
ANNUAL FINANCIAL REPORT CUMBERLAND COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2012



ANNUAL FINANCIAL REPORT
CUMBERLAND COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2012

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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Director

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

CUMBERLAND COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Cumberland County, Tennessee
For the Year Ended June 30, 2012

Scope

We have audited the basic financial statements of Cumberland County as of and for the year ended June 30, 2012.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF FINANCE DIRECTOR

- ◆ Capital assets records required material audit adjustments for proper financial statement presentation.
 - ◆ Certain financial activities of the Cumberland County Public Library and the Cumberland County Archives and Family Heritage Center were not audited and were not subject to the budgetary control of the County Commission.
 - ◆ The General Purpose School Fund had deficiencies regarding journal entries.
-

OFFICE OF COUNTY MAYOR

- ◆ The Community Complex and the Animal Shelter had deficiencies in receipting and depositing collections.
-

OFFICE OF TRUSTEE

- ◆ Bank statements were not accurately reconciled with the general ledger.
-

OFFICES OF CLERK AND MASTER AND REGISTER

- ◆ Multiple employees operated from the same cash drawer.
-

OFFICE OF ASSESSOR OF PROPERTY

- ◆ The assessor did not prorate new construction.

INTRODUCTORY SECTION

Cumberland County Officials

June 30, 2012

Officials

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

Board of County Commissioners

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

Board of Education

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

Cumberland County Railroad Authority Board of Directors

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

Cumberland County Officials (Cont.)

Financial Management Committee

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

Audit Committee

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

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

February 8, 2013

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cumberland County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Cumberland County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Cumberland County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cumberland County Emergency Communications District, which represent 2.2 percent and 1.6 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Cumberland County Emergency Communications District, is based on the report of other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cumberland County, Tennessee, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows 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 February 8, 2013, on our consideration of Cumberland County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

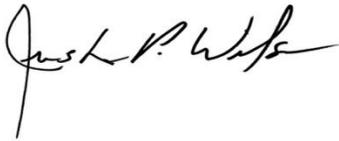
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 78 through 85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cumberland County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Cumberland County School Department and the Cumberland County Railroad Authority (discretely presented component units), and miscellaneous schedules are presented for purposes of

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Cumberland County, Tennessee
Statement of Net Assets
June 30, 2012

	Component Units			
	Primary Governmental Activities	Cumberland County School Department	Cumberland County Railroad Authority	Cumberland County Emergency Communications District
<u>ASSETS</u>				
Cash	\$ 55,375	\$ 500	\$ 0	\$ 318,115
Equity in Pooled Cash and Investments	18,134,477	9,255,471	44,903	0
Inventories	0	202,952	0	0
Deferred Outflow - Interest Rate Swap	5,493,743	0	0	0
Accounts Receivable	10,362,225	3,462	0	101,483
Allowance for Uncollectibles	(8,951,817)	0	0	0
Due from Other Governments	2,169,681	1,740,134	0	0
Due from Other Funds	363	0	0	0
Property Taxes Receivable	13,197,398	8,583,869	0	0
Allowance for Uncollectible Property Taxes	(500,263)	(326,931)	0	0
Accrued Interest Receivable	0	0	0	1,280
Prepaid Expenses	0	0	0	23,444
Deferred Charges - Debt Issuance Cost	369,406	0	0	4,346
Capital Assets				
Assets Not Depreciated:				
Land	1,760,163	2,088,454	0	0
Construction in Progress	3,505,124	0	0	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	25,299,360	58,278,413	0	842,666
Infrastructure	22,530,884	874,008	0	0
Other Capital Assets	4,288,996	2,946,008	0	561,812
Total Assets	\$ 97,715,115	\$ 83,646,340	\$ 44,903	\$ 1,853,146
<u>LIABILITIES</u>				
Accounts Payable	\$ 213,422	\$ 14,479	\$ 0	\$ 54,499
Accrued Payroll	0	9,976	0	2,907
Accrued Interest Payable	75,562	0	0	0
Payroll Deductions Payable	826	12,332	0	495
Compensated Absences Payable	0	0	0	2,389
Contracts Payable	532,109	0	0	0
Retainage Payable	43,606	0	0	0

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Units		
		Cumberland County School Department	Cumberland County Railroad Authority	Cumberland County Emergency Communications District
<u>LIABILITIES (CONT.)</u>				
Due to State of Tennessee	\$ 15,902	\$ 0	\$ 0	\$ 0
Matured Bonds Payable	30,000	0	0	0
Matured Interest on Bonds	8,058	0	0	0
Derivative - Interest Rate Swap	5,493,743	0	0	0
Deferred Revenue - Current Property Taxes	12,397,184	8,059,877	0	0
Noncurrent Liabilities:				
Due Within One Year	4,131,068	299,976	0	48,000
Due in More Than One Year	60,969,667	5,653,311	0	632,000
Total Liabilities	\$ 83,911,147	\$ 14,049,951	\$ 0	\$ 740,290
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 39,927,667	\$ 60,977,631	\$ 0	\$ 724,478
Restricted for:				
Courthouse and Jail Maintenance	74,184	0	0	0
Solid Waste/Sanitation	43,036	0	0	0
Drug Control	138,676	0	0	0
Highway/Public Works	697,167	0	0	0
School Federal Projects	0	380,321	0	0
Central Cafeteria	0	1,125,274	0	0
Debt Service	10,159,415	0	0	100,000
Capital Outlay	282,122	0	0	0
Other Purposes	596,602	12,352	0	0
Unrestricted	(38,114,901)	7,100,811	44,903	288,378
Total Net Assets	\$ 13,803,968	\$ 69,596,389	\$ 44,903	\$ 1,112,856

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

Exhibit B

Cumberland County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Component Units				
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	Cumberland County School Department	Cumberland County Railroad Authority	Cumberland County Emergency Communications District	
General Revenues:										
Taxes:										
Property Taxes Levied for General Purposes		\$ 9,876,967	\$ 0	\$ 0	\$ 0	\$ 9,876,967	\$ 8,093,509	\$ 0	\$ 0	\$ 0
Property Taxes Levied for Debt Service		2,431,441				2,431,441	0	0	0	0
Local Option Sales Taxes		2,402,896				2,402,896	7,733,838	0	0	0
Hotel/Motel Tax		738,908				738,908	0	0	0	0
Litigation Taxes		422,161				422,161	0	0	0	0
Business Tax		586,140				586,140	0	0	0	0
Wholesale Beer Tax		354,497				354,497	0	0	0	0
Other Local Taxes		64,663				64,663	8,558	0	0	0
Grants and Contributions Not Restricted to Specific Programs		1,887,793				1,887,793	31,584,662	0	0	30,110
Unrestricted Investment Earnings		25,114				25,114	2,800	0	0	3,037
Miscellaneous		28,872				28,872	279,437	0	0	0
Gain on Disposal of Capital Assets		353,595		14,122		367,717	0	0	0	0
Total General Revenues		\$ 19,173,047	\$ 14,122	\$ 14,122	\$ 0	\$ 19,187,169	\$ 47,702,804	\$ 0	\$ 0	\$ 33,147
Transfers		\$ 436,908	\$ (436,908)	\$ 0		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Change in Net Assets		\$ 2,758,142	\$ (93,444)	\$ (93,444)	\$ 2,664,698	\$ 2,664,698	\$ (499,184)	\$ (651)	\$ (79,766)	\$ 1,192,622
Net Assets, July 1, 2011		11,045,826	93,444	93,444	11,139,270	11,139,270	70,095,573	45,554	1,192,622	1,192,622
Net Assets, June 30, 2012		\$ 13,803,968	\$ 0	\$ 0	\$ 13,803,968	\$ 13,803,968	\$ 69,596,389	\$ 44,903	\$ 1,112,856	\$ 1,112,856

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

Cumberland County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2012

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	General Capital Projects	Other Governmental Funds	
Cash	\$ 200	\$ 0	\$ 0	\$ 0	\$ 55,175	\$ 55,375
Equity in Pooled Cash and Investments	5,331,638	1,394,907	9,932,747	529,668	945,517	18,134,477
Accounts Receivable	10,331,995	15,825	0	0	14,405	10,362,225
Allowance for Uncollectibles	(8,951,817)	0	0	0	0	(8,951,817)
Due from Other Governments	837,743	19,102	337,951	567,121	407,764	2,169,681
Due from Other Funds	69,580	363	0	0	0	69,943
Property Taxes Receivable	8,434,928	1,936,078	2,826,392	0	0	13,197,398
Allowance for Uncollectible Property Taxes	(319,830)	(77,192)	(103,241)	0	0	(500,263)
Total Assets	\$ 15,734,437	\$ 3,289,083	\$ 12,993,849	\$ 1,096,789	\$ 1,422,861	\$ 34,537,019

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities	\$ 129,257	\$ 54,775	\$ 0	\$ 0	\$ 29,390	\$ 213,422
Accounts Payable	826	0	0	0	0	826
Payroll Deductions Payable	0	0	0	532,109	0	532,109
Contracts Payable	0	15,600	0	28,006	0	43,606
Retainage Payable	0	0	0	0	69,580	69,580
Due to Other Funds	0	0	0	0	0	15,902
Due to State of Tennessee	15,902	0	0	0	0	15,902
Matured Bonds Payable	0	0	30,000	0	0	30,000
Matured Interest on Bonds	0	0	8,058	0	0	8,058
Deferred Revenue - Current Property Taxes	7,923,269	1,810,057	2,663,858	0	0	12,397,184
Deferred Revenue - Delinquent Property Taxes	169,070	43,036	52,258	0	0	264,364
Other Deferred Revenues	1,152,954	0	176,516	0	199,355	1,528,825
Total Liabilities	\$ 9,391,278	\$ 1,923,468	\$ 2,930,690	\$ 560,115	\$ 298,325	\$ 15,103,876

Fund Balances

Restricted:
Restricted for General Government
Restricted for Finance

	\$ 388,800	\$ 0	\$ 0	\$ 0	\$ 74,184	\$ 462,984
	18,812	0	0	0	0	18,812

(Continued)

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	General Capital Projects		Other Governmental Funds	Governmental Funds	
				General	Capital Projects			
\$ 131,905	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 131,905	
52,185	0	0	0	0	138,676	0	190,861	
4,900	0	0	0	0	0	0	4,900	
0	0	0	0	0	497,812	0	497,812	
58,149	107,299	0	0	0	0	0	165,448	
0	0	10,063,159	0	0	0	0	10,063,159	
0	0	0	0	116,674	0	0	116,674	
0	1,258,316	0	0	0	0	0	1,258,316	
0	0	0	0	0	102,982	0	102,982	
0	0	0	0	420,000	0	0	420,000	
0	0	0	0	0	0	310,882	310,882	
821,597	0	0	0	0	0	0	821,597	
4,866,811	0	0	0	0	0	0	4,866,811	
\$ 6,343,159	\$ 1,365,615	\$ 10,063,159	\$ 536,674	\$ 1,124,536	\$ 0	\$ 0	\$ 19,433,143	
\$ 15,734,437	\$ 3,289,083	\$ 12,993,849	\$ 1,096,789	\$ 1,422,861	\$ 0	\$ 0	\$ 34,537,019	

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)

Restricted (Cont.):

Restricted for Administration of Justice
 Restricted for Public Safety
 Restricted for Public Health and Welfare
 Restricted for Highways/Public Works
 Restricted for Capital Outlay
 Restricted for Debt Service
 Restricted for Capital Projects

Committed:

Committed for Public Health and Welfare
 Committed for Highways/Public Works
 Committed for Capital Projects

Assigned:

Assigned for Highways/Public Works
 Assigned for Capital Outlay

Unassigned

Total Fund Balances

Total Liabilities and Fund Balances

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

Exhibit C-2

Cumberland County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Assets
June 30, 2012

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 19,433,143
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,760,163	
Add: construction in progress	3,505,124	
Add: buildings and improvements net of accumulated depreciation	25,299,360	
Add: infrastructure net of accumulated depreciation	22,530,884	
Add: other capital assets net of accumulated depreciation	<u>4,288,996</u>	57,384,527
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (2,144,334)	
Less: other loans payable	(60,956,492)	
Less: compensated absences payable	(856,993)	
Less: landfill postclosure care costs	(722,384)	
Less: other postemployment benefits liability	(369,860)	
Less: accrued interest on notes	(2,231)	
Less: accrued interest on other loans	(73,331)	
Less: other deferred revenue - premium on debt	(50,672)	
Add: deferred charges- debt issuance costs	<u>369,406</u>	(64,806,891)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,793,189</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 13,803,968</u>

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

Exhibit C-3

Cumberland County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	General Capital Projects	Other	Governmental Funds	
Revenues							
Local Taxes	\$ 10,548,364	\$ 1,992,536	\$ 4,508,720	\$ 0	\$ 0	\$ 118,665	\$ 17,168,285
Licenses and Permits	231,035	0	0	0	0	0	231,035
Fines, Forfeitures, and Penalties	186,948	0	0	0	0	53,694	240,642
Charges for Current Services	2,411,462	7,524	0	0	0	9,555	2,428,541
Other Local Revenues	136,419	446,415	4,022	420,000	0	5,355	1,012,211
Fees Received from County Officials	2,364,167	0	0	0	0	0	2,364,167
State of Tennessee	3,087,164	95,867	0	2,774,971	0	2,176,911	8,134,913
Federal Government	538,549	0	0	0	0	0	538,549
Other Governments and Citizens Groups	564,262	2,865	0	0	0	94,528	661,655
Total Revenues	\$ 20,068,370	\$ 2,545,207	\$ 4,512,742	\$ 3,194,971	\$ 0	\$ 2,458,708	\$ 32,779,998
Expenditures							
Current:							
General Government	\$ 2,086,178	\$ 0	\$ 0	\$ 0	\$ 0	\$ 24,390	\$ 2,110,568
Finance	1,842,684	0	0	0	0	135	1,842,819
Administration of Justice	1,851,245	0	0	0	0	5,920	1,857,165
Public Safety	7,983,814	0	0	0	0	13,932	7,997,746
Public Health and Welfare	4,009,014	1,921,570	0	0	0	0	5,930,584
Social, Cultural, and Recreational Services	735,236	0	0	0	0	0	735,236
Agriculture and Natural Resources	156,231	0	0	0	0	0	156,231
Other Operations	1,138,562	131,579	0	0	0	710	1,270,851
Highways	0	73,245	0	0	0	2,509,763	2,583,008
Debt Service:							
Principal on Debt	0	0	3,474,373	0	0	0	3,474,373
Interest on Debt	0	0	1,908,342	0	0	0	1,908,342
Other Debt Service	0	0	73,130	0	0	0	73,130
Capital Projects	0	0	0	3,012,766	0	0	3,012,766
Total Expenditures	\$ 19,802,964	\$ 2,126,394	\$ 5,455,845	\$ 3,012,766	\$ 0	\$ 2,554,850	\$ 32,952,819
Excess (Deficiency) of Revenues Over Expenditures	\$ 265,406	\$ 418,813	\$ (943,103)	\$ 182,205	\$ 0	\$ (96,142)	\$ (172,821)

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	General Capital Projects	Other	Governmental Funds	
Other Financing Sources (Uses)							
Transfers In	\$ 0	\$ 436,908	\$ 0	\$ 0	\$ 0	\$ 0	\$ 436,908
Total Other Financing Sources (Uses)	\$ 0	\$ 436,908	\$ 0	\$ 0	\$ 0	\$ 0	\$ 436,908
Net Change in Fund Balances	\$ 265,406	\$ 855,721	\$ (943,103)	\$ 182,205	\$ (96,142)	\$	\$ 264,087
Fund Balance, July 1, 2011	6,077,753	509,894	11,006,262	354,469	1,220,678		19,169,056
Fund Balance, June 30, 2012	\$ 6,343,159	\$ 1,365,615	\$ 10,063,159	\$ 536,674	\$ 1,124,536	\$	\$ 19,433,143

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

Exhibit C-4

Cumberland County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2012

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)		\$	264,087
(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	\$	3,659,182	
Less: current-year depreciation expense		<u>(2,072,725)</u>	1,586,457
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			
Add: gain on disposal of capital assets	\$	353,594	
Less: proceeds from the sale of capital assets		<u>(421,994)</u>	(68,400)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$	1,793,189	
Less: deferred delinquent property taxes and other deferred June 30, 2011		<u>(3,228,340)</u>	(1,435,151)
(4) The issuance of long-term debt (e.g., bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:			
Add: change in premium on debt issuances	\$	12,548	
Less: change in deferred debt issuance costs		(185,075)	
Add: principal payments on notes		1,375,869	
Add: principal payments on other loans		<u>2,098,504</u>	3,301,846
(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	\$	(3,784)	
Change in compensated absences payable		(70,272)	
Change in landfill postclosure care costs		(722,384)	
Change in other postemployment benefits liability		<u>(94,257)</u>	(890,697)
Change in net assets of governmental activities (Exhibit B)			<u>\$ 2,758,142</u>

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

Exhibit D-1

Cumberland County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2012

	Business-type Activities
	<u>Major Fund</u>
	<u>Solid Waste</u>
	<u>Disposal Fund</u>
<hr/>	
<u>Operating Expenses</u>	
Landfill Closure/Postclosure Care Costs	\$ 473,843
Depreciation	2,910
Other Charges	108
Total Operating Expenses	<u>\$ 476,861</u>
Operating Income (Loss)	<u>\$ (476,861)</u>
 <u>Nonoperating Revenues (Expenses)</u>	
Gain on Disposal of Capital Assets	\$ 14,122
Total Nonoperating Revenues (Expenses)	<u>\$ 14,122</u>
 Income (Loss) Before Contributions and Transfers	\$ (462,739)
Capital Contributions from Primary Government	854,112
Capital Contributions to Primary Government	(47,909)
Transfers Out	<u>(436,908)</u>
Change in Net Assets	\$ (93,444)
Net Assets, July 1, 2011	<u>93,444</u>
 Net Assets, June 30, 2012	<u><u>\$ 0</u></u>

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

Exhibit D-2

Cumberland County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2012

	Business-type Activities
	<u>Major Fund</u>
	<u>Solid Waste</u>
	<u>Disposal Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 26,752
Payments to Suppliers	(1,371,069)
Other Payments	(108)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (1,344,425)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Cash Provided from the Sale of Capital Assets	\$ 86,166
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 86,166</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Contribution to Primary Government	\$ (200)
Transfers to Other Funds	(436,908)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (437,108)</u>
Net Increase (Decrease) in Cash	\$ (1,695,367)
Cash, July 1, 2011	<u>1,695,367</u>
Cash, June 30, 2012	<u>\$ 0</u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (476,861)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	2,910
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	19,167
Increase (Decrease) in Accounts Payable	(35,998)
Increase (Decrease) in Accrued Liability for Landfill Closure Cost	<u>(853,643)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (1,344,425)</u>

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

Exhibit E

Cumberland County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,564,765
Equity in Pooled Cash and Investments	1,908
Accounts Receivable	656
Due from Other Governments	<u>1,245,850</u>
Total Assets	<u>\$ 2,813,179</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 1,908
Due to Litigants, Heirs, and Others	1,565,421
Due to Other Taxing Units	<u>1,245,850</u>
Total Liabilities	<u>\$ 2,813,179</u>

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

CUMBERLAND COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

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

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

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

Administrative Office:

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

B. Government-wide and Fund Financial Statements

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

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

Cumberland County issues all debt for the discretely presented Cumberland County School Department. There were no debt issues contributed by the county to the School Department during the year ended June, 30, 2012.

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

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

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

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

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

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

revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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

Cumberland County reports the following major governmental funds:

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

Solid Waste/Sanitation Fund – This special revenue fund accounts for transactions related to solid waste collection. Local taxes are the foundational revenues of this fund.

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

General Capital Projects Fund – This fund is used to account for construction and renovation projects of the county.

Cumberland County reports the following major proprietary fund:

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

Additionally, Cumberland County reports the following fund type:

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

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

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

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

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

Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the School Department. This fund was closed during the year.

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

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

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

investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

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

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

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

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

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

Most payables are disaggregated on the face of the financial statements. Retainage payable in the primary government's Solid

Waste/Sanitation and General Capital Projects funds represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments.

3. Inventories

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

4. Capital Assets

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

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

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

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

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

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

5. Compensated Absences

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

6. Long-term Obligations

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

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

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

7. Net Assets and Fund Equity

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

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

On the government-wide Statement of Net Assets (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling \$596,602 with the primary restrictions being for computer systems for various offices.

As of June 30, 2012, Cumberland County had \$45,685,428 in outstanding debt for capital purposes for the discretely presented Cumberland County School Department. This debt is a liability of Cumberland County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Cumberland County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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.

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, and shall remain binding unless removed in the same manner.

