



**ANNUAL FINANCIAL REPORT  
CHEATHAM COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2010**



**ANNUAL FINANCIAL REPORT**  
**CHEATHAM COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**DEPARTMENT OF AUDIT**  
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*Comptroller of the Treasury*

**DIVISION OF COUNTY AUDIT**  
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**WENDY HEATH, CFE**  
*State Auditors*

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

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***Audit Highlights***  
Annual Financial Report  
Cheatham County, Tennessee  
For the Year Ended June 30, 2010

***Scope***

We have audited the basic financial statements of Cheatham County as of and for the year ended June 30, 2010.

***Results***

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

Our audit resulted in 11 findings and recommendations, which we have reviewed with Cheatham County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

***Findings and Best Practice***

The following are summaries of the audit findings and best practice:

**OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS**

- ◆ The General Fund had a deficit in unreserved fund balance of \$140,039 at June 30, 2010.
- ◆ Electricity payments from the Highway/Public Works Fund, on behalf of the School Department, are of questionable legality.
- ◆ The office did not file disclosures on debt obligations as required by the Securities and Exchange Commission.
- ◆ Deficiencies were noted in the collection of funds at remote collection sites.
- ◆ Competitive bids were not solicited for solid waste pick-up.
- ◆ The Ambulance Service did not have written policies concerning the collection and write-off of customer accounts.
- ◆ The Office of Accounts and Budgets had deficiencies in computer system backup procedures.
- ◆ The building permits software did not have adequate application controls.

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**OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ The office did not issue prenumbered receipts for day-care collections.
-

## **OFFICE OF CLERK AND MASTER**

- ◆ The office had deficiencies in computer system backup procedures.
- 

## **OFFICE OF SHERIFF**

- ◆ Duties were not segregated adequately among the official and employees in the Office of Sheriff.
- 

## **BEST PRACTICE**

Cheatham County does not have an Audit Committee. The Division of County Audit strongly believes that an Audit Committee is a best practice that should be adopted to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks.

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# INTRODUCTORY SECTION

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# Cheatham County Officials

## June 30, 2010

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### **Officials**

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

### **Board of County Commissioners**

David McCullough, Chairman	David Davidson
Brenda Montgomery	LuAnn Engelman
William Anderson	Patricia Jarreau
William Baker	Jack McCanless
Rickey Burton	Adair Schippers
Wendell Crouch	John-Paul Wood, Jr.

### **Board of Education**

Dianne Proffitt, Chairman	Tammie Lavender
Michelle Collins	Tim Williamson
Greg Horton	Chris Spiegel

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## **FINANCIAL SECTION**

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

INDEPENDENT AUDITOR'S REPORT

March 7, 2011

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cheatham County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Cheatham County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Cheatham County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cheatham County Emergency Communications District, which represent one percent and .9 percent, respectively, of the assets and revenues of the aggregate discretely presented component units, and we did not audit the financial statements of the Cheatham County Water and Wastewater Authority, which represent .9 percent and .2 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Cheatham County Emergency Communications District and the Cheatham County Water and Wastewater Authority, is based on the reports of other auditors.

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

accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cheatham County, Tennessee, at June 30, 2010, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 7, 2011, on our consideration of Cheatham County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.C., Cheatham County has adopted the provisions of Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the year ended June 30, 2010.

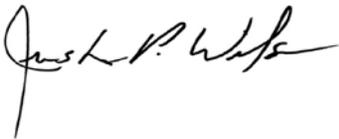
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 66 through 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited

procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Very truly yours,

A handwritten signature in black ink, 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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# **BASIC FINANCIAL STATEMENTS**

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Exhibit A

Cheatham County, Tennessee  
Statement of Net Assets  
June 30, 2010

	Primary Governmental Activities	Component Units		
		Cheatham County School Department	Cheatham County Emergency Communications District	Cheatham County Water and Waste Water Authority
<u>ASSETS</u>				
Cash	\$ 11,987	\$ 1,000	\$ 149,032	\$ 447,890
Investments	0	0	109,618	0
Equity in Pooled Cash and Investments	17,588,542	4,266,363	0	0
Accounts Receivable	2,477,041	120,659	19,721	22,956
Allowance for Uncollectibles	(1,390,195)	0	0	0
Property Taxes Receivable	11,197,596	7,821,753	0	0
Allowance for Uncollectible Property Taxes	(351,048)	(237,343)	0	0
Due from Other Governments	692,787	743,245	15,097	0
Cash Shortage	33,714	0	0	0
Interest Receivable	0	0	123	0
Prepaid Expenses	0	0	20,346	0
Deferred Charges - Debt Issuance Costs	137,231	0	0	0
Capital Assets:				
Assets Not Depreciated:				
Land	1,292,118	781,997	0	0
Construction in Progress	0	9,736,079	0	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	5,515,482	42,929,493	0	0
Other Capital Assets	1,312,426	3,806,973	444,406	204,983
Infrastructure	2,406,075	0	0	0
Total Assets	<u>\$ 40,923,756</u>	<u>\$ 69,970,219</u>	<u>\$ 758,343</u>	<u>\$ 675,829</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 477,851	\$ 210,807	\$ 8,747	\$ 30,579
Accrued Payroll	997	15,845	0	0
Accrued Interest Payable	24,189	0	0	0
Due to Litigants, Heirs, and Others	22,882	0	0	0
Deferred Revenue - Current Property Taxes	10,593,829	7,418,938	0	0
Noncurrent Liabilities:				
Due Within One Year	3,508,806	1,028	0	0
Due in More Than One Year (net of deferred amount on refunding)	23,687,217	3,718,720	0	0
Total Liabilities	<u>\$ 38,315,771</u>	<u>\$ 11,365,338</u>	<u>\$ 8,747</u>	<u>\$ 30,579</u>
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 9,439,588	\$ 0	\$ 0	\$ 0
Invested in Capital Assets	0	57,254,542	444,406	204,983
Restricted for:				
Capital Projects	1,147,135	0	0	0
Central Cafeteria	0	528,420	0	0
School Federal Projects	0	64,291	0	0
Long-term Notes Receivable	2,000,000	0	0	0
Debt Service	12,738,095	0	0	0
Highway/Public Works	1,345,615	0	0	0
Solid Waste/Sanitation	332,645	0	0	0
Drug Control	209,618	0	0	0
Jail, Workhouse, or Courthouse	449,750	0	0	0
Automation Purposes	123,441	0	0	0
Other Purposes	121,498	60,466	0	0
Unrestricted	(25,299,400)	697,162	305,190	440,267
Total Net Assets	<u>\$ 2,607,985</u>	<u>\$ 58,604,881</u>	<u>\$ 749,596</u>	<u>\$ 645,250</u>

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

Exhibit B

Cheatham County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2010

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues			Primary Government			Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Cheatham County School Department	Cheatham County Emergency Communications District	Cheatham County Water and Waste Water Authority		
Primary Government:										
Governmental Activities:										
General Government	\$ 2,961,214	\$ 636,113	\$ 49,262	\$ 0	\$ (2,275,839)	\$ 0	\$ 0	\$ 0	\$ 0	0
Finance	1,159,155	990,470	10,055	0	(158,630)	0	0	0	0	0
Administration of Justice	1,466,924	771,923	28,000	0	(667,001)	0	0	0	0	0
Public Safety	4,869,104	227,021	242,510	52,118	(4,347,455)	0	0	0	0	0
Public Health and Welfare	3,166,457	870,824	54,573	0	(2,241,060)	0	0	0	0	0
Social, Cultural, and Recreational Services	452,064	18,749	0	1,100	(432,215)	0	0	0	0	0
Agriculture and Natural Resources	1,152,977	0	0	0	(1,152,977)	0	0	0	0	0
Other Operations	370,246	0	55,027	0	(315,219)	0	0	0	0	0
Highways/Public Works	2,845,568	6,526	1,600,703	264,413	(973,926)	0	0	0	0	0
Education	1,337,003	0	0	0	(1,337,003)	0	0	0	0	0
Interest on Long-term Debt	683,684	0	0	0	(683,684)	0	0	0	0	0
Other Debt Service	40,081	0	0	0	(40,081)	0	0	0	0	0
<b>Total Primary Government</b>	<b>\$ 20,504,477</b>	<b>\$ 3,521,626</b>	<b>\$ 2,040,130</b>	<b>\$ 317,631</b>	<b>\$ (14,625,090)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>0</b>
Component Units:										
Cheatham County School Department	\$ 49,689,489	\$ 2,443,996	\$ 5,415,463	\$ 1,339,070	\$ 0	\$ (40,490,960)	\$ 0	\$ 0	\$ 0	0
Cheatham County Emergency Communications District	458,441	447,416	0	0	0	0	(11,025)	0	0	0
Cheatham County Water and Waste Water Authority	101,141	88,552	0	0	0	0	0	0	0	(12,589)
<b>Total Component Units</b>	<b>\$ 50,249,071</b>	<b>\$ 2,979,964</b>	<b>\$ 5,415,463</b>	<b>\$ 1,339,070</b>	<b>\$ 0</b>	<b>\$ (40,490,960)</b>	<b>\$ (11,025)</b>	<b>\$ (12,589)</b>	<b>\$ 0</b>	<b>0</b>

(Continued)

Exhibit B

Cheatham County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						
	Program Revenues			Component Units			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Cheatham County School Department	Cheatham County Emergency Communications District	Cheatham County Water and Waste Water Authority
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 8,199,688	\$ 7,850,215	\$ 0	\$ 0
Property Taxes Levied for Debt Service				3,782,427	0	0	0
Local Option Sales Taxes				1,332,949	1,666,187	0	0
Wheel Tax				1,593,496	398,932	0	0
Adequate Facilities/Development Tax				1,475,046	0	0	0
Wholesale Beer Tax				274,489	0	0	0
Fire Tax				245,916	0	0	0
Business Tax				186,635	0	0	0
Litigation Tax				163,748	0	0	0
Other Local Taxes				39,332	3,318	0	0
Grants and Contributions Not Restricted to Specific Programs				634,371	30,898,705	19,800	0
Unrestricted Investment Earnings				230,282	1,668	209	4,436
Miscellaneous				45,389	18,339	0	0
Total General Revenues				\$ 18,203,768	\$ 40,837,364	\$ 20,009	\$ 4,436
Extraordinary Item				\$ 0	\$ 0	\$ 0	\$ (163,068)
Change in Net Assets				\$ 3,578,678	\$ 346,404	\$ 8,984	\$ (171,221)
Net Assets, July 1, 2009				(970,693)	58,258,477	740,612	816,471
Net Assets, June 30, 2010				\$ 2,607,985	\$ 58,604,881	\$ 749,596	\$ 645,250

Exhibit C-1

Cheatham County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2010

	Major Funds			Nonmajor Funds	Total Govern- mental Funds
	General	Highway / Public Works	Education Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 1,000	\$ 0	\$ 0	\$ 10,987	\$ 11,987
Equity in Pooled Cash and Investments	2,974,430	1,351,025	9,263,235	3,999,852	17,588,542
Accounts Receivable	2,267,375	44,324	138,942	26,400	2,477,041
Allowance for Uncollectibles	(1,390,195)	0	0	0	(1,390,195)
Due from Other Governments	138,263	293,737	235,584	25,203	692,787
Due from Other Funds	0	0	766,250	0	766,250
Property Taxes Receivable	7,469,415	513,111	2,071,843	1,143,227	11,197,596
Allowance for Uncollectible Property Taxes	(208,939)	(15,874)	(85,204)	(41,031)	(351,048)
Notes Receivable - Current	0	0	2,000,000	0	2,000,000
Cash Shortage	0	33,714	0	0	33,714
Total Assets	<u>\$ 11,251,349</u>	<u>\$ 2,220,037</u>	<u>\$ 14,390,650</u>	<u>\$ 5,164,638</u>	<u>\$ 33,026,674</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 335,521	\$ 13,851	\$ 0	\$ 128,479	\$ 477,851
Accrued Payroll	918	79	0	0	997
Due to Other Funds	766,250	0	0	0	766,250
Due to Litigants, Heirs, and Others	0	0	0	22,882	22,882
Other Notes Payable	2,000,000	0	0	0	2,000,000
Deferred Revenue - Current Property Taxes	7,127,347	485,955	1,911,425	1,069,102	10,593,829
Deferred Revenue - Delinquent Property Taxes	110,424	9,355	62,382	27,443	209,604
Other Deferred Revenues	356,598	174,590	120,211	0	651,399
Total Liabilities	<u>\$ 10,697,058</u>	<u>\$ 683,830</u>	<u>\$ 2,094,018</u>	<u>\$ 1,247,906</u>	<u>\$ 14,722,812</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 44,738	\$ 18,625	\$ 0	\$ 8,938	\$ 72,301
Reserved for Alcohol and Drug Treatment	42,815	0	0	0	42,815
Reserved for Litter Enforcement Awards	21,195	0	0	0	21,195
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	433,265	0	0	0	433,265
Reserved for Sexual Offender Registration	7,319	0	0	0	7,319
Reserved for Courtroom Security	1,446	0	0	0	1,446
Reserved for Computer System - Register	28,074	0	0	0	28,074
Reserved for Automation Purposes - Circuit Court	9,692	0	0	0	9,692
Reserved for Automation Purposes - General Sessions Court	47,902	0	0	0	47,902
Reserved for Automation Purposes - Chancery Court	9,453	0	0	0	9,453
Reserved for Automation Purposes - Sheriff	21,636	0	0	0	21,636
Reserved for Automation Purposes - County Clerk	6,684	0	0	0	6,684
Reserved for Archives and Records Management - County Clerk	20,111	0	0	0	20,111
Reserved for Long-term Notes Receivable	0	0	2,000,000	0	2,000,000
Unreserved, Reported In:					
General Fund (Deficit)	(140,039)	0	0	0	(140,039)
Special Revenue Funds	0	1,517,582	0	773,272	2,290,854
Debt Service Funds	0	0	10,296,632	1,995,496	12,292,128
Capital Projects Funds	0	0	0	1,139,026	1,139,026
Total Fund Balances	<u>\$ 554,291</u>	<u>\$ 1,536,207</u>	<u>\$ 12,296,632</u>	<u>\$ 3,916,732</u>	<u>\$ 18,303,862</u>
Total Liabilities and Fund Balances	<u>\$ 11,251,349</u>	<u>\$ 2,220,037</u>	<u>\$ 14,390,650</u>	<u>\$ 5,164,638</u>	<u>\$ 33,026,674</u>

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

Cheatham County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Assets  
June 30, 2010

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)		\$ 18,303,862
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,292,118	
Add: buildings and improvements net of accumulated depreciation	5,515,482	
Add: other capital assets net of accumulated depreciation	1,312,426	
Add: infrastructure net of accumulated depreciation	<u>2,406,075</u>	10,526,101
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (14,920,500)	
Less: notes payable	(67,390)	
Less: capital leases payable	(184,368)	
Less: others loans payable	(11,179,833)	
Less: line of credit payable	(109,648)	
Less: compensated absences payable	(731,314)	
Less: landfill closure/postclosure costs	(203,893)	
Less: other postemployment benefits liability	(82,897)	
Add: deferred amount on refunding	283,820	
Add: deferred charges - debt issuance costs	137,231	
Less: accrued interest on bonds, notes, and capital leases	<u>(24,189)</u>	(27,082,981)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>861,003</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 2,607,985</u>

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

Exhibit C-3

Cheatham County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2010

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	Education Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 8,294,290	\$ 945,959	\$ 6,500,851	\$ 1,801,025	\$ 17,542,125
Licenses and Permits	328,351	0	0	0	328,351
Fines, Forfeitures, and Penalties	140,544	0	0	75,087	215,631
Charges for Current Services	982,125	0	0	328,083	1,310,208
Other Local Revenues	233,046	20,594	15,252	30,737	299,629
Fees Received from County Officials	1,649,146	0	0	0	1,649,146
State of Tennessee	579,787	1,847,046	92,280	52,134	2,571,247
Federal Government	93,673	0	0	0	93,673
Other Governments and Citizens Groups	332,134	0	0	0	332,134
<b>Total Revenues</b>	<b>\$ 12,633,096</b>	<b>\$ 2,813,599</b>	<b>\$ 6,608,383</b>	<b>\$ 2,287,066</b>	<b>\$ 24,342,144</b>
<u>Expenditures</u>					
Current:					
General Government	\$ 1,309,263	\$ 0	\$ 102,190	\$ 194,078	\$ 1,605,531
Finance	1,068,463	0	0	0	1,068,463
Administration of Justice	1,333,113	0	0	11,000	1,344,113
Public Safety	4,269,334	0	0	8,912	4,278,246
Public Health and Welfare	1,895,783	0	0	950,184	2,845,967
Social, Cultural, and Recreational Services	411,517	0	0	0	411,517
Agriculture and Natural Resources	1,146,020	0	0	0	1,146,020
Other Operations	2,098,015	0	0	24,000	2,122,015
Highways	0	2,539,058	0	0	2,539,058
Debt Service:					
Principal on Debt	0	76,188	3,264,818	501,000	3,842,006
Interest on Debt	0	10,156	604,824	3,795	618,775
Other Debt Service	0	0	39,780	301	40,081
Capital Projects	12,958	0	0	1,823,043	1,836,001
<b>Total Expenditures</b>	<b>\$ 13,544,466</b>	<b>\$ 2,625,402</b>	<b>\$ 4,011,612</b>	<b>\$ 3,516,313</b>	<b>\$ 23,697,793</b>
Excess (Deficiency) of Revenues					
Over Expenditures	\$ (911,370)	\$ 188,197	\$ 2,596,771	\$ (1,229,247)	\$ 644,351
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 500,665	\$ 500,665
Other Loans Issued	0	0	0	836,338	836,338
Insurance Recovery	19,370	0	0	0	19,370
Transfers In	0	0	766,250	0	766,250
Transfers Out	(766,250)	0	0	0	(766,250)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (746,880)</b>	<b>\$ 0</b>	<b>\$ 766,250</b>	<b>\$ 1,337,003</b>	<b>\$ 1,356,373</b>
Net Change in Fund Balances					
Fund Balance, July 1, 2009	\$ (1,658,250)	\$ 188,197	\$ 3,363,021	\$ 107,756	\$ 2,000,724
	2,212,541	1,348,010	8,933,611	3,808,976	16,303,138
Fund Balance, June 30, 2010					
	\$ 554,291	\$ 1,536,207	\$ 12,296,632	\$ 3,916,732	\$ 18,303,862

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

Exhibit C-4

Cheatham County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 2010

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)		\$ 2,000,724
(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	\$ 352,732	
Less: current-year depreciation expense	<u>(1,023,715)</u>	(670,983)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: loss on disposal of capital assets		(6,720)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$ 861,003	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(1,139,362)</u>	(278,359)
(4) The issuance of long-term debt (e.g., notes, bonds, capital leases, 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 effect of these differences in the treatment of long-term debt and related items:		
Add: principal payments on capital leases	\$ 76,188	
Add: principal payments on notes	549,275	
Add: principal payments on bonds	1,154,000	
Add: principal payments on other loans	2,062,543	
Less: note proceeds	(500,665)	
Less: other loan proceeds	(836,338)	
Less: change in deferred amount on refunding debt	(54,591)	
Less: change in deferred debt issuance costs	<u>(14,404)</u>	2,436,008
(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	\$ 4,086	
Change in landfill closure/postclosure care costs	(2,417)	
Change in other postemployment benefits liability	(73,548)	
Change in compensated absences payable	<u>169,887</u>	<u>98,008</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 3,578,678</u>

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

Exhibit D

Cheatham County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,283,980
Due from Other Governments	<u>364,657</u>
Total Assets	<u><u>\$ 1,648,637</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 364,657
Due to Litigants, Heirs, and Others	<u>1,283,980</u>
Total Liabilities	<u><u>\$ 1,648,637</u></u>

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

**CHEATHAM COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

Cheatham County is a public municipal corporation governed by an elected 12-member board. As required by GAAP, these financial statements present Cheatham County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

The Cheatham County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Cheatham County, and the Cheatham County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Cheatham County Water and Wastewater Authority provides water and wastewater treatment services for industries in the Cheatham County Industrial Park and to some county schools, and the Cheatham County Commission appoints its governing body. The authority is funded primarily from user service fees.

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

Administrative Offices:

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

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

**Related Organization** – The Cheatham County Industrial Development Board is a related organization of Cheatham County. The county’s officials are responsible for appointing the members of the board, but the county’s accountability for this organization does not extend beyond making the appointments. During the year ended June 30, 2010, the county did not appropriate any operating subsidies to the Cheatham County Industrial Development Board.

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

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

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

Cheatham County issues all debt for the discretely presented Cheatham County School Department. Net debt issues of \$1,337,003 were contributed by the county to the School Department during the year ended June 30, 2010.

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

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

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

Fund financial statements of Cheatham County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Cheatham County has no proprietary funds to report.

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. Fiduciary funds 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. Cheatham County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

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

Fiduciary fund financial statements are reported using the economic resources measurement focus (except for agency funds, which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Cheatham County reports the following major governmental funds:

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

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

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

Additionally, Cheatham County reports the following fund types:

**Capital Projects Funds** – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Cheatham

County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

**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.

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

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

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

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

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

**1. Deposits and Investments**

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's

Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

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

## **2. Receivables and Payables**

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

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.5 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.

### **3. Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more for the primary government (infrastructure \$50,000), \$10,000 or more for the School Department, and an estimated useful life exceeding five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Land Improvements	10 - 20
Other Capital Assets	5 - 15
Infrastructure	20 - 40

**4. Compensated Absences**

It is the county’s policy to permit employees to accumulate earned but unused vacation (with the exception of the Offices of County Clerk, Trustee, and Register that does not allow the accumulation of unused vacation) and sick pay benefits. There is no liability for unpaid accumulated sick leave (with the exception of the Road Department) since Cheatham County does not have a policy to pay any amounts when employees separate from service with the government. School Department employees may accumulate limited amounts of earned but unused vacation benefits. The general policy of the School Department permits the unlimited accumulation of unused sick leave days. The granting of vacation and sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded. However, the School Department does allow accrual of limited compensatory time. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

**5. Long-term Obligations**

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

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

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

**6. Net Assets and Fund Equity**

In the government-wide financial statements, 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, 2010, Cheatham County had \$25,375,226 in outstanding debt for capital purposes of the discretely presented Cheatham County School Department. The debt is a liability of Cheatham County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Cheatham County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2010:

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Ag Tobacco Grant	\$ 11,920
Assessor - Data Processing Fees	1,064
FEMA Issues	122,774
Fire Tax	115,389
Health Department	3,452
Kingston Springs Library	18,798
Land Clean-Up	8,087
Library	1,635
Parks and Recreation	156,817
Sewer Project	548,893
General Purpose School:	
Daycare	229,288
Fuel and Utilities	95,317
Flood Insurance	157,638
Kingston Springs Elementary Donations	1,817
Alternative School Donations	500
School Federal Projects:	
Operations	50,000

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

**Primary Government**

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

**Discretely Presented Cheatham County School Department**

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

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

**Primary Government**

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

**Discretely Presented Cheatham County School Department**

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

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

**A. Budgetary Information**

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

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

The budgetary level of control is at the major category level established by the 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, County Mayor/Executive, Personnel Office, Election Commission, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The

difference between the budgetary basis and the GAAP basis is presented on the face of each budgetary schedule.

**B. Fund Deficit**

The General Fund had a deficit in unreserved fund balance of \$140,039 at June 30, 2010. This deficit resulted from expenditures of \$1,013,748 related to the May 2010 floods. Funding for these expenditures is expected to be received from a federal disaster relief grant.

