
ANNUAL FINANCIAL REPORT CUMBERLAND COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2009



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

DEPARTMENT OF AUDIT
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Comptroller of the Treasury

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State Auditors

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

Scope

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

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF FINANCE DIRECTOR

- ◆ The General Fund required material audit adjustments for proper financial statement presentation.
- ◆ The General Fund had a deficit in unreserved fund balance at June 30, 2009.
- ◆ The Solid Waste Disposal Fund had a deficit in unrestricted net assets at June 30, 2009.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The school maintenance department had a cash shortage of \$8,893.20 at November 4, 2009.
 - ◆ Charitable donation programs administered by the School Department were not channeled through the county's budgetary process.
-

OFFICE OF SHERIFF

- ◆ Receipts were not issued at the time of collection, and some funds were not deposited to the office bank account within three days of collection as required by state statute.
-

OTHER FINDING

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

INTRODUCTORY SECTION

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Cumberland County Officials

June 30, 2009

Officials

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

Board of County Commissioners

Brock Hill, County Mayor, Chairman	
Jeff Brown	Trey Kerley
Kenneth Carey, Jr.	Carmin Lynch
Terry Carter	Greg Maxwell
Clyde Cramer	Johnny Presley
Jack Davis	Harry Sabine
David Gibson	Robert Safdie
Michael Harvel	Charles Seiber
Nancy Hyder	Creed Lynn Tollett
Jim Inman	Wendell Wilson

Board of Education

Shirley Parris, Chairman	
Jim Blalock	Victor Randolph
Brian Houston	Bob Scarbrough
Roger Hyder	Dan Schlafer
Richard Janeway	Mary Smith

Cumberland County Railroad Authority Board of Directors

Brock Hill, County Mayor, Chairman
George Adcock

Cumberland County Officials (Cont.)

Financial Management Committee

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

Kenneth Carey, Jr.
Clyde Cramer
Harry Sabine

FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

March 4, 2010

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cumberland County, Tennessee, as of and for the year ended June 30, 2009, which collectively comprise Cumberland County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Cumberland County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cumberland County Emergency Communications District, which represent 2.4 and 1.8 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Cumberland County Emergency Communications District, is based on the report of the other auditors.

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

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cumberland County, Tennessee, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 4, 2010, on our consideration of Cumberland County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Cumberland County has adopted Governmental Accounting Standards Board 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 of Cumberland County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison, pension, and other postemployment benefits information on pages 85 through 92 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cumberland County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Cumberland County School Department and the Cumberland County Railroad Authority (discretely presented component units), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining

and individual fund financial statements of the Cumberland County School Department and the Cumberland County Railroad Authority (discretely presented component units), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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BASIC FINANCIAL STATEMENTS

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Exhibit A

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

	Primary Government		Component Units			
	Governmental Activities	Business-type Activities	Total	Cumberland County School Department	Cumberland County Railroad Authority	Cumberland County Emergency Communications District
ASSETS						
Cash	\$ 43,884	\$ 200	\$ 44,084	\$ 12,064	\$ 0	\$ 530,732
Equity in Pooled Cash and Investments	20,069,309	473,583	20,542,892	3,962,696	34,514	0
Inventories	0	0	0	100,489	0	0
Accounts Receivable	5,634,314	14,596	5,648,910	0	0	44,630
Allowance for Uncollectibles	(3,355,591)	0	(3,355,591)	0	0	0
Due from Other Governments	1,508,242	30,666	1,538,908	2,165,351	0	44,655
Property Taxes Receivable	11,767,893	0	11,767,893	7,485,902	0	0
Allowance for Uncollectible Property Taxes	(451,185)	0	(451,185)	(256,332)	0	0
Prepaid Expenses	0	0	0	0	0	14,330
Accrued Interest Receivable	0	0	0	0	0	6,010
Other Restricted Assets	0	0	0	0	0	100,000
Deferred Charges - Debt Issuance Cost	571,052	0	571,052	0	0	5,396
Capital Assets						
Assets Not Depreciated:						
Land	1,318,713	46,840	1,365,553	2,088,454	0	0
Construction in Progress	16,555,591	0	16,555,591	0	0	0
Assets Net of Accumulated Depreciation:						
Buildings and Improvements	6,843,067	2,942	6,846,009	62,186,224	0	903,547
Infrastructure	23,894,990	0	23,894,990	1,027,442	0	0
Landfill Facilities and Development	0	561,300	561,300	0	0	0
Other Capital Assets	3,943,018	85,593	4,028,611	3,155,402	0	355,072
Total Assets	\$ 88,343,297	\$ 1,215,720	\$ 89,559,017	\$ 81,927,692	\$ 34,514	\$ 2,004,372
LIABILITIES						
Accounts Payable	\$ 648,308	\$ 38,038	\$ 686,346	\$ 303,766	\$ 0	\$ 25,369
Accrued Payroll	39,346	0	39,346	16,766	0	5,688
Accrued Interest Payable	66,902	0	66,902	0	0	0
Payroll Deductions Payable	0	0	0	0	0	3,629
Retainage Payable	0	0	0	12,719	0	0
Due to State of Tennessee	35,357	0	35,357	0	0	0
Matured Bonds Payable	30,000	0	30,000	0	0	0
Matured Interest on Bonds	8,058	0	8,058	0	0	0

(Continued)

Exhibit A

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

	Primary Government		Component Units			
	Governmental Activities	Business-type Activities	Total	Cumberland County School Department	Cumberland County Railroad Authority	Cumberland County Emergency Communications District
LIABILITIES (Cont.)						
Current Liabilities Payable from Restricted Assets:						
Customer Deposits Payable	\$ 1,815	\$ 0	\$ 1,815	\$ 0	\$ 0	\$ 0
Deferred Revenue - Current Property Taxes	11,077,003	0	11,077,003	7,111,162	0	0
Noncurrent Liabilities:						
Due Within One Year	2,754,193	52,642	2,806,835	80,521	0	51,439
Due in More Than One Year	62,606,738	1,610,010	64,216,748	753,445	0	771,000
Total Liabilities	\$ 77,267,720	\$ 1,700,690	\$ 78,968,410	\$ 8,278,379	\$ 0	\$ 857,125
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	\$ 38,549,244	\$ 0	\$ 38,549,244	\$ 0	\$ 0	\$ 443,619
Invested in Capital Assets	0	696,675	696,675	68,457,522	0	0
Restricted for:						
Courthouse and Jail Maintenance	62,278	0	62,278	0	0	0
Solid Waste/Sanitation	249,769	0	249,769	0	0	0
Drug Control	190,588	0	190,588	0	0	0
Highway/Public Works	1,316,870	0	1,316,870	0	0	0
School Federal Projects	0	0	0	573,078	0	0
Central Cafeteria	0	0	0	798,302	0	0
Debt Service	16,879,804	0	16,879,804	0	0	100,000
Basic Education Program	0	0	0	2,099,635	0	0
Other Purposes	396,751	0	396,751	58,720	0	0
Unrestricted	(46,569,727)	(1,181,645)	(47,751,372)	1,662,056	34,514	603,628
Total Net Assets	\$ 11,075,577	\$ (484,970)	\$ 10,590,607	\$ 73,649,313	\$ 34,514	\$ 1,147,247

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

Exhibit B

Cumberland County, Tennessee
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Primary Government		Cumberland County School Department	Cumberland County Railroad Authority	Cumberland County Emergency Communications District
						Governmental Activities	Business-type Activities			
Primary Government:										
Governmental Activities:										
General Government	\$ 2,242,377	\$ 630,966	\$ 28,283	\$ 0	\$ (1,583,128)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	1,798,287	1,153,563	53,138	0	(591,586)	0	0	0	0	0
Administration of Justice	1,408,994	950,746	24,267	0	(433,981)	0	0	0	0	0
Public Safety	7,879,275	824,247	70,970	14,912	(6,969,146)	0	0	0	0	0
Public Health and Welfare	5,101,070	3,130,489	1,227,247	0	(743,334)	0	0	0	0	0
Social, Cultural, and Recreational Services	967,491	37,927	323,000	0	(606,564)	0	0	0	0	0
Agriculture and Natural Resources	153,256	0	0	0	(153,256)	0	0	0	0	0
Other Operations	1,080,801	2,070	0	0	(1,078,731)	0	0	0	0	0
Highways/Public Works	2,035,767	3,500	2,095,831	494,867	558,431	0	0	0	0	0
Interest on Long-term Debt	2,475,397	0	0	0	(2,475,397)	0	0	0	0	0
Other Debt Service	246,932	0	0	0	(246,932)	0	0	0	0	0
Total Primary Government	\$ 25,389,647	\$ 6,733,508	\$ 3,822,736	\$ 509,779	\$ (14,323,624)	\$ 0	\$ (14,323,624)	\$ 0	\$ 0	\$ 0
Business-type Activities:										
Landfill	\$ 1,064,909	\$ 549,494	\$ 43,299	\$ 0	\$ (472,116)	\$ (472,116)	\$ 0	\$ 0	\$ 0	\$ 0
Total Business-type Activities	\$ 1,064,909	\$ 549,494	\$ 43,299	\$ 0	\$ (472,116)	\$ (472,116)	\$ 0	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 26,454,556	\$ 7,283,002	\$ 3,866,035	\$ 509,779	\$ (14,323,624)	\$ (472,116)	\$ (14,795,740)	\$ 0	\$ 0	\$ 0
Component Units:										
School Department	\$ 53,547,684	\$ 1,338,086	\$ 7,112,788	\$ 107,834	\$ 0	\$ 0	\$ (44,988,976)	\$ 0	\$ 0	\$ 0
Railroad Authority	505,931	0	0	516,582	0	0	0	10,651	0	0
Emergency Communications District	883,656	750,897	0	0	0	0	0	0	0	(132,759)
Total Component Units	\$ 54,937,271	\$ 2,088,983	\$ 7,112,788	\$ 624,416	\$ 0	\$ 0	\$ (44,988,976)	\$ 10,651	\$ 0	\$ (132,759)

(Continued)

Exhibit B

Cumberland County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets										
	Program Revenues					Component Units					
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions	Primary Government Business-type Activities			Cumberland County School Department	Cumberland County Railroad Authority	Cumberland County Emergency Communications District
			Contributions	and		Governmental Activities	Business-type Activities	Total			
General Revenues:											
Taxes:											
Property Taxes Levied for General Purposes					\$ 7,741,832	\$ 0	\$ 0	\$ 7,741,832	\$ 6,737,613	\$ 0	\$ 0
Property Taxes Levied for Debt Service					2,365,512	0	0	2,365,512	0	0	0
Local Option Sales Taxes					2,236,606	0	0	2,236,606	7,181,079	0	0
Hotel/Motel Tax					441,918	0	0	441,918	0	0	0
Litigation Taxes					370,026	0	0	370,026	0	0	0
Business Tax					535,726	0	0	535,726	0	0	0
Wholesale Beer Tax					373,661	0	0	373,661	0	0	0
Other Local Taxes					38,901	0	0	38,901	12,225	0	0
Grants and Contributions Not Restricted to Specific Programs					1,747,851	0	0	1,747,851	28,565,865	0	160,000
Unrestricted Investment Earnings					886,354	0	0	886,354	15,115	0	15,515
Miscellaneous					19,497	0	0	19,497	211,202	0	0
Total General Revenues					\$ 16,757,884	\$ 0	\$ 0	\$ 16,757,884	\$ 42,723,099	\$ 0	\$ 175,515
Insurance Recovery					0	0	0	0	43,402	0	0
Change in Net Assets					\$ 2,434,260	\$ (472,116)	\$ 1,962,144	\$ (2,222,475)	\$ 10,651	\$ 42,756	\$ 0
Net Assets, July 1, 2008					8,641,317	(1,102,701)	7,538,616	7,538,616	75,871,788	23,863	1,104,491
Prior-period Adjustment					0	1,089,847	1,089,847	0	0	0	0
Net Assets, June 30, 2009					\$ 11,075,577	\$ (484,970)	\$ 10,590,607	\$ 73,649,313	\$ 34,514	\$ 1,147,247	\$ 0

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

Exhibit C-1

Cumberland County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2009

	Major Funds			Nonmajor Funds	Total Govern- mental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 200	\$ 0	\$ 0	\$ 43,684	\$ 43,884
Equity in Pooled Cash and Investments	1,957,522	968,003	16,615,791	527,993	20,069,309
Accounts Receivable	5,620,475	0	0	13,839	5,634,314
Allowance for Uncollectibles	(3,355,591)	0	0	0	(3,355,591)
Due from Other Governments	818,737	385,327	293,885	10,293	1,508,242
Due from Other Funds	52,805	0	0	0	52,805
Property Taxes Receivable	7,994,140	0	2,238,769	1,534,984	11,767,893
Allowance for Uncollectible Property Taxes	(308,101)	0	(112,384)	(30,700)	(451,185)
Total Assets	\$ 12,780,187	\$ 1,353,330	\$ 19,036,061	\$ 2,100,093	\$ 35,269,671
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 606,927	\$ 1,012	\$ 0	\$ 40,369	\$ 648,308
Accrued Payroll	39,346	0	0	0	39,346
Due to Other Funds	0	0	0	52,805	52,805
Due to State of Tennessee	35,357	0	0	0	35,357
Matured Bonds Payable	0	0	30,000	0	30,000
Matured Interest on Bonds	0	0	8,058	0	8,058
Current Liabilities Payable from Restricted Assets:					
Customer Deposits Payable	1,815	0	0	0	1,815
Deferred Revenue - Current Property Taxes	7,521,422	0	2,051,297	1,504,284	11,077,003
Deferred Revenue - Delinquent Property Taxes	141,147	0	68,088	0	209,235
Other Deferred Revenues	2,013,436	187,025	158,485	0	2,358,946
Total Liabilities	\$ 10,359,450	\$ 188,037	\$ 2,315,928	\$ 1,597,458	\$ 14,460,873
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 6,170,505	\$ 0	\$ 0	\$ 0	\$ 6,170,505
Reserved for Computer System - Register	267,084	0	0	0	267,084
Reserved for Automation Purposes - Circuit Court	2,172	0	0	0	2,172
Reserved for Automation Purposes - General Sessions Court	64,736	0	0	0	64,736
Reserved for Automation Purposes - Chancery Court	19,966	0	0	0	19,966
Reserved for Automation Purposes - Sheriff	38,789	0	0	0	38,789
Reserved for Automation Purposes - County Clerk	4,004	0	0	0	4,004
Unreserved, Reported In:					
General Fund (Deficit)	(4,146,519)	0	0	0	(4,146,519)
Special Revenue Funds	0	1,165,293	0	502,635	1,667,928
Debt Service Funds	0	0	16,720,133	0	16,720,133
Total Fund Balances	\$ 2,420,737	\$ 1,165,293	\$ 16,720,133	\$ 502,635	\$ 20,808,798
Total Liabilities and Fund Balances	\$ 12,780,187	\$ 1,353,330	\$ 19,036,061	\$ 2,100,093	\$ 35,269,671

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

Exhibit C-2

Cumberland 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)		\$ 20,808,798
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,318,713	
Add: construction in progress	16,555,591	
Add: buildings and improvements net of accumulated depreciation	6,843,067	
Add: infrastructure net of accumulated depreciation	23,894,990	
Add: other capital assets net of accumulated depreciation	<u>3,943,018</u>	52,555,379
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (993,616)	
Less: other loans payable	(63,520,000)	
Less: compensated absences payable	(759,649)	
Less: other postemployment benefits liability	(44,037)	
Less: accrued interest on notes	(1,833)	
Less: accrued interest on other loans	(65,069)	
Less: other deferred revenue - premium on debt	(43,629)	
Add: change in deferred debt issuance costs	<u>571,052</u>	(64,856,781)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>2,568,181</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 11,075,577</u>

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

Exhibit C-3

Cumberland County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 10,117,933	\$ 33,857	\$ 4,265,312	\$ 67,211	\$ 14,484,313
Licenses and Permits	207,397	0	0	0	207,397
Fines, Forfeitures, and Penalties	168,977	0	0	39,957	208,934
Charges for Current Services	2,378,779	3,500	0	0	2,382,279
Other Local Revenues	807,447	5,110	194,401	198,516	1,205,474
Fees Received from County Officials	2,323,774	0	0	0	2,323,774
State of Tennessee	1,998,623	2,584,683	0	42,232	4,625,538
Federal Government	1,095,820	0	0	0	1,095,820
Other Governments and Citizens Groups	646,280	0	0	2,865	649,145
Total Revenues	\$ 19,745,030	\$ 2,627,150	\$ 4,459,713	\$ 350,781	\$ 27,182,674
<u>Expenditures</u>					
Current:					
General Government	\$ 2,818,613	\$ 0	\$ 0	\$ 104,965	\$ 2,923,578
Finance	1,740,922	0	0	0	1,740,922
Administration of Justice	1,368,481	0	0	0	1,368,481
Public Safety	16,122,674	0	0	91,434	16,214,108
Public Health and Welfare	4,079,361	0	0	1,282,070	5,361,431
Social, Cultural, and Recreational Services	3,963,611	0	0	0	3,963,611
Agriculture and Natural Resources	151,606	0	0	0	151,606
Other Operations	1,317,267	0	0	88,223	1,405,490
Highways	0	2,325,506	0	74,370	2,399,876
Debt Service:					
Principal on Debt	0	0	3,753,126	0	3,753,126
Interest on Debt	0	0	2,617,035	0	2,617,035
Other Debt Service	0	0	692,455	0	692,455
Total Expenditures	\$ 31,562,535	\$ 2,325,506	\$ 7,062,616	\$ 1,641,062	\$ 42,591,719
Excess (Deficiency) of Revenues Over Expenditures					
	\$ (11,817,505)	\$ 301,644	\$ (2,602,903)	\$ (1,290,281)	\$ (15,409,045)
<u>Other Financing Sources (Uses)</u>					
Refunding Debt Issued	\$ 0	\$ 0	\$ 52,980,000	\$ 0	\$ 52,980,000
Premiums on Debt Issued	0	0	45,476	0	45,476
Other Loans Issued	11,980,824	0	0	0	11,980,824
Transfers In	0	0	0	1,179,020	1,179,020
Transfers Out	(1,179,020)	0	0	0	(1,179,020)
Payments to Refunded Debt Escrow Agent	0	0	(52,400,000)	0	(52,400,000)
Total Other Financing Sources (Uses)	\$ 10,801,804	\$ 0	\$ 625,476	\$ 1,179,020	\$ 12,606,300
Net Change in Fund Balances					
	\$ (1,015,701)	\$ 301,644	\$ (1,977,427)	\$ (111,261)	\$ (2,802,745)
Fund Balance, July 1, 2008	3,436,438	863,649	18,697,560	613,896	23,611,543
Fund Balance, June 30, 2009	\$ 2,420,737	\$ 1,165,293	\$ 16,720,133	\$ 502,635	\$ 20,808,798

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

Exhibit C-4

Cumberland County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 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)		\$ (2,802,745)
(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	\$ 14,754,798	
Less: current year depreciation expense	<u>(1,541,348)</u>	13,213,450
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		(47,036)
Less: loss on disposal of capital assets		
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2009	\$ 2,568,181	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(1,926,948)</u>	641,233
(4) The issuance of long-term debt (e.g., bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Less: other loan proceeds	\$ (11,980,824)	
Less: refunding other loan proceeds	(52,980,000)	
Less: change in premium on debt issuances	(45,476)	
Add: change in deferred debt issuance costs	455,357	
Add: principal payments on notes	833,126	
Add: principal payments on bonds	800,000	
Add: principal payments on other loans	2,120,000	
Add: payment to refunding agent	<u>52,390,166</u>	(8,407,651)
(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	\$ 141,638	
Change in compensated absences payable	(281,704)	
Change in other postemployment benefits liability	<u>(22,925)</u>	<u>(162,991)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 2,434,260</u>

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

Exhibit D-1

Cumberland County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2009

	Business-type Activities
	<u>Major Fund</u>
	<u>Solid Waste</u>
	<u>Disposal Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 200
Equity in Pooled Cash and Investments	473,583
Accounts Receivable	14,596
Due from Other Governments	30,666
Total Current Assets	<u>\$ 519,045</u>
Noncurrent Assets:	
Capital Assets (Net of Accumulated Depreciation):	
Land	\$ 46,840
Landfill Facilities and Development	561,300
Buildings and Improvements	2,942
Machinery and Equipment	78,412
Other Capital Assets	7,181
Total Noncurrent Assets	<u>\$ 696,675</u>
Total Assets	<u>\$ 1,215,720</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 38,038
Accrued Liability for Landfill Closure/Postclosure Care Costs	52,642
Total Current Liabilities	<u>\$ 90,680</u>
Noncurrent Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	\$ 1,610,010
Total Noncurrent Liabilities	<u>\$ 1,610,010</u>
Total Liabilities	<u>\$ 1,700,690</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 696,675
Unrestricted	<u>(1,181,645)</u>
Total Net Assets	<u>\$ (484,970)</u>

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

Exhibit D-2

Cumberland County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2009

	Business-type Activities
	<u>Major Fund</u>
	Solid Waste Disposal Fund
<hr/>	
<u>Operating Revenues</u>	
Charges for Current Services	\$ 549,494
Total Operating Revenues	<u>\$ 549,494</u>
<u>Operating Expenses</u>	
Public Health and Welfare	\$ 1,032,296
Depreciation	10,343
Other Charges	3,433
Employee Benefits	18,837
Total Operating Expenses	<u>\$ 1,064,909</u>
Operating Income (Loss)	<u>\$ (515,415)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Solid Waste Grants	\$ 43,299
Total Nonoperating Revenues (Expenses)	<u>\$ 43,299</u>
Change in Net Assets	\$ (472,116)
Net Assets, July 1, 2008	(1,102,701)
Prior-period Adjustment	<u>1,089,847</u>
Net Assets, June 30, 2009	<u><u>\$ (484,970)</u></u>

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

Exhibit D-3

Cumberland County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2009

	Business-type Activities
	<u>Major Fund</u>
	<u>Solid Waste Disposal Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 539,440
Payments to Suppliers	(170,647)
Payments to Employees	(243,672)
Other Payments	(620,887)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (495,766)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Grants Received	\$ 43,299
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 43,299</u>
Net Increase (Decrease) in Cash	\$ (452,467)
Cash, July 1, 2008	<u>926,250</u>
Cash, June 30, 2009	<u><u>\$ 473,783</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (515,415)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	10,343
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(10,054)
Increase (Decrease) in Accounts Payable	(2,559)
Increase (Decrease) in Accrued Liability for Landfill Closure Cost	21,919
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (495,766)</u></u>

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

Exhibit E

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,785,269
Equity in Pooled Cash and Investments	6,956
Due from Other Governments	<u>1,163,237</u>
Total Assets	<u>\$ 2,955,462</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 6,956
Due to Litigants, Heirs, and Others	1,785,269
Due to Other Taxing Units	<u>1,163,237</u>
Total Liabilities	<u>\$ 2,955,462</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cumberland County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Cumberland County:

A. Reporting Entity

Cumberland County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Cumberland County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

The Cumberland County Railroad Authority was created pursuant to Section 7-56-201, Tennessee Code Annotated. The authority is governed by a two-member board, which includes the county mayor and a second member appointed by the Cumberland County Commission. The purpose of the authority is to acquire, operate, maintain, and dispose of railroad facilities, properties, and equipment for the benefit of public transportation in Cumberland County. The authority is funded primarily from state grants.