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 Commission has authorized the county’s Budget Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Cumberland County School Department

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

Discretely Presented Cumberland County Railroad Authority

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

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

Primary Government

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

Discretely Presented Cumberland County School Department

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

Discretely Presented Cumberland County Railroad Authority

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

At June 30, 2012, Cumberland County and the Cumberland County School Department reported the following significant encumbrances:

Funds	Description	Amount
Primary Government:		
Major Fund:		
General	Justice Center roof	\$ 365,883
"	Ambulance	64,999
"	Archives - heat and air conditioning	28,301
"	Fire Truck	309,535
"	Finance Department - computer hardware and software	20,000
"	Highway equipment	24,119
Nonmajor Fund:		
Highway/Public Works	Road construction	305,450
School Department:		
Major Fund:		
	General Purpose School Parking Lot Paving	249,675

B. Cash Shortage – Prior Year

A cash shortage of \$1,437 existed in collections received at the Cumberland County Juvenile Detention Center for the period July 1, 2007, through April 5, 2010. Collections from July 1, 2007, through April 5, 2010, were

\$3,296; however, only \$1,859 was remitted to and deposited into the sheriff's official bank account. This shortage has been reviewed with the district attorney general. County officials have advised that this shortage will not be filed against the county's insurance and will not be prosecuted.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized

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

Investment Balances. As of June 30, 2012, Cumberland County had the following investments carried at cost. All investments are in the State Treasurer's Investment Pool. Separate disclosures concerning pooled investments cannot be made for Cumberland County, the discretely presented Cumberland County School Department, and the discretely presented Cumberland County Railroad Authority since all pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Weighted Average Maturities (days)</u>	<u>Cost</u>
State Treasurer's Investment Pool	6 to 164	\$ 244,459

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Cumberland County has no investment policy that would further limit its investment choices. As of June 30, 2012, Cumberland County's investment in the State Treasurer's Investment Pool was unrated.

B. Derivative Instruments

At June 30, 2012, Cumberland County had the following derivative instruments outstanding:

Instrument	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
\$7.5M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	\$ 7,500,000	7-31-08	6-1-20	Pay 3.9% receive 63% of LIBOR
\$6.95M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	6,950,000	7-31-08	6-1-27	Pay 4.13% receive 63% of LIBOR
\$10M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	10,000,000	12-29-10	6-1-39	Pay 3.293% receive 59% of LIBOR

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2012, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2012 financial statements are as follows:

Type	Classification	Changes in Fair Value Amount	Classification	Fair Value at June 30, 2012 Amount	6-30-12 Notional Amount
Governmental Activities:					
Cash Flow Hedges:					
Pay-fixed interest rate swaps:					
\$7.5M Swap	Deferred Outflow	\$ (298,766)	Debt	\$ (809,098)	\$ 7,500,000
\$6.95M Swap	Deferred Outflow	(922,490)	Debt	(1,885,497)	6,650,000
\$10M Swap	Deferred Outflow	(1,965,641)	Debt	(2,799,148)	10,000,000
Totals		<u>\$ (3,186,897)</u>		<u>\$ (5,493,743)</u>	<u>\$ 24,150,000</u>

Derivative Swap Agreement Detail

\$7.5M Swap:

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

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

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.9 percent and receives a variable payment computed as 63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$7.5 million, and the associated variable-rate bond has a \$7.5 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-3-A Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2020. As of June 30, 2012, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.90 %
Variable payment from counterparty	% of LIBOR	<u>(0.61)</u>
Net interest rate swap payments		3.29 %
Variable-rate bond payments		<u>0.52</u>
 Synthetic interest rate on bonds		 <u>3.81 %</u>

Fair value. As of June 30, 2012, the swap had a negative fair value of \$809,098. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2012, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Morgan Keegan Financial Products, was rated A+ by Standard and Poor's as of June 30, 2012, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard and Poor's, and Fitch, respectively.

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

Termination risk. The swap contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master

Agreement includes an “additional termination provision.” The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap’s fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap’s fair value.

Swap payments and associated debt. As of June 30, 2012, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2013	\$ 520,000	\$ 31,616	\$ 199,965	\$ 751,581
2014	550,000	28,912	182,863	761,775
2015	575,000	26,052	164,774	765,826
2016	610,000	23,062	145,863	778,925
2017	640,000	19,890	125,800	785,690
2018-2020	3,185,000	36,348	229,894	3,451,242
Total	\$ 6,080,000	\$ 165,880	\$ 1,049,159	\$ 7,295,039

\$6.95M Swap:

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

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

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.13 percent and receives a variable payment computed as

63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$6,650,000, and the associated variable-rate bond has a \$6,650,000 principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-3-A Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (“SIFMA”). The bonds and the related swap agreement mature on June 1, 2027. As of June 30, 2012, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.13 %
Variable payment from counterparty	% of LIBOR	<u>(0.61)</u>
Net interest rate swap payments		3.52 %
Variable-rate bond payments		<u>0.52</u>
Synthetic interest rate on bonds		<u><u>4.04 %</u></u>

Fair value. As of June 30, 2012, the swap had a negative fair value of \$1,885,497. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2012, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Morgan Keegan Financial Products, was rated A+ by Standard and Poor's as of June 30, 2012, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard and Poor's, and Fitch, respectively.

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

Termination risk. The swap contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an “additional termination provision.” The authority or the counterparty may terminate the swap if the other party fails to perform

under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2012, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2013	\$ 0	\$ 34,580	\$ 234,007	\$ 268,587
2014	0	34,580	234,007	268,587
2015	0	34,580	234,007	268,587
2016	0	34,580	234,007	268,587
2017	0	34,580	234,007	268,587
2018-2022	1,405,000	170,144	1,151,383	2,726,527
2023-2027	5,245,000	85,020	575,340	5,905,360
Total	\$ 6,650,000	\$ 428,064	\$ 2,896,758	\$ 9,974,822

\$10M Swap:

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

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

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.293 percent and receives a variable payment computed as 59 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$10 million, and the associated variable-rate

bond has a \$10 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series VII-B-2 bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ ("SIFMA"). The bonds and the related swap agreement mature on June 1, 2039. As of June 30, 2012, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.293 %
Variable payment from counterparty	% of LIBOR	<u>(0.572)</u>
Net interest rate swap payments		2.721 %
Variable-rate bond payments		<u>0.968</u>
Synthetic interest rate on bonds		<u><u>3.689 %</u></u>

Fair value. As of June 30, 2012, the swap had a negative fair value of \$2,799,148. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2012, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Morgan Keegan Financial Products, was rated A+ by Standard and Poor's as of June 30, 2012, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard and Poor's, and Fitch, respectively.

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

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

to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2012, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2013	\$ 0	\$ 96,750	\$ 272,070	\$	368,820
2014	0	96,750	272,070		368,820
2015	0	96,750	272,070		368,820
2016	0	96,750	272,070		368,820
2017	0	96,750	272,070		368,820
2018-2022	0	483,750	1,360,350		1,844,100
2023-2027	0	483,750	1,360,350		1,844,100
2028-2032	1,050,000	483,750	1,360,350		2,894,100
2033-2037	6,075,000	320,968	902,593		7,298,561
2038-2039	2,875,000	42,086	118,350		3,035,436
Total	\$ 10,000,000	\$ 2,298,054	\$ 6,462,343	\$	18,760,397

C. Capital Assets

Capital assets activity for the year ended June 30, 2012, was as follows:

Primary Government

Governmental Activities:

	Restated			
	Balance			Balance
	7-1-11	Increases	Decreases	6-30-12
Capital Assets Not Depreciated:				
Land	\$ 1,760,163	\$ 0	\$ 0	\$ 1,760,163
Construction in Progress	343,569	3,161,555	0	3,505,124
Total Capital Assets Not Depreciated	\$ 2,103,732	\$ 3,161,555	\$ 0	\$ 5,265,287

Governmental Activities (Cont.):

	Restated			Balance
	Balance			Balance
	7-1-11	Increases	Decreases	6-30-12
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 30,487,268	\$ 0	\$ (152,540)	\$ 30,334,728
Roads and Bridges	35,658,969	60,750	(2,652)	35,717,067
Other Capital Assets	11,149,172	436,877	(122,018)	11,464,031
Total Capital Assets				
Depreciated	<u>\$ 77,295,409</u>	<u>\$ 497,627</u>	<u>\$ (277,210)</u>	<u>\$ 77,515,826</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 4,593,925	\$ 543,950	\$ (102,507)	\$ 5,035,368
Roads and Bridges	12,405,641	781,556	(1,014)	13,186,183
Other Capital Assets	6,533,105	747,219	(105,289)	7,175,035
Total Accumulated				
Depreciation	<u>\$ 23,532,671</u>	<u>\$ 2,072,725</u>	<u>\$ (208,810)</u>	<u>\$ 25,396,586</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 53,762,738</u>	<u>\$ (1,575,098)</u>	<u>\$ (68,400)</u>	<u>\$ 52,119,240</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 55,866,470</u>	<u>\$ 1,586,457</u>	<u>\$ (68,400)</u>	<u>\$ 57,384,527</u>

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

Governmental Activities:

General Government	\$ 227,360
Finance	1,826
Administration of Justice	9,440
Public Safety	585,730
Public Health and Welfare	238,609
Social, Cultural, and Recreational Services	184,688
Highways/Public Works	<u>825,072</u>
Total Depreciation Expense -	
Governmental Activities	<u>\$ 2,072,725</u>

Business-type Activities:

	Balance		Balance	
	7-1-11	Increases	Decreases	6-30-12
Capital Assets Not Depreciated:				
Land	\$ 46,840	\$ 0	\$ (46,840)	\$ 0
Total Capital Assets Not Depreciated	<u>\$ 46,840</u>	<u>\$ 0</u>	<u>\$ (46,840)</u>	<u>\$ 0</u>
Capital Assets Depreciated:				
Landfill Facilities and Development	\$ 3,509,688	\$ 0	\$ (3,509,688)	\$ 0
Buildings and Improvements	13,825	0	(13,825)	0
Other Capital Assets	269,479	0	(269,479)	0
Total Capital Assets Depreciated	<u>\$ 3,792,992</u>	<u>\$ 0</u>	<u>\$ (3,792,992)</u>	<u>\$ 0</u>
Less Accumulated Depreciation For:				
Landfill Facilities and Development	\$ 3,509,688	\$ 0	\$ (3,509,688)	\$ 0
Buildings and Improvements	12,265	691	(12,956)	0
Other Capital Assets	195,216	2,219	(197,435)	0
Total Accumulated Depreciation	<u>\$ 3,717,169</u>	<u>\$ 2,910</u>	<u>\$ (3,720,079)</u>	<u>\$ 0</u>
Total Capital Assets Depreciated, Net	<u>\$ 75,823</u>	<u>\$ (2,910)</u>	<u>\$ (72,913)</u>	<u>\$ 0</u>
Business-type Activities Capital Assets, Net	<u>\$ 122,663</u>	<u>\$ (2,910)</u>	<u>\$ (119,753)</u>	<u>\$ 0</u>

All business-type activity assets were sold or transferred to the primary government during the year after the landfill closed.

Depreciation expense of \$2,910 was recorded by the Solid Waste Disposal Fund.

Discretely Presented Cumberland County School Department

Governmental Activities:

	Balance				Balance
	7-1-11	Increases	Decreases		6-30-12
Capital Assets Not Depreciated:					
Land	\$ 2,088,454	\$ 0	\$ 0		\$ 2,088,454
Total Capital Assets Not Depreciated	\$ 2,088,454	\$ 0	\$ 0		\$ 2,088,454
Capital Assets Depreciated:					
Buildings and Improvements	\$ 77,631,420	\$ 0	\$ 0		\$ 77,631,420
Infrastructure	1,415,163	0	0		1,415,163
Other Capital Assets	8,039,345	423,912	(74,873)		8,388,384
Total Capital Assets Depreciated	\$ 87,085,928	\$ 423,912	\$ (74,873)		\$ 87,434,967
Less Accumulated Depreciation For:					
Buildings and Improvements	\$ 17,977,821	\$ 1,375,186	\$ 0		\$ 19,353,007
Infrastructure	490,010	51,145	0		541,155
Other Capital Assets	4,990,965	523,417	(72,006)		5,442,376
Total Accumulated Depreciation	\$ 23,458,796	\$ 1,949,748	\$ (72,006)		\$ 25,336,538
Total Capital Assets Depreciated, Net	\$ 63,627,132	\$ (1,525,836)	\$ (2,867)		\$ 62,098,429
Governmental Activities Capital Assets, Net	\$ 65,715,586	\$ (1,525,836)	\$ (2,867)		\$ 64,186,883

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

Governmental Activities:

Instruction	\$ 1,566,940
Support Services	331,322
Operation of Non-Instructional Services	<u>51,486</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,949,748</u>

D. Construction Commitments

At June 30, 2012, the county had uncompleted construction contracts of approximately \$1,586,352 for the construction of the Health Department. Funding for these future expenditures is expected to be received from federal grants.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
Solid Waste/Sanitation	Solid Waste Disposal	\$ 363
General	Constitutional Officers - Fees	69,580

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

The Solid Waste/Sanitation Fund receivable of \$363 was in transit from the Solid Waste Disposal Fund at June 30, 2012.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2012, consisted of the following amounts:

Primary Government

<u>Transfer Out</u>	<u>Transfer In</u>
	Solid Waste/ Sanitation Fund
Solid Waste Disposal Fund	\$ 436,908

The county made a one-time transfer of \$436,908 from the Solid Waste Disposal Fund to the Solid Waste/Sanitation Fund to close the fund.

Discretely Presented Cumberland County School Department

Transfers Out	Transfers In General Purpose School Fund
School Federal Projects Fund	\$ 22,485
Nonmajor governmental funds	34,600
	\$ 57,085
Total	\$ 57,085

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

F. Long-term Debt

Primary Government

General Obligation Notes and Other Loans

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

Capital outlay notes and other loans are direct obligations and pledge the full faith and credit of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to seven years for notes and up to 31 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All other loans and notes included in long-term debt as of June 30, 2012, will be retired from the General Debt Service Fund.

Capital outlay notes and other loans outstanding as of June 30, 2012, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
Capital Outlay Notes	0 to 2.6 %	5-13-14	\$ 4,321,223	\$ 2,144,334
Other Loans	Variable	6-1-31	5,100,000	5,100,000
Other Loans	0 to 6	6-1-28	13,349,996	11,086,492
Other Loans - Synthetic Fixed by Swap	3.689 to 4.04	6-1-39	48,915,000	44,770,000

Cumberland County entered into various loan agreements with the Sevier County Public Building Authority and the Blount County Public Building Authority (PBAs) to finance various capital projects for Cumberland County and the discretely presented Cumberland County School Department. Under the loan agreements, the PBAs issued revenue bonds and made the proceeds available for loan to Cumberland County. In addition to repaying the loans, the county pays various other fees (trustee, debt remarketing, etc.) in connection with these loans. The following table summarizes loan agreements outstanding at June 30, 2012:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-12	Interest Type	Interest Rates as of 6-30-12	Approximate Fee Rates as of 6-30-12
Sevier County PBA:					
Series V-E-1	\$ 10,365,000	\$ 8,250,000	Fixed	3 to 4.75 %	0 %
Series VII-B-2	28,300,000	26,680,000	Synthetic Fixed by Swap	3.689	0.251
Series VII-F-1	5,100,000	5,100,000	Variable	0.99	0.226
Blount County PBA:					
Series B-13-A	1,750,000	1,650,000	Fixed	5.15 to 6	0
Series E-3-A	20,615,000	18,090,000	Synthetic Fixed by Swap	3.81 to 4.04	0.85
Series B-20-A	750,000	750,000	Fixed	4.25 to 5	0

The annual requirements to amortize all capital outlay notes and other loans outstanding as of June 30, 2012, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 1,375,870	\$ 41,312	\$ 1,417,182
2014	768,464	13,390	781,854
Total	<u>\$ 2,144,334</u>	<u>\$ 54,702</u>	<u>\$ 2,199,036</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2013	\$ 2,148,504	\$ 879,970	\$ 232,258	\$ 3,260,732
2014	1,773,504	843,210	223,423	2,840,137
2015	1,853,504	809,443	215,263	2,878,210
2016	1,938,504	771,321	206,891	2,916,716
2017	1,998,504	731,887	198,008	2,928,399
2018-2022	11,163,972	3,063,357	818,214	15,045,543
2023-2027	13,375,000	2,076,038	500,829	15,951,867
2028-2032	12,720,000	1,067,384	266,717	14,054,101
2033-2037	9,500,000	500,940	129,892	10,130,832
2038-2039	4,485,000	65,485	16,980	4,567,465
Total	<u>\$ 60,956,492</u>	<u>\$ 10,809,035</u>	<u>\$ 2,808,475</u>	<u>\$ 74,574,002</u>

There is \$10,063,159 available in the General Debt Service Fund to service long-term debt. Debt per capita, including other loans and notes, totaled \$1,126, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

Governmental Activities:

	Notes	Other Loans
Balance, July 1, 2011	\$ 3,520,203	\$ 63,054,996
Reductions	(1,375,869)	(2,098,504)
Balance, June 30, 2012	<u>\$ 2,144,334</u>	<u>\$ 60,956,492</u>
Balance Due Within One Year	<u>\$ 1,375,870</u>	<u>\$ 2,148,504</u>

Governmental Activities: (Cont.)

	Compensated Absences	Other Postemployment Benefits	Landfill Postclosure Care Costs
Balance, July 1, 2011	\$ 786,721	\$ 275,603	\$ 0
Additions	660,170	116,322	722,384
Reductions	(589,898)	(22,065)	0
Balance, June 30, 2012	<u>\$ 856,993</u>	<u>\$ 369,860</u>	<u>\$ 722,384</u>
Balance Due Within One Year	<u>\$ 599,895</u>	<u>\$ 0</u>	<u>\$ 6,800</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 65,050,063
Less: Due Within One Year	(4,131,068)
Add: Unamortized Premium on Debt	<u>50,672</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 60,969,667</u>

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

Cumberland County Solid Waste Disposal Fund (Enterprise Fund)

Changes in Long-term Liabilities

Long-term liability activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2012, was as follows:

Business-type Activities:

	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2011	\$ 1,707,755
Additions	10,131
Reductions	<u>(1,717,886)</u>
Balance, June 30, 2012	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 0</u>

The landfill postclosure costs of \$722,384 were transferred to the primary government when the Solid Waste Disposal Fund closed during the year.

Discretely Presented Cumberland County School Department

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

The loans are a direct obligation and pledge the full faith and credit of the government. The energy efficiency loans were issued for original terms up to 12 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The loans included in long-term debt as of June 30, 2012, will be retired from the General Purpose School Fund.

The loan outstanding as of June 30, 2012, for governmental activities is as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
Loans	0 to 2.5%	6-30-23	\$ 3,500,000	\$ 3,209,252

The annual requirements to amortize the loan as of June 30, 2012, are presented in the following table:

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2013	\$ 296,064	\$ 68,256	\$ 364,320
2014	301,740	62,580	364,320
2015	307,572	56,748	364,320
2016	313,536	50,784	364,320
2017	319,668	44,652	364,320
2018-2022	1,410,056	125,880	1,535,936
2023	260,616	32,261	292,877
Total	\$ 3,209,252	\$ 441,161	\$ 3,650,413

Debt per capita, totaled \$57, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability for the discretely presented Cumberland County School Department for the year ended June 30, 2012, was as follows:

	<u>Other Loans</u>
Balance, July 1, 2011	\$ 3,500,000
Reductions	<u>(290,748)</u>
Balance, June 30, 2012	<u>\$ 3,209,252</u>
Balance Due Within One Year	<u>\$ 296,064</u>

	<u>Compensated Absences</u>	<u>Other Postemployment Benefits</u>
Balance, July 1, 2011	\$ 80,521	\$ 1,514,926
Additions	224,397	1,976,274
Reductions	<u>(226,682)</u>	<u>(825,401)</u>
Balance, June 30, 2012	<u>\$ 78,236</u>	<u>\$ 2,665,799</u>
Balance Due Within One Year	<u>\$ 3,912</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 5,953,287
Less: Due Within One Year	<u>(299,976)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 5,653,311</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Cumberland County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2012, were \$207,752 and \$33,236, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

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

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

Discretely Presented Cumberland County School Department

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

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

B. Subsequent Event

On September 10, 2012, the Veteran's Services Officer was indicted on one charge of theft over \$10,000. The Veteran's Services Officer's employment was terminated by the county on September 11, 2012. The matter is currently under review by the Comptroller's Division of Investigations and further court action is pending.

C. Contingent Liabilities

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

D. Landfill Postclosure Care Costs

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

State and federal laws and regulations require Cumberland County to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$722,384 reported as landfill postclosure care liability at June 30, 2012, represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all postclosure care in 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Cumberland County's sanitary landfill was certified as closed on October 18, 2012.

E. Joint Venture

Cumberland County entered into an agreement with the counties of Morgan and Roane to establish an Industrial Development Board to purchase land for the development of a joint industrial park. Cumberland, Morgan, and Roane counties jointly own the board. The agreement established a nine-member board with each county appointing three members and being responsible for one-third of the entity's funding. Cumberland County did not make appropriations to the board for the year ended June 30, 2012.

F. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Plan Description

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

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

Funding Policy

Cumberland County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 8.91 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2012, the county’s annual pension cost of \$1,509,887 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 three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) 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, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$1,509,887	100%	\$0
6-30-11	1,441,225	100	0
6-30-10	1,445,192	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 95.93 percent funded. The actuarial accrued liability for benefits was \$42.93 million, and the actuarial value of assets was \$41.18 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.75 million. The covered payroll (annual payroll of active employees covered by the plan) was \$15.88 million, and the ratio of the UAAL to the covered payroll was 11.01 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.

