



**ANNUAL FINANCIAL REPORT  
SUMNER COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2011**



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**SUMNER COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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

*DIVISION OF COUNTY AUDIT*  
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*JACOB KENNEDY*  
*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  
Sumner County, Tennessee  
For the Year Ended June 30, 2011

***Scope***

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

***Results***

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

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

***Findings and Best Practices***

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

**SUMNER COUNTY AND THE DISCRETELY PRESENTED SUMNER COUNTY SCHOOL DEPARTMENT**

- ◆ The county has not complied with the provisions of the County Financial Management System of 1981.

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**OFFICES OF COUNTY EXECUTIVE AND DIRECTOR OF FINANCE**

- ◆ The Self-Insurance Fund had a deficit in unrestricted net assets.
  - ◆ The Construction and Development Office had operating deficiencies.
  - ◆ The Library Department had operating deficiencies.
  - ◆ Several deficiencies were noted concerning employees' leave.
-

## **OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ The office did not file Reports on Debt Obligations with the state Comptroller's Office.
  - ◆ Duties were not segregated adequately.
  - ◆ The accounting software did not have adequate application controls.
  - ◆ The office had deficiencies in controls over its information system environment.
  - ◆ Computer generated receipt numbers could be reset.
- 

## **OFFICES OF COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; AND THE ANIMAL CONTROL DEPARTMENT**

- ◆ Multiple employees operated from the same cash drawer.
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## **BEST PRACTICES**

The Division of County Audit strongly believes that the items noted below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Sumner County.

- Sumner County should adopt a central system of accounting, budgeting, and purchasing.
- Sumner County should establish an Audit Committee.

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# INTRODUCTORY SECTION

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Sumner County Officials  
June 30, 2011

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**Officials**

Anthony Holt, County Executive  
Julia Hardin, Superintendent of Roads  
Del R. Phillips, III, Director of Schools  
Marty Nelson, Trustee  
John Isbell, Assessor of Property  
Bill Kemp, County Clerk  
Mahailiah Hughes, Circuit, General Sessions, and Juvenile Courts Clerk  
Darlene Daughtry, Clerk and Master  
Pam Whitaker, Register  
Sonny Weatherford, Sheriff  
David Lawing, Director of Finance  
Leah Dennen, Law Director

**Board of County Commissioners**

Merrol Hyde, Chairman	Jim Vaughn
Mike Akins	Trisha Lemarbre
Moe Taylor	Kirk Moser
Billy Geminden	Paul Decker
Shawn Utley	Chris Hughes
Steve Graves	David Kimbrough
David Satterfield	Paul Goode
Frank Freels	Jo Skidmore
Joe Matthews	Paul Freels
Ben Harris	Jerry Stone
Baker Ring	Michael Guthrie
Paige Brown-Strong	Bob Pospisil

**Board of Education**

Don Long, Chairman	Tim Brewer
Beth Cox	Danny Hale
David Brown	Ted Wise
Vanessa Silkwood	Will Duncan
Glen Gregory	Andy Daniels
Shannon Dunn	

(Continued)

## Sumner County Officials (Cont.)

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### **Financial Management Committee**

Frank Freels, Chairman  
Anthony Holt, County Executive  
Julia Hardin, Superintendent of Roads  
Del R. Phillips, III, Director of Schools

Jim Vaughn  
David Kimbrough  
Kirk Moser

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## FINANCIAL SECTION

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

**INDEPENDENT AUDITOR'S REPORT**

March 5, 2012

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

To the County Executive and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sumner County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise Sumner County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sumner County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Resource Authority in Sumner County, Tennessee, which represent one percent and 1.7 percent, respectively, of the assets and revenues of the aggregate discretely presented component units; the discretely presented Sumner County Regional Airport Authority, which represent two percent and .6 percent, respectively, of the assets and revenues of the aggregate discretely presented component units; and the discretely presented Sumner County Emergency Communications District, which represent 1.3 percent and .7 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Resource Authority in Sumner County, Tennessee, the Sumner County Regional Airport Authority, and the Sumner County Emergency Communications District, is based on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain

reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sumner County, Tennessee, as of 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 March 5, 2012, on our consideration of Sumner County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

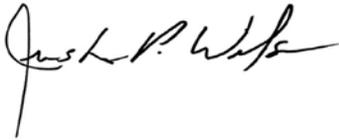
As described in Note V.B., Sumner County has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 37 and the budgetary comparison, pension, and other postemployment benefits information on pages 112 through 119 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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



## **Management's Discussion and Analysis For Sumner County, Tennessee**

As management for Sumner County, Tennessee, we offer readers of Sumner County Government's financial statements this narrative overview and analysis of the financial activities of Sumner County Government for the fiscal year ended June 30, 2011. In addition, this discussion and analysis includes an overall view of the discretely presented component unit (DPCU), the Sumner County School Department. A separate set of financial statements is not issued for the Sumner County School Department. The intent of this discussion and analysis is to look at the county's and the discretely presented Sumner County School Department's financial performance as a whole.

The Sumner County Regional Airport Authority, the Sumner County Emergency Communications District, and The Resource Authority in Sumner County, Tennessee, are also discretely presented component units of the county. Readers should also review the separately issued financial statements and management's discussions and analyses for these discretely presented component units.

### **FINANCIAL HIGHLIGHTS**

- ❖ The assets of Sumner County exceeded its liabilities at the close of the fiscal year by approximately \$2.7 million. It should be noted that the financial statements of Sumner County include debt of approximately \$123.5 million attributable to the Sumner County Board of Education. The discretely presented Sumner County School Department's assets exceeded its liabilities by approximately \$230.1 million at June 30, 2011.
- ❖ The primary government's total net assets increased by approximately \$18.7 million of which approximately \$5.4 million was due to a prior-period adjustment. The discretely presented Sumner County School Department's net assets decreased by approximately \$15.4 million, which includes an approximate \$166 thousand prior-period adjustment.
- ❖ As of the close of the fiscal year, Sumner County's Governmental Funds reported approximately \$51.8 million of total fund balances; this is an approximate increase of \$2.6 million from the previous fiscal year.
- ❖ The discretely presented Sumner County School Department's Governmental Funds reported approximately \$18.5 million of total fund

balances; this is an approximate increase of \$1.2 million from the previous fiscal year.

- ❖ At the end of the current fiscal year, the unassigned fund balance of the General Fund was approximately \$12 million or 29.2 percent of the General Fund's annual budgetary expenditures (including other uses). The unassigned fund balance of the discretely presented Sumner County School Department's General Purpose School Fund was approximately \$9.6 million or 4.8 percent of the fund's annual budgetary expenditures (including other uses).
- ❖ The largest governmental activity performed by the primary government was education. As presented in Exhibit B, education's cost (primary government) was approximately \$17.1 million, which consumed approximately \$1.2 million of local general tax revenue. Of these educational expenses, approximately \$474 thousand were contributions for capital outlay. The remaining education costs were for the self-insured plans of occupational compensation (in-lieu-of workmen's compensation), liability insurance, and health insurance. These were costs associated directly with the primary government; the component unit, Sumner County School Department's total expenses were approximately \$230.3 million with approximately \$196.8 million of net expenses.

## **OVERVIEW OF FINANCIAL STATEMENTS**

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

### **Government-wide Financial Statements**

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

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

The Statement of Activities presents information showing how Sumner County's and its discretely presented component units' net assets changed during the current fiscal year. All changes in net assets are reported on the accrual basis of accounting as soon as the

underlying events giving rise to changes occur. Therefore, some revenues and expenses reported in this statement will result in cash flows in future periods.

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

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

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

### **Fund Financial Statements**

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

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

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

Sumner County maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement

of revenues, expenditures, and changes in fund balances for the General; Highway/Public Works; General Debt Service; and the General Capital Projects funds, all of which are considered to be major funds. Financial data from the remaining governmental funds are combined into a single, aggregated amount with detail provided in the combining and individual fund financial statements and schedules.

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

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

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

### **Proprietary Funds**

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

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

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

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

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains combining and individual fund statements and schedules for Sumner County and

the discretely presented Sumner County School Department. A table of contents has been provided to locate this information.

### Government-wide Financial Analysis

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. Sumner County's assets exceeded its liabilities at June 30, 2011, by \$2,702,882. The constitution for the State of Tennessee allows only the local legislative body to issue debt. Therefore, whenever the Sumner County Board of Education requires the issuance of debt to fund major capital projects or equipment purchases, the related debt must be issued by Sumner County. At the end of the current fiscal year, Sumner County had outstanding debt related to the Sumner County Board of Education of \$123,473,237. The related assets for this debt are reported on the Statement of Net Assets under component units in the column Sumner County School Department. The discretely presented Sumner County School Department assets exceeded its liabilities at June 30, 2011, by \$230,121,766.

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

	Sumner County Primary Government Governmental Activities	
	June 30, 2011	June 30, 2010
Assets:		
Current and Other Assets	\$ 91,289,344	\$ 89,415,849
Capital Assets	84,193,638	77,511,806
Total Assets	<u>\$ 175,482,982</u>	<u>\$ 166,927,655</u>
Liabilities:		
Long-term Liabilities Outstanding	\$ 121,401,720	\$ 129,911,090
Other Liabilities	51,378,380	52,981,721
Total Liabilities	<u>\$ 172,780,100</u>	<u>\$ 182,892,811</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 79,526,790	\$ 72,905,117
Restricted	31,174,870	18,731,913
Unrestricted	(107,998,778)	(107,602,186)
Total Net Assets	<u>\$ 2,702,882</u>	<u>\$ (15,965,156)</u>

	Sumner County School Department Governmental Activities	
	June 30, 2011	June 30, 2010
Assets:		
Current and Other Assets	\$ 69,614,922	\$ 67,916,678
Capital Assets	234,103,087	243,430,089
Total Assets	<u>\$ 303,718,009</u>	<u>\$ 311,346,767</u>
Liabilities:		
Long-term Liabilities Outstanding	\$ 24,129,486	\$ 16,969,100
Other Liabilities	49,466,757	48,866,776
Total Liabilities	<u>\$ 73,596,243</u>	<u>\$ 65,835,876</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 233,919,381	\$ 243,430,089
Restricted	6,174,499	3,959,192
Unrestricted	<u>(9,972,114)</u>	<u>(1,878,390)</u>
Total Net Assets	<u>\$ 230,121,766</u>	<u>\$ 245,510,891</u>

By far, the largest portion of Sumner County's and the discretely presented Sumner County School Department's net assets is \$79,526,790 and \$233,919,381, respectively, reflecting their investment in capital assets (e.g., land, building, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. Sumner County and the discretely presented Sumner County School Department use these capital assets to provide services to its citizenry; therefore, these are not available to meet any obligations. Although Sumner County's investment in its capital assets is reported net of related debt, resources needed to repay this debt must come from outside resources because the capital assets themselves cannot be liquidated to pay these liabilities.

An additional portion of Sumner County's and the discretely presented Sumner County School Department's net assets is \$31,174,870 and \$6,174,499, respectively, which is subject to external restrictions on how it may be used.

Sumner County's and the discretely presented Sumner County School Department's unrestricted net assets have negative balances of \$107,998,778 and \$9,972,114, respectively. These negative balances represent all unrestricted non-capital related assets net of Sumner County's and the discretely presented Sumner County School Department's related debt of \$128,105,000 and \$183,706, respectively .

Sumner County's total net assets have increased by \$18,668,038 from the previous fiscal year, of which \$5,361,340 was due to prior-period adjustments. This change was primarily the result of the following factors: increase in governmental funds' balances of \$2,560,773; net increase in capital assets of \$6,681,832 (with the inclusion of prior-period adjustments

totaling \$5,361,340 for omitted capital assets); and net long-term debt decreased by \$9,395,000.

The discretely presented Sumner County School Department's net assets have decreased by \$15,389,125 from the previous year, which is inclusive of a \$166,002 prior-period adjustment for assets that were included in error. This change was primarily the result of a net decrease in capital assets of \$9,161,000, and an increase in the other postemployment benefits (OPEB) liability of \$7,010,112.

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

	Sumner County Primary Government Governmental Activities	
	Fiscal Year Ended	Fiscal Year Ended
	June 30, 2011	June 30, 2010
Revenues:		
Program Revenues:		
Charges for Services	\$ 33,650,156	\$ 28,355,681
Operating Grants and Contributions	5,345,379	4,145,735
Capital Grants and Contributions	874,830	5,295,616
General Revenues:		
Property Tax	33,104,497	31,014,578
Local Option Sales Tax	5,804,951	5,559,794
Wheel Tax	1,798,154	1,747,230
Interstate Telecommunications Tax	3,676	7,119
Business Tax	1,305,635	1,301,051
Adequate Facilities/Development Tax	945,192	1,244,582
Hotel/Motel Tax	351,026	392,110
Wholesale Beer Tax	469,442	504,249
Litigation Tax	636,195	594,819
Mineral Severance Tax	150,302	147,176
Beer Privilege Tax	1,868	2,264
Grants and Contributions Not Restricted to Specific Programs	1,955,140	5,318,902
Unrestricted Investment Income	957,121	2,813,273
Miscellaneous	210,805	877,593
Total Revenues	<u>\$ 87,564,369</u>	<u>\$ 89,321,772</u>

Sumner County Primary Government  
Governmental Activities (Cont.)

	Fiscal Year Ended June 30, 2011	Fiscal Year Ended June 30, 2010
Expenses:		
General Government	\$ 11,477,217	\$ 7,569,050
Finance	4,018,352	4,257,863
Administration of Justice	3,133,976	3,730,200
Public Safety	16,989,115	16,856,100
Public Health and Welfare	8,139,964	9,272,942
Social, Cultural, and Recreational Services	1,881,054	2,012,602
Agriculture and Natural Resources	445,236	443,372
Other Operations	440,801	453,772
Highways	5,765,701	6,536,033
Education	17,140,265	21,236,951
Interest on Long-term Debt	3,704,215	6,092,362
Debt Service	1,121,775	374,066
Total Expenses	<u>\$ 74,257,671</u>	<u>\$ 78,835,313</u>
Change in Net Assets	\$ 13,306,698	\$ 5,581,932
Net Assets, July 1, 2010/July 1, 2009	(15,965,156)	(36,596,624)
Prior-period Adjustment	<u>5,361,340</u>	<u>15,049,536</u>
Net Assets, June 30, 2011/June 30, 2010	<u>\$ 2,702,882</u>	<u>\$ (15,965,156)</u>

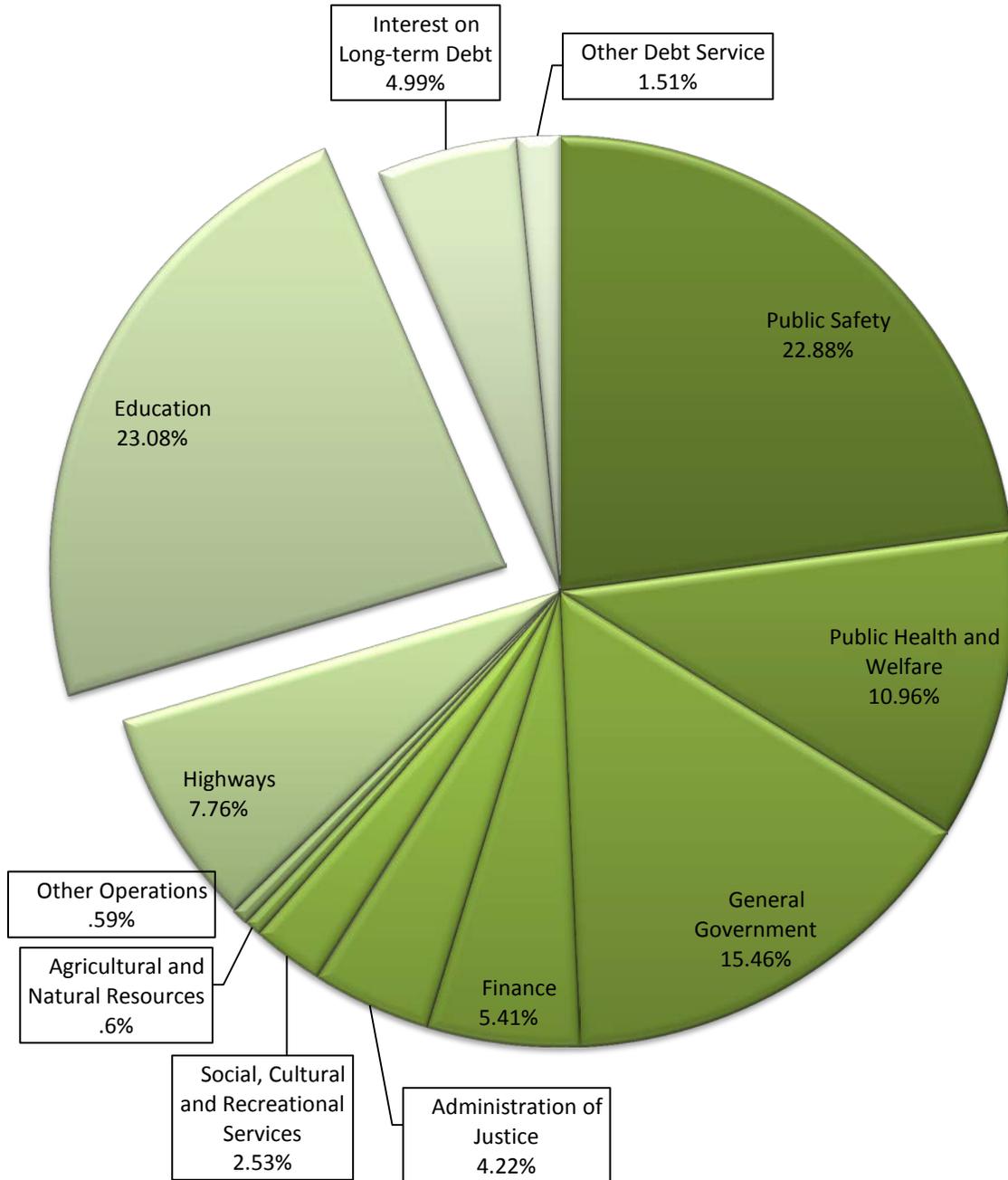
Sumner County School Department  
Governmental Activities

	Fiscal Year Ended June 30, 2011	Fiscal Year Ended June 30, 2010
Revenues:		
Program Revenues:		
Charges for Services	\$ 7,778,489	\$ 7,760,978
Operating Grants and Contributions	25,662,705	19,267,642
Capital Grants and Contributions	19,840	282,375
General Revenues:		
Property Tax	48,562,376	47,882,841
Local Option Sales Tax	11,560,278	11,101,569
Wheel Tax	4,195,481	4,134,350
Interstate Telecommunications Tax	6,706	8,036
Grants and Contributions Not Restricted to Specific Programs	116,889,086	111,828,759
Unrestricted Investment Income	8,038	11,142
Miscellaneous	348,404	315,526
Total Revenues	<u>\$ 215,031,403</u>	<u>\$ 202,593,218</u>
Expenses:		
Education	\$ 230,254,526	\$ 213,754,401
Total Expenses	<u>\$ 230,254,526</u>	<u>\$ 213,754,401</u>
Change in Net Assets	\$ (15,223,123)	\$ (11,161,183)
Net Assets, July 1, 2010/July 1, 2009	245,510,891	254,841,907
Prior-period Adjustment	(166,002)	1,830,167
Net Assets, June 30, 2011/June 30, 2010	<u>\$ 230,121,766</u>	<u>\$ 245,510,891</u>

**Governmental Program Expenses**

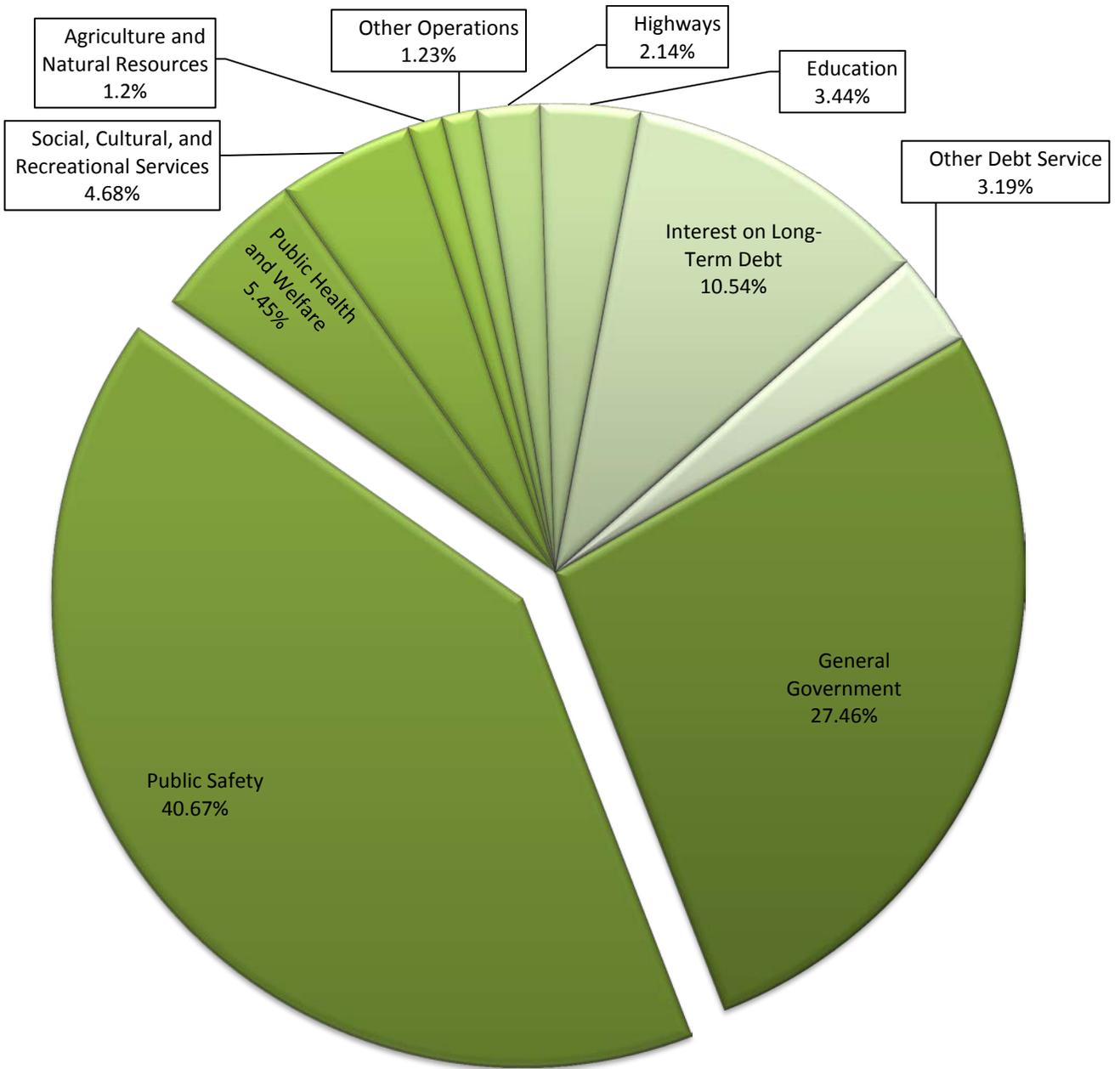
Education expenses of \$17,140,265 were the single largest expenditure of Sumner County, the primary government, consisting of 23 percent of total expenses. Of that amount, \$15,931,605 was recovered by charges for services. For additional details, see illustrations below. Note, all amounts are rounded to two decimal places in the following chart.

# Expenses by Governmental Activities



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

### Net Cost by Governmental Activities



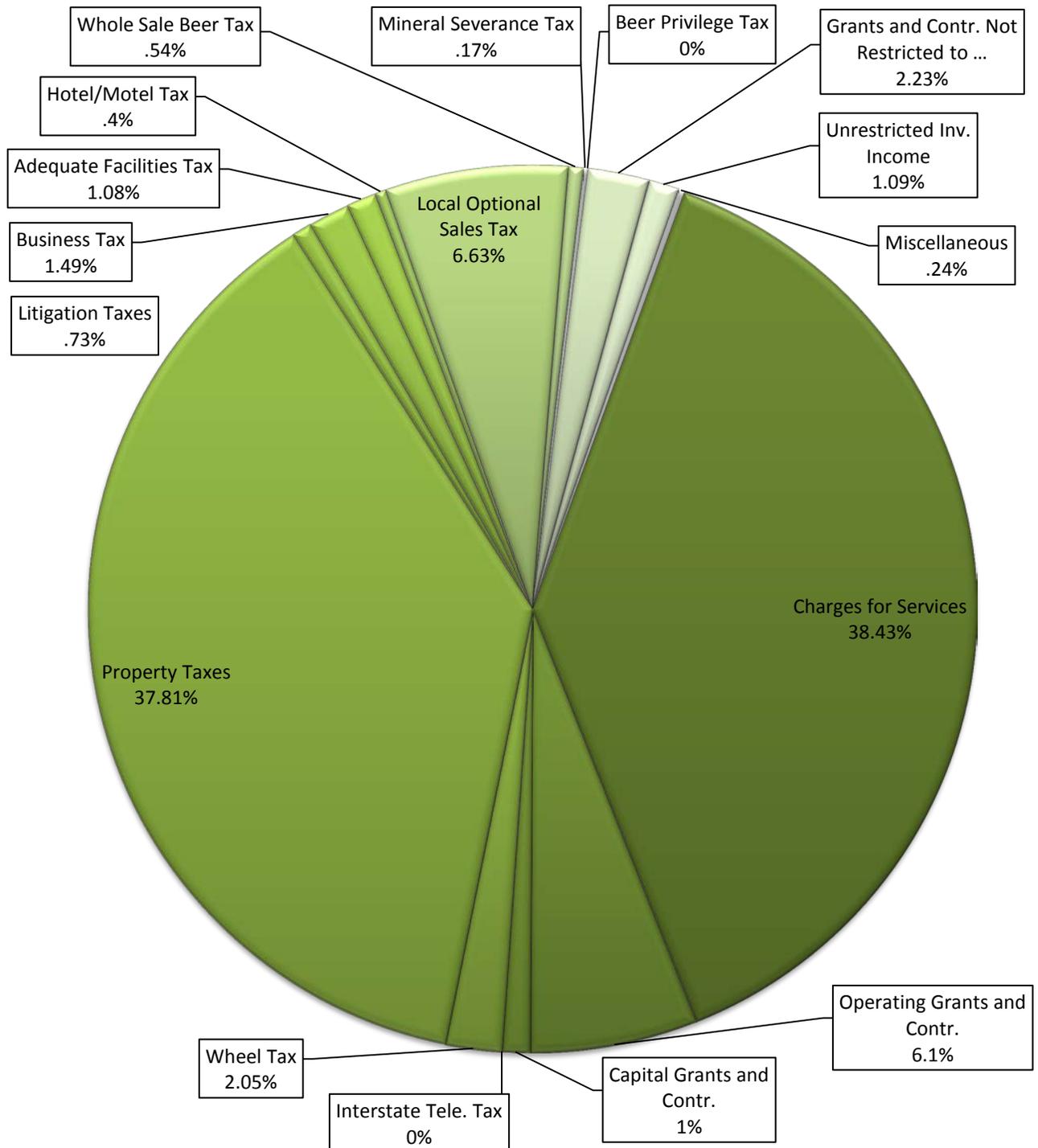
**Revenues** on the government-wide Statement of Activities are broken into two major categories, program and general revenues.

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

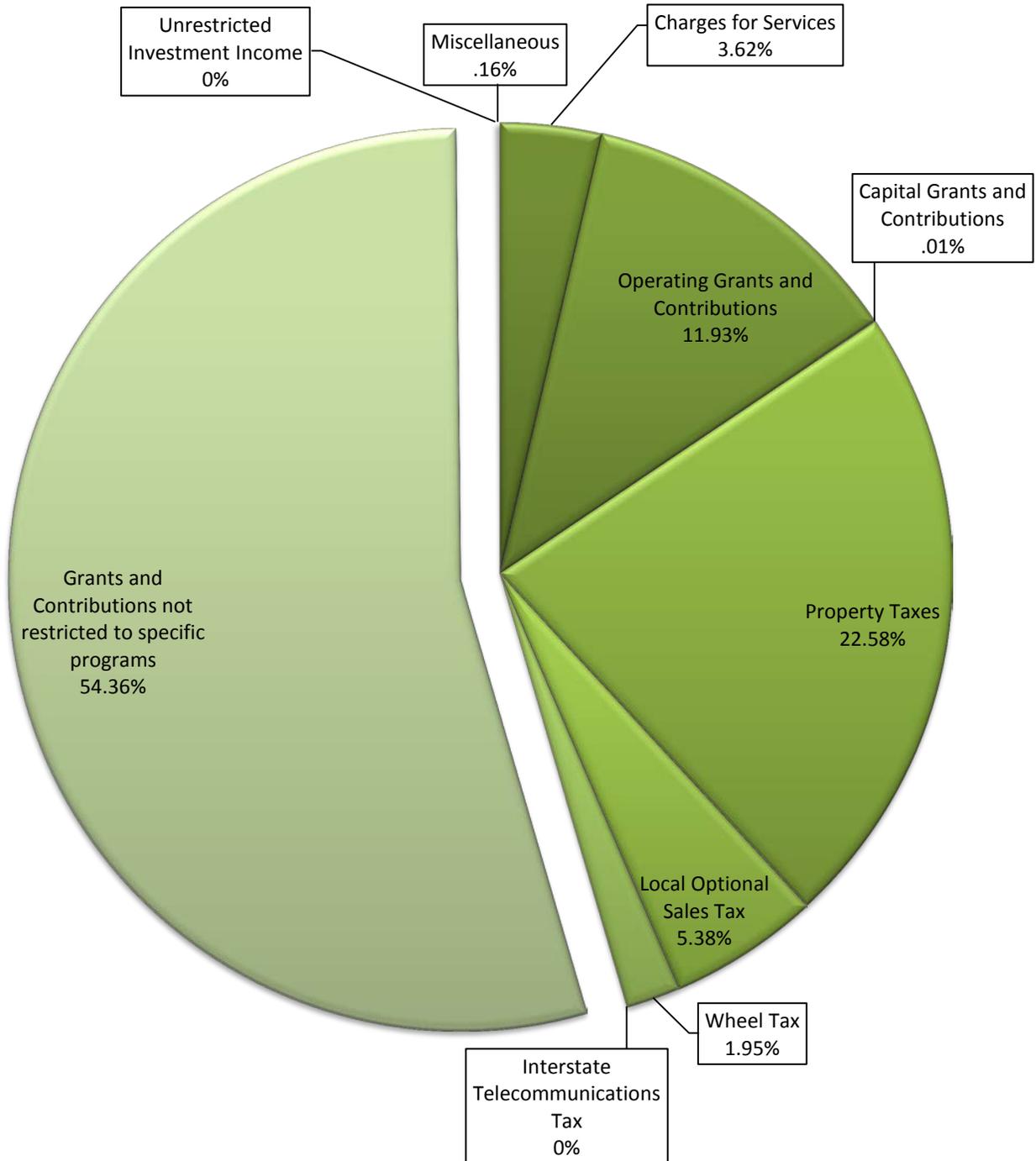
**General revenues** are all revenues that do not qualify as program revenues.

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

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



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



## Financial Analysis of the Government's Funds

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

### Unrestricted Fund Balances for the General Fund and Total Fund Balances for Other Major Funds for the Ten Most Recent Fiscal Years

#### Sumner County - Primary Government

Year Ended June 30	General Fund	Highway/ Public Works Fund	General Debt Service Fund	General Capital Projects Fund
2002	\$ 4,460,685 <b>Ⓞ</b>	\$ 1,403,325	\$ 17,476,579	\$ 8,065,819
2003	4,404,464 <b>Ⓞ</b>	1,658,687	19,022,344	15,481,557
2004	17,013,753 <b>Ⓞ</b>	2,689,086	20,870,672	10,919,792
2005	20,046,034 <b>Ⓞ</b>	2,477,746	24,364,520	5,192,708
2006	20,809,202 <b>Ⓞ</b>	2,091,069	23,941,424	1,329,281
2007	22,704,328 <b>Ⓞ</b>	2,275,299	19,952,276	11,080,439
2008	22,325,922 <b>Ⓞ</b>	2,350,296	20,537,570	15,094,089
2009	15,397,644 <b>Ⓞ</b>	2,349,375	5,979,207	1,477,408
2010	30,914,059 <b>Ⓞ</b>	1,784,991	6,927,803	4,267,661
2011	31,219,687 <b>Ⓞ</b>	3,302,284	13,897,425	1,933,262

**Ⓞ** - Denotes that amount was unreserved fund balance; however, GASB Statement No. 54 established new 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. The 2011 amount presented for the General Fund comprises all fund balances other than amounts that are non-spendable or restricted.