The Cumberland County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Cumberland County, and the Cumberland County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services.

Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

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

Administrative Office:

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

B. Government-wide and Fund Financial Statements

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

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

Cumberland County issues all debt for the discretely presented Cumberland County School Department.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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

Cumberland County reports the following major governmental funds:

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

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

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

Cumberland County reports the following major proprietary fund:

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

Additionally, Cumberland County reports the following fund type:

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

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

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

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

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

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

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

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

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the Statement of Cash Flows, cash includes cash on hand and cash on deposit with the county trustee.

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

2. Receivables and Payables

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

All ambulance and property taxes 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 two percent of total taxes levied.

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

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

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

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

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

Retainage payable in the discretely presented Cumberland County School Department's General Purpose School 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 Purpose School Fund.

3. Inventories

Inventories of the discretely presented Cumberland County School Department are recorded at cost, determined on the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column and the business-type column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government and the discretely presented Cumberland County School Department are depreciated using the straight-line method over the following estimated useful lives:

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

5. Compensated Absences

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

6. Long-term Obligations

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

7. Net Assets and Fund Equity

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

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

As of June 30, 2009, Cumberland County had \$50,315,000 in outstanding debt for capital purposes for the discretely presented Cumberland County School Department. This debt is a liability of Cumberland County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Cumberland County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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

8. Prior-period Adjustments

Landfill closure/postclosure care costs were restated \$1,089,847 due to revised estimates.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Assets

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Assets.

Discretely Presented Cumberland County School Department

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Assets.

Discretely Presented Cumberland County Railroad Authority

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

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

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

Discretely Presented Cumberland County School Department

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

Discretely Presented Cumberland County Railroad Authority

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the Education Capital Projects Fund, which adopts project length budget. 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 County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Unrestricted Net Assets Deficit/Unreserved Fund Balance Deficit

The Solid Waste Disposal Fund (enterprise fund) had a deficit in unrestricted net assets of \$1,181,645 at June 30, 2009. This deficit primarily resulted from the recognition of a liability (\$1,662,652) in the financial statements for costs associated with closing the county's landfill and monitoring the landfill for 30 years after its closure. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements.

The General Fund had a deficit in unreserved fund balance of \$4,146,519 at June 30, 2009. This deficit resulted from recognizing encumbrances for the unperformed portions of construction contracts for the jail (\$3,287,961) and library (\$2,355,592) being reserved in the financial statements. The county has public building authority loan proceeds (\$1,940,000) available for the jail construction project, and the County Commission authorized an interfund loan (\$5,000,000) to apply toward the jail and library projects. This fund

deficit should be liquidated subsequent to June 30, 2009, as the remaining financing is received.

Generally accepted accounting principles require unperformed contracts to be reflected as a reservation (encumbrance) of fund balance. If unperformed portions of the contract had not been reserved as an encumbrance of the fund balance in the financial statements, the General Fund would have reflected a fund balance of \$1,497,034. The following statement presents the financial condition of the General Fund at June 30, 2009, if the unperformed portion of the contract had not been reflected as a reservation of the fund balance:

General Fund
Fund Equity - Restated
June 30, 2009

Fund Balance

Unreserved:	
Undesignated	<u>\$ 1,497,034</u>
Fund Balance, June 30, 2009, Restated	<u><u>\$ 1,497,034</u></u>

C. Cash Shortage

The School Maintenance Department had a cash shortage of \$8,893.20 as of November 4, 2009. Details of the 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

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

Deposits

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

Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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, Cumberland County had the following investments carried at cost. All investments are in the State Treasurer's Investment Pool. Separate disclosures concerning pooled investments cannot be made for Cumberland County, the discretely presented Cumberland County School Department, and the discretely presented Cumberland County Railroad Authority since all pool their deposits and investments through the county trustee.

Investment	Maturities	Cost
State Treasurer's Investment Pool	Daily	\$ 242,657

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Cumberland County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Cumberland County has no investment policy that would further limit its investment choices. As of June 30, 2009, Cumberland County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 1,318,713	\$ 0	\$ 0	\$ 1,318,713
Construction in Progress	4,083,160	13,305,359	(832,928)	16,555,591
Total Capital Assets Not Depreciated	\$ 5,401,873	\$ 13,305,359	\$ (832,928)	\$ 17,874,304
Capital Assets Depreciated:				
Buildings and Improvements	\$ 10,083,862	\$ 526,333	\$ (24,131)	\$ 10,586,064
Roads and Bridges	33,521,588	1,236,195	0	34,757,783
Other Capital Assets	9,040,557	519,839	(130,102)	9,430,294
Total Capital Assets Depreciated	\$ 52,646,007	\$ 2,282,367	\$ (154,233)	\$ 54,774,141

Governmental Activities: (Cont.)

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,570,307	\$ 181,088	\$ (8,398)	\$ 3,742,997
Roads and Bridges	10,108,077	754,716	0	10,862,793
Other Capital Assets	4,980,531	605,544	(98,799)	5,487,276
Total Accumulated Depreciation	<u>\$ 18,658,915</u>	<u>\$ 1,541,348</u>	<u>\$ (107,197)</u>	<u>\$ 20,093,066</u>
Total Capital Assets Depreciated, Net	<u>\$ 33,987,092</u>	<u>\$ 741,019</u>	<u>\$ (47,036)</u>	<u>\$ 34,681,075</u>
Governmental Activities Capital Assets, Net	<u>\$ 39,388,965</u>	<u>\$ 14,046,378</u>	<u>\$ (879,964)</u>	<u>\$ 52,555,379</u>

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

Governmental Activities:

General Government	\$ 39,936
Finance	1,578
Public Safety	383,537
Public Health and Welfare	271,869
Social, Cultural, and Recreational Services	38,564
Highways/Public Works	<u>805,864</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,541,348</u></u>

Business-type Activities:

	Balance 7-1-08	Increases	Balance 6-30-09
Capital Assets Not Depreciated:			
Land	\$ 46,840	\$ 0	\$ 46,840
Total Capital Assets Not Depreciated	<u>\$ 46,840</u>	<u>\$ 0</u>	<u>\$ 46,840</u>
Capital Assets Depreciated:			
Landfill Facilities and Development	\$ 3,509,688	\$ 0	\$ 3,509,688
Buildings and Improvements	13,825	0	13,825
Other Capital Assets	269,479	0	269,479
Total Capital Assets Depreciated	<u>\$ 3,792,992</u>	<u>\$ 0</u>	<u>\$ 3,792,992</u>
Less Accumulated Depreciation For:			
Landfill Facilities and Development	\$ 2,944,400	\$ 3,988	\$ 2,948,388
Buildings and Improvements	10,192	691	10,883
Other Capital Assets	178,221	5,665	183,886
Total Accumulated Depreciation	<u>\$ 3,132,813</u>	<u>\$ 10,344</u>	<u>\$ 3,143,157</u>
Total Capital Assets Depreciated, Net	<u>\$ 660,179</u>	<u>\$ (10,344)</u>	<u>\$ 649,835</u>
Business-type Activities Capital Assets, Net	<u>\$ 707,019</u>	<u>\$ (10,344)</u>	<u>\$ 696,675</u>

Depreciation of \$10,344 was recorded by the Solid Waste Disposal Fund.

Discretely Presented Cumberland County School Department

Governmental Activities:

	Balance			Balance
	7-1-08	Increases	Decreases	6-30-09
Capital Assets Not Depreciated:				
Land	\$ 2,088,454	\$ 0	\$ 0	\$ 2,088,454
Construction in Progress	435,508	608,542	(1,044,050)	0
Total Capital Assets Not Depreciated	\$ 2,523,962	\$ 608,542	\$ (1,044,050)	\$ 2,088,454
Capital Assets Depreciated:				
Buildings and Improvements	\$ 76,311,723	\$ 1,077,054	\$ 0	\$ 77,388,777
Infrastructure	1,353,072	62,090	0	1,415,162
Other Capital Assets	7,137,494	62,200	0	7,199,694
Total Capital Assets Depreciated	\$ 84,802,289	\$ 1,201,344	\$ 0	\$ 86,003,633
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 13,826,847	\$ 1,375,706	\$ 0	\$ 15,202,553
Infrastructure	337,855	49,865	0	387,720
Other Capital Assets	3,520,802	523,490	0	4,044,292
Total Accumulated Depreciation	\$ 17,685,504	\$ 1,949,061	\$ 0	\$ 19,634,565
Total Capital Assets Depreciated, Net	\$ 67,116,785	\$ (747,717)	\$ 0	\$ 66,369,068
Governmental Activities Capital Assets, Net	\$ 69,640,747	\$ (139,175)	\$ (1,044,050)	\$ 68,457,522

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

Governmental Activities:

Instruction	\$ 1,592,443
Support Services	311,146
Operation of Non-Instructional Services	<u>45,472</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,949,061</u>

C. Construction Commitments

At June 30, 2009, the General Fund had uncompleted construction contracts of approximately \$3,287,961 for the justice center expansion and \$2,355,592 for library construction. The county has public building authority loan proceeds (\$1,940,000) available for the jail construction project, and County Commissioners authorized an interfund loan (\$5,000,000) to apply toward the jail and library projects.

At June 30, 2009, the discretely presented Cumberland County School Department's General Purpose School Fund had an uncompleted construction contract of approximately \$143,438 for a sewer project. Funding has been received for these future expenditures.

D. 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>
Primary Government: General	Nonmajor governmental	\$ 52,805
Discretely Presented School Department: General Purpose School	Nonmajor governmental	22,873

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

	<u>Transfer In</u> Nonmajor Govern- mental Funds
Transfer Out	
General Fund	\$ 1,179,020

Discretely Presented Cumberland County School Department

	<u>Transfer In</u> General Purpose School Fund
Transfer Out	
Nonmajor governmental funds	\$ 53,127

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

E. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

Capital outlay notes and other loans are direct obligations and pledge the full faith and credit of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to seven years for notes and up to 31 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All other loans and notes included in long-term debt as of June 30, 2009, will be retired from the General Debt Service Fund.

Capital outlay notes and other loans outstanding as of June 30, 2009, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
Capital Outlay Notes	0 to 2.75 %	\$ 1,538,828	\$ 993,616
Other Loans	Variable	5,000,000	5,000,000
Other Loans	3 to 6	10,175,000	9,860,000
Other Loans - Synthetic Fixed by Swap	3.238 to 4.6	48,915,000	48,660,000

Cumberland County entered into various loan agreements with the Sevier County Public Building Authority and the Blount County Public Building Authority (PBAs) to finance various capital projects for Cumberland County and the discretely presented Cumberland County School Department. Under the loan agreements, the PBAs issued revenue bonds and made the proceeds available for loan to Cumberland County. In addition to repaying the loans, the county pays various other fees (trustee, debt remarketing, etc.) in connection with these loans. The following table summarizes loan agreements outstanding at June 30, 2009:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-09	Interest Type	Interest Rates as of 6-30-09	Approximate Fee Rates as of 6-30-09
Sevier County PBA:					
Series A-7-A	\$ 5,000,000	\$ 5,000,000	Variable	2.11 %	.46%
Series V-E-1	8,425,000	8,110,000	Fixed	3 to 4.75	0
Series VII-B-2	28,300,000	28,045,000	Synthetic Fixed by Swap	.39	1.051
Blount County PBA:					
Series B-13-A	1,750,000	1,750,000	Fixed	5.15 to 6	0
Series E-3-A	20,615,000	20,615,000	Synthetic Fixed by Swap	.31	.73

The annual requirements to amortize all capital outlay notes and other loans outstanding as of June 30, 2009, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 448,404	\$ 22,000	\$ 470,404
2011	448,404	11,000	459,404
2012	48,404	0	48,404
2013	48,404	0	48,404
Total	<u>\$ 993,616</u>	<u>\$ 33,000</u>	<u>\$ 1,026,616</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2010	\$ 1,850,000	\$ 780,807	\$ 468,242	\$ 3,099,049
2011	1,890,000	758,972	457,547	3,106,519
2012	2,050,000	736,609	446,670	3,233,279
2013	2,100,000	706,969	435,464	3,242,433
2014	1,725,000	674,739	424,075	2,823,814
2015-2019	9,885,000	2,835,164	2,009,745	14,729,909
2020-2024	11,455,000	1,962,768	1,738,245	15,156,013
2025-2029	10,995,000	1,178,284	1,323,900	13,497,184
2030-2034	11,145,000	394,335	854,162	12,393,497
2035-2039	10,425,000	125,972	339,473	10,890,445
Total	<u>\$ 63,520,000</u>	<u>\$ 10,154,619</u>	<u>\$ 8,497,523</u>	<u>\$ 82,172,142</u>

There is \$16,720,133 available in the General Debt Service Fund to service long-term debt. Debt per capita, including other loans and notes, totaled \$1,378, based on the 2000 federal census.

Swap Agreements

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

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$7.5 million Series IV-F-2 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate. The Series IV-F-2 bonds have since been refunded with a portion of the proceeds of the Series E-3-A bonds and the interest rate swap is now associated with the Series E-3-A bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.9 percent and receives a variable payment computed as 63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$7.5 million and the associated variable-rate bond has a \$7.5 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-3-A Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2020. As of June 30, 2009, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.90 %
Variable payment from counterparty	% of LIBOR	<u>(1.86)</u>
Net interest rate swap payments		2.04 %
Variable-rate bond payments		<u>0.31</u>
 Synthetic interest rate on bonds		 <u>2.35 %</u>

Fair value. As of June 30, 2009, the swap had a negative fair value of \$486,490. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2009, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. To mitigate the potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, which was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service at the time the interest rate swap agreement was entered into. As of June 30, 2009, Ambac's credit rating had been downgraded and was rated BBB by Standard and Poor's and Ba3 by Moody's Investors Service. The counterparty has posted all collateral requirements with a third-party custodian.

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

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

Swap payments and associated debt. As of June 30, 2009, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2010	\$ 450,000	\$ 23,250	\$ 153,160	\$ 626,410
2011	475,000	21,855	143,970	640,825
2012	495,000	20,383	134,270	649,653
2013	520,000	18,848	124,162	663,010
2014	550,000	17,236	113,542	680,778
2015-2020	5,010,000	62,806	413,735	5,486,541
Total	\$ 7,500,000	\$ 164,378	\$ 1,082,839	\$ 8,747,217

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

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$6.95 million Series IV-H-2 variable-rate bonds. The intention of the swap was to effectively change the county’s variable interest rate on the bonds to a synthetic fixed rate. The Series IV-H-2 bonds have since been refunded with a portion of the proceeds of the Series E-3-A bonds and the interest rate swap is now associated with the Series E-3-A bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.13 percent and receives a variable payment computed as 63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$6,650,166, and the associated variable-rate bond has a \$6,650,166 principal amount. At no time will the notional amount on interest rate swap agreement exceed the outstanding principal of the Series E-3-A Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2027. As of June 30, 2009, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.13 %
Variable payment from counterparty	% of LIBOR	<u>(1.86)</u>
Net interest rate swap payments		2.27 %
Variable-rate bond payments		<u>0.31</u>
		<u>2.58 %</u>

Fair value. As of June 30, 2009, the swap had a negative fair value of \$888,015. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2009, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. To mitigate the potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, which was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service at the time the interest rate swap was entered into. As of June 30, 2009, Ambac's credit rating has been severely downgraded and was rated BBB by Standard and Poor's and Ba3 by Moody's Investors Service. The counterparty has posted all collateral requirements with a third-party custodian.

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

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

Swap payments and associated debt. As of June 30, 2009, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2010	\$ 0	\$ 20,615	\$ 151,097	\$ 171,712
2011	0	20,615	151,097	171,712
2012	0	20,615	151,097	171,712
2013	0	20,615	151,097	171,712
2014	0	20,615	151,097	171,712
2015-2019	0	103,075	755,483	858,558
2020-2024	3,320,000	89,838	658,462	4,068,300
2025-2027	3,330,000	21,049	154,277	3,505,326
Total	\$ 6,650,000	\$ 317,037	\$ 2,323,707	\$ 9,290,744

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

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$10 million Series VI-C-2 variable-rate bonds. The intention of the swap was to effectively change the county’s variable interest rate on the bonds to a synthetic fixed rate. The Series VI-C-2 bonds have since been refunded with a portion of the proceeds of the Series VII-B-2 bonds and the interest rate swap is now associated with the Series VII-B-2 bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.293 percent and receives a variable payment computed as 59 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$10 million, and the associated variable-rate bond has a \$10 million principal amount. At no time will the notional amount on interest rate swap agreement exceed the outstanding principal of the Series VII-B-2 Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2039. As of June 30, 2009, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.293 %
Variable payment from counterparty	% of LIBOR	<u>(1.740)</u>
Net interest rate swap payments		1.553 %
Variable-rate bond payments		<u>0.390</u>
 Synthetic interest rate on bonds		 <u><u>1.943 %</u></u>

Fair value. As of June 30, 2009, the swap had a negative fair value of \$806,948. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2009, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. To mitigate the potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, which was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service at the time the interest rate swap agreement was entered into. As of June 30, 2009, Ambac's credit rating has been severely downgraded and was rated BBB by Standard and Poor's and Ba3 by Moody's Investors Service. The counterparty has posted all collateral requirements with a third-party custodian.

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

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

Swap payments and associated debt. As of June 30, 2009, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2010	\$ 0	\$ 39,000	\$ 155,309	\$ 194,309
2011	0	39,000	155,309	194,309
2012	0	39,000	155,309	194,309
2013	0	39,000	155,309	194,309
2014	0	39,000	155,309	194,309
2015-2019	0	195,000	776,545	971,545
2020-2024	0	195,000	776,545	971,545
2025-2029	0	195,000	776,545	971,545
2030-2034	3,300,000	182,520	726,846	4,209,366
2035-2039	6,700,000	80,828	321,878	7,102,706
Total	\$ 10,000,000	\$ 1,043,348	\$ 4,154,904	\$ 15,198,252

Changes in Long-term Liabilities

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

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2008	\$ 800,000	\$ 1,826,742	\$ 53,069,342
Additions	0	0	64,960,824
Deductions	(800,000)	(833,126)	(54,510,166)
Balance, June 30, 2009	<u>\$ 0</u>	<u>\$ 993,616</u>	<u>\$ 63,520,000</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 448,404</u>	<u>\$ 1,850,000</u>

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2008	\$ 477,945	\$ 21,112
Additions	874,886	79,809
Deductions	(593,182)	(56,884)
Balance, June 30, 2009	<u>\$ 759,649</u>	<u>\$ 44,037</u>
Balance Due Within One Year	<u>\$ 455,789</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 65,317,302
Less: Due Within One Year	(2,754,193)
Add: Unamortized Premium on Debt	<u>43,629</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 62,606,738</u>

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

Advance Refunding

At various times during the year, Cumberland County advance refunded seven other loan issues with three separate other loan issues. The county issued \$52,980,000 in three separate other loan refunding series to provide resources to refund \$52,390,166 for seven other loan issues. As a result, the refunded other loans are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance

refunding, total debt service payments over the next 31 years cannot be calculated due to the variable interest rates on both the refunded other loan issues and the new other loan issues.

Cumberland County Solid Waste Disposal Fund (Enterprise Fund)

Long-term liability activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2009, was as follows:

Business-type Activities:

	<u>Landfill Closure/ Postclosure Care Costs</u>
Balance, July 1, 2008	\$ 2,730,580
Additions	21,919
Deductions	<u>(1,089,847)</u>
Balance, June 30, 2009	<u>\$ 1,662,652</u>
Balance Due Within One Year	<u>\$ 52,642</u>

Discretely Presented Cumberland County School Department

Changes in Long-term Liabilities

Long-term liability for the discretely presented Cumberland County School Department for the year ended June 30, 2009, was as follows:

	<u>Compensated Absences</u>	<u>Other Postemployment Benefits</u>
Balance, July 1, 2008	\$ 110,995	\$ 337,183
Additions	253,604	1,025,405
Deductions	<u>(284,078)</u>	<u>(609,143)</u>
Balance, June 30, 2009	<u>\$ 80,521</u>	<u>\$ 753,445</u>
Balance Due Within One Year	<u>\$ 80,521</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 833,966
Less: Due Within One Year	<u>(80,521)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 753,445</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Cumberland County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2009, were \$206,330 and \$27,186 respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

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

The county is a member of the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of

providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, Tennessee Code Annotated, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Discretely Presented Cumberland County School Department

The School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

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

B. Accounting Changes

During the year, Cumberland County adopted provisions of Governmental Accounting Standards Board (GASB) 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. 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 Cumberland County for the year ended June 30, 2009, since the county had none of the obligating events. However, it is reasonably expected that Cumberland 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 Cumberland County for the year ended June 30, 2009, since the county had no endowment investments. However, it is reasonably expected that Cumberland County could have endowment investments in subsequent years.

C. Subsequent Events

On July 31, 2009, and August 28, 2009, Cumberland County received the remaining loan proceeds of \$1,000,000 and \$940,000, respectively, under a previously approved \$10,345,000 loan agreement with the Sevier County Public Building Authority.

