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# ANNUAL FINANCIAL REPORT SUMNER COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2012



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

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

*DIVISION OF LOCAL GOVERNMENT AUDIT*  
*JAMES R. ARNETTE*  
*Director*

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*TERYN MCNEAL, CPA*  
*JACOB KENNEDY*  
*State Auditors*

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

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

***Scope***

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

***Results***

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

Our audit resulted in 12 findings and recommendations, which we have reviewed with Sumner County management. The detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

***Findings and Best Practice***

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

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

- ◆ Both Sumner County and the City of Hendersonville claim ownership of the Hendersonville Library.
- ◆ The Self-Insurance Fund had a deficit in unrestricted net assets.
- ◆ The Construction and Development Office had operating deficiencies.
- ◆ The Library Department had operating deficiencies.
- ◆ Several deficiencies were noted concerning employees' leave.

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**OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ Sumner County School Department did not account for American Recovery and Reinvestment Act (ARRA) grants separately from other school funds.
  - ◆ The School Department did not comply with management directives from the Office of Tennessee Recovery Act Management.
  - ◆ A cash shortage of \$18,697 existed in the School Department at June 30, 2012.
  - ◆ Deficiencies were noted in the maintenance of capital asset records.
  - ◆ The accounting software did not have adequate application controls.
-

## **OFFICE OF CLERK AND MASTER**

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

## **PROBATION OFFICE**

- ◆ Several deficiencies were noted concerning employees' leave in the Probation Office under the direction of the General Sessions Judge.
- 

## **BEST PRACTICE**

Sumner County does not have a central system of purchasing. The Division of Local Government Audit strongly believes that a central system of purchasing is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Sumner County.

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# INTRODUCTORY SECTION

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Sumner County Officials  
June 30, 2012

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**Officials**

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

**Board of County Commissioners**

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

**Board of Education**

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

(Continued)

## Sumner County Officials (Cont.)

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### **Financial Management Committee**

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

Steve Graves  
Bob Pospisil  
Kirk Moser

### **Audit Committee**

Frank Freels  
Steve Graves  
Merrol Hyde

Kirk Moser  
Bob Pospisil

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## FINANCIAL SECTION

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**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**

March 5, 2013

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

To the County Executive and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sumner County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Sumner County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sumner County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Resource Authority in Sumner County, Tennessee, which represent one percent and 1.9 percent, respectively, of the assets and revenues of the aggregate discretely presented component units; the discretely presented Sumner County Regional Airport Authority, which represent 2.7 percent and one percent, respectively, of the assets and revenues of the aggregate discretely presented component units; and the discretely presented Sumner County Emergency Communications District, which represent 1.7 percent and .6 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Resource Authority in Sumner County, Tennessee, the Sumner County Regional Airport Authority, and the Sumner County Emergency Communications District, is based on the reports of other auditors.

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

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sumner County, Tennessee, as of June 30, 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 March 5, 2013, on our consideration of Sumner County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 34 and the budgetary comparison, pension, and other postemployment benefits information on pages 109 through 116 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb



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

As management for Sumner County, Tennessee, we offer readers, of Sumner County Government's financial statements, this narrative overview and analysis of the financial activities of Sumner County Government for the fiscal year ended June 30, 2012. In addition, this discussion and analysis includes an overall view of the discretely presented component unit (DPCU), the Sumner County School Department. A separate set of financial statements is not issued for the Sumner County School Department. The intent of this discussion and analysis is to look at the county's and the discretely presented Sumner County School Department's financial performance as a whole.

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

### **FINANCIAL HIGHLIGHTS**

- ❖ The assets of Sumner County exceeded its liabilities at the close of the fiscal year by approximately \$10 million. However, it should be noted that the financial statements of Sumner County include debt in excess of \$110.5 million attributable to the Sumner County Board of Education. The discretely presented Sumner County School Department's assets exceeded its liabilities by approximately \$215 million at June 30, 2012.
- ❖ The primary government's total net assets increased by approximately \$7.3 million. The discretely presented Sumner County School Department's net assets decreased by approximately \$15 million.
- ❖ As of the close of the fiscal year, Sumner County's Governmental Funds reported approximately \$47.4 million of total fund balances; this is an approximate decrease of \$4.4 million from the previous fiscal year. The discretely presented Sumner County School Department's Governmental Funds reported approximately \$17.8 million of total fund balances; this is an approximate decrease of \$726 thousand from the previous fiscal year.

- ❖ At the end of the current fiscal year, the unassigned fund balance of the General Fund was approximately \$11.6 million or approximately 26 percent of the General Fund's annual budgetary expenditures (including other uses). The unassigned fund balance of the discretely presented Sumner County School Department's General Purpose School Fund was approximately \$10.7 million or approximately 5.4 percent of the fund's annual budgetary expenditures (including other uses).
- ❖ Sumner County's total outstanding long-term debt decreased by approximately \$13 million during the current fiscal year due to the payment of matured debt. The discretely presented Sumner County School Department's total outstanding long-term debt decreased by \$36,869 during the current fiscal year due to the payment of matured debt.

## **OVERVIEW OF FINANCIAL STATEMENTS**

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

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

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

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

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

These government-wide financial statements of Sumner County and the discretely presented Sumner County School Department distinguish between major functions that are principally supported by taxes and intra-governmental revenues from functions that are intended to recover all, or a significant portion of, their costs from user fees and/or charges – business type activities. The governmental activities of Sumner County include: general government; finance; administration of justice; public safety; public health and welfare;

social, cultural, and recreational services; agriculture and natural resources; other operations; highways/public works; and education. Sumner County and the discretely presented Sumner County School Department have no business-type functions.

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

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

### **Proprietary Funds**

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

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

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

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

### **Other Information**

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

## Government-wide Overall Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Sumner County, assets exceeded liabilities by \$9,997,117 at the close of its most recent fiscal year. The constitution for the State of Tennessee allows only the local legislative body to issue debt. Therefore, whenever the Sumner County Board of Education requires the issuance of debt to fund major capital projects or equipment purchases, the related debt must be issued by Sumner County. At the end of the current fiscal year, Sumner County had outstanding debt related to the Sumner County Board of Education of \$110,553,897. The related assets for this debt are reported on the Statement of Net Assets under component units in the column Sumner County School Department. The discretely presented Sumner County School Department's assets exceeded its liabilities at June 30, 2012, by \$215,054,047.

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

	Sumner County Primary Government Governmental Activities	
	June 30, 2012	June 30, 2011
Assets:		
Current and Other Assets	\$ 87,486,307	\$ 91,289,344
Capital Assets	84,704,197	84,193,638
Total Assets	<u>\$ 172,190,504</u>	<u>\$ 175,482,982</u>
Liabilities:		
Long-term Liabilities Outstanding	\$ 112,867,920	\$ 121,401,720
Other Liabilities	49,325,467	51,378,380
Total Liabilities	<u>\$ 162,193,387</u>	<u>\$ 172,780,100</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 80,148,821	\$ 79,526,790
Restricted	22,594,739	31,174,870
Unrestricted	<u>(92,746,443)</u>	<u>(107,998,778)</u>
Total Net Assets	<u>\$ 9,997,117</u>	<u>\$ 2,702,882</u>

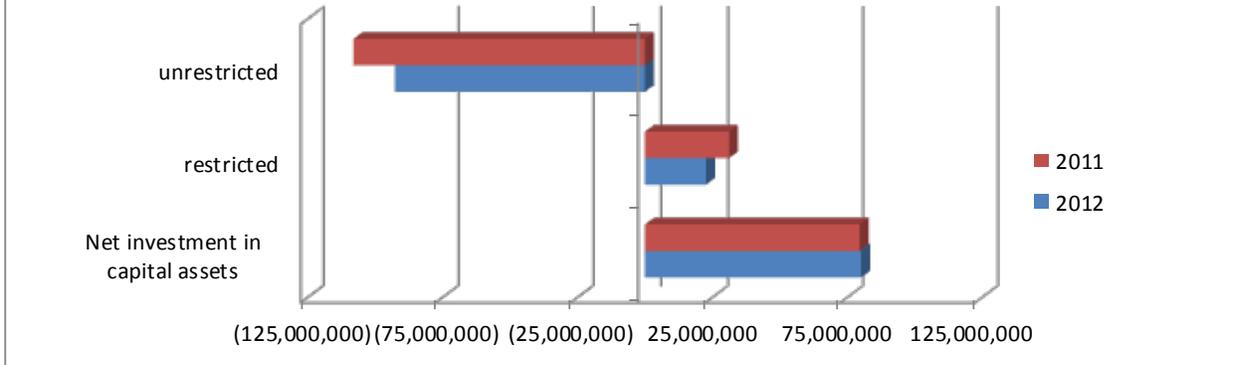
	Sumner County School Department Governmental Activities	
	June 30, 2012	June 30, 2011
Assets:		
Current and Other Assets	\$ 70,248,968	\$ 69,614,922
Capital Assets	225,736,194	234,103,087
Total Assets	<u>\$ 295,985,162</u>	<u>\$ 303,718,009</u>
Liabilities:		
Long-term Liabilities Outstanding	\$ 29,006,473	\$ 24,129,486
Other Liabilities	51,924,642	49,466,757
Total Liabilities	<u>\$ 80,931,115</u>	<u>\$ 73,596,243</u>
Net Assets:		
Invested in Capital Assets	\$ 225,589,357	\$ 233,919,381
Restricted	6,749,968	6,174,499
Unrestricted	<u>(17,285,278)</u>	<u>(9,972,114)</u>
Total Net Assets	<u>\$ 215,054,047</u>	<u>\$ 230,121,766</u>

By far, the largest portion of Sumner County's and the discretely presented Sumner County School Department's net assets is \$80,148,821 and \$225,589,357, respectively, reflecting their investment in capital assets (e.g., land, building, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. Sumner County and the discretely presented Sumner County School Department use these capital assets to provide services to its citizenry; therefore, these are not available to meet any obligations. Although Sumner County's investment in its capital assets is reported net of related debt, resources needed to repay this debt must come from outside resources because the capital assets themselves cannot be liquidated to pay these liabilities.

An additional portion of Sumner County's and the discretely presented Sumner County School Department's net assets is \$22,594,739 and \$6,749,968, respectively, which is subject to external restrictions on how it may be used.

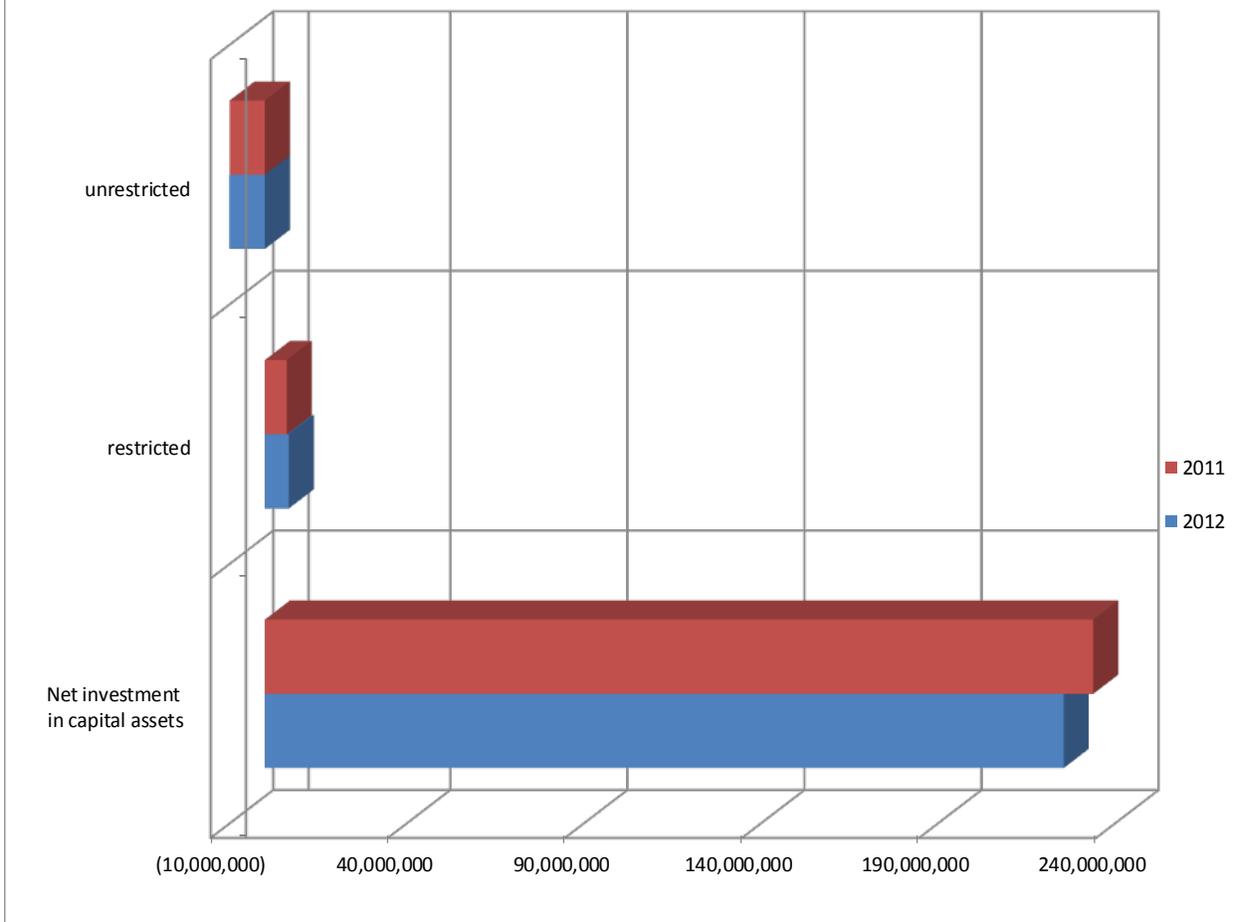
At the end of the current fiscal year, Sumner County's and the discretely presented Sumner County School Department's unrestricted net assets have negative balances of \$92,746,443 and \$17,285,278, respectively. These negative balances represent all unrestricted non-capital related assets net of the Sumner County's and the discretely presented Sumner County School Department's related debt of \$115,115,000 and \$146,837, respectively.

## Sumner County, Tennessee's Net Position June 30, 2011 and June 30, 2012



Sumner County's total net assets have increased by \$7,294,235 from the previous fiscal year. This change was primarily the result of the following factors: decrease in governmental funds' balances of \$4,386,219; net increase in capital assets of \$510,559; and decrease in net long-term debt by \$12,990,000.

**Sumner County, School Department's Net Position  
June 30, 2011 and June 30, 2012**



The discretely presented Sumner County School Department's net assets have decreased by \$15,067,719 from the previous year. This change was primarily the result of a net decrease in capital assets of \$8,366,893 and an increase in liabilities of \$7,334,872, which consists predominately of an increase in the other post-employment benefits (OPEB) liability of \$4,871,365, retirement incentive liability of \$162,416, and claims and judgments payable of \$996,075.

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

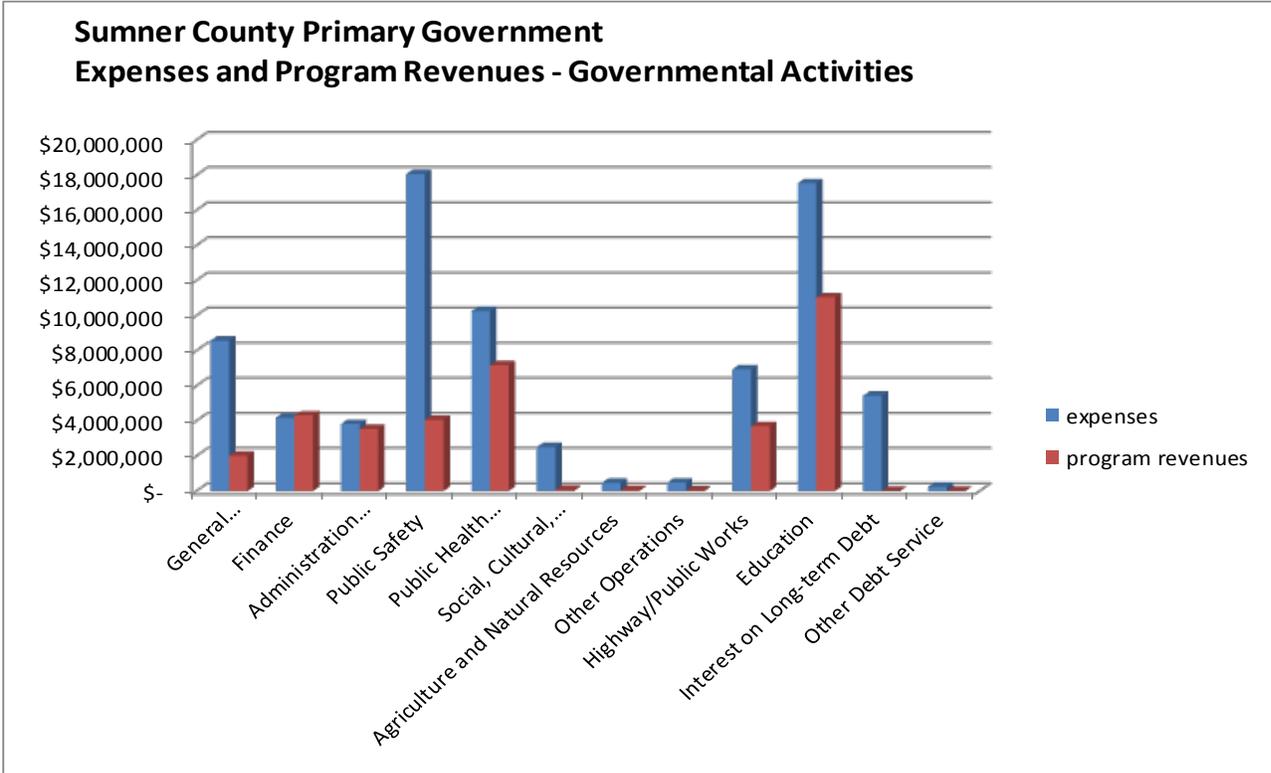
	Sumner County Primary Government Governmental Activities	
	Fiscal Year Ended June 30, 2012	Fiscal Year Ended June 30, 2011
Revenues:		
Program Revenues:		
Charges for Services	\$ 29,092,095	\$ 33,650,156
Operating Grants and Contributions	4,974,493	5,345,379
Capital Grants and Contributions	1,813,468	874,830
General Revenues:		
Property Tax	33,239,492	33,104,497
Local Option Sales Tax	6,296,987	5,804,951
Wheel Tax	1,815,438	1,798,154
Interstate Telecommunications Tax	4,298	3,676
Business Tax	1,379,917	1,305,635
Adequate Facilities/Development Tax	1,065,258	945,192
Hotel/Motel Tax	403,430	351,026
Wholesale Beer Tax	519,008	469,442
Litigation Tax	599,451	636,195
Mineral Severance Tax	136,627	150,302
Beer Privilege Tax	2,074	1,868
Grants and Contributions Not Restricted to Specific Programs	2,924,984	1,955,140
Unrestricted Investment Income	1,029,852	957,121
Miscellaneous	394,407	210,805
Total Revenues	<u>\$ 85,691,279</u>	<u>\$ 87,564,369</u>

Sumner County Primary Government  
Governmental Activities (Cont.)

	<u>Fiscal Year Ended</u> <u>June 30, 2012</u>	<u>Fiscal Year Ended</u> <u>June 30, 2011</u>
Expenses:		
General Government	\$ 8,561,569	\$ 11,477,217
Finance	4,174,690	4,018,352
Administration of Justice	3,810,475	3,133,976
Public Safety	18,055,324	16,989,115
Public Health and Welfare	10,249,398	8,139,964
Social, Cultural, and Recreational Services	2,502,676	1,881,054
Agriculture and Natural Resources	459,221	445,236
Other Operations	475,696	440,801
Highways	6,926,934	5,765,701
Education	17,527,836	17,140,265
Interest on Long-term Debt	5,413,968	3,704,215
Other Debt Service	239,257	1,121,775
Total Expenses	<u>\$ 78,397,044</u>	<u>\$ 74,257,671</u>
Change in Net Assets	\$ 7,294,235	\$ 13,306,698
Net Assets, July 1, 2011/July 1, 2010	2,702,882	(15,965,156)
Prior-period Adjustment	0	5,361,340
Net Assets , June 30, 2012/June 30, 2011	<u><u>\$ 9,997,117</u></u>	<u><u>\$ 2,702,882</u></u>

Sumner County School Department  
Governmental Activities

	Fiscal Year Ended June 30, 2012	Fiscal Year Ended June 30, 2011
Revenues:		
Program Revenues:		
Charges for Services	\$ 8,334,563	\$ 7,778,489
Operating Grants and Contributions	20,135,149	25,670,743
Capital Grants and Contributions	5,171,253	19,840
General Revenues:		
Property Tax	48,906,636	48,562,376
Local Option Sales Tax	12,647,937	11,560,278
Wheel Tax	4,235,711	4,195,481
Interstate Telecommunications Tax	8,624	6,706
Grants and Contributions Not Restricted to Specific Programs	116,477,463	116,889,086
Miscellaneous	851,439	348,404
Total Revenues	<u>\$ 216,768,775</u>	<u>\$ 215,031,403</u>
Expenses:		
Education	\$ 231,836,494	\$ 230,254,526
Total Expenses	<u>\$ 231,836,494</u>	<u>\$ 230,254,526</u>
Change in Net Assets	\$ (15,067,719)	\$ (15,223,123)
Net Assets, July 1, 2011/July 1, 2010	230,121,766	245,510,891
Prior-period Adjustment	0	(166,002)
Net Assets , June 30, 2012/June 30, 2011	<u><u>\$ 215,054,047</u></u>	<u><u>\$ 230,121,766</u></u>



**Financial Analysis of the Government’s Funds**

As noted earlier, Sumner County and the discretely presented Sumner County School Department use fund accounting to ensure and demonstrate compliance with finance-related requirements.

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

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

Sumner County - Primary Government

Year Ended June 30	General Fund	Highway/ Public Works Fund	General Debt Service Fund	General Capital Projects Fund
2003	\$ 4,404,464	\$ 1,658,687	\$ 19,022,344	\$ 15,481,557
2004	17,013,753	2,689,086	20,870,672	10,919,792
2005	20,046,034	2,477,746	24,364,520	5,192,708
2006	20,809,202	2,091,069	23,941,424	1,329,281
2007	22,704,328	2,275,299	19,952,276	11,080,439
2008	22,325,922	2,350,296	20,537,570	15,094,089
2009	15,397,644	2,349,375	5,979,207	1,477,408
2010	30,914,059	1,784,991	6,927,803	4,267,661
2011	31,219,687	3,302,284	13,897,425	1,933,262
2012	30,487,744	2,168,876	10,360,278	3,394,458

☞ Denotes the amount of unreserved fund balance; however, GASB Statement No. 54 established new fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The 2011 and 2012 amounts presented for the General Fund comprise all fund balances other than amounts that are nonspendable or restricted.

## Unrestricted Fund Balances for the General Purpose School Fund

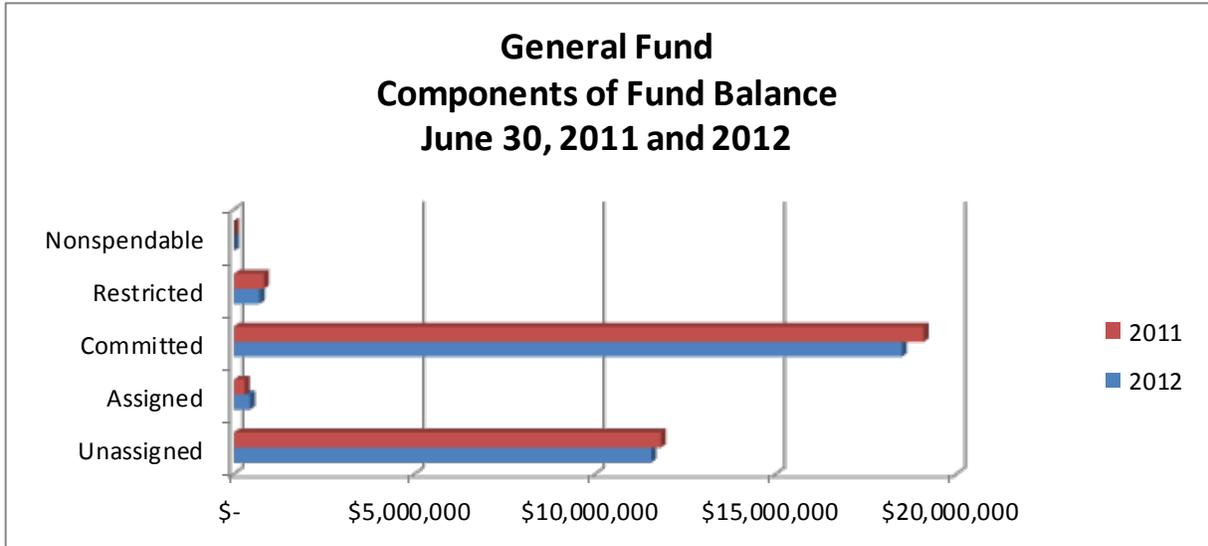
Discretely Presented Sumner County School Department

Year Ended June 30	General Purpose School Fund
2003	\$ 6,966,130 * ⊙
2004	8,501,618 * ⊙
2005	6,701,713 * ⊙
2006	8,956,331 * ⊙
2007	14,745,559 * ⊙
2008	17,117,336 * ⊙
2009	10,920,277 ⊙
2010	12,790,699 ⊙
2011	12,349,127
2012	11,047,885

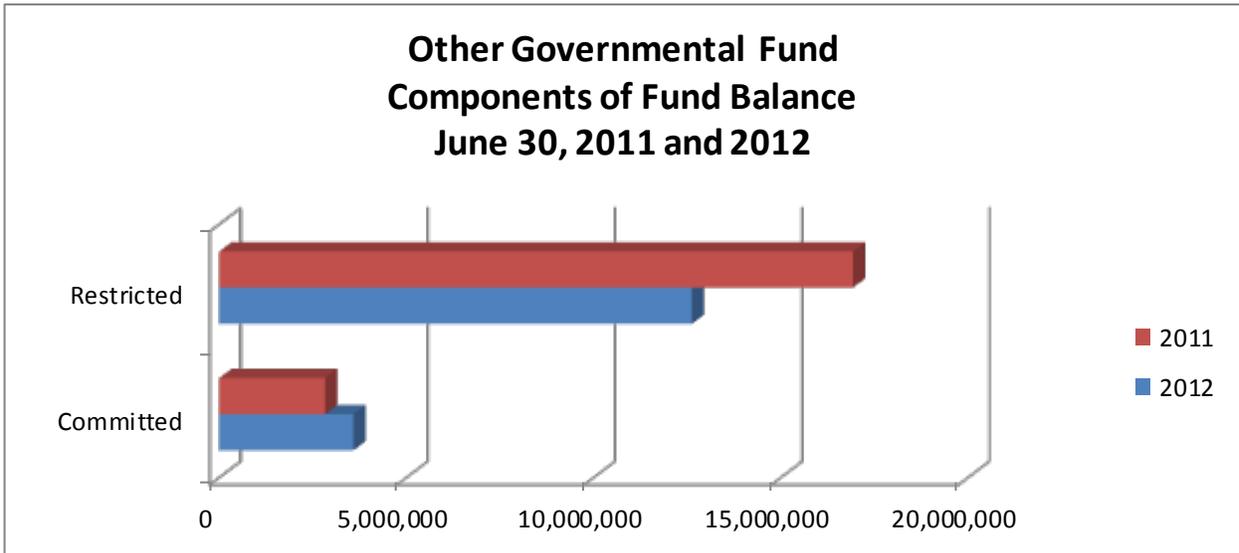
\* Denotes the inclusion of the reserve for food service.

⊙ Denotes the amount of unreserved fund balance until June 30, 2010; however, the 2011 and 2012 amounts presented comprise all fund balances other than amounts that are nonspendable or restricted. Also, the 2012 and 2011 balances include \$325,742 and \$2,791,853, respectively, of assignments that prior to implementation of GASB Statement No. 54 would have been classified as reserved for encumbrances.

As of the end of the current fiscal year, Sumner County Government's governmental funds reported combined ending fund balances of \$47,408,636, a decrease of \$4,386,219 in comparison to the previous fiscal year. Approximately 24.37 percent of this amount (\$11,552,489) constitutes unassigned fund balances, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is (1) not in spendable form (\$2,228); (2) restricted for particular purposes (\$13,334,574); (3) committed for particular purposes (\$22,072,268); or (4) assigned for particular purposes (\$477,077).



The General Fund is the chief operating fund of the Sumner County Government. At the end of the current fiscal year, the unassigned fund balance was \$11,552,489, while the total fund balance was \$31,202,176. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 25.94 percent of total General Fund budgetary expenditures, while total fund balance represents approximately 70.05 percent of that same amount.