SCHOOL TEACHERS

Plan Description

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2012, 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 ending June 30, 2012, 2011, and 2010, were \$2,065,419, \$2,061,196, and \$1,456,941 respectively, equal to the required contributions for each year.

2. Deferred Compensation

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

G. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plans are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in the plans develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The required contribution rate for retirees ranges from ten to 55 percent based on the years of service. During the year ended June 30, 2012, the county and the discretely presented School Department contributed \$22,065 and \$825,401, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 117,000	\$ 1,980,000
Interest on the NPO	11,024	60,597
Adjustment to the ARC	(11,702)	(64,323)
Annual OPEB cost	\$ 116,322	\$ 1,976,274
Amount of contribution	(22,065)	(825,401)
Increase/decrease in NPO	\$ 94,257	\$ 1,150,873
Net OPEB obligation, 7-1-11	275,603	1,514,926
Net OPEB obligation, 6-30-12	\$ 369,860	\$ 2,665,799

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Government Group	\$ 155,105	28 %	\$ 156,405
6-30-11	"	160,372	26	275,603
6-30-12	"	116,322	19	369,860
6-30-10	Local Education Group	1,152,790	57	1,249,031
6-30-11	"	1,170,968	77	1,514,926
6-30-12	"	1,976,274	42	2,665,799

The funded status of the plans as of July 1, 2011, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 841,000	\$ 15,473,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 841,000	\$ 15,473,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 9,764,141	\$ 30,627,095
UAAL as a % of covered payroll	8.61%	50.52%

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, 2011, actuarial valuation for the Local Government Plan and the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.25 percent in fiscal year 2012. The trend rate will decrease to 8.75 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

H. Office of Central Accounting and Budgeting

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

I. Purchasing Law

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

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

A. **Summary of Significant Accounting Policies**

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

1. **Reporting Entity**

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

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

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

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

The district applies Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails. The district has elected not to adopt the Financial Accounting Standards Board statements and interpretations issued after November 30, 1989, in accordance with Governmental Accounting Standards Board Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*.

Additionally, proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the district are user fees for landline and wireless telephone customers, as well as charges for tapes. Operating expenses for proprietary funds include the cost of sales and services such as salaries and wages, employee benefits, contracted services, supplies and materials, other charges, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

3. Deposits and Investments

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

4. Receivables and Payables

All trade receivables and payables are recognized when incurred and recorded at full value. Any amounts later determined to be uncollectible are written off when that determination is made. Any necessary allowance for doubtful accounts would not be material.

5. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items when paid, and expensed in the applicable future accounting period.

6. Capital Assets

Capital assets are defined by the district as assets with an initial, individual cost of \$3,000 or greater, and an estimated useful life of three years or greater. Capital assets are carried at cost. The district capitalizes net interest cost as part of the cost of constructing capital assets.

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

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

7. Restricted Assets

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

8. Compensated Absences

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

9. Long-term Debt and Costs

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

10. Net Assets

Net assets are classified into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

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

- b. Restricted – This component of net assets consists of constraints placed on net assets use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

11. Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates.

12. Budget

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

B. Deposits and Investments

State of Tennessee statutes restrict the investment options of the district. The district can only invest funds using the follow investment options:

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

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

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

All investments of the district must have a maturity of not greater than two years or with certain authorized approval up to five years.

At June 30, 2012, the district’s deposits consisted of the following:

	<u>June 30, 2012</u>	
	<u>Bank Balance</u>	<u>Carrying Value</u>
First Bank - Operating Account	\$ 60,249	\$ 57,554
Cumberland County Bank - money market	0	50,067
First National Bank of Tennessee:		
Payroll Account	14,879	14,879
Certificate of Deposit	90,000	90,000
Progressive Savings Bank:		
Certificate of Deposit	<u>105,615</u>	<u>105,615</u>
 Total Deposits	 <u>\$ 270,743</u>	 <u>\$ 318,115</u>

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

As of June 30, 2012, deposits in each bank are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000. In addition, First Bank is a member of the State of Tennessee Bank Collateral Pool. The Tennessee Bank Collateral Pool is a multiple financial institution collateral pool in which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. The district’s deposits in financial institutions were entirely insured or collateralized at June 30, 2012.

The district’s only investments at June 30, 2012, were certificates of deposit held at Tennessee state chartered banks.

C. Accounts Receivable

Accounts receivable at June 30, 2012, consisted of funds due from the following agencies:

	<u>Balance 6-30-12</u>
Volunteer First Services	\$ 5,878
Bledsoe Telephone Cooperative	180
Citizens Telecommunications Company of Tennessee	30,508
State of Tennessee	60,433
Miscellaneous Providers	<u>4,484</u>
Total	<u>\$ 101,483</u>

D. Changes in Capital Assets

A summary of changes in capital assets at June 30, 2012, follows:

Business-type Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Depreciated:				
Building and Improvements	\$ 1,014,732	\$ 18,024	\$ 0	\$ 1,032,756
Office Equipment and Fixtures	54,383	-	(397)	53,986
Communications and Computer Equipment	959,812	260,923	(52,132)	1,168,603
Vehicles	20,987	0	0	20,987
Total Capital Assets Depreciated	<u>\$ 2,049,914</u>	<u>\$ 278,947</u>	<u>\$ (52,529)</u>	<u>\$ 2,276,332</u>
Less Accumulated Depreciation:				
Building and Improvements	\$ 162,887	\$ 27,203	\$ 0	\$ 190,090
Office Equipment and Fixtures	43,577	3,770	(396)	46,951
Communications and Computer Equipment	518,102	144,804	(49,080)	613,826
Vehicles	20,987	0	0	20,987
Total Accumuated Depreciation	<u>\$ 745,553</u>	<u>\$ 175,777</u>	<u>\$ (49,476)</u>	<u>\$ 871,854</u>
Net Capital Assets	<u>\$ 1,304,361</u>	<u>\$ 103,170</u>	<u>\$ (3,053)</u>	<u>\$ 1,404,478</u>

E. Long-term Debt

On November 17, 2004, the district obtained financing of \$1 million through the City of Crossville, from the Public Building Authority of the City of

Clarksville, Tennessee, Adjustable Rate Pooled Financing Revenue Bonds, Series 2004 (Tennessee Municipal Bond Fund) to construct a new facility for the Emergency Communications Center. The loan rate for each loan payment period is calculated by the trustee based on interest rates determined by the remarketing agent for the current month. The interest rate in effect at June 30, 2012, was .35 percent.

Details of the district’s long-term debt for the year ended June 30, 2012, are as follows:

	Balance 7-1-11	Reductions	Balance 6-30-12	Due Within One Year
Tennessee Adjustable Rate Pooled Financing Revenue Bonds, Series 2004, Maturing 2024, Rate - Adjustable	\$ 726,000	\$ (46,000)	\$ 680,000	\$ 48,000

Debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2013	\$ 48,000	\$ 2,384	\$ 50,384
2014	49,000	2,216	51,216
2015	51,000	2,044	53,044
2016	52,000	1,870	53,870
2017	54,000	1,683	55,683
2018-2022	296,000	5,459	301,459
2023-2024	130,000	688	130,688
Total	\$ 680,000	\$ 16,344	\$ 696,344

Interest requirements are computed using the rate in effect at June 30, 2012, of .35 percent.

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

F. Risk Financing

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

G. Contingent Liabilities

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Cumberland County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Fund
 For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,548,364	\$ 0	\$ 0	\$ 10,548,364	\$ 10,292,060	\$ 10,292,060	\$ 256,304
Licenses and Permits	231,035	0	0	231,035	234,500	234,500	(3,465)
Fines, Forfeitures, and Penalties	186,948	0	0	186,948	170,200	170,200	16,748
Charges for Current Services	2,411,462	0	0	2,411,462	2,696,200	2,732,700	(321,238)
Other Local Revenues	136,419	0	0	136,419	155,100	164,600	(28,181)
Fees Received from County Officials	2,364,167	0	0	2,364,167	2,228,500	2,228,500	135,667
State of Tennessee	3,087,164	0	0	3,087,164	2,118,800	2,483,158	604,006
Federal Government	538,549	0	0	538,549	447,220	482,892	55,657
Other Governments and Citizens Groups	564,262	0	0	564,262	593,650	593,650	(29,388)
<u>Total Revenues</u>	<u>\$ 20,068,370</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,068,370</u>	<u>\$ 18,936,230</u>	<u>\$ 19,382,260</u>	<u>\$ 686,110</u>
<u>Expenditures</u>							
General Government							
County Commission	\$ 507,584	\$ (25,000)	\$ 755,158	\$ 1,237,742	\$ 1,091,046	\$ 1,323,667	\$ 85,925
Board of Equalization	3,300	0	0	3,300	3,300	3,300	0
Beer Board	584	0	0	584	1,000	1,000	416
Other Boards and Committees	325	0	0	325	9,500	9,500	9,175
County Mayor/Executive	186,322	0	0	186,322	189,471	191,298	4,976
County Attorney	53,676	0	0	53,676	175,000	95,000	41,324
Election Commission	290,613	0	0	290,613	293,767	302,970	12,357
Register of Deeds	301,508	0	0	301,508	299,224	306,970	5,462
Engineering	48,348	0	0	48,348	75,044	75,044	26,696
County Buildings	563,692	0	0	563,692	535,127	580,714	17,022
Other General Administration	114,360	0	0	114,360	111,701	116,050	1,690
Preservation of Records	15,866	0	0	15,866	14,639	17,139	1,273

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance</u>							
Accounting and Budgeting	\$ 418,322	\$ 0	\$ 0	\$ 418,322	\$ 427,233	\$ 435,706	\$ 17,384
Property Assessor's Office	441,367	0	0	441,367	453,381	465,828	24,461
Reappraisal Program	120,976	0	0	120,976	125,448	126,900	5,924
County Trustee's Office	322,495	0	0	322,495	316,294	323,605	1,110
County Clerk's Office	539,524	0	0	539,524	520,645	543,644	4,120
<u>Administration of Justice</u>							
Circuit Court	572,870	0	0	572,870	553,548	577,837	4,967
General Sessions Court	348,947	0	0	348,947	353,794	355,969	7,022
Chancery Court	213,521	0	0	213,521	219,232	221,653	8,132
Juvenile Court	107,758	0	0	107,758	111,246	115,604	7,846
Judicial Commissioners	182,435	0	0	182,435	186,936	194,682	12,247
Probate Court	222,676	0	0	222,676	214,770	224,696	2,020
Courtroom Security	203,038	0	0	203,038	229,356	233,563	30,525
<u>Public Safety</u>							
Sheriff's Department	2,808,608	0	0	2,808,608	2,679,171	2,940,539	131,931
Drug Enforcement	13,846	0	0	13,846	0	14,751	905
Jail	3,158,387	0	0	3,158,387	3,102,576	3,323,899	165,512
Juvenile Services	182,588	0	0	182,588	154,279	201,503	18,915
Fire Prevention and Control	728,455	0	0	728,455	673,559	762,425	33,970
Civil Defense	130,194	0	0	130,194	135,986	139,373	9,179
Rescue Squad	8,550	0	0	8,550	8,550	8,550	0
Other Emergency Management	861,668	0	0	861,668	889,674	921,533	59,865
County Coroner/Medical Examiner	70,000	0	0	70,000	60,000	70,000	0
Other Public Safety	21,518	0	0	21,518	24,957	28,187	6,669

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	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	\$ 577,239	\$ 0	\$ 0	\$ 577,239	\$ 610,262	\$ 633,937	\$ 56,698
Rabies and Animal Control	65,861	0	0	65,861	96,705	96,705	30,844
Ambulance/Emergency Medical Services	3,111,499	0	64,999	3,176,498	3,014,241	3,253,617	77,119
Alcohol and Drug Programs	97,088	0	0	97,088	93,886	97,275	187
Appropriation to State	57,500	0	0	57,500	57,500	57,500	0
Other Public Health and Welfare	99,827	0	0	99,827	105,309	107,833	8,006
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	25,775	0	0	25,775	25,775	25,775	0
Libraries	489,162	0	1,440	490,602	486,410	500,479	9,877
Parks and Fair Boards	192,749	0	0	192,749	191,452	201,835	9,086
Other Social, Cultural, and Recreational	27,550	0	0	27,550	27,550	27,550	0
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	78,386	0	0	78,386	90,694	90,694	12,308
Soil Conservation	77,845	0	0	77,845	59,046	79,627	1,782
<u>Other Operations</u>							
Tourism	39,688	0	0	39,688	42,750	42,750	3,062
Other Economic and Community Development	353,439	0	0	353,439	421,720	421,720	68,281
Veterans' Services	39,538	0	0	39,538	38,696	40,146	608
Other Charges	476,262	0	0	476,262	500,000	500,000	23,738
Contributions to Other Agencies	9,592	0	0	9,592	10,500	10,500	908
Employee Benefits	140,158	0	0	140,158	949,551	156,703	16,545
ARRA Grant # A	6,657	0	0	6,657	0	6,657	0
Miscellaneous	73,228	0	0	73,228	74,000	74,000	772
Total Expenditures	\$ 19,802,964	\$ (25,000)	\$ 821,597	\$ 20,599,561	\$ 21,135,501	\$ 21,678,402	\$ 1,078,841

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 265,406 \$	25,000 \$	(821,597) \$	(531,191) \$	(2,199,271) \$	(2,296,142) \$	1,764,951
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 265,406 \$ 6,077,753	25,000 \$ (25,000)	(821,597) \$ 0	(531,191) \$ 6,052,753	(2,199,271) \$ 5,063,890	(2,296,142) \$ 5,063,890	1,764,951 988,863
Fund Balance, June 30, 2012	\$ 6,343,159 \$	0 \$	(821,597) \$	5,521,562 \$	2,864,619 \$	2,767,748 \$	2,753,814

Exhibit F-2

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,992,536	\$ 1,956,080	\$ 1,956,080	\$ 36,456
Charges for Current Services	7,524	5,000	5,000	2,524
Other Local Revenues	446,415	375,000	429,000	17,415
State of Tennessee	95,867	107,612	107,612	(11,745)
Other Governments and Citizens Groups	2,865	2,865	2,865	0
Total Revenues	\$ 2,545,207	\$ 2,446,557	\$ 2,500,557	\$ 44,650
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 274,871	\$ 299,084	\$ 299,084	\$ 24,213
Convenience Centers	1,037,459	1,475,254	1,465,254	427,795
Recycling Center	417,469	421,891	438,136	20,667
Postclosure Care Costs	191,771	292,605	292,605	100,834
<u>Other Operations</u>				
Other Charges	40,864	34,000	47,200	6,336
Employee Benefits	90,715	89,000	89,000	(1,715)
<u>Highways</u>				
Litter and Trash Collection	73,245	75,339	75,339	2,094
Total Expenditures	\$ 2,126,394	\$ 2,687,173	\$ 2,706,618	\$ 580,224
Excess (Deficiency) of Revenues Over Expenditures	\$ 418,813	\$ (240,616)	\$ (206,061)	\$ 624,874
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 436,908	\$ 0	\$ 0	\$ 436,908
Total Other Financing Sources (Uses)	\$ 436,908	\$ 0	\$ 0	\$ 436,908
Net Change in Fund Balance	\$ 855,721	\$ (240,616)	\$ (206,061)	\$ 1,061,782
Fund Balance, July 1, 2011	509,894	497,143	497,143	12,751
Fund Balance, June 30, 2012	\$ 1,365,615	\$ 256,527	\$ 291,082	\$ 1,074,533

Exhibit F-3

Cumberland County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Cumberland County School Department
June 30, 2012

(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)
7-1-11	\$ 41,176	\$ 42,925	\$ 1,749	95.93 %	\$ 15,881	11.01 %
7-1-09	32,509	33,990	1,481	95.64	16,433	9.01
7-1-07	28,684	30,532	1,848	93.95	15,181	12.17

Exhibit F-4

Cumberland County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Cumberland County School Department
June 30, 2012

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Government Group	7-1-09	\$ 0	\$ 1,110	\$ 1,110	0 %	\$ 9,506	12 %
"	7-1-10	0	1,198	1,198	0	8,994	13
"	7-1-11	0	841	841	0	9,764	9
Local Education Group	7-1-09	0	10,314	10,314	0	25,818	40
"	7-1-10	0	10,387	10,387	0	30,617	34
"	7-1-11	0	15,473	15,473	0	30,627	51

CUMBERLAND COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2012

BUDGETARY INFORMATION

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

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

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

At June 30, 2012, Cumberland County reported the following significant encumbrances in the General Fund:

<u>Description</u>	<u>Amount</u>
Justice Center roof	\$ 365,883
Ambulance	64,999
Archives - heat and air conditioning	28,301
Fire Truck	309,535
Finance Department - computer hardware and software	20,000
Highway equipment	24,119

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

Cumberland County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works		
\$	0	0	55,175	0	0	55,175
	98,574	138,676	0	708,267	0	945,517
	0	0	14,405	0	0	14,405
	0	0	0	407,764	0	407,764
\$	98,574	138,676	69,580	1,116,031	\$	1,422,861

ASSETS

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

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>						
Accounts Payable	24,390	0	0	0	5,000	29,390
Due to Other Funds	0	0	69,580	0	0	69,580
Other Deferred Revenues	0	0	0	199,355	0	199,355
Total Liabilities	24,390	0	69,580	204,355	\$	298,325
<u>Fund Balances</u>						
Restricted:						
Restricted for General Government	74,184	0	0	0	0	74,184
Restricted for Public Safety	0	138,676	0	0	0	138,676
Restricted for Highways/Public Works	0	0	0	497,812	0	497,812
Committed:						
Committed for Highways/Public Works	0	0	0	102,982	0	102,982
Assigned:						
Assigned for Highways/Public Works	0	0	0	310,882	0	310,882
Total Fund Balances	74,184	138,676	0	911,676	\$	1,124,536
Total Liabilities and Fund Balances	98,574	138,676	69,580	1,116,031	\$	1,422,861

Exhibit G-2

Cumberland County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constituti- onal Officers - Fees	Highway / Public Works		
<u>Revenues</u>						
Local Taxes	\$ 56,464	\$ 0	\$ 0	\$ 62,201	\$ 118,665	
Fines, Forfeitures, and Penalties	0	53,694	0	0	53,694	
Charges for Current Services	0	0	6,055	3,500	9,555	
Other Local Revenues	0	401	0	4,954	5,355	
State of Tennessee	0	0	0	2,176,911	2,176,911	
Other Governments and Citizens Groups	0	0	0	94,528	94,528	
Total Revenues	\$ 56,464	\$ 54,095	\$ 6,055	\$ 2,342,094	\$ 2,458,708	
<u>Expenditures</u>						
Current:						
General Government	\$ 24,390	\$ 0	\$ 0	\$ 0	\$ 24,390	
Finance	0	0	135	0	135	
Administration of Justice	0	0	5,920	0	5,920	
Public Safety	0	13,932	0	0	13,932	
Other Operations	564	146	0	0	710	
Highways	0	0	0	2,509,763	2,509,763	
Total Expenditures	\$ 24,954	\$ 14,078	\$ 6,055	\$ 2,509,763	\$ 2,554,850	
Excess (Deficiency) of Revenues Over Expenditures	\$ 31,510	\$ 40,017	\$ 0	\$ (167,669)	\$ (96,142)	
Net Change in Fund Balances	\$ 31,510	\$ 40,017	\$ 0	\$ (167,669)	\$ (96,142)	
Fund Balance, July 1, 2011	42,674	98,659	0	1,079,345	1,220,678	
Fund Balance, June 30, 2012	\$ 74,184	\$ 138,676	\$ 0	\$ 911,676	\$ 1,124,536	

Exhibit G-3

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 56,464	\$ 60,000	\$ 60,000	\$ (3,536)
Total Revenues	\$ 56,464	\$ 60,000	\$ 60,000	\$ (3,536)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 24,390	\$ 32,000	\$ 32,000	\$ 7,610
<u>Other Operations</u>				
Other Charges	564	700	700	136
Total Expenditures	\$ 24,954	\$ 32,700	\$ 32,700	\$ 7,746
Excess (Deficiency) of Revenues Over Expenditures	\$ 31,510	\$ 27,300	\$ 27,300	\$ 4,210
Net Change in Fund Balance	\$ 31,510	\$ 27,300	\$ 27,300	\$ 4,210
Fund Balance, July 1, 2011	42,674	103,693	103,693	(61,019)
Fund Balance, June 30, 2012	\$ 74,184	\$ 130,993	\$ 130,993	\$ (56,809)

Exhibit G-4

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 53,694	\$ 14,000	\$ 14,000	\$ 39,694
Other Local Revenues	401	0	0	401
Total Revenues	<u>\$ 54,095</u>	<u>\$ 14,000</u>	<u>\$ 14,000</u>	<u>\$ 40,095</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 13,932	\$ 20,225	\$ 20,225	\$ 6,293
<u>Other Operations</u>				
Other Charges	146	150	150	4
Total Expenditures	<u>\$ 14,078</u>	<u>\$ 20,375</u>	<u>\$ 20,375</u>	<u>\$ 6,297</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 40,017</u>	<u>\$ (6,375)</u>	<u>\$ (6,375)</u>	<u>\$ 46,392</u>
Net Change in Fund Balance	\$ 40,017	\$ (6,375)	\$ (6,375)	\$ 46,392
Fund Balance, July 1, 2011	<u>98,659</u>	<u>161,178</u>	<u>161,178</u>	<u>(62,519)</u>
Fund Balance, June 30, 2012	<u><u>\$ 138,676</u></u>	<u><u>\$ 154,803</u></u>	<u><u>\$ 154,803</u></u>	<u><u>\$ (16,127)</u></u>

