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# ANNUAL FINANCIAL REPORT CUMBERLAND COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2011



**ANNUAL FINANCIAL REPORT**  
**CUMBERLAND COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2011**

***COMPTROLLER OF THE TREASURY***  
***JUSTIN P. WILSON***

***DIVISION OF COUNTY AUDIT***  
***JAMES R. ARNETTE***  
***Director***

***CARL LOWE, CGFM***  
***Audit Manager***

***ANITA SCARLETT, CPA***  
***Auditor 4***

***GARY RAMSEY, CPA***  
***STEPHEN ALRED***  
***DOUG SANDIDGE, CISA, CFE***  
***State Auditors***

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

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***Audit Highlights***  
Annual Financial Report  
Cumberland County, Tennessee  
For the Year Ended June 30, 2011

***Scope***

We have audited the basic financial statements of Cumberland County as of and for the year ended June 30, 2011.

***Results***

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

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

***Findings***

The following are summaries of the audit findings:

**OFFICE OF FINANCE DIRECTOR**

- ◆ The Solid Waste Disposal Fund had a fund deficit in unrestricted net assets.
- ◆ Expenditures exceeded appropriations.
- ◆ School Department leave records were not on file to support payroll disbursements.

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**OFFICE TRUSTEE**

- ◆ Deficiencies were noted in the maintenance of accounting records.

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**OFFICE OF SHERIFF**

- ◆ A cash shortage of \$1,437 existed in the Juvenile Detention Center.
  - ◆ Some funds were not deposited within three days of collection.
  - ◆ Multiple employees operated from the same cash drawer.
-

**CUMBERLAND COUNTY**

- ◆ Cumberland County has a material recurring audit finding.

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**OFFICES OF FINANCE DIRECTOR, TRUSTEE, COUNTY CLERK,  
REGISTER, AND SHERIFF**

- ◆ Duties were not segregated adequately.

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# INTRODUCTORY SECTION

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# Cumberland County Officials

## June 30, 2011

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### **Officials**

Kenneth Carey, Jr., County Mayor  
Scott Blalock, Road Superintendent  
Aarona VanWinkle, Director of Schools  
Kim Wyatt, Trustee  
David Simcox, Assessor of Property  
Jule Bryson, County Clerk  
Larry Sherrill, Circuit and General Sessions Courts Clerk  
Sue Tollett, Clerk and Master  
Judy Graham Swallows, Register  
Butch Burgess, Sheriff  
Nathan Brock, Finance Director

### **Board of County Commissioners**

Kenneth Carey, Jr., County Mayor, Chairman	
Larry Allen	Joe Koester
Jeff Brown	Carmin Lynch
Terry Carter	Jan McNeil
Clyde Cramer	Johnny Presley
Allen Foster	Sonya Rimmer
Michael Harvel	Harry Sabine
David Hassler	Robert Safdie
Brian Houston	Charles Seiber
Nancy Hyder	Roy Turner

### **Board of Education**

Dan Schlafer, Chairman	
James Blalock	Roger Hyder
David Bowman	Richard Janeway
Sandra Brewer	Victor Randolph
Gordon Davis	Dr. Charles Tollett

### **Cumberland County Railroad Authority Board of Directors**

Kenneth Carey, Jr., County Mayor, Chairman  
Terry Carter  
Mike Speich

## Cumberland County Officials (Cont.)

### **Financial Management Committee**

Kenneth Carey, Jr., County Mayor, Chairman  
Scott Blalock, Road Superintendent  
Aarona VanWinkle, Director of Schools  
Michael Harvel  
Johnny Presley  
Harry Sabine

### **Audit Committee**

Harry Sabine, Chairman  
Jeff Brown  
Dennis Hinch  
Jan McNeil  
Bill Startup

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## FINANCIAL SECTION

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

**INDEPENDENT AUDITOR'S REPORT**

January 30, 2012

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cumberland County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise Cumberland County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Cumberland County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cumberland County Emergency Communications District, which represent 2.3 percent and 1.8 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Cumberland County Emergency Communications District, is based on the report of other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cumberland County, Tennessee, as of June 30, 2011, 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 30, 2012, on our consideration of Cumberland County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As described in Note V.B., Cumberland County has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 81 through 88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cumberland County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements,

budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Cumberland County School Department and the Cumberland County Railroad Authority (discretely presented component units), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Cumberland County School Department and the Cumberland County Railroad Authority (discretely presented component units), and the miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide any assurance on it.

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Cumberland County, Tennessee  
Statement of Net Assets  
June 30, 2011

	Primary Government		Component Units			
	Governmental Activities	Business-type Activities	Total	Cumberland County School Department	Cumberland County Railroad Authority	Cumberland County Emergency Communications District
<b>ASSETS</b>						
Cash	\$ 62,348	\$ 200	\$ 62,548	\$ 500	\$ 0	\$ 315,229
Equity in Pooled Cash and Investments	22,187,986	1,695,167	23,883,153	6,679,244	45,554	0
Inventories	0	0	0	126,623	0	0
Deferred Outflow - Interest Rate Swap	2,306,846	0	2,306,846	0	0	0
Accounts Receivable	8,382,126	19,167	8,401,293	1,839	0	41,324
Allowance for Uncollectibles	(5,449,817)	0	(5,449,817)	0	0	0
Due from Other Governments	1,320,458	0	1,320,458	2,797,097	0	201,070
Property Taxes Receivable	12,869,301	0	12,869,301	8,480,175	0	0
Allowance for Uncollectible Property Taxes	(483,375)	0	(483,375)	(329,284)	0	0
Prepaid Expenses	0	0	0	0	0	23,546
Accrued Interest Receivable	0	0	0	0	0	2,434
Other Restricted Assets	0	0	0	0	0	100,000
Deferred Charges - Debt Issuance Cost	554,481	0	554,481	0	0	4,696
Capital Assets						
Assets Not Depreciated:						
Land	1,760,163	46,840	1,807,003	2,088,454	0	0
Construction in Progress	343,569	0	343,569	0	0	0
Assets Net of Accumulated Depreciation:						
Buildings and Improvements	25,893,343	1,560	25,894,903	59,653,599	0	851,845
Infrastructure	23,253,328	0	23,253,328	925,153	0	0
Other Capital Assets	4,616,067	74,263	4,690,330	3,048,380	0	452,516
Total Assets	\$ 97,616,824	\$ 1,837,197	\$ 99,454,021	\$ 83,471,780	\$ 45,554	\$ 1,992,660
<b>LIABILITIES</b>						
Accounts Payable	\$ 313,466	\$ 35,998	\$ 349,464	\$ 309,431	\$ 0	\$ 70,074
Accrued Payroll	18,125	0	18,125	14,493	0	1,508
Accrued Interest Payable	71,778	0	71,778	0	0	0
Payroll Deductions Payable	0	0	0	0	0	1,105
Compensated Absences Payable	0	0	0	0	0	1,351
Contracts Payable	59,832	0	59,832	0	0	0

(Continued)

Exhibit A

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

	Primary Government		Component Units			
	Governmental Activities	Business-type Activities	Total	Cumberland County School Department	Cumberland County Railroad Authority	Cumberland County Emergency Communications District
<u>LIABILITIES (CONT.)</u>						
Due to State of Tennessee	\$ 3,950,011	\$ 0	\$ 3,950,011	\$ 0	\$ 0	\$ 0
Matured Bonds Payable	30,000	0	30,000	0	0	0
Matured Interest on Bonds	8,058	0	8,058	0	0	0
Current Liabilities Payable from Restricted Assets:						
Customer Deposits Payable	850	0	850	0	0	0
Derivative - Interest Rate Swap	2,306,846	0	2,306,846	0	0	0
Deferred Revenue - Current Property Taxes	12,111,289	0	12,111,289	7,956,836	0	0
Noncurrent Liabilities:						
Due Within One Year	4,021,036	53,807	4,074,843	339,481	0	46,000
Due in More Than One Year	63,679,707	1,653,948	65,333,655	4,755,966	0	680,000
Total Liabilities	\$ 86,570,998	\$ 1,743,753	\$ 88,314,751	\$ 13,376,207	\$ 0	\$ 800,038
<u>NET ASSETS</u>						
Invested in Capital Assets, Net of Related Debt	\$ 39,179,021	\$ 0	\$ 39,179,021	\$ 62,215,586	\$ 0	\$ 583,057
Invested in Capital Assets	0	122,663	122,663	0	0	0
Restricted for:						
Courthouse and Jail Maintenance	42,674	0	42,674	0	0	0
Solid Waste/Sanitation	544,281	0	544,281	0	0	0
Drug Control	98,659	0	98,659	0	0	0
Highway/Public Works	1,268,311	0	1,268,311	0	0	0
School Federal Projects	0	0	0	442,257	0	0
Central Cafeteria	0	0	0	804,082	0	0
Debt Service	11,103,403	0	11,103,403	0	0	100,000
Capital Outlay	354,469	1,428,378	1,782,847	757,625	0	0
Basic Education Program	0	0	0	3,308,001	0	0
Other Purposes	597,761	0	597,761	73,979	0	0
Unrestricted	(42,142,753)	(1,457,597)	(43,600,350)	2,494,043	45,554	509,565
Total Net Assets	\$ 11,045,826	\$ 93,444	\$ 11,139,270	\$ 70,095,573	\$ 45,554	\$ 1,192,622

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

Exhibit B

Cumberland County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets											
	Program Revenues					Component Units						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Governmental Activities	Business-type Activities	Total	Cumberland County School Department	Cumberland County Railroad Authority	Cumberland County Emergency Communications District	
Primary Government:												
Governmental Activities:												
General Government	\$ 2,252,438	\$ 542,362	\$ 67,172	\$ 0	\$ (1,642,904)	\$ 0	\$ (1,642,904)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	1,760,372	1,232,927	0	0	(527,445)	0	(527,445)	0	0	0	0	0
Administration of Justice	1,757,659	938,554	74,960	0	(744,145)	0	(744,145)	0	0	0	0	0
Public Safety	7,880,473	990,211	63,073	13,048	(6,814,141)	0	(6,814,141)	0	0	0	0	0
Public Health and Welfare	5,127,124	3,529,219	454,052	568,222	(575,631)	0	(575,631)	0	0	0	0	0
Social, Cultural, and Recreational Services	676,825	47,900	68,000	18,983	(541,942)	0	(541,942)	0	0	0	0	0
Agriculture and Natural Resources	148,235	0	0	0	(148,235)	0	(148,235)	0	0	0	0	0
Other Operations	848,396	4,800	0	33,280	(810,316)	0	(810,316)	0	0	0	0	0
Highways/Public Works	2,606,407	0	2,142,923	259,119	(204,365)	0	(204,365)	0	0	0	0	0
Education - Contributions	484,996	0	0	0	(484,996)	0	(484,996)	0	0	0	0	0
Interest on Long-term Debt	2,151,539	0	0	0	(2,151,539)	0	(2,151,539)	0	0	0	0	0
Other Debt Service	131,298	0	0	0	(131,298)	0	(131,298)	0	0	0	0	0
<b>Total Primary Government</b>	<b>\$ 25,825,762</b>	<b>\$ 7,285,973</b>	<b>\$ 2,870,180</b>	<b>\$ 892,652</b>	<b>\$ (14,776,957)</b>	<b>\$ 0</b>	<b>\$ (14,776,957)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
Business-type Activities:												
Landfill	\$ 2,000,876	\$ 199,513	\$ 32,760	\$ 0	\$ (1,768,603)	\$ 0	(1,768,603)	\$ (1,768,603)	\$ 0	\$ 0	\$ 0	\$ 0
<b>Total Business-type Activities</b>	<b>\$ 2,000,876</b>	<b>\$ 199,513</b>	<b>\$ 32,760</b>	<b>\$ 0</b>	<b>\$ (1,768,603)</b>	<b>\$ 0</b>	<b>(1,768,603)</b>	<b>\$ (1,768,603)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Total Primary Government</b>	<b>\$ 27,826,638</b>	<b>\$ 7,485,486</b>	<b>\$ 2,902,940</b>	<b>\$ 892,652</b>	<b>\$ (14,776,957)</b>	<b>\$ (1,768,603)</b>	<b>(16,545,560)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
Component Units:												
School Department	\$ 61,413,479	\$ 1,168,925	\$ 11,424,545	\$ 1,118,782	\$ 0	\$ 0	\$ 0	\$ (47,701,227)	\$ 0	\$ 0	\$ 0	\$ 0
Railroad Authority	494,015	0	0	506,804	0	0	0	0	0	12,789	0	0
Emergency Communications District	963,092	842,530	0	0	0	0	0	0	0	0	0	(120,562)
<b>Total Component Units</b>	<b>\$ 62,870,586</b>	<b>\$ 2,011,455</b>	<b>\$ 11,424,545</b>	<b>\$ 1,625,586</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (47,701,227)</b>	<b>\$ 12,789</b>	<b>\$ 0</b>	<b>\$ (120,562)</b>	<b>\$ 0</b>

(Continued)

Exhibit B

Cumberland County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Cumberland County School Department	Cumberland County Railroad Authority	Cumberland County Emergency Communications District		
General Revenues:										
Taxes:										
Property Taxes Levied for General Purposes			\$ 9,504,419	\$ 0	\$ 9,504,419	\$ 8,297,755	\$ 0	\$ 0	\$ 0	\$ 0
Property Taxes Levied for Debt Service			2,255,237	0	2,255,237	0	0	0	0	0
Local Option Sales Taxes			2,265,184	0	2,265,184	7,350,182	0	0	0	0
Hotel/Motel Tax			501,040	0	501,040	0	0	0	0	0
Litigation Taxes			406,881	0	406,881	0	0	0	0	0
Business Tax			576,147	0	576,147	0	0	0	0	0
Wholesale Beer Tax			373,989	0	373,989	0	0	0	0	0
Other Local Taxes			33,588	0	33,588	4,511	0	0	0	0
Grants and Contributions Not Restricted to Specific Programs			1,937,290	0	1,937,290	28,859,147	0	0	211,070	0
Unrestricted Investment Earnings			102,742	0	102,742	3,297	0	0	6,458	0
Miscellaneous			17,101	0	17,101	218,397	0	0	100	0
Total General Revenues			\$ 17,973,618	\$ 0	\$ 17,973,618	\$ 44,733,289	\$ 0	\$ 0	\$ 217,628	\$ 0
Transfers			(2,484,738)	\$ 2,484,738	\$ 0	0	0	0	0	0
Change in Net Assets			711,923	\$ 716,135	\$ 1,428,058	(2,967,938)	\$ 12,789	\$ 97,066		
Net Assets (Deficit), July 1, 2010			10,333,903	(622,691)	9,711,212	73,063,511	32,765	1,095,556		
Net Assets, June 30, 2011			11,045,826	\$ 93,444	\$ 11,139,270	70,095,573	\$ 45,554	\$ 1,192,622		

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

Exhibit C-1

Cumberland County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2011

	Major Funds					Nonmajor	Total
	General	Solid Waste / Sanitation	General Debt Service	General Capital Projects	Other	Governmental Funds	
Cash	\$ 200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 62,148	\$ 62,348
Equity in Pooled Cash and Investments	5,295,104	544,207	10,886,439	4,415,015	1,047,221	1,047,221	22,187,986
Accounts Receivable	8,369,538	0	0	0	12,588	12,588	8,382,126
Allowance for Uncollectibles	(5,449,817)	0	0	0	0	0	(5,449,817)
Due from Other Governments	606,819	9,074	311,509	0	393,056	393,056	1,320,458
Due from Other Funds	74,736	0	0	0	0	0	74,736
Property Taxes Receivable	8,240,148	2,088,316	2,540,837	0	0	0	12,869,301
Allowance for Uncollectible Property Taxes	(313,658)	(75,597)	(94,120)	0	0	0	(483,375)
<b>Total Assets</b>	<b>\$ 16,823,070</b>	<b>\$ 2,566,000</b>	<b>\$ 13,644,665</b>	<b>\$ 4,415,015</b>	<b>\$ 1,515,013</b>	<b>\$ 1,515,013</b>	<b>\$ 38,963,763</b>

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

<b>Liabilities</b>	
Accounts Payable	\$ 101,440
Accrued Payroll	18,125
Contracts Payable	59,832
Due to Other Funds	0
Due to State of Tennessee	20,244
Matured Bonds Payable	0
Matured Interest on Bonds	0
Current Liabilities Payable from Restricted Assets:	
Customer Deposits Payable	850
Deferred Revenue - Current Property Taxes	7,745,592
Deferred Revenue - Delinquent Property Taxes	150,958
Other Deferred Revenues	2,648,276
<b>Total Liabilities</b>	<b>\$ 10,745,317</b>
	<b>\$ 2,056,106</b>
	<b>\$ 2,638,403</b>
	<b>\$ 4,060,546</b>
	<b>\$ 294,335</b>
	<b>\$ 19,794,707</b>

Fund Balances  
Restricted:  
    Restricted for General Government

\$ 358,220 \$ 0 \$ 0 \$ 0 \$ 42,674 \$ 400,894

(Continued)

Exhibit C-1

Cumberland County, Tennessee  
Balance Sheet  
Governmental Funds (Cont.)

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	General Capital Projects	Other	Governmental	
\$	13,874	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	13,874
	117,572	0	0	0	0	0	117,572
	47,621	0	0	0	98,659	0	146,280
	2,325	0	0	0	0	0	2,325
	0	0	0	0	1,079,345	0	1,079,345
	58,149	0	0	354,469	0	0	412,618
	0	0	11,006,262	0	0	0	11,006,262
	0	509,894	0	0	0	0	509,894
	25,000	0	0	0	0	0	25,000
	5,454,992	0	0	0	0	0	5,454,992
	\$ 6,077,753	\$ 509,894	\$ 11,006,262	\$ 354,469	\$ 1,220,678	\$ 0	\$ 19,169,056
	\$ 16,823,070	\$ 2,566,000	\$ 13,644,665	\$ 4,415,015	\$ 1,515,013	\$ 0	\$ 38,963,763

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)	
Restricted (Cont.):	
Restricted for Finance	
Restricted for Administration of Justice	
Restricted for Public Safety	
Restricted for Public Health and Welfare	
Restricted for Highways/Public Works	
Restricted for Capital Outlay	
Restricted for Debt Service	
Committed:	
Committed for Public Health and Welfare	
Assigned:	
Assigned for General Government	
Unassigned	
Total Fund Balances	

Total Liabilities and Fund Balances

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

Exhibit C-2

Cumberland County, Tennessee  
Reconciliation of the Balance Sheet of Governmental  
Funds to the Statement of Net Assets  
June 30, 2011

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)		\$ 19,169,056
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,760,163	
Add: construction in progress	343,569	
Add: buildings and improvements net of accumulated depreciation	23,253,328	
Add: infrastructure net of accumulated depreciation	25,893,343	
Add: other capital assets net of accumulated depreciation	<u>4,616,067</u>	55,866,470
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (3,520,203)	
Less: other loans payable	(63,054,996)	
Less: compensated absences payable	(786,721)	
Less: other postemployment benefits liability	(275,603)	
Less: accrued interest on notes	(3,348)	
Less: accrued interest on other loans	(68,430)	
Less: other deferred revenue - premium on debt	(63,220)	
Add: deferred charges- debt issuance costs	<u>554,481</u>	(67,218,040)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>3,228,340</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 11,045,826</u>

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

Exhibit C-3

Cumberland County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2011

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	General Capital Projects	Other			
					Governmental Funds	Governmental Funds		
<u>Revenues</u>								
Local Taxes	\$ 10,374,264	\$ 1,763,235	\$ 4,277,695	\$ 0	\$ 0	\$ 87,987	\$ 16,503,181	
Licenses and Permits	219,467	0	0	0	0	0	219,467	
Fines, Forfeitures, and Penalties	186,839	200	0	0	0	23,207	210,246	
Charges for Current Services	2,791,204	0	0	0	0	0	2,791,204	
Other Local Revenues	183,057	358,224	0	250	0	4,956	546,487	
Fees Received from County Officials	2,315,163	0	0	0	0	0	2,315,163	
State of Tennessee	2,297,134	32,247	0	568,222	0	2,426,763	5,324,366	
Federal Government	184,055	0	0	0	0	0	184,055	
Other Governments and Citizens Groups	651,324	5,730	0	0	0	0	657,054	
Total Revenues	\$ 19,202,507	\$ 2,159,636	\$ 4,277,695	\$ 568,472	\$ 2,542,913	\$ 28,751,223		
<u>Expenditures</u>								
Current:								
General Government	\$ 1,895,129	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,827	\$ 1,920,956	
Finance	1,707,018	0	0	0	0	0	1,707,018	
Administration of Justice	1,710,160	0	0	0	0	0	1,710,160	
Public Safety	7,076,091	0	0	0	0	140,696	7,216,787	
Public Health and Welfare	3,462,048	1,234,776	0	0	0	0	4,696,824	
Social, Cultural, and Recreational Services	747,391	0	0	0	0	0	747,391	
Agriculture and Natural Resources	146,805	0	0	0	0	0	146,805	
Other Operations	1,089,480	109,000	0	0	0	646	1,199,126	
Highways	0	66,660	0	0	0	2,376,810	2,443,470	
Debt Service:								
Principal on Debt	0	0	2,897,404	0	0	0	2,897,404	
Interest on Debt	0	0	2,174,356	0	0	0	2,174,356	
Other Debt Service	0	0	67,143	0	0	0	67,143	
Capital Projects	0	0	0	689,003	0	0	689,003	
Capital Projects - Donated	0	0	0	0	0	484,996	484,996	
Total Expenditures	\$ 17,834,122	\$ 1,410,436	\$ 5,138,903	\$ 689,003	\$ 3,028,975	\$ 28,101,439		
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,368,385	\$ 749,200	\$ (861,208)	\$ (120,531)	\$ (486,062)	\$ 649,784		

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	General Capital Projects	Other Governmental Funds		
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 1,830,395	0	\$ 475,000	0	\$ 0	\$ 2,305,395
Other Loans Issued	0	0	0	0	484,996	0	484,996
Insurance Recovery	4,870	0	0	0	0	0	4,870
Transfers Out	0	(2,484,738)	0	0	0	0	(2,484,738)
Total Other Financing Sources (Uses)	\$ 4,870	\$ (654,343)	0	\$ 475,000	\$ 484,996	\$ 0	\$ 310,523
Net Change in Fund Balances	\$ 1,373,255	\$ 94,857	\$ (861,208)	\$ 354,469	\$ (1,066)	\$ 0	\$ 960,307
Fund Balance, July 1, 2010	4,704,498	415,037	11,867,470	0	1,221,744	0	18,208,749
Fund Balance, June 30, 2011	\$ 6,077,753	\$ 509,894	\$ 11,006,262	\$ 354,469	\$ 1,220,678	\$ 0	\$ 19,169,056

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

Exhibit C-4

Cumberland County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2011

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)		\$ 960,307
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,640,064	
Less: current year-depreciation expense	<u>(2,128,169)</u>	(488,105)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: loss on disposal of capital assets		(10,000)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2011	\$ 3,228,340	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(2,962,010)</u>	266,330
(4) The issuance of long-term debt (e.g., bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Less: other loan proceeds	\$ (484,996)	
Less: note proceeds	(2,305,395)	
Add: change in premium on debt issuances	8,352	
Less: change in deferred debt issuance costs	(72,507)	
Add: principal payments on notes	1,007,404	
Add: principal payments on other loans	<u>1,890,000</u>	42,858
(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	\$ 22,817	
Change in compensated absences payable	36,914	
Change in other postemployment benefits liability	<u>(119,198)</u>	<u>(59,467)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 711,923</u>

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

Exhibit D-1

Cumberland County, Tennessee  
Statement of Net Assets  
Proprietary Fund  
June 30, 2011

