
ANNUAL FINANCIAL REPORT CUMBERLAND COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2010



ANNUAL FINANCIAL REPORT
CUMBERLAND 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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This financial report is available at www.tn.gov/comptroller

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

Scope

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

Results

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

Our audit resulted in 13 findings and recommendations, which we have reviewed with Cumberland County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

OFFICES OF FINANCE DIRECTOR, TRUSTEE, AND CUMBERLAND COUNTY RAILROAD AUTHORITY

- ◆ The county's General, General Debt Service, and Solid Waste Disposal funds; the Cumberland County Railroad Authority's General Fund; and the trustee's cash journal required material audit adjustments for proper financial statement presentation.

OFFICE OF COUNTY MAYOR

- ◆ The county mayor entered into agreements on behalf of the county without County Commission approval.

OFFICE OF FINANCE DIRECTOR

- ◆ The School Federal Projects and Solid Waste Disposal funds had fund deficits.
- ◆ Appropriations exceeded estimated available funds in the Solid Waste/Sanitation Fund.
- ◆ School Department leave records were not on file to support payroll disbursements.

- ◆ The office had deficiencies in payroll procedures.
 - ◆ Cumberland County did not account for American Recovery and Reinvestment Act Grants separately from other county funds.
-

ELECTION OFFICE AND OFFICE OF FINANCE DIRECTOR

- ◆ Deficiencies were noted in the Election Office and the Finance Office.
 - ◆ Minutes of the Election Commission were not maintained for all meetings.
-

OFFICE OF SHERIFF

- ◆ Receipts were not issued at the time of collection, and some collections were not deposited within three days.
-

OFFICE OF CUMBERLAND COUNTY RAILROAD AUTHORITY

- ◆ Expenditures exceeded appropriations.
-

OTHER FINDINGS AND RECOMMENDATIONS

- ◆ Cumberland County has material recurring audit findings.
- ◆ Duties were not segregated adequately in the Finance Department and the Offices of Trustee, County Clerk, Register, and Sheriff.

INTRODUCTORY SECTION

Cumberland County Officials

June 30, 2010

Officials

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

Board of County Commissioners

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

Board of Education

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

Cumberland County Railroad Authority Board of Directors

Brock Hill, County Mayor, Chairman
George Adcock

Cumberland County Officials (Cont.)

Financial Management Committee

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

Kenneth Carey, Jr.
Clyde Cramer
Harry Sabine

FINANCIAL SECTION



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
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INDEPENDENT AUDITOR'S REPORT

December 15, 2010

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cumberland County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Cumberland County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Cumberland County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Cumberland County Emergency Communications District, which represent 2.3 percent and 1.5 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Cumberland County Emergency Communications District, is based on the report of other auditors.

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

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate discretely presented component units of Cumberland County, Tennessee, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2010, on our consideration of Cumberland County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

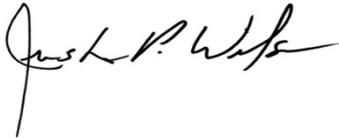
As described in Note V.B., Cumberland County has adopted the provisions of Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for 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 77 through 84 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 Cumberland County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Cumberland County School Department and the Cumberland County Railroad Authority (discretely presented component units), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Cumberland County School Department and the Cumberland County Railroad Authority (discretely presented component units), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government		Component Units			
	Governmental Activities	Business-type Activities	Total	Cumberland County School Department	Cumberland County Railroad Authority	Cumberland County Emergency Communications District
ASSETS						
Cash	\$ 50,997	\$ 200	\$ 51,197	\$ 95	\$ 0	\$ 570,264
Equity in Pooled Cash and Investments	17,150,205	655,751	17,805,956	3,946,164	32,765	0
Inventories	0	0	0	140,751	0	0
Deferred Outflow - Interest Rate Swap	3,197,611	0	3,197,611	0	0	0
Accounts Receivable	7,022,127	5,839	7,027,966	7,448	0	47,845
Allowance for Uncollectibles	(4,443,702)	0	(4,443,702)	0	0	0
Due from Other Governments	1,421,669	0	1,421,669	3,384,778	1,898	0
Property Taxes Receivable	11,896,759	0	11,896,759	8,372,526	0	0
Allowance for Uncollectible Property Taxes	(296,891)	0	(296,891)	(200,219)	0	0
Prepaid Expenses	0	0	0	0	0	26,586
Accrued Interest Receivable	0	0	0	0	0	2,698
Other Restricted Assets	0	0	0	0	0	100,000
Deferred Charges - Debt Issuance Cost	626,988	0	626,988	0	0	5,047
Capital Assets						
Assets Not Depreciated:						
Land	1,318,713	46,840	1,365,553	2,088,454	0	0
Construction in Progress	6,042,259	0	6,042,259	0	0	0
Assets Net of Accumulated Depreciation:						
Buildings and Improvements	20,500,507	2,251	20,502,758	60,908,595	0	877,696
Infrastructure	23,380,162	0	23,380,162	976,298	0	0
Landfill Facilities and Development	0	118,377	118,377	0	0	0
Other Capital Assets	5,122,934	79,928	5,202,862	3,154,665	0	277,055
Total Assets	\$ 92,990,338	\$ 909,186	\$ 93,899,524	\$ 82,779,555	\$ 34,663	\$ 1,907,191
LIABILITIES						
Accounts Payable	\$ 163,041	\$ 39,985	\$ 203,026	\$ 354,593	\$ 1,898	\$ 27,146
Accrued Payroll	21,073	0	21,073	98,125	0	7,364
Accrued Interest Payable	94,595	0	94,595	0	0	0
Payroll Deductions Payable	0	0	0	0	0	958
Compensated Absences Payable	0	0	0	0	0	5,167
Contracts Payable	149,180	128,566	277,746	0	0	0
Retainage Payable	0	27,208	27,208	0	0	0

(Continued)

Exhibit A

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

	Primary Government		Total	Component Units			
	Governmental Activities	Business-type Activities		Cumberland County School Department	Cumberland County Railroad Authority	Cumberland County Emergency Communications District	
<u>LIABILITIES (CONT.)</u>							
Due to State of Tennessee	\$ 29,496	\$ 0	\$ 29,496	\$ 0	\$ 0	\$ 0	0
Matured Bonds Payable	30,000	0	30,000	0	0	0	0
Matured Interest on Bonds	8,058	0	8,058	0	0	0	0
Current Liabilities Payable from Restricted Assets:							
Customer Deposits Payable	1,250	0	1,250	0	0	0	0
Derivative - Interest Rate Swap	3,197,611	0	3,197,611	0	0	0	0
Deferred Revenue - Current Property Taxes	11,228,307	0	11,228,307	7,933,774	0	0	0
Noncurrent Liabilities:							
Due Within One Year	3,473,949	244,095	3,718,044	80,521	0	0	45,000
Due in More Than One Year	64,259,875	1,092,023	65,351,898	1,249,031	0	0	726,000
Total Liabilities	\$ 82,656,435	\$ 1,531,877	\$ 84,188,312	\$ 9,716,044	\$ 1,898	\$ 0	\$ 811,635
<u>NET ASSETS</u>							
Invested in Capital Assets, Net of Related Debt	\$ 38,852,039	\$ 0	\$ 38,852,039	\$ 0	\$ 0	\$ 0	388,798
Invested in Capital Assets	0	247,396	247,396	67,128,012	0	0	0
Restricted for:							
Courthouse and Jail Maintenance	12,236	0	12,236	0	0	0	0
Solid Waste/Sanitation	460,546	0	460,546	0	0	0	0
Drug Control	216,217	0	216,217	0	0	0	0
Highway/Public Works	1,158,530	0	1,158,530	0	0	0	0
School Federal Projects	0	0	0	60,148	0	0	0
Central Cafeteria	0	0	0	793,691	0	0	0
Debt Service	11,997,239	0	11,997,239	0	0	0	100,000
Capital Outlay	0	374,928	374,928	0	0	0	0
Basic Education Program	0	0	0	3,310,236	0	0	0
Other Purposes	534,498	0	534,498	45,790	0	0	0
Unrestricted	(42,897,402)	(1,245,015)	(44,142,417)	1,725,634	32,765	0	606,758
Total Net Assets (Deficit)	\$ 10,333,903	\$ (622,691)	\$ 9,711,212	\$ 73,063,511	\$ 32,765	\$ 0	\$ 1,095,556

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

Exhibit B

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Business-type Activities	Total	Cumberland County School Department	Cumberland County Railroad Authority	Cumberland County Emergency Communications District	
Primary Government:										
Governmental Activities:										
General Government	\$ 2,957,606	\$ 574,918	\$ 34,897	\$ 0	\$ (2,347,791)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	1,770,340	1,090,731	31,996	0	(647,613)	0	0	0	0	0
Administration of Justice	1,671,203	926,106	64,812	0	(680,285)	0	0	0	0	0
Public Safety	7,730,757	839,540	128,925	63,143	(6,699,149)	0	0	0	0	0
Public Health and Welfare	5,007,411	3,103,836	1,039,771	0	(863,804)	0	0	0	0	0
Social, Cultural, and Recreational Services	753,738	46,519	16,000	0	(691,219)	0	0	0	0	0
Agriculture and Natural Resources	146,908	0	0	0	(146,908)	0	0	0	0	0
Other Operations	1,953,042	5,100	0	262,713	(1,685,229)	0	0	0	0	0
Highways/Public Works	3,456,425	3,500	2,140,447	368,215	(944,263)	0	0	0	0	0
Interest on Long-term Debt	1,772,151	0	0	0	(1,772,151)	0	0	0	0	0
Other Debt Service	120,145	0	0	0	(120,145)	0	0	0	0	0
Total Primary Government	\$ 27,339,726	\$ 6,590,250	\$ 3,456,848	\$ 694,071	\$ (16,598,557)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Business-type Activities:										
Landfill	\$ 2,079,592	\$ 393,099	\$ 23,772	\$ 0	\$ (1,662,721)	\$ (1,662,721)	\$ 0	\$ 0	\$ 0	\$ 0
Total Business-type Activities	\$ 2,079,592	\$ 393,099	\$ 23,772	\$ 0	\$ (1,662,721)	\$ (1,662,721)	\$ 0	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 29,419,318	\$ 6,983,349	\$ 3,480,620	\$ 694,071	\$ (16,598,557)	\$ (1,662,721)	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:										
School Department	\$ 55,329,016	\$ 1,162,262	\$ 10,853,690	\$ 111,026	\$ 0	\$ 0	\$ (43,202,038)	\$ 0	\$ 0	\$ 0
Railroad Authority	1,095,090	0	0	1,093,341	0	0	0	(1,749)	0	0
Emergency Communications District	902,979	808,042	0	0	0	0	0	0	(94,937)	0
Total Component Units	\$ 57,327,085	\$ 1,970,304	\$ 10,853,690	\$ 1,204,367	\$ 0	\$ 0	\$ (43,202,038)	\$ (1,749)	\$ (94,937)	\$ 0

(Continued)

Exhibit B

Cumberland County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets											
	Program Revenues					Component Units						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Cumberland County School Department		Cumberland County Railroad Authority		Cumberland County Emergency Communications District		
						Governmental Activities	Primary Government Business-type Activities					
General Revenues:												
Taxes:												
Property Taxes Levied for General Purposes	\$ 9,239,436	\$	0	0	\$ 9,239,436	\$	7,315,767	\$	0	\$	0	
Property Taxes Levied for Debt Service	2,079,709		0	0	2,079,709		0		0		0	
Local Option Sales Taxes	2,154,203		0	0	2,154,203		7,077,626		0		0	
Hotel/Motel Tax	447,109		0	0	447,109		0		0		0	
Litigation Taxes	365,192		0	0	365,192		0		0		0	
Business Tax	550,813		0	0	550,813		0		0		0	
Wholesale Beer Tax	359,682		0	0	359,682		0		0		0	
Other Local Taxes	26,508		0	0	26,508		5,484		0		0	
Grants and Contributions Not Restricted to Specific Programs	1,647,551		0	0	1,647,551		27,846,675		0		32,000	
Unrestricted Investment Earnings	557,067		0	0	557,067		5,076		0		11,089	
Miscellaneous	43,950		0	0	43,950		222,608		0		157	
Special Item (1)	0		0	0	0		143,000		0		0	
Total General Revenues	\$ 17,471,220	\$	0	0	\$ 17,471,220	\$	42,616,236	\$	0	\$	43,246	
Transfers	(1,525,000)		\$	1,525,000	\$	0	\$	0	\$	0	0	
Change in Net Assets	(652,337)		\$	(137,721)	\$	(790,058)	\$	(585,802)	\$	(1,749)	\$	(51,691)
Net Assets (Deficit), July 1, 2009	11,075,577			(484,970)	10,590,607		73,649,313		34,514		1,147,247	
Prior-period Adjustment	(89,337)			0	(89,337)		0		0		0	
Net Assets (Deficit), June 30, 2010	\$ 10,333,903	\$	(622,691)	\$	9,711,212	\$	73,063,511	\$	32,765	\$	1,095,556	

(1) Proceeds from the sale of a house constructed by the trades and industries class.

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

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Governmen- tal Funds
	General	Solid Waste / Sanitation	General Debt Service	Other Governmen- tal Funds	
<u>ASSETS</u>					
Cash	\$ 200	\$ 0	\$ 0	\$ 50,797	\$ 50,997
Equity in Pooled Cash and Investments	3,988,128	393,878	11,753,891	1,014,308	17,150,205
Accounts Receivable	7,006,442	7,489	0	8,196	7,022,127
Allowance for Uncollectibles	(4,443,702)	0	0	0	(4,443,702)
Due from Other Governments	684,657	8,720	307,194	421,098	1,421,669
Due from Other Funds	58,968	0	0	0	58,968
Property Taxes Receivable	7,846,751	1,773,731	2,276,277	0	11,896,759
Allowance for Uncollectible Property Taxes	(198,565)	(42,388)	(55,938)	0	(296,891)
Total Assets	<u>\$ 14,942,879</u>	<u>\$ 2,141,430</u>	<u>\$ 14,281,424</u>	<u>\$ 1,494,399</u>	<u>\$ 32,860,132</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 163,041	\$ 0	\$ 0	\$ 0	\$ 163,041
Accrued Payroll	21,073	0	0	0	21,073
Contracts Payable	149,180	0	0	0	149,180
Due to Other Funds	0	0	0	58,968	58,968
Due to State of Tennessee	29,496	0	0	0	29,496
Matured Bonds Payable	0	0	30,000	0	30,000
Matured Interest on Bonds	0	0	8,058	0	8,058
Current Liabilities Payable from Restricted Assets:					
Customer Deposits Payable	1,250	0	0	0	1,250
Deferred Revenue - Current Property Taxes	7,395,891	1,680,884	2,151,532	0	11,228,307
Deferred Revenue - Delinquent Property Taxes	227,546	45,509	62,058	0	335,113
Other Deferred Revenues	2,250,904	0	162,306	213,687	2,626,897
Total Liabilities	<u>\$ 10,238,381</u>	<u>\$ 1,726,393</u>	<u>\$ 2,413,954</u>	<u>\$ 272,655</u>	<u>\$ 14,651,383</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 235,000	\$ 0	\$ 0	\$ 0	\$ 235,000
Reserved for Computer System - Register	329,453	0	0	0	329,453
Reserved for Automation Purposes - Circuit Court	2,618	0	0	0	2,618
Reserved for Automation Purposes - General Sessions Court	72,073	0	0	0	72,073
Reserved for Automation Purposes - Chancery Court	24,468	0	0	0	24,468
Reserved for Automation Purposes - Sheriff	39,167	0	0	0	39,167
Reserved for Automation Purposes - County Clerk	8,570	0	0	0	8,570
Reserved for Capital Outlay	58,149	0	0	0	58,149
Unreserved, Reported In:					
General Fund	3,935,000	0	0	0	3,935,000
Special Revenue Funds	0	415,037	0	1,221,744	1,636,781
Debt Service Funds	0	0	11,867,470	0	11,867,470
Total Fund Balances	<u>\$ 4,704,498</u>	<u>\$ 415,037</u>	<u>\$ 11,867,470</u>	<u>\$ 1,221,744</u>	<u>\$ 18,208,749</u>
Total Liabilities and Fund Balances	<u>\$ 14,942,879</u>	<u>\$ 2,141,430</u>	<u>\$ 14,281,424</u>	<u>\$ 1,494,399</u>	<u>\$ 32,860,132</u>

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

Exhibit C-2

Cumberland County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Assets
June 30, 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)		\$ 18,208,749
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,318,713	
Add: construction in progress	6,042,259	
Add: buildings and improvements net of accumulated depreciation	20,500,507	
Add: infrastructure net of accumulated depreciation	23,380,162	
Add: other capital assets net of accumulated depreciation	<u>5,122,934</u>	56,364,575
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (2,222,212)	
Less: other loans payable	(64,460,000)	
Less: compensated absences payable	(823,635)	
Less: other postemployment benefits liability	(156,405)	
Less: accrued interest on notes	(917)	
Less: accrued interest on other loans	(93,678)	
Less: other deferred revenue - premium on debt	(71,572)	
Add: change in deferred debt issuance costs	<u>626,988</u>	(67,201,431)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>2,962,010</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 10,333,903</u>

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

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Other Govern- mental Funds	
Revenues					
Local Taxes	\$ 9,838,846	\$ 1,471,749	\$ 4,021,829	\$ 85,949	\$ 15,418,373
Licenses and Permits	210,556	0	0	0	210,556
Fines, Forfeitures, and Penalties	196,326	0	0	66,103	262,429
Charges for Current Services	2,722,356	0	0	4,208	2,726,564
Other Local Revenues	430,393	230,873	230,806	0	892,072
Fees Received from County Officials	2,126,368	0	0	0	2,126,368
State of Tennessee	2,029,756	49,834	0	2,321,016	4,400,606
Federal Government	1,099,906	0	0	0	1,099,906
Other Governments and Citizens Groups	557,873	0	0	25,250	583,123
Total Revenues	\$ 19,212,380	\$ 1,752,456	\$ 4,252,635	\$ 2,502,526	\$ 27,719,997
Expenditures					
Current:					
General Government	\$ 2,497,597	\$ 0	\$ 0	\$ 109,586	\$ 2,607,183
Finance	1,724,423	0	0	685	1,725,108
Administration of Justice	1,678,688	0	0	0	1,678,688
Public Safety	9,934,350	0	0	40,630	9,974,980
Public Health and Welfare	3,973,068	984,225	0	0	4,957,293
Social, Cultural, and Recreational Services	3,001,878	0	0	0	3,001,878
Agriculture and Natural Resources	145,580	0	0	0	145,580
Other Operations	1,490,035	107,738	0	718	1,598,491
Highways	0	70,225	0	2,547,322	2,617,547
Debt Service:					
Principal on Debt	0	0	2,298,404	0	2,298,404
Interest on Debt	0	0	1,744,458	0	1,744,458
Other Debt Service	0	0	180,236	0	180,236
Capital Projects - Donated	0	0	764,298	0	764,298
Total Expenditures	\$ 24,445,619	\$ 1,162,188	\$ 4,987,396	\$ 2,698,941	\$ 33,294,144
Excess (Deficiency) of Revenues Over Expenditures					
	\$ (5,233,239)	\$ 590,268	\$ (734,761)	\$ (196,415)	\$ (7,099,147)
Other Financing Sources (Uses)					
Notes Issued	\$ 1,677,000	\$ 0	\$ 0	\$ 0	\$ 1,677,000
Refunding Debt Issued	0	0	5,100,000	0	5,100,000
Premiums on Debt Issued	0	0	32,098	0	32,098
Other Loans Issued	1,940,000	0	750,000	0	2,690,000
Transfers In	5,000,000	0	0	0	5,000,000
Transfers Out	(1,100,000)	(425,000)	(5,000,000)	0	(6,525,000)
Payments to Refunded Debt Escrow Agent	0	0	(5,000,000)	0	(5,000,000)
Total Other Financing Sources (Uses)	\$ 7,517,000	\$ (425,000)	\$ (4,117,902)	\$ 0	\$ 2,974,098
Net Change in Fund Balances					
Fund Balance, July 1, 2009	\$ 2,283,761	\$ 165,268	\$ (4,852,663)	\$ (196,415)	\$ (2,600,049)
Fund Balance, June 30, 2010	\$ 4,704,498	\$ 415,037	\$ 11,867,470	\$ 1,221,744	\$ 18,208,749

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

Exhibit C-4

Cumberland County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 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)		\$ (2,600,049)
<p>(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:</p>		
Add: capital assets purchased in the current period	\$ 5,733,709	
Add: assets donated and capitalized	160,985	
Less: current year depreciation expense	<u>(1,884,342)</u>	4,010,352
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.</p>		
Less: loss on disposal of capital assets	\$ (49,397)	
Less: decrease of revenues for the sale of disposed assets	<u>(62,422)</u>	(111,819)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$ 2,962,010	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(2,568,181)</u>	393,829
<p>(4) The issuance of long-term debt (e.g., bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
Less: other loan proceeds	\$ (2,690,000)	
Less: note proceeds	(1,677,000)	
Less: refunding other loan proceeds	(5,100,000)	
Less: change in premium on debt issuances	(27,943)	
Add: change in deferred debt issuance costs	55,936	
Add: principal payments on notes	448,404	
Add: principal payments on other loans	1,850,000	
Add: payment to refunding agent	<u>5,000,000</u>	(2,140,603)
<p>(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.</p>		
Change in accrued interest payable	\$ (27,693)	
Change in compensated absences payable	(63,986)	
Change in other postemployment benefits liability	<u>(112,368)</u>	(204,047)
Change in net assets of governmental activities (Exhibit B)		<u>\$ (652,337)</u>

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

Exhibit D-1

Cumberland County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2010

	Business-type Activities
	<u>Major Fund</u>
	<u>Solid Waste Disposal Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 200
Equity in Pooled Cash and Investments	655,751
Accounts Receivable	5,839
Total Current Assets	<u>\$ 661,790</u>
Noncurrent Assets:	
Capital Assets (Net of Accumulated Depreciation):	
Land	\$ 46,840
Landfill Facilities and Development	118,377
Buildings and Improvements	2,251
Machinery and Equipment	74,437
Other Capital Assets	5,491
Total Noncurrent Assets	<u>\$ 247,396</u>
Total Assets	<u>\$ 909,186</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 39,985
Contracts Payable	128,566
Retainage Payable	27,208
Accrued Liability for Landfill Closure/Postclosure Care Costs	244,095
Total Current Liabilities	<u>\$ 439,854</u>
Noncurrent Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	\$ 1,092,023
Total Noncurrent Liabilities	<u>\$ 1,092,023</u>
Total Liabilities	<u>\$ 1,531,877</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 247,396
Restricted for Capital Outlay	374,928
Unrestricted	<u>(1,245,015)</u>
Total Net Assets (Deficit)	<u>\$ (622,691)</u>

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

Exhibit D-2

Cumberland County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2010

	Business-type Activities
	<u>Major Fund</u>
	<u>Solid Waste</u>
	<u>Disposal Fund</u>
<hr/>	
<u>Operating Revenues</u>	
Charges for Current Services	\$ 393,099
Total Operating Revenues	<u>\$ 393,099</u>
<u>Operating Expenses</u>	
Public Health and Welfare	\$ 1,610,324
Depreciation	449,280
Other Charges	1,895
Employee Benefits	18,093
Total Operating Expenses	<u>\$ 2,079,592</u>
Operating Income (Loss)	<u>\$ (1,686,493)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Solid Waste Grants	\$ 23,772
Total Nonoperating Revenues (Expenses)	<u>\$ 23,772</u>
Income (Loss) Before Contributions and Transfers	\$ (1,662,721)
Transfers In	<u>1,525,000</u>
Change in Net Assets	\$ (137,721)
Net Assets (Deficit), July 1, 2009	<u>(484,970)</u>
Net Assets (Deficit), June 30, 2010	<u><u>\$ (622,691)</u></u>

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

Exhibit D-3

Cumberland County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2010

	Business-type Activities
	<u>Major Fund</u>
	Solid Waste <u>Disposal Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 401,856
Payments to Suppliers	(1,560,998)
Payments to Employees	(236,233)
Other Payments	(1,895)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (1,397,270)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Grants Received	\$ 54,438
Transfers from Other Funds	1,525,000
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 1,579,438</u>
Net Increase (Decrease) in Cash	\$ 182,168
Cash, July 1, 2009	<u>473,783</u>
Cash, June 30, 2010	<u>\$ 655,951</u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (1,686,493)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	449,280
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	8,757
Increase (Decrease) in Accounts Payable	157,720
Increase (Decrease) in Accrued Liability for Landfill Closure Cost	<u>(326,534)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (1,397,270)</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 200
Equity in Pooled Cash and Investments per Net Assets	<u>655,751</u>
Cash, June 30, 2010	<u>\$ 655,951</u>

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

Exhibit E

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,017,485
Equity in Pooled Cash and Investments	4,419
Accounts Receivable	656
Due from Other Governments	<u>1,164,412</u>
Total Assets	<u>\$ 3,186,972</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 4,419
Due to Litigants, Heirs, and Others	2,018,141
Due to Other Taxing Units	<u>1,164,412</u>
Total Liabilities	<u>\$ 3,186,972</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

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

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

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

Administrative Office:

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Cumberland County reports the following major governmental funds:

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

Solid Waste/Sanitation Fund – This fund accounts for transactions related to solid waste collection.