On September 9, 2009, the county issued a \$5,000,000 interfund capital outlay note to complete the jail and library construction projects.

D. Contingent Liabilities

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

E. Change in Administration

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

F. Landfill Closure/Postclosure Care Costs

Cumberland County has active permits on file with the state Department of Environment and Conservation for a sanitary landfill and a demolition landfill. The county has provided financial assurances for estimated closure and postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require Cumberland County to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,662,652 reported as landfill closure and

postclosure care liability at June 30, 2009, represents the cumulative amount reported to date based on the use of 80 percent of the estimated capacity of the landfill. The county will recognize the remaining estimated costs of closure and postclosure care of \$415,663 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2009. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. Joint Ventures

Cumberland County entered into an agreement with the counties of Morgan and Roane to establish an Industrial Development Board to purchase land for the development of a joint industrial park. Cumberland, Morgan, and Roane counties jointly own the board. The agreement established a nine-member board with each county appointing three members and being responsible for one-third of the entity's funding. Cumberland County contributed \$35,000 to the board for the year ended June 30, 2009.

H. Retirement Commitments

Employees

Plan Description

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

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

Funding Policy

Cumberland County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2009, was 8.87 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Cumberland County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2009, Cumberland County's annual pension cost of \$1,449,228 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 postretirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Cumberland County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 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	\$1,449,228	100%	\$0
6-30-08	1,404,399	100	0
6-30-07	1,319,362	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 84.73 percent funded. The actuarial accrued liability for benefits was \$33.85 million, and the actuarial value of assets was \$28.68 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$5.17 million. The covered payroll (annual payroll of active employees covered by the plan) was \$15.18 million, and the ratio of the UAAL to the covered payroll was 34.06 percent.

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

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

School Teachers

Plan Description

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

CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2009, was 6.42 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2009, 2008, and 2007, were \$1,424,630, \$1,355,024, and \$1,264,761, respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Plan Description

Cumberland County and the Cumberland County School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, Tennessee Code Annotated (TCA), for local governments and Section 8-27-302, TCA, for teachers. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://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 plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan

develops a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants, however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The required contribution rate for retirees ranges from ten to 55 percent based on the years of service. During the year ended June 30, 2009, the county and the discretely presented Cumberland County School Department contributed \$56,884 and \$609,143, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 79,784	\$ 1,025,000
Interest on the NPO	950	15,173
Adjustment to the ARC	(925)	(14,768)
Annual OPEB cost	\$ 79,809	\$ 1,025,405
Amount of contribution	(56,884)	(609,143)
Increase/decrease in NPO	\$ 22,925	\$ 416,262
Net OPEB obligation, 7-1-08	21,112	337,183
Net OPEB obligation, 6-30-09	\$ 44,037	\$ 753,445

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Government Group	\$ 77,037	73 %	\$ 21,112
6-30-09	"	79,784	71	44,037
6-30-08	Local Education Group	1,013,000	67	337,183
6-30-09	"	1,025,000	59	753,445

* Data only available for two years.

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

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-07	7-1-07
Actuarial accrued liability (AAL)	\$ 516,755	\$ 9,224,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 516,755	\$ 9,224,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 9,505,943	\$ 25,818,060
UAAL as a % of covered payroll	5%	36%

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 percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

J. Office of Central Accounting and Budgeting

Cumberland County operates under the provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. The act also provides for the creation of a Finance Department operated under the direction of the finance director.

K. Purchasing Law

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

VI. OTHER NOTES – DISCRETELY PRESENTED CUMBERLAND COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

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

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

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

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

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

3. **Deposits and Investments**

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

4. **Capital Assets**

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

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

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

5. Restricted Assets

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

6. Compensated Absences

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

7. Long-term Debt and Costs

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

8. Revenue and Expenses

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

9. Net Assets

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

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

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

10. Budget

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

B. Deposits and Investments

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

- 1) bonds, notes, or treasury bills of the United States or other obligations guaranteed as to principal and interest by the United States or any of its agencies;
- 2) certificates of deposit and other evidence of deposit at Tennessee state and federally chartered banks and savings and loans associations;
- 3) the State of Tennessee local government investment pool;

- 4) obligations of the United States or its agencies under a repurchase agreement, with certain conditions;
- 5) bonds rated A or higher by any nationally recognized rating service of the State of Tennessee, bonds of any county or municipal corporations of the State of Tennessee (bonds of any road, levee, or drainage district is expressly excluded), bonds of any other state or political subdivision;
- 6) nonconvertible debt securities of the Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bank, and Student Loan Marketing Association provided such securities are rated in the highest category by at least two nationally recognized rating services; and
- 7) the county's own bonds or notes issued in accordance with Tennessee Code Annotated, Title 9, Chapter 21.

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

At June 30, 2009, the district's deposits consisted of the following:

	<u>June 30, 2009</u>	
	<u>Bank Balance</u>	<u>Carrying Value</u>
First Bank - Operating Account	\$ 132,218	\$ 131,607
Regions Bank - Certificate of Deposit	100,000	100,000
First National Bank of Tennessee:		
Payroll Account	9,125	9,125
Certificate of Deposit	90,000	90,000
Highland Federal Savings and Loan:		
Certificate of Deposit	100,000	100,000
Progressive Savings Bank:		
Certificate of Deposit	200,000	200,000
	<u>200,000</u>	<u>200,000</u>
Total Deposits	<u>\$ 631,343</u>	<u>\$ 630,732</u>

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

As of June 30, 2009, deposits in each bank are insured by the Federal Deposit Insurance Corporation (FDIC) for \$250,000. In addition, First Bank and Regions Bank are members of the State of Tennessee Bank Collateral Pool.

The Tennessee Bank Collateral Pool is a multiple financial institution collateral pool in which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. For the fiscal year ended June 30, 2009, Progressive Savings Bank collateralized the district's deposits in excess of the insured amount by pledging securities of \$100,000, which are held by Federal Home Loan Bank of Cincinnati in the district's name. The district's deposits in financial institutions were entirely insured or collateralized at June 30, 2009.

The district had no investments at June 30, 2009.

C. Accounts Receivable

Accounts receivable at June 30, 2009, consisted of funds due from the following agencies:

	<u>Balance 6-30-09</u>
Bledsoe Telephone Cooperative	\$ 188
Citizens Telecommunications Company of Tennessee	35,919
Miscellaneous Providers	<u>8,523</u>
Total	<u>\$ 44,630</u>

D. Changes in Capital Assets

A summary of changes in capital assets at June 30, 2009, follows:

Business-type Activities:

	<u>Balance 7-1-08</u>	<u>Increases</u>	<u>Balance 6-30-09</u>
Capital Assets Depreciated:			
Building and Improvements	\$ 1,014,732	\$ 0	\$ 1,014,732
Office Equipment and Fixtures	46,980	1,731	48,711
Communications and Computer Equipment	566,171	181,342	747,513
Vehicles	<u>20,987</u>	<u>0</u>	<u>20,987</u>
Total Capital Assets Depreciated	<u>\$ 1,648,870</u>	<u>\$ 183,073</u>	<u>\$ 1,831,943</u>

Business-type Activities: (Cont.)

	Balance 7-1-08	Increases	Balance 6-30-09
Less Accumulated Depreciation:			
Building and Improvements	\$ 85,334	\$ 25,851	\$ 111,185
Office Equipment and Fixtures	29,747	5,541	35,288
Communications and Computer Equipment	304,410	101,454	405,864
Vehicles	20,987	0	20,987
Total Accumuated Depreciation	<u>\$ 440,478</u>	<u>\$ 132,846</u>	<u>\$ 573,324</u>
Net Capital Assets	<u>\$ 1,208,392</u>	<u>\$ 50,227</u>	<u>\$ 1,258,619</u>

E. Long-term Debt

On November 17, 2004, the district obtained financing of \$1 million through the City of Crossville, from the Public Building Authority of the City of Clarksville, Tennessee, Adjustable Rate Pooled Financing Revenue Bonds, Series 2004 (Tennessee Municipal Bond Fund) to construct a new facility for the Emergency Communications Center. The trustee calculates the loan rate for each loan payment period based on interest rates determined by the remarketing agent for the current month. The interest rate in effect at June 30, 2009, was .39 percent.

Details of the district's long-term debt for the year ended June 30, 2009, are as follows:

	Balance 7-1-08	Reductions	Balance 6-30-09	Due Within One Year
Tennessee Adjustable Rate Pooled Financing Revenue Bonds, Series 2004, Maturing 2024, Rate - Adjustable	<u>\$ 858,000</u>	<u>\$ (43,000)</u>	<u>\$ 815,000</u>	<u>\$ 44,000</u>

Debt Service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2010	\$ 44,000	\$ 3,179	\$ 47,179
2011	45,000	3,007	48,007
2012	46,000	2,831	48,831
2013	48,000	2,652	50,652
2014	49,000	2,465	51,465
2015-2019	270,000	9,325	279,325
2020-2024	313,000	3,728	316,728
Total	\$ 815,000	\$ 27,187	\$ 842,187

Interest requirements are computed using the rate in effect at June 30, 2009, of .39 percent.

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

F. Risk Financing

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

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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Exhibit F-1

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 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>							
Local Taxes	\$ 10,117,933	\$ 0	\$ 0	\$ 10,117,933	\$ 9,703,870	\$ 9,703,870	\$ 414,063
Licenses and Permits	207,397	0	0	207,397	416,401	416,401	(209,004)
Fines, Forfeitures, and Penalties	168,977	0	0	168,977	175,000	175,000	(6,023)
Charges for Current Services	2,378,779	0	0	2,378,779	2,625,400	2,625,400	(246,621)
Other Local Revenues	807,447	0	0	807,447	845,000	845,000	(37,553)
Fees Received from County Officials	2,323,774	0	0	2,323,774	2,368,000	2,368,000	(44,226)
State of Tennessee	1,998,623	0	0	1,998,623	2,951,675	2,782,075	(783,452)
Federal Government	1,095,820	0	0	1,095,820	1,443,326	2,449,090	(1,353,270)
Other Governments and Citizens Groups	646,280	0	0	646,280	660,083	663,633	(17,353)
Total Revenues	\$ 19,745,030	\$ 0	\$ 0	\$ 19,745,030	\$ 21,188,755	\$ 22,028,469	\$ (2,283,439)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 865,573	\$ (1,050,000)	\$ 525,000	\$ 340,573	\$ 1,790,705	\$ 1,803,725	\$ 1,463,152
Board of Equalization	3,300	0	0	3,300	3,300	3,300	0
Beer Board	2,121	0	0	2,121	2,830	2,830	709
Other Boards and Committees	6,480	0	0	6,480	5,000	10,000	3,520
County Mayor/Executive	232,225	0	0	232,225	236,478	236,728	4,503
County Attorney	60,951	0	0	60,951	55,000	61,000	49
Election Commission	332,283	0	0	332,283	337,354	352,754	20,471
Register of Deeds	288,672	0	0	288,672	296,033	296,033	7,361
Codes Compliance	0	0	0	0	221,571	221,571	221,571
County Buildings	865,491	0	0	865,491	872,973	878,418	12,927
Other General Administration	161,517	0	0	161,517	546,649	275,077	113,560
<u>Finance</u>							
Accounting and Budgeting	383,893	0	0	383,893	453,484	463,414	79,521
Property Assessor's Office	426,899	0	0	426,899	459,193	459,193	32,294
Reappraisal Program	129,017	0	0	129,017	144,134	144,134	15,117

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	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>Finance (Cont.)</u>							
County Trustee's Office	\$ 302,452	\$ (1,952)	\$ 1,952	\$ 302,452	\$ 307,155	\$ 307,155	\$ 4,703
County Clerk's Office	498,661	0	0	498,661	507,050	507,050	8,389
<u>Administration of Justice</u>							
Circuit Court	530,568	0	0	530,568	534,132	537,274	6,706
General Sessions Court	202,911	0	0	202,911	209,384	209,384	6,473
Chancery Court	187,400	0	0	187,400	200,558	200,558	13,158
Juvenile Court	95,848	0	0	95,848	114,508	114,508	18,660
Judicial Commissioners	161,438	0	0	161,438	185,979	185,979	24,541
Probate Court	190,316	0	0	190,316	195,416	195,416	5,100
<u>Public Safety</u>							
Sheriff's Department	2,601,693	0	0	2,601,693	2,567,129	2,714,247	112,554
Drug Enforcement	8,970	0	0	8,970	0	0	(8,970)
Jail	11,695,892	(11,999,005)	3,287,961	2,984,848	14,463,021	14,485,710	11,500,862
Juvenile Services	125,010	0	0	125,010	128,826	132,594	7,584
Fire Prevention and Control	695,738	0	0	695,738	671,384	717,927	22,189
Civil Defense	104,990	0	0	104,990	107,320	107,893	2,903
Rescue Squad	8,670	0	0	8,670	8,670	8,670	0
Other Emergency Management	786,772	0	0	786,772	893,663	893,663	106,891
County Coroner/Medical Examiner	71,448	0	0	71,448	60,000	72,000	552
Other Public Safety	23,491	0	0	23,491	32,626	32,626	9,135
<u>Public Health and Welfare</u>							
Local Health Center	442,980	0	0	442,980	734,837	734,837	291,857
Rabies and Animal Control	106,558	0	0	106,558	134,939	140,841	34,283
Ambulance/Emergency Medical Services	2,789,705	0	0	2,789,705	2,893,436	2,988,875	199,170
Alcohol and Drug Programs	89,915	0	0	89,915	89,445	89,745	(170)
Appropriation to State	57,500	0	0	57,500	57,500	57,500	0
Other Local Welfare Services	547,689	0	0	547,689	399,827	609,195	61,506
Other Public Health and Welfare	45,014	0	0	45,014	57,765	58,615	13,601

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	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>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	\$ 28,560	\$ 0	\$ 0	\$ 28,560	\$ 28,560	\$ 28,560	\$ 0
Libraries	3,704,408	0	2,355,592	6,060,000	6,112,140	6,116,140	56,140
Parks and Fair Boards	183,627	0	0	183,627	188,774	192,025	8,398
Other Social, Cultural, and Recreational	47,016	0	0	47,016	47,016	47,016	0
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	89,427	0	0	89,427	93,026	93,026	3,599
Soil Conservation	62,179	0	0	62,179	62,537	62,537	358
<u>Other Operations</u>							
Tourism	138,655	0	0	138,655	774,665	777,365	638,710
Other Economic and Community Development	248,727	0	0	248,727	1,020,357	1,555,357	1,306,630
Veterans' Services	25,000	0	0	25,000	25,000	25,000	0
Other Charges	401,847	0	0	401,847	436,200	442,700	40,853
Contributions to Other Agencies	25,000	0	0	25,000	25,000	25,000	0
Employee Benefits	349,513	0	0	349,513	456,000	456,000	106,487
ARRA Grant # 1	64,535	0	0	64,535	0	64,535	0
Miscellaneous	63,990	0	0	63,990	60,500	64,500	510
Total Expenditures	\$ 31,562,535	\$ (13,050,957)	\$ 6,170,505	\$ 24,682,083	\$ 40,309,049	\$ 41,260,200	\$ 16,578,117
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (11,817,505)	\$ 13,050,957	\$ (6,170,505)	\$ (4,937,053)	\$ (19,120,294)	\$ (19,231,731)	\$ 14,294,678
<u>Other Financing Sources (Uses)</u>							
Other Loans Issued	\$ 11,980,824	\$ 0	\$ 0	\$ 11,980,824	\$ 19,240,605	\$ 19,240,605	\$ (7,259,781)
Transfers Out	(1,179,020)	0	0	(1,179,020)	(1,179,020)	(1,179,020)	0
Total Other Financing Sources (Uses)	\$ 10,801,804	\$ 0	\$ 0	\$ 10,801,804	\$ 18,061,585	\$ 18,061,585	\$ (7,259,781)
Net Change in Fund Balance	\$ (1,015,701)	\$ 13,050,957	\$ (6,170,505)	\$ 5,864,751	\$ (1,058,709)	\$ (1,170,146)	\$ 7,034,897
Fund Balance, July 1, 2008	3,436,438	(13,050,957)	0	(9,614,519)	1,719,899	1,719,899	(11,334,418)
Fund Balance, June 30, 2009	\$ 2,420,737	\$ 0	\$ (6,170,505)	\$ (3,749,768)	\$ 661,190	\$ 549,753	\$ (4,299,521)

Exhibit F-2

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 33,857	\$ 130,000	\$ 130,000	\$ (96,143)
Charges for Current Services	3,500	3,500	3,500	0
Other Local Revenues	5,110	200	200	4,910
State of Tennessee	2,584,683	2,363,448	2,363,448	221,235
Total Revenues	<u>\$ 2,627,150</u>	<u>\$ 2,497,148</u>	<u>\$ 2,497,148</u>	<u>\$ 130,002</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 149,439	\$ 153,497	\$ 153,497	\$ 4,058
Highway and Bridge Maintenance	1,421,490	1,759,249	1,759,249	337,759
Operation and Maintenance of Equipment	274,650	346,804	346,804	72,154
Other Charges	92,191	121,200	121,200	29,009
Employee Benefits	65,315	71,000	71,000	5,685
Capital Outlay	322,421	427,390	427,390	104,969
Total Expenditures	<u>\$ 2,325,506</u>	<u>\$ 2,879,140</u>	<u>\$ 2,879,140</u>	<u>\$ 553,634</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 301,644</u>	<u>\$ (381,992)</u>	<u>\$ (381,992)</u>	<u>\$ 683,636</u>
Net Change in Fund Balance	\$ 301,644	\$ (381,992)	\$ (381,992)	\$ 683,636
Fund Balance, July 1, 2008	863,649	1,116,819	1,116,819	(253,170)
Fund Balance, June 30, 2009	<u>\$ 1,165,293</u>	<u>\$ 734,827</u>	<u>\$ 734,827</u>	<u>\$ 430,466</u>

Exhibit F-3

Cumberland County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Cumberland 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)
6-30-08	7-1-07	\$ 28,684	\$ 33,855	\$ 5,171	84.73 %	\$ 15,181	34.06 %
6-30-09	7-1-07	28,684	33,855	5,171	84.73	15,881	34.06

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the 2007-08 year; therefore, only two years of data are presented.

Exhibit F-4

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

(Dollar amounts in thousands)

Plans	Fiscal Year Ended *	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
				Accrued Liability (AAL) (b)	Liability (AAL) (b)				
Local Government Group	6-30-08	7-1-07	\$ 0	\$ 515	\$ 515	0 %	\$ 9,620	5 %	
"	6-30-09	7-1-07	0	515	515	0	9,620	5	
Local Education Group	6-30-08	7-1-07	0	9,224	9,224	0	24,059	38	
"	6-30-09	7-1-07	0	9,224	9,224	0	24,059	38	

*Data only available for two years.

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

A. BUDGETARY INFORMATION

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

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

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

B. FUND DEFICIT

The General Fund had a deficit in unreserved fund balance of \$4,146,519 at June 30, 2009. This deficit resulted from recognizing encumbrances for the unperformed portions of construction contracts for the jail (\$3,287,961) and library (\$2,355,592) being reserved in the financial statements. The county has public building authority loan proceeds (\$1,940,000) available for the jail construction project, and the County Commission authorized an interfund loan (\$5,000,000) to apply toward the jail and library projects. This fund deficit should be liquidated subsequent to June 30, 2009, as the remaining financing is received.