The fund balances of the Sumner County Government's General Fund decreased by \$843,848 during the current fiscal year. The decrease was primarily the result of a one-time contribution of \$623,240 to the discretely presented Sumner County School Department for adult education.

The Highway/Public Works Fund, a major fund, had a \$1,133,408 decrease in fund balance during the current fiscal year. The large decrease in fund balance was predominately the result of \$941,000 of budget amendments for one-time purchases of capital items.

The General Debt Service Fund, a major fund, had a \$3,537,147 decrease in fund balance during the current fiscal year. A large decrease in fund balance for this fund was planned during the budget process to allow for the utilization of fund balance in lieu of borrowing.

The General Capital Projects Fund, the remaining major governmental fund, had an increase in fund balance during the current fiscal year of \$1,461,196 to bring the year-end fund balance to \$3,394,458. This increase is essentially the result of the planned accumulation of resources for the county's future capital endeavors.

### **General Fund Budgetary Highlights**

The difference in the original and the final budget's appropriations was an increase of \$2,063,191 compared to the original budget of \$46,367,925. Of this amount, \$768,001 was to be funded from an estimated increase in revenues and other sources with the remainder to be funded from fund balances. Following are the main components of the increase.

- \$623,240 supplemental appropriation to the Sumner County Board of Education to be funded from committed fund balance.
- \$296,643 of supplemental appropriations for the jail consisting of \$156,062 for additional inmate medical treatment costs; \$87,500 for increases in the starting salaries of correctional officers; \$70,000 for additional jail food costs; \$6,842 for the State Criminal Alien Assistance Program; less \$23,761 of appropriations transferred to the Sheriff's Department for increased health insurance premium costs. These appropriations were to be funded by an estimated increase in state revenues of \$111,062; an estimated increase in federal revenues of \$6,842; and unassigned fund balance.
- \$409,091 supplemental appropriation for the Station Camp Greenway to be funded by \$200,000 of other federal through state revenues; \$60,592 of committed fund balance; a \$15,000 donation; and \$133,499 of unassigned fund balance.
- \$121,485 supplemental appropriation for the Cumberland Valley Civil War Heritage Area Transportation Enhancement Grant to be funded by an increase in federal revenues of \$97,188, an increase in local revenues of \$2,800, and \$21,497 of unassigned fund balance.
- Various other minor supplemental appropriations funded by increases in estimated revenues or use of fund balances.

Differences in the final budget’s estimated revenues and other sources and appropriations and actual operations were \$45,149 and \$3,891,495, respectively. Following are the major components of the variances.

The most significant differences between estimated revenues and actual revenues were as follows:

<u>Revenue Source</u>	<u>Estimated Revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>
State of Tennessee	\$ 5,146,167	\$ 6,350,452	\$ 1,204,285
Federal Government	2,745,886	556,964	(2,188,922)

These differences are comprised primarily of the following.

- The “State of Tennessee” revenue, state revenue sharing T.V.A., was \$204,134 more than projections.
- The “State of Tennessee” revenue, contracted prisoner board was \$766,150 more than projections. This was due to an unexpected increase in the inmate population and the daily reimbursement rate.
- The “State of Tennessee” revenue, other state revenues was \$188,300 more than projections. This was due to unclaimed property being returned to the county for custody.
- The “Federal Government” revenues were less than anticipated due to grants that were carried over and not expended or revenues that were deferred in the 2012 fiscal year. The breakdown is as follows.
  - Homeland Security Grant Programs totaling \$506,643
  - Edward Byrne Memorial Justice Assistance Grant Program (bullet proof vests) \$3,000
  - Energy Efficiency and Conservation Block Grant Program, Recovery Act Grants totaling \$400,610
  - Tennessee Department of Transportation Civil War Interpretive Project \$97,188
  - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii \$500,000
  - Alcohol Impaired Driving Countermeasures Incentive Grants I \$40,553
  - Congestion Mitigation and Air Quality Grant \$100,000
  - Highway Planning and Construction funding provided for the Station Camp Greenway totaling \$539,936

Estimated expenditures and other uses:

- Various unfilled or under-filled positions, including benefits, accounted for approximately \$1.47 million of unspent appropriations.
- Construction and Development TDEC compliance expenditures were \$97,340 less than appropriations, due to TDEC compliance costing less than anticipated.
- Various grants expended less than budgeted as follows:
  - Homeland Security Grants totaling \$220,743
  - Edward Byrne Memorial Justice Assistance Grant Program (bullet proof vests) \$3,000

- Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii \$470,000
- Alcohol Impaired Driving Countermeasures Incentive Grants I \$30,058
- Energy Efficiency and Conservation Block Grant Program, Recovery Act Grants totaling \$85,435
- Tennessee Department of Transportation Civil War Interpretive Project \$121,485

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

The differences in the original and the final budgets' appropriations, including other uses, increased by \$2,903,679 compared to the original budget of \$200,507,321. All of this increase was funded by an estimated increase in revenues.

**Capital Assets and Debt Administration  
Primary Government**

Sumner County's investment in capital assets, net of accumulated depreciation, as of June 30, 2012, was \$84,704,197. This investment in net assets includes land, construction in progress, intangibles, buildings, improvements, machinery and equipment, roads, and bridges. The total increase in Sumner County's investment in capital assets for the fiscal year was \$510,559.

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

- Land increased by \$11,000. This increase consists of \$11,000 of land donated to Sumner County for the Station Camp Greenway.
- Construction in progress increased by \$833,356. Increases included \$101,940 for three ambulance chassis to be built into ambulances in the fall of 2012, \$3,982 for the renovation of the Douglass-Clark House, and \$727,434 for work on the Station Camp Greenway.
- Building and improvements increases totaled \$439,486. Increases included \$14,243 for additional work at the Sumner County Animal Control Building; \$141,440 for renovations of the Sumner County Courthouse and Juvenile Justice Center; \$99,626 for betterments at the Sumner County Jail; \$9,992 for betterments at the Gallatin Library; \$148,663 of donations to the Portland Library; \$8,751 for renovations of the Sumner County Administration Building; and \$16,771 for Highway Department building improvements. Building and improvement depreciation expenses totaled \$2,205,818 for the fiscal year.
- The infrastructure's gross increase consists of \$2,777,379 of road and bridge improvements; \$938,967 of adopted roads and bridges; \$19,759 of increases omitted in the prior fiscal year; less annexations by cities of \$488,600; less \$86,273 of infrastructure overstated in the prior year; and less road surfacing completely depreciated of \$1,787,528. Depreciations gross increase consists of depreciation of \$2,935,330; less \$51,526 of prior year errors; less \$322,881 for accumulated depreciation on annexations by cities; and less road surfacing completely depreciated of \$1,787,528.
- Intangible assets increased by \$219,448 for software purchases. The amortization was \$92,636 less an adjustment of (\$73,337).

- Depreciable equipment totaling \$2,139,794 was purchased during the year. Disposals of depreciable equipment totaled \$1,520,660. Depreciation for equipment totaled \$1,339,389. The beginning balance of Other Capital Assets and accumulated depreciation of Other Capital Assets were decreased by \$57,425 for three fully depreciated pieces of equipment disposed of in a prior fiscal year.

### Sumner County's Capital Assets

	Historical Value	Accumulated Depreciation	Net Value June 30, 2012
Land	\$ 3,678,743	\$ 0	\$ 3,678,743
Construction in Progress	1,249,181	0	1,249,181
Buildings and Improvements	59,807,745	(18,281,593)	41,526,152
Other Capital Assets	16,327,178	(10,592,207)	5,734,971
Intangibles (depreciated)	586,135	(312,648)	273,487
Roads and Bridges	<u>60,785,447</u>	<u>(28,543,784)</u>	<u>32,241,663</u>
Total Values	<u>\$ 142,434,429</u>	<u>\$ (57,730,232)</u>	<u>\$ 84,704,197</u>

### Discretely Presented Sumner County School Department

The discretely presented Sumner County School Department's investment in capital assets, net of accumulated depreciation, as of June 30, 2012, was \$225,736,194. This investment in capital assets includes land, buildings, improvements, machinery, and equipment. The total decrease in investment in capital assets for the fiscal year was \$8,366,893.

### Sumner County School Department's Capital Assets

	Historical Value	Accumulated Depreciation	Net Value June 30, 2012
Land	\$ 8,372,274	\$ 0	\$ 8,372,274
Construction in Progress	3,792,283	0	3,792,283
Buildings and Improvements	371,716,682	(162,380,860)	209,335,822
Other Capital Assets	<u>21,478,286</u>	<u>(17,242,471)</u>	<u>4,235,815</u>
Total Values	<u>\$ 405,359,525</u>	<u>\$ (179,623,331)</u>	<u>\$ 225,736,194</u>

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

## Long-term Debt

At the end of the current fiscal year, Sumner County had long-term debt totaling \$115,261,837, of which \$115,115,000 is to be paid by the General Debt Service Fund. This is a decrease in long-term debt of \$13,026,869 from the previous fiscal year (with the inclusion of an additional \$36,869 paid directly through the General Purpose School Fund). All debt is backed by the full faith and credit of the county.

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

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

<u>Issued For</u>	<u>Sumner County Board of Education</u>	<u>Sumner County Primary Government</u>	<u>Total Debt</u>
Bond - Refunding	\$ 108,660,000	\$ 0	\$ 108,660,000
General Obligation Schools	1,893,897	4,561,103	6,455,000
Capital Leases - Paid by General Purpose School Fund	146,837	0	146,837

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

On July 16, 2012, Sumner County adopted a budget for the fiscal year ending June 30, 2013. Many factors were considered when adopting this budget.

Sumner County's unemployment rate as of June 30, 2012, was 7.3 percent (not seasonally adjusted) compared to the June 30, 2011, rate of 8.2 percent (not seasonally adjusted), and the June 30, 2010, rate of 8.5 percent (not seasonally adjusted). This unemployment rate for June 2012, was lower than the State of Tennessee's as a whole, 8.7 percent (not seasonally adjusted). The Sumner County Commission is committed to maintaining at least a projected \$7 million unassigned fund balance in the General Fund, after subtracting any restricted, committed, or assigned amounts. The projected balance in the General Fund's approved budget for the 2013 fiscal year, after subtracting all projected restricted, committed, or assigned amounts, was \$7,450,649.

### Requests for information

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

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

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

	Primary Governmental Activities	Component Units			
		Sumner County School Department	Sumner County Regional Airport Authority	Sumner County Emergency Communications District	The Resource Authority in Sumner County, Tennessee
<u>ASSETS</u>					
Cash	\$ 91,189	\$ 7,550	\$ 492,474	\$ 3,071,428	\$ 590,433
Equity in Pooled Cash and Investments	45,546,602	15,748,981	0	0	0
Accounts Receivable	1,402,728	611,463	0	25,954	474,025
Allowance for Uncollectibles	(686,582)	0	0	0	0
Property Taxes Receivable	34,735,936	52,134,554	0	0	0
Allowance for Uncollectible Property Taxes	(1,114,878)	(1,657,364)	0	0	0
Notes Receivable - Long-term	1,848,491	0	0	0	0
Accrued Interest Receivable	118,256	0	0	0	0
Due from Other Governments	4,736,599	3,403,784	210,947	0	9,401
Due from Component Units	49,700	0	0	0	0
Prepaid Items	2,228	0	15,520	0	0
Deposits with State of Tennessee	0	0	144,104	0	0
Deferred Charges - Debt Issuance Cost	756,038	0	0	0	0
Capital Assets:					
Assets Not Depreciated:					
Land	3,678,743	8,372,274	1,893,040	0	307,491
Construction in Progress	1,249,181	3,792,283	2,177,970	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	41,526,152	209,335,822	3,137,727	0	1,845,314
Other Capital Assets	5,734,971	4,235,815	238,303	2,100,986	235,224
Infrastructure	32,241,663	0	0	0	0
Intangibles	273,487	0	0	0	0
Other Noncurrent Assets	0	0	19,676	0	0
<b>Total Assets</b>	<b>\$ 172,190,504</b>	<b>\$ 295,985,162</b>	<b>\$ 8,329,761</b>	<b>\$ 5,198,368</b>	<b>\$ 3,461,888</b>
<u>LIABILITIES</u>					
Accounts Payable	\$ 2,043,480	\$ 718,728	\$ 210,948	\$ 29,151	\$ 259,950
Contracts Payable	432,158	0	0	0	0
Retainage Payable	9,169	0	56,866	0	0
Accrued Payroll	62,458	0	0	0	0
Accrued Interest Payable	438,074	0	0	0	0
Due to Litigants, Heirs, and Others	200	0	0	0	0
Due to Primary Government	0	49,700	0	0	0
Customer Deposits Payable	0	77,487	0	0	0
Other Current Liabilities	0	0	0	0	61,167
Deferred Revenue - Current Property Taxes	33,002,773	49,567,493	0	0	0
Noncurrent Liabilities:					
Due Within One Year	13,337,155	1,511,234	226,500	354,208	99,303
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	112,867,920	29,006,473	555,350	1,288,263	1,432,663
<b>Total Liabilities</b>	<b>\$ 162,193,387</b>	<b>\$ 80,931,115</b>	<b>\$ 1,049,664</b>	<b>\$ 1,671,622</b>	<b>\$ 1,853,083</b>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units			
		Sumner County School Department	Sumner County Regional Airport Authority	Sumner County Emergency Communications District	The Resource Authority in Sumner County, Tennessee
<u>NET ASSETS</u>					
Invested in Capital Assets, Net of Related Debt	\$ 80,148,821	\$ 225,589,357	\$ 6,608,324	\$ 429,364	\$ 2,194,229
Restricted for:					
Capital Projects	3,490,029	0	0	0	0
Debt Service	15,596,758	0	0	0	0
Highway/Public Works	2,512,900	0	0	0	0
General Government	88,324	0	0	0	0
Finance	15,775	0	0	0	0
Administration of Justice	600,047	0	0	0	0
Public Safety	247,969	0	0	0	0
Social, Cultural, and Recreational Services	17,078	0	0	0	0
Education	0	6,749,968	0	0	0
Other Purposes	25,859	0	56,892	0	0
Unrestricted	(92,746,443)	(17,285,278)	614,881	3,097,382	(585,424)
Total Net Assets	\$ 9,997,117	\$ 215,054,047	\$ 7,280,097	\$ 3,526,746	\$ 1,608,805

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

Exhibit B

Sumner County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2012

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total	Summer County School Department	Summer County Regional Airport Authority	Summer County Emergency Communications District	The Resource Authority in Summer County, Tennessee	
Primary Government:										
General Government	\$ 8,561,569	\$ 1,637,800	\$ 364,424	\$ 0	\$ (6,559,345)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	4,174,690	4,301,925	1,000	0	128,235	0	0	0	0	0
Administration of Justice	3,810,475	3,514,613	9,000	0	(286,862)	0	0	0	0	0
Public Safety	18,055,324	3,349,304	269,294	427,822	(14,008,904)	0	0	0	0	0
Public Health and Welfare	10,249,398	4,982,514	1,005,742	1,172,535	(3,088,607)	0	0	0	0	0
Social, Cultural, and Recreational Services	2,502,676	63,917	12,769	0	(2,425,990)	0	0	0	0	0
Agriculture and Natural Resources	459,221	36,779	2,000	0	(420,442)	0	0	0	0	0
Other Operations	475,696	0	14,622	0	(461,074)	0	0	0	0	0
Highway/Public Works	6,926,934	179,443	3,295,642	213,111	(3,238,738)	0	0	0	0	0
Education	17,527,836	11,025,800	0	0	(6,502,036)	0	0	0	0	0
Interest on Long-term Debt	5,413,968	0	0	0	(5,413,968)	0	0	0	0	0
Other Debt Service	239,257	0	0	0	(239,257)	0	0	0	0	0
<b>Total Primary Government</b>	<b>\$ 78,397,044</b>	<b>\$ 29,092,095</b>	<b>\$ 4,974,493</b>	<b>\$ 1,813,468</b>	<b>\$ (42,516,988)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
Component Units:										
Sumner County School Department	\$ 231,836,494	\$ 8,334,563	\$ 20,135,149	\$ 5,171,253	\$ 0	\$ (198,195,529)	\$ 0	\$ 0	\$ 0	\$ 0
Sumner County Regional Airport Authority	535,813	214,570	0	1,920,978	0	0	1,599,735	0	0	0
Sumner County Emergency Communications District	864,633	525,497	834,986	0	0	0	0	495,850	0	0
The Resource Authority in Sumner County, Tennessee	4,198,597	4,089,653	73,000	0	0	0	0	0	(35,944)	0
<b>Total Component Units</b>	<b>\$ 237,435,537</b>	<b>\$ 13,164,283</b>	<b>\$ 21,043,135</b>	<b>\$ 7,092,231</b>	<b>\$ 0</b>	<b>\$ (198,195,529)</b>	<b>\$ 1,599,735</b>	<b>\$ 495,850</b>	<b>\$ (35,944)</b>	<b>\$ 0</b>

(Continued)

Exhibit B

Sumner County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets							
	Program Revenues		Component Units					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities			
				Summer County School Department	Summer County Regional Airport Authority	Summer County Emergency Communications District	The Resource Authority in Sumner County, Tennessee	
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes	\$	25,928,480	\$	48,906,636	\$	0	\$	0
Property Taxes Levied for Debt Service		7,311,012		0		0		0
Local Option Sales Tax		6,296,987		12,647,937		0		0
Wheel Tax		1,815,438		4,235,711		0		0
Interstate Telecommunications Tax		4,298		8,624		0		0
Business Tax		1,379,917		0		0		0
Adequate Facilities/Development Tax		1,065,258		0		0		0
Hotel/Motel Tax		403,430		0		0		0
Wholesale Beer Tax		519,008		0		0		0
Litigation Tax		599,451		0		0		0
Mineral Severance Tax		136,627		0		0		0
Beer Privilege Tax		2,074		0		0		0
Grants and Contributions Not Restricted to Specific Programs		2,924,984		116,477,463		0		0
Unrestricted Investment Earnings		1,029,852		0		69		24,997
Miscellaneous		394,407		851,439		0		73,984
Total General Revenues	\$	49,811,223	\$	183,127,810	\$	69	\$	24,997
Change in Net Assets	\$	7,294,235	\$	(15,067,719)	\$	1,599,804	\$	520,847
Net Assets, July 1, 2011		2,702,882		230,121,766		5,680,293		3,005,899
Net Assets, June 30, 2012	\$	9,997,117	\$	215,054,047	\$	7,280,097	\$	3,526,746
								1,608,805

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

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	Governmental Funds	
Cash	\$ 620	\$ 0	\$ 0	\$ 0	\$ 0	\$ 90,569	\$ 91,189
Equity in Pooled Cash and Investments	28,703,780	1,856,904	9,463,483	4,310,845	449,047	449,047	44,784,059
Accounts Receivable	1,333,687	20,622	0	0	48,419	48,419	1,402,728
Allowance for Uncollectibles	(686,582)	0	0	0	0	0	(686,582)
Due from Other Governments	2,860,147	729,058	1,136,334	11,060	0	0	4,736,599
Due from Other Funds	117,393	232,169	0	0	0	0	349,562
Due from Component Units	0	0	0	49,700	0	0	49,700
Property Taxes Receivable	19,386,168	722,201	6,760,733	7,866,834	0	0	34,735,936
Allowance for Uncollectible Property Taxes	(612,286)	(23,047)	(228,496)	(251,049)	0	0	(1,114,878)
Prepaid Items	2,228	0	0	0	0	0	2,228
Accrued Interest Receivable	9,359	0	103,182	0	0	0	112,541
Advances to Other Funds	174,664	0	0	0	0	0	174,664
Notes Receivable - Long-term	1,613,491	0	235,000	0	0	0	1,848,491
<b>Total Assets</b>	<b>\$ 52,902,669</b>	<b>\$ 3,537,907</b>	<b>\$ 17,470,236</b>	<b>\$ 11,987,390</b>	<b>\$ 588,035</b>	<b>\$ 86,486,237</b>	

ASSETS

Cash  
 Equity in Pooled Cash and Investments  
 Accounts Receivable  
 Allowance for Uncollectibles  
 Due from Other Governments  
 Due from Other Funds  
 Due from Component Units  
 Property Taxes Receivable  
 Allowance for Uncollectible Property Taxes  
 Prepaid Items  
 Accrued Interest Receivable  
 Advances to Other Funds  
 Notes Receivable - Long-term

LIABILITIES AND FUND BALANCES

	Liabilities	Accounts Payable	Accrued Payroll	Contracts Payable	Retainage Payable	Due to Other Funds	Due to Litigants, Heirs, and Others	Deferred Revenue - Current Property Taxes	Deferred Revenue - Delinquent Property Taxes	Other Deferred Revenues	Advances from Other Funds	Total Liabilities
	\$ 1,293,228	\$ 176,646	\$ 62,458	\$ 0	\$ 0	\$ 0	\$ 0	\$ 686,451	\$ 12,197	\$ 431,279	\$ 0	\$ 21,700,493
	0	0	0	0	0	0	0	320,400	320,400	1,644,874	0	3,537,907
	0	0	0	0	0	0	0	6,398,705	128,641	582,612	0	7,109,958
	0	0	0	0	0	0	0	7,477,414	132,441	0	0	8,592,932
	18,440,203	0	0	0	0	0	0	0	0	0	0	18,440,203
	320,400	0	0	0	0	0	0	0	0	0	0	320,400
	1,644,874	0	0	0	0	0	0	0	0	0	0	1,644,874
	0	0	0	0	0	0	0	0	0	0	0	0
	\$ 21,700,493	\$ 1,369,031	\$ 7,109,958	\$ 8,592,932	\$ 305,187	\$ 39,077,601	\$ 0	\$ 0	\$ 0	\$ 174,664	\$ 305,187	\$ 39,077,601

Liabilities

Accounts Payable  
 Accrued Payroll  
 Contracts Payable  
 Retainage Payable  
 Due to Other Funds  
 Due to Litigants, Heirs, and Others  
 Deferred Revenue - Current Property Taxes  
 Deferred Revenue - Delinquent Property Taxes  
 Other Deferred Revenues  
 Advances from Other Funds

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway /	General	General	Other	Governmental Funds	
		Public Works	Debt Service	Capital Projects			
\$	2,228	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,228
Restricted for General Government	80,469	0	0	0	7,855	0	88,324
Restricted for Finance	15,775	0	0	0	0	0	15,775
Restricted for Administration of Justice	541,316	0	0	0	58,731	0	600,047
Restricted for Public Safety	31,707	0	0	0	216,262	0	247,969
Restricted for Social, Cultural, and Recreational Services	17,078	0	0	0	0	0	17,078
Restricted for Highways/Public Works	0	2,168,876	0	0	0	0	2,168,876
Restricted for Debt Service	0	0	6,776,188	0	0	0	6,776,188
Restricted for Capital Projects	0	0	0	3,394,458	0	0	3,394,458
Restricted for Other Purposes	25,859	0	0	0	0	0	25,859
Committed:							
Committed for General Government	18,458,054	0	0	0	0	0	18,458,054
Committed for Debt Service	0	0	3,584,090	0	0	0	3,584,090
Committed for Capital Projects	30,124	0	0	0	0	0	30,124
Assigned:							
Assigned for General Government	447,077	0	0	0	0	0	447,077
Unassigned	11,552,489	0	0	0	0	0	11,552,489
Total Fund Balances	\$ 31,202,176	\$ 2,168,876	\$ 10,360,278	\$ 3,394,458	\$ 282,848	\$ 0	\$ 47,408,636
Total Liabilities and Fund Balances	\$ 52,902,669	\$ 3,537,907	\$ 17,470,236	\$ 11,987,390	\$ 588,035	\$ 0	\$ 86,486,237

LIABILITIES AND FUND BALANCES (CONT.)

Fund Balances

Nonspendable:

Prepaid Items

Restricted:

Restricted for General Government

Restricted for Finance

Restricted for Administration of Justice

Restricted for Public Safety

Restricted for Social, Cultural, and Recreational Services

Restricted for Highways/Public Works

Restricted for Debt Service

Restricted for Capital Projects

Restricted for Other Purposes

Committed:

Committed for General Government

Committed for Debt Service

Committed for Capital Projects

Assigned:

Assigned for General Government

Unassigned

Total Fund Balances

Total Liabilities and Fund Balances

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

Exhibit C-2

Sumner 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)		\$ 47,408,636
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 3,678,743	
Add: construction in progress	1,249,181	
Add: buildings and improvements net of accumulated depreciation	41,526,152	
Add: other capital assets net of accumulated depreciation	5,734,971	
Add: infrastructure net of accumulated depreciation	32,241,663	
Add: intangibles net of accumulated depreciation	273,487	
Less: capital assets of the internal service fund that are also included in item (2) below	<u>(26,081)</u>	84,678,116
(2) An internal service fund is used by management to charge the cost of liability and workers' compensation insurance and employee health and dental benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.		(3,516,794)
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (115,115,000)	
Less: other deferred revenue - premium on debt	(12,895,095)	
Less: accrued interest on bonds	(438,074)	
Less: compensated absences payable	(938,127)	
Less: other postemployment benefits liability	(1,745,216)	
Add: deferred amount on refunding debt	8,547,391	
Add: deferred charges - debt issuance costs	<u>756,038</u>	(121,828,083)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>3,255,242</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 9,997,117</u>

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

Exhibit C-3

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works		General Debt Service	General Capital Projects	Other		
		General	Debt Service			Other Governmental	Other	
<u>Revenues</u>								
Local Taxes	\$ 20,721,714	\$ 2,641,912	\$ 14,983,278	\$ 7,231,090	\$ 383,061	\$ 45,961,055		
Licenses and Permits	479,105	0	0	0	0	479,105		
Fines, Forfeitures, and Penalties	707,232	0	0	0	87,818	795,050		
Charges for Current Services	5,842,024	0	0	0	256,657	6,098,681		
Other Local Revenues	942,616	358,567	697,369	90,227	21,120	2,109,899		
Fees Received from County Officials	7,383,095	0	0	0	0	7,383,095		
State of Tennessee	6,350,452	3,231,573	562	0	0	9,582,587		
Federal Government	556,964	283,336	0	12,461	0	852,761		
Other Governments and Citizens Groups	210,161	401,679	0	0	0	611,840		
Total Revenues	\$ 43,193,363	\$ 6,917,067	\$ 15,681,209	\$ 7,333,778	\$ 748,656	\$ 73,874,073		
<u>Expenditures</u>								
Current:								
General Government	\$ 4,465,218	\$ 0	\$ 0	\$ 0	\$ 968,184	\$ 5,433,402		
Finance	4,035,549	0	0	0	0	4,035,549		
Administration of Justice	3,739,832	0	0	0	39,583	3,779,415		
Public Safety	16,906,165	0	0	0	69,003	16,975,168		
Public Health and Welfare	9,524,862	0	0	0	0	9,524,862		
Social, Cultural, and Recreational Services	1,850,293	0	0	0	0	1,850,293		
Agriculture and Natural Resources	438,285	0	0	0	0	438,285		
Other Operations	2,293,934	0	0	0	0	2,293,934		
Highways	1,561	8,050,475	0	0	0	8,052,036		
Instruction	623,240	0	0	0	0	623,240		
Debt Service:								
Principal on Debt	0	0	12,990,000	0	0	12,990,000		
Interest on Debt	0	0	5,989,099	0	4,898	5,993,997		
Other Debt Service	0	0	239,257	0	0	239,257		
Capital Projects	480,884	0	0	5,872,582	0	6,353,466		
Total Expenditures	\$ 44,359,823	\$ 8,050,475	\$ 19,218,356	\$ 5,872,582	\$ 1,081,668	\$ 78,582,904		

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds		
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,166,460)	\$ (1,133,408)	\$ (3,537,147)	\$ 1,461,196	\$ (333,012)	\$	(4,708,831)
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 26,121	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	26,121
Transfers In	296,491	0	0	0	0	0	296,491
Total Other Financing Sources (Uses)	\$ 322,612	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	322,612
Net Change in Fund Balances	\$ (843,848)	\$ (1,133,408)	\$ (3,537,147)	\$ 1,461,196	\$ (333,012)	\$	(4,386,219)
Fund Balance, July 1, 2011	32,046,024	3,302,284	13,897,425	1,933,262	615,860		51,794,855
Fund Balance, June 30, 2012	\$ 31,202,176	\$ 2,168,876	\$ 10,360,278	\$ 3,394,458	\$ 282,848	\$	47,408,636