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

Cumberland County reports the following major proprietary fund:

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

Additionally, Cumberland County reports the following fund type:

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

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

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.

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

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

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

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

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

2. Receivables and Payables

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

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for

uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.31 percent of total taxes levied.

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

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

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

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

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

Retainage payable in the Solid Waste Disposal Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the Solid Waste Disposal Fund.

3. Inventories

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

4. Capital Assets

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

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

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

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

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

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

5. Compensated Absences

Cumberland County and the discretely presented Cumberland County School Department permit employees to accumulate a limited amount of earned but unused vacation benefits, which will be paid to employees upon separation of service or annually upon request if certain circumstances apply. All vacation pay is accrued when

incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Vested or accumulated vacation leave is required to be accrued when incurred in proprietary funds using the accrual basis of accounting; however, these amounts would be immaterial to the financial statements of Cumberland County. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

6. Long-term Obligations

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

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

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

7. Net Assets and Fund Equity

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

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

On the government-wide Statement of Net Assets (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling \$534,498 with the primary restrictions being for computer systems for various offices.

As of June 30, 2010, Cumberland County had \$43,920,058 in outstanding debt for capital purposes for the discretely presented Cumberland County School Department. This debt is a liability of Cumberland County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Cumberland County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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

8. Prior-period Adjustment

A prior-period adjustment totaling \$88,337 was recognized in the Statement of Activities. This prior-period adjustment resulted from a decrease to the value of the capital assets at July 1, 2009, because the historical values of the assets estimated by the primary government were overstated.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Cumberland County School Department

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

Discretely Presented Cumberland County Railroad Authority

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

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

Primary Government

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

Discretely Presented Cumberland County School Department

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

Discretely Presented Cumberland County Railroad Authority

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

B. Unrestricted Net Assets Deficit/Unreserved Fund Balance Deficit

The Solid Waste Disposal Fund (enterprise fund) had a deficit in unrestricted net assets of \$1,245,015 at June 30, 2010. This deficit primarily resulted from the recognition of a liability of \$1,336,118 in the financial statements for costs associated with closing the county's landfill and monitoring the landfill for 30 years after its closure. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements.

The discretely presented School Federal Projects Fund had a deficit in unreserved fund balance of \$353,500 at June 30, 2010. This deficit resulted from expenditures exceeding grant funds requested and received.

The discretely presented Cumberland County Railroad Authority's General Fund had a deficit in unreserved fund balance of \$302,243 at June 30, 2010. This deficit resulted from the recognition of the unperformed portion of a construction contract totaling \$335,008 being reserved as an encumbrance in

the financial statements. Funding for these future expenditures is expected to be received from grants.

Generally accepted accounting principles require unperformed contracts to be reflected as a reservation (encumbrance) of fund balance. If unperformed portions of the contract had not been reserved as an encumbrance of the fund balance in the financial statements, the Cumberland County Railroad Authority Fund would have reflected a fund balance of \$32,765. The following statement presents the financial condition of the Cumberland County Railroad Authority Fund at June 30, 2010, if the unperformed portion of the contract had not been reflected as a reservation of the fund balance:

Fund Balance	
Unreserved:	
Undesignated	<u>\$ 32,765</u>
 Fund Balance, June 30, 2010, Restated	 <u>\$ 32,765</u>

C. Appropriations Exceeded Available Funds

The budget and subsequent amendments approved by the County Commission for the Solid Waste/Sanitation Fund resulted in appropriations exceeding estimated available funding by \$2,884. Sound budgetary principles dictate that appropriations be held within estimated available funding.

D. Prior-year Cash Shortage

The audit of Cumberland County for the 2008-09 year reported a cash shortage of \$8,893.20 in the School Maintenance Department as of November 4, 2009. This cash shortage resulted from a recycling company paying \$11,175.69 in cash to Maintenance Department truck drivers for the sale of scrap metal. The truck drivers remitted the cash to the maintenance supervisor; however, the maintenance supervisor could not document the use of \$8,893.20 from the sale of the scrap metal. This shortage has been reviewed with the district attorney general.

E. Expenditures Exceeded Appropriations

General Fund expenditures exceeded appropriations approved by the Railroad Authority Board by \$243,098. Such overexpenditures are a violation of state statute.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state 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, Cumberland County had the following investments carried at cost. All investments are in the State Treasurer’s Investment Pool. Separate disclosures concerning pooled investments cannot be made for Cumberland County, the discretely presented Cumberland County School Department, and the discretely presented Cumberland County Railroad Authority since all pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 243,607

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

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

B. Derivative Instruments

At June 30, 2010, Cumberland County had the following derivative instruments outstanding:

Instrument	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
\$7.5M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	\$ 7,500,000	7-31-08	6-1-20	Pay 3.9% receive 63% of LIBOR
\$6.95M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	6,950,000	7-31-08	6-1-27	Pay 4.13% receive 63% of LIBOR
\$10M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	10,000,000	11-20-08	6-1-39	Pay 3.293% receive 59% of LIBOR

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2010, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2010 financial statements are as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2010</u>		6-30-10 Notional
	Classification	Amount	Classification	Amount	Amount
Governmental Activities:					
Cash Flow Hedges:					
Pay-fixed interest					
rate swaps:					
\$7.5M Swap	Deferred Outflow	\$ (167,726)	Debt	\$ (664,977)	\$ 7,500,000
\$6.95M Swap	Deferred Outflow	(298,664)	Debt	(1,230,989)	6,650,000
\$10M Swap	Deferred Outflow	(459,253)	Debt	(1,301,645)	10,000,000
Totals		<u>\$ (925,643)</u>		<u>\$ (3,197,611)</u>	<u>\$ 24,150,000</u>

Derivative Swap Agreement Detail

\$7.5M Swap:

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

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$7.5 million Series IV-F-2

variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate. The Series IV-F-2 bonds have since been refunded with a portion of the proceeds of the Series E-3-A bonds, and the interest rate swap is now associated with the Series E-3-A bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.9 percent and receives a variable payment computed as 63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$7.5 million, and the associated variable-rate bond has a \$7.5 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-3-A Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2020. As of June 30, 2010, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.90 %
Variable payment from counterparty	% of LIBOR	<u>(1.70)</u>
Net interest rate swap payments		2.20 %
Variable-rate bond payments		<u>0.25</u>
 Synthetic interest rate on bonds		 <u>2.45 %</u>

Fair value. As of June 30, 2010, the swap had a negative fair value of \$664,977. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2010, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Morgan Keegan Financial Products, was rated A+ by Standard & Poor's as of June 30, 2010, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard & Poor's, and Fitch, respectively.

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

the bonds to be below 63 percent of LIBOR, then the synthetic rate on the bonds will decrease.

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

Swap payments and associated debt. As of June 30, 2010, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2011	\$ 475,000	\$ 17,625	\$ 155,296	\$ 647,921
2012	495,000	16,438	144,833	656,271
2013	520,000	15,200	133,929	669,129
2014	550,000	13,900	122,475	686,375
2015	575,000	12,525	110,359	697,884
2016-2020	4,435,000	38,125	335,924	4,809,049
Total	\$ 7,050,000	\$ 113,813	\$ 1,002,816	\$ 8,166,629

\$6.95M Swap:

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

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

Series IV-H-2 bonds have since been refunded with a portion of the proceeds of the Series E-3-A bonds and the interest rate swap is now associated with the Series E-3-A bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.13 percent and receives a variable payment computed as 63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$6,650,000, and the associated variable-rate bond has a \$6,650,000 principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-3-A Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (“SIFMA”). The bonds and the related swap agreement mature on June 1, 2027. As of June 30, 2010, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.13 %
Variable payment from counterparty	% of LIBOR	<u>(1.70)</u>
Net interest rate swap payments		2.43 %
Variable-rate bond payments		<u>0.25</u>
Synthetic interest rate on bonds		<u><u>2.68 %</u></u>

Fair value. As of June 30, 2010, the swap had a negative fair value of \$1,230,989. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2010, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Morgan Keegan Financial Products, was rated A+ by Standard & Poor's as of June 30, 2010, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard & Poor's, and Fitch, respectively.

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

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

Swap payments and associated debt. As of June 30, 2010, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2011	\$ 0	\$ 16,625	\$ 161,780	\$ 178,405
2012	0	16,625	161,780	178,405
2013	0	16,625	161,780	178,405
2014	0	16,625	161,780	178,405
2015	0	16,625	161,780	178,405
2016-2020	0	83,125	808,899	892,024
2021-2025	4,365,000	64,150	624,251	5,053,401
2026-2027	2,285,000	8,650	84,174	2,377,824
Total	\$ 6,650,000	\$ 239,050	\$ 2,326,224	\$ 9,215,274

\$10M Swap:

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

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

of the Series VII-B-2 bonds and the interest rate swap is now associated with the Series VII-B-2 bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.293 percent and receives a variable payment computed as 59 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$10 million, and the associated variable-rate bond has a \$10 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series VII-B-2 bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ ("SIFMA"). The bonds and the related swap agreement mature on June 1, 2039. As of June 30, 2010, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.293 %
Variable payment from counterparty	% of LIBOR	<u>(1.589)</u>
Net interest rate swap payments		1.704 %
Variable-rate bond payments		<u>1.700</u>
Synthetic interest rate on bonds		<u><u>3.404 %</u></u>

Fair value. As of June 30, 2010, the swap had a negative fair value of \$1,301,645. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2010, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Morgan Keegan Financial Products, was rated A+ by Standard & Poor's as of June 30, 2010, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard & Poor's, and Fitch, respectively.

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

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

Swap payments and associated debt. As of June 30, 2010, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2011	\$ 0	\$ 170,000	\$ 170,354	\$ 340,354
2012	0	170,000	170,354	340,354
2013	0	170,000	170,354	340,354
2014	0	170,000	170,354	340,354
2015	0	170,000	170,354	340,354
2016-2020	0	850,000	851,770	1,701,770
2021-2025	0	850,000	851,770	1,701,770
2026-2030	0	850,000	851,770	1,701,770
2031-2035	4,525,000	739,500	741,040	6,005,540
2036-2039	5,475,000	238,425	238,921	5,952,346
Total	\$ 10,000,000	\$ 4,377,925	\$ 4,387,041	\$ 18,764,966

C. Capital Assets

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

Primary Government

Governmental Activities:

	Restated			Balance
	Balance			Balance
	7-1-09	Increases	Decreases	6-30-10
Capital Assets Not Depreciated:				
Land	\$ 1,318,713	\$ 0	\$ 0	\$ 1,318,713
Construction in Progress	16,472,254	5,077,220	(15,507,215)	6,042,259
Total Capital Assets Not Depreciated	<u>\$ 17,790,967</u>	<u>\$ 5,077,220</u>	<u>\$ (15,507,215)</u>	<u>\$ 7,360,972</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 10,586,064	\$ 13,993,534	\$ (12,000)	\$ 24,567,598
Roads and Bridges	34,757,783	263,215	(15,368)	35,005,630
Other Capital Assets	9,424,294	2,067,940	(621,790)	10,870,444
Total Capital Assets Depreciated	<u>\$ 54,768,141</u>	<u>\$ 16,324,689</u>	<u>\$ (649,158)</u>	<u>\$ 70,443,672</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,742,997	\$ 334,894	\$ (10,800)	\$ 4,067,091
Roads and Bridges	10,862,793	766,910	(4,235)	11,625,468
Other Capital Assets	5,487,276	782,538	(522,304)	5,747,510
Total Accumulated Depreciation	<u>\$ 20,093,066</u>	<u>\$ 1,884,342</u>	<u>\$ (537,339)</u>	<u>\$ 21,440,069</u>
Total Capital Assets Depreciated, Net	<u>\$ 34,675,075</u>	<u>\$ 14,440,347</u>	<u>\$ (111,819)</u>	<u>\$ 49,003,603</u>
Governmental Activities Capital Assets, Net	<u>\$ 52,466,042</u>	<u>\$ 19,517,567</u>	<u>\$ (15,619,034)</u>	<u>\$ 56,364,575</u>

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

Governmental Activities:

General Government	\$	227,074
Finance		1,397
Administration of Justice		4,914
Public Safety		520,912
Public Health and Welfare		276,641
Social, Cultural, and Recreational Services		38,659
Highways/Public Works		<u>814,745</u>
 Total Depreciation Expense - Governmental Activities	 \$	 <u><u>1,884,342</u></u>

Business-type Activities:

	Balance 7-1-09	Increases	Balance 6-30-10
Capital Assets Not Depreciated:			
Land	\$ 46,840	\$ 0	\$ 46,840
Total Capital Assets Not Depreciated	<u>\$ 46,840</u>	<u>\$ 0</u>	<u>\$ 46,840</u>
Capital Assets Depreciated:			
Landfill Facilities and Development	\$ 3,509,688	\$ 0	\$ 3,509,688
Buildings and Improvements	13,825	0	13,825
Other Capital Assets	269,479	0	269,479
Total Capital Assets Depreciated	<u>\$ 3,792,992</u>	<u>\$ 0</u>	<u>\$ 3,792,992</u>
Less Accumulated Depreciation For:			
Landfill Facilities and Development	\$ 2,948,388	\$ 442,923	\$ 3,391,311
Buildings and Improvements	10,883	691	11,574
Other Capital Assets	183,886	5,665	189,551
Total Accumulated Depreciation	<u>\$ 3,143,157</u>	<u>\$ 449,279</u>	<u>\$ 3,592,436</u>
Total Capital Assets Depreciated, Net	<u>\$ 649,835</u>	<u>\$ (449,279)</u>	<u>\$ 200,556</u>
Business-type Activities Capital Assets, Net	<u>\$ 696,675</u>	<u>\$ (449,279)</u>	<u>\$ 247,396</u>

Depreciation of \$449,279 was recorded by the Solid Waste Disposal Fund.

Discretely Presented Cumberland County School Department

Governmental Activities:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 2,088,454	\$ 0	\$ 0	\$ 2,088,454
Construction in Progress	0	0	0	0
Total Capital Assets Not Depreciated	\$ 2,088,454	\$ 0	\$ 0	\$ 2,088,454
Capital Assets Depreciated:				
Buildings and Improvements	\$ 77,388,777	\$ 113,033	\$ 0	\$ 77,501,810
Infrastructure	1,415,162	0	0	1,415,162
Other Capital Assets	7,199,694	533,642	(34,241)	7,699,095
Total Capital Assets Depreciated	\$ 86,003,633	\$ 646,675	\$ (34,241)	\$ 86,616,067
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 15,202,553	\$ 1,390,662	\$ 0	\$ 16,593,215
Infrastructure	387,720	51,144	0	438,864
Other Capital Assets	4,044,292	527,998	(27,860)	4,544,430
Total Accumulated Depreciation	\$ 19,634,565	\$ 1,969,804	\$ (27,860)	\$ 21,576,509
Total Capital Assets Depreciated, Net	\$ 66,369,068	\$ (1,323,129)	\$ (6,381)	\$ 65,039,558
Governmental Activities Capital Assets, Net	\$ 68,457,522	\$ (1,323,129)	\$ (6,381)	\$ 67,128,012

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

Governmental Activities:

Instruction	\$ 1,607,265
Support Services	311,525
Operation of Non-Instructional Services	<u>51,014</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,969,804</u>

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: General	Nonmajor governmental	\$ 58,968
Discretely Presented School Department: General Purpose School	School Federal Projects	19,341

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

Interfund Transfers:

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

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u>	
	General Fund	Solid Waste Disposal Fund
General Debt Service Fund	\$ 5,000,000	\$ 0
General Fund	0	1,100,000
Solid Waste/Sanitation Fund	0	<u>425,000</u>
Total	<u>\$ 5,000,000</u>	<u>\$ 1,525,000</u>

Discretely Presented Cumberland County School Department

Transfer Out	Transfer In General Purpose School Fund
School Federal Projects Fund	\$ 28,208

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

The county made a one-time transfer of \$5,000,000 from the General Debt Service Fund to the General Fund for jail construction.

E. Long-term Debt

Primary Government

General Obligation Notes and Other Loans

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

Capital outlay notes and other loans are direct obligations and pledge the full faith and credit of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to seven years for notes and up to 31 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All other loans and notes included in long-term debt as of June 30, 2010, will be retired from the General Debt Service Fund.

Capital outlay notes and other loans outstanding as of June 30, 2010, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
Capital Outlay Notes	0 to 2.75 %	\$ 3,215,858	\$ 2,222,212
Other Loans	Variable	5,100,000	5,100,000
Other Loans	3 to 6	12,865,000	11,965,000
Other Loans - Synthetic			
Fixed by Swap	.25 to 1.7	48,915,000	47,395,000

Cumberland County entered into various loan agreements with the Sevier County Public Building Authority and the Blount County Public Building Authority (PBAs) to finance various capital projects for Cumberland County and the discretely presented Cumberland County School Department. Under the loan agreements, the PBAs issued revenue bonds and made the proceeds available for loan to Cumberland County. In addition to repaying the loans, the county pays various other fees (trustee, debt remarketing, etc.) in connection with these loans. The following table summarizes loan agreements outstanding at June 30, 2010:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-10	Interest Type	Interest Rates as of 6-30-10	Approximate Fee Rates as of 6-30-10
Sevier County PBA:					
Series V-E-1	\$ 10,365,000	\$ 9,465,000	Fixed	3 to 4.5 %	0 %
Series VII-B-2	28,300,000	27,590,000	Synthetic	1.7	1.051
			Fixed by Swap		
Series VII-F-1	5,100,000	5,100,000	Variable	1.7	1.526
Blount County PBA:					
Series B-13-A	1,750,000	1,750,000	Fixed	5.15 to 6	0
Series E-3-A	20,615,000	19,805,000	Synthetic	0.25	0.73
			Fixed by Swap		
Series B-20-A	750,000	750,000	Fixed	4.25 to 5	0

The annual requirements to amortize all capital outlay notes 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	Notes		
	Principal	Interest	Total
2011	\$ 1,007,404	\$ 54,602	\$ 1,062,006
2012	607,404	29,068	636,472
2013	607,404	14,534	621,938
Total	<u>\$ 2,222,212</u>	<u>\$ 98,204</u>	<u>\$ 2,320,416</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 1,890,000	\$ 1,124,137	\$ 512,373	\$ 3,526,510
2012	2,050,000	1,097,708	501,496	3,649,204
2013	2,100,000	1,062,635	490,290	3,652,925
2014	1,725,000	1,024,987	478,901	3,228,888
2015	1,805,000	993,813	471,893	3,270,706
2016-2020	10,345,000	4,413,400	2,240,477	16,998,877
2021-2025	12,125,000	3,537,853	1,940,677	17,603,530
2026-2030	13,270,000	2,337,755	1,468,572	17,076,327
2031-2035	10,605,000	1,230,715	767,426	12,603,141
2036-2039	8,545,000	371,875	229,906	9,146,781
Total	<u>\$ 64,460,000</u>	<u>\$ 17,194,878</u>	<u>\$ 9,102,011</u>	<u>\$ 90,756,889</u>

There is \$11,867,470 available in the General Debt Service Fund to service long-term debt. Debt per capita, including other loans and notes, totaled \$1,264, 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:

	Notes	Other Loans
Balance, July 1, 2009	\$ 993,616	\$ 63,520,000
Additions	1,677,000	7,790,000
Deductions	(448,404)	(6,850,000)
Balance, June 30, 2010	<u>\$ 2,222,212</u>	<u>\$ 64,460,000</u>
Balance Due Within One Year	<u>\$ 1,007,404</u>	<u>\$ 1,890,000</u>

Governmental Activities: (Cont.)

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2009	\$ 759,649	\$ 44,037
Additions	627,964	155,105
Deductions	<u>(563,978)</u>	<u>(42,737)</u>
Balance, June 30, 2010	<u>\$ 823,635</u>	<u>\$ 156,405</u>
Balance Due Within One Year	<u>\$ 576,545</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 67,662,252
Less: Due Within One Year	(3,473,949)
Add: Unamortized Premium on Debt	<u>71,572</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 64,259,875</u>

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

Advance Refunding

On November 19, 2009, Cumberland County advance refunded an other loan with a separate other loan issue. The county issued a \$5,100,000 other loan to provide resources to refund a \$5,000,000 other loan. As a result, the refunded other loans are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments over the next 22 years cannot be calculated due to the variable interest rates on both the refunded and the new other loan issues.

Cumberland County Solid Waste Disposal Fund (Enterprise Fund)

Long-term liability activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2010, was as follows:

Business-type Activities:

	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2009	\$ 1,662,652
Additions	398,538
Deductions	<u>(725,072)</u>
Balance, June 30, 2010	<u>\$ 1,336,118</u>
Balance Due Within One Year	<u>\$ 244,095</u>

Discretely Presented Cumberland County School Department

Changes in Long-term Liabilities

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

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2009	\$ 80,521	\$ 753,445
Additions	0	1,152,790
Deductions	0	<u>(657,204)</u>
Balance, June 30, 2010	<u>\$ 80,521</u>	<u>\$ 1,249,031</u>
Balance Due Within One Year	<u>\$ 80,521</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 1,329,552
Less: Due Within One Year	<u>(80,521)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,249,031</u>

Compensated absences will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds. The county was unable to provide a schedule of compensated absences at June 30, 2010; therefore, prior year compensated absences balance was included on the government-wide statements.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Cumberland County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2010, were \$220,078 and \$28,579, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

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

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

Discretely Presented Cumberland County School Department

The School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the

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

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

B. Accounting Changes

During the year, Cumberland County adopted provisions of Governmental Accounting Standards Board (GASB) Statement No. 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. Cumberland County had no assets that met the definition of intangible assets at June 30, 2010. However, it is reasonably expected that Cumberland County 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 Cumberland 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. Note IV.E. describes the derivative transactions of Cumberland County as of and for the year ended June 30, 2010.

C. Subsequent Events

On July 11, 2010, the county entered into two loans for \$500,000 at zero percent interest and \$3 million at a rate of 2.5 percent interest for energy efficiency projects at the School Department. In addition to these loans, the County Commission agreed to issue capital outlay notes totaling \$484,996 to provide additional funding for these projects. These notes have not been issued as of the date of this report.

On August 31, 2010, Brock Hill left the Office of County Mayor and was succeeded by Kenneth Carey, Jr., Wendell Houston left the Office of Road Superintendent and was succeeded by Scott Blalock, and Carolyn Turner left the Office of Trustee and was succeeded by Kim Wyatt.

D. Contingent Liabilities

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

E. Landfill Closure/Postclosure Care Costs

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

State and federal laws and regulations require Cumberland County to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,336,118 reported as landfill closure and postclosure care liability at June 30, 2010, represents the cumulative amount

reported to date based on the use of 98 percent of the estimated capacity of the landfill. The county will recognize the remaining estimated costs of closure and postclosure care of \$42,065 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.

F. Joint Venture

Cumberland County entered into an agreement with the counties of Morgan and Roane to establish an Industrial Development Board to purchase land for the development of a joint industrial park. Cumberland, Morgan, and Roane counties jointly own the board. The agreement established a nine-member board with each county appointing three members and being responsible for one-third of the entity's funding. Cumberland County contributed \$750,000 to the board for the year ended June 30, 2010.

G. Retirement Commitments

Employees

Plan Description

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department,

Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/PS.