	Business-type Activities
	<u>Major Fund</u>
	Solid Waste
	<u>Disposal Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 200
Equity in Pooled Cash and Investments	1,695,167
Accounts Receivable	19,167
Total Current Assets	<u>\$ 1,714,534</u>
Noncurrent Assets:	
Capital Assets (Net of Accumulated Depreciation):	
Land	\$ 46,840
Buildings and Improvements	1,560
Other Capital Assets	74,263
Total Noncurrent Assets	<u>\$ 122,663</u>
Total Assets	<u>\$ 1,837,197</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 35,998
Accrued Liability for Landfill Closure/Postclosure Care Costs	53,807
Total Current Liabilities	<u>\$ 89,805</u>
Noncurrent Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	\$ 1,653,948
Total Noncurrent Liabilities	<u>\$ 1,653,948</u>
Total Liabilities	<u>\$ 1,743,753</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 122,663
Restricted for Capital Outlay	1,428,378
Unrestricted	<u>(1,457,597)</u>
Total Net Assets	<u>\$ 93,444</u>

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

Exhibit D-2

Cumberland County, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Fund  
For the Year Ended June 30, 2011

	Business-type Activities
	<u>Major Fund</u>
	<u>Solid Waste</u>
	<u>Disposal Fund</u>
<hr/>	
<u>Operating Revenues</u>	
Charges for Current Services	\$ 199,513
Total Operating Revenues	<u>\$ 199,513</u>
<u>Operating Expenses</u>	
Public Health and Welfare	\$ 1,858,849
Depreciation	124,733
Other Charges	1,955
Employee Benefits	15,339
Total Operating Expenses	<u>\$ 2,000,876</u>
Operating Income (Loss)	<u>\$ (1,801,363)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Solid Waste Grants	\$ 32,760
Total Nonoperating Revenues (Expenses)	<u>\$ 32,760</u>
Income (Loss) Before Contributions and Transfers	\$ (1,768,603)
Transfers In	<u>2,484,738</u>
Change in Net Assets	\$ 716,135
Net Assets (Deficit), July 1, 2010	<u>(622,691)</u>
Net Assets, June 30, 2011	<u><u>\$ 93,444</u></u>

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

Exhibit D-3

Cumberland County, Tennessee  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2011

	Business-type Activities
	<u>Major Fund</u>
	Solid Waste
	<u>Disposal Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 186,184
Payments to Suppliers	(1,464,284)
Payments to Employees	(198,027)
Other Payments	(1,955)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (1,478,082)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Grants Received	\$ 32,760
Transfers from Other Funds	2,484,738
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 2,517,498</u>
Net Increase (Decrease) in Cash	\$ 1,039,416
Cash, July 1, 2010	<u>655,951</u>
Cash, June 30, 2011	<u><u>\$ 1,695,367</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (1,801,363)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	124,733
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(13,329)
Increase (Decrease) in Accounts Payable	(159,760)
Increase (Decrease) in Accrued Liability for Landfill Closure Cost	371,637
Net Cash Provided By (Used In) Operating Activities	<u>\$ (1,478,082)</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 200
Equity in Pooled Cash and Investments per Net Assets	<u>1,695,167</u>
Cash, June 30, 2011	<u><u>\$ 1,695,367</u></u>

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

Exhibit E

Cumberland County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,372,819
Equity in Pooled Cash and Investments	5,973
Accounts Receivable	656
Due from Other Governments	<u>1,157,771</u>
Total Assets	<u>\$ 2,537,219</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 5,973
Due to Litigants, Heirs, and Others	1,373,475
Due to Other Taxing Units	<u>1,157,771</u>
Total Liabilities	<u>\$ 2,537,219</u>

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

**CUMBERLAND COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

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

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

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

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

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

Administrative Office:

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

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

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

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

Cumberland County issues all debt for the discretely presented Cumberland County School Department. Net debt issues totaling \$484,996 were

contributed by the county to the School Department during the year ended June, 30, 2011.

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

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

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

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

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

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

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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

Cumberland County reports the following major governmental funds:

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

**Solid Waste/Sanitation Fund** – This special revenue fund accounts for transactions related to solid waste collection. Local taxes are the foundational revenues of this 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 is used to account for construction and renovation projects of the county.

Cumberland County reports the following major proprietary fund:

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

Additionally, Cumberland County reports the following fund type:

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

Cumberland County, and funds received from the resale of properties acquired through property tax sales. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

**School Federal Projects Fund** – This special revenue fund accounts for restricted federal revenues, which must be expended on specific education programs.

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund, an enterprise fund, used to account for transactions at the county's landfill. Operating

revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the county's enterprise fund are charges for services. Operating expenses for the enterprise fund include landfill operations and maintenance costs.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

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

**1. Deposits and Investments**

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

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

The county trustee maintains a cash and internal investment pool that is used by all funds, the discretely presented Cumberland County School Department, and the discretely presented Cumberland County Railroad Authority. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Cumberland County, the School Department, and the Railroad Authority have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net

assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

## **2. Receivables and Payables**

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

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to two percent of total taxes levied.

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

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

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

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

Additional costs attach to delinquent taxes after a court suit has been filed.

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

**3. Inventories**

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

**4. Capital Assets**

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

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

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

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

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

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

**5. Compensated Absences**

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

**6. Long-term Obligations**

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

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

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

**7. Net Assets and Fund Equity**

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

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

On the government-wide Statement of Net Assets (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling \$597,761 with the primary restrictions being for computer systems for various offices.

As of June 30, 2011, Cumberland County had \$43,938,426 in outstanding debt for capital purposes for the discretely presented Cumberland County School Department. This debt is a liability of Cumberland County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Cumberland County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted n or committed (excluding stabilization arrangements).

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

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

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

#### **Primary Government**

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

#### **Discretely Presented Cumberland County School Department**

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

**Discretely Presented Cumberland County Railroad Authority**

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

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

**Primary Government**

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

**Discretely Presented Cumberland County School Department**

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

**Discretely Presented Cumberland County Railroad Authority**

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

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

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted and the 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, County Mayor/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

**B. Unrestricted Net Assets Deficit**

The Solid Waste Disposal Fund (enterprise fund) had a deficit in unrestricted net assets of \$1,457,597 at June 30, 2011. This deficit primarily resulted from the recognition of a liability of \$1,707,775 in the financial statements for costs associated with closing the county's landfill and monitoring the landfill for 30 years after its closure. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements.

**C. Cash Shortages**

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

A cash shortage of \$1,437 existed in collections received at the Cumberland County Juvenile Detention Center for the period July 1, 2007, through April 5, 2010. Collections from July 1, 2007, through April 5, 2010, were \$3,296; however, only \$1,859 was remitted to and deposited into the sheriff's official bank account. This shortage has been reviewed with the district attorney general.

**D. Expenditures Exceeded Appropriations**

Expenditures exceeded total appropriations in the Drug Control Fund by \$20,390. Expenditures exceeded appropriations approved by the County

Commission in the following funds' major appropriation categories (the legal level of control):

Fund	Major Appropriation Category	Amount Overspent
General	Drug Enforcement	\$ 12,572
Solid Waste/Sanitation	Other Charges	2,878
General Debt Service	Principal on Debt - Education	17,793
School Federal Projects	Regular Capital Outlay	7,515

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues in the General, Solid Waste/Sanitation, and General Debt Service funds; by available fund balance in the Drug Control Fund; and by expenditures that were less than appropriations in other major appropriation categories of the School Federal Projects Fund.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

**Deposits**

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

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

**Investments**

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county’s own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller’s Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

**Investment Balances.** As of June 30, 2011, Cumberland County had the following investments carried at cost. All investments are in the State Treasurer’s Investment Pool. Separate disclosures concerning pooled investments cannot be made for Cumberland County, the discretely presented Cumberland County School Department, and the discretely presented Cumberland County Railroad Authority since all pool their deposits and investments through the county trustee.

Investment	Maturities	Cost
State Treasurer's Investment Pool	Daily	\$ 243,756

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

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings

of certain investments as previously explained. Cumberland County has no investment policy that would further limit its investment choices. As of June 30, 2011, Cumberland County's investment in the State Treasurer's Investment Pool was unrated.

**B. Derivative Instruments**

At June 30, 2011, Cumberland County had the following derivative instruments outstanding:

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

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2011, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2011 financial statements are as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2011</u>		6-30-11
	Classification	Amount	Classification	Amount	Notional Amount
<b>Governmental Activities:</b>					
Cash Flow Hedges:					
Pay-fixed interest					
rate swaps:					
\$7.5M Swap	Deferred Outflow	\$ 154,645	Debt	\$ (510,332)	\$ 7,500,000
\$6.95M Swap	Deferred Outflow	267,983	Debt	(963,007)	6,650,000
\$10M Swap	Deferred Outflow	468,138	Debt	(833,507)	10,000,000
Totals		<u>\$ 890,766</u>		<u>\$ (2,306,846)</u>	<u>\$ 24,150,000</u>

## Derivative Swap Agreement Detail

### \$7.5M Swap:

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

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

**Terms.** Under the swap, the authority pays the counterparty a fixed payment of 3.9 percent and receives a variable payment computed as 63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$7.5 million, and the associated variable-rate bond has a \$7.5 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-3-A Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2020. As of June 30, 2011, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.90 %
Variable payment from counterparty	% of LIBOR	<u>(1.23)</u>
Net interest rate swap payments		2.67 %
Variable-rate bond payments		<u>0.10</u>
Synthetic interest rate on bonds		<u><u>2.77 %</u></u>

**Fair value.** As of June 30, 2011, the swap had a negative fair value of \$510,332. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value.

**Credit risk.** As of June 30, 2011, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Morgan Keegan Financial Products, was rated A+ by Standard & Poor's as of June 30, 2011, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard & Poor's, and Fitch, respectively.

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

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

**Swap payments and associated debt.** As of June 30, 2011, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2012	\$ 495,000	\$ 6,575	\$ 175,278	\$	676,853
2013	520,000	6,080	162,082		688,162
2014	550,000	5,560	148,220		703,780
2015	575,000	5,010	133,558		713,568
2016	610,000	4,435	118,230		732,665
2017-2020	3,825,000	10,815	288,310		4,124,125
Total	\$ 6,575,000	\$ 38,475	\$ 1,025,678	\$	7,639,153

**\$6.95M Swap:**

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

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

**Terms.** Under the swap, the authority pays the counterparty a fixed payment of 4.13 percent and receives a variable payment computed as 63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$6,650,000, and the associated variable-rate bond has a \$6,650,000 principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-3-A Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ ("SIFMA"). The bonds and the related swap agreement mature on June 1, 2027. As of June 30, 2011, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.13 %
Variable payment from counterparty	% of LIBOR	<u>(1.23)</u>
Net interest rate swap payments		2.90 %
Variable-rate bond payments		<u>0.10</u>
Synthetic interest rate on bonds		<u><u>3.00 %</u></u>

**Fair value.** As of June 30, 2011, the swap had a negative fair value of \$963,007. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

**Credit risk.** As of June 30, 2011, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Morgan Keegan Financial Products, was rated A+ by Standard & Poor's as of June 30, 2011, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard & Poor's, and Fitch, respectively.

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

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

**Swap payments and associated debt.** As of June 30, 2011, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2012	\$ 0	\$ 6,650	\$ 192,573	\$	199,223
2013	0	6,650	192,573		199,223
2014	0	6,650	192,573		199,223
2015	0	6,650	192,573		199,223
2016	0	6,650	192,573		199,223
2017-2021	530,000	33,250	962,863		1,526,113
2022-2026	4,945,000	21,295	616,667		5,582,962
2027	1,175,000	1,175	34,025		1,210,200
<b>Total</b>	<b>\$ 6,650,000</b>	<b>\$ 88,970</b>	<b>\$ 2,576,420</b>	<b>\$</b>	<b>9,315,390</b>

**\$10M Swap:**

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

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

**Terms.** Under the swap, the authority pays the counterparty a fixed payment of 3.293 percent and receives a variable payment computed as 59 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$10 million, and the associated variable-rate bond has a \$10 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series VII-B-2 bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ ("SIFMA"). The bonds and the related swap agreement mature on June 1, 2039. As of June 30, 2011, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.293 %
Variable payment from counterparty	% of LIBOR	<u>(1.156)</u>
Net interest rate swap payments		<u>2.137 %</u>
Variable-rate bond payments		<u>0.924</u>
 Synthetic interest rate on bonds		 <u><u>3.061 %</u></u>

**Fair value.** As of June 30, 2011, the swap had a negative fair value of \$833,507. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

**Credit risk.** As of June 30, 2011, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change

and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Morgan Keegan Financial Products, was rated A+ by Standard & Poor's as of June 30, 2011, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard & Poor's, and Fitch, respectively.

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

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

**Swap payments and associated debt.** As of June 30, 2011, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2012	\$ 0	\$ 92,429	\$ 213,719	\$ 306,148
2013	0	92,429	213,719	306,148
2014	0	92,429	213,719	306,148
2015	0	92,429	213,719	306,148
2016	0	92,429	213,719	306,148
2017-2021	0	462,143	1,068,595	1,530,738
2022-2026	0	462,143	1,068,595	1,530,738
2027-2031	0	462,143	1,068,595	1,530,738
2032-2036	5,800,000	360,240	832,970	6,993,210
2037-2039	4,200,000	79,022	182,730	4,461,752
<b>Total</b>	<b>\$ 10,000,000</b>	<b>\$ 2,287,836</b>	<b>\$ 5,290,080</b>	<b>\$ 17,577,916</b>

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2011, was as follows:

**Primary Government**

**Governmental Activities:**

	Restated			Balance
	Balance	Increases	Decreases	Balance
	7-1-10			6-30-11
Capital Assets Not Depreciated:				
Land	\$ 1,318,713	\$ 441,450	\$ 0	\$ 1,760,163
Construction in Progress	6,042,259	243,004	(5,941,694)	343,569
Total Capital Assets Not Depreciated	<u>\$ 7,360,972</u>	<u>\$ 684,454</u>	<u>\$ (5,941,694)</u>	<u>\$ 2,103,732</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 24,567,598	\$ 5,919,670	\$ 0	\$ 30,487,268
Roads and Bridges	35,005,630	653,339	0	35,658,969
Other Capital Assets	10,870,444	324,295	(45,567)	11,149,172
Total Capital Assets Depreciated	<u>\$ 70,443,672</u>	<u>\$ 6,897,304</u>	<u>\$ (45,567)</u>	<u>\$ 77,295,409</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,067,091	\$ 526,834	\$ 0	\$ 4,593,925
Roads and Bridges	11,625,468	780,173	0	12,405,641
Other Capital Assets	5,747,510	821,162	(35,567)	6,533,105
Total Accumulated Depreciation	<u>\$ 21,440,069</u>	<u>\$ 2,128,169</u>	<u>\$ (35,567)</u>	<u>\$ 23,532,671</u>
Total Capital Assets Depreciated, Net	<u>\$ 49,003,603</u>	<u>\$ 4,769,135</u>	<u>\$ (10,000)</u>	<u>\$ 53,762,738</u>
Governmental Activities Capital Assets, Net	<u>\$ 56,364,575</u>	<u>\$ 5,453,589</u>	<u>\$ (5,951,694)</u>	<u>\$ 55,866,470</u>

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

**Governmental Activities:**

General Government	\$	234,006
Finance		1,826
Administration of Justice		9,440
Public Safety		605,515
Public Health and Welfare		248,011
Social, Cultural, and Recreational Services		201,481
Highways/Public Works		<u>827,890</u>

Total Depreciation Expense - Governmental Activities	\$	<u>2,128,169</u>
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**Business-type Activities:**

	Balance 7-1-10	Increases	Balance 6-30-11
Capital Assets Not Depreciated:			
Land	\$ 46,840	\$ 0	\$ 46,840
Total Capital Assets Not Depreciated	<u>\$ 46,840</u>	<u>\$ 0</u>	<u>\$ 46,840</u>
Capital Assets Depreciated:			
Landfill Facilities and Development	\$ 3,509,688	\$ 0	\$ 3,509,688
Buildings and Improvements	13,825	0	13,825
Other Capital Assets	269,479	0	269,479
Total Capital Assets Depreciated	<u>\$ 3,792,992</u>	<u>\$ 0</u>	<u>\$ 3,792,992</u>
Less Accumulated Depreciation For:			
Landfill Facilities and Development	\$ 3,391,311	\$ 118,377	\$ 3,509,688
Buildings and Improvements	11,574	691	12,265
Other Capital Assets	189,551	5,665	195,216
Total Accumulated Depreciation	<u>\$ 3,592,436</u>	<u>\$ 124,733</u>	<u>\$ 3,717,169</u>
Total Capital Assets Depreciated, Net	<u>\$ 200,556</u>	<u>\$ (124,733)</u>	<u>\$ 75,823</u>
Business-type Activities Capital Assets, Net	<u>\$ 247,396</u>	<u>\$ (124,733)</u>	<u>\$ 122,663</u>

Depreciation expense of \$124,733 was recorded by the Solid Waste Disposal Fund. The business-type activities had no decreases in capital assets during the year.

**Discretely Presented Cumberland County School Department**

**Governmental Activities:**

	Balance			Balance
	7-1-10	Increases	Decreases	6-30-11
Capital Assets Not Depreciated:				
Land	\$ 2,088,454	\$ 0	\$ 0	\$ 2,088,454
Total Capital Assets Not Depreciated	\$ 2,088,454	\$ 0	\$ 0	\$ 2,088,454
Capital Assets Depreciated:				
Buildings and Improvements	\$ 77,501,810	\$ 129,610	\$ 0	\$ 77,631,420
Infrastructure	1,415,163	0	0	1,415,163
Other Capital Assets	7,699,095	461,898	(121,648)	8,039,345
Total Capital Assets Depreciated	\$ 86,616,068	\$ 591,508	\$ (121,648)	\$ 87,085,928
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 16,593,215	\$ 1,384,606	\$ 0	\$ 17,977,821
Infrastructure	438,865	51,145	0	490,010
Other Capital Assets	4,544,430	562,916	(116,381)	4,990,965
Total Accumulated Depreciation	\$ 21,576,510	\$ 1,998,667	\$ (116,381)	\$ 23,458,796
Total Capital Assets Depreciated, Net	\$ 65,039,558	\$ (1,407,159)	\$ (5,267)	\$ 63,627,132
Governmental Activities Capital Assets, Net	\$ 67,128,012	\$ (1,407,159)	\$ (5,267)	\$ 65,715,586

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

**Governmental Activities:**

Instruction	\$ 1,618,897
Support Services	328,677
Operation of Non-Instructional Services	<u>51,093</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,998,667</u></u>

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

The composition of interfund balances as of June 30, 2011, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: General	Nonmajor governmental	\$ 74,736
Discretely Presented School Department:		
General Purpose School	School Federal Projects	27,827
School Federal Projects	General Purpose School	18,200

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.

The receivable in the discretely presented General Purpose School Fund included \$12,152 in transit from the School Federal Projects Fund at June 30, 2011.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2011, consisted of the following amounts:

**Primary Government**

<u>Transfer Out</u>	<u>Transfer In</u>
	Solid Waste Disposal Fund
Solid Waste/Sanitation Fund	\$ 2,484,738

**Discretely Presented Cumberland County School Department**

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
School Federal Projects Fund	\$ 35,259	\$ 0
General Purpose School Fund	0	420,201
<b>Total</b>	<b>\$ 35,259</b>	<b>\$ 420,201</b>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

The county made a one-time transfer of note proceeds of \$1,830,395 from the Solid Waste/Sanitation Fund to the Solid Waste Disposal Fund for landfill closure.

**E. Long-term Debt**

**Primary Government**

**General Obligation Notes and Other Loans**

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

Capital outlay notes and other loans are direct obligations and pledge the full faith and credit of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to seven years for notes and up to 31 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All other loans and notes included in long-term debt as of June 30, 2011, will be retired from the General Debt Service Fund.

Capital outlay notes and other loans outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
Capital Outlay Notes	0 to 2.6 %	\$ 4,321,223	\$ 3,520,203
Other Loans	Variable	5,100,000	5,100,000
Other Loans	0 to 6	13,349,996	11,849,996
Other Loans - Synthetic			
Fixed by Swap	.1 to .924	48,915,000	46,105,000

Cumberland County entered into various loan agreements with the Sevier County Public Building Authority and the Blount County Public Building Authority (PBAs) to finance various capital projects for Cumberland County and the discretely presented Cumberland County School Department. Under the loan agreements, the PBAs issued revenue bonds and made the proceeds available for loan to Cumberland County. In addition to repaying the loans, the county pays various other fees (trustee, debt remarketing, etc.) in connection with these loans. The following table summarizes loan agreements outstanding at June 30, 2011:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-11	Interest Type	Interest Rates as of 6-30-11	Approximate Fee Rates as of 6-30-11
Sevier County PBA:					
Series V-E-1	\$ 10,365,000	\$ 8,865,000	Fixed	3 to 4.5 %	0 %
Series VII-B-2	28,300,000	27,135,000	Synthetic	0.928	0.251
			Fixed by Swap		
Series VII-F-1	5,100,000	5,100,000	Variable	0.943	0.260
Blount County PBA:					
Series B-13-A	1,750,000	1,750,000	Fixed	5.15 to 6	0
Series E-3-A	20,615,000	18,970,000	Synthetic	0.1	1.25
			Fixed by Swap		
Series B-20-A	750,000	750,000	Fixed	4.25 to 5	0

The annual requirements to amortize all capital outlay notes and other loans outstanding as of June 30, 2011, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 1,375,870	\$ 69,236	\$ 1,445,106
2013	1,375,869	41,312	1,417,181
2014	768,464	13,390	781,854
Total	<u>\$ 3,520,203</u>	<u>\$ 123,938</u>	<u>\$ 3,644,141</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2012	\$ 2,094,462	\$ 821,163	\$ 318,494	\$ 3,234,119
2013	2,148,504	790,923	306,352	3,245,779
2014	1,773,504	758,146	293,897	2,825,547
2015	1,853,504	728,411	281,897	2,863,812
2016	1,938,504	694,426	269,585	2,902,515
2017-2021	10,892,520	2,945,572	1,121,549	14,959,641
2022-2026	12,713,998	2,136,156	656,474	15,506,628
2027-2031	13,035,000	1,179,375	313,171	14,527,546
2032-2036	10,040,000	573,411	155,093	10,768,504
2037-2039	6,565,000	123,702	33,458	6,722,160
Total	<u>\$ 63,054,996</u>	<u>\$ 10,751,285</u>	<u>\$ 3,749,970</u>	<u>\$ 77,556,251</u>

There is \$11,006,262 available in the General Debt Service Fund to service long-term debt. Debt per capita, including other loans and notes, totaled \$1,188, based on the 2010 federal census.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

##### Governmental Activities:

	Notes	Other Loans
Balance, July 1, 2010	\$ 2,222,212	\$ 64,460,000
Additions	2,305,395	484,996
Deductions	(1,007,404)	(1,890,000)
Balance, June 30, 2011	<u>\$ 3,520,203</u>	<u>\$ 63,054,996</u>
Balance Due Within One Year	<u>\$ 1,375,870</u>	<u>\$ 2,094,462</u>

Governmental Activities: (Cont.)

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2010	\$ 823,635	\$ 156,405
Additions	587,916	160,372
Deductions	(624,830)	(41,174)
Balance, June 30, 2011	<u>\$ 786,721</u>	<u>\$ 275,603</u>
Balance Due Within One Year	<u>\$ 550,704</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 67,637,523
Less: Due Within One Year	(4,021,036)
Add: Unamortized Premium on Debt	<u>63,220</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 63,679,707</u>

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

**Cumberland County Solid Waste Disposal Fund (Enterprise Fund)**

Long-term liability activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2011, was as follows:

Business-type Activities:

	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2010	\$ 1,336,118
Additions	788,169
Deductions	<u>(416,532)</u>
Balance, June 30, 2011	<u>\$ 1,707,755</u>
Balance Due Within One Year	<u>\$ 53,807</u>

**Discretely Presented Cumberland County School Department**

Cumberland County issued loans on behalf of the School Department to provide funds for the acquisition and construction of major capital facilities.