## Unrestricted Fund Balances for the General Purpose Fund

### Discretely Presented Sumner County School Department

Year Ended June 30	General Purpose School Fund
2002	\$ 7,892,757 * ⊙
2003	6,966,130 * ⊙
2004	8,501,618 * ⊙
2005	6,701,713 * ⊙
2006	8,956,331 * ⊙
2007	14,745,559 * ⊙
2008	17,117,336 * ⊙
2009	10,920,277 ⊙
2010	12,790,699 ⊙
2011	12,349,127

\* Denotes the inclusion of the reserve for food service (\$2,549,679 for 2009, \$2,541,951 for 2010, and \$3,852,749 for 2011 not included in totals).

⊙ - Denotes that amount was unreserved fund balance until June 30, 2010; however, the 2011 amount presented comprises all fund balances other than amounts that are non-spendable or restricted. Also, the 2011 balance includes \$2,791,853 of an assignment that prior to implementation of GASB Statement No. 54 would have been classified as reserved for encumbrances.

As of the end of the current fiscal year, Sumner County Government's governmental funds reported combined ending fund balances of \$51,794,855, an increase of \$2,560,773 in comparison to the previous fiscal year. Of this total, \$12,090,620 is the unassigned balance in the General Fund; \$17,750,770 represents unspent legally restricted revenues; \$21,921,948 represents amounts committed to various purposes by official action of the Sumner County Commission; and \$31,517 represents amounts assigned by Sumner County's budget document. The combined ending fund balances included \$318,800 that represents amounts that will be used to liquidate contracts and purchase orders outstanding at the end of the period. This balance is presented as \$267,219 of the Unassigned fund balance in the General Fund; \$8,000 of the Restricted for Debt Service fund balance in the General Debt Service Fund; and \$43,581 of the Restricted for General Government fund balance in the Courthouse and Jail Maintenance Fund. The restricted fund balances are \$826,337 in the General Fund; \$11,073,027 in the General Debt Service Fund; \$3,918,144 in special revenue funds; and \$1,933,262 in the General Capital Projects Fund. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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. As of June 30, 2011, the discretely presented Sumner County School Department's governmental funds reported combined ending fund balances of \$18,523,626,

an increase of \$1,232,265 in comparison to the previous fiscal year. Of this total, fund balances of \$2,791,853 represent an assignment that will be used to liquidate contracts and purchase orders outstanding at the end of the period, and \$6,174,499 represents unspent legally restricted revenues.

The General Fund is the chief operating fund of the Sumner County Government. At the end of the current fiscal year, the unrestricted fund balance was \$12,090,620, while the total fund balance was \$32,046,024. The General Purpose School Fund is the chief operating fund of the discretely presented Sumner County School Department. At the end of the current fiscal year, the unrestricted fund balance was \$9,557,274, while the total fund balance was \$17,571,515.

The General Debt Service Fund had a total fund balance of \$13,897,425. Of this amount, all was restricted for debt service except \$2,824,398, which was committed by the annual budget to debt service. This commitment represents 50 percent of the county's local option sales tax collections in the unincorporated parts of the county and interest earnings. The General Debt Service Fund's balances increased by \$6,674,622 primarily as a result of restructuring the county's debt.

The General Capital Projects Fund is used to account for major capital projects for Sumner County and the discretely presented Sumner County School Department. At the end of the current fiscal year, the fund balance was \$1,933,262. The fund balance decreased by \$5,323,560 during the fiscal year. This decrease in fund balance was primarily the result of expending proceeds from general obligation bonds issued in 2010.

### **General Fund Budgetary Highlights**

The difference in the original and the final budget's appropriations was an increase of \$2,503,509 compared to the original budget of \$43,560,941. Of this amount, \$1,778,133 was to be funded from an estimated increase in revenues and other sources with the remainder to be funded from fund balances. Following are the main components of the increase.

- \$20,529 supplemental appropriation to the Construction and Development Department to be funded from restricted funds for planning abatement
- \$40,402 supplemental appropriation to the Gallatin Library to be funded from an increase in revenues (\$5,932 donations, \$1,871 E-rate revenues, and \$1,500 Technology Grant – State Library and Archives) and \$31,099 from an assignment for library books
- \$74,723 supplemental appropriation to the Hendersonville Library to be funded from an increase in revenues (\$50,000 donation, \$3,143 E-rate revenues, and \$1,500 Technology Grant – State Library and Archives) and \$20,080 from an assignment for library books
- \$38,441 supplemental appropriation to the Portland Library to be funded from an increase in revenues (\$25,810 donations, \$1,131 E-rate revenues, and \$1,500 Technology Grant – State Library and Archives), \$5,000 from the unassigned fund balance, and \$5,000 from an assignment for library books
- \$1,899 supplemental appropriation to the Westmoreland Library to be funded from an increase in revenues from a donation

- \$223,114 supplemental appropriation to the Election Commission to be funded by an estimated increase in state revenues
- \$7,733 supplemental appropriation to the Chancery Court to be funded from restricted funds for Chancery Court automation
- \$10,374 supplemental appropriation to Juvenile Court to be funded by an increase in estimated revenues
- \$7,421 supplemental appropriation to the Circuit Court to be funded by the unassigned fund balance
- \$3,417 supplemental appropriation to the Assessor of Property's budget to be funded by \$917 for a salary supplement from an estimated increase in state reimbursements and \$2,500 from the unassigned fund balance
- \$32,000 supplemental appropriation to the Register of Deeds Office to be funded from restricted funds for Register of Deeds automation
- \$106,130 supplemental appropriation for expansion of the Emergency Medical Service Portland area to be funded by the unassigned fund balance
- \$30,600 supplemental appropriation to Emergency Medical Services to be funded by an increase in estimated revenues
- \$50,000 supplemental appropriation to the Westmoreland Industrial Development Board to be funded by the unassigned fund balance
- \$53,710 supplemental appropriation to the County Building's budget to be funded by the unassigned fund balance
- \$8,048 supplemental appropriation to the Law Director's budget to be funded by the unassigned fund balance
- \$270,102 supplemental appropriation to the Law Director's budget for legal fees due to the sale of the hospital to be funded by the unassigned fund balance
- \$14,678 supplemental appropriation to the Sheriff's Office from restricted funds for the Green Machine Grant
- \$15,028 supplemental appropriation to the Sheriff's Office from restricted funds for the Helping Hands Grant
- \$17,781 supplemental appropriation for the State Criminal Alien Assistance Program to be funded by an increase in federal revenues
- \$16,574 supplemental appropriation for state inmate medical reimbursement to be funded by an estimated increase in state revenues
- \$5,000 supplemental appropriation for Governor's Highway Safety Office Grant to be funded by an estimated increase in grant revenues
- \$2,607 supplemental appropriation to the Sheriff's Office to be funded by an increase in revenues due to insurance recovery
- \$1,236 supplemental appropriation to the Sex Offender Registry to be funded by an increase in revenues
- \$7,200 supplemental appropriation to the Judicial Magistrates' budget to be funded by the unassigned fund balance
- \$91,356 supplemental appropriation for the Volunteer State Scholarship Program to be funded by the Volunteer State Scholarship Program's assignment
- \$3,720 supplemental appropriation for traffic signal repair to be funded by the unassigned fund balance

- \$504,167 supplemental appropriation for the Station Camp Greenway to be funded by \$339,936 other federal through state revenues, \$81,564 from the Capital Projects Fund, \$29,150 from the Construction and Development In-Lieu-Of assignment, (\$46,483) decrease due to a loss of American Recovery and Reinvestment Act funding, and \$100,000 from a Congestion, Mitigation and Air Quality Grant
- \$15,389 supplemental appropriation to the Emergency Management Agency to be funded from an increase in revenues due to insurance recovery
- \$749,322 supplemental appropriation to the Emergency Management Agency to be funded from an increase in estimated Homeland Security Grant revenues
- \$30,000 supplemental appropriation for an Emergency Management Performance Grant to be funded by an increase in grant revenues
- \$37,380 supplemental appropriation to the Drug Task Force budget to be funded by an increase in revenues as a transfer from the Drug Task Force Fund
- \$2,203 decrease in DGA appropriations due to a decrease in DGA grant revenues
- \$9,297 supplemental appropriations for other postemployment benefits funded by an estimated increase in revenues
- Various other minor supplemental appropriations funded by fund increases in estimated revenues or use of fund balances

Differences in the final budget's estimated revenues and other sources and appropriations and actual operations were (\$558,267) and \$4,688,856 respectively. Following are the major components of the variances.

Estimated revenues and other sources:

- The local tax, bank excise tax, was \$129,577 below projections due to the current economic conditions. However, it should also be noted that local taxes in total were in excess of projections due to county property tax and business tax collections performed better than anticipated.
- The licenses and permits were an insignificant amount below projections due primarily to building permits, which were \$8,481 below projections. This is a result of the current housing market.
- The charges for current services (self-insurance contributions, patient charges (EMS), and probation fees) were \$41,018, \$47,067, and \$38,902, respectively, above projections.
- The fees received from county officials, excess fees trustee, is \$227,430 above projections.
- The Other Local Revenues (commissary sales, sale of property, and other local revenue) were \$34,387, \$40,703, and \$21,399 above projections, respectively.
- The "State of Tennessee" revenue, state revenue sharing T.V.A., was \$172,489 above projections.
- The "federal government" revenues (Homeland Security Grants and American Recovery and Reinvestment Act) were \$884,239 and \$847,941, respectively, less than budgeted due to multi-year grants budgeted in the current fiscal year but carried over to the subsequent fiscal year.

Estimated expenditures and other uses:

- Various unfilled positions, including benefits, accounted for approximately \$1,033,945 of unspent appropriations.
- Construction and Development expenditures were \$163,506 less than appropriations, due primarily to less being spent on TDEC compliance than anticipated.
- The cost of housing incarcerated juveniles was \$121,750 less than appropriations, due to less than anticipated number of days incarcerated.
- Various grants expended less than budgeted: Homeland Security Grants \$822,315; Health Department's Direct Access Grant \$98,620; and Greenway ARRA Grants \$713,289.
- The major category, employee benefits, was \$116,467 below budget due to insurance changes and unemployment was less than anticipated.

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

The differences in the original and the final budget's appropriations, including other uses, increased by \$4,731,430 compared to the original budget of \$201,290,201. \$4,335,430 of this increase was funded by an estimated increase in revenues and other financing sources with the remaining \$396,000 from fund balance.

### **Capital Assets and Debt Administration**

#### **Primary Government**

Sumner County's investment in capital assets, net of accumulated depreciation, as of June 30, 2011, was \$84,193,638. This investment in net assets includes land, construction in progress, intangibles, buildings, improvements, machinery and equipment, roads, and bridges. The total increase in Sumner County's investment in capital assets for the fiscal year was \$6,681,832.

Major capital asset events during the fiscal year included the following.

- Land increased by \$1,162,371. This increase consists of \$7,076 of land donated to Sumner County for the Station Camp Greenway and prior-period adjustments totaling \$1,155,295. These prior-period adjustments consist of properties for various schools previously omitted in error of \$237,650; \$47,618 for the Douglass-Clark House; \$26,912 for the Station Camp Greenway; \$302,325 for the Bledsoe Lick Historical Park; \$1,000 for Music Mountain; \$274,280 for the Sumner County Health Department and Animal Control; \$200,000 for Volunteer State Community College; and \$3,900 for a vacant lot. Additionally, these prior-period adjustments include various properties under valued by \$76,610 and proprieties recorded in error totaling \$15,000.
- Construction in progress decreased by \$2,826,740. Decreases consist of a prior-period adjustment for \$3,000,000 due to the reclassification of the Hendersonville Library to Buildings; renovations completed of \$30,000 for the Sumner County Administration Building and \$22,500 for the Sumner County

Courthouse; and \$54,270 for completion of the construction of the Sumner County Animal Control Building. Increases include \$14,156 for the renovation of the Douglass-Clark House and \$265,874 for design work on the Station Camp Greenway.

- Building and improvements net increases totaled \$10,607,364. Increases include a prior-period adjustment of \$7,206,045, which consisted of \$7,675,077 for the Hendersonville Library less \$469,032 for prior-periods' depreciation. The Hendersonville Library was placed into service in September 2008. Additions totaled \$2,932,287, which includes \$1,342,560 for the construction of the Sumner County Animal Control Building; \$888,780 for the renovation of the Sumner County Administration Building; \$576,470 for the renovation of the Sumner County Courthouse; and betterments of \$110,904 at the Sumner County Jail and \$13,573 at the Sumner County EMS Administration Building. Building and Improvement depreciation expense totaled \$2,003,937 for the fiscal year.
- County roads and bridges decreases totaled \$5,819,012. This decrease consists of additions of \$3,340,622 less the annexations by cities of \$43,716 less road surfacing completely depreciated of \$9,115,918; and depreciation expense of \$2,763,014 decreased by \$1,316 for roads over depreciated in prior periods. The additions include four roads accepted by the county's legislative body totaling \$1,856,469, a bridge accepted by the county's legislative body at \$18,200, and \$1,465,953 of county constructed infrastructure.
- \$1,070,871 of depreciable equipment was purchased during the year. Disposals of depreciable equipment totaled \$845,143 gross and \$12,740 net. The \$12,740 net was the net value of two totaled ambulances. Depreciation for equipment totaled \$1,308,195. The beginning balances of Other Capital Assets and accumulated depreciation of Other Capital Assets were decreased by \$30,500 for two fully depreciated pieces of equipment disposed of in a prior fiscal year.

### Sumner County's Capital Assets

	Historical Value	Accumulated Depreciation	Net Value 6-30-11
Land	\$ 3,667,743	\$ 0	\$ 3,667,743
Construction in Progress	410,825	0	410,825
Buildings and Improvements	59,368,259	(16,075,775)	43,292,484
Other Capital Assets	15,765,469	(10,657,575)	5,107,894
Intangibles (depreciated)	366,687	(293,349)	73,338
Roads and Bridges	59,411,743	(27,770,389)	31,641,354
<b>Total Values</b>	<b>\$ 138,990,726</b>	<b>\$ (54,797,088)</b>	<b>\$ 84,193,638</b>

### Discretely Presented Sumner County School Department

The discretely presented Sumner County School Department's investment in capital assets, net of accumulated depreciation, as of June 30, 2011, was \$234,103,087. This investment in net assets includes land, buildings, improvements, machinery, and equipment. The total decrease in investment in capital assets for the fiscal year was \$9,327,002.

## Sumner County School Department's Capital Assets

	Historical Value	Accumulated Depreciation	Net Value 6-30-11
Land	\$ 8,372,274	\$ 0	\$ 8,372,274
Construction in Progress	3,245,879	0	3,245,879
Buildings and Improvements	368,579,121	(149,883,816)	218,695,305
Other Capital Assets	20,571,140	(16,781,511)	3,789,629
Total Values	\$ 400,768,414	\$ (166,665,327)	\$ 234,103,087

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

### Long-term Debt

At the end of the current fiscal year, Sumner County had long-term debt totaling \$128,288,706, of which \$183,706 is to be paid by the General Purpose School Fund. This is a decrease in long-term debt of \$9,211,294 from the previous fiscal year (with the inclusion of an additional \$183,706 to be paid directly through the General Purpose School Fund). All debt is backed by the full faith and credit of the county.

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

### Sumner County's Outstanding Long-term Debt

Issued For	Sumner County Board of Education	Sumner County Primary Government	Total Debt
Bond - Refunding	\$ 9,340,000	\$ 0	\$ 9,340,000
Bond - Refunding	112,210,000	0	112,210,000
General Obligation Schools	1,923,237	4,631,763	6,555,000
Capital Leases - Paid by General Purpose School Fund	183,706	0	183,706

## **Economic Factors and Next Year's Budgets and Rates**

On August 15, 2011, Sumner County adopted a budget for the fiscal year ending June 30, 2012. Many factors were considered when adopting this budget.

Sumner County's unemployment rate as of June 30, 2011, was 8.7 percent (not seasonally adjusted) compared to the June 30, 2010, rate of nine percent (not seasonally adjusted). This unemployment rate for June 2011 was lower than the State of Tennessee's as a whole, 10.2 percent (not seasonally adjusted). The Sumner County Commission is committed to maintaining at least a projected \$7 million unassigned fund balance in the Sumner County General Fund, after subtracting any restricted, committed, or assigned amounts. The projected balance in the Sumner County General Fund's approved budget for the 2012 fiscal year, after subtracting all projected restricted, committed, or assigned amounts, is \$8,387,521.

## **Requests for information**

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

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

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

	Primary Governmental Activities	Component Units			
		Sumner County School Department	Sumner County Regional Airport Authority	Sumner County Emergency Communications District	The Resource Authority in Sumner County, Tennessee
<u>ASSETS</u>					
Cash	\$ 118,037	\$ 7,550	\$ 40,610	\$ 2,076,588	\$ 529,654
Equity in Pooled Cash and Investments	51,483,623	12,025,804	320,912	0	0
Accounts Receivable	1,560,799	683,313	0	32,239	415,369
Allowance for Uncollectibles	(790,885)	0	0	0	0
Property Taxes Receivable	35,048,652	51,567,852	0	0	0
Allowance for Uncollectible Property Taxes	(1,189,909)	(1,750,740)	0	0	0
Notes Receivable - Long-term	265,000	0	0	0	0
Accrued Interest Receivable	81,331	0	0	0	0
Due from Other Governments	3,813,328	7,081,143	0	0	11,866
Prepaid Items	0	0	15,520	17,413	0
Deposits with State of Tennessee	0	0	334,642	0	0
Deferred Charges - Debt Issuance Cost	899,368	0	0	0	0
Capital Assets:					
Assets Not Depreciated:					
Land	3,667,743	8,372,274	1,893,040	1,000,000	307,491
Construction in Progress	410,825	3,245,879	119,769	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	43,292,484	218,695,305	1,697,836	0	2,013,427
Other Capital Assets	5,107,894	3,789,629	2,032,963	1,087,852	170,555
Infrastructure	31,641,354	0	0	0	0
Intangibles	73,338	0	0	0	0
Other Noncurrent Assets	0	0	19,676	0	0
<b>Total Assets</b>	<b>\$ 175,482,982</b>	<b>\$ 303,718,009</b>	<b>\$ 6,474,968</b>	<b>\$ 4,214,092</b>	<b>\$ 3,448,362</b>
<u>LIABILITIES</u>					
Accounts Payable	\$ 1,108,359	\$ 341,473	\$ 0	\$ 208,193	\$ 274,347
Accrued Payroll	55,496	0	0	0	55,725
Accrued Interest Payable	499,092	0	0	0	0
Due to Litigants, Heirs, and Others	2,859	0	0	0	0
Customer Deposits Payable	0	65,257	0	0	0
Other Current Liabilities	0	0	179,500	0	0
Deferred Revenue - Current Property Taxes	33,111,132	48,717,137	0	0	0
Other Deferred Revenue	0	0	0	1,000,000	0
Noncurrent Liabilities:					
Due Within One Year	16,601,442	342,890	30,000	0	60,946
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	121,401,720	24,129,486	585,175	0	1,488,140
<b>Total Liabilities</b>	<b>\$ 172,780,100</b>	<b>\$ 73,596,243</b>	<b>\$ 794,675</b>	<b>\$ 1,208,193</b>	<b>\$ 1,879,158</b>

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Units			
		Sumner County School Department	Sumner County Regional Airport Authority	Sumner County Emergency Communications District	The Resource Authority in Sumner County, Tennessee
<u>NET ASSETS</u>					
Invested in Capital Assets, Net of Related Debt	\$ 79,526,790	\$ 233,919,381	\$ 4,948,933	\$ 0	\$ 2,335,294
Invested in Capital Assets	0	0	0	2,087,852	0
Restricted for:					
Capital Projects	1,935,628	0	0	0	0
Debt Service	24,145,834	0	0	0	0
Highway/Public Works	3,644,231	0	0	0	0
Courthouse and Jail Maintenance	358,906	0	0	0	0
Drug Control	200,723	0	0	0	0
District Attorney General	63,211	0	0	0	0
General Government	133,355	0	0	0	0
Finance	6,558	0	0	0	0
Administration of Justice	586,890	0	0	0	0
Public Safety	94,448	0	0	0	0
Education	0	6,174,499	0	0	0
Other Purposes	5,086	0	0	0	0
Unrestricted	(107,998,778)	(9,972,114)	731,360	918,047	(766,090)
Total Net Assets	<u>\$ 2,702,882</u>	<u>\$ 230,121,766</u>	<u>\$ 5,680,293</u>	<u>\$ 3,005,899</u>	<u>\$ 1,569,204</u>

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

Exhibit B

Summer 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 Government Total Governmental Activities	Summer County School Department	Summer County Regional Airport Authority	Summer County Emergency Communications District	The Resource Authority in Summer County, Tennessee	
Primary Government:										
General Government	\$ 11,477,217	\$ 1,598,477	\$ 97,750	\$ 135,185	\$ (9,645,805)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	4,018,352	4,404,818	917	0	387,383	0	0	0	0	0
Administration of Justice	3,133,976	3,478,734	9,000	0	353,758	0	0	0	0	0
Public Safety	16,989,115	2,430,140	235,467	35,578	(14,287,930)	0	0	0	0	0
Public Health and Welfare	8,139,964	5,236,128	990,872	0	(1,912,964)	0	0	0	0	0
Social, Cultural, and Recreational Services	1,881,054	62,327	4,500	171,935	(1,642,292)	0	0	0	0	0
Agriculture and Natural Resources	445,236	17,325	6,000	0	(421,911)	0	0	0	0	0
Other Operations	440,801	0	9,297	0	(431,504)	0	0	0	0	0
Highway/Public Works	5,765,701	490,602	3,991,576	532,132	(751,391)	0	0	0	0	0
Education	17,140,265	15,931,605	0	0	(1,208,660)	0	0	0	0	0
Interest on Long-term Debt	3,704,215	0	0	0	(3,704,215)	0	0	0	0	0
Other Debt Service	1,121,775	0	0	0	(1,121,775)	0	0	0	0	0
<b>Total Primary Government</b>	<b>\$ 74,257,671</b>	<b>\$ 33,650,156</b>	<b>\$ 5,345,379</b>	<b>\$ 874,830</b>	<b>\$ (34,387,306)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
Component Units:										
Summer County School Department	\$ 230,254,526	\$ 7,778,489	\$ 25,662,705	\$ 19,840	\$ 0	\$ (196,793,492)	\$ 0	\$ 0	\$ 0	\$ 0
Summer County Regional Airport Authority	531,798	219,161	0	1,071,401	0	0	758,764	0	0	0
Summer County Emergency Communications District	912,687	410,840	1,119,651	0	0	0	0	617,804	0	0
The Resource Authority in Summer County, Tennessee	4,026,952	3,742,992	72,105	0	0	0	0	0	(211,855)	0
<b>Total Component Units</b>	<b>\$ 235,725,963</b>	<b>\$ 12,151,482</b>	<b>\$ 26,854,461</b>	<b>\$ 1,091,241</b>	<b>\$ 0</b>	<b>\$ (196,793,492)</b>	<b>\$ 758,764</b>	<b>\$ 617,804</b>	<b>\$ (211,855)</b>	<b>\$ 0</b>

(Continued)

Exhibit B

Sumner County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Component Units				The Resource Authority in Sumner County, Tennessee	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Sumner County School Department	Sumner County			Sumner County Emergency Communications District
							Regional Airport Authority	Sumner County		
General Revenues:										
Taxes:										
Property Taxes Levied for General Purposes		\$ 18,530,594			\$ 48,562,376	\$ 0	\$ 0	\$ 0	\$ 0	0
Property Taxes Levied for Debt Service		14,573,903			0	0	0	0	0	0
Local Option Sales Tax		5,804,951			11,560,278	0	0	0	0	0
Wheel Tax		1,798,154			4,195,481	0	0	0	0	0
Interstate Telecommunications Tax		3,676			6,706	0	0	0	0	0
Business Tax		1,305,635			0	0	0	0	0	0
Adequate Facilities/Development Tax		945,192			0	0	0	0	0	0
Hotel/Motel Tax		351,026			0	0	0	0	0	0
Wholesale Beer Tax		469,442			0	0	0	0	0	0
Litigation Tax		636,195			0	0	0	0	0	0
Mineral Severance Tax		150,302			0	0	0	0	0	0
Beer Privilege Tax		1,868			0	0	0	0	0	0
Grants and Contributions Not Restricted to Specific Programs		1,955,140			116,889,086	0	0	0	0	0
Unrestricted Investment Earnings		957,121			8,038	4,983	26,744	1,584	2,000	1,584
Gain on Sale of Capital Assets		0			0	0	0	0	0	0
Miscellaneous		210,805			348,404	0	19,877	40,747	40,747	40,747
Total General Revenues		\$ 47,694,004			\$ 181,570,369	\$ 4,983	\$ 46,621	\$ 44,331		
Special Item		0			0	0	0	0	0	14,430
Change in Net Assets		\$ 13,306,698			\$ (15,223,123)	\$ 763,747	\$ 664,425	\$ (153,094)		
Net Assets (Deficit), July 1, 2010		(15,965,156)			245,510,891	4,916,546	2,341,474	1,722,298		
Prior-period Adjustment		5,361,340			(166,002)	0	0	0		
Net Assets, June 30, 2011		\$ 2,702,882			\$ 230,121,766	\$ 5,680,293	\$ 3,005,899	\$ 1,569,204		

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

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	Governmental Funds	
Cash	\$ 590	\$ 0	\$ 0	\$ 35,000	\$ 82,447	\$ 118,037	
Equity in Pooled Cash and Investments	30,655,962	3,308,461	13,037,948	1,898,262	682,846	49,583,479	
Accounts Receivable	1,521,944	7,481	1,910	0	29,464	1,560,799	
Allowance for Uncollectibles	(790,885)	0	0	0	0	(790,885)	
Due from Other Governments	1,775,109	1,005,559	1,010,410	21,654	0	3,812,732	
Due from Other Funds	150,596	1,981	0	0	0	152,577	
Property Taxes Receivable	18,915,213	720,090	7,869,427	7,543,922	0	35,048,652	
Allowance for Uncollectible Property Taxes	(642,175)	(24,447)	(389,585)	(133,702)	0	(1,189,909)	
Accrued Interest Receivable	239	0	81,092	0	0	81,331	
Notes Receivable - Long-term	0	0	265,000	0	0	265,000	
Total Assets	\$ 51,586,593	\$ 5,019,125	\$ 21,876,202	\$ 9,365,136	\$ 794,757	\$ 88,641,813	

ASSETS

LIABILITIES AND FUND BALANCES

Accounts Payable	\$ 349,851	\$ 530,702	\$ 13,768	\$ 19,288	\$ 18,099	\$ 931,708
Accrued Payroll	995	54,501	0	0	0	55,496
Due to Other Funds	1,618	0	4,114	0	150,959	156,691
Due to Litigants, Heirs, and Others	0	0	0	0	2,859	2,859
Deferred Revenue - Current Property Taxes	17,869,564	680,283	7,151,065	7,410,220	0	33,111,132
Deferred Revenue - Delinquent Property Taxes	365,612	13,919	297,925	0	0	677,456
Other Deferred Revenues	952,929	437,436	511,905	2,366	6,980	1,911,616
Total Liabilities	\$ 19,540,569	\$ 1,716,841	\$ 7,978,777	\$ 7,431,874	\$ 178,897	\$ 36,846,958

(Continued)

Exhibit C-1

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other			
					Governmental Funds	Governmental Funds		
<b>LIABILITIES AND FUND BALANCES (CONT.)</b>								
<b>Fund Balances</b>								
Restricted:								
Restricted for General Government	\$ 133,355	\$ 0	\$ 0	\$ 0	\$ 0	\$ 358,906	\$ 492,261	
Restricted for Finance	6,558	0	0	0	0	0	6,558	
Restricted for Administration of Justice	586,890	0	0	0	0	63,211	650,101	
Restricted for Public Safety	94,448	0	0	0	0	193,743	288,191	
Restricted for Highways/Public Works	0	3,302,284	0	0	0	0	3,302,284	
Restricted for Debt Service	0	0	11,073,027	0	0	0	11,073,027	
Restricted for Capital Projects	0	0	0	1,933,262	0	0	1,933,262	
Restricted for Other Purposes	5,086	0	0	0	0	0	5,086	
Committed:								
Committed for General Government	18,926,244	0	0	0	0	0	18,926,244	
Committed for Highways/Public Works	60,592	0	0	0	0	0	60,592	
Committed for Debt Service	0	0	2,824,398	0	0	0	2,824,398	
Committed for Capital Projects	110,714	0	0	0	0	0	110,714	
Assigned:								
Assigned for General Government	20,589	0	0	0	0	0	20,589	
Assigned for Public Safety	10,928	0	0	0	0	0	10,928	
Unassigned	12,090,620	0	0	0	0	0	12,090,620	
<b>Total Fund Balances</b>	<b>\$ 32,046,024</b>	<b>\$ 3,302,284</b>	<b>\$ 13,897,425</b>	<b>\$ 1,933,262</b>	<b>\$ 615,860</b>	<b>\$ 51,794,855</b>		
<b>Total Liabilities and Fund Balances</b>	<b>\$ 51,586,593</b>	<b>\$ 5,019,125</b>	<b>\$ 21,876,202</b>	<b>\$ 9,365,136</b>	<b>\$ 794,757</b>	<b>\$ 88,641,813</b>		

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

Exhibit C-2

Sumner County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Assets  
June 30, 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)		\$ 51,794,855
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 3,667,743	
Add: construction in progress	410,825	
Add: buildings and improvements net of accumulated depreciation	43,292,484	
Add: other capital assets net of accumulated depreciation	5,107,894	
Add: infrastructure net of accumulated depreciation	31,641,354	
Add: intangibles net of accumulated depreciation	73,338	
Less: capital assets of the internal service fund that are also included in item (2) below	<u>(29,446)</u>	84,164,192
(2) An internal service fund is used by management to charge the cost of liability and workers' compensation insurance and employee health and dental benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.		(933,538)
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (128,105,000)	
Less: other deferred revenue - premium on debt	(14,947,716)	
Less: accrued interest on bonds	(499,092)	
Less: compensated absences payable	(920,255)	
Less: other postemployment benefits liability	(1,276,675)	
Add: deferred amount on refunding debt	9,937,671	
Add: deferred charges - debt issuance costs	<u>899,368</u>	(134,911,699)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>2,589,072</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 2,702,882</u>

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

Exhibit C-3

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

	Major Funds					Nonmajor Funds	Other Governmental Funds	Total Governmental Funds
	General	Highway/ Public Works	General Debt Service	General Capital Projects	General			
<u>Revenues</u>								
Local Taxes	\$ 20,334,791	\$ 2,635,665	\$ 21,619,018	\$ 0	\$ 0	\$ 408,753	\$ 44,998,227	
Licenses and Permits	467,719	0	0	0	0	13,500	481,219	
Fines, Forfeitures, and Penalties	689,967	0	0	0	0	57,817	747,784	
Charges for Current Services	5,889,575	358	0	0	0	205,242	6,095,175	
Other Local Revenues	627,362	132,274	873,393	0	0	22,776	1,655,805	
Fees Received from County Officials	7,235,211	0	0	0	0	0	7,235,211	
State of Tennessee	4,863,906	3,285,731	0	0	0	0	8,149,637	
Federal Government	497,302	1,355,174	0	0	0	4,765	1,857,241	
Other Governments and Citizens Groups	279,513	0	0	0	0	0	279,513	
Total Revenues	\$ 40,885,346	\$ 7,409,202	\$ 22,492,411	\$ 0	\$ 0	\$ 712,853	\$ 71,499,812	
<u>Expenditures</u>								
Current:								
General Government	\$ 4,707,259	\$ 0	\$ 0	\$ 0	\$ 0	\$ 596,548	\$ 5,303,807	
Finance	3,976,851	0	0	0	0	0	3,976,851	
Administration of Justice	3,558,947	0	0	0	0	30,866	3,589,813	
Public Safety	15,822,906	0	0	0	0	14,361	15,837,267	
Public Health and Welfare	9,166,057	0	0	0	0	0	9,166,057	
Social, Cultural, and Recreational Services	1,724,201	0	0	0	0	0	1,724,201	
Agriculture and Natural Resources	435,996	0	0	0	0	0	435,996	
Other Operations	2,046,445	0	0	0	0	0	2,046,445	
Highways	3,720	5,891,909	0	0	0	0	5,895,629	
Debt Service:								
Principal on Debt	0	0	8,980,000	0	0	0	8,980,000	
Interest on Debt	0	0	6,461,300	0	0	0	6,461,300	
Other Debt Service	0	0	1,121,775	0	0	0	1,121,775	
Capital Projects	0	0	0	5,241,996	0	158,656	5,400,652	
Total Expenditures	\$ 41,442,382	\$ 5,891,909	\$ 16,563,075	\$ 5,241,996	\$ 0	\$ 800,431	\$ 69,939,793	
Excess (Deficiency) of Revenues Over Expenditures	\$ (557,036)	\$ 1,517,293	\$ 5,929,336	\$ (5,241,996)	\$ 0	\$ (87,578)	\$ 1,560,019	

(Continued)