Generally accepted accounting principles require unperformed contracts to be reflected as a reservation (encumbrance) of fund balance. If unperformed portions of the contract had not been reserved as an encumbrance of the fund balance in the financial statements, the General Fund would have reflected a fund balance of \$1,497,034. The following statement presents the financial condition of the General Fund at June 30, 2009, if the unperformed portion of the contract had not been reflected as a reservation of the fund balance:

General Fund
Fund Equity - Restated
June 30, 2009

Fund Balance

Unreserved:	
Undesignated	<u>\$ 1,497,034</u>
Fund Balance, June 30, 2009, Restated	<u><u>\$ 1,497,034</u></u>

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

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Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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Exhibit G-1

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

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees		
\$	0 \$	0 \$	0 \$	43,684 \$		43,684
	63,922	239,032	225,039	0		527,993
	0	4,718	0	9,121		13,839
	0	10,293	0	0		10,293
	0	1,534,984	0	0		1,534,984
	0	(30,700)	0	0		(30,700)
\$	63,922 \$	1,758,327 \$	225,039 \$	52,805 \$		2,100,093

ASSETS

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

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>					
Accounts Payable	1,644 \$	4,274 \$	34,451 \$	0 \$	40,369
Due to Other Funds	0	0	0	52,805	52,805
Deferred Revenue - Current Property Taxes	0	1,504,284	0	0	1,504,284
Total Liabilities	1,644 \$	1,508,558 \$	34,451 \$	52,805 \$	1,597,458
<u>Fund Balances</u>					
Unreserved	62,278 \$	249,769 \$	190,588 \$	0 \$	502,635
Total Fund Balances	62,278 \$	249,769 \$	190,588 \$	0 \$	502,635
Total Liabilities and Fund Balances	63,922 \$	1,758,327 \$	225,039 \$	52,805 \$	2,100,093

Exhibit G-2

Cumberland County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	
<u>Revenues</u>				
Local Taxes	\$ 67,211	\$ 0	\$ 0	\$ 67,211
Fines, Forfeitures, and Penalties	0	0	39,957	39,957
Other Local Revenues	0	198,516	0	198,516
State of Tennessee	0	42,232	0	42,232
Other Governments and Citizens Groups	0	2,865	0	2,865
Total Revenues	<u>\$ 67,211</u>	<u>\$ 243,613</u>	<u>\$ 39,957</u>	<u>\$ 350,781</u>
<u>Expenditures</u>				
Current:				
General Government	\$ 104,965	\$ 0	\$ 0	\$ 104,965
Public Safety	0	0	91,434	91,434
Public Health and Welfare	0	1,282,070	0	1,282,070
Other Operations	665	87,449	109	88,223
Highways	0	74,370	0	74,370
Total Expenditures	<u>\$ 105,630</u>	<u>\$ 1,443,889</u>	<u>\$ 91,543</u>	<u>\$ 1,641,062</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (38,419)</u>	<u>\$ (1,200,276)</u>	<u>\$ (51,586)</u>	<u>\$ (1,290,281)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 1,179,020	\$ 0	\$ 1,179,020
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 1,179,020</u>	<u>\$ 0</u>	<u>\$ 1,179,020</u>
Net Change in Fund Balances	\$ (38,419)	\$ (21,256)	\$ (51,586)	\$ (111,261)
Fund Balance, July 1, 2008	<u>100,697</u>	<u>271,025</u>	<u>242,174</u>	<u>613,896</u>
Fund Balance, June 30, 2009	<u>\$ 62,278</u>	<u>\$ 249,769</u>	<u>\$ 190,588</u>	<u>\$ 502,635</u>

Exhibit G-3

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 67,211	\$ 73,000	\$ 73,000	\$ (5,789)
Total Revenues	\$ 67,211	\$ 73,000	\$ 73,000	\$ (5,789)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 104,965	\$ 138,000	\$ 138,000	\$ 33,035
<u>Other Operations</u>				
Other Charges	665	1,000	1,000	335
Total Expenditures	\$ 105,630	\$ 139,000	\$ 139,000	\$ 33,370
Excess (Deficiency) of Revenues Over Expenditures	\$ (38,419)	\$ (66,000)	\$ (66,000)	\$ 27,581
Net Change in Fund Balance	\$ (38,419)	\$ (66,000)	\$ (66,000)	\$ 27,581
Fund Balance, July 1, 2008	100,697	100,695	100,695	2
Fund Balance, June 30, 2009	\$ 62,278	\$ 34,695	\$ 34,695	\$ 27,583

Exhibit G-4

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 0	\$ 200	\$ 200	\$ (200)
Other Local Revenues	198,516	315,000	315,000	(116,484)
State of Tennessee	42,232	42,000	42,000	232
Other Governments and Citizens Groups	2,865	0	0	2,865
Total Revenues	<u>\$ 243,613</u>	<u>\$ 357,200</u>	<u>\$ 357,200</u>	<u>\$ (113,587)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 226,402	\$ 358,476	\$ 358,476	\$ 132,074
Convenience Centers	577,730	690,868	690,868	113,138
Recycling Center	477,938	539,673	539,673	61,735
<u>Other Operations</u>				
Other Charges	1,928	4,000	4,000	2,072
Employee Benefits	85,521	86,000	86,000	479
<u>Highways</u>				
Litter and Trash Collection	74,370	76,832	76,832	2,462
Total Expenditures	<u>\$ 1,443,889</u>	<u>\$ 1,755,849</u>	<u>\$ 1,755,849</u>	<u>\$ 311,960</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,200,276)</u>	<u>\$ (1,398,649)</u>	<u>\$ (1,398,649)</u>	<u>\$ 198,373</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 1,179,020	\$ 1,179,020	\$ 1,179,020	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 1,179,020</u>	<u>\$ 1,179,020</u>	<u>\$ 1,179,020</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (21,256)	\$ (219,629)	\$ (219,629)	\$ 198,373
Fund Balance, July 1, 2008	<u>271,025</u>	<u>269,838</u>	<u>269,838</u>	<u>1,187</u>
Fund Balance, June 30, 2009	<u>\$ 249,769</u>	<u>\$ 50,209</u>	<u>\$ 50,209</u>	<u>\$ 199,560</u>

Exhibit G-5

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 39,957	\$ 24,000	\$ 24,000	\$ 15,957
Total Revenues	<u>\$ 39,957</u>	<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ 15,957</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 91,434	\$ 28,900	\$ 130,900	\$ 39,466
<u>Other Operations</u>				
Other Charges	109	500	500	391
Total Expenditures	<u>\$ 91,543</u>	<u>\$ 29,400</u>	<u>\$ 131,400</u>	<u>\$ 39,857</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (51,586)</u>	<u>\$ (5,400)</u>	<u>\$ (107,400)</u>	<u>\$ 55,814</u>
Net Change in Fund Balance	\$ (51,586)	\$ (5,400)	\$ (107,400)	\$ 55,814
Fund Balance, July 1, 2008	<u>242,174</u>	<u>242,172</u>	<u>242,171</u>	<u>3</u>
Fund Balance, June 30, 2009	<u>\$ 190,588</u>	<u>\$ 236,772</u>	<u>\$ 134,771</u>	<u>\$ 55,817</u>

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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.

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Exhibit H

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,265,312	\$ 4,398,190	\$ 4,144,170	\$ 121,142
Other Local Revenues	194,401	0	0	194,401
Total Revenues	<u>\$ 4,459,713</u>	<u>\$ 4,398,190</u>	<u>\$ 4,144,170</u>	<u>\$ 315,543</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 2,665,904	\$ 1,335,904	\$ 2,665,904	\$ 0
Highways and Streets	222,222	111,111	222,222	0
Education	865,000	955,000	1,165,000	300,000
<u>Interest on Debt</u>				
General Government	323,951	1,269,548	1,269,548	945,597
Highways and Streets	7,388	8,900	8,900	1,512
Education	2,285,696	2,472,289	2,472,289	186,593
<u>Other Debt Service</u>				
General Government	269,974	100,000	302,995	33,021
Education	422,481	0	422,481	0
Total Expenditures	<u>\$ 7,062,616</u>	<u>\$ 6,252,752</u>	<u>\$ 8,529,339</u>	<u>\$ 1,466,723</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,602,903)</u>	<u>\$ (1,854,562)</u>	<u>\$ (4,385,169)</u>	<u>\$ 1,782,266</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 52,980,000	\$ 0	\$ 52,980,000	\$ 0
Premiums on Debt Issued	45,476	0	45,476	0
Payments to Refunded Debt Escrow Agent	(52,400,000)	0	(52,400,000)	0
Total Other Financing Sources (Uses)	<u>\$ 625,476</u>	<u>\$ 0</u>	<u>\$ 625,476</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (1,977,427)	\$ (1,854,562)	\$ (3,759,693)	\$ 1,782,266
Fund Balance, July 1, 2008	<u>18,697,560</u>	<u>17,355,360</u>	<u>17,355,360</u>	<u>1,342,200</u>
Fund Balance, June 30, 2009	<u>\$ 16,720,133</u>	<u>\$ 15,500,798</u>	<u>\$ 13,595,667</u>	<u>\$ 3,124,466</u>

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Fiduciary Funds

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

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

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

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

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Exhibit I-1

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

	<u>Agency Funds</u>			
	Cities - Sales Tax	Delinquent Tax Agency	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,785,269	\$ 1,785,269
Equity in Pooled Cash and Investments	0	6,956	0	6,956
Due from Other Governments	1,163,237	0	0	1,163,237
Total Assets	<u>\$ 1,163,237</u>	<u>\$ 6,956</u>	<u>\$ 1,785,269</u>	<u>\$ 2,955,462</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 6,956	\$ 0	\$ 6,956
Due to Litigants, Heirs, and Others	0	0	1,785,269	1,785,269
Due to Other Taxing Units	1,163,237	0	0	1,163,237
Total Liabilities	<u>\$ 1,163,237</u>	<u>\$ 6,956</u>	<u>\$ 1,785,269</u>	<u>\$ 2,955,462</u>

Exhibit I-2

Cumberland 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	\$ 6,705,744	\$ 6,705,744	\$ 0
Due from Other Governments	1,271,598	1,163,237	1,271,598	1,163,237
Total Assets	\$ 1,271,598	\$ 7,868,981	\$ 7,977,342	\$ 1,163,237
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,271,598	\$ 7,868,981	\$ 7,977,342	\$ 1,163,237
Total Liabilities	\$ 1,271,598	\$ 7,868,981	\$ 7,977,342	\$ 1,163,237
<u>Delinquent Tax Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 26,956	\$ 0	\$ 20,000	\$ 6,956
Total Assets	\$ 26,956	\$ 0	\$ 20,000	\$ 6,956
<u>Liabilities</u>				
Accounts Payable	\$ 26,956	\$ 0	\$ 20,000	\$ 6,956
Total Liabilities	\$ 26,956	\$ 0	\$ 20,000	\$ 6,956
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,113,808	\$ 19,777,675	\$ 19,106,214	\$ 1,785,269
Total Assets	\$ 1,113,808	\$ 19,777,675	\$ 19,106,214	\$ 1,785,269
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,113,808	\$ 19,777,675	\$ 19,106,214	\$ 1,785,269
Total Liabilities	\$ 1,113,808	\$ 19,777,675	\$ 19,106,214	\$ 1,785,269
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,113,808	\$ 19,777,675	\$ 19,106,214	\$ 1,785,269
Equity in Pooled Cash and Investments	26,956	6,705,744	6,725,744	6,956
Due from Other Governments	1,271,598	1,163,237	1,271,598	1,163,237
Total Assets	\$ 2,412,362	\$ 27,646,656	\$ 27,103,556	\$ 2,955,462
<u>Liabilities</u>				
Accounts Payable	\$ 26,956	\$ 0	\$ 20,000	\$ 6,956
Due to Litigants, Heirs, and Others	1,113,808	19,777,675	19,106,214	1,785,269
Due to Other Taxing Units	1,271,598	7,868,981	7,977,342	1,163,237
Total Liabilities	\$ 2,412,362	\$ 27,646,656	\$ 27,103,556	\$ 2,955,462

Cumberland County School Department

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

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

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

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

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

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Exhibit J-1

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

Functions/Programs	Program Revenues			Expenses	Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Total Governmental Activities	
Governmental Activities:						
Instruction	\$ 32,694,976	\$ 189,924	\$ 3,014,453	\$ 91,237	\$	(29,399,362)
Support Services	15,911,701	108,461	847,200	6,343		(14,949,697)
Operation of Non-Instructional Services	4,941,007	1,039,701	3,251,135	10,254		(639,917)
Total Governmental Activities	\$ 53,547,684	\$ 1,338,086	\$ 7,112,788	\$ 107,834	\$	(44,988,976)
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$	6,737,613
Local Option Sales Taxes						7,181,079
Other Local Taxes						12,225
Grants and Contributions Not Restricted to Specific Programs						28,565,865
Unrestricted Investment Earnings						15,115
Miscellaneous						211,202
Total General Revenues					\$	42,723,099
Insurance Recovery					\$	43,402
Change in Net Assets					\$	(2,222,475)
Net Assets, July 1, 2008						75,871,788
Net Assets, June 30, 2009					\$	73,649,313

Exhibit J-2

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Cash	\$ 11,964	\$ 100	\$ 12,064
Equity in Pooled Cash and Investments	3,028,513	934,183	3,962,696
Inventories	0	100,489	100,489
Due from Other Governments	1,752,167	413,184	2,165,351
Due from Other Funds	22,873	0	22,873
Property Taxes Receivable	7,485,902	0	7,485,902
Allowance for Uncollectible Property Taxes	(256,332)	0	(256,332)
Total Assets	<u>\$ 12,045,087</u>	<u>\$ 1,447,956</u>	<u>\$ 13,493,043</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 250,445	\$ 53,321	\$ 303,766
Accrued Payroll	16,384	382	16,766
Retainage Payable	12,719	0	12,719
Due to Other Funds	0	22,873	22,873
Deferred Revenue - Current Property Taxes	7,111,162	0	7,111,162
Deferred Revenue - Delinquent Property Taxes	97,821	0	97,821
Other Deferred Revenues	671,248	0	671,248
Total Liabilities	<u>\$ 8,159,779</u>	<u>\$ 76,576</u>	<u>\$ 8,236,355</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 222,535	\$ 0	\$ 222,535
Reserved for Inventory	0	100,489	100,489
Reserved for Career Ladder - Extended Contract	38,556	0	38,556
Reserved for Career Ladder Program	20,164	0	20,164
Reserved for Basic Education Program	2,099,635	0	2,099,635
Reserved for Title I Grants to Local Education Agencies	0	156,126	156,126
Reserved for Special Education - Grants to States	0	215,699	215,699
Other Federal Reserves	0	201,253	201,253
Unreserved, Reported In:			
General Fund	1,504,418	0	1,504,418
Special Revenue Funds	0	697,813	697,813
Total Fund Balances	<u>\$ 3,885,308</u>	<u>\$ 1,371,380</u>	<u>\$ 5,256,688</u>
Total Liabilities and Fund Balances	<u>\$ 12,045,087</u>	<u>\$ 1,447,956</u>	<u>\$ 13,493,043</u>

Exhibit J-3

Cumberland County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Cumberland County School Department
June 30, 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)		\$ 5,256,688	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 2,088,454		
Add: buildings and improvements net of accumulated depreciation	62,186,224		
Add: infrastructure net of accumulated depreciation	1,027,442		
Add: other capital assets net of accumulated depreciation	<u>3,155,402</u>	68,457,522	
(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	\$ (80,521)		
Less: other postemployment benefits liability	<u>(753,445)</u>	(833,966)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>769,069</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 73,649,313</u>

Exhibit J-4

Cumberland County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2009

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 14,004,547	\$ 0	\$ 14,004,547
Charges for Current Services	227,630	1,074,089	1,301,719
Other Local Revenues	278,069	24,917	302,986
State of Tennessee	28,696,151	141,990	28,838,141
Federal Government	92,833	6,599,975	6,692,808
Other Governments and Citizens Groups	15,000	0	15,000
Total Revenues	<u>\$ 43,314,230</u>	<u>\$ 7,840,971</u>	<u>\$ 51,155,201</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 26,772,970	\$ 3,517,022	\$ 30,289,992
Support Services	14,492,956	753,642	15,246,598
Operation of Non-Instructional Services	1,205,846	3,490,081	4,695,927
Capital Outlay	1,025,899	0	1,025,899
Capital Projects	0	527,657	527,657
Total Expenditures	<u>\$ 43,497,671</u>	<u>\$ 8,288,402</u>	<u>\$ 51,786,073</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (183,441)</u>	<u>\$ (447,431)</u>	<u>\$ (630,872)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 43,402	\$ 0	\$ 43,402
Transfers In	53,127	0	53,127
Transfers Out	0	(53,127)	(53,127)
Total Other Financing Sources (Uses)	<u>\$ 96,529</u>	<u>\$ (53,127)</u>	<u>\$ 43,402</u>
Net Change in Fund Balances	\$ (86,912)	\$ (500,558)	\$ (587,470)
Fund Balance, July 1, 2008	<u>3,972,220</u>	<u>1,871,938</u>	<u>5,844,158</u>
Fund Balance, June 30, 2009	<u>\$ 3,885,308</u>	<u>\$ 1,371,380</u>	<u>\$ 5,256,688</u>

Exhibit J-5

Cumberland County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Cumberland County School Department
For the Year Ended June 30, 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)		\$	(587,470)
(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	\$	765,836	
Less: current year depreciation expense		<u>(1,949,061)</u>	(1,183,225)
(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	\$	769,069	
Less: deferred delinquent property taxes and other deferred June 30, 2008		<u>(835,061)</u>	(65,992)
(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	\$	30,474	
Change in other postemployment benefits liability		<u>(416,262)</u>	<u>(385,788)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (2,222,475)</u>

Exhibit J-6

Cumberland County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Cumberland County School Department
June 30, 2009

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 100	\$ 100
Equity in Pooled Cash and Investments	495,709	438,474	934,183
Inventories	0	100,489	100,489
Due from Other Governments	102,342	310,842	413,184
Total Assets	<u>\$ 598,051</u>	<u>\$ 849,905</u>	<u>\$ 1,447,956</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 1,718	\$ 51,603	\$ 53,321
Accrued Payroll	382	0	382
Due to Other Funds	22,873	0	22,873
Total Liabilities	<u>\$ 24,973</u>	<u>\$ 51,603</u>	<u>\$ 76,576</u>
<u>Fund Balances</u>			
Reserved for Inventory	\$ 0	\$ 100,489	\$ 100,489
Reserved for Title I Grants to Local Education Agencies	156,126	0	156,126
Reserved for Special Education - Grants to States	215,699	0	215,699
Other Federal Reserves	201,253	0	201,253
Unreserved	0	697,813	697,813
Total Fund Balances	<u>\$ 573,078</u>	<u>\$ 798,302</u>	<u>\$ 1,371,380</u>
Total Liabilities and Fund Balances	<u>\$ 598,051</u>	<u>\$ 849,905</u>	<u>\$ 1,447,956</u>

Exhibit J-7

Cumberland County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2009

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 1,074,089	\$ 1,074,089	\$ 0	\$ 1,074,089
Other Local Revenues	0	24,917	24,917	0	24,917
State of Tennessee	102,490	39,500	141,990	0	141,990
Federal Government	4,403,458	2,196,517	6,599,975	0	6,599,975
Total Revenues	<u>\$ 4,505,948</u>	<u>\$ 3,335,023</u>	<u>\$ 7,840,971</u>	<u>\$ 0</u>	<u>\$ 7,840,971</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 3,517,022	\$ 0	\$ 3,517,022	\$ 0	\$ 3,517,022
Support Services	753,642	0	753,642	0	753,642
Operation of Non-Instructional Services	0	3,490,081	3,490,081	0	3,490,081
Capital Projects	0	0	0	527,657	527,657
Total Expenditures	<u>\$ 4,270,664</u>	<u>\$ 3,490,081</u>	<u>\$ 7,760,745</u>	<u>\$ 527,657</u>	<u>\$ 8,288,402</u>
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 235,284	\$ (155,058)	\$ 80,226	\$ (527,657)	\$ (447,431)
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ (28,507)	\$ 0	\$ (28,507)	\$ (24,620)	\$ (53,127)
Total Other Financing Sources (Uses)	<u>\$ (28,507)</u>	<u>\$ 0</u>	<u>\$ (28,507)</u>	<u>\$ (24,620)</u>	<u>\$ (53,127)</u>
Net Change in Fund Balances	\$ 206,777	\$ (155,058)	\$ 51,719	\$ (552,277)	\$ (500,558)
Fund Balance, July 1, 2008	<u>366,301</u>	<u>953,360</u>	<u>1,319,661</u>	<u>552,277</u>	<u>1,871,938</u>
Fund Balance, June 30, 2009	<u>\$ 573,078</u>	<u>\$ 798,302</u>	<u>\$ 1,371,380</u>	<u>\$ 0</u>	<u>\$ 1,371,380</u>

Exhibit J-8

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 14,004,547	\$ 0	\$ 14,004,547	\$ 13,921,140	\$ 13,927,101	\$ 77,446
Charges for Current Services	227,630	0	227,630	160,000	160,000	67,630
Other Local Revenues	278,069	0	278,069	91,500	139,440	138,629
State of Tennessee	28,696,151	0	28,696,151	28,301,172	28,449,572	246,579
Federal Government	92,833	0	92,833	95,000	162,014	(69,181)
Other Governments and Citizens Groups	15,000	0	15,000	0	15,000	0
Total Revenues	\$ 43,314,230	\$ 0	\$ 43,314,230	\$ 42,568,812	\$ 42,853,127	\$ 461,103
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 22,245,273	\$ 3,250	\$ 22,248,523	\$ 23,299,229	\$ 23,314,229	\$ 1,065,706
Alternative Instruction Program	274,385	0	274,385	297,939	297,939	23,554
Special Education Program	2,508,137	0	2,508,137	2,566,859	2,594,485	86,348
Vocational Education Program	1,745,175	0	1,745,175	1,763,617	1,763,617	18,442
<u>Support Services</u>						
Attendance	142,781	0	142,781	147,455	147,455	4,674
Health Services	237,498	0	237,498	250,536	250,536	13,038
Other Student Support	894,267	0	894,267	921,267	921,267	27,000
Regular Instruction Program	1,240,298	0	1,240,298	1,322,979	1,322,979	82,681
Special Education Program	357,108	0	357,108	366,695	375,195	18,087
Vocational Education Program	128,525	0	128,525	128,994	128,994	469
Other Programs	233,189	0	233,189	0	233,189	0
Board of Education	874,135	0	874,135	954,617	954,617	80,482
Director of Schools	258,727	0	258,727	281,124	281,124	22,397

(Continued)

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

	Actual (GAAP Basis)	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>						
Office of the Principal	\$ 2,948,740	\$ 0	\$ 2,948,740	\$ 3,022,889	\$ 3,022,889	\$ 74,149
Operation of Plant	3,981,280	0	3,981,280	3,982,382	3,982,382	1,102
Maintenance of Plant	901,991	29,950	931,941	938,549	938,549	6,608
Transportation	1,939,799	0	1,939,799	2,111,990	2,111,990	172,191
Central and Other	354,618	0	354,618	370,264	370,264	15,646
<u>Operation of Non-Instructional Services</u>						
Community Services	180,531	0	180,531	190,355	190,355	9,824
Early Childhood Education	1,025,315	0	1,025,315	1,025,372	1,025,372	57
<u>Capital Outlay</u>						
Regular Capital Outlay	1,025,899	189,335	1,215,234	1,583,700	1,583,700	368,466
Total Expenditures	\$ 43,497,671	\$ 222,535	\$ 43,720,206	\$ 45,526,812	\$ 45,811,127	\$ 2,090,921
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ (183,441)	\$ (222,535)	\$ (405,976)	\$ (2,958,000)	\$ (2,958,000)	\$ 2,552,024
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 43,402	\$ 0	\$ 43,402	\$ 0	\$ 0	\$ 43,402
Transfers In	53,127	0	53,127	13,000	37,620	15,507
Total Other Financing Sources (Uses)	\$ 96,529	\$ 0	\$ 96,529	\$ 13,000	\$ 37,620	\$ 58,909
Net Change in Fund Balance	\$ (86,912)	\$ (222,535)	\$ (309,447)	\$ (2,945,000)	\$ (2,920,380)	\$ 2,610,933
Fund Balance, July 1, 2008	3,972,220	0	3,972,220	4,329,656	4,329,656	(357,436)
Fund Balance, June 30, 2009	\$ 3,885,308	\$ (222,535)	\$ 3,662,773	\$ 1,384,656	\$ 1,409,276	\$ 2,253,497