**C. Cash Shortage – Prior-Years**

The audit of Cheatham County for the 2007-08 year reported a cash shortage of \$68,281.11 in the Highway Department. Our investigation revealed that from February 5, 2007, through December 18, 2007, the Highway Department bookkeeper fraudulently issued 16 vendor checks totaling \$68,281.11 for personal use. On August 15, 2008, the bookkeeper was found guilty of theft of \$60,000 or more and was sentenced. The bookkeeper was also ordered to pay restitution totaling \$68,211.11 to the Highway Department. As of June 30, 2010, the former bookkeeper had paid restitution of \$34,497.36, and a \$70 reduction was made for the difference between the cash shortage amount and the court order leaving a cash shortage of \$33,713.75 at June 30, 2010.

**D. Expenditures Exceeded Appropriations**

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

<u>Fund/Category</u>	<u>Amount Overspent</u>
<u>Primary Government</u>	
General:	
Other Economic and Community Development	\$ 338
Contributions to Other Agencies	8,942
Public Health and Welfare Projects	12,958
Transfers Out	2,500
Solid Waste/Sanitation:	
Sanitation Management	6,983
 <u>Discretely Presented School Department</u>	
General Purpose School:	
Support Services - Special Education Program	723

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances.

**E. Appropriations Exceeding Available Funding**

The budget and subsequent amendments submitted to and approved by the County Commission for the General Capital Projects Fund resulted in appropriations exceeding available funding by \$46,500.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

**Deposits**

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

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

**Investments**

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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 Comptroller's Office 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 fair value of the securities on the day of purchase.

**Investment Balances.** As of June 30, 2010, Cheatham County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Cheatham County and the discretely presented Cheatham County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 2,934,155

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

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Cheatham County has no investment policy that would further limit its investment choices. As of June 30, 2010, Cheatham County's investment in the State Treasurer's Investment Pool was unrated.

**B. Notes Receivable**

The Education Debt Service Fund had a note receivable of \$2,000,000 on June 30, 2010, from financing expenditures paid from the General Fund related to the May 2010 floods. This receivable is presented on the balance sheet as Notes Receivable - Current with a reservation of fund balance. These funds will be paid back from federal disaster relief funds.

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2010, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 1,292,118	\$ 0	\$ 0	\$ 1,292,118
Total Capital Assets Not Depreciated	<u>\$ 1,292,118</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,292,118</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 10,745,672	\$ 64,564	\$ 0	\$ 10,810,236
Infrastructure	16,851,143	0	0	16,851,143
Other Capital Assets	6,194,888	288,168	(302,804)	6,180,252
Total Capital Assets Depreciated	<u>\$ 33,791,703</u>	<u>\$ 352,732</u>	<u>\$ (302,804)</u>	<u>\$ 33,841,631</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 5,025,980	\$ 268,774	\$ 0	\$ 5,294,754
Infrastructure	14,123,615	321,453	0	14,445,068
Other Capital Assets	4,730,422	433,488	(296,084)	4,867,826
Total Accumulated Depreciation	<u>\$ 23,880,017</u>	<u>\$ 1,023,715</u>	<u>\$ (296,084)</u>	<u>\$ 24,607,648</u>
Total Capital Assets Depreciated, Net	<u>\$ 9,911,686</u>	<u>\$ (670,983)</u>	<u>\$ (6,720)</u>	<u>\$ 9,233,983</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,203,804</u>	<u>\$ (670,983)</u>	<u>\$ (6,720)</u>	<u>\$ 10,526,101</u>

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

**Governmental Activities:**

General Government	\$	188,364
Public Safety		323,224
Public Health and Welfare		57,870
Social, Cultural, and Recreational Services		32,795
Highway/Public Works		<u>421,462</u>
Total Depreciation Expense - Governmental Activities	\$	<u>1,023,715</u>

**Discretely Presented Cheatham County School Department**

**Governmental Activities:**

	Balance 7-1-09	Increases	Decreases	Balance 6-30-010
Capital Assets Not Depreciated:				
Land	\$ 781,997	\$ 0	\$ 0	\$ 781,997
Construction in Progress	9,186,114	549,965	0	9,736,079
Total Capital Assets Not Depreciated	<u>\$ 9,968,111</u>	<u>\$ 549,965</u>	<u>\$ 0</u>	<u>\$ 10,518,076</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 76,600,254	\$ 13,493	\$ 0	\$ 76,613,747
Other Capital Assets	5,440,462	603,975	(309,121)	5,735,316
Total Capital Assets Depreciated	<u>\$ 82,040,716</u>	<u>\$ 617,468</u>	<u>\$ (309,121)</u>	<u>\$ 82,349,063</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 31,947,139	\$ 1,737,115	\$ 0	\$ 33,684,254
Other Capital Assets	1,861,084	329,852	(262,593)	1,928,343
Total Accumulated Depreciation	<u>\$ 33,808,223</u>	<u>\$ 2,066,967</u>	<u>\$ (262,593)</u>	<u>\$ 35,612,597</u>
Total Capital Assets Depreciated, Net	<u>\$ 48,232,493</u>	<u>\$ (1,449,499)</u>	<u>\$ (46,528)</u>	<u>\$ 46,736,466</u>
Governmental Activities Capital Assets, Net	<u>\$ 58,200,604</u>	<u>\$ (899,534)</u>	<u>\$ (46,528)</u>	<u>\$ 57,254,542</u>

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

**Governmental Activities:**

Support Services	<u>\$ 2,066,967</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,066,967</u></u>

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

The composition of interfund balances at June 30, 2010, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: Education Debt Service	General	\$ 766,250
Discretely Presented School Department: General Purpose School	Nonmajor governmental	5,768

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

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2010, consisted of the following amounts:

**Primary Government**

<u>Transfer Out</u>	<u>Transfer In</u>
	Education Debt Service Fund
General Fund	\$ 766,250

**Discretely Presented Cheatham County School Department**

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 50,000
Nonmajor governmental funds	112,009	0
<b>Total</b>	<b>\$ 112,009</b>	<b>\$ 50,000</b>

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. Capital Leases**

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

Asset	Original Amount of Lease	Interest Rate	Date of Issuance	Last Payment Date
Tractor/Mower	\$ 67,232	4.87 %	4-15-08	4-15-13
Paver	243,259	4.34	4-17-08	4-25-13

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

Year Ending June 30	Amount
2011	\$ 69,384
2012	69,388
2013	57,815
Total Minimum Lease Payments	\$ 196,587
Less: Amount Representing Interest	(12,219)
Present Value of Minimum Lease Payments	<u>\$ 184,368</u>

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

**F. Long-term Debt**

**Primary Government**

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

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

General obligation bonds, capital outlay notes, the line of credit, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, the line of credit, and other loans outstanding were issued for original terms of up to 15 years for bonds, up to one year for notes, up to three years for the line of credit, and up to 20 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, capital outlay notes, the line of credit, and other loans included in long-term debt as of June 30, 2010, will be retired from the General Debt Service and Education Debt Service funds.

General obligation bonds, capital outlay notes, the line of credit, other loans, and capital leases outstanding as of June 30, 2010, for governmental activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-10</u>
General Obligation Bonds -			
Refunding	2 to 4 %	\$ 17,499,500	\$ 14,920,500
Capital Outlay Notes	4.5	67,390	67,390
Other Loans	variable	19,108,468	11,179,833
Line of Credit	variable	109,667	109,648
Capital Leases	4.34 to 4.87	310,491	184,368

In prior years, Cheatham County entered into loan agreements with the Montgomery County Public Building Authority. Under these loan agreements, the authority loaned \$7,040,703, \$2,262,948, and \$9,820,000 to Cheatham County for various renovation and construction projects. These loans are repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly depending on the

particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans. At June 30, 2010, the variable interest rate was .52 percent on the \$7,040,703 and \$2,262,948 loans, .44 percent on the \$9,820,000 loan; and other fees based on the outstanding loan principal totaled approximately .25 percent on the \$7,040,703 and \$2,262,948 loans, and .3 percent on the \$9,820,000 loan (letter of credit); .08 percent (remarketing); and \$85 per month per loan (trustee).

The annual requirements to amortize all general obligation bonds, notes, the line of credit, and other loans outstanding as of June 30, 2010, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 1,209,000	\$ 508,886	\$ 1,717,886
2012	1,264,000	472,294	1,736,294
2013	1,319,000	431,361	1,750,361
2014	1,371,000	387,829	1,758,829
2015	1,438,000	340,683	1,778,683
2016-2020	7,187,210	896,857	8,084,067
2021-2022	1,132,290	49,377	1,181,667
Total	<u>\$ 14,920,500</u>	<u>\$ 3,087,287</u>	<u>\$ 18,007,787</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 67,390	\$ 3,033	\$ 70,423
Total	<u>\$ 67,390</u>	<u>\$ 3,033</u>	<u>\$ 70,423</u>

Year Ending June 30	Line of Credit		
	Principal	Interest	Total
2011	\$ 109,648	\$ 1,204	\$ 110,852
Total	<u>\$ 109,648</u>	<u>\$ 1,204</u>	<u>\$ 110,852</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 1,914,071	\$ 53,540	\$ 37,800	\$ 2,005,411
2012	2,009,825	43,950	31,885	2,085,660
2013	2,109,865	34,648	25,675	2,170,188
2014	2,201,075	24,887	19,160	2,245,122
2015	626,072	15,314	12,694	654,080
2016-2019	2,318,925	27,033	25,316	2,371,274
Total	\$ 11,179,833	\$ 199,372	\$ 152,530	\$ 11,531,735

There is \$1,995,496 available in the General Debt Service and \$10,296,632 in the Education Debt Service funds to service long-term debt. Bonded debt per capita totaled \$415, based on the 2000 federal census. Debt per capita, including bonds, notes, the line of credit, other loans, and capital leases totaled \$737, based on the 2000 federal census.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

Governmental Activities	Other Loans		
	Bonds	Notes	Loans
Balance, July 1, 2009	\$ 16,074,500	\$ 116,000	\$ 12,406,038
Additions	0	500,665	836,338
Deductions	(1,154,000)	(549,275)	(2,062,543)
Balance, June 30, 2010	\$ 14,920,500	\$ 67,390	\$ 11,179,833
Balance Due Within One Year	\$ 1,209,000	\$ 67,390	\$ 1,914,071

	Compensated Absences		
	Capital Leases	Line of Credit	Absences
Balance, July 1, 2009	\$ 260,556	\$ 109,648	\$ 901,201
Additions	0	0	621,775
Deductions	(76,188)	0	(791,662)
Balance, June 30, 2010	\$ 184,368	\$ 109,648	\$ 731,314
Balance Due Within One Year	\$ 62,436	\$ 109,648	\$ 146,261

	Other Postemployment Benefits	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2009	\$ 9,349	\$ 201,476
Additions	93,023	2,417
Deductions	(19,475)	0
Balance, June 30, 2010	<u>\$ 82,897</u>	<u>\$ 203,893</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 27,479,843
Less: Due Within One Year	(3,508,806)
Less: Deferred Amount on Refunding	<u>(283,820)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 23,687,217</u>

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

**Discretely Presented Cheatham County School Department**

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Cheatham County School Department for the year ended June 30, 2010, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2009	\$ 0	\$ 3,176,945
Additions	4,111	1,128,549
Deductions	0	(589,857)
Balance, June 30, 2010	<u>\$ 4,111</u>	<u>\$ 3,715,637</u>
Balance Due Within One Year	<u>\$ 1,028</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 3,719,748
Less: Due Within One Year	<u>(1,028)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,718,720</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Cheatham County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2010, were \$99,201 and \$11,638, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**H. Short-term Debt**

Cheatham County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the following funds. These notes were necessary because funds were not available to meet obligations coming due before current tax collections. Short-term debt activity for the year ended June 30, 2010, was as follows:

Fund	Balance 7-1-09	Issued	Paid	Balance 6-30-10
General	\$ 0	\$ 1,000,000	\$ (1,000,000)	\$ 0
Solid Waste/Sanitation	0	125,000	(125,000)	0
General Purpose School	0	1,000,000	(1,000,000)	0

**V. OTHER INFORMATION**

**A. Risk Management**

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

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

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

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

**B. Risk Financing Activities**

Cheatham County and several other counties, cities, and local government entities were members of the Local Government Insurance Cooperative (LOGIC) for workers' compensation insurance for one or more policy years in 1996-97, 1997-98, and 1999-2000. LOGIC obtained excess coverage insurance from Reliance Insurance Company for claims that exceeded specific amounts. Reliance Insurance Company is now insolvent and is being liquidated in the State of Pennsylvania. The insolvency of Reliance Insurance Company has left the LOGIC members exposed to significant claim liabilities for their policy years. In 2003, the LOGIC board of directors assessed its members certain amounts for each member's share of outstanding claims unpaid by Reliance Insurance Company. In 2009, the LOGIC board of directors made a second assessment of its members. Cheatham County's share of this second assessment totaled \$134,170.

**C. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance, nonfinancial in nature, and a useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Cheatham County and the Cheatham County School Department had no assets that met the definition of intangible assets at June 30, 2010. However, it is reasonably expected that Cheatham County and the School Department may acquire intangible assets in subsequent years.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks; or to lower the costs of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statement No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with Cheatham County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investment purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenues in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e., effective) derivative instruments are reported in the Statement of Net Assets as deferrals. Cheatham County had not participated in derivative transactions as of June 30, 2010. However, it is reasonably expected that Cheatham County may enter into derivative transactions in subsequent years.

**D. Subsequent Events**

On July 29, 2010, the Education Debt Service Fund issued a tax anticipation note of \$2,000,000 to the General Fund to provide temporary operating funds.

On August 31, 2010, William Orange left the Office of County Mayor and was succeeded by David McCullough, and W.J. Hall left the Office of County Clerk and was succeeded by Teresa Gupton.

On November 29, 2010, Dr. Timothy Webb became the director of schools, succeeding interim director Dianne Williams.

On December 22, 2010, Cheatham County issued \$2,575,000 in other loans for the purchase of land.

**E. Contingent Liabilities**

The county is involved in several pending lawsuits. The county attorney has not responded to requests to provide estimates of the potential claims not covered by insurance. However, management believes that any claims resulting from such litigation would not materially affect the county's financial statements.

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

Cheatham County has an active permit on file with the state Department of Environment and Conservation for a sanitary 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 Cheatham 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 \$203,893 reported as landfill closure and postclosure care liability at June 30, 2010, represents the cumulative amount reported to date based on the use of 21 percent of the estimated capacity of the landfill. Cheatham County stopped accepting waste at the landfill in March 1994; however, the landfill has not been closed. The county contracted its waste management with a private vendor. The county will recognize the remaining estimated costs of closure and postclosure care of \$788,387 if or as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**G. Joint Ventures**

The Cheatham County Joint Economic and Community Development Board is a joint venture between Cheatham County and the cities of Ashland City, Kingston Springs, Pegram, and Pleasant View. The board comprises the county mayor, city mayors, and eight additional members. The purpose of the board is to foster communication relative to economic and community development between and among governmental entities, industry, and private citizens. The county and cities will provide the majority of funding for the board based on the percentage of their population compared to the total census of the county when financial activity begins. Cheatham County paid expenses of \$62,702 on behalf of and contributed \$114,798 to the Cheatham County Joint Economic and Community Development Board during the 2009-10 year.

The Twenty-third Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-third Judicial District; Cheatham, Dickson, Houston, Humphreys, and Stewart counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Cheatham County made no contributions to the DTF for the year ended June 30, 2010.

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

Administrative Offices:

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

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

**H. Jointly Governed Organization**

The Cheatham County Rail Authority was created by the county in conjunction with Metropolitan Davidson County. The Cheatham County Rail Authority's board includes seven members. Five members are appointed by the Cheatham County Commission, and two members are appointed by

Metropolitan Davidson County. Cheatham County did not appropriate any funds to the authority for the year ended June 30, 2010. Funding sources for the Cheatham County Rail Authority are grants, freight service fees, interest, and private contributions.

## **I. Retirement Commitments**

### **Employees**

#### **Plan Description**

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

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

#### **Funding Policy**

Cheatham County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, was 5.14 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Cheatham County is established and may be amended by the TCRS Board of Trustees.

## Annual Pension Cost

For the year ended June 30, 2010, Cheatham County's annual pension cost of \$712,002 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Cheatham County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was eight years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$712,002	100%	\$0
6-30-09	711,000	100	0
6-30-08	657,081	100	0

### Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 87.31 percent funded. The actuarial accrued liability for benefits was \$26.86 million, and the actuarial value of assets was \$23.45 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.41 million. The covered payroll (annual payroll of active employees covered by the plan) was \$13.64 million, and the ratio of the UAAL to the covered payroll was 24.99 percent.

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

The TCRS uses the frozen entry age actuarial cost method to calculate the annual required contribution. Effective July 1, 2009, the TCRS reestablished the unfunded accrued liabilities for all groups.

## **School Teachers**

### **Plan Description**

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

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

### **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, 2010, was 6.42 percent of annual covered payroll. The employer contribution requirement for the Cheatham County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2010, 2009, and 2008, were \$1,390,227, \$1,406,017, and \$1,371,881, respectively, equal to the required contributions for each year.

**J. Other Postemployment Benefits (OPEB)**

Plan Description

Cheatham County and the Cheatham 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 8-27-302, Tennessee Code Annotated (TCA), for local education employees and Section 8-27-207, TCA, for local governments. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plans are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in the plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The required contribution rate for School Department retirees ranges from ten to 55 percent based on the years of service. Cheatham County and the School Department recognized expenditures of \$19,475 and \$589,857, respectively, for postemployment benefits during the year ended June 30, 2010.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Insurance Plan	Local Government Group Insurance Plan
ARC	\$ 1,121,000	\$ 93,000
Interest on the NPO	142,963	421
Adjustment to the ARC	(135,414)	(398)
Annual OPEB cost	<u>\$ 1,128,549</u>	<u>\$ 93,023</u>
Amount of contribution	<u>(589,857)</u>	<u>(19,475)</u>
Increase/decrease in NPO	\$ 538,692	\$ 73,548
Net OPEB obligation, 7-1-09	<u>3,176,945</u>	<u>9,349</u>
Net OPEB obligation, 6-30-10	<u><u>\$ 3,715,637</u></u>	<u><u>\$ 82,897</u></u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	\$ 2,005,000	21%	\$ 1,586,888
6-30-09	"	2,006,907	21	3,176,945
6-30-10	"	1,128,549	52	3,715,637
6-30-08	Local Government Group	30,248	85	4,421
6-30-09	"	30,511	84	9,349
6-30-10	"	93,023	21	82,897

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

	Local Education Group Insurance Plan	Local Government Group Insurance Plan
Actuarial valuation date	7-1-09	7-1-09
Actuarial accrued liability (AAL)	\$ 8,760,000	\$ 612,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 8,760,000	\$ 612,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 28,327,000	\$ 8,212,100
UAAL as a % of covered payroll	31%	7%

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

#### Actuarial Methods and Assumptions

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

In the July 1, 2009, actuarial valuation, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses). The annual healthcare cost trend rate for the Local Education Plan was four percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Local Government Plan was three percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. 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.

### **K. Office of Central Accounting and Budgeting**

#### Office of Director of Accounts and Budgets

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

**L. Purchasing Laws**

Offices of County Mayor and Road Superintendent

Purchasing procedures for these offices are governed by Chapter 250, Private Acts of 1933, as amended, and the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated (TCA). Purchasing procedures for the Road Department are also governed by the Uniform Road Law, Section 54-7-113, TCA. Chapter 250, Private Acts of 1933, as amended, provides for the establishment of a Purchasing Commission whose responsibility is to establish guidelines for bid requirements and purchasing procedures and to keep a record of all purchases. The County Purchasing Law of 1983 and the Uniform Road Law both provide for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids. In January 1987, the County Commission adopted a resolution requiring department heads to 1) authorize all purchases exceeding \$50 and 2) obtain purchase orders issued by the director of accounts and budgets.

Office of Director of Schools

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

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

**A. General Statement**

The Cheatham County Emergency Communications District was established for the purpose of providing an enhanced level of 911 services for Cheatham County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and more effectively due to increased speed in the transmittal of critical information and improved reliability of address and information. It is a component unit and proprietary fund of Cheatham County. The Cheatham County Emergency Communications District is run by a board of directors appointed by Cheatham County. The district must file a budget with Cheatham County each year. Any bond issued by the district is subject to approval by Cheatham County.

**1. Summary of Significant Accounting Policies**

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

**2. Cash and Cash Equivalents**

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

**3. Major Sources of Revenue**

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

**4. Occupancy and Personnel In-Kind**

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

**B. Cash and Cash Equivalents**

Tennessee Code Annotated (TCA), requires Tennessee banks and savings and loan associations to secure a governmental entity's deposits by pledging government securities as collateral. The market value of pledged securities must equal 105 percent of the entity's deposits. The entity may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or Savings Association Insurance Fund.

The following is a schedule of bank accounts at June 30, 2010:

Checking - Prime Trust Bank	\$ 68,134
Money Market - Prime Trust Bank	80,898
Certificates of Deposit - Prime Trust Bank	100,000
Local Government Investment Pool	<u>9,618</u>
 Total	 <u><u>\$ 258,650</u></u>

At June 30, 2010, the carrying amount of the Cheatham County Emergency Communications District's cash deposits was \$258,650. The district's deposit accounts are covered up to \$250,000 by the FDIC. Any amounts over \$250,000 are covered by the government collateralization pool of which Prime Trust Bank is a member. The district is authorized to deposit and invest funds according to the provisions of Section 5-8-301, TCA.

**C. Bonding**

Cheatham County Emergency Communications District had insurance coverage for commercial liability, automobile, management, and surety bonds covering the treasurer, other members of the board, and the coordinator totaling \$51,600 each at June 30, 2010. There have been no losses or settlements during the past three years.

**D. Capital Assets**

The following is a schedule of equipment, current-year depreciation expense, and accumulated depreciation at June 30, 2010:

<u>Assets</u>	<u>Cost</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation</u>
Communications Equipment	\$ 1,047,993	\$ 33,588	\$ 604,594
Office Equipment	11,439	94	11,439
Vehicles	<u>9,427</u>	<u>1,725</u>	<u>8,421</u>
 Total	 <u><u>\$ 1,068,859</u></u>	 <u><u>\$ 35,407</u></u>	 <u><u>\$ 624,454</u></u>

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

<u>Assets</u>	Balance 7-1-09	Additions	Balance 6-30-10
Communications Equipment	\$ 1,047,993	\$ 0	\$ 1,047,993
Office Equipment	11,439	0	11,439
Vehicles	9,427	0	9,427
<b>Total</b>	<b>\$ 1,068,859</b>	<b>\$ 0</b>	<b>\$ 1,068,859</b>

The district had made no additions, adjustments, or retirements as of June 30, 2010.

**E. Accounts Receivable and Due from State ECB**

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

<u>Accounts Receivable</u>	
Bell South	\$ 14,013
Other Emergency Phone Service Charges	5,708
Subtotal	<u>\$ 19,721</u>
 <u>Due from State ECB</u>	
State of Tennessee	<u>15,097</u>
 Total	 <u><u>\$ 34,818</u></u>

**F. Notes Payable**

On September 29, 2006, the district borrowed \$400,000 from Cheatham County at an interest rate of 3.979 percent. As of June 30, 2010, the district had paid off the debt.

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

Balance 7-1-09	Principal Payments	Balance 6-30-10
\$ 116,000	\$ (116,000)	\$ 0

**G. Contracts with Government Agencies**

The Cheatham County Emergency Communications District pays the Cheatham County government for contract labor. The district had no employees of its own at June 30, 2010.

**H. Compensated Absences**

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

**I. Budgetary Information**

The district must file a budget with Cheatham County each year, which must be legally adopted by the county. The budget is prepared on the accrual basis of accounting. Compliance with the legally adopted budget is required at the program level as well as the object level.

