



**ANNUAL FINANCIAL REPORT
SUMNER COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2010



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DEPARTMENT OF AUDIT
JUSTIN P. WILSON
Comptroller of the Treasury

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

JAMES R. ARNETTE
Director

JEFF BAILEY, CPA, CGFM, CFE
Audit Manager

RACHELLE CABADING, CFE
Auditor 4

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

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

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

Scope

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

Results

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

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

Findings and Best Practice

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

OFFICE OF FINANCE DIRECTOR

- ◆ The county's libraries had operating deficiencies.
- ◆ Several deficiencies were noted concerning employees' leave.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ A cash shortage totaling \$657.84 existed in the school daycare program.

OFFICE OF CLERK AND MASTER

- ◆ The clerk and master did not require a depository to adequately collateralize funds.
 - ◆ Duties were not segregated adequately in the office.
-

BEST PRACTICE

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

INTRODUCTORY SECTION

Sumner County Officials

June 30, 2010

Officials

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

Board of County Commissioners

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

Board of Education

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

Financial Management Committee

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

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
PHONE (615) 401-7841**

INDEPENDENT AUDITOR'S REPORT

January 27, 2011

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

To the County Executive and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sumner County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Sumner County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sumner County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Sumner County Regional Airport Authority, which represent 1.7 percent and .2 percent, respectively, of the assets and revenues of the aggregate discretely presented component units, and the Resource Authority in Sumner County, Tennessee, which represent one percent and 1.7 percent, respectively, of the assets and revenues of the aggregate discretely presented component units, as of June 30, 2010, and for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Sumner County Regional Airport Authority and the Resource Authority in Sumner County, Tennessee, is based on the reports of other auditors.

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

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

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

In our opinion, except for the effects of not including the financial statements of the Sumner County Emergency Communications District, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Sumner County, Tennessee, as of June 30, 2010, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sumner 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 January 27, 2011, on our consideration of Sumner County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

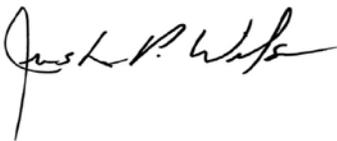
As described in Note V.A., Sumner County has adopted the provisions of Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 34 and budgetary comparison, pension, and other postemployment benefits information on pages 96 through 102 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.

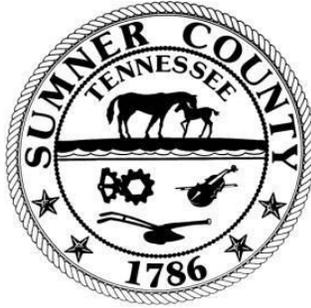
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sumner County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury

JPW/sb



Management's Discussion and Analysis For Sumner County, Tennessee

As management for Sumner County, Tennessee, we offer readers of Sumner County Government's financial statements this narrative overview and analysis of the financial activities of Sumner County Government for the fiscal year ended June 30, 2010. In addition, this discussion and analysis includes an overall view of the discretely presented component unit (DPCU), the Sumner County School Department. A separate set of financial statements is not issued for the Sumner County School Department. The intent of this discussion and analysis is to look at the county's and the discretely presented Sumner County School Department's financial performance as a whole.

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

FINANCIAL HIGHLIGHTS

- ❖ The liabilities of Sumner County exceeded its assets at the close of the fiscal year by approximately \$16 million. However, it should be noted that the financial statements of Sumner County include debt totaling \$132.9 million attributable to the Sumner County Board of Education. The discretely presented Sumner County School Department's assets exceeded its liabilities by approximately \$245.5 million at June 30, 2010.
- ❖ The primary government's total net assets increased by approximately \$20.6 million, of which approximately \$15 million was due to a prior-period adjustment. The discretely presented Sumner County School Department's net assets decreased by approximately \$9.33 million, which is net of an approximate \$1.8 million prior-period adjustment.
- ❖ As of the close of the fiscal year, Sumner County's Governmental Funds reported approximately \$49.2 million of total fund balances (reserved and unreserved); this is an approximate increase of \$16.1 million from the previous fiscal year, of which \$15 million was due to a prior-period adjustment.

- ❖ The discretely presented Sumner County School Department's Governmental Funds reported approximately \$17.3 million of total fund balances (reserved and unreserved); this is an approximate decrease of \$854 thousand from the previous fiscal year.
- ❖ At the end of the current fiscal year, the unreserved fund balance of the General Fund was approximately \$30.9 million or 68.6 percent of the General Fund's annual budgetary expenditures (including other uses). The unreserved fund balance of the discretely presented Sumner County School Department's General Purpose School Fund was approximately \$12.8 million or 6.7 percent of the fund's annual budgetary expenditures (including other uses).
- ❖ The largest governmental activity performed by the primary government was education. As presented on Exhibit B, education's cost (primary government) was approximately \$21.2 million, which consumed approximately \$6.9 million of local general tax revenue. Of these educational expenses, approximately \$7.3 million were contributions for capital outlay. The remaining education costs were for the self-insured plans of occupational compensation (in-lieu-of workmen's compensation), liability insurance, and health insurance. These were costs associated directly with the primary government; the component unit, Sumner County School Department's total expenses were approximately \$213.8 million with approximately \$186.4 million net of program revenues.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

Proprietary Funds

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

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

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

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

Other Information

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

Government-wide Financial Analysis

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. Sumner County's liabilities exceeded its assets at June 30, 2010, by \$15,965,156. The constitution for the State of Tennessee allows only the local legislative body to issue debt. Therefore, whenever the Sumner County Board of Education requires the issuance of debt to fund major capital projects or equipment purchases, the related debt must be issued by Sumner County. At the end of the current fiscal year, Sumner County had outstanding debt related to the Sumner County Board of Education of \$132,868,237. The related assets for this debt are reported on the Statement of Net Assets under component units in the column Sumner County School Department. The discretely presented Sumner County School Department's assets exceeded its liabilities at June 30, 2010, by \$245,510,891.

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

	Sumner County Primary Government Governmental Activities	
	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Assets:		
Current and Other Assets	\$ 89,415,849	\$ 79,527,204
Capital Assets	77,511,806	78,320,179
Total Assets	<u>\$ 166,927,655</u>	<u>\$ 157,847,383</u>
Liabilities:		
Long-term Liabilities Outstanding	\$ 129,911,090	\$ 138,322,152
Other Liabilities	52,981,721	56,121,855
Total Liabilities	<u>\$ 182,892,811</u>	<u>\$ 194,444,007</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 72,905,117	\$ 78,320,179
Restricted	18,731,913	19,492,243
Unrestricted	(107,602,186)	(134,409,046)
Total Net Assets	<u>\$ (15,965,156)</u>	<u>\$ (36,596,624)</u>

Sumner County School Department
Governmental Activities

	June 30, 2010	June 30, 2009
Assets:		
Current and Other Assets	\$ 67,916,678	\$ 73,025,050
Capital Assets	243,430,089	244,556,295
Total Assets	\$ 311,346,767	\$ 317,581,345
Liabilities:		
Long-term Liabilities Outstanding	\$ 16,969,100	\$ 9,986,970
Other Liabilities	48,866,776	52,752,468
Total Liabilities	\$ 65,835,876	\$ 62,739,438
Net Assets:		
Invested in Capital Assets	\$ 243,430,089	\$ 244,556,295
Restricted	3,959,192	2,417,859
Unrestricted	(1,878,390)	7,867,753
Total Net Assets	\$ 245,510,891	\$ 254,841,907

By far, the largest portion of Sumner County's and the discretely presented Sumner County School Department's net assets is \$77,511,806 and \$243,430,089, respectively, reflecting their investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. Sumner County and the discretely presented Sumner County School Department use these capital assets to provide services to its citizenry; therefore, these are not available to meet any obligations. Although Sumner County's investment in its capital assets is reported net of related debt, resources needed to repay this debt must come from outside resources because the capital assets themselves cannot be liquidated to pay these liabilities.

An additional portion of Sumner County's and the discretely presented Sumner County School Department's net assets is \$18,731,913 and \$3,959,192, respectively, which are subject to external restrictions on how they may be used.

Sumner County's unrestricted net assets are a negative \$107,602,186. This negative balance represents all unrestricted non-capital related assets net of Sumner County's debt of \$137,500,000.

Sumner County's total net assets have increased by \$20,631,468 from the previous fiscal year, of which \$15,049,536 was due to prior-period adjustments. This change was primarily the result of the following factors: increase in governmental funds' balances of \$1,364,670 less a prior-period adjustment of \$266,460 for an arbitrage rebate, net increase in capital assets of \$315,996, a \$15 million increase in Hospital Sale Receivable resulting from a prior-period adjustment from the sale of the county's hospital in a prior year, \$27,144 of donations, \$4,877,470 of capital asset purchases and other additions, \$5,791,865 of

depreciation expense, and \$237,118 of capital asset disposals. Net long-term debt decreased by \$7,525,000 as a result of the issuance of \$6,555,000 of general obligation bonds and payment of \$14,080,000 of principal. The other postemployment benefits (OPEB) liability increased by \$411,009.

The discretely presented Sumner County School Department's net assets have decreased by \$9,331,016 from the previous year, which is net of a \$1,830,167 prior-period adjustment for omitted construction in progress. This change was primarily the result of a net decrease in capital assets of \$2,956,373. The OPEB liability increased by \$6,842,095.

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

	Sumner County Primary Government Governmental Activities	
	Fiscal Year Ended June 30, 2010	Fiscal Year Ended June 30, 2009
Revenues:		
Program Revenues:		
Charges for Services	\$ 29,861,224	\$ 28,355,681
Operating Grants and Contributions	5,704,162	4,145,735
Capital Grants and Contributions	2,913,895	5,295,616
General Revenues:		
Property Taxes	31,773,510	31,014,578
Local Option Sales Tax	5,549,815	5,559,794
Wheel Tax	1,771,976	1,747,230
Interstate Telecommunications Tax	4,792	7,119
Business Tax	1,184,033	1,301,051
Adequate Facilities/Development Tax	929,332	1,244,582
Hotel/Motel Tax	344,863	392,110
Wholesale Beer Tax	460,092	504,249
Litigation Taxes	626,968	594,819
Mineral Severance	152,982	147,176
Beer Privilege Tax	2,067	2,264
Grants and Contributions Not Restricted to Specific Programs	1,872,731	5,318,902
Unrestricted Investment Income	952,524	2,813,273
Miscellaneous	312,279	877,593
Total Revenues	<u>\$ 84,417,245</u>	<u>\$ 89,321,772</u>

Sumner County Primary Government
Governmental Activities (Cont.)

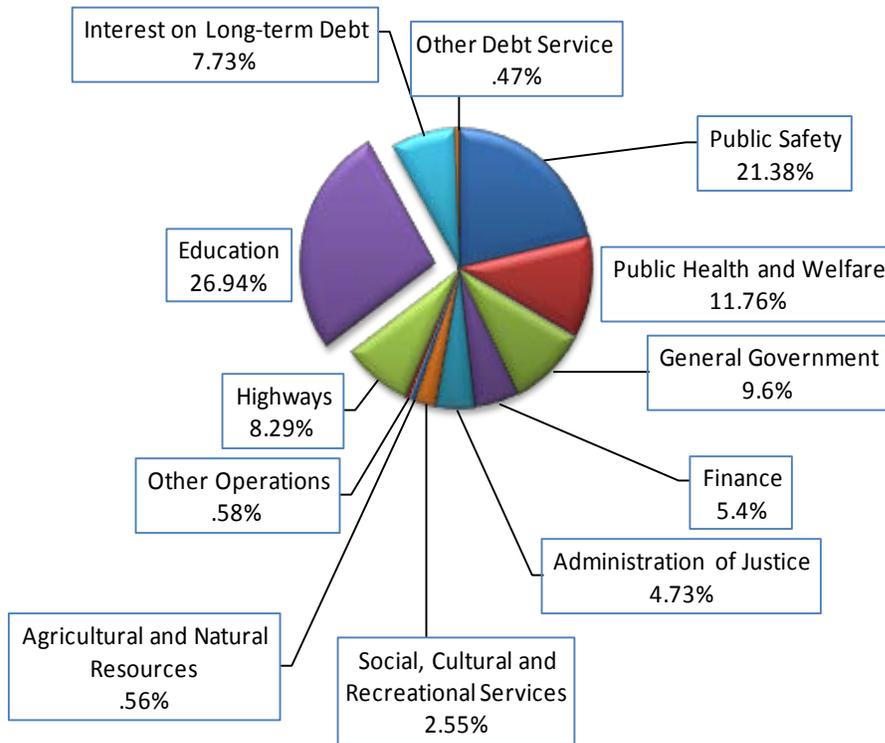
	Fiscal Year Ended June 30, 2010	Fiscal Year Ended June 30, 2009
Expenses:		
General Government	\$ 7,569,050	\$ 6,248,278
Finance	4,257,863	4,236,943
Administration of Justice	3,730,200	3,792,860
Public Safety	16,856,100	15,087,319
Public Health and Welfare	9,272,942	9,274,308
Social, Cultural, and Recreational Services	2,012,602	3,465,467
Agriculture and Natural Resources	443,372	404,359
Other Operations	453,772	1,527,191
Highways	6,536,033	6,031,527
Education	21,236,951	82,730,685
Interest on Long-term Debt	6,092,362	7,972,469
Debt Service	374,066	1,475
Total Expenses	\$ 78,835,313	\$ 140,772,881
Change in Net Assets	\$ 5,581,932	\$ (51,451,109)
Net Assets, July 1, 2009/July 1, 2008	(36,596,624)	16,805,808
Prior-period Adjustment	15,049,536	(1,951,323)
Net Assets, June 30, 2010/June 30, 2009	\$ (15,965,156)	\$ (36,596,624)

Sumner County School Department
Governmental Activities

	Fiscal Year Ended June 30, 2010	Fiscal Year Ended June 30, 2009
Revenues:		
Program Revenues:		
Charges for Services	\$ 7,760,978	\$ 8,986,750
Operating Grants and Contributions	19,267,642	17,193,752
Capital Grants and Contributions	282,375	69,932,467
General Revenues:		
Property Taxes	47,882,841	47,543,628
Local Option Sales Tax	11,101,569	11,066,550
Wheel Tax	4,134,350	4,076,613
Interstate Telecommunications Tax	8,036	8,980
Grants and Contributions Not Restricted to Specific Programs	111,828,759	107,105,208
Unrestricted Investment Income	11,142	36,543
Miscellaneous	315,526	265,137
Total Revenues	\$ 202,593,218	\$ 266,215,628
Expenses:		
Education	\$ 213,754,401	\$ 215,097,474
Total Expenses	\$ 213,754,401	\$ 215,097,474
Change in Net Assets	\$ (11,161,183)	\$ 51,118,154
Net Assets, July 1, 2009/July 1, 2008	254,841,907	208,014,267
Prior-period Adjustment	1,830,167	(4,290,514)
Net Assets, June 30, 2010/June 30, 2009	\$ 245,510,891	\$ 254,841,907

Governmental Program Expenses

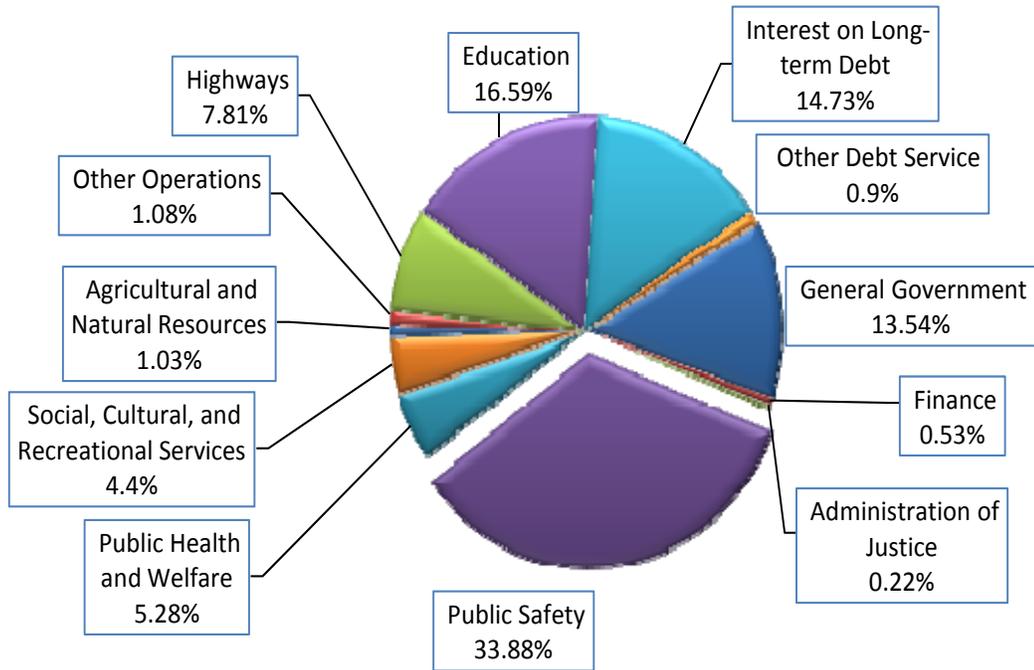
Education expenses of \$21,236,951 were the single largest expenditure of Sumner County, the primary government, consisting of 27 percent of total expenses. Of that amount, \$13,536,204 was recovered by charges for services and \$840,572 was recovered from capital contributions. For additional details, see illustrations below. Note all amounts are rounded to two decimal places in the following chart.



Expenses by Governmental Activities

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

Net Cost by Governmental Activities



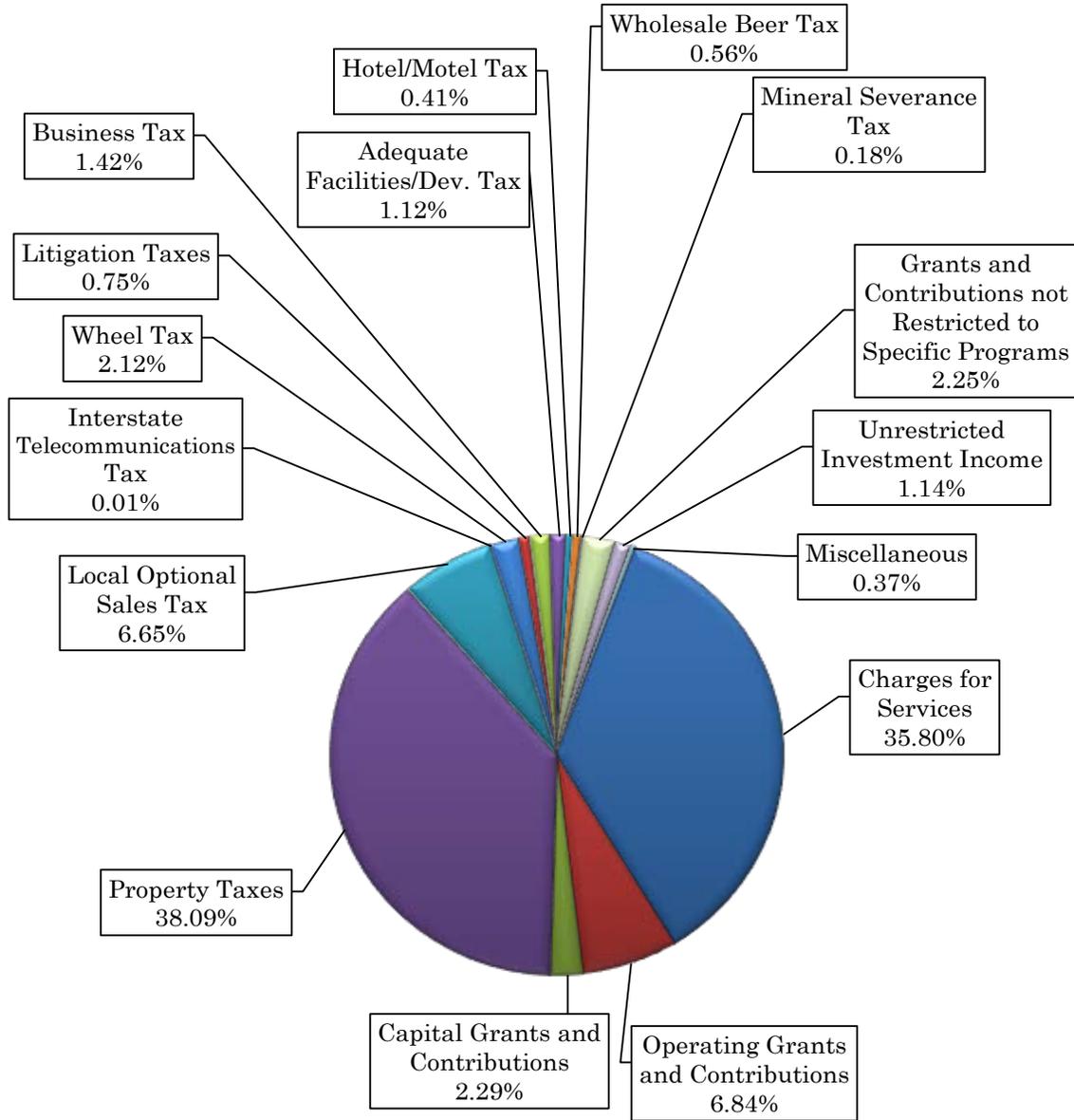
Revenues on the government-wide Statement of Activities are broken into two major categories, program and general revenues.

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

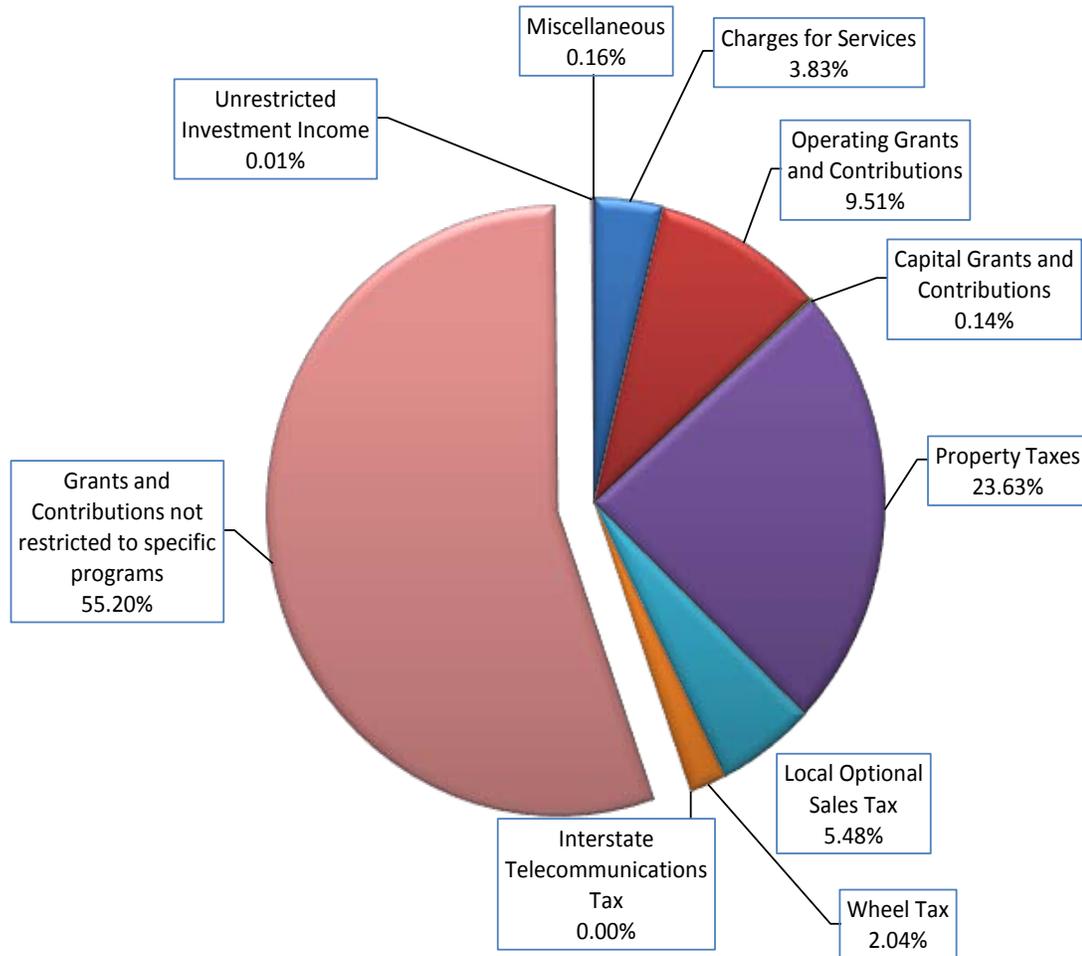
General revenues are all revenues that do not qualify as program revenues.

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

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



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



Financial Analysis of the Government’s Funds

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

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

Sumner County - Primary Government

Year Ended June 30	General Fund	General Debt Service Fund	General Capital Projects Fund
2001	\$ 5,098,368	\$ 15,364,429	\$ 3,983,531
2002	4,460,685	17,476,579	8,065,819
2003	4,404,464	19,022,344	15,481,557
2004	17,013,753	20,870,672	10,919,792
2005	20,046,034	24,364,520	5,192,708
2006	20,809,202	23,941,424	1,329,281
2007	22,704,328	19,952,276	11,080,439
2008	22,325,922	20,537,570	15,094,089
2009	15,397,644	5,979,207	1,477,408
2010	30,914,059	6,927,803	4,267,661

Discretely Presented Sumner County School Department

Year Ended June 30	General Purpose School Fund
2001	\$ 8,990,690 *
2002	7,892,757 *
2003	6,966,130 *
2004	8,501,618 *
2005	6,701,713 *
2006	8,956,331 *
2007	14,745,559 *
2008	17,117,336 *
2009	10,920,277
2010	12,790,699

* Denotes the inclusion of the reserve for food service (\$2,549,679 for 2009 and \$2,541,951 for 2010 not included in totals.)

As of the end of the current fiscal year, Sumner County Government's governmental funds reported combined ending fund balances of \$49,234,082, an increase of \$16,098,210 in comparison to the previous fiscal year. Of this total, fund balances of \$3,324,293 represent an encumbered balance to liquidate contracts and purchase orders at the end of the period, \$1,019,317 represents unspent legally reserved revenues, and \$295,000 represents the amount reserved for a long-term note receivable from the Sumner County Airport

Authority. Of the remaining unreserved fund balances, \$6,927,803 was in the General Debt Service Fund, \$2,289,951 in special revenue funds, and \$4,463,659 in capital projects funds. Special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. Capital projects funds are used to account for financial resources in the acquisition or construction of major capital facilities. As of June 30, 2010, the discretely presented Sumner County School Department's governmental funds reported combined ending fund balances of \$17,291,361, a decrease of \$854,399, in comparison to the previous fiscal year. Of this total, fund balances of \$549,270 represent an encumbered balance to liquidate contracts and purchase orders at the end of the period, and \$3,951,392 represents unspent legally reserved revenues.

The General Fund is the chief operating fund of the Sumner County Government. At the end of the current fiscal year, the unreserved fund balance was \$30,914,059, while the total fund balance was \$32,215,186. The unreserved fund balance increased by \$15,516,415 during the fiscal year. This increase in fund balance was primarily attributable to a prior period adjustment of \$15,000,000 and revenues performing better than budgeted (anticipated). The General Purpose School Fund is the chief operating fund of the discretely presented Sumner County School Department. At the end of the current fiscal year, the unreserved fund balance was \$12,790,699, while the total fund balance was \$17,020,763. The unreserved fund balance increased by \$1,870,422 during the fiscal year.

The General Debt Service Fund had a total fund balance of \$7,222,803, with an unreserved fund balance of \$6,927,803. All of this fund's balance is reserved for the payment of long-term liabilities. The unreserved fund balance for the General Debt Service Fund increased by \$948,596, which \$462,325 was attributable to revenues performing better than budgeted (anticipated), less \$266,460 for a prior-period adjustment for an arbitrage rebate, and the remainder was planned for accumulation of resources for future servicing of the county's debt.

The General Capital Projects Fund is used to account for major capital projects for Sumner County and the discretely presented Sumner County School Department. At the end of the current fiscal year, the unreserved fund balance was \$4,267,661, while the total fund balance was \$7,256,822. The unreserved fund balance increased by \$2,790,253 during the fiscal year. This increase in fund balance was primarily the result of the issuance of \$6,555,000 of general obligation bonds.