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

Exhibit C-4

Sumner County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 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)		\$ (4,386,219)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 7,178,101	
Less: current-year depreciation expense (net of Internal Service Fund depreciation expense)	<u>(6,439,052)</u>	739,049
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Add: assets donated and capitalized	\$ 148,663	
Less: loss on disposal of capital assets	<u>(373,788)</u>	(225,125)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2011	\$ (2,589,072)	
Add: deferred delinquent property taxes and other deferred June 30, 2012	<u>3,255,242</u>	666,170
(4) The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: deferred amount on advanced refunding	\$ (1,390,280)	
Less: debt issuance cost amortized during the year	(143,330)	
Add: amortization of debt issuance premiums	2,052,621	
Add: principal payments on bonds	<u>12,990,000</u>	13,509,011
(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	\$ 61,018	
Change in other postemployment benefits liability	(468,541)	
Change in compensated absences payable	<u>(17,872)</u>	(425,395)
(6) An internal service fund is used by management to charge the cost of liability and workers' compensation insurance and employee health and dental benefits to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		<u>(2,583,256)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 7,294,235</u>

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

Exhibit D-1

Sumner County, Tennessee  
Statement of Net Assets  
Proprietary Fund  
June 30, 2012

	Governmental Activities - Internal Service Fund <hr/> Self- Insurance Fund <hr/>
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 762,543
Accrued Interest Receivable	5,715
Total Current Assets	<hr/> \$ 768,258 <hr/>
Noncurrent Assets:	
Capital Assets:	
Buildings and Improvements Net of Accumulated Depreciation	\$ 26,081
Total Noncurrent Assets	<hr/> \$ 26,081 <hr/>
Total Assets	<hr/> \$ 794,339 <hr/>
<u>LIABILITIES</u>	
Current Liabilities:	
Claims and Judgments Payable	\$ 4,059,028
Accounts Payable	252,039
Due to Other Funds	66
Total Current Liabilities	<hr/> \$ 4,311,133 <hr/>
Total Liabilities	<hr/> \$ 4,311,133 <hr/>
<u>NET ASSETS</u>	
Unrestricted (Deficit)	<hr/> \$ (3,516,794) <hr/>
Total Net Assets (Deficit)	<hr/> <hr/> \$ (3,516,794) <hr/> <hr/>

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

Exhibit D-2

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

	Governmental Activities - Internal Service Fund
	<u>Self- Insurance Fund</u>
<u>Operating Revenues</u>	
Charges for Current Services:	
Self-Insurance Premiums/Contributions	\$ 22,671,003
Other Local Revenues	447,693
Total Operating Revenues	<u>\$ 23,118,696</u>
<u>Operating Expenses</u>	
Employee Benefits:	
Risk Management	\$ 1,945,849
Handling Charges and Administrative Costs	835,398
Dental Insurance	82,204
Claims	22,687,275
Depreciation Expense	3,365
Other Charges	35,498
Total Operating Expenses	<u>\$ 25,589,589</u>
Operating Income (Loss)	<u>\$ (2,470,893)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 74,290
Insurance Recovery	3,553
Total Nonoperating Revenues (Expenses)	<u>\$ 77,843</u>
Income (Loss) Before Transfers	\$ (2,393,050)
Transfers Out	<u>(190,206)</u>
Change in Net Assets	\$ (2,583,256)
Net Assets (Deficit), July 1, 2011	<u>(933,538)</u>
Net Assets (Deficit), June 30, 2012	<u>\$ (3,516,794)</u>

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

Exhibit D-3

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

	<u>Governmental Activities - Internal Service Fund Self Insurance Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 22,673,551
Payments to Suppliers	(835,398)
Claims Paid	(21,326,184)
Other Receipts (Payments)	(1,533,654)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (1,021,685)</u>
<u>Cash Flows from Investing Activities</u>	
Investment Income	\$ 74,290
Net Cash Provided By (Used In) Investing Activities	<u>\$ 74,290</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	\$ (190,206)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (190,206)</u>
Net Increase (Decrease) In Cash	\$ (1,137,601)
Cash, July 1, 2011	<u>1,900,144</u>
Cash, June 30, 2012	<u><u>\$ 762,543</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (2,470,893)
Insurance Recovery	3,553
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Change in Assets and Liabilities:	
Depreciation Expense	3,365
(Increase) Decrease in Due from Other Governments	596
(Increase) Decrease in Due from Other Funds	4,114
(Increase) Decrease in Accrued Interest Receivable	(5,715)
Increase (Decrease) in Accounts Payable	75,388
Increase (Decrease) in Due to Other Funds	66
Increase (Decrease) in Claims and Judgments Payable	1,367,841
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (1,021,685)</u></u>

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

Exhibit E

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 5,859,159
Equity in Pooled Cash and Investments	966,979
Accounts Receivable	1,738
Due from Other Governments	<u>2,976,933</u>
Total Assets	<u>\$ 9,804,809</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 2,976,933
Due to State of Tennessee	397,365
Due to Litigants, Heirs, and Others	5,468,078
Due to Joint Ventures	<u>962,433</u>
Total Liabilities	<u>\$ 9,804,809</u>

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

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

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

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

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

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

Administrative Offices:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sumner County reports the following major governmental funds:

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

**Highway/Public Works Fund** – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

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

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

Additionally, Sumner County reports the following fund types:

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

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

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

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

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

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

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

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

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

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

**1. Deposits and Investments**

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

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

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

## 2. Receivables and Payables

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

Advances between funds, as reported in the General Fund financial statements are included in committed fund balance.

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 three percent of total taxes levied.

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

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

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

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

Most payables are disaggregated on the face of the financial statements. Claims and judgments payable totaling \$4,059,028 are discussed in Note V.A. Risk Management.

**3. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaids 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 column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$7,500 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

**5. Compensated Absences**

It is the county's and the discretely presented School Department's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick

leave since the county and the School Department do not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county and the School Department. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

**6. Long-term Obligations**

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

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

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

**7. Net Assets and Fund Equity**

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated

depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

As of June 30, 2012, Sumner County had \$110,553,897 in outstanding debt for capital purposes for the discretely presented Sumner County School Department. This debt is a liability of Sumner County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Sumner County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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.

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 Sumner County School Department**

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

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

**Primary Government**

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

**Discretely Presented Sumner County School Department**

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

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

**A. Budgetary Information**

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

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

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

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

At June 30, 2012, Sumner County reported the following significant encumbrances:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Major Fund:		
General	Station Camp Greenway	\$ 359,831
General Capital Projects	"	393,411
"	Beds for the Jail	112,180
"	School Construction	495,863

**B. Net Assets Deficit**

The Employee Insurance - Health Fund (internal service fund) had a deficit in unrestricted net assets of \$3,516,794 at June 30, 2012. This deficit resulted from an increase in medical claims and estimates.

**C. Cash Shortage – Prior-Year**

As of the date of the 2011 audit report, an ongoing investigation was being conducted at the Office of Director of Schools. The School Department's internal auditor informed us that an employee had purchased personal items with school funds. On February 3, 2012, the employee's employment was terminated. On February 15, 2013, the former employee pled guilty to one count of theft of property between \$10,000 and \$60,000, was sentenced to six years of probation, and was ordered to pay restitution of \$18,697 to the Sumner County School Department.

**D. Expenditures Exceeded Appropriations**

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

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
Board of Equalization	\$ 500
General Welfare Assistance	500
Highway/Public Works:	
Other Charges	1,015
General Purpose School:	
Community Services	43,335

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Sumner County and the Sumner County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for

receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net assets represents nonpooled amounts held separately by individual funds.

### **Deposits**

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

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

### **Investments**

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

agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

**Investment Balances.** As of June 30, 2012, Sumner County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Sumner County and the discretely presented Sumner County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Weighted Average Maturity (days)</u>	<u>Cost</u>
State Treasurer's Investment Pool	6 to 164	\$ 5,520,402

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

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

**B. Notes Receivable**

The General Debt Service Fund had a long-term note receivable of \$235,000 on June 30, 2012, from financing airport construction projects for the discretely presented Sumner County Regional Airport Authority and this note is included in the restricted fund balance account.

The General Fund has a long-term note receivable of \$1,613,491 on June 30, 2012, from financing communication equipment purchases for the discretely presented Sumner County Emergency Communications District and this note is included in the committed fund balance account because these loaned funds came from restricted funds.

**C. Capital Assets**

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

**Primary Government (includes Internal Service Fund) -  
Governmental Activities:**

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 3,667,743	\$ 11,000	\$ 0	\$ 3,678,743
Construction in Progress	410,825	838,356	0	1,249,181
Total Capital Assets Not Depreciated	<u>\$ 4,078,568</u>	<u>\$ 849,356</u>	<u>\$ 0</u>	<u>\$ 4,927,924</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 59,368,259	\$ 439,486	\$ 0	\$ 59,807,745
Infrastructure	59,411,743	3,736,105	(2,362,401)	60,785,447
Intangibles	366,687	219,448	0	586,135
Other Capital Assets	15,765,469	2,082,369	(1,520,660)	16,327,178
Total Capital Assets Depreciated	<u>\$ 134,912,158</u>	<u>\$ 6,477,408</u>	<u>\$ (3,883,061)</u>	<u>\$ 137,506,505</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 16,075,775	\$ 2,205,818	\$ 0	\$ 18,281,593
Infrastructure	27,770,389	2,935,330	(2,161,935)	28,543,784
Intangibles	293,349	19,299	0	312,648
Other Capital Assets	10,657,575	1,281,970	(1,347,338)	10,592,207
Total Accumulated Depreciation	<u>\$ 54,797,088</u>	<u>\$ 6,442,417</u>	<u>\$ (3,509,273)</u>	<u>\$ 57,730,232</u>
Total Capital Assets Depreciated, Net	<u>\$ 80,115,070</u>	<u>\$ 34,991</u>	<u>\$ (373,788)</u>	<u>\$ 79,776,273</u>
Governmental Activities Capital Assets, Net	<u>\$ 84,193,638</u>	<u>\$ 884,347</u>	<u>\$ (373,788)</u>	<u>\$ 84,704,197</u>

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

**Governmental Activities:**

General Government	\$ 489,031
Finance	19,402
Administration of Justice	81,767
Public Safety	1,418,904
Public Health and Welfare	579,793
Social, Cultural, and Recreational Services	461,894
Agriculture and Natural Resources	4,799
Other Operations	3,365
Highway/Public Works	<u>3,383,462</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 6,442,417</u>

**Discretely Presented Sumner County School Department -  
Governmental Activities:**

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 8,372,274	\$ 0	\$ 0	\$ 8,372,274
Construction in Progress	3,245,879	3,617,952	(3,071,548)	<u>3,792,283</u>
Total Capital Assets Not Depreciated	<u>\$ 11,618,153</u>	<u>\$ 3,617,952</u>	<u>\$ (3,071,548)</u>	<u>\$ 12,164,557</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 368,579,121	\$ 3,145,561	\$ (8,000)	\$ 371,716,682
Other Capital Assets	20,571,140	1,716,681	(809,535)	<u>21,478,286</u>
Total Capital Assets Depreciated	<u>\$ 389,150,261</u>	<u>\$ 4,862,242</u>	<u>\$ (817,535)</u>	<u>\$ 393,194,968</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 149,883,816	\$ 12,502,577	\$ (5,533)	\$ 162,380,860
Other Capital Assets	16,781,511	1,270,495	(809,535)	<u>17,242,471</u>
Total Accumulated Depreciation	<u>\$ 166,665,327</u>	<u>\$ 13,773,072</u>	<u>\$ (815,068)</u>	<u>\$ 179,623,331</u>
Total Capital Assets Depreciated, Net	<u>\$ 222,484,934</u>	<u>\$ (8,910,830)</u>	<u>\$ (2,467)</u>	<u>\$ 213,571,637</u>
Governmental Activities Capital Assets, Net	<u>\$ 234,103,087</u>	<u>\$ (5,292,878)</u>	<u>\$ (3,074,015)</u>	<u>\$ 225,736,194</u>

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

**Governmental Activities:**

Support Services	\$ 13,500,062
Operation of Non-Instructional Services	<u>273,010</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 13,773,072</u></u>

**D. Construction Commitments**

At June 30, 2012, the General Fund had uncompleted construction contracts of \$359,831 for the Station Camp Greenway. Funding has been received for these future expenditures.

At June 30, 2012, the General Capital Projects Fund had uncompleted construction contracts of \$393,411 for the Station Camp Greenway and \$495,863 for school facilities. Funding has been received for these future expenditures.

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

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

**Primary Government:**

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 117,393
Highway/Public Works	General	1,788
"	General Capital Projects	229,708
"	Nonmajor governmental	607
"	Internal Service	66

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.

**Due to/from Primary Government and Component Units:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: General Capital Projects	Component Unit: School Department: General Purpose School	\$ 49,700

**Interfund Transfers:**

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

**Primary Government**

Transfers Out	Transfers In General Fund
Internal service fund	\$ 190,206
Fiduciary fund	<u>106,285</u>
Total	<u><u>\$ 296,491</u></u>

**Discretely Presented Sumner County School Department**

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental fund	\$ 51,298

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

**F. Capital Leases**

Discretely Presented Sumner County School Department

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

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

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Other Capital Assets	\$ 200,925
Less: Accumulated Depreciation	<u>(52,913)</u>
Total Book Value	<u>\$ 148,012</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2013	\$ 45,625
2014	45,625
2015	45,625
2016	<u>24,202</u>
Total Minimum Lease Payments	\$ 161,077
Less: Amount Representing Interest	<u>(14,240)</u>
Present Value of Minimum Lease Payments	<u>\$ 146,837</u>

**G. Long-term Debt**

**Primary Government**

**General Obligation Bonds**

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

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding were issued for original terms of up to 12 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2012, will be retired from the General Debt Service Fund.

General obligation bonds 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
General Obligation Bonds	2.83 %	6-1-20	\$ 6,555,000	\$ 6,455,000
General Obligation Bonds - School Refunding	2.86	6-1-23	112,210,000	108,660,000

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2012, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 8,340,000	\$ 5,256,888	\$ 13,596,888
2014	8,750,000	4,845,138	13,595,138
2015	9,180,000	4,415,138	13,595,138
2016	9,535,000	4,058,138	13,593,138
2017	9,920,000	3,675,088	13,595,088
2018-2022	56,440,000	11,534,339	67,974,339
2023	12,950,000	647,500	13,597,500
Total	\$ 115,115,000	\$ 34,432,229	\$ 149,547,229

There is \$10,360,278 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$717, 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:

	Bonds	Claims and Judgments
Balance, July 1, 2011	\$ 128,105,000	\$ 2,691,187
Additions	0	22,769,479
Reductions	(12,990,000)	(21,401,638)
Balance, June 30, 2012	\$ 115,115,000	\$ 4,059,028
Balance Due Within One Year	\$ 8,340,000	\$ 4,059,028

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2011	\$ 920,255	\$ 1,276,675
Additions	1,523,995	517,207
Reductions	(1,506,123)	(48,666)
Balance, June 30, 2012	\$ 938,127	\$ 1,745,216
Balance Due Within One Year	\$ 938,127	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 121,857,371
Less: Due Within One Year	(13,337,155)
Add: Unamortized Premium on Debt	12,895,095
Less: Deferred Amount on Refunding	<u>(8,547,391)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 112,867,920</u>

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

Defeasance of Prior Debt

In the prior year, Sumner County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2012, the following outstanding bonds are considered defeased:

	<u>Amount</u>
2007 School Refunding	\$ 48,455,000
2007B General Obligation School	52,630,000

**Discretely Presented Sumner County School Department**

Capital leases 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 Leases	4.81 to 6.94 %	3-8-16	\$ 200,925	\$ 146,837

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

Changes in Long-term Liabilities

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

Governmental Activities:

	Capital Leases	Compensated Absences
Balance, July 1, 2011	\$ 183,706	\$ 2,040,138
Additions	0	1,503,984
Reductions	(36,869)	(1,451,640)
Balance, June 30, 2012	\$ 146,837	\$ 2,092,482
Balance Due Within One Year	\$ 38,870	\$ 313,873

	Other Postemployment Benefits	Judgments	Termination Benefits
Balance, July 1, 2011	\$ 22,248,532	\$ 0	\$ 0
Additions	7,632,874	996,075	162,416
Reductions	(2,761,509)	0	0
Balance, June 30, 2012	\$ 27,119,897	\$ 996,075	\$ 162,416
Balance Due Within One Year	\$ 0	\$ 996,075	\$ 162,416

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 30,517,707
Less: Due Within One Year	(1,511,234)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 29,006,473

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

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

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

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

	Year Ended 6-30-12	Cumulative Through 6-30-12
TIF Revenues	\$ 1,698,056	\$ 5,417,089
Debt Service and Related Costs	(1,520,960)	(7,869,228)
Difference	<u>\$ 177,096</u>	<u>\$ (2,452,139)</u>

The cumulative difference between TIF revenues remitted by Sumner County and the debt service and related costs paid by the Industrial Development Board of \$2,452,139 is accounted for as follows: Debt issuance costs of \$741,716 was funded from bond proceeds. An additional \$34,000 was paid

directly from the project construction account. The project construction account transferred \$2,004,035 as capitalized interest to service the debt, and the letter of credit (operating) account had a balance of \$327,612 at June 30, 2012.

Total outstanding principal on the bonded debt totaled \$16,960,000 at June 30, 2012.

Subsequent to June 30, 2012, Sumner County filed a lawsuit against Fifth Third Bank and Fifth Third Securities, Inc., in regards to “interest rate swap agreements” sold in 2007 to the Hendersonville Industrial Development Board for two sets of bonds totaling \$18,000,000. The county asserts that the Industrial Development Board did not have the authority under Tennessee law to enter into interest rate swap agreements on these bond issues.

**I. On-Behalf Payments**

**Primary Government**

The State of Tennessee pays health insurance premiums for some retired employees on-behalf of Sumner County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and is reported in the state’s Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2012, were \$14,622. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

**Discretely Presented Sumner County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Sumner County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state’s Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2012, were \$549,059 and \$105,438, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**V. OTHER INFORMATION**

**A. Risk Management**

The county has chosen to establish the Self-Insurance Fund for risks associated with employees’ health and dental insurance plans, workers’ compensation, and liability claims. The Self-Insurance Fund is accounted for as an Internal Service Fund in which assets are set aside for claim settlements. The county retains the risk of loss for all medical claims. The

county retains the risk of loss to a limit of \$350,000 maximum tort liability, plus property damage. Claims in excess of this limit are covered by an insurance policy up to a limit of \$5,000,000 per specific claim.

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

Self-Insurance Fund

Fiscal Year	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2010-2011	\$ 2,242,763	\$ 20,310,910	\$ (19,862,486)	\$ 2,691,187
2011-2012	2,691,187	22,769,479	(21,401,638)	4,059,028

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

**B. Subsequent Event**

The Sumner County School Board was a defendant in litigation that arose out of a negotiated contract with the Sumner County Education Association. The teacher's union is claiming monetary damages of \$989,575 for not paying five percent of medical benefits set forth in the contract, as well as,

approximately \$6,500 for loss of dues not withheld from employees, for total damages of \$996,075. On November 13, 2012, an order of the court directed the School Department to repay teachers the sums owed on or before March 15, 2013.

**C. Contingent Liabilities**

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

The discretely presented School Department is involved in several pending lawsuits. Except for the lawsuit discussed in Note V.B. Subsequent Events, the School Department attorneys estimate that the potential claims against the School Department not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

**D. Joint Venture**

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

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

Administrative Office:

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

**E. Retirement Commitments**

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

**Plan Description**

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

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

**Funding Policy**

Sumner County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 13.98 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

**Annual Pension Cost**

For the year ended June 30, 2012, the county’s annual pension cost of \$6,375,371 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 postretirement 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	\$6,375,371	100%	\$0
6-30-11	6,065,552	100	0
6-30-10	6,712,468	100	0

**Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the plan was 98.69 percent funded. The actuarial accrued liability for benefits was \$119.68 million, and the actuarial value of assets was \$118.1 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.57 million. The covered payroll (annual payroll of active employees covered by the plan) was \$47.41 million, and the ratio of the UAAL to the covered payroll was 3.32 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 Sumner County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustments (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](http://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 ended June 30, 2012, 2011, and 2010, were \$9,225,858, \$9,285,156, and \$6,393,837, respectively, equal to the required contributions for each year.

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

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

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

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

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

### Self-Insurance Plan

#### Plan Description

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

#### Funding Policy

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

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

The School Department provides postretirement health care benefits, in accordance with contract provisions, to all employees who have been employed by the School Department for ten years and who retire from the department on or after age 60 with at least 20 years of verified Tennessee Consolidated Retirement Service (TCRS) or have 30 years (regardless of age) of verified TCRS. The School Department pays 70 percent of medical premiums for retirees who had insurance coverage during the last three years of employment. Retirees receive one-year of coverage for every three years worked at the School Department with a maximum coverage of ten years or until eligible for Medicare, whichever comes first.

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

Sumner County and the Sumner County School Department made contributions totaling \$431,600 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Primary Government	School Department	Total
ARC	\$ 243,513	\$ 541,504	\$ 785,017
Interest on the NPO	35,442	44,094	79,536
Adjustment to the ARC	(38,387)	(48,492)	(86,879)
Annual OPEB cost	\$ 240,568	\$ 537,106	\$ 777,674
Amount of contribution	(44,266)	(387,334)	(431,600)
Increase/decrease in NPO	\$ 196,302	\$ 149,772	\$ 346,074
Net OPEB obligation, 7-1-11	723,198	1,416,513	2,139,711
Net OPEB obligation, 6-30-12	\$ 919,500	\$ 1,566,285	\$ 2,485,785

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Primary Government	\$ 277,268	51 %	\$ 586,024
6-30-11	"	292,024	53	723,198
6-30-12	"	240,568	18	919,500
6-30-10	School Department	751,068	44	998,847
6-30-11	"	778,982	46	1,416,513
6-30-12	"	537,106	72	1,566,285

### Funded Status and Funding Progress

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

	Primary Government	School Department
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 1,777,783	\$ 5,282,672
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,777,783	\$ 5,282,672
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 21,738,241	\$ 26,194,292
UAAL as a % of covered payroll	8%	20%

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, the projected unit credit actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of ten percent for 2011, grading down to six percent for 2019. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over a 30-year period beginning with June 30, 2009.

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

#### **Plan Description**

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

#### **Funding Policy**

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in the plan develop their own contribution policy in terms of subsidizing retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Sumner County and the Sumner County School Department made contributions totaling \$2,378,575 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan - Schools
ARC	\$ 4,298,000	\$ 2,849,000
Interest on the NPO	593,429	239,852
Adjustment to the ARC	(629,913)	(254,599)
Annual OPEB cost	\$ 4,261,516	\$ 2,834,253
Amount of contribution	(2,260,917)	(113,258)
Increase/decrease in NPO	\$ 2,000,599	\$ 2,720,995
Net OPEB obligation, 7-1-11	14,835,713	5,996,305
Net OPEB obligation, 6-30-12	\$ 16,836,312	\$ 8,717,300

	Medicare Supplement Plan - County	Total
ARC	\$ 278,000	\$ 7,425,000
Interest on the NPO	22,139	855,420
Adjustment to the ARC	(23,500)	(908,012)
Annual OPEB cost	\$ 276,639	\$ 7,372,408
Amount of contribution	(4,400)	(2,378,575)
Increase/decrease in NPO	\$ 272,239	\$ 4,993,833
Net OPEB obligation, 7-1-11	553,477	21,385,495
Net OPEB obligation, 6-30-12	\$ 825,716	\$ 26,379,328

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Education Group	\$ 6,300,496	42 %	\$ 11,030,971
6-30-11	"	6,321,210	40	14,835,713
6-30-12	"	4,261,516	53	16,836,312
6-30-10	Medicare Supplement - Schools	2,816,083	2	3,208,602
6-30-11	"	2,856,624	2	5,996,305
6-30-12	"	2,834,254	4	8,717,300

Fiscal Year Ended	Plans (Cont.)	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Medicare Supplement - County	\$ 279,000	1 %	\$ 274,887
6-30-11	"	282,653	1	553,477
6-30-12	"	276,639	2	825,716

#### Funded Status and Funding Progress

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

	Local Education Group Plan	Medicare Supplement Plan - Schools	Medicare Supplement Plan - County
Actuarial valuation date	7-1-11	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 35,347,000	\$ 26,777,000	\$ 2,278,000
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 35,347,000	\$ 26,777,000	\$ 2,278,000
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	\$ 99,521,333	\$ N/A	\$ N/A
UAAL as a % of covered payroll	36%	N/A	N/A

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

#### Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation for 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 for fiscal year 2012. The trend 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 annual healthcare premium trend rate for the Medicare Supplement Plans was 6.5 percent for fiscal year 2012. The trend will decrease to 6.25 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

**G. Termination Benefits**

In 2011-12, the discretely presented Sumner County School Department offered a voluntary retirement incentive for employees who will have 30 years of verified Tennessee Consolidated Retirement Service (TCRS), or have reached 60 years of age with a minimum of 20 years of verified teaching credit in TCRS and worked in the Sumner County school system for ten years. This incentive consists of a cash payment of \$15 per day for each sick day held by the employee at their retirement date. There is no limit to the number of accumulated days that employees can be paid under the program. During the year, 79 employees accepted the voluntary retirement incentive. Nine employees retired during 2011-12 and received sick leave payments totaling \$15,304. Subsequent to June 30, 2012, 70 employees retired. Therefore, the School Department had a liability for unpaid termination benefits totaling \$162,416 at June 30, 2012.

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

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

On June 18, 2012, Sumner County adopted Chapter 70, Private Acts of 2012, which provides for a central system of accounting, budgeting, and purchasing covering all funds of the county. However, as noted in the Findings and Questioned Costs section of this report, the act states in part "...this 2012 Finance Act shall not serve as authorization to remove any purchasing activities or authority from the School System." Sumner County plans to fully implement the private act by June 18, 2016.

**I. Purchasing Laws**

Office of Finance Director

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

Office of Superintendent of Roads

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

Office of Director of Schools

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

On June 18, 2012, Sumner County adopted Chapter 70, Private Acts of 2012, which provides for a central system of purchasing covering all funds of the county. However, as noted in the Findings and Questioned Costs section of this report, the act states in part "...this 2012 Finance Act shall not serve as authorization to remove any purchasing activities or authority from the School System." Sumner County plans to fully implement the private act by June 18, 2016.

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

**A. Organization and Reporting Entity**

The Sumner County Regional Airport Authority, a component unit of Sumner County, Tennessee, was established in 1981 in accordance with Resolution No. 1181-102 of the Sumner County Commission, pursuant to the Airport Authorities Act as set forth in *Tennessee Code Annotated*, Section 42-3-103. The governing board of the authority is selected by the authority as terms expire and confirmed by the Sumner County Board of

County Commissioners. The authority's 11-member board consists of individuals who have the requisite aviation background or have a lifetime and/or an education background in the aviation field as well as members who are residents of the community. The authority is managed on a daily basis by a third-party administrator (see Note VI.F.).

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

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

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

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

**Cash, Cash Equivalents, and Investments** – For purposes of the Statement of Cash Flows, the authority considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. No cash equivalents were held by the authority as of June 30, 2012.

Per Tennessee statutes, bank accounts may only be established and maintained in financial institutions whose deposits are federally insured. Bank account balances (including checking and investment accounts combined) must not exceed the amount federally insured by the Federal Deposit Insurance Corporation (FDIC) unless the financial institution participates in the State Collateral Pool or pledges collateral for deposits in excess of the insured limits, and the collateral is maintained in accordance with state statutes. As of June 30, 2012, the authority's combined bank account balances exceeded FDIC insured limits by \$242,474. The financial

institution does not participate in the State Collateral Pool but has pledged adequate collateral to cover the excess risk.

**Receivables** – Receivables are reported at their gross value when earned and reduced by the estimated portion that is expected to be uncollectible. The allowance for uncollectible amounts is based on collection history, aviation industry trends, and current information regarding the credit worthiness of the tenants and others doing business with the authority. When continued collection activity results in receipt of amounts previously written off, revenue is recognized for the amount collected. The authority determined an allowance for uncollectible amounts was not needed as of June 30, 2012.

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

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

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

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

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

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

**Revenue** – The authority provides hangars for pilots who use the airport facilities and one hangar for the fixed base operator (FBO). The majority of the hangars was built and is owned by the authority; however, 11 of the hangars were built and are owned by private individuals. The authority

leases to the owners the underlying land related to the hangars privately built. The ownership of the 11 hangars built by private individuals will transfer to the authority at the end of their respective 30-year lease terms. Underlying land leases range from \$40 to \$323 per month. Leases on hangars built and owned by the authority have rents that range from \$170 to \$285 per month for individual hangars and \$500 and \$4,000 per month for the two corporate hangars.

**Deferred Revenue** – The authority records hangar rent collected in advance of the months in which it is earned as deferred revenue. The authority had no deferred revenue at June 30, 2012.

**Net Assets** – The authority has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, beginning with fiscal year ended June 30, 2011. In accordance with GASB No. 54, net assets are classified as follows:

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

Restricted – amounts that can be spent only for specific purposes because of the Authority Charter, Authority Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – amounts that can be used only for specific purposes determined by formal action by the Board of Directors, ordinance, or resolution. To be reported as committed, amounts cannot be used for any other purpose unless the authority takes the same highest level action or remove or change the constraint.