**VII. OTHER NOTES - DISCRETELY PRESENTED CHEATHAM COUNTY WATER AND WASTE WATER AUTHORITY**

**A. General Statement and Summary of Significant Accounting Policies**

The Cheatham County Water and Waste Water Authority was established by resolution of the Cheatham County Commission to be operational July 1, 1998, for the purpose of operating the industrial park wastewater system. The authority is a component unit and proprietary fund of Cheatham County. The Cheatham County Water and Waste Authority is run by a board of directors appointed by Cheatham County. The authority must obtain County Commission approval before the issuance of debt. The County Commission does not have authority to change the Cheatham County Water and Wastewater Authority's rates without board of director's approval.

**1. Summary of Significant Accounting Policies**

**a. Capital Assets and Depreciation**

Capital assets are recorded at cost and depreciated over their useful lives of 40 years using the straight-line method. Construction period interest is capitalized. All capital expenditures under \$1,000 are expensed. Of the \$1,014,090 of capital assets included in these financial statements, approximately \$759,000 is based not on cost, but on the best evidence available, which is bid cost and/or preliminary cost estimates according to the engineer.

**b. Basis of Accounting**

The Cheatham County Water and Waste Water Authority presents its financial statements on the accrual basis according to Governmental Accounting Standards Board (GASB) Statement No. 20, and follows pronouncements of the Financial Accounting Standards Board (FASB) issued before November 30, 1989 unless they conflict with or contradict GASB guidance. After November 30, 1989, the district follows GASB guidelines only and does not follow any FASB guidelines issued after that date. Revenues are recognized when earned, and expenses are recognized when incurred.

**c. Measurement Focus**

The authority uses the economic resources measurement focus. Accordingly, it reports all assets and liabilities on the Statement of Net Assets. The reported net assets are segregated into three components: invested in capital assets, net of related debt, restricted, and unrestricted. The authority's operating statement presents increases (revenues) and decreases (expenses) in net assets.

**d. Use of Estimates**

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

**e. Cash and Cash Equivalents**

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

**f. Major Sources of Revenue**

The major source of operating revenue is sewer charges. The major source of nonoperating revenue is interest income.

**B. Cash and Cash Investments**

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

collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or Savings Association Insurance Fund (SAIF).

The following is a schedule of bank accounts at June 30, 2010:

Checking - Community B&T	\$ 64,162
Money Market - Community B&T	<u>383,728</u>
Total	<u>\$ 447,890</u>

At June 30, 2010, the carrying amount of the Cheatham County Water and Waste Water Authority's cash deposits was \$447,890. The authority's deposit accounts are covered up to \$250,000 by the FDIC. Any amounts over \$250,000 are covered by the government collateralization pool of which Community Bank & Trust is a member. The authority is authorized to deposit and invest funds according to the provisions of Section 5-8-301, TCA.

**C. Bonding**

The authority is exposed to various risks of loss related to torts, errors, and omissions. The authority has elected not to obtain insurance policies to transfer risk to a commercial insurance company either directly or through the Tennessee County Services Pool and is, in effect, self-insured with an unfunded plan. Insurance settlements have not been in excess of insurance coverage in any of the prior three fiscal years.

**D. Capital Assets**

The following is a schedule of equipment, current year depreciation expense, and accumulated depreciation at June 30, 2010:

<u>Assets</u>	<u>Cost</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation</u>
<u>Non-Depreciable</u>			
Land	\$ 41,280	\$ 0	\$ 0
<u>Depreciable</u>			
Water Sewage Plant	<u>1,014,090</u>	<u>25,352</u>	<u>809,107</u>
Total Assets	<u>\$ 1,055,370</u>	<u>\$ 25,352</u>	<u>\$ 809,107</u>

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

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
<u>Assets</u>				
<u>Non-Depreciable</u>				
Land	\$ 41,280	\$ 0	\$ (41,280)	\$ 0
<u>Depreciable</u>				
Water Sewer Plant	1,014,090	0	0	1,014,090
Total Assets	<u>\$ 1,055,370</u>	<u>\$ 0</u>	<u>\$ (41,280)</u>	<u>\$ 1,014,090</u>

Accumulated Depreciation

<u>Depreciable</u>				
Water Sewer Plant	\$ 783,755	\$ 25,352	\$ 0	\$ 809,107
Total Accumulated Depreciation	<u>\$ 783,755</u>	<u>\$ 25,352</u>	<u>\$ 0</u>	<u>\$ 809,107</u>

Net Capital Assets

<u>Non-Depreciable</u>				
Land	\$ 41,280	\$ 0	\$ (41,280)	\$ 0
<u>Depreciable</u>				
Water Sewer Plant	230,335	0	(25,352)	204,983
Total Accumulated Depreciation	<u>\$ 271,615</u>	<u>\$ 0</u>	<u>\$ (66,632)</u>	<u>\$ 204,983</u>

**E. Accounts Receivable**

Accounts receivable consist of the following for sewer charges:

City of Ashland City	\$ 15,501
Various Companies	<u>7,455</u>
Total	<u>\$ 22,956</u>

**F. Extraordinary Item**

On July 15, 2008, the Cheatham County Water and Wastewater Authority purchased land owned by L&T Associates through eminent domain for \$41,280 for a wastewater treatment site. During 2009-10, a lawsuit was brought upon the authority by L&T Associates that challenged the value paid to them for the land and the viable use of the property as a wastewater

treatment site. In June 2010, the lawsuit was settled whereby (1) deed to the land valued at \$41,280 was returned to L&T Associates, (2) a settlement check of \$40,000 was paid by the authority to L&T Associates, and (3) all attorney fees and court costs were paid by the authority. Legal fees totaled \$81,788. The total expense to the Cheatham County Water and Wastewater Authority of the settled lawsuit totaled \$163,068.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

Cheatham County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,294,290	\$ 0	0	\$ 8,294,290	\$ 7,586,433	\$ 8,100,183	\$ 194,107
Licenses and Permits	328,351	0	0	328,351	359,000	359,000	(30,649)
Fines, Forfeitures, and Penalties	140,544	0	0	140,544	196,600	203,348	(62,804)
Charges for Current Services	982,125	0	0	982,125	948,757	949,507	32,618
Other Local Revenues	233,046	0	0	233,046	419,500	421,282	(188,236)
Fees Received from County Officials	1,649,146	0	0	1,649,146	1,846,000	1,846,000	(196,854)
State of Tennessee	579,787	0	0	579,787	601,988	704,688	(124,901)
Federal Government	93,673	0	0	93,673	59,000	115,977	(22,304)
Other Governments and Citizens Groups	332,134	0	0	332,134	317,086	378,644	(46,510)
<b>Total Revenues</b>	<b>\$ 12,633,096</b>	<b>\$ 0</b>	<b>0</b>	<b>\$ 12,633,096</b>	<b>\$ 12,334,364</b>	<b>\$ 13,078,629</b>	<b>\$ (445,533)</b>

<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 123,810	(48)	0	\$ 123,762	\$ 102,587	\$ 124,855	\$ 1,093
County Mayor/Executive	183,668	(500)	700	183,868	233,924	238,925	55,057
Personnel Office	65,080	(400)	0	64,680	67,311	67,311	2,631
Election Commission	106,438	(1,657)	237	105,018	113,732	111,232	6,214
Register of Deeds	174,749	(610)	230	174,369	172,584	182,184	7,815
Planning	100	0	0	100	0	100	0
Building	182,645	(1,205)	823	182,263	183,628	188,828	6,565
County Buildings	472,773	(7,130)	1,930	467,573	475,726	475,727	8,154
<u>Finance</u>							
Accounting and Budgeting	257,854	(743)	0	257,111	291,026	269,008	11,897
Property Assessor's Office	247,550	(5,085)	0	242,465	252,124	252,374	9,909
Reappraisal Program	45,684	0	0	45,684	45,916	45,916	232

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	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	\$ 194,890	\$ (2,855)	14,369	\$ 206,404	\$ 203,162	\$ 207,040	\$ 636
County Clerk's Office	322,485	(8)	94	322,571	379,173	327,986	5,415
<u>Administration of Justice</u>							
Circuit Court	387,576	(1,710)	1,760	387,626	411,195	403,495	15,869
General Sessions Court	144,021	0	0	144,021	155,611	144,534	513
Chancery Court	219,924	(306)	0	219,618	245,262	223,830	4,212
Juvenile Court	275,928	0	0	275,928	300,917	278,960	3,032
Probation Services	148,614	(650)	650	148,614	155,516	150,339	1,725
Courtroom Security	157,050	0	0	157,050	170,825	159,564	2,514
<u>Public Safety</u>							
Sheriff's Department	1,915,938	(6,352)	2,312	1,911,898	2,090,192	1,922,449	10,551
Jail	1,353,239	(1,500)	1,500	1,353,239	1,419,818	1,362,374	9,135
Rural Fire Protection	248,829	0	0	248,829	250,183	250,183	1,354
Other Emergency Management	105,053	(197)	0	104,856	116,400	111,223	6,367
County Coroner/Medical Examiner	77,907	0	0	77,907	46,600	81,600	3,693
Other Public Safety	568,368	0	0	568,368	680,241	570,169	1,801
<u>Public Health and Welfare</u>							
Local Health Center	41,018	(478)	10,295	50,835	28,165	130,865	80,030
Rabies and Animal Control	167,461	(6,479)	1,263	162,245	203,298	176,969	14,724
Ambulance/Emergency Medical Services	1,576,786	(7,475)	3,865	1,573,176	1,655,230	1,588,385	15,209
Other Local Health Services	35,919	0	0	35,919	36,590	36,590	671
General Welfare Assistance	33,198	0	0	33,198	33,198	33,198	0
Sanitation Education/Information	41,401	0	0	41,401	43,827	43,827	2,426

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	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	\$ 74,664	\$ 0	\$ 0	\$ 74,664	\$ 110,000	\$ 74,664	\$ 0
Libraries	215,741	(8,466)	3,710	210,985	205,804	213,881	2,896
Parks and Fair Boards	121,112	0	0	121,112	0	121,112	0
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	97,322	(1,000)	0	96,322	105,029	111,772	15,450
Soil Conservation	34,950	0	0	34,950	46,688	35,610	660
Flood Control	1,013,748	0	1,000	1,014,748	0	2,000,000	985,252
<u>Other Operations</u>							
Other Economic and Community Development	62,602	0	0	62,602	67,441	62,264	(338)
Veterans' Services	0	0	0	0	1,844	1,844	1,844
Other Charges	167,357	0	0	167,357	170,000	170,000	2,643
Contributions to Other Agencies	648,769	0	0	648,769	389,827	639,827	(8,942)
Employee Benefits	810,067	0	0	810,067	47,510	810,161	94
ARRA Grant No. 1	42,359	0	0	42,359	0	42,359	0
ARRA Grant No. 2	3,274	0	0	3,274	0	3,274	0
ARRA Grant No. 3	0	0	0	0	0	10,305	10,305
Miscellaneous	363,587	0	0	363,587	247,881	363,693	106
<u>Capital Projects</u>							
Public Health and Welfare Projects	12,958	0	0	12,958	0	0	(12,958)
Total Expenditures	\$ 13,544,466	\$ (54,854)	\$ 44,738	\$ 13,534,350	\$ 11,955,985	\$ 14,820,806	\$ 1,286,456
Excess (Deficiency) of Revenues Over Expenditures	\$ (911,370)	\$ 54,854	\$ (44,738)	\$ (901,254)	\$ 378,379	\$ (1,742,177)	\$ 840,923

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,000,000	\$ (2,000,000)	
Insurance Recovery	19,370	0	0	19,370	1,500	20,612	(1,242)
Transfers Out	(766,250)	0	0	(766,250)	(250,000)	(763,750)	(2,500)
Total Other Financing Sources (Uses)	\$ (746,880)	\$ 0	\$ 0	(746,880)	(248,500)	1,256,862	(2,003,742)
Net Change in Fund Balance	\$ (1,658,250)	\$ 54,854	\$ (44,738)	(1,648,134)	\$ 129,879	\$ (485,315)	\$ (1,162,819)
Fund Balance, July 1, 2009	2,212,541	(54,854)	0	2,157,687	599,295	599,295	1,558,392
Fund Balance, June 30, 2010	\$ 554,291	\$ 0	\$ (44,738)	\$ 509,553	\$ 729,174	\$ 113,980	\$ 395,573

Exhibit E-2

Cheatham County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 945,959	\$ 0	\$ 0	\$ 945,959	\$ 889,950	\$ 889,950	\$ 56,009
Other Local Revenues	20,594	0	0	20,594	3,600	3,600	16,994
State of Tennessee	1,847,046	0	0	1,847,046	1,803,000	1,803,000	44,046
Total Revenues	\$ 2,813,599	\$ 0	\$ 0	\$ 2,813,599	\$ 2,696,550	\$ 2,696,550	\$ 117,049
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 209,998	(1,100)	146	209,044	187,410	215,513	6,469
Highway and Bridge Maintenance	1,411,267	(50,550)	15,798	1,376,515	1,579,564	1,583,130	206,615
Operation and Maintenance of Equipment	441,051	0	2,681	443,732	351,154	457,577	13,845
Other Charges	131,769	0	0	131,769	112,250	134,748	2,979
Employee Benefits	331,095	0	0	331,095	356,900	356,900	25,805
Capital Outlay	13,878	0	0	13,878	15,750	14,208	330
<u>Principal on Debt</u>							
Highways and Streets	76,188	0	0	76,188	74,800	76,204	16
Interest on Debt	10,156	0	0	10,156	10,100	10,238	82
Highways and Streets	\$ 2,625,402	\$ (51,650)	\$ 18,625	\$ 2,592,377	\$ 2,687,928	\$ 2,848,518	\$ 256,141
Total Expenditures							
Excess (Deficiency) of Revenues Over Expenditures	\$ 188,197	\$ 51,650	\$ (18,625)	\$ 221,222	\$ 8,622	\$ (151,968)	\$ 373,190
Net Change in Fund Balance	\$ 188,197	\$ 51,650	\$ (18,625)	\$ 221,222	\$ 8,622	\$ (151,968)	\$ 373,190
Fund Balance, July 1, 2009	1,348,010	(51,650)	0	1,296,360	1,147,354	1,147,354	149,006
Fund Balance, June 30, 2010	\$ 1,536,207	\$ 0	\$ (18,625)	\$ 1,517,582	\$ 1,155,976	\$ 995,386	\$ 522,196

Exhibit E-3

Cheatham County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Cheatham County School Department  
June 30, 2010

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-09	\$ 23,452	\$ 26,861	\$ 3,409	87.31 %	\$ 13,639	24.99 %
7-1-07	21,619	22,978	1,359	94.09	11,035	12.32

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method went into effect during the year of the 2007 actuarial valuation, therefore, only the two most recent valuations are presented.

Exhibit E-4

Cheatham County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Cheatham County School Department  
June 30, 2010

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-07	\$ 0	202 \$	202 \$	0 %	\$ 8,098	2 %
"	7-1-09	0	612	612	0	8,212	7
<u>DISCRETELY PRESENTED CHEATHAM COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-07	0	14,514	14,514	0	22,030	66
"	7-1-09	0	8,760	8,760	0	28,327	31

\*Data only available for two valuations.

**CHEATHAM COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2010**

**A. BUDGETARY INFORMATION**

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

The budgetary level of control is at the major category level established by the 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, County Mayor/Executive, Personnel Office, Election Commission, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

**B. CASH SHORTAGE – PRIOR YEARS**

The audit of Cheatham County for the 2007-08 year reported a cash shortage of \$68,281.11 in the Highway Department. Our investigation revealed that from February 5, 2007, through December 18, 2007, the Highway Department bookkeeper fraudulently issued 16 vendor checks totaling \$68,281.11 for personal use. On August 15, 2008, the bookkeeper was found guilty of theft of \$60,000 or more and was sentenced. The bookkeeper was also ordered to pay restitution totaling \$68,211.11 to the Highway Department. As of June 30, 2010, the former bookkeeper had paid restitution of \$34,497.36, and a \$70 reduction was made for the difference between the cash shortage amount and the court order leaving a cash shortage of \$33,713.75 at June 30, 2010.

**C. EXPENDITURES EXCEEDED APPROPRIATIONS**

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

Major Category	Amount Overspent
Other Economic and Community Development	\$ 338
Contributions to Other Agencies	8,942
Public Health and Welfare Projects	12,958
Transfers Out	2,500

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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

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

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

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

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

# Debt Service Fund

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

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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.

# Capital Projects Funds

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

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

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

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

Exhibit F-1

Cheatham County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010

	Special Revenue Funds						Total
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Unemployment Compensation		
\$	0	150	0	0	0	0	10,987
	15,705	573,508	207,574	10,837	0	31,127	827,914
	780	3,112	2,044	12,045	0	0	17,981
	0	0	0	0	0	0	0
	0	855,186	0	0	0	0	855,186
	0	(26,456)	0	0	0	0	(26,456)
\$	16,485	1,405,500	209,618	22,882	31,127	0	1,685,612

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	
Due to Litigants, Heirs, and Others	
Deferred Revenue - Current Property Taxes	
Deferred Revenue - Delinquent Property Taxes	
Total Liabilities	
<u>Fund Balances</u>	
Reserved for Encumbrances	
Unreserved	
Total Fund Balances	
Total Liabilities and Fund Balances	

(Continued)

Exhibit F-1

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

	Capital Projects Funds					Total Nonmajor Governmental Funds
	Debt Service Fund	General Debt Service	General Capital Projects	Other Capital Projects	Total	
\$	0	0	0	0	0	10,987
Equity in Pooled Cash and Investments	1,963,162	576,551	632,225	1,208,776	3,999,852	3,999,852
Accounts Receivable	6,361	705	1,353	2,058	26,400	26,400
Due from Other Governments	25,203	0	0	0	25,203	25,203
Property Taxes Receivable	205,245	36,822	45,974	82,796	1,143,227	1,143,227
Allowance for Uncollectible Property Taxes	(6,350)	(2,169)	(6,056)	(8,225)	(41,031)	(41,031)
<b>Total Assets</b>	<b>2,193,621</b>	<b>611,909</b>	<b>673,496</b>	<b>1,285,405</b>	<b>5,164,638</b>	<b>5,164,638</b>

ASSETS

Cash	10,987
Equity in Pooled Cash and Investments	3,999,852
Accounts Receivable	26,400
Due from Other Governments	25,203
Property Taxes Receivable	1,143,227
Allowance for Uncollectible Property Taxes	(41,031)
<b>Total Assets</b>	<b>5,164,638</b>

LIABILITIES AND FUND BALANCES

<b>Liabilities</b>					
Accounts Payable	0	73,476	0	0	128,479
Due to Litigants, Heirs, and Others	0	0	0	0	22,882
Deferred Revenue - Current Property Taxes	194,382	32,397	32,397	64,794	1,069,102
Deferred Revenue - Delinquent Property Taxes	3,743	1,871	6,238	8,109	27,443
<b>Total Liabilities</b>	<b>198,125</b>	<b>107,744</b>	<b>38,635</b>	<b>146,379</b>	<b>1,247,906</b>
<b>Fund Balances</b>					
Reserved for Encumbrances	0	0	0	0	8,938
Unreserved	1,995,496	504,165	634,861	1,139,026	3,907,794
<b>Total Fund Balances</b>	<b>1,995,496</b>	<b>504,165</b>	<b>634,861</b>	<b>1,139,026</b>	<b>3,916,732</b>
<b>Total Liabilities and Fund Balances</b>	<b>2,193,621</b>	<b>611,909</b>	<b>673,496</b>	<b>1,285,405</b>	<b>5,164,638</b>

Cheatham County, Tennessee  
 Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2010

	Special Revenue Funds						Total
	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Unemployment Compensation		
<b>Revenues</b>							
Local Taxes	\$ 9,896	\$ 912,798	\$ 0	\$ 0	\$ 0	\$ 0	\$ 922,694
Fines, Forfeitures, and Penalties	0	0	75,087	0	0	0	75,087
Charges for Current Services	0	182,050	0	11,000	135,033	0	328,083
Other Local Revenues	0	23,519	0	0	0	0	23,519
State of Tennessee	0	34,600	0	0	0	0	34,600
<b>Total Revenues</b>	<b>\$ 9,896</b>	<b>\$ 1,152,967</b>	<b>\$ 75,087</b>	<b>\$ 11,000</b>	<b>\$ 135,033</b>	<b>\$ 0</b>	<b>\$ 1,383,983</b>
<b>Expenditures</b>							
Current:							
General Government	\$ 28,601	\$ 20,547	\$ 689	\$ 0	\$ 128,532	\$ 0	\$ 178,369
Administration of Justice	0	0	0	11,000	0	0	11,000
Public Safety	0	0	8,912	0	0	0	8,912
Public Health and Welfare	0	950,184	0	0	0	0	950,184
Other Operations	0	24,000	0	0	0	0	24,000
Debt Service:							
Principal on Debt	0	0	0	0	0	0	0
Interest on Debt	0	0	0	0	0	0	0
Other Debt Service	0	0	0	0	0	0	0
Capital Projects	0	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>\$ 28,601</b>	<b>\$ 994,731</b>	<b>\$ 9,601</b>	<b>\$ 11,000</b>	<b>\$ 128,532</b>	<b>\$ 0</b>	<b>\$ 1,172,465</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (18,705)</b>	<b>\$ 158,236</b>	<b>\$ 65,486</b>	<b>\$ 0</b>	<b>\$ 6,501</b>	<b>\$ 0</b>	<b>\$ 211,518</b>
<b>Other Financing Sources (Uses)</b>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Loans Issued	0	0	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Net Change in Fund Balances</b>	<b>\$ (18,705)</b>	<b>\$ 158,236</b>	<b>\$ 65,486</b>	<b>\$ 0</b>	<b>\$ 6,501</b>	<b>\$ 0</b>	<b>\$ 211,518</b>
<b>Fund Balance, July 1, 2009</b>	<b>35,190</b>	<b>369,259</b>	<b>144,132</b>	<b>0</b>	<b>22,111</b>	<b>0</b>	<b>570,692</b>
<b>Fund Balance, June 30, 2010</b>	<b>\$ 16,485</b>	<b>\$ 527,495</b>	<b>\$ 209,618</b>	<b>\$ 0</b>	<b>\$ 28,612</b>	<b>\$ 0</b>	<b>\$ 782,210</b>

(Continued)

Exhibit F-2

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

	Debt Service Fund	Capital Projects Funds				Total Nonmajor Governmental Funds
		General Debt Service	General Capital Projects	Education Capital Projects	Other Capital Projects	
<b>Revenues</b>						
Local Taxes	\$ 402,097	\$ 111,465	\$ 0	\$ 364,769	\$ 476,234	\$ 1,801,025
Fines, Forfeitures, and Penalties	0	0	0	0	0	75,087
Charges for Current Services	0	0	0	0	0	328,083
Other Local Revenues	7,218	0	0	0	0	30,737
State of Tennessee	5,537	2,769	0	9,228	11,997	52,134
<b>Total Revenues</b>	<b>\$ 414,852</b>	<b>\$ 114,234</b>	<b>\$ 0</b>	<b>\$ 373,997</b>	<b>\$ 488,231</b>	<b>\$ 2,287,066</b>
<b>Expenditures</b>						
Current:						
General Government	\$ 6,088	\$ 2,234	\$ 0	\$ 7,387	\$ 9,621	\$ 194,078
Administration of Justice	0	0	0	0	0	11,000
Public Safety	0	0	0	0	0	8,912
Public Health and Welfare	0	0	0	0	0	950,184
Other Operations	0	0	0	0	0	24,000
Debt Service:						
Principal on Debt	501,000	0	0	0	0	501,000
Interest on Debt	3,795	0	0	0	0	3,795
Other Debt Service	301	0	0	0	0	301
Capital Projects	0	213,083	1,337,003	272,957	1,823,043	1,823,043
<b>Total Expenditures</b>	<b>\$ 511,184</b>	<b>\$ 215,317</b>	<b>\$ 1,337,003</b>	<b>\$ 280,344</b>	<b>\$ 1,832,664</b>	<b>\$ 3,516,313</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (96,332)</b>	<b>\$ (101,083)</b>	<b>\$ (1,337,003)</b>	<b>\$ 93,653</b>	<b>\$ (1,344,433)</b>	<b>\$ (1,229,247)</b>
<b>Other Financing Sources (Uses)</b>						
Notes Issued	\$ 0	\$ 0	\$ 500,665	\$ 0	\$ 500,665	\$ 500,665
Other Loans Issued	0	0	836,338	0	836,338	836,338
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,337,003</b>	<b>\$ 0</b>	<b>\$ 1,337,003</b>	<b>\$ 1,337,003</b>
<b>Net Change in Fund Balances Fund Balance, July 1, 2009</b>	<b>\$ (96,332)</b>	<b>\$ (101,083)</b>	<b>\$ 0</b>	<b>\$ 93,653</b>	<b>\$ (7,430)</b>	<b>\$ 107,756</b>
<b>Fund Balance, June 30, 2010</b>	<b>\$ 1,995,496</b>	<b>\$ 504,165</b>	<b>\$ 0</b>	<b>\$ 634,861</b>	<b>\$ 1,139,026</b>	<b>\$ 3,916,732</b>