Exhibit G-5

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 62,201	\$ 0	\$ 62,201	\$ 61,500	\$ 61,500	\$ 701
Charges for Current Services	3,500	0	3,500	3,500	3,500	0
Other Local Revenues	4,954	0	4,954	5,000	5,000	(46)
State of Tennessee	2,176,911	0	2,176,911	2,387,381	2,412,381	(235,470)
Other Governments and Citizens Groups	94,528	0	94,528	0	94,528	0
Total Revenues	\$ 2,342,094	\$ 0	\$ 2,342,094	\$ 2,457,381	\$ 2,576,909	\$ (234,815)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 161,642	\$ 0	\$ 161,642	\$ 168,245	\$ 168,245	\$ 6,603
Highway and Bridge Maintenance	1,800,933	0	1,800,933	1,795,826	1,890,354	89,421
Operation and Maintenance of Equipment	275,830	0	275,830	293,729	293,729	17,899
Other Charges	96,987	0	96,987	104,050	104,050	7,063
Employee Benefits	60,411	0	60,411	70,000	76,500	16,089
Capital Outlay	113,960	310,882	424,842	485,017	510,017	85,175
Total Expenditures	\$ 2,509,763	\$ 310,882	\$ 2,820,645	\$ 2,916,867	\$ 3,042,895	\$ 222,250
Excess (Deficiency) of Revenues Over Expenditures	\$ (167,669)	\$ (310,882)	\$ (478,551)	\$ (459,486)	\$ (465,986)	\$ (12,565)
Net Change in Fund Balance	\$ (167,669)	\$ (310,882)	\$ (478,551)	\$ (459,486)	\$ (465,986)	\$ (12,565)
Fund Balance, July 1, 2011	1,079,345	0	1,079,345	962,909	962,909	116,436
Fund Balance, June 30, 2012	\$ 911,676	\$ (310,882)	\$ 600,794	\$ 503,423	\$ 496,923	\$ 103,871

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,508,720	\$ 4,305,630	\$ 4,305,630	\$ 203,090
Other Local Revenues	4,022	0	0	4,022
Total Revenues	<u>\$ 4,512,742</u>	<u>\$ 4,305,630</u>	<u>\$ 4,305,630</u>	<u>\$ 207,112</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 2,315,059	\$ 2,306,059	\$ 2,315,059	\$ 0
Education	1,159,314	1,159,314	1,159,314	0
<u>Interest on Debt</u>				
General Government	547,260	734,847	734,847	187,587
Education	1,361,082	2,317,682	2,317,682	956,600
<u>Other Debt Service</u>				
General Government	73,130	67,500	74,000	870
Total Expenditures	<u>\$ 5,455,845</u>	<u>\$ 6,585,402</u>	<u>\$ 6,600,902</u>	<u>\$ 1,145,057</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (943,103)</u>	<u>\$ (2,279,772)</u>	<u>\$ (2,295,272)</u>	<u>\$ 1,352,169</u>
Net Change in Fund Balance	\$ (943,103)	\$ (2,279,772)	\$ (2,295,272)	\$ 1,352,169
Fund Balance, July 1, 2011	<u>11,006,262</u>	<u>8,820,307</u>	<u>8,820,307</u>	<u>2,185,955</u>
Fund Balance, June 30, 2012	<u>\$ 10,063,159</u>	<u>\$ 6,540,535</u>	<u>\$ 6,525,035</u>	<u>\$ 3,538,124</u>

Fiduciary Funds

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

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

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

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

Exhibit I-1

Cumberland County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2012

	<u>Agency Funds</u>			
	Cities - Sales Tax	Delinquent Tax Agency	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,564,765	\$ 1,564,765
Equity in Pooled Cash and Investments	0	1,908	0	1,908
Accounts Receivable	0	0	656	656
Due from Other Governments	1,245,850	0	0	1,245,850
Total Assets	<u>\$ 1,245,850</u>	<u>\$ 1,908</u>	<u>\$ 1,565,421</u>	<u>\$ 2,813,179</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 1,908	\$ 0	\$ 1,908
Due to Litigants, Heirs, and Others	0	0	1,565,421	1,565,421
Due to Other Taxing Units	1,245,850	0	0	1,245,850
Total Liabilities	<u>\$ 1,245,850</u>	<u>\$ 1,908</u>	<u>\$ 1,565,421</u>	<u>\$ 2,813,179</u>

Exhibit I-2

Cumberland County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 6,959,334	\$ 6,959,334	\$ 0
Due from Other Governments	1,157,771	1,245,850	1,157,771	1,245,850
Total Assets	\$ 1,157,771	\$ 8,205,184	\$ 8,117,105	\$ 1,245,850
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,157,771	\$ 8,205,184	\$ 8,117,105	\$ 1,245,850
Total Liabilities	\$ 1,157,771	\$ 8,205,184	\$ 8,117,105	\$ 1,245,850
<u>Delinquent Tax Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 5,973	\$ 12,172	\$ 16,237	\$ 1,908
Total Assets	\$ 5,973	\$ 12,172	\$ 16,237	\$ 1,908
<u>Liabilities</u>				
Accounts Payable	\$ 5,973	\$ 12,172	\$ 16,237	\$ 1,908
Total Liabilities	\$ 5,973	\$ 12,172	\$ 16,237	\$ 1,908
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,372,819	\$ 18,422,183	\$ 18,230,237	\$ 1,564,765
Accounts Receivable	656	0	0	656
Total Assets	\$ 1,373,475	\$ 18,422,183	\$ 18,230,237	\$ 1,565,421
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,373,475	\$ 18,422,183	\$ 18,230,237	\$ 1,565,421
Total Liabilities	\$ 1,373,475	\$ 18,422,183	\$ 18,230,237	\$ 1,565,421
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,372,819	\$ 18,422,183	\$ 18,230,237	\$ 1,564,765
Equity in Pooled Cash and Investments	5,973	6,971,506	6,975,571	1,908
Accounts Receivable	656	0	0	656
Due from Other Governments	1,157,771	1,245,850	1,157,771	1,245,850
Total Assets	\$ 2,537,219	\$ 26,639,539	\$ 26,363,579	\$ 2,813,179
<u>Liabilities</u>				
Accounts Payable	\$ 5,973	\$ 12,172	\$ 16,237	\$ 1,908
Due to Litigants, Heirs, and Others	1,373,475	18,422,183	18,230,237	1,565,421
Due to Other Taxing Units	1,157,771	8,205,184	8,117,105	1,245,850
Total Liabilities	\$ 2,537,219	\$ 26,639,539	\$ 26,363,579	\$ 2,813,179

Cumberland County School Department

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

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

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

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

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

Exhibit J-1

Cumberland County, Tennessee
Statement of Activities
Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 34,772,041	\$ 86,377	\$ 5,820,079	\$ (28,865,585)
Support Services	18,443,753	24,502	0	(18,419,251)
Operation of Non-Instructional Services	5,195,776	1,058,913	3,134,983	(843,580)
Interest on Long-term Debt	73,572	0	0	(73,572)
Total Governmental Activities	\$ 58,485,142	\$ 1,169,792	\$ 8,955,062	\$ (48,201,988)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 8,093,509
Local Option Sales Taxes				7,733,838
Other Local Taxes				8,558
Grants and Contributions Not Restricted to Specific Programs				31,584,662
Unrestricted Investment Earnings				2,800
Miscellaneous				279,437
Total General Revenues				\$ 47,702,804
Change in Net Assets				\$ (499,184)
Net Assets, July 1, 2011				70,095,573
Net Assets, June 30, 2012				\$ 69,596,389

Exhibit J-2

Cumberland County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Cumberland County School Department
June 30, 2012

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Fund</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Central</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Cafeteria</u>	<u>Funds</u>
			<u>Fund</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 500	\$ 500
Equity in Pooled Cash and Investments	8,222,803	347,682	684,986	9,255,471
Inventories	0	0	202,952	202,952
Accounts Receivable	2,197	0	1,265	3,462
Due from Other Governments	1,457,502	39,379	243,253	1,740,134
Property Taxes Receivable	8,583,869	0	0	8,583,869
Allowance for Uncollectible Property Taxes	(326,931)	0	0	(326,931)
Total Assets	\$ 17,939,440	\$ 387,061	\$ 1,132,956	\$ 19,459,457
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 4,913	\$ 1,884	\$ 7,682	\$ 14,479
Accrued Payroll	8,974	1,002	0	9,976
Payroll Deductions Payable	8,478	3,854	0	12,332
Deferred Revenue - Current Property Taxes	8,059,877	0	0	8,059,877
Deferred Revenue - Delinquent Property Taxes	173,681	0	0	173,681
Other Deferred Revenues	735,162	0	0	735,162
Total Liabilities	\$ 8,991,085	\$ 6,740	\$ 7,682	\$ 9,005,507
<u>Fund Balances</u>				
Nonspendable:				
Inventory	\$ 0	\$ 0	\$ 202,952	\$ 202,952
Restricted:				
Restricted for Education	12,352	380,321	922,322	1,314,995
Committed:				
Committed for Education	3,351,654	0	0	3,351,654
Assigned:				
Assigned for Education	249,675	0	0	249,675
Unassigned	5,334,674	0	0	5,334,674
Total Fund Balances	\$ 8,948,355	\$ 380,321	\$ 1,125,274	\$ 10,453,950
Total Liabilities and Fund Balances	\$ 17,939,440	\$ 387,061	\$ 1,132,956	\$ 19,459,457

Exhibit J-3

Cumberland County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Cumberland County School Department
June 30, 2012

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)		\$ 10,453,950	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 2,088,454		
Add: buildings and improvements net of accumulated depreciation	58,278,413		
Add: infrastructure net of accumulated depreciation	874,008		
Add: other capital assets net of accumulated depreciation	<u>2,946,008</u>	64,186,883	
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other loans payable	\$ (3,209,252)		
Less: compensated absences payable	(78,236)		
Less: other postemployment benefits liability	<u>(2,665,799)</u>	(5,953,287)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>908,843</u>
Net assets of governmental activities (Exhibit A)			<u><u>\$ 69,596,389</u></u>

Exhibit J-4

Cumberland County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2012

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Funds</u>	
			<u>Other</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Govern-</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>mental</u>	<u>Funds</u>
			<u>Funds</u>	<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 15,764,814	\$ 0	\$ 0	\$ 15,764,814
Charges for Current Services	214,917	0	1,070,247	1,285,164
Other Local Revenues	162,231	0	11,816	174,047
State of Tennessee	30,311,728	0	37,967	30,349,695
Federal Government	37,064	7,048,767	3,255,316	10,341,147
Total Revenues	<u>\$ 46,490,754</u>	<u>\$ 7,048,767</u>	<u>\$ 4,375,346</u>	<u>\$ 57,914,867</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 27,457,160	\$ 4,477,504	\$ 0	\$ 31,934,664
Support Services	14,226,713	2,610,714	0	16,837,427
Operation of Non-Instructional Services	1,244,551	0	3,895,854	5,140,405
Capital Outlay	940,458	0	0	940,458
Debt Service:				
Principal on Debt	290,748	0	0	290,748
Interest on Debt	73,572	0	0	73,572
Capital Projects	0	0	881,325	881,325
Total Expenditures	<u>\$ 44,233,202</u>	<u>\$ 7,088,218</u>	<u>\$ 4,777,179</u>	<u>\$ 56,098,599</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,257,552</u>	<u>\$ (39,451)</u>	<u>\$ (401,833)</u>	<u>\$ 1,816,268</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 57,085	\$ 0	\$ 0	\$ 57,085
Transfers Out	0	(22,485)	(34,600)	(57,085)
Total Other Financing Sources (Uses)	<u>\$ 57,085</u>	<u>\$ (22,485)</u>	<u>\$ (34,600)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 2,314,637	\$ (61,936)	\$ (436,433)	\$ 1,816,268
Fund Balance, July 1, 2011	6,633,718	442,257	1,561,707	8,637,682
Fund Balance, June 30, 2012	<u>\$ 8,948,355</u>	<u>\$ 380,321</u>	<u>\$ 1,125,274</u>	<u>\$ 10,453,950</u>

Exhibit J-5

Cumberland County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2012

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)		\$	1,816,268
(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	\$	423,912	
Less: current-year depreciation expense		<u>(1,949,748)</u>	(1,525,836)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			
Less: loss on disposal of capital assets			(2,867)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$	908,843	
Less: deferred delinquent property taxes and other deferred June 30, 2011		<u>(837,752)</u>	71,091
(4) The issuance of long-term debt (e.g., bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:			
Add: principal payments on other loans			290,748
(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	\$	2,285	
Change in other postemployment benefits liability		<u>(1,150,873)</u>	<u>(1,148,588)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (499,184)</u>

Exhibit J-6

Cumberland County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2012

	Special Revenue Fund	Capital Projects Education Capital Projects	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 1,070,247	\$ 0	\$ 1,070,247
Other Local Revenues	11,816	0	11,816
State of Tennessee	37,967	0	37,967
Federal Government	3,097,016	158,300	3,255,316
Total Revenues	<u>\$ 4,217,046</u>	<u>\$ 158,300</u>	<u>\$ 4,375,346</u>
<u>Expenditures</u>			
Current:			
Operation of Non-Instructional Services	\$ 3,895,854	\$ 0	\$ 3,895,854
Capital Projects	0	881,325	881,325
Total Expenditures	<u>\$ 3,895,854</u>	<u>\$ 881,325</u>	<u>\$ 4,777,179</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 321,192</u>	<u>\$ (723,025)</u>	<u>\$ (401,833)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ 0	\$ (34,600)	\$ (34,600)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ (34,600)</u>	<u>\$ (34,600)</u>
Net Change in Fund Balances	\$ 321,192	\$ (757,625)	\$ (436,433)
Fund Balance, July 1, 2011	<u>804,082</u>	<u>757,625</u>	<u>1,561,707</u>
Fund Balance, June 30, 2012	<u>\$ 1,125,274</u>	<u>\$ 0</u>	<u>\$ 1,125,274</u>

Exhibit J-7

Cumberland County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Cumberland County School Department
 General Purpose School Fund
 For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 15,764,814	\$ 0	\$ 15,764,814	\$ 15,465,863	\$ 15,465,863	\$ 298,951
Charges for Current Services	214,917	0	214,917	145,000	145,000	69,917
Other Local Revenues	162,231	0	162,231	56,500	56,500	105,731
State of Tennessee	30,311,728	0	30,311,728	30,183,897	30,424,885	(113,157)
Federal Government	37,064	0	37,064	0	0	37,064
Total Revenues	\$ 46,490,754	\$ 0	\$ 46,490,754	\$ 45,851,260	\$ 46,092,248	\$ 398,506
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 22,448,927	\$ 0	\$ 22,448,927	\$ 23,889,585	\$ 23,889,585	\$ 1,440,658
Alternative Instruction Program	260,040	0	260,040	303,410	303,410	43,370
Special Education Program	2,352,187	0	2,352,187	2,412,265	2,412,265	60,078
Vocational Education Program	2,396,006	0	2,396,006	2,514,792	2,514,792	118,786
<u>Support Services</u>						
Attendance	103,959	0	103,959	113,482	113,482	9,523
Health Services	343,011	0	343,011	343,011	343,011	0
Other Student Support	944,702	0	944,702	1,011,291	1,011,291	66,589
Regular Instruction Program	1,351,931	0	1,351,931	1,485,784	1,485,784	133,853
Special Education Program	170,328	0	170,328	173,375	173,375	3,047
Vocational Education Program	140,026	0	140,026	140,953	140,953	927
Other Programs	240,988	0	240,988	0	240,988	0
Board of Education	965,670	0	965,670	1,029,137	1,029,137	63,467
Director of Schools	150,169	0	150,169	158,519	158,519	8,350
Office of the Principal	2,010,864	0	2,010,864	2,041,535	2,041,535	30,671

(Continued)

Exhibit J-7

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Operation of Plant	\$ 3,930,002	\$ 0	\$ 3,930,002	\$ 4,558,924	\$ 4,193,868	\$ 263,866
Maintenance of Plant	873,902	0	873,902	1,063,638	1,063,638	189,736
Transportation	2,652,906	0	2,652,906	2,776,579	2,776,579	123,673
Central and Other	348,255	0	348,255	375,953	375,953	27,698
<u>Operation of Non-Instructional Services</u>						
Community Services	166,600	0	166,600	209,688	209,688	43,088
Early Childhood Education	1,077,951	0	1,077,951	1,078,095	1,078,095	144
<u>Capital Outlay</u>						
Regular Capital Outlay	940,458	249,675	1,190,133	4,460,000	4,460,000	3,269,867
<u>Principal on Debt</u>						
Education	290,748	0	290,748	0	290,748	0
<u>Interest on Debt</u>						
Education	73,572	0	73,572	0	74,308	736
Total Expenditures	\$ 44,233,202	\$ 249,675	\$ 44,482,877	\$ 50,140,016	\$ 50,381,004	\$ 5,898,127
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,257,552	\$ (249,675)	\$ 2,007,877	\$ (4,288,756)	\$ (4,288,756)	\$ 6,296,633
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 57,085	\$ 0	\$ 57,085	\$ 25,000	\$ 25,000	\$ 32,085
Total Other Financing Sources (Uses)	\$ 57,085	\$ 0	\$ 57,085	\$ 25,000	\$ 25,000	\$ 32,085
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 2,314,637	\$ (249,675)	\$ 2,064,962	\$ (4,263,756)	\$ (4,263,756)	\$ 6,328,718
Fund Balance, July 1, 2011	6,633,718	0	6,633,718	7,615,953	7,615,953	(982,235)
Fund Balance, June 30, 2012	\$ 8,948,355	\$ (249,675)	\$ 8,698,680	\$ 3,352,197	\$ 3,352,197	\$ 5,346,483

Exhibit J-8

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Cumberland County School Department
School Federal Projects Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 0	\$ 399,806	\$ 399,806	\$ (399,806)
Federal Government	7,048,767	7,560,123	7,764,603	(715,836)
Total Revenues	\$ 7,048,767	\$ 7,959,929	\$ 8,164,409	\$ (1,115,642)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 2,531,287	\$ 2,739,513	\$ 2,801,342	\$ 270,055
Special Education Program	1,876,000	2,223,491	2,354,880	478,880
Vocational Education Program	70,217	70,217	70,217	0
<u>Support Services</u>				
Other Student Support	82,070	98,143	89,327	7,257
Regular Instruction Program	1,133,192	1,471,576	1,448,463	315,271
Special Education Program	341,753	355,642	354,534	12,781
Vocational Education Program	6,396	6,396	6,396	0
Office of the Principal	997,853	975,577	997,853	0
Transportation	49,450	28,250	49,450	0
Total Expenditures	\$ 7,088,218	\$ 7,968,805	\$ 8,172,462	\$ 1,084,244
Excess (Deficiency) of Revenues Over Expenditures	\$ (39,451)	\$ (8,876)	\$ (8,053)	\$ (31,398)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 141,884	\$ 141,884	\$ (141,884)
Transfers Out	(22,485)	(169,452)	(170,275)	147,790
Total Other Financing Sources (Uses)	\$ (22,485)	\$ (27,568)	\$ (28,391)	\$ 5,906
Net Change in Fund Balance	\$ (61,936)	\$ (36,444)	\$ (36,444)	\$ (25,492)
Fund Balance, July 1, 2011	442,257	36,444	36,444	405,813
Fund Balance, June 30, 2012	\$ 380,321	\$ 0	\$ 0	\$ 380,321

Exhibit J-9

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Cumberland County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,070,247	\$ 1,074,947	\$ 1,074,947	\$ (4,700)
Other Local Revenues	11,816	12,750	12,750	(934)
State of Tennessee	37,967	40,323	40,323	(2,356)
Federal Government	3,097,016	2,515,480	2,875,605	221,411
Total Revenues	<u>\$ 4,217,046</u>	<u>\$ 3,643,500</u>	<u>\$ 4,003,625</u>	<u>\$ 213,421</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 3,895,854	\$ 3,637,219	\$ 3,997,344	\$ 101,490
Total Expenditures	<u>\$ 3,895,854</u>	<u>\$ 3,637,219</u>	<u>\$ 3,997,344</u>	<u>\$ 101,490</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 321,192</u>	<u>\$ 6,281</u>	<u>\$ 6,281</u>	<u>\$ 314,911</u>
Net Change in Fund Balance	\$ 321,192	\$ 6,281	\$ 6,281	\$ 314,911
Fund Balance, July 1, 2011	<u>804,082</u>	<u>793,691</u>	<u>793,691</u>	<u>10,391</u>
Fund Balance, June 30, 2012	<u>\$ 1,125,274</u>	<u>\$ 799,972</u>	<u>\$ 799,972</u>	<u>\$ 325,302</u>

Cumberland County Railroad Authority

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

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

Exhibit K-1

Cumberland County, Tennessee
Statement of Net Assets and Governmental Fund Balance Sheet
Discretely Presented Cumberland County Railroad Authority
June 30, 2012