Assigned – Amounts the authority intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned – amounts that are available for any purpose.

When expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the authority considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the authority considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitments or assignment actions.

**Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make

estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimated.

**C. Litigation**

The authority is currently involved in two eminent domain litigation cases. Collectively, the independent appraisals obtained by the authority and separately confirmed by TDOT appraisals indicate total value of \$482,600, while the defendant's appraisals total \$867,000. While the outcome at this time cannot be reasonably estimated, any increase would be funded by additional grant funds. The authority's maximum exposure is limited to ten percent matching on new grants, and would therefore, be limited to \$46,440.

As of June 30, 2012 the authority has deposited \$482,600 toward the purchase of this land with the Chancery Court of Sumner County, Tennessee.

**D. Long-term Debt**

Long-term debt at June 30, 2012, consisted of the following:

3% bank note with interest payable monthly. Note matures July 31, 2012; collateralized by a certificate of deposit. (see subsequent event note below)	\$ 350,350
Non-interest bearing loan from Sumner County, Tennessee, requiring \$2,500 monthly installment payments beginning June 1, 2010, and ending June 1, 2020.	<u>235,000</u>
Total long-term debt	\$ 585,350
Less: amount due in 12 months or less	<u>(30,000)</u>
Net long-term debt	<u><u>\$ 555,350</u></u>

Maturities of long term debt are as follows:

Year Ending June 30	Amount
2013	\$ 30,000
2014	380,350
2015	30,000
2016	30,000
2017	30,000
Thereafter	<u>85,000</u>
Total	<u><u>\$ 585,350</u></u>

**E. State Grants**

During the year ended June 30, 2012, a total of \$1,920,978 in federal and state grant monies was paid by the State of Tennessee to the authority. These funds were disbursed for various construction and maintenance projects. The construction is overseen by the state, and all expenditures are reviewed for propriety by the state. None of these funds are required to be repaid.

At June 30, 2012, the authority had \$144,104 remaining on deposit with the State of Tennessee for matching portions of grants that have been awarded to the authority. Matching funds are recognized by the authority on a pro-rata basis as the underlying projects are completed and grant funds are released by the state.

At June 30, 2012, the authority held approved state grants with \$5,288,079 remaining and available to the authority and was liable for \$443,500 in local matching funds that were not yet submitted to the grantor agency.

**F. Airport Management**

The authority has entered into a tentative agreement with Gallatin Terminal Operations Aviation, LLC (GTO) to act as Fixed Base Operator (FBO) for the airport and expects to execute a long-term agreement soon. As FBO, GTO engages in flight instruction, aircraft rental, aircraft maintenance, aircraft charter, and the sale of fuel and lubricants. The authority has contracted with J & S Properties to perform daily management duties for \$2,500 per month. During the year ended June 30, 2012, management expense totaled \$30,000.

**G. Budget**

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

**H. Related-party Transactions**

During the year ended June 30, 2012, the authority did not receive any funds from Sumner County or the City of Gallatin. Certain board members lease hangars for their private aircraft. Total revenues derived from board members were approximately \$6,720. These leases are structured on the same terms as those leases made to the general public.

**I. Risk Financing Activities**

The authority is exposed to certain risks of loss related to its buildings (hangars), equipment, and infrastructure improvements. The authority is not covered by the Sumner County Self-Insurance Plan, but has obtained insurance as required by the "Airport Minimum Standards and Rules and

Regulations.” The authority has had no settlements in excess of insurance coverage in the past three years.

**J. Capital Assets**

Nondepreciable assets owned by the authority consist solely of land recorded at cost. Eleven privately built hangars were removed from the airport’s capital assets in previous years. These hangars are leased by private parties on 30-year terms, and ownership of the hangars will revert to the authority at the conclusion of the respective leases. Depreciation expense for the year ended June 30, 2012, totaled \$370,526.

The following is a summary of the authority’s depreciable and non-depreciable assets as of June 30, 2012:

	Balance 7-1-11	Increases	Balance 6-30-12
<b>Capital Assets Not Depreciated:</b>			
Land	\$ 1,893,040	\$ 0	\$ 1,893,040
Construction in Progress	119,769	2,058,201	2,177,970
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 2,012,809</b>	<b>\$ 2,058,201</b>	<b>\$ 4,071,010</b>
<b>Capital Assets Depreciated:</b>			
Buildings and Improvements	\$ 7,641,070	\$ 15,759	\$ 7,656,829
Other Capital Assets	377,061	0	377,061
<b>Total Capital Assets Depreciated</b>	<b>\$ 8,018,131</b>	<b>\$ 15,759</b>	<b>\$ 8,033,890</b>
<b>Less Accumulated Depreciation For:</b>			
Buildings and Improvements	\$ 4,172,978	\$ 346,124	\$ 4,519,102
Other Capital Assets	114,354	24,404	138,758
<b>Total Accumulated Depreciation</b>	<b>\$ 4,287,332</b>	<b>\$ 370,528</b>	<b>\$ 4,657,860</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 3,730,799</b>	<b>\$ (354,769)</b>	<b>\$ 3,376,030</b>
<b>Business-type Activities Capital Assets, Net</b>	<b>\$ 5,743,608</b>	<b>\$ 1,703,432</b>	<b>\$ 7,447,040</b>

**K. Leases**

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

**L. Other Noncurrent Assets**

Other assets listed on the balance sheet of \$19,676 include assets not placed in service at June 30, 2012, and advance costs on capital activities expected to be reimbursed under federal grants.

**M. Line of Credit**

At June 30, 2012, the authority had an unsecured line of credit with Sumner Bank & Trust totaling \$200,000 bearing interest at 5.5 percent with a maturity date of July 19, 2012. At June 30, 2012, the balance drawn on this line was \$196,500. (See Note VI.N. regarding refinancing subsequent to year end)

**N. Subsequent Events**

Authority management has evaluated subsequent events through October 3, 2012.

Subsequent to year end, the authority renewed the bank promissory note outlined in Note VI.D. for an additional year totaling \$350,525, with an interest rate of 1.7 percent. The note remains collateralized by a certificate of deposit, which had a balance of \$320,912 at June 30, 2012.

Also, subsequent to year end, the authority renewed the line of credit outlined in Note VI.M. for three months totaling \$200,000 with an interest rate of 5.5 percent. The note remains unsecured.

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

**A. Summary of Significant Accounting Policies**

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

Up until May 2005, the authority operated a solid waste disposal and resource recovery facility, which incinerated and disposed of solid waste primarily from the county and the cities, produced steam for distribution to industrial customers, and generated electricity for internal plant consumption. The authority also operated a construction/demolition debris landfill and an ash monofill, both of which ceased operations in fiscal 2011. The authority began operations of a recycling facility during fiscal year 1992. In May 2005, the authority began operating primarily as a transfer station for the solid waste within the county.

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

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing

operations. The principal operating revenues of the authority's enterprise funds are charged to customers for sales and service. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Cash and Cash Equivalents** – For purposes of the Statement of Cash Flows, the authority considers all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents. At June 30, 2012, all the authority's cash was deposited in an institution, which is a member of the Local Government Collateral Pool. The Tennessee Bank Collateral Pool is a multiple financial institution collateral pool where member financial institutions holding public funds pledge collateral to a common pool. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. The pool also has the ability to make additional assessments on a pro rata basis to members of the pool if the value of the pool's collateral is inadequate to cover a loss. As a result, the pool is similar to depository insurance.

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

At June 30, 2012, there were no amounts of deposits exposed to custodial risks.

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

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

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

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

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

**B. Capital Assets**

The following is a summary of capital assets:

Business-type Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 307,491	\$ 0	\$ 0	\$ 307,491
Total Capital Assets Not Depreciated	<u>\$ 307,491</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 307,491</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 5,120,367	\$ 9,614	\$ 0	\$ 5,129,981
Other Capital Assets	870,988	112,872	59,460	924,400
Total Capital Assets Depreciated	<u>\$ 5,991,355</u>	<u>\$ 122,486</u>	<u>\$ 59,460</u>	<u>\$ 6,054,381</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,106,940	\$ 177,727	\$ 0	\$ 3,284,667
Other Capital Assets	700,433	48,203	59,460	689,176
Total Accumulated Depreciation	<u>\$ 3,807,373</u>	<u>\$ 225,930</u>	<u>\$ 59,460</u>	<u>\$ 3,973,843</u>
Total Capital Assets Depreciated, Net	<u>\$ 2,183,982</u>	<u>\$ (103,444)</u>	<u>\$ 0</u>	<u>\$ 2,080,538</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 2,491,473</u></u>	<u><u>\$ (103,444)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 2,388,029</u></u>

Depreciation expense for 2012 was \$255,930.

**C. Capital Lease Obligation**

During the fiscal year 2012, the authority entered into a lease for the purchase of \$111,248 in equipment. The transaction has been accounted for as a financing transaction. The authority will have title to the asset by satisfying the minimum lease payments. The asset acquired by the lease has a net depreciated value of \$228,151.

	<u>2012</u>
Lease obligation	\$ 200,320
Amount designated as interest	<u>(6,520)</u>
Net capital lease obligation	<u>\$ 193,800</u>

The future capital lease obligation is as follows:

	<u>Lease Obligation</u>	<u>Amount Representing Interest</u>	<u>Net Capital Loan Obligation</u>
2013	\$ 104,016	\$ 4,714	\$ 99,302
2014	76,871	1,634	75,237
2015	19,433	172	19,261
Total	<u>\$ 200,320</u>	<u>\$ 6,520</u>	<u>\$ 193,800</u>

**D. Landfill Closure and Postclosure Costs**

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

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

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

<u>Landfill Closure/Postclosure Care Costs</u>	Balance 6-30-12
Closure	\$ 0
Postclosure	<u>1,338,166</u>
Total	<u><u>\$ 1,338,166</u></u>

The Capps Gap Landfill is closed and is 16 years into postclosure monitoring. The Oak Grove Landfill and Ash Monofil's Cells I, II, and III were officially closed in 2006 and are six years into postclosure monitoring. All authority landfills are closed. In 2010, the waste to energy plant was dismantled and closed. Postclosure costs exceeded estimates for 2012 and resulted in postclosure expenses for 2012 to be \$17,206.

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

**E. Municipal and County Agreements**

During fiscal year 2012, the authority entered into a Solid Waste Disposal and Recycling Agreement with Sumner County and the cities of Gallatin and Hendersonville.

Also, during 2012, the authority entered into a Postclosure Monitoring and Maintenance Agreement with Summer County and the Cities of Gallatin and Hendersonville. The agreement provides that the three entities will pay for the postclosure costs associated with the landfills incurred by the authority. This cost will be paid 3/7 by the county and 2/7 each by the cities.

The agreement provides that Sumner County will pay an annual \$100,000 fee in-lieu-of tipping fees. The cities of Gallatin and Hendersonville agree to pay tipping fees in such amounts as may be determined by the authority but cannot exceed \$45 per ton for solid waste and \$3.50 per cubic yard for brush. The fees for 2012, were \$44 per ton and \$3.12 per cubic yard.

Tipping and postclosure fees and related receivables paid were as follows:

	Solid Waste	Brush	Post Closure	Receivable
Sumner County	\$ 100,000	\$ 32,080	\$ 31,117	\$ 8,150
City of Gallatin	502,512	63,733	20,785	54,152
City of Hendersonville	0	100,727	20,785	10,693

**F. Pension Plan**

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

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

The authority's total payroll was \$397,329 for 2012. Employees who are covered and participating under the pension plan were paid \$363,729 for 2012. The resource authority contributed 4.3 percent (\$16,346) for 2012 of covered and participating salaries.

**G. Tipping Fees**

A major portion of the authority's revenue is from tipping fees. A significant portion of tipping fees are from commercial haulers who are required under waste control laws to dump waste collected within Sumner County at the authority. Court decisions have supported the enforcement of this law. One major commercial hauler is delivering most of Sumner County's commercial waste to the resource authority, and one major hauler is not. Enforcement by management has not been aggressively sought. Two major customers accounted for 44 percent of tipping fees for 2012.

**H. Risk of Loss**

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

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

**I. Contingency**

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

**J. Contracts and Commitments**

The authority has entered into a load, haul, and disposal contract that runs through July 2015, and provides for a rate per ton plus adjustments for CPI and diesel prices. The amount paid related to this contract for 2012 was \$2,888,869.

The authority also has a contract with a company to grind brush for \$2.97 per cubic yard, which runs through October 2012. The amount paid related to this contract for 2012 was \$218,889.

**K. Subsequent Event**

Subsequent to year end, the authority extended the brush grinding contract three years, through October 2015, at the same per cubic yard rate.

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

**A. Summary of Accounting Policies**

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

The district is a discretely presented component unit of Sumner County, and the financial statements are presented in both the district's financial report and within this report. The district is considered a discretely presented component unit of Sumner County as defined under the criteria set forth in Governmental Accounting Standards Board Statement No. 14, because the district would be unable to issue debt without going through Sumner County. The district is self-supported by a telephone subscriber fee charged to the

citizens of Sumner County. The district's financial statements include only the assets and operations of the district, and do not include any other fund, organization, agency, or department of Sumner County.

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

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

The district adopted the provisions of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Statement No. 34 established standards for external reporting for all state and local governmental entities, which includes a statement of net assets; a statement of revenues, expenses, and changes in net assets; and a statement of cash flows. It requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

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

**Use of Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the

financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

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

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

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

**Operating Revenues and Expenses** – The district distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the district’s principal ongoing operations. The principal operating revenues of the district are emergency telephone service charges to residents for providing emergency 911 services. Operating expenses include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

intended to be presented in accordance with generally accepted accounting principles. The budget may be amended by the board as conditions warrant throughout the year.

**B. Cash and Depository Collateral**

The district's current policies limit deposit of funds to accounts with commercial banks, which are required to pledge securities as collateral for the deposits should they be in excess of Federal Deposit Insurance Corporation (FDIC) coverage of \$250,000.

The financial institutions used by the district have either pledged securities as collateral or the institutions are participants in the Tennessee Collateral Pool, which was established to provide security for public funds deposits in excess of FDIC coverage. At year-end, all of the district's deposits were fully insured by the FDIC and the Tennessee Collateral Pool.

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

**C. Accounts Receivable**

The following schedule reflects the components of accounts receivable as of June 30, 2012:

Emergency telephone service charges	\$ 25,954
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**D. Capital Assets**

Capital assets activity for the year ended June 30, 2012, is presented below:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Land	\$ 1,000,000	\$ 0	\$ 1,000,000	\$ 0
Furniture and Fixtures	1,300	0	0	1,300
Office Equipment	3,663	0	0	3,663
Communications Equipment	2,718,900	1,220,044	1,463,481	2,475,463
Total Cost	\$ 3,723,863	\$ 1,220,044	\$ 2,463,481	\$ 2,480,426

Capital Assets (Cont.)	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Less Accumulated Depreciation For:				
Furniture and Fixtures	\$ 1,300	\$ 0	\$ 0	\$ 1,300
Office Equipment	3,663	0	0	3,663
Communications Equipment	1,631,048	203,109	1,459,680	374,477
 Total Accumulated Depreciation	 \$ 1,636,011	 \$ 203,109	 \$ 1,459,680	 \$ 379,440
 Capital Assets, Net	 \$ 2,087,852	 \$ 1,016,935	 \$ 1,003,801	 \$ 2,100,986

Depreciation charged to expense for the current year totaled \$203,109. In the current year, the district disposed of old communications equipment and replaced with new.

The district made \$1,220,044 of additions to communications equipment in the current year. At June 30, 2012, cash payments of \$1,190,893 had been made, with the balance of these additions of \$29,151 included in accounts payable. The district also made cash payments of \$208,193 on prior year additions included in the beginning of the year accounts payable balance.

The \$1,000,000 tract of land donated in the previous year included an option to purchase additional land and was contingent on the receipt of a grant by the county. The option eventually expired before the receipt of the grant, and as required by the agreement, the land reverted back to the original owner. (See Note VIII.E.)

#### **E. Land Donation and Deferred Revenue**

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

Since the donated tract of land was to be used as part of the grant application process, a one-year option was granted to the district to purchase the adjoining ten-acre tract of land for \$2,000,000. The donor later extended the option for one year. When the final option expired, receipt of the county's grant was still pending; therefore, the ten-acre parcel was quitclaimed back to the donor as originally required by the agreement. Due to the uncertain and contingent nature of the land conveyance, the donation of the land deed had been recorded by the district as deferred revenue of \$1,000,000 in the

financial statements until all events related to the transaction had been satisfied. When the land reverted back to the original owner, the land and deferred revenue were adjusted from the financial statements.

**F. Long-term Debt**

Long-term debt consists of the county’s Capital Outlay Note, Series 2011, in the amount of \$1,870,872, dated October 14, 2011. The capital outlay note bears interest rate at four percent per annum and is payable by the district to the county in monthly installments of \$34,455, over five years. The note is secured by the revenues and reserves of the district.

The purpose of the capital outlay note is to assist with the funding of the hardware, software, setup, and training costs associated with the district’s purchase of NG-911 communications equipment and software. A summary of long-term debt activity for the year ended June 30, 2012, is as follows:

Sumner County Capital Outlay Note

Dated	Rate	Balance 7-1-11	Additions	Reductions	Balance 6-30-12	Amount Due Within One Year
Series 2011	4.0%	\$ 0	\$ 1,870,872	\$ 228,401	\$ 1,642,471	\$ 354,208
Less current maturities					(354,208)	
Total noncurrent liabilities					\$ 1,288,263	

Year Ending June 30	Principal	Interest	Total
2013	\$ 354,208	\$ 59,252	\$ 413,460
2014	368,639	44,821	413,460
2015	383,657	29,803	413,460
2016	399,288	14,172	413,460
2017	136,679	1,139	137,818
Total	\$ 1,642,471	\$ 149,187	\$ 1,791,658

Interest charged to expense totaled \$47,239 for the year ended June 30, 2012.

**G. Major Revenue Sources**

Revenue for operation and maintenance of the Sumner County Emergency Communications District is generated by a surcharge placed on residential and business phone lines. The surcharge is collected by AT&T Telephone

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

**H. Risk Management**

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. For the year ended June 30, 2012, the district was insured against potential losses associated with these risks through the purchase of commercial insurance policies written for Sumner County or the other governmental departments serviced by the district. There have been no material losses in excess of insurance coverage during the last three years.

**I. Service Arrangement Contract**

The district has negotiated a service application with AT&T Telecommunications for the installation and service of an Enhanced 911 Emergency Service System. AT&T furnishes equipment and service sufficient to operate the system for an initial installation fee and a monthly fee based upon the number of telephone stations and access lines served by the system. Current year amounts charged to expense by the district for use of this equipment was \$410,187.

**J. Operational Contract**

The district has contracted with S&S Communications, Inc., for all day-to-day supervision and clerical operations of the district. The contract is negotiated annually on July 1 and is reflected in the financial statements as a director and assistant contract of \$96,804. All calls processed by the district communication system are processed by dispatchers located at various police, fire, or medical emergency stations. All dispatchers are employees of the respective emergency departments.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Summer County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 General Fund  
 For the Year Ended June 30, 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	\$ 20,721,714	\$ 0	\$ 0	\$ 20,721,714	\$ 20,133,540	\$ 20,133,540	\$ 588,174
Licenses and Permits	479,105	0	0	479,105	481,798	481,798	(2,693)
Fines, Forfeitures, and Penalties	707,232	0	0	707,232	691,131	691,131	16,101
Charges for Current Services	5,842,024	0	0	5,842,024	5,981,400	5,981,400	(139,376)
Other Local Revenues	942,616	0	0	942,616	535,140	626,376	316,240
Fees Received from County Officials	7,383,095	0	0	7,383,095	7,248,501	7,248,501	134,594
State of Tennessee	6,350,452	0	0	6,350,452	4,957,877	5,146,167	1,204,285
Federal Government	556,964	0	0	556,964	2,294,701	2,745,886	(2,188,922)
Other Governments and Citizens Groups	210,161	0	0	210,161	173,000	162,380	47,781
Total Revenues	\$ 43,193,363	\$ 0	\$ 0	\$ 43,193,363	\$ 42,497,088	\$ 43,217,179	\$ (23,816)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 257,542	\$ 0	\$ 0	\$ 257,542	\$ 295,877	\$ 295,877	\$ 38,335
Board of Equalization	6,600	0	0	6,600	3,500	6,100	(500)
Other Boards and Committees	2,600	0	0	2,600	9,000	9,000	6,400
County Mayor/Executive	261,954	0	0	261,954	272,280	274,968	13,014
County Attorney	393,423	0	0	393,423	381,113	406,113	12,690
Election Commission	742,892	0	0	742,892	718,605	796,465	53,573
Register of Deeds	700,250	0	0	700,250	713,063	784,063	83,813
Building	768,292	0	0	768,292	919,070	921,070	152,778
County Buildings	1,278,557	0	0	1,278,557	1,459,425	1,459,425	180,868
Preservation of Records	53,108	0	0	53,108	59,560	63,360	10,252
<u>Finance</u>							
Accounting and Budgeting	700,133	(5,863)	4,500	698,770	740,631	740,631	41,861

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	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 (Cont.)</u>							
Property Assessor's Office	\$ 656,897	\$ 0	\$ 0	\$ 656,897	\$ 673,524	\$ 671,724	\$ 14,827
Reappraisal Program	600,520	0	0	600,520	591,148	601,054	534
County Trustee's Office	443,436	0	0	443,436	538,428	538,428	94,992
County Clerk's Office	1,329,203	0	0	1,329,203	1,427,801	1,427,801	98,598
Data Processing	115,153	0	0	115,153	130,267	130,267	15,114
Other Finance	190,207	0	0	190,207	199,484	199,484	9,277
<u>Administration of Justice</u>							
Circuit Court	1,428,802	0	0	1,428,802	1,598,897	1,598,897	170,095
General Sessions Judge	276,081	0	0	276,081	292,539	292,539	16,458
Drug Court	214,188	0	0	214,188	207,082	254,372	40,184
Chancery Court	591,650	0	0	591,650	648,138	648,138	56,488
Juvenile Court	457,741	0	0	457,741	477,913	477,913	20,172
District Attorney General	3,600	0	0	3,600	3,600	3,600	0
Judicial Commissioners	260,762	0	0	260,762	257,640	266,252	5,490
Other Administration of Justice	97,582	0	0	97,582	245,757	245,757	148,175
Probation Services	376,881	0	0	376,881	381,078	381,078	4,197
Courtroom Security	32,545	0	0	32,545	0	33,500	955
<u>Public Safety</u>							
Sheriff's Department	8,118,224	(2,017)	7,230	8,123,437	8,406,600	8,514,567	391,130
Administration of the Sexual Offender Registry	3,532	0	0	3,532	9,100	9,100	5,568
Jail	7,245,777	0	0	7,245,777	7,438,119	7,734,762	488,985
Juvenile Services	501,617	0	0	501,617	551,574	560,974	59,357
Fire Prevention and Control	2,000	0	0	2,000	2,000	2,000	0
Rural Fire Protection	144,000	0	0	144,000	144,000	144,000	0

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	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 Safety (Cont.)</u>							
Other Emergency Management	\$ 891,015	\$ 0	\$ 0	\$ 891,015	\$ 1,070,597	\$ 1,118,819	\$ 227,804
<u>Public Health and Welfare</u>							
Local Health Center	1,216,931	(3,034)	0	1,213,897	1,370,096	1,419,062	205,165
Ambulance/Emergency Medical Services	8,108,411	(11,291)	20,445	8,117,565	8,106,311	8,169,223	51,658
Appropriation to State	197,655	0	0	197,655	197,655	197,655	0
General Welfare Assistance	1,500	0	0	1,500	1,000	1,000	(500)
Aid to Dependent Children	365	0	0	365	1,000	1,000	635
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	248,836	0	0	248,836	286,500	286,500	37,664
Libraries	1,593,801	(980)	0	1,592,821	1,647,231	1,708,069	115,248
Other Social, Cultural, and Recreational Agriculture and Natural Resources	7,656	0	1,000	8,656	0	137,035	128,379
Agriculture Extension Service	386,976	0	0	386,976	419,219	419,220	32,244
Soil Conservation	51,309	0	0	51,309	51,618	51,618	309
<u>Other Operations</u>							
Tourism	334,313	0	0	334,313	334,313	334,313	0
Industrial Development	40,000	0	0	40,000	40,000	40,000	0
Veterans' Services	57,564	0	0	57,564	58,905	58,905	1,341
Other Charges	1,130,496	0	0	1,130,496	1,221,946	1,240,254	109,758
Contributions to Other Agencies	260,090	0	0	260,090	255,000	260,090	0
Employee Benefits	77,413	0	0	77,413	160,500	95,900	18,487
ARRA Grant # 2	0	0	0	0	2,591	2,591	2,591
ARRA Grant # 3	40,000	(11,385)	11,385	40,000	0	40,000	0
ARRA Grant # 4	233,149	(37,757)	111,197	306,589	162,629	316,184	9,595

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	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>Other Operations (Cont.)</u>							
Miscellaneous	\$ 120,909	\$ 0	\$ 0	\$ 120,909	\$ 133,351	\$ 147,973	\$ 27,064
Highways							
Traffic Control	1,561	0	0	1,561	0	3,000	1,439
<u>Instruction</u>							
Adult Education Program	623,240	0	0	623,240	0	623,240	0
Capital Projects	0	0	30,000	30,000	500,000	500,000	470,000
Public Health and Welfare Projects	480,384	(194,892)	261,260	547,252	550,650	766,186	218,934
Social, Cultural, and Recreation Projects							
Total Expenditures	\$ 44,359,823	\$ (267,219)	\$ 447,017	\$ 44,539,621	\$ 46,367,925	\$ 48,431,116	\$ 3,891,495
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (1,166,460)	\$ 267,219	\$ (447,017)	\$ (1,346,258)	\$ (3,870,837)	\$ (5,213,937)	\$ 3,867,679
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 26,121	\$ 0	\$ 0	\$ 26,121	\$ 0	\$ 25,890	\$ 231
Transfers In	296,491	0	0	296,491	296,035	318,055	(21,564)
Total Other Financing Sources (Uses)	\$ 322,612	\$ 0	\$ 0	\$ 322,612	\$ 296,035	\$ 343,945	\$ (21,333)
Net Change in Fund Balance	\$ (843,848)	\$ 267,219	\$ (447,017)	\$ (1,023,646)	\$ (3,574,802)	\$ (4,869,992)	\$ 3,846,346
Fund Balance, July 1, 2011	32,046,024	(267,219)	0	31,778,805	31,654,289	31,654,289	124,516
Fund Balance, June 30, 2012	\$ 31,202,176	\$ 0	\$ (447,017)	\$ 30,755,159	\$ 28,079,487	\$ 26,784,297	\$ 3,970,862

Exhibit F-2

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,641,912	\$ 2,644,916	\$ 2,644,916	\$ (3,004)
Other Local Revenues	358,567	72,000	317,784	40,783
State of Tennessee	3,231,573	3,067,876	3,137,177	94,396
Federal Government	283,336	140,736	318,101	(34,765)
Other Governments and Citizens Groups	401,679	0	166,971	234,708
<b>Total Revenues</b>	<b>\$ 6,917,067</b>	<b>\$ 5,925,528</b>	<b>\$ 6,584,949</b>	<b>\$ 332,118</b>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 187,782	\$ 220,341	\$ 190,541	\$ 2,759
Highway and Bridge Maintenance	4,380,613	3,901,927	4,463,357	82,744
Operation and Maintenance of Equipment	1,090,683	972,040	1,218,440	127,757
Quarry Operations	23,854	27,250	24,600	746
Litter and Trash Collection	74,956	59,447	79,106	4,150
Other Charges	255,390	254,047	254,375	(1,015)
Employee Benefits	802,085	813,717	817,771	15,686
Capital Outlay	1,235,112	302,200	1,243,200	8,088
<b>Total Expenditures</b>	<b>\$ 8,050,475</b>	<b>\$ 6,550,969</b>	<b>\$ 8,291,390</b>	<b>\$ 240,915</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,133,408)	\$ (625,441)	\$ (1,706,441)	\$ 573,033
Net Change in Fund Balance	\$ (1,133,408)	\$ (625,441)	\$ (1,706,441)	\$ 573,033
Fund Balance, July 1, 2011	3,302,284	3,133,235	3,133,235	169,049
<b>Fund Balance, June 30, 2012</b>	<b>\$ 2,168,876</b>	<b>\$ 2,507,794</b>	<b>\$ 1,426,794</b>	<b>\$ 742,082</b>

Exhibit F-3

Sumner County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Sumner 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	\$ 118,104	\$ 119,676	\$ 1,572	98.69	% \$ 47,408	3.32 %
7-1-09	92,762	94,965	2,203	97.68	46,174	4.77
7-1-07	83,594	86,343	2,749	96.82	40,406	6.80

Exhibit F-4

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

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Self-Insurance	7-1-09	\$ 0	\$ 1,970	\$ 1,970	0%	\$ 22,489	9 %
"	7-1-10	0	2,178	2,178	0	21,537	10
"	7-1-11	0	1,778	1,778	0	21,738	8
Medicare Supplement	7-1-09	0	2,346	2,346	0	N/A	N/A
"	7-1-10	0	2,346	2,346	0	N/A	N/A
"	7-1-11	0	2,278	2,278	0	N/A	N/A
<u>DISCRETELY PRESENTED SUMNER COUNTY SCHOOL DEPARTMENT</u>							
Self-Insurance	7-1-09	0	7,264	7,264	0	25,451	28
"	7-1-10	0	7,522	7,522	0	25,771	29
"	7-1-11	0	5,283	5,283	0	26,194	20
Local Education Group Insurance	7-1-09	0	50,131	50,131	0	95,536	51
"	7-1-10	0	50,102	50,102	0	98,212	51
"	7-1-11	0	35,347	35,347	0	99,521	36
Medicare Supplement	7-1-09	0	26,777	26,777	0	N/A	N/A
"	7-1-10	0	26,777	26,777	0	N/A	N/A
"	7-1-11	0	26,777	26,777	0	N/A	N/A

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

**A. BUDGETARY INFORMATION**

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

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

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

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

Description	Amount
Station Camp Greenway	\$ 359,831

**B. EXPENDITURES EXCEEDED APPROPRIATIONS**

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

Fund/Major Appropriation Category	Amount Overspent
General:	
Board of Equalization	\$ 500
General Welfare Assistance	500
Highway/Public Works:	
Other Charges	1,015

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation and the recording of certain instruments. The proceeds of the tax must be used to pay for improvements or maintenance on the courthouse and jail.