Exhibit C-3

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	Other Governmental Funds		
<u>Other Financing Sources (Uses)</u>								
Refunding Debt Issued	\$ 0	\$ 0	\$ 112,210,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 112,210,000
Premiums on Debt Issued	0	0	14,147,913	0	0	0	0	14,147,913
Insurance Recovery	20,508	0	0	0	0	0	0	20,508
Transfers In	367,366	0	0	0	0	9,750	0	377,116
Transfers Out	0	0	(9,750)	(81,564)	0	(60,592)	0	(151,906)
Payments to Refunded Debt Escrow Agent	0	0	(125,602,877)	0	0	0	0	(125,602,877)
Total Other Financing Sources (Uses)	\$ 387,874	\$ 0	\$ 745,286	\$ (81,564)	\$ (50,842)	\$ (50,842)	\$ (50,842)	\$ 1,000,754
Net Change in Fund Balances	\$ (169,162)	\$ 1,517,293	\$ 6,674,622	\$ (5,323,560)	\$ (138,420)	\$ (138,420)	\$ (138,420)	\$ 2,560,773
Fund Balance, July 1, 2010	32,215,186	1,784,991	7,222,803	7,256,822	754,280	754,280	754,280	49,234,082
Fund Balance, June 30, 2011	\$ 32,046,024	\$ 3,302,284	\$ 13,897,425	\$ 1,933,262	\$ 615,860	\$ 615,860	\$ 615,860	\$ 51,794,855

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

Exhibit C-4

Sumner County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 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)		\$ 2,560,773
(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	\$ 7,524,116	
Less: current-year depreciation expense	<u>(6,145,119)</u>	1,378,997
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		(55,140)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2010	\$ (2,521,579)	
Add: deferred delinquent property taxes and other deferred June 30, 2011	<u>2,589,072</u>	67,493
(4) The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: refunding bond proceeds	\$ (112,210,000)	
Less: change in premium on debt issuances	(8,757,537)	
Add: change in deferred amount on refunding debt	9,937,671	
Add: change in deferred debt issuance costs	367,565	
Add: payment to refunding agent	112,625,000	
Add: principal payments on bonds	<u>8,980,000</u>	10,942,699
(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	\$ 39,350	
Change in other postemployment benefits liability	(415,764)	
Change in compensated absences payable	<u>(6,714)</u>	(383,128)
(6) An internal service fund is used by management to charge the cost of liability and workers' compensation insurance and employee health and dental benefits to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		<u>(1,204,996)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 13,306,698</u>

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

Exhibit D-1

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

Governmental  
 Activities -  
 Internal  
 Service Fund  
Self-  
 Insurance  
 Fund

ASSETS

Current Assets:	
Equity in Pooled Cash and Investments	\$ 1,900,144
Due from Other Governments	596
Due from Other Funds	4,114
Total Current Assets	<u>\$ 1,904,854</u>
Noncurrent Assets:	
Capital Assets:	
Buildings and Improvements Net of Accumulated Depreciation	\$ 29,446
Total Noncurrent Assets	<u>\$ 29,446</u>
Total Assets	<u>\$ 1,934,300</u>

LIABILITIES

Current Liabilities:	
Claims and Judgments Payable	\$ 2,691,187
Accounts Payable	176,651
Total Current Liabilities	<u>\$ 2,867,838</u>
Total Liabilities	<u>\$ 2,867,838</u>

NET ASSETS

Unrestricted (Deficit)	<u>\$ (933,538)</u>
Total Net Assets (Deficit)	<u>\$ (933,538)</u>

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

Exhibit D-2

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

	Governmental Activities - Internal Service Fund
	<u>Self- Insurance Fund</u>
<u>Operating Revenues</u>	
Charges for Current Services:	
Self-Insurance Premiums/Contributions	\$ 21,782,596
Other Local Revenues	427,936
Total Operating Revenues	<u>\$ 22,210,532</u>
<u>Operating Expenses</u>	
Employee Benefits:	
Risk Management	\$ 1,993,364
Handling Charges and Administrative Costs	869,955
Dental Insurance	88,556
Claims	20,222,354
Depreciation Expense	3,365
Other Charges	57,675
Total Operating Expenses	<u>\$ 23,235,269</u>
Operating Income (Loss)	<u>\$ (1,024,737)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 4,830
Total Nonoperating Revenues (Expenses)	<u>\$ 4,830</u>
Income (Loss) Before Transfers	\$ (1,019,907)
Transfers Out	<u>(185,089)</u>
Change in Net Assets	\$ (1,204,996)
Net Assets, July 1, 2010	<u>271,458</u>
Net Assets (Deficit), June 30, 2011	<u><u>\$ (933,538)</u></u>

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

Exhibit D-3

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

	Governmental Activities - Internal Service Fund <u>Self Insurance Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 22,023,859
Payments to Suppliers	(869,955)
Claims Paid	(20,080,574)
Other Receipts (Payments)	(1,623,103)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (549,773)</u>
<u>Cash Flows from Investing Activities</u>	
Investment Income	\$ 4,830
Net Cash Provided By (Used In) Investing Activities	<u>\$ 4,830</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	\$ (185,089)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (185,089)</u>
Net Increase (Decrease) In Cash	\$ (730,032)
Cash, July 1, 2010	<u>2,630,176</u>
Cash, June 30, 2011	<u>\$ 1,900,144</u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (1,024,737)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Change in Assets and Liabilities:	
Depreciation Expense	3,365
(Increase) Decrease in Accounts Receivable	44,324
(Increase) Decrease in Due from Other Governments	15,829
(Increase) Decrease in Due from Other Funds	181,032
(Increase) Decrease in Accrued Interest Receivable	78
Increase (Decrease) in Accounts Payable	(218,088)
Increase (Decrease) in Claims and Judgments Payable	448,424
Net Cash Provided By (Used In) Operating Activities	<u>\$ (549,773)</u>

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

Exhibit E

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 5,578,606
Equity in Pooled Cash and Investments	945,484
Due from Other Governments	<u>2,714,913</u>
Total Assets	<u>\$ 9,239,003</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 2,714,913
Due to State of Tennessee	351,148
Due to Litigants, Heirs, and Others	5,319,831
Due to Joint Ventures	<u>853,111</u>
Total Liabilities	<u>\$ 9,239,003</u>

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

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

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

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

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

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

Administrative Offices:

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

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

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

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

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

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

the primary government is financially accountable. The Sumner County School Department component unit only reports governmental activities in the government-wide financial statements.

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

Sumner County issues most debt for the discretely presented Sumner County School Department. No debt issues were contributed by the county to the School Department during the year ended June 30, 2011.

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

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

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

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

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds. Major individual governmental funds

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

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

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

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

Sumner County reports the following major governmental funds:

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

**Highway/Public Works Fund** – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel 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 accounts for general capital expenditures of the county and the Sumner County School Department.

Additionally, Sumner County reports the following fund types:

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

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

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

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

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

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

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

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

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

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 consists of cash on deposit with the county trustee.

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

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

in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

## **2. Receivables and Payables**

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

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

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

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

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

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the

following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

Most payables are disaggregated on the face of the financial statements. Claims and judgments payable totaling \$2,691,187 are discussed in Note V.A. Risk Management.

**3. Capital Assets**

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

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

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

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

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

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

**4. Compensated Absences**

It is the county's and the discretely presented School Department's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the county and the School Department do not have a policy to pay any amounts when employees separate from service with the

government. All vacation pay is accrued when incurred in the government-wide financial statements for the county and the School Department. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

**5. Long-term Obligations**

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

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

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

**6. Net Assets and Fund Equity**

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2011, Sumner County had \$123,473,237 in outstanding debt for capital purposes for the discretely presented Sumner County School Department. This debt is a liability of Sumner County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Sumner County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report 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 nor committed (excluding stabilization arrangements). The county's Budget Committee and the Board of Education are authorized bodies to make assignments.

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.

**7. Prior-period Adjustments**

Capital assets of the primary government were restated \$5,361,340 at the government-wide level because various buildings, land, and equipment had been omitted.

Capital assets of the discretely presented School Department were restated \$166,002 from the prior year because several pieces of land were determined to be the primary government's instead of the School Department's.

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

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

**Primary Government**

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

**Discretely Presented Sumner County School Department**

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

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

**Primary Government**

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

## **Discretely Presented Sumner County School Department**

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

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

#### **A. Budgetary Information**

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

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

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

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

At June 30, 2011, Sumner County and the Sumner County School Department reported the following significant encumbrances:

Funds	Description	Amount
Primary Government		
Major Fund:		
General	Station Camp Greenway	\$ 244,034
School Department:		
Major Fund:		
General Purpose School	Textbooks	2,340,716
Nonmajor Fund:		
School Federal Projects	Buses	101,000

**B. Net Assets Deficit**

The Employee Insurance - Health Fund (internal service fund) had a deficit in unrestricted net assets of \$933,538 at June 30, 2011. This deficit resulted from an increase in medical claims and estimates.

**C. Cash Shortages (Prior- and Current-Years)**

The audit of Sumner County for the 2009-10 year reported that on June 4, 2010, the School Department's internal auditor informed us that an employee had purchased personal items with school funds. A review of the records revealed questionable purchases of at least \$657.84. On June 7, 2010, the director of the school daycare advised the internal auditor that she had purchased personal items with school funds. The School Department terminated the employment of the daycare director on June 8, 2010. On January 14, 2011, the former employee pled guilty to one count of theft of property over \$500. The former employee was sentenced to one year probation and ordered to pay restitution to the Sumner County School Board totaling \$657.84. On February 15, 2011, the former employee paid restitution of \$657.84 to the Board of Education.

As of the date of the 2011 audit report, an ongoing investigation was being conducted at the Office of Director of Schools. The School Department's internal auditor informed us that an employee had purchased personal items with school funds. The employee turned herself into police on February 20, 2012, and was charged with one count of theft over \$10,000. Due to the ongoing investigation, the amount of the missing funds could not be determined as of the date of the audit report.

**D. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the County Commission in the Board of Equalization major appropriations category (the legal level of control) of the General Fund by \$2,600. Expenditures that exceed appropriations are a violation of state statutes. This expenditure in excess of appropriations was funded by available fund balance.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

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

##### Deposits

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

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

##### 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, Sumner County had the following investments carried at fair value or cost. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Sumner County and the discretely presented Sumner County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 5,513,533

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

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Sumner County has no investment policy that would further limit its investment choices. As of June 30, 2011, Sumner County’s investment in the State Treasurer’s Investment Pool was unrated.

**B. Notes Receivable**

The General Debt Service Fund had a long-term notes receivable of \$265,000 on June 30, 2011, from financing airport construction projects for the discretely presented Sumner County Regional Airport Authority and is included in the restricted fund balance account.

**C. Capital Assets**

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

**Primary Government (includes Internal Service Fund)**

**Governmental Activities:**

	* Restated			
	Balance			Balance
	7-1-10	Increases	Decreases	6-30-11
Capital Assets Not Depreciated:				
Land	\$ 3,660,667	\$ 7,076	\$ 0	\$ 3,667,743
Construction in Progress	237,565	410,825	(237,565)	410,825
Total Capital Assets Not Depreciated	<u>\$ 3,898,232</u>	<u>\$ 417,901</u>	<u>\$ (237,565)</u>	<u>\$ 4,078,568</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 56,435,972	\$ 2,932,287	\$ 0	\$ 59,368,259
Infrastructure	65,230,755	3,340,622	(9,159,634)	59,411,743
Intangibles	366,687	0	0	366,687
Other Capital Assets	15,539,741	1,070,871	(845,143)	15,765,469
Total Capital Assets Depreciated	<u>\$ 137,573,155</u>	<u>\$ 7,343,780</u>	<u>\$ (10,004,777)</u>	<u>\$ 134,912,158</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 14,071,837	\$ 2,003,938	\$ 0	\$ 16,075,775
Infrastructure	34,124,609	2,763,014	(9,117,234)	27,770,389
Intangibles	220,012	73,337	0	293,349
Other Capital Assets	10,181,783	1,308,195	(832,403)	10,657,575
Total Accumulated Depreciation	<u>\$ 58,598,241</u>	<u>\$ 6,148,484</u>	<u>\$ (9,949,637)</u>	<u>\$ 54,797,088</u>
Total Capital Assets Depreciated, Net	<u>\$ 78,974,914</u>	<u>\$ 1,195,296</u>	<u>\$ (55,140)</u>	<u>\$ 80,115,070</u>
Governmental Activities Capital Assets, Net	<u>\$ 82,873,146</u>	<u>\$ 1,613,197</u>	<u>\$ (292,705)</u>	<u>\$ 84,193,638</u>

\* See Note I.D.7. for prior-period adjustment.

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

**Governmental Activities:**

General Government	\$ 430,885
Finance	21,422
Administration of Justice	28,344
Public Safety	1,506,467
Public Health and Welfare	533,160
Social, Cultural, and Recreational Services	448,468
Agriculture and Natural Resources	4,799
Highway/Public Works	<u>3,174,939</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 6,148,484</u></u>

**Discretely Presented Sumner County School Department**

**Governmental Activities:**

	*Restated			
	Balance			Balance
	7-1-10	Increases	Decreases	6-30-11
	<hr/>			
Capital Assets Not Depreciated:				
Land	\$ 8,372,274	\$ 0	\$ 0	\$ 8,372,274
Construction in Progress	4,706,131	2,618,725	(4,078,977)	3,245,879
Total Capital Assets Not Depreciated	<u>\$ 13,078,405</u>	<u>\$ 2,618,725</u>	<u>\$ (4,078,977)</u>	<u>\$ 11,618,153</u>
 Capital Assets Depreciated:				
Buildings and Improvements	\$ 364,905,584	\$ 4,697,968	\$ (1,024,431)	\$ 368,579,121
Other Capital Assets	21,163,945	191,031	(783,836)	20,571,140
Total Capital Assets Depreciated	<u>\$ 386,069,529</u>	<u>\$ 4,888,999</u>	<u>\$ (1,808,267)</u>	<u>\$ 389,150,261</u>
 Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 140,033,528	\$ 10,557,165	\$ (706,877)	\$ 149,883,816
Other Capital Assets	15,850,319	1,715,028	(783,836)	16,781,511
Total Accumulated Depreciation	<u>\$ 155,883,847</u>	<u>\$ 12,272,193</u>	<u>\$ (1,490,713)</u>	<u>\$ 166,665,327</u>

**Governmental Activities (Cont.):**

	*Restated Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Total Capital Assets				
Depreciated, Net	\$ 230,185,682	\$ (7,383,194)	\$ (317,554)	\$ 222,484,934
Governmental Activities				
Capital Assets, Net	\$ 243,264,087	\$ (4,764,469)	\$ (4,396,531)	\$ 234,103,087

\* See Note I.D.7. for prior-period adjustment.

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

**Governmental Activities:**

Support Services	\$ 12,062,521
Operation of Non-Instructional Services	<u>209,672</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 12,272,193</u>

**D. Construction Commitments**

At June 30, 2011, the General Capital Projects Fund had uncompleted construction contracts of \$306,732 for the renovation of county and school facilities. Funding has been received for these future expenditures.

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

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

**Primary Government:**

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 150,596
Highway/Public Works	General	1,618
"	Nonmajor governmental	363
Internal Service	General Debt Service	4,114

**Discretely Presented Sumner County School Department:**

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
Nonmajor governmental	General Purpose School	\$ 2,180

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

**Interfund Transfers:**

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

**Primary Government**

Transfers Out	Transfers In	
	General Fund	Nonmajor Governmental Fund
General Capital Projects	\$ 81,564	\$ 0
Nonmajor governmental fund	60,592	0
Internal service fund	185,089	0
Fiduciary fund	40,121	0
General Debt Service	0	9,750
<b>Total</b>	<b>\$ 367,366</b>	<b>\$ 9,750</b>

**Discretely Presented Sumner County School Department**

Transfer Out	Transfer In
	General Purpose School Fund
Nonmajor governmental fund	\$ 62,234

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

**F. Capital Leases**

Discretely Presented Sumner County School Department

On September 1, 2010, the Sumner County School Department entered into a five-year lease-purchase agreement for trash compactors. The terms of the agreement require total lease payments of \$45,225 plus interest of 6.94 percent. Title to the equipment transfers to the Sumner County School Department at the end of the lease period. The lease payments are made from the General Purpose School Fund.

On April 8, 2011, the Sumner County School Department entered into a five-year lease-purchase agreement for trash compactors. The terms of the agreement require total lease payments of \$155,700 plus interest of 4.81 percent. Title to the equipment transfers to the Sumner County School Department at the end of the lease period. The lease payments are made from the General Purpose School Fund.

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Other Capital Assets	\$ 200,925
Less: Accumulated Depreciation	<u>(7,661)</u>
Total Book Value	<u>\$ 193,264</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2011, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2012	\$ 45,625
2013	45,625
2014	45,625
2015	45,625
2016	<u>24,202</u>
Total Minimum Lease Payments	\$ 206,702
Less: Amount Representing Interest	<u>(22,996)</u>
Present Value of Minimum Lease Payments	<u>\$ 183,706</u>

**G. Long-term Debt**

**Primary Government**

**General Obligation Bonds**

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

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding were issued for original terms of up to 12 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2011, will be retired from the General Debt Service Fund.

General obligation bonds outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bonds	2.83 %	\$ 6,555,000	\$ 6,555,000
General Obligation Bonds - School Refunding	2.86 to 3.79	207,460,000	121,550,000

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2011, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 12,990,000	\$ 5,989,099	\$ 18,979,099
2013	8,340,000	5,256,888	13,596,888
2014	8,750,000	4,845,138	13,595,138
2015	9,180,000	4,415,138	13,595,138
2016	9,535,000	4,058,138	13,593,138
2017-2021	54,030,000	13,945,427	67,975,427
2022-2023	25,280,000	1,911,500	27,191,500
<b>Total</b>	<b>\$ 128,105,000</b>	<b>\$ 40,421,328</b>	<b>\$ 168,526,328</b>

There is \$13,897,425 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$797, 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:	Bonds	Claims and Judgments
Balance, July 1, 2010	\$ 137,500,000	\$ 2,242,763
Additions	112,210,000	20,310,910
Deductions	(121,605,000)	(19,862,486)
Balance, June 30, 2011	<u>\$ 128,105,000</u>	<u>\$ 2,691,187</u>
Balance Due Within One Year	<u>\$ 12,990,000</u>	<u>\$ 2,691,187</u>
	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2010	\$ 913,541	\$ 860,911
Additions	1,493,715	574,677
Deductions	(1,487,001)	(158,913)
Balance, June 30, 2011	<u>\$ 920,255</u>	<u>\$ 1,276,675</u>
Balance Due Within One Year	<u>\$ 920,255</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 132,993,117
Less: Due Within One Year	(16,601,442)
Add: Unamortized Premium on Debt	14,947,716
Less: Deferred Amount on Refunding	<u>(9,937,671)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 121,401,720</u>

The internal service fund primarily serves the governmental funds. Accordingly, long-term liabilities for the internal service fund are included as part of the above totals for governmental activities. Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Advance Refunding

On May 17, 2011, Sumner County advance refunded several general obligation bond issues with a separate general obligation bond issue. The county issued \$112,210,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments were restructured to lengthen the term of bonds over the next 12 years. Therefore, total debt service payments increased and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) was not obtained.

Discretely Presented Sumner County School Department

Capital leases outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
Capital Leases	4.81 to 6.94 %	\$ 200,925	\$ 183,706

Debt per capita totaled \$1, based on the 2010 federal census.

Changes in Long-term Liabilities

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

Governmental Activities:

	Capital Leases	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2010	\$ 0	\$ 2,036,094	\$ 15,238,420
Additions	200,925	1,413,147	9,956,817
Deductions	(17,219)	(1,409,103)	(2,946,705)
Balance, June 30, 2011	<u>\$ 183,706</u>	<u>\$ 2,040,138</u>	<u>\$ 22,248,532</u>
Balance Due Within One Year	<u>\$ 36,869</u>	<u>\$ 306,021</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 24,472,376
Less: Due Within One Year	<u>(342,890)</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 24,129,486</u>
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Compensated absences and other postemployment benefits will be paid from the General Purpose School and School Federal Projects funds.

**H. Pledges of Receivables and Future Revenues**

The Sumner County Commission and the City of Hendersonville permitted the Industrial Development Board of the City of Hendersonville, Tennessee, to pledge all tax incremental financing (TIF) revenues based on an Economic Impact Plan for the Indian Lake Village Economic Development Area for up to 30 years. These revenues are pledged for the payment of \$15,000,000 of adjustable rate tax-exempt tax increment bonds (Series 2007A) and \$3,000,000 of adjustable rate taxable tax increment bonds (Series 2007B) and other debt related costs. The two series of bonds were issued on March 29, 2007, with final maturities of May 1, 2036. These bonds were to complete the "project," which consisted of a four-lane divided median east/west connector road running parallel to Vietnam Veterans Parkway between Saundersville Road and Indian Lake Boulevard in Hendersonville, including water, sewer, electric and storm sewer utilities that are included as part of the road construction, a bridge across Drakes Creek in Hendersonville, as a continuation of the connector road, and a public park consisting of approximately 22 acres, of which four acres will be dedicated to the new Hendersonville Public Library. Additionally, these bond proceeds were also used to pay for certain costs of issuance in connection with the bonds and the payment of certain capitalized interest costs of the bonds. In addition to the bonds, these transactions also encompassed two irrevocable letters of credit, two interest rate swaps, and various other contractual agreements.

Sumner County is not liable for the bonds, swaps, or letters of credit in the event of a default. Sumner County's only responsibility under the agreement is to collect and remit all tax incremental financing revenues to the Industrial Development Board. Additional information about the debt and related financing agreements can be obtained from the Industrial Development Board of the City of Hendersonville, Tennessee, located at 101 Maple Drive North, Hendersonville, Tennessee. A summary of TIF revenues compared with Industrial Development Board expenditures under the agreement is presented as follows:

	Year Ended 6-30-11	Cummulative Through 6-30-11
TIF Revenues	\$ 1,715,393	\$ 3,719,033
Debt Service and Related Costs	<u>(1,628,533)</u>	<u>(6,348,266)</u>
Difference	<u>\$ 86,860</u>	<u>\$ (2,629,233)</u>

The cumulative difference between TIF revenues remitted by Sumner County and the debt service and related costs paid by the Industrial Development Board of \$2,629,233 is accounted for as follows: Debt issuance costs of \$741,716 was funded from bond proceeds. An additional \$34,000 was paid directly from the project construction account. The project construction account transferred \$2,004,035 as capitalized interest to service the debt, and the letter of credit (operating) account had a balance of \$150,518 at June 30, 2011.

Total outstanding principal on the bonded debt totaled \$17,500,000 at June 30, 2011.

#### **I. On-Behalf Payments**

##### **Primary Government**

The State of Tennessee pays health insurance premiums for some retired employees on-behalf of Sumner 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 \$9,297. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

##### **Discretely Presented Sumner County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Sumner 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 \$641,627 and \$88,806, 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

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

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

Self-Insurance Fund

Fiscal Year	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2009-2010	\$ 3,228,895	\$ 19,340,717	\$ (20,326,849)	\$ 2,242,763
2010-2011	2,242,763	20,310,910	(19,862,486)	2,691,187

For its certified personnel, the discretely presented Sumner County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *Tennessee Code Annotated (TCA)*, all local education

agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

**B. Accounting 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. Sumner County and the Sumner County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

**C. Subsequent Events**

On October 14, 2011, Sumner County internally financed capital outlay notes totaling \$1,870,872 for an emergency communications software system for the Sumner County Emergency Communications District.

On November 1, 2011, Sumner County internally financed capital outlay notes totaling \$190,609 for an emergency communications software system for the courthouse and jail.

On February 27, 2012, the Sumner County Commission approved a resolution to send a private act to the Tennessee General Assembly to replace the County Financial Management System of 1981.

**D. Contingent Liabilities**

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

**E. Changes in Administration**

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

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

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

**F. Joint Venture**

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

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

Administrative Office:

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

**G. Retirement Commitments**

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

Plan Description

Employees of Sumner County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who

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

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

#### Funding Policy

Sumner County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 13.98 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 \$6,712,468 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	\$6,712,468	100%	\$0
6-30-10	6,065,552	100	0
6-30-09	6,151,838	100	0

**Funded Status and Funding Progress**

As of July 1, 2009, the most recent actuarial valuation date, the plan was 83.14 percent funded. The actuarial accrued liability for benefits was \$112 million, and the actuarial value of assets was \$93 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$19 million. The covered payroll (annual payroll of active employees covered by the plan) was \$46 million, and the ratio of the UAAL to the covered payroll was 40.73 percent.

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

The 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 Sumner County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries.

Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. 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 SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230, or can be accessed at [www.tn.gov/treasury/tcrs/Schools](http://www.tn.gov/treasury/tcrs/Schools).

### Funding Policy

Most teachers are required by state statute to contribute five percent of their 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 \$9,285,156, \$6,393,837, and \$6,166,457, respectively, equal to the required contributions for each year.

## **2. Deferred Compensation – Primary Government**

Sumner County offers its employees a deferred compensation plan pursuant to IRC Section 457. All costs of administering and funding this program is the responsibility of plan participants. The Section 457 plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 457 establishes participation, contribution, and withdrawal provisions for the plans.

**3. Deferred Compensation – Discretely Presented Sumner County School Department**

The Sumner County School Department offers its employees two deferred compensation plans, one established pursuant to IRC Section 457 and the other pursuant to IRC Section 403(b). All costs of administering and funding these programs are the responsibility of plan participants. The Section 457 and the Section 403(b) plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Sections 457 and 403(b) establish participation, contribution, and withdrawal provisions for the plans.

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

Self-Insurance Plan

Plan Description

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

Funding Policy

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

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

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

Consolidated Retirement Service (TCRS) or have 30 years (regardless of age) of verified TCRS. The School Department pays 70 percent of medical premiums for retirees who had insurance coverage during the last three years of employment. Retirees receive one-year of coverage for every three years worked at the School Department with a maximum coverage of ten years or until eligible for Medicare, whichever comes first.

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

Sumner County and the Sumner County School Department made contributions totaling \$516,166 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Primary Government	School Department	Total
ARC	\$ 294,733	\$ 782,599	\$ 1,077,332
Interest on the NPO	26,662	34,691	61,353
Adjustment to the ARC	(29,371)	(38,308)	(67,679)
Annual OPEB cost	\$ 292,024	\$ 778,982	\$ 1,071,006
Amount of contribution	(154,850)	(361,316)	(516,166)
Increase/decrease in NPO	\$ 137,174	\$ 417,666	\$ 554,840
Net OPEB obligation, 7-1-10	586,024	998,847	1,584,871
Net OPEB obligation, 6-30-11	\$ 723,198	\$ 1,416,513	\$ 2,139,711

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Primary Government	\$ 262,000	18 %	\$ 449,902
6-30-10	"	277,268	51	586,024
6-30-11	"	292,024	53	723,198
6-30-09	School Department	622,000	68	577,119
6-30-10	"	751,068	44	998,847
6-30-11	"	778,982	46	1,416,513

## Funded Status and Funding Progress

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

	<u>Primary Government</u>	<u>School Department</u>
Actuarial valuation date	7-1-09	7-1-09
Actuarial accrued liability (AAL)	\$ 2,178,333	\$ 7,521,696
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,178,333	\$ 7,521,696
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 21,537,193	\$ 25,771,647
UAAL as a % of covered payroll	10%	29%

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

### Actuarial Methods and Assumptions

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

In the July 1, 2009, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of ten percent for 2009, grading down to six percent for 2017 and beyond. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over a 30-year period beginning with June 30, 2009.

## State Sponsored Local Education Group Insurance Plan and Medicare Supplement Plan

### Plan Description

Sumner County and the Sumner County School Department participate in the state-administered Local Education Group Insurance Plan and the Medicare Supplement Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees, and Section 8-27-701, *TCA*, for the Medicare Supplement. In previous fiscal 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 the 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 plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in the plan develop their own contribution policy in terms of subsidizing retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Sumner County and the Sumner County School Department made contributions totaling \$2,589,452 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan - Schools
ARC	\$ 6,295,000	\$ 2,849,000
Interest on the NPO	496,394	144,387
Adjustment to the ARC	(470,184)	(136,763)
Annual OPEB cost	\$ 6,321,210	\$ 2,856,624
Amount of contribution	(2,516,468)	(68,921)
Increase/decrease in NPO	\$ 3,804,742	\$ 2,787,703
Net OPEB obligation, 7-1-10	11,030,971	3,208,602
Net OPEB obligation, 6-30-11	\$ 14,835,713	\$ 5,996,305

	Supplement Plan - County	Total
ARC	\$ 282,000	\$ 9,426,000
Interest on the NPO	12,370	653,151
Adjustment to the ARC	(11,717)	(618,664)
Annual OPEB cost	\$ 282,653	\$ 9,460,487
Amount of contribution	(4,063)	(2,589,452)
Increase/decrease in NPO	\$ 278,590	\$ 6,871,035
Net OPEB obligation, 7-1-10	274,887	14,514,460
Net OPEB obligation, 6-30-11	\$ 553,477	\$ 21,385,495

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Local Education Group	\$ 5,636,420	35 %	\$ 7,363,340
6-30-10	"	6,300,496	42	11,030,971
6-30-11	"	6,321,210	40	14,835,713
6-30-09	Medicare Supplement - Schools	265,285	18	455,866
6-30-10	"	2,816,083	2	3,208,602
6-30-11	"	2,856,624	2	5,996,305

Fiscal Year Ended	Plans (Cont.)	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Medicare Supplement - County *	\$ 279,000	1 %	\$ 274,887
6-30-11	"	282,653	1	553,477

\* Data will be provided for three years when available.

#### Funded Status and Funding Progress

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

	Local Education Group Plan	Medicare Supplement Plan - Schools	Medicare Supplement Plan - County
Actuarial valuation date	7-1-10	7-1-10	7-1-10
Actuarial accrued liability (AAL)	\$ 50,102,000	\$ 26,777,000	\$ 2,346,000
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 50,102,000	\$ 26,777,000	\$ 2,346,000
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	\$ 98,212,287	\$ N/A	\$ N/A
UAAL as a % of covered payroll	51%	N/A	N/A

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

#### Actuarial Methods and Assumptions

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

In the July 1, 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 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. The annual healthcare premium trend rate for the Medicare Supplement Plans 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. Termination Benefits**

In 2010-2011, the discretely presented Sumner County School Department offered a voluntary retirement incentive for employees who will have 30 years of verified Tennessee Consolidated Retirement Service (TCRS), or have reached 60 years of age with a minimum of 20 years of verified teaching credit in TCRS and worked in the Sumner County school system for ten years. This incentive consists of a cash payment of \$15 per day for each sick day held by the employee at their retirement date. There is no limit to the number of accumulated days that employees can be paid under the program. During the year, five employees retired and received sick leave payments totaling \$17,048. At June 30, 2011, the School Department did not have a liability for unpaid termination benefits.

**J. Office of Central Accounting, Budgeting, and Purchasing**

On November 15, 2010, Sumner County adopted 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 director of finance. However, as discussed in the Schedule of Findings and Questioned Costs section of this report, the county is not in compliance with the act.

Instead, Sumner County operates under Chapter 113, Private Acts of 2002, as amended, which provides for a central system of accounting, budgeting, and purchasing covering all funds of the county. However, this private act also allows the Highway and School departments to perform any of the functions provided by the act. Effective June 17, 2002, the County Commission authorized the Highway Department to perform purchasing functions as provided by Section 54-7-113, *Tennessee Code Annotated*, and authorized the School Department to perform payroll, accounts payable, purchases, budgets, and ledgers for the School Department.

**K. Purchasing Laws**

Office of Finance Director

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

Office of Superintendent of Roads

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

Office of Director of Schools

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

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

**A. Organization and Reporting Entity**

The Sumner County Regional Airport Authority, a component unit of Sumner County, Tennessee, was established in 1981 in accordance with Resolution No. 1181-102 of the Sumner County Commission, pursuant to the Airport Authorities Act as set forth in *Tennessee Code Annotated*, Section 42-3-103. The governing board of the authority is selected by the authority as terms expire and confirmed by the Sumner County Board of County Commissioners. The authority's 11-member board consists of individuals who have the requisite aviation background or have a lifetime and/or an education background in the aviation field as well as members who are residents of the community. The authority is managed on a daily basis by a third-party administrator (see Note F.).

The authority meets the criteria set forth in generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board

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

## **B. Summary of Significant Accounting Policies**

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

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

**Cash, Cash Equivalents, and Investments** – For purposes of the Statement of Cash Flows, the authority considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. No cash equivalents were held by the authority as of June 30, 2011.

Per Tennessee statutes, bank accounts may only be established and maintained in financial institutions whose deposits are federally insured. Bank account balances (including checking and investment accounts combined) must not exceed the amount federally insured by the Federal Deposit Insurance Corporation (FDIC) unless the financial institution participates in the State Collateral Pool or pledges collateral for deposits in excess of the insured limits, and the collateral is maintained in accordance with state statutes. As of June 30, 2011, the authority's combined bank account balances exceeded FDIC insured limits by \$111,522. The financial institution does not participate in the State Collateral Pool but has pledged adequate collateral to cover the excess risk.