	General Fund	Adjustments	Statement of Net Assets
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 44,903	\$ 0	\$ 44,903
Total Assets	<u>\$ 44,903</u>	<u>\$ 0</u>	<u>\$ 44,903</u>
<u>LIABILITIES AND FUND BALANCE/ NET ASSETS</u>			
<u>Fund Balances</u>			
Unassigned	\$ 44,903	\$ (44,903)	\$ 0
Total Fund Balances	<u>\$ 44,903</u>	<u>\$ (44,903)</u>	<u>\$ 0</u>
Total Liabilities and Fund Balances	<u>\$ 44,903</u>		
Net Assets:			
Unrestricted		<u>\$ 44,903</u>	<u>\$ 44,903</u>
Total Net Assets		<u>\$ 0</u>	<u>\$ 44,903</u>

Exhibit K-2

Cumberland County, Tennessee
Statement of Activities and Governmental Fund Revenues, Expenditures,
and Changes in Fund Balance/Net Assets
Discretely Presented Cumberland County Railroad Authority
For the Year Ended June 30, 2012

	General Fund	Adjustments	Statement of Activities
Expenditures/Expenses:			
Other Operations:			
Other Economic and Community Development	\$ 295,996	\$ 0	\$ 295,996
Total Expenditures/Expenses	\$ 295,996	\$ 0	\$ 295,996
Program Revenues:			
Operating Grants and Contributions:			
State of Tennessee	\$ 295,345	\$ 0	\$ 295,345
Total Expenditures/Expenses	\$ 295,345	\$ 0	\$ 295,345
Net Program Expense			\$ 651
Excess of Revenues over Expenditures	\$ (651)	\$ 651	\$ 0
Change in Net Assets	0	(651)	(651)
Fund Balance/Net Assets:			
July 1, 2011	45,554	0	45,554
June 30, 2012	\$ 44,903	\$ 0	\$ 44,903

Exhibit K-3

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Cumberland County Railroad Authority
General Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 295,345	\$ 100,000	\$ 400,000	\$ (104,655)
Total Revenues	\$ 295,345	\$ 100,000	\$ 400,000	\$ (104,655)
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Economic and Community Development	\$ 0	\$ 1,000	\$ 1,000	\$ 1,000
<u>Capital Projects</u>				
Other General Government Projects	295,996	99,000	399,000	103,004
Total Expenditures	\$ 295,996	\$ 100,000	\$ 400,000	\$ 104,004
Excess (Deficiency) of Revenues Over Expenditures	\$ (651)	\$ 0	\$ 0	\$ (651)
Net Change in Fund Balance	\$ (651)	\$ 0	\$ 0	\$ (651)
Fund Balance, July 1, 2011	45,554	34,903	34,903	10,651
Fund Balance, June 30, 2012	\$ 44,903	\$ 34,903	\$ 34,903	\$ 10,000

MISCELLANEOUS SCHEDULES

Exhibit L-1

Cumberland County, Tennessee
 Schedule of Changes in Long-term Notes and Other Loans
 Primary Government and Discretely Presented Cumberland County School Department
 For the Year Ended June 30, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Paid and/or Matured During Period	Outstanding 6-30-12
PRIMARY GOVERNMENT							
NOTES PAYABLE							
Payable through General Debt Service Fund							
Jail Lighting and HVAC	\$ 338,828	0 %	5-1-06	5-1-13	\$ 96,808	\$ 48,404	\$ 48,404
Landfill, Education Facility, Justice Center Furnishings	1,677,000	2.6	6-25-10	6-25-13	1,118,000	559,000	559,000
Health Department Land	475,000	1.79	5-13-11	5-13-14	475,000	158,333	316,667
Landfill Closure	1,830,395	1.73	5-13-11	5-13-14	1,830,395	610,132	1,220,263
Total Notes Payable					\$ 3,520,203	\$ 1,375,869	\$ 2,144,334
OTHER LOANS PAYABLE							
Public Building Authority Loan Agreements							
Payable through General Debt Service Fund							
Plateau Partners Industrial Park - Series B-13-A	1,750,000	5.15 to 6	10-18-07	6-1-23	\$ 1,750,000	\$ 100,000	\$ 1,650,000
Refunding - Series E-3-A	20,615,000	Variable	7-31-08	6-1-27	18,970,000	880,000	18,090,000
Refunding and Jail Construction - Series V-E-1	10,365,000	3 to 4.75	9-18-08	6-1-28	8,865,000	615,000	8,250,000
Refunding - Series VII-B-2	28,300,000	Variable	11-20-08	6-1-39	27,135,000	455,000	26,680,000
Refunding - Series VII-F-1	5,100,000	Variable	11-19-09	6-1-31	5,100,000	0	5,100,000
Plateau Partners Industrial Park - Series B-20-A	750,000	4.25 to 5	6-15-10	6-1-27	750,000	0	750,000
Energy Efficiency Loans							
Payable through General Debt Service Fund							
Energy Efficiency	484,996	0	6-20-11	7-1-21	484,996	48,504	436,492
Total Other Loans Payable					\$ 63,054,996	\$ 2,098,504	\$ 60,956,492
DISCRETELY PRESENTED CUMBERLAND COUNTY SCHOOL DEPARTMENT							
OTHER LOANS PAYABLE							
Energy Efficiency Loans							
Payable through General Purpose School Fund							
Energy Efficiency Loans	3,000,000	2.5	6-20-11	6-30-23	\$ 3,000,000	\$ 219,324	\$ 2,780,676
Energy Efficiency Loans	500,000	0	6-20-11	6-30-18	500,000	71,424	428,576
Total Other Loans Payable					\$ 3,500,000	\$ 290,748	\$ 3,209,252

Exhibit L-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 1,375,870	\$ 41,312	\$ 1,417,182
2014	768,464	13,390	781,854
Total	<u>\$ 2,144,334</u>	<u>\$ 54,702</u>	<u>\$ 2,199,036</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2013	\$ 2,148,504	\$ 879,970	\$ 232,258	\$ 3,260,732
2014	1,773,504	843,210	223,423	2,840,137
2015	1,853,504	809,443	215,263	2,878,210
2016	1,938,504	771,321	206,891	2,916,716
2017	1,998,504	731,887	198,008	2,928,399
2018	2,103,504	689,235	188,871	2,981,610
2019	2,233,504	643,809	179,266	3,056,579
2020	2,313,504	611,292	164,731	3,089,527
2021	2,243,460	577,762	149,643	2,970,865
2022	2,270,000	541,259	135,703	2,946,962
2023	2,495,000	503,253	121,942	3,120,195
2024	2,520,000	458,393	111,580	3,089,973
2025	2,645,000	416,084	100,751	3,161,835
2026	2,780,000	372,055	89,328	3,241,383
2027	2,935,000	326,253	77,228	3,338,481
2028	2,730,000	278,158	64,525	3,072,683
2029	2,355,000	232,942	59,196	2,647,138
2030	2,470,000	209,872	53,595	2,733,467
2031	2,545,000	185,676	47,722	2,778,398
2032	2,620,000	160,736	41,679	2,822,415
2033	1,755,000	135,375	35,102	1,925,477
2034	1,805,000	118,386	30,697	1,954,083
2035	1,880,000	100,914	26,167	2,007,081
2036	1,980,000	82,716	21,448	2,084,164
2037	2,080,000	63,549	16,478	2,160,027
2038	2,205,000	43,415	11,257	2,259,672
2039	2,280,000	22,070	5,723	2,307,793
Total	<u>\$ 60,956,492</u>	<u>\$ 10,809,035</u>	<u>\$ 2,808,475</u>	<u>\$ 74,574,002</u>

(Continued)

Exhibit L-2

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

DISCRETELY PRESENTED CUMBERLAND
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2013	\$ 296,064	\$ 68,256	\$ 364,320
2014	301,740	62,580	364,320
2015	307,572	56,748	364,320
2016	313,536	50,784	364,320
2017	319,668	44,652	364,320
2018	325,976	38,376	364,352
2019	260,952	31,944	292,896
2020	267,552	25,344	292,896
2021	274,320	18,576	292,896
2022	281,256	11,640	292,896
2023	260,616	32,261	292,877
Total	\$ 3,209,252	\$ 441,161	\$ 3,650,413

Exhibit L-3

Cumberland County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2012

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Solid Waste Disposal	Solid Waste/Sanitation	To close fund	\$ 436,908
Total Transfers Primary Government			<u>\$ 436,908</u>
<u>DISCRETELY PRESENTED CUMBERLAND COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects Education Capital Projects	General Purpose School "	Indirect costs Reimbursement	\$ 22,485 34,600
Total Transfers Discretely Presented Cumberland County School Department			<u>\$ 57,085</u>

Exhibit L-4

Cumberland County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2012

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 80,226	\$ 50,000	Travelers Casualty and Surety Company of America
Road Superintendent	Section 8-24-102, TCA	76,407	100,000	"
Director of Schools	State Board of Education and Cumberland County Board of Education	93,935 (1)	(5)	"
Trustee	Section 8-24-102, TCA	69,461	1,811,000	"
Assessor of Property	Section 8-24-102, TCA	69,461	10,000	"
Finance Director	County Commission	69,461 (2)	50,000	"
County Clerk	Section 8-24-102, TCA	69,461	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	69,461	50,000	"
Clerk and Master	Section 8-24-102, TCA	69,461 (3)	75,000	"
Register	Section 8-24-102, TCA	69,461	25,000	"
Sheriff	Section 8-24-102, TCA	76,407 (4)	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			150,000	Local Government Insurance Pool
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

- (1) Includes a chief executive officer training supplement of \$1,000.
- (2) Does not include longevity pay of \$2,470.
- (3) Does not include special commissioner fees of \$5,920.
- (4) Does not include a law enforcement training supplement of \$600.
- (5) The director of schools is covered under the public employee dishonesty bond.

Exhibit L-5

Cumberland County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2012

	Special Revenue Funds							Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
Local Taxes								
County Property Taxes								
Current Property Tax	\$ 7,546,969	\$ 0	\$ 1,922,152	\$ 0	\$ 0	\$ 0	\$ 2,333,554	\$ 0
Trustee's Collections - Prior Year	177,885	0	40,383	0	0	0	51,690	0
Trustee's Collections - Bankruptcy	2,393	0	540	0	0	0	694	0
Circuit/Clerk & Master Collections - Prior Years	66,652	0	15,148	0	0	0	19,390	0
Interest and Penalty	63,971	0	14,313	0	0	0	17,823	0
Payments in-Lieu-of Taxes - Local Utilities	6,442	0	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	229,704	0	0	0	0	0	0	0
County Local Option Taxes								
Local Option Sales Tax	557,960	0	0	0	0	0	1,823,623	0
Hotel/Motel Tax	738,908	0	0	0	0	0	0	0
Litigation Tax - General	92,390	0	0	0	0	0	0	0
Litigation Tax - Special Purpose	11,361	56,464	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	261,946	0
Business Tax	586,140	0	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	62,201	0	0
Statutory Local Taxes								
Bank Excise Tax	105,055	0	0	0	0	0	0	0
Wholesale Beer Tax	354,497	0	0	0	0	0	0	0
Interstate Telecommunications Tax	2,462	0	0	0	0	0	0	0
Other Statutory Local Taxes	5,775	0	0	0	0	0	0	0
Total Local Taxes	\$ 10,548,364	\$ 56,464	\$ 1,992,536	\$ 0	\$ 0	\$ 62,201	\$ 4,508,720	\$ 0
Licenses and Permits								
Licenses								
Animal Vaccination	\$ 69,788	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	158,872	0	0	0	0	0	0	0
Permits								
Beer Permits	2,375	0	0	0	0	0	0	0
Total Licenses and Permits	\$ 231,035	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit L-5

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

	Special Revenue Funds							Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Circuit Court</u>								
Fines	\$ 2,573	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,573
Officers Costs	3,233	0	0	0	0	0	0	3,233
Drug Court Fees	1,337	0	0	0	0	0	0	1,337
Jail Fees	1,482	0	0	0	0	0	0	1,482
DUI Treatment Fines	570	0	0	0	0	0	0	570
Data Entry Fee - Circuit Court	488	0	0	0	0	0	0	488
<u>General Sessions Court</u>								
Fines	35,012	0	0	0	0	0	0	35,012
Officers Costs	73,746	0	0	0	0	0	0	73,746
Drug Court Fees	2,931	0	0	0	0	0	0	2,931
Jail Fees	20,844	0	0	0	0	0	0	20,844
DUI Treatment Fines	9,061	0	0	0	0	0	0	9,061
Data Entry Fee - General Sessions Court	10,459	0	0	0	0	0	0	10,459
Courtroom Security Fee	4,252	0	0	0	0	0	0	4,252
<u>Juvenile Court</u>								
Fines	48	0	0	0	0	0	0	48
Jail Fees	4,934	0	0	0	0	0	0	4,934
<u>Chancery Court</u>								
Officers Costs	10,092	0	0	0	0	0	0	10,092
Data Entry Fee - Chancery Court	5,886	0	0	0	0	0	0	5,886
<u>Other Courts - In-county</u>								
Drug Control Fines	0	0	0	16,524	0	0	0	16,524
<u>Proceeds from Confiscated Property</u>								
Total Fines, Forfeitures, and Penalties	\$ 186,948	\$ 0	\$ 0	\$ 37,170	\$ 53,694	\$ 0	\$ 0	\$ 37,170
<u>Charges for Current Services</u>								
General Service Charges	0	0	7,524	0	0	0	0	7,524
Tipping Fees	2,273,606	0	0	0	0	0	0	2,273,606
Patient Charges								

(Continued)

Exhibit L-5

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

	Special Revenue Funds							Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund	
<u>Charges for Current Services (Cont.)</u>								
<u>General Service Charges (Cont.)</u>								
Other General Service Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,500	\$ 0	\$ 3,500
<u>Fees</u>								
Copy Fees	1,351	0	0	0	0	0	0	1,351
Telephone Commissions	84,528	0	0	0	0	0	0	84,528
Constitutional Officers' Fees and Commissions	0	0	0	0	135	0	0	135
Special Commissioner Fees/Special Master Fees	0	0	0	0	5,920	0	0	5,920
Data Processing Fee - Register	30,580	0	0	0	0	0	0	30,580
Data Processing Fee - Sheriff	4,564	0	0	0	0	0	0	4,564
Sexual Offender Registration Fees - Sheriff	5,700	0	0	0	0	0	0	5,700
Data Processing Fee - County Clerk	4,938	0	0	0	0	0	0	4,938
<u>Education Charges</u>								
TBI Criminal Background Fees	6,195	0	0	0	0	0	0	6,195
Total Charges for Current Services	\$ 2,411,462	\$ 0	\$ 7,524	\$ 0	\$ 6,055	\$ 3,500	\$ 0	\$ 2,428,541
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 25,114	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,114
Lease/Rentals	71,174	0	0	0	0	0	0	71,174
Commissary Sales	24,084	0	0	0	0	0	0	24,084
Sale of Recycled Materials	84	0	445,597	0	0	4,595	0	450,276
Miscellaneous Refunds	13,424	0	630	0	0	359	4,022	18,435
<u>Nonrecurring Items</u>								
Sale of Equipment	2,539	0	188	0	0	0	0	2,727
Sale of Property	0	0	0	0	0	0	0	420,000
Contributions and Gifts	0	0	0	401	0	0	0	401
Total Other Local Revenues	\$ 136,419	\$ 0	\$ 446,415	\$ 401	\$ 0	\$ 4,954	\$ 4,022	\$ 1,012,211
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	\$ 501,133	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 501,133

(Continued)

Exhibit L-5

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

	Special Revenue Funds							Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Fees Received from County Officials (Cont.)</u>								
<u>Fees in-Lieu-of Salary (Cont.)</u>								
Circuit Court Clerk	\$ 93,818	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 93,818
General Sessions Court Clerk	366,373	0	0	0	0	0	0	366,373
Clerk and Master	315,524	0	0	0	0	0	0	315,524
Register	336,211	0	0	0	0	0	0	336,211
Sheriff	22,022	0	0	0	0	0	0	22,022
Trustee	729,086	0	0	0	0	0	0	729,086
Total Fees Received from County Officials	\$ 2,364,167	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,364,167
<u>State of Tennessee</u>								
General Government Grants	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Juvenile Services Program	0	0	56,131	0	0	0	0	56,131
Solid Waste Grants	13,500	0	0	0	0	0	0	13,500
Other General Government Grants	28,800	0	0	0	0	0	0	28,800
Public Safety Grants	458,569	0	0	0	0	0	0	458,569
Law Enforcement Training Programs	0	0	0	0	0	0	0	0
Health and Welfare Grants	0	0	0	0	0	0	0	0
Health Department Programs	0	0	0	0	0	0	0	0
Other Health and Welfare Grants	0	0	0	0	0	0	0	0
Public Works Grants	0	0	39,736	0	0	0	0	39,736
Litter Program	356,297	0	0	0	0	0	0	356,297
Other State Revenues	18,421	0	0	0	0	0	0	18,421
Income Tax	90,992	0	0	0	0	0	0	90,992
Beer Tax	26,494	0	0	0	0	0	0	26,494
Alcoholic Beverage Tax	1,048,212	0	0	0	0	0	0	1,048,212
Mixed Drink Tax	936,923	0	0	0	0	0	0	936,923
State Revenue Sharing - T.V.A.	0	0	0	0	0	2,136,466	0	2,136,466
Contracted Prisoner Boarding	0	0	0	0	0	40,445	0	40,445
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0	0
Reappraisal Program Reimbursement	22,761	0	0	0	0	0	0	22,761

(Continued)

Exhibit L-5

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

	Special Revenue Funds							Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
State of Tennessee (Cont.)								
Other State Revenues (Cont.)								
Registrar's Salary Supplement	\$ 63,214	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 63,214
Other State Grants	13,981	0	0	0	0	0	0	13,981
Total State of Tennessee	\$ 3,087,164	\$ 0	\$ 95,867	\$ 0	\$ 2,176,911	\$ 0	\$ 2,774,971	\$ 8,134,913
Federal Government								
Federal Through State								
Community Development	\$ 302,855	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 302,855
Civil Defense Reimbursement	70,500	0	0	0	0	0	0	70,500
Other Federal through State	23,424	0	0	0	0	0	0	23,424
Direct Federal Revenue	141,770	0	0	0	0	0	0	141,770
Other Direct Federal Revenue	538,549	0	0	0	0	0	0	538,549
Total Federal Government	\$ 1,077,098	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,077,098
Other Governments and Citizens Groups								
Other Governments								
Contributions	\$ 3,650	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,650
Contracted Services	560,612	0	2,865	0	0	94,528	0	658,005
Total Other Governments and Citizens Groups	\$ 564,262	\$ 0	\$ 2,865	\$ 0	\$ 0	\$ 94,528	\$ 0	\$ 661,655
Total	\$ 20,068,370	\$ 56,464	\$ 2,545,207	\$ 54,095	\$ 6,055	\$ 2,342,094	\$ 4,512,742	\$ 32,779,998

Exhibit L-6

Cumberland County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 7,733,290	\$ 0	\$ 0	\$ 0	\$ 7,733,290
Trustee's Collections - Prior Year	235,256	0	0	0	235,256
Trustee's Collections - Bankruptcy	1,383	0	0	0	1,383
Circuit/Clerk & Master Collections - Prior Years	72,316	0	0	0	72,316
Interest and Penalty	39,707	0	0	0	39,707
Payments in-Lieu-of Taxes - Local Utilities	182	0	0	0	182
<u>County Local Option Taxes</u>					
Local Option Sales Tax	7,674,122	0	0	0	7,674,122
Business Tax	5,422	0	0	0	5,422
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	3,136	0	0	0	3,136
Total Local Taxes	\$ 15,764,814	\$ 0	\$ 0	\$ 0	\$ 15,764,814
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Other	\$ 86,377	\$ 0	\$ 0	\$ 0	\$ 86,377
Lunch Payments - Children	0	0	492,540	0	492,540
Lunch Payments - Adults	0	0	68,252	0	68,252
Income from Breakfast	0	0	90,821	0	90,821
A la carte Sales	0	0	407,300	0	407,300
Receipts from Individual Schools	128,540	0	0	0	128,540
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	11,334	0	11,334
Total Charges for Current Services	\$ 214,917	\$ 0	\$ 1,070,247	\$ 0	\$ 1,285,164
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 2,800	\$ 0	\$ 2,800
Lease/Rentals	13,168	0	0	0	13,168
Sale of Recycled Materials	7,574	0	0	0	7,574
Retirees' Insurance Payments	1,151	0	0	0	1,151
Miscellaneous Refunds	132,511	0	9,016	0	141,527
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	645	0	0	0	645
Contributions and Gifts	7,182	0	0	0	7,182
Total Other Local Revenues	\$ 162,231	\$ 0	\$ 11,816	\$ 0	\$ 174,047
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 240,988	\$ 0	\$ 0	\$ 0	\$ 240,988
<u>State Education Funds</u>					
Basic Education Program	28,403,999	0	0	0	28,403,999
Early Childhood Education	1,078,095	0	0	0	1,078,095
School Food Service	0	0	37,967	0	37,967
Other State Education Funds	196,061	0	0	0	196,061
Career Ladder Program	301,429	0	0	0	301,429
Career Ladder - Extended Contract	80,800	0	0	0	80,800