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

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

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

Exhibit G-1

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

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitu- tional Officers - Fees	
\$	0 \$	0 \$	0 \$	90,569 \$	90,569
	172,408	217,908	58,731	0	449,047
	22,588	1,512	0	24,319	48,419
\$	194,996 \$	219,420 \$	58,731 \$	114,888 \$	588,035

ASSETS

Cash	
Equity in Pooled Cash and Investments	
Accounts Receivable	
Total Assets	

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>					
Accounts Payable	9,165 \$	360 \$	0 \$	0 \$	9,525
Due to Other Funds	3,312	0	0	114,688	118,000
Due to Litigants, Heirs, and Others	0	0	0	200	200
Other Deferred Revenues	0	2,798	0	0	2,798
Advances from Other Funds	174,664	0	0	0	174,664
Total Liabilities	187,141 \$	3,158 \$	0 \$	114,888 \$	305,187
<u>Fund Balances</u>					
Restricted:					
Restricted for General Government	7,855 \$	0 \$	0 \$	0 \$	7,855
Restricted for Administration of Justice	0	0	58,731	0	58,731
Restricted for Public Safety	0	216,262	0	0	216,262
Total Fund Balances	7,855 \$	216,262 \$	58,731 \$	0 \$	282,848
Total Liabilities and Fund Balances	194,996 \$	219,420 \$	58,731 \$	114,888 \$	588,035

Exhibit G-2

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

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitu- tional Officers - Fees		
<u>Revenues</u>						
Local Taxes	\$ 383,061	\$ 0	\$ 0	\$ 0	\$ 0	383,061
Fines, Forfeitures, and Penalties	0	63,169	24,649	0	0	87,818
Charges for Current Services	232,841	14,000	84	9,732		256,657
Other Local Revenues	6,129	14,353	638	0		21,120
Total Revenues	\$ 622,031	\$ 91,522	\$ 25,371	\$ 9,732	\$	748,656
<u>Expenditures</u>						
Current:						
General Government	\$ 968,184	\$ 0	\$ 0	\$ 0	\$ 0	968,184
Administration of Justice	0	0	29,851	9,732		39,583
Public Safety	0	69,003	0	0		69,003
Debt Service:						
Interest on Debt	4,898	0	0	0		4,898
Total Expenditures	\$ 973,082	\$ 69,003	\$ 29,851	\$ 9,732	\$	1,081,668
Excess (Deficiency) of Revenues Over Expenditures	\$ (351,051)	\$ 22,519	\$ (4,480)	\$ 0	\$	(333,012)
Net Change in Fund Balances	\$ (351,051)	\$ 22,519	\$ (4,480)	\$ 0	\$	(333,012)
Fund Balance, July 1, 2011	358,906	193,743	63,211	0		615,860
Fund Balance, June 30, 2012	\$ 7,855	\$ 216,262	\$ 58,731	\$ 0	\$	282,848

Exhibit G-3

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 383,061	\$ 0	\$ 383,061	\$ 410,000	\$ 410,000	\$ (26,939)
Charges for Current Services	232,841	0	232,841	160,000	180,843	51,998
Other Local Revenues	6,129	0	6,129	0	0	6,129
Total Revenues	\$ 622,031	\$ 0	\$ 622,031	\$ 570,000	\$ 590,843	\$ 31,188
<u>Expenditures</u>						
<u>General Government</u>						
County Buildings	\$ 968,184	\$ (43,581)	\$ 924,603	\$ 639,069	\$ 1,044,178	\$ 119,575
<u>Interest on Debt</u>						
General Government	4,898	0	4,898	0	4,898	0
Total Expenditures	\$ 973,082	\$ (43,581)	\$ 929,501	\$ 639,069	\$ 1,049,076	\$ 119,575
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ (351,051)	\$ 43,581	\$ (307,470)	\$ (69,069)	\$ (458,233)	\$ 150,763
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 190,609	\$ (190,609)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 190,609	\$ (190,609)
Net Change in Fund Balance	\$ (351,051)	\$ 43,581	\$ (307,470)	\$ (69,069)	\$ (267,624)	\$ (39,846)
Fund Balance, July 1, 2011	358,906	(43,581)	315,325	305,614	305,614	9,711
Fund Balance, June 30, 2012	\$ 7,855	\$ 0	\$ 7,855	\$ 236,545	\$ 37,990	\$ (30,135)

Exhibit G-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 63,169	\$ 17,500	\$ 17,500	\$ 45,669
Charges for Current Services	14,000	14,000	14,000	0
Other Local Revenues	14,353	10,000	10,000	4,353
Total Revenues	<u>\$ 91,522</u>	<u>\$ 41,500</u>	<u>\$ 41,500</u>	<u>\$ 50,022</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 69,003	\$ 153,000	\$ 153,000	\$ 83,997
Total Expenditures	<u>\$ 69,003</u>	<u>\$ 153,000</u>	<u>\$ 153,000</u>	<u>\$ 83,997</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 22,519</u>	<u>\$ (111,500)</u>	<u>\$ (111,500)</u>	<u>\$ 134,019</u>
Net Change in Fund Balance	\$ 22,519	\$ (111,500)	\$ (111,500)	\$ 134,019
Fund Balance, July 1, 2011	193,743	193,743	193,743	0
Fund Balance, June 30, 2012	<u><u>\$ 216,262</u></u>	<u><u>\$ 82,243</u></u>	<u><u>\$ 82,243</u></u>	<u><u>\$ 134,019</u></u>

# **Major Governmental Funds**

## **General Debt Service Fund**

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

## **General Capital Projects Fund**

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The General Capital Projects Fund is used to account for general capital expenditures of the county.

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Exhibit H-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 14,983,278	\$ 0	\$ 14,983,278	\$ 14,302,799	\$ 14,302,799	\$ 680,479
Other Local Revenues	697,369	0	697,369	450,000	450,000	247,369
State of Tennessee	562	0	562	0	0	562
Total Revenues	\$ 15,681,209	\$ 0	\$ 15,681,209	\$ 14,752,799	\$ 14,752,799	\$ 928,410
<u>Expenditures</u>						
<u>Principal on Debt</u>						
General Government	\$ 70,493	\$ 0	\$ 70,493	\$ 70,493	\$ 70,493	\$ 0
Education	12,919,507	0	12,919,507	12,919,507	12,919,507	0
<u>Interest on Debt</u>						
General Government	128,668	0	128,668	128,668	128,668	0
Education	5,860,431	0	5,860,431	5,860,431	5,860,431	0
<u>Other Debt Service</u>						
General Government	238,007	(8,000)	230,007	1,120,000	1,120,000	889,993
Education	1,250	0	1,250	3,500	3,500	2,250
Total Expenditures	\$ 19,218,356	\$ (8,000)	\$ 19,210,356	\$ 20,102,599	\$ 20,102,599	\$ 892,243
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,537,147)	\$ 8,000	\$ (3,529,147)	\$ (5,349,800)	\$ (5,349,800)	\$ 1,820,653
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (3,537,147)	\$ 8,000	\$ (3,529,147)	\$ (5,349,800)	\$ (5,349,800)	\$ 1,820,653
	13,897,425	(8,000)	13,889,425	13,871,324	13,871,324	18,101
Fund Balance, June 30, 2012	\$ 10,360,278	\$ 0	\$ 10,360,278	\$ 8,521,524	\$ 8,521,524	\$ 1,838,754

Exhibit H-2

Summer County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Capital Projects 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	\$ 7,231,090	\$ 0	\$ 0	\$ 7,231,090	\$ 7,143,112	\$ 7,143,112	\$ 87,978
Other Local Revenues	90,227	0	0	90,227	0	41,851	48,376
Federal Government	12,461	0	0	12,461	693,809	1,856,280	(1,843,819)
Other Governments and Citizens Groups	0	0	0	0	502,366	0	0
<u>Total Revenues</u>	<u>\$ 7,333,778</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,333,778</u>	<u>\$ 8,339,287</u>	<u>\$ 9,041,243</u>	<u>\$ (1,707,465)</u>
<u>Expenditures</u>							
<u>Capital Projects</u>							
General Administration Projects	\$ 143,425	\$ 0	\$ 0	\$ 143,425	\$ 190,786	\$ 190,786	\$ 47,361
Public Safety Projects	0	0	112,180	112,180	0	168,000	55,820
Public Health and Welfare Projects	101,940	0	0	101,940	102,000	102,000	60
Social, Cultural, and Recreation Projects	65,530	(69,850)	393,411	389,091	767,721	1,846,098	1,457,007
Other General Government Projects	962,517	(183,178)	125,668	905,007	1,149,101	2,063,007	1,158,000
Education Capital Projects	4,599,170	(53,704)	536,284	5,081,750	1,652,500	5,586,875	505,125
<u>Total Expenditures</u>	<u>\$ 5,872,582</u>	<u>\$ (306,732)</u>	<u>\$ 1,167,543</u>	<u>\$ 6,733,393</u>	<u>\$ 3,862,108</u>	<u>\$ 9,956,766</u>	<u>\$ 3,223,373</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,461,196	\$ 306,732	\$ (1,167,543)	\$ 600,385	\$ 4,477,179	\$ (915,523)	\$ 1,515,908
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 1,461,196	\$ 306,732	\$ (1,167,543)	\$ 600,385	\$ 4,477,179	\$ (915,523)	\$ 1,515,908
	1,933,262	(306,732)	0	1,626,530	1,595,648	1,595,648	30,882
Fund Balance, June 30, 2012	\$ 3,394,458	\$ 0	\$ (1,167,543)	\$ 2,226,915	\$ 6,072,827	\$ 680,125	\$ 1,546,790

# Fiduciary Funds

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

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

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

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

Exhibit I-1

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

	Agency Funds			
	Cities - Sales Tax	Constitu- tional Officers - Agency	Judicial District Drug	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 5,760,218	\$ 98,941	\$ 5,859,159
Equity in Pooled Cash and Investments	0	0	966,979	966,979
Accounts Receivable	0	1,738	0	1,738
Due from Other Governments	2,976,933	0	0	2,976,933
Total Assets	<u>\$ 2,976,933</u>	<u>\$ 5,761,956</u>	<u>\$ 1,065,920</u>	<u>\$ 9,804,809</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 2,976,933	\$ 0	\$ 0	\$ 2,976,933
Due to State of Tennessee	0	397,365	0	397,365
Due to Litigants, Heirs, and Others	0	5,364,591	103,487	5,468,078
Due to Joint Ventures	0	0	962,433	962,433
Total Liabilities	<u>\$ 2,976,933</u>	<u>\$ 5,761,956</u>	<u>\$ 1,065,920</u>	<u>\$ 9,804,809</u>

## Exhibit I-2

Sumner 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	\$ 16,470,455	\$ 16,470,455	\$ 0
Due from Other Governments	2,714,913	2,976,933	2,714,913	2,976,933
<b>Total Assets</b>	<b>\$ 2,714,913</b>	<b>\$ 19,447,388</b>	<b>\$ 19,185,368</b>	<b>\$ 2,976,933</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,714,913	\$ 19,447,388	\$ 19,185,368	\$ 2,976,933
<b>Total Liabilities</b>	<b>\$ 2,714,913</b>	<b>\$ 19,447,388</b>	<b>\$ 19,185,368</b>	<b>\$ 2,976,933</b>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 5,574,011	\$ 5,760,218	\$ 5,574,011	\$ 5,760,218
Accounts Receivable	0	1,738	0	1,738
<b>Total Assets</b>	<b>\$ 5,574,011</b>	<b>\$ 5,761,956</b>	<b>\$ 5,574,011</b>	<b>\$ 5,761,956</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 5,222,863	\$ 5,364,591	\$ 5,222,863	\$ 5,364,591
Due to State of Tennessee	351,148	397,365	351,148	397,365
<b>Total Liabilities</b>	<b>\$ 5,574,011</b>	<b>\$ 5,761,956</b>	<b>\$ 5,574,011</b>	<b>\$ 5,761,956</b>
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Cash	\$ 4,595	\$ 98,941	\$ 4,595	\$ 98,941
Equity in Pooled Cash and Investments	945,484	530,521	509,026	966,979
<b>Total Assets</b>	<b>\$ 950,079</b>	<b>\$ 629,462</b>	<b>\$ 513,621</b>	<b>\$ 1,065,920</b>
<u>Liabilities</u>				
Due to Joint Ventures	\$ 853,111	\$ 513,669	\$ 404,347	\$ 962,433
Due to Litigants, Heirs, and Others	96,968	115,793	109,274	103,487
<b>Total Liabilities</b>	<b>\$ 950,079</b>	<b>\$ 629,462</b>	<b>\$ 513,621</b>	<b>\$ 1,065,920</b>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 5,578,606	\$ 5,859,159	\$ 5,578,606	\$ 5,859,159
Equity in Pooled Cash and Investments	945,484	17,000,976	16,979,481	966,979
Accounts Receivable	0	1,738	0	1,738
Due From Other Governments	2,714,913	2,976,933	2,714,913	2,976,933
<b>Total Assets</b>	<b>\$ 9,239,003</b>	<b>\$ 25,838,806</b>	<b>\$ 25,273,000</b>	<b>\$ 9,804,809</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,714,913	\$ 19,447,388	\$ 19,185,368	\$ 2,976,933
Due to Joint Ventures	853,111	513,669	404,347	962,433
Due to State of Tennessee	351,148	397,365	351,148	397,365
Due to Litigants, Heirs, and Others	5,319,831	5,480,384	5,332,137	5,468,078
<b>Total Liabilities</b>	<b>\$ 9,239,003</b>	<b>\$ 25,838,806</b>	<b>\$ 25,273,000</b>	<b>\$ 9,804,809</b>

# Sumner County School Department

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

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

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

Exhibit J-1

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 140,111,405	\$ 894,914	\$ 11,541,590	\$ 0	\$ (127,674,901)
Support Services	78,195,452	164,658	1,952,604	5,171,253	(70,906,937)
Operation of Non-Instructional Services	13,520,879	7,274,991	6,640,955	0	395,067
Interest on Long-term Debt	8,756	0	0	0	(8,756)
Other Debt Service	2	0	0	0	(2)
<b>Total Governmental Activities</b>	<b>\$ 231,836,494</b>	<b>\$ 8,334,563</b>	<b>\$ 20,135,149</b>	<b>\$ 5,171,253</b>	<b>\$ (198,195,529)</b>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 48,906,636
Local Option Sales Tax					12,647,937
Wheel Tax					4,235,711
Interstate Telecommunications Tax					8,624
Grants and Contributions Not Restricted to Specific Programs					116,477,463
Miscellaneous					851,439
<b>Total General Revenues</b>					<b>\$ 183,127,810</b>
Change in Net Assets					\$ (15,067,719)
Net Assets, July 1, 2011					230,121,766
Net Assets, June 30, 2012					<u>\$ 215,054,047</u>

Exhibit J-2

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

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Fund</u>	<u>Total</u>
	General Purpose School	School Federal Projects	Governmental Funds
<b><u>ASSETS</u></b>			
Cash	\$ 7,550	\$ 0	\$ 7,550
Equity in Pooled Cash and Investments	14,634,931	1,114,050	15,748,981
Accounts Receivable	611,463	0	611,463
Due from Other Governments	3,358,742	45,042	3,403,784
Property Taxes Receivable	52,134,554	0	52,134,554
Allowance for Uncollectible Property Taxes	(1,657,364)	0	(1,657,364)
<b>Total Assets</b>	<b>\$ 69,089,876</b>	<b>\$ 1,159,092</b>	<b>\$ 70,248,968</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 710,278	\$ 8,450	\$ 718,728
Due to Primary Government	49,700	0	49,700
Current Liabilities Payable from Restricted Assets:			
Customer Deposits Payable	77,487	0	77,487
Deferred Revenue - Current Property Taxes	49,567,493	0	49,567,493
Deferred Revenue - Delinquent Property Taxes	873,495	0	873,495
Other Deferred Revenues	1,164,212	0	1,164,212
<b>Total Liabilities</b>	<b>\$ 52,442,665</b>	<b>\$ 8,450</b>	<b>\$ 52,451,115</b>
<b><u>Fund Balances</u></b>			
Restricted:			
Restricted for Education	\$ 5,599,326	\$ 1,150,642	\$ 6,749,968
Assigned:			
Assigned for Education	325,742	0	325,742
Unassigned	10,722,143	0	10,722,143
<b>Total Fund Balances</b>	<b>\$ 16,647,211</b>	<b>\$ 1,150,642</b>	<b>\$ 17,797,853</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 69,089,876</b>	<b>\$ 1,159,092</b>	<b>\$ 70,248,968</b>

Exhibit J-3

Sumner County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Discretely Presented Sumner County School Department  
June 30, 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)		\$ 17,797,853
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 8,372,274	
Add: construction in progress	3,792,283	
Add: buildings and improvements net of accumulated depreciation	209,335,822	
Add: other capital assets net of accumulated depreciation	<u>4,235,815</u>	225,736,194
(2) Long-term liabilities are not due and payable in the current-period and therefore are not reported in the governmental funds.		
Less: capital leases payable	\$ (146,837)	
Less: compensated absences payable	(2,092,482)	
Less: other postemployment benefits liability	(27,119,897)	
Less: retirement incentive liability	(162,416)	
Less: judgments payable	<u>(996,075)</u>	(30,517,707)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>2,037,707</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 215,054,047</u>

Exhibit J-4

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

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u>
	General Purpose School	School Federal Projects	Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 66,102,246	\$ 0	\$ 66,102,246
Licenses and Permits	7,043	0	7,043
Charges for Current Services	8,183,405	0	8,183,405
Other Local Revenues	1,512,162	0	1,512,162
State of Tennessee	115,529,767	0	115,529,767
Federal Government	7,508,423	12,098,596	19,607,019
Other Governments and Citizens Groups	638,226	0	638,226
Total Revenues	<u>\$ 199,481,272</u>	<u>\$ 12,098,596</u>	<u>\$ 211,579,868</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 125,621,292	\$ 8,544,012	\$ 134,165,304
Support Services	60,842,600	3,304,755	64,147,355
Operation of Non-Instructional Services	13,290,600	0	13,290,600
Capital Outlay	748,849	0	748,849
Debt Service:			
Principal on Debt	36,869	0	36,869
Interest on Debt	8,756	0	8,756
Other Debt Service	2	0	2
Total Expenditures	<u>\$ 200,548,968</u>	<u>\$ 11,848,767</u>	<u>\$ 212,397,735</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,067,696)</u>	<u>\$ 249,829</u>	<u>\$ (817,867)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 92,094	\$ 0	\$ 92,094
Transfers In	51,298	0	51,298
Transfers Out	0	(51,298)	(51,298)
Total Other Financing Sources (Uses)	<u>\$ 143,392</u>	<u>\$ (51,298)</u>	<u>\$ 92,094</u>
Net Change in Fund Balances	\$ (924,304)	\$ 198,531	\$ (725,773)
Fund Balance, July 1, 2011	17,571,515	952,111	18,523,626
Fund Balance, June 30, 2012	<u>\$ 16,647,211</u>	<u>\$ 1,150,642</u>	<u>\$ 17,797,853</u>

Exhibit J-5

Sumner County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Sumner County School Department  
For the Year Ended June 30, 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)		\$ (725,773)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 290,017	
Less: current-year depreciation expense	<u>(13,773,072)</u>	(13,483,055)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized	\$ 5,118,629	
Less: loss on disposal of capital assets	<u>(2,467)</u>	5,116,162
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2011	\$ (1,967,429)	
Add: deferred delinquent property taxes and other deferred June 30, 2012	<u>2,037,707</u>	70,278
(4) The issuance of long-term debt (e.g., leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Add: principal payments on capital leases		36,869
(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	\$ (52,344)	
Change in other postemployment benefits liability	(4,871,365)	
Change in retirement incentive liability	(162,416)	
Change in judgments payable	<u>(996,075)</u>	<u>(6,082,200)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (15,067,719)</u>

Exhibit J-6

Summer County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Discretely Presented Summer County School Department  
 General Purpose School Fund  
 For the Year Ended June 30, 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	
<b>Revenues</b>							
Local Taxes	\$ 66,102,246	\$ 0	\$ 0	\$ 66,102,246	\$ 64,522,110	\$ 64,522,110	\$ 1,580,136
Licenses and Permits	7,043	0	0	7,043	6,500	6,500	543
Charges for Current Services	8,183,405	0	0	8,183,405	8,766,785	8,766,785	(583,380)
Other Local Revenues	1,512,162	0	0	1,512,162	840,316	1,001,241	510,921
State of Tennessee	115,529,767	0	0	115,529,767	115,249,983	116,608,857	(1,079,090)
Federal Government	7,508,423	0	0	7,508,423	5,362,580	6,746,460	761,963
Other Governments and Citizens Groups	638,226	0	0	638,226	0	623,240	14,986
<b>Total Revenues</b>	<b>\$ 199,481,272</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 199,481,272</b>	<b>\$ 194,748,274</b>	<b>\$ 198,275,193</b>	<b>\$ 1,206,079</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Regular Instruction Program	\$ 95,621,521	\$ (2,356,904)	\$ 35,095	\$ 93,299,712	\$ 93,947,613	\$ 93,950,907	\$ 651,195
Alternative Instruction Program	1,588,818	0	0	1,588,818	1,669,221	1,669,221	80,403
Special Education Program	18,761,588	0	0	18,761,588	19,015,654	19,315,029	553,441
Vocational Education Program	9,342,749	0	0	9,342,749	9,486,088	9,486,088	143,339
Adult Education Program	306,616	(345)	0	306,271	476,369	476,369	170,098
<b>Support Services</b>							
Attendance	351,789	0	0	351,789	357,970	357,970	6,181
Health Services	831,844	(8,384)	0	823,460	1,018,395	1,018,396	194,936
Other Student Support	4,652,039	0	0	4,652,039	4,729,283	4,729,283	77,244
Regular Instruction Program	7,286,427	(5,789)	27,252	7,307,890	6,153,233	7,336,129	28,239
Alternative Instruction Program	333,925	0	0	333,925	356,009	356,009	22,084
Special Education Program	1,613,745	0	0	1,613,745	1,630,153	1,663,203	49,458
Vocational Education Program	157,640	(2,327)	0	155,313	192,758	192,758	37,445

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	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>Support Services (Cont.)</u>							
Adult Programs	\$ 295,855	\$ 0	\$ 0	\$ 295,855	\$ 306,802	\$ 306,802	\$ 10,947
Other Programs	654,497	0	0	654,497	0	654,497	0
Board of Education	4,514,130	(22,439)	2,464	4,494,155	4,866,518	4,866,518	372,363
Director of Schools	741,991	0	0	741,991	822,184	822,184	80,193
Office of the Principal	12,216,973	(3,069)	2,927	12,216,831	12,491,972	12,491,972	275,141
Fiscal Services	942,309	0	0	942,309	1,095,556	1,095,556	153,247
Human Services/Personnel	457,985	0	0	457,985	474,444	474,444	16,459
Operation of Plant	12,839,329	(77,219)	38,680	12,800,790	13,354,652	13,054,652	253,862
Maintenance of Plant	4,487,920	(99,829)	88,104	4,476,195	4,601,067	4,644,067	167,872
Transportation	7,509,866	(3,991)	0	7,505,875	8,122,735	8,422,735	916,860
Central and Other	954,336	(27)	0	954,309	918,272	979,197	24,888
<u>Operation of Non-Instructional Services</u>							
Food Service	11,632,040	(67,515)	79,235	11,643,760	12,148,766	12,704,466	1,060,706
Community Services	1,561,235	(12,195)	8,102	1,557,142	1,513,807	1,513,807	(43,335)
Early Childhood Education	97,325	(16,939)	6,995	87,381	90,039	90,039	2,658
<u>Capital Outlay</u>							
Regular Capital Outlay	748,849	(114,881)	36,888	670,856	617,134	674,134	3,278
<u>Principal on Debt</u>							
Education	36,869	0	0	36,869	0	36,869	0
<u>Interest on Debt</u>							
Education	8,756	0	0	8,756	0	8,756	0
<u>Other Debt Service</u>							
Education	2	0	0	2	45,627	2	0
<b>Total Expenditures</b>	<b>\$ 200,548,968</b>	<b>\$ (2,791,853)</b>	<b>\$ 325,742</b>	<b>\$ 198,082,857</b>	<b>\$ 200,502,321</b>	<b>\$ 203,392,059</b>	<b>\$ 5,309,202</b>

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	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	\$ (1,067,696) \$	2,791,853 \$	(325,742) \$	1,398,415 \$	(5,754,047) \$	(5,116,866) \$	6,515,281
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 92,094 \$	0 \$	0 \$	92,094 \$	97,671 \$	97,671 \$	(5,577)
Transfers In	51,298	0	0	51,298	673,241	50,001	1,297
Transfers Out	0	0	0	0	(5,000)	(18,941)	18,941
Total Other Financing Sources (Uses)	\$ 143,392 \$	0 \$	0 \$	143,392 \$	765,912 \$	128,731 \$	14,661
Net Change in Fund Balance	\$ (924,304) \$	2,791,853 \$	(325,742) \$	1,541,807 \$	(4,988,135) \$	(4,988,135) \$	6,529,942
Fund Balance, July 1, 2011	17,571,515	(2,791,853)	0	14,779,662	14,764,545	14,764,545	15,117
Fund Balance, June 30, 2012	\$ 16,647,211 \$	0 \$	(325,742) \$	16,321,469 \$	9,776,410 \$	9,776,410 \$	6,545,059

Exhibit J-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 12,098,596	0	\$ 12,098,596	\$ 12,094,107	\$ 14,369,613	\$ (2,271,017)
Total Revenues	\$ 12,098,596	0	\$ 12,098,596	\$ 12,094,107	\$ 14,369,613	\$ (2,271,017)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 3,780,910	(1,138)	\$ 3,779,772	\$ 4,994,162	\$ 5,491,492	\$ 1,711,720
Alternative Instruction Program	20,626	0	20,626	30,315	26,315	5,689
Special Education Program	4,485,139	(4,807)	4,480,332	5,593,384	5,877,206	1,396,874
Vocational Education Program	257,337	0	257,337	287,338	257,338	1
<u>Support Services</u>						
Health Services	123,007	0	123,007	108,540	169,811	46,804
Other Student Support	165,325	0	165,325	127,493	189,007	23,682
Regular Instruction Program	1,519,434	(7,170)	1,512,264	1,791,495	2,177,279	665,015
Alternative Instruction Program	47,800	0	47,800	52,014	52,014	4,214
Special Education Program	1,269,804	0	1,269,804	1,470,399	1,654,726	384,922
Vocational Education Program	2,000	0	2,000	2,000	2,000	0
Transportation	177,385	(101,000)	76,385	118,470	118,470	42,085
Total Expenditures	\$ 11,848,767	(114,115)	\$ 11,734,652	\$ 14,575,610	\$ 16,015,658	\$ 4,281,006
Excess (Deficiency) of Revenues Over Expenditures	\$ 249,829	114,115	\$ 363,944	\$ (2,481,503)	\$ (1,646,045)	\$ 2,009,989
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (51,298)	0	\$ (51,298)	\$ (59,811)	\$ (67,134)	\$ 15,836
Total Other Financing Sources (Uses)	\$ (51,298)	0	\$ (51,298)	\$ (59,811)	\$ (67,134)	\$ 15,836
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 198,531	114,115	\$ 312,646	\$ (2,541,314)	\$ (1,713,179)	\$ 2,025,825
Fund Balance, June 30, 2012	952,111	(114,115)	837,996	2,541,314	2,541,314	(1,703,318)
Fund Balance, June 30, 2012	\$ 1,150,642	0	\$ 1,150,642	0	\$ 828,135	\$ 322,507