The loans are a direct obligation and pledge the full faith and credit of the government. The energy efficiency loans were issued for original terms 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. The loans included in long-term debt as of June 30, 2011, will be retired from the General Purpose School Fund.

The loan outstanding as of June 30, 2011, for governmental activities is as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
Loans	0 to 2.5%	\$ 3,500,000	\$ 3,500,000

The annual requirements to amortize the loan as of June 30, 2011, are presented in the following table:

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2012	\$ 258,960	\$ 75,000	\$ 333,960
2013	294,157	70,163	364,320
2014	299,726	64,594	364,320
2015	305,433	58,887	364,320
2016	311,283	53,037	364,320
2017-2021	1,441,131	172,181	1,613,312
2022-2024	589,310	23,163	612,473
Total	<u>\$ 3,500,000</u>	<u>\$ 517,025</u>	<u>\$ 4,017,025</u>

Debt per capita, totaled \$62, based on the 2010 federal census.

**Changes in Long-term Liabilities**

Long-term liability for the discretely presented Cumberland County School Department for the year ended June 30, 2011, was as follows:

	<u>Other Loans</u>
Balance, July 1, 2010	\$ 0
Additions	<u>3,500,000</u>
Balance, June 30, 2011	<u>\$ 3,500,000</u>
Balance Due Within One Year	<u>\$ 258,960</u>

	<u>Compensated Absences</u>	<u>Other Postemployment Benefits</u>
Balance, July 1, 2010	\$ 80,521	\$ 1,249,031
Additions	0	1,170,968
Deductions	0	<u>(905,073)</u>
Balance, June 30, 2011	<u>\$ 80,521</u>	<u>\$ 1,514,926</u>
Balance Due Within One Year	<u>\$ 80,521</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 5,095,447
Less: Due Within One Year	<u>(339,481)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 4,755,966</u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds. The county was unable to provide a schedule of compensated absences at June 30, 2011; therefore, the June 30, 2009, compensated absences balance was included on the government-wide statements.

**F. On-Behalf Payments**

**Primary Government**

The State of Tennessee pays health insurance premiums for some retired employees on-behalf of Cumberland County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan

for the year ended June 30, 2011, were \$1,058. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

### **Discretely Presented Cumberland County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Cumberland County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2011, were \$226,808 and \$33,217, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

## **V. OTHER INFORMATION**

### **A. Risk Management**

#### **Primary Government**

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

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

## **Discretely Presented Cumberland County School Department**

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

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

### **B. Accounting Change**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. Cumberland County and the Cumberland County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

### **C. Contingent Liabilities**

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

### **D. Changes in Administration**

On August 31, 2010, Brock Hill left the Office of County Mayor and was succeeded by Kenneth Carey, Jr., Wendell Houston left the Office of Road

Superintendent and was succeeded by Scott Blalock, and Carolyn Turner left the Office of Trustee and was succeeded by Kim Wyatt.

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

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

State and federal laws and regulations require Cumberland County to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,707,755 reported as landfill closure and postclosure care liability at June 30, 2011, represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2011. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**F. Joint Venture**

Cumberland County entered into an agreement with the counties of Morgan and Roane to establish an Industrial Development Board to purchase land for the development of a joint industrial park. Cumberland, Morgan, and Roane counties jointly own the board. The agreement established a nine-member board with each county appointing three members and being responsible for one-third of the entity's funding. Cumberland County did not make appropriations to the board for the year ended June 30, 2011.

**G. Retirement Commitments**

**1. Tennessee Consolidated Retirement System (TCRS)**

**Plan Description**

Employees of Cumberland County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five

years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Cumberland County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

#### Funding Policy

Cumberland County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 8.91 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

#### Annual Pension Cost

For the year ended June 30, 2011, the county's annual pension cost of \$1,445,192 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, 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 2.5 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 ten-year period. The 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, 2009, was six 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
6-30-11	\$1,145,192	100%	\$0
6-30-10	1,441,225	100	0
6-30-09	1,449,228	100	0

**Funded Status and Funding Progress**

As of July 1, 2009, the most recent actuarial valuation date, the plan was 84.19 percent funded. The actuarial accrued liability for benefits was \$39 million, and the actuarial value of assets was \$33 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$6 million. The covered payroll (annual payroll of active employees covered by the plan) was \$16 million, and the ratio of the UAAL to the covered payroll was 37.14 percent.

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

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

**SCHOOL TEACHERS**

**Plan Description**

The Cumberland County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit

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

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

#### Funding Policy

Most teachers are required by state statute to contribute five percent of their salary to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2011, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2011, 2010, and 2009, were \$2,061,196, \$1,456,941, and \$1,424,630, respectively, equal to the required contributions for each year.

## **2. Deferred Compensation**

The primary government offers its employees a deferred compensation plan established pursuant to IRC Section 457 and the discretely presented Cumberland County School Department offers its employees deferred compensation plans established pursuant to IRC

Sections 457 and 403(b). All costs of administering and funding the programs are the responsibility of plan participants. The 457 and 403(b) plans assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Sections 457 and 403(b) establishes participation, contribution, and withdrawal provisions for the plan.

## **H. Other Postemployment Benefits (OPEB)**

### Plan Description

Cumberland County and the Cumberland County School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, *Tennessee Code Annotated (TCA)*, for local governments and Section 8-27-302, *TCA*, for teachers. In previous years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed, and as a result all members now have the option of choosing between standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

### Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plans are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in the plans develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The required contribution rate for retirees ranges from ten to 55 percent based on the years of service. During the year ended June 30, 2011, the county and the discretely presented School Department contributed \$41,174 and \$905,073, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 160,000	\$ 1,168,000
Interest on the NPO	7,038	56,208
Adjustment to the ARC	(6,666)	(53,240)
Annual OPEB cost	\$ 160,372	\$ 1,170,968
Amount of contribution	(41,174)	(905,073)
Increase/decrease in NPO	\$ 119,198	\$ 265,895
Net OPEB obligation, 7-1-10	156,405	1,249,031
Net OPEB obligation, 6-30-11	\$ 275,603	\$ 1,514,926

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Local Government Group	\$ 79,784	71 %	\$ 44,037
6-30-10	"	155,105	28	156,405
6-30-11	"	160,372	26	275,603
6-30-09	Local Education Group	1,025,000	59	753,445
6-30-10	"	1,152,790	57	1,249,031
6-30-11	"	1,170,968	77	1,514,926

The funded status of the plans as of July 1, 2010, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-10	7-1-10
Actuarial accrued liability (AAL)	\$ 1,198,000	\$ 10,387,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,198,000	\$ 10,387,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 8,993,851	\$ 30,617,182
UAAL as a % of covered payroll	13.32%	33.93%

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, 2010, actuarial valuation for the Local Education Plan, 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) and an annual healthcare cost trend rate of ten percent for fiscal year 2011. The trend will rise to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Local Government Plan was ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

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

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

**J. Purchasing Law**

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

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

**A. Summary of Significant Accounting Policies**

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

**1. Reporting Entity**

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

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

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

The district's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when the liability is incurred or the economic asset is used. Revenues, expenses, gains, losses, assets,

and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Assets. Net assets (i.e., total assets net of total liabilities) are segregated into invested capital assets, net of related debt; restricted for specified purposes; and unrestricted components. The operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

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

**3. Deposits and Investments**

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

**4. Capital Assets**

Capital assets are defined by the district as assets with an initial, individual cost of \$3,000 or greater, and an estimated useful life of three years or greater.

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

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

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

5. **Restricted Assets**

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

6. **Compensated Absences**

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

7. **Long-term Debt and Costs**

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

8. **Revenues and Expenses**

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

9. **Net Assets**

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

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

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

## **10. Budget**

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

### **B. Deposits and Investments**

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

- 1) bonds, notes, or treasury bills of the United States or other obligations guaranteed as to principal and interest by the United States or any of its agencies;
- 2) certificates of deposit and other evidence of deposit at Tennessee state and federally chartered banks and savings and loans associations;
- 3) the State of Tennessee local government investment pool;
- 4) obligations of the United States or its agencies under a repurchase agreement, with certain conditions;
- 5) bonds rated A or higher by any nationally recognized rating service of the State of Tennessee, bonds of any county or municipal corporations of the State of Tennessee (bonds of any road, levee, or drainage

district is expressly excluded), bonds of any other state or political subdivision;

- 6) nonconvertible debt securities of the Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bank, and Student Loan Marketing Association provided such securities are rated in the highest category by at least two nationally recognized rating services; and
- 7) the county's own bonds or notes issued in accordance with *Tennessee Code Annotated*, Title 9, Chapter 21.

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

At June 30, 2011, the district's deposits consisted of the following:

	June 30, 2011	
	Bank Balance	Carrying Value
First Bank - Operating Account	\$ 279,581	\$ 107,308
First National Bank of Tennessee:		
Payroll Account	14,879	14,879
Certificate of Deposit	90,000	90,000
Progressive Savings Bank:		
Certificate of Deposit	203,041	203,041
 Total Deposits	 <u>\$ 587,501</u>	 <u>\$ 415,228</u>

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

As of June 30, 2011, deposits in each bank are insured by the Federal Deposit Insurance Corporation (FDIC) for \$250,000. In addition, First Bank is a member of the State of Tennessee Bank Collateral Pool. The Tennessee Bank Collateral Pool is a multiple financial institution collateral pool in which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. The district's deposits in financial institutions were entirely insured or collateralized at June 30, 2011.

The district had no investments at June 30, 2011.

**C. Accounts Receivable**

Accounts receivable at June 30, 2011, consisted of funds due from the following agencies:

	<u>Balance 6-30-11</u>
Volunteer First Services	\$ 5,780
Bledsoe Telephone Cooperative	184
Citizens Telecommunications Company of Tennessee	31,948
Miscellaneous Providers	<u>3,412</u>
Total	<u>\$ 41,324</u>

**D. Changes in Capital Assets**

A summary of changes in capital assets at June 30, 2011, follows:

**Business-type Activities:**

	<u>Balance 7-1-10</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6-30-11</u>
Capital Assets Depreciated:				
Building and Improvements	\$ 1,014,732	\$ 0	\$ 0	\$ 1,014,732
Office Equipment and Fixtures	50,162	4,228	(7)	54,383
Communications and Computer				
Equipment	778,333	341,520	(160,041)	959,812
Vehicles	20,987	0	0	20,987
Total Capital Assets				
Depreciated	<u>\$ 1,864,214</u>	<u>\$ 345,748</u>	<u>\$ (160,048)</u>	<u>\$ 2,049,914</u>
Less Accumulated Depreciation:				
Building and Improvements	\$ 137,036	\$ 25,851	\$ 0	\$ 162,887
Office Equipment and Fixtures	40,314	3,270	(7)	43,577
Communications and Computer				
Equipment	511,126	90,045	(83,069)	518,102
Vehicles	20,987	0	0	20,987
Total Accumuated Depreciation	<u>\$ 709,463</u>	<u>\$ 119,166</u>	<u>\$ (83,076)</u>	<u>\$ 745,553</u>
Net Capital Assets	<u>\$ 1,154,751</u>	<u>\$ 226,582</u>	<u>\$ (76,972)</u>	<u>\$ 1,304,361</u>

**E. Long-term Debt**

On November 17, 2004, the district obtained financing of \$1 million through the City of Crossville, from the Public Building Authority of the City of Clarksville, Tennessee, Adjustable Rate Pooled Financing Revenue Bonds,

Series 2004 (Tennessee Municipal Bond Fund) to construct a new facility for the Emergency Communications Center. The trustee calculates the loan rate for each loan payment period based on interest rates determined by the remarketing agent for the current month. The interest rate in effect at June 30, 2011, was .27 percent.

Details of the district's long-term debt for the year ended June 30, 2011, are as follows:

	Balance 7-1-10	Reductions	Balance 6-30-11	Due Within One Year
Tennessee Adjustable Rate Pooled Financing Revenue Bonds, Series 2004, Maturing 2024, Rate - Adjustable	\$ 771,000	\$ (45,000)	\$ 726,000	\$ 46,000

Debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2012	\$ 46,000	\$ 1,948	\$ 47,948
2013	48,000	1,823	49,823
2014	49,000	1,693	50,693
2015	51,000	1,561	52,561
2016	52,000	1,423	53,423
2017-2021	287,000	4,900	291,900
2022-2024	193,000	998	193,998
Total	\$ 726,000	\$ 14,346	\$ 740,346

Interest requirements are computed using the rate in effect at June 30, 2011, of .27 percent.

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

**F. Risk Financing**

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

**G. Contingent Liabilities**

The district is involved in a claim with a former employee regarding a disputed interpretation of an employment contract, whereby, the former employee contends that separation pay and compensation time are owed in the potential amount of \$60,000. Although the outcome of this claim is not presently determinable, it is the assessment of the district's legal counsel that the compensation time portion of the claim is without merit and the separation pay portion of the claim is not considered to have a high probability of success on its merits.

**H. Impairment Loss**

The district has reported an impairment of \$76,971 as a result of the permanent reduction in usage of its radio system as it became necessary to replace it with a digital system to be compatible with the county's digital radio system.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Cumberland County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,374,264	\$ 0	\$ 0	\$ 10,374,264	\$ 9,709,027	\$ 9,709,027	\$ 665,237
Licenses and Permits	219,467	0	0	219,467	203,500	203,500	15,967
Fines, Forfeitures, and Penalties	186,839	0	0	186,839	173,500	173,500	13,339
Charges for Current Services	2,791,204	0	0	2,791,204	2,583,000	2,583,000	208,204
Other Local Revenues	183,057	0	0	183,057	461,600	464,600	(281,543)
Fees Received from County Officials	2,315,163	0	0	2,315,163	2,182,500	2,182,500	132,663
State of Tennessee	2,297,134	0	0	2,297,134	2,580,217	2,610,753	(313,619)
Federal Government	184,055	0	0	184,055	75,500	128,109	55,946
Other Governments and Citizens Groups	651,324	0	0	651,324	583,417	613,125	38,199
Total Revenues	\$ 19,202,507	\$ 0	\$ 0	\$ 19,202,507	\$ 18,552,261	\$ 18,668,114	\$ 534,393

Expenditures

<u>General Government</u>							
County Commission	\$ 379,662	(235,000)	25,000	\$ 169,662	\$ 154,643	\$ 184,095	\$ 14,433
Board of Equalization	3,300	0	0	3,300	3,300	3,300	0
Beer Board	444	0	0	444	1,849	1,849	1,405
Other Boards and Committees	912	0	0	912	9,500	9,500	8,588
County Mayor/Executive	221,035	0	0	221,035	229,069	238,130	17,095
County Attorney	66,452	0	0	66,452	60,000	67,240	788
Election Commission	304,794	0	0	304,794	339,302	346,465	41,671
Register of Deeds	282,482	0	0	282,482	290,015	298,040	15,558
Engineering	46,857	0	0	46,857	55,444	55,444	8,587
County Buildings	477,059	0	0	477,059	495,420	496,826	19,767
Other General Administration	112,132	0	0	112,132	107,392	112,841	709

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance</u>							
Accounting and Budgeting	\$ 405,712	\$ 0	\$ 0	\$ 405,712	\$ 407,625	\$ 417,151	\$ 11,439
Property Assessor's Office	394,250	0	0	394,250	424,157	433,881	39,631
Reappraisal Program	88,761	0	0	88,761	92,106	103,708	14,947
County Trustee's Office	308,616	0	0	308,616	306,447	314,821	6,205
County Clerk's Office	509,679	0	0	509,679	508,501	516,626	6,947
<u>Administration of Justice</u>							
Circuit Court	530,222	0	0	530,222	534,686	544,760	14,538
General Sessions Court	290,301	0	0	290,301	341,140	352,010	61,709
Chancery Court	212,992	0	0	212,992	209,594	217,848	4,856
Juvenile Court	107,728	0	0	107,728	108,553	108,553	825
Judicial Commissioners	166,787	0	0	166,787	180,753	180,753	13,966
Probate Court	204,904	0	0	204,904	208,357	208,357	3,453
Courtroom Security	197,226	0	0	197,226	224,751	224,751	27,525
<u>Public Safety</u>							
Sheriff's Department	2,397,487	0	0	2,397,487	2,452,051	2,506,761	109,274
Drug Enforcement	12,572	0	0	12,572	0	0	(12,572)
Jail	2,864,342	0	0	2,864,342	2,980,356	3,034,925	170,583
Juvenile Services	144,642	0	0	144,642	127,352	152,356	7,714
Fire Prevention and Control	644,131	0	0	644,131	705,535	685,040	40,909
Civil Defense	105,435	0	0	105,435	106,580	107,213	1,778
Rescue Squad	8,550	0	0	8,550	8,550	8,550	0
Other Emergency Management	822,954	0	0	822,954	868,951	883,058	60,104
County Coroner/Medical Examiner	56,436	0	0	56,436	60,000	60,000	3,564
Other Public Safety	19,542	0	0	19,542	24,582	24,848	5,306

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare</u>							
Local Health Center	\$ 513,147	\$ 0	\$ 0	\$ 513,147	\$ 582,815	\$ 596,415	\$ 83,268
Rabies and Animal Control	88,775	0	0	88,775	99,294	99,929	11,154
Ambulance/Emergency Medical Services	2,640,141	0	0	2,640,141	2,704,600	2,816,007	175,866
Alcohol and Drug Programs	91,536	0	0	91,536	90,686	91,898	362
Appropriation to State	57,500	0	0	57,500	57,500	57,500	0
Other Public Health and Welfare	70,949	0	0	70,949	76,311	79,019	8,070
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	25,775	0	0	25,775	25,775	25,775	0
Libraries	467,914	0	0	467,914	452,463	483,621	15,707
Parks and Fair Boards	209,052	0	0	209,052	173,442	225,596	16,544
Other Social, Cultural, and Recreational	44,650	0	0	44,650	44,650	44,650	0
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	89,734	0	0	89,734	90,694	90,694	960
Soil Conservation	57,071	0	0	57,071	57,414	57,414	343
<u>Other Operations</u>							
Tourism	107,669	0	0	107,669	709,211	709,211	601,542
Other Economic and Community Development	33,280	0	0	33,280	0	33,280	0
Veterans' Services	37,096	0	0	37,096	37,635	37,635	539
Other Charges	431,722	0	0	431,722	475,000	487,677	55,955
Employee Benefits	396,946	0	0	396,946	585,469	497,190	100,244
ARRA Grant # A	13,048	0	0	13,048	0	36,329	23,281
Miscellaneous	69,719	0	0	69,719	70,500	70,500	781
Total Expenditures	\$ 17,834,122	\$ (235,000)	\$ 25,000	\$ 17,624,122	\$ 18,960,020	\$ 19,440,040	\$ 1,815,918

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,368,385	\$ 235,000	\$ (25,000)	\$ 1,578,385	\$ (407,759)	\$ (771,926)	\$ 2,350,311
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 4,870	\$ 0	\$ 0	\$ 4,870	\$ 0	\$ 0	\$ 4,870
Total Other Financing Sources (Uses)	\$ 4,870	\$ 0	\$ 0	\$ 4,870	\$ 0	\$ 0	\$ 4,870
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 1,373,255	\$ 235,000	\$ (25,000)	\$ 1,583,255	\$ (407,759)	\$ (771,926)	\$ 2,355,181
	4,704,498	(235,000)	0	4,469,498	1,106,950	1,106,950	3,362,548
Fund Balance, June 30, 2011	\$ 6,077,753	\$ 0	\$ (25,000)	\$ 6,052,753	\$ 699,191	\$ 335,024	\$ 5,717,729

Exhibit F-2

Cumberland County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,763,235	\$ 1,663,033	\$ 1,663,033	\$ 100,202
Fines, Forfeitures, and Penalties	200	0	0	200
Other Local Revenues	358,224	260,000	260,000	98,224
State of Tennessee	32,247	40,399	40,399	(8,152)
Other Governments and Citizens Groups	5,730	0	0	5,730
Total Revenues	<u>\$ 2,159,636</u>	<u>\$ 1,963,432</u>	<u>\$ 1,963,432</u>	<u>\$ 196,204</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 264,053	\$ 299,037	\$ 299,037	\$ 34,984
Convenience Centers	783,498	1,442,449	813,106	29,608
Recycling Center	187,225	227,499	227,499	40,274
<u>Other Operations</u>				
Other Charges	38,606	34,000	35,728	(2,878)
Employee Benefits	70,394	85,500	86,800	16,406
<u>Highways</u>				
Litter and Trash Collection	66,660	73,501	74,201	7,541
Total Expenditures	<u>\$ 1,410,436</u>	<u>\$ 2,161,986</u>	<u>\$ 1,536,371</u>	<u>\$ 125,935</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 749,200</u>	<u>\$ (198,554)</u>	<u>\$ 427,061</u>	<u>\$ 322,139</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 1,830,395	0	\$ 1,830,395	0
Transfers Out	(2,484,738)	0	(2,484,738)	0
Total Other Financing Sources (Uses)	<u>\$ (654,343)</u>	<u>\$ 0</u>	<u>\$ (654,343)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 94,857	\$ (198,554)	\$ (227,282)	\$ 322,139
Fund Balance, July 1, 2010	415,037	253,662	253,662	161,375
Fund Balance, June 30, 2011	<u>\$ 509,894</u>	<u>\$ 55,108</u>	<u>\$ 26,380</u>	<u>\$ 483,514</u>

Exhibit F-3

Cumberland County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Cumberland County School Department  
June 30, 2011

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-09	\$ 32,509	\$ 38,613	\$ 6,104	84.19 %	\$ 16,433	37.14 %
7-1-07	28,684	33,855	5,171	84.73	15,181	34.06

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

Exhibit F-4

Cumberland County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Cumberland County School Department  
June 30, 2011

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Government Group	7-1-07	\$ 0	\$ 515	\$ 515	0 %	\$ 9,620	5 %
"	7-1-09	0	1,110	1,110	0	9,506	12
"	7-1-10	0	1,198	1,198	0	8,994	13
Local Education Group	7-1-07	0	9,224	9,224	0	24,059	38
"	7-1-09	0	10,314	10,314	0	25,818	40
"	7-1-10	0	10,387	10,387	0	30,617	34

**CUMBERLAND COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2011**

**A. BUDGETARY INFORMATION**

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

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

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

**B. EXPENDITURES EXCEEDED APPROPRIATIONS**

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

Fund	Major Appropriation Category	Amount Overspent
General	Drug Enforcement	\$ 12,572
Solid Waste/Sanitation	Other Charges	2,878

Expenditures that exceed appropriations are a violation of state states. These expenditures in excess of appropriations were funded by greater than anticipated revenues.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

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

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

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

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

## Capital Projects Fund

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Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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Education Capital Projects Fund – The Education Capital Projects Fund is used to account for debt issued by Cumberland County that is subsequently contributed to the discretely presented Cumberland County School Department for construction and renovation projects.