(Continued)

Exhibit L-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues</u>					
Other State Revenues	\$ 10,356	\$ 0	\$ 0	\$ 0	\$ 10,356
Total State of Tennessee	\$ 30,311,728	\$ 0	\$ 37,967	\$ 0	\$ 30,349,695
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,966,187	\$ 0	\$ 1,966,187
USDA - Commodities	0	0	252,925	0	252,925
Breakfast	0	0	740,564	0	740,564
USDA - Other	0	0	137,340	0	137,340
Vocational Education - Basic Grants to States	0	127,931	0	0	127,931
Title I Grants to Local Education Agencies	0	2,095,386	0	0	2,095,386
Special Education - Grants to States	36,564	1,422,182	0	0	1,458,746
Special Education Preschool Grants	0	40,060	0	0	40,060
English Language Acquisition Grants	0	14,138	0	0	14,138
Safe and Drug-free Schools - State Grants	0	388,000	0	0	388,000
Rural Education	0	265,999	0	0	265,999
Eisenhower Professional Development State Grants	0	405,205	0	0	405,205
Race-to-the-Top - ARRA	0	575,919	0	0	575,919
Other Federal through State	500	1,713,947	0	0	1,714,447
<u>Direct Federal Revenue</u>					
Energy Grant	0	0	0	158,300	158,300
Total Federal Government	\$ 37,064	\$ 7,048,767	\$ 3,097,016	\$ 158,300	\$ 10,341,147
Total	\$ 46,490,754	\$ 7,048,767	\$ 4,217,046	\$ 158,300	\$ 57,914,867

Exhibit L-7

Cumberland County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Cumberland County Railroad Authority
For the Year Ended June 30, 2012

	General	Total
<hr/>		
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Other General Government Grants	\$ 295,345	\$ 295,345
Total State of Tennessee	<u>\$ 295,345</u>	<u>\$ 295,345</u>
 Total	 <u>\$ 295,345</u>	 <u>\$ 295,345</u>

Exhibit L-8

Cumberland County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2012

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 72,204	
Social Security	5,479	
State Retirement	4,289	
Audit Services	17,218	
Contracts with Government Agencies	38,589	
Contracts with Private Agencies	1,200	
Contributions	2,500	
Dues and Memberships	2,902	
Legal Notices, Recording, and Court Costs	63	
Maintenance Agreements	3,500	
Travel	5,063	
Judgments	80,000	
Communication Equipment	25,000	
Other Equipment	236,660	
Other Capital Outlay	<u>12,917</u>	
Total County Commission		\$ 507,584

Board of Equalization

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

Beer Board

Legal Notices, Recording, and Court Costs	\$ 294	
Criminal Investigation of Applicants - TBI	<u>290</u>	
Total Beer Board		584

Other Boards and Committees

Legal Services	\$ 325	
Total Other Boards and Committees		325

County Mayor/Executive

County Official/Administrative Officer	\$ 80,226	
Assistant(s)	26,713	
Secretary(ies)	25,962	
Longevity Pay	266	
Social Security	9,689	
State Retirement	11,790	
Employee and Dependent Insurance	20,037	
Life Insurance	147	
Dental Insurance	906	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Communication	\$	1,707	
Dues and Memberships		1,845	
Maintenance and Repair Services - Office Equipment		27	
Printing, Stationery, and Forms		972	
Travel		2,483	
Other Contracted Services		207	
Office Supplies		2,624	
Premiums on Corporate Surety Bonds		137	
Other Charges		584	
Total County Mayor/Executive			\$ 186,322

County Attorney

County Official/Administrative Officer	\$	38,655	
Other Contracted Services		15,021	
Total County Attorney			53,676

Election Commission

County Official/Administrative Officer	\$	62,515	
Clerical Personnel		79,639	
Part-time Personnel		5,520	
Longevity Pay		1,868	
Election Commission		9,300	
Election Workers		23,680	
In-Service Training		1,625	
Social Security		11,318	
State Retirement		11,986	
Employee and Dependent Insurance		26,179	
Life Insurance		177	
Dental Insurance		1,157	
Communication		2,263	
Dues and Memberships		275	
Legal Notices, Recording, and Court Costs		5,000	
Maintenance and Repair Services - Equipment		1,888	
Maintenance and Repair Services - Office Equipment		10,220	
Printing, Stationery, and Forms		13,844	
Rentals		6,614	
Travel		2,106	
Other Contracted Services		9,200	
Office Supplies		2,645	
Other Charges		1,594	
Total Election Commission			290,613

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$ 69,461	
Deputy(ies)	120,530	
Part-time Personnel	22,306	
Longevity Pay	3,076	
Social Security	16,057	
State Retirement	17,202	
Employee and Dependent Insurance	33,214	
Life Insurance	219	
Dental Insurance	1,510	
Communication	1,307	
Dues and Memberships	537	
Maintenance Agreements	14,456	
Printing, Stationery, and Forms	696	
Office Supplies	837	
Premiums on Corporate Surety Bonds	100	
Total Register of Deeds		\$ 301,508

Engineering

Communication	\$ 567	
Operating Lease Payments	18,144	
Maintenance and Repair Services - Equipment	18,000	
Equipment and Machinery Parts	2,453	
Gasoline	561	
Utilities	8,623	
Total Engineering		48,348

County Buildings

Supervisor/Director	\$ 37,904	
Deputy(ies)	18,851	
Custodial Personnel	171,163	
Longevity Pay	2,727	
Overtime Pay	4,925	
Social Security	17,921	
State Retirement	19,671	
Employee and Dependent Insurance	59,037	
Life Insurance	357	
Dental Insurance	2,667	
Other Fringe Benefits	6,679	
Maintenance and Repair Services - Buildings	119,983	
Gasoline	7,415	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Office Supplies	\$	406	
Uniforms		2,594	
Utilities		88,191	
Building Improvements		3,201	
Total County Buildings			\$ 563,692

Other General Administration

Supervisor/Director	\$	33,286	
Mechanic(s)		28,987	
Longevity Pay		886	
Social Security		4,925	
State Retirement		5,821	
Employee and Dependent Insurance		13,358	
Life Insurance		111	
Dental Insurance		604	
Other Fringe Benefits		2,167	
Communication		775	
Gasoline		1,533	
Lubricants		10,725	
Uniforms		1,600	
Utilities		5,003	
Other Supplies and Materials		4,579	
Total Other General Administration			114,360

Preservation of Records

Part-time Personnel	\$	6,217	
In-Service Training		181	
Social Security		476	
Communication		325	
Printing, Stationery, and Forms		120	
Other Contracted Services		199	
Office Supplies		2,500	
Periodicals		78	
Other Supplies and Materials		5,770	
Total Preservation of Records			15,866

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	69,461	
Accountants/Bookkeepers		207,800	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Longevity Pay	\$	7,380	
Social Security		21,329	
State Retirement		25,912	
Employee and Dependent Insurance		45,677	
Life Insurance		291	
Dental Insurance		2,113	
Other Fringe Benefits		7,428	
Communication		2,567	
Data Processing Services		1,000	
Legal Notices, Recording, and Court Costs		3,684	
Maintenance Agreements		9,900	
Printing, Stationery, and Forms		8,994	
Travel		414	
Office Supplies		4,197	
Premiums on Corporate Surety Bonds		175	
Total Accounting and Budgeting			\$ 418,322

Property Assessor's Office

County Official/Administrative Officer	\$	69,461	
Assistant(s)		205,305	
Longevity Pay		2,804	
In-Service Training		2,179	
Social Security		19,761	
State Retirement		23,474	
Employee and Dependent Insurance		52,775	
Life Insurance		288	
Dental Insurance		2,113	
Communication		990	
Data Processing Services		35,829	
Dues and Memberships		1,280	
Maintenance Agreements		3,168	
Maintenance and Repair Services - Vehicles		690	
Travel		1,984	
Other Contracted Services		15,005	
Gasoline		1,791	
Office Supplies		1,993	
Other Supplies and Materials		299	
Premiums on Corporate Surety Bonds		178	
Total Property Assessor's Office			441,367

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Clerical Personnel	\$ 46,605	
Part-time Personnel	15,217	
In-Service Training	929	
Social Security	4,723	
State Retirement	2,752	
Employee and Dependent Insurance	13,358	
Life Insurance	72	
Dental Insurance	604	
Data Processing Services	12,300	
Maintenance and Repair Services - Vehicles	545	
Postal Charges	19,945	
Travel	879	
Duplicating Supplies	999	
Gasoline	1,052	
Office Supplies	996	
Total Reappraisal Program		\$ 120,976

County Trustee's Office

County Official/Administrative Officer	\$ 69,461	
Deputy(ies)	154,119	
Longevity Pay	4,706	
Social Security	17,308	
State Retirement	19,153	
Employee and Dependent Insurance	39,497	
Life Insurance	254	
Dental Insurance	1,786	
Communication	1,065	
Dues and Memberships	512	
Maintenance and Repair Services - Office Equipment	4,788	
Printing, Stationery, and Forms	4,409	
Travel	785	
Office Supplies	1,890	
Premiums on Corporate Surety Bonds	2,135	
Other Charges	627	
Total County Trustee's Office		322,495

County Clerk's Office

County Official/Administrative Officer	\$ 69,461
Deputy(ies)	297,817
Longevity Pay	4,920

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Social Security	\$	27,987	
State Retirement		33,163	
Employee and Dependent Insurance		79,666	
Life Insurance		471	
Dental Insurance		3,623	
Communication		1,160	
Dues and Memberships		750	
Maintenance and Repair Services - Office Equipment		13,995	
Printing, Stationery, and Forms		1,399	
Travel		539	
Office Supplies		4,398	
Premiums on Corporate Surety Bonds		175	
Total County Clerk's Office			\$ 539,524

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	69,461	
Deputy(ies)		299,235	
Part-time Personnel		7,872	
Longevity Pay		6,184	
Jury and Witness Expense		19,918	
Social Security		29,043	
State Retirement		33,402	
Employee and Dependent Insurance		73,468	
Life Insurance		435	
Dental Insurance		3,321	
Communication		2,888	
Dues and Memberships		652	
Maintenance and Repair Services - Office Equipment		13,344	
Printing, Stationery, and Forms		6,836	
Travel		302	
Office Supplies		5,325	
Premiums on Corporate Surety Bonds		1,184	
Total Circuit Court			572,870

General Sessions Court

Judge(s)	\$	148,474	
Secretary(ies)		30,436	
Part-time Personnel		1,099	
Longevity Pay		825	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Social Security	\$	11,006	
State Retirement		16,014	
Employee and Dependent Insurance		13,358	
Life Insurance		109	
Dental Insurance		604	
Communication		854	
Contracts with Government Agencies		122,904	
Dues and Memberships		615	
Printing, Stationery, and Forms		200	
Travel		874	
Office Supplies		1,075	
Periodicals		500	
Total General Sessions Court			\$ 348,947

Chancery Court

County Official/Administrative Officer	\$	69,461	
Deputy(ies)		71,758	
Longevity Pay		2,522	
Social Security		10,996	
State Retirement		12,807	
Employee and Dependent Insurance		20,037	
Life Insurance		135	
Dental Insurance		906	
Communication		1,600	
Dues and Memberships		772	
Maintenance and Repair Services - Office Equipment		15,832	
Printing, Stationery, and Forms		3,924	
Office Supplies		2,396	
Premiums on Corporate Surety Bonds		375	
Total Chancery Court			213,521

Juvenile Court

Youth Service Officer(s)	\$	66,056	
Longevity Pay		1,100	
Social Security		5,137	
State Retirement		5,984	
Employee and Dependent Insurance		13,358	
Life Insurance		111	
Dental Insurance		604	
Communication		485	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Contracts with Government Agencies	\$	13,981	
Travel		592	
Office Supplies		350	
Total Juvenile Court			\$ 107,758

Judicial Commissioners

County Official/Administrative Officer	\$	73,138	
Supervisor/Director		33,958	
Part-time Personnel		30,575	
Longevity Pay		1,826	
In-Service Training		1,449	
Social Security		10,665	
State Retirement		7,113	
Employee and Dependent Insurance		20,037	
Life Insurance		110	
Dental Insurance		1,208	
Printing, Stationery, and Forms		173	
Travel		998	
Office Supplies		400	
Premiums on Corporate Surety Bonds		600	
Other Charges		185	
Total Judicial Commissioners			182,435

Probate Court

Secretary(ies)	\$	156,912	
Longevity Pay		4,292	
Social Security		11,687	
State Retirement		14,363	
Employee and Dependent Insurance		33,394	
Life Insurance		183	
Dental Insurance		1,510	
Office Supplies		335	
Total Probate Court			222,676

Courtroom Security

Deputy(ies)	\$	138,691	
Part-time Personnel		5,905	
Longevity Pay		828	
Social Security		11,109	
State Retirement		11,451	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Courtroom Security (Cont.)

Employee and Dependent Insurance	\$	33,364	
Life Insurance		180	
Dental Insurance		1,510	
Total Courtroom Security			\$ 203,038

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	76,407	
Deputy(ies)		1,440,088	
Salary Supplements		25,200	
Secretary(ies)		68,331	
Longevity Pay		24,239	
Overtime Pay		16,528	
In-Service Training		3,673	
Social Security		125,946	
State Retirement		145,690	
Employee and Dependent Insurance		291,265	
Life Insurance		1,663	
Dental Insurance		13,662	
Communication		18,107	
Dues and Memberships		225	
Evaluation and Testing		4,065	
Maintenance and Repair Services - Equipment		3,010	
Maintenance and Repair Services - Vehicles		50,164	
Printing, Stationery, and Forms		1,524	
Travel		3,192	
Other Contracted Services		9,420	
Gasoline		196,375	
Office Supplies		7,995	
Uniforms		9,396	
Other Supplies and Materials		26,110	
Premiums on Corporate Surety Bonds		100	
Workers' Compensation Insurance		120,834	
Other Charges		2,276	
Communication Equipment		953	
Motor Vehicles		119,695	
Other Equipment		2,475	
Total Sheriff's Department			2,808,608

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement

Overtime Pay	\$	13,265	
Other Equipment		581	
Total Drug Enforcement			\$ 13,846

Jail

Medical Personnel	\$	52,996	
Bus Drivers		38,368	
Guards		1,154,350	
Clerical Personnel		100,967	
Cafeteria Personnel		95,765	
Part-time Personnel		124,289	
Longevity Pay		18,577	
In-Service Training		5,422	
Social Security		119,360	
State Retirement		117,577	
Employee and Dependent Insurance		330,402	
Life Insurance		1,784	
Dental Insurance		15,393	
Evaluation and Testing		2,992	
Medical and Dental Services		234,349	
Travel		2,000	
Food Supplies		269,816	
Office Supplies		3,968	
Uniforms		10,600	
Utilities		265,442	
Other Supplies and Materials		126,423	
Other Charges		22,475	
Data Processing Equipment		2,523	
Food Service Equipment		31,000	
Other Equipment		11,549	
Total Jail			3,158,387

Juvenile Services

Guards	\$	61,877	
Part-time Personnel		68,742	
Longevity Pay		892	
Social Security		10,022	
State Retirement		5,593	
Employee and Dependent Insurance		8,990	
Life Insurance		59	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Dental Insurance	\$	604	
Communication		430	
Contracts with Government Agencies		23,700	
Utilities		1,679	
Total Juvenile Services			\$ 182,588

Fire Prevention and Control

Salary Supplements	\$	3,600	
Part-time Personnel		14,201	
Longevity Pay		5,414	
Overtime Pay		49,672	
Other Salaries and Wages		274,956	
In-Service Training		11,767	
Social Security		26,147	
State Retirement		28,053	
Employee and Dependent Insurance		59,439	
Life Insurance		318	
Dental Insurance		2,667	
Communication		1,287	
Contracts with Government Agencies		2,000	
Evaluation and Testing		2,000	
Maintenance and Repair Services - Buildings		14,969	
Maintenance and Repair Services - Equipment		12,448	
Maintenance and Repair Services - Vehicles		24,128	
Travel		2,260	
Gasoline		30,508	
Office Supplies		2,956	
Uniforms		1,789	
Utilities		43,852	
Other Supplies and Materials		1,793	
Workers' Compensation Insurance		74,027	
Other Charges		27,999	
Communication Equipment		6,639	
Other Equipment		3,566	
Total Fire Prevention and Control			728,455

Civil Defense

Assistant(s)	\$	31,050	
Supervisor/Director		44,862	
Longevity Pay		1,618	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Social Security	\$	6,025	
State Retirement		7,052	
Employee and Dependent Insurance		12,821	
Life Insurance		111	
Dental Insurance		604	
Other Fringe Benefits		1,623	
Communication		1,920	
Maintenance and Repair Services - Vehicles		481	
Travel		713	
Gasoline		1,022	
Office Supplies		998	
Other Charges		144	
Other Capital Outlay		19,150	
Total Civil Defense			\$ 130,194

Rescue Squad

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

Other Emergency Management

Supervisor/Director	\$	38,338	
Dispatchers/Radio Operators		538,467	
Part-time Personnel		27,247	
Longevity Pay		3,179	
Overtime Pay		5,677	
Social Security		46,344	
State Retirement		44,816	
Employee and Dependent Insurance		146,909	
Life Insurance		829	
Dental Insurance		6,818	
Office Supplies		1,295	
Office Equipment		1,749	
Total Other Emergency Management			861,668

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	70,000	
Total County Coroner/Medical Examiner			70,000

Other Public Safety

Deputy(ies)	\$	13,562	
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(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

In-Service Training	\$	4,000	
Social Security		1,344	
State Retirement		62	
Other Charges		2,550	
Total Other Public Safety			\$ 21,518

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	19,742	
Longevity Pay		2,147	
Other Salaries and Wages		326,378	
Social Security		26,249	
State Retirement		22,037	
Employee and Dependent Insurance		76,568	
Life Insurance		398	
Dental Insurance		3,447	
Communication		16,331	
Maintenance and Repair Services - Buildings		6,438	
Travel		10,809	
Other Contracted Services		6,517	
Drugs and Medical Supplies		11,422	
Instructional Supplies and Materials		3,599	
Office Supplies		10,415	
Utilities		22,142	
Other Supplies and Materials		4,917	
Other Charges		189	
Office Equipment		7,494	
Total Local Health Center			577,239

Rabies and Animal Control

Deputy(ies)	\$	39,972	
In-Service Training		959	
Social Security		3,099	
State Retirement		2,594	
Employee and Dependent Insurance		7,215	
Life Insurance		39	
Dental Insurance		327	
Other Fringe Benefits		620	
Communication		341	
Travel		525	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Gasoline	\$	8,073	
Office Supplies		8	
Uniforms		454	
Other Supplies and Materials		1,635	
Total Rabies and Animal Control			\$ 65,861

Ambulance/Emergency Medical Services

Supervisor/Director	\$	70,000	
Medical Personnel		1,009,915	
Secretary(ies)		54,347	
Part-time Personnel		107,566	
Longevity Pay		23,746	
Overtime Pay		638,298	
In-Service Training		5,869	
Social Security		143,163	
State Retirement		150,857	
Employee and Dependent Insurance		297,188	
Life Insurance		1,653	
Dental Insurance		13,536	
Other Fringe Benefits		3,000	
Communication		4,826	
Consultants		2,400	
Debt Collection Services		10,000	
Maintenance and Repair Services - Buildings		5,108	
Maintenance and Repair Services - Office Equipment		1,178	
Maintenance and Repair Services - Vehicles		52,801	
Travel		530	
Other Contracted Services		6,000	
Drugs and Medical Supplies		90,583	
Gasoline		154,048	
Office Supplies		8,875	
Uniforms		4,173	
Utilities		14,392	
Other Supplies and Materials		11,163	
Workers' Compensation Insurance		152,949	
Other Charges		8,000	
Motor Vehicles		65,335	
Total Ambulance/Emergency Medical Services			3,111,499

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Alcohol and Drug Programs

Assistant(s)	\$	34,166	
Supervisor/Director		34,441	
Longevity Pay		1,898	
Social Security		5,360	
State Retirement		6,363	
Employee and Dependent Insurance		13,238	
Life Insurance		111	
Dental Insurance		604	
Other Fringe Benefits		907	
Total Alcohol and Drug Programs			\$ 97,088

Appropriation to State

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

Other Public Health and Welfare

Attendants	\$	23,474	
Part-time Personnel		34,395	
Longevity Pay		104	
Social Security		4,457	
State Retirement		2,182	
Employee and Dependent Insurance		6,679	
Life Insurance		36	
Dental Insurance		302	
Other Fringe Benefits		914	
Communication		1,593	
Gasoline		41	
Utilities		9,229	
Other Supplies and Materials		6,595	
Building Improvements		9,826	
Total Other Public Health and Welfare			99,827

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Supervisor/Director	\$	46,523	
Deputy(ies)		41,331	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Secretary(ies)	\$	28,145	
Clerical Personnel		25,034	
Part-time Personnel		111,506	
Longevity Pay		2,436	
In-Service Training		1,206	
Social Security		19,519	
State Retirement		13,003	
Employee and Dependent Insurance		26,236	
Life Insurance		183	
Dental Insurance		1,208	
Other Fringe Benefits		2,466	
Communication		6,929	
Maintenance and Repair Services - Buildings		5,836	
Maintenance and Repair Services - Office Equipment		2,000	
Postal Charges		3,000	
Printing, Stationery, and Forms		1,784	
Other Contracted Services		12,592	
Library Books/Media		50,000	
Periodicals		4,474	
Utilities		57,460	
Other Supplies and Materials		20,439	
Other Equipment		5,852	
Total Libraries			\$ 489,162

Parks and Fair Boards

Supervisor/Director	\$	27,108
Custodial Personnel		20,261
Part-time Personnel		28,045
Longevity Pay		177
Social Security		5,842
State Retirement		4,305
Employee and Dependent Insurance		9,110
Life Insurance		111
Dental Insurance		548
Other Fringe Benefits		770
Advertising		5,527
Communication		1,300
Gasoline		4,094
Uniforms		1,038
Utilities		51,237

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Other Supplies and Materials	\$ 21,777	
Other Equipment	11,499	
Total Parks and Fair Boards		\$ 192,749

Other Social, Cultural, and Recreational

Contracts with Private Agencies	\$ 27,550	
Total Other Social, Cultural, and Recreational		27,550

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 72,510	
Communication	1,702	
Travel	2,098	
Office Supplies	2,076	
Total Agriculture Extension Service		78,386

Soil Conservation

Assistant(s)	\$ 17,312	
Secretary(ies)	31,569	
Part-time Personnel	4,152	
Longevity Pay	715	
Social Security	4,112	
State Retirement	3,571	
Employee and Dependent Insurance	11,658	
Life Insurance	63	
Dental Insurance	528	
Dues and Memberships	925	
Legal Notices, Recording, and Court Costs	800	
Travel	2,000	
Office Supplies	440	
Total Soil Conservation		77,845

Other Operations

Tourism

Contracts with Private Agencies	\$ 28,500	
Contributions	11,188	
Total Tourism		39,688

Other Economic and Community Development

Contracts with Private Agencies	\$ 50,000	
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(Continued)

Exhibit L-8

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

General Fund (Cont.)

