332
Other Self-Insured Claims	807,479
Specialized Medical Treatment	1,626,064
Data Processing Equipment	590
Total Employee Benefits	<u>\$ 18,314,669</u>
Total Expenses	<u>\$ 18,607,992</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, 2009

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 15,164,959
Total Cash Receipts	<u>\$ 15,164,959</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 15,013,310
Trustee's Commission	151,649
Total Cash Disbursements	<u>\$ 15,164,959</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2008	<u>0</u>
 Cash Balance, June 30, 2009	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION

This page is left blank intentionally.



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

December 18, 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, 2009, which collectively comprise Sumner County's basic financial statements and have issued our report thereon dated December 18, 2009. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Sumner County Emergency Communications District and the Resource Authority in Sumner County, Tennessee, which were not available from other auditors as of the date of this report. 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 Sumner County Regional Airport Authority 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: 09.01, 09.02(B,C), 09.04, 09.05, 09.07, 09.08, 09.09, 09.10, 09.11, and 09.12.

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

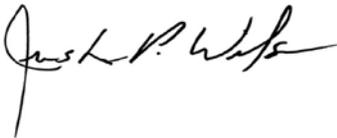
results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 09.02(A,D), 09.03, and 09.06.

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

This page is left blank intentionally.



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

December 18, 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, 2009. 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.

Sumner County's basic financial statements include the operations of the Sumner Regional Airport Authority, a discretely presented component unit that expended \$1,663,650 in federal awards, which are not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2009. Our audit, described below, did not include the operations of the Sumner Regional Airport Authority because the component unit engaged other auditors to perform the audit in accordance with OMB Circular A-133.

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, 2009.

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.

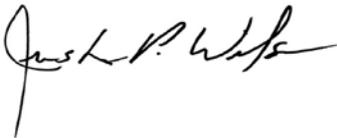
Schedule of Expenditures of Federal Awards

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, 2009, and have issued our report thereon dated December 18, 2009. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Sumner County Emergency Communications District and the Resource Authority in Sumner County, Tennessee, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise 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, 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,



Justin P. Wilson
Comptroller of the Treasury

JPW/yu

This page is left blank intentionally.

Sumner County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2009

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)	\$ 503,462 (3)
Child and Adult Care Food Program	10.558	(2)	11,445
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	884,845
National School Lunch Program	10.555	(2)	3,395,132 (3)
Total U.S. Department of Agriculture			<u>\$ 4,794,884</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	DG0924198	\$ 109,689
Total U.S. Department of Housing and Urban Development			<u>\$ 109,689</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 49,155
Total U.S. Department of the Interior			<u>\$ 49,155</u>
U.S. Department of Justice:			
Direct Programs:			
Federal Asset Forfeiture Program	16.XXX	N/A	\$ 56,217
Edward Byrne Memorial Formula Grant Program	16.579	(2)	3,435
Passed-through State Office of Criminal Justice Programs:			
Drug Court Discretionary Grant Program	16.585	Z09214413	50,000
Total U.S. Department of Justice			<u>\$ 109,652</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	Z09214413	\$ 18,575
Total U.S. Department of Transportation			<u>\$ 18,575</u>
U.S. Department of Environment and Conservation:			
Passed-through State Department of Environment and Conservation:			
Clean School Bus USA	66.036	N/A	\$ 64,750
Total U.S. Department of Environment and Conservation:			<u>\$ 64,750</u>
U.S. Department of Education			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	N/A	\$ 235,627 (4)
Passed-through University of Tennessee:			
Adult Education - State Grant Program	84.002	N/A	36,455 (4)
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	2,745,884
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	6,370,824
Special Education - Preschool Grants	84.173	N/A	114,190
Career and Technical Education - Basic Grants to States	84.048	N/A	334,563
Safe and Drug-Free Schools and Communities - National Programs	84.184	(2)	319,097
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	138,450