Exhibit G-1

Cumberland County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2011

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constituti- onal Officers - Fees	Highway / Public Works	Total	
\$	0 \$	0 \$	62,148 \$	0 \$	62,148 \$	62,148
	42,674	98,659	0	905,888	1,047,221	1,047,221
	0	0	12,588	0	12,588	12,588
	0	0	0	393,056	393,056	393,056
\$	42,674 \$	98,659 \$	74,736 \$	1,298,944 \$	1,515,013 \$	1,515,013

ASSETS

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

LIABILITIES AND FUND BALANCES

Liabilities						
Accounts Payable	\$	0 \$	0 \$	0 \$	30,633 \$	30,633
Due to Other Funds		0	74,736	0	74,736	74,736
Other Deferred Revenues		0	0	188,966	188,966	188,966
Total Liabilities	\$	0 \$	74,736 \$	219,599 \$	294,335 \$	294,335
Fund Balances						
Restricted:						
Restricted for General Government	\$	42,674 \$	0 \$	0 \$	42,674 \$	42,674
Restricted for Public Safety		0	98,659	0	98,659	98,659
Restricted for Highways/Public Works		0	0	1,079,345	1,079,345	1,079,345
Total Fund Balances	\$	42,674 \$	98,659 \$	1,079,345 \$	1,220,678 \$	1,220,678
Total Liabilities and Fund Balances	\$	42,674 \$	98,659 \$	74,736 \$	1,298,944 \$	1,515,013 \$

Exhibit G-2

Cumberland County, Tennessee  
 Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2011

	Special Revenue Funds			Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Highway / Public Works		Education Capital Projects		
<b>Revenues</b>							
Local Taxes	\$ 56,842	\$ 0	\$ 31,145	\$ 87,987	\$ 0	\$ 0	\$ 87,987
Fines, Forfeitures, and Penalties	0	23,207	0	23,207	0	0	23,207
Other Local Revenues	0	0	4,956	4,956	0	0	4,956
State of Tennessee	0	0	2,426,763	2,426,763	0	0	2,426,763
<b>Total Revenues</b>	<b>\$ 56,842</b>	<b>\$ 23,207</b>	<b>\$ 2,462,864</b>	<b>\$ 2,542,913</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,542,913</b>
<b>Expenditures</b>							
Current:							
General Government	\$ 25,827	\$ 0	\$ 0	\$ 25,827	\$ 0	\$ 0	\$ 25,827
Public Safety	0	140,696	0	140,696	0	0	140,696
Other Operations	577	69	0	646	0	0	646
Highways	0	0	2,376,810	2,376,810	0	0	2,376,810
Capital Projects - Donated	0	0	0	0	484,996	0	484,996
<b>Total Expenditures</b>	<b>\$ 26,404</b>	<b>\$ 140,765</b>	<b>\$ 2,376,810</b>	<b>\$ 2,543,979</b>	<b>\$ 484,996</b>	<b>\$ 0</b>	<b>\$ 3,028,975</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 30,438</b>	<b>\$ (117,558)</b>	<b>\$ 86,054</b>	<b>\$ (1,066)</b>	<b>\$ (484,996)</b>	<b>\$ 0</b>	<b>\$ (486,062)</b>
<b>Other Financing Sources (Uses)</b>							
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 484,996	\$ 0	\$ 484,996
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 484,996</b>	<b>\$ 0</b>	<b>\$ 484,996</b>
<b>Net Change in Fund Balances</b>	<b>\$ 30,438</b>	<b>\$ (117,558)</b>	<b>\$ 86,054</b>	<b>\$ (1,066)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (1,066)</b>
<b>Fund Balance, July 1, 2010</b>	<b>12,236</b>	<b>216,217</b>	<b>993,291</b>	<b>1,221,744</b>	<b>0</b>	<b>0</b>	<b>1,221,744</b>
<b>Fund Balance, June 30, 2011</b>	<b>\$ 42,674</b>	<b>\$ 98,659</b>	<b>\$ 1,079,345</b>	<b>\$ 1,220,678</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,220,678</b>

Exhibit G-3

Cumberland County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Courthouse and Jail Maintenance Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 56,842	\$ 60,000	\$ 60,000	\$ (3,158)
Total Revenues	\$ 56,842	\$ 60,000	\$ 60,000	\$ (3,158)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 25,827	\$ 59,300	\$ 59,300	\$ 33,473
<u>Other Operations</u>				
Other Charges	577	700	700	123
Total Expenditures	\$ 26,404	\$ 60,000	\$ 60,000	\$ 33,596
Excess (Deficiency) of Revenues Over Expenditures	\$ 30,438	\$ 0	\$ 0	\$ 30,438
Net Change in Fund Balance	\$ 30,438	\$ 0	\$ 0	\$ 30,438
Fund Balance, July 1, 2010	12,236	10,746	10,746	1,490
Fund Balance, June 30, 2011	\$ 42,674	\$ 10,746	\$ 10,746	\$ 31,928

Exhibit G-4

Cumberland County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 23,207	\$ 14,000	\$ 14,000	\$ 9,207
Total Revenues	\$ 23,207	\$ 14,000	\$ 14,000	\$ 9,207
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 140,696	\$ 120,225	\$ 120,225	\$ (20,471)
<u>Other Operations</u>				
Other Charges	69	150	150	81
Total Expenditures	\$ 140,765	\$ 120,375	\$ 120,375	\$ (20,390)
Excess (Deficiency) of Revenues Over Expenditures	\$ (117,558)	\$ (106,375)	\$ (106,375)	\$ (11,183)
Net Change in Fund Balance	\$ (117,558)	\$ (106,375)	\$ (106,375)	\$ (11,183)
Fund Balance, July 1, 2010	216,217	176,394	176,394	39,823
Fund Balance, June 30, 2011	\$ 98,659	\$ 70,019	\$ 70,019	\$ 28,640

Exhibit G-5

Cumberland County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 31,145	\$ 78,000	\$ 78,000	\$ (46,855)
Charges for Current Services	0	3,500	3,500	(3,500)
Other Local Revenues	4,956	300	4,294	662
State of Tennessee	2,426,763	2,289,670	2,289,670	137,093
Total Revenues	<u>\$ 2,462,864</u>	<u>\$ 2,371,470</u>	<u>\$ 2,375,464</u>	<u>\$ 87,400</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 161,186	\$ 156,718	\$ 165,543	\$ 4,357
Highway and Bridge Maintenance	1,398,335	1,634,804	1,651,639	253,304
Operation and Maintenance of Equipment	313,035	350,579	354,573	41,538
Other Charges	92,090	107,550	107,550	15,460
Employee Benefits	60,809	85,326	76,501	15,692
Capital Outlay	351,355	370,335	370,335	18,980
Total Expenditures	<u>\$ 2,376,810</u>	<u>\$ 2,705,312</u>	<u>\$ 2,726,141</u>	<u>\$ 349,331</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 86,054</u>	<u>\$ (333,842)</u>	<u>\$ (350,677)</u>	<u>\$ 436,731</u>
Net Change in Fund Balance	\$ 86,054	\$ (333,842)	\$ (350,677)	\$ 436,731
Fund Balance, July 1, 2010	<u>993,291</u>	<u>631,050</u>	<u>631,050</u>	<u>362,241</u>
Fund Balance, June 30, 2011	<u>\$ 1,079,345</u>	<u>\$ 297,208</u>	<u>\$ 280,373</u>	<u>\$ 798,972</u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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Exhibit H

Cumberland County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,277,695	\$ 4,150,448	\$ 4,150,448	\$ 127,247
Total Revenues	\$ 4,277,695	\$ 4,150,448	\$ 4,150,448	\$ 127,247
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,419,431	\$ 3,103,891	\$ 3,103,891	\$ 1,684,460
Education	1,477,973	1,460,180	1,460,180	(17,793)
<u>Interest on Debt</u>				
General Government	538,045	922,768	922,768	384,723
Education	1,636,311	2,407,187	2,407,187	770,876
<u>Other Debt Service</u>				
General Government	67,143	67,500	67,500	357
Total Expenditures	\$ 5,138,903	\$ 7,961,526	\$ 7,961,526	\$ 2,822,623
Excess (Deficiency) of Revenues Over Expenditures	\$ (861,208)	\$ (3,811,078)	\$ (3,811,078)	\$ 2,949,870
Net Change in Fund Balance	\$ (861,208)	\$ (3,811,078)	\$ (3,811,078)	\$ 2,949,870
Fund Balance, July 1, 2010	11,867,470	16,609,164	16,609,164	(4,741,694)
Fund Balance, June 30, 2011	\$ 11,006,262	\$ 12,798,086	\$ 12,798,086	\$ (1,791,824)

# Fiduciary Funds

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

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

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

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

Exhibit I-1

Cumberland County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2011

	<u>Agency Funds</u>			
	Cities - Sales Tax	Delinquent Tax Agency	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,372,819	\$ 1,372,819
Equity in Pooled Cash and Investments	0	5,973	0	5,973
Accounts Receivable	0	0	656	656
Due from Other Governments	1,157,771	0	0	1,157,771
Total Assets	<u>\$ 1,157,771</u>	<u>\$ 5,973</u>	<u>\$ 1,373,475</u>	<u>\$ 2,537,219</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 5,973	\$ 0	\$ 5,973
Due to Litigants, Heirs, and Others	0	0	1,373,475	1,373,475
Due to Other Taxing Units	1,157,771	0	0	1,157,771
Total Liabilities	<u>\$ 1,157,771</u>	<u>\$ 5,973</u>	<u>\$ 1,373,475</u>	<u>\$ 2,537,219</u>

Exhibit I-2

Cumberland County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 6,796,768	\$ 6,796,768	\$ 0
Due from Other Governments	1,164,412	1,157,771	1,164,412	1,157,771
<b>Total Assets</b>	<b>\$ 1,164,412</b>	<b>\$ 7,954,539</b>	<b>\$ 7,961,180</b>	<b>\$ 1,157,771</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,164,412	\$ 7,954,539	\$ 7,961,180	\$ 1,157,771
<b>Total Liabilities</b>	<b>\$ 1,164,412</b>	<b>\$ 7,954,539</b>	<b>\$ 7,961,180</b>	<b>\$ 1,157,771</b>
<u>Delinquent Tax Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 4,419	\$ 5,750	\$ 4,196	\$ 5,973
<b>Total Assets</b>	<b>\$ 4,419</b>	<b>\$ 5,750</b>	<b>\$ 4,196</b>	<b>\$ 5,973</b>
<u>Liabilities</u>				
Accounts Payable	\$ 4,419	\$ 5,750	\$ 4,196	\$ 5,973
<b>Total Liabilities</b>	<b>\$ 4,419</b>	<b>\$ 5,750</b>	<b>\$ 4,196</b>	<b>\$ 5,973</b>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,017,485	\$ 17,750,634	\$ 18,395,300	\$ 1,372,819
Accounts Receivable	656	0	0	656
<b>Total Assets</b>	<b>\$ 2,018,141</b>	<b>\$ 17,750,634</b>	<b>\$ 18,395,300</b>	<b>\$ 1,373,475</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,018,141	\$ 17,750,634	\$ 18,395,300	\$ 1,373,475
<b>Total Liabilities</b>	<b>\$ 2,018,141</b>	<b>\$ 17,750,634</b>	<b>\$ 18,395,300</b>	<b>\$ 1,373,475</b>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,017,485	\$ 17,750,634	\$ 18,395,300	\$ 1,372,819
Equity in Pooled Cash and Investments	4,419	6,802,518	6,800,964	5,973
Accounts Receivable	656	0	0	656
Due from Other Governments	1,164,412	1,157,771	1,164,412	1,157,771
<b>Total Assets</b>	<b>\$ 3,186,972</b>	<b>\$ 25,710,923</b>	<b>\$ 26,360,676</b>	<b>\$ 2,537,219</b>
<u>Liabilities</u>				
Accounts Payable	\$ 4,419	\$ 5,750	\$ 4,196	\$ 5,973
Due to Litigants, Heirs, and Others	2,018,141	17,750,634	18,395,300	1,373,475
Due to Other Taxing Units	1,164,412	7,954,539	7,961,180	1,157,771
<b>Total Liabilities</b>	<b>\$ 3,186,972</b>	<b>\$ 25,710,923</b>	<b>\$ 26,360,676</b>	<b>\$ 2,537,219</b>

# Cumberland County School Department

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

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

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

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

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

Exhibit J-1

Cumberland County, Tennessee  
Statement of Activities  
Discretely Presented Cumberland County School Department  
For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 34,550,128	\$ 201,631	\$ 8,394,732	\$ 0
Support Services	21,792,436	7,811	191,771	1,118,782
Operation of Non-Instructional Services	5,070,915	959,483	2,838,042	0
Total Governmental Activities	\$ 61,413,479	\$ 1,168,925	\$ 11,424,545	\$ 1,118,782
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 8,297,755
Local Option Sales Taxes				7,350,182
Other Local Taxes				4,511
Grants and Contributions Not Restricted to Specific Programs				28,859,147
Unrestricted Investment Earnings				3,297
Miscellaneous				218,397
Total General Revenues				\$ 44,733,289
Change in Net Assets				\$ (2,967,938)
Net Assets, July 1, 2010				73,063,511
Net Assets, June 30, 2011				\$ 70,095,573

Exhibit J-2

Cumberland County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Cumberland County School Department  
June 30, 2011

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Other</u>	
	<u>School</u>	<u>Projects</u>	<u>Governmental</u>	<u>Governmental</u>
			<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 500	\$ 500
Equity in Pooled Cash and Investments	5,259,337	275,678	1,132,077	6,667,092
Inventories	0	0	126,623	126,623
Accounts Receivable	839	0	1,000	1,839
Due from Other Governments	2,311,594	169,889	315,614	2,797,097
Due from Other Funds	27,827	18,200	0	46,027
Property Taxes Receivable	8,480,175	0	0	8,480,175
Allowance for Uncollectible Property Taxes	(329,284)	0	0	(329,284)
<b>Total Assets</b>	<b>\$ 15,750,488</b>	<b>\$ 463,767</b>	<b>\$ 1,575,814</b>	<b>\$ 17,790,069</b>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 289,489	\$ 5,835	\$ 14,107	\$ 309,431
Accrued Payroll	14,493	0	0	14,493
Due to Other Funds	18,200	15,675	0	33,875
Deferred Revenue - Current Property Taxes	7,956,836	0	0	7,956,836
Deferred Revenue - Delinquent Property Taxes	162,306	0	0	162,306
Other Deferred Revenues	675,446	0	0	675,446
<b>Total Liabilities</b>	<b>\$ 9,116,770</b>	<b>\$ 21,510</b>	<b>\$ 14,107</b>	<b>\$ 9,152,387</b>
<u>Fund Balances</u>				
Nonspendable:				
Inventory	\$ 0	\$ 0	\$ 126,623	\$ 126,623
Restricted:				
Restricted for Education	30,316	442,257	1,435,084	1,907,657
Committed:				
Committed for Education	3,351,664	0	0	3,351,664
Unassigned	3,251,738	0	0	3,251,738
<b>Total Fund Balances</b>	<b>\$ 6,633,718</b>	<b>\$ 442,257</b>	<b>\$ 1,561,707</b>	<b>\$ 8,637,682</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 15,750,488</b>	<b>\$ 463,767</b>	<b>\$ 1,575,814</b>	<b>\$ 17,790,069</b>

Exhibit J-3

Cumberland County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Discretely Presented Cumberland County School Department  
June 30, 2011

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)		\$	8,637,682
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	2,088,454	
Add: buildings and improvements net of accumulated depreciation		59,653,599	
Add: infrastructure net of accumulated depreciation		925,153	
Add: other capital assets net of accumulated depreciation		<u>3,048,380</u>	65,715,586
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other loans payable	\$	(3,500,000)	
Less: compensated absences payable		(80,521)	
Less: other postemployment benefits liability		<u>(1,514,926)</u>	(5,095,447)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>837,752</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>70,095,573</u></u>

Exhibit J-4

Cumberland County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Cumberland County School Department  
For the Year Ended June 30, 2011

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	School Federal Projects	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 15,713,269	\$ 0	\$ 0	\$ 15,713,269
Charges for Current Services	201,631	0	966,808	1,168,439
Other Local Revenues	221,955	0	119,716	341,671
State of Tennessee	30,485,718	0	198,604	30,684,322
Federal Government	170,606	6,777,716	3,165,343	10,113,665
Other Governments and Citizens Groups	0	0	484,996	484,996
Total Revenues	<u>\$ 46,793,179</u>	<u>\$ 6,777,716</u>	<u>\$ 4,935,467</u>	<u>\$ 58,506,362</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 27,714,489	\$ 4,712,060	\$ 0	\$ 32,426,549
Support Services	15,216,703	1,640,773	0	16,857,476
Operation of Non-Instructional Services	1,239,182	0	3,806,294	5,045,476
Capital Outlay	1,120,098	7,515	0	1,127,613
Capital Projects	0	0	4,281,358	4,281,358
Total Expenditures	<u>\$ 45,290,472</u>	<u>\$ 6,360,348</u>	<u>\$ 8,087,652</u>	<u>\$ 59,738,472</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,502,707</u>	<u>\$ 417,368</u>	<u>\$ (3,152,185)</u>	<u>\$ (1,232,110)</u>
<u>Other Financing Sources (Uses)</u>				
Other Loans Issued	\$ 0	\$ 0	\$ 3,500,000	\$ 3,500,000
Transfers In	35,259	0	420,201	455,460
Transfers Out	(420,201)	(35,259)	0	(455,460)
Total Other Financing Sources (Uses)	<u>\$ (384,942)</u>	<u>\$ (35,259)</u>	<u>\$ 3,920,201</u>	<u>\$ 3,500,000</u>
Net Change in Fund Balances	\$ 1,117,765	\$ 382,109	\$ 768,016	\$ 2,267,890
Fund Balance, July 1, 2010	5,515,953	60,148	793,691	6,369,792
Fund Balance, June 30, 2011	<u>\$ 6,633,718</u>	<u>\$ 442,257</u>	<u>\$ 1,561,707</u>	<u>\$ 8,637,682</u>

Exhibit J-5

Cumberland County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Cumberland County School Department  
For the Year Ended June 30, 2011

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)		\$	2,267,890
(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	\$	591,508	
Less: current-year depreciation expense		<u>(1,998,667)</u>	(1,407,159)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			
Less: loss on disposal of capital assets	\$	(1,953)	
Less: decrease of revenue for the sale of disposed assets		<u>(3,314)</u>	(5,267)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2011	\$	837,752	
Less: deferred delinquent property taxes and other deferred June 30, 2010		<u>(895,259)</u>	(57,507)
(4) The issuance of long-term debt (e.g., bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:			
Less: other loan proceeds			(3,500,000)
(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 other postemployment benefits liability			<u>(265,895)</u>
Change in net assets of governmental activities (Exhibit B)		\$	<u>(2,967,938)</u>

Exhibit J-6

Cumberland County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Cumberland County School Department  
June 30, 2011

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Education Capital Projects	
<u>ASSETS</u>			
Cash	\$ 500	\$ 0	\$ 500
Equity in Pooled Cash and Investments	374,452	757,625	1,132,077
Inventories	126,623	0	126,623
Accounts Receivable	1,000	0	1,000
Due from Other Governments	315,614	0	315,614
Total Assets	<u>\$ 818,189</u>	<u>\$ 757,625</u>	<u>\$ 1,575,814</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 14,107	\$ 0	\$ 14,107
Total Liabilities	<u>\$ 14,107</u>	<u>\$ 0</u>	<u>\$ 14,107</u>
<u>Fund Balances</u>			
Nonspendable:			
Inventory	\$ 126,623	\$ 0	\$ 126,623
Restricted:			
Restricted for Education	677,459	757,625	1,435,084
Total Fund Balances	<u>\$ 804,082</u>	<u>\$ 757,625</u>	<u>\$ 1,561,707</u>
Total Liabilities and Fund Balances	<u>\$ 818,189</u>	<u>\$ 757,625</u>	<u>\$ 1,575,814</u>

Exhibit J-7

Cumberland County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Cumberland County School Department  
For the Year Ended June 30, 2011

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Education Capital Projects	
<u>Revenues</u>			
Charges for Current Services	\$ 966,808	\$ 0	\$ 966,808
Other Local Revenues	11,835	107,881	119,716
State of Tennessee	39,149	159,455	198,604
Federal Government	2,798,893	366,450	3,165,343
Other Governments and Citizens Groups	0	484,996	484,996
Total Revenues	<u>\$ 3,816,685</u>	<u>\$ 1,118,782</u>	<u>\$ 4,935,467</u>
<u>Expenditures</u>			
Current:			
Operation of Non-Instructional Services	\$ 3,806,294	\$ 0	\$ 3,806,294
Capital Projects	0	4,281,358	4,281,358
Total Expenditures	<u>\$ 3,806,294</u>	<u>\$ 4,281,358</u>	<u>\$ 8,087,652</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 10,391</u>	<u>\$ (3,162,576)</u>	<u>\$ (3,152,185)</u>
<u>Other Financing Sources (Uses)</u>			
Other Loans Issued	\$ 0	\$ 3,500,000	\$ 3,500,000
Transfers In	0	420,201	420,201
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 3,920,201</u>	<u>\$ 3,920,201</u>
Net Change in Fund Balances	\$ 10,391	\$ 757,625	\$ 768,016
Fund Balance, July 1, 2010	793,691	0	793,691
Fund Balance, June 30, 2011	<u>\$ 804,082</u>	<u>\$ 757,625</u>	<u>\$ 1,561,707</u>

Exhibit J-8

Cumberland County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Cumberland County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 15,713,269	\$ 0	\$ 15,713,269	\$ 15,218,277	\$ 15,218,277	\$ 494,992
Charges for Current Services	201,631	0	201,631	280,000	280,000	(78,369)
Other Local Revenues	221,955	0	221,955	52,500	58,100	163,855
State of Tennessee	30,485,718	0	30,485,718	29,674,492	30,582,882	(97,164)
Federal Government	170,606	0	170,606	0	568,060	(397,454)
<u>Total Revenues</u>	<u>\$ 46,793,179</u>	<u>\$ 0</u>	<u>\$ 46,793,179</u>	<u>\$ 45,225,269</u>	<u>\$ 46,707,319</u>	<u>\$ 85,860</u>
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 22,857,203	\$ 0	\$ 22,857,203	\$ 23,577,511	\$ 23,642,222	\$ 785,019
Alternative Instruction Program	245,489	0	245,489	293,012	293,012	47,523
Special Education Program	2,345,277	0	2,345,277	2,372,044	2,372,044	26,767
Vocational Education Program	2,266,520	0	2,266,520	2,356,219	2,356,219	89,699
<u>Support Services</u>						
Attendance	106,984	0	106,984	147,995	147,995	41,011
Health Services	315,826	0	315,826	338,169	338,169	22,343
Other Student Support	905,646	0	905,646	986,740	986,740	81,094
Regular Instruction Program	1,324,502	0	1,324,502	1,369,456	1,369,456	44,954
Special Education Program	160,536	0	160,536	174,801	174,801	14,265
Vocational Education Program	136,067	0	136,067	143,621	143,621	7,554
Other Programs	260,025	0	260,025	0	260,025	0
Board of Education	917,507	0	917,507	1,025,686	1,025,686	108,179
Director of Schools	147,401	0	147,401	160,947	160,947	13,546
Office of the Principal	2,988,943	0	2,988,943	3,111,643	3,111,643	122,700

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Operation of Plant	\$ 4,074,208	\$ 0	\$ 4,074,208	\$ 4,391,579	\$ 4,391,579	\$ 317,371
Maintenance of Plant	963,214	0	963,214	1,013,023	1,013,023	49,809
Transportation	2,550,056	0	2,550,056	2,611,701	2,611,701	61,645
Central and Other	365,788	0	365,788	379,354	379,354	13,566
<u>Operation of Non-Instructional Services</u>						
Community Services	169,397	0	169,397	192,491	198,091	28,694
Early Childhood Education	1,069,785	0	1,069,785	1,031,931	1,078,094	8,309
Capital Outlay						
Regular Capital Outlay	1,120,098	(509,800)	610,298	505,000	1,190,350	580,052
Total Expenditures	\$ 45,290,472	\$ (509,800)	\$ 44,780,672	\$ 46,182,923	\$ 47,244,772	\$ 2,464,100
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	\$ 1,502,707	\$ 509,800	\$ 2,012,507	\$ (957,654)	\$ (537,453)	\$ 2,549,960
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 35,259	\$ 0	\$ 35,259	\$ 25,000	\$ 25,000	\$ 10,259
Transfers Out	(420,201)	0	(420,201)	0	(420,201)	0
Total Other Financing Sources (Uses)	\$ (384,942)	\$ 0	\$ (384,942)	\$ 25,000	\$ (395,201)	\$ 10,259
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 1,117,765	\$ 509,800	\$ 1,627,565	\$ (932,654)	\$ (932,654)	\$ 2,560,219
Fund Balance, July 1, 2010	5,515,953	(509,800)	5,006,153	3,787,471	3,787,471	1,218,682
Fund Balance, June 30, 2011	\$ 6,633,718	\$ 0	\$ 6,633,718	\$ 2,854,817	\$ 2,854,817	\$ 3,778,901