Exhibit J-9

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 102,490	\$ 0	\$ 0	\$ 102,490
Federal Government	4,403,458	4,619,980	4,619,980	(216,522)
Total Revenues	\$ 4,505,948	\$ 4,619,980	\$ 4,619,980	\$ (114,032)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,968,169	\$ 2,238,967	\$ 2,236,228	\$ 268,059
Special Education Program	1,470,440	1,642,252	1,642,252	171,812
Vocational Education Program	78,413	68,685	78,413	0
<u>Support Services</u>				
Other Student Support	89,043	112,645	100,230	11,187
Regular Instruction Program	560,484	915,856	914,085	353,601
Special Education Program	78,933	72,357	72,357	(6,576)
Vocational Education Program	7,385	7,385	7,385	0
Operation of Plant	7,701	2,600	7,701	0
Transportation	10,096	8,000	10,096	0
Total Expenditures	\$ 4,270,664	\$ 5,068,747	\$ 5,068,747	\$ 798,083
Excess (Deficiency) of Revenues Over Expenditures	\$ 235,284	\$ (448,767)	\$ (448,767)	\$ 684,051
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 352,572	\$ 0	\$ 0
Transfers Out	(28,507)	(385,165)	(32,593)	4,086
Total Other Financing Sources (Uses)	\$ (28,507)	\$ (32,593)	\$ (32,593)	\$ 4,086
Net Change in Fund Balance	\$ 206,777	\$ (481,360)	\$ (481,360)	\$ 688,137
Fund Balance, July 1, 2008	366,301	481,360	481,360	(115,059)
Fund Balance, June 30, 2009	\$ 573,078	\$ 0	\$ 0	\$ 573,078

Exhibit J-10

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Cumberland County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,074,089	\$ 1,305,205	\$ 1,305,205	\$ (231,116)
Other Local Revenues	24,917	37,500	37,500	(12,583)
State of Tennessee	39,500	42,140	42,140	(2,640)
Federal Government	2,196,517	2,353,400	2,353,400	(156,883)
Total Revenues	<u>\$ 3,335,023</u>	<u>\$ 3,738,245</u>	<u>\$ 3,738,245</u>	<u>\$ (403,222)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 3,490,081	\$ 3,996,648	\$ 3,996,648	\$ 506,567
Total Expenditures	<u>\$ 3,490,081</u>	<u>\$ 3,996,648</u>	<u>\$ 3,996,648</u>	<u>\$ 506,567</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (155,058)</u>	<u>\$ (258,403)</u>	<u>\$ (258,403)</u>	<u>\$ 103,345</u>
Net Change in Fund Balance	\$ (155,058)	\$ (258,403)	\$ (258,403)	\$ 103,345
Fund Balance, July 1, 2008	953,360	924,303	924,303	29,057
Fund Balance, June 30, 2009	<u>\$ 798,302</u>	<u>\$ 665,900</u>	<u>\$ 665,900</u>	<u>\$ 132,402</u>

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Cumberland County Railroad Authority

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

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

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Exhibit K-1

Cumberland County, Tennessee
Statement of Net Assets and Governmental Fund Balance Sheet
Discretely Presented Cumberland County Railroad Authority
June 30, 2009

	General Fund	Adjustments	Statement of Net Assets
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 34,514	\$ 0	\$ 34,514
Due from Other Governments	0	0	0
Total Assets	<u>\$ 34,514</u>	<u>\$ 0</u>	<u>\$ 34,514</u>
<u>FUND BALANCE/NET ASSETS</u>			
<u>Fund Balances</u>			
Unreserved Reported In:			
General Fund	\$ 34,514	\$ (34,514)	\$ 0
Total Fund Balances	<u>\$ 34,514</u>	<u>\$ (34,514)</u>	<u>\$ 0</u>
Total Fund Balances	<u>\$ 34,514</u>		
Net Assets:			
Unrestricted		<u>\$ 34,514</u>	<u>\$ 34,514</u>
Total Net Assets		<u>\$ 34,514</u>	<u>\$ 34,514</u>

Exhibit K-2

Cumberland County, Tennessee
Statement of Activities and Governmental Fund Revenues, Expenditures,
and Changes in Fund Balance/Net Assets
Discretely Presented Cumberland County Railroad Authority
For the Year Ended June 30, 2009

	General Fund	Adjustments	Statement of Activities
<hr/>			
Expenditures/Expenses:			
Other Operations:			
Other Economic and Community Development	\$ 505,931	\$ 0	\$ 505,931
Total Expenditures/Expenses	<u>\$ 505,931</u>	<u>\$ 0</u>	<u>\$ 505,931</u>
Program Revenues:			
Other Local Revenues:			
Sale of Materials	\$ 10,136	\$ 0	\$ 10,136
Operating Grants and Contributions:			
State of Tennessee	<u>506,446</u>	<u>0</u>	<u>506,446</u>
Total Expenditures/Expenses	<u>\$ 516,582</u>	<u>\$ 0</u>	<u>\$ 516,582</u>
Net Program Expense			<u>\$ (10,651)</u>
Excess of Revenues over Expenditures	\$ 10,651	\$ (10,651)	\$ 0
Change in Net Assets	0	10,651	10,651
Fund Balance/Net Assets:			
July 1, 2008	<u>23,863</u>	<u>0</u>	<u>23,863</u>
June 30, 2009	<u>\$ 34,514</u>	<u>\$ 0</u>	<u>\$ 34,514</u>

Exhibit K-3

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Cumberland County Railroad Authority
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 10,136	\$ 0	\$ 0	\$ 10,136
State of Tennessee	506,446	100,000	660,000	(153,554)
Total Revenues	<u>\$ 516,582</u>	<u>\$ 100,000</u>	<u>\$ 660,000</u>	<u>\$ (143,418)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 0	\$ 1,000	\$ 1,000	\$ 1,000
<u>Capital Projects</u>				
Other General Government Projects	505,931	99,000	659,000	153,069
Total Expenditures	<u>\$ 505,931</u>	<u>\$ 100,000</u>	<u>\$ 660,000</u>	<u>\$ 154,069</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 10,651</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,651</u>
Net Change in Fund Balance	\$ 10,651	\$ 0	\$ 0	\$ 10,651
Fund Balance, July 1, 2008	<u>23,863</u>	<u>0</u>	<u>0</u>	<u>23,863</u>
Fund Balance, June 30, 2009	<u>\$ 34,514</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 34,514</u>

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MISCELLANEOUS SCHEDULES

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Exhibit L-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Issued During Period	Transferred	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-09
NOTES PAYABLE										
<u>Payable through General Debt Service Fund</u>										
Landfill Expansion	\$ 650,000	4.06 %	4-19-05	4-19-09	\$ 162,500	\$ 0	\$ 0	162,500	\$ 0	\$ 0
Jail Lighting and HVAC	338,828	0	5-1-06	5-1-13	242,020	0	0	48,404	0	193,616
School Improvements	1,200,000	2.75	5-29-08	5-29-11	1,200,000	0	0	400,000	0	800,000
Refunding Road Improvements	333,334	3.95	6-28-07	6-28-10	0	0	222,222	222,222	0	0
<u>Payable through Highway/Public Works Fund</u>										
Refunding Road Improvements	333,334	3.95	6-28-07	6-28-10	222,222	0	(222,222)	0	0	0
Total Notes Payable					\$ 1,826,742	\$ 0	\$ 0	\$ 833,126	\$ 0	\$ 993,616

OTHER LOANS PAYABLE

<u>Public Building Authority Loan Agreements</u>										
<u>Payable through General Debt Service Fund</u>										
Stone Elementary - Series III-B-4	6,000,000	Variable	7-23-1998	9-18-08	\$ 3,890,000	\$ 0	\$ 0	\$ 0	\$ 3,890,000	\$ 0
School Renovations - Series IV-F-2	7,500,000	6.2	12-28-00	7-31-08	7,500,000	0	0	0	7,500,000	0
Brown Elementary School - Series IV-H-2	6,650,166	6.43	10-25-01	7-31-08	6,650,166	0	0	0	6,650,166	0
Homestead Elementary - Series A-7-A	5,000,000	Variable	10-24-02	6-1-31	5,000,000	0	0	0	0	5,000,000
School Construction and Renovations - Series VI-C-2	10,000,000	5.762	10-21-04	11-20-08	10,000,000	0	0	0	10,000,000	0
School Construction and Renovations - Series D-1-C	10,000,000	Variable	3-17-05	11-20-08	10,000,000	0	0	0	10,000,000	0
School and Jail Construction and Renovations - Series D-5-B	8,200,000	Variable	12-28-05	7-31-08	7,850,000	0	0	1,550,000	6,300,000	0
<u>Library Construction and Communications System - Series D-11-B</u>										
Plateau Partners Industrial Park - Series B-13-A	8,600,000	Variable	6-26-07	11-20-08	429,176	7,620,824	0	0	8,050,000	0
Refunding - Series E-3-A	1,750,000	5.15 to 6	10-18-07	6-1-23	1,750,000	0	0	0	0	1,750,000
Refunding and Jail Construction - Series V-E-1	20,615,000	Variable	7-31-08	6-1-27	0	20,615,000	0	0	0	20,615,000
Refunding - Series VII-B-2	(1)	3 to 4.75	9-18-08	6-1-28	0	8,425,000	0	315,000	0	8,110,000
Total Other Loans Payable	28,300,000	Variable	11-20-08	6-1-39	0	28,300,000	0	255,000	0	28,045,000
					\$ 53,069,342	\$ 64,960,824	\$ 0	\$ 2,120,000	\$ 52,390,166	\$ 63,520,000

BONDS PAYABLE

<u>Payable through General Debt Service Fund</u>										
Refunding Bonds	3,085,000	4	3-31-05	6-1-09	\$ 800,000	\$ 0	\$ 0	\$ 800,000	\$ 0	\$ 0
Total Bonds Payable					\$ 800,000	\$ 0	\$ 0	\$ 800,000	\$ 0	\$ 0

(1) The county has drawn loan proceeds of \$8,425,000. Total amount available from a loan agreement with the Public Building Authority is \$10,365,000.

Exhibit L-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 448,404	\$ 22,000	\$ 470,404
2011	448,404	11,000	459,404
2012	48,404	0	48,404
2013	48,404	0	48,404
Total	<u>\$ 993,616</u>	<u>\$ 33,000</u>	<u>\$ 1,026,616</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Fees	Total
2010	\$ 1,850,000	\$ 780,807	\$ 468,242	\$ 3,099,049
2011	1,890,000	758,972	457,547	3,106,519
2012	2,050,000	736,609	446,670	3,233,279
2013	2,100,000	706,969	435,464	3,242,433
2014	1,725,000	674,739	424,075	2,823,814
2015	1,805,000	642,988	417,067	2,865,055
2016	1,890,000	606,934	409,877	2,906,811
2017	1,950,000	569,695	402,248	2,921,943
2018	2,055,000	529,300	394,401	2,978,701
2019	2,185,000	486,247	386,152	3,057,399
2020	2,265,000	457,321	373,669	3,095,990
2021	2,195,000	427,518	360,711	2,983,229
2022	2,270,000	394,459	348,739	3,013,198
2023	2,495,000	360,447	335,960	3,191,407
2024	2,230,000	323,023	319,166	2,872,189
2025	2,045,000	297,015	301,971	2,643,986
2026	2,160,000	269,692	283,848	2,713,540
2027	2,245,000	241,023	264,726	2,750,749
2028	2,215,000	211,124	244,919	2,671,043
2029	2,330,000	159,430	228,436	2,717,866

(Continued)

Exhibit L-2

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

Year Ending June 30	Other Loans (Cont.)			Total
	Principal	Interest	Fees	
2030	2,445,000	129,445	211,128	2,785,573
2031	2,520,000	97,894	192,996	2,810,890
2032	2,620,000	64,760	174,519	2,859,279
2033	1,755,000	54,542	146,982	1,956,524
2034	1,805,000	47,694	128,537	1,981,231
2035	1,880,000	40,658	109,567	2,030,225
2036	1,980,000	33,326	89,808	2,103,134
2037	2,080,000	25,604	68,998	2,174,602
2038	2,205,000	17,492	47,137	2,269,629
2039	2,280,000	8,892	23,963	2,312,855
Total	\$ 63,520,000	\$ 10,154,619	\$ 8,497,523	\$ 82,172,142

Exhibit L-3

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Solid Waste/Sanitation	Operations	\$ <u>1,179,020</u>
Total Transfers Primary Government			\$ <u>1,179,020</u>
<u>DISCRETELY PRESENTED CUMBERLAND COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 28,507
Education Capital Projects	General Purpose School	Capital projects	24,620
Total Transfers Discretely Presented Cumberland County School Department			\$ <u>53,127</u>

Cumberland County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2009

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 73,866	\$ 50,000	Travelers Casualty and Surety Company of America
Highway Superintendent	Section 8-24-102, <u>TCA</u>	70,350	100,000	"
Director of Schools	State Board of Education and Cumberland County Board of Education	92,885 (1)	(5)	
Trustee	Section 8-24-102, <u>TCA</u>	63,954	1,784,553	"
Assessor of Property:				
Ralph Barnwell (7-1-08 through 8-31-08)	Section 8-24-102, <u>TCA</u>	10,659	10,000	"
David Simcox (9-1-08 through 6-30-09)	Section 8-24-102, <u>TCA</u>	53,295	10,000	"
Finance Director	County Commission	66,192 (2)	50,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	63,954		
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	63,954	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	63,954 (3)	75,000	"
Register	Section 8-24-102, <u>TCA</u>	63,954	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	70,350 (4)	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			150,000	Local Government Insurance Pool
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

- (1) Includes chief executive officer training supplement of \$1,000.
- (2) Includes longevity pay of \$2,238.
- (3) Does not include special commissioner fees of \$12,543.
- (4) Does not include a law enforcement training supplement of \$300.
- (5) The director of schools is covered under the public employee dishonesty bond.

Exhibit L-5

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

	Special Revenue Funds							Total
	General	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Highway/ Public Works	Debt Service Fund		
						General	Debt Service	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 7,401,905	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,195,496	\$ 9,597,401	
Trustee's Collections - Prior Year	178,369	0	0	0	0	81,548	259,917	
Circuit/Clerk & Master Collections - Prior Years	73,630	0	0	0	0	37,318	110,948	
Interest and Penalty	60,125	0	0	0	0	26,972	87,097	
Payments in-Lieu-of Taxes - Local Utilities	5,265	0	0	0	0	0	5,265	
Payments in-Lieu-of Taxes - Other	174,480	0	0	0	0	0	174,480	
<u>County Local Option Taxes</u>								
Local Option Sales Tax	532,418	0	0	0	0	1,732,132	2,264,550	
Hotel/Motel Tax	441,918	0	0	0	0	0	441,918	
Litigation Tax - General	110,969	0	0	0	0	0	110,969	
Litigation Tax - Special Purpose	0	67,211	0	0	0	0	67,211	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	191,846	191,846	
Business Tax	535,726	0	0	0	0	0	535,726	
Mineral Severance Tax	363	0	0	0	33,857	0	34,220	
<u>Statutory Local Taxes</u>								
Bank Excise Tax	218,461	0	0	0	0	0	218,461	
Wholesale Beer Tax	373,661	0	0	0	0	0	373,661	
Interstate Telecommunications Tax	4,681	0	0	0	0	0	4,681	
Other Statutory Local Taxes	5,962	0	0	0	0	0	5,962	
Total Local Taxes	\$ 10,117,933	\$ 67,211	\$ 0	\$ 0	\$ 33,857	\$ 4,265,312	\$ 14,484,313	
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Animal Vaccination	\$ 16,696	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,696	
Cable TV Franchise	186,189	0	0	0	0	0	186,189	
<u>Permits</u>								
Beer Permits	4,512	0	0	0	0	0	4,512	
Total Licenses and Permits	\$ 207,397	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 207,397	

(Continued)

Exhibit L-5

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

	Special Revenue Funds						Debt Service Fund	Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service		
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 6,714	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6,714	
Officers Costs	4,422	0	0	0	0	0	4,422	
Jail Fees	6,096	0	0	0	0	0	6,096	
DUI Treatment Fines	2,090	0	0	0	0	0	2,090	
Data Entry Fee - Circuit Court	1,193	0	0	0	0	0	1,193	
<u>General Sessions Court</u>								
Fines	28,395	0	0	0	0	0	28,395	
Officers Costs	66,126	0	0	0	0	0	66,126	
Jail Fees	15,418	0	0	0	0	0	15,418	
DUI Treatment Fines	5,943	0	0	0	0	0	5,943	
Data Entry Fee - General Sessions Court	10,116	0	0	0	0	0	10,116	
Courtroom Security Fee	615	0	0	0	0	0	615	
<u>Juvenile Court</u>								
Fines	862	0	0	0	0	0	862	
Jail Fees	5,529	0	0	0	0	0	5,529	
<u>Chancery Court</u>								
Officers Costs	10,397	0	0	0	0	0	10,397	
Data Entry Fee - Chancery Court	5,061	0	0	0	0	0	5,061	
<u>Other Courts - In-county</u>								
Drug Control Fines	0	0	0	12,037	0	0	12,037	
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	0	27,920	0	0	27,920	
Total Fines, Forfeitures, and Penalties	\$ 168,977	\$ 0	\$ 0	\$ 39,957	\$ 0	\$ 0	\$ 208,934	
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Patient Charges	\$ 2,304,096	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,304,096	
Other General Service Charges	0	0	0	0	3,500	0	3,500	
<u>Fees</u>								
Copy Fees	3,396	0	0	0	0	0	3,396	

(Continued)

Exhibit L-5

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

	Special Revenue Funds						Debt Service Fund	Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service		
<u>Charges for Current Services (Cont.)</u>								
<u>Fees (Cont.)</u>								
Telephone Commissions	\$ 19,789	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	19,789	
Data Processing Fee - Register	34,692	0	0	0	0	0	34,692	
Data Processing Fee - Sheriff	4,982	0	0	0	0	0	4,982	
Sexual Offender Registration Fees - Sheriff	5,750	0	0	0	0	0	5,750	
Data Processing Fee - County Clerk	4,004	0	0	0	0	0	4,004	
<u>Education Charges</u>								
TBI Criminal Background Fees	2,070	0	0	0	0	0	2,070	
Total Charges for Current Services	\$ 2,378,779	\$ 0	\$ 0	\$ 0	\$ 3,500	\$ 0	\$ 2,382,279	
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 684,899	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	684,899	
Lease/Rentals	37,927	0	0	0	0	0	37,927	
Commissary Sales	8,180	0	0	0	0	0	8,180	
Sale of Recycled Materials	0	0	198,516	0	0	0	198,516	
Miscellaneous Refunds	13,168	0	0	0	10	0	13,178	
<u>Nonrecurring Items</u>								
Accrued Interest on Debt Issues	7,054	0	0	0	0	194,401	201,455	
Sale of Equipment	0	0	0	0	5,100	0	5,100	
Sale of Property	1,219	0	0	0	0	0	1,219	
Contributions and Gifts	55,000	0	0	0	0	0	55,000	
Total Other Local Revenues	\$ 807,447	\$ 0	\$ 198,516	\$ 0	\$ 5,110	\$ 194,401	\$ 1,205,474	
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	\$ 501,831	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	501,831	
Circuit Court Clerk	100,816	0	0	0	0	0	100,816	
General Sessions Court Clerk	376,849	0	0	0	0	0	376,849	
Clerk and Master	292,067	0	0	0	0	0	292,067	
Register	382,388	0	0	0	0	0	382,388	

(Continued)

Exhibit L-5

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

	Special Revenue Funds					Debt Service Fund	Total
	General	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Highway/ Public Works		
<u>Fees Received from County Officials (Cont.)</u>							
<u>Fees in-Lieu-of Salary (Cont.)</u>							
Sheriff	\$ 22,095	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,095
Trustee	647,728	0	0	0	0	0	647,728
Total Fees Received from County Officials	\$ 2,323,774	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,323,774
<u>State of Tennessee</u>							
General Government Grants	\$ 24,267	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 24,267
Juvenile Services Program							
Public Safety Grants	27,000	0	0	0	0	0	27,000
Law Enforcement Training Programs							
Health and Welfare Grants	331,448	0	0	0	0	0	331,448
Health Department Programs							
Public Works Grants	0	0	0	0	167,768	0	167,768
Bridge Program	0	0	0	0	327,099	0	327,099
State Aid Program	0	0	0	0	0	0	0
Litter Program	0	0	42,232	0	0	0	42,232
<u>Other State Revenues</u>							
Income Tax	388,213	0	0	0	0	0	388,213
Beer Tax	18,701	0	0	0	0	0	18,701
Alcoholic Beverage Tax	75,804	0	0	0	0	0	75,804
Mixed Drink Tax	23,054	0	0	0	0	0	23,054
State Revenue Sharing - T.V.A.	810,911	0	0	0	0	0	810,911
Contracted Prisoner Boarding	231,175	0	0	0	0	0	231,175
Gasoline and Motor Fuel Tax	0	0	0	0	2,052,229	0	2,052,229
Petroleum Special Tax	0	0	0	0	37,587	0	37,587
Reappraisal Program Reimbursement	53,138	0	0	0	0	0	53,138
Registrar's Salary Supplement	14,912	0	0	0	0	0	14,912
Total State of Tennessee	\$ 1,998,623	\$ 0	\$ 42,232	\$ 0	\$ 2,584,683	\$ 0	\$ 4,625,538

(Continued)

Exhibit L-5

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

	Special Revenue Funds						Debt Service Fund	Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service		
<u>Federal Government</u>								
<u>Federal Through State</u>								
Community Development	\$ 199,410	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 199,410	
Civil Defense Reimbursement	35,000	0	0	0	0	0	35,000	
WIA Youth Activities - ARRA	68,346	0	0	0	0	0	68,346	
Other Federal through State	777,664	0	0	0	0	0	777,664	
<u>Direct Federal Revenue</u>	15,400	0	0	0	0	0	15,400	
Other Direct Federal Revenue								
Total Federal Government	\$ 1,095,820	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,095,820	
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Contracted Services	\$ 521,280	\$ 0	\$ 2,865	\$ 0	\$ 0	\$ 0	\$ 524,145	
<u>Citizens Groups</u>	125,000	0	0	0	0	0	125,000	
Donations	\$ 646,280	\$ 0	\$ 2,865	\$ 0	\$ 0	\$ 0	\$ 649,145	
Total Other Governments and Citizens Groups	\$ 19,745,030	\$ 67,211	\$ 2,43,613	\$ 39,957	\$ 2,627,150	\$ 4,459,713	\$ 27,182,674	
Total								