**Receivables** – Receivables are reported at their gross value when earned and reduced by the estimated portion that is expected to be uncollectible. The allowance for uncollectible amounts is based on collection history, aviation industry trends, and current information regarding the credit worthiness of the tenants and others doing business with the authority. When continued collection activity results in receipt of amounts previously

written off, revenue is recognized for the amount collected. The authority determined an allowance for uncollectible amounts was not needed as of June 30, 2011.

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

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

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

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

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

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

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

**Deferred Revenue** – The authority records hangar rent collected in advance of the months in which it is earned as deferred revenue. Deferred revenue totaled \$0 at June 30, 2011.

**Net Assets** – In conformity with GASB Statement No. 34, net assets have been labeled and displayed in three components: invested in capital assets, net of debt; restricted; and unrestricted. As of June 30, 2011, there were no restricted net assets.

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

**C. Litigation**

The authority is currently involved in two eminent domain litigation cases. Collectively, the independent appraisals obtained by the authority and separately confirmed by TDOT appraisals indicate total value of \$402,600, while the defendant’s appraisals total \$867,000. While the outcome at this time cannot be reasonably estimated, any increase would be funded by additional grant funds. The authority’s maximum exposure is limited to ten percent matching on new grants, and would therefore, be limited to \$46,440.

Previously disclosed litigation involving the authority in separate matters against Northstar Environmental Group and against Gina Moore have both been resolved in favor of the authority without liability.

**D. Long-term Debt**

Long-term debt at June 30, 2011 consisted of the following:

3% bank note with interest payable monthly. Note matures July 31, 2011; collateralized by a certificate of deposit. (see subsequent event note below)	\$ 350,175
Non-interest bearing loan from Sumner County, Tennessee, requiring \$2,500 monthly installment payments beginning June 1, 2010, and ending June 1, 2020.	<u>265,000</u>
Total long-term debt	\$ 615,175
Less: amount due in 12 months or less	<u>(30,000)</u>
Net long-term debt	<u>\$ 585,175</u>

**E. State Grants**

During the year ended June 30, 2011, a total of \$1,071,401 in federal and state grant monies was paid by the State of Tennessee to the authority. These funds were disbursed for various construction and maintenance projects. The construction is overseen by the state, and all expenditures are reviewed for propriety by the state. None of these funds are required to be repaid.

At June 30, 2011, the authority had \$334,642 remaining on deposit with the State of Tennessee for matching portions of grants that have been awarded to the authority. Matching funds are recognized by the authority on a pro-rata basis as the underlying projects are completed and grant funds are released by the state.

At June 30, 2011, the authority held approved state grants with \$3,474,857 remaining and available to the authority and was liable for \$36,675 in local matching funds that were not yet submitted to the grantor agency.

**F. Airport Management**

The authority has entered into a tentative agreement with Gallatin Terminal Operations Aviation, LLC (GTO) to act as Fixed Base Operator (FBO) for the airport and expects to execute a long-term agreement soon. As FBO, GTO engages in flight instruction, aircraft rental, aircraft maintenance, aircraft charter, and the sale of fuel and lubricants. The authority has contracted with J & S Properties to perform daily management duties for \$2,500 per month. During the year ended June 30, 2011, management expense totaled \$30,000.

**G. Budget**

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

**H. Capital Assets**

Nondepreciable assets owned by the authority consist solely of land recorded at cost. Eleven privately built hangars were removed from the airport's capital assets in previous years. These hangars are leased by private parties on 30-year terms, and ownership of the hangars will revert to the authority at the conclusion of the respective leases. Depreciation expense for the year ended June 30, 2011, totaled \$374,474.

The following is a summary of the authority's depreciable and non-depreciable assets as of June 30, 2011:

	Balance 7-1-10	Increases	Balance 6-30-11
Capital Assets Not Depreciated:			
Land	\$ 717,415	\$ 1,175,625	\$ 1,893,040
Construction in Progress	77,974	41,795	119,769
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 795,389</b>	<b>\$ 1,217,420</b>	<b>\$ 2,012,809</b>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 7,380,117	\$ 260,953	\$ 7,641,070
Other Capital Assets	377,061	0	377,061
<b>Total Capital Assets Depreciated</b>	<b>\$ 7,757,178</b>	<b>\$ 260,953</b>	<b>\$ 8,018,131</b>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 3,822,908	\$ 350,070	\$ 4,172,978
Other Capital Assets	89,950	24,404	114,354
<b>Total Accumulated Depreciation</b>	<b>\$ 3,912,858</b>	<b>\$ 374,474</b>	<b>\$ 4,287,332</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 3,844,320</b>	<b>\$ (113,521)</b>	<b>\$ 3,730,799</b>
<b>Business-type Activities Capital Assets, Net</b>	<b>\$ 4,639,709</b>	<b>\$ 1,103,899</b>	<b>\$ 5,743,608</b>

**I. Related-party Transactions**

During the year ended June 30, 2011, the authority did not receive any funds from Sumner County or the City of Gallatin. Certain board members lease hangars for their private aircraft. Total revenues derived from board members were approximately \$6,430. These leases are structured on the same terms as those leases made to the general public.

**J. Risk Financing Activities**

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

**K. Leases**

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

**L. Other Noncurrent Assets**

Other assets listed on the balance sheet of \$19,676 include assets not placed in service at June 30, 2011, and advance costs on capital activities expected to be reimbursed under federal grants.

**M. Subsequent Events**

Subsequent to year end, the authority renewed the bank promissory note for an additional year at the amount of \$350,350 with an interest rate of 1.8 percent. The note remains collateralized by a certificate of deposit, which had a balance of \$320,912 at June 30, 2011.

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

**A. Summary of Significant Accounting Policies**

The Resource Authority in Sumner County, Tennessee, is a public and governmental body acting as an instrumentality and agency of Sumner County and the cities of Gallatin and Hendersonville, organized in 1979 under Chapter No. 157 of the Tennessee Private Acts of 1979, as amended.

Up until May 2005, the authority operated a solid waste disposal and resource recovery facility, which incinerated and disposed of solid waste primarily from the county and the cities, produced steam for distribution to industrial customers, and generated electricity for internal plant consumption. The authority also operated a construction/demolition debris landfill and an ash monofill, both of which ceased operations in fiscal 2010. The authority began operations of a recycling facility during fiscal year 1992. In May 2005, the authority began operating primarily as a transfer station for the solid waste within the county.

The accounting policies of the authority conform to generally accepted accounting principles applicable to governmental units. The authority complies with generally accepted accounting principles and applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. In addition, the authority applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The

authority has elected not to follow FASB pronouncements issued since that date.

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

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

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

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

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

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

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

**Cash and Cash Equivalents** – For purposes of the Statement of Cash Flows, the authority considers all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents. At June 30, 2011, all the authority’s cash was deposited in an institution, which is a member of the Local Government Collateral Pool. The Tennessee Bank Collateral Pool is a multiple financial institution collateral pool where member financial institutions holding public funds pledge collateral to a common pool. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. The pool also has the ability to make additional assessments on a pro rata basis to members of the pool if the value of the pool’s collateral is inadequate to cover a loss. As a result, the pool is similar to depository insurance.

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

At June 30, 2011, there were no amounts of deposits exposed to custodial risks.

**Inventory of Materials and Supplies** – Spare parts and supplies are stated at the lower of cost or estimated salvage value.

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

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

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

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

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

**B. Capital Assets**

The following is a summary of capital assets:

Business-type Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 307,491	\$ 0	\$ 0	\$ 307,491
Total Capital Assets Not Depreciated	\$ 307,491	\$ 0	\$ 0	\$ 307,491
Capital Assets Depreciated:				
Buildings and Improvements	\$ 5,045,174	\$ 75,193	\$ 0	\$ 5,120,367
Other Capital Assets	687,211	187,275	3,498	870,988
Total Capital Assets Depreciated	\$ 5,732,385	\$ 262,468	\$ 3,498	\$ 5,991,355
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,930,587	\$ 176,353	\$ 0	\$ 3,106,940
Other Capital Assets	669,924	34,007	3,498	700,433
Total Accumulated Depreciation	\$ 3,600,511	\$ 210,360	\$ 3,498	\$ 3,807,373
Total Capital Assets Depreciated, Net	\$ 2,131,874	\$ 52,108	\$ 0	\$ 2,183,982
Business-type Activities Capital Assets, Net	\$ 2,439,365	\$ 52,108	\$ 0	\$ 2,491,473

Depreciation expense for 2011 was \$210,360.

**C. Capital Lease Obligation**

During fiscal 2011, the authority entered into a lease for the purchase of \$185,914 equipment. The transaction has been accounted for as a financing transaction. The authority will have title to the asset by satisfying the minimum lease payments. The asset acquired by the lease has a net depreciated value of \$159,355.

	<u>2011</u>
Lease obligation	\$ 162,863
Amount designated as interest	<u>(6,684)</u>
Net capital lease obligation	<u>\$ 156,179</u>

The future capital lease obligation is as follows:

	Lease Obligation	Amount Representing Interest	Net Capital Loan Obligation
2012	\$ 65,145	\$ 4,199	\$ 60,946
2013	65,145	2,176	62,969
2014	<u>32,573</u>	<u>309</u>	<u>32,264</u>
Total	<u>\$ 162,863</u>	<u>\$ 6,684</u>	<u>\$ 156,179</u>

**D. Landfill Closure and Postclosure Costs**

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

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

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

<u>Landfill Closure/Postclosure Care Costs</u>	Balance 6-30-11
Closure	\$ 0
Postclosure	<u>1,392,907</u>
Total	<u>\$ 1,392,907</u>

The Capps Gap Landfill is closed and is 15 years into postclosure monitoring. The Oak Grove Landfill and Ash Monofill's Cells I, II, and III were officially closed in 2006 and are five years into postclosure monitoring. All authority landfills are closed. The authority incurred no costs of closure, which had been estimated in the previous year to be \$167,454, as well as actual postclosure costs were less than estimated at the landfills, which resulted in a negative closure and postclosure cost for the year.

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

**E. Municipal and County Agreements**

During fiscal year 2011, the authority entered into a Solid Waste Disposal and Recycling Agreement with Sumner County and the cities of Gallatin and Hendersonville.

The agreement provides that Sumner County will pay an annual \$100,000 fee in-lieu-of tipping fees. The cities of Gallatin and Hendersonville agree to pay tipping fees in such amounts as may be determined by the authority but cannot exceed \$45 per ton for solid waste and \$3.50 per cubic yard for brush. The fees for 2011 were \$40 per ton per cubic yard. Effective July 1, 2011, tipping fee became \$44 per ton.

Tipping fees paid were as follows:

	Solid Waste	Brush	Receivable
Sumner County	\$ 100,000	\$ 23,773	\$ 18,368
City of Gallatin	457,383	41,792	50,802
City of Hendersonville	0	63,047	17,775

Also during 2011, the authority entered into a Postclosure Monitoring and Maintenance Agreement with Sumner County and the cities of Gallatin and Hendersonville. The agreement provides that the three entities will pay for the postclosure costs associated with the landfills incurred by the authority. This cost will be paid 3/7 by the county and 2/7 each by the cities. During 2011, the amount paid to the entities was \$39,834, and the receivable at June 30, 2011, was \$9,515.

**F. Pension Plan**

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

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

The authority’s total payroll was \$391,133 for 2011. Employees who are covered and participating under the pension plan were paid \$357,647 for 2011. The resource authority contributed 4.3 percent (\$15,440) for 2011 of covered and participating salaries.

**G. Tipping Fees**

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

**H. Risk of Loss**

The authority is exposed to the normal business risk and the environmental risk related to the operations of a transfer station and the postclosure costs related to closed landfills. The authority is a member of the Tennessee Municipal Risk Management Self Insurance Program for workers’ compensation and general liability coverage. The authority has obtained coverage from commercial insurance carriers for casualty and property coverage. These insurance coverages minimize the loss from risks to which

the authority is exposed. There was no significant reduction in insurance coverage, and settled claims resulting from these risks have not significantly exceeded insurance coverage in any of the past three fiscal years.

**I. Contingency**

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

**J. Special Item**

During the fiscal year 2011, the authority disposed of salvage property, which came about due to the change in operations. This property included the incineration plant whose salvage value had been previously reduced to zero. The gain on the sale of these assets is reported as a special item on the Statement of Revenues, Expenses, and Changes in Net Assets.

**K. Contracts and Commitments**

The authority has entered into a load, haul, and disposal contract that runs through July 2015, and provides for a rate per ton plus adjustments for CPI and diesel prices. The amount paid related to this contract for 2011 was \$2,646,501.

The authority also has a contract with a company to grind brush for \$2.97 per cubic yard, which runs through October 2011. The amount paid related to this contract for 2011 was \$204,633.

**L. Subsequent Event**

Subsequent to year end, the authority entered into a capital lease for the purchase of equipment. The present value of the lease is \$110,948 and will be paid over three years.

**VIII. OTHER NOTES – DISCRETELY PRESENTED SUMNER COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**A. Summary of Accounting Policies**

**Nature of Activities** – Sumner County Emergency Communications District is a political subdivision created in November 1986. The district was organized to provide emergency communications to all fire and law enforcement departments of the county. Although the district is considered a municipality under its enabling legislation, it cannot levy or collect taxes, and the charges for services shall not be considered or classified as taxes. The district is managed by a nine-member board of directors who are appointed by the Sumner County Board of County Commissioners. Sumner County maintains controlling interest on the district board in that six of the nine board members must consist of: (1) the county executive; (2) the county clerk; and (3) four Sumner County commissioners.

The district is a discretely presented component unit of Sumner County, and the financial statements are presented in both the district's financial report and within this report. The district is considered a discretely presented component unit of Sumner County as defined under the criteria set forth in Governmental Accounting Standards Board Statement No. 14, because the district would be unable to issue debt without going through Sumner County. The district is self-supported by a telephone subscriber fee charged to the citizens of Sumner County. The district's financial statements include only the assets and operations of the district, and do not include any other fund, organization, agency, or department of Sumner County.

**Basis of Accounting and Financial Statement Presentation** – The term basis of accounting is used to determine when a transaction or event is recognized on the district's operating statement. The district uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned, and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

The Governmental Accounting Standards Board (GASB) exercises jurisdiction over accounting and financial reporting for governments. The Financial Accounting Standards Board (FASB) exercises jurisdiction over private enterprises and nonprofits. The Office of the Comptroller of the Treasury requires Tennessee emergency communications districts to follow option one of GASB Statement No. 20. This option requires the district to follow only GASB guidance after November 30, 1989, and not to follow any FASB guidance after that date.

The district adopted the provisions of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Statement No. 34 established standards for external reporting for all state and local governmental entities, which includes a statement of net assets; a statement of revenues, expenses, and changes in net assets; and a statement of cash flows. It 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:

1. 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 mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted – This component of net assets consists of constraints placed on net assets use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

3. 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.

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

**Cash and Cash Equivalents** – For purposes of the statement of net assets and the statement of cash flows, Sumner County Emergency Communications District considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Capital Assets** – Capital assets are defined by the district as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Additions to capital assets are recorded at acquisition cost or estimated market value at the date of donation in the case of donated property. Depreciation and amortization are provided for in amounts sufficient to relate the cost of the assets to operations over their estimated service lives using the half-year convention, straight-line method of depreciation. Estimated useful lives, in years, for depreciable assets are as follows:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10 - 40
Furniture and Fixtures	7
Office Equipment	5 - 10
Communications Equipment	5 - 10
Vehicles	5

**Income Taxes** – Sumner County Emergency Communications District is a tax-exempt organization under Section 115 of the Internal Revenue Code and, accordingly, no provision for federal income taxes has been made.

**Operating 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 to residents for providing emergency 911 services. Operating expenses include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Budgetary Data** – The district is required by state statute to adopt an annual budget. Prior to the beginning of the fiscal year, the board of directors prepares an operating budget and submits it to the Sumner County Commission for approval. The annual budget is prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenses must be presented at the legal level of control, which is defined to be at the line-item level. The district utilizes cash basis accounting for the budget as depreciation is not budgeted, and outlays for capital items are budgeted as expenses. Therefore, the budget is not intended to be presented in accordance with generally accepted accounting principles. The budget may be amended by the board as conditions warrant throughout the year.

**B. Cash and Depository Collateral**

The district’s current policies limit deposit of funds to accounts with commercial banks, which are required to pledge securities as collateral for the deposits should they be in excess of Federal Deposit Insurance Corporation (FDIC) coverage of \$250,000. The financial institutions used by the district have either pledged securities as collateral or the institutions are participants in the Tennessee Collateral Pool, which was established to provide security for public funds deposits in excess of FDIC coverage. At year-end, all of the district’s deposits were fully insured by the FDIC and the Tennessee Collateral Pool.

The district’s investment policy follows state law, which authorizes investments for emergency communications districts in *Tennessee Code Annotated*, Section 5-8-301. State statutes authorize the district to invest in obligations of the federal government, federal agencies, state government, the state investment pool, certificates of deposit, other time deposits, and repurchase agreements, which require the approval of the state Comptroller’s Office.

**C. Accounts Receivable**

The following schedule reflects the components of accounts receivable as of June 30, 2011:

Emergency telephone service charges	<u>\$ 32,239</u>
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**D. Capital Assets**

Capital assets activity for the year ended June 30, 2011, is presented below:

	Balance 7-1-10	Increases	Deletions	Balance 6-30-11
Land	\$ 0	\$ 1,000,000	\$ 0	\$ 1,000,000
Furniture and Fixtures	1,300	0	0	1,300
Office Equipment	3,663	0	0	3,663
Communications Equipment	1,940,549	909,817	131,466	2,718,900
Total Cost	\$ 1,945,512	\$ 1,909,817	\$ 131,466	\$ 3,723,863
Less Accumulated Depreciation For:				
Furniture and Fixtures	\$ 1,180	\$ 120	\$ 0	\$ 1,300
Office Equipment	3,663	0	0	3,663
Communications Equipment	1,659,887	102,627	131,466	1,631,048
Total Accumulated Depreciation	\$ 1,664,730	\$ 102,747	\$ 131,466	\$ 1,636,011
Capital Assets, Net	\$ 280,782	\$ 1,807,070	\$ 0	\$ 2,087,852

Depreciation charged to expense for the current year totaled \$102,747. In the current year, fully depreciated assets that were replaced and no longer used by the district with an original cost of \$131,466 were adjusted from the capital asset records.

The district made \$909,817 of additions to communications equipment in the current year. At June 30, 2011, cash payments of \$701,624 had been made, with the balance of these additions of \$208,193 included in accounts payable.

**E. Land Donation and Deferred Revenue**

A private citizen transferred and donated to the district, a ten acre tract of land along Long Hollow Pike in Sumner County, Tennessee, on December 20, 2010. The value of the land at the date of donation was \$1,000,000. The district received the parcel of land with the intention of purchasing additional adjoining land to build a consolidated dispatch center facility. The district has applied for a grant to assist with the funding for the project, but as of January 19, 2012, the grant approval was still pending.

Since the donated tract of land was to be used as part of the grant application process, a one-year option was granted to the district to purchase the adjoining ten acre tract of land for \$2,000,000. Should the district not receive the grant and the second ten acre parcel of land not be purchased, the

original donated ten acre parcel would be quitclaimed back to the donor. In November 2011, the donor extended the option for one year.

Due to the uncertain and contingent nature of the land conveyance, the acquisition of the land deed has been recorded by the district as deferred revenue in the financial statements until all events related to the transaction have been satisfied.

**F. Designation of Net Assets**

During the current year, the board of directors voted to designate \$2,000,000 of unrestricted net assets for the potential purchase of property for the construction of a consolidated 911 center. Due to its current financial obligations related to the new NG-911 equipment purchased, the board approved on July 11, 2011, the temporary payment of these obligations out of the previously designated amount until loan proceeds for the equipment have been received.

**G. Major Revenue Source**

Revenue for operation and maintenance of the Sumner County Emergency Communications District is generated by a surcharge placed on residential and business phone lines. The surcharge is collected by AT&T Telephone Company and remitted to the district monthly less a three percent administrative fee. In the current year, revenue from AT&T Telephone Company represented approximately 29 percent of total operating revenue. The Tennessee Emergency Communications Board collects the revenue from wireless phone users and distributes 25 percent of the funds to the emergency communications districts based on the proportion of the population of each district to that of the state, according to the latest census. The Tennessee Emergency Communications Board also distributes additional amounts as part of the operational funding program to assist districts with the basic costs of 911 service.

**H. Risk Management**

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. For the year ended June 30, 2011, the district was insured against potential losses associated with these risks through the purchase of commercial insurance policies written for Sumner County or the other governmental departments serviced by the district. There have been no material losses in excess of insurance coverage during the last three years.

**I. Service Arrangement Contract**

The district has negotiated a service application with AT&T Telecommunications for the installation and service of an Enhanced 911 Emergency Service System. AT&T furnishes equipment and service

sufficient to operate the system for an initial installation fee and a monthly fee based upon the number of telephone stations and access lines served by the system. As of June 30, 2011, the district had prepaid costs of \$17,413. Current year amounts charged to expense by the district for use of this equipment was \$602,470.

**J. Operational Contract**

The district has contracted with S&S Communications, Inc., for all day-to-day supervision and clerical operations of the district. The contract is negotiated annually on July 1 and is reflected in the financial statements as a director and assistant contract of \$93,984. All calls processed by the district communication system are processed by dispatchers located at various police, fire, or medical emergency stations. All dispatchers are employees of the respective emergency departments.

**K. Commitments**

On March 16, 2011, the district signed an agreement with VisionAir, Inc., for the purchase, installation, and implementation of the new NG-911 controller communication hardware and software. The total contract amount is \$2,370,872. As of June 30, 2011, the district had incurred contract costs totaling \$889,369, which represents approximately 38 percent of the total contract.

**L. Subsequent Event**

On September 15, 2011, the state Comptroller's Office approved for the Sumner County government to issue the Sumner County Emergency Communications District Capital Outlay Notes, Series 2011, in the amount of \$1,871,872, dated October 14, 2011. The interfund capital outlay notes bear interest at four percent per annum and are payable by the district to the county in monthly payments of \$34,455 over five years. The purpose of the notes is to assist with the funding of the hardware, software, setup, and training costs associated with the district's purchase of NG-911 communication equipment and software totaling \$2,370,872.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Summer County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 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	\$ 20,334,791	\$ 0	\$ 0	\$ 20,334,791	\$ 19,959,437	\$ 19,934,005	\$ 400,786
Licenses and Permits	467,719	0	0	467,719	473,945	473,945	(6,226)
Fines, Forfeitures, and Penalties	689,967	0	0	689,967	667,011	667,011	22,956
Charges for Current Services	5,889,575	0	0	5,889,575	5,695,385	5,725,985	163,590
Other Local Revenues	627,362	0	0	627,362	404,568	494,355	133,007
Fees Received from County Officials	7,235,211	0	0	7,235,211	7,016,253	7,016,253	218,958
State of Tennessee	4,863,906	0	0	4,863,906	4,484,668	4,685,867	178,039
Federal Government	497,302	0	0	497,302	943,511	2,216,735	(1,719,433)
Other Governments and Citizens Groups	279,513	0	0	279,513	199,500	209,874	69,639
Total Revenues	\$ 40,885,346	\$ 0	\$ 0	\$ 40,885,346	\$ 39,844,278	\$ 41,424,030	\$ (538,684)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 251,751	\$ 0	\$ 0	\$ 251,751	\$ 293,377	\$ 293,677	\$ 41,926
Board of Equalization	6,100	0	0	6,100	3,500	3,500	(2,600)
Other Boards and Committees	4,000	0	0	4,000	9,000	9,000	5,000
County Mayor/Executive	257,937	0	0	257,937	262,680	262,680	4,743
County Attorney	713,596	(85,376)	0	628,220	360,225	638,375	10,155
Election Commission	804,980	0	0	804,980	797,539	1,020,653	215,673
Register of Deeds	624,827	0	0	624,827	696,829	728,829	104,002
Building	765,957	0	0	765,957	908,934	929,463	163,506
County Buildings	1,240,600	0	0	1,240,600	1,370,252	1,428,962	188,362
Preservation of Records	37,511	0	0	37,511	69,067	69,067	31,556
<u>Finance</u>							
Accounting and Budgeting	685,481	(14,940)	5,863	676,404	715,691	715,689	39,285

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	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 (Cont.)</u>							
Property Assessor's Office	\$ 638,601	\$ 0	\$ 0	\$ 638,601	\$ 659,910	\$ 659,010	\$ 20,409
Reappraisal Program	574,474	0	0	574,474	582,934	587,251	12,777
County Trustee's Office	430,735	0	0	430,735	517,378	517,378	86,643
County Clerk's Office	1,344,651	0	0	1,344,651	1,404,299	1,404,299	59,648
Data Processing	117,820	0	0	117,820	135,482	135,482	17,662
Other Finance	185,089	0	0	185,089	185,711	185,711	622
<u>Administration of Justice</u>							
Circuit Court	1,369,501	0	0	1,369,501	1,589,009	1,596,430	226,929
General Sessions Judge	280,546	0	0	280,546	291,969	291,969	11,423
Drug Court	200,745	0	0	200,745	204,013	204,013	3,268
Chancery Court	568,329	0	0	568,329	634,688	642,422	74,093
Juvenile Court	416,099	0	0	416,099	440,271	440,272	24,173
District Attorney General	3,600	0	0	3,600	3,600	3,600	0
Judicial Commissioners	230,790	0	0	230,790	227,393	234,593	3,803
Other Administration of Justice	123,402	0	0	123,402	246,620	246,620	123,218
Probation Services	365,935	0	0	365,935	372,937	372,937	7,002
<u>Public Safety</u>							
Sheriff's Department	7,843,875	(4,454)	2,017	7,841,438	8,289,574	8,340,560	499,122
Administration of the Sexual Offender Registry	9,200	(3,376)	0	5,824	9,100	8,762	2,938
Jail	6,975,228	0	0	6,975,228	7,367,458	7,389,895	414,667
Juvenile Services	492,590	0	0	492,590	550,256	560,630	68,040
Fire Prevention and Control	2,000	0	0	2,000	2,000	2,000	0
Rural Fire Protection	144,000	0	0	144,000	144,000	144,000	0
Other Emergency Management	356,013	(4,531)	0	351,482	381,955	1,176,665	825,183

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	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	\$ 1,215,594	\$ 0	3,034	1,218,628	\$ 1,359,306	\$ 1,357,107	\$ 138,479
Ambulance/Emergency Medical Services	7,753,208	(132,139)	11,291	7,632,360	7,609,333	7,746,913	114,553
Appropriation to State	196,655	0	0	196,655	197,655	197,655	1,000
General Welfare Assistance	300	0	0	300	1,000	1,000	700
Aid to Dependent Children	300	0	0	300	1,000	1,000	700
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	237,120	0	0	237,120	281,500	281,500	44,380
Libraries	1,487,081	(7,658)	980	1,480,403	1,491,199	1,646,664	166,261
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	386,131	0	0	386,131	409,940	409,940	23,809
Soil Conservation	49,865	0	0	49,865	50,579	50,579	714
<u>Other Operations</u>							
Tourism	341,414	0	0	341,414	341,414	341,414	0
Industrial Development	15,000	0	0	15,000	15,000	15,000	0
Veterans' Services	55,599	0	0	55,599	56,377	56,377	778
Other Charges	1,090,721	0	0	1,090,721	1,111,259	1,111,259	20,538
Contributions to Other Agencies	241,356	0	0	241,356	100,000	241,356	0
Employee Benefits	86,532	0	0	86,532	203,000	203,000	116,468
ARRA Grant No. 1	49,005	0	0	49,005	50,000	50,000	995
ARRA Grant No. 2	14,027	0	0	14,027	16,552	16,552	2,525
ARRA Grant No. 3	8,755	(81,533)	72,778	0	46,483	0	0
ARRA Grant No. 4	94,618	0	171,256	265,874	428,503	428,503	162,629
Miscellaneous	49,418	0	0	49,418	63,190	109,867	60,449

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	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>Highways</u>							
Traffic Control	\$ 3,720	\$ 0	\$ 0	\$ 3,720	\$ 0	\$ 3,720	\$ 0
<u>Capital Projects</u>							
Social, Cultural, and Recreation Projects	0	0	0	0	0	550,650	550,650
Total Expenditures	\$ 41,442,382	\$ (334,007)	\$ 267,219	\$ 41,375,594	\$ 43,560,941	\$ 46,064,450	\$ 4,688,856
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (557,036)	\$ 334,007	\$ (267,219)	\$ (490,248)	\$ (3,716,663)	\$ (4,640,420)	\$ 4,150,172
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 20,508	\$ 0	\$ 0	\$ 20,508	\$ 0	\$ 18,845	\$ 1,663
Transfers In	367,366	0	0	367,366	209,076	388,612	(21,246)
Total Other Financing Sources (Uses)	\$ 387,874	\$ 0	\$ 0	\$ 387,874	\$ 209,076	\$ 407,457	\$ (19,583)
Net Change in Fund Balance	\$ (169,162)	\$ 334,007	\$ (267,219)	\$ (102,374)	\$ (3,507,587)	\$ (4,232,963)	\$ 4,130,589
Fund Balance, July 1, 2010	32,215,186	(334,007)	0	31,881,179	16,943,305	16,943,305	14,937,874
Fund Balance, June 30, 2011	\$ 32,046,024	\$ 0	\$ (267,219)	\$ 31,778,805	\$ 13,435,718	\$ 12,710,342	\$ 19,068,463

Exhibit F-2

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,635,665	\$ 2,596,852	\$ 2,596,852	\$ 38,813
Charges for Current Services	358	0	0	358
Other Local Revenues	132,274	72,000	72,000	60,274
State of Tennessee	3,285,731	3,038,037	3,223,813	61,918
Federal Government	1,355,174	0	204,675	1,150,499
Total Revenues	<u>\$ 7,409,202</u>	<u>\$ 5,706,889</u>	<u>\$ 6,097,340</u>	<u>\$ 1,311,862</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 211,686	\$ 199,963	\$ 216,024	\$ 4,338
Highway and Bridge Maintenance	3,166,433	3,856,145	4,029,634	863,201
Operation and Maintenance of Equipment	1,011,823	878,382	1,035,691	23,868
Quarry Operations	16,234	5,950	16,761	527
Litter and Trash Collection	18,394	49,646	59,447	41,053
Other Charges	257,959	251,501	261,047	3,088
Employee Benefits	760,041	782,238	787,857	27,816
Capital Outlay	449,339	452,000	459,815	10,476
Total Expenditures	<u>\$ 5,891,909</u>	<u>\$ 6,475,825</u>	<u>\$ 6,866,276</u>	<u>\$ 974,367</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,517,293</u>	<u>\$ (768,936)</u>	<u>\$ (768,936)</u>	<u>\$ 2,286,229</u>
Net Change in Fund Balance	\$ 1,517,293	\$ (768,936)	\$ (768,936)	\$ 2,286,229
Fund Balance, July 1, 2010	1,784,991	1,765,139	1,765,139	19,852
Fund Balance, June 30, 2011	<u>\$ 3,302,284</u>	<u>\$ 996,203</u>	<u>\$ 996,203</u>	<u>\$ 2,306,081</u>

Exhibit F-3

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

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

Exhibit F-4

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

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Self-Insurance	7-1-07	\$ 0	\$ 2,085	\$ 2,085	0%	\$ 18,385	9 %
"	7-1-09	0	1,970	1,970	0	22,489	9
"	7-1-10	0	2,178	2,178	0	21,537	10
Medicare Supplement *	7-1-09	0	2,346	2,346	0	N/A	N/A
"	7-1-10	0	2,346	2,346	0	N/A	N/A
<u>DISCRETELY PRESENTED SUMNER COUNTY SCHOOL DEPARTMENT</u>							
Self-Insurance	7-1-07	0	6,706	6,706	0	21,999	26
"	7-1-09	0	7,264	7,264	0	25,451	28
"	7-1-10	0	7,522	7,522	0	25,771	29
Local Education Group Insurance	7-1-07	0	44,938	44,938	0	83,711	47
"	7-1-09	0	50,131	50,131	0	95,536	51
"	7-1-10	0	50,102	50,102	0	98,212	51
Medicare Supplement	7-1-07	0	2,244	2,244	0	N/A	N/A
"	7-1-09	0	26,777	26,777	0	N/A	N/A
"	7-1-10	0	26,777	26,777	0	N/A	N/A

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

**SUMNER COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 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 Sumner County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Other Boards and Committees, County Mayor/Executive, etc.). Management may make revisions within major categories, but only the Sumner 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.

At June 30, 2011, Sumner County reported the following significant encumbrances in the General Fund:

<u>Description</u>	<u>Amount</u>
Station Camp Greenway	\$ 244,034

**B. EXPENDITURES EXCEEDED APPROPRIATIONS**

Expenditures exceeded appropriations approved by the County Commission in the Board of Equalization major appropriation category (the legal level of control) of the General Fund by \$2,600. Expenditures that exceed appropriations are a violation of state statutes. This expenditure in excess of appropriations was funded by available fund balance.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified 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 and the recording of certain instruments. The proceeds of the tax must be used to pay for improvements or maintenance on the courthouse and jail.