(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
U.S. Department of Education (Cont.)			
Education for Homeless Children and Youth - Grants for State and Local Activities	84.196A	(2)	\$ 53,828
Twenty-first Century Community Learning Centers	84.287C	(2)	207,961
State Grants for Innovative Programs	84.298	N/A	6,245
Education Technology State Grants	84.318	(2)	24,239
English Language Acquisition Grants	84.365	N/A	99,088
Improving Teacher Quality State Grants	84.367	N/A	807,534
State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	N/A	1,340,700
Total U.S. Department of Education			\$ 12,834,685
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: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z08212855	\$ 14,941
Homeland Security Grant Program	97.067	(5)	497,630
Total U.S. Department of Homeland Security			\$ 512,571
Total Expenditures of Federal Awards			\$ 18,527,261
<u>State Grants</u>			
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 42,742
Litter Program - State Department of Transportation		Z09212801	53,544
Lottery for Education: Afterschool Program - State Department of Education	N/A	(2)	408,603
Safe Schools Act - State Department of Education	N/A	(2)	109,912
Courtroom Security Grant - State Supreme Court	N/A	(2)	2,754
Coordinated School Health Program - State Department of Education	N/A	(2)	110,000
Internet Connectivity Grant - State Department of Education	N/A	(2)	28,589
Development and Coordination of Rural Health Services - State Department of Health	N/A	Z09213768	1,058,790
Juvenile Justice States Supplemental Funds - State Commission on Children and Youth	N/A	Z09022907	7,102
Tennessee Three-Star Economic Development Grant - State Department of Economic and Community Development	N/A	Z090217135	1,500
Technology Grant - State Library and Archives	N/A	(6)	3,900
Total State Grants			\$ 1,827,436

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 \$3,898,594.
- (4) Total for CFDA No. 80.002 is \$272,082.
- (5) GG0724973: \$197,076; GG0724974: \$300,554.
- (6) Z090217825: \$2,500; Z090217866: \$1,400.

Sumner County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2009

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, 2008, which have not been corrected.

OFFICE OF FINANCE DIRECTOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.07	201	Several deficiencies were noted in regard to employees' leave

OFFICE OF PURCHASING DIRECTOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.08 (A,D)	202	The office had deficiencies in purchasing procedures

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.10	206	Appropriations exceeded estimated available funds in the School Federal Projects Fund

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.21	214	Duties were not segregated adequately in the Offices of Circuit Court Clerk and Clerk and Master

This page is left blank intentionally.

SUMNER COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2009

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Sumner County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no 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 Title I Grants to Local Educational Agencies (CFDA No. 84.010), Special Education Cluster: Special Education – Grants to State and Special Education – Preschool (CFDA Nos. 84.027 and 84.173), and State Fiscal Stabilization Fund – Education State Grants, Recovery Act (CFDA No. 84.394) were determined to be major programs.
8. A \$555,818 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 finance director, ambulance service director, director of schools, assessor of property, clerk and master, and sheriff are paraphrased in this report.

OFFICE OF FINANCE DIRECTOR

FINDING 09.01 **DEFICIENCIES WERE NOTED IN THE \$300,000 PAYMENT TO THE SUMNER COUNTY REGIONAL AIRPORT AUTHORITY** (Internal Control – Significant Deficiency Under Government Auditing Standards)

On July 15, 2002, the Sumner County Commission authorized the issuance of capital outlay notes totaling \$2.6 million for (1) county jail improvements and (2) county airport improvements. During this same meeting, the County Commission also approved a resolution stating, “This body hereby appropriates \$300,000 from note proceeds to the Airport Authority as a loan for purchase of hangars; provided that said loan shall be interest-free and repaid in 120 monthly payments of \$2,500 each.” On August 29, 2002, Sumner County internally financed \$1,600,000 of the above noted capital outlay notes by transferring funds from the General Debt Service Fund to the General Capital Projects Fund. The General Capital Projects Fund expended \$1,300,000 for jail improvements, but did not expend the \$300,000 for the airport. Instead, the \$300,000 remained in the General Capital Projects Fund. On July 25, 2008, the airport administrator requested \$300,000 “...which has been set aside in capital outlay for the purpose of hangar construction, we are requesting that those funds now be transferred to the Sumner County Airport Authority. These funds will be used solely for the purpose of hangar construction. Our intentions are to build additional T-hangars or an additional large maintenance facility for aircraft maintenance.” A check for \$300,000 was issued to the Sumner County Regional Airport Authority from the General Capital Projects Fund on July 30, 2008. We noted the following irregularities regarding the \$300,000 transaction:

- A. Sumner County has reflected \$300,000 as a note receivable in the financial statements of this report while the discretely presented Sumner County Regional Airport Authority has not reflected the \$300,000 as a note payable to the county. The airport administrator advised us that the authority considers the funds to be a contribution from the county, not a loan, while Sumner County officials advised us that they consider the \$300,000 to be a loan.
- B. Sumner County borrowed the \$300,000 from the General Debt Service Fund on August 29, 2002; however, the county did not transfer the borrowed funds to the Regional Airport Authority until July 25, 2008, six years later; therefore, questions arise as to the timing of the transaction.
- C. Sumner County and the Regional Airport Authority did not enter into a formal freestanding written document signed by both parties specifying the

terms and conditions of the agreement. Without the written document, the agreement is subject to different interpretations by the county and the Regional Airport Authority for terms and conditions.

RECOMMENDATION

Sumner County and the Regional Airport Authority should reconcile their differences in interpretation of the transaction and determine whether the \$300,000 represents a loan or a contribution. Capital outlay notes should not be borrowed prior to being needed. All loans made from county funds should be evidenced by a formal, written contract that defines the terms and conditions of the loan.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

I concur with the audit finding. However, even though I was not involved with these transactions, the \$300,000 in question is clearly a loan for hangar construction/purchase. The letter from the Airport Administrator reads, "These funds will be used solely for the purpose of hangar construction." Second, the only authority the Sumner County Finance Office had to disburse \$300,000 to the Sumner County Regional Airport Authority was by resolution 0207-08. Resolution 0207-08's title reads, "A RESOLUTION APPROPRIATING \$300,000 FROM NOTE PROCEEDS TO THE AIRPORT AUTHORITY AS AN INTEREST-FREE LOAN FOR PURCHASE OF HANGARS." Third, the check stub reads for "Hangar Payment."

Failure of the Sumner County Regional Airport to correctly recognize a liability does not negate the legitimacy of the loan. Even though the Sumner County Regional Airport failed to recognize this liability, "Note 12 – Commitments/Subsequent Events" of the Sumner County Regional Airport Authority Audited Financial Statements for June 30, 2009, refers to the loan. This footnote reads, "The \$300,000 certificate of deposit represents funds received from Sumner County based on Resolution 0207-08 in July 2002... . Resolution 0207-08 characterizes these funds as an interest free loan to the Authority and requires repayment at a rate of \$2,500 per month."

**FINDING 09.02 INTERNAL CONTROL DEFICIENCIES EXISTED IN THE COLLECTION OF FUNDS AT THE AMBULANCE SERVICE
(B. and C. – Internal Control – Significant Deficiency Under Government Auditing Standards; A. and D. – Noncompliance Under Government Auditing Standards)**

We noted the following deficiencies over collections at the Ambulance Service:

- A. Official, prenumbered receipts were not issued for collections. Instead, billing statements were printed. Section 9-2-104, Tennessee Code Annotated (TCA), requires issuance of receipts that are prenumbered consecutively. In-lieu-of prenumbered receipts, computer-generated receipts may be printed on plain paper if the receipt number generated by the software cannot be manipulated.

- B. Collections posted to the billing software were not always reconciled with deposits.
- C. Collections were not always adequately safeguarded.
- D. On May 6, 2009, an employee noticed a cash receipt (\$180) dated April 8, 2009, that had not been properly accounted for and an internal investigation by the Ambulance Service showed that the funds had not been deposited. On November 4, 2009, the ambulance service director notified auditors of the cash shortage. Officials did not inform auditors of the cash shortage within a reasonable amount of time (five working days) as required by Section 8-4-503(a), TCA.

These deficiencies existed because of an overall lack of management oversight and control in the daily financial functions of the ambulance service's operations. These weaknesses provide increased opportunities for fraud to occur.

RECOMMENDATION

Officials should take immediate steps to improve procedures over the collection of funds at the Ambulance Service.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

The Sumner County Ambulance Service is a separate department that remits county revenues and corresponding documentation to the Finance Office.