General Fund Budgetary Highlights

The difference in the original and the final budget's appropriations was an increase of \$3,068,802 compared to the original budget of \$41,918,026. Of this amount, \$2,067,037 was to be funded from an estimated increase in revenues and other sources with the remainder to be funded from fund balance. Following are the main components of the increase:

- \$500 supplemental appropriation to the Westmoreland Senior Citizen Center funded from unreserved fund balance
- \$219,275 supplemental appropriation for insurance costs to be funded from unreserved fund balance

- \$215,629 supplemental appropriation for the Sumner County Emergency Management Agency to be funded by an increase in estimated Homeland Security Grant revenues
- \$16,080 supplemental appropriation to the Sumner County Emergency Management Agency for costs related to the Kentucky ice storm to be funded by an estimated increase in revenues from the Tennessee Emergency Management Agency
- \$3,206 supplemental appropriation to the Sumner County Emergency Management Agency to be funded by an estimated increase in insurance recovery revenues
- \$85,840 supplemental appropriation to the Sumner County Emergency Medical Services to be funded by an increase in estimated revenues from a donation
- \$121,594 supplemental appropriation to the Sumner County Libraries for book purchases to be funded from a designation for libraries
- \$115,421 supplemental appropriation to the Portland Library, which was funded by \$113,005 from a designation for the “Portland Library” (donation received) and increases in estimated revenues (\$1,258 state E-rate revenues, \$28 book sales, and \$1,130 donations and refunds)
- \$390,356 supplemental appropriation for a Tennessee Housing Development Agency Grant funded by an estimated increase in grant revenues
- \$2,500 supplemental appropriation to the Sumner County Drug Court to be funded from the reserve for drug court
- \$2,906 supplemental appropriation for a Bulletproof Vest Grant to be funded by an estimated increase in grant revenues
- \$61,773 supplemental appropriation for an All-In-One Grant to be funded by an estimated increase in American Recovery and Reinvestment Act monies
- \$750 supplemental appropriation to the Assessor of Property’s budget for a salary supplement funded by an estimated increase in state reimbursements
- \$900 supplemental appropriation for Governor’s Highway Safety Office Grants to be funded by an estimated increase in grant revenues
- \$15,028 supplemental appropriation for an Edward Byrne Memorial Justice Grant to be funded by an estimated increase in grant revenues
- \$316,521 supplemental appropriation to the Sumner County Emergency Management Agency to be funded by an increase in estimated Homeland Security Grant revenues
- \$32,488 supplemental appropriation to the Gallatin Library, which was funded by \$16,138 from a designation for the “Gallatin Library” and \$16,350 from an increase in estimated revenues (\$1,350 state E-rate and \$15,000 in donations)
- \$431,700 supplemental appropriation for an Energy Efficiency and Conservation Block Grant for the “Lower Station Camp Creek Greenway” to be funded by an increase in estimated American Recovery and Reinvestment Act revenues through the Department of Energy

- \$194,724 supplemental appropriation for a Tennessee Department of Transportation Grant for the “Lower Station Camp Creek Greenway” to be funded by an increase in estimated American Recovery and Reinvestment Act revenues
- \$15,717 supplemental appropriation for the State Criminal Alien Assistance Program to be funded by an increase in federal revenues
- \$648 supplemental appropriation to the Westmoreland Library to be funded by an increase in estimated state E-rate revenues
- \$3,908 supplemental appropriation to the Construction and Development Department for a part-time employee funded by the unreserved fund balance
- \$1,840 supplemental appropriation to the Sumner County Animal Control to be funded by an estimated increase in fees
- \$4,900 supplemental appropriation for courtroom security to be funded by the courtroom security reserve
- \$50,000 supplemental appropriation to the Sheriff’s Office to be funded by the Sheriff’s automation reserve
- \$10,000 supplemental appropriation to the Construction and Development Department to be funded by an increase in estimated revenues from the Climate University Program
- \$131,929 supplemental appropriation to the Sumner County Emergency Medical Services to be funded by an increase in estimated revenues
- \$3,090 supplemental appropriation to the Hendersonville Library to be funded by an increase in estimated revenues (\$1,590 state E-rate revenues and \$1,500 Technology Grant – State Library and Archives)
- \$24,000 supplemental appropriation to the Assessor of Property’s Office funded by the unreserved fund balance
- \$1,100 supplemental appropriation to the Portland Library to be funded by a Technology Grant – State Library and Archives
- \$1,500 supplemental appropriation to the Gallatin Library to be funded by a Technology Grant – State Library and Archives
- \$40,000 supplemental appropriation to the Volunteer State Scholarship Program funded by the Volunteer State Scholarship Program’s designation
- \$1,500 supplemental appropriation to the Law Director’s Office funded by the unreserved fund balance
- \$40,000 supplemental appropriation for 2010 flood cleanup to be funded by the unreserved fund balance
- \$100,000 supplemental appropriation to the Sumner County Emergency Medical Services to be funded by an increase in estimated revenues from an Assistance to Firefighters Grant
- \$6,000 supplemental appropriation to the Construction and Development Department to be funded by an increase in estimated revenues
- \$13,000 supplemental appropriation to the Sheriff’s Office to be funded by an increase in estimated revenues
- \$10,204 supplemental appropriation to Juvenile Court funded by an increase in estimated revenues

- \$371,699 supplemental appropriation for legal costs funded from undesignated fund balance (all amounts were refunded to the General Fund in the following fiscal year)
- \$3,032 supplemental appropriation for costs of delinquent tax sale to be funded by an increase in estimated revenues from a sale of delinquent tax properties
- \$7,544 supplemental appropriation for other postemployment benefits funded by an estimated increase in revenues
- \$7,254 increase in estimated revenues for additional federal monies received

Differences in the final budget's estimated revenues and other sources and appropriations and actual operations were \$600,401 and \$4,312,494, respectively. Following are the major components of the variances:

Estimated revenues and other sources:

- The "local taxes," hotel/motel tax and business tax were \$30,138 and \$65,967, respectively, below projections due to the current economic recession. However, it should also be noted that "local taxes" in total were in excess of projections due to "county property tax" and "statutory local tax" collections performed better than anticipated.
- The "licenses and permits," cable television franchise and building permits were \$25,291 and \$18,013, respectively, above projections.
- The "charges for current services," patient charges (EMS) was \$449,658 above projections.
- The "Other Local Revenues," sale of property was \$216,493 above projections as a result of the sale of the former Sumner County Archives building.
- The "State of Tennessee" revenue, income tax was \$251,015 above projections.
- The "federal government" revenue, American Recovery and Reinvestment Act was \$431,700 less than budgeted because an Energy Efficiency and Conservation Block Grant for the "Lower Station Camp Creek Greenway" was budgeted but not expended or reimbursed.

Estimated expenditures and other uses:

- Due to the relatively mild weather, actual utility expenditures were \$166,661 below budget.
- Various grants expended less than budgeted: Homeland Security Grants \$206,493, Health Department's Direct Access Grant \$239,868, Greenway ARRA Grants \$474,986, All-In-One ARRA Grant \$16,618, and Tennessee Housing Development Agency Grant \$23,039.
- The major category, employee benefits was \$191,919 below budget due to insurance changes and unemployment was less than anticipated.
- All departments were requested to spend less than budgeted, and several departments were subject to a mid-year hiring freeze, which resulted in various unspent appropriated amounts.

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

The differences in the original and the final budget's appropriations, including other uses, increased by \$3,614,789 compared to the original budget of \$192,381,962. All of the increased appropriations were funded by an estimated increase in revenues and other financing sources.

Capital Assets and Debt Administration

Primary Government

Sumner County's investment in capital assets, net of accumulated depreciation, as of June 30, 2010, was \$77,511,806. This investment in net assets includes land, buildings, improvements, machinery and equipment, roads, and bridges. The total decrease in Sumner County's investment in capital assets for the fiscal year was \$808,373. However, it should be noted that the capital assets beginning balance was adjusted by \$315,996 for the recognition of intangible assets. Additional details are available in the notes to the financial statements, note D-7 (prior-period adjustments).

Major capital assets events during the fiscal year were:

- Land increased by \$11,144. This increase consisted of \$27,144 of land donated to the county for the Station Camp Greenway, less \$16,000 for the disposal (sale) of the land where the former Sumner County Archives resides.
- Construction in progress decreased by \$2,536. Increases included \$69,905 for the Station Camp Greenway, \$30,000 for renovation of the Sumner County Administration Building, \$22,500 for renovation of the Sumner County Courthouse, \$29,995 for the Hendersonville CareHere Clinic, and \$54,270 for construction of the Sumner County Animal Control Building. The decreases consisted of \$33,651 for the completion of the Hendersonville CareHere Clinic, and \$175,555 for the completion of the Emergency Management Agency's Simulcast System.
- Buildings and land improvements increased by \$176,432. Increases consisted of \$46,488 in boiler replacements, \$108,523 in parking lot improvements, \$33,652 for remodeling of the Hendersonville CareHere Clinic, \$3,245 for remodeling the current Agriculture Extension Office, \$110,000 for construction of a Highway Department wash station, and \$18,524 in other various improvements. The decrease of \$144,000 is for the old Sumner County Archives building, which was completely depreciated at the time of disposal.
- Depreciable intangibles increased due to a prior-period adjustment of \$366,687 for the Emergency Management Agency's interoperability and mobile software.
- Additions to county roads and bridges totaled \$3,003,561. This consisted of additions of \$3,108,152, less the annexation of Briley Lane for \$104,591. Briley Lane was fully depreciated at the time of annexation.
- \$1,242,216 of depreciable equipment was purchased during the year. Disposals of depreciable equipment totaled \$320,231. Equipment totaling \$254,041 was disposed of through sales and the remaining by surplus.
- Depreciation for the year on all capital assets totaled \$5,791,865.

Sumner County's Capital Assets

	Historical Value	Accumulated Depreciation	Net Value 6-30-10
Land	\$ 2,505,372	\$ 0	\$ 2,505,372
Construction in Progress	3,237,565	0	3,237,565
Buildings and Improvements	48,760,895	(13,602,805)	35,158,090
Other Capital Assets	15,570,241	(10,212,283)	5,357,958
Intangibles (depreciated)	366,687	(220,012)	146,675
Roads and Bridges	65,230,755	(34,124,609)	31,106,146
Total Values	<u>\$ 135,671,515</u>	<u>\$ (58,159,709)</u>	<u>\$ 77,511,806</u>

Discretely Presented Sumner County School Department

The discretely presented Sumner County School Department's investment in capital assets, net of accumulated depreciation, as of June 30, 2010, was \$243,430,089. This investment in net assets includes land, buildings, improvements, machinery, and equipment. The total decrease in investment in capital assets for the fiscal year was \$2,956,373.

Sumner County School Department's Capital Assets

	Historical Value	Accumulated Depreciation	Net Value 6-30-10
Land	\$ 8,538,276	\$ 0	\$ 8,538,276
Construction in Progress	4,706,131	0	4,706,131
Buildings and Improvements	364,905,584	(140,033,528)	224,872,056
Other Capital Assets	21,163,945	(15,850,319)	5,313,626
Total Values	<u>\$ 399,313,936</u>	<u>\$ (155,883,847)</u>	<u>\$ 243,430,089</u>

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

Long-term Debt

At the end of the current fiscal year, Sumner County had long-term debt totaling \$137,500,000. This is a decrease of \$7,525,000 in long-term debt from the previous fiscal year. All debt is backed by the full faith and credit of the county.

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

Sumner County's Outstanding Long-term Debt

Issued For	Sumner County Board of Education	Sumner County Primary Government	Total Debt
Bond - Refunding	\$ 70,950,000	\$ 0	\$ 70,950,000
General Obligation Schools	59,995,000	0	59,995,000
General Obligation Schools	1,923,237	4,631,763	6,555,000

Economic Factors and Next Year's Budgets and Rates

On August 26, 2010, Sumner County adopted a budget for the fiscal year ending June 30, 2011. Many factors were considered when adopting this budget.

Sumner County's unemployment rate as of June 30, 2010, was nine percent (not seasonally adjusted) compared to the June 30, 2009, rate of 10.6 percent (not seasonally adjusted). This unemployment rate for June 2010 was lower than the State of Tennessee's as a whole, ten percent (not seasonally adjusted). The Sumner County Commission is committed to maintaining at least \$7 million in the Sumner County General Fund, after subtracting any legal reserves and approved designations. The projected balance in the Sumner County General Fund's approved budget for the 2011 fiscal year, after subtracting all projected legal reserves and approved designations was \$7,896,265. Because of these circumstances, the budget committee, in conjunction with the full Sumner County Commission, minimized any new operational expenses.

Requests for information

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

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Governmental Activities	Component Units		
		Sumner County School Department	Sumner County Regional Airport Authority	The Resource Authority in Sumner County, Tennessee
<u>ASSETS</u>				
Cash	\$ 94,575	\$ 7,550	\$ 621,296	\$ 504,830
Equity in Pooled Cash and Investments	34,737,610	10,327,376	0	0
Accounts Receivable	1,835,940	631,581	0	383,403
Hospital Sale Receivable - Current	15,000,000	0	0	0
Allowance for Uncollectible	(1,156,571)	0	0	0
Property Taxes Receivable	34,901,949	51,396,942	0	0
Allowance for Uncollectible Property Taxes	(1,367,268)	(2,032,375)	0	0
Notes Receivable - Long-term	295,000	0	0	0
Due from Litigants, Heirs, and Others				
Accrued Interest Receivable	135,698	0	0	0
Due from Other Governments	4,407,113	7,584,946	0	13,140
Prepaid Items	0	0	14,754	0
Deposits with State of Tennessee	0	0	155,465	0
Cash Shortage	0	658	0	0
Deferred Charges - Debt Issuance Cost	531,803	0	0	0
Capital Assets:				
Assets Not Depreciated:				
Land	2,505,372	8,538,276	717,415	307,491
Construction in Progress	3,237,565	4,706,131	77,974	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	35,158,090	224,872,056	3,557,209	0
Other Capital Assets	5,357,958	5,313,626	287,111	2,131,874
Infrastructure	31,106,146	0	0	0
Intangibles	146,675	0	0	0
Other Noncurrent Assets	0	0	130,497	0
Total Assets	<u>\$ 166,927,655</u>	<u>\$ 311,346,767</u>	<u>\$ 5,561,721</u>	<u>\$ 3,340,738</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 1,415,940	\$ 387,291	\$ 0	\$ 225,245
Accrued Payroll	38,354	0	0	51,723
Contracts Payable	329,187	0	0	0
Retainage Payable	12,862	0	0	0
Accrued Interest Payable	538,442	0	0	0
Due to Litigants, Heirs, and Others	4,138	0	0	0
Other Current Liabilities	104,463	0	0	0
Deferred Revenue - Current Property Taxes	32,742,031	48,174,071	0	0
Noncurrent Liabilities:				
Due Within One Year	17,796,304	305,414	380,175	0
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	129,911,090	16,969,100	265,000	1,341,472
Total Liabilities	<u>\$ 182,892,811</u>	<u>\$ 65,835,876</u>	<u>\$ 645,175</u>	<u>\$ 1,618,440</u>

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Units		
		Sumner County School Department	Sumner County Regional Airport Authority	The Resource Authority in Sumner County, Tennessee
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 72,905,117	\$ 0	\$ 3,994,534	\$ 0
Invested in Capital Assets	0	243,430,089	0	2,439,365
Restricted for:				
Capital Projects	7,753,782	0	0	0
Debt Service	7,519,107	0	0	0
Highway/Public Works	1,927,172	0	0	0
Courthouse and Jail Maintenance	362,089	0	0	0
Drug Control	142,079	0	0	0
District Attorney General	60,564	0	0	0
Drug Court	133,251	0	0	0
Sex Offender Registration	13,282	0	0	0
Courtroom Security	48,683	0	0	0
Computer System - Register	145,271	0	0	0
Automation Purposes - Circuit Court	419,805	0	0	0
Automation Purposes - Chancery	13,285	0	0	0
Automation Purposes - Sheriff	112,085	0	0	0
Other Federal Reserves	15,028	0	0	0
ARRA Grant No. 2	16,618	0	0	0
Food Service	0	2,541,951	0	0
School Federal Projects	0	270,598	0	0
Other Local Education	0	1,146,643	0	0
Other Purposes	49,812	0	0	0
Unrestricted	<u>(107,602,186)</u>	<u>(1,878,390)</u>	<u>922,012</u>	<u>(717,067)</u>
Total Net Assets (Deficit)	<u>\$ (15,965,156)</u>	<u>\$ 245,510,891</u>	<u>\$ 4,916,546</u>	<u>\$ 1,722,298</u>

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

Exhibit B

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

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Assets				
	Charges for Services			Operating Grants and Contributions			Primary Government Total		Component Units		The Resource Authority in Sumner County, Tennessee
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Sumner County School Department	Sumner County Regional Airport Authority				
Primary Government:											
General Government	\$ 7,569,050	\$ 1,646,616	\$ 208,708	\$ 114,518	\$ (5,599,208)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	4,257,863	4,003,978	35,518	0	(218,367)	0	0	0	0	0	0
Administration of Justice	3,730,200	3,625,237	14,405	0	(90,558)	0	0	0	0	0	0
Public Safety	16,856,100	2,224,867	602,040	17,450	(14,011,743)	0	0	0	0	0	0
Public Health and Welfare	9,272,942	4,668,263	1,802,833	1,617,305	(1,184,541)	0	0	0	0	0	0
Social, Cultural, and Recreational Services	2,012,602	60,713	131,728	0	(1,820,161)	0	0	0	0	0	0
Agriculture and Natural Resources	443,372	16,300	0	0	(427,072)	0	0	0	0	0	0
Other Operations	453,772	0	7,544	0	(446,228)	0	0	0	0	0	0
Highway/Public Works	6,536,033	79,046	2,901,386	324,050	(3,231,551)	0	0	0	0	0	0
Education	21,236,951	13,536,204	0	840,572	(6,860,175)	0	0	0	0	0	0
Interest on Long-term Debt	6,092,362	0	0	0	(6,092,362)	0	0	0	0	0	0
Other Debt Service	374,066	0	0	0	(374,066)	0	0	0	0	0	0
Total Primary Government	\$ 78,835,313	\$ 29,861,224	\$ 5,704,162	\$ 2,913,895	\$ (40,356,032)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:											
Sumner County School Department	\$ 213,754,401	\$ 7,760,978	\$ 19,267,642	\$ 282,375	\$ 0	\$ (186,443,406)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sumner County Regional Airport Authority	505,258	191,313	0	228,534	0	0	(85,411)	0	0	0	0
The Resource Authority in Sumner County, Tennessee	3,236,594	3,337,901	72,994	0	0	0	0	0	0	0	174,301
Total Component Units	\$ 217,496,253	\$ 11,290,192	\$ 19,340,636	\$ 510,909	\$ 0	\$ (186,443,406)	\$ (85,411)	\$ 0	\$ 0	\$ 0	\$ 174,301

(Continued)

Exhibit B

Sumner County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units			
				Primary Government Total Governmental Activities	Sumner County School Department	Sumner County Regional Airport Authority	The Resource Authority in Sumner County, Tennessee
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 17,227,902	\$ 47,882,841	\$ 0	\$ 0
Property Taxes Levied for Debt Service				14,545,608	0	0	0
Local Option Sales Taxes				5,549,815	11,101,569	0	0
Wheel Tax				1,771,976	4,134,350	0	0
Interstate Telecommunications Tax				4,792	8,036	0	0
Business Tax				1,184,033	0	0	0
Adequate Facilities/Development Tax				929,332	0	0	0
Hotel/Motel Tax				344,863	0	0	0
Wholesale Beer Tax				460,092	0	0	0
Litigation Tax				626,968	0	0	0
Mineral Severance Tax				152,982	0	0	0
Beer Privilege Tax				2,067	0	0	0
Grants and Contributions Not Restricted to Specific Programs				1,872,731	111,828,759	0	0
Unrestricted Investment Earnings				952,524	11,142	18,519	1,047
Gain on Sale of Capital Assets				0	0	0	108,169
Miscellaneous				312,279	315,526	12,457	9,670
Total General Revenues				\$ 45,937,964	\$ 175,282,223	\$ 30,976	\$ 118,886
Change in Net Assets				\$ 5,581,932	\$ (11,161,183)	\$ (54,435)	\$ 293,187
Net Assets (Deficit), July 1, 2009				(36,596,624)	254,841,907	5,270,981	1,429,111
Prior-period Adjustment				15,049,536	1,830,167	(300,000)	0
Net Assets (Deficit), June 30, 2010				\$ (15,965,156)	\$ 245,510,891	\$ 4,916,546	\$ 1,722,298

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

Exhibit C-1

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

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General	Debt Service	General Capital Projects	Other Governmental Funds	
	General	Debt Service	Capital Projects	Other Governmental Funds	
<u>ASSETS</u>					
Cash	\$ 590	\$ 0	\$ 0	\$ 93,985	\$ 94,575
Equity in Pooled Cash and Investments	15,358,771	6,535,046	7,636,824	2,576,793	32,107,434
Accounts Receivable	1,761,874	0	0	29,742	1,791,616
Allowance for Uncollectibles	(1,156,571)	0	0	0	(1,156,571)
Due from Other Governments	2,547,071	1,005,790	300,962	536,865	4,390,688
Due from Other Funds	102,852	0	0	175,304	278,156
Due from Sale of Hospital - Current	15,000,000	0	0	0	15,000,000
Property Taxes Receivable	18,807,851	15,375,012	0	719,086	34,901,949
Allowance for Uncollectible Property Taxes	(724,919)	(613,333)	0	(29,016)	(1,367,268)
Accrued Interest Receivable	46,517	89,103	0	0	135,620
Notes Receivable - Long-term	0	295,000	0	0	295,000
Total Assets	\$ 51,744,036	\$ 22,686,618	\$ 7,937,786	\$ 4,102,759	\$ 86,471,199
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 496,192	\$ 0	\$ 37,953	\$ 487,056	\$ 1,021,201
Accrued Payroll	82	0	0	38,272	38,354
Contracts Payable	0	0	329,187	0	329,187
Retainage Payable	0	0	12,862	0	12,862
Due to Other Funds	178,149	182,301	0	102,852	463,302
Due to Litigants, Heirs, and Others	0	0	0	4,138	4,138
Other Current Liabilities	54,372	47,802	0	2,289	104,463
Deferred Revenue - Current Property Taxes	17,670,366	14,398,966	0	672,699	32,742,031
Deferred Revenue - Delinquent Property Taxes	350,922	308,518	0	14,772	674,212
Other Deferred Revenues	778,767	526,228	300,962	241,410	1,847,367
Total Liabilities	\$ 19,528,850	\$ 15,463,815	\$ 680,964	\$ 1,563,488	\$ 37,237,117
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 334,007	\$ 0	\$ 2,989,161	\$ 1,125	\$ 3,324,293
Reserved for Drug Court	133,251	0	0	0	133,251
Reserved for Sexual Offender Registration	13,282	0	0	0	13,282
Reserved for Courtroom Security	48,683	0	0	0	48,683
Reserved for Computer System - Register	145,271	0	0	0	145,271
Reserved for Automation Purposes - Circuit Court	419,805	0	0	0	419,805
Reserved for Automation Purposes - Chancery Court	13,285	0	0	0	13,285
Reserved for Automation Purposes - Sheriff	112,085	0	0	0	112,085
Reserved for Long-term Notes Receivable	0	295,000	0	0	295,000
Other Federal Reserves	15,028	0	0	52,197	67,225
Reserved for ARRA Grant No. 2	16,618	0	0	0	16,618
Reserved for Other General Purposes	49,812	0	0	0	49,812
Unreserved, Reported In:					
General Fund	30,914,059	0	0	0	30,914,059
Special Revenue Funds	0	0	0	2,289,951	2,289,951
Debt Service Funds	0	6,927,803	0	0	6,927,803
Capital Projects Funds	0	0	4,267,661	195,998	4,463,659
Total Fund Balances	\$ 32,215,186	\$ 7,222,803	\$ 7,256,822	\$ 2,539,271	\$ 49,234,082
Total Liabilities and Fund Balances	\$ 51,744,036	\$ 22,686,618	\$ 7,937,786	\$ 4,102,759	\$ 86,471,199

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

Exhibit C-2

Sumner County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 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)		\$ 49,234,082
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,505,372	
Add: construction in progress	3,237,565	
Add: buildings and improvements net of accumulated depreciation	35,158,090	
Add: other capital assets net of accumulated depreciation	5,357,958	
Add: infrastructure net of accumulated depreciation	31,106,146	
Add: intangibles net of accumulated depreciation	146,675	
Less: capital assets of the internal service fund that are also included in item (2) below	<u>(32,811)</u>	77,478,995
(2) An internal service fund is used by management to charge the cost of liability and workers' compensation insurance and employee health and dental benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.		271,458
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (137,500,000)	
Less: other deferred revenue - premium on debt	(6,190,179)	
Less: accrued interest on bonds	(538,442)	
Less: compensated absences payable	(913,541)	
Less: other postemployment benefits liability	(860,911)	
Add: deferred debt issuance costs	<u>531,803</u>	(145,471,270)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>2,521,579</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ (15,965,156)</u>

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

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 19,099,133	\$ 21,248,211	\$ 0	\$ 3,243,189	\$ 43,590,533
Licenses and Permits	480,853	0	0	89,250	570,103
Fines, Forfeitures, and Penalties	763,940	0	0	50,277	814,217
Charges for Current Services	6,161,367	0	0	248,873	6,410,240
Other Local Revenues	1,040,828	1,374,192	37,007	105,111	2,557,138
Fees Received from County Officials	7,010,174	0	0	0	7,010,174
State of Tennessee	4,965,854	0	0	3,099,661	8,065,515
Federal Government	1,367,748	0	73,874	179,648	1,621,270
Other Governments and Citizens Groups	188,174	0	840,572	0	1,028,746
Total Revenues	\$ 41,078,071	\$ 22,622,403	\$ 951,453	\$ 7,016,009	\$ 71,667,936
<u>Expenditures</u>					
Current:					
General Government	\$ 4,094,875	\$ 0	\$ 0	\$ 735,298	\$ 4,830,173
Finance	3,851,970	0	0	0	3,851,970
Administration of Justice	3,647,322	0	0	45,469	3,692,791
Public Safety	15,547,825	0	0	61,060	15,608,885
Public Health and Welfare	8,855,881	0	0	0	8,855,881
Social, Cultural, and Recreational Services	1,807,303	0	0	0	1,807,303
Agriculture and Natural Resources	440,432	0	0	0	440,432
Other Operations	1,839,894	0	0	0	1,839,894
Highways	0	0	0	6,564,106	6,564,106
Debt Service:					
Principal on Debt	0	14,080,000	0	0	14,080,000
Interest on Debt	0	6,958,281	0	0	6,958,281
Other Debt Service	0	374,066	0	0	374,066
Capital Projects	367,316	0	7,875,215	915	8,243,446
Total Expenditures	\$ 40,452,818	\$ 21,412,347	\$ 7,875,215	\$ 7,406,848	\$ 77,147,228
Excess (Deficiency) of Revenues Over Expenditures					
	\$ 625,253	\$ 1,210,056	\$ (6,923,762)	\$ (390,839)	\$ (5,479,292)
<u>Other Financing Sources (Uses)</u>					
Bonds Issued	\$ 0	\$ 0	\$ 6,555,000	\$ 0	\$ 6,555,000
Premiums on Debt Issued	0	0	57,464	0	57,464
Insurance Recovery	3,206	0	0	0	3,206
Transfers In	228,292	0	0	0	228,292
Total Other Financing Sources (Uses)	\$ 231,498	\$ 0	\$ 6,612,464	\$ 0	\$ 6,843,962
Net Change in Fund Balances	\$ 856,751	\$ 1,210,056	\$ (311,298)	\$ (390,839)	\$ 1,364,670
Fund Balance, July 1, 2009	16,358,435	6,279,207	7,568,120	2,930,110	33,135,872
Prior-period Adjustment	15,000,000	(266,460)	0	0	14,733,540
Fund Balance, June 30, 2010	\$ 32,215,186	\$ 7,222,803	\$ 7,256,822	\$ 2,539,271	\$ 49,234,082

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

Exhibit C-4

Sumner County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 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)		\$ 1,364,670
(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	\$ 4,638,269	
Less: current-year depreciation expense	(5,791,865)	
Add: current-year depreciation expense of the internal service fund that is also included in item (6) below	<u>841</u>	(1,152,755)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Add: assets donated and capitalized	\$ 27,144	
Less: loss on disposal of capital assets	<u>(27,912)</u>	(768)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2009	\$ (4,394,268)	
Add: deferred delinquent property taxes and other deferred June 30, 2010	<u>2,521,579</u>	(1,872,689)
(4) The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: bond proceeds	\$ (6,555,000)	
Add: change in premium of debt issuances	737,071	
Add: change in deferred debt issuance costs	35,124	
Add: principal payments on bonds	<u>14,080,000</u>	8,297,195
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 36,260	
Change in other postemployment benefits liability	(411,009)	
Change in compensated absences payable	<u>69,178</u>	(305,571)
(6) An internal service fund is used by management to charge the cost of liability and workers' compensation insurance and employee health and dental benefits to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		<u>(748,150)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 5,581,932</u>

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

Exhibit D-1

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

	Governmental Activities - Internal Service Fund
	<u>Self- Insurance Fund</u>
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 2,630,176
Accounts Receivable	44,324
Due from Other Governments	16,425
Due from Other Funds	185,146
Accrued Interest Receivable	78
Total Current Assets	<u>\$ 2,876,149</u>
Noncurrent Assets:	
Capital Assets:	
Buildings and Improvements Net of Accumulated Depreciation	\$ 32,811
Total Noncurrent Assets	<u>\$ 32,811</u>
Total Assets	<u>\$ 2,908,960</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Claims and Judgments Payable	\$ 2,242,763
Accounts Payable	394,739
Total Current Liabilities	<u>\$ 2,637,502</u>
Total Liabilities	<u>\$ 2,637,502</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 271,458</u>
Total Net Assets	<u>\$ 271,458</u>

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

Exhibit D-2

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

	Governmental Activities - Internal Service Fund <hr/> Self- Insurance Fund <hr/>
<u>Operating Revenues</u>	
Charges for Current Services:	
Self-Insurance Premiums/Contributions	\$ 19,834,767
Other Local Revenues	582,527
Total Operating Revenues	<hr/> \$ 20,417,294 <hr/>
<u>Operating Expenses</u>	
Employee Benefits:	
Risk Management	\$ 882,851
Handling Charges and Administrative Costs	744,148
Excess Risk Insurance	418,865
Dental Insurance	88,240
Liability Claims	18,833,612
Depreciation and Amortization Expense	841
Other Charges	24,039
Total Operating Expenses	<hr/> \$ 20,992,596 <hr/>
Operating Income (Loss)	<hr/> \$ (575,302) <hr/>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 8,447
Total Nonoperating Revenues (Expenses)	<hr/> \$ 8,447 <hr/>
Income (Loss) Before Transfers	\$ (566,855)
Transfers Out	<hr/> (181,295) <hr/>
Change in Net Assets	\$ (748,150)
Net Assets, July 1, 2009	<hr/> 1,019,608 <hr/>
Nets Assets, June 30, 2010	<hr/> \$ 271,458 <hr/> <hr/>

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

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

	Governmental Activities - Internal Service Fund Self Insurance Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 19,603,023
Payments to Suppliers	(744,148)
Claims Paid	(21,845,227)
Other Receipts (Payments)	(324,363)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (3,310,715)</u>
<u>Cash Flows from Investing Activities</u>	
Investment Income	\$ 8,447
Net Cash Provided By (Used In) Investing Activities	<u>\$ 8,447</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	<u>\$ (29,995)</u>
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (29,995)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	<u>\$ (181,295)</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (181,295)</u>
Net Increase (Decrease) In Cash	\$ (3,513,558)
Cash, July 1, 2009	<u>6,143,734</u>
Cash, June 30, 2010	<u><u>\$ 2,630,176</u></u>
<u>Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (575,302)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Change in Assets and Liabilities:	
Depreciation Expense	841
(Increase) Decrease in Accounts Receivable	(33,478)
(Increase) Decrease in Due from Other Governments	(16,425)
(Increase) Decrease in Due from Other Funds	(184,649)
(Increase) Decrease in Accrued Interest Receivable	2,808
Increase (Decrease) in Accounts Payable	394,739
Increase (Decrease) in Due to Other Funds	(670)
Increase (Decrease) in Unearned Revenue	(1,912,447)
Increase (Decrease) in Claims and Judgments Payable	<u>(986,132)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (3,310,715)</u></u>

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

Exhibit E

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 5,920,705
Equity in Pooled Cash and Investments	967,117
Due from Other Governments	<u>2,643,514</u>
Total Assets	<u>\$ 9,531,336</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 2,643,514
Due to State of Tennessee	486,615
Due to Litigants, Heirs, and Others	5,751,553
Due to Joint Ventures	<u>649,654</u>
Total Liabilities	<u>\$ 9,531,336</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Sumner County is a public municipal corporation governed by an elected 24-member board. As required by GAAP, these financial statements present Sumner County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

The Resource Authority in Sumner County, Tennessee, provides a solid waste Energy Recovery Plant on behalf of the residents of the county and the cities of Gallatin and Hendersonville. The authority is funded primarily through tipping fees and contributions from the county. Before the issuance of debt instruments, the authority must obtain approval from Sumner County and the cities of Gallatin and Hendersonville.