Exhibit J-9

Cumberland County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Cumberland County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 6,777,716	\$ 7,112,589	\$ 7,097,504	\$ (319,788)
Total Revenues	\$ 6,777,716	\$ 7,112,589	\$ 7,097,504	\$ (319,788)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 2,728,969	\$ 2,940,522	\$ 2,998,495	\$ 269,526
Special Education Program	1,903,493	1,967,771	2,080,141	176,648
Vocational Education Program	79,598	79,598	79,598	0
<u>Support Services</u>				
Health Services	4,372	4,372	4,372	0
Other Student Support	85,039	107,775	86,974	1,935
Regular Instruction Program	1,077,337	1,517,761	1,489,351	412,014
Special Education Program	363,566	365,216	372,216	8,650
Vocational Education Program	7,104	7,104	7,104	0
Operation of Plant	105	9,200	105	0
Transportation	103,250	123,000	103,250	0
<u>Capital Outlay</u>				
Regular Capital Outlay	7,515	0	0	(7,515)
Total Expenditures	\$ 6,360,348	\$ 7,122,319	\$ 7,221,606	\$ 861,258
Excess (Deficiency) of Revenues Over Expenditures	\$ 417,368	\$ (9,730)	\$ (124,102)	\$ 541,470
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 157,728	\$ 157,728	\$ (157,728)
Transfers Out	(35,259)	(198,556)	(199,925)	164,666
Total Other Financing Sources (Uses)	\$ (35,259)	\$ (40,828)	\$ (42,197)	\$ 6,938
Net Change in Fund Balance	\$ 382,109	\$ (50,558)	\$ (166,299)	\$ 548,408
Fund Balance, July 1, 2010	60,148	166,299	166,299	(106,151)
Fund Balance, June 30, 2011	\$ 442,257	\$ 115,741	\$ 0	\$ 442,257

Exhibit J-10

Cumberland County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Cumberland County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 966,808	\$ 1,053,117	\$ 1,053,117	\$ (86,309)
Other Local Revenues	11,835	18,275	18,275	(6,440)
State of Tennessee	39,149	38,775	38,775	374
Federal Government	2,798,893	2,580,822	2,805,722	(6,829)
<b>Total Revenues</b>	<b>\$ 3,816,685</b>	<b>\$ 3,690,989</b>	<b>\$ 3,915,889</b>	<b>\$ (99,204)</b>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 3,806,294	\$ 3,708,663	\$ 3,933,563	\$ 127,269
<b>Total Expenditures</b>	<b>\$ 3,806,294</b>	<b>\$ 3,708,663</b>	<b>\$ 3,933,563</b>	<b>\$ 127,269</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 10,391	\$ (17,674)	\$ (17,674)	\$ 28,065
Net Change in Fund Balance	\$ 10,391	\$ (17,674)	\$ (17,674)	\$ 28,065
Fund Balance, July 1, 2010	793,691	798,302	798,302	(4,611)
<b>Fund Balance, June 30, 2011</b>	<b>\$ 804,082</b>	<b>\$ 780,628</b>	<b>\$ 780,628</b>	<b>\$ 23,454</b>

# Cumberland County Railroad Authority

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

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

Exhibit K-1

Cumberland County, Tennessee  
Statement of Net Assets and Governmental Fund Balance Sheet  
Discretely Presented Cumberland County Railroad Authority  
June 30, 2011

	General Fund	Adjustments	Statement of Net Assets
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 45,554	\$ 0	\$ 45,554
Total Assets	<u>\$ 45,554</u>	<u>\$ 0</u>	<u>\$ 45,554</u>
<u>LIABILITIES AND FUND BALANCE/ NET ASSETS</u>			
<u>Fund Balances</u>			
Unassigned	\$ 45,554	\$ (45,554)	\$ 0
Total Fund Balances	<u>\$ 45,554</u>	<u>\$ (45,554)</u>	<u>\$ 0</u>
Total Liabilities and Fund Balances	<u>\$ 45,554</u>		
Net Assets:			
Unrestricted		<u>\$ 45,554</u>	<u>\$ 45,554</u>
Total Net Assets		<u>\$ 0</u>	<u>\$ 45,554</u>

Exhibit K-2

Cumberland County, Tennessee  
Statement of Activities and Governmental Fund Revenues, Expenditures,  
and Changes in Fund Balance/Net Assets  
Discretely Presented Cumberland County Railroad Authority  
For the Year Ended June 30, 2011

	General Fund	Adjustments	Statement of Activities
<hr/>			
Expenditures/Expenses:			
Other Operations:			
Other Economic and Community Development	\$ 494,015	\$ 0	\$ 494,015
	<hr/>		
Total Expenditures/Expenses	\$ 494,015	\$ 0	\$ 494,015
	<hr/>		
Program Revenues:			
Operating Grants and Contributions:			
State of Tennessee	\$ 490,654	\$ 0	\$ 490,654
Other Governments and Citizens Groups	16,150	0	16,150
	<hr/>		
Total Expenditures/Expenses	\$ 506,804	\$ 0	\$ 506,804
	<hr/>		
Net Program Expense			\$ (12,789)
	<hr/>		
Excess of Revenues over Expenditures	\$ 12,789	\$ (12,789)	\$ 0
Change in Net Assets	0	12,789	12,789
Fund Balance/Net Assets:			
July 1, 2010	32,765	0	32,765
	<hr/>		
June 30, 2011	\$ 45,554	\$ 0	\$ 45,554
	<hr/> <hr/>		

Exhibit K-3

Cumberland County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Cumberland County Railroad Authority  
General Fund  
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
State of Tennessee	\$ 490,654	0 \$	490,654 \$	100,000 \$	596,998 \$	(106,344)
Other Governments and Citizens Groups	16,150	0	16,150	0	0	16,150
Total Revenues	\$ 506,804	0 \$	506,804 \$	100,000 \$	596,998 \$	(90,194)
<u>Expenditures</u>						
<u>Capital Projects</u>						
Other General Government Projects	\$ 494,015	(335,008) \$	159,007 \$	99,000 \$	595,998 \$	436,991
Total Expenditures	\$ 494,015	(335,008) \$	159,007 \$	99,000 \$	595,998 \$	436,991
Excess (Deficiency) of Revenues Over Expenditures	\$ 12,789	335,008 \$	347,797 \$	1,000 \$	1,000 \$	346,797
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 12,789	335,008 \$	347,797 \$	1,000 \$	1,000 \$	346,797
	32,765	(335,008)	(302,243)	33,514	33,514	(335,757)
Fund Balance, June 30, 2011	\$ 45,554	0 \$	45,554 \$	34,514 \$	34,514 \$	11,040

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## MISCELLANEOUS SCHEDULES

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Exhibit L-1

Cumberland County, Tennessee  
 Schedule of Changes in Long-term Notes and Other Loans  
 Primary Government and Discretely Presented Cumberland County School Department  
 For the Year Ended June 30, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
<b>PRIMARY GOVERNMENT</b>								
<b>NOTES PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Jail Lighting and HVAC	\$ 338,828	0 %	5-1-06	5-1-13	\$ 145,212	0 \$	48,404 \$	96,808
School Improvements	1,200,000	2.75	5-29-08	5-29-11	400,000	0	400,000	0
Landfill, Education Facility, Justice Center Furnishings	1,677,000	2.6	6-25-10	6-25-13	1,677,000	0	559,000	1,118,000
Health Department Land	475,000	1.79	5-13-11	5-13-14	0	475,000	0	475,000
Landfill Closure	1,830,395	1.73	5-13-11	5-13-14	0	1,830,395	0	1,830,395
Total Notes Payable	\$ 2,222,212				\$ 2,222,212	\$ 2,305,395	\$ 1,007,404	\$ 3,520,203
<b>OTHER LOANS PAYABLE</b>								
<u>Public Building Authority Loan Agreements</u>								
<u>Payable through General Debt Service Fund</u>								
Plateau Partners Industrial Park - Series B-13-A	1,750,000	5.15 to 6	10-18-07	6-1-23	\$ 1,750,000	0 \$	0 \$	1,750,000
Refunding - Series E-3-A	20,615,000	Variable	7-31-08	6-1-27	19,805,000	0	835,000	18,970,000
Refunding and Jail Construction - Series V-E-1	10,365,000	3 to 4.75	9-18-08	6-1-28	9,465,000	0	600,000	8,865,000
Refunding - Series VII-B-2	28,300,000	Variable	11-20-08	6-1-39	27,590,000	0	455,000	27,135,000
Refunding - Series VII-F-1	5,100,000	Variable	11-19-09	6-1-31	5,100,000	0	0	5,100,000
Plateau Partners Industrial Park - Series B-20-A	750,000	4.25 to 5	6-15-10	6-1-27	750,000	0	0	750,000
<u>Energy Efficiency Loans</u>								
<u>Payable through General Debt Service Fund</u>								
Energy Efficiency	484,996	0	6-20-11	7-1-21	0	484,996	0	484,996
Total Other Loans Payable	\$ 64,460,000				\$ 64,460,000	\$ 484,996	\$ 1,890,000	\$ 63,054,996
<b>DISCRETELY PRESENTED CUMBERLAND COUNTY SCHOOL DEPARTMENT</b>								
<b>OTHER LOANS PAYABLE</b>								
<u>Energy Efficiency Loans</u>								
<u>Payable through General Purpose School Fund</u>								
Energy Efficiency Loans	3,000,000	2.5	6-20-11	7-1-23	\$ 0	\$ 3,000,000	0 \$	3,000,000
Energy Efficiency Loans	500,000	0	6-20-11	7-1-18	0	500,000	0	500,000
Total Other Loans Payable	\$ 0				\$ 0	\$ 3,500,000	0 \$	3,500,000

Exhibit L-2

Cumberland County, Tennessee  
Schedule of Long-term Debt Requirements by Year  
Primary Government and Discretely Presented  
Cumberland County School Department

PRIMARY GOVERNMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 1,375,870	\$ 69,236	\$ 1,445,106
2013	1,375,869	41,312	1,417,181
2014	768,464	13,390	781,854
Total	\$ 3,520,203	\$ 123,938	\$ 3,644,141

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2012	\$ 2,094,462	\$ 821,163	\$ 318,494	\$ 3,234,119
2013	2,148,504	790,923	306,352	3,245,779
2014	1,773,504	758,146	293,897	2,825,547
2015	1,853,504	728,411	281,897	2,863,812
2016	1,938,504	694,426	269,585	2,902,515
2017	1,998,504	659,381	256,522	2,914,407
2018	2,103,504	621,244	243,085	2,967,833
2019	2,233,504	580,564	228,960	3,043,028
2020	2,313,504	555,229	207,585	3,076,318
2021	2,243,504	529,154	185,397	2,958,055
2022	2,273,998	499,539	164,897	2,938,434
2023	2,495,000	468,236	144,796	3,108,032
2024	2,520,000	427,702	130,674	3,078,376
2025	2,645,000	389,950	115,865	3,150,815
2026	2,780,000	350,729	100,242	3,230,971
2027	2,935,000	310,028	83,682	3,328,710
2028	2,730,000	267,315	66,259	3,063,574
2029	2,355,000	223,077	60,531	2,638,608
2030	2,470,000	201,036	54,508	2,725,544
2031	2,545,000	177,919	48,191	2,771,110
2032	2,620,000	154,094	41,679	2,815,773
2033	1,755,000	129,781	35,102	1,919,883
2034	1,805,000	113,494	30,697	1,949,191
2035	1,880,000	96,744	26,167	2,002,911
2036	1,980,000	79,298	21,448	2,080,746
2037	2,080,000	60,923	16,478	2,157,401
2038	2,205,000	41,621	11,257	2,257,878
2039	2,280,000	21,158	5,723	2,306,881
Total	\$ 63,054,996	\$ 10,751,285	\$ 3,749,970	\$ 77,556,251

(Continued)

Exhibit L-2

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

DISCRETELY PRESENTED CUMBERLAND  
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2012	\$ 258,960	\$ 75,000	\$ 333,960
2013	294,157	70,163	364,320
2014	299,726	64,594	364,320
2015	305,433	58,887	364,320
2016	311,283	53,037	364,320
2017	317,280	47,040	364,320
2018	323,426	40,894	364,320
2019	264,286	34,594	298,880
2020	264,760	28,136	292,896
2021	271,379	21,517	292,896
2022	278,163	14,733	292,896
2023	285,117	7,779	292,896
2024	26,030	651	26,681
Total	\$ 3,500,000	\$ 517,025	\$ 4,017,025

Exhibit L-3

Cumberland County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Cumberland County School Department  
For the Year Ended June 30, 2011

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Solid Waste/Sanitation	Solid Waste Disposal	Debt proceeds	\$ 1,830,395
Solid Waste/Sanitation	Solid Waste Disposal	Operations	654,343
Total Transfers Primary Government			<u>\$ 2,484,738</u>
<u>DISCRETELY PRESENTED CUMBERLAND</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 35,259
General Purpose School	Education Capital Projects	Energy efficiency projects	420,201
Total Transfers Discretely Presented Cumberland County School Department			<u>\$ 455,460</u>

Cumberland County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Cumberland County School Department  
For the Year Ended June 30, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Brock Hill (7-1-10 through 8-31-10)	Section 8-24-102, TCA	\$ 14,961 (1)	\$ 50,000	Travelers Casualty and Surety Company of America
Kenneth Carey, Jr. (9-1-10 through 6-30-11)	Section 8-24-102, TCA	66,855	50,000	"
Road Superintendent:				
Wendell Houston (7-1-10 through 8-31-10)	Section 8-24-102, TCA	14,249 (2)	100,000	"
Scott Blalock (9-1-10 through 6-30-11)	Section 8-24-102, TCA	63,672	100,000	"
Director of Schools	State Board of Education and Cumberland County Board of Education	92,885 (3)	(6)	"
Trustee:				
Carolyn Turner (7-1-10 through 8-31-10)	Section 8-24-102, TCA	12,954 (4)	1,784,553	"
Kim Wyatt (9-1-10 through 6-30-11)	Section 8-24-102, TCA	57,884	1,811,000	"
Assessor of Property	Section 8-24-102, TCA	70,838 (4)	10,000	"
Finance Director	County Commission	70,838	50,000	"
County Clerk	Section 8-24-102, TCA	70,838 (4)	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	70,838 (4)	50,000	"
Clerk and Master	Section 8-24-102, TCA	70,838 (4)	75,000	"
Register	Section 8-24-102, TCA	70,838 (4)	25,000	"
Sheriff	Section 8-24-102, TCA	77,921 (2) (5)	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			150,000	Local Government Insurance Pool
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

- (1) Includes a retroactive payment of \$1,590 for changes in population class due to the 2010 census.
- (2) Includes a retroactive payment of \$1,514 for changes in population class due to the 2010 census.
- (3) Includes a chief executive officer training supplement of \$1,000.
- (4) Includes a retroactive payment of \$1,377 for changes in population class due to the 2010 census.
- (5) Does not include a law enforcement training supplement of \$600.
- (6) The director of schools is covered under the public employee dishonesty bond.

Exhibit L-5

Cumberland County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2011

	General	Special Revenue Funds				Highway/ Public Works	Debt Service Fund		Capital Projects Fund		Total	
		Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	General Debt Service		General Capital Projects	Debt Service Fund		Capital Projects Fund		
								General	Debt Service	General		Capital Projects
<u>Local Taxes</u>												
<u>County Property Taxes</u>												
Current Property Tax	\$ 7,474,721	\$ 0	\$ 1,698,722	\$ 0	\$ 0	\$ 2,174,411	\$ 0	\$ 0	\$ 11,347,854			
Trustee's Collections - Prior Year	197,185	0	39,835	0	0	54,319	0	0	291,339			
Circuit/Clerk & Master Collections - Prior Years	82,257	0	11,911	0	0	23,770	0	0	117,938			
Interest and Penalty	74,731	0	12,767	0	0	20,827	0	0	108,325			
Payments in-Lieu-of Taxes - Local Utilities	5,356	0	0	0	0	0	0	0	5,356			
Payments in-Lieu-of Taxes - Other	366,840	0	0	0	0	0	0	0	366,840			
<u>County Local Option Taxes</u>												
Local Option Sales Tax	516,400	0	0	0	0	1,747,981	0	0	2,264,381			
Hotel/Motel Tax	501,040	0	0	0	0	0	0	0	501,040			
Litigation Tax - General	92,372	0	0	0	0	0	0	0	92,372			
Litigation Tax - Special Purpose	1,280	56,842	0	0	0	0	0	0	58,122			
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	256,387	0	0	256,387			
Business Tax	576,147	0	0	0	0	0	0	0	576,147			
Mineral Severance Tax	0	0	0	0	31,145	0	0	0	31,145			
<u>Statutory Local Taxes</u>												
Bank Excise Tax	103,109	0	0	0	0	0	0	0	103,109			
Wholesale Beer Tax	373,989	0	0	0	0	0	0	0	373,989			
Interstate Telecommunications Tax	2,443	0	0	0	0	0	0	0	2,443			
Other Statutory Local Taxes	6,394	0	0	0	0	0	0	0	6,394			
<b>Total Local Taxes</b>	<b>\$ 10,374,264</b>	<b>\$ 56,842</b>	<b>\$ 1,763,235</b>	<b>\$ 0</b>	<b>\$ 31,145</b>	<b>\$ 4,277,695</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 16,503,181</b>			
<u>Licenses and Permits</u>												
<u>Licenses</u>												
Animal Vaccination	\$ 51,982	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 51,982			
Cable TV Franchise	164,453	0	0	0	0	0	0	0	164,453			
Permits												
Beer Permits	3,032	0	0	0	0	0	0	0	3,032			
<b>Total Licenses and Permits</b>	<b>\$ 219,467</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 219,467</b>			

(Continued)

Exhibit L-5

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

	Special Revenue Funds										Total	
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation			Drug Control	Highway/ Public Works	Debt Service Fund		Capital Projects Fund		
			General	Maintenance	Sanitation			Control	General			Debt
<u>Fines, Forfeitures, and Penalties</u>												
<u>Circuit Court</u>												
Fines	\$ 3,024	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,024
Officers Costs	2,723	0	0	0	0	0	0	0	0	0	0	2,723
Drug Court Fees	19,930	0	0	0	0	0	0	0	0	0	0	19,930
Jail Fees	1,343	0	0	0	0	0	0	0	0	0	0	1,343
DUI Treatment Fines	680	0	0	0	0	0	0	0	0	0	0	680
Data Entry Fee - Circuit Court	396	0	0	0	0	0	0	0	0	0	0	396
Courtroom Security Fee	14	0	0	0	0	0	0	0	0	0	0	14
<u>General Sessions Court</u>												
Fines	31,889	0	200	0	0	0	0	0	0	0	0	32,089
Officers Costs	65,398	0	0	0	0	0	0	0	0	0	0	65,398
Jail Fees	16,267	0	0	0	0	0	0	0	0	0	0	16,267
DUI Treatment Fines	7,449	0	0	0	0	0	0	0	0	0	0	7,449
Data Entry Fee - General Sessions Court	9,172	0	0	0	0	0	0	0	0	0	0	9,172
Courtroom Security Fee	3,820	0	0	0	0	0	0	0	0	0	0	3,820
<u>Juvenile Court</u>												
Fines	751	0	0	0	0	0	0	0	0	0	0	751
Jail Fees	4,489	0	0	0	0	0	0	0	0	0	0	4,489
<u>Chancery Court</u>												
Officers Costs	12,851	0	0	0	0	0	0	0	0	0	0	12,851
Data Entry Fee - Chancery Court	6,643	0	0	0	0	0	0	0	0	0	0	6,643
<u>Other Courts - In-county</u>												
Drug Control Fines	0	0	0	6,782	0	0	0	0	0	0	0	6,782
<u>Other Fines, Forfeitures, and Penalties</u>												
Proceeds from Confiscated Property	0	0	0	16,425	0	0	0	0	0	0	0	16,425
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 186,839</b>	<b>\$ 0</b>	<b>\$ 200</b>	<b>\$ 23,207</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 210,246</b>
<u>Charges for Current Services</u>												
<u>General Service Charges</u>												
Patient Charges	\$ 2,718,362	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,718,362

(Continued)

Exhibit L-5

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

	Special Revenue Funds										Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation			Drug Control	Highway/ Public Works	Debt Service Fund		Capital Projects Fund	
			General	Debt Service	General Capital Projects						
<u>Charges for Current Services (Cont.)</u>											
<u>Fees</u>											
Copy Fees	\$ 5,229	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,229
Telephone Commissions	19,239	0	0	0	0	0	0	0	0	0	19,239
Data Processing Fee - Register	28,766	0	0	0	0	0	0	0	0	0	28,766
Data Processing Fee - Sheriff	4,354	0	0	0	0	0	0	0	0	0	4,354
Sexual Offender Registration Fees - Sheriff	5,150	0	0	0	0	0	0	0	0	0	5,150
Data Processing Fee - County Clerk	5,304	0	0	0	0	0	0	0	0	0	5,304
Education Charges											
TBI Criminal Background Fees	4,800	0	0	0	0	0	0	0	0	0	4,800
Total Charges for Current Services	\$ 2,791,204	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,791,204
<u>Other Local Revenues</u>											
<u>Recurring Items</u>											
Investment Income	\$ 102,492	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 250	\$ 102,742
Lease/Rentals	47,900	0	0	0	0	0	0	0	0	0	47,900
Commissary Sales	20,787	0	0	0	0	0	0	0	0	0	20,787
Sale of Recycled Materials	0	0	358,224	0	0	4,603	0	0	0	0	362,827
Miscellaneous Refunds	11,866	0	0	0	0	353	0	0	0	0	12,219
Nonrecurring Items											
Sale of Property	12	0	0	0	0	0	0	0	0	0	12
Total Other Local Revenues	\$ 183,057	\$ 0	\$ 358,224	\$ 0	\$ 0	\$ 4,956	\$ 0	\$ 0	\$ 0	\$ 250	\$ 546,487
<u>Fees Received from County Officials</u>											
<u>Fees in-Lieu-of Salary</u>											
County Clerk	\$ 511,125	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 511,125
Circuit Court Clerk	76,659	0	0	0	0	0	0	0	0	0	76,659
General Sessions Court Clerk	344,889	0	0	0	0	0	0	0	0	0	344,889
Clerk and Master	323,185	0	0	0	0	0	0	0	0	0	323,185
Register	321,643	0	0	0	0	0	0	0	0	0	321,643
Sheriff	21,164	0	0	0	0	0	0	0	0	0	21,164
Trustee	716,498	0	0	0	0	0	0	0	0	0	716,498
Total Fees Received from County Officials	\$ 2,315,163	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,315,163

(Continued)