Currently, the Finance Department receives a "Receipt Verification" that is produced on a stand-alone database in Microsoft Access. The "Receipt Verification" has an ID number, date, batch number, and payer. The ID numbers are sequential and the total listed at the top of the "Receipt Verification" corresponds to the amounts deposited with the Finance Office. The Ambulance Service currently reconciles these amounts with the amounts posted to accounts receivable subsidiary ledgers through the billing and receipting software with a "Credit Detail Batch Credit Report." Currently, the billing and receipting software assigns a sequential receipt number; however, the Ambulance Service staff, when receipting cash to the billing and receipting software, changes the pre-assigned numbers to the batch numbers. The billing and receipting software does keep a record of the original pre-assigned numbers and the new numbers assigned. The total amount of cash the Ambulance Service processed from January 1, 2009, to December 14, 2009, was \$4,751.90.

To improve internal control deficiencies over the operations of the Ambulance Service, the following measures will be taken. All amounts received will immediately be receipted with a receipt that is prenumbered consecutively. The receipt numbers will correspond with the numbers assigned in the billing and receipting software. The Finance Office will receive a copy of the prenumbered receipts, and the "Credit Detail, Batch Credit Report" produced by the system will be reconciled with the amounts receipted in the Finance Office on a timely basis.

MANAGEMENT'S RESPONSE – AMBULANCE SERVICE DIRECTOR

The \$180 cash was receipted to the patient's account and the patient received a printed receipt. The cash was put in an envelope and placed on the desk of the administrative assistant for depositing. However, the administrative assistant was not in her office and subsequently the cash was left unattended. Immediately upon discovering the discrepancy of the receipted cash, an internal investigation was conducted and all parties were interviewed. The findings of the investigation could not conclude the exact disposition of the \$180. A new cash receipting policy was immediately issued to prevent this from happening again and to strengthen internal controls. Furthermore, each employee received counseling regarding this issue along with a review of the new policy. Responses to each of the deficiencies are noted below:

- A. This department was unaware of the TCA code requiring notice to auditors within five business days. Any future shortages will be reported to the auditors immediately.
- B. This item asserts that prenumbered receipts were not used when in fact all cash receipts receive a computer generated prenumbered receipt. However, these receipt numbers are changed to reflect the internal "batch" number for depositing with the Finance Office. This "change" does not delete the previously computer assigned receipt number but rather reassigns a new "credit." This allows tracking of any altered or deleted credits. Sumner County Emergency Management Services (EMS) will discontinue the practice of "changing" the receipt numbers to comply with audit findings and request software vendors to add an additional field to credit the entry page to allow for "batch" numbers.
- C. This single collection did not follow normal processing; and therefore, was not included in the reconciliation of deposits.
- D. This single collection was not safeguarded. Additional policies were immediately put into place to correct this issue.

Since January 1, 2009, to December 16, 2009, Sumner County EMS has received \$4,535,915 in actual payment for services. Of this amount, the total collected in actual cash payments has been \$4,751 or 0.1 percent. It is the policy of management within Sumner County EMS to account for and reconcile every dollar collected for services and the identified audit suggestions will be added to the policies and/or procedures to enhance current internal controls.

FINDING 09.03 **THE LIBRARY DEPARTMENT HAD OPERATING DEFICIENCIES** (Noncompliance Under Government Auditing Standards)

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

- A. Official prenumbered receipts were not issued for some collections. Section 9-2-103, Tennessee Code Annotated (TCA), requires official prenumbered receipts to be issued for all collections. Without official prenumbered receipts, we were unable to determine if the office had accounted for all funds.
- B. In some instances, the libraries did not deposit funds within three days of collection. Section 5-8-207, TCA, requires county officials to deposit public funds to the office bank account within three days of collection. The delay in depositing funds could result in a loss of investment earnings and could increase the risks of fraud and misappropriation.

RECOMMENDATION

Official prenumbered receipts should be issued for all collections at the time of collection. The Library Department should deposit all funds within three days of collection as required by state statute.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

The libraries have been informed on several occasions that all collections must be receipted at the point of collection and remitted to the Finance Department within three business days.