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

Emergency Communications District were not available from other auditors in time for inclusion in this report.

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

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

Administrative Offices:

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

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

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

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

B. Government-wide and Fund Financial Statements

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

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

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

Sumner County issues all debt for the discretely presented Sumner County School Department. No debt issues were contributed by the county to the School Department during the year ended June 30, 2010.

Separate financial statements are provided for governmental funds, the proprietary fund (internal service), and fiduciary funds. The internal service fund is reported with the governmental activities in the government-wide financial statements, and the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

Fund financial statements of Sumner County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary,

and fiduciary. An emphasis is placed on major funds within the governmental category. Sumner County reports one proprietary fund, an internal service fund. It has no enterprise funds to report.

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

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

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

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

Sumner County reports the following major governmental funds:

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

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

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

Additionally, Sumner County reports the following fund types:

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

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

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Sumner County, and funds held for the benefit of the judicial district drug task force. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

Additionally, the Sumner County School Department reports the following fund type:

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

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the Statement of Cash Flows, cash consists of cash on deposit with the county trustee.

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Sumner County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General and General Debt Service funds. Sumner County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment

company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. 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 five percent of total taxes levied.

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

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

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

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

Most payables are disaggregated on the face of the financial statements. Claims and judgments payable totaling \$2,242,763 are discussed in Note V.A. Risk Management.

Retainage payable in the primary government’s General Capital Projects Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the General Capital Projects Fund.

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$7,500 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

4. **Compensated Absences**

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

5. **Long-term Obligations**

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

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

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

6. Net Assets and Fund Equity

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

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

As of June 30, 2010, Sumner County had \$132,868,237 in outstanding debt for capital purposes for the discretely presented Sumner County School Department. This debt is a liability of Sumner County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Sumner County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county’s capital assets.

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

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Hospital Proceeds	\$ 4,107,320
Volunteer State Scholarships	473,277
Library Books	56,179
Planning Abatement	29,729
General Purpose School:	
Duke Estate	108,648

7. Prior-period Adjustments

The General Debt Service Fund was restated \$266,460 from the prior year due to an arbitrage study performed on the 2007 bond issue.

A prior-period adjustment of \$15,000,000 was recognized from the sale of the hospital because a reverter clause valued at \$15,000,000 had been omitted.

Capital assets of the primary government were restated \$315,996 at the government-wide level because various pieces of equipment and roads had been omitted.

Capital assets of the discretely presented School Department were restated \$1,830,167 from the prior year because construction in progress had been omitted on several ongoing school projects.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Sumner County School Department

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

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

Primary Government

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

Discretely Presented Sumner County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the District Attorney General and the Constitutional Officers - Fees funds (special revenue funds), which are not budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

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

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

B. Cash Shortages – Current and Prior Years

As noted in the Annual Financial Report for the year ended June 30, 2009, animal control funds totaling \$40 were unaccounted at the Sheriff's Department, and funds totaling \$180 were unaccounted at the Ambulance Service. The county does not expect to recover these funds.

During the 2009-10 year, the discretely presented School Department had a cash shortage of \$657.84 in the school daycare program related to an

employee purchasing personal items with school funds. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

C. Expenditures Exceeded Appropriations

General Purpose School Fund expenditures exceeded appropriations approved by the County Commission in the Support Services – Board of Education major appropriation category (the legal level of control) by \$43,170. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues.

D. The County Had Deposits Exposed to Custodial Credit Risk

The clerk and master did not require one depository holding county funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2010, deposits at this depository exceeded FDIC coverage and collateral securities pledged by \$30,760. Section 5-8-201, Tennessee Code Annotated, requires any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of such county funds.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, Sumner County's deposits may not be returned to it. Sumner County does not have a formal policy that limits custodial credit risk for deposits. Separate disclosures concerning bank balances of pooled deposits cannot be made for Sumner County and the discretely presented Sumner County School Department since both pool their deposits and investments through the county trustee. As of June 30, 2010, uninsured and uncollateralized bank balances of \$30,760 were exposed to custodial credit risk.

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.

The county had no pooled and nonpooled investments as of June 30, 2010.

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Sumner County has no investment policy that would further limit its investment choices.

B. Notes Receivable/Due From Sale of Hospital

The General Debt Service Fund had a long-term notes receivable of \$295,000 on June 30, 2010, from financing airport construction projects for the discretely presented Sumner County Regional Airport Authority and is presented on the balance sheet with a reservation of fund balance.

The General Fund had a current hospital sale receivable of \$15,000,000 at June 30, 2010. The county sold its hospital to a private company in the 2003-04 year. The current portion of \$15,000,000 resulted from a reverter clause in the hospital sale contract, which specified the county would receive a \$15,000,000 payment if the hospital was moved from its current location. The hospital was approved to be moved during the year, and the county received the \$15,000,000 in September 2010.

C. Capital Assets

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

Primary Government (includes Internal Service Fund)

Governmental Activities:

	Restated Balance* 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 2,494,228	\$ 27,144	\$ (16,000)	\$ 2,505,372
Construction in Progress	3,240,101	206,670	(209,206)	3,237,565
Total Capital Assets Not Depreciated	\$ 5,734,329	\$ 233,814	\$ (225,206)	\$ 5,742,937
Capital Assets Depreciated:				
Buildings and Improvements	\$ 48,584,463	\$ 320,432	\$ (144,000)	\$ 48,760,895
Roads and Bridges	62,227,194	3,108,152	(104,591)	65,230,755
Intangibles	366,687	0	0	366,687
Other Capital Assets	14,648,256	1,242,216	(320,231)	15,570,241
Total Capital Assets Depreciated	\$ 125,826,600	\$ 4,670,800	\$ (568,822)	\$ 129,928,578

Governmental Activities: (Cont.)

	Restated Balance*			Balance
	7-1-09	Increases	Decreases	6-30-10
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 12,033,193	\$ 1,701,700	\$ (132,088)	\$ 13,602,805
Roads and Bridges	31,453,774	2,775,426	(104,591)	34,124,609
Intangibles	146,675	73,337	0	220,012
Other Capital Assets	9,291,112	1,241,402	(320,231)	10,212,283
Total Accumulated Depreciation	\$ 52,924,754	\$ 5,791,865	\$ (556,910)	\$ 58,159,709
Total Capital Assets Depreciated, Net	\$ 72,901,846	\$ (1,121,065)	\$ (11,912)	\$ 71,768,869
Governmental Activities Capital Assets, Net	\$ 78,636,175	\$ (887,251)	\$ (237,118)	\$ 77,511,806

* The balance as of July 1, 2009, was restated due to prior-period adjustments. See Note I.D.7.

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

Governmental Activities:

General Government	\$ 1,402,449
Finance	17,090
Administration of Justice	1,800
Public Safety	638,914
Public Health and Welfare	332,016
Social, Cultural, and Recreational Services	191,702
Agriculture and Natural Resources	3,934
Highway/Public Works	<u>3,203,960</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,791,865</u>

Discretely Presented Sumner County School Department

Governmental Activities:

	Restated Balance*				Balance
	7-1-09	Increases	Decreases		6-30-10
Capital Assets Not Depreciated:					
Land	\$ 8,538,276	\$ 0	\$ 0		\$ 8,538,276
Construction in Progress	62,990,661	9,971,281	(68,255,811)		4,706,131
Total Capital Assets Not Depreciated	<u>\$ 71,528,937</u>	<u>\$ 9,971,281</u>	<u>\$ (68,255,811)</u>		<u>\$ 13,244,407</u>
Capital Assets Depreciated:					
Buildings and Improvements	\$ 296,383,181	\$ 68,522,403	\$ 0		\$ 364,905,584
Other Capital Assets	19,533,238	1,683,168	(52,461)		21,163,945
Total Capital Assets Depreciated	<u>\$ 315,916,419</u>	<u>\$ 70,205,571</u>	<u>\$ (52,461)</u>		<u>\$ 386,069,529</u>
Less Accumulated Depreciated For:					
Buildings and Improvements	\$ 126,675,833	\$ 13,357,695	\$ 0		\$ 140,033,528
Other Capital Assets	14,383,061	1,519,719	(52,461)		15,850,319
Total Accumulated Depreciation	<u>\$ 141,058,894</u>	<u>\$ 14,877,414</u>	<u>\$ (52,461)</u>		<u>\$ 155,883,847</u>
Total Capital Assets Depreciated, Net	<u>\$ 174,857,525</u>	<u>\$ 55,328,157</u>	<u>\$ 0</u>		<u>\$ 230,185,682</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 246,386,462</u></u>	<u><u>\$ 65,299,438</u></u>	<u><u>\$ (68,255,811)</u></u>		<u><u>\$ 243,430,089</u></u>

* The balance as of July 1, 2009, was restated due to prior-period adjustments. See Note I.D.7.

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

Governmental Activities:

Support Services	\$ 14,531,048
Operation of Non-Instructional Services	<u>346,366</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 14,877,414</u></u>

D. Construction Commitments

At June 30, 2010, the General Capital Projects Fund had uncompleted construction contracts of \$2,989,161 for the renovation of county and school facilities. Funding has been received for these future expenditures.

E. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 102,852
Nonmajor governmental	General	1,450
Nonmajor governmental	General Debt Service	173,854
Internal Service	General	176,699
Internal Service	General Debt Service	8,447

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> <u>General</u> <u>Fund</u>
Fiduciary Fund	\$ 46,997
Internal Service Fund	<u>181,295</u>
Total	<u><u>\$ 228,292</u></u>

Discretely Presented Sumner County School Department

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental fund	\$ 100,055

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.

F. Long-term Debt

Primary Government

General Obligation Bonds

The county issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund notes.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding were issued for original terms of up to 12 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2010, will be retired from the General Debt Service Fund.

General obligation bonds outstanding as of June 30, 2010, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
General Obligation Bonds	2.83 to 5 %	\$ 81,705,000	\$ 66,550,000
General Obligation Bonds - School Refunding	3.79	95,250,000	70,950,000

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2010, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 14,640,000	\$ 6,461,300	\$ 21,101,300
2012	15,320,000	5,729,300	21,049,300
2013	15,995,000	5,048,025	21,043,025
2014	16,710,000	4,326,350	21,036,350
2015	17,520,000	3,498,350	21,018,350
2016-2020	57,315,000	5,625,350	62,940,350
Total	\$ 137,500,000	\$ 30,688,675	\$ 168,188,675

There is \$6,927,803 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,054, 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:	Bonds		Claims and
			Judgments
Balance, July 1, 2009	\$ 145,025,000	\$	3,228,895
Additions	6,555,000		19,340,717
Deductions	(14,080,000)		(20,326,849)
Balance, June 30, 2010	\$ 137,500,000	\$	2,242,763
Balance Due Within One Year	\$ 14,640,000	\$	2,242,763
			Other
	Compensated		Postemployment
	Absences		Benefits
Balance, July 1, 2009	\$ 982,719	\$	449,902
Additions	1,455,839		556,268
Deductions	(1,525,017)		(145,259)
Balance, June 30, 2010	\$ 913,541	\$	860,911
Balance Due Within One Year	\$ 913,541	\$	0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 141,517,215
Less: Due Within One Year	(17,796,304)
Add: Unamortized Premium on Debt	<u>6,190,179</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 129,911,090</u>
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The internal service fund primarily serves the governmental funds. Accordingly, long-term liabilities for the internal service fund are included as part of the above totals for governmental activities. Compensated absences will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Discretely Presented Sumner County School Department

Changes in Long-term Liabilities

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

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2009	\$ 1,871,348	\$ 8,396,325
Additions	1,410,745	9,867,647
Deductions	<u>(1,245,999)</u>	<u>(3,025,552)</u>
Balance, June 30, 2010	<u>\$ 2,036,094</u>	<u>\$ 15,238,420</u>
Balance Due Within One Year	<u>\$ 305,414</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 17,274,514
Less: Due Within One Year	<u>(305,414)</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 16,969,100</u>
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Compensated absences will be paid from the employing funds.

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

The State of Tennessee pays health insurance premiums for retired employees and teachers on-behalf of Sumner County and the Sumner County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. These plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2010, were \$800,781 and \$93,587, respectively. The county and School Department have recognized these on-behalf payments as revenues and expenditures in the General and General Purpose School funds.

V. OTHER INFORMATION

A. Risk Management

The county has chosen to establish the Self-Insurance Fund for risks associated with employees' health and dental insurance plans, workers' compensation, and liability claims. The Self-Insurance Fund is accounted for as an Internal Service Fund in which assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$350,000 per single medical claim. Eighty percent of amounts in excess of this limit are covered by an excess loss policy to a maximum of \$1,000,000 per specific claim. The county retains the risk of loss to a limit of \$350,000 maximum tort liability, plus property damage. Claims in excess of this limit are covered by an insurance policy up to a limit of \$1,000,000 per specific claim.

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

Self-Insurance Fund

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current-year Claims and Estimates</u>	<u>Payments</u>	<u>Balance at Fiscal Year-end</u>
2008-2009	\$ 4,312,674	\$ 18,974,185	\$ (20,057,964)	\$ 3,228,895
2009-2010	3,228,895	19,340,717	(20,326,849)	2,242,763

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

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 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. Note IV.C., Capital Assets, describes intangible asset transactions of Sumner County for the year ended June 30, 2010.

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 Sumner 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. Sumner County had not participated in derivative transactions as June 30, 2010. However, it is reasonably expected that Sumner County may enter into derivative transactions in subsequent years.

C. Subsequent Events

Clerk and Master Brenda Page retired July 9, 2010, and was succeeded by Darlene Daughtry effective July 10, 2010.

On August 17, 2010, Sonny Weatherford was appointed interim sheriff by the County Commission due to the death of Bob Barker. Mr. Weatherford was elected sheriff on November 2, 2010.

On August 31, 2010, the Sumner County School Department entered into a lease-purchase agreement for trash compactors totaling \$46,425 plus interest.

On August 31, 2010, Scotty Parker left the Office of Superintendent of Roads and was succeeded by Julia Hardin.

Effective November 15, 2010, the county adopted the County Financial Management System of 1981.

D. Contingent Liabilities

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

E. Joint Venture

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

DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriff, and police chiefs of participating law enforcement agencies within each judicial district.

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

Administrative Office:

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

F. Retirement Commitments

Employees

Plan Description

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

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

Funding Policy

Sumner County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, was 13.36 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Sumner County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2010, Sumner County's annual pension cost of \$6,065,552 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Sumner County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was eight years. An actuarial valuation was performed as of July 1, 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	\$6,065,552	100%	\$0
6-30-09	6,151,838	100	0
6-30-08	5,708,846	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 83.14 percent funded. The actuarial accrued liability for benefits was \$111.57 million, and the actuarial value of assets was \$92.76 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$18.81 million.

The covered payroll (annual payroll of active employees covered by the plan) was \$46.17 million, and the ratio of the UAAL to the covered payroll was 40.73 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 Sumner County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/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 Sumner 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 Sumner County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2010, 2009, and 2008, were \$6,065,552, \$6,166,457, and \$5,617,082, respectively, equal to the required contributions for each year.

G. Other Postemployment Benefits (OPEB)

Self-Insurance Plan

Plan Description

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

Funding Policy

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

Sumner County provides postretirement health care benefits to all employees who retire from the county on or after age 60 with at least 20 years of service or who retire after 30 years of service and have been eligible for coverage under the county group medical plan for a continuous five-year period immediately prior to retirement. The county pays 75 percent of medical premiums for retirees.

The School Department provides postretirement health care benefits, in accordance with contract provisions, to all employees who have been employed by the School Department for ten years and who retire from the department on or after age 60 with at least 20 years of verified Tennessee Consolidated Retirement Service (TCRS) or have 30 years (regardless of age)

of verified TCRS. The School Department pays 70 percent of medical premiums for retirees who had insurance coverage during the last three years of employment. Retirees receive one-year of coverage for every three years worked at the School Department with a maximum coverage of ten years or until eligible for Medicare, whichever comes first.

Also, the School Department, at the Board of Education's discretion, provides postretirement health care benefits, in accordance with contract provisions, to all employees who have been employed by the School Department for ten years and who retire from the department on or after age 57 with at least 20 years of verified Tennessee Consolidated Retirement Service (TCRS) or have 30 years (regardless of age) of verified TCRS. The School Department pays 100 percent of the least costly medical premiums available to retirees who had insurance coverage during the last three years of employment until they are eligible for Medicare. Thereafter to age 70, the retiree will be reimbursed up to \$800 per year for a Medicare supplement policy.

Sumner County and the Sumner County School Department made contributions totaling \$470,486 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Primary Government	School Department	Total
ARC	\$ 278,713	\$ 752,811	\$ 1,031,524
Interest on the NPO	17,996	23,085	41,081
Adjustment to the ARC	(19,441)	(24,828)	(44,269)
Annual OPEB cost	\$ 277,268	\$ 751,068	\$ 1,028,336
Amount of contribution	(141,146)	(329,340)	(470,486)
Increase/decrease in NPO	\$ 136,122	\$ 421,728	\$ 557,850
Net OPEB obligation, 7-1-09	449,902	577,119	1,027,021
Net OPEB obligation, 6-30-10	\$ 586,024	\$ 998,847	\$ 1,584,871

Fiscal Year Ended*	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Primary Government	\$ 262,000	18 %	\$ 449,902
6-30-10	"	277,268	51	586,024
6-30-09	School Department	622,000	68	577,119
6-30-10	"	751,068	44	998,847

* Data only available for two years.

Funded Status and Funding Progress

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

	Primary Government	School Department
Actuarial valuation date	7-1-09	7-1-09
Actuarial accrued liability (AAL)	\$ 1,970,209	\$ 7,264,136
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,970,209	\$ 7,264,136
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 21,537,193	\$ 25,771,647
UAAL as a % of covered payroll	9%	28%

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. The actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of ten percent for 2009, grading down to six percent for 2017 and beyond. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over a 30-year period beginning with June 30, 2009.

State Sponsored Local Education Group Insurance Plan and Medicare Supplement Plan

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in the plan develop their own contribution policy in terms of subsidizing retired employees' premiums since the committee is not prescriptive on that issue. The state 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. Sumner County and the Sumner County School Department made contributions totaling \$2,700,325 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan - Schools
ARC	\$ 6,283,000	\$ 2,815,000
Interest on the NPO	331,350	20,514
Adjustment to the ARC	(313,854)	(19,431)
Annual OPEB cost	\$ 6,300,496	\$ 2,816,083
Amount of contribution	(2,632,865)	(63,347)
Increase/decrease in NPO	\$ 3,667,631	\$ 2,752,736
Net OPEB obligation, 7-1-09	7,363,340	455,866
Net OPEB obligation, 6-30-10	\$ 11,030,971	\$ 3,208,602

Annual OPEB Cost and Net OPEB Obligation

	Medicare Supplement Plan - County	Totals
ARC	\$ 279,000	\$ 9,377,000
Interest on the NPO	0	351,864
Adjustment to the ARC	0	(333,285)
Annual OPEB cost	\$ 279,000	\$ 9,395,579
Amount of contribution	(4,113)	(2,700,325)
Increase/decrease in NPO	\$ 274,887	\$ 6,695,254
Net OPEB obligation, 7-1-09	0	7,819,206
Net OPEB obligation, 6-30-10	\$ 274,887	\$ 14,514,460

Fiscal Year Ended* Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09 Local Education Group	\$ 5,636,420	35 %	\$ 7,363,340
6-30-10 "	6,300,496	42	11,030,971
6-30-09 Medicare Supplement - Schools	265,285	18	455,866
6-30-10 Medicare Supplement - County	279,000	1	455,866

* Data will be provided for three years when available.

Funded Status and Funding Progress

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

	<u>Local Education Group Plan</u>	<u>Medicare Supplement Plan - Schools</u>	<u>Medicare Supplement Plan - County</u>
Actuarial valuation date	7-1-09	7-1-09	7-1-09
Actuarial accrued liability (AAL)	\$ 50,131,000	\$ 26,777,000	\$ 2,346,000
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 50,131,000	\$ 26,777,000	\$ 2,346,000
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	\$ 98,212,287	\$ N/A	\$ N/A
UAAL as a % of covered payroll	51%	N/A	N/A

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

Actuarial Methods and Assumptions

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

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

H. Office of Finance Director

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

Effective November 15, 2010, the county adopted the County Financial Management System of 1981.

I. Purchasing Laws

Office of Finance Director

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

Office of Superintendent of Roads

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

Office of Director of Schools

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

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

A. **Organization and Reporting Entity**

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

The authority meets the criteria set forth in generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB) for inclusion as a component unit with the county's general purpose financial statements based on the county's responsibility for the appointment of the authority's members, and their approval of capital programs and certain debt issuances. As a component unit of the county, the authority's financial statements are discretely presented in the county's general purpose financial statements. The accompanying financial statements present the financial position and the changes in net assets and cash flows of the authority only. The authority does not have any component units and is not involved in any joint ventures.

B. **Summary of Significant Accounting Policies**

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

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

Cash, Cash Equivalents, and Investments – For purposes of the Statement of Cash Flows, the authority considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. No cash equivalents were held by the authority as of June 30, 2010.

Per Tennessee statutes, bank accounts may only be established and maintained in financial institutions whose deposits are federally insured. Bank account balances (including checking and investment accounts combined) must not exceed the amount federally insured by the Federal Deposit Insurance Corporation (FDIC) unless the financial institution participates in the State Collateral Pool or pledges collateral for deposits in excess of the insured limits, and the collateral is maintained in accordance with state statutes. As of June 30, 2010, the authority's combined bank account balances exceeded FDIC insured limits by \$371,296. The financial institution does not participate in the State Collateral Pool but has pledged adequate collateral to cover the excess risk.

Receivables – Receivables are reported at their gross value when earned and reduced by the estimated portion that is expected to be uncollectible. The allowance for uncollectible amounts is based on collection history, aviation industry trends, and current information regarding the credit worthiness of the tenants and others doing business with the authority. When continued collection activity results in receipt of amounts previously written off, revenue is recognized for the amount collected. The authority determined an allowance for uncollectible amounts was not needed as of June 30, 2010.

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

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

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

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

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

Grants for capital assets acquisition, facility development, and rehabilitation are reported in the Statement of Revenues, Expenses, and Changes in Net Assets, after nonoperating revenues and expenses, as capital contributions.

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

Deferred Revenue – The authority records hangar rent collected in advance of the months in which it is earned as deferred revenue. Deferred revenue totaled \$0 at June 30, 2010.

Net Assets – In conformity with GASB Statement No. 34, net assets have been labeled and displayed in three components: invested in capital assets, net of debt; restricted; and unrestricted. As of June 30, 2010, there were no restricted net assets.

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

C. Litigation

During fiscal year 2010, the lawsuit titled Northstar Environmental Group v. Sumner County Regional Airport Authority was resolved in favor of the authority and resulted in no financial liability from the authority. The authority currently is not a party to any litigation.

D. Long-term Debt

Long term debt at June 30, 2010 consisted of the following:

3% bank note with interest payable monthly. Note matures July 31, 2010; collateralized by a certificate of deposit.	\$ 350,175
Non-interest bearing loan from Sumner County, Tennessee, requiring \$2,500 monthly installment payments beginning June 1, 2010, and ending June 1, 2020.	<u>295,000</u>
Total long-term debt	\$ 645,175
Less: amount due in 12 months or less	<u>(380,175)</u>
Net long-term debt	<u><u>\$ 265,000</u></u>

E. State Grants

During the year ended June 30, 2010, a total of \$228,534 in federal and state grant monies was paid by the State of Tennessee to the authority. These funds were disbursed for various construction and maintenance projects. The construction is overseen by the state, and all expenditures are reviewed for propriety by the state. None of these funds are required to be repaid.

At June 30, 2010, the authority had \$155,465 remaining on deposit with the State of Tennessee for matching portions of grants that have been awarded to the authority. Matching funds are recognized by the authority on a pro-rata basis as the underlying projects are completed and grant funds are released by the state.

At June 30, 2010, the authority held approved state grants with \$2,628,003 remaining and available to the authority and was liable for \$397,000 in local matching funds that were not yet submitted to the grantor agency.

F. Airport Management

The authority has contracted with Jet Harbor, Inc., to act as fixed base operator (FBO) for the airport. As FBO, Jet Harbor, engages in flight instruction, aircraft rental, aircraft maintenance, aircraft charter, and the sale of fuel and lubricants. The authority has contracted with J&S Properties to perform daily management duties for \$2,500 per month. During the year ended June 30, 2010, management's expenses totaled \$30,000.