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Sumner County, Tennessee  
 Schedule of Changes in Long-term Bonds and Capital Leases  
Primary Government and Discretely Presented Sumner County School Department  
For the Year Ended June 30, 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
<u>PRIMARY GOVERNMENT</u>							
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
School Refunding	\$ 95,250,000	3.79 %	4-9-07	6-1-12	\$ 9,340,000	\$ 9,340,000	\$ 0
General Obligation	6,555,000	2.83	1-29-10	6-1-20	6,555,000	100,000	6,455,000
School Refunding	112,210,000	2.86	5-17-11	6-1-23	112,210,000	3,550,000	108,660,000
Total Bonds Payable					<u>\$ 128,105,000</u>	<u>\$ 12,990,000</u>	<u>\$ 115,115,000</u>
<u>DISCRETELY PRESENTED SUMNER COUNTY SCHOOL DEPARTMENT</u>							
<u>CAPITAL LEASES PAYABLE</u>							
<u>Payable through General Purpose School Fund</u>							
Trash Compactors	45,225	6.94	9-1-10	8-1-15	\$ 37,848	\$ 8,305	\$ 29,543
"	155,700	4.81	4-8-11	3-8-16	145,858	28,564	117,294
Total Capital Leases Payable					<u>\$ 183,706</u>	<u>\$ 36,869</u>	<u>\$ 146,837</u>

Exhibit K-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 8,340,000	\$ 5,256,888	\$ 13,596,888
2014	8,750,000	4,845,138	13,595,138
2015	9,180,000	4,415,138	13,595,138
2016	9,535,000	4,058,138	13,593,138
2017	9,920,000	3,675,088	13,595,088
2018	10,315,000	3,279,363	13,594,363
2019	10,775,000	2,819,913	13,594,913
2020	11,260,000	2,336,663	13,596,663
2021	11,760,000	1,834,400	13,594,400
2022	12,330,000	1,264,000	13,594,000
2023	12,950,000	647,500	13,597,500
Total	\$ 115,115,000	\$ 34,432,229	\$ 149,547,229

DISCRETELY PRESENTED SUMNER  
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2013	\$ 38,870	\$ 6,755	\$ 45,625
2014	40,981	4,644	45,625
2015	43,211	2,414	45,625
2016	23,775	427	24,202
Total	\$ 146,837	\$ 14,240	\$ 161,077

Exhibit K-3

Sumner County, Tennessee  
Schedule of Notes Receivable  
June 30, 2012

Description	Debtor	Original Amount of Notes	Date of Issue	Date of Maturity	Interest Rate	Balance
<u>General Debt Service Fund</u>						
Various Construction Projects	Sumner County Regional Airport Authority	\$ 300,000	5-1-10	6-1-20	0 %	\$ 235,000
<u>General Fund</u>						
Emergency Communication Equipment	Sumner County Emergency Communications District	1,870,872	10-3-11	9-1-16	4	1,613,491
Total Notes Receivable						<u>\$ 1,848,491</u>

Exhibit K-4

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

<u>To Fund</u>	<u>From Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Self-Insurance	Salaries	\$ 190,206
"	Judicial District Drug	"	106,285
Total Transfers Primary Government			<u>\$ 296,491</u>
<u>DISCRETELY PRESENTED SUMNER</u>			
<u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Indirect costs	\$ 51,298
Total Transfers Discretely Presented Sumner County School Department			<u>\$ 51,298</u>

Exhibit K-5

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Sections 8-24-102 and 5-1-310, TCA	\$ 101,218 (1)	\$ 50,000	Hartford Fire Insurance Company
Superintendent of Roads	Section 8-24-102, TCA	94,966 (1)	100,000	"
Director of Schools	State Board of Education and Local Board of Education	182,127 (5)	50,000	Western Surety Company
Trustee	Sections 8-24-102 and 5-1-310, TCA	87,835 (1)	6,115,412	Hartford Fire Insurance Company
Assessor of Property	Sections 8-24-102 and 5-1-310, TCA	87,835 (1)	10,000	Western Surety Company
Director of Finance	County Commission	103,150 (2)	50,000	Hartford Fire Insurance Company
County Clerk	Sections 8-24-102 and 5-1-310, TCA	87,835 (1)	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Sections 8-24-102 and 5-1-310, TCA	87,835 (1)	50,000	"
Clerk and Master	Sections 8-24-102 and 5-1-310, TCA, and Chancery Court	87,835 (1)(3)	50,000	Western Surety Company
Register of Deeds	Sections 8-24-102 and 5-1-310, TCA	87,835 (1)	25,000	Hartford Fire Insurance Company
Sheriff	Section 8-24-102, TCA	94,966 (1)(4)	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			Self-Insured	
Public Employee Dishonesty - School Department			100,000	Travelers Insurance

- (1) Includes \$1,500 for an education supplement.
- (2) Includes \$450 for a longevity pay.
- (3) Does not include special commissioner fees totaling \$9,732.
- (4) Does not include a law enforcement training supplement of \$600.
- (5) Includes \$5,000 for a 403(b) retirement contribution.

Exhibit K-6

Sumner 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	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway/ Public Works	Debt Service Fund	Capital Projects Fund	Debt Service Fund			Capital Projects Fund
									General	Debt Service		
<u>Local Taxes</u>												
<u>County Property Taxes</u>												
Current Property Tax	\$ 17,266,030	\$ 0	\$ 0	\$ 0	\$ 0	\$ 657,815	\$ 6,914,431	\$ 7,165,868	\$ 32,004,144			
Trustee's Collections - Prior Year	366,079	0	0	0	0	13,414	286,995	374	666,862			
Circuit/Clerk & Master Collections - Prior Years	277,438	0	0	0	0	10,561	226,074	0	514,073			
Interest and Penalty	74,480	0	0	0	0	2,840	52,751	8,017	138,088			
Pick-up Taxes	55	0	0	0	0	2	45	0	102			
Payments in-Lieu-of Taxes - T.V.A.	151	0	0	0	0	6	61	63	281			
Payments in-Lieu-of Taxes - Local Utilities	136,893	0	0	0	0	5,209	54,781	56,768	253,651			
Payments in-Lieu-of Taxes - Other	3,182	0	0	0	0	0	0	0	3,182			
<u>County Local Option Taxes</u>												
Local Option Sales Tax	0	0	0	0	0	0	6,226,266	0	6,226,266			
Hotel/Motel Tax	403,430	0	0	0	0	0	0	0	403,430			
Wheel Tax	0	0	0	0	0	1,815,438	0	0	1,815,438			
Litigation Tax - General	0	0	0	0	0	0	152,304	0	152,304			
Litigation Tax - Special Purpose	64,086	0	0	0	0	0	0	0	64,086			
Litigation Tax - Jail, Workhouse, or Courthouse	0	383,061	0	0	0	0	0	0	383,061			
Business Tax	1,379,917	0	0	0	0	0	0	0	1,379,917			
Mineral Severance Tax	0	0	0	0	0	136,627	0	0	136,627			
Adequate Facilities/Development Tax	0	0	0	0	0	0	1,065,258	0	1,065,258			
<u>Statutory Local Taxes</u>												
Bank Excise Tax	228,891	0	0	0	0	0	0	0	228,891			
Wholesale Beer Tax	519,008	0	0	0	0	0	0	0	519,008			
Beer Privilege Tax	2,074	0	0	0	0	0	0	0	2,074			
Interstate Telecommunications Tax	0	0	0	0	0	0	4,312	0	4,312			
<b>Total Local Taxes</b>	<b>\$ 20,721,714</b>	<b>\$ 383,061</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,641,912</b>	<b>\$ 14,983,278</b>	<b>\$ 7,231,090</b>	<b>\$ 45,961,055</b>			
<u>Licenses and Permits</u>												
<u>Licenses</u>												
Marriage Licenses	\$ 5,586	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,586			
Cable TV Franchise	374,898	0	0	0	0	0	0	0	374,898			

(Continued)

Exhibit K-6

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

	Special Revenue Funds							Total
	General	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Licenses and Permits (Cont.)</u>								
<u>Permits</u>								
Beer Permits	\$ 1,188	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,188
Building Permits	96,703	0	0	0	0	0	0	96,703
Other Permits	730	0	0	0	0	0	0	730
<b>Total Licenses and Permits</b>	<b>\$ 479,105</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 479,105</b>
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 29,242	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,242
Officers Costs	46,352	0	0	0	0	0	0	46,352
Drug Control Fines	0	0	5,716	0	0	0	0	5,716
District Attorney General Fees	0	0	0	5,528	0	0	0	5,528
DUI Treatment Fines	4,424	0	0	0	0	0	0	4,424
Data Entry Fee - Circuit Court	42,212	0	0	0	0	0	0	42,212
Courtroom Security Fee	1,540	0	0	0	0	0	0	1,540
<u>Criminal Court</u>								
Drug Court Fees	19,330	0	0	0	0	0	0	19,330
<u>General Sessions Court</u>								
Fines	117,078	0	0	0	0	0	0	117,078
Officers Costs	202,837	0	0	0	0	0	0	202,837
Drug Control Fines	0	0	21,891	0	0	0	0	21,891
Drug Court Fees	26,586	0	0	0	0	0	0	26,586
District Attorney General Fees	0	0	0	19,121	0	0	0	19,121
DUI Treatment Fines	72,928	0	0	0	0	0	0	72,928
Courtroom Security Fee	9,736	0	0	0	0	0	0	9,736
<u>Juvenile Court</u>								
Fines	8,064	0	0	0	0	0	0	8,064
Officers Costs	22,851	0	0	0	0	0	0	22,851
Courtroom Security Fee	268	0	0	0	0	0	0	268
<u>Chancery Court</u>								
Officers Costs	9,688	0	0	0	0	0	0	9,688

(Continued)

Exhibit K-6

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

	Special Revenue Funds										Total
	General	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund		Capital Projects Fund		
							General Debt Service	General Capital Projects			
<b>Fines, Forfeitures, and Penalties (Cont.)</b>											
<u>Chancery Court (Cont.)</u>											
Data Entry Fee - Chancery Court	\$ 7,075	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,075
Courtroom Security Fee	21	0	0	0	0	0	0	0	0	0	21
<u>Other Courts - In-county</u>											
Fines for Littering	2	0	0	0	0	0	0	0	0	0	2
<u>Other Fines, Forfeitures, and Penalties</u>											
Proceeds from Confiscated Property	0	0	35,562	0	0	0	0	0	0	0	35,562
Other Fines, Forfeitures, and Penalties	86,998	0	0	0	0	0	0	0	0	0	86,998
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 707,232</b>	<b>\$ 0</b>	<b>\$ 63,169</b>	<b>\$ 24,649</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 795,050</b>
<b>Charges for Current Services</b>											
<u>General Service Charges</u>											
Self-Insurance Premiums/Contributions	\$ 115,515	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 115,515
Patient Charges	5,023,265	0	0	0	0	0	0	0	0	0	5,023,265
Zoning Studies	5,250	0	0	0	0	0	0	0	0	0	5,250
Work Release Charges for Board	4,820	0	0	0	0	0	0	0	0	0	4,820
Other General Service Charges	1,460	0	14,000	0	0	0	0	0	0	0	15,460
<u>Fees</u>											
Subdivision Lot Fees	18,000	0	0	0	0	0	0	0	0	0	18,000
Engineer Review Fees	6,155	0	0	0	0	0	0	0	0	0	6,155
Copy Fees	4,059	0	0	84	0	0	0	0	0	0	4,143
Library Fees	63,917	0	0	0	0	0	0	0	0	0	63,917
Greenbelt Late Application Fee	300	0	0	0	0	0	0	0	0	0	300
Telephone Commissions	0	232,841	0	0	0	0	0	0	0	0	232,841
Special Commissioner Fees/Special Master Fees	0	0	0	0	9,732	0	0	0	0	0	9,732
Data Processing Fee - Register	62,952	0	0	0	0	0	0	0	0	0	62,952
Probation Fees	443,415	0	0	0	0	0	0	0	0	0	443,415
Data Processing Fee - Sheriff	24,178	0	0	0	0	0	0	0	0	0	24,178
Sexual Offender Registration Fees - Sheriff	8,400	0	0	0	0	0	0	0	0	0	8,400
Data Processing Fee - County Clerk	56,118	0	0	0	0	0	0	0	0	0	56,118

(Continued)

Exhibit K-6

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

	Special Revenue Funds							Total
	General	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Charges for Current Services (Cont.)</u>								
Other Charges for Services	\$ 4,220	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,220
Total Charges for Current Services	\$ 5,842,024	\$ 232,841	\$ 14,000	\$ 84	\$ 9,732	\$ 0	\$ 0	\$ 6,098,681
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 258,193	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 697,369	\$ 955,562
Lease/Rentals	185,743	0	0	0	0	0	0	185,743
Sale of Materials and Supplies	34	0	0	0	0	2,152	0	2,186
Commissary Sales	186,126	0	0	0	0	0	0	186,126
Sale of Gasoline	0	0	0	0	0	125,685	0	125,685
Sale of Maps	160	0	0	0	0	0	0	160
Sale of Recycled Materials	0	0	0	0	0	6,948	0	6,948
Refund of Telecommunication and Internet Fees (E-Rate)	6,873	0	0	0	0	0	0	6,873
Sale of Animals/Livestock	36,779	0	0	0	0	0	0	36,779
Miscellaneous Refunds	22,557	6,129	0	638	0	943	0	80,876
<u>Nonrecurring Items</u>								
Gain on Disposal of Property	28,508	0	0	0	0	0	0	28,508
Sale of Equipment	30,438	0	0	0	0	177,549	0	207,987
Sale of Property	5	0	0	0	0	0	0	5
Damages Recovered from Individuals	0	0	0	0	0	15,290	0	15,290
Contributions and Gifts	168,351	0	14,353	0	0	0	0	190,204
Performance Bond Forfeitures	0	0	0	0	0	30,000	0	30,000
<u>Other Local Revenues</u>								
Other Local Revenues	18,849	0	0	638	0	0	0	1,851
Total Other Local Revenues	\$ 942,616	\$ 6,129	\$ 14,353	\$ 638	\$ 0	\$ 358,567	\$ 697,369	\$ 2,109,899
<u>Fees Received from County Officials</u>								
Fees in-Lieu-of Salary	\$ 1,572,340	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,572,340
County Clerk	1,897,491	0	0	0	0	0	0	1,897,491

(Continued)

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

	Special Revenue Funds										Total
	General	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Debt Service Fund	Capital Projects Fund	Capital Projects Fund	
<u>Fees Received from County Officials (Cont.)</u>											
<u>Fees in-Lieu-of Salary (Cont.)</u>											
Clerk and Master	\$ 477,022	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 477,022
Register	920,070	0	0	0	0	0	0	0	0	0	920,070
Sheriff	43,137	0	0	0	0	0	0	0	0	0	43,137
Trustee	2,473,035	0	0	0	0	0	0	0	0	0	2,473,035
<b>Total Fees Received from County Officials</b>	<b>\$ 7,383,095</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 7,383,095</b>
<u>State of Tennessee</u>											
<u>General Government Grants</u>											
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
On-Behalf Contributions for OPEB	14,622	0	0	0	0	0	0	0	0	0	14,622
<u>Public Safety Grants</u>											
Law Enforcement Training Programs	40,200	0	0	0	0	0	0	0	0	0	40,200
Other Public Safety Grants	48,183	0	0	0	0	0	0	0	0	0	48,183
<u>Health and Welfare Grants</u>											
Health Department Programs	1,005,742	0	0	0	0	0	0	0	0	0	1,005,742
<u>Public Works Grants</u>											
Bridge Program	0	0	0	0	0	0	0	0	0	0	23,420
State Aid Program	0	0	0	0	0	0	0	0	0	0	235,413
Litter Program	0	0	0	0	0	0	0	0	0	0	82,793
<u>Other State Revenues</u>											
Flood Control	126,179	0	0	0	0	0	0	0	0	0	126,179
Income Tax	250,672	0	0	0	0	0	0	0	0	0	250,672
Beer Tax	18,421	0	0	0	0	0	0	0	0	0	18,421
Alcoholic Beverage Tax	187,667	0	0	0	0	0	0	0	0	0	187,667
Mixed Drink Tax	10,978	0	0	0	0	0	0	0	0	0	10,978
State Revenue Sharing - T.V.A.	1,636,538	0	0	0	0	0	0	0	0	0	1,636,538
Emergency Hospital - Prisoners	111,062	0	0	0	0	0	0	0	0	0	111,062
Prisoner Transportation	320	0	0	0	0	0	0	0	0	0	320
Contracted Prisoner Boarding	2,441,150	0	0	0	0	0	0	0	0	0	2,441,150
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0	0	0	0	2,724,034

(Continued)

Exhibit K-6

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

	Special Revenue Funds							Total
	General	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>State of Tennessee (Cont.)</u>								
<u>Other State Revenues (Cont.)</u>								
Petroleum Special Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 115,913	\$ 0	\$ 115,913
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	15,164
Other State Grants	4,866	0	0	0	0	0	0	4,866
Other State Revenues	429,688	0	0	0	0	50,000	562	480,250
Total State of Tennessee	\$ 6,350,452	\$ 0	\$ 0	\$ 0	\$ 3,231,573	\$ 562	\$ 0	\$ 9,582,587
<u>Federal Government</u>								
<u>Federal Through State</u>								
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,154	\$ 10,154
Disaster Relief	0	0	0	0	0	60,365	0	60,365
Homeland Security Grants	427,822	0	0	0	0	0	0	427,822
Law Enforcement Grants	12,677	0	0	0	0	0	0	12,677
ARRA Grant # 3	1,343	0	0	0	0	0	0	1,343
ARRA Grant # 4	6,052	0	0	0	0	0	0	6,052
Other Federal through State	63,887	0	0	0	0	0	0	66,194
<u>Direct Federal Revenue</u>								
Police Service (Lake Area)	11,168	0	0	0	0	0	0	11,168
Other Direct Federal Revenue	34,015	0	0	0	0	222,971	0	256,986
Total Federal Government	\$ 556,964	\$ 0	\$ 0	\$ 0	\$ 283,336	\$ 0	\$ 12,461	\$ 852,761
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 401,679	\$ 0	\$ 401,679
Contributions	194,386	0	0	0	0	0	0	194,386
Contracted Services	13,775	0	0	0	0	0	0	13,775
<u>Citizens Groups</u>								
Donations	2,000	0	0	0	0	0	0	2,000
Total Other Governments and Citizens Groups	\$ 210,161	\$ 0	\$ 0	\$ 0	\$ 401,679	\$ 0	\$ 0	\$ 611,840
<u>Total</u>	\$ 43,193,363	\$ 622,031	\$ 91,522	\$ 25,371	\$ 9,732	\$ 6,917,067	\$ 7,333,778	\$ 73,874,073

Exhibit K-7

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

	General Purpose School	School Federal Projects	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 47,107,936	\$ 0	\$ 47,107,936
Trustee's Collections - Prior Year	962,190	0	962,190
Circuit/Clerk & Master Collections - Prior Years	756,376	0	756,376
Interest and Penalty	203,241	0	203,241
Pick-up Taxes	151	0	151
Payments in-Lieu-of Taxes - T.V.A.	412	0	412
Payments in-Lieu-of Taxes - Local Utilities	373,204	0	373,204
<u>County Local Option Taxes</u>			
Local Option Sales Tax	12,454,401	0	12,454,401
Wheel Tax	4,235,711	0	4,235,711
<u>Statutory Local Taxes</u>			
Interstate Telecommunications Tax	8,624	0	8,624
Total Local Taxes	<u>\$ 66,102,246</u>	<u>\$ 0</u>	<u>\$ 66,102,246</u>
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 5,586	\$ 0	\$ 5,586
<u>Permits</u>			
Other Permits	1,457	0	1,457
Total Licenses and Permits	<u>\$ 7,043</u>	<u>\$ 0</u>	<u>\$ 7,043</u>
<u>Charges for Current Services</u>			
<u>Education Charges</u>			
Tuition - Regular Day Students	\$ 188,340	\$ 0	\$ 188,340
Tuition - Summer School	2,875	0	2,875
Lunch Payments - Children	5,014,814	0	5,014,814
Lunch Payments - Adults	256,939	0	256,939
Income from Breakfast	220,074	0	220,074
Receipts from Individual Schools	703,699	0	703,699
Community Service Fees - Children	1,632,006	0	1,632,006
TBI Criminal Background Fees	5,703	0	5,703
<u>Other Charges for Services</u>			
Other Charges for Services	158,955	0	158,955
Total Charges for Current Services	<u>\$ 8,183,405</u>	<u>\$ 0</u>	<u>\$ 8,183,405</u>
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 45,013	\$ 0	\$ 45,013
Lease/Rentals	110,867	0	110,867
Sale of Materials and Supplies	40,291	0	40,291
Refund of Telecommunication and Internet Fees (E-Rate)	165,426	0	165,426
Retirees' Insurance Payments	137,150	0	137,150
Miscellaneous Refunds	423,091	0	423,091
<u>Nonrecurring Items</u>			
Sale of Equipment	52,950	0	52,950
Damages Recovered from Individuals	3,052	0	3,052
Contributions and Gifts	464,552	0	464,552

(Continued)

Exhibit K-7

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

	General Purpose School	School Federal Projects	Total
<u>Other Local Revenues (Cont.)</u>			
<u>Other Local Revenues</u>			
Other Local Revenues	\$ 69,770	\$ 0	\$ 69,770
Total Other Local Revenues	\$ 1,512,162	\$ 0	\$ 1,512,162
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
On-Behalf Contributions for OPEB	\$ 654,497	\$ 0	\$ 654,497
<u>State Education Funds</u>			
Basic Education Program	112,242,002	0	112,242,002
Early Childhood Education	146,566	0	146,566
School Food Service	110,001	0	110,001
Energy Efficient School Initiative	52,624	0	52,624
Other State Education Funds	32,985	0	32,985
Family Resource Centers - ARRA	7,610	0	7,610
Statewide Student Management System (SSMS) - ARRA	69,562	0	69,562
Career Ladder Program	923,208	0	923,208
Career Ladder - Extended Contract	320,300	0	320,300
Career Ladder - Extended Contract - ARRA	358,222	0	358,222
<u>Other State Revenues</u>			
Mixed Drink Tax	10,978	0	10,978
Other State Grants	520,630	0	520,630
Safe Schools - ARRA	53,493	0	53,493
Other State Revenues	27,089	0	27,089
Total State of Tennessee	\$ 115,529,767	\$ 0	\$ 115,529,767
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA School Lunch Program	\$ 4,441,097	\$ 0	\$ 4,441,097
USDA - Commodities	555,700	0	555,700
Breakfast	1,385,905	0	1,385,905
USDA - Other	19,724	0	19,724
Adult Education State Grant Program	293,228	0	293,228
Vocational Education - Basic Grants to States	0	318,292	318,292
Title I Grants to Local Education Agencies	0	3,379,272	3,379,272
Special Education - Grants to States	0	6,003,679	6,003,679
Special Education Preschool Grants	0	70,113	70,113
English Language Acquisition Grants	0	70,974	70,974
Safe and Drug-free Schools - State Grants	473,673	104,820	578,493
Education for Homeless Children and Youth	0	34,130	34,130
Eisenhower Professional Development State Grants	0	478,621	478,621
ARRA Grant # 1	87	0	87
Race-to-the-Top - ARRA	0	703,004	703,004
Other Federal through State	149,147	935,691	1,084,838
<u>Direct Federal Revenue</u>			
ROTC Reimbursement	189,862	0	189,862
Total Federal Government	\$ 7,508,423	\$ 12,098,596	\$ 19,607,019

(Continued)

Exhibit K-7

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

	General Purpose School	School Federal Projects	Total
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$ 638,226	\$ 0	\$ 638,226
Total Other Governments and Citizens Groups	<u>\$ 638,226</u>	<u>\$ 0</u>	<u>\$ 638,226</u>
Total	<u>\$ 199,481,272</u>	<u>\$ 12,098,596</u>	<u>\$ 211,579,868</u>

Exhibit K-8

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

General Fund

General Government

County Commission

Other Salaries and Wages	\$	26,650	
Board and Committee Members Fees		144,000	
Social Security		8,344	
State Retirement		2,202	
Employer Medicare		2,299	
Audit Services		48,194	
Dues and Memberships		21,234	
Legal Notices, Recording, and Court Costs		1,142	
Postal Charges		26	
Electricity		735	
Other Charges		2,716	
Total County Commission			\$ 257,542

Board of Equalization

Board and Committee Members Fees	\$	6,600	
Total Board of Equalization			6,600

Other Boards and Committees

Board and Committee Members Fees	\$	2,600	
Total Other Boards and Committees			2,600

County Mayor/Executive

County Official/Administrative Officer	\$	101,218	
Assistant(s)		76,220	
Longevity Pay		1,500	
Social Security		10,654	
State Retirement		24,709	
Life Insurance		317	
Medical Insurance		25,662	
Dental Insurance		1,030	
Employer Medicare		2,492	
Communication		1,451	
Dues and Memberships		2,025	
Maintenance Agreements		1,452	
Maintenance and Repair Services - Office Equipment		62	
Maintenance and Repair Services - Vehicles		150	
Postal Charges		365	
Travel		4,072	
Gasoline		105	
Office Supplies		1,892	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Periodicals	\$	249	
In Service/Staff Development		912	
Other Charges		5,417	
Total County Mayor/Executive			\$ 261,954

County Attorney

County Official/Administrative Officer	\$	145,336	
Longevity Pay		2,775	
Other Salaries and Wages		108,212	
Social Security		12,607	
State Retirement		35,834	
Life Insurance		380	
Medical Insurance		40,713	
Dental Insurance		1,440	
Disability Insurance		2,759	
Employer Medicare		3,484	
Communication		2,298	
Data Processing Services		1,015	
Dues and Memberships		400	
Operating Lease Payments		2,231	
Maintenance Agreements		645	
Postal Charges		220	
Printing, Stationery, and Forms		447	
Travel		923	
Other Contracted Services		24,000	
Data Processing Supplies		472	
Library Books/Media		4,397	
Office Supplies		1,588	
In Service/Staff Development		475	
Data Processing Equipment		772	
Total County Attorney			393,423

Election Commission

County Official/Administrative Officer	\$	83,838	
Secretary(ies)		147,149	
Longevity Pay		4,500	
Other Salaries and Wages		24,208	
Election Commission		6,075	
Election Workers		44,190	
Social Security		15,565	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

State Retirement	\$	31,421	
Life Insurance		384	
Medical Insurance		65,185	
Dental Insurance		2,762	
Employer Medicare		3,641	
Communication		4,708	
Data Processing Services		45,087	
Legal Notices, Recording, and Court Costs		5,597	
Maintenance Agreements		14,269	
Maintenance and Repair Services - Equipment		2,198	
Postal Charges		60,413	
Printing, Stationery, and Forms		12,871	
Rentals		750	
Travel		1,290	
Maintenance and Repair Services - Records		227	
Other Contracted Services		6,380	
Data Processing Supplies		1,014	
Office Supplies		4,971	
Periodicals		49	
Uniforms		922	
Other Supplies and Materials		418	
In Service/Staff Development		3,928	
Data Processing Equipment		96,744	
Furniture and Fixtures		1,750	
Voting Machines		50,388	
Total Election Commission			\$ 742,892

Register of Deeds

County Official/Administrative Officer	\$	87,835
Deputy(ies)		289,551
Longevity Pay		6,300
Social Security		22,178
State Retirement		53,004
Life Insurance		677
Medical Insurance		81,426
Dental Insurance		3,383
Employer Medicare		5,187
Communication		1,260
Dues and Memberships		776
Operating Lease Payments		6,153

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Maintenance Agreements	\$	236	
Maintenance and Repair Services - Office Equipment		166	
Postal Charges		2,530	
Printing, Stationery, and Forms		310	
Travel		1,532	
Maintenance and Repair Services - Records		6,484	
Data Processing Supplies		2,063	
Duplicating Supplies		6,698	
Office Supplies		4,865	
In Service/Staff Development		175	
Data Processing Equipment		115,347	
Furniture and Fixtures		2,114	
Total Register of Deeds			\$ 700,250

Building

Supervisor/Director	\$	71,090
Investigator(s)		168,482
Secretary(ies)		102,883
Part-time Personnel		10,186
Longevity Pay		10,050
Other Salaries and Wages		61,800
Social Security		24,694
State Retirement		57,920
Life Insurance		729
Medical Insurance		85,166
Dental Insurance		3,523
Employer Medicare		5,775
Communication		2,263
Contracts with Government Agencies		12,250
Data Processing Services		1,662
Dues and Memberships		540
Operating Lease Payments		7,000
Legal Notices, Recording, and Court Costs		311
Maintenance and Repair Services - Vehicles		6,090
Matching Share		5,638
Postal Charges		1,634
Printing, Stationery, and Forms		1,078
Travel		986
Permits		3,460
Other Contracted Services		95,911

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

Data Processing Supplies	\$	1,841	
Gasoline		11,923	
Office Supplies		2,693	
Small Tools		48	
In Service/Staff Development		1,161	
Other Charges		2,211	
Data Processing Equipment		5,644	
Other Equipment		1,650	
Total Building			\$ 768,292

County Buildings

Maintenance Personnel	\$	187,857	
Longevity Pay		7,350	
Social Security		11,668	
State Retirement		27,531	
Life Insurance		324	
Medical Insurance		30,304	
Dental Insurance		1,046	
Employer Medicare		2,729	
Communication		1,782	
Other Contracted Services		62,960	
Electricity		607,464	
Natural Gas		161,851	
Water and Sewer		175,488	
Other Equipment		203	
Total County Buildings			1,278,557

Preservation of Records

Clerical Personnel	\$	22,153	
Part-time Personnel		12,278	
Longevity Pay		300	
Social Security		2,045	
State Retirement		3,139	
Life Insurance		43	
Medical Insurance		5,051	
Dental Insurance		209	
Employer Medicare		478	
Communication		2,008	
Dues and Memberships		25	
Maintenance and Repair Services - Office Equipment		872	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records (Cont.)