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

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

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

# Capital Projects Fund

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

Exhibit G-1

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

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway Capital Projects	
\$	0	0	0	82,447	0	82,447
	357,564	200,813	63,877	0	60,592	682,846
	19,048	0	0	10,416	0	29,464
\$	376,612	200,813	63,877	92,863	60,592	794,757

ASSETS

Cash  
 Equity in Pooled Cash and Investments  
 Accounts Receivable

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable  
 Due to Other Funds  
 Due to Litigants, Heirs, and Others  
 Other Deferred Revenues

Total Liabilities

Fund Balances

Restricted:

Restricted for General Government  
 Restricted for Administration of Justice  
 Restricted for Public Safety

Total Fund Balances

Total Liabilities and Fund Balances

\$	17,343	90	666	0	0	18,099
	363	0	0	90,004	60,592	150,959
	0	0	0	2,859	0	2,859
	0	6,980	0	0	0	6,980
\$	17,706	7,070	666	92,863	60,592	178,897
\$	358,906	0	0	0	0	358,906
	0	0	63,211	0	0	63,211
	0	193,743	0	0	0	193,743
\$	358,906	193,743	63,211	0	0	615,860
\$	376,612	200,813	63,877	92,863	60,592	794,757

Exhibit G-2

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

	Special Revenue Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Total		
<u>Revenues</u>							
Local Taxes	\$ 408,753	\$ 0	\$ 0	\$ 0	\$ 408,753	\$ 0	\$ 408,753
Licenses and Permits	0	0	0	0	0	13,500	13,500
Fines, Forfeitures, and Penalties	0	28,934	28,883	0	57,817	0	57,817
Charges for Current Services	184,612	16,000	0	4,630	205,242	0	205,242
Other Local Revenues	0	22,776	0	0	22,776	0	22,776
Federal Government	0	4,765	0	0	4,765	0	4,765
Total Revenues	\$ 593,365	\$ 72,475	\$ 28,883	\$ 4,630	\$ 699,353	\$ 13,500	\$ 712,853
<u>Expenditures</u>							
Current:							
General Government	\$ 596,548	\$ 0	\$ 0	\$ 0	\$ 596,548	\$ 0	\$ 596,548
Administration of Justice	0	0	26,236	4,630	30,866	0	30,866
Public Safety	0	14,361	0	0	14,361	0	14,361
Capital Projects	0	0	0	0	0	158,656	158,656
Total Expenditures	\$ 596,548	\$ 14,361	\$ 26,236	\$ 4,630	\$ 641,775	\$ 158,656	\$ 800,431
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,183)	\$ 58,114	\$ 2,647	\$ 0	\$ 57,578	\$ (145,156)	\$ (87,578)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,750	\$ 9,750
Transfers Out	0	0	0	0	0	(60,592)	(60,592)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (50,842)	\$ (50,842)
Net Change in Fund Balances	\$ (3,183)	\$ 58,114	\$ 2,647	\$ 0	\$ 57,578	\$ (195,998)	\$ (138,420)
Fund Balance, July 1, 2010	362,089	135,629	60,564	0	558,282	195,998	754,280
Fund Balance, June 30, 2011	\$ 358,906	\$ 193,743	\$ 63,211	\$ 0	\$ 615,860	\$ 0	\$ 615,860

Exhibit G-3

Sumner County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Courthouse and Jail Maintenance Fund  
 For the Year Ended June 30, 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	\$ 408,753 \$	0 \$	0 \$	408,753 \$	435,000 \$	435,000 \$	(26,247)
Charges for Current Services	184,612	0	0	184,612	127,502	127,502	57,110
Total Revenues	\$ 593,365 \$	0 \$	0 \$	593,365 \$	562,502 \$	562,502 \$	30,863
<u>Expenditures</u>							
<u>General Government</u>							
County Buildings	\$ 596,548 \$	(1,125) \$	43,581 \$	639,004 \$	559,000 \$	665,000 \$	25,996
Total Expenditures	\$ 596,548 \$	(1,125) \$	43,581 \$	639,004 \$	559,000 \$	665,000 \$	25,996
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,183) \$	1,125 \$	(43,581) \$	(45,639) \$	3,502 \$	(102,498) \$	56,859
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (3,183) \$	1,125 \$	(43,581) \$	(45,639) \$	3,502 \$	(102,498) \$	56,859
	362,089	(1,125)	0	360,964	345,642	345,642	15,322
Fund Balance, June 30, 2011	\$ 358,906 \$	0 \$	(43,581) \$	315,325 \$	349,144 \$	243,144 \$	72,181

Exhibit G-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 28,934	\$ 17,500	\$ 17,500	\$ 11,434
Charges for Current Services	16,000	14,000	14,000	2,000
Other Local Revenues	22,776	12,500	12,500	10,276
Federal Government	4,765	0	0	4,765
Total Revenues	<u>\$ 72,475</u>	<u>\$ 44,000</u>	<u>\$ 44,000</u>	<u>\$ 28,475</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 14,361	\$ 98,000	\$ 98,000	\$ 83,639
Total Expenditures	<u>\$ 14,361</u>	<u>\$ 98,000</u>	<u>\$ 98,000</u>	<u>\$ 83,639</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 58,114</u>	<u>\$ (54,000)</u>	<u>\$ (54,000)</u>	<u>\$ 112,114</u>
Net Change in Fund Balance	\$ 58,114	\$ (54,000)	\$ (54,000)	\$ 112,114
Fund Balance, July 1, 2010	<u>135,629</u>	<u>135,629</u>	<u>135,629</u>	<u>0</u>
Fund Balance, June 30, 2011	<u>\$ 193,743</u>	<u>\$ 81,629</u>	<u>\$ 81,629</u>	<u>\$ 112,114</u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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Exhibit H

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

	Actual (GAAP Basis)	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	\$ 21,619,018	\$ 0	\$ 21,619,018	\$ 21,195,184	\$ 21,195,184	\$ 423,834
Other Local Revenues	873,393	0	873,393	450,000	447,605	425,788
Total Revenues	\$ 22,492,411	\$ 0	\$ 22,492,411	\$ 21,645,184	\$ 21,642,789	\$ 849,622
<u>Expenditures</u>						
<u>Principal on Debt</u>						
Education	\$ 8,980,000	\$ 0	\$ 8,980,000	\$ 14,640,000	\$ 14,640,000	\$ 5,660,000
<u>Interest on Debt</u>						
General Government	182,525	0	182,525	182,525	182,525	0
Education	6,278,775	0	6,278,775	6,278,775	6,278,775	0
<u>Other Debt Service</u>						
General Government	368,385	8,000	376,385	546,000	546,000	169,615
Education	753,390	0	753,390	2,500	755,140	1,750
Total Expenditures	\$ 16,563,075	\$ 8,000	\$ 16,571,075	\$ 21,649,800	\$ 22,402,440	\$ 5,831,365
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,929,336	\$ (8,000)	\$ 5,921,336	\$ (4,616)	\$ (759,651)	\$ 6,680,987
<u>Other Financing Sources (Uses)</u>						
Refunding Debt Issued	\$ 112,210,000	\$ 0	\$ 112,210,000	\$ 0	\$ 112,210,000	\$ 0
Premiums on Debt Issued	14,147,913	0	14,147,913	0	14,147,913	0
Transfers Out	(9,750)	0	(9,750)	0	(9,750)	0
Payments to Refunded Debt Escrow Agent	(125,602,877)	0	(125,602,877)	0	(125,602,877)	0
Total Other Financing Sources (Uses)	\$ 745,286	\$ 0	\$ 745,286	\$ 0	\$ 745,286	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 6,674,622	\$ (8,000)	\$ 6,666,622	\$ (4,616)	\$ (14,365)	\$ 6,680,987
Fund Balance, June 30, 2011	7,222,803	0	7,222,803	7,207,684	7,207,684	15,119
Fund Balance, June 30, 2011	\$ 13,897,425	\$ (8,000)	\$ 13,889,425	\$ 7,203,068	\$ 7,193,319	\$ 6,696,106

# Fiduciary Funds

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

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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.

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

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

Exhibit I-1

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

	Agency Funds				Total
	Cities - Sales Tax	Constitu- tional Officers - Agency	Judicial District Drug		
<u>ASSETS</u>					
Cash	\$ 0	\$ 5,574,011	\$ 4,595	\$ 5,578,606	
Equity in Pooled Cash and Investments	0	0	945,484	945,484	
Due from Other Governments	2,714,913	0	0	2,714,913	
Total Assets	<u>\$ 2,714,913</u>	<u>\$ 5,574,011</u>	<u>\$ 950,079</u>	<u>\$ 9,239,003</u>	
<u>LIABILITIES</u>					
Due to Other Taxing Units	\$ 2,714,913	\$ 0	\$ 0	\$ 2,714,913	
Due to State of Tennessee	0	351,148	0	351,148	
Due to Litigants, Heirs, and Others	0	5,222,863	96,968	5,319,831	
Due to Joint Ventures	0	0	853,111	853,111	
Total Liabilities	<u>\$ 2,714,913</u>	<u>\$ 5,574,011</u>	<u>\$ 950,079</u>	<u>\$ 9,239,003</u>	

## Exhibit I-2

Sumner 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	\$ 15,410,143	\$ 15,410,143	\$ 0
Due from Other Governments	2,643,514	2,714,913	2,643,514	2,714,913
<b>Total Assets</b>	<b>\$ 2,643,514</b>	<b>\$ 18,125,056</b>	<b>\$ 18,053,657</b>	<b>\$ 2,714,913</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,643,514	\$ 18,125,056	\$ 18,053,657	\$ 2,714,913
<b>Total Liabilities</b>	<b>\$ 2,643,514</b>	<b>\$ 18,125,056</b>	<b>\$ 18,053,657</b>	<b>\$ 2,714,913</b>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 5,918,634	\$ 5,574,011	\$ 5,918,634	\$ 5,574,011
<b>Total Assets</b>	<b>\$ 5,918,634</b>	<b>\$ 5,574,011</b>	<b>\$ 5,918,634</b>	<b>\$ 5,574,011</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 5,432,019	\$ 5,222,863	\$ 5,432,019	\$ 5,222,863
Due to State of Tennessee	486,615	351,148	486,615	351,148
<b>Total Liabilities</b>	<b>\$ 5,918,634</b>	<b>\$ 5,574,011</b>	<b>\$ 5,918,634</b>	<b>\$ 5,574,011</b>
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Cash	\$ 2,071	\$ 14,500	\$ 11,976	\$ 4,595
Equity in Pooled Cash and Investments	967,117	587,836	609,469	945,484
<b>Total Assets</b>	<b>\$ 969,188</b>	<b>\$ 602,336</b>	<b>\$ 621,445</b>	<b>\$ 950,079</b>
<u>Liabilities</u>				
Due to Joint Ventures	\$ 649,654	\$ 397,298	\$ 193,841	\$ 853,111
Due to Litigants, Heirs, and Others	319,534	205,038	427,604	96,968
<b>Total Liabilities</b>	<b>\$ 969,188</b>	<b>\$ 602,336</b>	<b>\$ 621,445</b>	<b>\$ 950,079</b>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 5,920,705	\$ 5,588,511	\$ 5,930,610	\$ 5,578,606
Equity in Pooled Cash and Investments	967,117	15,997,979	16,019,612	945,484
Due From Other Governments	2,643,514	2,714,913	2,643,514	2,714,913
<b>Total Assets</b>	<b>\$ 9,531,336</b>	<b>\$ 24,301,403</b>	<b>\$ 24,593,736</b>	<b>\$ 9,239,003</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,643,514	\$ 18,125,056	\$ 18,053,657	\$ 2,714,913
Due to Joint Ventures	649,654	397,298	193,841	853,111
Due to State of Tennessee	486,615	351,148	486,615	351,148
Due to Litigants, Heirs, and Others	5,751,553	5,427,901	5,859,623	5,319,831
<b>Total Liabilities</b>	<b>\$ 9,531,336</b>	<b>\$ 24,301,403</b>	<b>\$ 24,593,736</b>	<b>\$ 9,239,003</b>

# Sumner County School Department

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

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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.

Exhibit J-1

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

Functions/Programs	Program Revenues			Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions		Total Governmental Activities		
Governmental Activities:							
Instruction	\$ 137,855,706	\$ 723,997	\$ 17,362,834	\$ 0	\$ (119,768,875)		
Support Services	80,085,562	180,531	1,992,905	19,840	(77,892,286)		
Operation of Non-Instructional Services	12,309,044	6,873,961	6,306,966	0	871,883		
Interest on Long-term Debt	4,214	0	0	0	(4,214)		
Total Governmental Activities	\$ 230,254,526	\$ 7,778,489	\$ 25,662,705	\$ 19,840	\$ (196,793,492)		
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 48,562,376		
Local Option Sales Tax					11,560,278		
Wheel Tax					4,195,481		
Interstate Telecommunications Tax					6,706		
Grants and Contributions Not Restricted to Specific Programs					116,889,086		
Unrestricted Investment Income					8,038		
Miscellaneous					348,404		
Total General Revenues					\$ 181,570,369		
Change in Net Assets					\$ (15,223,123)		
Net Assets, July 1, 2010					245,510,891		
Prior-period Adjustment					(166,002)		
Net Assets, June 30, 2011					\$ 230,121,766		

Exhibit J-2

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

	<u>Major Fund</u>	<u>Nonmajor</u>	<u>Total</u>
	General	School	Govern-
	Purpose	Federal	mental
	School	Projects	Funds
<u>ASSETS</u>			
Cash	\$ 7,550	\$ 0	\$ 7,550
Equity in Pooled Cash and Investments	11,439,283	586,521	12,025,804
Accounts Receivable	681,657	1,656	683,313
Due from Other Governments	6,654,187	426,956	7,081,143
Due from Other Funds	0	2,180	2,180
Property Taxes Receivable	51,567,852	0	51,567,852
Allowance for Uncollectible Property Taxes	(1,750,740)	0	(1,750,740)
Total Assets	<u>\$ 68,599,789</u>	<u>\$ 1,017,313</u>	<u>\$ 69,617,102</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 276,271	\$ 65,202	\$ 341,473
Due to Other Funds	2,180	0	2,180
Current Liabilities Payable from Restricted Assets:			
Customer Deposits Payable	65,257	0	65,257
Deferred Revenue - Current Property Taxes	48,717,137	0	48,717,137
Deferred Revenue - Delinquent Property Taxes	996,753	0	996,753
Other Deferred Revenues	970,676	0	970,676
Total Liabilities	<u>\$ 51,028,274</u>	<u>\$ 65,202</u>	<u>\$ 51,093,476</u>
<u>Fund Balances</u>			
Restricted:			
Restricted for Education	\$ 5,222,388	\$ 952,111	\$ 6,174,499
Assigned:			
Assigned for Education	2,791,853	0	2,791,853
Unassigned	9,557,274	0	9,557,274
Total Fund Balances	<u>\$ 17,571,515</u>	<u>\$ 952,111</u>	<u>\$ 18,523,626</u>
Total Liabilities and Fund Balances	<u>\$ 68,599,789</u>	<u>\$ 1,017,313</u>	<u>\$ 69,617,102</u>

Exhibit J-3

Sumner County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Discretely Presented Sumner County School Department  
June 30, 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)		\$	18,523,626
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	8,372,274	
Add: construction in progress		3,245,879	
Add: buildings and improvements net of accumulated depreciation		218,695,305	
Add: other capital assets net of accumulated depreciation		<u>3,789,629</u>	234,103,087
(2) Long-term liabilities are not due and payable in the current-period and therefore are not reported in the governmental funds.			
Less: capital leases payable	\$	(183,706)	
Less: compensated absences payable		(2,040,138)	
Less: other postemployment benefits liability		<u>(22,248,532)</u>	(24,472,376)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>1,967,429</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 230,121,766</u>

Exhibit J-4

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

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Fund</u>	<u>Total</u>
	General Purpose School	School Federal Projects	Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 64,778,321	\$ 0	\$ 64,778,321
Licenses and Permits	6,901	0	6,901
Charges for Current Services	7,640,514	0	7,640,514
Other Local Revenues	804,311	0	804,311
State of Tennessee	114,307,969	0	114,307,969
Federal Government	7,981,549	19,608,364	27,589,913
<b>Total Revenues</b>	<b>\$ 195,519,565</b>	<b>\$ 19,608,364</b>	<b>\$ 215,127,929</b>
<u>Expenditures</u>			
Current:			
Instruction	\$ 120,153,357	\$ 10,681,763	\$ 130,835,120
Support Services	61,754,253	8,182,854	69,937,107
Operation of Non-Instructional Services	12,171,162	0	12,171,162
Capital Outlay	1,220,230	0	1,220,230
Debt Service:			
Principal on Debt	17,219	0	17,219
Interest on Debt	4,214	0	4,214
<b>Total Expenditures</b>	<b>\$ 195,320,435</b>	<b>\$ 18,864,617</b>	<b>\$ 214,185,052</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 199,130	\$ 743,747	\$ 942,877
<u>Other Financing Sources (Uses)</u>			
Capital Leases Issued	\$ 200,925	\$ 0	\$ 200,925
Insurance Recovery	88,463	0	88,463
Transfers In	62,234	0	62,234
Transfers Out	0	(62,234)	(62,234)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 351,622</b>	<b>\$ (62,234)</b>	<b>\$ 289,388</b>
Net Change in Fund Balances	\$ 550,752	\$ 681,513	\$ 1,232,265
Fund Balance, July 1, 2010	17,020,763	270,598	17,291,361
<b>Fund Balance, June 30, 2011</b>	<b>\$ 17,571,515</b>	<b>\$ 952,111</b>	<b>\$ 18,523,626</b>

Exhibit J-5

Sumner County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Sumner County School Department  
For the Year Ended June 30, 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)		\$	1,232,265
(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	\$	3,428,747	
Less: current-year depreciation expense		<u>(12,272,193)</u>	(8,843,446)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			(317,554)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Less: deferred delinquent property taxes and other deferred June 30, 2010	\$	(2,063,955)	
Add: deferred delinquent property taxes and other deferred June 30, 2011		<u>1,967,429</u>	(96,526)
(4) The issuance of long-term debt (e.g., leases) 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.			
Less: capital lease proceeds	\$	(200,925)	
Add: principal payments on capital leases		<u>17,219</u>	(183,706)
(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 compensated absences payable		(4,044)	
Change in other postemployment benefits liability		<u>(7,010,112)</u>	<u>(7,014,156)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (15,223,123)</u>

Exhibit J-6

Sumner County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Sumner County School Department  
General Purpose School 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	\$ 64,778,321	\$ 0	\$ 0	\$ 64,778,321	\$ 63,620,634	\$ 63,620,634	\$ 1,157,687
Licenses and Permits	6,901	0	0	6,901	7,000	7,000	(99)
Charges for Current Services	7,640,514	0	0	7,640,514	9,928,498	9,928,498	(2,287,984)
Other Local Revenues	804,311	0	0	804,311	655,948	729,450	74,861
State of Tennessee	114,307,969	0	0	114,307,969	112,719,435	114,411,001	(103,032)
Federal Government	7,981,549	0	0	7,981,549	4,893,519	7,183,025	798,524
Total Revenues	\$ 195,519,565	\$ 0	\$ 0	\$ 195,519,565	\$ 191,825,034	\$ 195,879,608	\$ (360,043)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 91,707,928	\$ (19,874)	\$ 2,356,904	\$ 94,044,958	\$ 94,905,488	\$ 95,520,164	\$ 1,475,206
Alternative Instruction Program	1,645,093	0	0	1,645,093	1,663,667	1,663,668	18,575
Special Education Program	17,454,911	0	0	17,454,911	17,905,002	18,189,880	734,969
Vocational Education Program	9,040,013	0	0	9,040,013	9,292,379	9,281,346	241,333
Adult Education Program	305,412	0	345	305,757	379,031	460,752	154,995
<u>Support Services</u>							
Attendance	354,613	0	0	354,613	360,400	361,399	6,786
Health Services	845,344	0	8,384	853,728	701,396	862,017	8,289
Other Student Support	4,609,120	0	0	4,609,120	4,785,337	4,776,880	167,760
Regular Instruction Program	8,166,772	(7,376)	5,789	8,165,185	7,096,623	8,532,857	367,672
Alternative Instruction Program	347,266	0	0	347,266	337,850	348,450	1,184
Special Education Program	1,560,794	0	0	1,560,794	1,710,723	1,645,940	85,146
Vocational Education Program	241,822	0	2,327	244,149	233,321	244,953	804
Adult Programs	323,114	0	0	323,114	302,910	336,808	13,694

(Continued)

Exhibit J-6

Sumner County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Sumner County School Department  
General Purpose School 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>Support Services (Cont.)</u>							
Other Programs	\$ 730,433	\$ 0	\$ 0	\$ 730,433	\$ 0	\$ 730,433	0
Board of Education	4,541,350	0	22,439	4,563,789	4,605,815	4,870,815	307,026
Director of Schools	646,814	0	0	646,814	752,211	753,410	106,596
Office of the Principal	12,250,459	(1,438)	3,069	12,252,090	12,556,817	12,523,617	271,527
Fiscal Services	1,003,749	(630)	0	1,003,119	992,428	1,037,152	34,033
Human Services/Personnel	469,170	0	0	469,170	464,452	469,253	88
Operation of Plant	13,363,596	(19,663)	77,219	13,421,152	13,424,435	13,421,152	0
Maintenance of Plant	4,581,617	(112,501)	99,829	4,568,945	4,601,931	4,574,921	5,976
Transportation	6,853,125	0	3,991	6,857,116	6,993,154	7,089,097	231,981
Central and Other	865,095	(2,101)	27	863,021	863,013	867,114	4,093
<u>Operation of Non-Instructional Services</u>							
Food Service	10,765,527	(29,154)	67,515	10,803,888	14,011,813	14,740,828	3,936,940
Community Services	1,329,778	(6,999)	12,195	1,334,974	1,505,833	1,539,833	204,859
Early Childhood Education	75,857	0	16,939	92,796	89,521	92,804	8
<u>Capital Outlay</u>							
Regular Capital Outlay	1,220,230	(341,734)	114,881	993,377	749,651	1,034,325	40,948
<u>Principal on Debt</u>							
Education	17,219	0	0	17,219	0	17,219	0
<u>Interest on Debt</u>							
Education	4,214	0	0	4,214	0	4,214	0
Total Expenditures	\$ 195,320,435	\$ (541,470)	\$ 2,791,853	\$ 197,570,818	\$ 201,285,201	\$ 205,991,301	\$ 8,420,483
Excess (Deficiency) of Revenues Over Expenditures	\$ 199,130	\$ 541,470	\$ (2,791,853)	\$ (2,051,253)	\$ (9,460,167)	\$ (10,111,693)	\$ 8,060,440

(Continued)

Exhibit J-6

Sumner County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Sumner County School Department  
General Purpose School 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>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 200,925	\$ 0	\$ 0	\$ 200,925	\$ 0	\$ 200,925	\$ 0
Insurance Recovery	88,463	0	0	88,463	0	89,931	(1,468)
Transfers In	62,234	0	0	62,234	151,250	141,250	(79,016)
Transfers Out	0	0	0	0	(5,000)	(30,330)	30,330
Total Other Financing Sources (Uses)	\$ 351,622	\$ 0	\$ 0	\$ 351,622	\$ 146,250	\$ 401,776	\$ (50,154)
Net Change in Fund Balance	\$ 550,752	\$ 541,470	\$ (2,791,853)	\$ (1,699,631)	\$ (9,313,917)	\$ (9,709,917)	\$ 8,010,286
Fund Balance, July 1, 2010	17,020,763	(541,470)	0	16,479,293	16,214,368	16,214,368	264,925
Fund Balance, June 30, 2011	\$ 17,571,515	\$ 0	\$ (2,791,853)	\$ 14,779,662	\$ 6,900,451	\$ 6,504,451	\$ 8,275,211

Exhibit J-7

Summer County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Summer County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 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>							
Federal Government	\$ 19,608,364	\$ 0	\$ 0	\$ 19,608,364	\$ 10,756,671	\$ 24,261,053	\$ (4,652,689)
Total Revenues	\$ 19,608,364	\$ 0	\$ 0	\$ 19,608,364	\$ 10,756,671	\$ 24,261,053	\$ (4,652,689)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 4,446,133	\$ 0	\$ 1,138	\$ 4,447,271	\$ 5,171,028	\$ 5,610,365	\$ 1,163,094
Alternative Instruction Program	14,024	0	0	14,024	25,916	15,260	1,236
Special Education Program	5,986,606	0	4,807	5,991,413	4,244,310	7,962,148	1,970,735
Vocational Education Program	235,000	0	0	235,000	230,000	235,000	0
<u>Support Services</u>							
Other Student Support	4,729,587	0	0	4,729,587	263,724	4,871,547	141,960
Regular Instruction Program	1,603,312	0	7,170	1,610,482	2,031,475	2,326,271	715,789
Alternative Instruction Program	0	0	0	0	0	46,500	46,500
Special Education Program	1,793,999	(7,800)	0	1,786,199	1,102,445	2,534,020	747,821
Vocational Education Program	3,000	0	0	3,000	10,000	3,000	0
Transportation	52,956	0	101,000	153,956	52,365	186,819	32,863
Total Expenditures	\$ 18,864,617	\$ (7,800)	\$ 114,115	\$ 18,970,932	\$ 13,131,263	\$ 23,790,930	\$ 4,819,998
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 743,747	\$ 7,800	\$ (114,115)	\$ 637,432	\$ (2,374,592)	\$ 470,123	\$ 167,309
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (62,234)	\$ 0	\$ 0	\$ (62,234)	\$ (121,333)	\$ (82,844)	\$ 20,610
Total Other Financing Sources (Uses)	\$ (62,234)	\$ 0	\$ 0	\$ (62,234)	\$ (121,333)	\$ (82,844)	\$ 20,610
Net Change in Fund Balance	\$ 681,513	\$ 7,800	\$ (114,115)	\$ 575,198	\$ (2,495,925)	\$ 387,279	\$ 187,919
Fund Balance, July 1, 2010	270,598	(7,800)	0	262,798	2,495,925	2,495,925	(2,233,127)
Fund Balance, June 30, 2011	\$ 952,111	\$ 0	\$ (114,115)	\$ 837,996	\$ 0	\$ 2,883,204	\$ (2,045,208)

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Sumner County, Tennessee  
Schedule of Changes in Long-term Bonds and Capital Leases  
Primary Government and Discretely Presented Sumner 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	Debt Refunded	Outstanding 6-30-11
<b><u>PRIMARY GOVERNMENT</u></b>									
<b><u>BONDS PAYABLE</u></b>									
<u>Payable through General Debt Service Fund</u>									
School Refunding	\$ 95,250,000	3.79	4-9-07	6-1-12	\$ 70,950,000	0	\$ 8,980,000	\$ 52,630,000	\$ 9,340,000
General Obligation Schools	75,150,000	4 to 5	10-31-07	5-17-11	59,995,000	0	0	59,995,000	0
General Obligation	6,555,000	2.83	1-29-10	6-1-20	6,555,000	0	0	0	6,555,000
School Refunding	112,210,000	2.86	5-17-11	6-1-23	0	112,210,000	0	0	112,210,000
Total Bonds Payable					\$ 137,500,000	\$ 112,210,000	\$ 8,980,000	\$ 112,625,000	\$ 128,105,000
<b><u>DISCRETELY PRESENTED SUMNER COUNTY SCHOOL DEPARTMENT</u></b>									
<b><u>CAPITAL LEASES PAYABLE</u></b>									
<u>Payable through General Purpose School Fund</u>									
Trash Compactors	45,225	6.94	9-1-10	8-1-15	\$ 0	\$ 45,225	\$ 7,377	\$ 0	\$ 37,848
Trash Compactors	155,700	4.81	4-8-11	3-8-16	0	155,700	9,842	0	145,858
Total Capital Leases Payable					\$ 0	\$ 200,925	\$ 17,219	\$ 0	\$ 183,706

Exhibit K-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 12,990,000	\$ 5,989,099	\$ 18,979,099
2013	8,340,000	5,256,888	13,596,888
2014	8,750,000	4,845,138	13,595,138
2015	9,180,000	4,415,138	13,595,138
2016	9,535,000	4,058,138	13,593,138
2017	9,920,000	3,675,088	13,595,088
2018	10,315,000	3,279,363	13,594,363
2019	10,775,000	2,819,913	13,594,913
2020	11,260,000	2,336,663	13,596,663
2021	11,760,000	1,834,400	13,594,400
2022	12,330,000	1,264,000	13,594,000
2023	12,950,000	647,500	13,597,500
Total	\$ 128,105,000	\$ 40,421,328	\$ 168,526,328

DISCRETELY PRESENTED SUMNER  
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2012	\$ 36,869	\$ 8,756	\$ 45,625
2013	38,870	6,755	45,625
2014	40,981	4,644	45,625
2015	43,211	2,414	45,625
2016	23,775	427	24,202
Total	\$ 183,706	\$ 22,996	\$ 206,702

Exhibit K-3

Sumner County, Tennessee  
Schedule of Notes Receivable  
June 30, 2011

<u>Description</u>	<u>Debtor</u>	<u>Original Amount of Notes</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
<u>General Debt Service Fund</u>						
Various Construction Projects	Sumner County Regional Airport Authority	\$ 300,000	5-1-10	6-1-20	0 %	\$ 265,000
Total Notes Receivable						\$ 265,000

Exhibit K-4

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

<u>To Fund</u>	<u>From Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Self-Insurance	Salaries	\$ 185,089
"	Judicial District Drug	Salaries	40,121
"	General Capital Projects	Greenway project	81,564
"	Highway Capital Projects	To close fund	60,592
Highway Capital Projects	General Debt Service	Road fees reimbursement	9,750
Total Transfers Primary Government			<u>\$ 377,116</u>
<u>DISCRETELY PRESENTED SUMNER</u>			
<u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Indirect costs	\$ 62,234
Total Transfers Discretely Presented Sumner County School Department			<u>\$ 62,234</u>

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Sections 8-24-102 and 5-1-310, TCA	\$ 98,334	\$ (1)(5)	Hartford Fire Insurance Company
Superintendent of Roads:				
Scotty Parker (7-1-10 through 8-31-10)	Section 8-24-102, TCA	15,370	100,000	"
Julia Hardin (9-1-10 through 6-30-11)	Section 8-24-102, TCA	76,849	100,000	"
Director of Schools:				
Bennie Bills (7-1-10 through 6-10-11)	State Board of Education and Local Board of Education	181,949	50,000	Western Surety Company
Dr. Del Phillips (6-11-11 through 6-30-11)	State Board of Education and Local Board of Education	9,612	50,000	"
Trustee	Sections 8-24-102 and 5-1-310, TCA	85,338	6,115,412	Hartford Fire Insurance Company
Assessor of Property	Sections 8-24-102 and 5-1-310, TCA	85,338	10,000	Western Surety Company
Director of Finance	County Commission	90,300	50,000	Hartford Fire Insurance Company
County Clerk	Sections 8-24-102 and 5-1-310, TCA	85,338	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Sections 8-24-102 and 5-1-310, TCA	85,338	50,000	"
Clerk and Master:				
Brenda Page (7-1-10 through 7-9-10)	Sections 8-24-102 and 5-1-310, TCA, and Chancery Court	2,207	50,000	Ohio Casualty Insurance Company
Darlene Daughtry (7-10-10 through 6-30-11)	Sections 8-24-102 and 5-1-310, TCA, and Chancery Court	88,131	50,000	Western Surety Company
Register	Sections 8-24-102 and 5-1-310, TCA	85,338	25,000	Hartford Fire Insurance Company
Sheriff:				
Bob Barker (7-1-10 through 8-17-10)	Section 8-24-102, TCA	12,059	25,000	"
Sonny Weatherford (9-2-10 through 6-30-11)	Section 8-24-102, TCA	74,848	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			Self-Insured	
Public Employee Dishonesty - School Department			100,000	Travelers Insurance

- (1) Includes \$1,500 for an education supplement.
- (2) Includes \$300 for longevity pay.
- (3) Does not include special commissioner fees totaling \$4,630.
- (4) Does not include a law enforcement training supplement of \$600.
- (5) Does not include a bonus of \$500 paid to all county employees.
- (6) Includes a bonus of \$600, annual/sick leave payout of \$62,882, and a CEO supplement of \$1,000.
- (7) Does not include moving expenses of \$2,500.