Funding Policy

Cumberland County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, was 8.87 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Cumberland County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2010, Cumberland County’s annual pension cost of \$1,441,225 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected postretirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Cumberland County’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was eight years. An actuarial valuation was performed as of July 1, 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	\$1,441,225	100%	\$0
6-30-09	1,449,228	100	0
6-30-08	1,404,399	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 84.19 percent funded. The actuarial accrued liability for benefits was \$38.61 million, and the actuarial value of assets was \$32.51 million, resulting

in an unfunded actuarial accrued liability (UAAL) of \$6.1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$16.43 million, and the ratio of the UAAL to the covered payroll was 37.14 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 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 Cumberland County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at 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 Cumberland County 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 Cumberland 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 \$1,456,941, \$1,424,630, and \$1,355,024, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Plan Description

Cumberland County and the Cumberland County School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, Tennessee Code Annotated (TCA), for local governments and Section 8-27-302, TCA, for teachers. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://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 plans 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 does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The required contribution rate for retirees ranges from ten to 55 percent based on the years of service. During the year ended June 30, 2010, the county and the discretely presented School Department contributed \$42,737 and \$657,204, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 155,000	\$ 1,151,000
Interest on the NPO	1,982	33,905
Adjustment to the ARC	(1,877)	(32,115)
Annual OPEB cost	\$ 155,105	\$ 1,152,790
Amount of contribution	(42,737)	(657,204)
Increase/decrease in NPO	\$ 112,368	\$ 495,586
Net OPEB obligation, 7-1-09	44,037	753,445
Net OPEB obligation, 6-30-10	\$ 156,405	\$ 1,249,031

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Government Group	\$ 155,105	28 %	\$ 156,405
6-30-09	"	79,784	71	44,037
6-30-08	"	77,037	73	21,112
6-30-10	Local Education Group	1,152,790	57	1,249,031
6-30-09	"	1,025,000	59	753,445
6-30-08	"	1,013,000	67	337,183

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

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-09	7-1-09
Actuarial accrued liability (AAL)	\$ 1,110,000	\$ 10,314,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,110,000	\$ 10,314,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 9,505,943	\$ 25,818,060
UAAL as a % of covered payroll	11.68%	39.95%

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 Group 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 Group 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.

I. Office of Central Accounting and Budgeting

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

J. Purchasing Law

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

Cumberland County Railroad Authority are required to be competitively bid. Purchases exceeding \$10,000 for the Office of Road Superintendent are required to be competitively bid.

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

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

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

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

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

increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

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

3. Deposits and Investments

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

4. Capital Assets

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

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

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

5. Restricted Assets

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

6. Compensated Absences

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

7. Long-term Debt and Costs

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

8. Revenue and Expenses

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

9. Net Assets

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

- a. Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – This component of net assets consists of constraints placed on net assets use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws

or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- c. Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

10. Budget

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

B. Deposits and Investments

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

- 1) bonds, notes, or treasury bills of the United States or other obligations guaranteed as to principal and interest by the United States or any of its agencies;
- 2) certificates of deposit and other evidence of deposit at Tennessee state and federally chartered banks and savings and loans associations;
- 3) the State of Tennessee local government investment pool;
- 4) obligations of the United States or its agencies under a repurchase agreement, with certain conditions;
- 5) bonds rated A or higher by any nationally recognized rating service of the State of Tennessee, bonds of any county or municipal corporations of the State of Tennessee (bonds of any road, levee, or drainage district is expressly excluded), bonds of any other state or political subdivision;
- 6) nonconvertible debt securities of the Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bank, and Student Loan Marketing Association provided such securities are rated in the highest category by at least two nationally recognized rating services; and

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

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

At June 30, 2010, the district's deposits consisted of the following:

	<u>June 30, 2010</u>	
	<u>Bank Balance</u>	<u>Carrying Value</u>
First Bank - Operating Account	\$ 176,084	\$ 175,521
Regions Bank - Certificate of Deposit	100,000	100,000
First National Bank of Tennessee:		
Payroll Account	4,743	4,743
Certificate of Deposit	90,000	90,000
Highland Federal Savings and Loan:		
Certificate of Deposit	100,000	100,000
Progressive Savings Bank:		
Certificate of Deposit	<u>200,000</u>	<u>200,000</u>
 Total Deposits	 <u>\$ 670,827</u>	 <u>\$ 670,264</u>

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

As of June 30, 2010, deposits in each bank are insured by the Federal Deposit Insurance Corporation (FDIC) for \$250,000. In addition, First Bank and Regions Bank are members of the State of Tennessee Bank Collateral Pool. The Tennessee Bank Collateral Pool is a multiple financial institution collateral pool in which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. For the fiscal year ended June 30, 2010, Progressive Savings Bank collateralized the district's deposits in excess of the insured amount by pledging securities of \$100,000, which are held by Federal Home Loan Bank of Cincinnati in the district's name. The district's deposits in financial institutions were entirely insured or collateralized at June 30, 2010.

The district had no investments at June 30, 2010.

C. Accounts Receivable

Accounts receivable at June 30, 2010, consisted of funds due from the following agencies:

	<u>Balance 6-30-10</u>
Volunteer First Services	\$ 10,746
Bledsoe Telephone Cooperative	188
Citizens Telecommunications Company of Tennessee	33,844
Miscellaneous Providers	<u>3,067</u>
Total	<u><u>\$ 47,845</u></u>

D. Changes in Capital Assets

A summary of changes in capital assets at June 30, 2010, follows:

Business-type Activities:

	<u>Balance 7-1-09</u>	<u>Increases</u>	<u>Balance 6-30-10</u>
Capital Assets Not Depreciated:			
Land	\$ 1,000,713	\$ 0	\$ 1,000,713
Construction in Progress	117,238	813,340	930,578
Total Capital Assets Not Depreciated	<u>\$ 1,117,951</u>	<u>\$ 813,340</u>	<u>\$ 1,931,291</u>
Capital Assets Depreciated:			
Building and Improvements	\$ 1,014,732	\$ 0	\$ 1,014,732
Office Equipment and Fixtures	48,711	1,451	50,162
Communications and Computer Equipment	747,513	30,820	778,333
Vehicles	20,987	0	20,987
Total Capital Assets Depreciated	<u>\$ 1,831,943</u>	<u>\$ 32,271</u>	<u>\$ 1,864,214</u>
Less Accumulated Depreciation:			
Building and Improvements	\$ 111,185	\$ 25,851	\$ 137,036
Office Equipment and Fixtures	35,288	5,026	40,314
Communications and Computer Equipment	405,864	105,262	511,126
Vehicles	20,987	0	20,987
Total Accumuated Depreciation	<u>\$ 573,324</u>	<u>\$ 136,139</u>	<u>\$ 709,463</u>
Net Capital Assets	<u><u>\$ 1,258,619</u></u>	<u><u>\$ (103,868)</u></u>	<u><u>\$ 1,154,751</u></u>

E. Long-term Debt

On November 17, 2004, the district obtained financing of \$1 million through the City of Crossville, from the Public Building Authority of the City of Clarksville, Tennessee, Adjustable Rate Pooled Financing Revenue Bonds, Series 2004 (Tennessee Municipal Bond Fund) to construct a new facility for the Emergency Communications Center. The trustee calculates the loan rate for each loan payment period based on interest rates determined by the remarketing agent for the current month. The interest rate in effect at June 30, 2010, was .44 percent.

Details of the district’s long-term debt for the year ended June 30, 2010, are as follows:

	Balance 7-1-09	Reductions	Balance 6-30-10	Due Within One Year
Tennessee Adjustable Rate Pooled Financing Revenue Bonds, Series 2004, Maturing 2024, Rate - Adjustable	\$ 815,000	\$ (44,000)	\$ 771,000	\$ 45,000

Debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2011	\$ 45,000	\$ 3,373	\$ 48,373
2012	46,000	3,174	49,174
2013	48,000	2,971	50,971
2014	49,000	2,760	51,760
2015	51,000	2,543	53,543
2016-2020	278,000	9,212	287,212
2021-2024	254,000	2,719	256,719
Total	\$ 771,000	\$ 26,752	\$ 797,752

Interest requirements are computed using the rate in effect at June 30, 2010, of .44 percent.

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

F. Risk Financing

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 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	\$ 9,838,846	\$ 0	\$ 0	\$ 9,838,846	\$ 9,812,403	\$ 9,812,403	\$ 26,443
Licenses and Permits	210,556	0	0	210,556	205,861	205,861	4,695
Fines, Forfeitures, and Penalties	196,326	0	0	196,326	171,500	184,000	12,326
Charges for Current Services	2,722,356	0	0	2,722,356	2,571,500	2,571,500	150,856
Other Local Revenues	430,393	0	0	430,393	650,100	650,100	(219,707)
Fees Received from County Officials	2,126,368	0	0	2,126,368	2,378,500	2,378,500	(252,132)
State of Tennessee	2,029,756	0	0	2,029,756	2,670,859	2,945,228	(915,472)
Federal Government	1,099,906	0	0	1,099,906	1,943,095	2,272,539	(1,172,633)
Other Governments and Citizens Groups	557,873	0	0	557,873	602,663	603,286	(45,413)
Total Revenues	\$ 19,212,380	\$ 0	\$ 0	\$ 19,212,380	\$ 21,006,481	\$ 21,623,417	\$ (2,411,037)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 1,028,780	\$ (525,000)	\$ 235,000	\$ 738,780	\$ 249,533	\$ 833,133	\$ 94,353
Board of Equalization	3,268	0	0	3,268	3,300	3,300	32
Beer Board	1,849	0	0	1,849	2,653	2,653	804
Other Boards and Committees	4,121	0	0	4,121	9,500	9,500	5,379
County Mayor/Executive	257,411	0	0	257,411	236,330	262,330	4,919
County Attorney	46,103	0	0	46,103	60,000	60,000	13,897
Election Commission	266,239	0	0	266,239	262,007	290,755	24,516
Register of Deeds	283,457	0	0	283,457	290,857	290,857	7,400
Engineering	60,365	0	0	60,365	78,444	78,444	18,079
County Buildings	440,944	0	0	440,944	450,953	450,953	10,009
Other General Administration	105,060	0	0	105,060	109,837	110,112	5,052

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	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</u>							
Accounting and Budgeting	\$ 394,757	\$ 0	\$ 0	\$ 394,757	\$ 444,964	\$ 455,673	\$ 60,916
Property Assessor's Office	416,151	0	0	416,151	427,959	428,503	12,352
Reappraisal Program	109,598	0	0	109,598	131,680	131,680	22,082
County Trustee's Office	304,296	0	0	304,296	305,993	305,993	1,697
County Clerk's Office	499,621	0	0	499,621	508,660	508,660	9,039
<u>Administration of Justice</u>							
Circuit Court	523,782	0	0	523,782	535,184	537,384	13,602
General Sessions Court	278,984	0	0	278,984	214,543	341,307	62,323
Chancery Court	200,031	0	0	200,031	198,445	202,545	2,514
Juvenile Court	105,430	0	0	105,430	88,263	108,513	3,083
Judicial Commissioners	164,894	0	0	164,894	172,984	175,585	10,691
Probate Court	205,105	0	0	205,105	207,294	207,814	2,709
Courtroom Security	200,462	0	0	200,462	250,388	258,727	58,265
<u>Public Safety</u>							
Sheriff's Department	2,526,205	0	0	2,526,205	2,570,440	2,581,140	54,935
Drug Enforcement	9,526	0	0	9,526	0	0	(9,526)
Jail	5,529,910	(2,786,497)	0	2,743,413	6,303,074	6,299,074	3,555,661
Juvenile Services	139,764	0	0	139,764	123,647	140,417	653
Fire Prevention and Control	681,016	0	0	681,016	704,271	704,796	23,780
Civil Defense	149,393	0	0	149,393	109,507	152,801	3,408
Rescue Squad	6,750	0	0	6,750	9,000	9,000	2,250
Other Emergency Management	824,048	0	0	824,048	893,575	893,575	69,527
County Coroner/Medical Examiner	49,345	0	0	49,345	60,000	60,000	10,655
Other Public Safety	18,393	0	0	18,393	25,657	26,057	7,664

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare</u>							
Local Health Center	\$ 504,766	\$ 0	\$ 0	\$ 504,766	\$ 616,407	\$ 762,877	\$ 258,111
Rabies and Animal Control	92,457	0	0	92,457	101,174	101,174	8,717
Ambulance/Emergency Medical Services	2,748,589	0	0	2,748,589	2,909,313	2,909,313	160,724
Alcohol and Drug Programs	90,363	0	0	90,363	90,653	90,653	290
Appropriation to State	57,500	0	0	57,500	57,500	57,500	0
Other Local Welfare Services	416,098	0	0	416,098	393,472	426,869	10,771
Other Public Health and Welfare	63,295	0	0	63,295	64,893	69,716	6,421
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	27,132	0	0	27,132	27,132	27,132	0
Libraries	2,764,803	(2,269,358)	0	495,445	2,865,438	2,867,238	2,371,793
Parks and Fair Boards	162,943	0	0	162,943	186,826	186,826	23,883
Other Social, Cultural, and Recreational	47,000	0	0	47,000	47,000	47,000	0
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	87,651	0	0	87,651	92,226	92,226	4,575
Soil Conservation	57,929	0	0	57,929	62,485	62,485	4,556
<u>Other Operations</u>							
Tourism	118,055	0	0	118,055	688,643	718,643	600,588
Other Economic and Community Development	270,870	0	0	270,870	1,294,617	1,294,617	1,023,747
Veterans' Services	33,548	0	0	33,548	35,795	35,958	2,410
Other Charges	404,858	(1,952)	0	402,906	450,000	451,031	48,125
Employee Benefits	441,938	0	0	441,938	456,000	457,427	15,489
ARRA Grant No. 1	82,822	0	0	82,822	0	83,048	226
ARRA Grant No. 2	19,786	0	0	19,786	0	20,000	214
ARRA Grant No. 3	50,878	0	0	50,878	0	49,960	(918)

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	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>Other Operations (Cont.)</u>							
Miscellaneous	\$ 67,280	\$ 0	\$ 0	\$ 67,280	\$ 67,700	\$ 67,700	\$ 420
Total Expenditures	\$ 24,445,619	\$ (5,582,807)	\$ 235,000	\$ 19,097,812	\$ 26,546,216	\$ 27,800,674	\$ 8,702,862
Excess (Deficiency) of Revenues Over Expenditures	\$ (6,333,239)	\$ 5,582,807	\$ (235,000)	\$ 114,568	\$ (5,539,735)	\$ (6,177,257)	\$ 6,291,825
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 1,677,000	\$ 0	\$ 0	\$ 1,677,000	\$ 5,000,000	\$ 1,677,000	\$ 0
Other Loans Issued	1,940,000	0	0	1,940,000	147,500	147,500	1,792,500
Transfers In	5,000,000	0	0	5,000,000	0	5,000,000	0
Transfers Out	(1,100,000)	0	0	(1,100,000)	0	(1,100,000)	0
Total Other Financing Sources (Uses)	\$ 7,517,000	\$ 0	\$ 0	\$ 7,517,000	\$ 5,147,500	\$ 5,724,500	\$ 1,792,500
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 2,283,761	\$ 5,582,807	\$ (235,000)	\$ 7,631,568	\$ (392,235)	\$ (452,757)	\$ 8,084,325
Fund Balance, June 30, 2010	2,420,737	(5,582,807)	0	(3,162,070)	1,231,168	1,231,168	(4,393,238)
	\$ 4,704,498	\$ 0	\$ (235,000)	\$ 4,469,498	\$ 838,933	\$ 778,411	\$ 3,691,087

Exhibit F-2

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,471,749	\$ 1,442,881	\$ 1,442,881	\$ 28,868
Other Local Revenues	230,873	140,000	140,000	90,873
State of Tennessee	49,834	40,399	40,399	9,435
Other Governments and Citizens Groups	0	2,865	2,865	(2,865)
Total Revenues	<u>\$ 1,752,456</u>	<u>\$ 1,626,145</u>	<u>\$ 1,626,145</u>	<u>\$ 126,311</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 254,182	\$ 333,148	\$ 333,148	\$ 78,966
Convenience Centers	527,308	981,891	556,891	29,583
Recycling Center	202,735	272,920	279,704	76,969
<u>Other Operations</u>				
Other Charges	31,686	3,200	32,200	514
Employee Benefits	76,052	85,000	85,122	9,070
<u>Highways</u>				
Litter and Trash Collection	70,225	73,278	73,351	3,126
Total Expenditures	<u>\$ 1,162,188</u>	<u>\$ 1,749,437</u>	<u>\$ 1,360,416</u>	<u>\$ 198,228</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 590,268</u>	<u>\$ (123,292)</u>	<u>\$ 265,729</u>	<u>\$ 324,539</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (425,000)	\$ 0	\$ (425,000)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (425,000)</u>	<u>\$ 0</u>	<u>\$ (425,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 165,268	\$ (123,292)	\$ (159,271)	\$ 324,539
Fund Balance, July 1, 2009	249,769	156,387	156,387	93,382
Fund Balance, June 30, 2010	<u>\$ 415,037</u>	<u>\$ 33,095</u>	<u>\$ (2,884)</u>	<u>\$ 417,921</u>

Exhibit F-3

Cumberland County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Cumberland 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	\$ 32,509	\$ 38,613	\$ 6,104	84.19 %	\$ 16,433	37.14 %
7-1-07	28,684	33,855	5,171	84.73	15,881	34.06

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

Exhibit F-4

Cumberland County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Cumberland County School Department
June 30, 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)
Local Government Group	7-1-07	\$ 0	\$ 515	\$ 515	0 %	\$ 9,620	5 %
"	7-1-09	0	1,110	1,110	0	9,506	12
Local Education Group	7-1-07	0	9,224	9,224	0	24,059	38
"	7-1-09	0	10,314	10,314	0	25,818	40

*Data only available for two actuarial valuations.

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

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

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

B. APPROPRIATIONS EXCEEDED AVAILABLE FUNDS

The budget and subsequent amendments approved by the County Commission for the Solid Waste/Sanitation Fund resulted in appropriations exceeding estimated available funding by \$2,884. Sound budgetary principles dictate that appropriations be held within estimated available funding.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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.

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

Exhibit G-1

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

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works	
\$	0	0	50,797	0	50,797
	12,236	216,217	0	785,855	1,014,308
	0	0	8,171	25	8,196
	0	0	0	421,098	421,098
\$	12,236	216,217	58,968	1,206,978	1,494,399

ASSETS

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

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>				
Due to Other Funds	0	0	58,968	0
Other Deferred Revenues	0	0	0	213,687
Total Liabilities	0	0	58,968	213,687
<u>Fund Balances</u>				
Unreserved	12,236	216,217	0	993,291
Total Fund Balances	12,236	216,217	0	993,291
Total Liabilities and Fund Balances	12,236	216,217	58,968	1,206,978

Exhibit G-2

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

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works	
<u>Revenues</u>					
Local Taxes	\$ 60,145	\$ 0	\$ 0	\$ 25,804	\$ 85,949
Fines, Forfeitures, and Penalties	0	66,103	0	0	66,103
Charges for Current Services	0	0	708	3,500	4,208
State of Tennessee	0	0	0	2,321,016	2,321,016
Other Governments and Citizens Groups	0	250	0	25,000	25,250
Total Revenues	\$ 60,145	\$ 66,353	\$ 708	\$ 2,375,320	\$ 2,502,526
<u>Expenditures</u>					
Current:					
General Government	\$ 109,586	\$ 0	\$ 0	\$ 0	\$ 109,586
Finance	0	0	685	0	685
Public Safety	0	40,607	23	0	40,630
Other Operations	601	117	0	0	718
Highways	0	0	0	2,547,322	2,547,322
Total Expenditures	\$ 110,187	\$ 40,724	\$ 708	\$ 2,547,322	\$ 2,698,941
Excess (Deficiency) of Revenues Over Expenditures	\$ (50,042)	\$ 25,629	\$ 0	\$ (172,002)	\$ (196,415)
Net Change in Fund Balances	\$ (50,042)	\$ 25,629	\$ 0	\$ (172,002)	\$ (196,415)
Fund Balance, July 1, 2009	62,278	190,588	0	1,165,293	1,418,159
Fund Balance, June 30, 2010	\$ 12,236	\$ 216,217	\$ 0	\$ 993,291	\$ 1,221,744

Exhibit G-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 60,145	\$ 67,000	\$ 67,000	\$ (6,855)
Total Revenues	\$ 60,145	\$ 67,000	\$ 67,000	\$ (6,855)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 109,586	\$ 111,000	\$ 111,000	\$ 1,414
<u>Other Operations</u>				
Other Charges	601	1,000	1,000	399
Total Expenditures	\$ 110,187	\$ 112,000	\$ 112,000	\$ 1,813
Excess (Deficiency) of Revenues Over Expenditures	\$ (50,042)	\$ (45,000)	\$ (45,000)	\$ (5,042)
Net Change in Fund Balance	\$ (50,042)	\$ (45,000)	\$ (45,000)	\$ (5,042)
Fund Balance, July 1, 2009	62,278	131,824	131,824	(69,546)
Fund Balance, June 30, 2010	\$ 12,236	\$ 86,824	\$ 86,824	\$ (74,588)

Exhibit G-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 66,103	\$ 20,000	\$ 20,000	\$ 46,103
Other Governments and Citizens Groups	250	0	0	250
Total Revenues	<u>\$ 66,353</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 46,353</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 40,607	\$ 20,225	\$ 57,391	\$ 16,784
<u>Other Operations</u>				
Other Charges	117	0	0	(117)
Total Expenditures	<u>\$ 40,724</u>	<u>\$ 20,225</u>	<u>\$ 57,391</u>	<u>\$ 16,667</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 25,629</u>	<u>\$ (225)</u>	<u>\$ (37,391)</u>	<u>\$ 63,020</u>
Net Change in Fund Balance	\$ 25,629	\$ (225)	\$ (37,391)	\$ 63,020
Fund Balance, July 1, 2009	<u>190,588</u>	<u>190,698</u>	<u>190,698</u>	<u>(110)</u>
Fund Balance, June 30, 2010	<u><u>\$ 216,217</u></u>	<u><u>\$ 190,473</u></u>	<u><u>\$ 153,307</u></u>	<u><u>\$ 62,910</u></u>

Exhibit G-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 25,804	\$ 130,000	\$ 130,000	\$ (104,196)
Charges for Current Services	3,500	3,500	3,500	0
Other Local Revenues	0	300	300	(300)
State of Tennessee	2,321,016	2,416,590	2,416,590	(95,574)
Other Governments and Citizens Groups	25,000	0	0	25,000
Total Revenues	<u>\$ 2,375,320</u>	<u>\$ 2,550,390</u>	<u>\$ 2,550,390</u>	<u>\$ (175,070)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 152,044	\$ 156,180	\$ 156,180	\$ 4,136
Highway and Bridge Maintenance	1,666,946	1,847,091	1,912,091	245,145
Operation and Maintenance of Equipment	289,034	351,158	351,158	62,124
Other Charges	93,095	121,350	121,350	28,255
Employee Benefits	65,210	71,000	71,000	5,790
Capital Outlay	280,993	383,222	318,222	37,229
Total Expenditures	<u>\$ 2,547,322</u>	<u>\$ 2,930,001</u>	<u>\$ 2,930,001</u>	<u>\$ 382,679</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (172,002)</u>	<u>\$ (379,611)</u>	<u>\$ (379,611)</u>	<u>\$ 207,609</u>
Net Change in Fund Balance	\$ (172,002)	\$ (379,611)	\$ (379,611)	\$ 207,609
Fund Balance, July 1, 2009	<u>1,165,293</u>	<u>656,668</u>	<u>656,668</u>	<u>508,625</u>
Fund Balance, June 30, 2010	<u>\$ 993,291</u>	<u>\$ 277,057</u>	<u>\$ 277,057</u>	<u>\$ 716,234</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,021,829	\$ 3,952,565	\$ 3,952,565	\$ 69,264
Other Local Revenues	230,806	0	0	230,806
Total Revenues	<u>\$ 4,252,635</u>	<u>\$ 3,952,565</u>	<u>\$ 3,952,565</u>	<u>\$ 300,070</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 868,854	\$ 503,404	\$ 868,854	\$ 0
Education	1,429,550	1,210,000	1,429,551	1
<u>Interest on Debt</u>				
General Government	457,108	496,200	746,752	289,644
Education	1,287,350	2,309,750	2,460,274	1,172,924
<u>Other Debt Service</u>				
General Government	80,236	100,000	117,800	37,564
Education	100,000	0	100,000	0
<u>Capital Projects - Donated</u>				
Capital Projects Donated to Other Entities	764,298	0	764,298	0
Total Expenditures	<u>\$ 4,987,396</u>	<u>\$ 4,619,354</u>	<u>\$ 6,487,529</u>	<u>\$ 1,500,133</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (734,761)</u>	<u>\$ (666,789)</u>	<u>\$ (2,534,964)</u>	<u>\$ 1,800,203</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 5,100,000	\$ 0	\$ 5,100,000	\$ 0
Premiums on Debt Issued	32,098	0	32,098	0
Other Loans Issued	750,000	0	750,000	0
Transfers Out	(5,000,000)	0	(5,000,000)	0
Payments to Refunded Debt Escrow Agent	(5,000,000)	0	(5,000,000)	0
Total Other Financing Sources (Uses)	<u>\$ (4,117,902)</u>	<u>\$ 0</u>	<u>\$ (4,117,902)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (4,852,663)	\$ (666,789)	\$ (6,652,866)	\$ 1,800,203
Fund Balance, July 1, 2009	<u>16,720,133</u>	<u>16,477,867</u>	<u>16,477,867</u>	<u>242,266</u>
Fund Balance, June 30, 2010	<u>\$ 11,867,470</u>	<u>\$ 15,811,078</u>	<u>\$ 9,825,001</u>	<u>\$ 2,042,469</u>