Exhibit L-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 6,499,375	\$ 0	\$ 0	\$ 6,499,375
Trustee's Collections - Prior Year	135,681	0	0	135,681
Circuit/Clerk & Master Collections - Prior Years	66,291	0	0	66,291
Interest and Penalty	27,762	0	0	27,762
<u>County Local Option Taxes</u>				
Local Option Sales Tax	7,263,538	0	0	7,263,538
Business Tax	5,590	0	0	5,590
<u>Statutory Local Taxes</u>				
Coal Severance Tax	48	0	0	48
Interstate Telecommunications Tax	6,262	0	0	6,262
Total Local Taxes	\$ 14,004,547	\$ 0	\$ 0	\$ 14,004,547
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Other Employee Benefit Charges/Contributions	\$ 27,086	\$ 0	\$ 0	\$ 27,086
<u>Education Charges</u>				
Tuition - Other	109,106	0	0	109,106
Lunch Payments - Children	0	0	546,627	546,627
Lunch Payments - Adults	0	0	51,949	51,949
Income from Breakfast	0	0	73,952	73,952
A la carte Sales	0	0	367,173	367,173
Receipts from Individual Schools	80,818	0	0	80,818
TBI Criminal Background Fees	10,620	0	0	10,620
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	34,388	34,388
Total Charges for Current Services	\$ 227,630	\$ 0	\$ 1,074,089	\$ 1,301,719
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 15,115	\$ 15,115
Refund of Telecommunication and Internet Fees (E-Rate)	47,940	0	0	47,940
Retirees' Insurance Payments	1,292	0	0	1,292
Miscellaneous Refunds	142,170	0	9,802	151,972
<u>Nonrecurring Items</u>				
Sale of Property	50,300	0	0	50,300
Damages Recovered from Individuals	214	0	0	214
Contributions and Gifts	36,153	0	0	36,153
Total Other Local Revenues	\$ 278,069	\$ 0	\$ 24,917	\$ 302,986
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 233,189	\$ 0	\$ 0	\$ 233,189
<u>Public Safety Grants</u>				
Safe and Drug - Free Schools and Communities	39,600	0	0	39,600
<u>State Education Funds</u>				
Basic Education Program	26,534,000	0	0	26,534,000
Early Childhood Education	1,025,372	0	0	1,025,372
School Food Service	0	0	39,500	39,500

(Continued)

Exhibit L-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Driver Education	\$ 15,938	\$ 0	\$ 0	\$ 15,938
Other State Education Funds	355,357	102,490	0	457,847
Career Ladder Program	379,295	0	0	379,295
Career Ladder - Extended Contract	113,400	0	0	113,400
Total State of Tennessee	<u>\$ 28,696,151</u>	<u>\$ 102,490</u>	<u>\$ 39,500</u>	<u>\$ 28,838,141</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,622,709	\$ 1,622,709
Breakfast	0	0	557,566	557,566
USDA - Other	0	0	16,242	16,242
Vocational Education - Basic Grants to States	0	147,715	0	147,715
Title I Grants to Local Education Agencies	0	1,944,325	0	1,944,325
Special Education - Grants to States	0	1,569,936	0	1,569,936
Special Education Preschool Grants	0	43,693	0	43,693
English Language Acquisition Grants	0	13,153	0	13,153
Safe and Drug-free Schools - State Grants	0	28,831	0	28,831
Rural Education	0	159,350	0	159,350
Education for Homeless Children and Youth	30,888	0	0	30,888
Eisenhower Professional Development State Grants	0	428,700	0	428,700
Other Federal through State	0	67,755	0	67,755
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	61,945	0	0	61,945
Total Federal Government	<u>\$ 92,833</u>	<u>\$ 4,403,458</u>	<u>\$ 2,196,517</u>	<u>\$ 6,692,808</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 15,000	\$ 0	\$ 0	\$ 15,000
Total Other Governments and Citizens Groups	<u>\$ 15,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,000</u>
Total	<u>\$ 43,314,230</u>	<u>\$ 4,505,948</u>	<u>\$ 3,335,023</u>	<u>\$ 51,155,201</u>

Exhibit L-7

Cumberland County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Cumberland County Railroad Authority
For the Year Ended June 30, 2009

	General	Total
<u>Other Local Revenues</u>		
<u>Nonrecurring Items</u>		
Sale of Equipment	\$ 10,136	\$ 10,136
Total Other Local Revenues	<u>\$ 10,136</u>	<u>\$ 10,136</u>
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Other General Government Grants	\$ 506,446	\$ 506,446
Total State of Tennessee	<u>\$ 506,446</u>	<u>\$ 506,446</u>
Total	<u>\$ 516,582</u>	<u>\$ 516,582</u>

Exhibit L-8

Cumberland 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	\$	62,498	
Social Security		4,778	
State Retirement		2,478	
Employee and Dependent Insurance		91,118	
Life Insurance		807	
Dental Insurance		4,587	
Audit Services		14,934	
Contracts with Government Agencies		44,121	
Contracts with Private Agencies		900	
Dues and Memberships		2,902	
Legal Notices, Recording, and Court Costs		461	
Maintenance Agreements		3,500	
Travel		1,330	
Other Charges		574	
Communication Equipment		626,968	
Other Capital Outlay		3,617	
Total County Commission			\$ 865,573

Board of Equalization

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

Beer Board

Board and Committee Members Fees	\$	1,520	
Social Security		107	
Legal Notices, Recording, and Court Costs		494	
Total Beer Board			2,121

Other Boards and Committees

Legal Services	\$	4,680	
Other Charges		1,800	
Total Other Boards and Committees			6,480

County Mayor/Executive

County Official/Administrative Officer	\$	73,866	
Assistant(s)		35,700	
Data Processing Personnel		26,600	
Secretary(ies)		24,400	
Longevity Pay		1,760	
Overtime Pay		234	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Social Security	\$	11,695	
State Retirement		14,489	
Employee and Dependent Insurance		25,106	
Life Insurance		183	
Dental Insurance		1,142	
Other Fringe Benefits		784	
Communication		1,725	
Dues and Memberships		1,675	
Maintenance and Repair Services - Office Equipment		25	
Printing, Stationery, and Forms		105	
Travel		4,326	
Other Contracted Services		5,712	
Office Supplies		2,126	
Premiums on Corporate Surety Bonds		100	
Other Charges		472	
Total County Mayor/Executive			\$ 232,225

County Attorney

County Official/Administrative Officer	\$	60,951	
Total County Attorney			60,951

Election Commission

County Official/Administrative Officer	\$	53,993	
Clerical Personnel		79,400	
Part-time Personnel		7,995	
Longevity Pay		2,092	
Election Commission		5,885	
Election Workers		69,778	
In-Service Training		3,166	
Social Security		10,821	
State Retirement		12,018	
Employee and Dependent Insurance		25,353	
Life Insurance		183	
Dental Insurance		1,117	
Communication		1,674	
Dues and Memberships		275	
Legal Notices, Recording, and Court Costs		3,870	
Maintenance and Repair Services - Equipment		8,065	
Printing, Stationery, and Forms		12,562	
Rentals		700	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Travel	\$	1,741	
Other Contracted Services		12,950	
Office Supplies		1,827	
Other Charges		1,418	
Voting Machines		15,400	
Total Election Commission			\$ 332,283

Register of Deeds

County Official/Administrative Officer	\$	63,954	
Deputy(ies)		108,068	
Part-time Personnel		14,805	
Longevity Pay		3,076	
Social Security		13,600	
State Retirement		15,531	
Employee and Dependent Insurance		30,950	
Life Insurance		219	
Dental Insurance		1,427	
Communication		1,294	
Dues and Memberships		622	
Maintenance Agreements		19,776	
Printing, Stationery, and Forms		12,000	
Office Supplies		2,500	
Premiums on Corporate Surety Bonds		100	
Other Charges		750	
Total Register of Deeds			288,672

County Buildings

Supervisor/Director	\$	34,700	
Custodial Personnel		161,533	
Longevity Pay		3,893	
Overtime Pay		2,972	
Social Security		16,000	
State Retirement		18,611	
Employee and Dependent Insurance		49,470	
Life Insurance		327	
Dental Insurance		2,283	
Other Fringe Benefits		6,727	
Maintenance and Repair Services - Buildings		39,703	
Travel		164	
Disposal Fees		425,000	

(Continued)

Exhibit L-8

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

<u>General Fund (Cont.)</u>		
<u>General Government (Cont.)</u>		
<u>County Buildings (Cont.)</u>		
Gasoline	\$	5,257
Office Supplies		589
Uniforms		1,980
Utilities		96,282
Total County Buildings		<u>96,282</u>
	\$	865,491
 <u>Other General Administration</u>		
Supervisor/Director	\$	30,243
Mechanic(s)		24,598
Longevity Pay		886
Social Security		4,339
State Retirement		3,818
Employee and Dependent Insurance		11,187
Life Insurance		108
Dental Insurance		548
Other Fringe Benefits		998
Communication		959
Gasoline		72,909
Uniforms		1,686
Utilities		4,771
Other Supplies and Materials		4,467
Total Other General Administration		<u>4,467</u>
		161,517
 <u>Finance</u>		
<u>Accounting and Budgeting</u>		
County Official/Administrative Officer	\$	63,954
Accountants/Bookkeepers		189,311
Salary Supplements		8,500
Longevity Pay		8,455
Social Security		20,323
State Retirement		22,958
Employee and Dependent Insurance		41,349
Life Insurance		282
Dental Insurance		1,950
Communication		2,066
Data Processing Services		1,000
Legal Notices, Recording, and Court Costs		1,407
Maintenance Agreements		8,951
Printing, Stationery, and Forms		9,968
Travel		379

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Office Supplies	\$	3,015	
Periodicals		25	
Total Accounting and Budgeting			\$ 383,893

Property Assessor's Office

County Official/Administrative Officer	\$	63,954	
Assistant(s)		190,564	
Longevity Pay		3,164	
In-Service Training		1,449	
Social Security		19,507	
State Retirement		21,524	
Employee and Dependent Insurance		51,024	
Life Insurance		321	
Dental Insurance		2,328	
Communication		992	
Data Processing Services		35,149	
Dues and Memberships		1,280	
Maintenance Agreements		865	
Travel		5,968	
Other Contracted Services		23,230	
Office Supplies		1,500	
Office Equipment		4,080	
Total Property Assessor's Office			426,899

Reappraisal Program

Clerical Personnel	\$	74,170	
Longevity Pay		900	
In-Service Training		401	
Social Security		5,743	
State Retirement		5,823	
Employee and Dependent Insurance		17,671	
Life Insurance		108	
Dental Insurance		856	
Data Processing Services		12,388	
Postal Charges		1,878	
Travel		7,107	
Duplicating Supplies		1,000	
Office Supplies		972	
Total Reappraisal Program			129,017

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

County Official/Administrative Officer	\$	63,954	
Deputy(ies)		139,689	
Longevity Pay		4,706	
Social Security		15,112	
State Retirement		18,481	
Employee and Dependent Insurance		38,030	
Life Insurance		255	
Dental Insurance		1,713	
Communication		1,027	
Dues and Memberships		657	
Maintenance and Repair Services - Office Equipment		5,135	
Printing, Stationery, and Forms		4,200	
Travel		750	
Office Supplies		1,797	
Premiums on Corporate Surety Bonds		6,246	
Other Charges		700	
Total County Trustee's Office			\$ 302,452

County Clerk's Office

County Official/Administrative Officer	\$	63,954	
Deputy(ies)		267,151	
Longevity Pay		4,920	
Social Security		24,682	
State Retirement		29,805	
Employee and Dependent Insurance		75,813	
Life Insurance		471	
Dental Insurance		3,425	
Communication		1,348	
Dues and Memberships		662	
Maintenance and Repair Services - Office Equipment		19,861	
Printing, Stationery, and Forms		1,392	
Travel		569	
Office Supplies		4,433	
Premiums on Corporate Surety Bonds		175	
Total County Clerk's Office			498,661

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,954
Deputy(ies)		269,622

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Guards	\$	7,500	
Part-time Personnel		8,594	
Longevity Pay		6,184	
Board and Committee Members Fees		214	
Jury and Witness Fees		19,164	
Social Security		27,258	
State Retirement		30,137	
Employee and Dependent Insurance		68,854	
Life Insurance		435	
Dental Insurance		3,140	
Communication		2,835	
Dues and Memberships		512	
Maintenance and Repair Services - Office Equipment		9,494	
Printing, Stationery, and Forms		5,690	
Office Supplies		4,626	
Premiums on Corporate Surety Bonds		1,355	
Other Charges		271	
Data Processing Equipment		729	
Total Circuit Court			\$ 530,568

General Sessions Court

Judge(s)	\$	133,599	
Secretary(ies)		27,514	
Part-time Personnel		600	
Longevity Pay		825	
Social Security		10,502	
State Retirement		14,364	
Employee and Dependent Insurance		12,551	
Life Insurance		120	
Dental Insurance		571	
Communication		269	
Dues and Memberships		730	
Travel		493	
Office Supplies		497	
Periodicals		276	
Total General Sessions Court			202,911

Chancery Court

County Official/Administrative Officer	\$	63,954	
Deputy(ies)		67,100	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Longevity Pay	\$	2,522	
Social Security		10,219	
State Retirement		11,848	
Employee and Dependent Insurance		18,763	
Life Insurance		147	
Dental Insurance		856	
Communication		1,476	
Dues and Memberships		742	
Maintenance and Repair Services - Office Equipment		2,170	
Printing, Stationery, and Forms		5,264	
Office Supplies		1,964	
Premiums on Corporate Surety Bonds		375	
Total Chancery Court			\$ 187,400

Juvenile Court

Youth Service Officer(s)	\$	60,021	
Longevity Pay		1,100	
Social Security		4,676	
State Retirement		5,421	
Employee and Dependent Insurance		12,551	
Life Insurance		102	
Dental Insurance		571	
Communication		738	
Contracts with Government Agencies		9,937	
Travel		200	
Office Supplies		531	
Total Juvenile Court			95,848

Judicial Commissioners

County Official/Administrative Officer	\$	66,144	
Supervisor/Director		31,700	
Part-time Personnel		29,434	
Longevity Pay		2,028	
Social Security		9,892	
State Retirement		6,533	
Employee and Dependent Insurance		12,429	
Life Insurance		117	
Dental Insurance		856	
Printing, Stationery, and Forms		653	
Travel		458	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners (Cont.)

Office Supplies	\$	494	
Premiums on Corporate Surety Bonds		600	
Other Charges		100	
Total Judicial Commissioners			\$ 161,438

Probate Court

Secretary(ies)	\$	131,877	
Longevity Pay		3,772	
Social Security		9,547	
State Retirement		12,032	
Employee and Dependent Insurance		30,796	
Life Insurance		180	
Dental Insurance		1,377	
Maintenance and Repair Services - Office Equipment		421	
Printing, Stationery, and Forms		52	
Office Supplies		262	
Total Probate Court			190,316

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,350	
Deputy(ies)		1,390,908	
Salary Supplements		23,400	
Guards		33,100	
Secretary(ies)		82,194	
Longevity Pay		30,704	
In-Service Training		3,380	
Social Security		124,554	
State Retirement		143,896	
Employee and Dependent Insurance		288,774	
Life Insurance		1,756	
Dental Insurance		13,468	
Communication		17,126	
Dues and Memberships		2,254	
Evaluation and Testing		3,526	
Maintenance and Repair Services - Equipment		4,248	
Maintenance and Repair Services - Vehicles		45,230	
Printing, Stationery, and Forms		4,395	
Travel		8,865	
Drug Treatment		842	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Other Contracted Services	\$	10,987	
Gasoline		134,280	
Office Supplies		9,029	
Uniforms		12,939	
Other Supplies and Materials		32,100	
Premiums on Corporate Surety Bonds		100	
Other Charges		1,928	
Communication Equipment		507	
Motor Vehicles		106,853	
Total Sheriff's Department			\$ 2,601,693

Drug Enforcement

Overtime Pay	\$	8,970	
Total Drug Enforcement			8,970

Jail

Medical Personnel	\$	27,477	
Bus Drivers		23,404	
Guards		982,256	
Clerical Personnel		94,191	
Cafeteria Personnel		96,426	
Part-time Personnel		74,696	
Longevity Pay		23,631	
In-Service Training		640	
Social Security		98,314	
State Retirement		100,294	
Employee and Dependent Insurance		254,187	
Life Insurance		1,517	
Dental Insurance		12,239	
Evaluation and Testing		2,223	
Medical and Dental Services		191,923	
Travel		3,023	
Food Supplies		154,253	
Office Supplies		5,916	
Uniforms		1,766	
Utilities		148,770	
Other Supplies and Materials		63,666	
Other Charges		4,903	
Building Construction		9,330,177	
Total Jail			11,695,892

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services

Guards	\$	58,952	
Part-time Personnel		40,473	
Longevity Pay		892	
Social Security		7,648	
State Retirement		5,308	
Employee and Dependent Insurance		8,398	
Life Insurance		70	
Dental Insurance		571	
Communication		580	
Travel		104	
Office Supplies		944	
Utilities		1,070	
Total Juvenile Services			\$ 125,010

Fire Prevention and Control

Supervisor/Director	\$	46,517
Salary Supplements		3,000
Part-time Personnel		11,990
Longevity Pay		9,057
Overtime Pay		40,030
Other Salaries and Wages		269,070
In-Service Training		11,281
Social Security		27,738
State Retirement		31,476
Employee and Dependent Insurance		61,896
Life Insurance		402
Dental Insurance		2,854
Communication		754
Contracts with Government Agencies		2,000
Evaluation and Testing		3,215
Fiscal Agent Charges		2,240
Maintenance and Repair Services - Buildings		10,578
Maintenance and Repair Services - Equipment		10,233
Maintenance and Repair Services - Vehicles		41,178
Travel		2,901
Gasoline		21,753
Office Supplies		2,126
Uniforms		2,830
Utilities		54,036
Other Supplies and Materials		1,616

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Other Charges	\$ 24,967	
Total Fire Prevention and Control		\$ 695,738

Civil Defense

Assistant(s)	\$ 28,100	
Supervisor/Director	42,200	
Longevity Pay	1,618	
Social Security	5,591	
State Retirement	6,240	
Employee and Dependent Insurance	12,429	
Life Insurance	111	
Dental Insurance	571	
Other Fringe Benefits	1,608	
Communication	1,915	
Consultants	2,700	
Travel	693	
Gasoline	555	
Office Supplies	319	
Other Charges	340	
Total Civil Defense		104,990

Rescue Squad

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

Other Emergency Management

Supervisor/Director	\$ 38,500
Dispatchers/Radio Operators	479,912
Part-time Personnel	30,330
Longevity Pay	8,498
Overtime Pay	5,031
In-Service Training	2,223
Social Security	46,891
State Retirement	34,300
Employee and Dependent Insurance	126,127
Life Insurance	746
Dental Insurance	5,817
Other Fringe Benefits	3,793
Maintenance Agreements	1,500
Office Supplies	1,248

(Continued)

Exhibit L-8

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

<u>General Fund (Cont.)</u>		
<u>Public Safety (Cont.)</u>		
<u>Other Emergency Management (Cont.)</u>		
Office Equipment	\$ 1,856	
Total Other Emergency Management		\$ 786,772
 <u>County Coroner/Medical Examiner</u>		
Other Per Diem and Fees	\$ 71,448	
Total County Coroner/Medical Examiner		71,448
 <u>Other Public Safety</u>		
Deputy(ies)	\$ 11,364	
In-Service Training	4,400	
Social Security	1,234	
State Retirement	44	
Other Charges	6,449	
Total Other Public Safety		23,491
 <u>Public Health and Welfare</u>		
<u>Local Health Center</u>		
Custodial Personnel	\$ 17,202	
Longevity Pay	2,564	
Other Salaries and Wages	229,187	
Social Security	18,890	
State Retirement	17,268	
Employee and Dependent Insurance	54,627	
Life Insurance	318	
Dental Insurance	2,521	
Communication	18,412	
Maintenance and Repair Services - Buildings	2,835	
Travel	14,648	
Other Contracted Services	5,913	
Drugs and Medical Supplies	10,782	
Office Supplies	9,972	
Utilities	23,279	
Other Supplies and Materials	5,271	
Other Charges	1,055	
Building Improvements	6,358	
Office Equipment	1,878	
Total Local Health Center		442,980
 <u>Rabies and Animal Control</u>		
Deputy(ies)	\$ 47,204	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Part-time Personnel	\$	5,695	
Longevity Pay		1,346	
Other Salaries and Wages		6,063	
In-Service Training		575	
Social Security		4,232	
State Retirement		4,799	
Employee and Dependent Insurance		12,677	
Life Insurance		72	
Dental Insurance		571	
Other Fringe Benefits		820	
Communication		163	
Contracts with Private Agencies		7,668	
Travel		530	
Gasoline		10,980	
Uniforms		1,221	
Other Supplies and Materials		1,942	
Total Rabies and Animal Control			\$ 106,558

Ambulance/Emergency Medical Services

Supervisor/Director	\$	49,327
Medical Personnel		929,008
Secretary(ies)		48,818
Part-time Personnel		85,605
Longevity Pay		26,661
Overtime Pay		607,037
In-Service Training		6,070
Social Security		129,854
State Retirement		137,261
Employee and Dependent Insurance		274,563
Life Insurance		1,641
Dental Insurance		11,576
Other Fringe Benefits		2,975
Communication		9,481
Consultants		2,400
Debt Collection Services		13,490
Maintenance and Repair Services - Buildings		4,108
Maintenance and Repair Services - Office Equipment		1,470
Maintenance and Repair Services - Vehicles		26,850
Travel		1,123
Other Contracted Services		5,674

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Drugs and Medical Supplies	\$	81,068	
Gasoline		93,589	
Office Supplies		7,521	
Uniforms		13,851	
Utilities		16,526	
Other Supplies and Materials		17,117	
Other Charges		5,903	
Motor Vehicles		179,138	
Total Ambulance/Emergency Medical Services			\$ 2,789,705

Alcohol and Drug Programs

Assistant(s)	\$	31,100	
Supervisor/Director		32,165	
Longevity Pay		1,898	
Social Security		4,974	
State Retirement		5,832	
Employee and Dependent Insurance		12,677	
Life Insurance		111	
Dental Insurance		571	
Other Fringe Benefits		587	
Total Alcohol and Drug Programs			89,915

Appropriation to State

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

Other Local Welfare Services

Longevity Pay	\$	1,059	
Other Salaries and Wages		107,106	
Social Security		8,194	
State Retirement		9,594	
Employee and Dependent Insurance		12,677	
Life Insurance		100	
Dental Insurance		856	
Contracts with Government Agencies		52,093	
Contracts with Other Public Agencies		127,984	
Contracts with Other School Systems		36,682	
Contracts with Private Agencies		86,123	
Contracts with Parents		18,933	
Contracts with Public Carriers		83,690	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Welfare Services (Cont.)