Exhibit F-3

Cheatham County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Courthouse and Jail Maintenance Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 9,896	\$ 15,000	\$ 15,000	\$ (5,104)
Total Revenues	\$ 9,896	\$ 15,000	\$ 15,000	\$ (5,104)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 28,500	\$ 14,650	\$ 43,200	\$ 14,700
Other General Administration	101	350	350	249
Total Expenditures	\$ 28,601	\$ 15,000	\$ 43,550	\$ 14,949
Excess (Deficiency) of Revenues Over Expenditures	\$ (18,705)	\$ 0	\$ (28,550)	\$ 9,845
Net Change in Fund Balance	\$ (18,705)	\$ 0	\$ (28,550)	\$ 9,845
Fund Balance, July 1, 2009	35,190	30,078	30,078	5,112
Fund Balance, June 30, 2010	\$ 16,485	\$ 30,078	\$ 1,528	\$ 14,957

Exhibit F-4

Cheatham County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 912,798	\$ 0	\$ 0	\$ 912,798	\$ 907,250	\$ 907,250	\$ 5,548
Charges for Current Services	182,050	0	0	182,050	140,000	140,000	42,050
Other Local Revenues	23,519	0	0	23,519	25,050	25,050	(1,531)
State of Tennessee	34,600	0	0	34,600	35,000	35,000	(400)
Total Revenues	\$ 1,152,967	\$ 0	\$ 0	\$ 1,152,967	\$ 1,107,300	\$ 1,107,300	\$ 45,667
<u>Expenditures</u>							
General Government							
Other General Administration	\$ 20,547	\$ 0	\$ 0	\$ 20,547	\$ 35,000	\$ 35,000	\$ 14,453
Public Health and Welfare							
Sanitation Management	180,215	0	0	180,215	171,739	173,232	(6,983)
Convenience Centers	707,510	(10,846)	5,760	702,424	793,379	793,379	90,955
Landfill Operation and Maintenance	62,459	(1,790)	3,178	63,847	52,800	77,800	13,953
Other Operations	0	0	0	0	16,255	762	762
Employee Benefits	24,000	0	0	24,000	10,000	24,000	0
Miscellaneous	994,731	(12,636)	8,938	991,033	1,079,173	1,104,173	113,140
Total Expenditures	\$ 158,236	\$ 12,636	\$ (8,938)	\$ 161,934	\$ 28,127	\$ 3,127	\$ 158,807
Excess (Deficiency) of Revenues Over Expenditures	\$ 158,236	\$ 12,636	\$ (8,938)	\$ 161,934	\$ 28,127	\$ 3,127	\$ 158,807
Net Change in Fund Balance Fund Balance, July 1, 2009	369,259	(12,636)	0	356,623	221,339	221,339	135,284
Fund Balance, June 30, 2010	\$ 527,495	\$ 0	\$ (8,938)	\$ 518,557	\$ 249,466	\$ 224,466	\$ 294,091

Exhibit F-5

Cheatham County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Drug Control Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 75,087	0 \$	75,087 \$	25,000 \$	25,000 \$	50,087
Total Revenues	\$ 75,087	0 \$	75,087 \$	25,000 \$	25,000 \$	50,087
<u>Expenditures</u>						
<u>General Government</u>						
Other General Administration	\$ 689	0 \$	689 \$	1,000 \$	1,000 \$	311
<u>Public Safety</u>						
Drug Enforcement	8,912	(75)	8,837	25,000	25,000	16,163
Total Expenditures	\$ 9,601	(75) \$	9,526 \$	26,000 \$	26,000 \$	16,474
Excess (Deficiency) of Revenues Over Expenditures	\$ 65,486	75 \$	65,561 \$	(1,000) \$	(1,000) \$	66,561
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ 0	0 \$	0 \$	0 \$	(3,315) \$	3,315
Total Other Financing Sources (Uses)	\$ 0	0 \$	0 \$	0 \$	(3,315) \$	3,315
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 65,486	75 \$	65,561 \$	(1,000) \$	(4,315) \$	69,876
	144,132	(75)	144,057	143,563	143,563	494
Fund Balance, June 30, 2010	\$ 209,618	0 \$	209,618 \$	142,563 \$	139,248 \$	70,370

Exhibit F-6

Cheatham County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Unemployment Compensation Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 135,033	\$ 22,400	\$ 131,000	\$ 4,033
Total Revenues	\$ 135,033	\$ 22,400	\$ 131,000	\$ 4,033
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 128,532	\$ 22,400	\$ 131,000	\$ 2,468
Total Expenditures	\$ 128,532	\$ 22,400	\$ 131,000	\$ 2,468
Excess (Deficiency) of Revenues Over Expenditures	\$ 6,501	\$ 0	\$ 0	\$ 6,501
Net Change in Fund Balance	\$ 6,501	\$ 0	\$ 0	\$ 6,501
Fund Balance, July 1, 2009	22,111	21,427	21,427	684
Fund Balance, June 30, 2010	\$ 28,612	\$ 21,427	\$ 21,427	\$ 7,185

Exhibit F-7

Cheatham County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 402,097	\$ 424,750	\$ 424,750	\$ (22,653)
Other Local Revenues	7,218	15	15	7,203
State of Tennessee	5,537	5,000	5,000	537
Other Governments and Citizens Groups	0	41,977	128,908	(128,908)
Total Revenues	<u>\$ 414,852</u>	<u>\$ 471,742</u>	<u>\$ 558,673</u>	<u>\$ (143,821)</u>
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 6,088	\$ 8,500	\$ 8,500	\$ 2,412
<u>Principal on Debt</u>				
General Government	501,000	665,000	751,000	250,000
<u>Interest on Debt</u>				
General Government	3,795	24,733	25,664	21,869
<u>Other Debt Service</u>				
General Government	301	2,100	2,100	1,799
Total Expenditures	<u>\$ 511,184</u>	<u>\$ 700,333</u>	<u>\$ 787,264</u>	<u>\$ 276,080</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (96,332)</u>	<u>\$ (228,591)</u>	<u>\$ (228,591)</u>	<u>\$ 132,259</u>
Net Change in Fund Balance	\$ (96,332)	\$ (228,591)	\$ (228,591)	\$ 132,259
Fund Balance, July 1, 2009	<u>2,091,828</u>	<u>1,974,635</u>	<u>1,974,635</u>	<u>117,193</u>
Fund Balance, June 30, 2010	<u>\$ 1,995,496</u>	<u>\$ 1,746,044</u>	<u>\$ 1,746,044</u>	<u>\$ 249,452</u>

Exhibit F-8

Cheatham County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Capital Projects Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 111,465	\$ 115,250	\$ 115,250	\$ (3,785)
State of Tennessee	2,769	4,500	4,500	(1,731)
Total Revenues	<u>\$ 114,234</u>	<u>\$ 119,750</u>	<u>\$ 119,750</u>	<u>\$ (5,516)</u>
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 2,234	\$ 3,500	\$ 3,500	\$ 1,266
<u>Capital Projects</u>				
Other General Government Projects	213,083	80,000	635,900	422,817
Total Expenditures	<u>\$ 215,317</u>	<u>\$ 83,500</u>	<u>\$ 639,400</u>	<u>\$ 424,083</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (101,083)</u>	<u>\$ 36,250</u>	<u>\$ (519,650)</u>	<u>\$ 418,567</u>
Net Change in Fund Balance	\$ (101,083)	\$ 36,250	\$ (519,650)	\$ 418,567
Fund Balance, July 1, 2009	<u>605,248</u>	<u>473,150</u>	<u>473,150</u>	<u>132,098</u>
Fund Balance, June 30, 2010	<u>\$ 504,165</u>	<u>\$ 509,400</u>	<u>\$ (46,500)</u>	<u>\$ 550,665</u>

Exhibit F-9

Cheatham County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Other Capital Projects Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 364,769	0 \$	364,769 \$	362,700	362,700	\$ 2,069
State of Tennessee	9,228	0	9,228	8,000	8,000	1,228
Total Revenues	\$ 373,997	0 \$	373,997 \$	370,700	370,700	\$ 3,297
<u>Expenditures</u>						
<u>General Government</u>						
Other General Administration	\$ 7,387	0 \$	7,387 \$	8,000	8,000	\$ 613
Capital Projects						
Other General Government Projects	272,957	(11,432)	261,525	362,700	362,700	101,175
Total Expenditures	\$ 280,344	(11,432) \$	268,912 \$	370,700	370,700	\$ 101,788
Excess (Deficiency) of Revenues Over Expenditures	\$ 93,653	11,432 \$	105,085 \$	0 \$	0 \$	105,085
Net Change in Fund Balance	\$ 93,653	11,432 \$	105,085 \$	0 \$	0 \$	105,085
Fund Balance, July 1, 2009	541,208	(11,432)	529,776	480,861	480,861	48,915
Fund Balance, June 30, 2010	\$ 634,861	0 \$	634,861 \$	480,861	480,861	\$ 154,000

# Major Governmental Fund

## Education Debt Service Fund

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

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Exhibit G

Cheatham County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Education Debt Service Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,500,851	\$ 6,176,500	\$ 6,176,500	\$ 324,351
Other Local Revenues	15,252	0	0	15,252
State of Tennessee	92,280	80,000	80,000	12,280
<b>Total Revenues</b>	<b>\$ 6,608,383</b>	<b>\$ 6,256,500</b>	<b>\$ 6,256,500</b>	<b>\$ 351,883</b>
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 102,190	\$ 105,000	\$ 105,000	\$ 2,810
<u>Principal on Debt</u>				
Education	3,264,818	2,831,543	3,264,818	0
<u>Interest on Debt</u>				
Education	604,824	1,008,664	1,008,664	403,840
<u>Other Debt Service</u>				
Education	39,780	78,000	78,000	38,220
<b>Total Expenditures</b>	<b>\$ 4,011,612</b>	<b>\$ 4,023,207</b>	<b>\$ 4,456,482</b>	<b>\$ 444,870</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,596,771	\$ 2,233,293	\$ 1,800,018	\$ 796,753
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 0	\$ 250,000	\$ 0	\$ 0
Transfers In	766,250	0	250,000	516,250
Transfers Out	0	0	(2,000,000)	2,000,000
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 766,250</b>	<b>\$ 250,000</b>	<b>\$ (1,750,000)</b>	<b>\$ 2,516,250</b>
Net Change in Fund Balance	\$ 3,363,021	\$ 2,483,293	\$ 50,018	\$ 3,313,003
Fund Balance, July 1, 2009	8,933,611	8,496,724	8,496,724	436,887
<b>Fund Balance, June 30, 2010</b>	<b>\$ 12,296,632</b>	<b>\$ 10,980,017</b>	<b>\$ 8,546,742</b>	<b>\$ 3,749,890</b>

# Fiduciary Funds

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

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

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

Exhibit H-1

Cheatham County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
For the Year Ended June 30, 2010

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,283,980	\$ 1,283,980
Due from Other Governments	364,657	0	364,657
Total Assets	<u>\$ 364,657</u>	<u>\$ 1,283,980</u>	<u>\$ 1,648,637</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 364,657	\$ 0	\$ 364,657
Due to Litigants, Heirs, and Others	0	1,283,980	1,283,980
Total Liabilities	<u>\$ 364,657</u>	<u>\$ 1,283,980</u>	<u>\$ 1,648,637</u>

## Exhibit H-2

Cheatham County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,157,758	\$ 2,157,758	\$ 0
Due from Other Governments	376,718	364,657	376,718	364,657
Total Assets	\$ 376,718	\$ 2,522,415	\$ 2,534,476	\$ 364,657
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 376,718	\$ 2,522,415	\$ 2,534,476	\$ 364,657
Total Liabilities	\$ 376,718	\$ 2,522,415	\$ 2,534,476	\$ 364,657
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 756,708	\$ 8,166,156	\$ 7,638,884	\$ 1,283,980
Accounts Receivable	1,584	0	1,584	0
Total Assets	\$ 758,292	\$ 8,166,156	\$ 7,640,468	\$ 1,283,980
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 758,292	\$ 8,166,156	\$ 7,640,468	\$ 1,283,980
Total Liabilities	\$ 758,292	\$ 8,166,156	\$ 7,640,468	\$ 1,283,980
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 756,708	\$ 8,166,156	\$ 7,638,884	\$ 1,283,980
Equity in Pooled Cash and Investments	0	2,157,758	2,157,758	0
Accounts Receivable	1,584	0	1,584	0
Due from Other Governments	376,718	364,657	376,718	364,657
Total Assets	\$ 1,135,010	\$ 10,688,571	\$ 10,174,944	\$ 1,648,637
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 376,718	\$ 2,522,415	\$ 2,534,476	\$ 364,657
Due to Litigants, Heirs, and Others	758,292	8,166,156	7,640,468	1,283,980
Total Liabilities	\$ 1,135,010	\$ 10,688,571	\$ 10,174,944	\$ 1,648,637

# Cheatham County School Department

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

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

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

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

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

Exhibit I-1

Cheatham County, Tennessee  
Statement of Activities  
Discretely Presented Cheatham County School Department  
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 29,552,591	\$ 112,824	\$ 2,458,826	\$ 0	\$ (26,980,941)
Support Services	15,745,343	137,959	751,493	1,339,070	(13,516,821)
Operation of Non-Instructional Services	4,384,104	2,193,213	2,205,144	0	14,253
Other Debt Service	7,451	0	0	0	(7,451)
<b>Total Governmental Activities</b>	<b>\$ 49,689,489</b>	<b>\$ 2,443,996</b>	<b>\$ 5,415,463</b>	<b>\$ 1,339,070</b>	<b>\$ (40,490,960)</b>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 7,850,215
Local Option Sales Taxes					1,666,187
Wheel Tax					398,932
Other Local Taxes					3,318
Grants and Contributions Not Restricted to Specific Programs					30,898,705
Unrestricted Investment Earnings					1,668
Miscellaneous					18,339
<b>Total General Revenues</b>					<b>\$ 40,837,364</b>
Change in Net Assets					\$ 346,404
Net Assets, July 1, 2009					58,258,477
<b>Net Assets, June 30, 2010</b>					<b>\$ 58,604,881</b>

Exhibit I-2

Cheatham County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Cheatham County School Department  
June 30, 2010

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<b><u>ASSETS</u></b>			
Cash	\$ 0	\$ 1,000	\$ 1,000
Equity in Pooled Cash and Investments	3,760,554	505,809	4,266,363
Accounts Receivable	117,224	3,435	120,659
Due from Other Governments	645,221	98,024	743,245
Due from Other Funds	5,768	0	5,768
Property Taxes Receivable	7,821,753	0	7,821,753
Allowance for Uncollectible Property Taxes	(237,343)	0	(237,343)
Total Assets	<u>\$ 12,113,177</u>	<u>\$ 608,268</u>	<u>\$ 12,721,445</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 201,018	\$ 9,789	\$ 210,807
Accrued Payroll	15,845	0	15,845
Due to Other Funds	0	5,768	5,768
Deferred Revenue - Current Property Taxes	7,418,938	0	7,418,938
Deferred Revenue - Delinquent Property Taxes	137,241	0	137,241
Other Deferred Revenues	150,263	0	150,263
Total Liabilities	<u>\$ 7,923,305</u>	<u>\$ 15,557</u>	<u>\$ 7,938,862</u>
<b><u>Fund Balances</u></b>			
Reserved for Encumbrances	\$ 221,173	\$ 14,021	\$ 235,194
Reserved for Career Ladder - Extended Contract	20,386	0	20,386
Reserved for Basic Education Program	40,080	0	40,080
Reserved for Special Education - Grants to States	0	170	170
Other Federal Reserves	0	100	100
Unreserved, Reported In:			
General Fund	3,908,233	0	3,908,233
Special Revenue Funds	0	578,420	578,420
Total Fund Balances	<u>\$ 4,189,872</u>	<u>\$ 592,711</u>	<u>\$ 4,782,583</u>
Total Liabilities and Fund Balances	<u>\$ 12,113,177</u>	<u>\$ 608,268</u>	<u>\$ 12,721,445</u>

Exhibit I-3

Cheatham County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Discretely Presented Cheatham County School Department  
June 30, 2010

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	4,782,583
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	781,997	
Add: construction in progress		9,736,079	
Add: buildings and improvements net of accumulated depreciation		42,929,493	
Add: other capital assets net of accumulated depreciation		<u>3,806,973</u>	57,254,542
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other postemployment benefits liability	\$	(3,715,637)	
Less: compensated absences payable		<u>(4,111)</u>	(3,719,748)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>287,504</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>58,604,881</u></u>

Exhibit I-4

Cheatham County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Cheatham County School Department  
For the Year Ended June 30, 2010

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 10,085,567	\$ 0	\$ 10,085,567
Licenses and Permits	3,211	0	3,211
Charges for Current Services	1,014,808	1,335,374	2,350,182
Other Local Revenues	121,742	11,646	133,388
State of Tennessee	30,731,313	31,613	30,762,926
Federal Government	618,329	4,816,362	5,434,691
Other Governments and Citizens Groups	500,665	836,338	1,337,003
Total Revenues	<u>\$ 43,075,635</u>	<u>\$ 7,031,333</u>	<u>\$ 50,106,968</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 26,784,748	\$ 2,113,444	\$ 28,898,192
Support Services	13,572,736	979,744	14,552,480
Operation of Non-Instructional Services	1,329,755	3,011,979	4,341,734
Capital Outlay	111,497	0	111,497
Debt Service:			
Other Debt Service	0	7,451	7,451
Capital Projects	0	655,259	655,259
Total Expenditures	<u>\$ 41,798,736</u>	<u>\$ 6,767,877</u>	<u>\$ 48,566,613</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,276,899</u>	<u>\$ 263,456</u>	<u>\$ 1,540,355</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 365,989	\$ 0	\$ 365,989
Transfers In	112,009	50,000	162,009
Transfers Out	(50,000)	(112,009)	(162,009)
Total Other Financing Sources (Uses)	<u>\$ 427,998</u>	<u>\$ (62,009)</u>	<u>\$ 365,989</u>
Net Change in Fund Balances	\$ 1,704,897	\$ 201,447	\$ 1,906,344
Fund Balance, July 1, 2009	<u>2,484,975</u>	<u>391,264</u>	<u>2,876,239</u>
Fund Balance, June 30, 2010	<u>\$ 4,189,872</u>	<u>\$ 592,711</u>	<u>\$ 4,782,583</u>

Exhibit I-5

Cheatham County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Cheatham County School Department  
For the Year Ended June 30, 2010

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 1,906,344
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,167,433	
Less: current-year depreciation expense	<u>(2,066,967)</u>	(899,534)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: loss on disposal of capital assets	\$ (10,540)	
Less: revenue from sale of capital assets	<u>(35,988)</u>	(46,528)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2009	\$ (358,579)	
Add: deferred delinquent property taxes and other deferred June 30, 2010	<u>287,504</u>	(71,075)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ (4,111)	
Change in other postemployment benefits liability	<u>(538,692)</u>	<u>(542,803)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 346,404</u>

Exhibit I-6

Cheatham County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Cheatham County School Department  
June 30, 2010

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,000	\$ 1,000
Equity in Pooled Cash and Investments	51,965	453,844	505,809
Accounts Receivable	0	3,435	3,435
Due from Other Governments	27,854	70,170	98,024
Total Assets	<u>\$ 79,819</u>	<u>\$ 528,449</u>	<u>\$ 608,268</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 9,760	\$ 29	\$ 9,789
Due to Other Funds	5,768	0	5,768
Total Liabilities	<u>\$ 15,528</u>	<u>\$ 29</u>	<u>\$ 15,557</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 14,021	\$ 0	\$ 14,021
Reserved for Special Education - Grants to States	170	0	170
Other Federal Reserves	100	0	100
Unreserved	50,000	528,420	578,420
Total Fund Balances	<u>\$ 64,291</u>	<u>\$ 528,420</u>	<u>\$ 592,711</u>
Total Liabilities and Fund Balances	<u>\$ 79,819</u>	<u>\$ 528,449</u>	<u>\$ 608,268</u>

Exhibit I-7

Cheatham County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Cheatham County School Department  
For the Year Ended June 30, 2010

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 1,335,374	\$ 1,335,374	\$ 0	\$ 1,335,374
Other Local Revenues	0	11,646	11,646	0	11,646
State of Tennessee	0	31,613	31,613	0	31,613
Federal Government	3,206,590	1,609,772	4,816,362	0	4,816,362
Other Governments and Citizens Groups	0	0	0	836,338	836,338
<b>Total Revenues</b>	<b>\$ 3,206,590</b>	<b>\$ 2,988,405</b>	<b>\$ 6,194,995</b>	<b>\$ 836,338</b>	<b>\$ 7,031,333</b>
<u>Expenditures</u>					
Current:					
Instruction	\$ 2,113,444	\$ 0	\$ 2,113,444	\$ 0	\$ 2,113,444
Support Services	979,744	0	979,744	0	979,744
Operation of Non-Instructional Services	0	3,011,979	3,011,979	0	3,011,979
Debt Service:					
Other Debt Service	0	0	0	7,451	7,451
Capital Projects	0	0	0	655,259	655,259
<b>Total Expenditures</b>	<b>\$ 3,093,188</b>	<b>\$ 3,011,979</b>	<b>\$ 6,105,167</b>	<b>\$ 662,710</b>	<b>\$ 6,767,877</b>
Excess (Deficiency) of Revenues Over Expenditures					
	\$ 113,402	\$ (23,574)	\$ 89,828	\$ 173,628	\$ 263,456
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 50,000	\$ 0	\$ 50,000	\$ 0	\$ 50,000
Transfers Out	(112,009)	0	(112,009)	0	(112,009)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (62,009)</b>	<b>\$ 0</b>	<b>\$ (62,009)</b>	<b>\$ 0</b>	<b>\$ (62,009)</b>
Net Change in Fund Balances					
Fund Balance, July 1, 2009	\$ 12,898	\$ 551,994	\$ 564,892	\$ (173,628)	\$ 391,264
<b>Fund Balance, June 30, 2010</b>	<b>\$ 64,291</b>	<b>\$ 528,420</b>	<b>\$ 592,711</b>	<b>\$ 0</b>	<b>\$ 592,711</b>