Fiduciary Funds

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

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

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

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

Exhibit I-1

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

	<u>Agency Funds</u>			
	Cities - Sales Tax	Delinquent Tax Agency	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 2,017,485	\$ 2,017,485
Equity in Pooled Cash and Investments	0	4,419	0	4,419
Accounts Receivable	0	0	656	656
Due from Other Governments	1,164,412	0	0	1,164,412
Total Assets	<u>\$ 1,164,412</u>	<u>\$ 4,419</u>	<u>\$ 2,018,141</u>	<u>\$ 3,186,972</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 4,419	\$ 0	\$ 4,419
Due to Litigants, Heirs, and Others	0	0	2,018,141	2,018,141
Due to Other Taxing Units	1,164,412	0	0	1,164,412
Total Liabilities	<u>\$ 1,164,412</u>	<u>\$ 4,419</u>	<u>\$ 2,018,141</u>	<u>\$ 3,186,972</u>

Exhibit I-2

Cumberland 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	\$ 6,575,663	\$ 6,575,663	\$ 0
Due from Other Governments	1,163,237	1,164,412	1,163,237	1,164,412
Total Assets	\$ 1,163,237	\$ 7,740,075	\$ 7,738,900	\$ 1,164,412
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,163,237	\$ 7,740,075	\$ 7,738,900	\$ 1,164,412
Total Liabilities	\$ 1,163,237	\$ 7,740,075	\$ 7,738,900	\$ 1,164,412
<u>Delinquent Tax Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 6,956	\$ 1,170	\$ 3,707	\$ 4,419
Total Assets	\$ 6,956	\$ 1,170	\$ 3,707	\$ 4,419
<u>Liabilities</u>				
Accounts Payable	\$ 6,956	\$ 1,170	\$ 3,707	\$ 4,419
Total Liabilities	\$ 6,956	\$ 1,170	\$ 3,707	\$ 4,419
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,785,269	\$ 10,760,633	\$ 10,528,417	\$ 2,017,485
Accounts Receivable	0	656	0	656
Total Assets	\$ 1,785,269	\$ 10,761,289	\$ 10,528,417	\$ 2,018,141
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,785,269	\$ 10,761,289	\$ 10,528,417	\$ 2,018,141
Total Liabilities	\$ 1,785,269	\$ 10,761,289	\$ 10,528,417	\$ 2,018,141
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,785,269	\$ 10,760,633	\$ 10,528,417	\$ 2,017,485
Equity in Pooled Cash and Investments	6,956	6,576,833	6,579,370	4,419
Accounts Receivable	0	656	0	656
Due from Other Governments	1,163,237	1,164,412	1,163,237	1,164,412
Total Assets	\$ 2,955,462	\$ 18,502,534	\$ 18,271,024	\$ 3,186,972
<u>Liabilities</u>				
Accounts Payable	\$ 6,956	\$ 1,170	\$ 3,707	\$ 4,419
Due to Litigants, Heirs, and Others	1,785,269	10,761,289	10,528,417	2,018,141
Due to Other Taxing Units	1,163,237	7,740,075	7,738,900	1,164,412
Total Liabilities	\$ 2,955,462	\$ 18,502,534	\$ 18,271,024	\$ 3,186,972

Cumberland County School Department

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

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.

Exhibit J-1

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

Functions/Programs	Program Revenues			Expenses	Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Total Governmental	Activities
Governmental Activities:						
Instruction	\$ 34,839,732	\$ 181,103	\$ 8,050,095	\$ 111,026	\$	(26,497,508)
Support Services	15,705,190	10,208	193,361	0		(15,501,621)
Operation of Non-Instructional Services	4,784,094	970,951	2,610,234	0		(1,202,909)
Total Governmental Activities	\$ 55,329,016	\$ 1,162,262	\$ 10,853,690	\$ 111,026	\$	(43,202,038)
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$	7,315,767
Local Option Sales Taxes						7,077,626
Other Local Taxes						5,484
Grants and Contributions Not Restricted to Specific Programs						27,846,675
Unrestricted Investment Earnings						5,076
Miscellaneous						222,608
Special Item (1)						143,000
Total General Revenues					\$	42,616,236
Change in Net Assets					\$	(585,802)
Net Assets, July 1, 2009						73,649,313
Net Assets, June 30, 2010					\$	73,063,511

(1) Proceeds from the sale of a house constructed by the trades and industries class.

Exhibit J-2

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

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Fund Central Cafeteria	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 95	\$ 95
Equity in Pooled Cash and Investments	3,315,572	17,816	612,776	3,946,164
Inventories	0	0	140,751	140,751
Accounts Receivable	6,043	0	1,405	7,448
Due from Other Governments	2,930,275	415,839	38,664	3,384,778
Due from Other Funds	19,341	0	0	19,341
Property Taxes Receivable	8,372,526	0	0	8,372,526
Allowance for Uncollectible Property Taxes	(200,219)	0	0	(200,219)
Total Assets	\$ 14,443,538	\$ 433,655	\$ 793,691	\$ 15,670,884
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 80,596	\$ 273,997	\$ 0	\$ 354,593
Accrued Payroll	17,956	80,169	0	98,125
Due to Other Funds	0	19,341	0	19,341
Deferred Revenue - Current Property Taxes	7,933,774	0	0	7,933,774
Deferred Revenue - Delinquent Property Taxes	215,134	0	0	215,134
Other Deferred Revenues	680,125	0	0	680,125
Total Liabilities	\$ 8,927,585	\$ 373,507	\$ 0	\$ 9,301,092
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 509,800	\$ 0	\$ 0	\$ 509,800
Reserved for Inventory	0	0	140,751	140,751
Reserved for Career Ladder - Extended Contract	38,156	0	0	38,156
Reserved for Career Ladder Program	7,634	0	0	7,634
Reserved for Basic Education Program	3,310,236	0	0	3,310,236
Reserved for Title I Grants to Local Education Agencies	0	28,046	0	28,046
Reserved for Special Education - Grants to States	0	363,089	0	363,089
Other Federal Reserves	0	22,513	0	22,513
Unreserved, Reported In:				
General Fund	1,650,127	0	0	1,650,127
Special Revenue Funds (Deficit)	0	(353,500)	652,940	299,440
Total Fund Balances	\$ 5,515,953	\$ 60,148	\$ 793,691	\$ 6,369,792
Total Liabilities and Fund Balances	\$ 14,443,538	\$ 433,655	\$ 793,691	\$ 15,670,884

Exhibit J-3

Cumberland County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Cumberland County School Department
June 30, 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 J-2)		\$	6,369,792
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	2,088,454	
Add: buildings and improvements net of accumulated depreciation		60,908,595	
Add: infrastructure net of accumulated depreciation		976,298	
Add: other capital assets net of accumulated depreciation		<u>3,154,665</u>	67,128,012
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: compensated absences payable	\$	(80,521)	
Less: other postemployment benefits liability		<u>(1,249,031)</u>	(1,329,552)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>895,259</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>73,063,511</u></u>

Exhibit J-4

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

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Fund Central Cafeteria	
<u>Revenues</u>				
Local Taxes	\$ 14,265,049	\$ 0	\$ 0	\$ 14,265,049
Charges for Current Services	186,683	0	975,281	1,161,964
Other Local Revenues	362,421	0	18,035	380,456
State of Tennessee	29,848,424	111,026	37,951	29,997,401
Federal Government	17,105	6,222,926	2,572,283	8,812,314
Total Revenues	<u>\$ 44,679,682</u>	<u>\$ 6,333,952</u>	<u>\$ 3,603,550</u>	<u>\$ 54,617,184</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 27,095,342	\$ 5,221,770	\$ 0	\$ 32,317,112
Support Services	14,490,774	1,247,740	0	15,738,514
Operation of Non-Instructional Services	1,171,313	0	3,608,161	4,779,474
Capital Outlay	319,816	349,164	0	668,980
Total Expenditures	<u>\$ 43,077,245</u>	<u>\$ 6,818,674</u>	<u>\$ 3,608,161</u>	<u>\$ 53,504,080</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>\$ 1,602,437</u>	<u>\$ (484,722)</u>	<u>\$ (4,611)</u>	<u>\$ 1,113,104</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 28,208	\$ 0	\$ 0	\$ 28,208
Transfers Out	0	(28,208)	0	(28,208)
Total Other Financing Sources (Uses)	<u>\$ 28,208</u>	<u>\$ (28,208)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 1,630,645	\$ (512,930)	\$ (4,611)	\$ 1,113,104
Fund Balance, July 1, 2009	<u>3,885,308</u>	<u>573,078</u>	<u>798,302</u>	<u>5,256,688</u>
Fund Balance, June 30, 2010	<u>\$ 5,515,953</u>	<u>\$ 60,148</u>	<u>\$ 793,691</u>	<u>\$ 6,369,792</u>

Exhibit J-5

Cumberland County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Cumberland County School Department
For the Year Ended June 30, 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 J-4)		\$ 1,113,104
(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	\$ 646,675	
Less: current year depreciation expense	<u>(1,969,804)</u>	(1,323,129)
(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	\$ (6,221)	
Less: decrease of revenue for the sale of disposed assets	<u>(160)</u>	(6,381)
(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	\$ 895,259	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(769,069)</u>	126,190
(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 other postemployment benefits liability		<u>(495,586)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (585,802)</u>

Exhibit J-6

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Cumberland County School Department
General Purpose School Fund
For the Year Ended June 30, 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	\$ 14,265,049	\$ 0	\$ 0	\$ 14,265,049	\$ 14,522,892	\$ 14,522,892	\$ (257,843)
Charges for Current Services	186,683	0	0	186,683	150,000	265,000	(78,317)
Other Local Revenues	362,421	0	0	362,421	46,500	57,328	305,093
State of Tennessee	29,848,424	0	0	29,848,424	28,554,171	28,962,339	886,085
Federal Government	17,105	0	0	17,105	0	17,105	0
Total Revenues	\$ 44,679,682	\$ 0	\$ 0	\$ 44,679,682	\$ 43,273,563	\$ 43,824,664	\$ 855,018
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 22,713,270	\$ (3,250)	\$ 0	\$ 22,710,020	\$ 23,080,088	\$ 23,195,089	\$ 485,069
Alternative Instruction Program	235,263	0	0	235,263	283,280	283,280	48,017
Special Education Program	2,286,626	0	0	2,286,626	2,347,790	2,358,394	71,768
Vocational Education Program	1,860,183	0	0	1,860,183	1,968,187	1,968,187	108,004
<u>Support Services</u>							
Attendance	137,749	0	0	137,749	143,746	143,746	5,997
Health Services	229,170	0	0	229,170	247,272	247,272	18,102
Other Student Support	919,159	0	0	919,159	941,912	941,912	22,753
Regular Instruction Program	1,258,719	0	0	1,258,719	1,271,228	1,271,227	12,508
Special Education Program	164,308	0	0	164,308	166,665	173,166	8,858
Vocational Education Program	131,597	0	0	131,597	135,759	135,759	4,162
Other Programs	248,657	0	0	248,657	0	248,657	0
Board of Education	867,701	0	0	867,701	957,476	957,476	89,775
Director of Schools	152,091	0	0	152,091	163,268	163,268	11,177
Office of the Principal	2,943,928	0	0	2,943,928	3,034,698	3,034,698	90,770

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	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>							
Operation of Plant	\$ 3,945,663	\$ 0	\$ 0	\$ 3,945,663	\$ 4,286,581	\$ 4,286,581	\$ 340,918
Maintenance of Plant	898,798	(29,950)	0	868,848	937,548	937,548	68,700
Transportation	2,255,222	0	0	2,255,222	2,344,825	2,344,825	89,603
Central and Other	338,012	0	0	338,012	357,932	357,932	19,920
<u>Operation of Non-Instructional Services</u>							
Community Services	146,974	0	0	146,974	179,314	190,142	43,168
Early Childhood Education	1,024,339	0	0	1,024,339	1,024,810	1,024,809	470
<u>Capital Outlay</u>							
Regular Capital Outlay	319,816	(189,335)	509,800	640,281	626,185	785,696	145,415
<u>Total Expenditures</u>	<u>\$ 43,077,245</u>	<u>\$ (222,535)</u>	<u>\$ 509,800</u>	<u>\$ 43,364,510</u>	<u>\$ 44,498,564</u>	<u>\$ 45,049,664</u>	<u>\$ 1,685,154</u>
<u>Excess (Deficiency) of Revenues</u>							
<u>Over Expenditures</u>	<u>\$ 1,602,437</u>	<u>\$ 222,535</u>	<u>\$ (509,800)</u>	<u>\$ 1,315,172</u>	<u>\$ (1,225,001)</u>	<u>\$ (1,225,000)</u>	<u>\$ 2,540,172</u>
<u>Other Financing Sources (Uses)</u>							
<u>Transfers In</u>	<u>\$ 28,208</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 28,208</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 3,208</u>
<u>Total Other Financing Sources (Uses)</u>	<u>\$ 28,208</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 28,208</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 3,208</u>
<u>Net Change in Fund Balance</u>	<u>\$ 1,630,645</u>	<u>\$ 222,535</u>	<u>\$ (509,800)</u>	<u>\$ 1,343,380</u>	<u>\$ (1,200,001)</u>	<u>\$ (1,200,000)</u>	<u>\$ 2,543,380</u>
<u>Fund Balance, July 1, 2009</u>	<u>3,885,308</u>	<u>(222,535)</u>	<u>0</u>	<u>3,662,773</u>	<u>2,559,961</u>	<u>2,559,961</u>	<u>1,102,812</u>
<u>Fund Balance, June 30, 2010</u>	<u>\$ 5,515,953</u>	<u>\$ 0</u>	<u>\$ (509,800)</u>	<u>\$ 5,006,153</u>	<u>\$ 1,359,960</u>	<u>\$ 1,359,961</u>	<u>\$ 3,646,192</u>

Exhibit J-7

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 111,026	\$ 0	\$ 0	\$ 111,026
Federal Government	6,222,926	8,491,594	8,495,012	(2,272,086)
Total Revenues	<u>\$ 6,333,952</u>	<u>\$ 8,491,594</u>	<u>\$ 8,495,012</u>	<u>\$ (2,161,060)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 2,965,301	\$ 3,259,278	\$ 3,299,259	\$ 333,958
Special Education Program	2,176,480	3,005,165	3,212,452	1,035,972
Vocational Education Program	79,989	77,255	79,989	0
<u>Support Services</u>				
Health Services	1,878	10,000	10,000	8,122
Other Student Support	95,578	428,716	418,256	322,678
Regular Instruction Program	677,079	1,102,647	1,102,647	425,568
Special Education Program	353,694	457,965	457,990	104,296
Vocational Education Program	6,970	6,970	6,970	0
Operation of Plant	1,354	27,400	1,354	0
Transportation	111,187	130,000	127,206	16,019
<u>Capital Outlay</u>				
Regular Capital Outlay	349,164	346,000	346,000	(3,164)
Total Expenditures	<u>\$ 6,818,674</u>	<u>\$ 8,851,396</u>	<u>\$ 9,062,123</u>	<u>\$ 2,243,449</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (484,722)</u>	<u>\$ (359,802)</u>	<u>\$ (567,111)</u>	<u>\$ 82,389</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 155,104	\$ 155,104	\$ (155,104)
Transfers Out	(28,208)	(185,946)	(189,627)	161,419
Total Other Financing Sources (Uses)	<u>\$ (28,208)</u>	<u>\$ (30,842)</u>	<u>\$ (34,523)</u>	<u>\$ 6,315</u>
Net Change in Fund Balance	\$ (512,930)	(390,644)	(601,634)	88,704
Fund Balance, July 1, 2009	<u>573,078</u>	<u>540,238</u>	<u>601,634</u>	<u>(28,556)</u>
Fund Balance, June 30, 2010	<u>\$ 60,148</u>	<u>\$ 149,594</u>	<u>\$ 0</u>	<u>\$ 60,148</u>

Exhibit J-8

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 975,281	\$ 1,127,983	\$ 1,127,983	\$ (152,702)
Other Local Revenues	18,035	24,250	20,602	(2,567)
State of Tennessee	37,951	41,088	41,088	(3,137)
Federal Government	2,572,283	2,241,423	2,298,052	274,231
Total Revenues	<u>\$ 3,603,550</u>	<u>\$ 3,434,744</u>	<u>\$ 3,487,725</u>	<u>\$ 115,825</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 3,608,161	\$ 3,620,438	\$ 3,677,765	\$ 69,604
Total Expenditures	<u>\$ 3,608,161</u>	<u>\$ 3,620,438</u>	<u>\$ 3,677,765</u>	<u>\$ 69,604</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (4,611)</u>	<u>\$ (185,694)</u>	<u>\$ (190,040)</u>	<u>\$ 185,429</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 0	\$ 4,348	\$ (4,348)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,348</u>	<u>\$ (4,348)</u>
Net Change in Fund Balance	\$ (4,611)	(185,694)	(185,692)	\$ 181,081
Fund Balance, July 1, 2009	798,302	763,706	763,706	34,596
Fund Balance, June 30, 2010	<u>\$ 793,691</u>	<u>\$ 578,012</u>	<u>\$ 578,014</u>	<u>\$ 215,677</u>

Cumberland County Railroad Authority

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

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

Exhibit K-1

Cumberland County, Tennessee
Statement of Net Assets and Governmental Fund Balance Sheet
Discretely Presented Cumberland County Railroad Authority
June 30, 2010

	General Fund	Adjustments	Statement of Net Assets
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 32,765	\$ 0	\$ 32,765
Due from Other Governments	1,898	0	1,898
Total Assets	<u>\$ 34,663</u>	<u>\$ 0</u>	<u>\$ 34,663</u>
<u>LIABILITIES AND FUND BALANCE/ NET ASSETS</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 1,898	\$ 0	\$ 1,898
Total Liabilities	<u>\$ 1,898</u>	<u>\$ 0</u>	<u>\$ 1,898</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 335,008	\$ (335,008)	\$ 0
Unreserved Reported In: General Fund	(302,243)	302,243	0
Total Fund Balances	<u>\$ 32,765</u>	<u>\$ (32,765)</u>	<u>\$ 0</u>
Total Liabilities and Fund Balances	<u>\$ 34,663</u>		
Net Assets:			
Unrestricted		\$ 32,765	\$ 32,765
Total Net Assets		<u>\$ 0</u>	<u>\$ 34,663</u>

Exhibit K-2

Cumberland County, Tennessee
Statement of Activities and Governmental Fund Revenues, Expenditures,
and Changes in Fund Balance/Net Assets
Discretely Presented Cumberland County Railroad Authority
For the Year Ended June 30, 2010

	General Fund	Adjustments	Statement of Activities
Expenditures/Expenses:			
Other Operations:			
Other Economic and Community Development	\$ 1,095,090	\$ 0	\$ 1,095,090
Total Expenditures/Expenses	\$ 1,095,090	\$ 0	\$ 1,095,090
Program Revenues:			
Operating Grants and Contributions:			
State of Tennessee	\$ 1,093,341	\$ 0	\$ 1,093,341
Total Expenditures/Expenses	\$ 1,093,341	\$ 0	\$ 1,093,341
Net Program Expense			\$ 1,749
Excess of Revenues over Expenditures	\$ (1,749)	\$ 1,749	\$ 0
Change in Net Assets	0	(1,749)	(1,749)
Fund Balance/Net Assets:			
July 1, 2009	34,514	0	34,514
June 30, 2010	\$ 32,765	\$ 0	\$ 32,765

Exhibit K-3

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
State of Tennessee	\$ 1,093,341	0	\$ 1,093,341	\$ 100,000	\$ 1,187,000	\$ (93,659)
Total Revenues	\$ 1,093,341	0	\$ 1,093,341	\$ 100,000	\$ 1,187,000	\$ (93,659)
<u>Expenditures</u>						
<u>Other Operations</u>						
Other Charges	\$ 0	0	0	1,000	1,000	1,000
<u>Capital Projects</u>						
Other General Government Projects	1,095,090	335,008	1,430,098	100,000	1,186,000	(244,098)
Total Expenditures	\$ 1,095,090	\$ 335,008	\$ 1,430,098	\$ 101,000	\$ 1,187,000	\$ (243,098)
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,749)	\$ (335,008)	\$ (336,757)	\$ (1,000)	0	\$ (336,757)
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (1,749)	\$ (335,008)	\$ (336,757)	\$ (1,000)	0	\$ (336,757)
	34,514	0	34,514	25,511	25,511	9,003
Fund Balance, June 30, 2010	\$ 32,765	\$ (335,008)	\$ (302,243)	\$ 24,511	\$ 25,511	\$ (327,754)

MISCELLANEOUS SCHEDULES

Exhibit L-1

Cumberland County, Tennessee
 Schedule of Changes in Long-term Notes and Other Loans
 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	Debt Refunded	Outstanding 6-30-10
NOTES PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Jail Lighting and HVAC	\$ 338,828	0 %	5-1-06	5-1-13	\$ 193,616	\$ 0	\$ 48,404	\$ 0	\$ 145,212
School Improvements	1,200,000	2.75	5-29-08	5-29-11	800,000	0	400,000	0	400,000
Landfill, Education Facility, Justice Center Furnishings	1,677,000	2.6	6-25-10	6-25-13	0	1,677,000	0	0	1,677,000
Total Notes Payable					\$ 993,616	\$ 1,677,000	\$ 448,404	\$ 0	\$ 2,222,212
OTHER LOANS PAYABLE									
<u>Public Building Authority Loan Agreements</u>									
<u>Payable through General Debt Service Fund</u>									
Homestead Elementary - Series A 7-A	5,000,000	Variable	10-24-02	11-19-09	\$ 5,000,000	\$ 0	\$ 0	\$ 5,000,000	\$ 0
Plateau Partners Industrial Park - Series B-13-A	1,750,000	5.15 to 6	10-18-07	6-1-23	1,750,000	0	0	0	1,750,000
Refunding - Series E-3-A	20,615,000	Variable	7-31-08	6-1-27	20,615,000	0	810,000	0	19,805,000
Refunding and Jail Construction - Series V-E-1	10,365,000	3 to 4.75	9-18-08	6-1-28	8,110,000	1,940,000	585,000	0	9,465,000
Refunding - Series VII-B-2	28,300,000	Variable	11-20-08	6-1-39	28,045,000	0	455,000	0	27,590,000
Refunding - Series VII-F-1	5,100,000	Variable	11-19-09	6-1-31	0	5,100,000	0	0	5,100,000
Plateau Partners Industrial Park - Series B-20-A	750,000	4.25 to 5	6-15-10	6-1-27	0	750,000	0	0	750,000
Total Other Loans Payable					\$ 63,520,000	\$ 7,790,000	\$ 1,850,000	\$ 5,000,000	\$ 64,460,000

Exhibit L-2

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

Year Ending June 30	Notes		Total
	Principal	Interest	
2011	\$ 1,007,404	\$ 54,602	\$ 1,062,006
2012	607,404	29,068	636,472
2013	607,404	14,534	621,938
Total	<u>\$ 2,222,212</u>	<u>\$ 98,204</u>	<u>\$ 2,320,416</u>

Year Ending June 30	Other Loans			Total
	Principal	Interest	Fees	
2011	\$ 1,890,000	\$ 1,124,137	\$ 512,373	\$ 3,526,510
2012	2,050,000	1,097,708	501,496	3,649,204
2013	2,100,000	1,062,635	490,290	3,652,925
2014	1,725,000	1,024,987	478,901	3,228,888
2015	1,805,000	993,813	471,893	3,270,706
2016	1,890,000	958,350	464,703	3,313,053
2017	1,950,000	921,737	457,074	3,328,811
2018	2,055,000	881,988	449,227	3,386,215
2019	2,185,000	839,612	440,978	3,465,590
2020	2,265,000	811,713	428,495	3,505,208
2021	2,195,000	782,975	415,537	3,393,512
2022	2,270,000	750,900	403,565	3,424,465
2023	2,495,000	716,333	390,786	3,602,119
2024	2,520,000	667,092	373,992	3,561,084
2025	2,645,000	620,553	356,797	3,622,350
2026	2,780,000	572,075	338,674	3,690,749
2027	2,935,000	521,635	319,552	3,776,187
2028	2,730,000	468,930	299,745	3,498,675
2029	2,355,000	407,575	270,621	3,033,196
2030	2,470,000	367,540	239,980	3,077,520
2031	2,545,000	325,550	207,821	3,078,371
2032	2,620,000	282,285	174,519	3,076,804
2033	1,755,000	237,745	146,982	2,139,727
2034	1,805,000	207,910	128,537	2,141,447
2035	1,880,000	177,225	109,567	2,166,792
2036	1,980,000	145,265	89,808	2,215,073
2037	2,080,000	111,605	68,998	2,260,603
2038	2,205,000	76,245	47,137	2,328,382
2039	2,280,000	38,760	23,963	2,342,723
Total	<u>\$ 64,460,000</u>	<u>\$ 17,194,878</u>	<u>\$ 9,102,011</u>	<u>\$ 90,756,889</u>

Exhibit L-3

Cumberland County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Cumberland County School Department
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 Debt Service	General	Capital expenditures	\$ 5,000,000
General	Solid Waste Disposal	Debt proceeds	1,100,000
Solid Waste Sanitation	Solid Waste Disposal	Operations	425,000
Total Transfers Primary Government			<u>\$ 6,525,000</u>
<u>DISCRETELY PRESENTED CUMBERLAND COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 28,208
Total Transfers Discretely Presented Cumberland County School Department			<u>\$ 28,208</u>

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

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

(1) Includes chief executive officer training supplement of \$1,000.