Other Operations (Cont.)

Other Economic and Community Development (Cont.)

Building Construction	\$ 303,439	
Total Other Economic and Community Development		\$ 353,439

Veterans' Services

County Official/Administrative Officer	\$ 23,470	
Social Security	1,789	
State Retirement	2,091	
Employee and Dependent Insurance	6,559	
Life Insurance	33	
Dental Insurance	302	
Communication	972	
Dues and Memberships	25	
Maintenance Agreements	450	
Travel	1,834	
Office Supplies	2,013	
Total Veterans' Services		39,538

Other Charges

Liability Insurance	\$ 207,083	
Trustee's Commission	230,656	
Other Charges	38,523	
Total Other Charges		476,262

Contributions to Other Agencies

Contributions	\$ 9,592	
Total Contributions to Other Agencies		9,592

Employee Benefits

Unemployment Compensation	\$ 55,201	
Workers' Compensation Insurance	84,957	
Total Employee Benefits		140,158

ARRA Grant # A

Law Enforcement Equipment	\$ 6,657	
Total ARRA Grant # A		6,657

Miscellaneous

Postal Charges	\$ 73,193	
Other Charges	35	
Total Miscellaneous		73,228

Total General Fund		\$ 19,802,964
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(Continued)

Exhibit L-8

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

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Heating and Air Conditioning Equipment	\$ 24,390	
Total County Buildings		\$ 24,390

Other Operations

Other Charges

Trustee's Commission	\$ 564	
Total Other Charges		<u>564</u>

Total Courthouse and Jail Maintenance Fund		\$ 24,954
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Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Laborers	\$ 120,400	
Longevity Pay	936	
Social Security	9,444	
State Retirement	11,084	
Employee and Dependent Insurance	30,602	
Life Insurance	149	
Dental Insurance	1,384	
Other Fringe Benefits	3,063	
Diesel Fuel	54,271	
Uniforms	1,441	
Other Supplies and Materials	<u>42,097</u>	
Total Waste Pickup		\$ 274,871

Convenience Centers

Part-time Personnel	\$ 359,860	
Overtime Pay	125	
Social Security	27,165	
Contracts with Private Agencies	603,156	
Operating Lease Payments	9,800	
Uniforms	4,540	
Utilities	24,529	
Other Supplies and Materials	<u>8,284</u>	
Total Convenience Centers		1,037,459

Recycling Center

Supervisor/Director	\$ 37,903
Laborers	133,469

(Continued)

Exhibit L-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center (Cont.)

Part-time Personnel	\$ 47,567	
Longevity Pay	1,853	
Overtime Pay	23	
Social Security	17,044	
State Retirement	14,269	
Employee and Dependent Insurance	45,058	
Life Insurance	213	
Dental Insurance	2,063	
Other Fringe Benefits	3,478	
Contracts with Private Agencies	46,825	
Travel	1,530	
Diesel Fuel	7,733	
Office Supplies	2,340	
Uniforms	1,441	
Utilities	12,727	
Other Supplies and Materials	41,933	
Total Recycling Center		\$ 417,469

Postclosure Care Costs

Equipment Operators	\$ 11,995	
Longevity Pay	106	
Social Security	926	
State Retirement	1,078	
Employee and Dependent Insurance	3,330	
Life Insurance	18	
Dental Insurance	151	
Contracts for Postclosure Care Costs	13,122	
Utilities	15,762	
Other Supplies and Materials	6,589	
Other Charges	138,694	
Total Postclosure Care Costs		191,771

Other Operations

Other Charges

Trustee's Commission	\$ 40,864	
Total Other Charges		40,864

Employee Benefits

Unemployment Compensation	\$ 8,715	
Workers' Compensation Insurance	82,000	
Total Employee Benefits		90,715

(Continued)

Exhibit L-8

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

Solid Waste/Sanitation Fund (Cont.)

Highways

Litter and Trash Collection

Deputy(ies)	\$ 45,618	
Longevity Pay	204	
Social Security	3,560	
State Retirement	4,153	
Employee and Dependent Insurance	13,358	
Life Insurance	72	
Dental Insurance	604	
Other Fringe Benefits	785	
Diesel Fuel	3,984	
Other Supplies and Materials	907	
Total Litter and Trash Collection		\$ 73,245

Total Solid Waste/Sanitation Fund \$ 2,126,394

Drug Control Fund

Public Safety

Drug Enforcement

In-Service Training	\$ 712	
Communication	267	
Maintenance and Repair Services - Vehicles	2,476	
Other Supplies and Materials	2,977	
Law Enforcement Equipment	7,500	
Total Drug Enforcement		\$ 13,932

Other Operations

Other Charges

Trustee's Commission	\$ 146	
Total Other Charges		146

Total Drug Control Fund 14,078

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 135	
Total County Clerk's Office		\$ 135

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 5,920	
Total Chancery Court		5,920

Total Constitutional Officers - Fees Fund 6,055

(Continued)

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	76,407	
Assistant(s)		38,297	
Longevity Pay		875	
Overtime Pay		106	
Social Security		8,927	
State Retirement		10,430	
Employee and Dependent Insurance		13,358	
Life Insurance		110	
Dental Insurance		604	
Other Fringe Benefits		1,370	
Dues and Memberships		4,417	
Travel		2,782	
Office Supplies		1,161	
Other Charges		1,202	
Data Processing Equipment		1,596	
Total Administration			\$ 161,642

Highway and Bridge Maintenance

Equipment Operators - Heavy	\$	223,733	
Truck Drivers		156,633	
Laborers		145,346	
Longevity Pay		8,643	
Overtime Pay		14,313	
Social Security		41,499	
State Retirement		48,037	
Employee and Dependent Insurance		107,639	
Life Insurance		580	
Dental Insurance		5,133	
Other Fringe Benefits		2,182	
Other Contracted Services		37,062	
Asphalt - Cold Mix		49,820	
Asphalt - Hot Mix		549,760	
Asphalt - Liquid		260,996	
Crushed Stone		95,703	
Pipe - Metal		39,834	
Road Signs		12,371	
Sand		743	
Wood Products		77	
Other Supplies and Materials		829	
Total Highway and Bridge Maintenance			1,800,933

(Continued)

Exhibit L-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Mechanic(s)	\$	61,776	
Longevity Pay		832	
Overtime Pay		2,142	
Social Security		5,027	
State Retirement		5,866	
Employee and Dependent Insurance		13,118	
Life Insurance		72	
Dental Insurance		604	
Other Fringe Benefits		1,091	
Laundry Service		1,997	
Diesel Fuel		76,969	
Equipment and Machinery Parts		47,313	
Gasoline		36,350	
Lubricants		6,173	
Tires and Tubes		16,500	
Total Operation and Maintenance of Equipment			\$ 275,830

Other Charges

Communication	\$	5,219	
Electricity		5,485	
Natural Gas		3,267	
Water and Sewer		338	
Trustee's Commission		22,383	
Vehicle and Equipment Insurance		54,777	
Other Charges		5,518	
Total Other Charges			96,987

Employee Benefits

Unemployment Compensation	\$	5,402	
Workers' Compensation Insurance		55,009	
Total Employee Benefits			60,411

Capital Outlay

Bridge Construction	\$	18,010	
Other Equipment		95,950	
Total Capital Outlay			113,960

Total Highway/Public Works Fund \$ 2,509,763

(Continued)

Exhibit L-8

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

<u>General Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>General Government</u>		
Principal on Notes	\$ 1,375,869	
Principal on Other Loans	939,190	
Total General Government		\$ 2,315,059
<u>Education</u>		
Principal on Other Loans	\$ 1,159,314	
Total Education		1,159,314
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Notes	\$ 69,946	
Interest on Other Loans	477,314	
Total General Government		547,260
<u>Education</u>		
Interest on Other Loans	\$ 1,361,082	
Total Education		1,361,082
<u>Other Debt Service</u>		
<u>General Government</u>		
Financial Advisory Services	\$ 4,000	
Trustee's Commission	69,130	
Total General Government		73,130
Total General Debt Service Fund		\$ 5,455,845
<u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Public Health and Welfare Projects</u>		
Architects	\$ 69,814	
Building Construction	2,942,952	
Total Public Health and Welfare Projects		\$ 3,012,766
Total General Capital Projects Fund		3,012,766
Total Governmental Funds - Primary Government		\$ 32,952,819

Exhibit L-9

Cumberland County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2012

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 14,184,152	
Career Ladder Program	201,802	
Career Ladder Extended Contracts	58,692	
Homebound Teachers	37,447	
Educational Assistants	807,008	
Certified Substitute Teachers	33,920	
Non-certified Substitute Teachers	214,880	
Social Security	1,149,788	
State Retirement	1,355,529	
Life Insurance	30,274	
Medical Insurance	3,443,584	
Dental Insurance	162,071	
Maintenance and Repair Services - Equipment	26,997	
Other Contracted Services	95,940	
Instructional Supplies and Materials	285,166	
Textbooks	61,601	
Other Supplies and Materials	13,674	
Fee Waivers	5,893	
Other Charges	34,895	
Regular Instruction Equipment	197,101	
Other Equipment	48,513	
Total Regular Instruction Program		\$ 22,448,927

Alternative Instruction Program

Teachers	\$ 188,212	
Social Security	14,081	
State Retirement	17,033	
Life Insurance	375	
Medical Insurance	33,800	
Dental Insurance	1,539	
Other Contracted Services	1,000	
Instructional Supplies and Materials	1,500	
Other Supplies and Materials	1,500	
Other Equipment	1,000	
Total Alternative Instruction Program		260,040

Special Education Program

Teachers	\$ 1,434,205
Career Ladder Program	22,158

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Homebound Teachers	\$	39,642	
Educational Assistants		58,573	
Speech Pathologist		96,444	
Certified Substitute Teachers		1,988	
Non-certified Substitute Teachers		8,522	
Social Security		124,078	
State Retirement		146,242	
Life Insurance		3,256	
Medical Insurance		379,260	
Dental Insurance		20,374	
Maintenance and Repair Services - Equipment		1,720	
Instructional Supplies and Materials		8,351	
Other Supplies and Materials		497	
Other Charges		885	
Special Education Equipment		5,992	
Total Special Education Program			\$ 2,352,187

Vocational Education Program

Teachers	\$	1,535,586	
Career Ladder Program		7,000	
Educational Assistants		14,624	
Certified Substitute Teachers		1,036	
Non-certified Substitute Teachers		8,556	
Social Security		117,150	
State Retirement		139,274	
Life Insurance		2,811	
Medical Insurance		372,192	
Dental Insurance		12,727	
Maintenance and Repair Services - Equipment		7,064	
Travel		10,948	
Other Contracted Services		26,225	
Instructional Supplies and Materials		28,810	
T&I Construction Materials		57,858	
Textbooks		5,073	
Other Supplies and Materials		1,772	
Other Charges		25,690	
Vocational Instruction Equipment		21,610	
Total Vocational Education Program			2,396,006

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services

Attendance

Supervisor/Director	\$	84,114	
Career Ladder Program		600	
Career Ladder Extended Contracts		1,330	
Social Security		4,591	
State Retirement		4,975	
Life Insurance		75	
Medical Insurance		5,913	
Dental Insurance		465	
Travel		1,500	
Other Supplies and Materials		198	
Other Charges		198	
Total Attendance			\$ 103,959

Health Services

Medical Personnel	\$	213,299	
Part-time Personnel		11,316	
Social Security		18,860	
State Retirement		17,364	
Life Insurance		432	
Medical Insurance		70,000	
Dental Insurance		3,698	
Travel		66	
Other Contracted Services		3,189	
Drugs and Medical Supplies		774	
Other Supplies and Materials		2,216	
In Service/Staff Development		453	
Health Equipment		1,344	
Total Health Services			343,011

Other Student Support

Career Ladder Program	\$	3,600	
Guidance Personnel		617,204	
Social Security		44,101	
State Retirement		56,128	
Life Insurance		975	
Medical Insurance		154,981	
Dental Insurance		4,623	
Evaluation and Testing		39,621	
Travel		995	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

In Service/Staff Development	\$	672	
Other Charges		21,802	
Total Other Student Support			\$ 944,702

Regular Instruction Program

Supervisor/Director	\$	203,407	
Career Ladder Program		17,000	
Career Ladder Extended Contracts		10,000	
Librarians		455,106	
Instructional Computer Personnel		188,592	
Secretary(ies)		35,577	
Social Security		60,356	
State Retirement		69,441	
Life Insurance		1,150	
Medical Insurance		164,926	
Dental Insurance		6,034	
Consultants		1,600	
Travel		14,992	
Library Books/Media		112,500	
In Service/Staff Development		11,250	
Total Regular Instruction Program			1,351,931

Special Education Program

Supervisor/Director	\$	65,191	
Career Ladder Program		3,600	
Secretary(ies)		25,229	
Clerical Personnel		24,900	
Social Security		9,542	
State Retirement		11,604	
Life Insurance		147	
Medical Insurance		23,540	
Dental Insurance		933	
Consultants		362	
Maintenance and Repair Services - Equipment		1,200	
Travel		1,639	
Other Supplies and Materials		1,500	
Other Charges		500	
Other Equipment		441	
Total Special Education Program			170,328

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program

Supervisor/Director	\$	64,821	
Clerical Personnel		36,807	
Social Security		7,771	
State Retirement		9,146	
Life Insurance		111	
Medical Insurance		11,794	
Dental Insurance		604	
Travel		6,999	
Other Supplies and Materials		494	
In Service/Staff Development		993	
Other Charges		486	
Total Vocational Education Program			\$ 140,026

Other Programs

On-Behalf Payments to OPEB	\$	240,988	
Total Other Programs			240,988

Board of Education

Board and Committee Members Fees	\$	28,800	
Social Security		2,017	
State Retirement		534	
Medical Insurance		247,571	
Dental Insurance		906	
Unemployment Compensation		119,735	
Audit Services		10,000	
Dues and Memberships		4,525	
Legal Services		32,714	
Travel		9,964	
Other Contracted Services		8,600	
Other Supplies and Materials		1,097	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		295,829	
Workers' Compensation Insurance		201,689	
Other Charges		1,339	
Total Board of Education			965,670

Director of Schools

County Official/Administrative Officer	\$	92,935	
Career Ladder Program		1,000	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Social Security	\$	7,059	
State Retirement		8,501	
Life Insurance		75	
Medical Insurance		5,747	
Dental Insurance		329	
Dues and Memberships		12,120	
Postal Charges		2,913	
Travel		2,778	
Other Contracted Services		5,461	
Office Supplies		6,907	
Other Charges		3,441	
Administration Equipment		903	
Total Director of Schools			\$ 150,169

Office of the Principal

Principals	\$	769,836	
Career Ladder Program		4,000	
Career Ladder Extended Contracts		13,610	
Assistant Principals		126,752	
Secretary(ies)		321,035	
Clerical Personnel		196,192	
Social Security		110,089	
State Retirement		130,782	
Medical Insurance		305,482	
Dental Insurance		14,714	
Travel		4,729	
In Service/Staff Development		5,763	
Other Charges		7,880	
Total Office of the Principal			2,010,864

Operation of Plant

Custodial Personnel	\$	1,058,615
Other Salaries and Wages		6,473
Social Security		81,154
State Retirement		80,529
Life Insurance		1,980
Medical Insurance		300,874
Dental Insurance		17,218
Communication		87,421

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Janitorial Services	\$	18,982	
Pest Control		9,816	
Disposal Fees		36,998	
Other Contracted Services		80,228	
Custodial Supplies		128,947	
Electricity		1,423,857	
Natural Gas		185,338	
Uniforms		3,021	
Water and Sewer		134,631	
Building and Contents Insurance		266,447	
Plant Operation Equipment		7,473	
Total Operation of Plant			\$ 3,930,002

Maintenance of Plant

Supervisor/Director	\$	45,706	
Secretary(ies)		27,290	
Maintenance Personnel		254,007	
Part-time Personnel		9,482	
Social Security		24,339	
State Retirement		26,952	
Life Insurance		360	
Medical Insurance		68,964	
Dental Insurance		3,044	
Maintenance Agreements		9,600	
Maintenance and Repair Services - Buildings		175,145	
Other Contracted Services		38,941	
Equipment and Machinery Parts		19,529	
Fertilizer, Lime, and Seed		9,858	
Drainage Materials		13,651	
Chemicals		1,580	
Other Supplies and Materials		44,137	
Other Charges		11,144	
Heating and Air Conditioning Equipment		51,756	
Maintenance Equipment		38,417	
Total Maintenance of Plant			873,902

Transportation

Supervisor/Director	\$	45,706
Mechanic(s)		106,210

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Bus Drivers	\$	864,657	
Clerical Personnel		27,527	
Attendants		15,281	
Overtime Pay		900	
Other Salaries and Wages		19,906	
Social Security		81,552	
State Retirement		91,278	
Life Insurance		2,592	
Medical Insurance		466,464	
Dental Insurance		21,848	
Contracts with Parents		617	
Maintenance and Repair Services - Vehicles		6,665	
Travel		669	
Other Contracted Services		17,618	
Equipment and Machinery Parts		9,917	
Gasoline		387,387	
Lubricants		11,939	
Office Supplies		1,170	
Tires and Tubes		28,900	
Vehicle Parts		73,947	
Other Supplies and Materials		6,656	
In Service/Staff Development		2,213	
Other Charges		3,022	
Transportation Equipment		358,265	
Total Transportation			\$ 2,652,906

Central and Other

Assistant(s)	\$	72,218
Supervisor/Director		49,586
Secretary(ies)		35,694
Clerical Personnel		38,227
School Resource Officer		41,410
Other Salaries and Wages		19,086
Social Security		19,783
State Retirement		21,789
Life Insurance		255
Medical Insurance		26,000
Dental Insurance		1,830
Travel		2,145

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Other Contracted Services	\$	3,923	
Other Supplies and Materials		16,039	
Regular Instruction Equipment		270	
Total Central and Other			\$ 348,255

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	32,800	
Social Workers		35,300	
Other Salaries and Wages		57,187	
Social Security		9,503	
State Retirement		7,488	
Life Insurance		72	
Medical Insurance		11,494	
Dental Insurance		684	
Travel		2,242	
Food Supplies		1,773	
Other Supplies and Materials		3,391	
Fee Waivers		4,562	
Other Charges		104	
Total Community Services			166,600

Early Childhood Education

Supervisor/Director	\$	20,120	
Teachers		514,378	
Educational Assistants		132,147	
Other Salaries and Wages		32,392	
Non-certified Substitute Teachers		6,492	
Social Security		50,285	
State Retirement		58,777	
Life Insurance		1,300	
Medical Insurance		183,616	
Dental Insurance		7,779	
Travel		3,762	
Instructional Supplies and Materials		5,329	
Other Supplies and Materials		24,444	
In Service/Staff Development		5,945	
Other Charges		1,185	
Regular Instruction Equipment		30,000	
Total Early Childhood Education			1,077,951

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Engineering Services	\$ 50,000	
Building Construction	740,311	
Site Development	1,750	
Other Capital Outlay	148,397	
Total Regular Capital Outlay		\$ 940,458