**FINDING 09.04 SEVERAL DEFICIENCIES WERE NOTED CONCERNING 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 and the failure of management to correct several of the deficiencies noted in the prior-year audit report:

- 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.

- D. In numerous instances, accurate leave balances could not be determined due to the lack of information submitted on timesheets. Some timesheets listed the total hours to be paid for each day but did not distinguish between days worked and/or leave taken. Also, some timesheets did not reflect when compensatory time was earned and/or taken.
- E. Some departments gave employees personal days for reasons (e.g. birthdays) that were not provided for in the county's personnel policy.
- F. Ambulance Service employees were allowed to accrue compensatory time in advance every January 1 and July 1 in-lieu-of receiving holiday pay during the next six months. Compensatory time should only be accrued once the time has actually been earned.
- G. In some instances, employees were allowed to accumulate compensatory time for working through break periods during the day. This benefit was not provided for in the county's personnel policy.

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. The county should not provide employees with benefits that are not established in the department's personnel policies. The county should monitor compensatory time to ensure only time earned is being accrued.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

- A. The Sumner County Human Resources Department was abolished on July 1, 2009, and the functions were moved to the Offices of Sumner County Executive, Sumner County Law Director, and Sumner County Finance Director. Since July 1, 2009, we have worked diligently to develop new personnel policies. We anticipate that the new policies will be brought to the appropriate committees and ultimately the Sumner County Commission in the first quarter of 2010. The new policies will clarify the application of leave policies.
- B. Other than elected officials, the leave balances in excess of maximum allowed balances were in the libraries. The libraries have been informed on more than one occasion that they must adhere to the Sumner County Personnel Policies.
- C., D. On March 16, 2009, a letter was sent to all elected officials and department heads requesting detailed earnings and leave records. Before that time most,

if not all, offices did not send any detailed earnings or leave records to the Finance Office. In response to the request, almost all offices have forwarded detailed records to the Finance Office. Currently, the Sumner County Finance Office is exploring the feasibility of a computerized timesheet system. This timesheet system would provide necessary documentation for payroll disbursements and tracking of leave.

- F. Ambulance service employees will no longer accrue time in advance of earning it.
- G. The documentation submitted to the Finance Department did not contain the accumulation of compensatory time for working through breaks. This was maintained on other documentation that was not provided to the Finance Office. That office has been informed to stop this practice.

FINDING 09.05 THE AMBULANCE SERVICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES
(Internal Control – Significant Deficiency Under Government Auditing Standards)

System backups were not stored off-site until several months into the fiscal year. Sound business practices dictate that off-site storage of system backups be implemented. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Proper system backup procedures are now in place.

MANAGEMENT'S RESPONSE – AMBULANCE SERVICE DIRECTOR

Prior to the notice of findings, off-site backups were being conducted on an irregular basis in the Finance Office by using an external hard drive.

Notice was provided to this office from the auditor on July 22, 2009, of deficiencies. In August 2009, this office requested space within the new Archives Building for off-site storage of data and confidential records. In September, space was allotted for Sumner County Emergency Management Services within the Archives Building, and on September 14, 2009, this office began routine off-site storage of backups of data from servers along with a process of logging and storing backups.

OFFICE OF PURCHASING DIRECTOR

FINDING 09.06 **THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES (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, which provide that general government purchases in excess of \$10,000 be made after public advertisement and competitive bidding.

Our examination revealed the following purchasing deficiencies. This deficiency exists due to the failure of management to correct the deficiency noted in the prior-year audit report.

- 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. 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. 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 – FINANCE DIRECTOR

The Sumner County Commission adopted official purchasing policies on May 18, 2009, with the most recent amendments on October 19, 2009. The purchasing policies final implementation was December 15, 2009. The policy provides for the purchasing agent or his designee to 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.

The county is currently issuing purchase orders based on the new purchasing policies. The finance director serves as the purchasing agent, with the purchasing director as the designee to oversee the bidding process. Currently, the purchasing director is performing the bidding process, and all documentation is now stored in the Finance Office in electronic format.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 09.07 **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 by \$1,242,360. Sound budgetary practices 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, and the failure of management to correct the finding noted in the prior-year audit report.