Postal Charges	\$	118	
Travel		1,331	
Office Supplies		1,149	
Total Other Local Welfare Services			\$ 547,689

Other Public Health and Welfare

Attendants	\$	14,745	
Part-time Personnel		5,408	
Longevity Pay		104	
Social Security		1,535	
State Retirement		355	
Employee and Dependent Insurance		4,267	
Life Insurance		24	
Dental Insurance		196	
Communication		896	
Utilities		9,904	
Other Supplies and Materials		7,241	
Other Charges		339	
Total Other Public Health and Welfare			45,014

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Supervisor/Director	\$	43,863	
Deputy(ies)		22,385	
Secretary(ies)		25,326	
Clerical Personnel		22,318	
Part-time Personnel		56,705	
Longevity Pay		4,188	
In-Service Training		3,402	
Social Security		13,397	
State Retirement		10,605	
Employee and Dependent Insurance		22,122	
Life Insurance		146	
Dental Insurance		991	
Other Fringe Benefits		5,477	
Communication		3,622	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Maintenance and Repair Services - Buildings	\$	3,596	
Maintenance and Repair Services - Office Equipment		4,081	
Postal Charges		2,000	
Printing, Stationery, and Forms		1,567	
Other Contracted Services		10,474	
Library Books/Media		70,098	
Periodicals		4,989	
Utilities		17,789	
Other Supplies and Materials		11,766	
Building Construction		3,278,701	
Other Construction		64,800	
Total Libraries			\$ 3,704,408

Parks and Fair Boards

Supervisor/Director	\$	30,790	
Custodial Personnel		17,701	
Part-time Personnel		27,021	
Longevity Pay		950	
Social Security		5,921	
State Retirement		4,547	
Employee and Dependent Insurance		12,677	
Life Insurance		111	
Dental Insurance		571	
Other Fringe Benefits		1,824	
Communication		750	
Gasoline		3,253	
Uniforms		999	
Utilities		47,422	
Other Supplies and Materials		23,790	
Building Improvements		5,300	
Total Parks and Fair Boards			183,627

Other Social, Cultural, and Recreational

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

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	83,727	
Communication		1,826	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Travel	\$	1,344	
Office Supplies		2,530	
Total Agriculture Extension Service			\$ 89,427

Soil Conservation

Secretary(ies)	\$	28,600	
Part-time Personnel		14,999	
Longevity Pay		715	
Social Security		3,390	
State Retirement		2,600	
Employee and Dependent Insurance		6,091	
Life Insurance		36	
Dental Insurance		285	
Dues and Memberships		1,255	
Legal Notices, Recording, and Court Costs		700	
Travel		2,928	
Office Supplies		580	
Total Soil Conservation			62,179

Other Operations

Tourism

Contracts with Private Agencies	\$	45,543	
Contributions		45,000	
Land		48,112	
Total Tourism			138,655

Other Economic and Community Development

Contributions	\$	35,000	
Engineering Services		88,987	
Building Construction		124,540	
Other Construction		200	
Total Other Economic and Community Development			248,727

Veterans' Services

Contracts with Government Agencies	\$	25,000	
Total Veterans' Services			25,000

Other Charges

Liability Insurance	\$	172,163	
Trustee's Commission		215,113	

(Continued)

Exhibit L-8

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

<u>General Fund (Cont.)</u>		
<u>Other Operations (Cont.)</u>		
<u>Other Charges (Cont.)</u>		
Other Charges	\$ 14,571	
Total Other Charges		\$ 401,847
 <u>Contributions to Other Agencies</u>		
Contributions	\$ 25,000	
Total Contributions to Other Agencies		25,000
 <u>Employee Benefits</u>		
Unemployment Compensation	\$ 24,632	
Medical and Dental Services	192	
Workers' Compensation Insurance	<u>324,689</u>	
Total Employee Benefits		349,513
 <u>WIA Youth Activities - ARRA</u>		
Other Charges	\$ 64,535	
Total WIA Youth Activities - ARRA		64,535
 <u>Miscellaneous</u>		
Postal Charges	\$ 63,692	
Other Charges	<u>298</u>	
Total Miscellaneous		<u>63,990</u>
Total General Fund		\$ 31,562,535
 <u>Courthouse and Jail Maintenance Fund</u>		
<u>General Government</u>		
<u>County Buildings</u>		
Maintenance and Repair Services - Buildings	\$ 90,347	
Heating and Air Conditioning Equipment	<u>14,618</u>	
Total County Buildings		\$ 104,965
 <u>Other Operations</u>		
<u>Other Charges</u>		
Trustee's Commission	\$ 665	
Total Other Charges		<u>665</u>
Total Courthouse and Jail Maintenance Fund		105,630

(Continued)

Exhibit L-8

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Laborers	\$	117,740	
Part-time Personnel		10,200	
Longevity Pay		2,228	
Overtime Pay		1,889	
Social Security		10,231	
State Retirement		10,058	
Employee and Dependent Insurance		30,185	
Life Insurance		141	
Dental Insurance		1,402	
Other Fringe Benefits		1,718	
Uniforms		1,833	
Other Supplies and Materials		38,777	
Total Waste Pickup			\$ 226,402

Convenience Centers

Guards	\$	124,807	
Part-time Personnel		295,861	
Longevity Pay		3,426	
Overtime Pay		374	
Social Security		31,997	
State Retirement		11,495	
Employee and Dependent Insurance		38,030	
Life Insurance		137	
Dental Insurance		1,713	
Other Fringe Benefits		1,889	
Operating Lease Payments		9,300	
Uniforms		7,559	
Utilities		33,480	
Other Supplies and Materials		17,364	
Building Construction		298	
Total Convenience Centers			577,730

Recycling Center

Laborers	\$	93,451	
Part-time Personnel		44,033	
Longevity Pay		2,748	
Overtime Pay		808	
Social Security		10,837	
State Retirement		8,376	
Employee and Dependent Insurance		25,353	

(Continued)

Exhibit L-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center (Cont.)

Life Insurance	\$	119	
Dental Insurance		1,142	
Other Fringe Benefits		958	
Travel		854	
Diesel Fuel		3,441	
Office Supplies		1,827	
Uniforms		2,514	
Utilities		11,459	
Other Supplies and Materials		41,501	
Building Improvements		4,990	
Site Development		223,527	
Total Recycling Center			\$ 477,938

Other Operations

Other Charges

Trustee's Commission	\$	1,928	
Total Other Charges			1,928

Employee Benefits

Unemployment Compensation	\$	3,521	
Workers' Compensation Insurance		82,000	
Total Employee Benefits			85,521

Highways

Litter and Trash Collection

Deputy(ies)	\$	44,512	
Longevity Pay		445	
Social Security		3,439	
State Retirement		3,988	
Employee and Dependent Insurance		12,429	
Life Insurance		72	
Dental Insurance		571	
Travel		368	
Diesel Fuel		1,050	
Office Supplies		583	
Uniforms		65	
Other Supplies and Materials		2,848	
Motor Vehicles		4,000	
Total Litter and Trash Collection			74,370

Total Solid Waste/Sanitation Fund \$ 1,443,889

(Continued)

Exhibit L-8

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

Drug Control Fund

Public Safety

Drug Enforcement

In-Service Training	\$	60	
Communication		287	
Maintenance and Repair Services - Vehicles		3,718	
Other Supplies and Materials		2,199	
Law Enforcement Equipment		33,276	
Motor Vehicles		51,894	
Total Drug Enforcement			\$ 91,434

Other Operations

Other Charges

Trustee's Commission	\$	109	
Total Other Charges			109

Total Drug Control Fund \$ 91,543

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	70,350	
Assistant(s)		34,958	
Longevity Pay		875	
Overtime Pay		2,496	
Social Security		8,262	
State Retirement		9,713	
Employee and Dependent Insurance		12,677	
Life Insurance		111	
Dental Insurance		571	
Other Fringe Benefits		826	
Dues and Memberships		4,417	
Maintenance and Repair Services - Office Equipment		13	
Postal Charges		42	
Printing, Stationery, and Forms		161	
Travel		2,411	
Office Supplies		1,088	
Other Charges		468	
Total Administration			\$ 149,439

Highway and Bridge Maintenance

Equipment Operators - Heavy	\$	287,883
Truck Drivers		134,713

(Continued)

Exhibit L-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Laborers	\$	60,022	
Longevity Pay		15,322	
Overtime Pay		25,287	
Social Security		40,523	
State Retirement		45,916	
Employee and Dependent Insurance		101,158	
Life Insurance		582	
Dental Insurance		4,832	
Other Fringe Benefits		7,051	
Other Contracted Services		10,257	
Asphalt - Cold Mix		1,836	
Asphalt - Hot Mix		238,308	
Asphalt - Liquid		275,015	
Crushed Stone		154,727	
Pipe - Metal		6,681	
Road Signs		7,603	
Salt		2,834	
Other Supplies and Materials		940	
Total Highway and Bridge Maintenance			\$ 1,421,490

Operation and Maintenance of Equipment

Mechanic(s)	\$	87,840	
Longevity Pay		2,964	
Overtime Pay		536	
Social Security		7,161	
State Retirement		8,303	
Employee and Dependent Insurance		18,768	
Life Insurance		108	
Dental Insurance		856	
Other Fringe Benefits		2,269	
Laundry Service		1,847	
Diesel Fuel		55,450	
Equipment and Machinery Parts		33,977	
Gasoline		37,256	
Lubricants		5,745	
Tires and Tubes		11,570	
Total Operation and Maintenance of Equipment			274,650

Other Charges

Communication	\$	6,831	
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(Continued)

Exhibit L-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Electricity	\$	4,386	
Natural Gas		7,053	
Water and Sewer		614	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		21,191	
Vehicle and Equipment Insurance		49,943	
Other Charges		<u>1,823</u>	
Total Other Charges	\$		92,191

Employee Benefits

Unemployment Compensation	\$	5,143	
Workers' Compensation Insurance		<u>60,172</u>	
Total Employee Benefits			65,315

Capital Outlay

Bridge Construction	\$	35,909	
State Aid Projects		<u>286,512</u>	
Total Capital Outlay			<u>322,421</u>

Total Highway/Public Works Fund \$ 2,325,506

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	800,000	
Principal on Notes		210,904	
Principal on Other Loans		<u>1,655,000</u>	
Total General Government	\$		2,665,904

Highways and Streets

Principal on Notes	\$	<u>222,222</u>	
Total Highways and Streets			222,222

Education

Principal on Notes	\$	400,000	
Principal on Other Loans		<u>465,000</u>	
Total Education			865,000

(Continued)

Exhibit L-8

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 32,000	
Interest on Notes	6,671	
Interest on Other Loans	<u>285,280</u>	
Total General Government		\$ 323,951

Highways and Streets

Interest on Notes	\$ <u>7,388</u>	
Total Highways and Streets		7,388

Education

Interest on Notes	\$ 33,458	
Interest on Other Loans	<u>2,252,238</u>	
Total Education		2,285,696

Other Debt Service

General Government

Financial Advisory Services	\$ 1,035	
Trustee's Commission	65,944	
Underwriter's Discount	64,119	
Other Debt Issuance Charges	107,213	
Other Debt Service	<u>31,663</u>	
Total General Government		269,974

Education

Underwriter's Discount	\$ 39,299	
Other Debt Issuance Charges	363,776	
Other Debt Service	<u>19,406</u>	
Total Education		<u>422,481</u>

Total General Debt Service Fund \$ 7,062,616

Total Governmental Funds - Primary Government \$ 42,591,719

Exhibit L-9

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 14,140,456	
Career Ladder Program	236,725	
Career Ladder Extended Contracts	36,507	
Homebound Teachers	35,611	
Salary Supplements	45,056	
Educational Assistants	747,757	
Other Salaries and Wages	107,957	
Certified Substitute Teachers	37,984	
Non-certified Substitute Teachers	204,394	
Social Security	1,147,748	
State Retirement	982,388	
Life Insurance	30,001	
Medical Insurance	3,341,017	
Dental Insurance	137,966	
Maintenance and Repair Services - Equipment	61,131	
Other Contracted Services	206,804	
Instructional Supplies and Materials	339,906	
Textbooks	149,956	
Other Supplies and Materials	7,633	
Fee Waivers	9,499	
Other Charges	27,063	
Regular Instruction Equipment	211,714	
Total Regular Instruction Program		\$ 22,245,273

Alternative Instruction Program

Teachers	\$ 205,807	
Social Security	15,744	
State Retirement	13,438	
Life Insurance	300	
Medical Insurance	28,542	
Dental Insurance	1,055	
Other Contracted Services	1,000	
Instructional Supplies and Materials	1,500	
Other Supplies and Materials	1,499	
In Service/Staff Development	500	
Other Equipment	5,000	
Total Alternative Instruction Program		274,385

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$ 1,484,395	
Career Ladder Program	29,600	
Career Ladder Extended Contracts	8,000	
Homebound Teachers	75,678	
Educational Assistants	53,010	
Speech Pathologist	133,647	
Other Salaries and Wages	49,352	
Certified Substitute Teachers	4,620	
Non-certified Substitute Teachers	5,316	
Social Security	136,912	
State Retirement	117,292	
Life Insurance	3,033	
Medical Insurance	340,305	
Dental Insurance	11,803	
Maintenance and Repair Services - Equipment	810	
Instructional Supplies and Materials	24,256	
Other Supplies and Materials	16,837	
Other Charges	3,021	
Special Education Equipment	10,250	
Total Special Education Program		\$ 2,508,137

Vocational Education Program

Teachers	\$ 1,208,148
Career Ladder Program	13,500
Educational Assistants	12,368
Certified Substitute Teachers	585
Non-certified Substitute Teachers	3,475
Social Security	92,624
State Retirement	78,807
Life Insurance	1,911
Medical Insurance	195,970
Dental Insurance	6,979
Maintenance and Repair Services - Equipment	8,833
Other Contracted Services	36,000
Instructional Supplies and Materials	22,822
T&I Construction Materials	9,843
Textbooks	8,140
Other Supplies and Materials	2,333
Other Charges	28,873

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Vocational Instruction Equipment	\$ 13,964	
Total Vocational Education Program		\$ 1,745,175

Support Services

Attendance

Supervisor/Director	\$ 107,678	
Career Ladder Program	1,000	
Career Ladder Extended Contracts	2,000	
Social Security	8,467	
State Retirement	7,632	
Life Insurance	75	
Medical Insurance	13,800	
Dental Insurance	337	
Travel	493	
Other Supplies and Materials	799	
Other Charges	500	
Total Attendance		142,781

Health Services

Medical Personnel	\$ 147,245	
Part-time Personnel	7,434	
Social Security	11,772	
State Retirement	13,202	
Life Insurance	320	
Medical Insurance	45,540	
Dental Insurance	2,625	
Travel	780	
Other Contracted Services	3,000	
Drugs and Medical Supplies	772	
Other Supplies and Materials	3,786	
In Service/Staff Development	408	
Health Equipment	614	
Total Health Services		237,498

Other Student Support

Career Ladder Program	\$ 5,600	
Guidance Personnel	615,991	
Social Security	46,388	
State Retirement	39,868	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Life Insurance	\$	975	
Medical Insurance		117,069	
Dental Insurance		3,909	
Evaluation and Testing		30,128	
Travel		540	
Other Supplies and Materials		21,553	
In Service/Staff Development		246	
Other Charges		12,000	
Total Other Student Support			\$ 894,267

Regular Instruction Program

Supervisor/Director	\$	194,774	
Career Ladder Program		22,200	
Career Ladder Extended Contracts		17,000	
Librarians		435,727	
Instructional Computer Personnel		163,113	
Secretary(ies)		30,720	
Social Security		62,297	
State Retirement		57,565	
Life Insurance		1,449	
Medical Insurance		146,560	
Dental Insurance		6,058	
Consultants		1,040	
Maintenance and Repair Services - Equipment		167	
Travel		10,732	
Library Books/Media		75,000	
Other Supplies and Materials		963	
In Service/Staff Development		14,933	
Total Regular Instruction Program			1,240,298

Special Education Program

Supervisor/Director	\$	62,894	
Career Ladder Program		4,000	
Psychological Personnel		139,029	
Secretary(ies)		23,256	
Clerical Personnel		17,032	
Social Security		18,515	
State Retirement		16,828	
Life Insurance		460	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Medical Insurance	\$	45,775	
Dental Insurance		2,166	
Maintenance and Repair Services - Equipment		918	
Travel		15,087	
Other Supplies and Materials		2,500	
In Service/Staff Development		5,000	
Other Charges		635	
Other Equipment		3,013	
Total Special Education Program			\$ 357,108

Vocational Education Program

Supervisor/Director	\$	67,160	
Career Ladder Program		1,000	
Clerical Personnel		31,416	
Social Security		7,566	
State Retirement		7,255	
Life Insurance		111	
Medical Insurance		11,053	
Dental Insurance		539	
Other Supplies and Materials		485	
In Service/Staff Development		1,200	
Other Charges		740	
Total Vocational Education Program			128,525

Other Programs

On-Behalf Payments to OPEB	\$	233,189	
Total Other Programs			233,189

Board of Education

Board and Committee Members Fees	\$	28,800	
Social Security		2,203	
State Retirement		1,329	
Life Insurance		143	
Medical Insurance		213,042	
Dental Insurance		1,629	
Unemployment Compensation		57,664	
Audit Services		8,500	
Dues and Memberships		9,464	
Legal Services		33,838	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Travel	\$	9,351	
Other Contracted Services		9,996	
Other Supplies and Materials		966	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		272,301	
Workers' Compensation Insurance		222,384	
Other Charges		2,175	
Total Board of Education			\$ 874,135

Director of Schools

County Official/Administrative Officer	\$	91,885	
Career Ladder Program		1,000	
Social Security		7,087	
State Retirement		5,899	
Life Insurance		75	
Medical Insurance		5,527	
Dental Insurance		269	
Communication		92,197	
Dues and Memberships		12,924	
Postal Charges		2,600	
Travel		2,630	
Other Contracted Services		5,322	
Office Supplies		8,301	
Criminal Investigation of Applicants - TBI		12,660	
Other Charges		5,652	
Administration Equipment		4,699	
Total Director of Schools			258,727

Office of the Principal

Principals	\$	784,628	
Career Ladder Program		1,000	
Career Ladder Extended Contracts		17,500	
Assistant Principals		692,166	
Secretary(ies)		464,885	
Clerical Personnel		209,757	
Social Security		162,006	
State Retirement		152,478	
Life Insurance		3,279	
Medical Insurance		426,553	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Dental Insurance	\$	16,879	
Communication		3,572	
In Service/Staff Development		4,498	
Other Charges		9,539	
Total Office of the Principal			\$ 2,948,740

Operation of Plant

Custodial Personnel	\$	954,441	
Other Salaries and Wages		2,664	
Social Security		73,578	
State Retirement		78,437	
Life Insurance		2,100	
Medical Insurance		294,816	
Dental Insurance		14,828	
Janitorial Services		16,739	
Pest Control		8,820	
Disposal Fees		33,216	
Contracts for Landfill Facilities		14,381	
Other Contracted Services		13,807	
Custodial Supplies		129,114	
Electricity		1,628,280	
Natural Gas		369,185	
Uniforms		4,346	
Water and Sewer		117,340	
Building and Contents Insurance		220,012	
Other Charges		269	
Plant Operation Equipment		4,907	
Total Operation of Plant			3,981,280

Maintenance of Plant

Supervisor/Director	\$	43,923	
Secretary(ies)		22,830	
Maintenance Personnel		282,307	
Part-time Personnel		13,835	
Social Security		27,610	
State Retirement		30,153	
Life Insurance		438	
Medical Insurance		65,160	
Dental Insurance		2,958	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Maintenance Agreements	\$	5,300	
Maintenance and Repair Services - Buildings		140,088	
Other Contracted Services		30,000	
Equipment and Machinery Parts		24,943	
Fertilizer, Lime, and Seed		9,238	
Drainage Materials		14,949	
Chemicals		1,978	
Other Supplies and Materials		44,508	
Other Charges		34,263	
Heating and Air Conditioning Equipment		107,510	
Total Maintenance of Plant			\$ 901,991

Transportation

Supervisor/Director	\$	43,923	
Mechanic(s)		93,558	
Bus Drivers		839,570	
Clerical Personnel		23,904	
Attendants		17,870	
Other Salaries and Wages		27,328	
Social Security		78,463	
State Retirement		86,790	
Life Insurance		2,700	
Medical Insurance		390,867	
Dental Insurance		19,255	
Contracts with Parents		137	
Maintenance and Repair Services - Vehicles		525	
Travel		837	
Other Contracted Services		5,168	
Equipment and Machinery Parts		5,399	
Gasoline		213,250	
Lubricants		7,973	
Office Supplies		1,097	
Tires and Tubes		21,170	
Vehicle Parts		49,464	
Other Supplies and Materials		5,693	
In Service/Staff Development		2,791	
Other Charges		2,067	
Total Transportation			1,939,799

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other

Assistant(s)	\$	81,206	
Supervisor/Director		50,037	
Secretary(ies)		30,865	
Clerical Personnel		47,382	
School Resource Officer		39,034	
Other Salaries and Wages		13,309	
Social Security		19,270	
State Retirement		20,036	
Life Insurance		255	
Medical Insurance		26,913	
Dental Insurance		1,633	
Travel		2,000	
Other Contracted Services		4,996	
Other Supplies and Materials		15,870	
Regular Instruction Equipment		1,812	
Total Central and Other			\$ 354,618