Principal on Debt

Education

Principal on Other Loans	\$ 290,748	
Total Education		290,748

Interest on Debt

Education

Interest on Other Loans	\$ 73,572	
Total Education		73,572

Total General Purpose School Fund \$ 44,233,202

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 992,698	
Educational Assistants	383,343	
Certified Substitute Teachers	3,358	
Non-certified Substitute Teachers	29,439	
Social Security	95,179	
State Retirement	105,140	
Life Insurance	1,733	
Medical Insurance	276,209	
Dental Insurance	12,412	
Unemployment Compensation	4,410	
Other Fringe Benefits	4,065	
Maintenance and Repair Services - Equipment	92,522	
Other Contracted Services	9,212	
Instructional Supplies and Materials	212,351	
Other Supplies and Materials	3,866	
Other Charges	2,729	
Regular Instruction Equipment	302,621	
Total Regular Instruction Program		\$ 2,531,287

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	276,667	
Educational Assistants		716,803	
Other Salaries and Wages		95,468	
Certified Substitute Teachers		56	
Non-certified Substitute Teachers		21,292	
Social Security		83,204	
State Retirement		87,348	
Life Insurance		2,728	
Medical Insurance		330,566	
Dental Insurance		20,098	
Unemployment Compensation		4,935	
Contracts with Other Public Agencies		112,636	
Instructional Supplies and Materials		35,036	
Textbooks		10,000	
Other Supplies and Materials		20,853	
Other Charges		3,349	
Special Education Equipment		54,961	
Total Special Education Program			\$ 1,876,000

Vocational Education Program

Other Supplies and Materials	\$	1,350	
Vocational Instruction Equipment		68,867	
Total Vocational Education Program			70,217

Support Services

Other Student Support

Guidance Personnel	\$	29,989	
Other Salaries and Wages		686	
Social Security		361	
State Retirement		62	
Employer Medicare		126	
Evaluation and Testing		1,500	
Travel		14,734	
Other Contracted Services		1,800	
Food Supplies		3,224	
In Service/Staff Development		560	
Other Charges		29,028	
Total Other Student Support			82,070

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	78,588	
Instructional Computer Personnel		52,580	
Secretary(ies)		38,320	
Other Salaries and Wages		334,333	
Social Security		36,199	
State Retirement		42,600	
Life Insurance		436	
Medical Insurance		51,053	
Dental Insurance		1,765	
Unemployment Compensation		630	
Other Fringe Benefits		1,466	
Maintenance and Repair Services - Equipment		935	
Travel		51,806	
Other Contracted Services		336,838	
Other Supplies and Materials		3,617	
In Service/Staff Development		99,634	
Other Charges		1,350	
Other Equipment		1,042	
Total Regular Instruction Program			\$ 1,133,192

Special Education Program

Psychological Personnel	\$	156,808	
Other Salaries and Wages		91,253	
Social Security		17,384	
State Retirement		20,151	
Life Insurance		375	
Medical Insurance		29,613	
Dental Insurance		1,384	
Unemployment Compensation		315	
Travel		13,033	
Other Supplies and Materials		1,496	
In Service/Staff Development		9,741	
Other Charges		200	
Total Special Education Program			341,753

Vocational Education Program

Supervisor/Director	\$	5,481	
Social Security		340	
State Retirement		496	

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Employer Medicare	\$ 79	
Total Vocational Education Program		\$ 6,396

Office of the Principal

Assistant Principals	\$ 580,200	
Secretary(ies)	127,512	
Social Security	54,171	
State Retirement	63,906	
Life Insurance	4,240	
Medical Insurance	162,352	
Dental Insurance	5,472	
Total Office of the Principal		997,853

Transportation

Other Charges	\$ 49,450	
Total Transportation		49,450

Total School Federal Projects Fund		\$ 7,088,218
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Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 44,995
Accountants/Bookkeepers	70,820
Cafeteria Personnel	1,084,087
Maintenance Personnel	60,186
Longevity Pay	6,800
Other Salaries and Wages	9,333
Social Security	96,789
State Retirement	74,887
Life Insurance	1,590
Medical Insurance	261,217
Dental Insurance	14,052
Unemployment Compensation	3,874
Communication	5,405
Maintenance and Repair Services - Equipment	4,240
Maintenance and Repair Services - Office Equipment	1,770
Pest Control	3,960
Transportation - Other than Students	32,960

(Continued)

Exhibit L-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Travel	\$	8,976	
Disposal Fees		27,839	
Other Contracted Services		11,060	
Equipment and Machinery Parts		43,439	
Food Supplies		1,559,863	
Office Supplies		6,204	
Uniforms		2,531	
Utilities		3,432	
USDA - Commodities		252,925	
Other Supplies and Materials		160,225	
In Service/Staff Development		3,370	
Other Charges		18,064	
Food Service Equipment		20,961	
Total Food Service			\$ 3,895,854

Total Central Cafeteria Fund \$ 3,895,854

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Improvements	\$	881,325	
Total Education Capital Projects			\$ 881,325

Total Education Capital Projects Fund 881,325

Total Governmental Funds - Cumberland County School Department \$ 56,098,599

Exhibit L-10

Cumberland County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Cumberland County Railroad Authority
For the Year Ended June 30, 2012

<u>General Fund</u>		
<u>Capital Projects</u>		
<u>Other General Government Projects</u>		
Other Construction	<u>\$ 295,996</u>	
Total Other General Government Projects		<u>\$ 295,996</u>
 Total General Fund		 <u>\$ 295,996</u>
 Total Governmental Funds - Cumberland County Railroad Authority		 <u><u>\$ 295,996</u></u>

Exhibit L-11

Cumberland County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2012

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 6,959,334
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 6,889,741
Trustee's Commission	69,593
Total Cash Disbursements	<u>\$ 6,959,334</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2011	<u>0</u>
Cash Balance, June 30, 2012	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT 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

February 8, 2013

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cumberland County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Cumberland County's basic financial statements and have issued our report thereon dated February 8, 2013. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Cumberland County Emergency Communications District as described in our report on Cumberland County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 12.01 and 12.03.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 12.04(D,E), 12.05, and 12.06.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cumberland County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 12.02, 12.04(A,B,C), and 12.07.

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

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

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT 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

Independent Auditor's Report

February 8, 2013

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Cumberland County's compliance 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, 2012. Cumberland County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Cumberland County's management. Our responsibility is to express an opinion on Cumberland County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with

the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cumberland County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Cumberland County's compliance with those requirements.

In our opinion, Cumberland County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cumberland County as of and for the year ended June 30, 2012, and have issued our report thereon dated February 8, 2013. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from

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

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

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

Yours very truly,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Cumberland County, Tennessee
 Schedule of Expenditures of Federal Awards and State Grants (1)
 For the Year Ended June 30, 2012

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Programs:			
Community Facilities and Loans Grants	10.766	N/A	\$ 161,183
Soil and Water Conservation	10.902	N/A	5,553
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	252,925 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	740,564
National School Lunch Program	10.555	N/A	1,966,187 (3)
Team Nutrition Grants	10.574	N/A	3,500
Fresh Fruit and Vegetable Program	10.582	N/A	133,840
Total U.S. Department of Agriculture			<u>\$ 3,263,752</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant	14.228	GG-11-34772-00	<u>\$ 302,855</u>
U.S. Department of Justice:			
Direct Programs:			
Drug Court Discretionary Grant Program	16.585	N/A	\$ 119,320
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	N/A	6,657
Total U.S. Department of Justice			<u>\$ 125,977</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z12GHS080	<u>\$ 16,403</u>
Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	30504-00812	<u>\$ 1,207</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grant to Local Educational Agencies	84.010	N/A	\$ 2,084,465
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,516,718
Special Education - Preschool Grants	84.173	N/A	40,060
Career and Technical Education - Basic Grants to States	84.048	N/A	127,931
Twenty-first Century Community Learning Centers	84.287	(2)	388,000
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	1,663
Education Technology State Grants, Recovery Act	84.386	(2)	2,346
Rural Education	84.358	N/A	266,023
English Language Acquisition Grants	84.365	N/A	14,138
Improving Teacher Quality State Grants	84.367	N/A	405,531
Special Education - Grants for Infants and Families, Recovery Act	84.393	N/A	184,381
State Fiscal Stabilization Funds Race-to-the-Top Incentive Grant, Recovery Act	84.395	N/A	571,302
Education Jobs Fund - ARRA	84.410	N/A	1,529,931
Total U.S. Department of Education			<u>\$ 7,132,489</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Election Assistance Commission: Passed-through Tennessee Secretary of State: Help America Vote Act Requirements Payments	90.401	30510-00112-05	\$ 5,814
U.S. Department of Health and Human Services: Passed-through State Department of Health: Affordable Care Act (ACA) Grants for Capital Development in Health Centers	93.526	GG1236795	\$ 2,774,971
Executive Office of the President: Direct Program: High Intensity Drug Trafficking Areas Program	95.001	(4)	\$ 14,014
U.S. Department of Homeland Security: Passed-through State Department of Military: Emergency Management Performance Grants	97.042	(2)	\$ 42,500
Total Expenditures of Federal Awards			\$ 13,679,982
<u>State Grants</u>		Contract Number	
Railroad Rehabilitation Grant - State Department of Transportation	N/A	(2)	\$ 295,345
Law Enforcement Training - State Department of Safety	N/A	(2)	25,200
Litter Program - State Department of Transportation	N/A	(2)	39,736
Local Health Services - State Department of Health	N/A	(2)	458,569
Juvenile Services Program - State Commission on Children and Youth	N/A	GG1029759	9,000
Juvenile Drug Court Grant - State Office of Criminal Justice Programs	N/A	(2)	13,981
Local Archives Development Grant - Tennessee Secretary of State	N/A	30504-00112-04	2,500
Pilot and Voluntary State Funded Classrooms Grant - State Department of Education	N/A	(2)	1,078,095
Internet Connectivity - State Department of Education	N/A	(2)	25,947
Art Subsidy - State Arts Commission	N/A	(2)	1,016
Coordinated School Health - State Department of Education	N/A	(2)	100,000
Safe Schools - State Department of Education	N/A	(2)	32,000
Family Resource Center - State Department of Education	N/A	(2)	29,612
Waste Tire Storage and Disposal - State Department of Environment and Conservation	N/A	(2)	56,131
Total State Grants			\$ 2,167,132

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

(1) Presented in conformity with generally accepted accounting principles and prepared on the modified accrual basis of accounting.

(2) Information not available.

(3) Total for CFDA No. 10.555 is \$2,219,112.

(4) GP11AP00001A: \$6,592; GP12AP00001A: \$7,422

Cumberland County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2012

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below is a finding from the Annual Financial Report of Cumberland County, Tennessee, for the year ended June 30, 2011, which has not been corrected.

OFFICE OF TRUSTEE

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.04(B)	186	Bank statements were not reconciled properly with the cash journal

CUMBERLAND COUNTY, TENNESSEE,
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Cumberland County is unqualified.
2. The audit of the financial statements of Cumberland County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Cumberland County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10,555), Title I Grants to Local Educational Agencies (CFDA No. 84.010), the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), State Fiscal Stabilization Funds Race-to-the-Top Incentive Grant, Recovery Act (CFDA No. 84.395), Education Jobs Fund, ARRA (CFDA No. 84.410), and the Affordable Care Act (ACA) Grants for Capital Development in Health Centers (CFDA No. 93.526) were determined to be major programs.
8. A \$410,399 threshold was used to distinguish between Type A and Type B federal programs.
9. Cumberland County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF FINANCE DIRECTOR

**FINDING 12.01 THE CAPITAL ASSETS RECORDS REQUIRED MATERIAL
AUDIT ADJUSTMENTS FOR PROPER FINANCIAL
STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under *Government Auditing
Standards*)

At June 30, 2012, the capital assets records were not materially correct and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Cumberland County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Cumberland County should have appropriate processes in place to ensure that its capital assets records are materially correct.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

The finding is acknowledged, and appropriate action has been taken by the Finance Department.

**FINDING 12.02 CERTAIN FINANCIAL ACTIVITIES OF THE CUMBERLAND
COUNTY PUBLIC LIBRARY AND THE CUMBERLAND
COUNTY ARCHIVES AND FAMILY HERITAGE CENTER
WERE NOT AUDITED AND WERE NOT SUBJECT TO THE
BUDGETARY CONTROL OF THE COUNTY COMMISSION**
(Noncompliance Under *Government Auditing Standards*)

The Cumberland County Public Library and the Cumberland County Archives and Family Heritage Center operate as departments within the county's General Fund. A significant

portion of each entity's expenditures for the year was paid through the county's General Fund (Library - \$489,162; Archives - \$15,866), which is included in the financial statements of this report. However, the Library and the Archives and Family Heritage Center each maintained a checking account outside of the county's control to deposit various revenues and to pay certain operating expenses. The balance of these checking accounts was \$8,605 and \$1,394, respectively, at June 30, 2012. Section 5-9-401, *Tennessee Code Annotated (TCA)*, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies." Also, Section 10-3-106, *TCA*, states that "all library accounts of every character shall be audited annually by or under the county legislative body and/or city governing body." The funds channeled through the Library's and the Archives and Family Heritage Center's bank accounts did not flow through the county's budgetary process, have not been audited, and are not included in the financial statements of this report. We do not consider the exclusion of these amounts to be material to the financial statements of this report. On December 3, 2012, these checking accounts were closed and the funds were deposited with the county trustee to be administered by the county's General Fund.

FINDING 12.03 **THE GENERAL PURPOSE SCHOOL FUND HAD DEFICIENCIES REGARDING JOURNAL ENTRIES**

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

During our review of journal entries posted to the General Purpose School Fund, we noted the following deficiencies. These deficiencies resulted from a lack of management oversight.

- A. Journal entries were made near year-end to line-items that exceeded the budget in the General Purpose School Fund. It appears that these journal entries were made in an attempt to keep expenditures within appropriations to avoid the necessity of budget amendments. These journal entries resulted in expenditure accounts not reflecting the true nature of some transactions. Misclassifications in the General Purpose School Fund were primarily for medical and dental insurance and have not been corrected in the financial statements of this report.

- B. Adequate documentation was not available for several journal entries that were posted to the General Purpose School Fund's general ledger. Our review of journal entries resulted in nine entries totaling \$764,368 that either had no documentation or inadequate documentation. As a result, auditors were not always able to determine if the journal entries were appropriate.

RECOMMENDATION

Expenditures should be coded to accounts that most appropriately reflect the true nature of the transactions. When necessary, budget amendments should be submitted to the County

Commission for consideration and approval. Furthermore, adequate documentation should be maintained for all journal entries.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Cumberland County school personnel informed the county Finance Department in October 2011 that medical insurance budgeted expenditures were incorrect and overstated. The situation was not corrected and even became worse as the school year progressed. School personnel continued, on a monthly basis, to communicate their concern for the incorrect amounts being posted to budgeted accounts. As the year progressed, based on monthly amounts posted to each budget account, several budget lines were not sufficient to fund the rest of the fiscal year.

At year-end, the school business manager once again met with Finance Department employees to determine how to correct the problem. The original budget was adequate for personnel assigned to each budget category; however, monthly reports continued to indicate excessive funds were deducted in the insurance lines. No explanation could be given to our Business Department for the excess expenditures. We were assured on numerous occasions that no additional funds were paid for insurance benefits beyond what the state required.

We have continued to communicate with the Finance Department to inform them that the problems experienced in last year's insurance lines are continuing for this fiscal year. For example, in budget category 72120-207 (medical insurance), the August expenditure statement exceeds monthly premium cost by \$3,000. In budget category 72610-207, July and August expenditures exceed monthly premium cost by approximately \$3,400. In budget category 72210-207, July and August expenditures exceed monthly premium cost by approximately \$3,600. Other accounts coded 207 line items have similar discrepancies. We find no correlation between the 20-pay periods versus 24-pay periods. We request that a manual analysis be performed on health and dental insurance expenditures for the current fiscal year and corrections made before year-end.

The school system will continue to work with the Finance Department to insure that monthly expenditures reflect the accurate data.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

The Finance Department has worked in cooperation with the director of schools and the school business manager in an attempt to properly allocate costs of medical and dental insurances to the respective budget line-items. The Board of Education's Central Office staff enters the employee data into a State of Tennessee database from which the medical billing invoices are generated. However, they have declined to reconcile and code monthly invoices for cost allocation to the proper budget code. Due to the volume and complexity of processing payroll for Board of Education employees, cost assignment to line-items through computer programs has yielded inconsistent results necessitating manual journal entries. The Finance Department conducted a thorough review of the bill payment process, and our analysis provided that the State of Tennessee was not overpaid on any health insurance invoice that was presented for payment to the Finance Department by the Board of Education.

OFFICE OF COUNTY MAYOR

FINDING 12.04 **THE COMMUNITY COMPLEX AND THE ANIMAL SHELTER HAD DEFICIENCIES IN RECEIPTING AND DEPOSITING COLLECTIONS**

(A., B., and C. – Noncompliance Under *Government Auditing Standards*; D. and E. – Significant Deficiency Under *Government Auditing Standards*)

Our audit disclosed the following deficiencies in receipting and depositing collections at the Community Complex and the Animal Shelter. These deficiencies occurred because of a lack of management oversight.

- A. The Community Complex and the Animal Shelter did not deposit funds within three days of collection. Section 5-8-207, *Tennessee Code Annotated (TCA)*, requires county officials to deposit public funds within three days of collection. The delay in depositing the funds increases the risks of fraud and misappropriation.
- B. The Community Complex and the Animal Shelter did not issue official receipts for collections as required by Section 9-2-104, *TCA*. Instead, the offices used generic receipts that did not reflect the name of the office. The use of generic receipts exposes the office to risks that collections may not be accounted for properly.
- C. Rentals for the use of the Community Complex were charged at the discretion of the complex director. In some cases, the fees were refunded back to individuals in cash without proper supporting documentation, which increases the risks of fraud and misappropriation. Section 5-8-207, *TCA*, requires all county disbursements be made by official prenumbered check.
- D. The Community Complex director only required a written rental agreement from certain renters. A written rental agreement establishes the responsibilities and liability for both the county and the renter. By not requiring a proper rental agreement, the county could be subject to additional liability.
- E. The Animal Shelter charges local veterinarians for cremation services. During our examination, we noted that the County Mayor's Office prepares invoices for the veterinarians based on the Animal Shelter's cremation log. Collections are then received by the Finance Department. There were no reconciliations prepared between the amounts invoiced by the County Mayor's Office and the amounts received by the Finance Department; therefore, we could not determine if the county had received funds for all cremations. Furthermore, we noted that the cremation services were not being invoiced in a timely manner. This could result in a loss of revenue for the county.

RECOMMENDATION

Official receipts should be issued for all collections, all collections should be deposited to the office bank account within three days, and all disbursements should be by official prenumbered check as required by state statutes. The Community Complex should require all renters to sign a rental agreement that has been approved by the county attorney. Rentals should be based on an approved rate schedule. The amounts collected for cremation services at the Animal Shelter should be invoiced in a timely manner and collections should be reconciled with the services provided and the amounts invoiced.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

In response to the audit findings pertaining to Animal Shelter charges to local veterinarians for animal cremation services and the invoices being prepared in the County Mayor's Office, this system/process was in place long before my term as mayor began, and to my knowledge, there have not been any previous issues with the process. Furthermore, for the past several months, amounts invoiced by staff in the Mayor's Office have been reconciled, and a copy of the check for payment made has been placed into a file where the invoice was created before the check is taken to the Finance Department. In the future, I will work with the Finance Committee and the Finance Department in an effort to transfer the entire process to the Finance Department to streamline the process and avoid any future audit findings with this particular issue.

As for the use of rental agreements at the Community Complex along with fee schedules, those were set and approved by the Building and Grounds Committee and the Cumberland County Commission. I will work with the commissioners and the county attorney to implement the necessary procedures to correct these issues.

Also, both the Animal Shelter director and the Community Complex director have been made aware verbally and in writing, that TCA, Section 5-8-207, requires all funds collected to be deposited within three days of collections.

OFFICE OF TRUSTEE

FINDING 12.05 **BANK STATEMENTS WERE NOT ACCURATELY RECONCILED WITH THE GENERAL LEDGER**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Bank statements were not accurately reconciled with the general ledger. The trustee had attempted to reconcile the bank account monthly; however, the trustee did not identify all errors. Since errors were not identified and corrected, the bank account did not reconcile with the general ledger account by \$52,828 at June 30, 2012. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The trustee should reconcile the bank statements with the general ledger monthly and any errors identified should be corrected promptly.

OFFICES OF CLERK AND MASTER AND REGISTER

FINDING 12.06 **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 Clerk and Master and Register. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the official resulting in a loss of control over assets.

RECOMMENDATION

The officials should assign each employee their own cash drawer.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 12.07 **THE ASSESSOR DID NOT PRORATE NEW CONSTRUCTION** (Noncompliance Under *Government Auditing Standards*)

The assessor did not pick up and prorate new construction or improvements. Section 67-5-603, *Tennessee Code Annotated*, provides that for the year in which an improvement or building is completed, the assessment or increase in assessment shall be prorated for the portion of the year following the date of its completion. This deficiency can be attributed to the lack of management oversight resulting in new construction not being properly assessed and the potential loss of county tax revenue.

RECOMMENDATION

The assessor should pick up and prorate new construction and improvements as required by statute.

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

There were no findings and questioned costs for federal awards.

**CUMBERLAND COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2012**

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