Exhibit K-6

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

	Special Revenue Funds										Total		
	General	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway / Public Works	Debt		Capital				
							Service Fund	General Debt Service	Highway Capital Projects	Projects Fund			
<u>Local Taxes</u>													
County Property Taxes	\$ 17,044,083	\$ 0	\$ 0	\$ 0	\$ 0	\$ 648,818	\$ 13,857,786	\$ 0	\$ 31,550,687				
Current Property Tax	402,272	0	0	0	0	17,098	386,692	0	806,062				
Trustee's Collections - Prior Year	304,429	0	0	0	0	12,837	267,642	0	584,908				
Circuit/Clerk & Master Collections - Prior Years	81,162	0	0	0	0	3,340	70,068	0	154,570				
Interest and Penalty	2,587	0	0	0	0	131	2,308	0	5,026				
Pick-up Taxes	151	0	0	0	0	6	123	0	280				
Payments in-Lieu-of Taxes - T.V.A.	130,779	0	0	0	0	4,979	106,567	0	242,325				
Payments in-Lieu-of Taxes - Local Utilities	3,182	0	0	0	0	0	0	0	3,182				
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	0	0	0	0				
<u>County Local Option Taxes</u>													
Local Option Sales Tax	0	0	0	0	0	0	5,819,217	0	5,819,217				
Hotel/Motel Tax	351,026	0	0	0	0	0	0	0	351,026				
Wheel Tax	0	0	0	0	0	1,798,154	0	0	1,798,154				
Litigation Tax - General	0	0	0	0	0	0	159,690	0	159,690				
Litigation Tax - Special Purpose	67,752	0	0	0	0	0	0	0	67,752				
Litigation Tax - Jail, Workhouse, or Courthouse	0	408,753	0	0	0	0	0	0	408,753				
Business Tax	1,305,635	0	0	0	0	0	0	0	1,305,635				
Mineral Severance Tax	0	0	0	0	0	150,302	0	0	150,302				
Adequate Facilities/Development Tax	0	0	0	0	0	0	945,192	0	945,192				
<u>Statutory Local Taxes</u>													
Bank Excise Tax	170,423	0	0	0	0	0	0	0	170,423				
Wholesale Beer Tax	469,442	0	0	0	0	0	0	0	469,442				
Beer Privilege Tax	1,868	0	0	0	0	0	0	0	1,868				
Interstate Telecommunications Tax	0	0	0	0	0	0	3,733	0	3,733				
Total Local Taxes	\$ 20,334,791	\$ 408,753	\$ 0	\$ 0	\$ 0	\$ 2,635,665	\$ 21,619,018	\$ 0	\$ 44,998,227				
<u>Licenses and Permits</u>													
Licenses													
Marriage Licenses	\$ 5,258	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,258				
Cable TV Franchise	358,467	0	0	0	0	0	0	0	358,467				

(Continued)

Exhibit K-6

Sumner 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	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service			
<u>Licenses and Permits (Cont.)</u>										
<u>Permits</u>										
Beer Permits	\$ 475	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	475
Building Permits	103,519	0	0	0	0	0	0	0	0	103,519
Other Permits	0	0	0	0	0	0	0	0	13,500	13,500
<u>Total Licenses and Permits</u>	<u>\$ 467,719</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,500</u>	<u>\$ 481,219</u>
<u>Fines, Forfeitures, and Penalties</u>										
<u>Circuit Court</u>										
Fines	\$ 47,846	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	47,846
Officers Costs	42,731	0	0	0	0	0	0	0	0	42,731
Drug Control Fines	0	0	3,523	0	0	0	0	0	0	3,523
District Attorney General Fees	0	0	0	8,872	0	0	0	0	0	8,872
DUI Treatment Fines	5,895	0	0	0	0	0	0	0	0	5,895
Data Entry Fee - Circuit Court	42,067	0	0	0	0	0	0	0	0	42,067
Courtroom Security Fee	1,577	0	0	0	0	0	0	0	0	1,577
<u>Criminal Court</u>										
Drug Court Fees	17,643	0	0	0	0	0	0	0	0	17,643
<u>General Sessions Court</u>										
Fines	106,315	0	0	0	0	0	0	0	0	106,315
Officers Costs	217,358	0	0	0	0	0	0	0	0	217,358
Drug Control Fines	0	0	17,196	0	0	0	0	0	0	17,196
Drug Court Fees	35,448	0	0	0	0	0	0	0	0	35,448
District Attorney General Fees	0	0	0	20,011	0	0	0	0	0	20,011
DUI Treatment Fines	61,428	0	0	0	0	0	0	0	0	61,428
Courtroom Security Fee	10,057	0	0	0	0	0	0	0	0	10,057
<u>Juvenile Court</u>										
Fines	9,689	0	0	0	0	0	0	0	0	9,689
Officers Costs	20,887	0	0	0	0	0	0	0	0	20,887
Courtroom Security Fee	336	0	0	0	0	0	0	0	0	336
<u>Chancery Court</u>										
Officers Costs	10,582	0	0	0	0	0	0	0	0	10,582

(Continued)

Exhibit K-6

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

	Special Revenue Funds							Debt Service Fund	Capital Projects Fund
	General	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
<b>Fines, Forfeitures, and Penalties (Cont.)</b>									
<b>Chancery Court (Cont.)</b>									
Data Entry Fee - Chancery Court	\$ 7,548	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,548
Courtroom Security Fee	45	0	0	0	0	0	0	0	45
<b>Other Courts - In-county</b>									
Fines for Littering	116	0	0	0	0	0	0	0	116
<b>Other Fines, Forfeitures, and Penalties</b>									
Proceeds from Confiscated Property	0	0	8,215	0	0	0	0	0	8,215
Other Fines, Forfeitures, and Penalties	52,399	0	0	0	0	0	0	0	52,399
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 689,967</b>	<b>\$ 0</b>	<b>\$ 28,934</b>	<b>\$ 28,883</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 747,784</b>
<b>Charges for Current Services</b>									
<b>General Service Charges</b>									
Self-Insurance Premiums/Contributions	\$ 141,018	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 141,018
Patent Charges	4,977,668	0	0	0	0	0	0	0	4,977,668
Zoning Studies	5,775	0	0	0	0	0	0	0	5,775
Work Release Charges for Board	13,779	0	0	0	0	0	0	0	13,779
Other General Service Charges	7,565	0	16,000	0	0	358	0	0	23,923
<b>Fees</b>									
Subdivision Lot Fees	23,335	0	0	0	0	0	0	0	23,335
Engineer Review Fees	2,105	0	0	0	0	0	0	0	2,105
Copy Fees	2,603	0	0	0	0	0	0	0	2,603
Library Fees	62,327	0	0	0	0	0	0	0	62,327
Greenbelt Late Application Fee	300	0	0	0	0	0	0	0	300
Telephone Commissions	0	184,612	0	0	0	0	0	0	184,612
Special Commissioner Fees/Special Master Fees	0	0	0	0	4,630	0	0	0	4,630
Data Processing Fee - Register	57,574	0	0	0	0	0	0	0	57,574
Probation Fees	488,903	0	0	0	0	0	0	0	488,903
Data Processing Fee - Sheriff	25,547	0	0	0	0	0	0	0	25,547
Sexual Offender Registration Fees - Sheriff	11,400	0	0	0	0	0	0	0	11,400
Data Processing Fee - County Clerk	54,146	0	0	0	0	0	0	0	54,146

(Continued)

Exhibit K-6

Sumner 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	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service			
<u>Charges for Current Services (Cont.)</u>										
Other Charges for Services	\$ 15,530	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,530
Other Charges for Services	\$ 5,889,575	\$ 184,612	\$ 16,000	\$ 0	\$ 4,630	\$ 358	\$ 0	\$ 0	\$ 0	\$ 6,095,175
<b>Total Charges for Current Services</b>										
<u>Other Local Revenues</u>										
<u>Recurring Items</u>										
Investment Income	\$ 78,898	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 873,393	\$ 0	\$ 0	\$ 952,291
Lease/Rentals	180,396	0	0	0	0	0	0	0	0	180,396
Sale of Materials and Supplies	312	0	0	0	0	3,763	0	0	0	4,075
Commissary Sales	150,387	0	0	0	0	0	0	0	0	150,387
Sale of Gasoline	0	0	0	0	0	94,940	0	0	0	94,940
Sale of Maps	1,403	0	0	0	0	0	0	0	0	1,403
Refund of Telecommunication and Internet Fees (E-Rate)	6,859	0	0	0	0	0	0	0	0	6,859
Sale of Animals/Livestock	17,325	0	0	0	0	0	0	0	0	17,325
Miscellaneous Refunds	9,863	0	0	0	0	21	0	0	0	9,884
<u>Nonrecurring Items</u>										
Gain on Disposal of Property	723	0	0	0	0	0	0	0	0	723
Sale of Equipment	40,704	0	0	0	0	0	0	0	0	40,704
Sale of Property	1,300	0	0	0	0	0	0	0	0	1,300
Damages Recovered from Individuals	1,369	0	0	0	0	1,550	0	0	0	2,919
Contributions and Gifts	102,873	0	22,776	0	0	0	0	0	0	125,649
Performance Bond Forfeitures	0	0	0	0	0	32,000	0	0	0	32,000
<u>Other Local Revenues</u>										
Other Local Revenues	34,950	0	0	0	0	0	0	0	0	34,950
<b>Total Other Local Revenues</b>	\$ 627,362	\$ 0	\$ 22,776	\$ 0	\$ 0	\$ 132,274	\$ 873,393	\$ 0	\$ 0	\$ 1,655,805
<u>Fees Received from County Officials</u>										
Fees in-Lieu-of-Salary	\$ 1,547,706	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,547,706
County Clerk	1,774,610	0	0	0	0	0	0	0	0	1,774,610
Circuit Court Clerk	509,458	0	0	0	0	0	0	0	0	509,458
Clerk and Master										

(Continued)

Exhibit K-6

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

	Special Revenue Funds										Total	
	General	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund		Capital Projects Fund			
							General	Debt Service	Highway Capital	Projects		
<u>Fees Received from County Officials (Cont.)</u>												
<u>Fees in-Lieu-of Salary (Cont.)</u>												
Register	\$ 834,606	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 834,606
Sheriff	45,959	0	0	0	0	0	0	0	0	0	0	45,959
Trustee	2,522,872	0	0	0	0	0	0	0	0	0	0	2,522,872
<b>Total Fees Received from County Officials</b>	<b>\$ 7,235,211</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 7,235,211</b>
<u>State of Tennessee</u>												
<u>General Government Grants</u>												
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
On-Behalf Contributions for OPEB	9,297	0	0	0	0	0	0	0	0	0	0	9,297
<u>Public Safety Grants</u>												
Law Enforcement Training Programs	40,200	0	0	0	0	0	0	0	0	0	0	40,200
Other Public Safety Grants	50,734	0	0	0	0	0	0	0	0	0	0	50,734
Health and Welfare Grants												
Health Department Programs	979,279	0	0	0	0	0	0	0	0	0	0	979,279
<u>Public Works Grants</u>												
Bridge Program	0	0	0	0	0	0	0	0	0	0	0	0
State Aid Program	0	0	0	0	0	206,976	0	0	0	0	0	206,976
Litter Program	0	0	0	0	0	279,434	0	0	0	0	0	279,434
<u>Other State Revenues</u>												
Flood Control	109,154	0	0	0	0	0	0	0	0	0	0	109,154
Income Tax	213,945	0	0	0	0	0	0	0	0	0	0	213,945
Beer Tax	18,724	0	0	0	0	0	0	0	0	0	0	18,724
Alcoholic Beverage Tax	161,361	0	0	0	0	0	0	0	0	0	0	161,361
Mixed Drink Tax	8,947	0	0	0	0	0	0	0	0	0	0	8,947
State Revenue Sharing - T.V.A.	1,432,404	0	0	0	0	0	0	0	0	0	0	1,432,404
Emergency Hospital - Prisoners	16,574	0	0	0	0	0	0	0	0	0	0	16,574
Contracted Prisoner Boarding	1,762,120	0	0	0	0	0	0	0	0	0	0	1,762,120
Gasoline and Motor Fuel Tax	0	0	0	0	0	2,639,626	0	0	0	0	0	2,639,626
Petroleum Special Tax	0	0	0	0	0	104,765	0	0	0	0	0	104,765
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	0	0	0	0	15,164

(Continued)

Exhibit K-6

Sumner 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	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service			
<u>State of Tennessee (Cont.)</u>										
Other State Revenues (Cont.)										
Other State Grants	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,500
Other State Revenues	32,503	0	0	0	0	0	0	0	0	32,503
Total State of Tennessee	\$ 4,863,906	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,285,731	\$ 0	\$ 0	\$ 0	\$ 8,149,637
<u>Federal Government</u>										
<u>Federal Through State</u>										
Disaster Relief	\$ 40,227	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,152,028	\$ 0	\$ 0	\$ 0	\$ 1,192,255
Homeland Security Grants	53,028	0	0	0	0	0	0	0	0	53,028
ARRA Grant No. 1	66,454	0	0	0	0	0	0	0	0	66,454
ARRA Grant No. 3	74,120	0	0	0	0	0	0	0	0	74,120
ARRA Grant No. 4	97,815	0	0	0	0	0	0	0	0	97,815
Other Federal through State	73,400	0	0	0	0	0	0	0	0	73,400
Direct Federal Revenue										
Police Service (Lake Area)	14,121	0	0	0	0	0	0	0	0	14,121
Asset Forfeiture Funds	0	0	4,765	0	0	0	0	0	0	4,765
Other Direct Federal Revenue	78,137	0	0	0	0	203,146	0	0	0	281,283
Total Federal Government	\$ 497,302	\$ 0	\$ 4,765	\$ 0	\$ 0	\$ 1,355,174	\$ 0	\$ 0	\$ 0	\$ 1,857,241
<u>Other Governments and Citizens Groups</u>										
<u>Other Governments</u>										
Contributions	\$ 261,803	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 261,803
Contracted Services	11,710	0	0	0	0	0	0	0	0	11,710
<u>Citizens Groups</u>										
Donations	6,000	0	0	0	0	0	0	0	0	6,000
Total Other Governments and Citizens Groups	\$ 279,513	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 279,513
Total	\$ 40,885,346	\$ 593,365	\$ 72,475	\$ 28,883	\$ 4,630	\$ 7,409,202	\$ 22,492,411	\$ 13,500	\$ 71,499,812	

Exhibit K-7

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

	General Purpose School	School Federal Projects	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 46,452,152	\$ 0	\$ 46,452,152
Trustee's Collections - Prior Year	1,009,292	0	1,009,292
Circuit/Clerk & Master Collections - Prior Years	878,456	0	878,456
Interest and Penalty	231,013	0	231,013
Pick-up Taxes	7,325	0	7,325
Payments in-Lieu-of Taxes - T.V.A.	412	0	412
Payments in-Lieu-of Taxes - Local Utilities	356,542	0	356,542
<u>County Local Option Taxes</u>			
Local Option Sales Tax	11,640,179	0	11,640,179
Wheel Tax	4,195,481	0	4,195,481
<u>Statutory Local Taxes</u>			
Interstate Telecommunications Tax	7,469	0	7,469
<b>Total Local Taxes</b>	<b>\$ 64,778,321</b>	<b>\$ 0</b>	<b>\$ 64,778,321</b>
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 5,258	\$ 0	\$ 5,258
<u>Permits</u>			
Other Permits	1,643	0	1,643
<b>Total Licenses and Permits</b>	<b>\$ 6,901</b>	<b>\$ 0</b>	<b>\$ 6,901</b>
<u>Charges for Current Services</u>			
<u>Education Charges</u>			
Tuition - Regular Day Students	\$ 196,158	\$ 0	\$ 196,158
Tuition - Summer School	20,400	0	20,400
Tuition - Other	575	0	575
Lunch Payments - Children	4,793,487	0	4,793,487
Lunch Payments - Adults	256,911	0	256,911
Income from Breakfast	178,084	0	178,084
Receipts from Individual Schools	506,864	0	506,864
Community Service Fees - Children	1,507,504	0	1,507,504
TBI Criminal Background Fees	34,851	0	34,851
<u>Other Charges for Services</u>			
Other Charges for Services	145,680	0	145,680
<b>Total Charges for Current Services</b>	<b>\$ 7,640,514</b>	<b>\$ 0</b>	<b>\$ 7,640,514</b>
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 8,038	\$ 0	\$ 8,038
Lease/Rentals	87,603	0	87,603
Sale of Materials and Supplies	50,372	0	50,372
Refund of Telecommunication and Internet Fees (E-Rate)	90,324	0	90,324
Retirees' Insurance Payments	80,963	0	80,963
Miscellaneous Refunds	68,752	0	68,752
<u>Nonrecurring Items</u>			
Sale of Equipment	81,644	0	81,644
Sale of Property	100	0	100
Damages Recovered from Individuals	4,262	0	4,262

(Continued)

Exhibit K-7

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

	General Purpose School	School Federal Projects	Total
<u>Other Local Revenues (Cont.)</u>			
<u>Nonrecurring Items (Cont.)</u>			
Contributions and Gifts	\$ 309,894	\$ 0	\$ 309,894
<u>Other Local Revenues</u>			
Other Local Revenues	22,359	0	22,359
Total Other Local Revenues	<u>\$ 804,311</u>	<u>\$ 0</u>	<u>\$ 804,311</u>
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
On-Behalf Contributions for OPEB	\$ 730,433	\$ 0	\$ 730,433
<u>State Education Funds</u>			
Basic Education Program	102,078,864	0	102,078,864
Basic Education Program - ARRA	9,497,136	0	9,497,136
Early Childhood Education	30,336	0	30,336
School Food Service	109,635	0	109,635
Energy Efficient School Initiative	19,840	0	19,840
Other State Education Funds	39,075	0	39,075
Coordinated School Health - ARRA	105,000	0	105,000
Family Resource Centers - ARRA	33,300	0	33,300
Statewide Student Management System (SSMS) - ARRA	66,777	0	66,777
Career Ladder Program	1,041,407	0	1,041,407
Career Ladder - Extended Contract - ARRA	1,141	0	1,141
<u>Other State Revenues</u>			
Mixed Drink Tax	8,947	0	8,947
Other State Grants	395,559	0	395,559
Safe Schools - ARRA	150,519	0	150,519
Total State of Tennessee	<u>\$ 114,307,969</u>	<u>\$ 0</u>	<u>\$ 114,307,969</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA School Lunch Program	\$ 4,082,312	\$ 0	\$ 4,082,312
USDA - Commodities	725,415	0	725,415
Breakfast	1,179,211	0	1,179,211
USDA - Other	20,038	0	20,038
Adult Education State Grant Program	277,390	0	277,390
Vocational Education - Basic Grants to States	0	291,834	291,834
Title I Grants to Local Education Agencies	0	4,630,390	4,630,390
Special Education - Grants to States	336,777	8,193,718	8,530,495
Special Education Preschool Grants	0	182,944	182,944
English Language Acquisition Grants	0	83,599	83,599
Safe and Drug-free Schools - State Grants	768,937	2,975	771,912
Education for Homeless Children and Youth	0	49,570	49,570
Eisenhower Professional Development State Grants	0	768,958	768,958
Disaster Relief	82,934	0	82,934
ARRA Grant No. 1	15,287	0	15,287
Race-to-the-Top - ARRA	0	809,630	809,630
Other Federal through State	307,250	4,594,746	4,901,996
<u>Direct Federal Revenue</u>			
ROTC Reimbursement	185,998	0	185,998
Total Federal Government	<u>\$ 7,981,549</u>	<u>\$ 19,608,364</u>	<u>\$ 27,589,913</u>
Total	<u>\$ 195,519,565</u>	<u>\$ 19,608,364</u>	<u>\$ 215,127,929</u>

Exhibit K-8

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

General Fund

General Government

County Commission

Other Salaries and Wages	\$	27,525	
Board and Committee Members Fees		144,000	
Social Security		8,256	
State Retirement		2,276	
Employer Medicare		2,307	
Audit Services		39,135	
Dues and Memberships		18,241	
Legal Notices, Recording, and Court Costs		2,114	
Maintenance and Repair Services - Equipment		180	
Postal Charges		39	
Printing, Stationery, and Forms		520	
Electricity		675	
Other Charges		5,011	
Data Processing Equipment		1,472	
Total County Commission			\$ 251,751

Board of Equalization

Board and Committee Members Fees	\$	6,100	
Total Board of Equalization			6,100

Other Boards and Committees

Board and Committee Members Fees	\$	4,000	
Total Other Boards and Committees			4,000

County Mayor/Executive

County Official/Administrative Officer	\$	98,334	
Assistant(s)		74,000	
Longevity Pay		1,200	
Bonus Payments		1,500	
Social Security		10,457	
State Retirement		24,163	
Life Insurance		308	
Medical Insurance		24,176	
Dental Insurance		820	
Employer Medicare		2,446	
Communication		2,424	
Data Processing Services		272	
Dues and Memberships		1,985	
Maintenance Agreements		1,210	
Maintenance and Repair Services - Office Equipment		242	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Maintenance and Repair Services - Vehicles	\$	1,562	
Postal Charges		465	
Printing, Stationery, and Forms		160	
Travel		2,064	
Gasoline		1,413	
Office Supplies		3,560	
Periodicals		194	
In Service/Staff Development		1,085	
Other Charges		3,447	
Furniture and Fixtures		450	
Total County Mayor/Executive			\$ 257,937

County Attorney

County Official/Administrative Officer	\$	148,904	
Longevity Pay		2,175	
Bonus Payments		2,000	
Other Salaries and Wages		100,385	
Social Security		12,959	
State Retirement		34,309	
Life Insurance		371	
Medical Insurance		36,490	
Dental Insurance		1,453	
Disability Insurance		2,759	
Employer Medicare		3,429	
Communication		2,268	
Data Processing Services		143	
Dues and Memberships		570	
Operating Lease Payments		2,231	
Legal Services		270,101	
Maintenance Agreements		509	
Postal Charges		416	
Printing, Stationery, and Forms		424	
Other Contracted Services		85,376	
Data Processing Supplies		279	
Library Books/Media		4,135	
Office Supplies		1,098	
In Service/Staff Development		475	
Office Equipment		337	
Total County Attorney			713,596

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	74,913	
Secretary(ies)		138,335	
Longevity Pay		3,075	
Bonus Payments		3,500	
Other Salaries and Wages		20,538	
Election Commission		7,950	
Election Workers		183,344	
Social Security		16,071	
State Retirement		30,780	
Life Insurance		391	
Medical Insurance		60,950	
Dental Insurance		2,601	
Employer Medicare		3,792	
Communication		6,256	
Data Processing Services		54,961	
Dues and Memberships		300	
Operating Lease Payments		51,000	
Legal Notices, Recording, and Court Costs		26,126	
Maintenance Agreements		13,425	
Maintenance and Repair Services - Equipment		500	
Maintenance and Repair Services - Office Equipment		683	
Postal Charges		13,073	
Printing, Stationery, and Forms		34,791	
Rentals		750	
Travel		4,270	
Maintenance and Repair Services - Records		63	
Other Contracted Services		33,505	
Data Processing Supplies		1,510	
Office Supplies		6,182	
Periodicals		118	
Other Supplies and Materials		1,644	
In Service/Staff Development		2,320	
Data Processing Equipment		5,639	
Furniture and Fixtures		1,624	
Total Election Commission			\$ 804,980

Register of Deeds

County Official/Administrative Officer	\$	85,338
Deputy(ies)		276,211
Longevity Pay		5,100

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Bonus Payments	\$	4,000	
Social Security		21,530	
State Retirement		51,249	
Life Insurance		655	
Medical Insurance		75,949	
Dental Insurance		3,349	
Employer Medicare		5,035	
Advertising		83	
Communication		1,260	
Dues and Memberships		751	
Operating Lease Payments		6,711	
Postal Charges		2,330	
Travel		1,716	
Maintenance and Repair Services - Records		70	
Data Processing Supplies		3,040	
Duplicating Supplies		5,534	
Office Supplies		4,081	
Periodicals		76	
In Service/Staff Development		900	
Data Processing Equipment		69,679	
Office Equipment		180	
Total Register of Deeds			\$ 624,827

Building

Supervisor/Director	\$	59,310
Investigator(s)		163,575
Secretary(ies)		99,886
Part-time Personnel		9,394
Longevity Pay		8,475
Bonus Payments		4,000
Other Salaries and Wages		50,050
Social Security		22,974
State Retirement		52,868
Life Insurance		659
Medical Insurance		81,168
Dental Insurance		3,399
Employer Medicare		5,373
Advertising		800
Communication		2,822
Contracts with Government Agencies		12,250

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

Data Processing Services	\$	1,080	
Dues and Memberships		310	
Engineering Services		3,535	
Operating Lease Payments		6,763	
Legal Notices, Recording, and Court Costs		265	
Maintenance and Repair Services - Vehicles		1,471	
Matching Share		5,638	
Postal Charges		1,104	
Printing, Stationery, and Forms		1,528	
Travel		156	
Permits		3,460	
Other Contracted Services		136,677	
Data Processing Supplies		1,780	
Gasoline		11,402	
Office Supplies		2,423	
Small Tools		27	
In Service/Staff Development		3,032	
Other Charges		1,952	
Data Processing Equipment		1,351	
Furniture and Fixtures		234	
Other Equipment		4,766	
Total Building			\$ 765,957

County Buildings

Maintenance Personnel	\$	179,588	
Longevity Pay		7,800	
Bonus Payments		2,500	
Social Security		11,382	
State Retirement		26,491	
Life Insurance		302	
Medical Insurance		27,797	
Dental Insurance		931	
Employer Medicare		2,662	
Communication		1,022	
Other Contracted Services		56,907	
Electricity		576,780	
Natural Gas		176,958	
Water and Sewer		148,845	
Building Improvements		20,635	
Total County Buildings			1,240,600

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records

Clerical Personnel	\$	27,330	
Social Security		1,195	
State Retirement		993	
Life Insurance		13	
Medical Insurance		2,409	
Dental Insurance		112	
Employer Medicare		388	
Communication		1,936	
Dues and Memberships		55	
Maintenance and Repair Services - Office Equipment		587	
Postal Charges		100	
Printing, Stationery, and Forms		166	
Travel		96	
Maintenance and Repair Services - Records		117	
Data Processing Supplies		1,139	
Office Supplies		494	
In Service/Staff Development		305	
Other Charges		76	
Total Preservation of Records			\$ 37,511

Finance

Accounting and Budgeting

Assistant(s)	\$	55,375
Supervisor/Director		90,300
Accountants/Bookkeepers		162,560
Purchasing Personnel		61,602
Longevity Pay		4,950
Bonus Payments		5,000
Other Salaries and Wages		50,488
Social Security		24,064
State Retirement		55,478
Life Insurance		702
Medical Insurance		82,779
Dental Insurance		4,042
Employer Medicare		5,857
Advertising		58
Communication		1,800
Contracts with Private Agencies		15,400
Data Processing Services		18,118
Dues and Memberships		285

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Legal Notices, Recording, and Court Costs	\$	711	
Maintenance Agreements		1,452	
Postal Charges		3,542	
Printing, Stationery, and Forms		1,644	
Travel		1,623	
Data Processing Supplies		3,149	
Library Books/Media		428	
Office Supplies		4,523	
In Service/Staff Development		2,185	
Other Charges		627	
Data Processing Equipment		21,715	
Furniture and Fixtures		4,627	
Office Equipment		397	
Total Accounting and Budgeting			\$ 685,481

Property Assessor's Office

County Official/Administrative Officer	\$	85,338	
Data Processing Personnel		146,220	
Assessment Personnel		94,681	
Longevity Pay		11,508	
Bonus Payments		5,500	
Other Salaries and Wages		76,353	
Social Security		24,367	
State Retirement		56,948	
Life Insurance		727	
Medical Insurance		86,390	
Dental Insurance		4,012	
Employer Medicare		5,699	
Dues and Memberships		1,787	
Maintenance Agreements		2,028	
Postal Charges		1,494	
Printing, Stationery, and Forms		741	
Travel		2,279	
Data Processing Supplies		157	
Office Supplies		2,134	
Premiums on Corporate Surety Bonds		100	
In Service/Staff Development		489	
Data Processing Equipment		3,228	
Other Equipment		26,421	
Total Property Assessor's Office			638,601

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Supervisor/Director	\$	51,820	
Data Processing Personnel		58,181	
Longevity Pay		9,750	
Bonus Payments		4,000	
Other Salaries and Wages		208,516	
Social Security		19,383	
State Retirement		43,208	
Life Insurance		539	
Medical Insurance		63,236	
Dental Insurance		3,026	
Employer Medicare		4,533	
Audit Services		28,340	
Communication		6,940	
Contracts with Government Agencies		35,653	
Maintenance and Repair Services - Vehicles		1,840	
Postal Charges		5,000	
Printing, Stationery, and Forms		143	
Travel		1,564	
Other Contracted Services		13,310	
Data Processing Supplies		2,768	
Gasoline		9,220	
Office Supplies		781	
Periodicals		563	
In Service/Staff Development		300	
Data Processing Equipment		1,860	
Total Reappraisal Program		<u>1,860</u>	\$ 574,474

County Trustee's Office

County Official/Administrative Officer	\$	85,338
Deputy(ies)		160,578
Longevity Pay		3,450
Bonus Payments		3,000
Social Security		14,714
State Retirement		33,912
Life Insurance		399
Medical Insurance		47,961
Dental Insurance		2,022
Employer Medicare		3,441
Communication		2,522
Contracts with Government Agencies		50,256

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Data Processing Services	\$	10,950	
Dues and Memberships		751	
Legal Notices, Recording, and Court Costs		41	
Maintenance Agreements		1,056	
Maintenance and Repair Services - Office Equipment		413	
Postal Charges		2,511	
Printing, Stationery, and Forms		364	
Travel		2,005	
Data Processing Supplies		1,536	
Office Supplies		1,388	
In Service/Staff Development		905	
Other Charges		62	
Data Processing Equipment		1,160	
Total County Trustee's Office			\$ 430,735

County Clerk's Office

County Official/Administrative Officer	\$	85,338
Deputy(ies)		748,020
Longevity Pay		26,175
Bonus Payments		11,500
Social Security		46,972
State Retirement		110,952
Life Insurance		1,391
Medical Insurance		188,582
Dental Insurance		8,140
Employer Medicare		11,789
Communication		4,125
Data Processing Services		36,278
Dues and Memberships		800
Janitorial Services		3,272
Maintenance Agreements		8,544
Maintenance and Repair Services - Office Equipment		178
Postal Charges		24,665
Printing, Stationery, and Forms		1,858
Travel		6,169
Data Processing Supplies		1,486
Office Supplies		5,899
Periodicals		603
In Service/Staff Development		545
Communication Equipment		486

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Data Processing Equipment	\$	9,824	
Office Equipment		1,060	
Total County Clerk's Office			\$ 1,344,651

Data Processing

Supervisor/Director	\$	49,609	
Data Processing Personnel		20,715	
Longevity Pay		2,625	
Social Security		4,191	
State Retirement		10,058	
Life Insurance		128	
Medical Insurance		13,824	
Dental Insurance		622	
Employer Medicare		980	
Communication		3,907	
Data Processing Services		4,427	
Postal Charges		1,667	
Travel		86	
Other Contracted Services		2,100	
Data Processing Supplies		909	
Office Supplies		172	
Data Processing Equipment		800	
Furniture and Fixtures		775	
Office Equipment		225	
Total Data Processing			117,820

Other Finance

Assistant(s)	\$	39,861	
Supervisor/Director		57,506	
Clerical Personnel		25,750	
Longevity Pay		3,225	
Bonus Payments		1,500	
Social Security		7,422	
State Retirement		17,873	
Life Insurance		223	
Medical Insurance		28,642	
Dental Insurance		1,351	
Employer Medicare		1,736	
Total Other Finance			185,089

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	85,338	
Clerical Personnel		750,884	
Longevity Pay		18,750	
Bonus Payments		11,500	
Jury and Witness Expense		30,833	
Social Security		49,536	
State Retirement		118,546	
Life Insurance		1,451	
Medical Insurance		174,735	
Dental Insurance		7,260	
Employer Medicare		11,742	
Communication		2,479	
Data Processing Services		15,743	
Dues and Memberships		686	
Legal Notices, Recording, and Court Costs		420	
Maintenance Agreements		21,779	
Postal Charges		10,220	
Travel		1,947	
Data Processing Supplies		2,063	
Office Supplies		35,884	
Periodicals		658	
In Service/Staff Development		825	
Data Processing Equipment		3,841	
Furniture and Fixtures		12,381	
Total Circuit Court			\$ 1,369,501

General Sessions Judge

Judge(s)	\$	145,999
Secretary(ies)		56,748
Longevity Pay		1,800
Bonus Payments		1,000
Social Security		10,170
State Retirement		28,741
Life Insurance		283
Medical Insurance		4,757
Dental Insurance		207
Employer Medicare		2,958
Communication		906
Licenses		150
Maintenance Agreements		2,653

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

Postal Charges	\$	132	
Printing, Stationery, and Forms		642	
Drug Treatment		15,670	
Other Contracted Services		2,360	
Office Supplies		1,177	
Periodicals		708	
In Service/Staff Development		215	
Other Charges		3,270	
Total General Sessions Judge			\$ 280,546

Drug Court

Clerical Personnel	\$	91,348	
Longevity Pay		975	
Bonus Payments		1,000	
Social Security		4,748	
State Retirement		11,232	
Life Insurance		142	
Medical Insurance		14,464	
Dental Insurance		613	
Employer Medicare		1,298	
Communication		240	
Consultants		35,826	
Data Processing Services		1,317	
Evaluation and Testing		443	
Operating Lease Payments		18,000	
Maintenance Agreements		1,698	
Printing, Stationery, and Forms		628	
Travel		3,727	
Other Contracted Services		4,399	
Custodial Supplies		200	
Data Processing Supplies		61	
Drugs and Medical Supplies		2,533	
Instructional Supplies and Materials		983	
Office Supplies		1,589	
In Service/Staff Development		1,200	
Other Charges		38	
Data Processing Equipment		1,597	
Furniture and Fixtures		446	
Total Drug Court			200,745

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	85,338	
Clerical Personnel		249,129	
Longevity Pay		8,400	
Bonus Payments		4,000	
Social Security		20,007	
State Retirement		42,553	
Life Insurance		546	
Medical Insurance		82,426	
Dental Insurance		3,748	
Employer Medicare		4,679	
Communication		3,260	
Data Processing Services		470	
Dues and Memberships		806	
Janitorial Services		2,400	
Maintenance Agreements		9,126	
Maintenance and Repair Services - Office Equipment		299	
Postal Charges		25,141	
Printing, Stationery, and Forms		1,696	
Travel		60	
Tuition		419	
Other Contracted Services		120	
Data Processing Supplies		636	
Office Supplies		4,938	
Periodicals		66	
In Service/Staff Development		300	
Other Charges		24	
Data Processing Equipment		17,742	
Total Chancery Court			\$ 568,329

Juvenile Court

Judge(s)	\$	145,999
Assistant(s)		63,948
Secretary(ies)		85,756
Longevity Pay		4,800
Bonus Payments		2,000
Social Security		15,749
State Retirement		39,500
Life Insurance		416
Medical Insurance		26,214
Dental Insurance		1,193

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Employer Medicare	\$	4,245	
Communication		4,774	
Data Processing Services		4,859	
Dues and Memberships		335	
Maintenance Agreements		8,329	
Maintenance and Repair Services - Buildings		25	
Maintenance and Repair Services - Office Equipment		159	
Postal Charges		880	
Printing, Stationery, and Forms		668	
Travel		1,521	
Maintenance and Repair Services - Records		450	
Custodial Supplies		28	
Data Processing Supplies		929	
Office Supplies		907	
Periodicals		443	
In Service/Staff Development		390	
Data Processing Equipment		1,582	
Total Juvenile Court			\$ 416,099

District Attorney General

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

Judicial Commissioners

County Official/Administrative Officer	\$	201,616	
Longevity Pay		300	
Bonus Payments		500	
Social Security		12,047	
State Retirement		7,661	
Life Insurance		97	
Employer Medicare		2,935	
Communication		710	
Dues and Memberships		420	
Maintenance Agreements		1,104	
Travel		166	
Custodial Supplies		69	
Data Processing Supplies		185	
Office Supplies		1,366	
In Service/Staff Development		649	
Furniture and Fixtures		845	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners (Cont.)