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 FY07 and FY08. These funds were not included in the original Federal Projects budget presented to the Board of Education and County Commission at the beginning of FY09, and needed to be approved by both bodies. 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 has been reviewed with the auditors, and we believe we have found a method of preparing these amendments that will not result in an audit finding.

FINDING 09.08 THE OFFICE HAD DEFICIENCIES IN CONTROLS OVER ITS INFORMATION SYSTEM ENVIRONMENT
(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.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 09.09 SEVERAL DEFICIENCIES WERE NOTED CONCERNING EMPLOYEES' LEAVE
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Our examination of the assessor of property's employee leave records revealed the following deficiencies that appear to be the result of a lack of management oversight.

- A. Leave balances of several employees were in excess of the maximum balances provided in the employee's handbook.
- B. In some instances, employees were allowed to work 7:00 a.m. to 5:00 p.m. four days a week. These employees' timesheets reflected a one-hour lunch period per day. Therefore, they only worked nine hours a day, which totaled 36 hours a week. However, these employees were paid for 40 hours a week.
- C. Several employees in the office reflected two hours worked on days eight hours of vacation were taken to reflect a ten-hour workday. These two hours do not appear to be time actually worked.

RECOMMENDATION

Leave balances should not exceed the maximum balances provided in the employee's handbook. Employees should only be paid for actual time worked.

MANAGEMENT'S RESPONSE – ASSESSOR OF PROPERTY

I have made every employee aware of the policy and have given each employee the opportunity to be in compliance no later than December 31, 2010. After meeting with the Finance Director, I am awaiting the policy review of the County Commission to clarify

current policy. It is the intention of the Assessor's Office to fully comply with any recommendations of the County Commission. Upon discovery of this error, a thorough review of all employees' timesheets was completed, and the appropriate changes were made and given to the Finance Department.

OFFICE OF CLERK AND MASTER

FINDING 09.10 **THE OFFICE HAD DEFICIENCIES IN CONTROLS OVER ITS INFORMATION SYSTEM ENVIRONMENT**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

System backups were not stored off-site until several months into the fiscal year. Sound business practices dictate that off-site storage of system backups be implemented. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Proper system backup procedures are now in place.

OFFICE OF SHERIFF

FINDING 09.11 **COLLECTIONS FOR ANIMAL CONTROL WERE NOT ADEQUATELY SAFEGUARDED**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Collections for animal control were not adequately safeguarded. Collections were placed into a bank bag and kept in a desk drawer where numerous employees, visitors, and inmates had access to the desk and/or bank bag. On April 27, 2009, Sheriff Department employees discovered that collections totaling \$40 for animal control were missing, and the next day the sheriff notified auditors about the shortage. The Sheriff's Department performed an internal investigation, but could not determine who was responsible for the shortage. The failure to adequately safeguard collections increases the risks of fraud and abuse. This deficiency is the result of a lack of management oversight.

RECOMMENDATION

Internal controls should be strengthened over cash collections to ensure that assets are properly safeguarded.

MANAGEMENT'S RESPONSE – SHERIFF

We agree that prior to April 27, 2009, there were inadequate safeguards for the cash on hand at the Animal Control Office in that a bank bag kept inside a desk draw had been utilized from November 2008 through April 2009 for securing funds.

After the funds were discovered missing, a secure lock box was installed at the Animal Control Office, and all cash on hand was kept secured in the lock box unless an actual transaction was taking place or funds were being transferred for deposit.

Since installation of the secure lock box, no other funds have been unaccounted for and we recently upgraded the lock box to a commercial grade Liberty Centurion model cabinet safe.

OTHER FINDING AND RECOMMENDATION

FINDING 09.12 **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. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – CLERK AND MASTER

There have been attempts and actions taken by the Office of Clerk and Master to segregate several of the duties involving and maintaining accounting records. The person issuing the daily checks does not sign the checks. The daily balancing of the books and deposits are done by one of three persons in the Office of Clerk and Master. The clerk and master or one of two other persons makes the daily deposit for the office. Further information will be gathered to determine if any other duties can be segregated in maintaining the accounting records.

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

There were no findings and questioned costs for federal awards.

**SUMNER COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2009**

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