G. Budget

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

H. Capital Assets

Nondepreciable assets owned by the authority consist solely of land recorded at cost. Eleven privately built hangars were removed from the airport's capital assets in previous years. These hangars are leased by private parties on 30-year terms, and ownership of the hangars will revert to the authority at the conclusion of the respective leases. Depreciation expense for the year ended June 30, 2010, totaled \$344,619.

The following is a summary of the authority's depreciable and non-depreciable assets as of June 30, 2010:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 717,415	\$ 0	\$ 0	\$ 717,415
Construction in Progress	998,250	0	(920,276)	77,974
Total Capital Assets Not Depreciated	<u>\$ 1,715,665</u>	<u>\$ 0</u>	<u>\$ (920,276)</u>	<u>\$ 795,389</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 6,003,258	\$ 1,376,859	\$ 0	\$ 7,380,117
Other Capital Assets	297,061	80,000	0	377,061
Total Capital Assets Depreciated	<u>\$ 6,300,319</u>	<u>\$ 1,456,859</u>	<u>\$ 0</u>	<u>\$ 7,757,178</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,500,026	\$ 322,882	\$ 0	\$ 3,822,908
Other Capital Assets	68,212	21,738	0	89,950
Total Accumulated Depreciation	<u>\$ 3,568,238</u>	<u>\$ 344,620</u>	<u>\$ 0</u>	<u>\$ 3,912,858</u>
Total Capital Assets Depreciated, Net	<u>\$ 2,732,081</u>	<u>\$ 1,112,239</u>	<u>\$ 0</u>	<u>\$ 3,844,320</u>
Business-type Activities Capital Assets, Net	<u>\$ 4,447,746</u>	<u>\$ 1,112,239</u>	<u>\$ (920,276)</u>	<u>\$ 4,639,709</u>

I. Related-party Transactions

During the year ended June 30, 2010, the authority did not receive any funds from Sumner County or the City of Gallatin. Certain board members lease hangars for their private aircraft. Total revenues derived from board members were approximately \$24,640. These leases are structured on the same terms as those leases made to the general public.

J. Risk Financing Activities

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

K. Leases

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

L. Other Noncurrent Assets

Other assets listed on the balance sheet of \$130,497 include assets not placed in service at June 30, 2010, advance costs on land acquisitions expected to be reimbursed under federal grants, and expenditures to date on an environmental assessment not completed at year end. All of these assets are expected to transition to capital assets within the next year.

M. Prior-period Adjustment

At June 30, 2009, the authority and the Sumner County Commission had not resolved the nature of a \$300,000 transfer of funds from the county to the authority that occurred in the prior fiscal year. On May 21, 2010, the parties agreed to treat the transfer as a loan. The transfer was treated as revenue in 2009 and became a component of net assets and has now been restated as a long-term liability and removed from net assets.

N. Subsequent Event

Subsequent to year end, the authority renewed the bank promissory for an additional year at the same amount with an interest rate of 2.489 percent. The note remains collateralized by a certificate of deposit, which had a balance of \$316,044 at June 30, 2010.

VII. OTHER NOTES – DISCRETELY PRESENTED THE RESOURCE AUTHORITY IN SUMNER COUNTY, TENNESSEE

A. Summary of Significant Accounting Policies

The Resource Authority in Sumner County, Tennessee, is a public and governmental body acting as an instrumentality and agency of Sumner

County and the cities of Gallatin and Hendersonville, organized in 1979 under Chapter No. 157 of the Tennessee Private Acts of 1979, as amended.

Up until May 2005, the authority operated a solid waste disposal and resource recovery facility, which incinerated and disposed of solid waste primarily from the county and the cities, produced steam for distribution to industrial customers, and generated electricity for internal plant consumption. The authority also operated a construction/demolition debris landfill and an ash monofill, both of which ceased operations in fiscal 2009. The authority began operations of a recycling facility during fiscal year 1992. In May 2005, the authority began operating primarily as a transfer station for the solid waste within the county.

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

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

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

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

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

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

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

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

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, the authority considers all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents. At June 30, 2010, all the authority's cash was deposited in an institution, which is a member of the Local Government Collateral Pool. The Tennessee Bank Collateral Pool is a multiple financial institution collateral pool where member financial institutions holding public funds pledge collateral to a common pool. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. The pool also has the ability to make additional assessments on a pro rata basis to members of the pool if the value of the pool's collateral is inadequate to cover a loss. As a result, the pool is similar to depository insurance.

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

At June 30, 2010, there were no amounts of deposits exposed to custodial risks.

Inventory of Materials and Supplies – Spare parts and supplies are stated at the lower of cost or estimated salvage value. During fiscal year 2010, all spare parts and supplies were disposed of as part of the demolition of the plant facility.

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

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

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

- a. **Invested in capital assets** – Consists of capital assets, net of accumulated depreciation.
- b. **Restricted net assets** – Consists of net assets with constraints. The authority currently has no restricted net assets.
- c. **Unrestricted net assets** – All other net assets that do not meet the definition of restricted or invested in capital assets.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

B. Capital Assets

The following is a summary of capital assets:

Business-type Activities:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 307,491	\$ 0	\$ 0	\$ 307,491
Total Capital Assets Not Depreciated	\$ 307,491	\$ 0	\$ 0	\$ 307,491
Capital Assets Depreciated:				
Buildings and Improvements	\$ 5,045,174	\$ 0	\$ 0	\$ 5,045,174
Other Capital Assets	682,031	10,030	4,850	687,211
Total Capital Assets Depreciated	\$ 5,727,205	\$ 10,030	\$ 4,850	\$ 5,732,385
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,756,740	\$ 173,847	\$ 0	\$ 2,930,587
Other Capital Assets	667,598	7,176	4,850	669,924
Total Accumulated Depreciation	\$ 3,424,338	\$ 181,023	\$ 4,850	\$ 3,600,511
Total Capital Assets Depreciated, Net	\$ 2,302,867	\$ (170,993)	\$ 0	\$ 2,131,874
Business-type Activities Capital Assets, Net	\$ 2,610,358	\$ (170,993)	\$ 0	\$ 2,439,365

Depreciation expense for 2010 was \$181,023.

C. Landfill Closure and Postclosure Costs

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

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

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

<u>Landfill Closure/Postclosure Care Costs</u>	Balance 6-30-10
Closure	\$ 0
Postclosure	<u>1,341,472</u>
Total	<u>\$ 1,341,472</u>

The Capps Gap Landfill is closed and is 14 years into postclosure monitoring. The Oak Grove Landfill and Ash Monofill's Cells I, II, and III were officially closed in 2006 and are four years into postclosure monitoring. All authority landfills are closed. During the year, the waste to energy plant was dismantled and closed. The authority incurred no costs of closure, which had been estimated in the previous year to be \$167,454, as well as actual postclosure costs were less than estimated at the landfills, which has resulted in a negative closure and postclosure cost for the year.

The authority, along with Sumner County and the cities of Gallatin and Hendersonville, has a "Contract in-Lieu-of Performance Bond" with the state for financial assurance of the closure and postclosure costs. The authority is potentially responsible for environmental clean-up costs associated with its landfill operations. However, management anticipates any future clean-up cost would be assessed to, and paid by, the party responsible for generating the hazardous materials. The state calculations for the bond amounts were used as a basis for calculations of closure and postclosure costs.

D. Municipal and County Agreements

Agreements between the authority, the cities of Gallatin and Hendersonville, and Sumner County provide that when future (cumulative) profits are available from the operation of the authority, payments by the cities and the county in-lieu-of tipping fees and other revenues will be returned. During fiscal year 2010, the City of Gallatin paid \$457,383 in tipping fees. Sumner County paid \$100,000 in-lieu-of tipping fees for fiscal year 2010. The City of Hendersonville has ceased taking significant waste to the authority.

The agreements further provide that in the event the authority's revenues are insufficient to cover the cost of the project, the county and the cities agree to pay such deficit in the proportions of 3/7, 2/7, and 2/7, respectively. No deficit assessments were made in fiscal year 2010. Because the City of Hendersonville is no longer bringing waste to the authority, it has not been finalized as to whether this agreement will continue.

E. Pension Plan

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

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

The authority's total payroll was \$376,008 for 2010. Employees who are covered and participating under the pension plan were paid \$342,408 for 2010. The resource authority contributed 4.4 percent (\$15,138) for 2010 of covered and participating salaries.

F. Tipping Fees

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

G. Risk of Loss

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

H. Contingency

In May 2005, the authority ceased waste-to-energy operations and began operating as a transfer station. The authority entered into a contract with a private waste company that provides for loading, hauling, and disposal of the solid waste. Also, in 2008, the City of Hendersonville passed legislation expressing their desire to dissolve the authority and ceased transporting their solid waste to the authority. The City of Gallatin and the county have not passed similar legislation, which is necessary to affect a dissolution. Issues relating to these changes in operations and the extent of participation of the cities and county still exist and could result in additional costs and or liabilities. The ultimate outcome of these uncertainties cannot be presently determined, and as a result, an estimate of the costs and liabilities, if any, cannot be determined.

The authority is not involved in any lawsuits at the current time.

I. Special Item

During the fiscal year 2010, the authority disposed of salvage property, which came about due to the change in operations. This property included the incineration plant whose salvage value had been previously reduced to zero. The gain on the sale of these assets is reported as a special item on the Statement of Revenues, Expenses, and Changes in Net Assets.

J. Contracts and Commitments

The authority has entered into a load, haul, and disposal contract that will run through August 2010, and provides for a rate per ton plus adjustments for CPI and diesel prices. The amount paid relating to this contract for 2010 was \$2,228,382.

The authority also has a contract with a company to grind brush for \$3.65 per cubic yard, which runs through October 2010. The amount paid related to this contract for 2010 was \$184,050.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Summer 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	\$ 19,099,133	\$ 0	\$ 0	\$ 19,099,133	\$ 18,920,331	\$ 18,902,154	\$ 196,979
Licenses and Permits	480,853	0	0	480,853	436,000	436,000	44,853
Fines, Forfeitures, and Penalties	763,940	0	0	763,940	802,050	802,050	(38,110)
Charges for Current Services	6,161,367	0	0	6,161,367	5,498,750	5,634,409	526,958
Other Local Revenues	1,040,828	0	0	1,040,828	635,940	746,926	293,902
Fees Received from County Officials	7,010,174	0	0	7,010,174	7,096,000	7,096,000	(85,826)
State of Tennessee	4,965,854	0	0	4,965,854	4,816,591	4,852,385	113,469
Federal Government	1,367,748	0	0	1,367,748	65,000	1,828,365	(460,617)
Other Governments and Citizens Groups	188,174	0	0	188,174	138,000	161,204	26,970
Total Revenues	\$ 41,078,071	\$ 0	\$ 0	\$ 41,078,071	\$ 38,408,662	\$ 40,459,493	\$ 618,578
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 257,994	\$ 0	\$ 0	257,994	286,522	289,554	31,560
Board of Equalization	20,000	0	0	20,000	20,000	20,000	0
Other Boards and Committees	6,667	0	0	6,667	9,000	9,000	2,333
County Mayor/Executive	253,250	0	0	253,250	255,932	258,575	5,325
Personnel Office	1,132	0	0	1,132	1,137	1,137	5
County Attorney	630,826	0	85,376	716,202	352,711	727,724	11,522
Election Commission	485,484	0	0	485,484	674,952	677,171	191,687
Register of Deeds	580,147	0	0	580,147	687,561	693,038	112,891
Planning	22,779	0	0	22,779	22,780	22,780	1
Building	626,794	0	0	626,794	653,065	677,056	50,262
Engineering	12,244	0	0	12,244	12,245	12,245	1
County Buildings	1,141,384	0	0	1,141,384	1,366,293	1,363,335	221,951

(Continued)

Exhibit F-1

Summer 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>General Government (Cont.)</u>							
<u>Preservation of Records</u>	\$	0	0	\$ 56,174	\$ 71,441	\$ 72,005	\$ 15,831
<u>Finance</u>							
Accounting and Budgeting	563,981	0	14,940	578,921	600,151	603,655	24,734
Property Assessor's Office	654,357	0	0	654,357	665,396	671,309	16,952
Reappraisal Program	601,992	0	0	601,992	582,585	610,281	8,289
County Trustee's Office	412,141	0	0	412,141	511,006	515,250	103,109
County Clerk's Office	1,310,947	0	0	1,310,947	1,369,804	1,380,837	69,890
Data Processing	127,258	0	0	127,258	132,130	133,154	5,896
Other Finance	181,294	0	0	181,294	180,458	181,812	518
<u>Administration of Justice</u>							
Circuit Court	1,385,816	0	0	1,385,816	1,558,369	1,570,348	184,532
General Sessions Judge	274,015	0	0	274,015	293,840	294,065	20,050
Drug Court	200,892	0	0	200,892	270,497	274,245	73,353
Chancery Court	605,319	0	0	605,319	621,765	627,582	22,263
Juvenile Court	410,958	0	0	410,958	433,677	434,916	23,958
District Attorney General	3,600	0	0	3,600	3,600	3,600	0
Judicial Commissioners	218,860	0	0	218,860	226,551	226,551	7,691
Other Administration of Justice	187,277	0	0	187,277	223,273	223,273	35,996
Probation Services	360,585	0	0	360,585	364,169	365,642	5,057
Courtroom Security	0	0	0	0	0	4,900	4,900
<u>Public Safety</u>							
Sheriff's Department	7,552,772	0	4,454	7,557,226	7,999,823	8,146,133	588,907
Administration of the Sexual Offender Registry	3,839	0	3,376	7,215	9,100	9,100	1,885
Jail	6,704,100	0	0	6,704,100	7,199,519	7,246,348	542,248

(Continued)

Exhibit F-1

Summer 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>Public Safety (Cont.)</u>							
Juvenile Services	\$ 478,345	\$ 0	\$ 0	\$ 478,345	\$ 534,771	\$ 547,709	\$ 69,364
Fire Prevention and Control	2,000	0	0	2,000	2,000	2,000	0
Rural Fire Protection	144,000	0	0	144,000	144,000	144,000	0
Other Emergency Management	662,769	(93,447)	4,531	573,853	193,212	790,212	216,359
<u>Public Health and Welfare</u>							
Local Health Center	1,286,491	0	0	1,286,491	1,737,244	1,745,415	458,924
Ambulance/Emergency Medical Services	7,370,735	0	132,139	7,502,874	7,236,670	7,593,778	90,904
Appropriation to State	197,655	0	0	197,655	197,655	197,655	0
General Welfare Assistance	1,000	0	0	1,000	1,000	1,000	0
Aid to Dependent Children	0	0	0	0	1,000	1,000	1,000
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	231,317	0	0	231,317	240,000	240,500	9,183
Libraries	1,575,986	0	7,658	1,583,644	1,522,808	1,808,289	224,645
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	391,523	0	0	391,523	396,345	400,519	8,996
Soil Conservation	48,909	0	0	48,909	49,197	49,762	853
<u>Other Operations</u>							
Tourism	350,000	0	0	350,000	350,000	350,000	0
Industrial Development	15,000	0	0	15,000	15,000	15,000	0
Veterans' Services	54,181	0	0	54,181	55,973	55,973	1,792
Other Charges	999,840	0	0	999,840	1,072,500	1,072,500	72,660
Contributions to Other Agencies	142,257	(19,044)	0	123,213	133,593	173,593	50,380
Employee Benefits	85,287	0	0	85,287	287,706	277,206	191,919
ARRA Grant No. 1	49,966	0	0	49,966	50,000	50,000	34

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	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>							
ARRA Grant No. 2	\$ 45,155	\$ 0	\$ 0	\$ 45,155	\$ 0	\$ 61,773	\$ 16,618
ARRA Grant No. 3	66,708	0	81,533	148,241	0	194,724	46,483
ARRA Grant No. 4	3,197	0	0	3,197	0	431,700	428,503
Miscellaneous	28,303	0	0	28,303	38,000	45,544	17,241
<u>Capital Projects</u>							
Public Health and Welfare Projects	367,316	0	0	367,316	0	390,355	23,039
Total Expenditures	\$ 40,452,818	\$ (112,491)	\$ 334,007	\$ 40,674,334	\$ 41,918,026	\$ 44,986,828	\$ 4,312,494
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 625,253	\$ 112,491	\$ (334,007)	\$ 403,737	\$ (3,509,364)	\$ (4,527,335)	\$ 4,931,072
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 3,206	\$ 0	\$ 0	\$ 3,206	\$ 0	\$ 3,206	\$ 0
Transfers In	228,292	0	0	228,292	233,469	246,469	(18,177)
Total Other Financing Sources (Uses)	\$ 231,498	\$ 0	\$ 0	\$ 231,498	\$ 233,469	\$ 249,675	\$ (18,177)
Net Change in Fund Balance	\$ 856,751	\$ 112,491	\$ (334,007)	\$ 635,235	\$ (3,275,895)	\$ (4,277,660)	\$ 4,912,895
Fund Balance, July 1, 2009	16,358,435	(112,491)	0	16,245,944	16,159,837	16,159,837	86,107
Prior-period Adjustment	15,000,000	0	0	15,000,000	0	15,000,000	0
Fund Balance, June 30, 2010	\$ 32,215,186	\$ 0	\$ (334,007)	\$ 31,881,179	\$ 12,883,942	\$ 26,882,177	\$ 4,999,002

Exhibit F-2

Sumner County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Sumner 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	\$ 92,762	\$ 111,568	18,806	83.14 %	\$ 46,174	40.73 %
7-1-07	83,594	96,128	12,534	86.96	40,406	31.02

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the 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 year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit F-3

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

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a
							Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Self-Insurance	7-1-07	\$ 0	\$ 2,085	\$ 2,085	0%	\$ 22,489	9 %
"	7-1-09	0	1,970	1,970	0	21,537	9
Medicare Supplement	7-1-09	0	2,346	2,346	0	0	0
<u>DISCRETELY PRESENTED SUMNER COUNTY SCHOOL DEPARTMENT</u>							
Self-Insurance	7-1-07	0	6,706	6,706	0	25,451	26
"	7-1-09	0	7,264	7,264	0	25,771	28
Local Education Group Insurance	7-1-07	0	44,938	44,938	0	95,536	47
"	7-1-09	0	50,131	50,131	0	98,212	51
Medicare Supplement	7-1-07	0	2,244	2,244	0	0	0
"	7-1-09	0	26,777	26,777	0	0	0

*Data will be presented for three actuarial valuations when available.

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

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, Other Boards and Committees, County Mayor/Executive, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

**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 and the recording of certain instruments. The proceeds of the tax must be used to pay for improvements or maintenance on the courthouse and jail.

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

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

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

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

Capital Projects Fund

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

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

Exhibit G-1

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

	Special Revenue Funds						Total
	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway / Public Works	Highway Capital Projects	
\$	0	0	0	93,985	0	0	93,985
Equity in Pooled Cash and Investments	195,681	140,133	60,606	0	1,984,375	0	2,380,795
Accounts Receivable	16,506	1,200	0	5,615	6,421	0	29,742
Due from Other Governments	0	1,374	0	0	535,491	0	536,865
Due from Other Funds	173,854	0	0	0	1,450	0	175,304
Property Taxes Receivable	0	0	0	0	719,086	0	719,086
Allowance for Uncollectible Property Taxes	0	0	0	0	(29,016)	0	(29,016)
Total Assets	\$ 386,041	\$ 142,707	\$ 60,606	\$ 99,600	\$ 3,217,807	\$ 195,998	\$ 4,102,759

ASSETS

Cash	0
Equity in Pooled Cash and Investments	195,681
Accounts Receivable	16,506
Due from Other Governments	0
Due from Other Funds	173,854
Property Taxes Receivable	0
Allowance for Uncollectible Property Taxes	0
Total Assets	\$ 386,041

LIABILITIES AND FUND BALANCES

Liabilities							
Accounts Payable	16,562	628	42	0	469,824	0	487,056
Accrued Payroll	0	0	0	0	38,272	0	38,272
Due to Other Funds	7,390	0	0	95,462	0	0	102,852
Due to Litigants, Heirs, and Others	0	0	0	4,138	0	0	4,138
Other Current Liabilities	0	0	0	0	2,289	0	2,289
Deferred Revenue - Current Property Taxes	0	0	0	0	672,699	0	672,699
Deferred Revenue - Delinquent Property Taxes	0	0	0	0	14,772	0	14,772
Other Deferred Revenues	0	6,450	0	0	234,960	0	241,410
Total Liabilities	\$ 23,952	\$ 7,078	\$ 42	\$ 99,600	\$ 1,432,816	\$ 0	\$ 1,563,488
Fund Balances							
Reserved for Encumbrances	1,125	0	0	0	0	0	1,125
Other Federal Reserves	0	52,197	0	0	0	0	52,197
Unreserved	360,964	83,432	60,564	0	1,784,991	195,998	2,485,949
Total Fund Balances	\$ 362,089	\$ 135,629	\$ 60,564	\$ 0	\$ 1,784,991	\$ 195,998	\$ 2,539,271
Total Liabilities and Fund Balances	\$ 386,041	\$ 142,707	\$ 60,606	\$ 99,600	\$ 3,217,807	\$ 195,998	\$ 4,102,759

Exhibit G-2

Sumner County, Tennessee
Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances

Nonmajor Governmental Funds
 For the Year Ended June 30, 2010

	Special Revenue Funds						Total	Capital Projects Fund	Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway / Public Works	Total			
<u>Revenues</u>									
Local Taxes	\$ 609,956	\$ 0	\$ 0	\$ 0	\$ 2,633,233	\$ 3,243,189	\$ 0	\$ 3,243,189	
Licenses and Permits	0	0	0	0	0	0	89,250	89,250	
Fines, Forfeitures, and Penalties	0	24,028	26,249	0	0	50,277	0	50,277	
Charges for Current Services	124,000	114,000	50	10,823	0	248,873	0	248,873	
Other Local Revenues	181	4,274	0	0	100,656	105,111	0	105,111	
State of Tennessee	0	0	0	0	3,099,661	3,099,661	0	3,099,661	
Federal Government	0	13,476	0	0	166,172	179,648	0	179,648	
Total Revenues	\$ 734,137	\$ 155,778	\$ 26,299	\$ 10,823	\$ 5,999,722	\$ 6,926,759	\$ 89,250	\$ 7,016,009	
<u>Expenditures</u>									
Current:									
General Government	\$ 735,298	\$ 0	\$ 0	\$ 0	\$ 0	\$ 735,298	\$ 0	\$ 735,298	
Administration of Justice	0	0	34,646	10,823	0	45,469	0	45,469	
Public Safety	0	61,060	0	0	0	61,060	0	61,060	
Highways	0	0	0	0	6,564,106	6,564,106	0	6,564,106	
Capital Projects	0	0	0	0	0	0	915	915	
Total Expenditures	\$ 735,298	\$ 61,060	\$ 34,646	\$ 10,823	\$ 6,564,106	\$ 7,405,933	\$ 915	\$ 7,406,848	
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,161)	\$ 94,718	\$ (8,347)	\$ 0	\$ (564,384)	\$ (479,174)	\$ 88,335	\$ (390,839)	
Net Change in Fund Balances	\$ (1,161)	\$ 94,718	\$ (8,347)	\$ 0	\$ (564,384)	\$ (479,174)	\$ 88,335	\$ (390,839)	
Fund Balance, July 1, 2009	363,250	40,911	68,911	0	2,349,375	2,822,447	107,663	2,930,110	
Fund Balance, June 30, 2010	\$ 362,089	\$ 135,629	\$ 60,564	\$ 0	\$ 1,784,991	\$ 2,343,273	\$ 195,998	\$ 2,539,271	

Exhibit G-3

Sumner County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Courthouse and Jail Maintenance 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>						
Local Taxes	\$ 609,956	\$ 0	\$ 609,956	\$ 580,000	\$ 580,000	\$ 29,956
Charges for Current Services	124,000	0	124,000	124,000	124,000	0
Other Local Revenues	181	0	181	0	0	181
Total Revenues	\$ 734,137	\$ 0	\$ 734,137	\$ 704,000	\$ 704,000	\$ 30,137
<u>Expenditures</u>						
<u>General Government</u>						
County Buildings	\$ 735,298	\$ 1,125	\$ 736,423	\$ 682,600	\$ 765,090	\$ 28,667
Total Expenditures	\$ 735,298	\$ 1,125	\$ 736,423	\$ 682,600	\$ 765,090	\$ 28,667
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,161)	\$ (1,125)	\$ (2,286)	\$ 21,400	\$ (61,090)	\$ 58,804
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (1,161)	\$ (1,125)	\$ (2,286)	\$ 21,400	\$ (61,090)	\$ 58,804
	363,250	0	363,250	362,850	362,850	400
Fund Balance, June 30, 2010	\$ 362,089	\$ (1,125)	\$ 360,964	\$ 384,250	\$ 301,760	\$ 59,204

Exhibit G-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 24,028	\$ 69,616	\$ 69,616	\$ (45,588)
Charges for Current Services	114,000	0	0	114,000
Other Local Revenues	4,274	12,500	12,500	(8,226)
Federal Government	13,476	0	0	13,476
Total Revenues	<u>\$ 155,778</u>	<u>\$ 82,116</u>	<u>\$ 82,116</u>	<u>\$ 73,662</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 61,060	\$ 126,000	\$ 126,000	\$ 64,940
Total Expenditures	<u>\$ 61,060</u>	<u>\$ 126,000</u>	<u>\$ 126,000</u>	<u>\$ 64,940</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 94,718</u>	<u>\$ (43,884)</u>	<u>\$ (43,884)</u>	<u>\$ 138,602</u>
Net Change in Fund Balance	\$ 94,718	\$ (43,884)	\$ (43,884)	\$ 138,602
Fund Balance, July 1, 2009	40,911	43,884	43,884	(2,973)
Fund Balance, June 30, 2010	<u>\$ 135,629</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 135,629</u>

Exhibit G-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,633,233	\$ 2,562,170	\$ 2,562,170	\$ 71,063
Other Local Revenues	100,656	76,354	76,354	24,302
State of Tennessee	3,099,661	3,038,037	3,038,037	61,624
Federal Government	166,172	50,000	50,000	116,172
Total Revenues	\$ 5,999,722	\$ 5,726,561	\$ 5,726,561	\$ 273,161
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 202,480	\$ 199,963	\$ 231,364	\$ 28,884
Highway and Bridge Maintenance	4,432,073	3,522,434	4,711,509	279,436
Operation and Maintenance of Equipment	800,382	1,021,619	1,024,619	224,237
Quarry Operations	6,278	6,450	7,375	1,097
Litter and Trash Collection	23,060	49,646	59,447	36,387
Other Charges	237,712	236,935	240,100	2,388
Employee Benefits	690,462	744,892	744,892	54,430
Capital Outlay	171,659	553,500	483,699	312,040
Total Expenditures	\$ 6,564,106	\$ 6,335,439	\$ 7,503,005	\$ 938,899
Excess (Deficiency) of Revenues Over Expenditures	\$ (564,384)	\$ (608,878)	\$ (1,776,444)	\$ 1,212,060
Net Change in Fund Balance	\$ (564,384)	\$ (608,878)	\$ (1,776,444)	\$ 1,212,060
Fund Balance, July 1, 2009	2,349,375	2,349,383	2,349,383	(8)
Fund Balance, June 30, 2010	\$ 1,784,991	\$ 1,740,505	\$ 572,939	\$ 1,212,052

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

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 21,248,211	\$ 21,210,078	\$ 21,210,078	\$ 38,133
Other Local Revenues	1,374,192	950,000	950,000	424,192
Total Revenues	<u>\$ 22,622,403</u>	<u>\$ 22,160,078</u>	<u>\$ 22,160,078</u>	<u>\$ 462,325</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 14,080,000	\$ 14,080,000	\$ 14,080,000	\$ 0
<u>Interest on Debt</u>				
General Government	61,856	0	61,856	0
Education	6,896,425	6,896,425	6,896,425	0
<u>Other Debt Service</u>				
General Government	373,316	555,500	649,882	276,566
Education	750	2,500	2,500	1,750
Total Expenditures	<u>\$ 21,412,347</u>	<u>\$ 21,534,425</u>	<u>\$ 21,690,663</u>	<u>\$ 278,316</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,210,056</u>	<u>\$ 625,653</u>	<u>\$ 469,415</u>	<u>\$ 740,641</u>
<u>Other Financing Sources (Uses)</u>				
Bonds Issued	\$ 0	\$ 0	\$ 6,555,000	\$ (6,555,000)
Premiums on Debt Issued	0	0	57,464	(57,464)
Transfers Out	0	0	(6,518,082)	6,518,082
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 94,382</u>	<u>\$ (94,382)</u>
Net Change in Fund Balance	\$ 1,210,056	\$ 625,653	\$ 563,797	\$ 646,259
Fund Balance, July 1, 2009	6,279,207	0	0	6,279,207
Prior-period Adjustment	(266,460)	0	0	(266,460)
Fund Balance, June 30, 2010	<u>\$ 7,222,803</u>	<u>\$ 625,653</u>	<u>\$ 563,797</u>	<u>\$ 6,659,006</u>