(2) Includes longevity pay of \$2,238.

(3) Does not include special commissioner fees of \$18,810.

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

(5) The director of schools is covered under the public employee dishonesty bond.

Exhibit L-5

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

	Special Revenue Funds							Total
	General	Courthouse and Jail Maintenance	Solid Waste/Sanitation	Drug Control	Constitutional Officers - Fees	Highway/Public Works	General Debt Service	
Local Taxes								
<u>County Property Taxes</u>								
Current Property Tax	\$ 7,323,053	\$ 0	\$ 1,469,551	\$ 0	\$ 0	\$ 0	\$ 1,990,183	\$ 10,782,787
Trustee's Collections - Prior Year	196,921	0	0	0	0	0	58,731	255,652
Circuit/Clerk & Master Collections - Prior Years	55,341	0	0	0	0	0	18,447	73,788
Interest and Penalty	60,464	0	2,198	0	0	0	18,378	81,040
Payments in-Lieu-of Taxes - Local Utilities	5,231	0	0	0	0	0	0	5,231
Payments in-Lieu-of Taxes - Other	137,802	0	0	0	0	0	0	137,802
<u>County Local Option Taxes</u>								
Local Option Sales Tax	474,076	0	0	0	0	0	1,674,942	2,149,018
Hotel/Motel Tax	447,109	0	0	0	0	0	0	447,109
Litigation Tax - General	96,536	0	0	0	0	0	0	96,536
Litigation Tax - Special Purpose	0	60,145	0	0	0	0	0	60,145
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	261,148	261,148
Business Tax	550,813	0	0	0	0	0	0	550,813
Mineral Severance Tax	0	0	0	0	0	25,804	0	25,804
<u>Statutory Local Taxes</u>								
Bank Excise Tax	122,655	0	0	0	0	0	0	122,655
Wholesale Beer Tax	359,682	0	0	0	0	0	0	359,682
Interstate Telecommunications Tax	3,057	0	0	0	0	0	0	3,057
Other Statutory Local Taxes	6,106	0	0	0	0	0	0	6,106
Total Local Taxes	\$ 9,838,846	\$ 60,145	\$ 1,471,749	\$ 0	\$ 0	\$ 25,804	\$ 4,021,829	\$ 15,418,373
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Animal Vaccination	\$ 16,113	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,113
Cable TV Franchise	191,593	0	0	0	0	0	0	191,593
<u>Permits</u>								
Beer Permits	2,850	0	0	0	0	0	0	2,850
Total Licenses and Permits	\$ 210,556	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 210,556

(Continued)

Exhibit L-5

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

	Special Revenue Funds						Debt Service Fund	Total
	General	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitutional Officers - Fees	Highway/ Public Works		
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 3,343	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,343
Officers Costs	3,437	0	0	0	0	0	0	3,437
Drug Court Fees	29,654	0	0	0	0	0	0	29,654
Jail Fees	3,840	0	0	0	0	0	0	3,840
DUI Treatment Fines	1,220	0	0	0	0	0	0	1,220
Data Entry Fee - Circuit Court	446	0	0	0	0	0	0	446
Courtroom Security Fee	6	0	0	0	0	0	0	6
<u>General Sessions Court</u>								
Fines	24,387	0	0	0	0	0	0	24,387
Officers Costs	68,791	0	0	0	0	0	0	68,791
Jail Fees	15,776	0	0	0	0	0	0	15,776
DUI Treatment Fines	6,731	0	0	0	0	0	0	6,731
Data Entry Fee - General Sessions Court	9,538	0	0	0	0	0	0	9,538
Courtroom Security Fee	2,375	0	0	0	0	0	0	2,375
<u>Juvenile Court</u>								
Fines	1,762	0	0	0	0	0	0	1,762
Jail Fees	4,064	0	0	0	0	0	0	4,064
<u>Chancery Court</u>								
Officers Costs	11,234	0	0	0	0	0	0	11,234
Data Entry Fee - Chancery Court	4,502	0	0	0	0	0	0	4,502
<u>Other Courts - In-county</u>								
Drug Control Fines	0	0	0	11,918	0	0	0	11,918
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	5,220	0	0	54,185	0	0	0	59,405
Total Fines, Forfeitures, and Penalties	\$ 196,326	\$ 0	\$ 0	\$ 66,103	\$ 0	\$ 0	\$ 0	\$ 262,429
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Patient Charges	\$ 2,620,746	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,620,746
Other General Service Charges	0	0	0	0	3,500	0	0	3,500

(Continued)

Exhibit L-5

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

	Special Revenue Funds						Debt Service Fund	Total
	General	Courthouse and Jail Maintenance	Solid Waste/Sanitation	Drug Control	Constitutional Officers - Fees	Highway/Public Works		
<u>Charges for Current Services (Cont.)</u>								
<u>Fees</u>								
Copy Fees	\$ 4,525	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,525
Telephone Commissions	15,522	0	0	0	0	0	0	15,522
Constitutional Officers' Fees and Commissions	0	0	0	0	708	0	0	708
Data Processing Fee - Register	62,369	0	0	0	0	0	0	62,369
Data Processing Fee - Sheriff	4,478	0	0	0	0	0	0	4,478
Sexual Offender Registration Fees - Sheriff	5,050	0	0	0	0	0	0	5,050
Data Processing Fee - County Clerk	4,566	0	0	0	0	0	0	4,566
<u>Education Charges</u>								
TBI Criminal Background Fees	5,100	0	0	0	0	0	0	5,100
Total Charges for Current Services	\$ 2,722,356	\$ 0	\$ 0	\$ 0	\$ 708	\$ 3,500	\$ 0	\$ 2,726,564
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 326,261	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,749	\$ 333,010
Lease/Rentals	46,519	0	0	0	0	0	0	46,519
Commissary Sales	6,232	0	0	0	0	0	0	6,232
Sale of Recycled Materials	0	0	230,873	0	0	0	0	230,873
Miscellaneous Refunds	43,950	0	0	0	0	0	0	43,950
<u>Nonrecurring Items</u>								
Accrued Interest on Debt Issues	0	0	0	0	0	0	224,057	224,057
Sale of Property	7,431	0	0	0	0	0	0	7,431
Total Other Local Revenues	\$ 430,393	\$ 0	\$ 230,873	\$ 0	\$ 0	\$ 0	\$ 230,806	\$ 892,072
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	\$ 419,152	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 419,152
Circuit Court Clerk	86,671	0	0	0	0	0	0	86,671
General Sessions Court Clerk	347,295	0	0	0	0	0	0	347,295
Clerk and Master	289,116	0	0	0	0	0	0	289,116
Register	298,059	0	0	0	0	0	0	298,059

(Continued)

Exhibit L-5

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Courthouse and Jail Maintenance	Solid Waste/Sanitation	Drug Control	Constitutional Officers - Fees	Highway/Public Works	General Debt Service		
<u>Fees Received from County Officials (Cont.)</u>									
Fees in-Lieu-of Salary (Cont.)									
Sheriff	\$ 19,747	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,747
Trustee	666,328	0	0	0	0	0	0	0	666,328
Total Fees Received from County Officials	\$ 2,126,368	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,126,368
<u>State of Tennessee</u>									
General Government Grants									
Juvenile Services Program	\$ 26,788	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 26,788
Other General Government Grants	6,000	0	0	0	0	0	0	0	6,000
Public Safety Grants									
Law Enforcement Training Programs	30,000	0	0	0	0	0	0	0	30,000
Health and Welfare Grants									
Health Department Programs	371,353	0	0	0	0	0	0	0	371,353
Public Works Grants									
State Aid Program	0	0	0	0	0	207,231	0	0	207,231
Litter Program	0	0	49,834	0	0	0	0	0	49,834
Other State Revenues									
Income Tax	317,085	0	0	0	0	0	0	0	317,085
Beer Tax	17,778	0	0	0	0	0	0	0	17,778
Alcoholic Beverage Tax	78,201	0	0	0	0	0	0	0	78,201
Mixed Drink Tax	27,921	0	0	0	0	0	0	0	27,921
State Revenue Sharing - T.V.A.	930,774	0	0	0	0	0	0	0	930,774
Contracted Prisoner Boarding	165,480	0	0	0	0	0	0	0	165,480
Gasoline and Motor Fuel Tax	0	0	0	0	0	2,076,198	0	0	2,076,198
Petroleum Special Tax	0	0	0	0	0	37,587	0	0	37,587
Reappraisal Program Reimbursement	31,996	0	0	0	0	0	0	0	31,996
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0	16,380
Other State Grants	10,000	0	0	0	0	0	0	0	10,000
Total State of Tennessee	\$ 2,029,756	\$ 0	\$ 49,834	\$ 0	\$ 0	\$ 2,321,016	\$ 0	\$ 0	\$ 4,400,606

(Continued)

Exhibit L-5

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitutional Officers - Fees	Highway/ Public Works	General Debt Service		
<u>Federal Government</u>									
<u>Federal Through State</u>									
Community Development	\$ 262,713	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 262,713	
Civil Defense Reimbursement	89,399	0	0	0	0	0	0	89,399	
Homeland Security Grants	63,143	0	0	0	0	0	0	63,143	
ARRA Grant No. 1	84,228	0	0	0	0	0	0	84,228	
ARRA Grant No. 2	21,379	0	0	0	0	0	0	21,379	
ARRA Grant No. 3	53,590	0	0	0	0	0	0	53,590	
Other Federal through State	459,387	0	0	0	0	0	0	459,387	
<u>Direct Federal Revenue</u>									
Other Direct Federal Revenue	66,067	0	0	0	0	0	0	66,067	
<u>Total Federal Government</u>	<u>\$ 1,099,906</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,099,906</u>	
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Contributions	\$ 2,738	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,738	
Contracted Services	554,125	0	0	0	0	25,000	0	579,125	
<u>Citizens Groups</u>									
Donations	1,010	0	0	250	0	0	0	1,260	
<u>Total Other Governments and Citizens Groups</u>	<u>\$ 557,873</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 250</u>	<u>\$ 0</u>	<u>\$ 25,000</u>	<u>\$ 0</u>	<u>\$ 583,123</u>	
<u>Total</u>	<u>\$ 19,212,380</u>	<u>\$ 60,145</u>	<u>\$ 1,752,456</u>	<u>\$ 66,353</u>	<u>\$ 708</u>	<u>\$ 2,375,320</u>	<u>\$ 4,252,635</u>	<u>\$ 27,719,997</u>	

Exhibit L-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 6,946,968	\$ 0	\$ 0	\$ 6,946,968
Trustee's Collections - Prior Year	152,151	0	0	152,151
Circuit/Clerk & Master Collections - Prior Years	64,244	0	0	64,244
Interest and Penalty	35,091	0	0	35,091
<u>County Local Option Taxes</u>				
Local Option Sales Tax	7,061,110	0	0	7,061,110
Business Tax	5,485	0	0	5,485
Total Local Taxes	\$ 14,265,049	\$ 0	\$ 0	\$ 14,265,049
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Other	\$ 87,227	\$ 0	\$ 0	\$ 87,227
Lunch Payments - Children	0	0	512,675	512,675
Lunch Payments - Adults	0	0	61,920	61,920
Income from Breakfast	0	0	66,979	66,979
A la carte Sales	0	0	329,377	329,377
Receipts from Individual Schools	93,876	0	0	93,876
TBI Criminal Background Fees	5,580	0	0	5,580
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	4,330	4,330
Total Charges for Current Services	\$ 186,683	\$ 0	\$ 975,281	\$ 1,161,964
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 5,076	\$ 5,076
Sale of Recycled Materials	1,157	0	0	1,157
Refund of Telecommunication and Internet Fees (E-Rate)	59,455	0	0	59,455
Retirees' Insurance Payments	1,521	0	0	1,521
Miscellaneous Refunds	155,489	0	12,259	167,748
<u>Nonrecurring Items</u>				
Sale of Property	525	0	0	525
Resale of Materials - T&I House	143,000	0	0	143,000
Damages Recovered from Individuals	298	0	0	298
Contributions and Gifts	976	0	700	1,676
Total Other Local Revenues	\$ 362,421	\$ 0	\$ 18,035	\$ 380,456
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 248,657	\$ 0	\$ 0	\$ 248,657
<u>State Education Funds</u>				
Basic Education Program	26,525,599	0	0	26,525,599
Basic Education Program - ARRA	1,319,400	0	0	1,319,400
Early Childhood Education	1,031,672	0	0	1,031,672
School Food Service	0	0	37,951	37,951
Other State Education Funds	127,733	111,026	0	238,759
Coordinated School Health - ARRA	100,000	0	0	100,000
Internet Connectivity - ARRA	20,986	0	0	20,986
Family Resource Centers - ARRA	33,300	0	0	33,300

(Continued)

Exhibit L-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Career Ladder Program	\$ 332,794	\$ 0	\$ 0	\$ 332,794
Career Ladder - Extended Contract	1,141	0	0	1,141
Career Ladder - Extended Contract - ARRA	80,800	0	0	80,800
<u>Other State Revenues</u>				
Safe Schools - ARRA	22,000	0	0	22,000
Other State Revenues	4,342	0	0	4,342
Total State of Tennessee	\$ 29,848,424	\$ 111,026	\$ 37,951	\$ 29,997,401
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,774,756	\$ 1,774,756
USDA - Commodities	0	0	107,554	107,554
Breakfast	0	0	606,558	606,558
USDA - Other	0	0	61,856	61,856
USDA Food Service Equipment Grant - ARRA	0	0	21,559	21,559
Vocational Education - Basic Grants to States	0	142,799	0	142,799
Title I Grants to Local Education Agencies	0	2,478,739	0	2,478,739
Special Education - Grants to States	15,051	2,586,223	0	2,601,274
Special Education Preschool Grants	2,054	63,469	0	65,523
English Language Acquisition Grants	0	11,816	0	11,816
Safe and Drug-free Schools - State Grants	0	428,727	0	428,727
Rural Education	0	74,406	0	74,406
Education for Homeless Children and Youth	0	21,089	0	21,089
Eisenhower Professional Development State Grants	0	359,888	0	359,888
Other Federal through State	0	55,770	0	55,770
Total Federal Government	\$ 17,105	\$ 6,222,926	\$ 2,572,283	\$ 8,812,314
Total	\$ 44,679,682	\$ 6,333,952	\$ 3,603,550	\$ 54,617,184

Exhibit L-7

Cumberland County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Cumberland County Railroad Authority
For the Year Ended June 30, 2010

	General	Total
<hr/>		
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Other General Government Grants	\$ 1,093,341	\$ 1,093,341
Total State of Tennessee	<u>\$ 1,093,341</u>	<u>\$ 1,093,341</u>
 Total	 <u>\$ 1,093,341</u>	 <u>\$ 1,093,341</u>

Exhibit L-8

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	63,379	
Social Security		4,848	
State Retirement		2,499	
Employee and Dependent Insurance		87,096	
Life Insurance		829	
Dental Insurance		5,073	
Audit Services		14,994	
Contracts with Government Agencies		25,270	
Contracts with Private Agencies		1,200	
Contributions		255,000	
Dues and Memberships		2,902	
Maintenance Agreements		3,500	
Travel		1,464	
Communication Equipment		290,000	
Furniture and Fixtures		268,851	
Other Capital Outlay		1,875	
Total County Commission			\$ 1,028,780

Board of Equalization

Board and Committee Members Fees	\$	3,268	
Total Board of Equalization			3,268

Beer Board

Board and Committee Members Fees	\$	1,360	
Social Security		73	
Legal Notices, Recording, and Court Costs		416	
Total Beer Board			1,849

Other Boards and Committees

Legal Services	\$	3,996	
Other Charges		125	
Total Other Boards and Committees			4,121

County Mayor/Executive

County Official/Administrative Officer	\$	73,866	
Assistant(s)		35,700	
Data Processing Personnel		26,600	
Secretary(ies)		24,400	
Longevity Pay		1,760	
Social Security		11,644	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

State Retirement	\$	14,458	
Employee and Dependent Insurance		25,982	
Life Insurance		183	
Dental Insurance		1,207	
Other Fringe Benefits		670	
Communication		1,443	
Contracts with Government Agencies		10,000	
Dues and Memberships		1,710	
Maintenance and Repair Services - Office Equipment		411	
Printing, Stationery, and Forms		767	
Travel		2,161	
Other Contracted Services		11,980	
Office Supplies		1,783	
Premiums on Corporate Surety Bonds		100	
Other Charges		586	
Other Equipment		10,000	
Total County Mayor/Executive			\$ 257,411

County Attorney

County Official/Administrative Officer	\$	46,103	
Total County Attorney			46,103

Election Commission

County Official/Administrative Officer	\$	51,198	
Clerical Personnel		79,400	
Part-time Personnel		3,139	
Longevity Pay		2,092	
Election Commission		5,225	
Election Workers		20,990	
In-Service Training		3,244	
Social Security		10,228	
State Retirement		11,770	
Employee and Dependent Insurance		26,238	
Life Insurance		183	
Dental Insurance		1,207	
Communication		2,403	
Dues and Memberships		275	
Legal Notices, Recording, and Court Costs		2,517	
Maintenance and Repair Services - Equipment		16,157	
Printing, Stationery, and Forms		9,061	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Rentals	\$	800	
Travel		1,728	
Other Contracted Services		14,567	
Office Supplies		1,910	
Other Charges		1,907	
Total Election Commission			\$ 266,239

Register of Deeds

County Official/Administrative Officer	\$	63,954	
Deputy(ies)		109,871	
Part-time Personnel		16,299	
Longevity Pay		3,076	
Social Security		13,841	
State Retirement		15,699	
Employee and Dependent Insurance		32,030	
Life Insurance		219	
Dental Insurance		1,509	
Communication		1,292	
Dues and Memberships		512	
Maintenance Agreements		18,524	
Printing, Stationery, and Forms		5,736	
Office Supplies		761	
Premiums on Corporate Surety Bonds		100	
Other Charges		34	
Total Register of Deeds			283,457

Engineering

Operating Lease Payments	\$	4,039	
Maintenance and Repair Services - Equipment		22,158	
Gasoline		3,671	
Utilities		5,917	
Other Supplies and Materials		1,700	
Maintenance Equipment		22,880	
Total Engineering			60,365

County Buildings

Supervisor/Director	\$	34,700	
Custodial Personnel		159,671	
Longevity Pay		3,893	
Overtime Pay		3,952	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Social Security	\$	15,963	
State Retirement		18,560	
Employee and Dependent Insurance		50,131	
Life Insurance		321	
Dental Insurance		2,364	
Other Fringe Benefits		7,026	
Maintenance and Repair Services - Buildings		49,800	
Travel		81	
Gasoline		5,931	
Office Supplies		437	
Uniforms		1,779	
Utilities		86,335	
Total County Buildings			\$ 440,944

Other General Administration

Supervisor/Director	\$	30,243	
Mechanic(s)		26,104	
Longevity Pay		886	
Social Security		4,493	
State Retirement		5,210	
Employee and Dependent Insurance		12,607	
Life Insurance		111	
Dental Insurance		603	
Other Fringe Benefits		1,502	
Communication		1,252	
Gasoline		1,388	
Lubricants		9,983	
Uniforms		1,636	
Utilities		4,854	
Other Supplies and Materials		4,188	
Total Other General Administration			105,060

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	63,954	
Accountants/Bookkeepers		193,743	
Salary Supplements		8,520	
Longevity Pay		7,495	
Social Security		21,002	
State Retirement		22,159	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Employee and Dependent Insurance	\$	44,101	
Life Insurance		288	
Dental Insurance		2,087	
Other Fringe Benefits		4,111	
Communication		2,544	
Data Processing Services		1,000	
Legal Notices, Recording, and Court Costs		2,082	
Maintenance Agreements		9,338	
Printing, Stationery, and Forms		8,508	
Travel		309	
Office Supplies		3,141	
Periodicals		25	
Premiums on Corporate Surety Bonds		350	
Total Accounting and Budgeting			\$ 394,757

Property Assessor's Office

County Official/Administrative Officer	\$	63,954	
Assistant(s)		183,107	
Longevity Pay		3,164	
In-Service Training		2,428	
Social Security		18,866	
State Retirement		22,195	
Employee and Dependent Insurance		51,067	
Life Insurance		307	
Dental Insurance		2,414	
Communication		1,047	
Data Processing Services		35,492	
Dues and Memberships		1,300	
Maintenance Agreements		3,995	
Maintenance and Repair Services - Vehicles		73	
Travel		2,400	
Other Contracted Services		20,350	
Gasoline		575	
Office Supplies		1,968	
Other Supplies and Materials		1,297	
Premiums on Corporate Surety Bonds		152	
Total Property Assessor's Office			416,151

Reappraisal Program

Clerical Personnel	\$	59,623	
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(Continued)

Exhibit L-8

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Longevity Pay	\$	790	
In-Service Training		1,331	
Social Security		4,618	
State Retirement		3,954	
Employee and Dependent Insurance		15,653	
Life Insurance		90	
Dental Insurance		754	
Data Processing Services		12,510	
Postal Charges		2,078	
Travel		6,197	
Duplicating Supplies		1,000	
Office Supplies		1,000	
Total Reappraisal Program			\$ 109,598

County Trustee's Office

County Official/Administrative Officer	\$	63,954	
Deputy(ies)		139,841	
Longevity Pay		4,706	
Social Security		15,591	
State Retirement		18,494	
Employee and Dependent Insurance		39,357	
Life Insurance		255	
Dental Insurance		1,810	
Communication		1,195	
Dues and Memberships		647	
Maintenance and Repair Services - Office Equipment		5,134	
Printing, Stationery, and Forms		4,200	
Travel		366	
Office Supplies		1,800	
Premiums on Corporate Surety Bonds		6,246	
Other Charges		700	
Total County Trustee's Office			304,296

County Clerk's Office

County Official/Administrative Officer	\$	63,954
Deputy(ies)		266,995
Longevity Pay		4,920
Social Security		24,623
State Retirement		29,792
Employee and Dependent Insurance		77,290

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Life Insurance	\$	471	
Dental Insurance		3,621	
Communication		1,155	
Dues and Memberships		662	
Maintenance and Repair Services - Office Equipment		18,219	
Printing, Stationery, and Forms		2,423	
Travel		362	
Office Supplies		4,959	
Premiums on Corporate Surety Bonds		175	
Total County Clerk's Office			\$ 499,621

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,954	
Deputy(ies)		270,123	
Part-time Personnel		8,505	
Longevity Pay		6,184	
Jury and Witness Expense		13,936	
Social Security		26,550	
State Retirement		30,181	
Employee and Dependent Insurance		70,223	
Life Insurance		435	
Dental Insurance		3,319	
Communication		3,484	
Dues and Memberships		512	
Maintenance and Repair Services - Office Equipment		11,164	
Printing, Stationery, and Forms		7,343	
Office Supplies		4,414	
Premiums on Corporate Surety Bonds		1,255	
Other Equipment		2,200	
Total Circuit Court			523,782

General Sessions Court

Judge(s)	\$	138,676
Secretary(ies)		27,514
Part-time Personnel		1,031
Longevity Pay		825
Social Security		10,918
State Retirement		14,814
Employee and Dependent Insurance		12,863

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Life Insurance	\$	111	
Dental Insurance		603	
Communication		1,002	
Contracts with Government Agencies		67,677	
Dues and Memberships		905	
Printing, Stationery, and Forms		55	
Travel		969	
Office Supplies		566	
Periodicals		455	
Total General Sessions Court			\$ 278,984

Chancery Court

County Official/Administrative Officer	\$	63,954	
Deputy(ies)		67,100	
Longevity Pay		2,522	
Social Security		9,833	
State Retirement		12,234	
Employee and Dependent Insurance		19,167	
Life Insurance		147	
Dental Insurance		905	
Communication		1,580	
Dues and Memberships		742	
Maintenance and Repair Services - Office Equipment		9,615	
Printing, Stationery, and Forms		4,757	
Office Supplies		3,000	
Premiums on Corporate Surety Bonds		375	
Other Equipment		4,100	
Total Chancery Court			200,031

Juvenile Court

Youth Service Officer(s)	\$	60,021	
Longevity Pay		1,100	
Social Security		4,676	
State Retirement		5,421	
Employee and Dependent Insurance		12,863	
Life Insurance		111	
Dental Insurance		603	
Communication		1,056	
Contracts with Government Agencies		17,788	
Travel		920	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Office Supplies	\$ 871	
Total Juvenile Court		\$ 105,430

Judicial Commissioners

County Official/Administrative Officer	\$ 65,684	
Supervisor/Director	31,700	
Part-time Personnel	30,610	
Longevity Pay	2,028	
In-Service Training	757	
Social Security	9,947	
State Retirement	5,736	
Employee and Dependent Insurance	15,529	
Life Insurance	108	
Dental Insurance	1,031	
Printing, Stationery, and Forms	234	
Travel	405	
Office Supplies	325	
Premiums on Corporate Surety Bonds	800	
Total Judicial Commissioners		164,894

Probate Court

Secretary(ies)	\$ 142,900	
Longevity Pay	4,292	
Social Security	10,453	
State Retirement	13,056	
Employee and Dependent Insurance	32,030	
Life Insurance	180	
Dental Insurance	1,509	
Maintenance and Repair Services - Office Equipment	7	
Printing, Stationery, and Forms	178	
Office Supplies	500	
Total Probate Court		205,105

Courtroom Security

Deputy(ies)	\$ 109,945
Guards	21,336
Part-time Personnel	18,180
Longevity Pay	2,119
Social Security	11,580
State Retirement	8,993

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Courtroom Security (Cont.)