Exhibit L-5

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

	Special Revenue Funds										Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Highway/ Public Works	Debt Service Fund		Capital Projects Fund		Total	
						General	Debt Service	General	Capital Projects		
<u>State of Tennessee</u>											
<u>General Government Grants</u>											
Juvenile Services Program	\$ 21,856	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,856
On-Behalf Contributions for OPEB	1,058	0	0	0	0	0	0	0	0	0	1,058
<u>Public Safety Grants</u>											
Law Enforcement Training Programs	29,400	0	0	0	0	0	0	0	0	0	29,400
<u>Health and Welfare Grants</u>											
Health Department Programs	421,805	0	0	0	0	0	0	0	0	0	421,805
Other Health and Welfare Grants	0	0	0	0	0	0	0	568,222	0	0	568,222
<u>Public Works Grants</u>											
State Aid Program	0	0	0	0	259,119	0	0	0	0	0	259,119
Litter Program	0	0	32,247	0	0	0	0	0	0	0	32,247
<u>Other State Revenues</u>											
Income Tax	336,118	0	0	0	0	0	0	0	0	0	336,118
Beer Tax	18,723	0	0	0	0	0	0	0	0	0	18,723
Alcoholic Beverage Tax	81,543	0	0	0	0	0	0	0	0	0	81,543
Mixed Drink Tax	27,506	0	0	0	0	0	0	0	0	0	27,506
State Revenue Sharing - T.V.A.	952,613	0	0	0	0	0	0	0	0	0	952,613
Contracted Prisoner Boarding	372,365	0	0	0	0	0	0	0	0	0	372,365
Gasoline and Motor Fuel Tax	0	0	0	0	2,130,057	0	0	0	0	0	2,130,057
Petroleum Special Tax	0	0	0	0	37,587	0	0	0	0	0	37,587
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	0	0	0	15,164
Other State Grants	18,983	0	0	0	0	0	0	0	0	0	18,983
<b>Total State of Tennessee</b>	<b>\$ 2,297,134</b>	<b>\$ 0</b>	<b>\$ 32,247</b>	<b>\$ 0</b>	<b>\$ 2,426,763</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 568,222</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 5,324,366</b>
<u>Federal Government</u>											
<u>Federal Through State</u>											
Community Development	\$ 33,280	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,280
Civil Defense Reimbursement	16,101	0	0	0	0	0	0	0	0	0	16,101
ARRA Grant # A	13,048	0	0	0	0	0	0	0	0	0	13,048
Other Federal through State	11,000	0	0	0	0	0	0	0	0	0	11,000

(Continued)

Exhibit L-5

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

	Special Revenue Funds							Debt Service Fund	Capital Projects Fund	Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects			
<u>Federal Government (Cont.)</u>										
<u>Direct Federal Revenue</u>										
Other Direct Federal Revenue	\$ 110,626	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 110,626	
Total Federal Government	\$ 184,055	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 184,055	
<u>Other Governments and Citizens Groups</u>										
<u>Other Governments</u>										
Contributions	\$ 99,650	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 99,650	
Contracted Services	549,966	0	5,730	0	0	0	0	0	555,696	
<u>Citizens Groups</u>										
Donations	1,708	0	0	0	0	0	0	0	1,708	
Total Other Governments and Citizens Groups	\$ 651,324	\$ 0	\$ 5,730	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 657,054	
Total	\$ 19,202,507	\$ 56,842	\$ 2,159,636	\$ 23,207	\$ 2,462,864	\$ 4,277,695	\$ 568,472	\$ 28,751,223		

Exhibit L-6

Cumberland County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Cumberland County School Department  
For the Year Ended June 30, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 8,021,816	\$ 0	\$ 0	\$ 0	\$ 8,021,816
Trustee's Collections - Prior Year	205,518	0	0	0	205,518
Circuit/Clerk & Master Collections - Prior Years	87,458	0	0	0	87,458
Interest and Penalty	35,791	0	0	0	35,791
<u>County Local Option Taxes</u>					
Local Option Sales Tax	7,354,537	0	0	0	7,354,537
Business Tax	5,466	0	0	0	5,466
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	2,683	0	0	0	2,683
<b>Total Local Taxes</b>	<b>\$ 15,713,269</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 15,713,269</b>
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Other	\$ 79,014	\$ 0	\$ 0	\$ 0	\$ 79,014
Lunch Payments - Children	0	0	509,602	0	509,602
Lunch Payments - Adults	0	0	57,191	0	57,191
Income from Breakfast	0	0	83,364	0	83,364
A la carte Sales	0	0	309,326	0	309,326
Receipts from Individual Schools	122,617	0	0	0	122,617
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	7,325	0	7,325
<b>Total Charges for Current Services</b>	<b>\$ 201,631</b>	<b>\$ 0</b>	<b>\$ 966,808</b>	<b>\$ 0</b>	<b>\$ 1,168,439</b>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 3,297	\$ 0	\$ 3,297
Sale of Recycled Materials	5,109	0	0	0	5,109
Refund of Telecommunication & Internet Fees (E-Rate)	89,626	0	0	0	89,626
Retirees' Insurance Payments	1,254	0	0	0	1,254
Miscellaneous Refunds	113,870	0	8,538	0	122,408
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	486	0	0	0	486
Contributions and Gifts	11,610	0	0	107,881	119,491
<b>Total Other Local Revenues</b>	<b>\$ 221,955</b>	<b>\$ 0</b>	<b>\$ 11,835</b>	<b>\$ 107,881</b>	<b>\$ 341,671</b>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 260,025	\$ 0	\$ 0	\$ 0	\$ 260,025
<u>State Education Funds</u>					
Basic Education Program	25,684,198	0	0	0	25,684,198
Basic Education Program - ARRA	2,715,801	0	0	0	2,715,801
Early Childhood Education	1,078,095	0	0	0	1,078,095
School Food Service	0	0	39,149	0	39,149
Other State Education Funds	21,504	0	0	0	21,504
Coordinated School Health - ARRA	100,000	0	0	0	100,000
Internet Connectivity - ARRA	22,487	0	0	0	22,487
Family Resource Centers - ARRA	33,300	0	0	0	33,300
Career Ladder Program	312,357	0	0	0	312,357

(Continued)

Exhibit L-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Career Ladder - Extended Contract - ARRA	\$ 81,967	\$ 0	\$ 0	\$ 0	\$ 81,967
<u>Other State Revenues</u>					
Other State Grants	140,000	0	0	159,455	299,455
Safe Schools - ARRA	35,400	0	0	0	35,400
Other State Revenues	584	0	0	0	584
Total State of Tennessee	\$ 30,485,718	\$ 0	\$ 39,149	\$ 159,455	\$ 30,684,322
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,790,988	\$ 0	\$ 1,790,988
USDA - Commodities	0	0	224,900	0	224,900
Breakfast	0	0	633,400	0	633,400
USDA - Other	0	0	134,846	0	134,846
USDA Food Service Equipment Grant - ARRA	0	0	14,759	0	14,759
Vocational Education - Basic Grants to States	0	142,090	0	0	142,090
Title I Grants to Local Education Agencies	0	2,255,168	0	0	2,255,168
Special Education - Grants to States	57,256	2,378,219	0	0	2,435,475
Special Education Preschool Grants	0	76,577	0	0	76,577
English Language Acquisition Grants	0	13,314	0	0	13,314
Safe and Drug-free Schools - State Grants	0	400,000	0	0	400,000
Rural Education	0	209,736	0	0	209,736
Education for Homeless Children and Youth	48,640	28,415	0	0	77,055
Eisenhower Professional Development State Grants	0	472,918	0	0	472,918
Race to the Top - ARRA	0	447,538	0	0	447,538
Other Federal through State	64,710	353,741	0	0	418,451
<u>Direct Federal Revenue</u>					
Energy Grant	0	0	0	366,450	366,450
Total Federal Government	\$ 170,606	\$ 6,777,716	\$ 2,798,893	\$ 366,450	\$ 10,113,665
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 484,996	\$ 484,996
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 484,996	\$ 484,996
Total	\$ 46,793,179	\$ 6,777,716	\$ 3,816,685	\$ 1,118,782	\$ 58,506,362

Exhibit L-7

Cumberland County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Cumberland County Railroad Authority  
For the Year Ended June 30, 2011

	General	Total
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Other General Government Grants	\$ 490,654	\$ 490,654
Total State of Tennessee	<u>\$ 490,654</u>	<u>\$ 490,654</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Contributions	\$ 16,150	\$ 16,150
Total Other Governments and Citizens Groups	<u>\$ 16,150</u>	<u>\$ 16,150</u>
Total	<u>\$ 506,804</u>	<u>\$ 506,804</u>

Exhibit L-8

Cumberland County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 73,675	
Social Security	5,874	
State Retirement	3,954	
Employee and Dependent Insurance	14,909	
Life Insurance	139	
Dental Insurance	595	
Audit Services	15,567	
Contracts with Government Agencies	22,015	
Contracts with Private Agencies	1,140	
Dues and Memberships	2,902	
Legal Notices, Recording, and Court Costs	462	
Maintenance Agreements	3,500	
Travel	7,950	
Communication Equipment	210,000	
Other Capital Outlay	16,980	
Total County Commission		\$ 379,662

Board of Equalization

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

Beer Board

Board and Committee Members Fees	\$ 100	
Social Security	6	
Legal Notices, Recording, and Court Costs	338	
Total Beer Board		444

Other Boards and Committees

Legal Services	\$ 912	
Total Other Boards and Committees		912

County Mayor/Executive

County Official/Administrative Officer	\$ 81,816	
Assistant(s)	30,972	
Data Processing Personnel	25,782	
Secretary(ies)	22,569	
Longevity Pay	266	
Social Security	12,025	
State Retirement	13,038	
Employee and Dependent Insurance	19,909	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Life Insurance	\$	153	
Dental Insurance		956	
Other Fringe Benefits		1,072	
Communication		1,594	
Dues and Memberships		2,034	
Maintenance and Repair Services - Office Equipment		409	
Printing, Stationery, and Forms		399	
Travel		2,705	
Other Contracted Services		2,828	
Office Supplies		1,796	
Premiums on Corporate Surety Bonds		200	
Other Charges		512	
Total County Mayor/Executive			\$ 221,035

County Attorney

County Official/Administrative Officer	\$	66,452	
Total County Attorney			66,452

Election Commission

County Official/Administrative Officer	\$	62,542	
Clerical Personnel		71,056	
Part-time Personnel		5,338	
Longevity Pay		1,868	
Election Commission		9,300	
Election Workers		45,060	
In-Service Training		2,695	
Social Security		10,655	
State Retirement		12,070	
Employee and Dependent Insurance		21,969	
Life Insurance		165	
Dental Insurance		1,006	
Audit Services		4,534	
Communication		2,247	
Dues and Memberships		250	
Legal Notices, Recording, and Court Costs		4,462	
Maintenance and Repair Services - Equipment		2,874	
Maintenance and Repair Services - Office Equipment		9,843	
Printing, Stationery, and Forms		14,951	
Rentals		1,250	
Travel		1,988	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Other Contracted Services	\$	8,853	
Office Supplies		1,818	
Other Charges		2,000	
Voting Machines		6,000	
Total Election Commission			\$ 304,794

Register of Deeds

County Official/Administrative Officer	\$	70,838	
Deputy(ies)		109,243	
Part-time Personnel		14,753	
Longevity Pay		3,076	
Social Security		14,356	
State Retirement		16,319	
Employee and Dependent Insurance		32,228	
Life Insurance		219	
Dental Insurance		1,510	
Communication		1,415	
Dues and Memberships		537	
Maintenance Agreements		17,463	
Printing, Stationery, and Forms		86	
Office Supplies		339	
Premiums on Corporate Surety Bonds		100	
Total Register of Deeds			282,482

Engineering

Operating Lease Payments	\$	18,144	
Maintenance and Repair Services - Equipment		18,000	
Gasoline		297	
Utilities		9,437	
Other Supplies and Materials		979	
Total Engineering			46,857

County Buildings

Supervisor/Director	\$	34,700	
Custodial Personnel		156,456	
Longevity Pay		3,249	
Overtime Pay		4,138	
Social Security		15,581	
State Retirement		17,301	
Employee and Dependent Insurance		49,585	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Life Insurance	\$	313	
Dental Insurance		2,340	
Other Fringe Benefits		7,144	
Maintenance and Repair Services - Buildings		87,496	
Gasoline		6,620	
Office Supplies		579	
Uniforms		1,783	
Utilities		89,774	
Total County Buildings			\$ 477,059

Other General Administration

Supervisor/Director	\$	30,243	
Mechanic(s)		26,104	
Longevity Pay		886	
Social Security		4,528	
State Retirement		5,293	
Employee and Dependent Insurance		12,835	
Life Insurance		111	
Dental Insurance		604	
On-Behalf Payments to OPEB		1,058	
Other Fringe Benefits		2,167	
Communication		905	
Gasoline		1,816	
Lubricants		14,154	
Uniforms		1,600	
Utilities		4,864	
Other Supplies and Materials		4,964	
Total Other General Administration			112,132

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	70,838	
Accountants/Bookkeepers		203,798	
Longevity Pay		7,380	
Social Security		21,325	
State Retirement		23,850	
Employee and Dependent Insurance		45,054	
Life Insurance		291	
Dental Insurance		2,113	
Other Fringe Benefits		5,279	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Communication	\$	2,579	
Legal Notices, Recording, and Court Costs		2,023	
Maintenance Agreements		9,122	
Printing, Stationery, and Forms		8,882	
Travel		158	
Office Supplies		2,845	
Premiums on Corporate Surety Bonds		175	
Total Accounting and Budgeting			\$ 405,712

Property Assessor's Office

County Official/Administrative Officer	\$	70,838	
Assistant(s)		165,424	
Longevity Pay		2,920	
In-Service Training		2,223	
Social Security		17,878	
State Retirement		20,314	
Employee and Dependent Insurance		45,167	
Life Insurance		264	
Dental Insurance		2,189	
Communication		1,158	
Data Processing Services		35,945	
Dues and Memberships		1,280	
Maintenance Agreements		3,600	
Maintenance and Repair Services - Vehicles		178	
Travel		943	
Other Contracted Services		19,800	
Gasoline		1,889	
Office Supplies		1,796	
Other Supplies and Materials		266	
Premiums on Corporate Surety Bonds		178	
Total Property Assessor's Office			394,250

Reappraisal Program

Clerical Personnel	\$	43,877	
Part-time Personnel		5,587	
Longevity Pay		110	
In-Service Training		633	
Social Security		3,903	
State Retirement		3,639	
Employee and Dependent Insurance		12,983	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Life Insurance	\$	75	
Dental Insurance		579	
Data Processing Services		12,300	
Maintenance and Repair Services - Vehicles		14	
Postal Charges		1,700	
Duplicating Supplies		1,000	
Gasoline		207	
Office Supplies		2,154	
Total Reappraisal Program			\$ 88,761

County Trustee's Office

County Official/Administrative Officer	\$	70,838	
Deputy(ies)		139,364	
Longevity Pay		4,706	
Social Security		16,181	
State Retirement		18,944	
Employee and Dependent Insurance		38,666	
Life Insurance		246	
Dental Insurance		1,786	
Communication		1,314	
Dues and Memberships		937	
Maintenance and Repair Services - Office Equipment		5,374	
Printing, Stationery, and Forms		4,199	
Travel		629	
Office Supplies		2,575	
Premiums on Corporate Surety Bonds		2,135	
Other Charges		722	
Total County Trustee's Office			308,616

County Clerk's Office

County Official/Administrative Officer	\$	70,838	
Deputy(ies)		267,005	
Longevity Pay		4,920	
Social Security		25,612	
State Retirement		30,394	
Employee and Dependent Insurance		77,689	
Life Insurance		471	
Dental Insurance		3,573	
Communication		1,257	
Dues and Memberships		662	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Maintenance and Repair Services - Office Equipment	\$	19,359	
Printing, Stationery, and Forms		2,072	
Travel		637	
Office Supplies		4,839	
Premiums on Corporate Surety Bonds		351	
Total County Clerk's Office			\$ 509,679

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	70,838	
Deputy(ies)		270,123	
Part-time Personnel		10,552	
Longevity Pay		6,184	
Jury and Witness Expense		11,362	
Social Security		27,147	
State Retirement		30,931	
Employee and Dependent Insurance		70,595	
Life Insurance		435	
Dental Insurance		3,321	
Communication		3,222	
Dues and Memberships		842	
Maintenance and Repair Services - Office Equipment		11,994	
Printing, Stationery, and Forms		6,247	
Travel		381	
Office Supplies		4,893	
Premiums on Corporate Surety Bonds		1,155	
Total Circuit Court			530,222

General Sessions Court

Judge(s)	\$	148,001	
Secretary(ies)		27,514	
Part-time Personnel		1,050	
Longevity Pay		825	
Social Security		11,142	
State Retirement		15,710	
Employee and Dependent Insurance		12,965	
Life Insurance		111	
Dental Insurance		604	
Communication		806	
Contracts with Government Agencies		68,563	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Dues and Memberships	\$	700	
Printing, Stationery, and Forms		198	
Travel		1,000	
Office Supplies		663	
Periodicals		449	
Total General Sessions Court			\$ 290,301

Chancery Court

County Official/Administrative Officer	\$	70,838	
Deputy(ies)		67,100	
Longevity Pay		2,522	
Social Security		10,745	
State Retirement		12,515	
Employee and Dependent Insurance		19,383	
Life Insurance		147	
Dental Insurance		906	
Communication		1,693	
Dues and Memberships		742	
Maintenance and Repair Services - Office Equipment		18,597	
Printing, Stationery, and Forms		4,983	
Office Supplies		2,446	
Premiums on Corporate Surety Bonds		375	
Total Chancery Court			212,992

Juvenile Court

Youth Service Officer(s)	\$	60,021	
Longevity Pay		1,100	
Social Security		4,676	
State Retirement		5,446	
Employee and Dependent Insurance		12,965	
Life Insurance		111	
Dental Insurance		604	
Communication		701	
Contracts with Government Agencies		20,484	
Travel		677	
Office Supplies		943	
Total Juvenile Court			107,728

Judicial Commissioners

County Official/Administrative Officer	\$	65,062	
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(Continued)

Exhibit L-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners (Cont.)

Supervisor/Director	\$	31,700	
Part-time Personnel		28,785	
Longevity Pay		1,826	
In-Service Training		1,200	
Social Security		9,744	
State Retirement		6,448	
Employee and Dependent Insurance		19,383	
Life Insurance		110	
Dental Insurance		1,208	
Printing, Stationery, and Forms		200	
Travel		401	
Office Supplies		320	
Premiums on Corporate Surety Bonds		400	
Total Judicial Commissioners			\$ 166,787

Probate Court

Secretary(ies)	\$	142,900	
Longevity Pay		4,292	
Social Security		10,559	
State Retirement		13,115	
Employee and Dependent Insurance		32,348	
Life Insurance		180	
Dental Insurance		1,510	
Total Probate Court			204,904

Courtroom Security

Deputy(ies)	\$	133,898	
Guards		923	
Part-time Personnel		9,746	
Longevity Pay		828	
Social Security		10,422	
State Retirement		9,867	
Employee and Dependent Insurance		29,966	
Life Insurance		167	
Dental Insurance		1,409	
Total Courtroom Security			197,226

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	77,921	
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(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Deputy(ies)	\$ 1,351,230	
Salary Supplements	25,200	
Secretary(ies)	62,200	
Longevity Pay	25,410	
In-Service Training	3,029	
Social Security	118,756	
State Retirement	134,900	
Employee and Dependent Insurance	278,573	
Life Insurance	1,659	
Dental Insurance	13,284	
Communication	17,818	
Dues and Memberships	2,000	
Evaluation and Testing	2,222	
Maintenance and Repair Services - Equipment	2,865	
Maintenance and Repair Services - Vehicles	32,836	
Printing, Stationery, and Forms	1,644	
Travel	4,982	
Drug Treatment	800	
Other Contracted Services	9,900	
Gasoline	161,882	
Office Supplies	8,021	
Uniforms	6,828	
Other Supplies and Materials	29,946	
Premiums on Corporate Surety Bonds	150	
Other Charges	1,493	
Motor Vehicles	17,700	
Other Equipment	4,238	
Total Sheriff's Department		\$ 2,397,487

Drug Enforcement

Overtime Pay	\$ 12,572	
Total Drug Enforcement		12,572

Jail

Medical Personnel	\$ 43,080	
Bus Drivers	32,967	
Guards	1,063,017	
Clerical Personnel	90,629	
Cafeteria Personnel	89,874	
Part-time Personnel	102,898	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Longevity Pay	\$	19,447	
In-Service Training		1,251	
Social Security		108,684	
State Retirement		97,902	
Employee and Dependent Insurance		305,319	
Life Insurance		1,736	
Dental Insurance		14,713	
Evaluation and Testing		2,197	
Medical and Dental Services		285,600	
Travel		2,054	
Food Supplies		214,139	
Office Supplies		5,070	
Uniforms		4,628	
Utilities		274,388	
Other Supplies and Materials		76,023	
Other Charges		23,775	
Data Processing Equipment		4,951	
Total Jail			\$ 2,864,342

Juvenile Services

Guards	\$	59,585	
Part-time Personnel		56,472	
Longevity Pay		892	
Social Security		8,920	
State Retirement		5,389	
Employee and Dependent Insurance		8,919	
Life Insurance		59	
Dental Insurance		604	
Communication		642	
Office Supplies		199	
Utilities		2,961	
Total Juvenile Services			144,642

Fire Prevention and Control

Supervisor/Director	\$	14,418	
Salary Supplements		4,200	
Part-time Personnel		21,094	
Longevity Pay		5,992	
Overtime Pay		46,602	
Other Salaries and Wages		257,402	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

In-Service Training	\$ 11,103	
Social Security	25,607	
State Retirement	28,366	
Employee and Dependent Insurance	57,537	
Life Insurance	331	
Dental Insurance	2,667	
Other Fringe Benefits	668	
Communication	1,418	
Contracts with Government Agencies	2,000	
Evaluation and Testing	1,724	
Maintenance and Repair Services - Buildings	10,934	
Maintenance and Repair Services - Equipment	10,544	
Maintenance and Repair Services - Vehicles	39,910	
Travel	2,928	
Gasoline	25,789	
Office Supplies	2,150	
Utilities	50,278	
Other Supplies and Materials	1,480	
Other Charges	18,989	
Total Fire Prevention and Control		\$ 644,131

Civil Defense

Assistant(s)	\$ 28,100	
Supervisor/Director	42,200	
Longevity Pay	1,618	
Social Security	5,681	
State Retirement	6,649	
Employee and Dependent Insurance	12,965	
Life Insurance	111	
Dental Insurance	604	
Other Fringe Benefits	2,704	
Communication	2,282	
Travel	120	
Gasoline	878	
Office Supplies	1,000	
Other Charges	523	
Total Civil Defense		105,435

Rescue Squad

Contracts with Private Agencies	\$ 8,550	
Total Rescue Squad		8,550

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

Supervisor/Director	\$	40,992	
Dispatchers/Radio Operators		485,868	
Part-time Personnel		38,880	
Longevity Pay		6,103	
Overtime Pay		12,025	
Social Security		44,583	
State Retirement		44,108	
Employee and Dependent Insurance		138,994	
Life Insurance		795	
Dental Insurance		6,667	
Other Fringe Benefits		3,014	
Office Supplies		925	
Total Other Emergency Management			\$ 822,954

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	56,436	
Total County Coroner/Medical Examiner			56,436

Other Public Safety

Deputy(ies)	\$	13,446	
In-Service Training		4,400	
Social Security		1,390	
State Retirement		78	
Other Charges		228	
Total Other Public Safety			19,542

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	17,202	
Longevity Pay		2,147	
Other Salaries and Wages		289,746	
Social Security		23,564	
State Retirement		19,849	
Employee and Dependent Insurance		65,867	
Life Insurance		376	
Dental Insurance		3,170	
Other Fringe Benefits		676	
Communication		15,704	
Maintenance and Repair Services - Buildings		6,730	
Travel		12,309	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Other Contracted Services	\$	5,133	
Drugs and Medical Supplies		11,450	
Office Supplies		10,321	
Utilities		23,770	
Other Supplies and Materials		4,764	
Other Charges		369	
Total Local Health Center			\$ 513,147

Rabies and Animal Control

Deputy(ies)	\$	51,050	
Longevity Pay		1,127	
Other Salaries and Wages		4,608	
In-Service Training		1,050	
Social Security		4,344	
State Retirement		4,129	
Employee and Dependent Insurance		10,931	
Life Insurance		63	
Dental Insurance		528	
Communication		140	
Travel		140	
Gasoline		6,729	
Office Supplies		66	
Uniforms		1,054	
Other Supplies and Materials		2,816	
Total Rabies and Animal Control			88,775

Ambulance/Emergency Medical Services

Supervisor/Director	\$	63,639	
Medical Personnel		895,755	
Secretary(ies)		48,803	
Part-time Personnel		83,886	
Longevity Pay		24,675	
Overtime Pay		582,957	
In-Service Training		5,851	
Social Security		127,840	
State Retirement		139,652	
Employee and Dependent Insurance		277,659	
Life Insurance		1,596	
Dental Insurance		13,058	
Other Fringe Benefits		3,856	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Communication	\$	6,831	
Consultants		1,800	
Debt Collection Services		11,118	
Maintenance and Repair Services - Buildings		3,018	
Maintenance and Repair Services - Office Equipment		454	
Maintenance and Repair Services - Vehicles		41,557	
Travel		311	
Other Contracted Services		7,789	
Drugs and Medical Supplies		89,396	
Gasoline		136,073	
Office Supplies		8,840	
Uniforms		8,289	
Utilities		15,012	
Other Supplies and Materials		15,936	
Other Charges		7,872	
Motor Vehicles		16,618	
Total Ambulance/Emergency Medical Services			\$ 2,640,141

Alcohol and Drug Programs

Assistant(s)	\$	31,100	
Supervisor/Director		32,165	
Longevity Pay		1,898	
Social Security		5,009	
State Retirement		5,954	
Employee and Dependent Insurance		13,035	
Life Insurance		111	
Dental Insurance		604	
Other Fringe Benefits		1,660	
Total Alcohol and Drug Programs			91,536

Appropriation to State

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

Other Public Health and Welfare

Attendants	\$	19,002	
Part-time Personnel		21,136	
Longevity Pay		104	
Social Security		3,029	
State Retirement		1,702	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare (Cont.)