Fiduciary Funds

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

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

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

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

Exhibit I-1

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

	Agency Funds				Total
	Cities - Sales Tax	Constitu- tional Officers - Agency	Judicial District Drug		
<u>ASSETS</u>					
Cash	\$ 0	\$ 5,918,634	\$ 2,071	\$ 5,920,705	
Equity in Pooled Cash and Investments	0	0	967,117	967,117	
Due from Other Governments	2,643,514	0	0	2,643,514	
Total Assets	<u>\$ 2,643,514</u>	<u>\$ 5,918,634</u>	<u>\$ 969,188</u>	<u>\$ 9,531,336</u>	
<u>LIABILITIES</u>					
Due to Other Taxing Units	\$ 2,643,514	\$ 0	\$ 0	\$ 2,643,514	
Due to State of Tennessee	0	486,615	0	486,615	
Due to Litigants, Heirs, and Others	0	5,432,019	319,534	5,751,553	
Due to Joint Ventures	0	0	649,654	649,654	
Total Liabilities	<u>\$ 2,643,514</u>	<u>\$ 5,918,634</u>	<u>\$ 969,188</u>	<u>\$ 9,531,336</u>	

Exhibit I-2

Sumner 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	\$ 14,729,050	\$ 14,729,050	\$ 0
Due from Other Governments	2,499,941	2,643,514	2,499,941	2,643,514
Total Assets	\$ 2,499,941	\$ 17,372,564	\$ 17,228,991	\$ 2,643,514
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,499,941	\$ 17,372,564	\$ 17,228,991	\$ 2,643,514
Total Liabilities	\$ 2,499,941	\$ 17,372,564	\$ 17,228,991	\$ 2,643,514
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 5,315,268	\$ 5,918,634	\$ 5,315,268	\$ 5,918,634
Accounts Receivable	1,675	0	1,675	0
Total Assets	\$ 5,316,943	\$ 5,918,634	\$ 5,316,943	\$ 5,918,634
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 4,876,482	\$ 5,432,019	\$ 4,876,482	\$ 5,432,019
Due to State of Tennessee	440,461	486,615	440,461	486,615
Total Liabilities	\$ 5,316,943	\$ 5,918,634	\$ 5,316,943	\$ 5,918,634
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Cash	\$ 3,255	\$ 12,500	\$ 13,684	\$ 2,071
Equity in Pooled Cash and Investments	917,233	661,954	612,070	967,117
Total Assets	\$ 920,488	\$ 674,454	\$ 625,754	\$ 969,188
<u>Liabilities</u>				
Due to Joint Ventures	\$ 705,547	\$ 396,506	\$ 452,399	\$ 649,654
Due to Litigants, Heirs, and Others	214,941	277,948	173,355	319,534
Total Liabilities	\$ 920,488	\$ 674,454	\$ 625,754	\$ 969,188

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 5,318,523	\$ 5,931,134	\$ 5,328,952	\$ 5,920,705
Equity in Pooled Cash and Investments	917,233	15,391,004	15,341,120	967,117
Accounts Receivable	1,675	0	1,675	0
Due From Other Governments	2,499,941	2,643,514	2,499,941	2,643,514
Total Assets	<u>\$ 8,737,372</u>	<u>\$ 23,965,652</u>	<u>\$ 23,171,688</u>	<u>\$ 9,531,336</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,499,941	\$ 17,372,564	\$ 17,228,991	\$ 2,643,514
Due to Joint Ventures	705,547	396,506	452,399	649,654
Due to State of Tennessee	440,461	486,615	440,461	486,615
Due to Litigants, Heirs, and Others	5,091,423	5,709,967	5,049,837	5,751,553
Total Liabilities	<u>\$ 8,737,372</u>	<u>\$ 23,965,652</u>	<u>\$ 23,171,688</u>	<u>\$ 9,531,336</u>

Sumner County School Department

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

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

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

Exhibit J-1

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

Functions/Programs	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
Instruction	\$ 135,281,828	\$ 713,209	\$ 11,330,448	\$ 0	\$ (123,238,171)
Support Services	66,864,314	160,841	2,241,574	282,375	(64,179,524)
Operation of Non-Instructional Services	11,608,259	6,886,928	5,695,620	0	974,289
Total Governmental Activities	\$ 213,754,401	\$ 7,760,978	\$ 19,267,642	\$ 282,375	\$ (186,443,406)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 47,882,841
Local Option Sales Taxes					11,101,569
Wheel Tax					4,134,350
Interstate Telecommunications Tax					8,036
Grants and Contributions Not Restricted to Specific Programs					111,828,759
Unrestricted Investment Income					11,142
Miscellaneous					315,526
Total General Revenues					\$ 175,282,223
Change in Net Assets					\$ (11,161,183)
Net Assets, July 1, 2009					254,841,907
Prior-period Adjustment					1,830,167
Net Assets, June 30, 2010					\$ 245,510,891

Exhibit J-2

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

	<u>Major Fund</u>	<u>Nonmajor</u>	<u>Total</u>
	General	Fund	Govern-
	Purpose	School	mental
	School	Federal	Funds
	School	Projects	Funds
<u>ASSETS</u>			
Cash	\$ 7,550	\$ 0	\$ 7,550
Equity in Pooled Cash and Investments	10,109,626	217,750	10,327,376
Accounts Receivable	631,581	0	631,581
Due from Other Governments	7,519,076	65,870	7,584,946
Property Taxes Receivable	51,396,942	0	51,396,942
Allowance for Uncollectible Property Taxes	(2,032,375)	0	(2,032,375)
Cash Shortage	658	0	658
Total Assets	\$ 67,633,058	\$ 283,620	\$ 67,916,678
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 374,269	\$ 13,022	\$ 387,291
Deferred Revenue - Current Property Taxes	48,174,071	0	48,174,071
Deferred Revenue - Delinquent Property Taxes	1,012,615	0	1,012,615
Other Deferred Revenues	1,051,340	0	1,051,340
Total Liabilities	\$ 50,612,295	\$ 13,022	\$ 50,625,317
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 541,470	\$ 7,800	\$ 549,270
Reserved for Food Service	2,541,951	0	2,541,951
Other Local Education Reserves	1,146,643	0	1,146,643
Reserved for Title I Grants to Local Education Agencies	0	88,612	88,612
Reserved for Special Education - Grants to States	0	88,747	88,747
Other Federal Reserves	0	85,439	85,439
Unreserved, Reported In:			
General Fund	12,790,699	0	12,790,699
Total Fund Balances	\$ 17,020,763	\$ 270,598	\$ 17,291,361
Total Liabilities and Fund Balances	\$ 67,633,058	\$ 283,620	\$ 67,916,678

Exhibit J-3

Sumner County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Sumner County School Department
June 30, 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)		\$	17,291,361
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	8,538,276	
Add: construction in progress		4,706,131	
Add: buildings and improvements net of accumulated depreciation		224,872,056	
Add: other capital assets net of accumulated depreciation		<u>5,313,626</u>	243,430,089
(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	\$	(2,036,094)	
Less: other postemployment benefits liability		<u>(15,238,420)</u>	(17,274,514)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>2,063,955</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>245,510,891</u></u>

Exhibit J-4

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

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Fund</u>	<u>Total</u>
	General Purpose School	School Federal Projects	Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 63,818,991	\$ 0	\$ 63,818,991
Licenses and Permits	6,535	0	6,535
Charges for Current Services	7,631,506	0	7,631,506
Other Local Revenues	700,751	0	700,751
State of Tennessee	110,135,781	0	110,135,781
Federal Government	7,178,003	13,465,221	20,643,224
Total Revenues	<u>\$ 189,471,567</u>	<u>\$ 13,465,221</u>	<u>\$ 202,936,788</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 116,602,925	\$ 11,823,565	\$ 128,426,490
Support Services	59,521,533	2,466,847	61,988,380
Operation of Non-Instructional Services	12,092,526	0	12,092,526
Capital Outlay	1,474,291	0	1,474,291
Total Expenditures	<u>\$ 189,691,275</u>	<u>\$ 14,290,412</u>	<u>\$ 203,981,687</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (219,708)</u>	<u>\$ (825,191)</u>	<u>\$ (1,044,899)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 190,500	\$ 0	\$ 190,500
Transfers In	100,055	0	100,055
Transfers Out	0	(100,055)	(100,055)
Total Other Financing Sources (Uses)	<u>\$ 290,555</u>	<u>\$ (100,055)</u>	<u>\$ 190,500</u>
Net Change in Fund Balances	\$ 70,847	\$ (925,246)	\$ (854,399)
Fund Balance, July 1, 2009	<u>16,949,916</u>	<u>1,195,844</u>	<u>18,145,760</u>
Fund Balance, June 30, 2010	<u>\$ 17,020,763</u>	<u>\$ 270,598</u>	<u>\$ 17,291,361</u>

Exhibit J-5

Sumner County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Sumner County School Department
For the Year Ended June 30, 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)		\$	(854,399)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	11,921,041	
Less: current-year depreciation expense		<u>(14,877,414)</u>	(2,956,373)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$	2,063,955	
Less: deferred delinquent property taxes and other deferred June 30, 2009		<u>(2,407,525)</u>	(343,570)
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences payable			(164,746)
Change in other postemployment benefits liability			<u>(6,842,095)</u>
Change in net assets of governmental activities (Exhibit B)		\$	<u><u>(11,161,183)</u></u>

Exhibit J-6

Summer County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Summer County School Department
General Purpose School Fund
For the Year Ended June 30, 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	\$ 63,818,991	\$ 0	\$ 0	\$ 63,818,991	\$ 63,588,632	\$ 63,588,632	\$ 230,359
Licenses and Permits	6,535	0	0	6,535	8,000	8,000	(1,465)
Charges for Current Services	7,631,506	0	0	7,631,506	9,928,498	9,928,498	(2,296,992)
Other Local Revenues	700,751	0	0	700,751	651,850	651,850	48,901
State of Tennessee	110,135,781	0	0	110,135,781	106,503,349	108,270,567	1,865,214
Federal Government	7,178,003	0	0	7,178,003	4,432,685	6,137,617	1,040,386
Total Revenues	\$ 189,471,567	\$ 0	\$ 0	\$ 189,471,567	\$ 185,113,014	\$ 188,585,164	\$ 886,403
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 90,058,105	\$ (1,464,588)	\$ 19,874	\$ 88,613,391	\$ 89,611,607	\$ 89,687,853	\$ 1,074,462
Alternative Instruction Program	1,512,925	0	0	1,512,925	1,592,901	1,592,901	79,976
Special Education Program	15,926,229	0	0	15,926,229	16,182,914	15,952,994	26,765
Vocational Education Program	8,815,180	0	0	8,815,180	9,142,527	9,152,527	337,347
Adult Education Program	290,486	0	0	290,486	300,556	328,156	37,670
<u>Support Services</u>							
Attendance	344,350	0	0	344,350	355,138	355,138	10,788
Health Services	650,074	(12,358)	0	637,716	668,653	668,653	30,937
Other Student Support	4,443,402	0	0	4,443,402	4,577,396	4,545,396	101,994
Regular Instruction Program	8,090,410	(7,943)	7,376	8,089,843	7,124,036	8,467,261	377,418
Alternative Instruction Program	319,885	0	0	319,885	326,082	326,082	6,197
Special Education Program	1,509,863	0	0	1,509,863	1,525,808	1,522,948	13,085
Vocational Education Program	216,373	0	0	216,373	226,809	216,809	436
Adult Programs	285,503	0	0	285,503	295,577	295,577	10,074
Other Programs	886,824	0	0	886,824	0	886,824	0
Board of Education	4,579,416	0	0	4,579,416	4,071,096	4,536,246	(43,170)
Director of Schools	552,261	(18,371)	0	533,890	595,807	595,807	61,917

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	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>							
Office of the Principal	\$ 11,945,131	\$ (20,821)	\$ 1,438	\$ 11,925,748	\$ 12,223,401	\$ 12,223,401	\$ 297,653
Fiscal Services	914,914	(12,757)	630	902,787	940,119	940,119	37,332
Human Services/Personnel	484,122	(9,995)	0	474,127	480,409	480,409	6,282
Operation of Plant	12,719,961	(42,374)	19,663	12,697,250	13,460,083	13,460,083	762,833
Maintenance of Plant	4,286,773	(92,771)	112,501	4,306,503	4,375,314	4,375,314	68,811
Transportation	6,496,538	(1,325)	0	6,495,213	6,955,716	6,955,716	460,503
Central and Other	795,733	(7,362)	2,101	790,472	821,208	821,208	30,736
<u>Operation of Non-Instructional Services</u>							
Food Service	10,792,776	(12,000)	29,154	10,809,930	13,881,391	14,471,112	3,661,182
Community Services	1,299,750	(35,254)	6,999	1,271,495	1,514,571	1,514,571	243,076
Capital Outlay							
Regular Capital Outlay	1,474,291	(520,032)	341,734	1,295,993	1,122,843	1,595,718	299,725
Total Expenditures	\$ 189,691,275	\$ (2,257,951)	\$ 541,470	\$ 187,974,794	\$ 192,371,962	\$ 195,968,823	\$ 7,994,029
Excess (Deficiency) of Revenues Over Expenditures	\$ (219,708)	\$ 2,257,951	\$ (541,470)	\$ 1,496,773	\$ (7,258,948)	\$ (7,383,659)	\$ 8,880,432
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 190,500	\$ 0	\$ 0	\$ 190,500	\$ 10,000	\$ 200,500	\$ (10,000)
Transfers In	100,055	0	0	100,055	282,532	282,532	(182,477)
Transfers Out	0	0	0	0	(10,000)	(27,928)	27,928
Total Other Financing Sources (Uses)	\$ 290,555	\$ 0	\$ 0	\$ 290,555	\$ 282,532	\$ 455,104	\$ (164,549)
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 70,847	\$ 2,257,951	\$ (541,470)	\$ 1,787,328	\$ (6,976,416)	\$ (6,928,555)	\$ 8,715,883
Fund Balance, June 30, 2010	\$ 16,949,916	(2,257,951)	0	14,691,965	14,408,503	14,529,394	162,571
Fund Balance, June 30, 2010	\$ 17,020,763	\$ 0	\$ (541,470)	\$ 16,479,293	\$ 7,432,087	\$ 7,600,839	\$ 8,878,454

Exhibit J-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 13,465,221	\$ 0	\$ 0	\$ 13,465,221	\$ 19,177,741	\$ 20,338,521	\$ (6,873,300)
Total Revenues	\$ 13,465,221	\$ 0	\$ 0	\$ 13,465,221	\$ 19,177,741	\$ 20,338,521	\$ (6,873,300)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 4,199,333	\$ (10,000)	\$ 0	\$ 4,189,333	\$ 5,278,792	\$ 5,501,700	\$ 1,312,367
Alternative Instruction Program	12,024	0	0	12,024	26,765	26,765	14,741
Special Education Program	7,353,152	(2,238)	0	7,350,914	10,032,962	11,958,543	4,607,629
Vocational Education Program	259,056	0	0	259,056	237,256	259,332	276
<u>Support Services</u>							
Other Student Support	202,573	0	0	202,573	926,422	1,010,143	807,570
Regular Instruction Program	1,128,585	0	0	1,128,585	1,595,401	1,546,073	417,488
Special Education Program	977,817	0	7,800	985,617	1,149,265	1,362,257	376,640
Vocational Education Program	5,000	0	0	5,000	80,000	5,000	0
Transportation	152,872	0	0	152,872	168,338	159,727	6,855
Total Expenditures	\$ 14,290,412	\$ (12,238)	\$ 7,800	\$ 14,285,974	\$ 19,495,201	\$ 21,829,540	\$ 7,543,566
Excess (Deficiency) of Revenues Over Expenditures	\$ (825,191)	\$ 12,238	\$ (7,800)	\$ (820,753)	\$ (317,460)	\$ (1,491,019)	\$ 670,266
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (100,055)	\$ 0	\$ 0	\$ (100,055)	\$ (282,540)	\$ (284,803)	\$ 184,748
Total Other Financing Sources (Uses)	\$ (100,055)	\$ 0	\$ 0	\$ (100,055)	\$ (282,540)	\$ (284,803)	\$ 184,748
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (925,246)	\$ 12,238	\$ (7,800)	\$ (920,808)	\$ (600,000)	\$ (1,775,822)	\$ 855,014
	1,195,844	(12,238)	0	1,183,606	600,000	1,775,822	(592,216)
Fund Balance, June 30, 2010	\$ 270,598	\$ 0	\$ (7,800)	\$ 262,798	\$ 0	\$ 0	\$ 262,798

MISCELLANEOUS SCHEDULES

Exhibit K-1

Sumner County, Tennessee
Schedule of Changes in Long-term Bonds
For the Year Ended June 30, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Refunding	\$ 95,250,000	3.79 %	4-9-07	6-1-17	\$ 79,585,000	\$ 0	\$ 8,635,000	\$ 70,950,000
General Obligation Schools	75,150,000	4 to 5	10-31-07	6-1-19	65,440,000	0	5,445,000	59,995,000
General Obligation	6,555,000	2.83	1-29-10	6-1-20	0	6,555,000	0	6,555,000
Total Bonds Payable					\$ 145,025,000	\$ 6,555,000	\$ 14,080,000	\$ 137,500,000

Exhibit K-2

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

Year Ending June 30	Bonds		Total
	Principal	Interest	
2011	\$ 14,640,000	\$ 6,461,300	\$ 21,101,300
2012	15,320,000	5,729,300	21,049,300
2013	15,995,000	5,048,025	21,043,025
2014	16,710,000	4,326,350	21,036,350
2015	17,520,000	3,498,350	21,018,350
2016	18,415,000	2,634,350	21,049,350
2017	19,320,000	1,728,600	21,048,600
2018	8,865,000	779,475	9,644,475
2019	9,240,000	438,675	9,678,675
2020	1,475,000	44,250	1,519,250
Total	<u>\$ 137,500,000</u>	<u>\$ 30,688,675</u>	<u>\$ 168,188,675</u>

Exhibit K-3

Sumner County, Tennessee
Schedule of Notes Receivable
June 30, 2010

<u>Description</u>	<u>Debtor</u>	<u>Original Amount of Notes</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
<u>General Debt Service Fund</u>						
Various Construction Projects	Sumner County Regional Airport Authority	\$ 300,000	5-1-10	6-1-20	0 %	\$ 295,000
Total Notes Receivable						<u>\$ 295,000</u>

Exhibit K-4

Sumner County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Sumner County School Department
For the Year Ended June 30, 2010

<u>To Fund</u>	<u>From Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Self-Insurance	Salaries	\$ 181,295
General	Judicial District Drug	Salaries	46,997
Total Transfers Primary Government			<u>\$ 228,292</u>
<u>DISCRETELY PRESENTED SUMNER</u>			
<u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Indirect costs	\$ 100,055
Total Transfers Discretely Presented Sumner County School Department			<u>\$ 100,055</u>

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

Official	Authorization for Salary	\$	Salary Paid During Period	(1)	\$	Bond	Surety
County Executive	Sections 8-24-102 and 5-1-310, <u>TCA</u>		98,334	(1)	50,000	Hartford Fire Insurance Company	
Superintendent of Roads	Section 8-24-102, <u>TCA</u>		92,219		100,000	"	
Director of Schools	State Board of Education and Local Board of Education		125,490				
Trustee	Sections 8-24-102 and 5-1-310, <u>TCA</u>		85,338	(1)	4,656,000	"	
Assessor of Property	Sections 8-24-102 and 5-1-310, <u>TCA</u>		85,338	(1)	10,000	Western Surety Company	
Director of Finance	County Commission		90,300	(2)	50,000	Hartford Fire Insurance Company	
County Clerk	Sections 8-24-102 and 5-1-310, <u>TCA</u>		85,338	(1)	50,000	"	
Circuit Court Clerk	Sections 8-24-102 and 5-1-310, <u>TCA</u>		85,338	(1)	50,000	"	
Clerk and Master	Sections 8-24-102 and 5-1-310, <u>TCA</u> , and Chancery Court		85,338	(1, 3)	50,000	The Ohio Casualty Insurance Company	
Register	Sections 8-24-102 and 5-1-310, <u>TCA</u>		85,338		25,000	Hartford Fire Insurance Company	
Sheriff	Section 8-24-102, <u>TCA</u>		92,219	(4)	25,000	"	

- (1) Includes \$1,500 for an education supplement.
- (2) Includes \$300 for longevity pay.
- (3) Does not include special commissioner fees totaling \$10,823.
- (4) Does not include a law enforcement training supplement of \$600.

Exhibit K-6

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 16,094,142	\$ 0	\$ 0	\$ 0	\$ 0	\$ 678,627
Trustee's Collections - Prior Year	245,981	0	0	0	0	11,396
Circuit/Clerk & Master Collections - Prior Years	205,948	0	0	0	0	9,390
Interest and Penalty	68,912	0	0	0	0	3,078
Pick-up Taxes	16,135	0	0	0	0	690
Payments in-Lieu-of Taxes - T.V.A.	144	0	0	0	0	6
Payments in-Lieu-of Taxes - Local Utilities	120,512	0	0	0	0	5,088
Payments in-Lieu-of Taxes - Other	3,182	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	0
Hotel/Motel Tax	344,863	0	0	0	0	0
Wheel Tax	0	0	0	0	0	1,771,976
Litigation Tax - General	0	173,854	0	0	0	0
Litigation Tax - Special Purpose	17,012	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	436,102	0	0	0	0
Business Tax	1,184,033	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	152,982
Adequate Facilities/Development Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	336,110	0	0	0	0	0
Wholesale Beer Tax	460,092	0	0	0	0	0
Beer Privilege Tax	2,067	0	0	0	0	0
Interstate Telecommunications Tax	0	0	0	0	0	0
Total Local Taxes	\$ 19,099,133	\$ 609,956	\$ 0	\$ 0	\$ 0	\$ 2,633,233
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 4,954	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	354,291	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway / Public Works
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	950	0	0	0	0	0
Building Permits	118,013	0	0	0	0	0
Other Permits	2,645	0	0	0	0	0
Total Licenses and Permits	\$ 480,853	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	30,109	0	0	0	0	0
Officers Costs	39,529	0	0	0	0	0
Drug Control Fines	0	0	4,778	0	0	0
District Attorney General Fees	0	0	0	5,807	0	0
DUI Treatment Fines	4,810	0	0	0	0	0
Data Entry Fee - Circuit Court	45,513	0	0	0	0	0
Courtroom Security Fee	1,573	0	0	0	0	0
<u>Criminal Court</u>						
Drug Court Fees	15,342	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	171,359	0	0	0	0	0
Officers Costs	237,260	0	0	0	0	0
Drug Control Fines	0	0	19,250	0	0	0
Drug Court Fees	39,414	0	0	0	0	0
District Attorney General Fees	0	0	0	20,442	0	0
DUI Treatment Fines	73,038	0	0	0	0	0
Courtroom Security Fee	11,859	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	10,322	0	0	0	0	0
Officers Costs	23,297	0	0	0	0	0
Courtroom Security Fee	177	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	11,883	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Chancery Court (Cont.)</u>						
Data Entry Fee - Chancery Court	\$ 6,491	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Courtroom Security Fee	62	0	0	0	0	0
Other Courts - In-county	72	0	0	0	0	0
Fines for Littering						
Other Fines, Forfeitures, and Penalties	41,830	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 763,940	\$ 0	\$ 24,028	\$ 26,249	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Self-Insurance Premiums/Contributions	\$ 103,509	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	5,281,587	0	0	0	0	0
Zoning Studies	5,025	0	0	0	0	0
Work Release Charges for Board	13,860	0	0	0	0	0
Other General Service Charges	8,455	0	16,000	0	0	0
<u>Fees</u>						
Subdivision Lot Fees	18,485	0	0	0	0	0
Engineer Review Fees	4,460	0	0	0	0	0
Copy Fees	1,714	0	0	50	0	0
Library Fees	60,713	0	0	0	0	0
Greenbelt Late Application Fee	150	0	0	0	0	0
Telephone Commissions	23,457	124,000	98,000	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	10,823	0
Data Processing Fee - Register	60,912	0	0	0	0	0
Probation Fees	477,986	0	0	0	0	0
Data Processing Fee - Sheriff	28,619	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	6,600	0	0	0	0	0
Data Processing Fee - County Clerk	50,225	0	0	0	0	0
Other Charges for Services	15,610	0	0	0	0	0
Total Charges for Current Services	\$ 6,161,367	\$ 124,000	\$ 114,000	\$ 50	\$ 10,823	\$ 0

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway / Public Works
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 203,055	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	176,143	0	0	0	0	0
Sale of Materials and Supplies	75	0	0	0	0	6,144
Commissary Sales	128,060	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	72,902
Sale of Maps	2,369	0	0	0	0	0
Refund of Telecommunication and Internet Fees (E-Rate)	4,846	0	0	0	0	0
Sale of Animals/Livestock	16,300	0	0	0	0	0
Miscellaneous Refunds	1,991	181	0	0	0	140
<u>Nonrecurring Items</u>						
Gain on Disposal of Property	2,626	0	0	0	0	0
Sale of Equipment	24,541	0	0	0	0	21,470
Sale of Property	219,525	0	0	0	0	0
Damages Recovered from Individuals	975	0	0	0	0	0
Contributions and Gifts	214,781	0	4,274	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	45,541	0	0	0	0	0
Total Other Local Revenues	\$ 1,040,828	\$ 181	\$ 4,274	\$ 0	\$ 0	\$ 100,656
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 1,465,842	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	1,881,297	0	0	0	0	0
Clerk and Master	471,554	0	0	0	0	0
Register	850,990	0	0	0	0	0
Sheriff	45,667	0	0	0	0	0
Trustee	2,294,824	0	0	0	0	0
Total Fees Received from County Officials	\$ 7,010,174	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway / Public Works
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	34,768	0	0	0	0	0
On-Behalf Contributions for OPEB	7,544	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	39,000	0	0	0	0	0
Other Public Safety Grants	48,983	0	0	0	0	0
Health and Welfare Grants						
Health Department Programs	1,018,554	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	348,542
Litter Program	0	0	0	0	0	73,444
<u>Other State Revenues</u>						
Flood Control	93,542	0	0	0	0	0
Income Tax	401,015	0	0	0	0	0
Beer Tax	17,778	0	0	0	0	0
Alcoholic Beverage Tax	154,747	0	0	0	0	0
Mixed Drink Tax	7,284	0	0	0	0	0
State Revenue Sharing - T.V.A.	1,399,905	0	0	0	0	0
Emergency Hospital - Prisoners	12,187	0	0	0	0	0
Contracted Prisoner Boarding	1,483,320	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	2,572,910
Petroleum Special Tax	0	0	0	0	0	104,765
Registrar's Salary Supplement	16,380	0	0	0	0	0
Other State Grants	4,100	0	0	0	0	0
Other State Revenues	217,747	0	0	0	0	0
Total State of Tennessee	\$ 4,965,854	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,099,661
<u>Federal Government</u>						
<u>Federal Through State</u>						
Disaster Relief	\$ 329,585	\$ 0	\$ 0	\$ 0	\$ 0	\$ 166,172

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway / Public Works
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
Homeland Security Grants	\$ 506,971	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Law Enforcement Grants	900	0	0	0	0	0
ARRA Grant No. 1	32,516	0	0	0	0	0
ARRA Grant No. 2	61,773	0	0	0	0	0
Other Federal through State	366,006	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Police Service (Lake Area)	10,914	0	0	0	0	0
Asset Forfeiture Funds	0	0	13,476	0	0	0
Other Direct Federal Revenue	59,083	0	0	0	0	0
Total Federal Government	\$ 1,367,748	\$ 0	\$ 13,476	\$ 0	\$ 0	\$ 166,172
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 152,224	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	31,950	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	4,000	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 188,174	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 41,078,071	\$ 734,137	\$ 155,778	\$ 26,299	\$ 10,823	\$ 5,999,722

(Continued)

Exhibit K-6

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

	Debt Service		Capital Projects Funds			Total
	Fund	Debt Service	General	Capital Projects	Highway Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 14,095,181	\$	0	\$	0	\$ 30,867,950
Trustee's Collections - Prior Year	306,367		0		0	563,744
Circuit/Clerk & Master Collections - Prior Years	205,948		0		0	421,286
Interest and Penalty	66,627		0		0	138,617
Pick-up Taxes	14,541		0		0	31,366
Payments in-Lieu-of Taxes - T.V.A.	127		0		0	277
Payments in-Lieu-of Taxes - Local Utilities	106,172		0		0	231,772
Payments in-Lieu-of Taxes - Other	0		0		0	3,182
<u>County Local Option Taxes</u>						
Local Option Sales Tax	5,519,123		0		0	5,519,123
Hotel/Motel Tax	0		0		0	344,863
Wheel Tax	0		0		0	1,771,976
Litigation Tax - General	0		0		0	173,854
Litigation Tax - Special Purpose	0		0		0	17,012
Litigation Tax - Jail, Workhouse, or Courthouse	0		0		0	436,102
Business Tax	0		0		0	1,184,033
Mineral Severance Tax	0		0		0	152,982
Adequate Facilities/Development Tax	929,332		0		0	929,332
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0		0		0	336,110
Wholesale Beer Tax	0		0		0	460,092
Beer Privilege Tax	0		0		0	2,067
Interstate Telecommunications Tax	4,793		0		0	4,793
Total Local Taxes	\$ 21,248,211	\$	0	\$	0	\$ 43,590,533
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$	0	\$	0	\$	4,954
Cable TV Franchise	0		0		0	354,291