Postal Charges	\$	100	
Printing, Stationery, and Forms		320	
Travel		136	
Maintenance and Repair Services - Records		97	
Data Processing Supplies		1,162	
Library Books/Media		77	
Office Supplies		602	
Other Supplies and Materials		736	
Other Charges		27	
Data Processing Equipment		1,250	
Total Preservation of Records			\$ 53,108

Finance

Accounting and Budgeting

Assistant(s)	\$	55,697
Supervisor/Director		103,150
Accountants/Bookkeepers		161,908
Purchasing Personnel		62,815
Librarians		8,850
Longevity Pay		8,250
Other Salaries and Wages		45,320
Social Security		25,120
State Retirement		60,654
Life Insurance		762
Medical Insurance		93,966
Dental Insurance		4,324
Employer Medicare		6,003
Communication		2,183
Data Processing Services		19,919
Dues and Memberships		450
Legal Notices, Recording, and Court Costs		1,264
Maintenance Agreements		1,452
Postal Charges		7,547
Printing, Stationery, and Forms		419
Travel		1,597
Maintenance and Repair Services - Records		650
Data Processing Supplies		2,732
Library Books/Media		546
Office Supplies		5,746
In Service/Staff Development		3,973

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Other Charges	\$	17	
Communication Equipment		100	
Data Processing Equipment		8,169	
Furniture and Fixtures		6,550	
Total Accounting and Budgeting			\$ 700,133

Property Assessor's Office

County Official/Administrative Officer	\$	87,835	
Data Processing Personnel		153,893	
Assessment Personnel		97,522	
Longevity Pay		11,775	
Other Salaries and Wages		78,644	
Social Security		24,813	
State Retirement		56,815	
Life Insurance		715	
Medical Insurance		93,900	
Dental Insurance		3,935	
Employer Medicare		5,803	
Dues and Memberships		2,553	
Maintenance Agreements		2,028	
Postal Charges		1,611	
Printing, Stationery, and Forms		323	
Travel		5,163	
Data Processing Supplies		580	
Office Supplies		1,179	
Premiums on Corporate Surety Bonds		150	
In Service/Staff Development		2,055	
Data Processing Equipment		1,255	
Other Equipment		24,350	
Total Property Assessor's Office			656,897

Reappraisal Program

Supervisor/Director	\$	53,375	
Data Processing Personnel		61,742	
Longevity Pay		10,500	
Other Salaries and Wages		215,360	
Social Security		19,641	
State Retirement		44,357	
Life Insurance		557	
Medical Insurance		76,153	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Dental Insurance	\$	3,078	
Employer Medicare		4,594	
Audit Services		43,695	
Communication		7,209	
Contracts with Government Agencies		37,075	
Data Processing Services		31	
Maintenance and Repair Services - Vehicles		1,576	
Postal Charges		4,977	
Printing, Stationery, and Forms		443	
Travel		978	
Data Processing Supplies		954	
Gasoline		10,279	
Office Supplies		1,602	
Periodicals		524	
Data Processing Equipment		1,820	
Total Reappraisal Program			\$ 600,520

County Trustee's Office

County Official/Administrative Officer	\$	87,835
Deputy(ies)		168,860
Longevity Pay		4,425
Social Security		15,024
State Retirement		34,709
Life Insurance		410
Medical Insurance		51,323
Dental Insurance		1,976
Employer Medicare		3,538
Communication		2,476
Contracts with Government Agencies		43,768
Data Processing Services		11,050
Dues and Memberships		851
Legal Notices, Recording, and Court Costs		38
Maintenance Agreements		1,152
Postal Charges		7,537
Printing, Stationery, and Forms		1,434
Travel		1,665
Data Processing Supplies		738
Office Supplies		2,301
In Service/Staff Development		350
Data Processing Equipment		117

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Furniture and Fixtures	\$	192	
Office Equipment		118	
Other Capital Outlay		<u>1,549</u>	
Total County Trustee's Office	\$		443,436

County Clerk's Office

County Official/Administrative Officer	\$	87,835	
Deputy(ies)		734,314	
Longevity Pay		22,800	
Social Security		44,398	
State Retirement		106,488	
Life Insurance		1,334	
Medical Insurance		203,652	
Dental Insurance		7,979	
Employer Medicare		11,328	
Communication		4,278	
Data Processing Services		32,468	
Dues and Memberships		800	
Janitorial Services		3,349	
Maintenance Agreements		9,044	
Maintenance and Repair Services - Office Equipment		215	
Postal Charges		28,123	
Printing, Stationery, and Forms		1,861	
Travel		6,462	
Data Processing Supplies		1,526	
Office Supplies		6,399	
Periodicals		392	
In Service/Staff Development		245	
Other Charges		62	
Communication Equipment		131	
Data Processing Equipment		12,844	
Furniture and Fixtures		750	
Office Equipment		<u>126</u>	
Total County Clerk's Office			1,329,203

Data Processing

Supervisor/Director	\$	74,489	
Longevity Pay		675	
Social Security		4,499	
State Retirement		10,508	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Data Processing (Cont.)

Life Insurance	\$	135	
Medical Insurance		10,306	
Dental Insurance		410	
Employer Medicare		1,052	
Communication		4,262	
Data Processing Services		6,331	
Travel		126	
Other Contracted Services		232	
Data Processing Supplies		169	
Office Supplies		182	
In Service/Staff Development		100	
Data Processing Equipment		1,677	
Total Data Processing			\$ 115,153

Other Finance

Assistant(s)	\$	41,057	
Supervisor/Director		59,232	
Clerical Personnel		26,523	
Longevity Pay		3,825	
Social Security		7,541	
State Retirement		18,263	
Life Insurance		231	
Medical Insurance		30,407	
Dental Insurance		1,365	
Employer Medicare		1,763	
Total Other Finance			190,207

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	87,835	
Clerical Personnel		795,877	
Longevity Pay		19,200	
Jury and Witness Expense		33,690	
Social Security		51,274	
State Retirement		124,066	
Life Insurance		1,495	
Medical Insurance		188,112	
Dental Insurance		7,404	
Employer Medicare		12,164	
Communication		2,267	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Data Processing Services	\$	16,399	
Dues and Memberships		716	
Legal Notices, Recording, and Court Costs		420	
Maintenance Agreements		22,896	
Postal Charges		19,220	
Travel		2,091	
Other Contracted Services		1,199	
Data Processing Supplies		3,273	
Office Supplies		26,919	
Periodicals		849	
In Service/Staff Development		225	
Data Processing Equipment		10,629	
Furniture and Fixtures		582	
Total Circuit Court			\$ 1,428,802

General Sessions Judge

Judge(s)	\$	148,334	
Secretary(ies)		58,450	
Longevity Pay		2,100	
Social Security		10,328	
State Retirement		29,202	
Life Insurance		286	
Medical Insurance		5,051	
Dental Insurance		209	
Employer Medicare		3,004	
Communication		1,117	
Data Processing Services		348	
Licenses		50	
Maintenance Agreements		2,386	
Postal Charges		308	
Printing, Stationery, and Forms		1,330	
Travel		714	
Drug Treatment		8,935	
Other Contracted Services		2,110	
Office Supplies		751	
Periodicals		753	
In Service/Staff Development		215	
Other Charges		100	
Total General Sessions Judge			276,081

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court

Clerical Personnel	\$	94,089	
Longevity Pay		1,275	
Social Security		4,827	
State Retirement		11,463	
Life Insurance		145	
Medical Insurance		15,356	
Dental Insurance		569	
Employer Medicare		1,322	
Communication		216	
Consultants		15,900	
Data Processing Services		128	
Dues and Memberships		200	
Evaluation and Testing		362	
Operating Lease Payments		9,502	
Maintenance Agreements		1,760	
Postal Charges		88	
Printing, Stationery, and Forms		96	
Travel		3,095	
Other Contracted Services		3,650	
Drugs and Medical Supplies		37,203	
Instructional Supplies and Materials		8,360	
Office Supplies		1,778	
Data Processing Equipment		2,804	
Total Drug Court			\$ 214,188

Chancery Court

County Official/Administrative Officer	\$	87,835
Clerical Personnel		266,155
Longevity Pay		9,900
Social Security		21,059
State Retirement		44,748
Life Insurance		560
Medical Insurance		86,681
Dental Insurance		3,752
Employer Medicare		4,925
Communication		3,228
Data Processing Services		12,868
Dues and Memberships		716
Janitorial Services		2,400
Maintenance Agreements		6,963

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Maintenance and Repair Services - Office Equipment	\$	305	
Postal Charges		27,855	
Printing, Stationery, and Forms		1,365	
Travel		122	
Tuition		793	
Maintenance and Repair Services - Records		710	
Data Processing Supplies		419	
Office Supplies		6,485	
Periodicals		66	
Other Charges		107	
Data Processing Equipment		258	
Furniture and Fixtures		1,375	
Total Chancery Court			\$ 591,650

Juvenile Court

Judge(s)	\$	148,334	
Assistant(s)		65,852	
Secretary(ies)		88,328	
Longevity Pay		5,250	
Social Security		16,005	
State Retirement		40,147	
Life Insurance		423	
Medical Insurance		27,830	
Dental Insurance		1,205	
Employer Medicare		4,311	
Communication		4,684	
Data Processing Services		32,164	
Dues and Memberships		335	
Maintenance Agreements		8,487	
Maintenance and Repair Services - Buildings		40	
Postal Charges		1,105	
Printing, Stationery, and Forms		588	
Travel		3,032	
Maintenance and Repair Services - Records		465	
Other Contracted Services		248	
Data Processing Supplies		942	
Office Supplies		1,795	
Periodicals		511	
In Service/Staff Development		390	
Data Processing Equipment		5,270	
Total Juvenile Court			457,741

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General

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

Judicial Commissioners

County Official/Administrative Officer	\$ 231,143	
Longevity Pay	450	
Social Security	13,707	
State Retirement	7,914	
Life Insurance	102	
Employer Medicare	3,358	
Communication	834	
Maintenance Agreements	1,104	
Data Processing Supplies	536	
Office Supplies	1,100	
Data Processing Equipment	514	
Total Judicial Commissioners		260,762

Other Administration of Justice

Part-time Personnel	\$ 19,282	
Social Security	1,195	
Employer Medicare	280	
Contracts with Other Public Agencies	76,825	
Total Other Administration of Justice		97,582

Probation Services

Probation Officer(s)	\$ 236,000
Clerical Personnel	27,117
Longevity Pay	8,100
Social Security	16,196
State Retirement	37,893
Life Insurance	476
Medical Insurance	33,085
Dental Insurance	1,431
Employer Medicare	3,788
Communication	432
Maintenance Agreements	2,731
Postal Charges	1,000
Printing, Stationery, and Forms	1,099
Travel	1,156
Office Supplies	5,035

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Probation Services (Cont.)

In Service/Staff Development	\$	300	
Other Charges		600	
Furniture and Fixtures		442	
Total Probation Services			\$ 376,881

Courtroom Security

Building Improvements	\$	2,937	
Other Equipment		29,608	
Total Courtroom Security			32,545

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	94,966	
Deputy(ies)		2,251,839	
Detective(s)		373,439	
Captain(s)		176,271	
Lieutenant(s)		165,365	
Sergeant(s)		318,910	
Dispatchers/Radio Operators		381,795	
Guards		271,665	
Clerical Personnel		435,783	
Maintenance Personnel		94,629	
Part-time Personnel		142,917	
Longevity Pay		122,850	
Other Salaries and Wages		40,200	
Social Security		282,205	
State Retirement		654,962	
Life Insurance		8,222	
Medical Insurance		1,025,341	
Dental Insurance		43,789	
Employer Medicare		66,000	
Advertising		350	
Communication		62,618	
Contracts with Private Agencies		2,951	
Data Processing Services		13,617	
Dues and Memberships		3,190	
Evaluation and Testing		14,650	
Licenses		1,832	
Maintenance Agreements		5,238	
Maintenance and Repair Services - Equipment		5,700	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Maintenance and Repair Services - Vehicles	\$	10,325	
Postal Charges		7,656	
Printing, Stationery, and Forms		8,458	
Tow-in Services		645	
Transportation - Other than Students		8,670	
Travel		14,163	
Veterinary Services		26,976	
Animal Food and Supplies		18,414	
Data Processing Supplies		13,670	
Diesel Fuel		1,175	
Drugs and Medical Supplies		895	
Gasoline		337,615	
Law Enforcement Supplies		48,770	
Office Supplies		15,507	
Propane Gas		2,326	
Sand		69	
Tires and Tubes		18,094	
Uniforms		20,393	
Vehicle Parts		16,258	
Other Supplies and Materials		2,991	
In Service/Staff Development		16,400	
Other Charges		4,958	
Communication Equipment		2,465	
Data Processing Equipment		94,290	
Furniture and Fixtures		2,529	
Law Enforcement Equipment		4,262	
Motor Vehicles		352,962	
Other Equipment		5,994	
Total Sheriff's Department			\$ 8,118,224

Administration of the Sexual Offender Registry

Other Charges	\$	3,532	
Total Administration of the Sexual Offender Registry			3,532

Jail

Assistant(s)	\$	61,882	
Captain(s)		57,131	
Lieutenant(s)		149,630	
Sergeant(s)		219,003	
Guards		3,050,145	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Cafeteria Personnel	\$	50,444	
Part-time Personnel		7,930	
Longevity Pay		70,050	
Social Security		206,431	
State Retirement		502,607	
Life Insurance		6,467	
Medical Insurance		984,888	
Dental Insurance		40,679	
Employer Medicare		48,279	
Medical and Dental Services		1,110,996	
Travel		400	
Custodial Supplies		59,395	
Drugs and Medical Supplies		1,099	
Food Supplies		579,000	
Prisoners Clothing		4,424	
Other Supplies and Materials		32,052	
In Service/Staff Development		2,845	
Total Jail			\$ 7,245,777

Juvenile Services

Youth Service Officer(s)	\$	338,116	
Salary Supplements		5,196	
Longevity Pay		11,250	
Social Security		21,044	
State Retirement		49,568	
Life Insurance		604	
Medical Insurance		49,240	
Dental Insurance		1,988	
Employer Medicare		4,921	
Communication		1,337	
Data Processing Services		1,946	
Postal Charges		270	
Printing, Stationery, and Forms		791	
Travel		3,349	
Drug Treatment		723	
Other Contracted Services		4,939	
Data Processing Supplies		1,632	
Office Supplies		3,868	
In Service/Staff Development		710	
Furniture and Fixtures		125	
Total Juvenile Services			501,617

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control

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

Rural Fire Protection

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

Other Emergency Management

Supervisor/Director	\$ 75,748	
Deputy(ies)	18,769	
Part-time Personnel	12,360	
Longevity Pay	675	
Social Security	6,455	
State Retirement	10,684	
Life Insurance	136	
Medical Insurance	12,678	
Dental Insurance	578	
Employer Medicare	1,510	
Communication	13,205	
Maintenance Agreements	1,704	
Maintenance and Repair Services - Equipment	3,731	
Maintenance and Repair Services - Vehicles	2,654	
Postal Charges	11	
Custodial Supplies	499	
Gasoline	7,597	
Office Supplies	1,000	
Uniforms	2,999	
Other Supplies and Materials	6,227	
Vehicle and Equipment Insurance	17,228	
Workers' Compensation Insurance	8,004	
In Service/Staff Development	60	
Other Charges	532,107	
Motor Vehicles	143,148	
Other Capital Outlay	11,248	
Total Other Emergency Management		891,015

Public Health and Welfare

Local Health Center

Custodial Personnel	\$ 23,714	
Longevity Pay	14,400	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Other Salaries and Wages	\$	735,994	
Social Security		45,347	
State Retirement		93,570	
Life Insurance		1,196	
Medical Insurance		140,806	
Dental Insurance		6,136	
Employer Medicare		10,605	
Communication		30,364	
Dues and Memberships		200	
Maintenance Agreements		1,411	
Maintenance and Repair Services - Buildings		6,191	
Maintenance and Repair Services - Equipment		4,458	
Printing, Stationery, and Forms		976	
Travel		18,168	
Disposal Fees		2,055	
Other Contracted Services		1,798	
Custodial Supplies		2,106	
Data Processing Supplies		556	
Drugs and Medical Supplies		722	
Electricity		54,388	
Natural Gas		7,944	
Office Supplies		2,066	
Water and Sewer		3,261	
Other Supplies and Materials		285	
Liability Insurance		797	
Other Charges		966	
Building Improvements		90	
Data Processing Equipment		176	
Furniture and Fixtures		102	
Health Equipment		138	
Other Equipment		5,945	
Total Local Health Center			\$ 1,216,931

Ambulance/Emergency Medical Services

Supervisor/Director	\$	84,448
Mechanic(s)		28,945
Dispatchers/Radio Operators		195,652
Clerical Personnel		181,934
Attendants		2,644,881
Part-time Personnel		301,447

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Longevity Pay	\$	82,725
Overtime Pay		1,333,799
Social Security		282,838
State Retirement		635,756
Life Insurance		7,260
Medical Insurance		953,192
Dental Insurance		39,492
Employer Medicare		66,148
Communication		41,593
Data Processing Services		13,591
Debt Collection Services		153,644
Dues and Memberships		580
Operating Lease Payments		48,326
Legal Notices, Recording, and Court Costs		77
Licenses		7,622
Maintenance and Repair Services - Buildings		1,767
Maintenance and Repair Services - Equipment		9,344
Maintenance and Repair Services - Vehicles		3,062
Medical and Dental Services		2,438
Postal Charges		5,412
Printing, Stationery, and Forms		42
Rentals		1,600
Tow-in Services		820
Travel		3,542
Disposal Fees		3,432
Other Contracted Services		150
Custodial Supplies		6,580
Data Processing Supplies		319
Diesel Fuel		184,872
Drugs and Medical Supplies		206,689
Gasoline		13,943
Instructional Supplies and Materials		3,090
Office Supplies		2,612
Textbooks		2,122
Tires and Tubes		17,503
Uniforms		42,791
Vehicle Parts		71,814
Liability Insurance		19,980
In Service/Staff Development		13,758
Criminal Investigation of Applicants - TBI		982

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Other Charges	\$	2,366	
Communication Equipment		13,125	
Data Processing Equipment		12,232	
Furniture and Fixtures		8,247	
Motor Vehicles		314,632	
Health Equipment		31,153	
Other Equipment		<u>4,042</u>	
Total Ambulance/Emergency Medical Services	\$		8,108,411

Appropriation to State

Contracts with Government Agencies	\$	<u>197,655</u>	
Total Appropriation to State			197,655

General Welfare Assistance

Pauper Burials	\$	<u>1,500</u>	
Total General Welfare Assistance			1,500

Aid to Dependent Children

Other Contracted Services	\$	<u>365</u>	
Total Aid to Dependent Children			365

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	46,500	
Tax Relief Program		<u>202,336</u>	
Total Senior Citizens Assistance			248,836

Libraries

Librarians	\$	854,174	
Longevity Pay		19,650	
Social Security		50,331	
State Retirement		100,068	
Life Insurance		1,233	
Medical Insurance		172,010	
Dental Insurance		7,785	
Employer Medicare		11,864	
Communication		17,079	
Data Processing Services		3,691	
Dues and Memberships		930	
Janitorial Services		27,784	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Operating Lease Payments	\$	12,498	
Maintenance Agreements		6,000	
Maintenance and Repair Services - Buildings		6,709	
Maintenance and Repair Services - Equipment		619	
Maintenance and Repair Services - Office Equipment		300	
Pest Control		1,194	
Postal Charges		5,754	
Printing, Stationery, and Forms		1,791	
Travel		4,047	
Disposal Fees		3,528	
Other Contracted Services		5,458	
Custodial Supplies		3,359	
Data Processing Supplies		4,632	
Electricity		83,094	
Library Books/Media		126,295	
Natural Gas		3,427	
Office Supplies		18,590	
Periodicals		5,461	
Water and Sewer		8,305	
Other Supplies and Materials		6,219	
In Service/Staff Development		1,057	
Other Charges		4,640	
Data Processing Equipment		14,225	
Total Libraries			\$ 1,593,801

Other Social, Cultural, and Recreational

Other Charges	\$	7,656	
Total Other Social, Cultural, and Recreational			7,656

Agriculture and Natural Resources

Agriculture Extension Service

County Official/Administrative Officer	\$	101,099	
Assistant(s)		91,957	
Secretary(ies)		47,324	
Longevity Pay		5,850	
Social Security		12,208	
State Retirement		31,233	
Life Insurance		222	
Medical Insurance		79,741	
Dental Insurance		3,557	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Employer Medicare	\$	1,525	
Communication		3,257	
Dues and Memberships		345	
Maintenance Agreements		1,189	
Maintenance and Repair Services - Buildings		50	
Maintenance and Repair Services - Equipment		466	
Travel		4,572	
Office Supplies		930	
Data Processing Equipment		1,451	
Total Agriculture Extension Service			\$ 386,976

Soil Conservation

Secretary(ies)	\$	27,131	
Longevity Pay		1,275	
Social Security		1,545	
State Retirement		3,971	
Life Insurance		50	
Medical Insurance		12,678	
Dental Insurance		578	
Employer Medicare		361	
Dues and Memberships		1,110	
Travel		578	
Office Supplies		982	
Periodicals		85	
In Service/Staff Development		965	
Total Soil Conservation			51,309

Other Operations

Tourism

Contributions	\$	334,313	
Total Tourism			334,313

Industrial Development

Contributions	\$	40,000	
Total Industrial Development			40,000

Veterans' Services

County Official/Administrative Officer	\$	44,558	
Longevity Pay		600	
Social Security		2,800	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

State Retirement	\$	6,313	
Life Insurance		81	
Employer Medicare		655	
Communication		360	
Dues and Memberships		25	
Maintenance Agreements		424	
Postal Charges		185	
Travel		936	
Office Supplies		129	
Data Processing Equipment		498	
Total Veterans' Services			\$ 57,564

Other Charges

Evaluation and Testing	\$	6,792	
Medical and Dental Services		26,700	
Other Contracted Services		18,000	
Other Supplies and Materials		7,784	
Building and Contents Insurance		40,526	
Liability Insurance		336,859	
Premiums on Corporate Surety Bonds		210	
Trustee's Commission		514,454	
Workers' Compensation Insurance		166,358	
Other Charges		12,813	
Total Other Charges			1,130,496

Contributions to Other Agencies

Contributions	\$	260,090	
Total Contributions to Other Agencies			260,090

Employee Benefits

State Retirement	\$	2,400	
Medical Insurance		26,797	
Unemployment Compensation		48,216	
Total Employee Benefits			77,413

ARRA Grant # 3

Engineering Services	\$	40,000	
Total ARRA Grant # 3			40,000

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

ARRA Grant # 4

Engineering Services	\$ 25,131	
Other Construction	208,018	
Total ARRA Grant # 4		\$ 233,149

Miscellaneous

Investigator(s)	\$ 42,420	
Clerical Personnel	28,239	
Longevity Pay	300	
Overtime Pay	14,120	
Other Salaries and Wages	2,500	
Social Security	5,345	
State Retirement	6,776	
Life Insurance	77	
Medical Insurance	5,051	
Dental Insurance	209	
Employer Medicare	1,250	
On-Behalf Payments to OPEB	14,622	
Total Miscellaneous		120,909

Highways

Traffic Control

Maintenance and Repair Services - Equipment	\$ 1,561	
Total Traffic Control		1,561

Instruction

Adult Education Program

Contributions	\$ 623,240	
Total Adult Education Program		623,240

Capital Projects

Social, Cultural, and Recreation Projects

Other Construction	\$ 480,884	
Total Social, Cultural, and Recreation Projects		480,884

Total General Fund \$ 44,359,823

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Communication	\$ 25,189	
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(Continued)

Exhibit K-8

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

Courthouse and Jail Maintenance Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Consultants	\$	500	
Data Processing Services		250	
Dues and Memberships		35	
Maintenance Agreements		168,383	
Maintenance and Repair Services - Buildings		267,562	
Maintenance and Repair Services - Equipment		212,281	
Maintenance and Repair Services - Vehicles		1,346	
Pest Control		10,151	
Travel		42	
Disposal Fees		12,681	
Other Contracted Services		33,497	
Custodial Supplies		18,192	
Gasoline		3,714	
Other Supplies and Materials		302	
Trustee's Commission		6,328	
In Service/Staff Development		1,170	
Other Charges		21	
Communication Equipment		2,851	
Data Processing Equipment		3,624	
Heating and Air Conditioning Equipment		12,787	
Other Equipment		187,278	
Total County Buildings			\$ 968,184

Interest on Debt

General Government

Interest on Notes	\$	4,898	
Total General Government			4,898

Total Courthouse and Jail Maintenance Fund \$ 973,082

Drug Control Fund

Public Safety

Drug Enforcement

Evaluation and Testing	\$	2,070	
Other Contracted Services		2,671	
Drugs and Medical Supplies		510	
Law Enforcement Supplies		29,082	
Office Supplies		6,163	
Trustee's Commission		668	
Law Enforcement Equipment		3,170	

(Continued)

Exhibit K-8

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Motor Vehicles	\$ 24,669	
Total Drug Enforcement		\$ 69,003

Total Drug Control Fund \$ 69,003

District Attorney General Fund

Administration of Justice

District Attorney General

Dues and Memberships	\$ 645	
Janitorial Services	4,000	
Legal Notices, Recording, and Court Costs	175	
Rentals	6,000	
Travel	95	
Other Contracted Services	9,153	
Other Supplies and Materials	78	
Trustee's Commission	264	
In Service/Staff Development	4,037	
Other Charges	4,021	
Furniture and Fixtures	1,383	
Total District Attorney General		\$ 29,851

Total District Attorney General Fund 29,851

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 9,732	
Total Chancery Court		\$ 9,732

Total Constitutional Officers - Fees Fund 9,732

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 94,966
Assistant(s)	33,706
Clerical Personnel	29,276
Data Processing Services	12,634
Dues and Memberships	3,950
Legal Services	4,700

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Legal Notices, Recording, and Court Costs	\$	253	
Maintenance Agreements		1,752	
Maintenance and Repair Services - Buildings		126	
Maintenance and Repair Services - Office Equipment		1,096	
Postal Charges		249	
Printing, Stationery, and Forms		396	
Travel		325	
Other Contracted Services		1,887	
Custodial Supplies		362	
Data Processing Supplies		32	
Drugs and Medical Supplies		246	
Office Supplies		1,591	
In Service/Staff Development		235	
Total Administration			\$ 187,782

Highway and Bridge Maintenance

Foremen	\$	170,567	
Equipment Operators		544,032	
Truck Drivers		341,091	
Laborers		28,981	
Engineering Services		9,199	
Asphalt - Hot Mix		2,701,578	
Asphalt - Liquid		38,180	
Concrete		45,878	
Crushed Stone		186,854	
Food Supplies		873	
General Construction Materials		148,003	
Pipe		14,163	
Pipe - Concrete		24,987	
Pipe - Metal		691	
Road Signs		20,943	
Salt		98,539	
Small Tools		1,979	
Structural Steel		2,285	
Wood Products		916	
In Service/Staff Development		874	
Total Highway and Bridge Maintenance			4,380,613

Operation and Maintenance of Equipment

Foremen	\$	47,314	
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(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Mechanic(s)	\$	203,754	
Laborers		33,062	
Laundry Service		2,633	
Maintenance and Repair Services - Buildings		3,120	
Maintenance and Repair Services - Equipment		29,428	
Maintenance and Repair Services - Vehicles		20,651	
Tow-in Services		550	
Disposal Fees		1,971	
Permits		500	
Custodial Supplies		1,668	
Diesel Fuel		298,969	
Equipment and Machinery Parts		198,668	
Garage Supplies		15,192	
Gasoline		150,840	
Lubricants		19,080	
Propane Gas		21	
Small Tools		7,303	
Tires and Tubes		55,959	
Total Operation and Maintenance of Equipment			\$ 1,090,683

Quarry Operations

Permits	\$	2,080	
Penalties		200	
Electricity		1,174	
Explosives and Drilling Supplies		17,850	
In Service/Staff Development		750	
Other Charges		1,800	
Total Quarry Operations			23,854

Litter and Trash Collection

Guards	\$	36,000	
Clerical Personnel		611	
Diesel Fuel		7,616	
Instructional Supplies and Materials		19,417	
Other Supplies and Materials		2,563	
Other Charges		8,749	
Total Litter and Trash Collection			74,956

Other Charges

Communication	\$	8,805	
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(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Electricity	\$	19,036	
Natural Gas		3,344	
Water and Sewer		2,698	
Building and Contents Insurance		2,061	
Liability Insurance		99,923	
Trustee's Commission		73,458	
Vehicle and Equipment Insurance		46,065	
Total Other Charges			\$ 255,390

Employee Benefits

Longevity Pay	\$	39,375	
Social Security		111,375	
State Retirement		195,026	
Life Insurance		2,344	
Medical Insurance		348,877	
Dental Insurance		13,552	
Unemployment Compensation		28,357	
Workers' Compensation Insurance		63,179	
Total Employee Benefits			802,085

Capital Outlay

Building Construction	\$	6,730	
Furniture and Fixtures		980	
Highway Equipment		1,227,402	
Total Capital Outlay			1,235,112

Total Highway/Public Works Fund \$ 8,050,475

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	70,493	
Total General Government			\$ 70,493

Education

Principal on Bonds	\$	12,919,507	
Total Education			12,919,507

(Continued)

Exhibit K-8

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 128,668	
Total General Government		\$ 128,668

Education

Interest on Bonds	\$ 5,860,431	
Total Education		5,860,431

Other Debt Service

General Government

Other Contracted Services	\$ 8,000	
Trustee's Commission	229,507	
Other Charges	500	
Total General Government		238,007

Education

Other Charges	\$ 1,250	
Total Education		1,250

Total General Debt Service Fund		\$ 19,218,356
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General Capital Projects Fund

Capital Projects

General Administration Projects

Trustee's Commission	\$ 143,425	
Total General Administration Projects		\$ 143,425

Public Health and Welfare Projects

Motor Vehicles	\$ 101,940	
Total Public Health and Welfare Projects		101,940

Social, Cultural, and Recreation Projects

Engineering Services	\$ 7,875	
Road Signs	200	
Site Development	250	
Other Construction	57,205	
Total Social, Cultural, and Recreation Projects		65,530

Other General Government Projects

Maintenance and Repair Services - Buildings	\$ 7,000	
Building Improvements	830,147	

(Continued)

Exhibit K-8

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Other General Government Projects (Cont.)