Employee and Dependent Insurance	\$	26,886	
Life Insurance		140	
Dental Insurance		1,283	
Total Courtroom Security			\$ 200,462

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,350	
Deputy(ies)		1,363,620	
Salary Supplements		25,800	
Guards		2,546	
Secretary(ies)		62,200	
Longevity Pay		26,897	
In-Service Training		12,947	
Social Security		116,894	
State Retirement		134,780	
Employee and Dependent Insurance		278,302	
Life Insurance		1,663	
Dental Insurance		13,277	
Communication		19,698	
Dues and Memberships		300	
Evaluation and Testing		2,369	
Maintenance and Repair Services - Equipment		4,241	
Maintenance and Repair Services - Vehicles		47,427	
Printing, Stationery, and Forms		1,110	
Travel		9,279	
Other Contracted Services		7,878	
Gasoline		142,589	
Office Supplies		8,598	
Uniforms		15,261	
Other Supplies and Materials		33,606	
Premiums on Corporate Surety Bonds		100	
Other Charges		1,773	
Communication Equipment		900	
Motor Vehicles		117,608	
Other Equipment		4,192	
Total Sheriff's Department			2,526,205

Drug Enforcement

Overtime Pay	\$	9,526	
Total Drug Enforcement			9,526

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Medical Personnel	\$	30,701	
Bus Drivers		30,623	
Guards		947,649	
Clerical Personnel		93,975	
Cafeteria Personnel		97,888	
Part-time Personnel		101,355	
Longevity Pay		22,487	
In-Service Training		610	
Social Security		100,949	
State Retirement		101,653	
Employee and Dependent Insurance		264,058	
Life Insurance		1,505	
Dental Insurance		12,824	
Evaluation and Testing		3,075	
Medical and Dental Services		199,540	
Travel		2,654	
Other Contracted Services		1,334	
Food Supplies		178,217	
Office Supplies		6,175	
Uniforms		14,726	
Utilities		196,608	
Other Supplies and Materials		94,086	
Other Charges		23,502	
Building Construction		2,995,542	
Food Service Equipment		8,174	
Total Jail			\$ 5,529,910

Juvenile Services

Guards	\$	59,585	
Part-time Personnel		54,058	
Longevity Pay		892	
Social Security		8,736	
State Retirement		5,364	
Employee and Dependent Insurance		8,702	
Life Insurance		59	
Dental Insurance		603	
Communication		125	
Office Supplies		350	
Utilities		1,290	
Total Juvenile Services			139,764

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control

Supervisor/Director	\$	47,066	
Salary Supplements		3,600	
Part-time Personnel		13,398	
Longevity Pay		9,057	
Overtime Pay		44,515	
Other Salaries and Wages		268,568	
In-Service Training		12,437	
Social Security		28,518	
State Retirement		32,947	
Employee and Dependent Insurance		61,160	
Life Insurance		402	
Dental Insurance		3,017	
Other Fringe Benefits		446	
Communication		1,586	
Contracts with Government Agencies		2,000	
Evaluation and Testing		1,695	
Maintenance and Repair Services - Buildings		11,189	
Maintenance and Repair Services - Equipment		15,290	
Maintenance and Repair Services - Vehicles		22,087	
Travel		2,886	
Gasoline		20,296	
Office Supplies		1,999	
Utilities		49,932	
Other Supplies and Materials		1,965	
Other Charges		24,960	
Total Fire Prevention and Control			\$ 681,016

Civil Defense

Assistant(s)	\$	28,100
Supervisor/Director		42,200
Longevity Pay		1,618
Social Security		5,665
State Retirement		6,605
Employee and Dependent Insurance		12,863
Life Insurance		111
Dental Insurance		603
Other Fringe Benefits		2,545
Communication		1,946
Consultants		2,700
Travel		25

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Gasoline	\$	655	
Office Supplies		340	
Other Charges		148	
Other Capital Outlay		43,269	
Total Civil Defense			\$ 149,393

Rescue Squad

Contracts with Private Agencies	\$	6,750	
Total Rescue Squad			6,750

Other Emergency Management

Supervisor/Director	\$	38,500	
Dispatchers/Radio Operators		501,182	
Part-time Personnel		28,835	
Longevity Pay		6,414	
Overtime Pay		5,425	
In-Service Training		2,876	
Social Security		44,179	
State Retirement		45,639	
Employee and Dependent Insurance		137,430	
Life Insurance		792	
Dental Insurance		6,638	
Other Fringe Benefits		2,776	
Office Supplies		1,593	
Office Equipment		1,769	
Total Other Emergency Management			824,048

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	49,345	
Total County Coroner/Medical Examiner			49,345

Other Public Safety

Deputy(ies)	\$	7,889	
In-Service Training		4,800	
Social Security		970	
State Retirement		62	
Other Charges		4,672	
Total Other Public Safety			18,393

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	17,202	
Part-time Personnel		17,580	
Longevity Pay		2,147	
Overtime Pay		1,425	
Other Salaries and Wages		258,524	
Social Security		22,598	
State Retirement		17,652	
Employee and Dependent Insurance		68,729	
Life Insurance		348	
Dental Insurance		2,917	
Communication		16,727	
Maintenance and Repair Services - Buildings		6,977	
Travel		9,834	
Other Contracted Services		5,669	
Drugs and Medical Supplies		10,450	
Office Supplies		9,816	
Utilities		18,338	
Other Supplies and Materials		5,509	
Specialized Medical Treatment		11,995	
Other Charges		329	
Total Local Health Center			\$ 504,766

Rabies and Animal Control

Deputy(ies)	\$	46,216	
Part-time Personnel		6,980	
Longevity Pay		1,346	
Other Salaries and Wages		6,007	
Social Security		4,140	
State Retirement		4,582	
Employee and Dependent Insurance		13,119	
Life Insurance		69	
Dental Insurance		578	
Communication		122	
Gasoline		5,812	
Office Supplies		132	
Uniforms		1,020	
Other Supplies and Materials		2,334	
Total Rabies and Animal Control			92,457

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services

Supervisor/Director	\$	49,327	
Medical Personnel		878,711	
Secretary(ies)		48,818	
Part-time Personnel		90,804	
Longevity Pay		23,232	
Overtime Pay		605,864	
In-Service Training		3,487	
Social Security		127,284	
State Retirement		132,976	
Employee and Dependent Insurance		278,434	
Life Insurance		1,617	
Dental Insurance		13,176	
Other Fringe Benefits		2,777	
Communication		8,786	
Consultants		2,400	
Debt Collection Services		19,283	
Maintenance and Repair Services - Buildings		2,253	
Maintenance and Repair Services - Office Equipment		945	
Maintenance and Repair Services - Vehicles		30,000	
Travel		650	
Other Contracted Services		6,000	
Drugs and Medical Supplies		84,142	
Gasoline		98,214	
Office Supplies		7,164	
Utilities		16,535	
Other Supplies and Materials		15,905	
Other Charges		7,037	
Motor Vehicles		167,768	
Other Equipment		25,000	
Total Ambulance/Emergency Medical Services			\$ 2,748,589

Alcohol and Drug Programs

Assistant(s)	\$	31,100
Supervisor/Director		32,165
Longevity Pay		1,898
Social Security		4,936
State Retirement		5,833
Employee and Dependent Insurance		13,119
Life Insurance		111
Dental Insurance		603

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Alcohol and Drug Programs (Cont.)

Other Fringe Benefits	\$ 598	
Total Alcohol and Drug Programs		\$ 90,363

Appropriation to State

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

Other Local Welfare Services

Part-time Personnel	\$ 3,150	
Longevity Pay	1,059	
Other Salaries and Wages	118,525	
Social Security	9,263	
State Retirement	9,893	
Employee and Dependent Insurance	13,076	
Life Insurance	95	
Dental Insurance	905	
Postal Charges	158	
Travel	3,961	
Office Supplies	2,698	
Other Supplies and Materials	152,260	
Other Charges	100,875	
Office Equipment	180	
Total Other Local Welfare Services		416,098

Other Public Health and Welfare

Attendants	\$ 20,803	
Part-time Personnel	10,407	
Longevity Pay	104	
Social Security	2,407	
State Retirement	1,889	
Employee and Dependent Insurance	6,560	
Life Insurance	36	
Dental Insurance	302	
Other Fringe Benefits	389	
Communication	1,340	
Gasoline	53	
Utilities	11,038	
Other Supplies and Materials	7,904	
Other Charges	63	
Total Other Public Health and Welfare		63,295

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contracts with Private Agencies	\$	27,132	
Total Senior Citizens Assistance			\$ 27,132

Libraries

Supervisor/Director	\$	42,212	
Deputy(ies)		40,388	
Secretary(ies)		25,314	
Clerical Personnel		22,318	
Part-time Personnel		76,249	
Longevity Pay		2,436	
In-Service Training		258	
Social Security		16,017	
State Retirement		10,265	
Employee and Dependent Insurance		25,700	
Life Insurance		177	
Dental Insurance		1,182	
Other Fringe Benefits		1,588	
Communication		7,720	
Contracts with Government Agencies		3,532	
Maintenance and Repair Services - Buildings		5,845	
Maintenance and Repair Services - Office Equipment		4,673	
Postal Charges		2,500	
Printing, Stationery, and Forms		2,360	
Other Contracted Services		10,441	
Library Books/Media		74,987	
Periodicals		4,688	
Utilities		39,057	
Other Supplies and Materials		14,984	
Building Construction		2,329,912	
Total Libraries			2,764,803

Parks and Fair Boards

Supervisor/Director	\$	20,076	
Custodial Personnel		17,701	
Part-time Personnel		28,917	
Longevity Pay		177	
Overtime Pay		44	
Social Security		5,260	
State Retirement		3,535	
Employee and Dependent Insurance		13,119	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Life Insurance	\$	111	
Dental Insurance		603	
Other Fringe Benefits		1,870	
Communication		517	
Gasoline		3,098	
Uniforms		970	
Utilities		42,337	
Other Supplies and Materials		24,608	
Total Parks and Fair Boards			\$ 162,943

Other Social, Cultural, and Recreational

Contracts with Private Agencies	\$	47,000	
Total Other Social, Cultural, and Recreational			47,000

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	83,708	
Communication		1,843	
Travel		2,100	
Total Agriculture Extension Service			87,651

Soil Conservation

Secretary(ies)	\$	28,600	
Part-time Personnel		11,072	
Longevity Pay		715	
Social Security		3,090	
State Retirement		2,600	
Employee and Dependent Insurance		6,304	
Life Insurance		36	
Dental Insurance		302	
Dues and Memberships		1,245	
Legal Notices, Recording, and Court Costs		700	
Travel		2,777	
Office Supplies		488	
Total Soil Conservation			57,929

Other Operations

Tourism

Contracts with Private Agencies	\$	43,643	
Contributions		54,412	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Other Operations (Cont.)

Tourism (Cont.)

Other Contracted Services	\$ 20,000	
Total Tourism		\$ 118,055

Other Economic and Community Development

Building Construction	\$ 262,713	
Other Construction	8,157	
Total Other Economic and Community Development		270,870

Veterans' Services

County Official/Administrative Officer	\$ 20,412	
Social Security	1,562	
State Retirement	730	
Employee and Dependent Insurance	6,560	
Life Insurance	33	
Dental Insurance	277	
Communication	699	
Dues and Memberships	243	
Travel	1,264	
Office Supplies	1,768	
Total Veterans' Services		33,548

Other Charges

Liability Insurance	\$ 186,031	
Trustee's Commission	212,290	
Other Charges	6,537	
Total Other Charges		404,858

Employee Benefits

Unemployment Compensation	\$ 31,426	
Medical and Dental Services	765	
Workers' Compensation Insurance	409,747	
Total Employee Benefits		441,938

ARRA Grant No. 1

Other Salaries and Wages	\$ 71,847	
Other Supplies and Materials	10,975	
Total ARRA Grant No. 1		82,822

ARRA Grant No. 2

Other Charges	\$ 19,786	
Total ARRA Grant No. 2		19,786

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Other Operations (Cont.)

ARRA Grant No. 3

Other Charges	\$ 50,878	
Total ARRA Grant No. 3		\$ 50,878

Miscellaneous

Postal Charges	\$ 67,119	
Other Charges	161	
Total Miscellaneous		<u>67,280</u>

Total General Fund		\$ 24,445,619
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Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$ 93,586	
Heating and Air Conditioning Equipment	16,000	
Total County Buildings		\$ 109,586

Other Operations

Other Charges

Trustee's Commission	\$ 601	
Total Other Charges		<u>601</u>

Total Courthouse and Jail Maintenance Fund		110,187
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Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Laborers	\$ 114,087
Part-time Personnel	7,799
Longevity Pay	2,020
Overtime Pay	191
Social Security	9,538
State Retirement	9,246
Employee and Dependent Insurance	30,081
Life Insurance	140

(Continued)

Exhibit L-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

Dental Insurance	\$	1,433	
Other Fringe Benefits		1,120	
Diesel Fuel		44,532	
Uniforms		1,250	
Other Supplies and Materials		32,745	
Total Waste Pickup			\$ 254,182

Convenience Centers

Guards	\$	30,737	
Part-time Personnel		344,806	
Overtime Pay		1,627	
Social Security		29,763	
State Retirement		2,097	
Employee and Dependent Insurance		6,463	
Life Insurance		23	
Dental Insurance		302	
Termination Benefits		44,989	
Other Fringe Benefits		412	
Operating Lease Payments		9,800	
Uniforms		6,177	
Utilities		39,733	
Other Supplies and Materials		10,379	
Total Convenience Centers			527,308

Recycling Center

Laborers	\$	57,057	
Part-time Personnel		41,496	
Longevity Pay		1,658	
Overtime Pay		390	
Social Security		7,740	
State Retirement		4,227	
Employee and Dependent Insurance		22,104	
Life Insurance		108	
Dental Insurance		1,031	
Other Fringe Benefits		981	
Travel		677	
Diesel Fuel		2,652	
Office Supplies		1,988	
Uniforms		2,454	
Utilities		9,599	

(Continued)

Exhibit L-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center (Cont.)

Other Supplies and Materials	\$ 40,269	
Building Improvements	4,800	
Other Equipment	3,504	
Total Recycling Center		\$ 202,735

Other Operations

Other Charges

Trustee's Commission	\$ 31,686	
Total Other Charges		31,686

Employee Benefits

Unemployment Compensation	\$ 3,122	
Workers' Compensation Insurance	72,930	
Total Employee Benefits		76,052

Highways

Litter and Trash Collection

Deputy(ies)	\$ 44,176	
Longevity Pay	445	
Social Security	3,484	
State Retirement	3,988	
Employee and Dependent Insurance	12,863	
Life Insurance	72	
Dental Insurance	603	
Other Fringe Benefits	927	
Travel	400	
Diesel Fuel	1,548	
Office Supplies	165	
Uniforms	2	
Other Supplies and Materials	1,552	
Total Litter and Trash Collection		70,225

Total Solid Waste/Sanitation Fund \$ 1,162,188

Drug Control Fund

Public Safety

Drug Enforcement

In-Service Training	\$ 230	
Communication	290	
Maintenance and Repair Services - Vehicles	2,470	

(Continued)

Exhibit L-8

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Other Supplies and Materials	\$	307	
Data Processing Equipment		37,165	
Law Enforcement Equipment		145	
Total Drug Enforcement			\$ 40,607

Other Operations

Other Charges

Trustee's Commission	\$	117	
Total Other Charges			117

Total Drug Control Fund \$ 40,724

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	685	
Total County Clerk's Office			\$ 685

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$	23	
Total Sheriff's Department			23

Total Constitutional Officers - Fees Fund 708

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	70,350	
Assistant(s)		35,630	
Longevity Pay		1,069	
Overtime Pay		2,621	
Social Security		8,302	
State Retirement		9,802	
Employee and Dependent Insurance		13,119	
Life Insurance		111	
Dental Insurance		603	
Other Fringe Benefits		842	
Dues and Memberships		4,417	
Postal Charges		53	

(Continued)

Exhibit L-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Travel	\$	3,000	
Office Supplies		1,220	
Other Charges		905	
Total Administration			\$ 152,044

Highway and Bridge Maintenance

Equipment Operators - Heavy	\$	306,657	
Truck Drivers		122,146	
Laborers		64,253	
Longevity Pay		13,960	
Overtime Pay		30,779	
Social Security		41,535	
State Retirement		46,812	
Employee and Dependent Insurance		100,262	
Life Insurance		528	
Dental Insurance		4,953	
Other Fringe Benefits		6,068	
Other Contracted Services		8,876	
Asphalt - Cold Mix		38,218	
Asphalt - Hot Mix		305,203	
Asphalt - Liquid		428,477	
Crushed Stone		125,057	
Pipe - Metal		11,212	
Road Signs		7,764	
Salt		3,490	
Sand		551	
Other Supplies and Materials		145	
Total Highway and Bridge Maintenance			1,666,946

Operation and Maintenance of Equipment

Mechanic(s)	\$	89,856	
Longevity Pay		3,027	
Overtime Pay		1,565	
Social Security		7,307	
State Retirement		8,472	
Employee and Dependent Insurance		19,423	
Life Insurance		108	
Dental Insurance		905	
Other Fringe Benefits		1,067	
Laundry Service		1,992	

(Continued)

Exhibit L-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Diesel Fuel	\$	72,668	
Equipment and Machinery Parts		31,056	
Gasoline		34,381	
Lubricants		5,030	
Tires and Tubes		<u>12,177</u>	
Total Operation and Maintenance of Equipment	\$		289,034

Other Charges

Communication	\$	6,498	
Electricity		3,854	
Natural Gas		6,531	
Water and Sewer		812	
Trustee's Commission		21,305	
Vehicle and Equipment Insurance		49,955	
Other Charges		<u>4,140</u>	
Total Other Charges			93,095

Employee Benefits

Unemployment Compensation	\$	5,956	
Workers' Compensation Insurance		<u>59,254</u>	
Total Employee Benefits			65,210

Capital Outlay

State Aid Projects	\$	<u>280,993</u>	
Total Capital Outlay			<u>280,993</u>

Total Highway/Public Works Fund \$ 2,547,322

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$	48,404	
Principal on Other Loans		<u>820,450</u>	
Total General Government	\$		868,854

Education

Principal on Notes	\$	400,000	
Principal on Other Loans		<u>1,029,550</u>	
Total Education			1,429,550

(Continued)

Exhibit L-8

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Other Loans	\$ 457,108	
Total General Government		\$ 457,108

Education

Interest on Notes	\$ 22,000	
Interest on Other Loans	1,265,350	
Total Education		1,287,350

Other Debt Service

General Government

Financial Advisory Services	\$ 1,500	
Trustee's Commission	60,936	
Underwriter's Discount	7,500	
Other Debt Issuance Charges	10,300	
Total General Government		80,236

Education

Other Debt Issuance Charges	\$ 100,000	
Total Education		100,000

Capital Projects - Donated

Capital Projects Donated to Other Entities

Contributions	\$ 764,298	
Total Capital Projects Donated to Other Entities		764,298

Total General Debt Service Fund		\$ 4,987,396
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Total Governmental Funds - Primary Government		<u>\$ 33,294,144</u>
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Exhibit L-9

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 14,181,961	
Career Ladder Program	233,585	
Career Ladder Extended Contracts	62,960	
Homebound Teachers	35,759	
Salary Supplements	46,324	
Educational Assistants	806,680	
Certified Substitute Teachers	39,972	
Non-certified Substitute Teachers	217,615	
Social Security	1,151,716	
State Retirement	991,355	
Life Insurance	29,163	
Medical Insurance	3,462,331	
Dental Insurance	138,287	
Maintenance and Repair Services - Equipment	10,048	
Travel	175	
Other Contracted Services	146,554	
Instructional Supplies and Materials	301,994	
Textbooks	467,489	
Other Supplies and Materials	7,945	
In Service/Staff Development	1,250	
Fee Waivers	10,000	
Other Charges	34,408	
Regular Instruction Equipment	286,336	
Other Equipment	49,363	
Total Regular Instruction Program		\$ 22,713,270

Alternative Instruction Program

Teachers	\$ 176,951	
Social Security	13,198	
State Retirement	11,360	
Life Insurance	362	
Medical Insurance	27,186	
Dental Insurance	1,206	
Other Contracted Services	1,000	
Instructional Supplies and Materials	1,500	
Other Supplies and Materials	1,500	
Other Equipment	1,000	
Total Alternative Instruction Program		235,263

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$ 1,454,514	
Career Ladder Program	25,845	
Homebound Teachers	10,691	
Educational Assistants	51,494	
Speech Pathologist	126,549	
Certified Substitute Teachers	3,473	
Non-certified Substitute Teachers	8,382	
Social Security	124,185	
State Retirement	99,946	
Life Insurance	2,523	
Medical Insurance	349,355	
Dental Insurance	12,163	
Contracts with Private Agencies	4,875	
Maintenance and Repair Services - Equipment	200	
Instructional Supplies and Materials	5,101	
Other Supplies and Materials	1,830	
Other Charges	500	
Special Education Equipment	5,000	
Total Special Education Program		\$ 2,286,626

Vocational Education Program

Teachers	\$ 1,322,884
Career Ladder Program	11,000
Educational Assistants	14,078
Certified Substitute Teachers	1,268
Non-certified Substitute Teachers	3,876
Social Security	101,485
State Retirement	83,005
Life Insurance	2,873
Medical Insurance	195,093
Dental Insurance	8,142
Maintenance and Repair Services - Equipment	5,650
Travel	9,970
Other Contracted Services	41,475
Instructional Supplies and Materials	21,531
T&I Construction Materials	5,687
Textbooks	5,560
Other Supplies and Materials	1,813
Other Charges	15,569