(Continued)

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

	Debt Service Fund		Capital Projects Funds		Total
	General Debt Service	Highway Capital Projects	General Capital Projects	Highway Capital Projects	
<u>Licenses and Permits (Cont.)</u>					
<u>Permits</u>					
Beer Permits	0	0	0	0	950
Building Permits	0	0	0	0	118,013
Other Permits	0	0	89,250	0	91,895
Total Licenses and Permits	0	0	89,250	0	570,103
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	0	0	0	0	30,109
Officers Costs	0	0	0	0	39,529
Drug Control Fines	0	0	0	0	4,778
District Attorney General Fees	0	0	0	0	5,807
DUI Treatment Fines	0	0	0	0	4,810
Data Entry Fee - Circuit Court	0	0	0	0	45,513
Courtroom Security Fee	0	0	0	0	1,573
<u>Criminal Court</u>					
Drug Court Fees	0	0	0	0	15,342
<u>General Sessions Court</u>					
Fines	0	0	0	0	171,359
Officers Costs	0	0	0	0	237,260
Drug Control Fines	0	0	0	0	19,250
Drug Court Fees	0	0	0	0	39,414
District Attorney General Fees	0	0	0	0	20,442
DUI Treatment Fines	0	0	0	0	73,038
Courtroom Security Fee	0	0	0	0	11,859
<u>Juvenile Court</u>					
Fines	0	0	0	0	10,322
Officers Costs	0	0	0	0	23,297
Courtroom Security Fee	0	0	0	0	177
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	11,883

(Continued)

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

	Debt Service Fund		Capital Projects Funds		Total
	General	Debt Service	General	Highway Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Chancery Court (Cont.)</u>					
Data Entry Fee - Chancery Court	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,491
Courtroom Security Fee	0	0	0	0	62
<u>Other Courts - In-county</u>					
Fines for Littering	0	0	0	0	72
<u>Other Fines, Forfeitures, and Penalties</u>					
Other Fines, Forfeitures, and Penalties	0	0	0	0	41,830
<u>Total Fines, Forfeitures, and Penalties</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 41,830</u>
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Self-Insurance Premiums/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 103,509
Patient Charges	0	0	0	0	5,281,587
Zoning Studies	0	0	0	0	5,025
Work Release Charges for Board	0	0	0	0	13,860
Other General Service Charges	0	0	0	0	24,455
<u>Fees</u>					
Subdivision Lot Fees	0	0	0	0	18,485
Engineer Review Fees	0	0	0	0	4,460
Copy Fees	0	0	0	0	1,764
Library Fees	0	0	0	0	60,713
Greenbelt Late Application Fee	0	0	0	0	150
Telephone Commissions	0	0	0	0	245,457
Special Commissioner Fees/Special Master Fees	0	0	0	0	10,823
Data Processing Fee - Register	0	0	0	0	60,912
Probation Fees	0	0	0	0	477,986
Data Processing Fee - Sheriff	0	0	0	0	28,619
Sexual Offender Registration Fees - Sheriff	0	0	0	0	6,600
Data Processing Fee - County Clerk	0	0	0	0	50,225
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	0	0	15,610
<u>Total Charges for Current Services</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,410,240</u>

(Continued)

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

	Debt Service Fund	Capital Projects Funds			Total
		General Debt Service	General Capital Projects	Highway Capital Projects	
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 951,683	\$ 0	\$ 0	\$ 0	\$ 1,154,738
Lease/Rentals	0	0	0	0	176,143
Sale of Materials and Supplies	0	0	0	0	6,219
Commissary Sales	0	0	0	0	128,060
Sale of Gasoline	0	0	0	0	72,902
Sale of Maps	0	0	0	0	2,369
Refund of Telecommunication and Internet Fees (E-Rate)	0	0	0	0	4,846
Sale of Animals/Livestock	0	0	0	0	16,300
Miscellaneous Refunds	156	23,507	0	0	25,975
<u>Nonrecurring Items</u>					
Gain on Disposal of Property	0	0	0	0	2,626
Sale of Equipment	0	0	0	0	46,011
Sale of Property	0	0	0	0	219,525
Damages Recovered from Individuals	0	0	0	0	975
Contributions and Gifts	422,353	13,500	0	0	654,908
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	0	45,541
Total Other Local Revenues	\$ 1,374,192	\$ 37,007	\$ 0	\$ 0	\$ 2,557,138
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	0	0	0	0	1,465,842
Circuit Court Clerk	0	0	0	0	1,881,297
Clerk and Master	0	0	0	0	471,554
Register	0	0	0	0	850,990
Sheriff	0	0	0	0	45,667
Trustee	0	0	0	0	2,294,824
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,010,174

(Continued)

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

	Debt Service Fund	Capital Projects Funds			Total
		General Debt Service	General Capital Projects	Highway Capital Projects	
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$	0 \$	0 \$	0 \$	9,000
State Reappraisal Grant		0	0	0	34,768
On-Behalf Contributions for OPEB		0	0	0	7,544
<u>Public Safety Grants</u>					
Law Enforcement Training Programs		0	0	0	39,000
Other Public Safety Grants		0	0	0	48,983
<u>Health and Welfare Grants</u>					
Health Department Programs		0	0	0	1,018,554
<u>Public Works Grants</u>					
State Aid Program		0	0	0	348,542
Litter Program		0	0	0	73,444
<u>Other State Revenues</u>					
Flood Control		0	0	0	93,542
Income Tax		0	0	0	401,015
Beer Tax		0	0	0	17,778
Alcoholic Beverage Tax		0	0	0	154,747
Mixed Drink Tax		0	0	0	7,284
State Revenue Sharing - T.V.A.		0	0	0	1,399,905
Emergency Hospital - Prisoners		0	0	0	12,187
Contracted Prisoner Boarding		0	0	0	1,483,320
Gasoline and Motor Fuel Tax		0	0	0	2,572,910
Petroleum Special Tax		0	0	0	104,765
Registrar's Salary Supplement		0	0	0	16,380
Other State Grants		0	0	0	4,100
Other State Revenues		0	0	0	217,747
Total State of Tennessee	\$	0 \$	0 \$	0 \$	8,065,515
<u>Federal Government</u>					
Federal Through State		0 \$	0 \$	0 \$	495,757
Disaster Relief					

(Continued)

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

	Debt Service Fund		Capital Projects Funds		Total
	General Debt Service	Highway Capital Projects	General Capital Projects	Highway Capital Projects	
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 506,971
Law Enforcement Grants	0	0	0	0	900
ARRA Grant No. 1	0	0	0	0	32,516
ARRA Grant No. 2	0	0	0	0	61,773
Other Federal through State	0	0	73,874	0	439,880
<u>Direct Federal Revenue</u>					
Police Service (Lake Area)	0	0	0	0	10,914
Asset Forfeiture Funds	0	0	0	0	13,476
Other Direct Federal Revenue	0	0	0	0	59,083
<u>Total Federal Government</u>	\$ 0	\$ 0	\$ 73,874	\$ 0	\$ 1,621,270
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 152,224
Contracted Services	0	0	0	0	31,950
<u>Citizens Groups</u>					
Donations	0	0	840,572	0	844,572
<u>Total Other Governments and Citizens Groups</u>	\$ 0	\$ 0	\$ 840,572	\$ 0	\$ 1,028,746
<u>Total</u>	\$ 22,622,403	\$ 951,453	\$ 89,250	\$ 71,667,936	

Exhibit K-7

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

	General Purpose School	School Federal Projects	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 46,441,023	\$ 0	\$ 46,441,023
Trustee's Collections - Prior Year	941,049	0	941,049
Circuit/Clerk & Master Collections - Prior Years	645,802	0	645,802
Interest and Penalty	211,359	0	211,359
Pick-up Taxes	47,295	0	47,295
Payments in-Lieu-of Taxes - T.V.A.	416	0	416
Payments in-Lieu-of Taxes - Local Utilities	348,209	0	348,209
<u>County Local Option Taxes</u>			
Local Option Sales Tax	11,041,448	0	11,041,448
Wheel Tax	4,134,350	0	4,134,350
<u>Statutory Local Taxes</u>			
Interstate Telecommunications Tax	8,040	0	8,040
Total Local Taxes	\$ 63,818,991	\$ 0	\$ 63,818,991
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 4,954	\$ 0	\$ 4,954
<u>Permits</u>			
Other Permits	1,581	0	1,581
Total Licenses and Permits	\$ 6,535	\$ 0	\$ 6,535
<u>Charges for Current Services</u>			
<u>Education Charges</u>			
Tuition - Regular Day Students	\$ 166,615	\$ 0	\$ 166,615
Tuition - Summer School	20,000	0	20,000
Tuition - Other	7,387	0	7,387
Lunch Payments - Children	4,882,662	0	4,882,662
Lunch Payments - Adults	276,703	0	276,703
Income from Breakfast	162,904	0	162,904
Receipts from Individual Schools	519,207	0	519,207
Community Service Fees - Children	1,435,187	0	1,435,187
TBI Criminal Background Fees	24,810	0	24,810
<u>Other Charges for Services</u>			
Other Charges for Services	136,031	0	136,031
Total Charges for Current Services	\$ 7,631,506	\$ 0	\$ 7,631,506
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 11,142	\$ 0	\$ 11,142
Lease/Rentals	84,283	0	84,283
Sale of Materials and Supplies	45,189	0	45,189
Refund of Telecommunication and Internet Fees (E-Rate)	113,374	0	113,374
Retirees' Insurance Payments	42,903	0	42,903
Miscellaneous Refunds	84,336	0	84,336
<u>Nonrecurring Items</u>			
Sale of Equipment	38,162	0	38,162
Damages Recovered from Individuals	8,034	0	8,034
Contributions and Gifts	244,631	0	244,631

(Continued)

Exhibit K-7

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

	General Purpose School	School Federal Projects	Total
<u>Other Local Revenues (Cont.)</u>			
<u>Other Local Revenues</u>			
Other Local Revenues	\$ 28,697	\$ 0	\$ 28,697
Total Other Local Revenues	\$ 700,751	\$ 0	\$ 700,751
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
On-Behalf Contributions for OPEB	\$ 886,824	\$ 0	\$ 886,824
<u>State Education Funds</u>			
Basic Education Program	102,136,105	0	102,136,105
Basic Education Program - ARRA	4,786,900	0	4,786,900
School Food Service	106,582	0	106,582
Other State Education Funds	30,819	0	30,819
Coordinated School Health - ARRA	105,000	0	105,000
Family Resource Centers - ARRA	33,247	0	33,247
Statewide Student Management System (SSMS) - ARRA	64,120	0	64,120
Career Ladder Program	975,803	0	975,803
Career Ladder - Extended Contract - ARRA	237,276	0	237,276
<u>Other State Revenues</u>			
Mixed Drink Tax	7,284	0	7,284
Other State Grants	713,719	0	713,719
Safe Schools - ARRA	52,082	0	52,082
Other State Revenues	20	0	20
Total State of Tennessee	\$ 110,135,781	\$ 0	\$ 110,135,781
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA School Lunch Program	\$ 3,847,255	\$ 0	\$ 3,847,255
USDA - Commodities	589,721	0	589,721
Breakfast	1,033,871	0	1,033,871
USDA - Other	14,277	0	14,277
USDA Food Service Equipment Grant - ARRA	4,294	0	4,294
Adult Education State Grant Program	252,364	0	252,364
Vocational Education - Basic Grants to States	0	321,264	321,264
Title I Grants to Local Education Agencies	0	4,298,679	4,298,679
Special Education - Grants to States	280,236	7,415,755	7,695,991
Special Education Preschool Grants	0	144,236	144,236
English Language Acquisition Grants	0	97,123	97,123
Safe and Drug-free Schools - State Grants	861,805	75,155	936,960
Education for Homeless Children and Youth	3,574	33,897	37,471
Eisenhower Professional Development State Grants	0	1,000,997	1,000,997
ARRA Grant No. 1	16,729	0	16,729
Other Federal through State	94,861	78,115	172,976
<u>Direct Federal Revenue</u>			
ROTC Reimbursement	179,016	0	179,016
Total Federal Government	\$ 7,178,003	\$ 13,465,221	\$ 20,643,224
Total	\$ 189,471,567	\$ 13,465,221	\$ 202,936,788

Exhibit K-8

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

General Fund

General Government

County Commission

Other Salaries and Wages	\$	34,400	
Board and Committee Members Fees		143,125	
Social Security		7,415	
State Retirement		2,191	
Employer Medicare		2,299	
Audit Services		39,135	
Dues and Memberships		18,074	
Legal Notices, Recording, and Court Costs		1,679	
Printing, Stationery, and Forms		688	
Other Charges		8,988	
Total County Commission			\$ 257,994

Board of Equalization

Board and Committee Members Fees	\$	19,549	
Social Security		366	
Employer Medicare		85	
Total Board of Equalization			20,000

Other Boards and Committees

Board and Committee Members Fees	\$	6,667	
Total Other Boards and Committees			6,667

County Mayor/Executive

County Official/Administrative Officer	\$	98,334	
Assistant(s)		74,000	
Longevity Pay		1,200	
Social Security		10,375	
State Retirement		22,891	
Life Insurance		308	
Medical Insurance		23,041	
Dental Insurance		812	
Employer Medicare		2,426	
Communication		2,576	
Dues and Memberships		2,450	
Maintenance Agreements		1,210	
Maintenance and Repair Services - Office Equipment		363	
Maintenance and Repair Services - Vehicles		25	
Postal Charges		260	
Printing, Stationery, and Forms		27	
Travel		2,661	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Tuition	\$	95	
Office Supplies		2,327	
Other Charges		7,869	
Total County Mayor/Executive			\$ 253,250

Personnel Office

County Official/Administrative Officer	\$	936	
Social Security		58	
State Retirement		125	
Employer Medicare		13	
Total Personnel Office			1,132

County Attorney

County Official/Administrative Officer	\$	140,855	
Longevity Pay		2,175	
Other Salaries and Wages		98,139	
Social Security		12,486	
State Retirement		32,220	
Life Insurance		367	
Medical Insurance		36,551	
Dental Insurance		1,575	
Disability Insurance		2,759	
Employer Medicare		3,316	
Communication		2,262	
Data Processing Services		333	
Dues and Memberships		570	
Operating Lease Payments		2,231	
Legal Services		176,700	
Maintenance and Repair Services - Office Equipment		688	
Postal Charges		705	
Other Contracted Services		109,624	
Data Processing Supplies		450	
Library Books/Media		3,911	
Office Supplies		995	
In Service/Staff Development		475	
Data Processing Equipment		1,439	
Total County Attorney			630,826

Election Commission

County Official/Administrative Officer	\$	74,913	
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(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Secretary(ies)	\$	134,549	
Longevity Pay		7,575	
Other Salaries and Wages		19,725	
Election Commission		4,350	
Election Workers		36,015	
Social Security		14,425	
State Retirement		28,996	
Life Insurance		375	
Medical Insurance		43,810	
Dental Insurance		1,976	
Employer Medicare		3,374	
Communication		7,978	
Data Processing Services		22,630	
Dues and Memberships		275	
Legal Notices, Recording, and Court Costs		3,119	
Maintenance Agreements		10,380	
Maintenance and Repair Services - Office Equipment		1,888	
Postal Charges		22,872	
Printing, Stationery, and Forms		20,690	
Travel		3,162	
Other Contracted Services		7,536	
Data Processing Supplies		595	
Office Supplies		5,348	
Other Supplies and Materials		1,338	
Data Processing Equipment		1,810	
Furniture and Fixtures		3,385	
Office Equipment		2,395	
Total Election Commission			\$ 485,484

Register of Deeds

County Official/Administrative Officer	\$	85,338
Deputy(ies)		274,160
Longevity Pay		5,100
Social Security		21,434
State Retirement		48,114
Life Insurance		653
Medical Insurance		70,972
Dental Insurance		3,313
Employer Medicare		5,013
Advertising		65

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Communication	\$	1,246	
Dues and Memberships		716	
Operating Lease Payments		5,235	
Maintenance and Repair Services - Office Equipment		2,874	
Postal Charges		234	
Printing, Stationery, and Forms		181	
Travel		1,189	
Maintenance and Repair Services - Records		3,429	
Data Processing Supplies		3,740	
Duplicating Supplies		7,569	
Office Supplies		2,585	
Periodicals		20	
In Service/Staff Development		225	
Data Processing Equipment		35,175	
Furniture and Fixtures		820	
Office Equipment		249	
Other Capital Outlay		498	
Total Register of Deeds			\$ 580,147

Planning

County Official/Administrative Officer	\$	7,620	
Investigator(s)		4,788	
Secretary(ies)		5,098	
Social Security		1,062	
State Retirement		1,614	
Life Insurance		21	
Medical Insurance		2,184	
Dental Insurance		99	
Employer Medicare		248	
Dues and Memberships		25	
In Service/Staff Development		20	
Total Planning			22,779

Building

Supervisor/Director	\$	59,310	
Investigator(s)		163,575	
Secretary(ies)		99,886	
Part-time Personnel		2,904	
Longevity Pay		8,850	
Other Salaries and Wages		52,530	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

Social Security	\$	22,789	
State Retirement		50,840	
Life Insurance		683	
Medical Insurance		81,122	
Dental Insurance		3,620	
Employer Medicare		5,330	
Communication		4,287	
Consultants		687	
Contracts with Government Agencies		12,250	
Data Processing Services		1,278	
Dues and Memberships		502	
Engineering Services		1,485	
Operating Lease Payments		7,043	
Legal Notices, Recording, and Court Costs		638	
Maintenance and Repair Services - Vehicles		7,763	
Matching Share		5,638	
Postal Charges		1,680	
Printing, Stationery, and Forms		1,782	
Travel		1,118	
Data Processing Supplies		1,850	
Gasoline		8,649	
Office Supplies		3,373	
Small Tools		69	
In Service/Staff Development		3,302	
Other Charges		3,522	
Furniture and Fixtures		647	
Other Equipment		7,792	
Total Building			\$ 626,794

Engineering

County Official/Administrative Officer	\$	7,725	
Assistant(s)		1,395	
Longevity Pay		375	
Social Security		588	
State Retirement		872	
Life Insurance		15	
Medical Insurance		1,086	
Dental Insurance		50	
Employer Medicare		138	
Total Engineering			12,244

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

Maintenance Personnel	\$	185,553	
Longevity Pay		7,800	
Social Security		11,646	
State Retirement		25,675	
Life Insurance		297	
Medical Insurance		31,924	
Dental Insurance		820	
Employer Medicare		2,724	
Communication		837	
Other Contracted Services		15,621	
Electricity		498,091	
Natural Gas		235,947	
Water and Sewer		124,449	
Total County Buildings			\$ 1,141,384

Preservation of Records

Clerical Personnel	\$	32,063	
Longevity Pay		825	
Social Security		1,863	
State Retirement		4,394	
Life Insurance		61	
Medical Insurance		12,111	
Dental Insurance		599	
Employer Medicare		435	
Communication		1,890	
Maintenance and Repair Services - Office Equipment		205	
Maintenance and Repair Services - Records		584	
Custodial Supplies		122	
Data Processing Supplies		722	
Office Supplies		147	
Other Charges		153	
Total Preservation of Records			56,174

Finance

Accounting and Budgeting

Assistant(s)	\$	54,075	
Supervisor/Director		90,300	
Accountants/Bookkeepers		160,137	
Purchasing Personnel		61,422	
Longevity Pay		4,950	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Social Security	\$	21,733	
State Retirement		48,724	
Life Insurance		663	
Medical Insurance		70,673	
Dental Insurance		4,018	
Employer Medicare		5,112	
Communication		2,106	
Contracts with Private Agencies		5,250	
Data Processing Services		7,692	
Dues and Memberships		747	
Operating Lease Payments		1,452	
Legal Notices, Recording, and Court Costs		1,002	
Postal Charges		7,544	
Printing, Stationery, and Forms		2,333	
Travel		190	
Data Processing Supplies		1,303	
Duplicating Supplies		63	
Office Supplies		5,519	
Periodicals		204	
In Service/Staff Development		2,050	
Data Processing Equipment		4,677	
Furniture and Fixtures		42	
Total Accounting and Budgeting			\$ 563,981

Property Assessor's Office

County Official/Administrative Officer	\$	85,338
Data Processing Personnel		150,775
Assessment Personnel		94,681
Longevity Pay		10,800
Other Salaries and Wages		76,353
Social Security		24,491
State Retirement		55,557
Life Insurance		755
Medical Insurance		86,638
Dental Insurance		4,150
Employer Medicare		5,728
Dues and Memberships		2,073
Maintenance Agreements		2,808
Maintenance and Repair Services - Office Equipment		287
Postal Charges		2,412

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Travel	\$	1,327	
Office Supplies		2,743	
Data Processing Equipment		2,320	
Other Equipment		45,121	
Total Property Assessor's Office			\$ 654,357

Reappraisal Program

Supervisor/Director	\$	51,820	
Data Processing Personnel		55,556	
Longevity Pay		9,750	
Other Salaries and Wages		210,478	
Social Security		19,355	
State Retirement		41,282	
Life Insurance		539	
Medical Insurance		59,406	
Dental Insurance		2,982	
Employer Medicare		4,526	
Communication		6,776	
Contracts with Government Agencies		36,829	
Maintenance and Repair Services - Vehicles		2,495	
Postal Charges		5,185	
Printing, Stationery, and Forms		85	
Travel		994	
Other Contracted Services		81,998	
Gasoline		7,579	
Office Supplies		3,881	
Periodicals		476	
Total Reappraisal Program			601,992

County Trustee's Office

County Official/Administrative Officer	\$	85,338	
Deputy(ies)		155,596	
Longevity Pay		3,450	
Social Security		14,424	
State Retirement		31,332	
Life Insurance		394	
Medical Insurance		39,555	
Dental Insurance		1,730	
Employer Medicare		3,373	
Communication		2,505	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Contracts with Government Agencies	\$	46,888	
Dues and Memberships		751	
Legal Notices, Recording, and Court Costs		46	
Maintenance and Repair Services - Office Equipment		10,797	
Postal Charges		5,769	
Travel		1,724	
Tuition		275	
Data Processing Supplies		825	
Office Supplies		2,763	
Data Processing Equipment		32	
Furniture and Fixtures		175	
Office Equipment		522	
Other Capital Outlay		3,877	
Total County Trustee's Office			\$ 412,141

County Clerk's Office

County Official/Administrative Officer	\$	85,338
Deputy(ies)		737,428
Longevity Pay		26,475
Social Security		46,556
State Retirement		104,707
Life Insurance		1,383
Medical Insurance		181,771
Dental Insurance		8,785
Employer Medicare		11,610
Communication		3,199
Data Processing Services		39,395
Dues and Memberships		766
Janitorial Services		2,940
Maintenance Agreements		8,544
Maintenance and Repair Services - Office Equipment		215
Postal Charges		24,795
Printing, Stationery, and Forms		1,706
Travel		6,229
Tuition		255
Data Processing Supplies		1,312
Office Supplies		6,172
Periodicals		356
Communication Equipment		160
Data Processing Equipment		8,736

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Office Equipment	\$ 2,114	
Total County Clerk's Office		\$ 1,310,947

Data Processing

Supervisor/Director	\$ 49,609	
Data Processing Personnel	20,715	
Longevity Pay	2,625	
Social Security	4,315	
State Retirement	9,746	
Life Insurance	128	
Medical Insurance	20,634	
Dental Insurance	616	
Employer Medicare	1,009	
Communication	1,923	
Maintenance and Repair Services - Equipment	196	
Postal Charges	2,374	
Travel	142	
Other Contracted Services	6,783	
Data Processing Supplies	4,648	
Office Supplies	1,231	
Communication Equipment	189	
Furniture and Fixtures	375	
Total Data Processing		127,258

Other Finance

Assistant(s)	\$ 39,861	
Supervisor/Director	57,506	
Clerical Personnel	25,750	
Longevity Pay	3,225	
Social Security	7,468	
State Retirement	16,879	
Life Insurance	223	
Medical Insurance	27,299	
Dental Insurance	1,337	
Employer Medicare	1,746	
Total Other Finance		181,294

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$ 85,338	
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(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Clerical Personnel	\$	776,336	
Longevity Pay		19,725	
Social Security		50,907	
State Retirement		114,938	
Life Insurance		1,460	
Medical Insurance		181,131	
Dental Insurance		7,462	
Employer Medicare		12,077	
Communication		2,617	
Dues and Memberships		686	
Legal Notices, Recording, and Court Costs		37,071	
Maintenance and Repair Services - Office Equipment		22,625	
Postal Charges		18,074	
Travel		2,133	
Office Supplies		32,788	
Data Processing Equipment		19,251	
Other Capital Outlay		1,197	
Total Circuit Court			\$ 1,385,816

General Sessions Judge

Judge(s)	\$	145,999	
Secretary(ies)		56,748	
Longevity Pay		1,800	
Social Security		10,325	
State Retirement		27,322	
Life Insurance		283	
Medical Insurance		4,534	
Dental Insurance		205	
Employer Medicare		2,947	
Communication		959	
Dues and Memberships		50	
Operating Lease Payments		2,650	
Postal Charges		616	
Printing, Stationery, and Forms		974	
Other Contracted Services		835	
Office Supplies		1,004	
Periodicals		549	
In Service/Staff Development		215	
Other Charges		15,950	
Other Capital Outlay		50	
Total General Sessions Judge			274,015

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court

Clerical Personnel	\$	91,557	
Longevity Pay		975	
Social Security		4,759	
State Retirement		10,628	
Life Insurance		140	
Medical Insurance		13,954	
Dental Insurance		620	
Employer Medicare		1,301	
Communication		288	
Consultants		40,000	
Dues and Memberships		200	
Evaluation and Testing		4,296	
Maintenance Agreements		1,614	
Postal Charges		396	
Printing, Stationery, and Forms		500	
Travel		3,984	
Other Contracted Services		4,859	
Drugs and Medical Supplies		9,694	
Office Supplies		2,298	
Other Charges		5,836	
Data Processing Equipment		1,987	
Furniture and Fixtures		838	
Other Equipment		168	
Total Drug Court			\$ 200,892

Chancery Court

County Official/Administrative Officer	\$	85,338
Clerical Personnel		274,693
Longevity Pay		10,500
Social Security		21,752
State Retirement		45,651
Life Insurance		605
Medical Insurance		87,072
Dental Insurance		4,076
Employer Medicare		5,087
Communication		3,093
Dues and Memberships		686
Janitorial Services		2,400
Maintenance and Repair Services - Office Equipment		2,636
Postal Charges		23,943

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Printing, Stationery, and Forms	\$	3,561	
Travel		1,167	
Tuition		2,110	
Duplicating Supplies		9,934	
Office Supplies		9,101	
Other Supplies and Materials		130	
Data Processing Equipment		10,245	
Furniture and Fixtures		1,215	
Other Capital Outlay		324	
Total Chancery Court			\$ 605,319

Juvenile Court

Judge(s)	\$	145,999	
Assistant(s)		63,948	
Secretary(ies)		85,756	
Longevity Pay		4,800	
Social Security		15,924	
State Retirement		37,470	
Life Insurance		416	
Medical Insurance		24,986	
Dental Insurance		1,181	
Employer Medicare		4,242	
Communication		6,357	
Dues and Memberships		245	
Maintenance and Repair Services - Office Equipment		8,406	
Postal Charges		890	
Printing, Stationery, and Forms		1,006	
Travel		806	
Other Contracted Services		5,588	
Office Supplies		2,503	
Periodicals		435	
Total Juvenile Court			410,958

District Attorney General

Rentals	\$	3,600	
Total District Attorney General			3,600

Judicial Commissioners

County Official/Administrative Officer	\$	193,226	
Longevity Pay		300	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners (Cont.)