Employee and Dependent Insurance	\$	6,548	
Life Insurance		36	
Dental Insurance		302	
Communication		1,387	
Gasoline		45	
Utilities		9,886	
Other Supplies and Materials		6,674	
Other Charges		103	
Other Equipment		995	
Total Other Public Health and Welfare			\$ 70,949

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contracts with Private Agencies	\$	25,775	
Total Senior Citizens Assistance			25,775

Libraries

Supervisor/Director	\$	43,800
Deputy(ies)		38,800
Secretary(ies)		25,314
Clerical Personnel		22,318
Part-time Personnel		109,200
Longevity Pay		2,436
In-Service Training		994
Social Security		18,495
State Retirement		11,954
Employee and Dependent Insurance		25,950
Life Insurance		183
Dental Insurance		1,208
Other Fringe Benefits		1,492
Communication		8,007
Maintenance and Repair Services - Buildings		4,939
Maintenance and Repair Services - Office Equipment		3,273
Postal Charges		2,500
Printing, Stationery, and Forms		1,500
Other Contracted Services		2,700
Library Books/Media		45,799
Periodicals		4,954
Utilities		62,696
Other Supplies and Materials		14,828

(Continued)

Exhibit L-8

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

<u>General Fund (Cont.)</u>		
<u>Social, Cultural, and Recreational Services (Cont.)</u>		
<u>Libraries (Cont.)</u>		
Other Equipment	\$ 14,574	
Total Libraries		\$ 467,914
 <u>Parks and Fair Boards</u>		
Supervisor/Director	\$ 24,520	
Custodial Personnel	17,701	
Part-time Personnel	21,748	
Longevity Pay	177	
Social Security	4,966	
State Retirement	2,702	
Employee and Dependent Insurance	9,534	
Life Insurance	111	
Dental Insurance	573	
Other Fringe Benefits	681	
Communication	621	
Asphalt - Hot Mix	3,000	
Gasoline	2,501	
Uniforms	781	
Utilities	46,171	
Other Supplies and Materials	24,112	
Building Improvements	49,153	
Total Parks and Fair Boards		209,052
 <u>Other Social, Cultural, and Recreational</u>		
Contracts with Private Agencies	\$ 44,650	
Total Other Social, Cultural, and Recreational		44,650
 <u>Agriculture and Natural Resources</u>		
<u>Agriculture Extension Service</u>		
Salary Supplements	\$ 83,717	
Communication	1,723	
Travel	1,829	
Office Supplies	2,465	
Total Agriculture Extension Service		89,734
 <u>Soil Conservation</u>		
Secretary(ies)	\$ 28,600	
Part-time Personnel	11,011	
Longevity Pay	715	
Social Security	3,085	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

State Retirement	\$	2,612	
Employee and Dependent Insurance		6,418	
Life Insurance		36	
Dental Insurance		302	
Dues and Memberships		1,155	
Legal Notices, Recording, and Court Costs		700	
Travel		2,000	
Office Supplies		437	
Total Soil Conservation			\$ 57,071

Other Operations

Tourism

Architects	\$	25,000	
Contracts with Private Agencies		41,461	
Contributions		41,208	
Total Tourism			107,669

Other Economic and Community Development

Building Construction	\$	33,280	
Total Other Economic and Community Development			33,280

Veterans' Services

County Official/Administrative Officer	\$	21,400	
Social Security		1,625	
State Retirement		1,907	
Employee and Dependent Insurance		6,488	
Life Insurance		36	
Dental Insurance		302	
Communication		852	
Dues and Memberships		25	
Maintenance Agreements		143	
Travel		1,518	
Office Supplies		2,800	
Total Veterans' Services			37,096

Other Charges

Liability Insurance	\$	204,650	
Trustee's Commission		216,495	
Other Charges		10,577	
Total Other Charges			431,722

(Continued)

Exhibit L-8

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

<u>General Fund (Cont.)</u>		
<u>Other Operations (Cont.)</u>		
<u>Employee Benefits</u>		
Social Security	\$ 12	
Unemployment Compensation	46,000	
Medical and Dental Services	203	
Workers' Compensation Insurance	350,731	
Total Employee Benefits		\$ 396,946
<u>ARRA Grant # A</u>		
Law Enforcement Equipment	\$ 13,048	
Total ARRA Grant # A		13,048
<u>Miscellaneous</u>		
Postal Charges	\$ 69,719	
Total Miscellaneous		69,719
Total General Fund		\$ 17,834,122
<u>Courthouse and Jail Maintenance Fund</u>		
<u>General Government</u>		
<u>County Buildings</u>		
Maintenance and Repair Services - Buildings	\$ 25,827	
Total County Buildings		\$ 25,827
<u>Other Operations</u>		
<u>Other Charges</u>		
Trustee's Commission	\$ 577	
Total Other Charges		577
Total Courthouse and Jail Maintenance Fund		26,404
<u>Solid Waste/Sanitation Fund</u>		
<u>Public Health and Welfare</u>		
<u>Waste Pickup</u>		
Laborers	\$ 107,191	
Longevity Pay	936	
Overtime Pay	32	
Social Security	8,375	
State Retirement	9,478	
Employee and Dependent Insurance	32,288	
Life Insurance	149	
Dental Insurance	1,510	

(Continued)

Exhibit L-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

Other Fringe Benefits	\$	1,874	
Diesel Fuel		52,531	
Uniforms		1,239	
Other Supplies and Materials		48,450	
Total Waste Pickup			\$ 264,053

Convenience Centers

Part-time Personnel	\$	355,933	
Overtime Pay		201	
Social Security		26,182	
Contracts with Private Agencies		341,677	
Operating Lease Payments		9,800	
Uniforms		5,740	
Utilities		32,925	
Other Supplies and Materials		11,040	
Total Convenience Centers			783,498

Recycling Center

Laborers	\$	57,181	
Part-time Personnel		26,894	
Longevity Pay		510	
Overtime Pay		124	
Social Security		6,555	
State Retirement		4,920	
Employee and Dependent Insurance		25,350	
Life Insurance		123	
Dental Insurance		1,183	
Other Fringe Benefits		981	
Travel		879	
Diesel Fuel		5,266	
Office Supplies		1,091	
Uniforms		1,709	
Utilities		9,630	
Other Supplies and Materials		36,944	
Building Improvements		7,885	
Total Recycling Center			187,225

(Continued)

Exhibit L-8

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations

Other Charges

Trustee's Commission	\$ 38,606	
Total Other Charges		\$ 38,606

Employee Benefits

Unemployment Compensation	\$ 4,800	
Workers' Compensation Insurance	65,594	
Total Employee Benefits		70,394

Highways

Litter and Trash Collection

Deputy(ies)	\$ 40,914	
Longevity Pay	204	
Social Security	3,205	
State Retirement	2,960	
Employee and Dependent Insurance	12,540	
Life Insurance	72	
Dental Insurance	604	
Other Fringe Benefits	785	
Travel	261	
Diesel Fuel	3,171	
Office Supplies	47	
Other Supplies and Materials	1,897	
Total Litter and Trash Collection		<u>66,660</u>

Total Solid Waste/Sanitation Fund		\$ 1,410,436
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Drug Control Fund

Public Safety

Drug Enforcement

In-Service Training	\$ 800	
Communication	271	
Maintenance and Repair Services - Vehicles	285	
Other Supplies and Materials	2,995	
Refunds	31,915	
Law Enforcement Equipment	4,430	
Motor Vehicles	100,000	
Total Drug Enforcement		\$ 140,696

(Continued)

Exhibit L-8

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

Drug Control Fund (Cont.)

Other Operations

Other Charges

Trustee's Commission	\$ 69	
Total Other Charges		\$ 69

Total Drug Control Fund \$ 140,765

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 77,921	
Assistant(s)	35,630	
Longevity Pay	875	
Overtime Pay	2,737	
Social Security	8,849	
State Retirement	10,337	
Employee and Dependent Insurance	12,535	
Life Insurance	105	
Dental Insurance	579	
Other Fringe Benefits	1,370	
Dues and Memberships	4,457	
Printing, Stationery, and Forms	91	
Travel	2,658	
Office Supplies	1,484	
Other Charges	1,558	
Total Administration		\$ 161,186

Highway and Bridge Maintenance

Equipment Operators - Heavy	\$ 287,963
Truck Drivers	113,222
Laborers	47,147
Longevity Pay	10,059
Overtime Pay	28,518
Social Security	38,373
State Retirement	42,873
Employee and Dependent Insurance	98,952
Life Insurance	497
Dental Insurance	4,554
Other Fringe Benefits	16,520
Other Contracted Services	30,000
Asphalt - Cold Mix	34,780
Asphalt - Hot Mix	310,711

(Continued)

Exhibit L-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Asphalt - Liquid	\$	165,530	
Crushed Stone		125,465	
Pipe - Metal		11,705	
Road Signs		14,676	
Salt		14,187	
Sand		1,903	
Other Supplies and Materials		700	
Total Highway and Bridge Maintenance			\$ 1,398,335

Operation and Maintenance of Equipment

Mechanic(s)	\$	86,849	
Longevity Pay		832	
Overtime Pay		3,029	
Social Security		7,204	
State Retirement		5,783	
Employee and Dependent Insurance		17,827	
Life Insurance		96	
Dental Insurance		805	
Other Fringe Benefits		3,456	
Laundry Service		1,982	
Diesel Fuel		77,949	
Equipment and Machinery Parts		53,955	
Gasoline		31,940	
Lubricants		6,555	
Tires and Tubes		14,773	
Total Operation and Maintenance of Equipment			313,035

Other Charges

Communication	\$	6,884	
Electricity		2,454	
Natural Gas		4,432	
Water and Sewer		269	
Premiums on Corporate Surety Bonds		25	
Trustee's Commission		21,919	
Vehicle and Equipment Insurance		52,026	
Other Charges		4,081	
Total Other Charges			92,090

Employee Benefits

Unemployment Compensation	\$	6,188	
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(Continued)

Exhibit L-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits (Cont.)

Workers' Compensation Insurance	\$ 54,621	
Total Employee Benefits		\$ 60,809

Capital Outlay

State Aid Projects	\$ 351,355	
Total Capital Outlay		<u>351,355</u>

Total Highway/Public Works Fund		\$ 2,376,810
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General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$ 607,404	
Principal on Other Loans	<u>812,027</u>	
Total General Government		\$ 1,419,431

Education

Principal on Notes	\$ 400,000	
Principal on Other Loans	<u>1,077,973</u>	
Total Education		1,477,973

Interest on Debt

General Government

Interest on Notes	\$ 43,602	
Interest on Other Loans	<u>494,443</u>	
Total General Government		538,045

Education

Interest on Notes	\$ 11,000	
Interest on Other Loans	<u>1,625,311</u>	
Total Education		1,636,311

Other Debt Service

General Government

Financial Advisory Services	\$ 2,000	
Trustee's Commission	<u>65,143</u>	
Total General Government		<u>67,143</u>

Total General Debt Service Fund		5,138,903
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(Continued)

Exhibit L-8

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

<u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Public Health and Welfare Projects</u>		
Architects	\$ 228,604	
Building Construction	13,053	
Land	447,346	
Total Public Health and Welfare Projects		<u>\$ 689,003</u>
Total General Capital Projects Fund		\$ 689,003
<u>Education Capital Projects Fund</u>		
<u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to School Department</u>		
Contributions	\$ 484,996	
Total Capital Projects Donated to School Department		<u>\$ 484,996</u>
Total Education Capital Projects Fund		<u>484,996</u>
Total Governmental Funds - Primary Government		<u>\$ 28,101,439</u>

Exhibit L-9

Cumberland County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Cumberland County School Department  
For the Year Ended June 30, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 14,067,917	
Career Ladder Program	215,230	
Career Ladder Extended Contracts	60,615	
Homebound Teachers	36,261	
Educational Assistants	821,204	
Other Salaries and Wages	329	
Certified Substitute Teachers	35,649	
Non-certified Substitute Teachers	219,951	
Social Security	1,136,543	
State Retirement	1,346,478	
Life Insurance	29,498	
Medical Insurance	3,658,448	
Dental Insurance	144,505	
Maintenance and Repair Services - Equipment	28,881	
Other Contracted Services	110,845	
Instructional Supplies and Materials	394,697	
Textbooks	248,481	
Other Supplies and Materials	6,507	
In Service/Staff Development	9,749	
Fee Waivers	10,000	
Other Charges	33,761	
Regular Instruction Equipment	238,434	
Other Equipment	3,220	
Total Regular Instruction Program		\$ 22,857,203

Alternative Instruction Program

Teachers	\$ 179,752	
Social Security	13,504	
State Retirement	16,268	
Life Insurance	375	
Medical Insurance	29,384	
Dental Insurance	1,206	
Other Contracted Services	1,000	
Instructional Supplies and Materials	1,500	
Other Supplies and Materials	1,500	
Other Equipment	1,000	
Total Alternative Instruction Program		245,489

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$ 1,439,612	
Career Ladder Program	24,100	
Homebound Teachers	30,619	
Educational Assistants	50,829	
Speech Pathologist	126,260	
Certified Substitute Teachers	56	
Non-certified Substitute Teachers	2,048	
Social Security	124,017	
State Retirement	142,972	
Life Insurance	2,246	
Medical Insurance	377,249	
Dental Insurance	13,269	
Contracts with Private Agencies	5,000	
Instructional Supplies and Materials	5,000	
Other Supplies and Materials	500	
Other Charges	500	
Special Education Equipment	1,000	
Total Special Education Program		\$ 2,345,277

Vocational Education Program

Teachers	\$ 1,529,016	
Career Ladder Program	10,000	
Educational Assistants	14,208	
Certified Substitute Teachers	336	
Non-certified Substitute Teachers	6,579	
Social Security	116,928	
State Retirement	139,948	
Life Insurance	3,074	
Medical Insurance	243,923	
Dental Insurance	8,142	
Maintenance and Repair Services - Equipment	7,808	
Travel	9,415	
Other Contracted Services	45,231	
Instructional Supplies and Materials	29,477	
T&I Construction Materials	65,000	
Textbooks	6,000	
Other Supplies and Materials	1,878	
Other Charges	15,557	
Vocational Instruction Equipment	14,000	
Total Vocational Education Program		2,266,520

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services

Attendance

Supervisor/Director	\$	85,205	
Career Ladder Program		600	
Social Security		4,608	
State Retirement		4,996	
Life Insurance		150	
Medical Insurance		9,738	
Dental Insurance		302	
Travel		500	
Other Supplies and Materials		489	
Other Charges		396	
Total Attendance			\$ 106,984

Health Services

Medical Personnel	\$	210,200	
Part-time Personnel		9,513	
Social Security		16,531	
State Retirement		14,043	
Life Insurance		288	
Medical Insurance		54,154	
Dental Insurance		2,563	
Travel		362	
Other Contracted Services		2,802	
Drugs and Medical Supplies		969	
Other Supplies and Materials		2,446	
In Service/Staff Development		455	
Health Equipment		1,500	
Total Health Services			315,826

Other Student Support

Career Ladder Program	\$	3,600	
Guidance Personnel		600,467	
Social Security		44,636	
State Retirement		55,436	
Life Insurance		1,012	
Medical Insurance		139,569	
Dental Insurance		4,523	
Evaluation and Testing		38,192	
Travel		918	
Other Supplies and Materials		515	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

In Service/Staff Development	\$	278	
Other Charges		16,500	
Total Other Student Support			\$ 905,646

Regular Instruction Program

Supervisor/Director	\$	196,910	
Career Ladder Program		21,000	
Career Ladder Extended Contracts		340	
Librarians		461,641	
Instructional Computer Personnel		192,885	
Secretary(ies)		34,570	
Social Security		64,178	
State Retirement		73,053	
Life Insurance		1,199	
Medical Insurance		156,037	
Dental Insurance		6,131	
Travel		12,566	
Library Books/Media		88,536	
In Service/Staff Development		15,456	
Total Regular Instruction Program			1,324,502

Special Education Program

Supervisor/Director	\$	66,405	
Career Ladder Program		4,000	
Secretary(ies)		24,836	
Clerical Personnel		23,200	
Social Security		8,804	
State Retirement		10,652	
Life Insurance		147	
Medical Insurance		18,148	
Dental Insurance		905	
Maintenance and Repair Services - Equipment		1,082	
Travel		1,200	
Other Supplies and Materials		83	
Other Charges		574	
Other Equipment		500	
Total Special Education Program			160,536

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program

Supervisor/Director	\$	63,141	
Clerical Personnel		36,807	
Social Security		7,311	
State Retirement		8,473	
Life Insurance		111	
Medical Insurance		11,200	
Dental Insurance		603	
Travel		6,981	
Other Supplies and Materials		145	
In Service/Staff Development		882	
Other Charges		413	
Total Vocational Education Program			\$ 136,067

Other Programs

On-Behalf Payments to OPEB	\$	260,025	
Total Other Programs			260,025

Board of Education

Board and Committee Members Fees	\$	28,800	
Social Security		1,791	
State Retirement		734	
Medical Insurance		244,286	
Dental Insurance		931	
Unemployment Compensation		70,405	
Audit Services		10,000	
Dues and Memberships		11,568	
Legal Services		32,090	
Travel		9,989	
Other Contracted Services		14,235	
Other Supplies and Materials		757	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		303,767	
Workers' Compensation Insurance		185,916	
Other Charges		1,888	
Total Board of Education			917,507

Director of Schools

County Official/Administrative Officer	\$	91,885	
Career Ladder Program		1,000	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Social Security	\$	6,997	
State Retirement		8,406	
Life Insurance		75	
Medical Insurance		5,600	
Dental Insurance		302	
Dues and Memberships		14,701	
Postal Charges		3,169	
Travel		2,939	
Other Contracted Services		3,393	
Office Supplies		5,056	
Other Charges		3,050	
Administration Equipment		828	
Total Director of Schools			\$ 147,401

Office of the Principal

Principals	\$	791,953	
Career Ladder Extended Contracts		15,000	
Assistant Principals		719,744	
Secretary(ies)		445,077	
Clerical Personnel		198,647	
Social Security		167,633	
State Retirement		196,605	
Life Insurance		3,280	
Medical Insurance		425,743	
Dental Insurance		18,998	
Other Charges		6,263	
Total Office of the Principal			2,988,943

Operation of Plant

Custodial Personnel	\$	1,055,081	
Other Salaries and Wages		4,214	
Social Security		79,201	
State Retirement		86,502	
Life Insurance		2,052	
Medical Insurance		270,000	
Dental Insurance		15,078	
Communication		85,732	
Janitorial Services		20,544	
Pest Control		9,740	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Disposal Fees	\$	24,206	
Contracts for Landfill Facilities		5,159	
Other Contracted Services		16,920	
Custodial Supplies		119,993	
Electricity		1,620,957	
Natural Gas		264,985	
Uniforms		2,668	
Water and Sewer		147,414	
Building and Contents Insurance		232,905	
Other Charges		867	
Plant Operation Equipment		9,990	
Total Operation of Plant			\$ 4,074,208

Maintenance of Plant

Supervisor/Director	\$	44,810	
Secretary(ies)		27,244	
Maintenance Personnel		262,200	
Part-time Personnel		10,868	
Social Security		25,246	
State Retirement		28,298	
Life Insurance		396	
Medical Insurance		57,291	
Dental Insurance		3,317	
Maintenance Agreements		9,600	
Maintenance and Repair Services - Buildings		298,261	
Other Contracted Services		38,019	
Equipment and Machinery Parts		24,138	
Fertilizer, Lime, and Seed		9,780	
Drainage Materials		13,726	
Chemicals		1,999	
Other Supplies and Materials		43,282	
Other Charges		9,112	
Heating and Air Conditioning Equipment		52,352	
Maintenance Equipment		3,275	
Total Maintenance of Plant			963,214

Transportation

Supervisor/Director	\$	44,810
Mechanic(s)		105,189

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Bus Drivers	\$	881,704	
Clerical Personnel		27,533	
Attendants		15,391	
Other Salaries and Wages		19,086	
Social Security		81,952	
State Retirement		90,636	
Life Insurance		2,664	
Medical Insurance		418,748	
Dental Insurance		22,000	
Maintenance and Repair Services - Vehicles		6,516	
Travel		622	
Other Contracted Services		18,005	
Equipment and Machinery Parts		7,790	
Gasoline		338,118	
Lubricants		9,899	
Office Supplies		1,198	
Tires and Tubes		28,002	
Vehicle Parts		73,903	
Other Supplies and Materials		6,686	
In Service/Staff Development		2,711	
Other Charges		2,893	
Transportation Equipment		344,000	
Total Transportation			\$ 2,550,056

Central and Other

Assistant(s)	\$	88,874
Supervisor/Director		48,550
Secretary(ies)		35,694
Clerical Personnel		33,571
School Resource Officer		40,204
Other Salaries and Wages		20,795
Social Security		21,864
State Retirement		24,290
Life Insurance		180
Medical Insurance		27,672
Dental Insurance		1,508
Travel		2,553
Other Contracted Services		2,419
Other Supplies and Materials		16,114

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Regular Instruction Equipment	\$ 1,500	
Total Central and Other		\$ 365,788

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$ 15,839	
Teachers	35	
Social Workers	33,899	
Other Salaries and Wages	64,488	
Social Security	9,893	
State Retirement	6,995	
Life Insurance	72	
Medical Insurance	11,415	
Dental Insurance	603	
Travel	1,820	
Food Supplies	1,621	
Other Supplies and Materials	2,604	
Fee Waivers	16,909	
Other Charges	3,204	
Total Community Services		169,397