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Vocational Instruction Equipment	\$ 9,224	
Total Vocational Education Program		\$ 1,860,183

Support Services

Attendance

Supervisor/Director	\$ 107,678	
Career Ladder Program	1,000	
Social Security	8,829	
State Retirement	6,977	
Life Insurance	141	
Medical Insurance	11,734	
Dental Insurance	302	
Travel	259	
Other Supplies and Materials	486	
Other Charges	343	
Total Attendance		137,749

Health Services

Medical Personnel	\$ 144,587	
Part-time Personnel	7,083	
Social Security	10,880	
State Retirement	12,545	
Life Insurance	296	
Medical Insurance	42,829	
Dental Insurance	2,412	
Travel	124	
Other Contracted Services	3,000	
Drugs and Medical Supplies	1,058	
Other Supplies and Materials	2,500	
In Service/Staff Development	356	
Health Equipment	1,500	
Total Health Services		229,170

Other Student Support

Career Ladder Program	\$ 4,600	
Guidance Personnel	625,079	
Social Security	46,437	
State Retirement	40,387	
Life Insurance	1,004	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Medical Insurance	\$	158,770	
Dental Insurance		4,219	
Evaluation and Testing		21,093	
Travel		600	
Other Supplies and Materials		278	
In Service/Staff Development		192	
Other Charges		16,500	
Total Other Student Support			\$ 919,159

Regular Instruction Program

Supervisor/Director	\$	198,020	
Career Ladder Program		22,200	
Career Ladder Extended Contracts		12,000	
Librarians		438,216	
Instructional Computer Personnel		191,212	
Secretary(ies)		33,902	
Social Security		64,765	
State Retirement		58,247	
Life Insurance		1,250	
Medical Insurance		145,697	
Dental Insurance		6,333	
Travel		11,561	
Library Books/Media		75,316	
Total Regular Instruction Program			1,258,719

Special Education Program

Supervisor/Director	\$	63,013	
Career Ladder Program		4,000	
Secretary(ies)		22,761	
Clerical Personnel		19,631	
Social Security		8,421	
State Retirement		8,275	
Life Insurance		177	
Medical Insurance		21,475	
Dental Insurance		905	
Maintenance and Repair Services - Equipment		1,178	
Travel		11,672	
Other Supplies and Materials		1,500	
Other Charges		800	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Other Equipment	\$ 500	
Total Special Education Program		\$ 164,308

Vocational Education Program

Supervisor/Director	\$ 62,796	
Career Ladder Program	500	
Clerical Personnel	31,933	
Social Security	7,675	
State Retirement	7,501	
Life Insurance	98	
Medical Insurance	11,053	
Dental Insurance	603	
Travel	7,075	
Other Supplies and Materials	486	
In Service/Staff Development	1,128	
Other Charges	749	
Total Vocational Education Program		131,597

Other Programs

On-Behalf Payments to OPEB	\$ 248,657	
Total Other Programs		248,657

Board of Education

Board and Committee Members Fees	\$ 28,800	
Social Security	2,203	
State Retirement	1,330	
Life Insurance	604	
Medical Insurance	228,964	
Dental Insurance	1,206	
Unemployment Compensation	87,982	
Audit Services	10,000	
Dues and Memberships	11,313	
Legal Services	31,121	
Travel	10,652	
Other Contracted Services	9,979	
Other Supplies and Materials	898	
Trustee's Commission	271,758	
Workers' Compensation Insurance	169,152	
Other Charges	1,739	
Total Board of Education		867,701

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools

County Official/Administrative Officer	\$	91,885	
Career Ladder Program		1,000	
Social Security		7,037	
State Retirement		6,029	
Life Insurance		74	
Medical Insurance		5,527	
Dental Insurance		302	
Dues and Memberships		11,275	
Postal Charges		2,830	
Travel		3,451	
Other Contracted Services		6,788	
Office Supplies		5,023	
Criminal Investigation of Applicants - TBI		7,320	
Other Charges		3,286	
Administration Equipment		264	
Total Director of Schools			\$ 152,091

Office of the Principal

Principals	\$	790,684	
Career Ladder Extended Contracts		14,660	
Assistant Principals		719,155	
Secretary(ies)		445,076	
Clerical Personnel		203,464	
Social Security		161,432	
State Retirement		151,465	
Life Insurance		3,063	
Medical Insurance		428,076	
Dental Insurance		19,053	
Other Charges		7,800	
Total Office of the Principal			2,943,928

Operation of Plant

Custodial Personnel	\$	1,045,720	
Social Security		79,465	
State Retirement		77,904	
Life Insurance		2,035	
Medical Insurance		262,854	
Dental Insurance		15,078	
Communication		80,718	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)
Support Services (Cont.)

Operation of Plant (Cont.)

Janitorial Services	\$	19,943	
Pest Control		9,360	
Disposal Fees		21,171	
Contracts for Landfill Facilities		16,416	
Other Contracted Services		19,431	
Custodial Supplies		119,998	
Electricity		1,528,930	
Natural Gas		283,482	
Uniforms		3,025	
Water and Sewer		125,818	
Building and Contents Insurance		232,459	
Other Charges		241	
Plant Operation Equipment		1,615	
Total Operation of Plant			\$ 3,945,663

Maintenance of Plant

Supervisor/Director	\$	43,930	
Secretary(ies)		22,538	
Maintenance Personnel		267,940	
Part-time Personnel		12,956	
Social Security		25,858	
State Retirement		29,682	
Life Insurance		434	
Medical Insurance		57,562	
Dental Insurance		3,317	
Maintenance Agreements		5,500	
Maintenance and Repair Services - Buildings		197,635	
Other Contracted Services		38,063	
Equipment and Machinery Parts		8,758	
Fertilizer, Lime, and Seed		8,709	
Drainage Materials		13,345	
Chemicals		1,982	
Other Supplies and Materials		42,753	
Other Charges		6,482	
Heating and Air Conditioning Equipment		53,908	
Maintenance Equipment		57,446	
Total Maintenance of Plant			898,798

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)
Support Services (Cont.)

Transportation

Supervisor/Director	\$	43,923	
Mechanic(s)		93,563	
Bus Drivers		839,392	
Clerical Personnel		24,221	
Attendants		19,168	
Overtime Pay		649	
Other Salaries and Wages		18,567	
Social Security		77,254	
State Retirement		84,830	
Life Insurance		2,813	
Medical Insurance		410,323	
Dental Insurance		21,285	
Maintenance and Repair Services - Vehicles		3,173	
Other Contracted Services		5,172	
Equipment and Machinery Parts		9,377	
Gasoline		254,851	
Lubricants		8,070	
Office Supplies		1,188	
Tires and Tubes		27,884	
Vehicle Parts		57,735	
Other Supplies and Materials		6,708	
In Service/Staff Development		2,677	
Other Charges		2,985	
Transportation Equipment		239,414	
Total Transportation			\$ 2,255,222

Central and Other

Assistant(s)	\$	81,169
Supervisor/Director		43,858
Secretary(ies)		30,949
Clerical Personnel		50,030
School Resource Officer		39,034
Other Salaries and Wages		1,523
Social Security		18,690
State Retirement		20,697
Life Insurance		219
Medical Insurance		25,052
Dental Insurance		1,508
Travel		2,264

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)
Support Services (Cont.)

Central and Other (Cont.)

Other Contracted Services	\$	4,190	
Other Supplies and Materials		16,330	
Regular Instruction Equipment		2,499	
Total Central and Other			\$ 338,012

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	18,600	
Social Workers		32,832	
Other Salaries and Wages		56,660	
Social Security		9,148	
State Retirement		6,299	
Life Insurance		72	
Medical Insurance		8,503	
Dental Insurance		603	
Travel		2,455	
Food Supplies		613	
Other Supplies and Materials		5,747	
Fee Waivers		4,336	
Other Charges		1,106	
Total Community Services			146,974

Early Childhood Education

Supervisor/Director	\$	19,457	
Teachers		528,817	
Educational Assistants		132,872	
Other Salaries and Wages		20,416	
Certified Substitute Teachers		140	
Non-certified Substitute Teachers		10,668	
Social Security		53,608	
State Retirement		47,205	
Life Insurance		1,546	
Medical Insurance		178,188	
Dental Insurance		4,222	
Travel		2,961	
Instructional Supplies and Materials		3,189	
Other Supplies and Materials		1,479	
In Service/Staff Development		2,947	
Other Charges		15,613	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Regular Instruction Equipment	\$ 1,011	
Total Early Childhood Education		\$ 1,024,339

Capital Outlay

Regular Capital Outlay

Engineering Services	\$ 5,400	
Building Improvements	205,082	
Site Development	471	
Other Capital Outlay	108,863	
Total Regular Capital Outlay		<u>319,816</u>

Total General Purpose School Fund \$ 43,077,245

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 972,274	
Educational Assistants	468,557	
Other Salaries and Wages	18,394	
Certified Substitute Teachers	2,268	
Non-certified Substitute Teachers	23,050	
Social Security	103,016	
State Retirement	91,654	
Life Insurance	1,911	
Medical Insurance	314,965	
Dental Insurance	14,951	
Unemployment Compensation	5,820	
Other Fringe Benefits	4,479	
Maintenance and Repair Services - Equipment	50,777	
Other Contracted Services	256,030	
Instructional Supplies and Materials	135,084	
Other Charges	3,514	
Regular Instruction Equipment	498,557	
Total Regular Instruction Program		\$ 2,965,301

Special Education Program

Teachers	\$ 371,252
Homebound Teachers	36,824
Educational Assistants	638,779

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Salaries and Wages	\$	90,333	
Certified Substitute Teachers		56	
Non-certified Substitute Teachers		24,469	
Social Security		87,646	
State Retirement		82,022	
Life Insurance		3,286	
Medical Insurance		354,082	
Dental Insurance		21,262	
Unemployment Compensation		7,775	
Contracts with Private Agencies		119,734	
Maintenance and Repair Services - Equipment		143	
Other Contracted Services		1,727	
Instructional Supplies and Materials		97,365	
Other Supplies and Materials		27,102	
Other Charges		24,788	
Special Education Equipment		187,835	
Total Special Education Program			\$ 2,176,480

Vocational Education Program

Other Supplies and Materials	\$	1,500	
Other Charges		1,500	
Vocational Instruction Equipment		76,989	
Total Vocational Education Program			79,989

Support Services

Health Services

Other Supplies and Materials	\$	1,878	
Total Health Services			1,878

Other Student Support

Guidance Personnel	\$	29,989	
Social Security		1,859	
Employer Medicare		435	
Evaluation and Testing		300	
Travel		17,589	
Other Contracted Services		2,000	
Food Supplies		6,056	
In Service/Staff Development		2,469	
Other Charges		34,881	
Total Other Student Support			95,578

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)
Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	77,285	
Instructional Computer Personnel		17,110	
Secretary(ies)		36,902	
Other Salaries and Wages		202,332	
Social Security		24,027	
State Retirement		21,488	
Life Insurance		324	
Medical Insurance		45,895	
Dental Insurance		1,508	
Unemployment Compensation		630	
Other Fringe Benefits		1,236	
Maintenance and Repair Services - Equipment		307	
Travel		1,003	
Other Contracted Services		39,361	
Other Supplies and Materials		4,351	
In Service/Staff Development		193,809	
Other Charges		5,410	
Other Equipment		4,101	
Total Regular Instruction Program			\$ 677,079

Special Education Program

Psychological Personnel	\$	139,526	
Other Salaries and Wages		99,957	
Social Security		17,655	
State Retirement		16,520	
Life Insurance		434	
Medical Insurance		39,583	
Dental Insurance		1,827	
Unemployment Compensation		735	
Travel		2,908	
In Service/Staff Development		26,501	
Other Equipment		8,048	
Total Special Education Program			353,694

Vocational Education Program

Teachers	\$	5,880	
Social Security		365	
State Retirement		378	
Employer Medicare		85	

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Travel	\$	162	
In Service/Staff Development		100	
Total Vocational Education Program			\$ 6,970

Operation of Plant

Custodial Personnel	\$	1,206	
Social Security		92	
State Retirement		56	
Total Operation of Plant			1,354

Transportation

Other Charges	\$	47,206	
Transportation Equipment		63,981	
Total Transportation			111,187

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	26,200	
Site Development		3,129	
Building Purchases		102,689	
Other Capital Outlay		217,146	
Total Regular Capital Outlay			349,164

Total School Federal Projects Fund \$ 6,818,674

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	45,677	
Accountants/Bookkeepers		71,287	
Cafeteria Personnel		1,073,147	
Maintenance Personnel		59,987	
Longevity Pay		4,000	
Other Salaries and Wages		8,228	
Social Security		96,652	
State Retirement		71,660	
Life Insurance		1,452	
Medical Insurance		221,343	
Dental Insurance		12,480	

(Continued)

Exhibit L-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Unemployment Compensation	\$	4,343	
Communication		5,585	
Maintenance and Repair Services - Equipment		13,276	
Maintenance and Repair Services - Office Equipment		1,133	
Pest Control		3,960	
Transportation - Other than Students		26,856	
Travel		7,368	
Disposal Fees		19,524	
Contracts for Landfill Facilities		11,413	
Other Contracted Services		7,190	
Equipment and Machinery Parts		29,961	
Food Supplies		1,504,850	
Office Supplies		7,098	
Uniforms		2,003	
Utilities		2,996	
USDA - Commodities		107,554	
Other Supplies and Materials		118,976	
In Service/Staff Development		3,611	
Other Charges		22,958	
Food Service Equipment		41,593	
Total Food Service			\$ 3,608,161

Total Central Cafeteria Fund \$ 3,608,161

Total Governmental Funds - Cumberland County School Department \$ 53,504,080

Exhibit L-10

Cumberland County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Cumberland County Railroad Authority
For the Year Ended June 30, 2010

<u>General Fund</u>			
<u>Capital Projects</u>			
<u>Other General Government Projects</u>			
Other Construction	\$ 1,095,090		
Total Other General Government Projects		\$ 1,095,090	
Total General Fund			\$ 1,095,090
Total Governmental Funds - Cumberland County Railroad Authority			<u>\$ 1,095,090</u>

Exhibit L-11

Cumberland County, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Fund
For the Year Ended June 30, 2010

	Enterprise Fund
	<u>Solid Waste Disposal Fund</u>
<u>Operating Revenues</u>	
<u>Charges of Current Services</u>	
Tipping Fees	\$ 393,099
Total Operating Revenues	<u>\$ 393,099</u>
<u>Operating Expenses</u>	
<u>Public Health and Welfare</u>	
<u>Landfill Operation and Maintenance</u>	
Supervisor/Director	\$ 40,310
Equipment Operators	106,462
Part-time Personnel	7,409
Longevity Pay	2,794
Overtime Pay	23
Social Security	12,072
State Retirement	12,608
Employee and Dependent Insurance	32,286
Life Insurance	182
Dental Insurance	1,509
Other Fringe Benefits	1,354
Engineering Services	3,959
Evaluation and Testing	17,691
Maintenance and Repair Services - Equipment	27,713
Travel	1,131
Permits	30,224
Contracts for Landfill Facilities	55,769
Other Contracted Services	498,783
Diesel Fuel	37,871
Equipment Parts - Heavy	12,000
Office Supplies	1,026
Uniforms	1,563
Utilities	20,151
Gravel and Chert	51,915
Daily Cover Material	24,260
Other Supplies and Materials	111,328
Depreciation	449,280
Landfill Closure/Postclosure Care Costs	398,538
Other Charges	99,393
Total Landfill Operation and Maintenance	<u>\$ 2,059,604</u>
<u>Other Operations</u>	
<u>Other Charges</u>	
Trustees' Commission	\$ 1,895
<u>Employee Benefits</u>	
Unemployment Compensation	\$ 515
Workers' Compensation Insurance	17,578
Total Employee Benefits	<u>\$ 18,093</u>
Total Expenses	<u>\$ 2,079,592</u>

Exhibit L-12

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

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	<u>\$ 6,575,663</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 6,509,906
Trustee's Commission	65,757
Total Cash Disbursements	<u>\$ 6,575,663</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>

SINGLE AUDIT SECTION



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

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

December 15, 2010

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cumberland County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Cumberland County's basic financial statements and have issued our report thereon dated December 15, 2010. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Cumberland County Emergency Communications District as described in our report on Cumberland County's financial statements. This report does not include the results of the other 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 Cumberland County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 10.01, 10.03, and 10.12.

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. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 10.04, 10.05, 10.06, 10.07, 10.08, and 10.13.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cumberland County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 10.02, 10.09, 10.10, and 10.11.

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

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

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

Very truly yours,

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

December 15, 2010

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

To the County Mayor and Board of County Commissioners:

Compliance

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

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

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

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

Internal Control Over Compliance

The management of Cumberland 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 Cumberland 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 Cumberland 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. However, we identified deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 10.07 and 10.14. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Schedule of Expenditures of Federal Awards

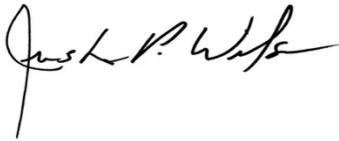
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cumberland County as of and for the year ended June 30, 2010, and have issued our reports thereon dated December 15, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that

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

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

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

Yours very truly,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

Cumberland 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	Passed-through Entity Identifying Number	Expenditures
U.S. Office of National Drug Control Policy:			
Passed-through Laurel County, Kentucky Fiscal Court:			
Appalachian High Intensity Drug Traffic Area Program	07.XXX	(3)	\$ 9,526
U.S. Department of Agriculture:			
Direct Programs:			
Rural Business Enterprise Grants	10.769	(2)	\$ 18,517
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	107,554 (4)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	606,558
National School Lunch Program	10.555	N/A	1,801,887 (4)
Child Nutrition Discretionary Grants Limited Availability (ARRA)	10.579	N/A	21,559
Fresh Fruit and Vegetable Program	10.852	N/A	34,725
Total U.S. Department of Agriculture			\$ 2,590,800
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant	14.228	GG-08-24591-00	\$ 262,713
U.S. Department of Interior:			
Passed-through Middle Tennessee State University:			
Historic Preservation Fund Grants-In-Aid	15.904	C09-0701	\$ 6,000
U.S. Department of Justice:			
Direct Programs:			
Drug Court Discretionary Grant Program	16.585	N/A	\$ 38,024
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	26,788
Total U.S. Department of Justice			\$ 64,812
U.S. Department of Labor:			
Passed-through East Tennessee Human Resource Agency:			
WIA Cluster:			
WIA Adult Program	17.258	N/A	\$ 161,330 (7)
WIA Adult Program - ARRA	17.258	N/A	19,786 (7)
WIA Youth Activities	17.259	N/A	124,515 (8)
WIA Youth Activities - ARRA	17.259	N/A	82,822 (8)
WIA Dislocated Workers	17.260	N/A	146,001 (9)
WIA Dislocated Workers - ARRA	17.260	N/A	50,878 (9)
Total U.S. Department of Labor			\$ 585,332
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grant to Local Educational Agencies	84.010	N/A	\$ 1,899,339
Title I Grant to Local Educational Agencies, Recovery Act	84.389	N/A	731,832
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,398,738
Special Education - Preschool Grants	84.173	N/A	44,921
Special Education - Grants to States, Recovery Act	84.391	N/A	1,102,744
Special Education - Preschool Grants, Recovery Act	84.392	N/A	24,747
Vocational Education - Basic Grants to States	84.048	N/A	142,799
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	28,727
Education for Homeless Children and Youth	84.196	N/A	21,089
Twenty-first Century Community Learning Centers	84.287	(2)	400,000
Technology Cluster:			
Education Technology State Grants	84.318	(2)	19,737
Education Technology State Grants, Recovery Act	84.386	(2)	36,033
Rural Education	84.358	N/A	158,541
English Language Acquisition Grants	84.365	N/A	11,816

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
Improving Teacher Quality State Grants	84.367	N/A	\$ 431,823
Special Education - Grants for Infants and Families, Recovery Act	84.393	N/A	196,826
State Fiscal Stabilization Fund (SFSF) - Education Sate Grants, Recovery Act	84.394	N/A	1,319,400
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	257,086 (5)
Total U.S. Department of Education			<u>\$ 8,226,198</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Public Health Emergency Preparedness	93.069	(2)	\$ 27,541
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	(2)	\$ 19,874
Homeland Security Grant Program	97.067	(2)	43,269
Total U.S. Department of Homeland Security			<u>\$ 63,143</u>
Total Expenditures of Federal Awards			<u>\$ 11,836,065</u>
<u>State Grants</u>			
		<u>Contract Number</u>	
Railroad Rehabilitation Grant - State Department of Transportation	N/A	(6)	\$ 1,093,341
Archives Grant - Tennessee Secretary of State	N/A	(2)	10,000
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	31,996
Law Enforcement Training - State Department of Safety	N/A	(2)	30,000
Litter Program - State Department of Transportation	N/A	(2)	49,834
Rural Local Health Services - State Department of Health	N/A	(2)	371,353
Pilot and Voluntary State Funded Classrooms Grant - State Department of Education	N/A	(2)	1,031,672
Lottery for Education - LEAPS - State Department of Education	N/A	(2)	115,000
Tennessee Early Intervention System - State Department of Education	N/A	(2)	215,957
Waste Tire Storage and Disposal - State Department of Environment and Conservation	N/A	Z-08-020212-00	23,772
Total State Grants			<u>\$ 2,972,925</u>

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

- (1) Presented in conformity with generally accepted accounting principles and prepared on the modified accrual basis of accounting.
- (2) Information not available.
- (3) G10AP001A: \$3,459; 17PAPP501Z: \$6,067.
- (4) Total for CFDA No. 10.555 is \$1,909,441.
- (5) Coordinated School Health: \$100,000; Internet Connectivity: \$20,986; Family Resource Centers: \$33,300; Career Ladder - Extended Contract: \$80,800; Safe Schools: \$22,000.
- (6) Z-08-02888-00: \$4,471; Z-08-020929-00: \$15,780; Z-09-213037-00: \$33,554; Z-09-213054-00: \$959; Z-09-213099-00: \$988,634; Z-09-213073-00: \$10,741; Z-10-220809-00: \$31,485; Z-10-220827-00: \$7,717.
- (7) Total for CFDA No. 17.258 is \$181,116.
- (8) Total for CFDA No. 17.259 is \$207,337.
- (9) Total for CFDA No. 17.260 is \$196,879.

Cumberland 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 of Cumberland County, Tennessee, for the year ended June 30, 2009, which have not been corrected.

OFFICE OF FINANCE DIRECTOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.01	204	The General Fund required material audit adjustments for proper financial statement presentation
09.03	205	The Solid Waste Disposal Fund had a deficit in unrestricted net assets

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.06	208	Receipts were not issued at the time of collection, and some collections were not deposited within three days

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.07	209	Duties were not segregated adequately in the Finance Department and in the Offices of Trustee, County Clerk, Register, and Sheriff

CUMBERLAND COUNTY, TENNESSEE,
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Cumberland County is unqualified.
2. The audit of the financial statements of Cumberland County disclosed significant deficiencies in internal control. Three of these deficiencies were considered to be material weaknesses.
3. The audit disclosed one instance of noncompliance that was material to the financial statements of Cumberland County.
4. The audit disclosed one significant deficiency in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10,555); Title I 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); WIA Cluster: WIA Adult Program, WIA Adult Program - ARRA, WIA Youth Activities, WIA Youth Activities – ARRA, WIA Disabled Workers, WIA Dislocated Workers – ARRA (CFDA Nos. 17.258, 17,259, and 17.260); 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); Twenty-first Century Community Learning Centers (CFDA No. 84.287); Improving Teacher Quality State Grants (CFDA No. 84.367); State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act (CFDA No. 84.394); and State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act (CFDA No. 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. Cumberland County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICES OF FINANCE DIRECTOR AND TRUSTEE AND THE CUMBERLAND COUNTY RAILROAD AUTHORITY

FINDING 10.01 **THE COUNTY'S GENERAL, GENERAL DEBT SERVICE, AND SOLID WASTE DISPOSAL FUNDS; THE CUMBERLAND COUNTY RAILROAD AUTHORITY'S GENERAL FUND; AND THE TRUSTEE'S CASH JOURNAL REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2010, certain general ledger account balances in the county's General, General Debt Service, and Solid Waste Disposal funds; the Cumberland County Railroad Authority's General Fund; and the trustee's cash journal were not materially correct and audit adjustments were required for the financial statements to be materially correct at year end. Generally accepted accounting principles require Cumberland County, the Cumberland County Railroad Authority, and the trustee to have adequate internal controls over the maintenance of their accounting records. Material audit adjustments were required because the county's, the Railroad Authority's, and trustee's financial reporting systems did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county, the Railroad Authority, and the trustee have ineffective controls over the maintenance of their accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency exists due to the failure of county management to correct the finding noted in the prior-year audit report, and a lack of management oversight by the Railroad Authority and trustee. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Cumberland County, the Cumberland County Railroad Authority, and the trustee should have appropriate processes in place to ensure that their general ledgers are materially correct.