Social Security	\$	11,221	
State Retirement		7,255	
Life Insurance		97	
Employer Medicare		2,806	
Communication		763	
Dues and Memberships		350	
Operating Lease Payments		404	
Travel		162	
Office Supplies		1,556	
In Service/Staff Development		720	
Total Judicial Commissioners			\$ 218,860

Other Administration of Justice

Part-time Personnel	\$	18,720	
Social Security		1,161	
Employer Medicare		271	
Contracts with Other Public Agencies		167,125	
Total Other Administration of Justice			187,277

Probation Services

Probation Officer(s)	\$	229,126	
Clerical Personnel		26,662	
Longevity Pay		7,050	
Social Security		15,892	
State Retirement		35,049	
Life Insurance		467	
Medical Insurance		29,703	
Dental Insurance		1,401	
Employer Medicare		3,717	
Communication		576	
Operating Lease Payments		2,487	
Postal Charges		950	
Printing, Stationery, and Forms		1,164	
Travel		1,099	
Office Supplies		3,005	
Premiums on Corporate Surety Bonds		700	
In Service/Staff Development		300	
Furniture and Fixtures		1,048	
Other Capital Outlay		189	
Total Probation Services			360,585

(Continued)

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	92,219
Deputy(ies)		2,193,985
Detective(s)		374,164
Captain(s)		181,742
Lieutenant(s)		141,755
Sergeant(s)		310,355
Dispatchers/Radio Operators		378,303
Guards		269,530
Clerical Personnel		424,438
Maintenance Personnel		83,521
Part-time Personnel		76,001
Longevity Pay		110,325
Other Salaries and Wages		39,000
Social Security		276,656
State Retirement		613,908
Life Insurance		8,106
Medical Insurance		872,232
Dental Insurance		40,664
Employer Medicare		64,703
Advertising		1,096
Communication		22,538
Contracts with Private Agencies		3,458
Dues and Memberships		3,510
Evaluation and Testing		6,575
Licenses		1,454
Maintenance and Repair Services - Equipment		15,852
Maintenance and Repair Services - Vehicles		29,578
Postal Charges		6,786
Printing, Stationery, and Forms		12,698
Transportation - Other than Students		3,576
Veterinary Services		11,523
Animal Food and Supplies		3,451
Data Processing Supplies		96,077
Gasoline		233,234
General Construction Materials		710
Law Enforcement Supplies		46,078
Office Supplies		21,705
Propane Gas		2,780
Tires and Tubes		11,218
Uniforms		30,403

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Other Supplies and Materials	\$	3,307	
In Service/Staff Development		27,498	
Other Charges		9,137	
Data Processing Equipment		18,056	
Motor Vehicles		367,689	
Office Equipment		9,573	
Other Equipment		1,605	
Total Sheriff's Department			\$ 7,552,772

Administration of the Sexual Offender Registry

Other Charges	\$	3,839	
Total Administration of the Sexual Offender Registry			3,839

Jail

Assistant(s)	\$	60,140	
Captain(s)		55,523	
Lieutenant(s)		129,161	
Sergeant(s)		207,913	
Guards		2,957,349	
Cafeteria Personnel		55,416	
Part-time Personnel		8,497	
Longevity Pay		70,725	
Social Security		206,605	
State Retirement		471,449	
Life Insurance		6,340	
Medical Insurance		958,112	
Dental Insurance		42,372	
Employer Medicare		48,321	
Medical and Dental Services		897,164	
Food Supplies		409,209	
Other Supplies and Materials		119,804	
Total Jail			6,704,100

Juvenile Services

Youth Service Officer(s)	\$	321,924	
Salary Supplements		5,196	
Longevity Pay		8,100	
Social Security		20,049	
State Retirement		44,749	
Life Insurance		579	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Medical Insurance	\$	53,002	
Dental Insurance		1,941	
Employer Medicare		4,689	
Communication		1,035	
Maintenance and Repair Services - Office Equipment		1,038	
Postal Charges		440	
Printing, Stationery, and Forms		453	
Travel		4,110	
Drug Treatment		1,465	
Other Contracted Services		4,624	
Office Supplies		4,652	
In Service/Staff Development		299	
Total Juvenile Services			\$ 478,345

Fire Prevention and Control

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

Rural Fire Protection

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

Other Emergency Management

Supervisor/Director	\$	73,542	
Deputy(ies)		16,222	
Longevity Pay		525	
Social Security		5,457	
State Retirement		9,895	
Life Insurance		133	
Medical Insurance		11,382	
Dental Insurance		566	
Employer Medicare		1,276	
Communication		12,522	
Maintenance Agreements		2,545	
Maintenance and Repair Services - Equipment		5,371	
Maintenance and Repair Services - Vehicles		3,235	
Postal Charges		44	
Travel		108	
Other Contracted Services		1,432	
Custodial Supplies		105	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Data Processing Supplies	\$	52	
Gasoline		8,533	
Office Supplies		936	
Other Supplies and Materials		6,516	
Vehicle and Equipment Insurance		14,285	
Workers' Compensation Insurance		6,584	
Other Charges		475,599	
Other Capital Outlay		5,904	
Total Other Emergency Management			\$ 662,769

Public Health and Welfare

Local Health Center

Part-time Personnel	\$	4,802	
Longevity Pay		12,600	
Overtime Pay		8,432	
Other Salaries and Wages		735,497	
Social Security		44,987	
State Retirement		90,782	
Life Insurance		1,216	
Medical Insurance		144,572	
Dental Insurance		6,263	
Employer Medicare		10,521	
Communication		30,929	
Maintenance and Repair Services - Buildings		71,172	
Maintenance and Repair Services - Equipment		998	
Postal Charges		4,808	
Travel		16,459	
Other Contracted Services		12,335	
Custodial Supplies		391	
Data Processing Supplies		40	
Drugs and Medical Supplies		1,037	
Electricity		55,496	
Natural Gas		12,450	
Office Supplies		1,104	
Water and Sewer		4,079	
Other Supplies and Materials		1,696	
Other Charges		1,385	
Furniture and Fixtures		2,385	
Heating and Air Conditioning Equipment		4,600	
Other Equipment		5,455	
Total Local Health Center			1,286,491

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services

Supervisor/Director	\$	81,981
Mechanic(s)		28,122
Dispatchers/Radio Operators		199,871
Clerical Personnel		203,346
Attendants		2,440,416
Part-time Personnel		256,410
Longevity Pay		71,550
Overtime Pay		1,247,458
Social Security		268,864
State Retirement		570,872
Life Insurance		6,826
Medical Insurance		798,410
Dental Insurance		36,114
Employer Medicare		62,881
Communication		42,702
Data Processing Services		21,165
Dues and Memberships		590
Operating Lease Payments		58,931
Legal Notices, Recording, and Court Costs		66
Licenses		7,500
Maintenance and Repair Services - Buildings		2,258
Maintenance and Repair Services - Equipment		12,668
Maintenance and Repair Services - Office Equipment		5,023
Maintenance and Repair Services - Vehicles		15,075
Medical and Dental Services		4,002
Postal Charges		9,956
Printing, Stationery, and Forms		4,633
Travel		1,788
Disposal Fees		2,250
Other Contracted Services		1,020
Custodial Supplies		5,335
Diesel Fuel		125,729
Drugs and Medical Supplies		178,341
Gasoline		10,203
Instructional Supplies and Materials		6,889
Office Supplies		5,344
Textbooks		793
Tires and Tubes		13,922
Uniforms		48,299
Vehicle Parts		58,546

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Liability Insurance	\$	16,086	
In Service/Staff Development		18,122	
Other Charges		1,705	
Communication Equipment		10,188	
Data Processing Equipment		8,017	
Furniture and Fixtures		4,304	
Motor Vehicles		301,109	
Health Equipment		90,471	
Other Equipment		1,462	
Other Capital Outlay		3,122	
Total Ambulance/Emergency Medical Services			\$ 7,370,735

Appropriation to State

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

General Welfare Assistance

Pauper Burials	\$	1,000	
Total General Welfare Assistance			1,000

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	40,500	
Tax Relief Program		190,817	
Total Senior Citizens Assistance			231,317

Libraries

Librarians	\$	777,054	
Longevity Pay		22,200	
Social Security		45,774	
State Retirement		89,128	
Life Insurance		1,081	
Medical Insurance		173,043	
Dental Insurance		8,580	
Employer Medicare		10,950	
Communication		15,669	
Contracts with Private Agencies		393	
Contributions		113,005	
Data Processing Services		5,240	
Dues and Memberships		555	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Janitorial Services	\$	26,409	
Operating Lease Payments		5,430	
Maintenance Agreements		1,000	
Maintenance and Repair Services - Buildings		17,793	
Maintenance and Repair Services - Equipment		1,057	
Maintenance and Repair Services - Office Equipment		81	
Pest Control		743	
Postal Charges		4,808	
Printing, Stationery, and Forms		339	
Travel		1,943	
Other Contracted Services		1,325	
Custodial Supplies		3,512	
Data Processing Supplies		5,141	
Electricity		72,995	
Library Books/Media		93,439	
Natural Gas		2,839	
Office Supplies		9,169	
Periodicals		5,848	
Water and Sewer		5,118	
Other Supplies and Materials		10,735	
In Service/Staff Development		315	
Other Charges		13,339	
Data Processing Equipment		24,726	
Office Equipment		225	
Other Capital Outlay		4,985	
Total Libraries			\$ 1,575,986

Agriculture and Natural Resources

Agriculture Extension Service

County Official/Administrative Officer	\$	98,402
Assistant(s)		95,731
Secretary(ies)		47,467
Longevity Pay		5,100
Social Security		11,195
State Retirement		31,209
Life Insurance		242
Medical Insurance		82,416
Dental Insurance		3,464
Employer Medicare		3,327
Communication		3,369

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Dues and Memberships	\$	380	
Maintenance and Repair Services - Buildings		50	
Maintenance and Repair Services - Office Equipment		1,128	
Travel		5,092	
Office Supplies		985	
Data Processing Equipment		1,042	
Office Equipment		924	
Total Agriculture Extension Service			\$ 391,523

Soil Conservation

Secretary(ies)	\$	26,341	
Longevity Pay		1,125	
Social Security		1,559	
State Retirement		3,669	
Life Insurance		49	
Medical Insurance		11,382	
Dental Insurance		566	
Employer Medicare		365	
Dues and Memberships		1,050	
Postal Charges		382	
Travel		221	
Office Supplies		378	
Periodicals		66	
In Service/Staff Development		160	
Data Processing Equipment		1,296	
Office Equipment		300	
Total Soil Conservation			48,909

Other Operations

Tourism

Contributions	\$	350,000	
Total Tourism			350,000

Industrial Development

Contributions	\$	15,000	
Total Industrial Development			15,000

Veterans' Services

County Official/Administrative Officer	\$	43,260	
Longevity Pay		450	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Social Security	\$	2,710	
State Retirement		5,840	
Life Insurance		79	
Employer Medicare		634	
Communication		356	
Dues and Memberships		25	
Postal Charges		134	
Travel		216	
Office Supplies		88	
Office Equipment		389	
Total Veterans' Services			\$ 54,181

Other Charges

Evaluation and Testing	\$	7,567	
Medical and Dental Services		33,200	
Other Supplies and Materials		7,438	
Building and Contents Insurance		43,202	
Liability Insurance		333,308	
Premiums on Corporate Surety Bonds		2,809	
Trustee's Commission		379,875	
Workers' Compensation Insurance		158,238	
Other Charges		34,203	
Total Other Charges			999,840

Contributions to Other Agencies

Contributions	\$	142,257	
Total Contributions to Other Agencies			142,257

Employee Benefits

Social Security	\$	651	
State Retirement		2,325	
Medical Insurance		14,363	
Unemployment Compensation		67,796	
Employer Medicare		152	
Total Employee Benefits			85,287

ARRA Grant No. 1

Temporary Personnel	\$	25,081	
Social Security		1,555	
Employer Medicare		364	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

ARRA Grant No. 1 (Cont.)

Freight Expenses	\$	150	
Drugs and Medical Supplies		22,676	
Health Equipment		140	
Total ARRA Grant No. 1			\$ 49,966

ARRA Grant No. 2

Other Supplies and Materials	\$	2,145	
Other Equipment		43,010	
Total ARRA Grant No. 2			45,155

ARRA Grant No. 3

Engineering Services	\$	66,708	
Total ARRA Grant No. 3			66,708

ARRA Grant No. 4

Advertising	\$	3,197	
Total ARRA Grant No. 4			3,197

Miscellaneous

Guards	\$	14,308	
Longevity Pay		600	
Social Security		883	
State Retirement		1,992	
Life Insurance		26	
Medical Insurance		2,624	
Dental Insurance		119	
Employer Medicare		207	
On-Behalf Payments to OPEB		7,544	
Total Miscellaneous			28,303

Capital Projects

Public Health and Welfare Projects

Other Contracted Services	\$	36,643	
Building Construction		330,673	
Total Public Health and Welfare Projects			367,316

Total General Fund \$ 40,452,818

(Continued)

Exhibit K-8

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

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Communication	\$	23,626	
Maintenance and Repair Services - Buildings		244,014	
Maintenance and Repair Services - Equipment		15,002	
Maintenance and Repair Services - Vehicles		2,166	
Pest Control		8,358	
Disposal Fees		872	
Other Contracted Services		209,605	
Custodial Supplies		13,298	
Gasoline		1,746	
General Construction Materials		289	
Other Supplies and Materials		1,105	
Trustee's Commission		4,372	
Data Processing Equipment		940	
Other Equipment		7,905	
Other Capital Outlay		202,000	
Total County Buildings			\$ 735,298

Total Courthouse and Jail Maintenance Fund \$ 735,298

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	2,000	
Evaluation and Testing		1,350	
Drugs and Medical Supplies		1,858	
Office Supplies		8,849	
Trustee's Commission		867	
Motor Vehicles		46,136	
Total Drug Enforcement			\$ 61,060

Total Drug Control Fund 61,060

District Attorney General Fund

Administration of Justice

District Attorney General

Dues and Memberships	\$	945	
Janitorial Services		3,840	
Rentals		6,000	
Travel		7,970	
Tuition		1,338	

(Continued)

Exhibit K-8

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

District Attorney General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General (Cont.)

Other Contracted Services	\$	8,124	
Data Processing Supplies		547	
Office Supplies		41	
Trustee's Commission		264	
In Service/Staff Development		2,970	
Other Charges		1,419	
Furniture and Fixtures		1,188	
Total District Attorney General			<u>\$ 34,646</u>

Total District Attorney General Fund \$ 34,646

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	10,823	
Total Chancery Court			<u>\$ 10,823</u>

Total Constitutional Officers - Fees Fund 10,823

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	92,219	
Assistant(s)		45,297	
Clerical Personnel		32,140	
Data Processing Services		5,025	
Dues and Memberships		3,950	
Legal Services		4,700	
Legal Notices, Recording, and Court Costs		230	
Maintenance and Repair Services - Buildings		2,463	
Maintenance and Repair Services - Office Equipment		3,351	
Postal Charges		88	
Printing, Stationery, and Forms		66	
Travel		329	
Other Contracted Services		152	
Custodial Supplies		578	
Drugs and Medical Supplies		119	
Office Supplies		1,032	
Other Charges		10,741	
Total Administration			<u>\$ 202,480</u>

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Foremen	\$	165,871	
Equipment Operators		506,064	
Truck Drivers		212,088	
Laborers		5,409	
Engineering Services		10,452	
Other Contracted Services		200	
Asphalt - Hot Mix		3,112,489	
Asphalt - Liquid		36,291	
Concrete		21,251	
Crushed Stone		197,086	
General Construction Materials		48,777	
Pipe		5,946	
Pipe - Concrete		31,844	
Pipe - Metal		1,599	
Road Signs		7,526	
Salt		65,155	
Small Tools		635	
Structural Steel		834	
Wood Products		2,556	
Total Highway and Bridge Maintenance			\$ 4,432,073

Operation and Maintenance of Equipment

Foremen	\$	45,798	
Mechanic(s)		158,280	
Laborers		32,135	
Maintenance and Repair Services - Buildings		2,264	
Maintenance and Repair Services - Vehicles		15,532	
Other Contracted Services		26,756	
Custodial Supplies		1,001	
Diesel Fuel		158,297	
Equipment and Machinery Parts		179,378	
Garage Supplies		8,280	
Gasoline		98,407	
Lubricants		10,299	
Small Tools		14,405	
Tires and Tubes		44,543	
Other Supplies and Materials		3,220	
Other Charges		1,787	
Total Operation and Maintenance of Equipment			800,382

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Quarry Operations

Electricity	\$	857	
Other Charges		<u>5,421</u>	
Total Quarry Operations			\$ 6,278

Litter and Trash Collection

Guards	\$	525	
Instructional Supplies and Materials		14,550	
Other Supplies and Materials		2,433	
Other Charges		<u>5,552</u>	
Total Litter and Trash Collection			23,060

Other Charges

Communication	\$	7,989	
Electricity		15,939	
Natural Gas		4,566	
Water and Sewer		1,659	
Building and Contents Insurance		2,014	
Liability Insurance		99,654	
Trustee's Commission		59,826	
Vehicle and Equipment Insurance		<u>46,065</u>	
Total Other Charges			237,712

Employee Benefits

Social Security	\$	96,894	
State Retirement		175,213	
Life Insurance		2,156	
Medical Insurance		291,966	
Dental Insurance		12,414	
Unemployment Compensation		7,663	
Other Fringe Benefits		41,385	
Workers' Compensation Insurance		<u>62,771</u>	
Total Employee Benefits			690,462

Capital Outlay

Building Construction	\$	156,918	
Furniture and Fixtures		136	
Highway Equipment		13,909	
Office Equipment		<u>696</u>	
Total Capital Outlay			<u>171,659</u>

Total Highway/Public Works Fund \$ 6,564,106

(Continued)

Exhibit K-8

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

General Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 14,080,000	
Total Education		\$ 14,080,000

Interest on Debt

General Government

Interest on Bonds	\$ 61,856	
Total General Government		61,856

Education

Interest on Bonds	\$ 6,896,425	
Total Education		6,896,425

Other Debt Service

General Government

Other Contracted Services	\$ 4,000	
Trustee's Commission	369,316	
Total General Government		373,316

Education

Other Charges	\$ 750	
Total Education		750

Total General Debt Service Fund		\$ 21,412,347
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General Capital Projects Fund

Capital Projects

Social, Cultural, and Recreation Projects

Site Development	\$ 34,925	
Total Social, Cultural, and Recreation Projects		\$ 34,925

Public Utility Projects

Other Contracted Services	\$ 331,349	
Total Public Utility Projects		331,349

Other General Government Projects

Architects	\$ 104,000	
Engineering Services	2,520	
Permits	250	
Building Improvements	62,874	
Other Construction	98,368	
Total Other General Government Projects		268,012

(Continued)

Exhibit K-8

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

<u>General Capital Projects Fund (Cont.)</u>			
<u>Capital Projects (Cont.)</u>			
<u>Education Capital Projects</u>			
Underwriter's Discount	\$	41,982	
Other Debt Issuance Charges		52,400	
Building Construction		<u>7,146,547</u>	
Total Education Capital Projects			\$ <u>7,240,929</u>
Total General Capital Projects Fund			\$ 7,875,215
<u>Highway Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Highway and Street Capital Projects</u>			
Trustee's Commission	\$	<u>915</u>	
Total Highway and Street Capital Projects			\$ <u>915</u>
Total Highway Capital Projects Fund			<u>915</u>
Total Governmental Funds - Primary Government			\$ <u><u>77,147,228</u></u>

Exhibit K-9

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 62,859,090	
Career Ladder Program	553,954	
Career Ladder Extended Contracts	280,575	
Homebound Teachers	90,753	
Educational Assistants	1,203,257	
Other Salaries and Wages	114,640	
Certified Substitute Teachers	342,683	
Non-certified Substitute Teachers	494,349	
Social Security	3,939,242	
State Retirement	4,218,567	
Life Insurance	91,264	
Medical Insurance	11,151,271	
Dental Insurance	438,609	
Employer Medicare	923,413	
Maintenance and Repair Services - Equipment	43,408	
Other Contracted Services	210,949	
Instructional Supplies and Materials	541,604	
Textbooks	1,660,141	
Other Supplies and Materials	80,805	
Fee Waivers	419,033	
Other Charges	5,269	
Regular Instruction Equipment	<u>395,229</u>	
Total Regular Instruction Program		\$ 90,058,105

Alternative Instruction Program

Teachers	\$ 750,124	
Career Ladder Program	2,400	
Educational Assistants	129,804	
Other Salaries and Wages	170,922	
Certified Substitute Teachers	3,084	
Non-certified Substitute Teachers	10,786	
Social Security	62,693	
State Retirement	88,053	
Life Insurance	962	
Medical Insurance	257,525	
Dental Insurance	8,551	
Employer Medicare	14,726	
Instructional Supplies and Materials	10,487	
Other Charges	<u>2,808</u>	
Total Alternative Instruction Program		1,512,925

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$ 6,747,456	
Career Ladder Program	75,696	
Career Ladder Extended Contracts	9,406	
Homebound Teachers	180,666	
Educational Assistants	1,842,440	
Speech Pathologist	1,407,288	
Other Salaries and Wages	668,244	
Certified Substitute Teachers	42,056	
Non-certified Substitute Teachers	190,612	
Social Security	652,641	
State Retirement	854,619	
Life Insurance	12,540	
Medical Insurance	2,628,460	
Dental Insurance	90,978	
Employer Medicare	154,370	
Contracts with Private Agencies	211,274	
Other Contracted Services	23,007	
Instructional Supplies and Materials	120,342	
Other Supplies and Materials	336	
Other Charges	1,483	
Special Education Equipment	12,315	
Total Special Education Program		\$ 15,926,229

Vocational Education Program

Teachers	\$ 6,344,268
Career Ladder Program	58,480
Career Ladder Extended Contracts	15,015
Educational Assistants	187,744
Certified Substitute Teachers	43,098
Non-certified Substitute Teachers	37,995
Social Security	401,149
State Retirement	435,478
Life Insurance	9,642
Medical Insurance	916,727
Dental Insurance	37,891
Employer Medicare	93,942
Maintenance and Repair Services - Equipment	8,145
Instructional Supplies and Materials	92,344
Textbooks	12,817

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Fee Waivers	\$	50,610	
Other Charges		18,554	
Vocational Instruction Equipment		51,281	
Total Vocational Education Program			\$ 8,815,180

Adult Education Program

Teachers	\$	218,945	
Career Ladder Program		1,000	
Other Salaries and Wages		1,665	
Social Security		12,628	
State Retirement		10,000	
Life Insurance		287	
Medical Insurance		29,882	
Dental Insurance		1,360	
Employer Medicare		3,129	
Instructional Supplies and Materials		11,127	
Other Charges		463	
Total Adult Education Program			290,486

Support Services

Attendance

Supervisor/Director	\$	79,203	
Career Ladder Program		1,000	
Clerical Personnel		25,994	
Other Salaries and Wages		149,886	
Social Security		15,405	
State Retirement		28,647	
Life Insurance		520	
Medical Insurance		28,349	
Dental Insurance		775	
Employer Medicare		3,603	
Travel		7,155	
Other Supplies and Materials		1,261	
Other Charges		2,552	
Total Attendance			344,350

Health Services

Medical Personnel	\$	324,009
Other Salaries and Wages		68,878

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Social Security	\$	22,957	
State Retirement		28,375	
Life Insurance		88	
Medical Insurance		109,669	
Dental Insurance		2,969	
Employer Medicare		5,369	
Travel		24,522	
Other Contracted Services		11,420	
Drugs and Medical Supplies		6,162	
Other Supplies and Materials		27,484	
Other Charges		15,077	
Health Equipment		3,095	
Total Health Services			\$ 650,074

Other Student Support

Career Ladder Program	\$	32,658	
Guidance Personnel		2,813,715	
Career Ladder Extended Contracts		32,000	
Clerical Personnel		191,872	
Other Salaries and Wages		229,682	
Social Security		192,852	
State Retirement		228,508	
Life Insurance		4,528	
Medical Insurance		559,679	
Dental Insurance		17,826	
Employer Medicare		46,004	
Evaluation and Testing		94,078	
Total Other Student Support			4,443,402

Regular Instruction Program

Supervisor/Director	\$	590,076	
Career Ladder Program		74,280	
Career Ladder Extended Contracts		45,813	
Librarians		2,478,563	
Materials Supervisor		75,219	
Instructional Computer Personnel		58,190	
Secretary(ies)		93,760	
Clerical Personnel		303,421	
Educational Assistants		27,066	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Salaries and Wages	\$	1,673,673	
In-Service Training		1,225	
Social Security		314,848	
State Retirement		386,347	
Life Insurance		7,740	
Medical Insurance		802,705	
Dental Insurance		31,454	
Employer Medicare		75,195	
Travel		77,527	
Other Contracted Services		96,318	
Library Books/Media		121,149	
Other Supplies and Materials		291,178	
In Service/Staff Development		208,980	
Other Charges		157,326	
Other Equipment		98,357	
Total Regular Instruction Program			\$ 8,090,410

Alternative Instruction Program

Supervisor/Director	\$	77,983	
Career Ladder Program		3,400	
Guidance Personnel		69,589	
Librarians		33,063	
Secretary(ies)		34,290	
Clerical Personnel		11,396	
Social Security		13,712	
State Retirement		17,919	
Life Insurance		440	
Medical Insurance		40,119	
Dental Insurance		1,794	
Employer Medicare		3,207	
Library Books/Media		4,501	
Other Supplies and Materials		8,472	
Total Alternative Instruction Program			319,885

Special Education Program

Supervisor/Director	\$	444,026	
Career Ladder Program		13,070	
Psychological Personnel		348,067	
Career Ladder Extended Contracts		2,000	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Secretary(ies)	\$	69,849	
Clerical Personnel		64,263	
Speech Pathologist		68,327	
Other Salaries and Wages		76,590	
Social Security		65,053	
State Retirement		83,042	
Life Insurance		1,704	
Medical Insurance		150,688	
Dental Insurance		5,339	
Employer Medicare		15,222	
Communication		836	
Postal Charges		226	
Travel		56,137	
Other Contracted Services		16,750	
Other Supplies and Materials		794	
In Service/Staff Development		25,568	
Other Charges		2,312	
Total Special Education Program			\$ 1,509,863

Vocational Education Program

Supervisor/Director	\$	77,403	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		2,000	
Secretary(ies)		35,105	
Social Security		6,795	
State Retirement		9,462	
Life Insurance		226	
Medical Insurance		13,825	
Dental Insurance		412	
Employer Medicare		1,638	
Travel		64,573	
Other Supplies and Materials		1,778	
Other Charges		134	
Other Equipment		1,022	
Total Vocational Education Program			216,373

Adult Programs

Supervisor/Director	\$	119,759
Career Ladder Program		3,000

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

Career Ladder Extended Contracts	\$	4,000	
Other Salaries and Wages		80,226	
In-Service Training		585	
Social Security		12,368	
State Retirement		18,871	
Life Insurance		410	
Medical Insurance		34,206	
Dental Insurance		1,052	
Employer Medicare		2,894	
Travel		4,775	
Other Supplies and Materials		319	
In Service/Staff Development		2,610	
Other Equipment		428	
Total Adult Programs			\$ 285,503

Other Programs

On-Behalf Payments to OPEB	\$	886,824	
Total Other Programs			886,824

Board of Education

Other Salaries and Wages	\$	28,459	
Board and Committee Members Fees		63,000	
Social Security		4,557	
State Retirement		1,689	
Medical Insurance		1,685	
Dental Insurance		67	
Unemployment Compensation		220,750	
Employer Medicare		1,310	
Other Fringe Benefits		1,534,567	
Audit Services		27,000	
Dues and Memberships		32,880	
Legal Services		538,177	
Travel		5,728	
Other Contracted Services		64,120	
Other Supplies and Materials		461	
Liability Insurance		142,266	
Trustee's Commission		1,330,054	
Workers' Compensation Insurance		423,640	
In Service/Staff Development		3,405	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Criminal Investigation of Applicants - TBI	\$	41,056	
Refund to Applicant for Criminal Investigation		6,912	
Other Charges		107,633	
Total Board of Education			\$ 4,579,416

Director of Schools

County Official/Administrative Officer	\$	125,490	
Secretary(ies)		73,056	
Social Security		10,923	
State Retirement		17,817	
Life Insurance		315	
Medical Insurance		26,851	
Dental Insurance		709	
Employer Medicare		2,834	
Communication		227,789	
Dues and Memberships		6,150	
Postal Charges		53,950	
Travel		494	
Office Supplies		623	
Other Charges		4,573	
Administration Equipment		687	
Total Director of Schools			552,261

Office of the Principal

Principals	\$	3,663,624	
Career Ladder Program		88,000	
Career Ladder Extended Contracts		60,000	
Assistant Principals		2,797,543	
Secretary(ies)		956,913	
Clerical Personnel		1,236,016	
Social Security		520,197	
State Retirement		710,921	
Life Insurance		15,777	
Medical Insurance		1,639,834	
Dental Insurance		55,802	
Employer Medicare		122,273	
Office Supplies		38,163	
Other Supplies and Materials		13,247	
Other Charges		21,612	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Administration Equipment	\$ 5,209	
Total Office of the Principal		\$ 11,945,131

Fiscal Services

Supervisor/Director	\$ 86,108	
Internal Audit Personnel	44,990	
Accountants/Bookkeepers	40,014	
Purchasing Personnel	76,757	
Secretary(ies)	33,579	
Clerical Personnel	158,555	
Other Salaries and Wages	147,598	
Social Security	35,068	
State Retirement	77,547	
Life Insurance	1,045	
Medical Insurance	78,540	
Dental Insurance	1,981	
Employer Medicare	8,201	
Advertising	4,295	
Dues and Memberships	275	
Travel	4,786	
Office Supplies	497	
Other Supplies and Materials	7,978	
In Service/Staff Development	3,061	
Other Charges	98,171	
Administration Equipment	5,868	
Total Fiscal Services		914,914

Human Services/Personnel

Supervisor/Director	\$ 82,695	
Secretary(ies)	32,955	
Clerical Personnel	204,744	
Other Salaries and Wages	21,333	
Social Security	20,529	
State Retirement	45,272	
Life Insurance	637	
Medical Insurance	49,869	
Dental Insurance	1,058	
Employer Medicare	4,801	
Advertising	257	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Human Services/Personnel (Cont.)