Other Equipment	\$ 120	
Total Judicial Commissioners		\$ 230,790

Other Administration of Justice

Part-time Personnel	\$ 18,720	
Social Security	1,161	
Employer Medicare	271	
Contracts with Other Public Agencies	103,250	
Total Other Administration of Justice		123,402

Probation Services

Probation Officer(s)	\$ 229,126	
Clerical Personnel	26,392	
Longevity Pay	7,050	
Bonus Payments	3,000	
Social Security	15,927	
State Retirement	37,095	
Life Insurance	467	
Medical Insurance	31,164	
Dental Insurance	1,416	
Employer Medicare	3,725	
Communication	480	
Maintenance Agreements	2,463	
Postal Charges	950	
Printing, Stationery, and Forms	847	
Travel	1,096	
Office Supplies	3,837	
Premiums on Corporate Surety Bonds	300	
In Service/Staff Development	300	
Other Charges	300	
Total Probation Services		365,935

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 86,907
Deputy(ies)	2,185,747
Detective(s)	364,231
Captain(s)	170,999
Lieutenant(s)	158,159
Sergeant(s)	309,664

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Dispatchers/Radio Operators	\$	378,735
Guards		273,214
Clerical Personnel		424,066
Maintenance Personnel		91,830
Part-time Personnel		89,348
Longevity Pay		107,700
Bonus Payments		53,500
Other Salaries and Wages		40,200
Social Security		275,999
State Retirement		643,126
Life Insurance		8,045
Medical Insurance		932,708
Dental Insurance		42,232
Employer Medicare		64,547
Advertising		152
Communication		54,800
Contracts with Private Agencies		3,912
Data Processing Services		11,085
Dues and Memberships		3,555
Evaluation and Testing		7,775
Licenses		2,019
Maintenance Agreements		8,866
Maintenance and Repair Services - Equipment		2,722
Maintenance and Repair Services - Vehicles		9,588
Postal Charges		7,766
Printing, Stationery, and Forms		10,188
Rentals		247
Tow-in Services		1,532
Transportation - Other than Students		7,782
Travel		11,775
Veterinary Services		8,003
Other Contracted Services		4,155
Animal Food and Supplies		9,067
Data Processing Supplies		18,251
Gasoline		298,596
Law Enforcement Supplies		46,145
Office Supplies		15,257
Periodicals		228
Propane Gas		3,268
Tires and Tubes		15,120

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Uniforms	\$	35,158	
Vehicle Parts		11,591	
Other Supplies and Materials		1,349	
In Service/Staff Development		20,004	
Fines, Assessments, and Penalties		150	
Other Charges		9,404	
Data Processing Equipment		124,156	
Furniture and Fixtures		2,757	
Law Enforcement Equipment		5,240	
Motor Vehicles		371,035	
Other Equipment		220	
Total Sheriff's Department			\$ 7,843,875

Administration of the Sexual Offender Registry

Data Processing Supplies	\$	544	
Other Charges		8,520	
Furniture and Fixtures		136	
Total Administration of the Sexual Offender Registry			9,200

Jail

Assistant(s)	\$	60,140	
Captain(s)		55,523	
Lieutenant(s)		141,660	
Sergeant(s)		212,958	
Guards		2,977,566	
Cafeteria Personnel		44,814	
Part-time Personnel		10,428	
Longevity Pay		53,475	
Bonus Payments		66,500	
Social Security		207,485	
State Retirement		504,220	
Life Insurance		6,374	
Medical Insurance		988,242	
Dental Insurance		42,624	
Employer Medicare		48,524	
Medical and Dental Services		944,504	
Custodial Supplies		66,924	
Food Supplies		488,379	
Prisoners Clothing		10,431	
Other Supplies and Materials		44,457	
Total Jail			6,975,228

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services

Youth Service Officer(s)	\$	328,526	
Salary Supplements		5,196	
Longevity Pay		10,200	
Bonus Payments		4,500	
Social Security		20,727	
State Retirement		48,709	
Life Insurance		591	
Medical Insurance		47,959	
Dental Insurance		2,054	
Employer Medicare		4,847	
Communication		1,119	
Maintenance and Repair Services - Office Equipment		395	
Postal Charges		616	
Printing, Stationery, and Forms		732	
Travel		3,705	
Drug Treatment		2,437	
Other Contracted Services		4,449	
Data Processing Supplies		446	
Instructional Supplies and Materials		736	
Office Supplies		3,193	
In Service/Staff Development		930	
Furniture and Fixtures		523	
Total Juvenile Services			\$ 492,590

Fire Prevention and Control

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

Rural Fire Protection

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

Other Emergency Management

Supervisor/Director	\$	73,542	
Deputy(ies)		16,869	
Part-time Personnel		3,831	
Longevity Pay		525	
Bonus Payments		500	
Social Security		5,714	
State Retirement		10,424	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Life Insurance	\$	133	
Medical Insurance		11,942	
Dental Insurance		572	
Employer Medicare		1,336	
Communication		14,683	
Data Processing Services		580	
Dues and Memberships		50	
Maintenance Agreements		1,044	
Maintenance and Repair Services - Equipment		20,543	
Maintenance and Repair Services - Vehicles		4,138	
Postal Charges		44	
Printing, Stationery, and Forms		156	
Other Contracted Services		180	
Custodial Supplies		499	
Gasoline		10,070	
Office Supplies		1,000	
Uniforms		7,415	
Other Supplies and Materials		4,808	
Vehicle and Equipment Insurance		16,202	
Workers' Compensation Insurance		5,007	
Other Charges		113,297	
Other Equipment		23,933	
Other Capital Outlay		6,976	
Total Other Emergency Management			\$ 356,013

Public Health and Welfare

Local Health Center

Longevity Pay	\$	11,550
Bonus Payments		10,500
Other Salaries and Wages		703,316
Social Security		42,106
State Retirement		92,722
Life Insurance		1,176
Medical Insurance		153,349
Dental Insurance		6,210
Employer Medicare		9,847
Communication		25,903
Dues and Memberships		200
Janitorial Services		39,372
Maintenance Agreements		662

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Maintenance and Repair Services - Buildings	\$	4,500	
Maintenance and Repair Services - Equipment		11,797	
Postal Charges		2,628	
Printing, Stationery, and Forms		332	
Travel		15,893	
Disposal Fees		2,214	
Other Contracted Services		1,438	
Custodial Supplies		1,467	
Data Processing Supplies		566	
Drugs and Medical Supplies		409	
Electricity		58,310	
Food Supplies		112	
Natural Gas		8,723	
Office Supplies		1,430	
Water and Sewer		3,103	
Other Supplies and Materials		196	
Liability Insurance		911	
In Service/Staff Development		249	
Other Charges		91	
Building Improvements		2,865	
Data Processing Equipment		830	
Furniture and Fixtures		110	
Other Equipment		507	
Total Local Health Center			\$ 1,215,594

Ambulance/Emergency Medical Services

Supervisor/Director	\$	81,981
Mechanic(s)		28,122
Dispatchers/Radio Operators		198,803
Clerical Personnel		192,350
Attendants		2,521,153
Part-time Personnel		243,796
Longevity Pay		67,575
Overtime Pay		1,274,286
Bonus Payments		50,000
Social Security		272,668
State Retirement		616,763
Life Insurance		6,958
Medical Insurance		852,646
Dental Insurance		37,839

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Employer Medicare	\$	63,769
Communication		42,630
Data Processing Services		28,666
Debt Collection Services		9,510
Dues and Memberships		560
Operating Lease Payments		53,652
Legal Notices, Recording, and Court Costs		44
Licenses		6,820
Maintenance and Repair Services - Buildings		2,176
Maintenance and Repair Services - Equipment		10,792
Maintenance and Repair Services - Office Equipment		35
Maintenance and Repair Services - Vehicles		4,151
Medical and Dental Services		2,570
Postal Charges		13,575
Printing, Stationery, and Forms		5,286
Rentals		4,900
Tow-in Services		290
Travel		3,545
Disposal Fees		2,424
Other Contracted Services		150
Custodial Supplies		5,623
Data Processing Supplies		900
Diesel Fuel		157,788
Drugs and Medical Supplies		185,456
Gasoline		12,304
Instructional Supplies and Materials		2,470
Office Supplies		3,928
Periodicals		76
Textbooks		3,917
Tires and Tubes		10,922
Uniforms		49,314
Vehicle Parts		50,310
Liability Insurance		19,980
In Service/Staff Development		17,599
Criminal Investigation of Applicants - TBI		761
Other Charges		425
Communication Equipment		14,296
Data Processing Equipment		6,473
Furniture and Fixtures		5,561
Motor Vehicles		338,813

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Health Equipment	\$ 156,941	
Other Equipment	5,066	
Other Capital Outlay	<u>3,800</u>	
Total Ambulance/Emergency Medical Services		\$ 7,753,208

Appropriation to State

Contracts with Government Agencies	\$ <u>196,655</u>	
Total Appropriation to State		196,655

General Welfare Assistance

Pauper Burials	\$ <u>300</u>	
Total General Welfare Assistance		300

Aid to Dependent Children

Other Contracted Services	\$ <u>300</u>	
Total Aid to Dependent Children		300

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 41,500	
Tax Relief Program	<u>195,620</u>	
Total Senior Citizens Assistance		237,120

Libraries

Librarians	\$ 778,423	
Longevity Pay	16,575	
Bonus Payments	11,000	
Social Security	46,540	
State Retirement	93,795	
Life Insurance	1,125	
Medical Insurance	164,343	
Dental Insurance	8,110	
Employer Medicare	10,949	
Advertising	102	
Communication	14,006	
Data Processing Services	3,648	
Dues and Memberships	685	
Janitorial Services	25,316	
Operating Lease Payments	7,405	
Maintenance Agreements	2,120	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Maintenance and Repair Services - Buildings	\$	10,869	
Maintenance and Repair Services - Equipment		752	
Pest Control		799	
Postal Charges		4,730	
Travel		2,717	
Disposal Fees		2,784	
Other Contracted Services		1,475	
Custodial Supplies		3,915	
Data Processing Supplies		8,638	
Electricity		82,595	
Library Books/Media		126,193	
Natural Gas		2,633	
Office Supplies		15,099	
Periodicals		4,704	
Water and Sewer		6,161	
Other Supplies and Materials		3,212	
In Service/Staff Development		796	
Other Charges		7,163	
Data Processing Equipment		13,775	
Furniture and Fixtures		1,124	
Other Equipment		2,805	
Total Libraries			\$ 1,487,081

Agriculture and Natural Resources

Agriculture Extension Service

County Official/Administrative Officer	\$	82,905
Assistant(s)		94,421
Secretary(ies)		48,440
Longevity Pay		5,100
Bonus Payments		4,000
Social Security		11,652
State Retirement		31,463
Life Insurance		242
Medical Insurance		86,117
Dental Insurance		3,474
Employer Medicare		2,471
Communication		3,074
Dues and Memberships		335
Maintenance Agreements		767
Maintenance and Repair Services - Buildings		134

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Travel	\$	5,034	
Office Supplies		975	
Data Processing Equipment		2,116	
Office Equipment		694	
Building Purchases		2,717	
Total Agriculture Extension Service			\$ 386,131

Soil Conservation

Secretary(ies)	\$	26,341	
Longevity Pay		1,125	
Bonus Payments		500	
Social Security		1,539	
State Retirement		3,910	
Life Insurance		49	
Medical Insurance		11,942	
Dental Insurance		572	
Employer Medicare		360	
Dues and Memberships		1,060	
Postal Charges		440	
Travel		841	
Office Supplies		814	
Periodicals		24	
In Service/Staff Development		348	
Total Soil Conservation			49,865

Other Operations

Tourism

Contributions	\$	341,414	
Total Tourism			341,414

Industrial Development

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

Veterans' Services

County Official/Administrative Officer	\$	43,260	
Longevity Pay		450	
Bonus Payments		500	
Social Security		2,741	
State Retirement		6,180	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Life Insurance	\$	79	
Employer Medicare		641	
Communication		361	
Dues and Memberships		25	
Maintenance Agreements		461	
Postal Charges		221	
Printing, Stationery, and Forms		42	
Travel		491	
Office Supplies		147	
Total Veterans' Services			\$ 55,599

Other Charges

Evaluation and Testing	\$	5,627	
Medical and Dental Services		26,600	
Other Contracted Services		15,000	
Other Supplies and Materials		6,127	
Building and Contents Insurance		37,971	
Liability Insurance		303,553	
Premiums on Corporate Surety Bonds		19,580	
Trustee's Commission		510,091	
Workers' Compensation Insurance		165,527	
Other Charges		645	
Total Other Charges			1,090,721

Contributions to Other Agencies

Contributions	\$	241,356	
Total Contributions to Other Agencies			241,356

Employee Benefits

State Retirement	\$	2,050	
Medical Insurance		26,158	
Unemployment Compensation		58,324	
Total Employee Benefits			86,532

ARRA Grant No. 1

Temporary Personnel	\$	34,835	
Social Security		2,160	
Employer Medicare		505	
Travel		1,505	
Drugs and Medical Supplies		10,000	
Total ARRA Grant No. 1			49,005

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

ARRA Grant No. 2

Other Supplies and Materials	\$ 1,844	
Other Equipment	12,183	
Total ARRA Grant No. 2		\$ 14,027

ARRA Grant No. 3

Engineering Services	\$ 8,755	
Total ARRA Grant No. 3		8,755

ARRA Grant No. 4

Engineering Services	\$ 94,618	
Total ARRA Grant No. 4		94,618

Miscellaneous

Investigator(s)	\$ 17,591	
Clerical Personnel	16,822	
Social Security	2,114	
State Retirement	1,836	
Life Insurance	25	
Medical Insurance	1,187	
Dental Insurance	52	
Employer Medicare	494	
On-Behalf Payments to OPEB	9,297	
Total Miscellaneous		49,418

Highways

Traffic Control

Maintenance and Repair Services - Equipment	\$ 3,720	
Total Traffic Control		3,720

Total General Fund \$ 41,442,382

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Communication	\$ 28,892
Data Processing Services	6,000
Maintenance and Repair Services - Buildings	166,935
Maintenance and Repair Services - Equipment	125,271
Maintenance and Repair Services - Vehicles	505
Pest Control	9,506

(Continued)

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

Courthouse and Jail Maintenance Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Printing, Stationery, and Forms	\$	258	
Disposal Fees		10,078	
Other Contracted Services		195,234	
Custodial Supplies		19,453	
Gasoline		2,498	
Trustee's Commission		5,785	
Other Charges		2,483	
Heating and Air Conditioning Equipment		22,050	
Other Equipment		1,600	
Total County Buildings			\$ 596,548

Total Courthouse and Jail Maintenance Fund \$ 596,548

Drug Control Fund

Public Safety

Drug Enforcement

Data Processing Services	\$	2,010	
Evaluation and Testing		1,140	
Drugs and Medical Supplies		876	
Office Supplies		9,867	
Trustee's Commission		468	
Total Drug Enforcement			\$ 14,361

Total Drug Control Fund 14,361

District Attorney General Fund

Administration of Justice

District Attorney General

Dues and Memberships	\$	345	
Janitorial Services		4,080	
Legal Notices, Recording, and Court Costs		27	
Maintenance Agreements		1,616	
Rentals		6,000	
Travel		835	
Tuition		2,742	
Other Contracted Services		2,986	
Office Supplies		631	
Other Supplies and Materials		179	
Trustee's Commission		296	
In Service/Staff Development		3,411	

(Continued)

Exhibit K-8

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

District Attorney General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General (Cont.)

Other Charges	\$	2,114	
Data Processing Equipment		686	
Furniture and Fixtures		288	
Total District Attorney General			\$ 26,236

Total District Attorney General Fund \$ 26,236

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	4,630	
Total Chancery Court			\$ 4,630

Total Constitutional Officers - Fees Fund 4,630

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	92,219	
Assistant(s)		42,772	
Clerical Personnel		48,357	
Data Processing Services		7,622	
Dues and Memberships		3,950	
Legal Services		4,700	
Legal Notices, Recording, and Court Costs		366	
Maintenance Agreements		1,752	
Maintenance and Repair Services - Buildings		11	
Maintenance and Repair Services - Office Equipment		2,139	
Postal Charges		238	
Printing, Stationery, and Forms		533	
Other Contracted Services		2,437	
Custodial Supplies		362	
Data Processing Supplies		314	
Drugs and Medical Supplies		249	
Office Supplies		3,159	
In Service/Staff Development		483	
Other Charges		23	
Total Administration			\$ 211,686

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Foremen	\$	179,249	
Equipment Operators		566,184	
Truck Drivers		236,970	
Laborers		4,206	
Engineering Services		18,122	
Other Contracted Services		170	
Asphalt - Hot Mix		1,583,849	
Asphalt - Liquid		23,251	
Concrete		42,750	
Crushed Stone		336,590	
Food Supplies		2,425	
General Construction Materials		69,162	
Pipe		9,907	
Pipe - Concrete		14,619	
Pipe - Metal		4,976	
Road Signs		20,569	
Salt		45,465	
Small Tools		2,695	
Structural Steel		2,083	
Wood Products		2,756	
In Service/Staff Development		435	
Total Highway and Bridge Maintenance			\$ 3,166,433

Operation and Maintenance of Equipment

Foremen	\$	46,816
Mechanic(s)		192,215
Laborers		32,260
Laundry Service		2,814
Maintenance and Repair Services - Buildings		13,578
Maintenance and Repair Services - Equipment		24,249
Maintenance and Repair Services - Vehicles		36,713
Tow-in Services		830
Disposal Fees		1,816
Permits		725
Custodial Supplies		1,603
Diesel Fuel		229,932
Equipment and Machinery Parts		184,174
Garage Supplies		18,358
Gasoline		129,849
Lubricants		23,323

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Small Tools	\$	6,421	
Tires and Tubes		66,065	
Other Charges		82	
Total Operation and Maintenance of Equipment	\$		1,011,823

Quarry Operations

Permits	\$	2,080	
Electricity		1,343	
Explosives and Drilling Supplies		10,661	
In Service/Staff Development		350	
Other Charges		1,800	
Total Quarry Operations			16,234

Litter and Trash Collection

Instructional Supplies and Materials	\$	14,349	
Other Supplies and Materials		2,715	
Other Charges		1,330	
Total Litter and Trash Collection			18,394

Other Charges

Communication	\$	8,523	
Electricity		19,675	
Natural Gas		5,972	
Water and Sewer		1,848	
Building and Contents Insurance		1,960	
Liability Insurance		99,785	
Trustee's Commission		74,131	
Vehicle and Equipment Insurance		46,065	
Total Other Charges			257,959

Employee Benefits

Longevity Pay	\$	35,550	
Bonus Payments		17,000	
Social Security		106,075	
State Retirement		195,121	
Life Insurance		2,610	
Medical Insurance		314,249	
Dental Insurance		13,396	
Unemployment Compensation		12,915	
Workers' Compensation Insurance		63,125	
Total Employee Benefits			760,041

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Bridge Construction	\$ 242,977	
Data Processing Equipment	490	
Furniture and Fixtures	672	
Highway Equipment	205,055	
Office Equipment	145	
Total Capital Outlay	<u>          </u>	\$ 449,339

Total Highway/Public Works Fund \$ 5,891,909

General Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 8,980,000	
Total Education	<u>          </u>	\$ 8,980,000

Interest on Debt

General Government

Interest on Bonds	\$ 182,525	
Total General Government	<u>          </u>	182,525

Education

Interest on Bonds	\$ 6,278,775	
Total Education	<u>          </u>	6,278,775

Other Debt Service

General Government

Trustee's Commission	\$ 367,765	
Other Charges	620	
Total General Government	<u>          </u>	368,385

Education

Other Charges	\$ 750	
Underwriter's Discount	561,050	
Other Debt Issuance Charges	191,590	
Total Education	<u>          </u>	753,390

Total General Debt Service Fund 16,563,075

(Continued)

Exhibit K-8

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

General Capital Projects Fund

Capital Projects

Other General Government Projects

Advertising	\$ 3,406
Architects	36,000
Contributions	675,000
Engineering Services	3,766
Permits	32
Building Improvements	3,739,524
Furniture and Fixtures	113,434
Heating and Air Conditioning Equipment	277,824
Site Development	10,750

Total Other General Government Projects \$ 4,859,736

Education Capital Projects

Building Construction	\$ 382,260
Total Education Capital Projects	<u>382,260</u>

Total General Capital Projects Fund \$ 5,241,996

Highway Capital Projects Fund

Capital Projects

Highway and Street Capital Projects

Refunds	\$ 158,251
Trustee's Commission	405

Total Highway and Street Capital Projects \$ 158,656

Total Highway Capital Projects Fund 158,656

Total Governmental Funds - Primary Government \$ 69,939,793

Exhibit K-9

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 63,767,029	
Career Ladder Program	533,291	
Career Ladder Extended Contracts	146,861	
Homebound Teachers	73,229	
Educational Assistants	1,222,389	
Other Salaries and Wages	97,550	
Certified Substitute Teachers	345,635	
Non-certified Substitute Teachers	524,129	
Social Security	3,927,997	
State Retirement	5,940,309	
Life Insurance	99,265	
Medical Insurance	11,807,892	
Dental Insurance	497,460	
Employer Medicare	923,079	
Maintenance and Repair Services - Equipment	62,961	
Other Contracted Services	109,269	
Instructional Supplies and Materials	790,090	
Textbooks	138,695	
Other Supplies and Materials	83,529	
Fee Waivers	584,211	
Other Charges	32,924	
Regular Instruction Equipment	134	
Total Regular Instruction Program		\$ 91,707,928

Alternative Instruction Program

Teachers	\$ 817,230	
Career Ladder Program	2,400	
Educational Assistants	130,277	
Other Salaries and Wages	169,827	
Certified Substitute Teachers	4,208	
Non-certified Substitute Teachers	9,461	
Social Security	65,130	
State Retirement	115,657	
Life Insurance	1,187	
Medical Insurance	288,920	
Dental Insurance	9,245	
Employer Medicare	15,330	
Instructional Supplies and Materials	13,413	
Other Charges	2,808	
Total Alternative Instruction Program		1,645,093

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$ 7,970,354	
Career Ladder Program	67,945	
Career Ladder Extended Contracts	6,518	
Homebound Teachers	169,244	
Educational Assistants	1,705,029	
Speech Pathologist	1,439,767	
Other Salaries and Wages	575,890	
Certified Substitute Teachers	32,615	
Non-certified Substitute Teachers	205,922	
Social Security	702,965	
State Retirement	1,176,675	
Life Insurance	14,638	
Medical Insurance	2,901,173	
Dental Insurance	101,886	
Employer Medicare	163,807	
Contracts with Private Agencies	83,584	
Other Contracted Services	33,399	
Instructional Supplies and Materials	90,072	
Other Supplies and Materials	2,193	
Fee Waivers	87	
Other Charges	1,780	
Special Education Equipment	9,368	
Total Special Education Program		\$ 17,454,911

Vocational Education Program

Teachers	\$ 6,339,866
Career Ladder Program	53,416
Career Ladder Extended Contracts	14,992
Educational Assistants	164,850
Certified Substitute Teachers	45,572
Non-certified Substitute Teachers	39,678
Social Security	394,860
State Retirement	601,155
Life Insurance	10,029
Medical Insurance	990,096
Dental Insurance	43,073
Employer Medicare	92,665
Maintenance and Repair Services - Equipment	6,512
Instructional Supplies and Materials	125,585

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Textbooks	\$	6,600	
Fee Waivers		47,549	
Other Charges		7,649	
Vocational Instruction Equipment		55,866	
Total Vocational Education Program			\$ 9,040,013

Adult Education Program

Teachers	\$	215,595	
Career Ladder Program		1,000	
Other Salaries and Wages		2,123	
Social Security		12,616	
State Retirement		13,580	
Life Insurance		283	
Medical Insurance		29,015	
Dental Insurance		1,410	
Employer Medicare		3,069	
Instructional Supplies and Materials		26,721	
Total Adult Education Program			305,412

Support Services

Attendance

Supervisor/Director	\$	79,903	
Career Ladder Program		1,000	
Clerical Personnel		26,594	
Other Salaries and Wages		150,086	
Social Security		15,282	
State Retirement		32,021	
Life Insurance		520	
Medical Insurance		33,454	
Dental Insurance		856	
Employer Medicare		3,574	
Travel		5,980	
Other Supplies and Materials		1,736	
Other Charges		3,607	
Total Attendance			354,613

Health Services

Medical Personnel	\$	436,137	
Other Salaries and Wages		70,078	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Social Security	\$	28,471	
State Retirement		46,324	
Life Insurance		466	
Medical Insurance		160,123	
Dental Insurance		4,242	
Employer Medicare		6,664	
Travel		23,268	
Other Contracted Services		26,747	
Drugs and Medical Supplies		4,497	
Other Supplies and Materials		23,112	
Other Charges		15,215	
Total Health Services			\$ 845,344

Other Student Support

Career Ladder Program	\$	30,533	
Guidance Personnel		2,813,742	
Career Ladder Extended Contracts		32,556	
Clerical Personnel		180,863	
Other Salaries and Wages		255,911	
Social Security		192,858	
State Retirement		309,901	
Life Insurance		4,360	
Medical Insurance		565,582	
Dental Insurance		18,925	
Employer Medicare		45,673	
Evaluation and Testing		155,618	
Other Charges		2,598	
Total Other Student Support			4,609,120

Regular Instruction Program

Supervisor/Director	\$	604,461	
Career Ladder Program		69,795	
Career Ladder Extended Contracts		40,922	
Librarians		2,447,309	
Materials Supervisor		76,603	
Instructional Computer Personnel		59,690	
Secretary(ies)		96,160	
Clerical Personnel		304,080	
Educational Assistants		27,666	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Salaries and Wages	\$	1,816,515	
In-Service Training		375	
Social Security		319,813	
State Retirement		510,384	
Life Insurance		8,170	
Medical Insurance		968,487	
Dental Insurance		37,537	
Employer Medicare		76,039	
Travel		70,142	
Other Contracted Services		87,742	
Library Books/Media		234,704	
Other Supplies and Materials		145,705	
In Service/Staff Development		20,587	
Other Charges		140,924	
Other Equipment		2,962	
Total Regular Instruction Program			\$ 8,166,772

Alternative Instruction Program

Supervisor/Director	\$	78,220	
Career Ladder Program		3,800	
Guidance Personnel		80,787	
Librarians		32,913	
Secretary(ies)		34,290	
Clerical Personnel		11,396	
Social Security		14,172	
State Retirement		24,100	
Life Insurance		536	
Medical Insurance		47,902	
Dental Insurance		2,068	
Employer Medicare		3,315	
Library Books/Media		5,000	
Other Supplies and Materials		8,767	
Total Alternative Instruction Program			347,266

Special Education Program

Supervisor/Director	\$	424,169	
Career Ladder Program		15,000	
Psychological Personnel		394,688	
Career Ladder Extended Contracts		2,316	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Secretary(ies)	\$	71,049	
Clerical Personnel		65,296	
Speech Pathologist		69,735	
Other Salaries and Wages		76,590	
Social Security		66,086	
State Retirement		111,753	
Life Insurance		1,844	
Medical Insurance		170,135	
Dental Insurance		6,074	
Employer Medicare		15,455	
Communication		677	
Postal Charges		260	
Travel		64,367	
Other Supplies and Materials		766	
In Service/Staff Development		4,165	
Other Charges		369	
Total Special Education Program			\$ 1,560,794

Vocational Education Program

Supervisor/Director	\$	78,003	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		2,000	
Secretary(ies)		38,178	
Social Security		6,766	
State Retirement		11,938	
Life Insurance		226	
Medical Insurance		15,244	
Dental Insurance		471	
Employer Medicare		1,668	
Travel		82,266	
Other Supplies and Materials		2,771	
Other Charges		229	
Other Equipment		62	
Total Vocational Education Program			241,822

Adult Programs

Supervisor/Director	\$	121,745
Career Ladder Program		3,000
Career Ladder Extended Contracts		4,000

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

Other Salaries and Wages	\$	81,578	
In-Service Training		607	
Social Security		12,409	
State Retirement		23,076	
Life Insurance		415	
Medical Insurance		35,470	
Dental Insurance		1,078	
Employer Medicare		2,903	
Travel		2,753	
Other Supplies and Materials		723	
In Service/Staff Development		6,728	
Other Charges		1,678	
Other Equipment		24,951	
Total Adult Programs			\$ 323,114

Other Programs

On-Behalf Payments to OPEB	\$	730,433	
Total Other Programs			730,433

Board of Education

Other Salaries and Wages	\$	27,492	
Board and Committee Members Fees		61,500	
Social Security		4,453	
State Retirement		1,949	
Medical Insurance		1,760	
Dental Insurance		69	
Unemployment Compensation		212,140	
Employer Medicare		1,282	
Other Fringe Benefits		1,484,460	
Audit Services		15,000	
Dues and Memberships		35,987	
Legal Services		441,615	
Travel		13,784	
Other Contracted Services		90,119	
Other Supplies and Materials		809	
Liability Insurance		130,791	
Trustee's Commission		1,458,496	
Workers' Compensation Insurance		398,305	
In Service/Staff Development		2,645	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Criminal Investigation of Applicants - TBI	\$	35,564	
Refund to Applicant for Criminal Investigation		7,584	
Other Charges		115,546	
Total Board of Education			\$ 4,541,350

Director of Schools

County Official/Administrative Officer	\$	191,561	
Secretary(ies)		74,256	
Social Security		14,249	
State Retirement		22,026	
Life Insurance		366	
Medical Insurance		32,136	
Dental Insurance		867	
Employer Medicare		3,768	
Communication		257,579	
Dues and Memberships		5,598	
Postal Charges		34,149	
Travel		548	
Office Supplies		437	
Other Charges		5,706	
Administration Equipment		3,568	
Total Director of Schools			646,814

Office of the Principal

Principals	\$	3,619,231	
Career Ladder Program		87,000	
Career Ladder Extended Contracts		56,600	
Assistant Principals		2,809,537	
Secretary(ies)		951,212	
Clerical Personnel		1,216,600	
Social Security		510,295	
State Retirement		892,696	
Life Insurance		16,431	
Medical Insurance		1,824,105	
Dental Insurance		60,886	
Employer Medicare		119,344	
Office Supplies		57,441	
Other Charges		21,912	
Administration Equipment		7,169	
Total Office of the Principal			12,250,459

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Supervisor/Director	\$	86,708	
Internal Audit Personnel		74,875	
Accountants/Bookkeepers		40,614	
Purchasing Personnel		72,036	
Secretary(ies)		34,179	
Clerical Personnel		131,008	
Other Salaries and Wages		193,745	
Social Security		37,127	
State Retirement		87,631	
Life Insurance		1,188	
Medical Insurance		100,325	
Dental Insurance		2,701	
Employer Medicare		8,683	
Advertising		4,038	
Dues and Memberships		110	
Maintenance and Repair Services - Equipment		2,258	
Travel		4,956	
Other Contracted Services		135	
Office Supplies		722	
Other Supplies and Materials		25,027	
In Service/Staff Development		3,310	
Other Charges		86,001	
Administration Equipment		6,372	
Total Fiscal Services			\$ 1,003,749

Human Services/Personnel

Supervisor/Director	\$	83,295
Secretary(ies)		33,555
Clerical Personnel		188,946
Other Salaries and Wages		21,933
Social Security		19,338
State Retirement		44,848
Life Insurance		582
Medical Insurance		57,742
Dental Insurance		1,109
Employer Medicare		4,524
Advertising		75
Travel		2,819
Office Supplies		1,567

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Human Services/Personnel (Cont.)