MANAGEMENT'S RESPONSE – COUNTY COMMISSION CHAIRMAN

It would have been helpful if the "presented adjustments" that were posted had been tabulated and included with the finding. I respectfully disagree with adjustments to the General Debt Service Fund and county trustee concerning the interfund loan. It is my view

that this transaction is not an interfund loan. It is a case of the trustee investing in a public debt instrument of Cumberland County, which will be repaid over a fixed term, earning a fixed interest rate, and should be treated no differently than any other financial instrument that the trustee decides to invest the county's cash. Suppose this had been a note issued by Putnam County that the Cumberland County Trustee purchased in the marketplace as an investment, it surely would not have been an internal loan nor treated any differently than other investments.

AUDITOR'S REBUTTAL

Audit adjustments were in fact presented to and approved by management. The county issued a \$5,000,000 capital outlay note from its idle funds on deposit in the General Debt Service Fund and loaned the funds to the General Fund. The General Debt Service Fund was also designated to repay the note. The trustee recorded this transaction by increasing investments and increasing funds on deposit in the General Fund; however, in effect this was a transfer of funds reducing the General Debt Service Fund and increasing the General Fund. The county trustee maintains accounts on the cash basis; therefore, this transaction did not increase investments but was in substance an interfund loan.

OFFICE OF COUNTY MAYOR

FINDING 10.02 **THE COUNTY MAYOR ENTERED INTO AGREEMENTS ON BEHALF OF THE COUNTY WITHOUT COUNTY COMMISSION APPROVAL** (Noncompliance Under Government Auditing Standards)

The county mayor entered into the following contractual agreements on behalf of Cumberland County without the County Commission's approval:

- A. Between July 30, 2010, and August 31, 2010, the county mayor entered into four lease agreements to lease county owned property to other entities. The four entities that leased the property from the county had been using the property for varied periods of time prior to the lease agreements being executed. Also, from our review of county records it appears that the County Commission was aware that these four entities had been using county owned space; however, the county mayor entered into these lease agreements without first getting the approval of the County Commission. Three of the lease agreements provided for the entities to pay the county \$1 per year through 2015 for the use of the space. The fourth agreement provided for the entity to pay the county \$1 per year for the use of the space, but it was perpetual and did not have an ending date. Section 5-7-116, Tennessee Code Annotated, states "Each county may lease land or existing buildings owned by the county to any person, corporation, partnership or association for such consideration and upon such terms as in the judgment of the governing body are in the interest of the county." While it may have been public knowledge in the county that these four entities were already using county owned space, the law is clear that any lease must be approved by the County Commission.

- B. On August 11, 2010, the county mayor entered into a contract allowing a private corporation the right to name the county's amphitheater for \$23,000 for the first five years and \$9,000 for an additional three years without obtaining approval of the County Commission. The private corporation agreed to pay the \$23,000 contract amount to various vendors for the construction of the amphitheater. Section 5-9-401, Tennessee Code Annotated, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies." Furthermore, since the county was not involved in the construction of the amphitheater, we could not determine if the amphitheater project was bid in compliance with the county's purchasing procedures established under the County Financial Management System of 1981, which requires purchases over \$5,000 to be competitively bid.
- C. On August 31, 2010, the county mayor transferred two trademarks registered to Cumberland County to the Crossville-Cumberland County Convention and Visitors Bureau without the County Commission's approval.

RECOMMENDATION

The county mayor should obtain the County Commission's approval prior to entering into contracts or lease agreements. Furthermore, all county revenues should be deposited with the county trustee and disbursements issued by the county Finance Department in accordance with appropriations approved by the County Commission as required by state statute.

MANAGEMENT'S RESPONSE – FORMER COUNTY MAYOR – BROCK HILL

- A. The County Commission has historically provided office space to these entities at no cost without formal written leases. All I did was to formalize the previous actions of the County Commission.
- B. Again, all I did was to formalize actions known by the County Commission and reported by the media.
- C. These trademarks were originally registered years ago in the name of Cumberland County since there was no legal entity for tourism at that time to protect our copyrights. Cumberland County does not promote tourism, the Convention and Visitors Bureau promotes tourism. Therefore, these trademarks were transferred to the Convention and Visitors Bureau so their ownership would not be jeopardized.

MANAGEMENT’S RESPONSE – CURRENT COUNTY MAYOR – KENNETH CAREY, JR.

The current administration has a policy of presenting any and all items pertaining to transfer, sale, or disposal of any and all county owned assets or property before the county commission for their approval, prior to taking any such actions.

OFFICE OF FINANCE DIRECTOR

FINDING 10.03 **THE SCHOOL FEDERAL PROJECTS AND SOLID WASTE DISPOSAL FUNDS HAD FUND DEFICITS**
(Internal Control – Material Weakness Under Government Auditing Standards)

The following fund deficits were noted:

- A. The School Federal Projects Fund had a deficit in unreserved fund balance of \$353,500 at June 30, 2010. This deficit resulted from expenditures exceeding grant funds requested and received.

- B. The Solid Waste Disposal Fund had a deficit of \$1,245,015 in unrestricted net assets at June 30, 2010. This deficit resulted from the recognition of a liability of \$1,336,118 in the financial statements for costs associated with closing the county’s landfill and monitoring the landfill for 30 years after its closure. This deficiency can be attributed to the failure of management to correct this finding noted in the prior-year audit report. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements.

RECOMMENDATION

County officials should develop and implement plans that would liquidate the fund deficits.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

Adjustments were made to the special education payroll distributions early in the 2009-10 school year. Failure to read payroll requests in a timely manner resulted in over drafting funds. We have reviewed our procedures for request of funds and have made adjustments to our methods to avoid this happening in the future. Henceforth, fund balances will be reviewed on a weekly basis.

MANAGEMENT’S RESPONSE – COUNTY COMMISSION CHAIRMAN

The county has a plan to fund the closure expense over a two-year period. Much of the expense will most likely be funded using a capital outlay note, which will be issued when the cash is required.

**FINDING 10.04 APPROPRIATIONS EXCEEDED ESTIMATED AVAILABLE FUNDS IN THE SOLID WASTE/SANITATION FUND
(Internal Control – Significant Deficiency Under Government Auditing Standards)**

The budget and subsequent amendments approved by the County Commission for the Solid Waste/Sanitation Fund resulted in appropriations exceeding estimated available funding by \$2,844. Sound budgetary principles dictate that appropriations be held within estimated available funding.

RECOMMENDATION

Appropriations that exceed estimated available funding should not be submitted to the County Commission, and the County Commission should not approve such appropriations.

**FINDING 10.05 SCHOOL DEPARTMENT LEAVE RECORDS WERE NOT ON FILE TO SUPPORT PAYROLL DISBURSEMENTS
(Internal Control – Significant Deficiency Under Government Auditing Standards)**

Personnel policies adopted by the School Department permit employees to accumulate earned but unused vacation leave; however, neither the Finance Department nor the School Department could provide us with accrued leave balances at June 30, 2010. Governmental Accounting Standards Board Statement No. 34 requires that all vacation pay should be accrued when incurred in the government-wide financial statements. We presented the June 30, 2009, balances in the government-wide financial statements for June 30, 2010. The presentation of prior-year leave amounts rather than current-year balances was not considered to be material to the county's financial statements. This deficiency is the result of management's failure to maintain appropriate leave records for School Department employees.

RECOMMENDATION

Cumberland County should maintain summary accrued leave information by account function for all employees of the School Department. These records should reflect the dollar value of the leave at the beginning of the year, the amounts earned and used, and the value of the leave at year-end.

MANAGEMENT'S RESPONSE – CURRENT COUNTY MAYOR – KENNETH CAREY, JR.

A number of years ago the Board of Education invested in a software program that, among other things, accounts for accrued leave. The Finance Department and school administration agreed that this would be the official accounting record. In prior years, this requirement has been satisfied with records maintained by school administration. The Finance Department will review with the school administration this GASB requirement and stress the importance of maintaining appropriate leave records for School Department employees.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

All personnel leave forms and time sheets are received in the school payroll division of the Finance Department. While the school system does keep records of leave time of its employees through its central database, this is not the official record of accrued leave. This information is kept through the office leave forms and time sheets signed by the employee and submitted to the payroll department. If it will help the process, the Finance Department may have access to the school’s database for a check and balance for all documents received by the payroll department.

FINDING 10.06 **THE OFFICE HAD DEFICIENCIES IN PAYROLL PROCEDURES**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

Our examination of the Finance Department revealed the following deficiencies in payroll procedures.

- A. Time sheets for solid waste truck drivers and convenience center employees were not signed by the employee. A solid waste employee admitted to signing the truck drivers’ names to their time sheets, and the convenience center supervisor signed and initialed the convenience center employees’ time sheets on their behalf. Employees should sign time sheets as verification that the time reported is correct. If employees do not review and sign their time sheets, it increases the risk that time will be reported and paid incorrectly.

- B. During our examination, we noticed that a county solid waste truck driver also owned a local disposal company. A comparison of the employee’s time sheets and the landfill weight tickets indicated eight instances that the employee was on county time when he was delivering trash to the landfill for his disposal company.

RECOMMENDATION

County employees should sign their time sheets as verification that the time reported is correct. Furthermore, employees should not work for their personal business during county time. The county should review this employee’s time sheets and determine whether the county should recover the funds paid while he was conducting personal business.

**FINDING 10.07 CUMBERLAND COUNTY DID NOT ACCOUNT FOR AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) GRANTS SEPARATELY FROM OTHER COUNTY FUNDS
(Internal Control – Significant Deficiency Under Government Auditing Standards and OMB Circular A-133)**

Cumberland County comingled ARRA revenues and expenditures with other local, state, and federal funds. U.S. Office of Management and Budget’s (OMB) Compliance Supplement requires grantees to agree to maintain records that identify adequately the source (i.e., revenue) and application (i.e., expenditure) of ARRA awards. TRAM Directive No. 2 requires county governments to account for ARRA grant awards and expenditures separately from the county’s other revenues and expenditures in the county’s financial accounting system. This comingling of funds violates OMB’s compliance requirements and increases the risks of preparing inaccurate reports required by ARRA. When ARRA grant requirements are not followed, the OMB can terminate the grants; suspend or debar the county from receiving grants; or, in serious cases, may apply civil or criminal penalties. County officials stated they did not understand the requirements.

RECOMMENDATION

Cumberland County should separate the source (revenue) and application (expenditure) of ARRA grant funds on the county’s accounting records.

MANAGEMENT’S RESPONSE – CURRENT COUNTY MAYOR – KENNETH CAREY, JR.

The finding is acknowledged. The Workforce Investment Program is no longer being handled through Cumberland County as of July 1, 2010.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

Since many state grants were funded this year through ARRA funds the state received from the federal government, reporting practices must be changed to meet the requirement of ARRA. The School Department will work diligently to ensure that all ARRA funds, including those received through state grants, are cost centered to reflect all expenditures. This will be accomplished either by journal entry or upon payment of a purchase order. Salaries and/or benefits will also be cost centered with a journal entry.

ELECTION OFFICE AND OFFICE OF FINANCE DIRECTOR

On February 3, 2010, we received a fraud reporting form concerning possible violations of the State Election Code and state statutes related to the fiscal management and practices of the Cumberland County Election Commission and the former Cumberland County Administrator of Elections. The findings and recommendations presented below were presented to the Cumberland County Mayor, Board of County Commissioners, Election Administrator, Finance Director, and Election Commission by letter dated October 14, 2010.

FINDING 10.08 **DEFICIENCIES WERE NOTED IN THE ELECTION OFFICE AND THE FINANCE OFFICE (Internal Control – Significant Deficiency Under Government Auditing Standards)**

We noted the following deficiencies in the Election Office and the Finance Office:

- A. During the period May 1, 2006, through November 30, 2008, we noted that the Election Office submitted pay requests to the Finance Office listing each election worker and a total amount to pay each worker. These documents did not provide any details of the location, rate of pay, or the hours/days each person worked. The Finance Office issued payroll checks based on this incomplete information.
- B. In addition to the election workers noted in Part A., disbursements totaling \$13,480 for emergency registrars and part-time employees were paid based on insufficient documentation as noted above. Without sufficient detailed documentation of the location, rates of pay, and the hours/days worked, we could not determine if workers were paid in accordance with the pay rates established by the Cumberland County Commission.
- C. Early voting begins not more than 20 days and less than five days before the day of the election as provided by Section 2-6-102, Tennessee Code Annotated. Therefore, election officials conducting early voting could theoretically work a maximum of 15 days less any Sundays during this time frame. For each election's early voting during the period examined, we calculated the maximum number of days the election official could possibly work at \$80 per day and compared it with the amount of pay each election official actually received. Based on this analysis, we determined that these officials were paid \$5,310 in excess of the pay rates established by a resolution approved by the Cumberland County Commission. That resolution dated April 17, 2006, established a pay rate of \$80 per day for election officials as recommended by the Election Commission. We noted several instances where election officials conducting early voting were paid \$100 per day.
- D. Election related disbursements totaling \$10,910 were coded by the Finance Office to accounts that did not reflect the true nature of the expenditures. Expenditures of \$8,910 for Election Commission members' meeting fees and

\$2,000 for precinct rentals were coded to the line-item account code entitled Election Workers instead of being properly coded to the Election Commission and Precinct Rentals line-item account codes, respectively. These misclassifications were done to keep expenditures within line-item appropriations approved by the County Commission for the Election Commission and Precinct Rentals. These entries resulted in expenditure accounts not reflecting the true nature of these transactions.

RECOMMENDATION

The Cumberland County Election Office should provide adequate documentation to support payroll disbursement requests for election workers. The Cumberland County Finance Office should require detailed documentation that includes the location, rate of pay, and the hours/days worked to support payroll disbursement requests submitted by the Election Office for all election workers. The Finance Office and Election Office should ensure that election officials are paid in accordance with pay rates approved by the County Commission. The Finance Office should code election related disbursements to accounts that most appropriately reflect the true nature of the transactions.

FINDING 10.09 **MINUTES OF THE ELECTION COMMISSION WERE NOT MAINTAINED FOR ALL MEETINGS** (Noncompliance Under Government Auditing Standards)

Minutes of meetings for the Cumberland County Election Commission were not maintained for the period October 3, 2006, through May 1, 2007. Section 2-1-113(a)(4), Tennessee Code Annotated, requires that “official minutes of all meetings shall be kept in permanent form...available for the public examination at reasonable times.”

RECOMMENDATION

Election officials should ensure that minutes of all meetings of the Election Commission are maintained and available for public examination.

MANAGEMENT’S RESPONSES – FORMER ADMINISTRATOR OF ELECTIONS – MS. SUZANNE SMITH

It is apparent to me from comments made in this report that many of the documents that were previously located in the Election Office were not furnished to the auditor. The following are my responses to the above-noted findings:

FINDING 10.08:

A./B. These findings address that the Election Office did not provide the Finance Office any detail of when or what days election officials worked. Backup records were maintained in the Election Office that disclosed what days each person worked. The person in my office who had the hands-on responsibility for maintaining office payroll records was Ms. Dot Hensley. I have verified with her that the backup

payroll files showing the days each person worked were present in the office at the time I was terminated. I understand Ms. Hensley provided this information to the auditor. Section 2-7-135, Tennessee Code Annotated (TCA), requires only that the office of elections prepare and certify to the County Election Commission a list of election officials who served at the polling place and their official positions. My report to the Finance Office complied with the statutory terms.

- C. The Election Commission set the rate of pay for early voting officials at \$80 per day in April 2006. Subsequently, the Election Commission decided to raise the amount of pay to \$100 per day in order to recruit and maintain knowledgeable, experienced, and dependable workers. The Election Commission voted and set the rate at \$100 per day for these early voting officials.
- D. At the time annual budgets for the Election Commission and polling place rental fees are prepared, it is impossible to predict with certainty the amounts that will be needed. It is a routine practice of all county departments to move minor amounts of money from one line item to another line item within a budget year in order to stay within the overall budget.

FINDING 10.09:

During the time I acted as administrator of elections, the minutes were drafted by the secretary of the Election Commission, and the minutes of each meeting were always read and approved at the following Election Commission meeting. After approval, the minutes were placed in a file maintained in the Election Office. I have verified with Ms. Dot Hensley that the Election Commission minutes were present in the Election Office at the time I was terminated.

AUDITOR'S REBUTTALS

FINDING 10.08:

- A./B. The pay requests furnished by the Election Office to the Finance Office did not provide any details of the location, rate of pay, or the hours/days each person worked. Instead, the pay requests only listed each election worker by classification and a total amount of pay. We interviewed Ms. Dot Hensley on September 13, 2010, and she stated that she typed the summary pay requests that were forwarded to the Finance Office based on handwritten paperwork prepared by Ms. Smith. Ms. Hensley stated that Ms. Smith would review, sign, and submit the payroll requests to the Finance Office for payment. Ms. Hensley did not provide us with any documentation of location, rate of pay, or the hours/days each person worked. Ms. Hensley stated that she did not recall ever seeing documentation to support days/hours worked to support amounts noted on the payroll requests; however, she believed Ms. Smith maintained that information.

Section 2-7-135, Tennessee Code Annotated (TCA), provides that “the officer of elections shall prepare and certify to the county election commission a list of all election officials who served at the polling place and their official positions. The list shall be signed by each official.” This statute has nothing to do with detailed

documentation to furnish to the Finance Office on which to verify payrolls. Cumberland County operates under the provisions of the County Financial Management System of 1981, Sections 5-21-101 through 5-21-129, TCA. Section 5-21-115, TCA provides that before any obligation against the county shall be paid, a detailed invoice should be prepared by the head of an office for which the obligation was made and be filed with the finance director. The finance director shall preaudit such invoice and shall approve for payment only such items that appear to be correct. The finance director cannot preaudit for accuracy any payrolls without detailed information such as the location, rate of pay, and hours/days worked.

- C. We have not been provided any documentation to support that the Cumberland County Commission approved a raise for the early voting officials above the \$80 per day rate that the County Commission set in April 2006. We interviewed former election commissioner Ms. Linda Baehr and current election commissioner Ms. Lisa Phillips who both stated that they believed the Election Commission raised the rate to \$100 per day but did not take that increase to the County Commission for approval. Sections 2-4-108(c) and 2-4-107, TCA, state that compensation for election officials may be increased by the County Commission.
- D. Expenditures should be coded to accounts that most appropriately reflect the true nature of the transactions. Misclassifying expenditures diminishes the usefulness of the financial records as a management tool and results in a loss of budgetary control. When necessary, budget amendments should be submitted to the County Commission for consideration and approval.

FINDING 10.09:

We were not presented any minutes of meetings for the Cumberland County Election Commission for the period October 3, 2006, through May 1, 2007.

OFFICE OF SHERIFF

FINDING 10.10 RECEIPTS WERE NOT ISSUED AT THE TIME OF COLLECTION, AND SOME COLLECTIONS WERE NOT DEPOSITED WITHIN THREE DAYS
(Noncompliance Under Government Auditing Standards)

Receipts were not always issued at the time of collection. Instead, checks were held in the office and not receipted until the deposit ticket was created. The practice of issuing receipts subsequent to the actual collection increases the risk that collections will not be accounted for properly. Also, we noted as many as 11 days lapsed between the date funds were receipted and the date funds were deposited to the office bank account. Section 5-8-207, Tennessee Code Annotated, requires all public funds be deposited within three days of collection. This deficiency exists due to the failure of management to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

OFFICE OF CUMBERLAND COUNTY RAILROAD AUTHORITY

FINDING 10.11 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Material Noncompliance Under Government Auditing Standards)

Total expenditures exceeded total appropriations in the fund by \$243,098. Section 5-9-401, Tennessee Code Annotated, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.” This deficiency exists because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

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

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 10.12 **CUMBERLAND COUNTY HAS MATERIAL RECURRING
AUDIT FINDINGS**
(Internal Control – Material Weakness Under Government Auditing
Standards)

Cumberland County has material audit findings that have been reported in its annual financial reports for three or more consecutive years. These recurring material findings are listed below:

<u>Finding Numbers</u>	<u>Description</u>
10.01, 09.01, 08.01	The General Fund required material audit adjustments for proper financial statement presentation
10.03, 09.03, 08.03	The Solid Waste Disposal Fund had a deficit in unrestricted net assets

The recurring nature of the above-noted findings indicates that management is either unwilling or unable to address the deficiencies. The Local Government Modernization Act of 2005 in Section 9-3-405, Tennessee Code Annotated (TCA), encourages local governments to consider establishing an Audit Committee and further provides that the Comptroller may require an Audit Committee be established in any local government that (1) is in noncompliance with the accounting and financial reporting standards required by the Governmental Accounting Standards Board, or (2) has recurring findings from the annual audit for three or more consecutive years as determined by the Comptroller to be a material weakness in internal control or material noncompliance under Government Auditing Standards. The responsibilities and duties of an Audit Committee are to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

RECOMMENDATION

Cumberland County should establish an Audit Committee to address financial and other reporting practices, internal controls, compliance with laws and regulations, and ethics. This Audit Committee should provide management with guidance to correct all reported material weaknesses in internal control and material noncompliance. If these findings continue to recur, Cumberland County may be required to establish an Audit Committee under the provisions of Section 9-3-405, TCA.

FINDING 10.13 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE FINANCE DEPARTMENT AND THE OFFICES OF TRUSTEE, COUNTY CLERK, REGISTER, AND SHERIFF**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

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

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY COMMISSION CHAIRMAN

It is frustrating to be told year after year that duties are not segregated yet not one specific example of an improper segregation of duties is given during the exit interview. It is

difficult to try to make continuous improvement if one does not know what is being done wrong. Furthermore, the recommendation that is included in the report has been for the last three years, in fact, being done. Yet the same finding recurs. So what more needs to be done to prevent this item from appearing again and again and again?

AUDITOR'S REBUTTAL

We have discussed the specifics of each of the improper segregation of duties with the official in each office mentioned in this finding. Also, the recommendation included in this report for the past three years has not been implemented. To prevent the recurrence of this finding, county officials need to perform a risk assessment to identify their internal control risks, and then implement internal control procedures to address these identified risks, including separating duties so one person does not have custody of an entire transaction.

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

Federal/Pass-through Agencies	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Labor: Passed-through East Tennessee Human Resource Agency: WIA Adult Program - ARRA	10.14	17.258	<u>Circular A-133,</u> <u>Section 500 (c)(3)</u>	Significant Deficiency in Internal Control - See Finding 10.07 - ARRA grant funds were not accounted for separately from other county funds	\$ 0
WIA Youth Activities - ARRA		17.259			
WIA Dislocated Workers - ARRA		17.260			
U.S. Department of Education: Passed-through State Department of Education: State Fiscal Stabilization Fund (SFSP) - Government Services, Recovery Act	10.14	84.397	"	"	0

**CUMBERLAND 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-year's Schedule of Findings and Questioned Costs. There were audit findings relative to federal awards presented in the current-year's Schedule of Findings and Questioned Costs.

County Mayor – Corrective Action Plan for Current-Year's Findings

FINDINGS 10.07 and 10.14

Contact person: Kenneth Carey, Jr., current county mayor

Corrective action planned: The finding is acknowledged. The Workforce Investment Program is no longer being handled through Cumberland County as of July 1, 2010.

Anticipated completion date: 2010-11

FINDINGS 10.07 and 10.14

Contact person: Aarona VanWinkle, director of schools

Corrective action planned: Since many state grants were funded this year through ARRA funds the state received from the federal government, reporting practices must be changed to meet the requirement of ARRA funds. The Cumberland County School System will work diligently to ensure that all ARRA funds, including those received through state grants, are cost centered to reflect all expenditures. This will be accomplished either by journal entry or upon payment of a purchase order. Salaries and/or benefits will also be cost centered with a journal entry.

Anticipated completion date: 2010-11