Exhibit I-8

Cheatham County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Cheatham County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,085,567	\$ 0	\$ 0	\$ 10,085,567	\$ 10,145,161	\$ 10,145,161	\$ (59,594)
Licenses and Permits	3,211	0	0	3,211	3,150	3,150	61
Charges for Current Services	1,014,808	0	0	1,014,808	1,031,496	1,031,496	(16,688)
Other Local Revenues	121,742	0	0	121,742	75,211	128,010	(6,268)
State of Tennessee	30,731,313	0	0	30,731,313	30,168,049	30,308,888	422,425
Federal Government	618,329	0	0	618,329	679,646	679,646	(61,317)
Other Governments and Citizens Groups	500,665	0	0	500,665	0	500,665	0
Total Revenues	\$ 43,075,635	\$ 0	\$ 0	\$ 43,075,635	\$ 42,102,713	\$ 42,797,016	\$ 278,619
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 22,632,273	\$ (73,580)	\$ 30,825	\$ 22,589,518	\$ 23,058,265	\$ 23,198,417	\$ 608,899
Alternative Instruction Program	76,281	0	0	76,281	100,612	100,612	24,331
Special Education Program	2,742,376	(1,375)	32,023	2,773,024	2,773,118	2,773,118	94
Vocational Education Program	1,253,000	0	0	1,253,000	1,246,210	1,259,793	6,793
Adult Education Program	80,818	(2,478)	0	78,340	114,477	114,477	36,137
<u>Support Services</u>							
Attendance	94,921	(350)	0	94,571	96,378	96,378	1,807
Health Services	284,602	(135)	0	284,467	289,674	293,910	9,443
Other Student Support	1,481,559	0	0	1,481,559	1,540,125	1,540,125	58,566
Regular Instruction Program	1,413,024	0	0	1,413,024	1,475,375	1,475,375	62,351
Alternative Instruction Program	41,357	(500)	0	40,857	41,795	42,295	1,438
Special Education Program	300,328	0	7,000	307,328	306,605	306,605	(723)
Vocational Education Program	97,352	0	0	97,352	97,978	97,978	626
Adult Programs	70,848	0	0	70,848	73,817	74,028	3,180
Other Programs	110,839	0	0	110,839	0	110,839	0

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Board of Education	\$ 713,387	\$ 0	\$ 0	\$ 713,387	\$ 673,778	\$ 753,778	\$ 40,391
Director of Schools	225,457	0	0	225,457	257,315	257,315	31,858
Office of the Principal	2,152,780	0	0	2,152,780	2,186,643	2,188,814	36,034
Fiscal Services	309,725	(300)	0	309,425	317,110	317,110	7,685
Operation of Plant	3,048,811	0	0	3,048,811	3,524,981	3,357,170	308,359
Maintenance of Plant	875,278	(8,635)	26,248	892,891	910,149	917,242	24,351
Transportation	2,352,468	(69,690)	23,079	2,305,857	1,863,365	2,395,295	89,438
<u>Operation of Non-Instructional Services</u>							
Community Services	876,821	(478)	0	876,343	960,972	960,972	84,629
Early Childhood Education	452,934	(4,861)	22,183	470,256	470,256	470,256	0
Capital Outlay							
Regular Capital Outlay	111,497	(3,650)	79,815	187,662	90,000	488,409	300,747
Total Expenditures	\$ 41,798,736	\$ (166,032)	\$ 221,173	\$ 41,853,877	\$ 42,468,998	\$ 43,590,311	\$ 1,736,434
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 1,276,899	\$ 166,032	\$ (221,173)	\$ 1,221,758	\$ (366,285)	\$ (793,295)	\$ 2,015,053
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 365,989	\$ 0	\$ 0	\$ 365,989	\$ 10,440	\$ 329,501	\$ 36,488
Transfers In	112,009	0	0	112,009	235,459	235,459	(123,450)
Transfers Out	(50,000)	0	0	(50,000)	(50,000)	(50,000)	0
Total Other Financing Sources (Uses)	\$ 427,998	\$ 0	\$ 0	\$ 427,998	\$ 195,899	\$ 514,960	\$ (86,962)
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2009	\$ 1,704,897	\$ 166,032	\$ (221,173)	\$ 1,649,756	\$ (170,386)	\$ (278,335)	\$ 1,928,091
	2,484,975	(166,032)	0	2,318,943	2,314,733	2,314,733	4,210
Fund Balance, June 30, 2010	\$ 4,189,872	\$ 0	\$ (221,173)	\$ 3,968,699	\$ 2,144,347	\$ 2,036,398	\$ 1,932,301

Exhibit I-9

Cheatham County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Cheatham County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 3,206,590	\$ 0	\$ 0	\$ 3,206,590	\$ 5,375,173	\$ 5,373,707	\$ (2,167,117)
Total Revenues	\$ 3,206,590	\$ 0	\$ 0	\$ 3,206,590	\$ 5,375,173	\$ 5,373,707	\$ (2,167,117)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 751,212	\$ 0	\$ 7,500	\$ 758,712	\$ 742,655	\$ 854,395	\$ 95,683
Alternative Instruction Program	0	0	0	0	0	1,000	1,000
Special Education Program	1,296,458	(5,928)	0	1,290,530	2,416,100	2,341,448	1,050,918
Vocational Education Program	65,774	0	68	65,842	69,343	70,652	4,810
<u>Support Services</u>							
Other Student Support	96,501	0	6,453	102,954	119,922	116,378	13,424
Regular Instruction Program	323,181	(6,529)	0	316,652	964,967	854,016	537,364
Special Education Program	545,686	0	0	545,686	790,161	864,812	319,126
Vocational Education Program	588	0	0	588	1,000	590	2
Transportation	13,788	0	0	13,788	30,792	30,792	17,004
Total Expenditures	\$ 3,093,188	\$ (12,457)	\$ 14,021	\$ 3,094,752	\$ 5,134,940	\$ 5,134,083	\$ 2,039,331
Excess (Deficiency) of Revenues Over Expenditures	\$ 113,402	\$ 12,457	\$ (14,021)	\$ 111,838	\$ 240,233	\$ 239,624	\$ (127,786)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 50,000	\$ 0	\$ 0	\$ 50,000	\$ 50,000	\$ 50,000	\$ 0
Transfers Out	(112,009)	0	0	(112,009)	(240,675)	(240,066)	128,057
Total Other Financing Sources (Uses)	\$ (62,009)	\$ 0	\$ 0	\$ (62,009)	\$ (190,675)	\$ (190,066)	\$ 128,057
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 51,393	\$ 12,457	\$ (14,021)	\$ 49,829	\$ 49,558	\$ 49,558	\$ 271
	12,898	(12,457)	0	441	12,898	12,898	(12,457)
Fund Balance, June 30, 2010	\$ 64,291	\$ 0	\$ (14,021)	\$ 50,270	\$ 62,456	\$ 62,456	\$ (12,186)

Exhibit I-10

Cheatham County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Cheatham County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 1,335,374	\$ 0	\$ 1,335,374	\$ 1,717,900	\$ 1,717,900	\$ (382,526)
Other Local Revenues	11,646	0	11,646	16,200	16,200	(4,554)
State of Tennessee	31,613	0	31,613	39,500	39,500	(7,887)
Federal Government	1,609,772	0	1,609,772	1,507,045	1,661,484	(51,712)
Total Revenues	\$ 2,988,405	\$ 0	\$ 2,988,405	\$ 3,280,645	\$ 3,435,084	\$ (446,679)
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 3,011,979	\$ (2,100)	\$ 3,009,879	\$ 3,237,459	\$ 3,391,898	\$ 382,019
Total Expenditures	\$ 3,011,979	\$ (2,100)	\$ 3,009,879	\$ 3,237,459	\$ 3,391,898	\$ 382,019
Excess (Deficiency) of Revenues Over Expenditures	\$ (23,574)	\$ 2,100	\$ (21,474)	\$ 43,186	\$ 43,186	\$ (64,660)
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (23,574)	\$ 2,100	\$ (21,474)	\$ 43,186	\$ 43,186	\$ (64,660)
	551,994	(2,100)	549,894	549,893	549,893	1
Fund Balance, June 30, 2010	\$ 528,420	\$ 0	\$ 528,420	\$ 593,079	\$ 593,079	\$ (64,659)

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

Cheatham County, Tennessee  
Schedule of Changes in Long-term Notes, Capital Leases, Line of Credit, Other Loans, and Bonds  
For the Year Ended June 30, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
E-911 Communication Tower	\$ 400,000	3.979 %	9-29-05	12-7-09	\$ 116,000	0 \$	116,000 \$	0
Total Payable through General Debt Service Fund					\$ 116,000	0 \$	116,000 \$	0
<u>Payable through Education Debt Service Fund</u>								
School Buses	433,275	4.5	3-15-10	6-15-10	\$ 0	433,275 \$	433,275 \$	0
School Bus	67,390	4.5	6-21-10	6-21-11	0	67,390	0	67,390
Total Payable through Education Debt Service Fund					\$ 0	500,665 \$	433,275 \$	67,390
Total Notes Payable					\$ 116,000	500,665 \$	549,275 \$	67,390
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through Highway/Public Works Fund</u>								
Two Tractors	81,474	5.15	4-15-05	4-15-10	\$ 16,466	0 \$	16,466 \$	0
Tractor/Mower	67,232	4.87	4-15-08	4-15-13	52,972	0	12,883	40,089
Paver	243,259	4.34	4-17-08	4-25-13	191,118	0	46,839	144,279
Total Capital Leases Payable					\$ 260,556	0 \$	76,188 \$	184,368
<u>LINE OF CREDIT</u>								
<u>Payable through Education Debt Service Fund</u>								
Old Clarksville Highway/Highway 49 Intersection	(1)	Variable	9-19-07	10-1-10	\$ 109,648	0 \$	0 \$	109,648
Total Line of Credit					\$ 109,648	0 \$	0 \$	109,648

(Continued)

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Public Works Projects	\$ 1,977,211	Variable	11-1-1999	5-25-19	\$ 1,287,145	0	\$ 385,000	\$ 902,145
Total Payable through General Debt Service Fund					\$ 1,287,145	0	\$ 385,000	\$ 902,145
<u>Payable through Education Debt Service Fund</u>								
Public Works Projects	5,063,492	Variable	11-1-1999	5-25-19	\$ 3,133,570	0	\$ 223,606	\$ 2,909,964
Public Works Projects	2,262,948	Variable	6-14-00	5-25-19	1,474,844	0	121,937	1,352,907
Public Works Projects	(2)	Variable	6-28-07	5-25-14	6,510,479	836,338	1,332,000	6,014,817
Total Payable through Education Debt Service Fund					\$ 11,118,893	\$ 836,338	\$ 1,677,543	\$ 10,277,688
Total Other Loans Payable					\$ 12,406,038	\$ 836,338	\$ 2,062,543	\$ 11,179,833
<u>BONDS PAYABLE</u>								
<u>Payable through Education Debt Service Fund</u>								
Refunding	9,605,000	2 to 4 %	9-15-04	6-1-19	\$ 8,630,000	0	\$ 690,000	\$ 7,940,000
Refunding	7,894,500	3.14	4-29-09	6-1-22	7,444,500	0	464,000	6,980,500
Total Payable through Education Debt Service Fund					\$ 16,074,500	0	\$ 1,154,000	\$ 14,920,500
Total Bonds Payable					\$ 16,074,500	0	\$ 1,154,000	\$ 14,920,500

(1) Total amount approved was \$500,000, of which \$390,333 remains available for draws as of June 30, 2010.

(2) Total amount approved was \$9,820,000, of which \$15,183 remains available for draws as of June 30, 2010.

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 67,390	\$ 3,033	\$ 70,423
Total	\$ 67,390	\$ 3,033	\$ 70,423

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2011	\$ 62,436	\$ 6,948	\$ 69,384
2012	65,277	4,111	69,388
2013	56,655	1,160	57,815
Total	\$ 184,368	\$ 12,219	\$ 196,587

Year Ending June 30	Line of Credit		
	Principal	Interest	Total
2011	\$ 109,648	\$ 1,204	\$ 110,852
Total	\$ 109,648	\$ 1,204	\$ 110,852

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 1,914,071	\$ 53,540	\$ 37,800	\$ 2,005,411
2012	2,009,825	43,950	31,885	2,085,660
2013	2,109,865	34,648	25,675	2,170,188
2014	2,201,075	24,887	19,160	2,245,122
2015	626,072	15,314	12,694	654,080
2016	657,375	12,058	9,693	679,126
2017	690,243	8,640	7,523	706,406
2018	724,755	5,050	5,246	735,051
2019	246,552	1,285	2,854	250,691
Total	\$ 11,179,833	\$ 199,372	\$ 152,530	\$ 11,531,735

(Continued)

Exhibit J-2

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

Year Ending June 30	Bonds		Total
	Principal	Interest	
2011	\$ 1,209,000	\$ 508,886	\$ 1,717,886
2012	1,264,000	472,294	1,736,294
2013	1,319,000	431,361	1,750,361
2014	1,371,000	387,829	1,758,829
2015	1,438,000	340,683	1,778,683
2016	1,500,000	291,622	1,791,622
2017	1,558,000	238,734	1,796,734
2018	1,637,210	183,247	1,820,457
2019	1,768,000	123,996	1,891,996
2020	724,000	59,258	783,258
2021	713,590	36,047	749,637
2022	418,700	13,330	432,030
Total	\$ 14,920,500	\$ 3,087,287	\$ 18,007,787

Exhibit J-3

Cheatham County, Tennessee  
Schedule of Notes Receivable  
For the Year Ended June 30, 2010

<u>Description</u>	<u>Debtor</u>	<u>Original Amount of Note</u>	<u>Date of Issue</u>	<u>Balance 6-30-10</u>
<u>Education Debt Service Fund</u>				
May 2010 flood clean-up	General Fund	\$ 2,000,000	6-30-10	<u>\$ 2,000,000</u>

Exhibit J-4

Cheatham County, Tennessee  
Schedule of Transfers  
For the Year Ended June 30, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Education Debt Service	Development tax	\$ <u>766,250</u>
<u>DISCRETELY PRESENTED CHEATHAM COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Operations	\$ 50,000
School Federal Projects	General Purpose School	Indirect costs	8,662
School Federal Projects	General Purpose School	Reimbursement for salaries	103,347
Total Transfers Discretely Presented Cheatham County School Department			\$ <u>162,009</u>

Cheatham County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Cheatham County School Department  
For the Year Ended June 30, 2010

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 73,866	\$ 50,000	RLI Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	70,350	100,000	Western Surety Company
Director of Schools	State Board of Education and Local Board of Education	101,245 (1)	(2)	
Trustee	Section 8-24-102, <u>TCA</u>	63,954	1,441,000	RLI Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	63,954	10,000	Western Surety Company
Director of Accounts and Budgets	County Commission	74,226 (3)	25,000	RLI Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u>	63,954	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	63,954	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	63,954 (4)	50,000	"
Register	Section 8-24-102, <u>TCA</u>	63,954	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	70,350 (5)	50,000	"
<u>Employee Bonds</u>				
General Employee Blanket Bond			150,000	Tennessee Risk Management Trust
School Employee Blanket Bond			150,000	"
Director of Emergency Medical Services and Coroner			25,000	RLI Insurance Company
Emergency Management Coordinator			25,000	"

- (1) Includes \$1,000 for chief executive officer supplement, \$1,320 for longevity pay, \$7,000 for career ladder supplement, and \$2,925 for serving as supervisor of middle school teachers.
- (2) Covered under the School Employee Blanket Bond.
- (3) Includes \$10,272 for serving as purchasing director.
- (4) Does not include special commissioner fees of \$11,000.
- (5) Does not include a law enforcement training supplement of \$600.

Cheatham County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2010

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Unemployment Compensation	Highway / Public Works
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 6,044,948	\$ 0	\$ 853,821	\$ 0	\$ 0	\$ 0	\$ 512,284
Trustee's Collections - Prior Year	188,200	0	29,270	0	0	0	17,354
Circuit/Clerk & Master Collections - Prior Years	51,907	0	8,480	0	0	0	5,192
Interest and Penalty	66,115	0	10,279	0	0	0	6,191
Payments in-Lieu-of Taxes - Local Utilities	45,783	0	6,536	0	0	0	3,916
Payments in-Lieu-of Taxes - Other	3,311	0	468	0	0	0	281
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	0	0	0
Hotel/Motel Tax	34,414	0	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0	398,374
Litigation Tax - General	114,059	9,896	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	39,793	0	0	0	0	0	0
Business Tax	3,135	0	0	0	0	0	0
Adequate Facilities/Development Tax	1,149,375	0	0	0	0	0	0
Other County Local Option Taxes	245,916	0	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	27,927	0	3,944	0	0	0	2,367
Wholesale Beer Tax	274,489	0	0	0	0	0	0
Beer Privilege Tax	2,617	0	0	0	0	0	0
Interstate Telecommunications Tax	2,301	0	0	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 8,294,290</b>	<b>\$ 9,896</b>	<b>\$ 912,798</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 945,959</b>
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Animal Registration	\$ 3,235	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Animal Vaccination	3,635	0	0	0	0	0	0
Cable TV Franchise	176,519	0	0	0	0	0	0
<u>Permits</u>							
Beer Permits	300	0	0	0	0	0	0
Building Permits	138,642	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitutional Officers - Fees	Unemployment Compensation	Highway / Public Works
<u>Licenses and Permits (Cont.)</u>							
Permits (Cont.)							
Other Permits	\$ 6,020	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 328,351	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 7,060	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	2,464	0	0	0	0	0	0
Data Entry Fee - Circuit Court	1,333	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	17,345	0	0	0	0	0	0
Fines for Littering	618	0	0	0	0	0	0
Officers Costs	66,077	0	0	0	0	0	0
Game and Fish Fines	235	0	0	0	0	0	0
Drug Court Fees	66	0	0	0	0	0	0
Jail Fees	20,982	0	0	0	0	0	0
Judicial Commissioner Fees	1,368	0	0	0	0	0	0
DUI Treatment Fines	4,649	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	7,497	0	0	0	0	0	0
Courtroom Security Fee	93	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	2,140	0	0	0	0	0	0
Drug Control Fines	885	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	543	0	0	0	0	0	0
Data Entry Fee - Chancery Court	2,314	0	0	0	0	0	0
<u>Other Courts - In-county</u>							
Drug Control Fines	0	0	0	23,316	0	0	0
DUI Treatment Fines	160	0	0	0	0	0	0
<u>Judicial District Drug Program</u>							
Drug Task Force Forfeitures and Seizures	3,376	0	0	51,771	0	0	0

(Continued)

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Unemployment Compensation	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Judicial District Drug Program (Cont.)</u>							
Data Entry Fee - Other Courts	\$ 198	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Courtroom Security Fee	322	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>							
Other Fines, Forfeitures, and Penalties	819	0	0	0	0	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 140,544</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 75,087</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Self-Insurance Premiums/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 135,033	\$ 0
Tipping Fees	0	0	182,050	0	0	0	0
Patient Charges	801,855	0	0	0	0	0	0
Work Release Charges for Board	2,660	0	0	0	0	0	0
Other General Service Charges	19,397	0	0	0	0	0	0
<u>Fees</u>							
Engineer Review Fees	4,702	0	0	0	0	0	0
Copy Fees	2,002	0	0	0	0	0	0
Library Fees	6,063	0	0	0	0	0	0
Archives and Records Management Fee - County Clerk	12,686	0	0	0	0	0	0
Greenbelt Late Application Fee	250	0	0	0	0	0	0
Telephone Commissions	14,432	0	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	11,000	0	0
Data Processing Fee - Register	13,858	0	0	0	0	0	0
Probation Fees	70,839	0	0	0	0	0	0
Data Processing Fee - Sheriff	5,283	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	4,500	0	0	0	0	0	0
Data Processing Fee - County Clerk	23,570	0	0	0	0	0	0
<u>Other Charges for Services</u>							
Other Charges for Services	28	0	0	0	0	0	0
<b>Total Charges for Current Services</b>	<b>\$ 982,125</b>	<b>\$ 0</b>	<b>\$ 182,050</b>	<b>\$ 0</b>	<b>\$ 11,000</b>	<b>\$ 135,033</b>	<b>\$ 0</b>

(Continued)

Exhibit J-6

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Unemployment Compensation	Highway / Public Works
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 222,982	\$ 0	\$ 19	\$ 0	\$ 0	\$ 0	\$ 63
Sale of Materials and Supplies	0	0	0	0	0	0	6,526
Sale of Recycled Materials	0	0	23,500	0	0	0	0
Miscellaneous Refunds	762	0	0	0	0	0	14,005
<u>Nonrecurring Items</u>							
Sale of Equipment	0	0	0	0	0	0	0
Contributions and Gifts	3,510	0	0	0	0	0	0
<u>Other Local Revenues</u>							
Other Local Revenues	5,792	0	0	0	0	0	0
Total Other Local Revenues	\$ 233,046	\$ 0	\$ 23,519	\$ 0	\$ 0	\$ 0	\$ 20,594
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	\$ 358,619	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	332,302	0	0	0	0	0	0
Clerk and Master	143,368	0	0	0	0	0	0
Register	177,807	0	0	0	0	0	0
Sheriff	28,797	0	0	0	0	0	0
Trustee	608,253	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 1,649,146	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 9,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	10,055	0	0	0	0	0	0
Solid Waste Grants	0	0	11,530	0	0	0	0
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	18,600	0	0	0	0	0	0
<u>Health and Welfare Grants</u>							
Health Department Programs	12,538	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Unemployment Compensation	Highway/ Public Works
<u>State of Tennessee (Cont.)</u>							
<u>Public Works Grants</u>							
Bridge Program	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	231,488
Litter Program	32,925	0	0	0	0	0	0
<u>Other State Revenues</u>							
Flood Control	844	0	0	0	0	0	0
Income Tax	60,638	0	0	0	0	0	0
Beer Tax	41,857	0	0	0	0	0	0
Alcoholic Beverage Tax	38,901	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	163,335	0	23,070	0	0	0	13,842
Prisoner Transportation	1,099	0	0	0	0	0	0
Contracted Prisoner Boarding	146,125	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	1,572,875
Registrar's Salary Supplement	16,380	0	0	0	0	0	28,841
Other State Revenues	27,090	0	0	0	0	0	0
<b>Total State of Tennessee</b>	<b>\$ 579,787 \$</b>	<b>0 \$</b>	<b>34,600 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$ 1,847,046</b>
<u>Federal Government</u>							
<u>Federal Through State</u>							
Disaster Relief	24,000 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Homeland Security Grants	845	0	0	0	0	0	0
ARRA Grant No. 1	42,359	0	0	0	0	0	0
ARRA Grant No. 2	3,259	0	0	0	0	0	0
Other Federal through State	7,600	0	0	0	0	0	0
<u>Direct Federal Revenue</u>							
Police Service (Lake Area)	15,610	0	0	0	0	0	0
<b>Total Federal Government</b>	<b>\$ 93,673 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	332,134 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
<b>Total Other Governments and Citizens Groups</b>	<b>\$ 332,134 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>
<b>Total</b>	<b>\$ 12,633,096 \$</b>	<b>9,896 \$</b>	<b>1,152,967 \$</b>	<b>75,087 \$</b>	<b>11,000 \$</b>	<b>135,033 \$</b>	<b>2,813,599</b>

(Continued)

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

	Debt Service Funds			Capital Projects Funds			Total
	General Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects			
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 204,907	\$ 3,415,236	\$ 102,465	\$ 341,529	\$ 11,475,190		
Trustee's Collections - Prior Year	6,548	108,647	3,345	10,880	364,244		
Circuit/Clerk & Master Collections - Prior Years	2,135	33,232	2,422	3,806	107,174		
Interest and Penalty	2,393	39,252	1,927	4,198	130,355		
Payments in-Lieu-of Taxes - Local Utilities	1,555	25,915	777	2,591	87,073		
Payments in-Lieu-of Taxes - Other	112	1,871	56	187	6,286		
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	1,340,127	0	0	1,340,127		
Hotel/Motel Tax	0	0	0	0	34,414		
Wheel Tax	0	1,195,122	0	0	1,593,496		
Litigation Tax - General	0	0	0	0	123,955		
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	39,793		
Business Tax	183,500	0	0	0	186,635		
Adequate Facilities/Development Tax	0	325,671	0	0	1,475,046		
Other County Local Option Taxes	0	0	0	0	245,916		
<u>Statutory Local Taxes</u>							
Bank Excise Tax	947	15,778	473	1,578	53,014		
Wholesale Beer Tax	0	0	0	0	274,489		
Beer Privilege Tax	0	0	0	0	2,617		
Interstate Telecommunications Tax	0	0	0	0	2,301		
<b>Total Local Taxes</b>	<b>\$ 402,097</b>	<b>\$ 6,500,851</b>	<b>\$ 111,465</b>	<b>\$ 364,769</b>	<b>\$ 17,542,125</b>		
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Animal Registration	0	0	0	0	3,235		
Animal Vaccination	0	0	0	0	3,635		
Cable TV Franchise	0	0	0	0	176,519		
<u>Permits</u>							
Beer Permits	0	0	0	0	300		
Building Permits	0	0	0	0	138,642		