In Service/Staff Development	\$	279	
Other Charges		5,573	
Administration Equipment		2,985	
Total Human Services/Personnel			\$ 469,170

Operation of Plant

Custodial Personnel	\$	3,198,230	
Other Salaries and Wages		250,523	
Social Security		190,667	
State Retirement		439,518	
Life Insurance		4,299	
Medical Insurance		1,209,641	
Dental Insurance		29,806	
Employer Medicare		45,563	
Laundry Service		754	
Maintenance and Repair Services - Equipment		6,942	
Disposal Fees		298,423	
Other Contracted Services		285,932	
Custodial Supplies		374,198	
Electricity		5,448,267	
Natural Gas		476,915	
Water and Sewer		731,671	
Other Supplies and Materials		13,264	
Building and Contents Insurance		320,653	
Other Charges		19,199	
Plant Operation Equipment		19,131	
Total Operation of Plant			13,363,596

Maintenance of Plant

Secretary(ies)	\$	28,256
Maintenance Personnel		2,002,877
Other Salaries and Wages		84,267
Social Security		121,609
State Retirement		292,747
Life Insurance		3,302
Medical Insurance		554,219
Dental Insurance		13,599
Employer Medicare		28,440
Communication		50

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Laundry Service	\$	17,367	
Maintenance and Repair Services - Vehicles		7,494	
Travel		3,609	
Other Contracted Services		272,739	
Equipment and Machinery Parts		393,629	
Gasoline		89,551	
Other Supplies and Materials		629,682	
In Service/Staff Development		15,667	
Other Charges		19,008	
Administration Equipment		3,505	
Total Maintenance of Plant			\$ 4,581,617

Transportation

Mechanic(s)	\$	335,751	
Bus Drivers		2,281,430	
Clerical Personnel		41,805	
Other Salaries and Wages		427,144	
Social Security		165,479	
State Retirement		421,975	
Life Insurance		4,420	
Medical Insurance		1,566,700	
Dental Insurance		39,760	
Employer Medicare		38,783	
Communication		360	
Laundry Service		3,327	
Maintenance and Repair Services - Vehicles		15,050	
Other Contracted Services		11,086	
Diesel Fuel		848,175	
Garage Supplies		4,913	
Gasoline		12,455	
Lubricants		18,454	
Tires and Tubes		106,458	
Vehicle Parts		251,741	
Other Supplies and Materials		8,534	
Vehicle and Equipment Insurance		171,294	
In Service/Staff Development		1,531	
Other Charges		42,169	
Transportation Equipment		34,331	
Total Transportation			6,853,125

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other

Supervisor/Director	\$	65,372	
Computer Programmer(s)		176,681	
Data Processing Personnel		266,881	
Clerical Personnel		26,087	
Social Security		31,080	
State Retirement		71,573	
Life Insurance		783	
Medical Insurance		113,980	
Dental Insurance		3,676	
Employer Medicare		7,269	
Maintenance and Repair Services - Equipment		1,131	
Travel		2,771	
Other Contracted Services		1,145	
Office Supplies		615	
Other Supplies and Materials		1,750	
In Service/Staff Development		10,155	
Other Charges		13,236	
Data Processing Equipment		70,910	
Total Central and Other			\$ 865,095

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	71,658
Career Ladder Program		1,000
Clerical Personnel		104,213
Cafeteria Personnel		2,762,949
Other Salaries and Wages		234,786
Social Security		167,696
State Retirement		389,621
Life Insurance		4,601
Medical Insurance		1,534,985
Dental Insurance		41,869
Employer Medicare		39,955
Communication		3,490
Maintenance and Repair Services - Equipment		67,076
Travel		24,716
Other Contracted Services		63,420
Food Preparation Supplies		276,070
Food Supplies		3,867,688

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Office Supplies	\$	22,960	
Utilities		221,926	
USDA - Commodities		725,415	
Other Supplies and Materials		6,485	
In Service/Staff Development		20,265	
Other Charges		14,904	
Food Service Equipment		97,779	
Total Food Service			\$ 10,765,527

Community Services

Supervisor/Director	\$	240,110	
Clerical Personnel		25,275	
Educational Assistants		32,683	
Other Salaries and Wages		472,086	
Social Security		43,877	
State Retirement		74,779	
Life Insurance		356	
Medical Insurance		184,883	
Dental Insurance		6,012	
Employer Medicare		10,332	
Travel		343	
Other Contracted Services		350	
Food Supplies		44,623	
Other Supplies and Materials		91,786	
Refunds		1,074	
In Service/Staff Development		470	
Other Charges		54,721	
Other Equipment		46,018	
Total Community Services			1,329,778

Early Childhood Education

Teachers	\$	44,320	
Other Salaries and Wages		2,277	
Non-certified Substitute Teachers		77	
Social Security		2,826	
State Retirement		4,340	
Medical Insurance		4,601	
Dental Insurance		173	
Employer Medicare		661	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Travel	\$	56	
Instructional Supplies and Materials		4,326	
Other Supplies and Materials		7,417	
In Service/Staff Development		1,720	
Other Equipment		3,063	
Total Early Childhood Education			\$ 75,857

Capital Outlay

Regular Capital Outlay

Other Salaries and Wages	\$	18,690	
Social Security		970	
State Retirement		2,334	
Medical Insurance		4,173	
Dental Insurance		102	
Employer Medicare		227	
Operating Lease Payments		200,925	
Other Contracted Services		118,883	
Building Improvements		721,342	
Other Capital Outlay		152,584	
Total Regular Capital Outlay			1,220,230

Principal on Debt

Education

Principal on Capital Leases	\$	17,219	
Total Education			17,219

Interest on Debt

Education

Interest on Capital Leases	\$	4,214	
Total Education			4,214

Total General Purpose School Fund \$ 195,320,435

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,415,687	
Educational Assistants		713,337	
Other Salaries and Wages		26,400	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Certified Substitute Teachers	\$	5,088	
Non-certified Substitute Teachers		11,067	
Social Security		121,836	
State Retirement		223,688	
Life Insurance		2,990	
Medical Insurance		496,820	
Dental Insurance		16,587	
Employer Medicare		29,427	
Other Contracted Services		26,187	
Instructional Supplies and Materials		308,674	
Other Supplies and Materials		64,187	
Other Charges		17,623	
Regular Instruction Equipment		966,535	
Total Regular Instruction Program			\$ 4,446,133

Alternative Instruction Program

Educational Assistants	\$	11,530	
Social Security		715	
State Retirement		1,612	
Employer Medicare		167	
Total Alternative Instruction Program			14,024

Special Education Program

Teachers	\$	1,049,279	
Educational Assistants		1,496,987	
Speech Pathologist		122,803	
Other Salaries and Wages		671,357	
Non-certified Substitute Teachers		612	
Social Security		183,639	
State Retirement		392,839	
Life Insurance		4,436	
Medical Insurance		1,349,173	
Dental Insurance		40,794	
Employer Medicare		44,804	
Contracts with Private Agencies		50,612	
Maintenance and Repair Services - Equipment		5,391	
Other Contracted Services		2,368	
Instructional Supplies and Materials		372,658	
Other Supplies and Materials		42,000	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Charges	\$ 4,835	
Special Education Equipment	152,019	
Total Special Education Program		\$ 5,986,606

Vocational Education Program

Instructional Supplies and Materials	\$ 18,730	
Vocational Instruction Equipment	216,270	
Total Vocational Education Program		235,000

Support Services

Other Student Support

Other Salaries and Wages	\$ 3,844,019	
Social Security	225,065	
State Retirement	447,147	
Medical Insurance	2,616	
Dental Insurance	67	
Employer Medicare	52,728	
Evaluation and Testing	55,786	
Maintenance and Repair Services - Equipment	253	
Travel	35,369	
Other Contracted Services	25,422	
Other Supplies and Materials	34,606	
Other Charges	6,509	
Total Other Student Support		4,729,587

Regular Instruction Program

Supervisor/Director	\$ 118,768	
Instructional Computer Personnel	56,420	
Secretary(ies)	23,416	
Clerical Personnel	10,725	
Other Salaries and Wages	730,810	
In-Service Training	6,340	
Social Security	54,952	
State Retirement	88,996	
Life Insurance	1,605	
Medical Insurance	111,783	
Dental Insurance	5,053	
Employer Medicare	13,129	
Maintenance and Repair Services - Equipment	307	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Travel	\$	42,046	
Other Supplies and Materials		105,958	
In Service/Staff Development		219,710	
Other Charges		1,801	
Other Equipment		11,493	
Total Regular Instruction Program			\$ 1,603,312

Special Education Program

Supervisor/Director	\$	80,568	
Psychological Personnel		515,290	
Clerical Personnel		723	
Other Salaries and Wages		532,167	
In-Service Training		342	
Social Security		65,622	
State Retirement		105,476	
Life Insurance		1,234	
Medical Insurance		189,651	
Dental Insurance		8,480	
Employer Medicare		15,389	
Communication		128	
Consultants		48,253	
Postal Charges		157	
Travel		42,158	
Other Supplies and Materials		22,269	
In Service/Staff Development		89,195	
Other Charges		15,828	
Other Equipment		61,069	
Total Special Education Program			1,793,999

Vocational Education Program

In Service/Staff Development	\$	3,000	
Total Vocational Education Program			3,000

Transportation

Bus Drivers	\$	28,667	
Social Security		1,467	
State Retirement		4,001	
Life Insurance		60	
Medical Insurance		17,962	
Dental Insurance		345	
Employer Medicare		343	
Diesel Fuel		111	
Total Transportation			52,956

Total School Federal Projects Fund \$ 18,864,617

Total Governmental Funds - Sumner County School Department \$ 214,185,052

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

	Governmental Activities - Internal Service Fund <hr/> Self - Insurance Fund <hr/>
<u>Revenues</u>	
<u>Charges for Current Services</u>	
<u>General Service Charges</u>	
Self-Insurance Premiums/Contributions	\$ 1,016,200
Other Employee Benefit Charges/Contributions	19,654,502
Other General Service Charges	1,111,894
Total Charges for Current Services	<u>\$ 21,782,596</u>
 <u>Other Local Revenues</u>	
<u>Recurring Items</u>	
Investment Income	\$ 4,830
Retirees' Insurance Payments	421,591
Cobra Insurance Payments	6,101
Miscellaneous Refunds	244
Total Other Local Revenues	<u>\$ 432,766</u>
 Total Revenues	 <u><u>\$ 22,215,362</u></u>
 <u>Expenses</u>	
<u>General Government</u>	
<u>Risk Management</u>	
Communication	\$ 996
Consultants	9,600
Dues and Memberships	985
Maintenance Agreements	897
Maintenance and Repair Services - Vehicles	20
Postal Charges	19
Travel	120
Gasoline	275
Office Supplies	1,528
Liability Claims	1,020,560
Other Self-Insured Claims	957,014
In Service/Staff Development	299
Data Processing Equipment	1,051
Total Risk Management	<u>\$ 1,993,364</u>

(Continued)

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

	Governmental Activities - Internal Service Fund <hr/> Self - Insurance Fund <hr/>
<u>Expenses (Cont.)</u>	
<u>General Government (Cont.)</u>	
<u>Employee Benefits</u>	
Handling Charges and Administrative Costs	\$ 869,955
Dental Insurance	88,556
Audit Services	35,866
Communication	6,417
Consultants	15,000
Medical Claims	16,410,471
Depreciation	3,365
Other Self-Insured Claims	781,608
Specialized Medical Treatment	3,030,275
Data Processing Equipment	392
Total Employee Benefits	<hr/> \$ 21,241,905 <hr/>
Total Expenses	<hr/> \$ 23,235,269 <hr/> <hr/>

Exhibit K-11

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

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 15,410,143
Total Cash Receipts	<u>\$ 15,410,143</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 15,256,042
Trustee's Commission	<u>154,101</u>
Total Cash Disbursements	<u>\$ 15,410,143</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*

March 5, 2012

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

To the County Executive and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sumner County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise Sumner County's basic financial statements and have issued our report thereon dated March 5, 2012. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the discretely presented Resource Authority in Sumner County, Tennessee, the discretely presented Sumner County Regional Airport Authority, and the discretely presented Sumner County Emergency Communications District as described in our report on Sumner County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: as items 11.03, 11.04(B,C), 11.05, 11.07, 11.08, 11.09, 11.10, and 11.11. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### Compliance and Other Matters

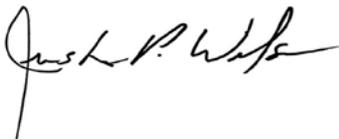
As part of obtaining reasonable assurance about whether Sumner County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 11.01, 11.02, 11.04(A), and 11.06.

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

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

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

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury

JPW/sb



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

REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

March 5, 2012

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

To the County Executive and Board of County Commissioners:

Compliance

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

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

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

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

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

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

#### Schedule of Expenditures of Federal Awards

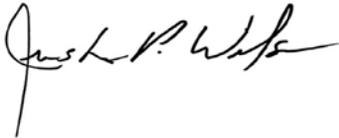
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sumner County as of and for the year ended June 30, 2011, and have issued our report thereon dated March 5, 2012. 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.

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a prominent vertical line extending downwards from the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Emergency Watershed Protection Program	10.923	N/A	\$ 203,146
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	(2)	725,415 (3)
Child and Adult Care Food Program	10.558	(2)	20,038
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	1,179,211
National School Lunch Program	10.555	(2)	4,082,312 (3)
Fresh Fruit and Vegetable Program	10.582	(2)	24,549
Total U.S. Department of Agriculture			<u>\$ 6,234,671</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	(2)	\$ 17,400
Total U.S. Department of Housing and Urban Development			<u>\$ 17,400</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 25,642
Total U.S. Department of the Interior			<u>\$ 25,642</u>
U.S. Department of Justice:			
Direct Program:			
Federal Asset Forfeiture Program	16.XXX	N/A	\$ 4,765
JAG Program Cluster:			
Direct Programs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	14,678
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	N/A	14,027
Passed-through State Office of Criminal Justice Programs:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	(2)	49,005
Total U.S. Department of Justice			<u>\$ 82,475</u>
U.S. Department of Labor:			
Passed-through State Department of Labor and Workforce Development:			
WIA Dislocated Workers, Recovery Act	17.260	(2)	\$ 15,287
Total U.S. Department of Labor			<u>\$ 15,287</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction, Recovery Act	20.205	(2)	\$ 8,755
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	Z11GHS211	5,000
Total U.S. Department of Transportation			<u>\$ 13,755</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Energy:			
Direct Program:			
Energy Efficiency and Conservation Block Grant Program, Recovery Act	81.128	N/A	\$ 94,618
Total U.S. Department of Energy			<u>\$ 94,618</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(2)	\$ 277,390
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	(2)	3,126,306
Title I Grants to Local Educational Agencies, Recovery Act	84.389	(2)	1,261,620
Special Education Cluster:			
Special Education - Grants to States	84.027	(2)	6,002,874
Special Education - Grants to States, Recovery Act	84.391	(2)	2,095,559
Special Education - Preschool Grants	84.173	(2)	106,766
Special Education - Preschool Grants, Recovery Act	84.392	(2)	55,555
Career and Technical Education - Basic Grants to States	84.048	(2)	287,156
Safe and Drug-free Schools and Communities - National Programs	84.184	(2)	368,937
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	17,232
Twenty-first Century Community Learning Centers	84.287	(2)	400,000
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	26,039
Education Technology State Grants, Recovery Act	84.386	(2)	45,697
English Language Acquisition Grants	84.365	(2)	84,096
Improving Teacher Quality State Grants	84.367	(2)	820,158
Education for Homeless Children and Youth Cluster:			
Education for Homeless Children and Youth	84.196	(2)	49,570
Education for Homeless Children and Youth, Recovery Act	84.387	(2)	5,925
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	(2)	9,497,136
State Fiscal Stabilization Fund - Government Services, Recovery Act	84.397	(2)	356,737
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top			
Incentive Grant, Recovery Act	84.395	(2)	755,005
Education Jobs Fund	84.410	(2)	4,524,070
Total U.S. Department of Education			<u>\$ 30,163,828</u>
U.S. Elections Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 51,000
Total U.S. Elections Assistance Commission			<u>\$ 51,000</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Human Services:			
Temporary Assistance for Needy Families	93.558	(2)	\$ 92,963
ARRA - Temporary Assistance for Needy Families (TANF)			
Supplement Grants	93.716	(2)	129,722
Passed-through State Department of Labor and Workforce Development:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(2)	60,016
Total U.S. Department of Health and Human Services			<u>\$ 282,701</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$ 1,275,189
Emergency Management Performance Grants	97.042	(2)	10,380
Homeland Security Grant Program	97.067	(2)	42,648
Total U.S. Department of Homeland Security			<u>\$ 1,328,217</u>
Total Expenditures of Federal Awards			<u>\$ 38,309,594</u>
<u>State Grants</u>			
Litter Program - State Department of Transportation	N/A	(2)	\$ 54,930
Lottery for Education: Afterschool Program - State Department of Education	N/A	(2)	395,559
Early Childhood Education - State Department of Education	N/A	(2)	30,336
Development and Coordination of Rural Health Services - State Department of Health	N/A	GG1133694	979,279
Juvenile Justice States Supplemental Funds - State Commission on Children and Youth	N/A	(2)	9,000
Energy Efficiency Schools Initiative Grant - State Department of Education	N/A	(2)	19,840
Drug Court Discretionary Grant Program - State Office of Criminal Justice Programs	N/A	(2)	50,734
Technology Grant - State Library and Archives	N/A	(2)	4,500
Total State Grants			<u>\$ 1,544,178</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.  
(2) Information not available.  
(3) Total for CFDA No. 10.555 is \$4,807,727.

Sumner 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 for Sumner 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>
10.01(A)	208	The Library Department had operating deficiencies
10.02(A,B,D,E)	209	Several deficiencies were noted concerning employees' leave

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**SUMNER 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 Sumner County is unqualified.
2. The audit of the financial statements of Sumner County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Sumner County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555); the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Grants to States, Recovery Act, Special Education – Preschool Grants, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.391, 84.173, and 84.392); the State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund – Education State Grants, Recovery Act and State Fiscal Stabilization Fund – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397); the Education Jobs Fund (CFDA No. 84.410); and the Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA No. 97.036) were determined to be major programs.
8. A \$1,149,288 threshold was used to distinguish between Type A and Type B federal programs.
9. Sumner County did not qualify as a low-risk auditee.

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

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The director of finance; interim assistant director of finance for the School Department; county clerk; circuit, general sessions, and juvenile courts clerk; clerk and master; and sheriff provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

### **SUMNER COUNTY AND THE DISCRETELY PRESENTED SUMNER COUNTY SCHOOL DEPARTMENT**

#### **FINDING 11.01      **THE COUNTY HAS NOT COMPLIED WITH THE PROVISIONS OF THE COUNTY FINANCIAL MANAGEMENT SYSTEM OF 1981****

(Noncompliance Under *Government Auditing Standards*)

On November 15, 2010, the County Commission adopted the County Financial Management System of 1981 as provided in Section 5-21-101, et. seq., *Tennessee Code Annotated (TCA)*. These statutes state “The committee shall also develop plans for implementing the financial management system beginning July 1 of the next fiscal year, and completing the implementation process by August 1 of the second fiscal year;” however, the committee has not adopted an implementation plan. On February 27, 2012, the Sumner County Commission approved a resolution to send a private act to the Tennessee General Assembly to replace the County Financial Management System of 1981.

#### **RECOMMENDATION**

County officials should comply with the County Financial Management System of 1981 as adopted on November 15, 2010.

#### **MANAGEMENT’S RESPONSE – DIRECTOR OF FINANCE**

The Financial Management Committee and management are well aware of the requirements of the County Financial Management System of 1981 as provided in Section 5-21-101, et. seq., *TCA*. Several iterations of a plan for implementing the County Financial Management System of 1981 were presented to the Financial Management Committee for consideration. However, a clear consensus was never reached on a course of action (the plan). In-lieu-of continuing work on an implementation plan for the County Financial Management System of 1981, the Sumner County Commission appointed an ad hoc committee for the exploration and possible development of a private act in-lieu-of complying with the County Financial Management System of 1981.

## **OFFICES OF COUNTY EXECUTIVE AND DIRECTOR OF FINANCE**

### **FINDING 11.02      **THE SELF-INSURANCE FUND HAD A DEFICIT IN UNRESTRICTED NET ASSETS**** (Noncompliance Under *Government Auditing Standards*)

The Self-Insurance Fund had a deficit of \$933,538 in unrestricted net assets at June 30, 2011. This deficit resulted from the recognition of liabilities in the financial statements for claims and judgments totaling \$2,691,187 at year-end. This deficit in net assets resulted from estimated/actual claims exceeding available resources.

### **RECOMMENDATION**

County officials should liquidate the deficit in net assets of the Self-Insurance Fund and should closely monitor activity in the fund to prevent the recurrence of a deficit.

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

I concur that the Self-Insurance Fund has a deficit in unrestricted net assets; however, the committees responsible for the operation of these programs (fund) has chosen to slowly alleviate this deficit and closely monitor the cash flows. The committees responsible for the operations of this fund receive monthly financial statements and projections, and the fund's corresponding cash flows are monitored perpetually by the Finance Department. In addition, much of the current situation is the result of a prior-period adjustment for the year ended June 30, 2009. In the 2009 fiscal year, a \$1,716,738 prior-period adjustment was recognized by the county for the School Department insurance premiums paid prior to June 2008, for July and August 2008. The failure to properly recognize these prepayments and the School Department's funding change (no longer prepaying July and August) directly contributed to the recognition of this deficit.

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### **FINDING 11.03      **THE CONSTRUCTION AND DEVELOPMENT OFFICE HAD OPERATING DEFICIENCIES**** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our audit revealed the following deficiencies in the Construction and Development Office. These deficiencies can be attributed to a lack of management oversight.

- A. Duties were not segregated adequately among employees. Employees responsible for maintaining accounting records were also involved in receipting and depositing funds. Accounting standards provide that internal controls be designed to provide 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.

- B. Multiple employees operated from two cash drawers in the Construction and Development Office. 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, officials would not be able to determine who was responsible for the shortage because multiple employees were working from two cash drawers.

**RECOMMENDATION**

Officials should segregate duties to the extent possible using available resources. Each employee in the office should be assigned their own cash drawer.

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**FINDING 11.04      **THE LIBRARY DEPARTMENT HAD OPERATING DEFICIENCIES****

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

Our audit revealed the following deficiencies in the Library Department. These deficiencies can be attributed to a lack of management oversight.

- A. Official prenumbered receipts were not issued for certain collections, such as room rentals. Section 9-2-103, *Tennessee Code Annotated*, requires official prenumbered receipts to be issued for all collections. Without official prenumbered receipts, we were unable to determine if the office accounted for all funds.
- B. Multiple employees operated from the same cash drawer. 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, officials would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer.
- C. The Library Department does not have a formal policy for waiving fees. In the absence of a formal policy, employees are able to waive fees at their own discretion.

## RECOMMENDATION

Official prenumbered receipts should be issued for all collections. Each employee should be assigned their own cash drawer. A written policy concerning fee waivers should be approved by the County Commission. Library management should monitor fee waivers for compliance with the approved policy.

## MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE

The Sumner County Library is a separate department that remits county revenues and corresponding documentation to the Finance Department. The libraries have been informed on several occasions that all collections must be receipted at the point of collection and deposited within three business days.

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### FINDING 11.05      **SEVERAL DEFICIENCIES WERE NOTED CONCERNING EMPLOYEES' LEAVE** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

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

- A. The vacation leave policy, as noted in the county's employee handbook, has been interpreted differently by various department heads within the general county government. As a result, the vacation leave policy is not applied consistently from department to department.
- B. Leave balances of several employees were in excess of the maximum balances provided in the county's employee handbook.
- C. Some departments gave employees personal days for reasons (e.g., birthdays) that were not authorized in the county's personnel policy.
- D. In some instances, employees were allowed to accumulate compensatory time for working through break periods during the day. This benefit was not authorized in the county's personnel policy.
- E. One employee used annual leave before it was earned. This resulted in a negative annual leave balance at June 30, 2011.

## RECOMMENDATION

The county's vacation leave policy should be applied consistently from department to department within the general county government. Leave balances should not exceed the maximum balances authorized in the county's employee handbook. The county should not

provide employees with benefits that are not authorized in the personnel policies. The county should ensure that employees do not use leave before it is earned.

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## **OFFICE OF DIRECTOR OF SCHOOLS**

### **FINDING 11.06      **THE OFFICE DID NOT FILE REPORTS ON DEBT OBLIGATIONS WITH THE STATE COMPTROLLER'S OFFICE** (Noncompliance Under *Government Auditing Standards*)**

During the year, the School Department, with the approval of the County Commission, entered into two capital lease-purchase agreements for trash compactors totaling \$45,225 and \$155,700. Officials did not file a Report on Debt Obligation with the state Comptroller's Office for each of these capital leases. Section 9-21-151, *Tennessee Code Annotated*, requires that within 45 days following the issuance of debt, a county must provide to the state Comptroller's Office certain information, such as a description of the purchase for which the debt is issued, a description of the debt obligation, and an itemized description of the cost of issuance. Management stated that they believed that all necessary documents had been filed with the state; therefore, this was an oversight on their part.

### **RECOMMENDATION**

County officials should file a Report on Debt Obligation with the state Comptroller's Office for each debt issuance.

### **MANAGEMENT'S RESPONSE – INTERIM ASSISTANT DIRECTOR OF FINANCE FOR THE SCHOOL DEPARTMENT**

Debt obligation reports will be filed in the future on all leases as well as any other debt obligations.

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### **FINDING 11.07      **DUTIES WERE NOT SEGREGATED ADEQUATELY** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)**

Duties were not segregated adequately among employees in the Director of Schools' Office. Employees responsible for maintaining the accounting records in the office 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.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – INTERIM ASSISTANT DIRECTOR OF FINANCE FOR THE SCHOOL DEPARTMENT

We will segregate duties to the extent possible using available resources. The implementation of the 2012 Act should remedy this situation.

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FINDING 11.08      **THE ACCOUNTING SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our examination disclosed the following deficiencies in application controls:

- A.      Prior to their posting in the general ledger, automated financial transactions could be changed, and an audit trail of these changes was not maintained.
- B.      The application allowed users to post unbalanced entries.
- C.      The application allowed users to re-open closed months.

Sound business practices dictate that proper application controls be implemented. Because parameters in the software were not properly set, inappropriate system activity could occur. Items B. and C. were corrected in May 2011.

RECOMMENDATION

Management should contact the vendor and have the ability to alter automated financial transactions removed from the application.

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FINDING 11.09      **THE OFFICE HAD DEFICIENCIES IN CONTROLS OVER ITS INFORMATION SYSTEM ENVIRONMENT**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), *Tennessee Code Annotated*. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur. This deficiency was corrected when it was brought to management's attention in May 2011.

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**FINDING 11.10      **COMPUTER GENERATED RECEIPT NUMBERS COULD BE RESET****

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

Users had the ability to reset the receipt number within the application. Section 9-2-104, *Tennessee Code Annotated*, provides for receipts to be prenumbered consecutively. In-lieu-of prenumbered receipts, computer generated receipts may be printed on plain paper if the receipt number generated by the software cannot be manipulated. Sound business practices dictate that adequate controls should be implemented. The ability to reset receipt numbers should be removed from the system. The office received an update from the vendor in August 2011, which no longer allows the user to reset the receipt number; therefore, this deficiency has been corrected.

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**OFFICES OF COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; AND THE ANIMAL CONTROL DEPARTMENT**

**FINDING 11.11      **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 Offices of County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; and the Animal Control 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 in internal controls was the result of a lack of management oversight over risks related to safeguarding assets.

**RECOMMENDATION**

Officials should assign each employee their own cash drawer.

**MANAGEMENT'S RESPONSE – COUNTY CLERK**

The shared cash drawer is in the smaller work area where business tax, notaries public, and marriages are transacted. This is not a general practice throughout the County Clerk's Office. In this department there is limited exposure with only two operators and fewer cash transactions. The computer controls are designed as a tracking mechanism, programmed to record the initials of operators who completes a transactions that management verifies at the end of the day. This method allows management to track and review the daily work

product of each individual user assigned to a designated work station. This office has additional management controls in place that have not been recognized. All the cash drawers at the Gallatin and Hendersonville locations are recorded by video surveillance equipment and frequently monitored by the clerk. The surveillance recordings, which can be reviewed within a two-week window, provide additional management oversight and create a risk deterrent. We will review the finding and evaluate our office procedures.

#### MANAGEMENT'S RESPONSE – CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

I will need three new cash drawers in the Civil and Juvenile Offices. I will get these as quickly as possible.

In my Circuit Office, I have only one money drawer for the criminal division and one for the civil division. Just this past year, I had a new counter in each division and only did one money drawer in each division. I can use other drawers, but they would not have a lock and key. It would also require \$900 to operate the drawers.

I have never had a problem with being short in the money drawer. The employee writes on every receipt they print, the actual bills and change they receive, and then writes the amount given back to them in actual bills and change. We have never been short more than a dollar or so and have always been able to know who did it, and they can either get it back from the customer or pay it themselves. This makes them very cautious as to the handling of the money.

#### MANAGEMENT'S RESPONSE – CLERK AND MASTER

The Office of Clerk and Master has two separate cash drawers; one cash drawer is on the Civil/Domestic side of the office with four employees, and the other cash drawer is on the Delinquent Taxes/Probate/Passports side of the office with four employees. The identity of the employee who processed the receipt is made known below the signature line on the receipt; and the total number, the total amount, and the type of receipts processed by each employee is shown on the daily Pre-Deposit Report Totals by Payment Method. Attempts will be made to determine if having separate cash drawers for each employee is feasible considering the diversity of job responsibilities and the volume of cash flow in the office.

#### MANAGEMENT'S RESPONSE – SHERIFF

We have made the following changes at the Animal Control Department to rectify the cash drawer issue: We are eliminating the cash drawer. We are placing a safe in Sgt. Ryan's office. The safe will have a slot for envelopes to slide into. Fees will have to be paid in the exact amount or by check. No change will be available. Sgt. Ryan will have a key to the safe (as well as one Administrator in the event Sgt. Ryan is unavailable). Sgt. Ryan and Tammy Weatherford will do the recording and prepare a deposit. Tammy Weatherford will deliver that deposit to the Sheriff's Office to Michelle Denning who receipts it and deposits to county finance. The envelope placed into the safe will include the money, animal's identifying number, name of the employee who received it and the date of transaction.

## AUDITOR'S COMMENT

Compensating controls do add some comfort when multiple employees use the same cash drawer; however, in the event of a cash shortage, the official may not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer.

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## BEST PRACTICES

The Division of County Audit strongly believes that the items noted below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Sumner County.

### **ITEM 1. SUMNER COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE**

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

### **ITEM 2. SUMNER COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

Sumner County operated under the provisions of Chapter 113, Private Acts of 2002, as amended, which provides for a central system of accounting, budgeting, and purchasing covering all funds of the county; however, Sumner County does not comply with the provisions of this act. On November 15, 2010, the County Commission adopted the County Financial Management System of 1981 as provided in Section 5-21-101, et. seq., *Tennessee Code Annotated (TCA)*; however, Sumner County has not implemented the provisions of this act, which provide a central system of accounting, budgeting, and purchasing. Therefore, Sumner County does not operate under any central system of accounting, budgeting and purchasing. Sound business practices dictate that establishing a central system for all departments would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the implementation of the County Financial Management System of 1981 or the adoption of a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

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

There were no findings and questioned costs for federal awards.

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

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