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	30,600	
Social Workers		32,831	
Other Salaries and Wages		79,970	
Social Security		10,996	
State Retirement		5,907	
Life Insurance		72	
Medical Insurance		11,053	
Dental Insurance		539	
Travel		2,338	
Food Supplies		412	
Other Supplies and Materials		5,550	
Other Charges		263	
Total Community Services			180,531

Early Childhood Education

Supervisor/Director	\$	19,330	
Teachers		511,092	
Career Ladder Extended Contracts		500	
Educational Assistants		140,003	
Other Salaries and Wages		23,626	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Certified Substitute Teachers	\$	958	
Non-certified Substitute Teachers		10,674	
Social Security		53,221	
State Retirement		43,281	
Life Insurance		1,126	
Medical Insurance		175,618	
Dental Insurance		7,803	
Travel		2,981	
Instructional Supplies and Materials		12,908	
Other Supplies and Materials		2,576	
In Service/Staff Development		6,483	
Other Charges		1,702	
Regular Instruction Equipment		11,433	
Total Early Childhood Education			\$ 1,025,315

Capital Outlay

Regular Capital Outlay

Engineering Services	\$	37,768	
Building Construction		135,104	
Building Improvements		634,359	
Site Development		620	
Other Capital Outlay		218,048	
Total Regular Capital Outlay			<u>1,025,899</u>

Total General Purpose School Fund \$ 43,497,671

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	500,194
Educational Assistants		473,687
Other Salaries and Wages		15,642
Certified Substitute Teachers		3,130
Non-certified Substitute Teachers		14,598
Social Security		72,575
State Retirement		69,153
Life Insurance		2,480
Medical Insurance		332,408
Dental Insurance		13,983

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Unemployment Compensation	\$	5,810	
Other Fringe Benefits		4,325	
Maintenance and Repair Services - Equipment		70,898	
Instructional Supplies and Materials		219,263	
Other Charges		725	
Regular Instruction Equipment		169,298	
Total Regular Instruction Program			\$ 1,968,169

Special Education Program

Teachers	\$	210,450	
Educational Assistants		558,659	
Speech Pathologist		49,837	
Other Salaries and Wages		87,326	
Non-certified Substitute Teachers		14,668	
Social Security		69,164	
State Retirement		64,215	
Life Insurance		1,782	
Medical Insurance		261,062	
Dental Insurance		13,767	
Unemployment Compensation		5,205	
Contracts with Private Agencies		127,663	
Maintenance and Repair Services - Equipment		1,250	
Instructional Supplies and Materials		924	
Other Supplies and Materials		2,315	
Special Education Equipment		2,153	
Total Special Education Program			1,470,440

Vocational Education Program

Vocational Instruction Equipment	\$	78,413	
Total Vocational Education Program			78,413

Support Services

Other Student Support

Guidance Personnel	\$	29,953	
Social Security		2,292	
Evaluation and Testing		300	
Travel		19,900	
Food Supplies		167	
In Service/Staff Development		9,772	

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Other Charges	\$ 26,659	
Total Other Student Support		\$ 89,043

Regular Instruction Program

Supervisor/Director	\$ 77,574	
Secretary(ies)	32,497	
Other Salaries and Wages	178,817	
Social Security	24,009	
State Retirement	20,690	
Life Insurance	341	
Medical Insurance	33,747	
Dental Insurance	1,198	
Unemployment Compensation	420	
Other Fringe Benefits	1,052	
Maintenance and Repair Services - Equipment	722	
Travel	1,328	
Other Contracted Services	18,822	
Other Supplies and Materials	3,485	
In Service/Staff Development	157,554	
Other Charges	6,109	
Other Equipment	2,119	
Total Regular Instruction Program		560,484

Special Education Program

Other Salaries and Wages	\$ 46,500	
Social Security	3,710	
State Retirement	2,967	
Life Insurance	75	
Medical Insurance	1,400	
Dental Insurance	180	
Unemployment Compensation	105	
In Service/Staff Development	22,496	
Other Equipment	1,500	
Total Special Education Program		78,933

Vocational Education Program

Supervisor/Director	\$ 5,880	
Travel	855	
In Service/Staff Development	650	
Total Vocational Education Program		7,385

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Operation of Plant

Custodial Personnel	\$	4,933	
Social Security		347	
State Retirement		102	
Plant Operation Equipment		<u>2,319</u>	
Total Operation of Plant			\$ 7,701

Transportation

Other Charges	\$	<u>10,096</u>	
Total Transportation			<u>10,096</u>

Total School Federal Projects Fund \$ 4,270,664

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	44,327
Accountants/Bookkeepers		45,831
Clerical Personnel		28,912
Cafeteria Personnel		1,078,385
Maintenance Personnel		62,225
Longevity Pay		4,500
Other Salaries and Wages		7,924
Social Security		97,333
State Retirement		75,284
Life Insurance		1,562
Medical Insurance		236,371
Dental Insurance		12,623
Unemployment Compensation		7,190
Communication		6,066
Maintenance and Repair Services - Equipment		276
Maintenance and Repair Services - Office Equipment		561
Pest Control		3,960
Transportation - Other than Students		29,453
Travel		5,376
Disposal Fees		28,708
Contracts for Landfill Facilities		13,639
Other Contracted Services		11,032
Equipment and Machinery Parts		35,820
Food Supplies		1,425,177

(Continued)

Exhibit L-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Office Supplies	\$	7,351	
Uniforms		2,004	
Utilities		4,297	
Other Supplies and Materials		111,981	
In Service/Staff Development		3,489	
Other Charges		21,387	
Food Service Equipment		<u>77,037</u>	
Total Food Service			\$ <u>3,490,081</u>

Total Central Cafeteria Fund \$ 3,490,081

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Improvements	\$	<u>527,657</u>	
Total Education Capital Projects			\$ <u>527,657</u>

Total Education Capital Projects Fund 527,657

Total Governmental Funds - Cumberland County School Department \$ 51,786,073

Exhibit L-10

Cumberland County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Cumberland County Railroad Authority
For the Year Ended June 30, 2009

<u>General Fund</u>			
<u>Capital Projects</u>			
<u>Other General Government Projects</u>			
Other Construction	\$	505,931	
Total Other General Government Projects			\$ 505,931
Total General Fund			<u>\$ 505,931</u>
Total Governmental Funds - Cumberland County Railroad Authority			<u>\$ 505,931</u>

Exhibit L-11

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

	Enterprise Fund Solid Waste Disposal Fund
<u>Operating Revenues</u>	
<u>Charges of Current Services</u>	
Tipping Fees	\$ 549,494
Total Operating Revenues	<u>\$ 549,494</u>
<u>Operating Expenses</u>	
<u>Public Health and Welfare</u>	
<u>Landfill Operation and Maintenance</u>	
Supervisor/Director	\$ 40,310
Equipment Operators	99,506
Part-time Personnel	20,512
Longevity Pay	3,256
Overtime Pay	269
Social Security	12,679
State Retirement	12,892
Employee and Dependent Insurance	30,367
Life Insurance	226
Dental Insurance	1,377
Other Fringe Benefits	2,866
Travel	575
Permits	33,066
Contracts for Landfill Facilities	71,650
Other Contracted Services	16,000
Diesel Fuel	47,274
Office Supplies	733
Uniforms	1,924
Utilities	18,051
Other Supplies and Materials	103,301
Depreciation	10,343
Landfill Closure/Postclosure Care Costs	21,919
Other Charges	493,543
Total Landfill Operation and Maintenance	<u>\$ 1,042,639</u>
<u>Other Operations</u>	
<u>Other Charges</u>	
Trustees' Commission	\$ 3,433
<u>Employee Benefits</u>	
Unemployment Compensation	\$ 411
Workers' Compensation Insurance	18,426
Total Employee Benefits	<u>\$ 18,837</u>
Total Expenses	<u>\$ 1,064,909</u>

Exhibit L-12

Cumberland County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2009

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 6,705,744
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 6,638,687
Trustee's Commission	67,057
Total Cash Disbursements	<u>\$ 6,705,744</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>

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SINGLE AUDIT SECTION

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

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

March 4, 2010

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cumberland County, Tennessee, as of and for the year ended June 30, 2009, which collectively comprise Cumberland County's basic financial statements and have issued our report thereon dated March 4, 2010. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Cumberland County Emergency Communications District as described in our report on Cumberland County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cumberland County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of

expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cumberland County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cumberland County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 09.01, 09.02, 09.03, 09.04, and 09.07.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 09.01, 09.02, and 09.03 to be material weaknesses.

Compliance and Other Matters

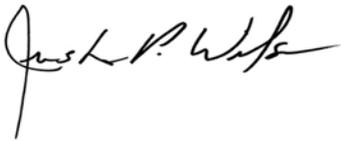
As part of obtaining reasonable assurance about whether Cumberland County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 09.05 and 09.06.

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

Cumberland County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Cumberland County's responses and, accordingly, we express an opinion on them.

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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

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

March 4, 2010

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Cumberland County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Cumberland County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Cumberland County's management. Our responsibility is to express an opinion on Cumberland County's compliance based on our audit.

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

test basis, evidence about Cumberland County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Cumberland County's compliance with those requirements.

In our opinion, Cumberland County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

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

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

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

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

Schedule of Expenditures of Federal Awards

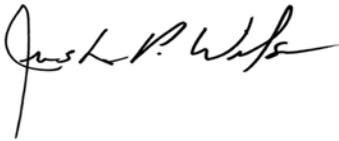
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cumberland County as of and for the year ended June 30, 2009, and have issued our report thereon dated March 4, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that

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

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

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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Cumberland 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	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Programs:			
Rural Business Enterprise Grants	10.769	(2)	\$ 12,883
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	192,598 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	557,566
National School Lunch Program	10.555	N/A	1,638,951 (3)
Total U.S. Department of Agriculture			<u>\$ 2,401,998</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant	14.228	GG-08-24591-00	\$ 153,532
Passed-through State Department of Transportation:			
Brownfields Economic Development Initiative Grant	14.246	(2)	198,000
Total U.S. Department of Housing and Urban Development			<u>\$ 351,532</u>
U.S. Department of Justice:			
Direct Programs:			
High Intensity Drug Trafficking Area	16.XXX	N/A	\$ 8,970
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(4)	24,267
Total U.S. Department of Justice			<u>\$ 33,237</u>
U.S. Department of Labor:			
Passed-through East Tennessee Human Resource Agency:			
WIA Cluster:			
WIA Adult Program	17.258	N/A	\$ 236,462
WIA Youth Activities	17.259	N/A	162,164
WIA Youth Activities - ARRA	17.259	N/A	64,535
WIA Dislocated Workers	17.260	N/A	172,068
Total U.S. Department of Labor			<u>\$ 635,229</u>
U.S. Environmental Protection Agency:			
Direct Programs:			
Congressionally Mandated Projects	66.202	N/A	\$ 32,995
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grant to Local Educational Agencies	84.010	N/A	\$ 1,922,061
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,532,595
Special Education - Preschool Grants	84.173	N/A	40,584
Vocational Education - Basic Grants to States	84.048	N/A	147,715
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	28,831
Education for Homeless Children and Youth	84.196	N/A	30,888
Twenty-first Century Community Learning Centers	84.287	(2)	50,000
Education Technology State Grants	84.318	(2)	17,755
Rural Education	84.358	N/A	55,821
English Language Acquisition Grants	84.365	N/A	13,153
Improving Teacher Quality State Grants	84.367	N/A	392,545
Total U.S. Department of Education			<u>\$ 4,231,948</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security: Passed-through State Department of Military: Emergency Management Performance Grants	97.042	GG-08-25948-00	\$ 35,000
Total Expenditures of Federal Awards			<u>\$ 7,721,939</u>
<u>State Grants</u>			
		<u>Contract Number</u>	
Railroad Rehabilitation Grant - State Department of Transportation	N/A	(2)	\$ 506,446
Family Resource Center - State Department of Education	N/A	(2)	33,300
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	53,138
Law Enforcement Training - State Department of Safety	N/A	(2)	27,000
Litter Program - State Department of Transportation	N/A	(2)	42,232
Rural Local Health Services - State Department of Health	N/A	(2)	331,448
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(2)	1,025,372
Lottery for Education - LEAPS - State Department of Education	N/A	(2)	102,490
Safe Schools Act - State Department of Education	N/A	(2)	39,600
Coordinated School Health - State Department of Education	N/A	(2)	105,000
Touching the Lives of Children - State Department of Education	N/A	(2)	7,057
Waste Tire Storage and Disposal - State Department of Environment and Conservation	N/A	Z-08-212997-02	43,299
Total State Grants			<u>\$ 2,316,382</u>

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

- (1) Presented in conformity with generally accepted accounting principles and prepared on the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$1,831,549.

Cumberland 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 of Cumberland 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>
08.01	208	The General Fund required material audit adjustments for proper financial statement presentation
08.02	209	The General Fund had a deficit in unreserved fund balance
08.03	209	The Solid Waste Disposal Fund had a deficit in unrestricted net assets

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.05	210	Funds were not deposited within three days of collection

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.06	211	Duties were not segregated adequately in the Finance Department and in the Offices of Trustee, County Clerk, Register, and Sheriff

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CUMBERLAND COUNTY, TENNESSEE,
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2009

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Cumberland County is unqualified.
2. The audit of the financial statements of Cumberland County disclosed significant deficiencies in internal control. Three of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Cumberland County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553 and 10.555); Title I Grants to Local Educational Agencies (CFDA No. 84.010); the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173); and Improving Teacher Quality State Grants (CFDA No. 84.367) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Cumberland County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses of the director of schools and director of finance are paraphrased in this report.

OFFICE OF FINANCE DIRECTOR

FINDING 09.01 **THE GENERAL FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2009, certain general ledger account balances in the General Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year end. Generally accepted accounting principles require Cumberland County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency exists due to management's failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE

The finding is acknowledged, and the recommendation by auditors will be reviewed with the appropriate committee of the County Commission.

FINDING 09.02 **THE GENERAL FUND HAD A DEFICIT IN UNRESERVED FUND BALANCE AT JUNE 30, 2009**
(Internal Control – Material Weakness Under Government Auditing Standards)

The General Fund had a deficit in unreserved fund balance of \$4,184,695 at June 30, 2009. This deficit resulted from the recognition of the unperformed portions of construction contracts for the jail (\$3,287,961) and the library (\$2,355,592) being reserved as encumbrances in the financial statements. The County Commission has authorized a

public building authority loan and an interfund loan for the jail construction project and an interfund loan for the library project. This fund deficit should be liquidated subsequent to June 30, 2009, as the remaining financing is received.

Generally accepted accounting principles require unperformed contracts to be reflected as reservations (encumbrances) of fund balance. If unperformed portions of the contracts had not been reserved as encumbrances of the fund balance in the financial statements, the General Fund would have reflected a fund balance of \$1,497,034. The following statement presents the financial condition of the General Fund at June 30, 2009, if the unperformed portions of the contracts had not been reflected as reservations of the fund balance:

Fund Balance	
Unreserved:	
Undesignated	<u>\$ 1,497,034</u>
Fund Balance, June 30, 2009, Restated	<u>\$ 1,497,034</u>

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – DIRECTOR OF FINANCE

The recommendation is acknowledged. Cumberland County also recognizes that the restated fund balance is \$1,497,034 after consideration of the capital building programs.

FINDING 09.03 **THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET ASSETS**
(Internal Control – Material Weakness Under Government Auditing Standards)

The Solid Waste Disposal Fund had a deficit of \$1,181,645 in unrestricted net assets at June 30, 2009. This deficit resulted from the recognition of a liability ((\$1,662,652) in the financial statements for costs associated with closing the county’s landfill and monitoring the landfill for 30 years after its closure. This deficiency can be attributed to the failure of management to correct this finding noted in the prior-year audit report. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE

The finding is acknowledged, and the recommendation by auditors will be reviewed with the appropriate committee of the County Commission.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 09.04 **THE SCHOOL MAINTENANCE DEPARTMENT HAD A CASH SHORTAGE OF \$8,893.20 AT NOVEMBER 4, 2009**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Allegations of misappropriation of supplies made through the Comptroller's hotline for reporting fraud, waste, and abuse of funds and property led to an investigation involving the sale of scrap metal from the School Maintenance Department. During the period October 1, 2006, through November 4, 2009, we determined from records at a recycling company that truck drivers for the Maintenance Department were paid \$11,175.69 in cash by the recycling company for the sale of scrap metal. The School Department's maintenance supervisor advised us that the truck drivers would bring him the cash and a sales ticket, and he would throw the sales ticket away and place the cash in his desk. He further advised that the cash was used to purchase water, coffee, soft drinks, cups, lunch for prisoners who worked at the department, toboggans, gloves, and small parts for vehicles because it was often hard to obtain these items through the department's purchasing process. We obtained documentation of disbursements from various sources totaling \$2,282.49 from these scrap sale proceeds. The maintenance supervisor was unable to document the use of \$8,893.20 from the sale of the scrap metal. The maintenance supervisor stated that he takes responsibility for not properly accounting for the cash but adamantly declares that the cash was used for the Maintenance Department. The following table summarizes the unaccounted cash:

Cash payments from the recycler	\$ 11,175.69
Cash disbursed for auto parts	(100.00)
Cash on hand	(237.00)
Cash paid to the Food Service Department for food items provided to the Maintenance Department	(581.19)
Cash to the Food Service Department for food service equipment sold	<u>(1,364.30)</u>
Unaccounted Cash, November 4, 2009	<u>\$ 8,893.20</u>

The following internal control deficiencies were noted regarding the sale of scrap metal. These deficiencies resulted from a lack of management oversight.

- A. Lists detailing the items sold as scrap were not maintained by the Maintenance Department nor reconciled with sales tickets.
- B. The cash and sales tickets received from the recycler were not deposited with the county trustee.
- C. The maintenance supervisor circumvented the department's budgetary and purchasing processes by purportedly purchasing items with the cash.

This finding has been reviewed with the district attorney general.

RECOMMENDATION

County officials should try and determine the disposition of the funds from the sale of the scrap metal. Officials should seek to recover any funds that they determine were not used for a county purpose. Lists detailing items sold as scrap should be retained and reconciled with sales tickets from the recycler. All sale proceeds and the sales tickets should be deposited with the county trustee. All purchases for the School Department should be administered through the department's general accounting, budgeting, and purchasing processes.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Accounts have been set up with the recycling vendors where all transactions will be paid by check for scrap sold by Cumberland County school employees. Lists and/or pictures of items sold are filed with a copy of the check and receipt at the Central Office.

The procedure for receipting all inter-departmental revenues has changed. All revenues are received and receipted through Central Office bookkeeping before being forwarded to the County Finance Department and then on to the Trustee's Office.

MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE

The finding is acknowledged. Because the matter involving the school maintenance department is under review by the Office of District Attorney General for possible violations of law, comment is reserved pending the outcome of that investigation. The director of schools has advised that appropriate measures have been taken to properly account for the sale of scrap metal.

FINDING 09.05 CHARITABLE DONATION PROGRAMS ADMINISTERED BY THE SCHOOL DEPARTMENT WERE NOT CHanneled THROUGH THE COUNTY'S BUDGETARY PROCESS
(Noncompliance Under Government Auditing Standards)

The School Department received donations from various businesses and charitable organizations for needy children in the school system, and these donations were deposited

into two bank accounts administered by the School Department. During the year, the School Department disbursed \$24,126 from these accounts for the purchase of clothes, shoes, school supplies, and Christmas gifts. The contributors designated the general use of the funds; however, the School Department had no written guidelines governing the use and distribution of these funds. According to school officials, individual schools would notify the central office if they noted a child in need, and the purchases would be coordinated through the parents. Section 49-2-301, Tennessee Code Annotated, requires school funds be expended by issuing warrants drawn on the county trustee and requires all school funds be approved by the Board of Education and County Commission. The charitable donations, expenditures, and cash balances are included in the financial statements of the General Purpose School Fund in this report. The balances in these bank accounts were deposited with the county trustee in November 2009.

RECOMMENDATION

The School Department should adopt written guidelines governing the charitable donation program. All contributions should be remitted to the county trustee, and all disbursements should be made through the county's budgetary process.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

“The Shoe Fund” has been established in Cumberland County Schools since the 1960s and was not incorporated with local finance when the schools moved under the 1981 Financial Management System. The checking accounts for the charitable donations specified for students clothing, shoes, and school supplies for at-risk students have been closed. All blank checks and deposits slips have been shredded. The remaining funds in the accounts were withdrawn from the banks and deposited into General Purpose School Fund accounts. A budget resolution was submitted and approved creating a line-item for expenditures within the General Purpose School Fund budget. Established guidelines and procedures for the administration of these funds will continue as in the past but will be under the General Purpose School Fund account code #73300-535.

MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE

The finding is acknowledged. The director of schools has advised that appropriate measures have been taken to properly account for charitable donations.

OFFICE OF SHERIFF

FINDING 09.06 RECEIPTS WERE NOT ISSUED AT THE TIME OF COLLECTION AND SOME COLLECTIONS WERE NOT DEPOSITED WITHIN THREE DAYS
(Noncompliance Under Government Auditing Standards)

Receipts were not always issued at the time of collection. During the month of November, collections were receipted and deposited twice, and according to the bookkeeper, mail may lay on her desk for up to a week before it is receipted. The practice of issuing receipts

subsequent to the actual collection increases the risk that collections will not be accounted for properly. Also, we noted as many as ten days lapsed between the date funds were received and the date funds were deposited to the office bank account. Section 5-8-207, Tennessee Code Annotated, requires all public funds be deposited within three days of collection. The failure to deposit some funds within three days exists due to the failure of management to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Receipts should be issued at the time of collection. All receipts should be deposited to the official bank account within three days of collection as required by state statute.

OTHER FINDING AND RECOMMENDATION

FINDING 09.07 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE FINANCE DEPARTMENT AND THE OFFICES OF TRUSTEE, COUNTY CLERK, REGISTER, AND SHERIFF**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

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

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

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

There were no findings and questioned costs for federal awards.

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

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