(Continued)

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

	Debt Service Funds		Capital Projects Funds			Total
	General Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects		
<u>Licenses and Permits (Cont.)</u>						
<u>Permits (Cont.)</u>						
Other Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,020
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 328,351
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,060
Officers Costs	0	0	0	0	0	2,464
Data Entry Fee - Circuit Court	0	0	0	0	0	1,333
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	17,345
Fines for Littering	0	0	0	0	0	618
Officers Costs	0	0	0	0	0	66,077
Game and Fish Fines	0	0	0	0	0	235
Drug Court Fees	0	0	0	0	0	66
Jail Fees	0	0	0	0	0	20,982
Judicial Commissioner Fees	0	0	0	0	0	1,368
DUI Treatment Fines	0	0	0	0	0	4,649
Data Entry Fee - General Sessions Court	0	0	0	0	0	7,497
Courtroom Security Fee	0	0	0	0	0	93
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	2,140
Drug Control Fines	0	0	0	0	0	885
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	543
Data Entry Fee - Chancery Court	0	0	0	0	0	2,314
<u>Other Courts - In-county</u>						
Drug Control Fines	0	0	0	0	0	23,316
DUI Treatment Fines	0	0	0	0	0	160
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	55,147

(Continued)

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

	Debt Service Funds			Capital Projects Funds			Total
	General Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects	General Capital Projects	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Judicial District Drug Program (Cont.)</u>							
Data Entry Fee - Other Courts	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	198
Courtroom Security Fee	0	0	0	0	0	0	322
<u>Other Fines, Forfeitures, and Penalties</u>	0	0	0	0	0	0	819
<u>Total Fines, Forfeitures, and Penalties</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 215,631
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Self-Insurance Premiums/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	135,033
Tipping Fees	0	0	0	0	0	0	182,050
Patient Charges	0	0	0	0	0	0	801,855
Work Release Charges for Board	0	0	0	0	0	0	2,660
Other General Service Charges	0	0	0	0	0	0	19,397
<u>Fees</u>							
Engineer Review Fees	0	0	0	0	0	0	4,702
Copy Fees	0	0	0	0	0	0	2,002
Library Fees	0	0	0	0	0	0	6,063
Archives and Records Management Fee - County Clerk	0	0	0	0	0	0	12,686
Greenbelt Late Application Fee	0	0	0	0	0	0	250
Telephone Commissions	0	0	0	0	0	0	14,432
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0	11,000
Data Processing Fee - Register	0	0	0	0	0	0	13,858
Probation Fees	0	0	0	0	0	0	70,839
Data Processing Fee - Sheriff	0	0	0	0	0	0	5,283
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	4,500
Data Processing Fee - County Clerk	0	0	0	0	0	0	23,570
<u>Other Charges for Services</u>	0	0	0	0	0	0	28
<u>Total Charges for Current Services</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,310,208

(Continued)

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

	Debt Service Funds			Capital Projects Funds			Total
	General Debt Service	Education Debt Service	General Capital Projects	General Capital Projects	Other Capital Projects		
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	7,218 \$	0 \$	0 \$	0 \$	0 \$	0 \$	230,282
Sale of Materials and Supplies	0	0	0	0	0	0	6,526
Sale of Recycled Materials	0	0	0	0	0	0	23,500
Miscellaneous Refunds	0	7,451	0	0	0	0	22,218
<u>Nonrecurring Items</u>							
Sale of Equipment	0	7,801	0	0	0	0	7,801
Contributions and Gifts	0	0	0	0	0	0	3,510
<u>Other Local Revenues</u>							
Other Local Revenues	0	0	0	0	0	0	5,792
Total Other Local Revenues	7,218 \$	15,252 \$	0 \$	0 \$	0 \$	0 \$	299,629
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	358,619
Circuit Court Clerk	0	0	0	0	0	0	332,302
Clerk and Master	0	0	0	0	0	0	143,368
Register	0	0	0	0	0	0	177,807
Sheriff	0	0	0	0	0	0	28,797
Trustee	0	0	0	0	0	0	608,253
Total Fees Received from County Officials	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	1,649,146
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	9,400
State Reappraisal Grant	0	0	0	0	0	0	10,055
Solid Waste Grants	0	0	0	0	0	0	11,530
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	0	0	0	0	0	0	18,600
<u>Health and Welfare Grants</u>							
Health Department Programs	0	0	0	0	0	0	12,538

(Continued)

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

	Debt Service Funds			Capital Projects Funds			Total
	General Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects	Other Capital Projects	Total	
<u>State of Tennessee (Cont.)</u>							
<u>Public Works Grants</u>							
Bridge Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	231,488
Litter Program	0	0	0	0	0	0	32,925
<u>Other State Revenues</u>							
Flood Control	0	0	0	0	0	0	844
Income Tax	0	0	0	0	0	0	60,638
Beer Tax	0	0	0	0	0	0	41,857
Alcoholic Beverage Tax	0	0	0	0	0	0	38,901
State Revenue Sharing - T. V.A.	5,537	92,280	2,769	9,228	9,228	310,061	
Prisoner Transportation	0	0	0	0	0	0	1,099
Contracted Prisoner Boarding	0	0	0	0	0	0	146,125
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,572,875
Petroleum Special Tax	0	0	0	0	0	0	28,841
Registrar's Salary Supplement	0	0	0	0	0	0	16,380
Other State Revenues	0	0	0	0	0	0	27,090
<b>Total State of Tennessee</b>	<b>\$ 5,537</b>	<b>\$ 92,280</b>	<b>\$ 2,769</b>	<b>\$ 9,228</b>	<b>\$ 9,228</b>	<b>\$ 2,571,247</b>	
<u>Federal Government</u>							
<u>Federal Through State</u>							
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	24,000
Homeland Security Grants	0	0	0	0	0	0	845
ARRA Grant No. 1	0	0	0	0	0	0	42,359
ARRA Grant No. 2	0	0	0	0	0	0	3,259
Other Federal through State	0	0	0	0	0	0	7,600
<u>Direct Federal Revenue</u>							
Police Service (Lake Area)	0	0	0	0	0	0	15,610
<b>Total Federal Government</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 93,673</b>	
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	332,134
<b>Total Other Governments and Citizens Groups</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 332,134</b>	
<b>Total</b>	<b>\$ 414,852</b>	<b>\$ 6,608,383</b>	<b>\$ 114,234</b>	<b>\$ 373,997</b>	<b>\$ 373,997</b>	<b>\$ 24,342,144</b>	

Exhibit J-7

Cheatham County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Cheatham County School Department  
For the Year Ended June 30, 2010

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 7,558,996	\$ 0	\$ 0	\$ 0	\$ 7,558,996
Trustee's Collections - Prior Year	193,387	0	0	0	193,387
Circuit/Clerk & Master Collections - Prior Years	73,263	0	0	0	73,263
Interest and Penalty	86,671	0	0	0	86,671
Payments in-Lieu-of Taxes - Local Utilities	57,013	0	0	0	57,013
Payments in-Lieu-of Taxes - Other	4,116	0	0	0	4,116
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,675,160	0	0	0	1,675,160
Wheel Tax	398,932	0	0	0	398,932
<u>Statutory Local Taxes</u>					
Bank Excise Tax	34,711	0	0	0	34,711
Interstate Telecommunications Tax	3,318	0	0	0	3,318
Total Local Taxes	\$ 10,085,567	\$ 0	\$ 0	\$ 0	\$ 10,085,567
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 3,211	\$ 0	\$ 0	\$ 0	\$ 3,211
Total Licenses and Permits	\$ 3,211	\$ 0	\$ 0	\$ 0	\$ 3,211
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Regular Day Students	\$ 979	\$ 0	\$ 0	\$ 0	\$ 979
Tuition - Summer School	2,200	0	0	0	2,200
Lunch Payments - Children	0	0	783,494	0	783,494
Lunch Payments - Adults	0	0	45,929	0	45,929
Income from Breakfast	0	0	89,525	0	89,525
A la carte Sales	0	0	382,006	0	382,006
Receipts from Individual Schools	153,790	0	0	0	153,790
Community Service Fees - Children	857,839	0	0	0	857,839
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	34,420	0	34,420
Total Charges for Current Services	\$ 1,014,808	\$ 0	\$ 1,335,374	\$ 0	\$ 2,350,182
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 817	\$ 0	\$ 851	\$ 0	\$ 1,668
Refund of Telecommunication and Internet Fees (E-Rate)	50,305	0	0	0	50,305
Commodity Rebates	0	0	10,596	0	10,596
Miscellaneous Refunds	29	0	199	0	228
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	7,515	0	0	0	7,515
Contributions and Gifts	19,567	0	0	0	19,567
<u>Other Local Revenues</u>					
Other Local Revenues	43,509	0	0	0	43,509
Total Other Local Revenues	\$ 121,742	\$ 0	\$ 11,646	\$ 0	\$ 133,388

(Continued)

Exhibit J-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 110,839	\$ 0	\$ 0	\$ 0	\$ 110,839
<u>State Education Funds</u>					
Basic Education Program	28,272,200	0	0	0	28,272,200
Basic Education Program - ARRA	1,242,800	0	0	0	1,242,800
Early Childhood Education	470,256	0	0	0	470,256
School Food Service	0	0	31,613	0	31,613
Other State Education Funds	28,996	0	0	0	28,996
Coordinated School Health - ARRA	105,000	0	0	0	105,000
Internet Connectivity - ARRA	13,937	0	0	0	13,937
Statewide Student Management System (SSMS) - ARRA	16,600	0	0	0	16,600
Career Ladder Program	223,435	0	0	0	223,435
Career Ladder - Extended Contract - ARRA	27,947	0	0	0	27,947
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	203,015	0	0	0	203,015
Safe Schools - ARRA	16,288	0	0	0	16,288
Total State of Tennessee	\$ 30,731,313	\$ 0	\$ 31,613	\$ 0	\$ 30,762,926
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,068,385	\$ 0	\$ 1,068,385
USDA - Commodities	0	0	154,439	0	154,439
Breakfast	0	0	359,799	0	359,799
USDA - Other	0	0	22,444	0	22,444
USDA Food Service Equipment Grant - ARRA	0	0	4,705	0	4,705
Adult Education State Grant Program	76,030	0	0	0	76,030
Vocational Education - Basic Grants to States	0	75,662	0	0	75,662
Title I Grants to Local Education Agencies	0	970,800	0	0	970,800
Special Education - Grants to States	93,501	1,893,836	0	0	1,987,337
Special Education Preschool Grants	0	59,685	0	0	59,685
English Language Acquisition Grants	0	7,463	0	0	7,463
Safe and Drug-free Schools - State Grants	0	15,483	0	0	15,483
Eisenhower Professional Development State Grants	0	172,198	0	0	172,198
Other Federal through State	82,040	11,463	0	0	93,503
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	366,758	0	0	0	366,758
Total Federal Government	\$ 618,329	\$ 3,206,590	\$ 1,609,772	\$ 0	\$ 5,434,691
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 500,665	\$ 0	\$ 0	\$ 836,338	\$ 1,337,003
Total Other Governments and Citizens Groups	\$ 500,665	\$ 0	\$ 0	\$ 836,338	\$ 1,337,003
Total	\$ 43,075,635	\$ 3,206,590	\$ 2,988,405	\$ 836,338	\$ 50,106,968

Exhibit J-8

Cheatham County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2010

General Fund

General Government

County Commission

Other Salaries and Wages	\$	9,904	
Board and Committee Members Fees		58,273	
In-Service Training		350	
Social Security		5,122	
Audit Services		10,774	
Dues and Memberships		1,550	
Legal Services		29,348	
Other Contracted Services		8,068	
Other Supplies and Materials		421	
Total County Commission			\$ 123,810

County Mayor/Executive

County Official/Administrative Officer	\$	73,866	
Secretary(ies)		31,978	
Social Security		7,907	
State Retirement		5,440	
Communication		10,082	
Consultants		695	
Dues and Memberships		11,585	
Engineering Services		14,867	
Legal Services		10,408	
Maintenance and Repair Services - Vehicles		582	
Travel		907	
Gasoline		1,045	
Office Supplies		1,308	
Other Charges		12,998	
Total County Mayor/Executive			183,668

Personnel Office

Supervisor/Director	\$	55,112	
Social Security		4,049	
State Retirement		2,833	
Contracts with Private Agencies		2,442	
Dues and Memberships		325	
Travel		250	
Office Supplies		69	
Total Personnel Office			65,080

Election Commission

County Official/Administrative Officer	\$	57,559	
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(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Attendants	\$	26,181	
Board and Committee Members Fees		2,855	
Social Security		5,964	
State Retirement		4,304	
Advertising		175	
Communication		1,292	
Dues and Memberships		150	
Maintenance and Repair Services - Equipment		5,639	
Travel		325	
Data Processing Equipment		380	
Office Equipment		1,614	
Total Election Commission			\$ 106,438

Register of Deeds

County Official/Administrative Officer	\$	63,954	
Deputy(ies)		55,251	
Part-time Personnel		10,421	
Social Security		9,517	
State Retirement		6,127	
Communication		2,197	
Data Processing Services		10,699	
Dues and Memberships		834	
Maintenance and Repair Services - Equipment		225	
Maintenance and Repair Services - Office Equipment		1,458	
Travel		378	
Office Supplies		3,688	
Office Equipment		10,000	
Total Register of Deeds			174,749

Planning

Communication	\$	100	
Total Planning			100

Building

County Official/Administrative Officer	\$	53,573	
Investigator(s)		26,598	
Secretary(ies)		27,494	
Part-time Personnel		138	
Board and Committee Members Fees		2,475	
In-Service Training		589	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

Social Security	\$	8,133	
State Retirement		4,747	
Communication		4,202	
Consultants		30,409	
Data Processing Services		1,710	
Dues and Memberships		293	
Engineering Services		1,600	
Legal Services		7,442	
Maintenance and Repair Services - Equipment		3,684	
Maintenance and Repair Services - Vehicles		505	
Printing, Stationery, and Forms		851	
Other Contracted Services		212	
Gasoline		2,313	
Office Supplies		1,393	
Office Equipment		4,284	
Total Building			\$ 182,645

County Buildings

Assistant(s)	\$	24,565	
Supervisor/Director		38,408	
Custodial Personnel		48,102	
Social Security		7,553	
State Retirement		5,713	
Maintenance and Repair Services - Buildings		41,406	
Maintenance and Repair Services - Office Equipment		218	
Maintenance and Repair Services - Vehicles		1,269	
Pest Control		5,251	
Custodial Supplies		6,859	
Diesel Fuel		360	
Electricity		164,030	
Fertilizer, Lime, and Seed		3,036	
Gasoline		5,295	
Natural Gas		28,388	
Propane Gas		19,277	
Tires and Tubes		345	
Water and Sewer		65,738	
Other Supplies and Materials		1,228	
Liability Insurance		5,587	
Maintenance Equipment		145	
Total County Buildings			472,773

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	63,954	
Assistant(s)		46,377	
Data Processing Personnel		16,091	
Salary Supplements		10,272	
Clerical Personnel		35,877	
In-Service Training		645	
Social Security		12,760	
State Retirement		8,870	
Advertising		15,200	
Data Processing Services		8,873	
Postal Charges		33,470	
Printing, Stationery, and Forms		3,023	
Travel		820	
Office Supplies		1,572	
Office Equipment		50	
Total Accounting and Budgeting			\$ 257,854

Property Assessor's Office

County Official/Administrative Officer	\$	63,954	
Deputy(ies)		40,710	
Assessment Personnel		68,056	
Part-time Personnel		11,224	
Board and Committee Members Fees		3,950	
Social Security		13,013	
State Retirement		8,878	
Communication		1,141	
Contracts with Private Agencies		12,035	
Data Processing Services		14,724	
Dues and Memberships		1,043	
Maintenance and Repair Services - Office Equipment		97	
Maintenance and Repair Services - Vehicles		747	
Printing, Stationery, and Forms		52	
Gasoline		1,909	
Office Supplies		1,107	
Office Equipment		4,910	
Total Property Assessor's Office			247,550

Reappraisal Program

Deputy(ies)	\$	40,710	
Social Security		2,882	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

State Retirement	\$ 2,092	
Total Reappraisal Program		\$ 45,684

County Trustee's Office

County Official/Administrative Officer	\$ 63,954	
Deputy(ies)	74,007	
Part-time Personnel	15,580	
In-Service Training	628	
Social Security	11,112	
State Retirement	7,091	
Communication	2,490	
Data Processing Services	14,618	
Dues and Memberships	609	
Maintenance and Repair Services - Office Equipment	330	
Travel	590	
Office Supplies	2,762	
Data Processing Equipment	1,119	
Total County Trustee's Office		194,890

County Clerk's Office

County Official/Administrative Officer	\$ 63,954	
Deputy(ies)	139,161	
Internal Audit Personnel	25,216	
Part-time Personnel	28,831	
Other Salaries and Wages	10,500	
In-Service Training	400	
Social Security	17,835	
State Retirement	11,736	
Communication	2,564	
Data Processing Services	14,656	
Dues and Memberships	834	
Maintenance and Repair Services - Office Equipment	542	
Printing, Stationery, and Forms	3,252	
Travel	517	
Office Supplies	1,877	
Office Equipment	610	
Total County Clerk's Office		322,485

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,954	
Deputy(ies)		246,870	
Part-time Personnel		160	
Jury and Witness Expense		3,595	
Social Security		22,495	
State Retirement		15,521	
Communication		1,325	
Contracts with Government Agencies		3,000	
Data Processing Services		8,476	
Dues and Memberships		599	
Maintenance and Repair Services - Office Equipment		1,119	
Matching Share		13,500	
Office Supplies		6,962	
Total Circuit Court			\$ 387,576

General Sessions Court

Judge(s)	\$	84,587	
Deputy(ies)		38,356	
Social Security		8,136	
State Retirement		6,319	
Communication		1,568	
Data Processing Services		3,242	
Dues and Memberships		625	
Travel		538	
Office Equipment		650	
Total General Sessions Court			144,021

Chancery Court

County Official/Administrative Officer	\$	63,954	
Deputy(ies)		118,233	
Social Security		12,697	
State Retirement		9,364	
Communication		1,340	
Data Processing Services		8,243	
Dues and Memberships		654	
Legal Notices, Recording, and Court Costs		142	
Maintenance and Repair Services - Office Equipment		929	
Office Supplies		4,303	
Data Processing Equipment		65	
Total Chancery Court			219,924

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Judge(s)	\$	39,561	
Probation Officer(s)		86,199	
Social Workers		48,766	
Salary Supplements		17,695	
Secretary(ies)		32,711	
Other Salaries and Wages		8,210	
Social Security		16,617	
State Retirement		10,238	
Communication		3,039	
Contracts with Government Agencies		2,465	
Data Processing Services		1,650	
Dues and Memberships		1,450	
Maintenance and Repair Services - Office Equipment		1,031	
Maintenance and Repair Services - Vehicles		829	
Travel		187	
Remittance of Revenue Collected		1,568	
Drugs and Medical Supplies		707	
Gasoline		1,321	
Library Books/Media		35	
Office Supplies		1,649	
Total Juvenile Court			\$ 275,928

Probation Services

Probation Officer(s)	\$	87,394	
Attendants		26,181	
Social Security		8,300	
State Retirement		5,838	
Communication		1,459	
Maintenance and Repair Services - Office Equipment		1,971	
Printing, Stationery, and Forms		792	
Travel		683	
Remittance of Revenue Collected		11,239	
Drugs and Medical Supplies		3,799	
Office Supplies		958	
Total Probation Services			148,614

Courtroom Security

Supervisor/Director	\$	47,179	
Guards		36,585	
Part-time Personnel		57,999	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Courtroom Security (Cont.)