Travel	\$	2,743	
Office Supplies		1,326	
In Service/Staff Development		356	
Other Charges		13,616	
Administration Equipment		1,931	
Total Human Services/Personnel			\$ 484,122

Operation of Plant

Supervisor/Director	\$	25,285	
Secretary(ies)		28,685	
Custodial Personnel		3,086,131	
Other Salaries and Wages		284,486	
Social Security		196,579	
State Retirement		425,143	
Life Insurance		3,887	
Medical Insurance		1,044,114	
Dental Insurance		27,810	
Employer Medicare		46,587	
Laundry Service		656	
Maintenance and Repair Services - Equipment		5,983	
Travel		5,912	
Disposal Fees		319,298	
Other Contracted Services		327,675	
Custodial Supplies		384,226	
Electricity		4,834,315	
Natural Gas		556,625	
Water and Sewer		654,049	
Other Supplies and Materials		10,337	
Building and Contents Insurance		367,063	
Other Charges		18,427	
Plant Operation Equipment		66,688	
Total Operation of Plant			12,719,961

Maintenance of Plant

Secretary(ies)	\$	26,501	
Maintenance Personnel		1,992,760	
Other Salaries and Wages		91,302	
Social Security		124,968	
State Retirement		279,386	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Life Insurance	\$	3,051	
Medical Insurance		437,075	
Dental Insurance		11,541	
Employer Medicare		29,227	
Communication		14,690	
Laundry Service		18,002	
Maintenance and Repair Services - Vehicles		4,401	
Travel		2,159	
Other Contracted Services		158,302	
Equipment and Machinery Parts		323,882	
Gasoline		74,242	
Vehicle Parts		10,363	
Other Supplies and Materials		601,189	
In Service/Staff Development		7,741	
Other Charges		23,659	
Administration Equipment		4,802	
Maintenance Equipment		47,530	
Total Maintenance of Plant			\$ 4,286,773

Transportation

Supervisor/Director	\$	71,954
Mechanic(s)		339,901
Bus Drivers		2,325,986
Clerical Personnel		41,205
Other Salaries and Wages		355,771
Social Security		176,540
State Retirement		408,606
Life Insurance		4,342
Medical Insurance		1,373,525
Dental Insurance		38,770
Employer Medicare		41,288
Communication		2,090
Laundry Service		4,180
Maintenance and Repair Services - Vehicles		19,338
Travel		425
Other Contracted Services		11,430
Diesel Fuel		643,294
Garage Supplies		4,472
Gasoline		16,049

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Lubricants	\$	25,371	
Tires and Tubes		102,019	
Vehicle Parts		229,574	
Other Supplies and Materials		12,184	
Vehicle and Equipment Insurance		171,294	
In Service/Staff Development		491	
Other Charges		44,213	
Transportation Equipment		32,226	
Total Transportation			\$ 6,496,538

Central and Other

Supervisor/Director	\$	61,765	
Computer Programmer(s)		48,652	
Data Processing Personnel		397,671	
Clerical Personnel		25,487	
Social Security		31,690	
State Retirement		66,297	
Life Insurance		619	
Medical Insurance		90,283	
Dental Insurance		3,224	
Employer Medicare		7,412	
Maintenance and Repair Services - Equipment		1,512	
Travel		1,247	
Other Contracted Services		2,250	
Office Supplies		336	
Other Supplies and Materials		399	
In Service/Staff Development		13,683	
Other Charges		5,724	
Data Processing Equipment		37,482	
Total Central and Other			795,733

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	70,958	
Career Ladder Program		1,000	
Clerical Personnel		102,413	
Cafeteria Personnel		2,799,012	
Other Salaries and Wages		204,117	
In-Service Training		774	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Social Security	\$	175,470	
State Retirement		367,698	
Life Insurance		4,299	
Medical Insurance		1,367,594	
Dental Insurance		40,309	
Employer Medicare		41,820	
Communication		4,024	
Maintenance and Repair Services - Equipment		49,328	
Travel		22,467	
Other Contracted Services		72,768	
Food Preparation Supplies		279,180	
Food Supplies		4,236,006	
Office Supplies		25,157	
Utilities		225,226	
USDA - Commodities		589,721	
Other Supplies and Materials		7,244	
In Service/Staff Development		18,295	
Other Charges		11,545	
Food Service Equipment		76,351	
Total Food Service			\$ 10,792,776

Community Services

Supervisor/Director	\$	231,173
Clerical Personnel		24,200
Educational Assistants		878
Other Salaries and Wages		501,780
Social Security		43,599
State Retirement		67,255
Life Insurance		225
Medical Insurance		155,066
Dental Insurance		5,226
Employer Medicare		10,289
Travel		1,312
Other Contracted Services		3,903
Food Supplies		53,279
Other Supplies and Materials		89,909
Refunds		804
In Service/Staff Development		615
Other Charges		65,338

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Other Equipment	\$ 44,899	
Total Community Services		\$ 1,299,750

Capital Outlay

Regular Capital Outlay

Building Construction	\$ 250,000	
Building Improvements	569,994	
Other Capital Outlay	654,297	
Total Regular Capital Outlay		<u>1,474,291</u>

Total General Purpose School Fund \$ 189,691,275

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,670,885	
Audiovisual Personnel	10,000	
Educational Assistants	646,252	
Other Salaries and Wages	63,890	
Certified Substitute Teachers	8,989	
Non-certified Substitute Teachers	18,055	
Social Security	137,023	
State Retirement	199,538	
Life Insurance	2,833	
Medical Insurance	517,433	
Dental Insurance	18,164	
Employer Medicare	33,256	
Maintenance and Repair Services - Equipment	32,423	
Other Contracted Services	32,475	
Instructional Supplies and Materials	247,626	
Other Supplies and Materials	20,744	
Other Charges	31,603	
Regular Instruction Equipment	508,144	
Total Regular Instruction Program		\$ 4,199,333

Alternative Instruction Program

Educational Assistants	\$ 10,894
Social Security	303
State Retirement	671

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Alternative Instruction Program (Cont.)

Employer Medicare	\$ 156	
Total Alternative Instruction Program		\$ 12,024

Special Education Program

Teachers	\$ 2,544,315	
Educational Assistants	1,192,032	
Speech Pathologist	153,337	
Other Salaries and Wages	685,871	
Social Security	264,122	
State Retirement	397,352	
Life Insurance	4,769	
Medical Insurance	1,304,715	
Dental Insurance	45,286	
Employer Medicare	61,965	
Contracts with Private Agencies	22,209	
Maintenance and Repair Services - Equipment	10,163	
Instructional Supplies and Materials	317,443	
Other Supplies and Materials	8,557	
Other Charges	14,616	
Special Education Equipment	326,400	
Total Special Education Program		7,353,152

Vocational Education Program

Instructional Supplies and Materials	\$ 70,000	
Vocational Instruction Equipment	189,056	
Total Vocational Education Program		259,056

Support Services

Other Student Support

Other Salaries and Wages	\$ 27,110	
Social Security	1,659	
State Retirement	3,070	
Medical Insurance	1,910	
Dental Insurance	48	
Employer Medicare	388	
Travel	41,578	
Other Contracted Services	29,904	
Other Supplies and Materials	57,165	
Other Charges	39,741	
Total Other Student Support		202,573

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	118,768	
Instructional Computer Personnel		50,817	
Secretary(ies)		23,416	
Clerical Personnel		10,679	
Other Salaries and Wages		379,106	
In-Service Training		6,760	
Social Security		33,747	
State Retirement		42,437	
Life Insurance		1,016	
Medical Insurance		74,426	
Dental Insurance		2,478	
Employer Medicare		8,292	
Travel		76,527	
Other Supplies and Materials		9,835	
In Service/Staff Development		239,603	
Other Charges		6,018	
Other Equipment		44,660	
Total Regular Instruction Program			\$ 1,128,585

Special Education Program

Supervisor/Director	\$	93,443
Psychological Personnel		447,739
Clerical Personnel		1,745
Speech Pathologist		261
Other Salaries and Wages		74,315
In-Service Training		290
Social Security		34,318
State Retirement		40,184
Life Insurance		1,003
Medical Insurance		84,630
Dental Insurance		3,798
Employer Medicare		8,453
Communication		246
Consultants		12,746
Postal Charges		532
Travel		44,234
Other Supplies and Materials		9,951
In Service/Staff Development		101,191
Other Charges		12,648

(Continued)

Exhibit K-9

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

<u>School Federal Projects Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Special Education Program (Cont.)</u>		
Other Equipment	\$ 6,090	
Total Special Education Program		\$ 977,817
 <u>Vocational Education Program</u>		
Other Supplies and Materials	\$ 5,000	
Total Vocational Education Program		5,000
 <u>Transportation</u>		
Bus Drivers	\$ 32,540	
Social Security	1,780	
State Retirement	4,346	
Life Insurance	60	
Medical Insurance	19,213	
Dental Insurance	280	
Employer Medicare	416	
Transportation Equipment	94,237	
Total Transportation		<u>152,872</u>
 Total School Federal Projects Fund		 <u>\$ 14,290,412</u>
 Total Governmental Funds - Sumner County School Department		 <u><u>\$ 203,981,687</u></u>

Exhibit K-10

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

	Governmental Activities - Internal Service Fund <hr/> Self - Insurance Fund <hr/>
<u>Revenues</u>	
<u>Charges for Current Services</u>	
<u>General Service Charges</u>	
Self-Insurance Premiums/Contributions	\$ 885,684
Other Employee Benefit Charges/Contributions	17,814,083
Other General Service Charges	1,135,000
Total Charges for Current Services	<u>\$ 19,834,767</u>
<u>Other Local Revenues</u>	
<u>Recurring Items</u>	
Investment Income	\$ 8,447
Retirees' Insurance Payments	368,374
Cobra Insurance Payments	35,131
Miscellaneous Refunds	179,022
Total Other Local Revenues	<u>\$ 590,974</u>
Total Revenues	<u>\$ 20,425,741</u>
<u>Expenses</u>	
<u>General Government</u>	
<u>Risk Management</u>	
Communication	\$ 1,248
Consultants	7,800
Dues and Memberships	670
Legal Services	45
Maintenance Agreements	1,915
Maintenance and Repair Services - Office Equipment	310
Maintenance and Repair Services - Vehicles	1,540
Postal Charges	902
Travel	253
Other Contracted Services	987
Gasoline	289
Office Supplies	2,577
Other Supplies and Materials	288
Vehicle and Equipment Insurance	971
Liability Claims	237,114
Other Self-Insured Claims	625,018
In Service/Staff Development	675
Other Capital Outlay	249
Total Risk Management	<u>\$ 882,851</u>

(Continued)

Exhibit K-10

Sumner County, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Fund (Cont.)

	Governmental Activities - Internal Service Fund
	<u>Self - Insurance Fund</u>
<u>Expenses (Cont.)</u>	
<u>General Government (Cont.)</u>	
<u>Employee Benefits</u>	
Handling Charges and Administrative Costs	\$ 744,148
Dental Insurance	88,240
Communication	4,682
Consultants	15,000
Maintenance and Repair Services - Buildings	4,357
Excess Risk Insurance	418,865
Medical Claims	14,946,466
Depreciation	841
Other Self-Insured Claims	776,067
Specialized Medical Treatment	<u>3,111,079</u>
Total Employee Benefits	<u>\$ 20,109,745</u>
Total Expenses	<u><u>\$ 20,992,596</u></u>

Exhibit K-11

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

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 14,729,050
Total Cash Receipts	<u>\$ 14,729,050</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 14,581,759
Trustee's Commission	147,291
Total Cash Disbursements	<u>\$ 14,729,050</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

January 27, 2011

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

To the County Executive and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sumner County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Sumner County's basic financial statements and have issued our report thereon dated January 27, 2011. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Sumner County Emergency Communications District, which were not available from other auditors as of the date of this report. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the discretely presented Sumner County Regional Airport Authority and The Resource Authority in Sumner County, Tennessee, as described in our report on Sumner County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sumner County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sumner County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sumner County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: 10.02, 10.03, and 10.05. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sumner County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 10.01 and 10.04.

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

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

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

Very truly yours,

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

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

January 27, 2011

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

To the County Executive and Board of County Commissioners:

Compliance

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

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

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

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

Internal Control Over Compliance

The management of Sumner County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Sumner County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Sumner County's internal control over compliance.

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

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

Schedule of Expenditures of Federal Awards

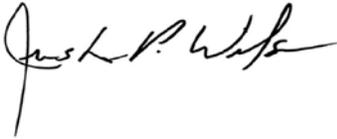
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sumner County as of and for the year ended June 30, 2010, and have issued our report thereon dated January 27, 2011. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Sumner County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Sumner County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such

information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

Yours very truly,

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

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	(2)	\$ 589,721 (3)
Child and Adult Care Food Program	10.558	(2)	14,277
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	1,033,871
National School Lunch Program	10.555	(2)	3,847,255 (3)
Child Nutrition Discretionary Grants Limited Availability, Recovery Act	10.579	(2)	4,294
Total U.S. Department of Agriculture			<u>\$ 5,489,418</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	(2)	\$ 349,926
Total U.S. Department of Housing and Urban Development			<u>\$ 349,926</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 25,432
Total U.S. Department of the Interior			<u>\$ 25,432</u>
U.S. Department of Justice:			
Direct Programs:			
Federal Asset Forfeiture Program	16.XXX	N/A	\$ 13,476
Bulletproof Vest Partnership Program	16.607	N/A	2,906
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	15,028
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	N/A	61,773
Passed-through State Office of Criminal Justice Programs:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	(2)	32,516
Total U.S. Department of Justice			<u>\$ 125,699</u>
U.S. Department of Labor:			
Passed-through State Department of Labor and Workforce Development:			
WIA Dislocated Workers, Recovery Act	17.260	Z-09-219705	\$ 16,729
Total U.S. Department of Labor			<u>\$ 16,729</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(2)	\$ 73,874 (4)
Highway Planning and Construction, Recovery Act	20.205	(2)	66,708 (4)
State and Community Highway Safety	20.600	(2)	900
Total U.S. Department of Transportation			<u>\$ 141,482</u>
U.S. Department of Environment and Conservation:			
Passed-through State Department of Environment and Conservation:			
Clean School Bus USA	66.036	(2)	\$ 30,809
Total U.S. Department of Environment and Conservation			<u>\$ 30,809</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Energy:			
Direct Program:			
Energy Efficiency and Conservation Block Grant Program, Recovery Act	81.128	N/A	\$ 3,197
Total U.S. Department of Energy			\$ 3,197
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(2)	\$ 252,364
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	(2)	3,054,377
Title I Grants to Local Educational Agencies, Recovery Act	84.389	(2)	1,225,679
Special Education Cluster:			
Special Education - Grants to States	84.027	(2)	5,050,732
Special Education - Grants to States, Recovery Act	84.391	(2)	3,576,184
Special Education - Preschool Grants	84.173	(2)	98,241
Special Education - Preschool Grants, Recovery Act	84.392	(2)	97,752
Career and Technical Education - Basic Grants to States	84.048	(2)	321,264
Safe and Drug-free Schools and Communities - National Programs	84.184	(2)	391,189
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	143,060
Twenty-first Century Community Learning Centers	84.287	(2)	400,000
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	38,827
Education Technology State Grants, Recovery Act	84.386	(2)	46,027
English Language Acquisition Grants	84.365	(2)	93,456
Improving Teacher Quality State Grants	84.367	(2)	952,027
Education for Homeless Children and Youth Cluster:			
Education for Homeless Children and Youth	84.196	(2)	37,471
Education for Homeless Children and Youth, Recovery Act	84.387	(2)	9,796
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	(2)	4,786,900
State Fiscal Stabilization Fund - Government Services, Recovery Act	84.397	(2)	491,725
Total U.S. Department of Education			\$ 21,067,071
U.S. Department of Health and Human Services:			
Passed-through State Department of Labor and Workforce Development:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(2)	\$ 64,052
Total U.S. Department of Health and Human Services			\$ 64,052
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z-08-212855	\$ 495,757
Emergency Management Performance Grants	97.042	(2)	29,620
Assistance to Firefighters Grant	97.044	(2)	100,000
Homeland Security Grant Program	97.067	(2)	377,351
Total U.S. Department of Homeland Security			\$ 1,002,728
Total Expenditures of Federal Awards			\$ 28,316,543

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 34,768
Litter Program - State Department of Transportation	N/A	(2)	73,444
Lottery for Education: Afterschool Program - State Department of Education	N/A	(2)	395,559
Safe Schools Act - State Department of Education	N/A	(2)	35,785
Development and Coordination of Rural Health Services - State Department of Health	N/A	Z-09-213768	1,018,554
Juvenile Justice States Supplemental Funds - State Commission on Children and Youth	N/A	(2)	9,000
Energy Efficiency Schools Initiative Grant - State Department of Education	N/A	(2)	282,375
Drug Court Discretionary Grant Program - State Office of Criminal Justice Programs	N/A	(2)	48,983
Technology Grant - State Library and Archives	N/A	(2)	<u>4,100</u>
Total State Grants			<u>\$ 1,902,568</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$4,436,976.
- (4) Total for CFDA No. 20.205 is \$140,582.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Sumner 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>
09.03	217	The library department had operating deficiencies
09.04(A.,B.,E.,G)	218	Several deficiencies were noted concerning employees' leave

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.12	225	Duties were not segregated adequately in the Office of Clerk and Master

SUMNER 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 aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Sumner County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Sumner County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Highway Planning and Construction and the Highway Planning and Construction, Recovery Act (CFDA 20.205); the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Grants to States, Recovery Act, Special Education – Preschool Grants, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.391, 84.173, and 94.392); and the State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund – Education State Grants, Recovery Act and State Fiscal Stabilization Fund – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397) were determined to be major programs.
8. A \$849,496 threshold was used to distinguish between Type A and Type B federal programs.
9. Sumner County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The finance director, director of schools, and clerk and master provided written responses on certain findings, which are paraphrased in this report.

OFFICE OF FINANCE DIRECTOR

FINDING 10.01 **THE COUNTY'S LIBRARIES HAD OPERATING DEFICIENCIES (Noncompliance Under Government Auditing Standards)**

Our audit revealed the following deficiencies in the county's library operations at various locations. These deficiencies can be attributed to a lack of management oversight and the failure of management to correct items A. and B. noted in the prior-year audit report.

- A. Official prenumbered receipts were not issued at some libraries for certain collections, such as room rentals. Section 9-2-103, Tennessee Code Annotated (TCA), requires official prenumbered receipts to be issued for all collections. Without official prenumbered receipts, we were unable to determine if the libraries had accounted for all funds.
- B. In some instances, certain individual libraries did not deposit funds within three days of collection. Section 5-8-207, TCA, requires county officials to deposit public funds to the office bank account within three days of collection. The delay in depositing funds could result in a loss of investment earnings and could increase the risks of fraud and misappropriation.
- C. The county's public libraries operate as a department within the county's General Fund. A significant portion of the libraries' expenditures for the year was paid through the county's General Fund, which is included in the financial statements of this report. However, the Sumner County Public Library maintained a checking account for book sales outside of the county's control. The balance of the checking account totaled \$5,581 at June 30, 2010. Section 5-9-401, TCA, 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." Also, Section 10-3-106, TCA, states that "all library accounts of every character shall be audited annually by or under the county legislative body and/or city governing body." The funds channeled through the bank account did not flow through the county's budgetary process, have not been audited, and are not included in the financial statements of this report. We do not consider the exclusion of these amounts to be material to the financial statements of this report.

RECOMMENDATION

Official prenumbered receipts should be issued for all collections. Each library should deposit all funds within three days of collection as required by state statute. The libraries should remit all collections to the county's General Fund. All revenues and expenditures related to the library's operation should be audited and subject to the budgetary control of the County Commission as required by state statutes.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

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

- A., B. The libraries have been informed on several occasions that all collections must be receipted at the point of collection and remitted to Sumner County within three business days. I concur these deficiencies existed during the period under audit; however, several of these deficiencies have been corrected or are in the process of being corrected as follows. All of the county's libraries have a computerized receipting system. All collections are entered into the receipting software. The software assigns a receipt number that cannot be manipulated. The receipt number consists of that day's date and the time. The system can print any range (time period) for collections, allowing all amounts collected (receipted) to be reconciled to amounts deposited. The amounts receipted, by each library, are deposited into a separate bank account. Only the county trustee can make withdrawals from these bank accounts. The trustee's office withdraws these amounts, reconciles the amount with the libraries' reports, and receipts the funds into the county's records (accounts).
- C. This library's outside bank account has been maintained, unknown to the county, since 1973. This account consisted of deposits from book sales, which the proceeds were to be used for library purposes. When the library manager was made aware of this account, after it was discovered by the current library staff, the manager brought it to my attention. Subsequently, statements of all available years (seven years) on the account were requested. The statements were reviewed to confirm only deposits had been made. Subsequently, the funds were presented to the budget committee and ultimately to the Sumner County Commission for accountability (budgeting).

FINDING 10.02 **SEVERAL DEFICIENCIES WERE NOTED CONCERNING EMPLOYEES' LEAVE**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

Our examination of the general county government's employee leave records, excluding the constitutional offices, some of which have their own leave policies, revealed the following deficiencies that are the result of a lack of management oversight and the failure of management to correct several of the deficiencies noted in the prior-year audit report:

- A. The vacation leave policy, as noted in the county's employee handbook, has been interpreted differently by various department heads within the general county government. As a result, the vacation leave policy is not applied consistently from department to department.
- B. Leave balances of several employees were in excess of the maximum balances provided in the county's employee handbook.
- C. In some instances, time sheets did not reflect when compensatory time was earned and/or taken.
- D. Some departments gave employees personal days for reasons (e.g., birthdays) that were not authorized in the county's personnel policy.
- E. In some instances, employees were allowed to accumulate compensatory time for working through break periods during the day. This benefit was not authorized in the county's personnel policy.
- F. Several employees at the UT Extension Office used compensatory time before it was earned. This resulted in negative compensatory time balances at June 30, 2010.

RECOMMENDATION

The county's vacation leave policy should be applied consistently from department to department within the general county government. Leave balances should not exceed the maximum balances authorized in the county's employee handbook. The county should not provide employees with benefits that are not authorized in the department's personnel policies. The county should monitor compensatory time to ensure only time earned is being accrued, detailed records are being maintained, and employees do not use leave before it is earned.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

- A. The Sumner County Human Resources Department was abolished on July 1, 2009, and the functions were moved to the offices of the Sumner County Executive, the Sumner County Law Director, and the Sumner County Finance Director. Since July 1, 2009, we have worked diligently to develop new personnel policies. The new policies, when approved, will clarify the application of leave policies.
- B. Other than elected officials, only three employees had leave balances in excess of the maximum allowed. These employees' respective department heads have been notified that they must adhere to the Sumner County Personnel Policies.
- C. Most of the departments, even though it is not provided for in the county's employee handbook, have historically provided employees a paid day off for their birthday. This practice will be addressed, and ultimately decided by the Sumner County Commission, during the process of revising the county's employee handbook.

- D. On March 16, 2009, a letter was sent to all elected officials and department heads requesting detailed earning and leave records. Before that time, most offices did not send any detailed earning or leave records to the Finance Office. In response to the request, almost all offices have forwarded detailed records to the Finance Office. The two departments in question that did not send detailed leave records have been informed by the Sumner County Executive that, in the future, detailed records must be sent to the Finance Office.

Currently, the Sumner County Finance Office is exploring the feasibility of a computerized time sheet system. This time sheet system would provide necessary documentation for payroll disbursements and tracking of leave.

- E. The documentation submitted to the Finance Office did not contain the accumulation of compensatory time for working through breaks. This was maintained on other documentation that was not provided to the Finance Office. That department has been informed by the Sumner County Executive to stop this practice.
- F. The negative leave balances were detected by the Sumner County Finance Office during the annual accumulation and review of leave balances. At that time, the director of the UT Extension Office was informed that carrying any type of negative leave balances at any time was not allowable. He was informed to review the balances for accuracy and deduct negative balances from payroll for the subsequent period.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 10.03 **A CASH SHORTAGE TOTALING \$657.84 EXISTED IN THE SCHOOL DAYCARE PROGRAM** (Internal Control – Significant Deficiency Under Government Auditing Standards)

On June 4, 2010, the School Department's internal auditor informed us that an employee had purchased personal items with school funds. A review of the records revealed questionable purchases of at least \$657.84. At the beginning of each school year, the daycare programs are issued a \$1,000 gift card to purchase food and supplies as needed for the program. Receipts for these purchases are to be remitted to the school principal and once reviewed, the principal will submit these receipts to the Board of Education's Finance Department to receive a reimbursement check to reload the gift card. During the 2009-10 year, several reimbursement requests were submitted with a note that some of the receipts had been lost. The internal auditor requested copies of these missing receipts from Wal-Mart and noted numerous purchases that appeared to be for personal purposes such as groceries, cigarettes, electronic equipment, and other miscellaneous items. On June 7, 2010, the internal auditor questioned the daycare director about the purchases, and the director advised the internal auditor that she had purchased personal items with school funds. The School Department terminated the employment of the daycare director on June 8, 2010, and requested an investigation be performed by the City of White House Police

Department. On October 27, 2010, the former daycare director was indicted on one count of theft of property over \$500. On January 14, 2011, the former employee pled guilty to one count of theft of property over \$500. The former employee was sentenced to one year probation and ordered to pay restitution to the Sumner County School Board totaling \$657.84.

RECOMMENDATION

The School Department should ensure that the cash shortage of \$657.84 is liquidated. Supervisory personnel should require and verify all documentation prior to reimbursement.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The former daycare director pled guilty and was given 11 months and 29 days probation. The school system will be repaid the funds in January or February 2011.

OFFICE OF CLERK AND MASTER

FINDING 10.04 **THE CLERK AND MASTER DID NOT REQUIRE A DEPOSITORY TO ADEQUATELY COLLATERALIZE FUNDS** (Noncompliance Under Government Auditing Standards)

The clerk and master did not require a depository holding county funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2010, deposits at one depository exceeded FDIC coverage and collateral securities by \$30,760. Section 5-8-201, Tennessee Code Annotated, provides for county officials to require any bank that is a depository of county funds to deposit collateral security equal to 105 percent of funds exceeding FDIC coverage into an escrow account in a second bank. This deficiency is the result of a lack of management oversight. The failure to adequately collateralize funds could result in a loss for the county.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – CLERK AND MASTER

This finding involved one single account at one single bank. That particular account was closed on October 21, 2010, and disbursed as directed by order of the Sumner County Chancery Court.

FINDING 10.05

DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICE

(Internal Control – Significant Deficiency Under Government Auditing Standards)

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

RECOMMENDATION

The clerk and master should segregate duties to the extent possible using available resources.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

In response to the audit finding, actions have been taken by the clerk and master to segregate duties involving the accounting procedures of the office. The employees issuing checks do not sign those checks. The daily countdown of the cash drawers and compiling the daily deposit is now done by an employee other than the bookkeeper. The clerk and master takes the deposits to the bank and reconciles the bank statements. Attempts will be made to determine if any other duties can be segregated to safeguard accounting procedures.

BEST PRACTICE

AN AUDIT COMMITTEE HAS NOT BEEN ESTABLISHED

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

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

The Sumner County Financial Management Committee voted on June 21, 2010, to create an Audit Committee, which consists of the county commissioners serving on the Financial Management Committee. The Financial Management Committee decided on October 18, 2010, to send this matter to the Sumner County Commission's Rules and Procedures Committee for official consideration.

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

There were no findings and questioned costs for federal awards.

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

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