Early Childhood Education

Supervisor/Director	\$ 19,800	
Teachers	495,815	
Educational Assistants	131,922	
Other Salaries and Wages	19,608	
Certified Substitute Teachers	112	
Non-certified Substitute Teachers	8,313	
Social Security	47,394	
State Retirement	54,768	
Life Insurance	1,508	
Medical Insurance	187,072	
Dental Insurance	8,152	
Travel	2,946	
Instructional Supplies and Materials	17,038	
Other Supplies and Materials	40,393	
In Service/Staff Development	4,677	
Other Charges	15,267	
Regular Instruction Equipment	15,000	
Total Early Childhood Education		1,069,785

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Engineering Services	\$	14,701	
Building Construction		91,253	
Building Improvements		842,268	
Site Development		2,798	
Other Capital Outlay		169,078	
Total Regular Capital Outlay			<u>\$ 1,120,098</u>

Total General Purpose School Fund

\$ 45,290,472

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,020,273	
Educational Assistants		458,112	
Other Salaries and Wages		5,142	
Certified Substitute Teachers		3,968	
Non-certified Substitute Teachers		27,720	
Social Security		106,859	
State Retirement		117,036	
Life Insurance		2,313	
Medical Insurance		316,760	
Dental Insurance		14,124	
Unemployment Compensation		5,145	
Other Fringe Benefits		4,512	
Maintenance and Repair Services - Equipment		56,432	
Other Contracted Services		170,468	
Instructional Supplies and Materials		241,483	
Other Supplies and Materials		2,550	
Other Charges		7,505	
Regular Instruction Equipment		168,567	
Total Regular Instruction Program			<u>\$ 2,728,969</u>

Special Education Program

Teachers	\$	310,400	
Educational Assistants		692,449	
Other Salaries and Wages		85,241	
Certified Substitute Teachers		504	
Non-certified Substitute Teachers		21,896	
Social Security		83,587	

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

State Retirement	\$	88,751	
Life Insurance		3,806	
Medical Insurance		322,790	
Dental Insurance		21,912	
Unemployment Compensation		6,510	
Contracts with Private Agencies		135,417	
Instructional Supplies and Materials		49,849	
Other Supplies and Materials		22,025	
Other Charges		7,353	
Special Education Equipment		51,003	
Total Special Education Program			\$ 1,903,493

Vocational Education Program

Other Supplies and Materials	\$	1,500	
Vocational Instruction Equipment		78,098	
Total Vocational Education Program			79,598

Support Services

Health Services

Other Supplies and Materials	\$	4,372	
Total Health Services			4,372

Other Student Support

Guidance Personnel	\$	29,989	
Employer Medicare		435	
Evaluation and Testing		975	
Travel		19,359	
Other Contracted Services		2,000	
Food Supplies		3,374	
In Service/Staff Development		604	
Other Charges		28,303	
Total Other Student Support			85,039

Regular Instruction Program

Supervisor/Director	\$	77,374	
Instructional Computer Personnel		48,587	
Secretary(ies)		38,320	
Other Salaries and Wages		316,081	
Social Security		31,555	

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

State Retirement	\$	40,752	
Life Insurance		336	
Medical Insurance		46,339	
Dental Insurance		1,509	
Unemployment Compensation		525	
Other Fringe Benefits		1,273	
Maintenance and Repair Services - Equipment		564	
Travel		1,065	
Other Contracted Services		290,630	
Other Supplies and Materials		1,313	
In Service/Staff Development		179,449	
Other Charges		1,665	
Total Regular Instruction Program			\$ 1,077,337

Special Education Program

Psychological Personnel	\$	141,316	
Other Salaries and Wages		92,621	
Social Security		17,786	
State Retirement		20,921	
Life Insurance		420	
Medical Insurance		33,077	
Dental Insurance		1,554	
Unemployment Compensation		210	
Travel		14,841	
Other Contracted Services		7,200	
Other Supplies and Materials		4,135	
In Service/Staff Development		27,985	
Other Equipment		1,500	
Total Special Education Program			363,566

Vocational Education Program

Supervisor/Director	\$	6,088	
Social Security		377	
State Retirement		551	
Employer Medicare		88	
Total Vocational Education Program			7,104

Operation of Plant

Custodial Personnel	\$	90	
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(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Social Security	\$	7	
State Retirement		<u>8</u>	
Total Operation of Plant	\$		105

Transportation

Other Charges	\$	36,250	
Transportation Equipment		<u>67,000</u>	
Total Transportation			103,250

Capital Outlay

Regular Capital Outlay

Building Construction	\$	1,899	
Other Capital Outlay		<u>5,616</u>	
Total Regular Capital Outlay			<u>7,515</u>

Total School Federal Projects Fund \$ 6,360,348

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	45,873	
Accountants/Bookkeepers		71,243	
Cafeteria Personnel		1,047,088	
Maintenance Personnel		59,592	
Longevity Pay		6,400	
Other Salaries and Wages		8,248	
Social Security		94,817	
State Retirement		73,673	
Life Insurance		1,527	
Medical Insurance		242,471	
Dental Insurance		13,022	
Unemployment Compensation		2,073	
Communication		4,982	
Maintenance and Repair Services - Equipment		6,653	
Maintenance and Repair Services - Office Equipment		1,379	
Pest Control		3,960	
Transportation - Other than Students		27,057	
Travel		6,359	
Disposal Fees		15,982	

(Continued)

Exhibit L-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Contracts for Landfill Facilities	\$	10,538	
Other Contracted Services		6,304	
Equipment and Machinery Parts		32,064	
Food Supplies		1,601,409	
Office Supplies		7,476	
Uniforms		1,925	
Utilities		2,704	
USDA - Commodities		224,900	
Other Supplies and Materials		106,637	
In Service/Staff Development		4,333	
Other Charges		15,663	
Food Service Equipment		59,942	
Total Food Service			<u>\$ 3,806,294</u>

Total Central Cafeteria Fund \$ 3,806,294

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Improvements	\$	4,281,358	
Total Education Capital Projects			<u>\$ 4,281,358</u>

Total Education Capital Projects Fund 4,281,358

Total Governmental Funds - Cumberland County School Department \$ 59,738,472

Exhibit L-10

Cumberland County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Cumberland County Railroad Authority  
For the Year Ended June 30, 2011

<u>General Fund</u>		
<u>Capital Projects</u>		
<u>Other General Government Projects</u>		
Other Construction	<u>\$ 494,015</u>	
Total Other General Government Projects		<u>\$ 494,015</u>
 Total General Fund		 \$ 494,015
 Total Governmental Funds - Cumberland County Railroad Authority		 <u>\$ 494,015</u>

Exhibit L-11

Cumberland County, Tennessee  
Schedule of Detailed Revenues and Expenses  
Proprietary Fund  
For the Year Ended June 30, 2011

	Enterprise Fund <u>Solid Waste Disposal Fund</u>
<u>Operating Revenues</u>	
<u>Charges of Current Services</u>	
Tipping Fees	\$ 199,513
Total Operating Revenues	<u>\$ 199,513</u>
<u>Operating Expenses</u>	
<u>Public Health and Welfare</u>	
<u>Landfill Operation and Maintenance</u>	
Supervisor/Director	\$ 26,443
Equipment Operators	96,099
Part-time Personnel	6,663
Longevity Pay	1,988
Overtime Pay	108
Social Security	9,776
State Retirement	10,965
Employee and Dependent Insurance	25,370
Life Insurance	135
Dental Insurance	1,183
Other Fringe Benefits	3,770
Evaluation and Testing	14,000
Travel	188
Contracts for Landfill Facilities	55,281
Diesel Fuel	20,026
Office Supplies	731
Uniforms	1,285
Utilities	21,208
Other Supplies and Materials	63,215
Depreciation	124,733
Landfill Closure/Postclosure Care Costs	1,148,582
Other Charges	351,833
Total Landfill Operation and Maintenance	<u>\$ 1,983,582</u>
<u>Other Operations</u>	
<u>Other Charges</u>	
Trustees' Commission	\$ 1,955
<u>Employee Benefits</u>	
Unemployment Compensation	\$ 525
Workers' Compensation Insurance	14,814
Total Employee Benefits	<u>\$ 15,339</u>
Total Expenses	<u>\$ 2,000,876</u>

Exhibit L-12

Cumberland County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2011

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	<u>\$ 6,796,768</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 6,728,800
Trustee's Commission	67,968
Total Cash Disbursements	<u>\$ 6,796,768</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2010	<u>0</u>
Cash Balance, June 30, 2011	<u><u>\$ 0</u></u>

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## **SINGLE AUDIT SECTION**

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

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

January 30, 2012

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cumberland County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise Cumberland County's basic financial statements and have issued our report thereon dated January 30, 2012. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Cumberland County Emergency Communications District as described in our report on Cumberland County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 11.01 and 11.08.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 11.03, 11.04, 11.05(A,B), 11.07, and 11.09.

#### Compliance and Other Matters

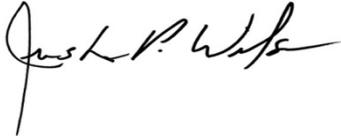
As part of obtaining reasonable assurance about whether Cumberland County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 11.02, 11.05(C), and 11.06.

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

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

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

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu



STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
**DIVISION OF COUNTY AUDIT**  
SUITE 1500  
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REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

January 30, 2012

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Cumberland County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Cumberland County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Cumberland County's management. Our responsibility is to express an opinion on Cumberland County's compliance based on our audit.

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

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

In our opinion, Cumberland County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

#### Internal Control Over Compliance

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

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

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

#### Schedule of Expenditures of Federal Awards

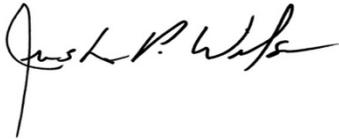
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cumberland County as of and for the year ended June 30, 2011, and have issued our report thereon dated January 30, 2012. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures

applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

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

Yours very truly,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

Cumberland County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2011

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Programs:			
Community Facilities and Loans Grants	10.766	N/A	\$ 366,450
Rural Business Enterprise Grants	10.769	N/A	44,950
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	224,900 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	633,400
National School Lunch Program	10.555	N/A	1,815,347 (3)
Child Nutrition Discretionary Grants Limited Availability (ARRA)	10.579	N/A	14,759
Fresh Fruit and Vegetable Program	10.582	N/A	110,488
Total U.S. Department of Agriculture			<u>\$ 3,210,294</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant	14.228	GG-11-34772-00	\$ 33,280
U.S. Department of Justice:			
Direct Programs:			
Drug Court Discretionary Grant Program	16.585	N/A	\$ 53,104
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	N/A	13,048
Total U.S. Department of Justice			<u>\$ 66,152</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	DC-10-28726-00	\$ 5,000
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grant to Local Educational Agencies	84.010	N/A	\$ 1,885,040
Title I Grant to Local Educational Agencies, Recovery Act	84.389	N/A	370,289
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,497,579
Special Education - Preschool Grants	84.173	N/A	39,445
Special Education - Grants to States, Recovery Act	84.391	N/A	719,070
Special Education - Preschool Grants, Recovery Act	84.392	N/A	36,097
Vocational Education - Basic Grants to States	84.048	N/A	142,090
Education for Homeless Children and Youth	84.196	N/A	48,640
Twenty-first Century Community Learning Centers	84.287	(2)	400,000
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	6,302
Education Technology State Grants, Recovery Act	84.386	(2)	32,506
Rural Education	84.358	N/A	228,607
English Language Acquisition Grants	84.365	N/A	13,314
Improving Teacher Quality State Grants	84.367	N/A	475,691
Education for Homeless Children and Youth, Recovery Act	84.387	N/A	28,415
Special Education - Grants for Infants and Families, Recovery Act	84.393	N/A	138,662
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education Sate Grants, Recovery Act	84.394	N/A	2,715,801
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	273,154 (4)
State Fiscal Stabilization Funds Race-to-the-Top Incentive Grant, Recovery Act	84.395	N/A	446,833
Total U.S. Department of Education			<u>\$ 9,497,535</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 6,000
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Affordable Care Act (ACA) Grants for Capital Development in Health Centers	93.526	GG-11-34677-00	\$ 241,657
Passed-through State Department of Education:			
Temporary Assistance for Needy Families	93.558	(2)	64,710
Total U.S. Department of Health and Human Services			<u>\$ 306,367</u>
Executive Office of the President:			
Direct Program:			
High Intensity Drug Trafficking Areas Program	95.001	(2)	\$ 12,572
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 16,101
Total Expenditures of Federal Awards			<u>\$ 13,153,301</u>

State Grants		Contract Number	
Railroad Rehabilitation Grant - State Department of Transportation	N/A	(5)	\$ 490,654
Law Enforcement Training - State Department of Safety	N/A	(2)	29,400
Litter Program - State Department of Transportation	N/A	(2)	32,247
Rural Local Health Services - State Department of Health	N/A	(2)	421,805
Juvenile Services Program - State Commission on Children and Youth	N/A	(2)	9,000
Juvenile Drug Court Grant - State Office of Criminal Justice Programs	N/A	(2)	12,856
Public Computing Center Grant - Tennessee Secretary of State	N/A	(2)	18,983
Ag Tag Grant - State Department of Agriculture	N/A	(2)	25,000
Energy Efficiency and Conservation Block Grant - State Department of Economic and Community Development	N/A	(2)	159,455
Pilot and Voluntary State Funded Classrooms Grant - State Department of Education	N/A	(2)	1,078,095
Lottery for Education - LEAPS - State Department of Education	N/A	(2)	115,000
Waste Tire Storage and Disposal - State Department of Environment and Conservation	N/A	(2)	32,760
Total State Grants			<u>\$ 2,425,255</u>

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

- (1) Presented in conformity with generally accepted accounting principles and prepared on the modified accrual basis of accounting.  
(2) Information not available.  
(3) Total for CFDA No. 10.555 is \$2,040,247.  
(4) Coordinated School Health: \$100,000; Internet Connectivity: \$22,487; Family Resource Centers: \$33,300; Career Ladder - Extended Contract: \$81,967; Safe Schools: \$35,400.  
(5) Z-10-220809-00: \$23,502; Z-10-220807-00: \$832; GG-10-30814-00: \$24,051; GG-10-31096-00: \$335,659; Z-10-RR00004-00: \$106,610.

Cumberland County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2011

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report of Cumberland County, Tennessee, for the year ended June 30, 2010, which have not been corrected.

**OFFICE OF FINANCE DIRECTOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.03(B)	181	The Solid Waste Disposal Fund had a deficit in unrestricted net assets
10.05	182	School Department leave records were not on file to support payroll disbursements

**OFFICE OF SHERIFF**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.10	188	Some collections were not deposited within three days

**OTHER FINDINGS AND RECOMMENDATIONS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.12	189	Cumberland County has a material recurring audit finding
10.13	190	Duties were not segregated adequately in the Finance Department and the Offices of Trustee, County Clerk, Register, and Sheriff

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**CUMBERLAND COUNTY, TENNESSEE,**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2011**

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

1. Our report on the financial statements of Cumberland County is unqualified.
2. The audit of the financial statements of Cumberland County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Cumberland County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10,555); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); Special Education – Grants for Infants and Families (CFDA No. 84.393); the State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund – Education State Grants, Recovery Act and State Fiscal Stabilization Fund – Governmental Services, Recovery Act (CFDA Nos. 84.394 and 84.397); and State Fiscal Stabilization Funds Race to the Top (CFDA No. 84.395) were determined to be major programs.
8. A \$394,599 threshold was used to distinguish between Type A and Type B federal programs.
9. Cumberland County did not qualify as a low-risk auditee.

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

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses of the finance director are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

### **OFFICE OF FINANCE DIRECTOR**

#### **FINDING 11.01      **THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET ASSETS****

(Internal Control – Material Weakness Under *Government Auditing Standards*)

The Solid Waste Disposal Fund had a deficit of \$1,457,597 in unrestricted net assets at June 30, 2011. This deficit resulted from the recognition of a liability of \$1,707,755 in the financial statements for costs associated with closing the county's landfill and monitoring the landfill for 30 years after its closure. This deficiency can be attributed to the failure of management to correct this finding noted in the prior-year audit report. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements.

#### **RECOMMENDATION**

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

#### **MANAGEMENT'S RESPONSE – FINANCE DIRECTOR**

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

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#### **FINDING 11.02      **EXPENDITURES EXCEEDED APPROPRIATIONS** (Noncompliance Under *Government Auditing Standards*)**

Expenditures exceeded total appropriations in the Drug Control Fund by \$20,390. Expenditures exceeded appropriations approved by the County Commission in the following funds' major appropriation categories (the legal level of control):

<u>Fund</u>	<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
General	Drug Enforcement	\$ 12,572
Solid Waste/Sanitation	Other Charges	2,878
General Debt Service	Principal on Debt - Education	17,793
School Federal Projects	Regular Capital Outlay	7,515

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” These deficiencies exist because management failed to hold spending within limits authorized by the County Commission. These deficiencies resulted in unauthorized expenditures.

**RECOMMENDATION**

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

**MANAGEMENT’S RESPONSE – FINANCE DIRECTOR**

The finding is acknowledged and appropriate action is being taken to remedy this finding.

**FINDING 11.03**      **SCHOOL DEPARTMENT LEAVE RECORDS WERE NOT ON FILE TO SUPPORT PAYROLL DISBURSEMENTS**  
 (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Personnel policies adopted by the School Department permit employees to accumulate earned but unused vacation leave; however, neither the Finance Department nor the School Department could provide us with accrued leave balances at June 30, 2011. Governmental Accounting Standards Board Statement No. 34 requires that all vacation pay should be accrued when incurred in the government-wide financial statements. We presented the June 30, 2009, balances in the government-wide financial statements for June 30, 2011. The presentation of prior-year leave amounts rather than current-year balances was not considered to be material to the county’s financial statements. This deficiency is the result of management’s failure to correct the prior-year audit finding and to maintain appropriate leave records for School Department employees.

**RECOMMENDATION**

Cumberland County should maintain summary accrued leave information by account function for all employees of the School Department. These records should reflect the dollar

value of the leave at the beginning of the year, the amounts earned and used, and the value of the leave at year-end.

#### MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

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

#### AUDITOR'S COMMENT

School Department officials have not provided auditors with accrued leave numbers for the past two years and advised that they do not believe their records are accurate and are not the official records for this information. The Finance Department and the School Department should jointly determine which department will maintain the official leave records for school employees.

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#### OFFICE OF TRUSTEE

##### FINDING 11.04      **DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF ACCOUNTING RECORDS** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our examination revealed the following deficiencies in the maintenance of accounting records. These deficiencies are the result of a lack of management oversight and are considered significant deficiencies that increase the risk of fraud and abuse and the risk that errors will not be discovered and corrected in a timely manner.

- A. The official cash journal was not properly maintained from September 1, 2010, through June 30, 2011. Our audit revealed numerous posting and addition errors, which resulted in the cash journal's assets not balancing with the liabilities by \$2,152 at June 30, 2011. Also, entries for some interest earnings and voided property tax receipts were not posted to the cash journal. Year-end balances were determined by substantive testing and alternative auditing procedures and have been correctly reflected in the financial statements of this report.
- B. Bank statements were not reconciled properly with the cash journal. The trustee prepared bank reconciliations that included outstanding checks, deposits not posted to the cash journal, returned checks, and service charges; however, unidentified amounts were presented as reconciling items to

balance with the cash journal amount. The bank balance for June 30, 2011, was determined by alternative auditing procedures.

### RECOMMENDATION

The trustee should maintain a cash journal that accurately reflects the financial activity of the office and should reconcile the bank statements with the cash journal monthly.

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### OFFICE OF SHERIFF

#### FINDING 11.05      **A CASH SHORTAGE OF \$1,437 EXISTED AT THE JUVENILE DETENTION CENTER**

(A. and B. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; C. – Noncompliance Under *Government Auditing Standards*)

Certain collections at the Juvenile Detention Center for the period July 1, 2007, through April 5, 2010, could not be accounted for resulting in a cash shortage of \$1,437. Court mandated fees were receipted at the Juvenile Detention Center and deposited with the Sheriff's Department until the juvenile judge stopped assessing detention fees to juvenile inmates in 2010. We tested collections from July 1, 2007, through April 5, 2010, and our tests revealed that \$3,296 was collected at the juvenile facility; however, only \$1,859 was deposited to the sheriff's official bank account. We noted the following deficiencies in the Juvenile Detention Center's collection procedures that allowed the shortage to occur without being detected.

- A. Collections were not properly safeguarded. Juvenile Detention Center collections were placed in an unlocked desk drawer until they were taken to the Sheriff's Department.
- B. Juvenile Detention Center receipts were not reconciled with amounts deposited with the Sheriff's Department.
- C. Juvenile Detention Center receipts were not deposited with the Sheriff's Department within three days of receipt. Of the receipts deposited with the Sheriff's Department, some were held by the Juvenile Detention Center for up to 65 days before being deposited. Section 5-8-207, *Tennessee Code Annotated*, requires all public funds be deposited within three days of collection.

This cash shortage has been discussed with the district attorney general.

### RECOMMENDATION

Officials should take steps to liquidate the \$1,437 cash shortage. Collections should be properly safeguarded until deposited into the official bank account, and receipts should be reconciled with amounts deposited with the Sheriff's Department. Furthermore, all receipts

should be deposited to the official bank account within three days of collection as required by state statute.

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**FINDING 11.06      SOME FUNDS WERE NOT DEPOSITED WITHIN THREE DAYS OF COLLECTION**  
(Noncompliance Under *Government Auditing Standards*)

In some instances, the sheriff did not deposit funds within three days of collection. Section 5-8-207, *Tennessee Code Annotated*, requires county officials to deposit public funds to the office bank account within three days of collection. This deficiency exists due to the failure of management to correct the finding noted in the prior-year audit report. The delay in depositing the funds increases the risks of fraud and misappropriation.

**RECOMMENDATION**

All funds should be deposited to the official bank account within three days of collection as required by state statute.

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**FINDING 11.07      MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Multiple employees operated from the same cash drawer in the Sheriff's Department. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the official resulting in a loss of control over assets.

**RECOMMENDATION**

The sheriff should assign each employee their own cash drawer.

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**CUMBERLAND COUNTY**

**FINDING 11.08      **CUMBERLAND COUNTY HAS A MATERIAL RECURRING AUDIT FINDING****

(Internal Control – Material Weakness Under *Government Auditing Standards*)

Cumberland County has a material audit finding that has been reported in its Annual Financial Report for three or more consecutive years. This recurring material finding is listed below:

<u>Finding Numbers</u>	<u>Description</u>
11.01, 10.03, 09.03	The Solid Waste Disposal Fund had a deficit in unrestricted net assets

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiency. Cumberland County has established an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

**RECOMMENDATION**

Cumberland County should work with its Audit Committee to correct the above-noted material weakness in internal control.

**MANAGEMENT’S RESPONSE – FINANCE DIRECTOR**

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

**OFFICES OF FINANCE DIRECTOR, TRUSTEE, COUNTY CLERK, REGISTER, AND SHERIFF**

**FINDING 11.09      **DUTIES WERE NOT SEGREGATED ADEQUATELY****

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

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

this deficiency exists because management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

The Finance Department takes all reasonable measures to segregate duties among employees and opportunities to improve in this area are reviewed frequently. However, in order to maximize the use of resources and personnel, it is often necessary to assign employees to more than one area of responsibility. The Finance Department is currently working in concert with the Division of County Audit to develop policies and procedures to remedy this finding.

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

There were no findings and questioned costs for federal awards.

**CUMBERLAND COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2011**

There were no audit findings relative to federal awards presented in the current-years' Schedule of Findings and Questioned Costs. There were audit finding relative to federal awards presented in the prior-year's Schedule of Findings and Questioned Costs.

**County Mayor – Summary of Prior-Year's Findings**

**FINDINGS 10.07 and 10.14**

Cumberland County stopped administering the Workforce Investment Program as of July 1, 2010. State Fiscal Stabilization Fund received by the School Department were accounted for separately from other funds during the year ended June 30, 2011.