Social Security	\$	10,501	
State Retirement		4,305	
Office Supplies		81	
Law Enforcement Equipment		400	
Total Courtroom Security			\$ 157,050

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,350
Assistant(s)		34,312
Supervisor/Director		52,787
Deputy(ies)		775,845
Detective(s)		48,712
Investigator(s)		126,866
Sergeant(s)		163,541
Clerical Personnel		82,604
Overtime Pay		1,835
Other Salaries and Wages		35,280
In-Service Training		528
Social Security		103,491
State Retirement		68,289
Communication		43,310
Dues and Memberships		2,300
Legal Services		20,571
Maintenance and Repair Services - Equipment		4,909
Maintenance and Repair Services - Office Equipment		20,098
Maintenance and Repair Services - Vehicles		21,977
Travel		5,044
Gasoline		113,088
Instructional Supplies and Materials		6,275
Law Enforcement Supplies		10,002
Office Supplies		6,311
Tires and Tubes		10,679
Uniforms		889
Other Supplies and Materials		661
Liability Insurance		21,021
Vehicle and Equipment Insurance		14,308
Workers' Compensation Insurance		20,115
Other Charges		5,859
Data Processing Equipment		923

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Law Enforcement Equipment	\$	23,054	
Office Equipment		104	
Total Sheriff's Department			\$ 1,915,938

Jail

Supervisor/Director	\$	48,712	
Sergeant(s)		155,661	
Foremen		65,422	
Guards		622,173	
Clerical Personnel		32,711	
Board and Committee Members Fees		75	
Social Security		65,104	
State Retirement		46,609	
Maintenance and Repair Services - Equipment		5,572	
Medical and Dental Services		187,406	
Custodial Supplies		15,202	
Food Supplies		104,268	
Law Enforcement Supplies		143	
Prisoners Clothing		1,841	
Other Supplies and Materials		1,941	
Other Equipment		399	
Total Jail			1,353,239

Rural Fire Protection

Remittance of Revenue Collected	\$	248,829	
Total Rural Fire Protection			248,829

Other Emergency Management

Assistant(s)	\$	38,533	
Supervisor/Director		45,511	
In-Service Training		245	
Social Security		6,240	
State Retirement		4,320	
Communication		1,743	
Maintenance and Repair Services - Equipment		4	
Maintenance and Repair Services - Vehicles		570	
Travel		196	
Gasoline		3,448	
Office Supplies		574	
Other Supplies and Materials		935	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Other Charges	\$	1,928	
Communication Equipment		169	
Other Equipment		637	
Total Other Emergency Management			\$ 105,053

County Coroner/Medical Examiner

County Official/Administrative Officer	\$	77,725	
Social Security		109	
State Retirement		73	
Total County Coroner/Medical Examiner			77,907

Other Public Safety

Assistant(s)	\$	13,848	
Supervisor/Director		63,115	
Assessment Personnel		64,275	
Dispatchers/Radio Operators		358,409	
Part-time Personnel		7,280	
Overtime Pay		3,886	
Social Security		35,018	
State Retirement		22,537	
Total Other Public Safety			568,368

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	8,037	
Other Salaries and Wages		11,938	
Social Security		615	
Communication		1,666	
Dues and Memberships		200	
Janitorial Services		10,750	
Postal Charges		671	
Travel		474	
Custodial Supplies		614	
Drugs and Medical Supplies		380	
Office Supplies		2,410	
Other Supplies and Materials		305	
Heating and Air Conditioning Equipment		2,958	
Total Local Health Center			41,018

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Supervisor/Director	\$	42,311	
Deputy(ies)		49,379	
Attendants		18,610	
Social Security		8,060	
State Retirement		4,157	
Communication		2,837	
Maintenance and Repair Services - Equipment		260	
Maintenance and Repair Services - Office Equipment		463	
Maintenance and Repair Services - Vehicles		2,173	
Printing, Stationery, and Forms		390	
Veterinary Services		13,775	
Animal Food and Supplies		461	
Custodial Supplies		873	
Drugs and Medical Supplies		15,949	
Gasoline		7,121	
Office Supplies		642	
Total Rabies and Animal Control			\$ 167,461

Ambulance/Emergency Medical Services

Supervisor/Director	\$	53,717
Clerical Personnel		27,580
Attendants		984,156
Part-time Personnel		84,148
In-Service Training		3,196
Social Security		84,257
State Retirement		52,126
Communication		11,038
Consultants		2,734
Contracts with Private Agencies		3,984
Dues and Memberships		644
Licenses		3,268
Maintenance and Repair Services - Equipment		4,727
Maintenance and Repair Services - Office Equipment		461
Maintenance and Repair Services - Vehicles		35,430
Rentals		12,970
Remittance of Revenue Collected		76,913
Disposal Fees		6,929
Custodial Supplies		169
Drugs and Medical Supplies		57,666
Gasoline		36,007

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Office Supplies	\$	1,975	
Tires and Tubes		4,076	
Uniforms		2,972	
Other Supplies and Materials		306	
Vehicle and Equipment Insurance		5,937	
Workers' Compensation Insurance		17,659	
Other Charges		1,167	
Communication Equipment		176	
Furniture and Fixtures		398	
Total Ambulance/Emergency Medical Services			\$ 1,576,786

Other Local Health Services

Secretary(ies)	\$	31,111	
Social Security		2,337	
State Retirement		1,599	
Communication		872	
Total Other Local Health Services			35,919

General Welfare Assistance

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

Sanitation Education/Information

Foremen	\$	26,312	
Social Security		2,013	
State Retirement		1,353	
Maintenance and Repair Services - Vehicles		1,059	
Gasoline		3,735	
Instructional Supplies and Materials		6,000	
Other Supplies and Materials		929	
Total Sanitation Education/Information			41,401

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Matching Share	\$	74,664	
Total Senior Citizens Assistance			74,664

Libraries

Supervisor/Director	\$	57,639	
Part-time Personnel		76,515	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

In-Service Training	\$	415	
Social Security		9,610	
State Retirement		2,178	
Communication		3,231	
Dues and Memberships		1,193	
Maintenance and Repair Services - Equipment		1,228	
Travel		949	
Library Books/Media		38,774	
Office Supplies		10,432	
Office Equipment		13,577	
Total Libraries			\$ 215,741

Parks and Fair Boards

Contributions	\$	121,112	
Total Parks and Fair Boards			121,112

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	46,770	
Educational Assistants		28,632	
Board and Committee Members Fees		175	
In-Service Training		435	
Social Security		5,614	
State Retirement		7,705	
Communication		3,082	
Travel		1,250	
Office Equipment		3,659	
Total Agriculture Extension Service			97,322

Soil Conservation

Secretary(ies)	\$	28,632	
In-Service Training		717	
Social Security		1,593	
State Retirement		1,472	
Dues and Memberships		470	
Travel		1,281	
Other Contracted Services		785	
Total Soil Conservation			34,950

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Flood Control

Other Salaries and Wages	\$	73,021	
Architects		8,410	
Communication		15,247	
Contracts with Other Public Agencies		27,075	
Legal Services		5,700	
Other Contracted Services		820,960	
Office Supplies		515	
Other Charges		<u>62,820</u>	
Total Flood Control	\$		1,013,748

Other Operations

Other Economic and Community Development

Supervisor/Director	\$	55,149	
Social Security		4,029	
State Retirement		2,835	
Communication		<u>589</u>	
Total Other Economic and Community Development			62,602

Other Charges

Trustee's Commission	\$	<u>167,357</u>	
Total Other Charges			167,357

Contributions to Other Agencies

Contributions	\$	<u>648,769</u>	
Total Contributions to Other Agencies			648,769

Employee Benefits

Life Insurance	\$	7,901	
Medical Insurance		<u>802,166</u>	
Total Employee Benefits			810,067

ARRA Grant No. 1

Law Enforcement Equipment	\$	<u>42,359</u>	
Total ARRA Grant No. 1			42,359

ARRA Grant No. 2

Law Enforcement Equipment	\$	<u>3,274</u>	
Total ARRA Grant No. 2			3,274

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Longevity Pay	\$	99,281	
Disability Insurance		19,419	
Unemployment Compensation		26,300	
Boiler Insurance		1,368	
Building and Contents Insurance		41,740	
Liability Insurance		27,922	
Premiums on Corporate Surety Bonds		7,297	
Vehicle and Equipment Insurance		5,548	
Workers' Compensation Insurance		<u>134,712</u>	
Total Miscellaneous	\$		363,587

Capital Projects

Public Health and Welfare Projects

Contracts with Government Agencies	\$	<u>12,958</u>	
Total Public Health and Welfare Projects			<u>12,958</u>

Total General Fund \$ 13,544,466

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Building Improvements	\$	<u>28,500</u>	
Total County Buildings	\$		28,500

Other General Administration

Trustee's Commission	\$	<u>101</u>	
Total Other General Administration			<u>101</u>

Total Courthouse and Jail Maintenance Fund 28,601

Solid Waste/Sanitation Fund

General Government

Other General Administration

Trustee's Commission	\$	<u>20,547</u>	
Total Other General Administration	\$		20,547

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	50,501	
Equipment Operators		33,628	

(Continued)

Exhibit J-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Truck Drivers	\$	32,532	
Clerical Personnel		23,924	
Social Security		10,596	
State Retirement		6,870	
Communication		2,079	
Electricity		3,465	
Office Supplies		424	
Water and Sewer		1,703	
Vehicle and Equipment Insurance		6,000	
Workers' Compensation Insurance		8,493	
Total Sanitation Management			\$ 180,215

Convenience Centers

Laborers	\$	59,612	
Social Security		4,560	
Communication		2,713	
Contracts with Government Agencies		542,656	
Contracts with Private Agencies		31,060	
Maintenance and Repair Services - Equipment		8,006	
Rentals		2,824	
Diesel Fuel		26,467	
Electricity		4,372	
Equipment and Machinery Parts		2,808	
Lubricants		1,085	
Tires and Tubes		10,266	
Other Equipment		11,081	
Total Convenience Centers			707,510

Landfill Operation and Maintenance

Contracts with Private Agencies	\$	5,500	
Evaluation and Testing		13,000	
Maintenance Agreements		134	
Maintenance and Repair Services - Equipment		4,997	
Crushed Stone		7,800	
Equipment and Machinery Parts		5,055	
Other Supplies and Materials		870	
Other Equipment		25,103	
Total Landfill Operation and Maintenance			62,459

(Continued)

Exhibit J-8

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations

Miscellaneous

Unemployment Compensation

\$ 24,000

Total Miscellaneous

\$ 24,000

Total Solid Waste/Sanitation Fund

\$ 994,731

Drug Control Fund

General Government

Other General Administration

Trustee's Commission

\$ 689

Total Other General Administration

\$ 689

Public Safety

Drug Enforcement

Maintenance and Repair Services - Equipment

\$ 1,009

Law Enforcement Supplies

1,521

Other Supplies and Materials

824

Law Enforcement Equipment

5,558

Total Drug Enforcement

8,912

Total Drug Control Fund

9,601

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees

\$ 11,000

Total Chancery Court

\$ 11,000

Total Constitutional Officers - Fees Fund

11,000

Unemployment Compensation Fund

General Government

Other General Administration

Unemployment Compensation

\$ 128,532

Total Other General Administration

\$ 128,532

Total Unemployment Compensation Fund

128,532

(Continued)

Exhibit J-8

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	70,350	
Assistant(s)		75,361	
Clerical Personnel		46,627	
Overtime Pay		1,414	
Advertising		306	
Contracts with Private Agencies		4,138	
Data Processing Services		145	
Dues and Memberships		2,781	
Legal Services		2,674	
Licenses		500	
Printing, Stationery, and Forms		702	
Rentals		250	
Travel		1,078	
Custodial Supplies		525	
Data Processing Supplies		131	
Drugs and Medical Supplies		33	
Office Supplies		495	
Other Supplies and Materials		1,105	
Furniture and Fixtures		40	
Office Equipment		1,343	
Total Administration			\$ 209,998

Highway and Bridge Maintenance

Foremen	\$	153,617
Equipment Operators - Heavy		430,439
Truck Drivers		229,117
Laborers		33,625
Overtime Pay		10,929
Licenses		18
Rentals		300
Other Contracted Services		245,229
Asphalt - Cold Mix		2,515
Asphalt - Hot Mix		93,852
Asphalt - Liquid		94,448
Crushed Stone		87,086
Other Road Supplies		1,246
Pipe - Metal		11,021
Road Signs		5,987
Salt		2,992
Other Supplies and Materials		4,468

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Bridge Construction	\$ 4,378	
Total Highway and Bridge Maintenance		\$ 1,411,267

Operation and Maintenance of Equipment

Foremen	\$ 152,915	
Mechanic(s)	110,717	
Overtime Pay	870	
Rentals	1,158	
Diesel Fuel	66,313	
Equipment Parts - Light	24,739	
Equipment and Machinery Parts	29,529	
Garage Supplies	7,957	
Gasoline	24,252	
Lubricants	3,538	
Propane Gas	1,990	
Small Tools	453	
Tires and Tubes	12,620	
Uniforms	4,000	
Total Operation and Maintenance of Equipment		441,051

Other Charges

Communication	\$ 4,890	
Maintenance and Repair Services - Buildings	104	
Maintenance and Repair Services - Equipment	437	
Electricity	11,089	
Natural Gas	3,110	
Water and Sewer	407	
Premiums on Corporate Surety Bonds	350	
Trustee's Commission	30,984	
Vehicle and Equipment Insurance	30,000	
Workers' Compensation Insurance	50,398	
Total Other Charges		131,769

Employee Benefits

Longevity Pay	\$ 24,900	
Social Security	88,564	
State Retirement	60,442	
Life Insurance	1,183	
Medical Insurance	152,504	
Disability Insurance	3,502	
Total Employee Benefits		331,095

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Communication Equipment	\$ 780	
Other Equipment	13,098	
Total Capital Outlay		\$ 13,878

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$ 76,188	
Total Highways and Streets		76,188

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$ 10,156	
Total Highways and Streets		10,156

Total Highway/Public Works Fund \$ 2,625,402

General Debt Service Fund

General Government

Other General Administration

Trustee's Commission	\$ 6,088	
Total Other General Administration		\$ 6,088

Principal on Debt

General Government

Principal on Notes	\$ 116,000	
Principal on Other Loans	385,000	
Total General Government		501,000

Interest on Debt

General Government

Interest on Notes	\$ 3,427	
Interest on Other Loans	368	
Total General Government		3,795

Other Debt Service

General Government

Bank Charges	\$ 301	
Total General Government		301

Total General Debt Service Fund 511,184

(Continued)

Exhibit J-8

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

Education Debt Service Fund

General Government

Other General Administration

Trustee's Commission	\$ 102,190	
Total Other General Administration		\$ 102,190

Principal on Debt

Education

Principal on Bonds	\$ 1,154,000	
Principal on Notes	433,275	
Principal on Other Loans	<u>1,677,543</u>	
Total Education		3,264,818

Interest on Debt

Education

Interest on Bonds	\$ 543,668	
Interest on Notes	9,708	
Interest on Other Loans	51,125	
Other Debt Service	<u>323</u>	
Total Education		604,824

Other Debt Service

Education

Bank Charges	\$ 39,405	
Fiscal Agent Charges	250	
Legal Services	<u>125</u>	
Total Education		<u>39,780</u>

Total Education Debt Service Fund		\$ 4,011,612
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General Capital Projects Fund

General Government

Other General Administration

Trustee's Commission	\$ 2,234	
Total Other General Administration		\$ 2,234

Capital Projects

Other General Government Projects

Building Construction	\$ 123,815	
Building Improvements	<u>89,268</u>	
Total Other General Government Projects		<u>213,083</u>

Total General Capital Projects Fund		215,317
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(Continued)

Exhibit J-8

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

<u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Contributions	\$ 1,337,003	
Total Education Capital Projects		\$ 1,337,003
Total Education Capital Projects Fund		\$ 1,337,003
<u>Other Capital Projects Fund</u>		
<u>General Government</u>		
<u>Other General Administration</u>		
Trustee's Commission	\$ 7,387	
Total Other General Administration		\$ 7,387
<u>Capital Projects</u>		
<u>Other General Government Projects</u>		
Motor Vehicles	\$ 272,957	
Total Other General Government Projects		272,957
Total Other Capital Projects Fund		280,344
Total Governmental Funds - Primary Government		<u>\$ 23,697,793</u>

Exhibit J-9

Cheatham County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Cheatham County School Department  
For the Year Ended June 30, 2010

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 14,656,164	
Career Ladder Program	127,505	
Career Ladder Extended Contracts	38,138	
Homebound Teachers	82,140	
Educational Assistants	1,000,077	
Certified Substitute Teachers	13,832	
Non-certified Substitute Teachers	201,451	
Social Security	933,198	
State Retirement	972,461	
Life Insurance	18,360	
Medical Insurance	2,956,453	
Dental Insurance	20,930	
Disability Insurance	66,679	
Employer Medicare	222,056	
Other Fringe Benefits	1,103	
Maintenance and Repair Services - Equipment	85,644	
Tuition	2,655	
Other Contracted Services	121,882	
Instructional Supplies and Materials	103,576	
Textbooks	550,731	
Other Supplies and Materials	27,140	
Fee Waivers	138,516	
Other Charges	564	
Regular Instruction Equipment	291,018	
Total Regular Instruction Program		\$ 22,632,273

Alternative Instruction Program

Teachers	\$ 32,887	
Educational Assistants	25,894	
Social Security	3,578	
State Retirement	3,270	
Medical Insurance	9,442	
Employer Medicare	837	
Instructional Supplies and Materials	373	
Total Alternative Instruction Program		76,281

Special Education Program

Teachers	\$ 1,550,174
Career Ladder Program	14,498

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Homebound Teachers	\$	280	
Educational Assistants		75,283	
Speech Pathologist		274,364	
Non-certified Substitute Teachers		4,233	
Social Security		112,950	
State Retirement		121,337	
Medical Insurance		358,202	
Employer Medicare		26,444	
Contracts with Private Agencies		141,548	
Maintenance and Repair Services - Equipment		1,673	
Other Contracted Services		14,833	
Other Supplies and Materials		16,577	
Special Education Equipment		29,980	
Total Special Education Program			\$ 2,742,376

Vocational Education Program

Teachers	\$	939,904	
Career Ladder Program		7,000	
Non-certified Substitute Teachers		1,632	
Social Security		56,759	
State Retirement		60,791	
Medical Insurance		159,119	
Dental Insurance		1,333	
Employer Medicare		13,252	
Maintenance and Repair Services - Equipment		2,555	
Instructional Supplies and Materials		8,500	
Other Supplies and Materials		167	
Vocational Instruction Equipment		1,988	
Total Vocational Education Program			1,253,000

Adult Education Program

Teachers	\$	53,982	
Educational Assistants		9,746	
Social Security		3,420	
State Retirement		3,504	
Dental Insurance		733	
Employer Medicare		918	
Other Contracted Services		6,909	
Instructional Supplies and Materials		1,606	
Total Adult Education Program			80,818

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services

Attendance

Supervisor/Director	\$	75,420	
Career Ladder Program		1,000	
Social Security		4,714	
State Retirement		4,906	
Medical Insurance		5,656	
Employer Medicare		1,102	
Travel		496	
Other Supplies and Materials		1,387	
In Service/Staff Development		240	
Total Attendance			\$ 94,921

Health Services

Supervisor/Director	\$	56,579	
Career Ladder Program		200	
Medical Personnel		109,816	
Other Salaries and Wages		682	
Social Security		9,576	
State Retirement		7,989	
Medical Insurance		42,446	
Employer Medicare		2,240	
Dues and Memberships		50	
Travel		6,610	
Other Contracted Services		4,781	
Drugs and Medical Supplies		3,313	
Other Supplies and Materials		31,671	
In Service/Staff Development		2,031	
Health Equipment		6,618	
Total Health Services			284,602

Other Student Support

Career Ladder Program	\$	5,500	
Guidance Personnel		806,568	
Social Security		46,378	
State Retirement		50,324	
Medical Insurance		118,778	
Dental Insurance		1,236	
Employer Medicare		11,235	
Other Fringe Benefits		399	
Contracts with Other Public Agencies		366,758	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Other Contracted Services	\$	893	
Other Supplies and Materials		73,490	
Total Other Student Support			\$ 1,481,559

Regular Instruction Program

Supervisor/Director	\$	249,076	
Career Ladder Program		22,330	
Career Ladder Extended Contracts		11,800	
Librarians		538,461	
Materials Supervisor		16,415	
Secretary(ies)		40,019	
Other Salaries and Wages		172,564	
Social Security		61,508	
State Retirement		64,692	
Medical Insurance		133,529	
Dental Insurance		1,333	
Employer Medicare		14,417	
Dues and Memberships		89	
Travel		20,515	
Other Contracted Services		2,950	
Library Books/Media		61,706	
In Service/Staff Development		1,620	
Total Regular Instruction Program			1,413,024

Alternative Instruction Program

Supervisor/Director	\$	33,254	
Career Ladder Program		500	
Social Security		2,071	
State Retirement		2,167	
Medical Insurance		2,381	
Employer Medicare		484	
Library Books/Media		500	
Total Alternative Instruction Program			41,357

Special Education Program

Supervisor/Director	\$	66,364	
Career Ladder Program		1,000	
Psychological Personnel		86,989	
Secretary(ies)		32,120	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Other Salaries and Wages	\$	32,498	
Social Security		13,091	
State Retirement		13,231	
Medical Insurance		33,158	
Employer Medicare		3,062	
Travel		7,529	
Other Contracted Services		5,628	
Other Supplies and Materials		2,226	
In Service/Staff Development		3,432	
Total Special Education Program			\$ 300,328

Vocational Education Program

Supervisor/Director	\$	63,735	
Career Ladder Program		1,000	
Social Security		3,951	
State Retirement		4,156	
Medical Insurance		5,656	
Employer Medicare		924	
Communication		2,139	
Travel		554	
Other Contracted Services		15,000	
In Service/Staff Development		237	
Total Vocational Education Program			97,352

Adult Programs

Supervisor/Director	\$	33,229	
Career Ladder Program		500	
Clerical Personnel		15,585	
Other Salaries and Wages		6,622	
Social Security		2,890	
State Retirement		3,052	
Medical Insurance		7,345	
Employer Medicare		676	
Travel		231	
In Service/Staff Development		718	
Total Adult Programs			70,848

Other Programs

On-Behalf Payments to OPEB	\$	110,839	
Total Other Programs			110,839

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education

Other Salaries and Wages	\$	325	
Board and Committee Members Fees		8,880	
Social Security		570	
State Retirement		17	
Unemployment Compensation		80,000	
Employer Medicare		133	
Audit Services		10,500	
Dues and Memberships		10,027	
Legal Services		11,173	
Other Contracted Services		1,918	
Other Supplies and Materials		222	
Liability Insurance		61,472	
Trustee's Commission		249,099	
Workers' Compensation Insurance		265,911	
In Service/Staff Development		2,380	
Criminal Investigation of Applicants - TBI		3,787	
Other Charges		6,973	
Total Board of Education			\$ 713,387

Director of Schools

County Official/Administrative Officer	\$	91,320	
Secretary(ies)		32,195	
Social Security		7,300	
State Retirement		7,518	
Medical Insurance		14,496	
Dental Insurance		1,333	
Employer Medicare		1,707	
Other Fringe Benefits		187	
Communication		20,949	
Dues and Memberships		2,854	
Maintenance and Repair Services - Equipment		942	
Postal Charges		7,346	
Travel		1,283	
Other Contracted Services		28,009	
Office Supplies		5,248	
In Service/Staff Development		1,291	
Other Charges		1,479	
Total Director of Schools			225,457

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal

Principals	\$	773,724	
Career Ladder Program		19,005	
Career Ladder Extended Contracts		8,000	
Assistant Principals		408,698	
Secretary(ies)		457,781	
Social Security		96,935	
State Retirement		100,786	
Medical Insurance		177,470	
Dental Insurance		2,778	
Employer Medicare		22,670	
Other Fringe Benefits		266	
Communication		67,879	
Dues and Memberships		6,600	
Other Contracted Services		4,848	
Office Supplies		5,340	
Total Office of the Principal			\$ 2,152,780

Fiscal Services

Supervisor/Director	\$	61,863	
Accountants/Bookkeepers		170,740	
Social Security		12,913	
State Retirement		11,956	
Medical Insurance		18,858	
Employer Medicare		3,020	
Data Processing Services		7,504	
Dues and Memberships		50	
Maintenance and Repair Services - Equipment		6,748	
Travel		1,110	
Other Contracted Services		9,986	
Data Processing Supplies		3,463	
Office Supplies		205	
In Service/Staff Development		1,309	
Total Fiscal Services			309,725

Operation of Plant

Custodial Personnel	\$	798,899	
Overtime Pay		1,399	
Other Salaries and Wages		69,805	
Social Security		51,839	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

State Retirement	\$	34,611	
Medical Insurance		51,421	
Employer Medicare		12,125	
Maintenance and Repair Services - Equipment		2,670	
Disposal Fees		32,455	
Other Contracted Services		1,442	
Custodial Supplies		103,418	
Electricity		1,339,149	
Natural Gas		129,690	
Water and Sewer		221,611	
Other Supplies and Materials		28	
Building and Contents Insurance		182,614	
In Service/Staff Development		845	
Plant Operation Equipment		14,790	
Total Operation of Plant			\$ 3,048,811

Maintenance of Plant

Supervisor/Director	\$	51,981
Secretary(ies)		31,985
Maintenance Personnel		320,876
Social Security		24,146
State Retirement		18,836
Medical Insurance		35,241
Dental Insurance		1,228
Employer Medicare		5,647
Communication		9,982
Laundry Service		9,840
Maintenance and Repair Services - Buildings		69,757
Maintenance and Repair Services - Equipment		61,901
Maintenance and Repair Services - Vehicles		7,470
Pest Control		13,747
Travel		405
Disposal Fees		3,226
Other Contracted Services		14,453
Equipment and Machinery Parts		54,606
Gasoline		15,988
General Construction Materials		91,118
Other Supplies and Materials		16,792
Vehicle and Equipment Insurance		5,345

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Other Charges	\$	2,686	
Other Equipment		8,022	
Total Maintenance of Plant			\$ 875,278

Transportation

Supervisor/Director	\$	46,086	
Mechanic(s)		131,669	
Bus Drivers		828,019	
Secretary(ies)		30,850	
Other Salaries and Wages		108,689	
In-Service Training		6,423	
Social Security		65,336	
State Retirement		45,030	
Medical Insurance		31,349	
Employer Medicare		16,351	
Communication		8,321	
Contracts with Parents		449	
Laundry Service		7,067	
Maintenance and Repair Services - Equipment		3,068	
Maintenance and Repair Services - Vehicles		12,556	
Medical and Dental Services		2,340	
Travel		17	
Disposal Fees		426	
Other Contracted Services		11,515	
Crushed Stone		1,251	
Diesel Fuel		218,081	
Garage Supplies		206	
Gasoline		4,692	
Lubricants		7,174	
Small Tools		650	
Tires and Tubes		37,177	
Vehicle Parts		107,864	
Other Supplies and Materials		1,519	
Vehicle and Equipment Insurance		48,104	
In Service/Staff Development		1,204	
Other Charges		4,291	
Transportation Equipment		564,694	
Total Transportation			2,352,468

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	40,189	
Teachers		47,387	
Other Salaries and Wages		568,354	
Social Security		38,624	
State Retirement		23,533	
Medical Insurance		30,659	
Dental Insurance		675	
Employer Medicare		9,037	
Communication		5,121	
Travel		2,693	
Other Contracted Services		3,750	
Other Supplies and Materials		106,165	
In Service/Staff Development		634	
Total Community Services			\$ 876,821

Early Childhood Education

Supervisor/Director	\$	11,362	
Teachers		195,660	
Educational Assistants		64,520	
Other Salaries and Wages		38,661	
Certified Substitute Teachers		51	
Non-certified Substitute Teachers		3,570	
Social Security		18,515	
State Retirement		17,851	
Medical Insurance		39,151	
Dental Insurance		1,228	
Employer Medicare		4,427	
Travel		249	
Food Supplies		5,703	
Instructional Supplies and Materials		15,885	
Other Supplies and Materials		21,961	
In Service/Staff Development		1,022	
Other Charges		2,766	
Other Equipment		10,352	
Total Early Childhood Education			452,934

Capital Outlay

Regular Capital Outlay

Architects	\$	40,000	
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(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Capital Outlay (Cont.)

Regular Capital Outlay (Cont.)

Building Improvements	\$	6,050	
Furniture and Fixtures		8,760	
Motor Vehicles		17,300	
Other Capital Outlay		39,387	
Total Regular Capital Outlay			\$ 111,497

Total General Purpose School Fund \$ 41,798,736

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	203,040	
Educational Assistants		286,869	
Other Salaries and Wages		31,079	
Non-certified Substitute Teachers		3,749	
Social Security		28,900	
State Retirement		25,308	
Medical Insurance		50,639	
Employer Medicare		7,111	
Other Contracted Services		99	
Instructional Supplies and Materials		41,163	
Other Supplies and Materials		1,326	
Regular Instruction Equipment		71,929	
Total Regular Instruction Program			\$ 751,212

Special Education Program

Teachers	\$	89,229	
Educational Assistants		632,573	
Speech Pathologist		54,950	
Other Salaries and Wages		76,480	
Social Security		46,075	
State Retirement		36,303	
Medical Insurance		103,709	
Employer Medicare		11,095	
Other Contracted Services		127,135	
Instructional Supplies and Materials		47,217	
Other Supplies and Materials		8,426	
Special Education Equipment		63,266	
Total Special Education Program			1,296,458

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Educational Assistants	\$	13,805	
Social Security		856	
State Retirement		710	
Employer Medicare		200	
Instructional Supplies and Materials		15,173	
Vocational Instruction Equipment		35,030	
Total Vocational Education Program			\$ 65,774

Support Services

Other Student Support

Other Salaries and Wages	\$	51,705	
Social Security		3,206	
State Retirement		3,319	
Medical Insurance		5,674	
Employer Medicare		750	
Travel		2,753	
Other Contracted Services		10,000	
Other Supplies and Materials		424	
In Service/Staff Development		2,979	
Other Charges		15,691	
Total Other Student Support			96,501

Regular Instruction Program

Supervisor/Director	\$	48,469	
Secretary(ies)		24,056	
Other Salaries and Wages		75,925	
Social Security		7,603	
State Retirement		7,878	
Medical Insurance		18,009	
Employer Medicare		2,068	
Travel		4,352	
Other Supplies and Materials		593	
In Service/Staff Development		133,554	
Other Equipment		674	
Total Regular Instruction Program			323,181

Special Education Program

Psychological Personnel	\$	130,930	
Other Salaries and Wages		259,417	

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Social Security	\$	23,714	
State Retirement		25,060	
Medical Insurance		40,547	
Dental Insurance		1,333	
Employer Medicare		5,546	
Other Contracted Services		8,376	
Other Supplies and Materials		14,711	
In Service/Staff Development		36,052	
Total Special Education Program			\$ 545,686

Vocational Education Program

Travel	\$	249	
In Service/Staff Development		339	
Total Vocational Education Program			588

Transportation

Bus Drivers	\$	11,176	
In-Service Training		54	
Social Security		698	
State Retirement		578	
Employer Medicare		163	
Diesel Fuel		1,119	
Total Transportation			13,788

Total School Federal Projects Fund \$ 3,093,188

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	51,056	
Clerical Personnel		37,608	
Cafeteria Personnel		893,979	
Social Security		58,327	
State Retirement		36,106	
Life Insurance		1,865	
Medical Insurance		93,703	
Disability Insurance		2,457	
Unemployment Compensation		4,733	
Employer Medicare		13,641	

(Continued)

Exhibit J-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Communication	\$	9,946	
Maintenance and Repair Services - Equipment		42,988	
Transportation - Other than Students		25,792	
Travel		4,349	
Other Contracted Services		54,188	
Equipment and Machinery Parts		1,353	
Food Preparation Supplies		101,228	
Food Supplies		1,231,615	
Office Supplies		9,578	
Uniforms		13,108	
Utilities		100,223	
USDA - Commodities		154,439	
Other Supplies and Materials		1,501	
In Service/Staff Development		9,482	
Other Charges		2,605	
Food Service Equipment		56,109	
Total Food Service			\$ 3,011,979

Total Central Cafeteria Fund \$ 3,011,979

Education Capital Projects Fund

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	7,451	
Total Education			\$ 7,451

Capital Projects

Education Capital Projects

Legal Services	\$	878	
Building and Contents Insurance		2,977	
Building Improvements		621,416	
Other Equipment		29,988	
Total Education Capital Projects			655,259

Total Education Capital Projects Fund 662,710

Total Governmental Funds - Cheatham County School Department \$ 48,566,613

Exhibit J-10

Cheatham County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2010

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,157,758
Total Cash Receipts	<u>\$ 2,157,758</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 2,136,180
Trustee's Commission	<u>21,578</u>
Total Cash Disbursements	<u>\$ 2,157,758</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2009	<u>0</u>
 Cash Balance, June 30, 2010	 <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 7, 2011

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cheatham County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Cheatham County's basic financial statements and have issued our report thereon dated March 7, 2011. Our report includes 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 Cheatham County Emergency Communications District and the Cheatham County Water and Wastewater Authority as described in our report on Cheatham County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

an opinion on the effectiveness of Cheatham County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cheatham County's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: 10.01, 10.04(D,E,F), 10.06, 10.08, and 10.11. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### Compliance and Other Matters

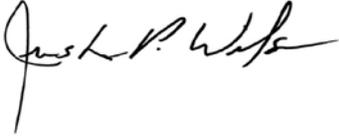
As part of obtaining reasonable assurance about whether Cheatham County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 10.02, 10.03, 10.04(A,B,C), 10.05, 10.07, 10.09, and 10.10.

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

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent initial "J" and "W".

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb



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 7, 2011

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Cheatham County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. Cheatham County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Cheatham County's management. Our responsibility is to express an opinion on Cheatham County's compliance based on our audit.

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

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

In our opinion, Cheatham County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

#### Internal Control Over Compliance

The management of Cheatham County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Cheatham County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cheatham County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

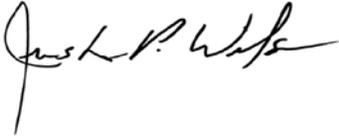
#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cheatham County as of and for the year ended June 30, 2010, and have issued our report thereon dated March 7, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Cheatham County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

Very truly yours,

A handwritten signature in black ink, 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

Cheatham County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2010

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 154,439 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	359,799
National School Lunch Program	10.555	N/A	1,068,385 (3)
Child Nutrition Discretionary Grants Limited Availability, Recovery Act	10.579	N/A	4,705
Fresh Fruit and Vegetable Program	10.582	N/A	22,444
Total U.S. Department of Agriculture			<u>\$ 1,609,772</u>
U.S. Department of Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 10,402
Total U.S. Department of Interior			<u>\$ 10,402</u>
U.S. Department of Justice:			
Direct Program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	\$ 6,500
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	N/A	42,359
Passed-through State Department of Finance and Administration:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	N/A	3,259
Total U.S. Department of Justice			<u>\$ 52,118</u>
Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Library Services And Technology Act (LSTA) Program	45.310	(2)	\$ 1,100
Total Institute of Museum and Library Services			<u>\$ 1,100</u>
U.S. Department of Education:			
Direct Program:			
Fund for the Improvement of Education	84.215	N/A	\$ 366,758
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	Z-10-218495-00	76,030
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	801,032
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	155,814
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,375,308
Special Education - Preschool Grants	84.173	N/A	28,512
Special Education - Grants to States, Recovery Act	84.391	N/A	617,786
Special Education - Preschool Grants, Recovery Act	84.392	N/A	31,173
Career and Technical Education - Basic Grants to States	84.048	N/A	75,594
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	15,824
Even Start - State Educational Agencies	84.213	(2)	82,040
Education Technology Cluster:			
Educational Technology State Grants	84.318	N/A	1,073
Educational Technology State Grants, Recovery Act	84.386	N/A	10,390
English Language Acquisition Grant	84.365	N/A	7,463
Improving Teacher Quality State Grants	84.367	N/A	178,727
State Fiscal Stabilization Cluster:			
State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	N/A	1,242,800
State Fiscal Stabilization Fund - Government Services, Recovery Act	84.397	N/A	179,772
Total U.S. Department of Education			<u>\$ 5,246,096</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grant	97.042	(2)	\$ 24,000
Homeland Security Grant Program	97.067	(2)	845
Total U.S. Department of Homeland Security			\$ 24,845
Total Expenditure of Federal Awards			\$ 6,944,333
<u>State Grants</u>		<u>Contract Number</u>	
Litter Program - State Department of Transportation	N/A	(2)	\$ 32,925
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	10,055
Juvenile Services Program - State Commission on Children and Youth	N/A	GG-10-294444	9,000
Development and Coordination of Rural Health Services - State			
Department of Health	N/A	(2)	12,538
Adult Basic Education - State Department of Labor and Workforce Development	N/A	(2)	28,996
Early Childhood Education - State Department of Education	N/A	(2)	470,256
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	11,530
Total State Grants			\$ 575,300

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.  
 (2) Information not available.  
 (3) Total for CFDA No. 10.555 is \$1,222,824.

Cheatham County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2010

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Cheatham County, Tennessee, for the year ended June 30, 2009, which have not been corrected.

**OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.01(B,C,D,E)	198	Deficiencies were noted in the collection of funds at several remote collection sites
09.03	201	The Ambulance Service did not have written policies concerning the collection and write-off of accounts
09.04	201	The building permits software did not have adequate application controls

**OFFICE OF SHERIFF**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.06	203	Duties were not segregated adequately in the Office of Sheriff

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**CHEATHAM COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2010**

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

1. Our report on the financial statements of Cheatham County is unqualified.
2. The audit of the financial statements of Cheatham County disclosed significant deficiencies in internal control. None of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Cheatham County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391 and 84.392); the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); and the State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund – Education State Grants, Recovery Act and State Fiscal Stabilization Fund – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Cheatham County did not qualify as a low-risk auditee.

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

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

### **OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS**

**FINDING 10.01**      **THE GENERAL FUND HAD A DEFICIT IN UNRESERVED FUND BALANCE AT JUNE 30, 2010**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The General Fund had a deficit in unreserved fund balance of \$140,039 at June 30, 2010. This deficit resulted from expenditures related to floods in May 2010. The County Commission has applied for disaster relief grants from the Federal Emergency Management Agency, and this fund deficit should be liquidated as the grant revenues are received.

#### **RECOMMENDATION**

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

#### **MANAGEMENT'S RESPONSE – CURRENT COUNTY MAYOR**

The deficit in the county's General Fund resulted from \$1,013,748 in expenditures related to the May 2010 flood. Cheatham County applied for disaster relief grant funds, but did not receive any as of June 30, 2010. Management will ensure the fund deficit is liquidated as the grant funds are received.

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**FINDING 10.02**      **ELECTRICITY PAYMENTS FROM THE HIGHWAY/PUBLIC WORKS FUND, ON BEHALF OF THE SCHOOL DEPARTMENT, ARE OF QUESTIONABLE LEGALITY**  
(Noncompliance Under Government Auditing Standards)

The Highway Department and the School Transportation Office share a building. However, the electric bill for the building was not pro-rated between the Highway and the School departments. The Highway Department paid \$11,089 for electricity for the building for the 2009-10 year. This resulted in Highway Department funds being used to pay a school expense. Opinion No. 92-03 issued by the Tennessee Attorney General's Office states "...a county legislative body cannot lawfully divert revenues collected for general county purposes, or other non-education purposes, and apply those moneys to education purposes." Therefore, we question the legality of using Highway Department funds to supply electricity to the School Transportation Office. Management advised that they were not aware that the electricity bill included the School Transportation Office.

## RECOMMENDATION

Highway Department funds should not be used to pay education expenses.

## MANAGEMENT'S RESPONSE – CURRENT COUNTY MAYOR

Once management discovered that the Highway Department was paying the entire electricity bill for the maintenance shop, TVA was contacted to conduct a study to determine what portion of the building is occupied by the School Transportation Department. Once management received the breakdown, the Highway Department began invoicing the School Department for their portion of the electric bill. Additionally, the School Department was invoiced for the previous five years.

## MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The director of schools will request an energy use audit by our local utilities provider to determine the most accurate pro-rata share that the School Department should be responsible to pay. Upon completion of this energy audit, the director of schools will negotiate with the county government to reimburse the Highway/Public Works Fund appropriately.

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## FINDING 10.03      **THE OFFICE DID NOT FILE DISCLOSURES ON DEBT OBLIGATIONS AS REQUIRED BY THE SECURITIES AND EXCHANGE COMMISSION** (Noncompliance Under Government Auditing Standards)

The office did not file disclosures on debt obligations on the Electronic Municipal Market Access System (EMMA). The Securities and Exchange Commission (SEC) Rule 15c2-12 under the Securities Exchange Act of 1934, requires “issuers and borrowers [that] have entered into a continuing disclosure agreement to provide certain financial and operating information annually.....to the Municipal Securities Rulemaking Board through its EMMA system.” A municipal securities underwriter is prohibited from buying an issuer’s bonds until the issuer is in compliance with Rule 15c2-12. The rule suggests that it will be very difficult for an underwriter to reasonably recommend a security offering of an issuer that has a history of persistent noncompliance. This could effectively limit the county’s access to the bond markets. This deficiency was the result of a lack of management oversight.

## RECOMMENDATION

The office should enter into a continuing disclosure agreement and file disclosures on debt obligations as required by the SEC. The county should contact their bond counsel or securities underwriter to assist in compliance with Rule 15c2-12.

## MANAGEMENT'S RESPONSE – CURRENT COUNTY MAYOR

The director of accounts and budgets contacted the bond council of Stevens, Inc., to inquire about the last filing of debt disclosures for Cheatham County since they were the last to file

this report. Management then decided it would be in the best interest of the county to file this report ourselves since it is just a matter of submitting an annual financial report to the Securities Exchange and Commission.

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**FINDING 10.04      DEFICIENCIES WERE NOTED IN THE COLLECTION OF FUNDS AT REMOTE COLLECTION SITES**  
(A., B., and C. – Noncompliance Under Government Auditing Standards; D., E., and F. – Internal Control – Significant Deficiency Under Government Auditing Standards)

We noted the following deficiencies in the collection of funds at remote collection sites:

- A. The Animal Control and Landfill departments did not always deposit collections with the county trustee within three days of collection as required by Section 5-8-207, Tennessee Code Annotated (TCA).
- B. The Animal Control and Landfill departments did not issue official receipts for collections as required by Section 9-2-104, TCA. Instead, the Animal Control Department used generic receipts that did not display the official name of the office, and the Landfill Department used a stamp to affix the official name of the office to each receipt.
- C. The Ambulance Service did not issue receipts for some collections. The office manually issued receipts if the customers paid their bill at the office. Receipts were not issued for collections received through the mail. Section 9-2-103, TCA, requires official prenumbered receipts for all collections.
- D. While conducting cash counts at the Landfill Office, we discovered cash overages exceeding \$200 on two separate occasions. Landfill personnel advised that the overages resulted from tips and from customers leaving without receiving their change. The receipts did not reflect these overages.
- E. Consistent amounts of cash on hand were not maintained at the landfill. The General Fund balance sheet reflects \$150 cash on hand, but the landfill director advised that cash held on hand ranges from \$300 to \$417. The cash drawer is never balanced to a consistent amount.
- F. Blank checks are accepted at the Landfill Department from customers who make several trips a day. The check is accepted on the first visit and filled in by a landfill employee at the end of the day once the last trip is completed by the customer.

These deficiencies are the result of a lack of management oversight and increase the risk that collections may not be accounted for properly.

## RECOMMENDATION

All collections should be deposited with the county trustee within three days of collection. Official receipts should be issued for all collections. Cash in excess of receipts should be identified and remitted to the county trustee. Receipts issued at all collection sites should be reconciled with deposits made with the county trustee. Cash on hand maintained should be the amount approved by the County Commission. Officials should not accept blank checks from customers for services to be rendered.

## MANAGEMENT'S RESPONSE – CURRENT COUNTY MAYOR

- A. The Animal Control and Landfill departments now deposit collections with the trustee every Tuesday and Thursday to make certain all monies are receipted within three days of collection.
  - B. To resolve this issue, we will purchase prenumbered receipts from a local printing company for Animal Control Department. Because of the volume of receipts needed for the Landfill Department, we will purchase a solid waste management program that will print official receipts for customers rather than purchasing prenumbered receipts.
  - C. The Ambulance Service intends to receipt all monies, including those sent through the mail as a means of accurately tracking all collections.
  - D. Cash overage at the Landfill Department resulted from tips from customers and customers leaving without receiving their change. The landfill director has stated that employees are not allowed to keep tips from customers. However, any tips received by employees are to be receipted to the Solid Waste Fund. To account for the cash from tips and customers not receiving their change the additional money will be noted on the customer's receipts and deposited in the Solid Waste Fund.
  - E. The landfill director has asked that the cash on hand be increased from \$150 to \$300. The director of accounts will present the request to increase cash on hand to the Budget Committee in April. The landfill director now understands that the cash drawer should be balanced to cash on hand when making deposits.
  - F. Blank checks will no longer be held and completed by Landfill Department employees. Instead, the customer will fill in the amount on the check to ensure the check is written correctly.
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**FINDING 10.05      COMPETITIVE BIDS WERE NOT SOLICITED FOR SOLID WASTE PICK-UP**  
(Noncompliance Under Government Auditing Standards)

Competitive bids were not solicited for the solid waste pick-up at the landfill totaling \$490,786. Sections 5-14-201 through 5-14-206, Tennessee Code Annotated, require public advertising and solicitation of competitive bids on purchases exceeding \$10,000. The failure to solicit competitive bids for waste pick-up was management's decision and could result in the county paying more than the most competitive price.

**RECOMMENDATION**

Competitive bids should be solicited for purchases exceeding \$10,000 as required by statute.

**MANAGEMENT'S RESPONSE – CURRENT COUNTY MAYOR**

Management is currently taking the necessary steps to competitively bid the solid waste pickup. The county mayor has sent a written notice to the current vendor notifying them that the current contract will be terminated, and we will formally bid the solid waste pickup.

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**FINDING 10.06      THE AMBULANCE SERVICE DID NOT HAVE WRITTEN POLICIES CONCERNING THE COLLECTION AND WRITE-OFF OF CUSTOMER ACCOUNTS**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The Ambulance Service did not have written policies concerning the collection and write-off of customer accounts. Sound business practices dictate that written policies concerning customer accounts should be adopted. This deficiency resulted from the failure of management to correct the finding noted in the prior-year audit report. Without formal policies for the collection and write-off of customer accounts, employees have no guidance for consistent and uniform treatment of customers.

**RECOMMENDATION**

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

**MANAGEMENT'S RESPONSE – CURRENT COUNTY MAYOR**

The Ambulance Service director has written a policy concerning the collection and write-off process of ambulance accounts. The policy currently being reviewed by the county mayor and will be forwarded to the Budget Committee for a second review. The policy will then be forwarded to the County Commission for final approval and adoption.

**FINDING 10.07      THE OFFICE OF ACCOUNTS AND BUDGETS HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**

(Noncompliance Under Government Auditing Standards)

System backups were not stored off-site. Section 10-7-121, Tennessee Code Annotated provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Management implemented proper backup procedures in May 2010.

**RECOMMENDATION**

Management should ensure backups are rotated off-site on a weekly basis.

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**FINDING 10.08      THE BUILDING PERMITS SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

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

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

Sound business practices dictate that proper application controls be implemented. Since the vendor did not design the system with proper controls, inappropriate system activity could occur. These deficiencies were reported to management in the prior-year audit report. At that time, management contacted the vendor who informed them that the latest version of the software should correct the deficiencies. This version was still under development and had not yet been released by the vendor. Management had continued to inquire about this software throughout the current audit period; however, it has not been released.

## RECOMMENDATION

Management should ensure that the latest version of the software is installed once it is released. This software should provide an audit trail for any changes to receipts or permits and should not have a deletion capability. Instead, an option to void receipts that properly reflects receipt activity on the daily reports should be implemented. These controls would help to ensure the reliability and integrity of the information maintained by the system.

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## OFFICE OF DIRECTOR OF SCHOOLS

### FINDING 10.09      **THE OFFICE DID NOT ISSUE PRENUMBERED RECEIPTS FOR DAY-CARE COLLECTIONS** (Noncompliance Under Government Auditing Standards)

In-lieu-of using prenumbered receipt stock, the office generated receipts on plain paper. Because the software did not assign a sequential receipt number to collections, this is a violation of Section 9-2-104, Tennessee Code Annotated, which provides for receipts to be prenumbered consecutively. In-lieu-of prenumbered receipts, computer-generated receipts may be printed on plain paper only if the receipt number generated by the software is sequential and cannot be manipulated. Sound business practices dictate that proper application controls be implemented. Since the software did not have the proper controls, inappropriate system activity could occur if pre-numbered receipt stock was not used.

## RECOMMENDATION

Management should contact the software vendor concerning the assignment of sequential receipt numbers by the software. These receipt numbers should display on daily collections reports. This control would help to ensure the reliability and integrity of the information maintained by the system.

## MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Effective immediately, Extended School Program personnel will use manual (paper) receipting procedures at each site. This will be the standard operation procedure until such time that an adequate electronic accounting system and receipting program can be procured and implemented. The director of the program will be responsible for weekly internal auditing of the receipting process to insure that receipts are being properly prepared and issued at the time of collection of revenues. The director of schools will assign an individual from the Board of Education Office to conduct periodic audits of the Extended School Program sites to insure compliance.

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## **OFFICE OF CLERK AND MASTER**

### **FINDING 10.10      **THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES** (Noncompliance Under Government Auditing Standards)**

System backups were not stored off-site. Management provided a backup to another official each week with the understanding that they would store the backup off-site. However, during the course of the year, the other official discontinued taking the backups off-site. Section 10-7-121, Tennessee Code Annotated provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. When management was advised that a backup was no longer stored off-site, proper backup procedures were implemented.

### **RECOMMENDATION**

Management should ensure backups are rotated off-site on a weekly basis.

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## **OFFICE OF THE SHERIFF**

### **FINDING 10.11      **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICE** (Internal Control – Significant Deficiency Under Government Auditing Standards)**

Duties were not segregated adequately among the official and employees in the Office of Sheriff. Employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this finding is the result of the failure of management to correct the deficiency noted in the prior-year audit report.

### **RECOMMENDATION**

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

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## **BEST PRACTICE**

### **CHEATHAM COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE**

Cheatham County does not have an Audit Committee. Sound business practices dictate that establishing an Audit Committee would significantly improve management oversight and accountability. The absence of an Audit Committee has been a management decision by the County Commission. The Division of County Audit strongly believes that an Audit Committee is a best practice that should be adopted to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks.

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

There were no findings and questioned costs for federal awards.

**CHEATHAM COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2010**

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