Heating and Air Conditioning Equipment	\$ 15,264	
Site Development	36,424	
Other Construction	<u>73,682</u>	
Total Other General Government Projects		\$ 962,517

Education Capital Projects

Architects	\$ 45,937	
Building Construction	53,704	
Building Improvements	2,726,011	
Furniture and Fixtures	42,616	
Office Equipment	12,352	
Transportation Equipment	1,252,500	
Other Construction	<u>466,050</u>	
Total Education Capital Projects		<u>4,599,170</u>

Total General Capital Projects Fund \$ 5,872,582

Total Governmental Funds - Primary Government \$ 78,582,904

Exhibit K-9

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 65,003,812	
Career Ladder Program	488,347	
Career Ladder Extended Contracts	144,149	
Homebound Teachers	56,479	
Educational Assistants	1,185,287	
Other Salaries and Wages	126,803	
Certified Substitute Teachers	321,728	
Non-certified Substitute Teachers	489,956	
Social Security	3,961,346	
State Retirement	6,027,629	
Life Insurance	106,888	
Medical Insurance	12,082,365	
Dental Insurance	537,085	
Employer Medicare	932,159	
Maintenance and Repair Services - Equipment	60,825	
Other Contracted Services	104,821	
Instructional Supplies and Materials	681,237	
Textbooks	2,693,936	
Other Supplies and Materials	66,987	
Fee Waivers	544,103	
Other Charges	5,579	
Total Regular Instruction Program	\$ 95,621,521	

Alternative Instruction Program

Teachers	\$ 763,660	
Career Ladder Program	2,400	
Educational Assistants	134,674	
Other Salaries and Wages	160,148	
Certified Substitute Teachers	4,950	
Non-certified Substitute Teachers	10,736	
Social Security	60,862	
State Retirement	110,306	
Life Insurance	1,478	
Medical Insurance	289,905	
Dental Insurance	9,662	
Employer Medicare	14,386	
Instructional Supplies and Materials	12,434	
Other Supplies and Materials	10,175	
Other Charges	3,042	
Total Alternative Instruction Program	1,588,818	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	8,942,295	
Career Ladder Program		61,766	
Career Ladder Extended Contracts		8,868	
Homebound Teachers		169,702	
Educational Assistants		1,833,818	
Speech Pathologist		1,559,436	
Other Salaries and Wages		309,854	
Certified Substitute Teachers		36,638	
Non-certified Substitute Teachers		212,464	
Social Security		753,842	
State Retirement		1,259,984	
Life Insurance		17,446	
Medical Insurance		3,115,885	
Dental Insurance		113,907	
Employer Medicare		177,137	
Contracts with Private Agencies		69,560	
Other Contracted Services		26,308	
Instructional Supplies and Materials		57,200	
Textbooks		5,856	
Other Supplies and Materials		16,799	
Other Charges		6,673	
Special Education Equipment		6,150	
Total Special Education Program			\$ 18,761,588

Vocational Education Program

Teachers	\$	6,545,674
Career Ladder Program		49,490
Career Ladder Extended Contracts		7,496
Educational Assistants		166,508
Certified Substitute Teachers		31,874
Non-certified Substitute Teachers		35,037
Social Security		403,367
State Retirement		620,600
Life Insurance		10,682
Medical Insurance		1,036,167
Dental Insurance		45,446
Employer Medicare		94,393
Maintenance and Repair Services - Equipment		14,134
Instructional Supplies and Materials		119,825

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Textbooks	\$	40,569	
Fee Waivers		65,418	
Other Charges		6,555	
Vocational Instruction Equipment		49,514	
Total Vocational Education Program			\$ 9,342,749

Adult Education Program

Teachers	\$	219,289	
Career Ladder Program		1,000	
Other Salaries and Wages		2,145	
Social Security		12,572	
State Retirement		17,177	
Life Insurance		280	
Medical Insurance		39,757	
Dental Insurance		2,101	
Employer Medicare		3,076	
Instructional Supplies and Materials		9,219	
Total Adult Education Program			306,616

Support Services

Attendance

Supervisor/Director	\$	79,747	
Career Ladder Program		1,000	
Clerical Personnel		25,794	
Other Salaries and Wages		148,668	
Social Security		15,020	
State Retirement		31,697	
Life Insurance		522	
Medical Insurance		35,320	
Dental Insurance		850	
Employer Medicare		3,513	
Travel		5,923	
Other Supplies and Materials		980	
Other Charges		2,755	
Total Attendance			351,789

Health Services

Medical Personnel	\$	413,147	
Other Salaries and Wages		68,769	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Social Security	\$	26,681	
State Retirement		42,773	
Life Insurance		454	
Medical Insurance		164,810	
Dental Insurance		4,137	
Employer Medicare		6,240	
Travel		28,019	
Other Contracted Services		5,319	
Drugs and Medical Supplies		11,417	
Other Supplies and Materials		31,705	
Other Charges		13,688	
Health Equipment		14,685	
Total Health Services			\$ 831,844

Other Student Support

Career Ladder Program	\$	27,690	
Guidance Personnel		2,837,813	
Career Ladder Extended Contracts		25,829	
Clerical Personnel		185,097	
Other Salaries and Wages		267,703	
Social Security		193,494	
State Retirement		315,347	
Life Insurance		4,483	
Medical Insurance		583,980	
Dental Insurance		19,810	
Employer Medicare		45,690	
Evaluation and Testing		134,770	
Other Supplies and Materials		7,006	
Other Charges		3,327	
Total Other Student Support			4,652,039

Regular Instruction Program

Supervisor/Director	\$	576,829	
Career Ladder Program		64,640	
Career Ladder Extended Contracts		39,307	
Librarians		2,510,781	
Materials Supervisor		76,416	
Instructional Computer Personnel		60,799	
Secretary(ies)		81,522	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Clerical Personnel	\$	255,822	
Educational Assistants		26,858	
Other Salaries and Wages		1,288,928	
In-Service Training		3,625	
Social Security		286,549	
State Retirement		462,892	
Life Insurance		7,816	
Medical Insurance		847,573	
Dental Insurance		35,228	
Employer Medicare		67,911	
Travel		47,166	
Other Contracted Services		77,048	
Library Books/Media		182,685	
Other Supplies and Materials		120,349	
In Service/Staff Development		35,298	
Other Charges		125,134	
Other Equipment		5,251	
Total Regular Instruction Program			\$ 7,286,427

Alternative Instruction Program

Supervisor/Director	\$	80,701	
Career Ladder Program		3,600	
Guidance Personnel		73,662	
Librarians		33,354	
Secretary(ies)		34,004	
Clerical Personnel		14,113	
Social Security		14,088	
State Retirement		24,041	
Life Insurance		577	
Medical Insurance		37,167	
Dental Insurance		1,615	
Employer Medicare		3,295	
Library Books/Media		4,998	
Other Supplies and Materials		8,710	
Total Alternative Instruction Program			333,925

Special Education Program

Supervisor/Director	\$	425,814	
Career Ladder Program		14,000	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Psychological Personnel	\$	400,652	
Career Ladder Extended Contracts		2,000	
Secretary(ies)		69,312	
Clerical Personnel		63,696	
Speech Pathologist		75,056	
Other Salaries and Wages		75,952	
Social Security		66,177	
State Retirement		111,751	
Life Insurance		1,947	
Medical Insurance		177,405	
Dental Insurance		6,695	
Employer Medicare		15,477	
Communication		360	
Postal Charges		205	
Travel		86,432	
Other Supplies and Materials		6,750	
In Service/Staff Development		6,160	
Other Charges		3,000	
Other Equipment		4,904	
Total Special Education Program			\$ 1,613,745

Vocational Education Program

Supervisor/Director	\$	77,847	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		2,000	
Secretary(ies)		17,161	
Social Security		5,538	
State Retirement		8,953	
Life Insurance		196	
Medical Insurance		11,392	
Dental Insurance		382	
Employer Medicare		1,369	
Travel		25,824	
Other Supplies and Materials		3,603	
Other Equipment		1,375	
Total Vocational Education Program			157,640

Adult Programs

Supervisor/Director	\$	122,635	
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(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

Career Ladder Program	\$	3,000	
Career Ladder Extended Contracts		4,000	
Other Salaries and Wages		79,146	
In-Service Training		180	
Social Security		12,229	
State Retirement		22,804	
Life Insurance		420	
Medical Insurance		36,620	
Dental Insurance		1,091	
Employer Medicare		2,860	
Travel		3,616	
In Service/Staff Development		7,254	
Total Adult Programs			\$ 295,855

Other Programs

On-Behalf Payments to OPEB	\$	654,497	
Total Other Programs			654,497

Board of Education

Other Salaries and Wages	\$	15,016	
Board and Committee Members Fees		66,000	
Social Security		4,015	
State Retirement		421	
Medical Insurance		280	
Dental Insurance		10	
Unemployment Compensation		273,792	
Employer Medicare		1,173	
Other Fringe Benefits		1,482,940	
Audit Services		15,811	
Dues and Memberships		44,129	
Legal Services		357,961	
Travel		9,039	
Other Contracted Services		3,640	
Other Supplies and Materials		1,102	
Liability Insurance		131,357	
Trustee's Commission		1,386,192	
Workers' Compensation Insurance		401,234	
In Service/Staff Development		4,317	
Criminal Investigation of Applicants - TBI		8,848	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Refund to Applicant for Criminal Investigation	\$	10,138	
Other Charges		<u>296,715</u>	
Total Board of Education	\$		4,514,130

Director of Schools

County Official/Administrative Officer	\$	182,127	
Assistant(s)		85,067	
Career Ladder Program		1,000	
Secretary(ies)		72,494	
Social Security		20,295	
State Retirement		34,316	
Life Insurance		486	
Medical Insurance		41,951	
Dental Insurance		1,806	
Employer Medicare		4,761	
Communication		231,242	
Dues and Memberships		6,304	
Postal Charges		38,827	
Travel		1,704	
Other Contracted Services		9,075	
Office Supplies		54	
Other Charges		3,644	
Administration Equipment		<u>6,838</u>	
Total Director of Schools			741,991

Office of the Principal

Principals	\$	3,597,515	
Career Ladder Program		74,000	
Career Ladder Extended Contracts		44,000	
Assistant Principals		2,860,935	
Secretary(ies)		912,502	
Clerical Personnel		1,174,002	
Social Security		501,165	
State Retirement		877,232	
Life Insurance		16,406	
Medical Insurance		1,892,042	
Dental Insurance		62,945	
Employer Medicare		117,284	
Office Supplies		41,658	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Other Charges	\$	28,226	
Administration Equipment		<u>17,061</u>	
Total Office of the Principal	\$		12,216,973

Fiscal Services

Supervisor/Director	\$	71,054	
Internal Audit Personnel		73,187	
Accountants/Bookkeepers		47,791	
Purchasing Personnel		70,291	
Secretary(ies)		33,321	
Clerical Personnel		112,890	
Other Salaries and Wages		191,697	
Social Security		32,231	
State Retirement		75,375	
Life Insurance		982	
Medical Insurance		113,406	
Dental Insurance		3,110	
Employer Medicare		8,158	
Advertising		4,388	
Dues and Memberships		260	
Maintenance and Repair Services - Equipment		75	
Travel		4,151	
Other Contracted Services		7,484	
Office Supplies		528	
Other Supplies and Materials		3,029	
In Service/Staff Development		1,644	
Other Charges		80,419	
Administration Equipment		<u>6,838</u>	
Total Fiscal Services			942,309

Human Services/Personnel

Supervisor/Director	\$	75,488	
Secretary(ies)		32,702	
Clerical Personnel		175,724	
Other Salaries and Wages		21,169	
Social Security		17,099	
State Retirement		39,717	
Life Insurance		480	
Medical Insurance		56,482	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Human Services/Personnel (Cont.)

Dental Insurance	\$	995	
Employer Medicare		3,999	
Travel		750	
Other Contracted Services		26,470	
Office Supplies		625	
In Service/Staff Development		534	
Other Charges		3,560	
Administration Equipment		2,191	
Total Human Services/Personnel			\$ 457,985

Operation of Plant

Custodial Personnel	\$	3,135,681	
Other Salaries and Wages		236,121	
Social Security		187,534	
State Retirement		374,550	
Life Insurance		4,028	
Medical Insurance		1,048,116	
Dental Insurance		23,952	
Employer Medicare		44,696	
Laundry Service		539	
Maintenance and Repair Services - Equipment		10,874	
Disposal Fees		273,397	
Other Contracted Services		378,084	
Custodial Supplies		464,626	
Electricity		5,144,373	
Natural Gas		339,620	
Water and Sewer		794,821	
Other Supplies and Materials		8,485	
Building and Contents Insurance		332,725	
Other Charges		22,588	
Administration Equipment		2,795	
Plant Operation Equipment		11,724	
Total Operation of Plant			12,839,329

Maintenance of Plant

Secretary(ies)	\$	29,586	
Maintenance Personnel		1,909,807	
Other Salaries and Wages		82,429	
Social Security		114,744	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

State Retirement	\$	280,173	
Life Insurance		3,511	
Medical Insurance		566,295	
Dental Insurance		12,732	
Employer Medicare		26,835	
Communication		1,221	
Laundry Service		14,058	
Maintenance and Repair Services - Equipment		12,351	
Maintenance and Repair Services - Vehicles		7,728	
Other Contracted Services		229,638	
Equipment and Machinery Parts		288,998	
Gasoline		122,424	
Other Supplies and Materials		718,262	
In Service/Staff Development		5,160	
Other Charges		19,388	
Administration Equipment		4,467	
Maintenance Equipment		38,113	
Total Maintenance of Plant			\$ 4,487,920

Transportation

Mechanic(s)	\$	268,965
Bus Drivers		2,276,425
Clerical Personnel		40,888
Other Salaries and Wages		653,117
Social Security		171,833
State Retirement		442,311
Life Insurance		4,283
Medical Insurance		1,727,076
Dental Insurance		41,028
Employer Medicare		40,188
Communication		3,110
Laundry Service		4,874
Maintenance and Repair Services - Vehicles		11,401
Travel		840
Other Contracted Services		13,395
Diesel Fuel		1,112,116
Garage Supplies		2,039
Gasoline		19,418
Lubricants		23,778

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Tires and Tubes	\$	108,410	
Vehicle Parts		298,428	
Other Supplies and Materials		7,379	
Vehicle and Equipment Insurance		171,294	
In Service/Staff Development		4,675	
Other Charges		42,316	
Transportation Equipment		20,279	
Total Transportation			\$ 7,509,866

Central and Other

Supervisor/Director	\$	65,218	
Computer Programmer(s)		175,231	
Data Processing Personnel		263,992	
Clerical Personnel		25,291	
Social Security		31,163	
State Retirement		72,374	
Life Insurance		987	
Medical Insurance		127,033	
Dental Insurance		3,608	
Employer Medicare		7,288	
Maintenance and Repair Services - Equipment		2,500	
Travel		2,678	
Other Contracted Services		5,217	
Office Supplies		711	
Other Supplies and Materials		2,045	
In Service/Staff Development		2,289	
Other Charges		14,159	
Data Processing Equipment		152,552	
Total Central and Other			954,336

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	71,425	
Career Ladder Program		1,000	
Clerical Personnel		102,995	
Cafeteria Personnel		2,820,612	
Other Salaries and Wages		235,075	
In-Service Training		692	
Social Security		170,217	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

State Retirement	\$	392,231	
Life Insurance		4,394	
Medical Insurance		1,581,334	
Dental Insurance		40,719	
Employer Medicare		40,190	
Communication		3,724	
Maintenance and Repair Services - Equipment		66,418	
Travel		24,962	
Other Contracted Services		66,582	
Food Preparation Supplies		313,461	
Food Supplies		4,470,042	
Office Supplies		23,167	
Utilities		235,414	
USDA - Commodities		555,700	
Other Supplies and Materials		5,217	
In Service/Staff Development		18,831	
Other Charges		15,462	
Food Service Equipment		372,176	
Total Food Service			\$ 11,632,040

Community Services

Supervisor/Director	\$	235,852	
Clerical Personnel		23,800	
Educational Assistants		83,888	
Other Salaries and Wages		484,626	
Social Security		46,268	
State Retirement		82,821	
Life Insurance		438	
Medical Insurance		246,572	
Dental Insurance		7,482	
Employer Medicare		10,956	
Travel		3,870	
Other Contracted Services		271	
Food Supplies		51,130	
Other Supplies and Materials		151,451	
Refunds		212	
In Service/Staff Development		2,373	
Other Charges		66,468	
Other Equipment		62,757	
Total Community Services			1,561,235

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education

Teachers	\$	45,705	
Social Security		2,793	
State Retirement		4,146	
Medical Insurance		4,686	
Dental Insurance		184	
Employer Medicare		648	
Travel		357	
Instructional Supplies and Materials		9,677	
In Service/Staff Development		1,495	
Other Charges		1,472	
Other Equipment		<u>26,162</u>	
Total Early Childhood Education			\$ 97,325

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$	104,860	
Building Improvements		287,860	
Other Capital Outlay		<u>356,129</u>	
Total Regular Capital Outlay			748,849

Principal on Debt

Education

Principal on Capital Leases	\$	<u>36,869</u>	
Total Education			36,869

Interest on Debt

Education

Interest on Capital Leases	\$	<u>8,756</u>	
Total Education			8,756

Other Debt Service

Education

Other Debt Service	\$	<u>2</u>	
Total Education			<u>2</u>

Total General Purpose School Fund \$ 200,548,968

(Continued)

Exhibit K-9

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,317,839	
Educational Assistants		744,049	
Other Salaries and Wages		245,928	
Certified Substitute Teachers		15,648	
Non-certified Substitute Teachers		25,045	
Social Security		134,101	
State Retirement		244,873	
Life Insurance		3,210	
Medical Insurance		576,237	
Dental Insurance		17,188	
Employer Medicare		31,536	
Other Contracted Services		6,090	
Instructional Supplies and Materials		251,887	
Other Supplies and Materials		36,704	
Other Charges		17,522	
Regular Instruction Equipment		113,053	
Total Regular Instruction Program			\$ 3,780,910

Alternative Instruction Program

Educational Assistants	\$	10,338	
Social Security		483	
State Retirement		452	
Medical Insurance		8,818	
Dental Insurance		179	
Employer Medicare		113	
Instructional Supplies and Materials		243	
Total Alternative Instruction Program			20,626

Special Education Program

Teachers	\$	356,034	
Educational Assistants		1,418,879	
Speech Pathologist		111,875	
Other Salaries and Wages		606,279	
Social Security		133,247	
State Retirement		310,191	
Life Insurance		2,953	
Medical Insurance		1,152,704	
Dental Insurance		30,090	
Employer Medicare		31,219	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Contracts with Private Agencies	\$	48,063	
Maintenance and Repair Services - Equipment		9,597	
Instructional Supplies and Materials		61,915	
Other Supplies and Materials		108,072	
Other Charges		8,428	
Special Education Equipment		95,593	
Total Special Education Program			\$ 4,485,139

Vocational Education Program

Instructional Supplies and Materials	\$	18,000	
Vocational Instruction Equipment		239,337	
Total Vocational Education Program			257,337

Support Services

Health Services

Medical Personnel	\$	78,963	
Social Security		4,430	
State Retirement		6,552	
Life Insurance		99	
Medical Insurance		31,359	
Dental Insurance		568	
Employer Medicare		1,036	
Total Health Services			123,007

Other Student Support

Other Salaries and Wages	\$	36,369	
Social Security		2,214	
State Retirement		3,279	
Medical Insurance		2,525	
Dental Insurance		55	
Employer Medicare		518	
Evaluation and Testing		16,555	
Travel		64,206	
Other Contracted Services		12,350	
Other Supplies and Materials		21,482	
In Service/Staff Development		99	
Other Charges		5,673	
Total Other Student Support			165,325

(Continued)

Exhibit K-9

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

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

Regular Instruction Program

Supervisor/Director	\$	117,638	
Instructional Computer Personnel		50,426	
Secretary(ies)		23,236	
Clerical Personnel		11,221	
Other Salaries and Wages		736,102	
In-Service Training		938	
Social Security		48,308	
State Retirement		78,441	
Life Insurance		1,814	
Medical Insurance		101,984	
Dental Insurance		4,868	
Employer Medicare		13,073	
Maintenance and Repair Services - Equipment		179	
Travel		44,421	
Other Supplies and Materials		16,405	
In Service/Staff Development		264,047	
Other Charges		3,415	
Other Equipment		2,918	
Total Regular Instruction Program			\$ 1,519,434

Alternative Instruction Program

Other Salaries and Wages	\$	35,970	
Social Security		2,179	
State Retirement		5,029	
Medical Insurance		4,025	
Dental Insurance		87	
Employer Medicare		510	
Total Alternative Instruction Program			47,800

Special Education Program

Supervisor/Director	\$	81,117	
Psychological Personnel		521,653	
Clerical Personnel		2,463	
Speech Pathologist		4,130	
Other Salaries and Wages		165,709	
Social Security		44,422	
State Retirement		74,332	
Life Insurance		1,108	
Medical Insurance		113,710	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Dental Insurance	\$	5,127	
Employer Medicare		10,389	
Communication		267	
Maintenance and Repair Services - Equipment		5,636	
Postal Charges		1,189	
Travel		20,347	
Other Supplies and Materials		80,832	
In Service/Staff Development		32,096	
Other Charges		12,127	
Other Equipment		93,150	
Total Special Education Program			\$ 1,269,804

Vocational Education Program

Other Supplies and Materials	\$	1,000	
Other Equipment		1,000	
Total Vocational Education Program			2,000

Transportation

Bus Drivers	\$	39,865	
Social Security		1,975	
State Retirement		5,347	
Life Insurance		55	
Medical Insurance		18,247	
Dental Insurance		397	
Employer Medicare		462	
Diesel Fuel		10,037	
Transportation Equipment		101,000	
Total Transportation			177,385

Total School Federal Projects Fund \$ 11,848,767

Total Governmental Funds - Sumner County School Department \$ 212,397,735

Sumner County, Tennessee  
Schedule of Detailed Revenues and Expenses  
Proprietary Fund  
For the Year Ended June 30, 2012

	Governmental Activities - Internal Service Fund <hr/> Self - Insurance Fund <hr/>
<u>Revenues</u>	
<u>Charges for Current Services</u>	
<u>General Service Charges</u>	
Self-Insurance Premiums/Contributions	\$ 997,750
Other Employee Benefit Charges/Contributions	20,538,253
Other General Service Charges	1,135,000
Total Charges for Current Services	<u>\$ 22,671,003</u>
<u>Other Local Revenues</u>	
<u>Recurring Items</u>	
Investment Income	\$ 74,290
Retirees' Insurance Payments	446,867
Cobra Insurance Payments	313
Miscellaneous Refunds	513
Total Other Local Revenues	<u>\$ 521,983</u>
Total Revenues	<u>\$ 23,192,986</u>
<u>Expenses</u>	
<u>General Government</u>	
<u>Risk Management</u>	
Communication	\$ 1,203
Consultants	10,200
Data Processing Services	1,038
Dues and Memberships	1,115
Maintenance Agreements	897
Maintenance and Repair Services - Vehicles	440
Postal Charges	933
Travel	10
Data Processing Supplies	593
Gasoline	382
Instructional Supplies and Materials	491
Office Supplies	2,403
Other Supplies and Materials	75
Liability Claims	670,683
Other Self-Insured Claims	1,254,061
Data Processing Equipment	1,112
Other Capital Outlay	213
Total Risk Management	<u>\$ 1,945,849</u>

(Continued)

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

	Governmental Activities - Internal Service Fund
	<u>Self - Insurance Fund</u>
<u>Expenses (Cont.)</u>	
<u>General Government (Cont.)</u>	
<u>Employee Benefits</u>	
Handling Charges and Administrative Costs	\$ 835,398
Dental Insurance	82,204
Communication	4,598
Consultants	30,900
Medical Claims	18,936,508
Depreciation	3,365
Other Self-Insured Claims	859,477
Specialized Medical Treatment	2,891,290
Total Employee Benefits	<u>\$ 23,643,740</u>
Total Expenses	<u>\$ 25,589,589</u>

Exhibit K-11

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

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 16,470,455
Total Cash Receipts	<u>\$ 16,470,455</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 16,305,750
Trustee's Commission	<u>164,705</u>
Total Cash Disbursements	<u>\$ 16,470,455</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2011	<u>0</u>
 Cash Balance, June 30, 2012	 <u>\$ 0</u>

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## **SINGLE AUDIT SECTION**

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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*

March 5, 2013

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

To the County Executive and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sumner County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Sumner County's basic financial statements and have issued our report thereon dated March 5, 2013. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the discretely presented Resource Authority in Sumner County, Tennessee, the discretely presented Sumner County Regional Airport Authority, and the discretely presented Sumner County Emergency Communications District as described in our report on Sumner County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

The management of Sumner County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Sumner County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the

financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sumner County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sumner County's internal control over financial reporting.

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 deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 12.09.

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: items 12.01, 12.03, 12.04, 12.05, 12.10, 12.11, and 12.12.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sumner County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 12.02, 12.06, 12.07, and 12.08.

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

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

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

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb



STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF LOCAL GOVERNMENT AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
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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

March 5, 2013

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

To the County Executive and Board of County Commissioners:

Compliance

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

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

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

In our opinion, Sumner County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and are described in the accompanying Schedule of Findings and Questioned Costs as items 12.06 and 12.13, and 12.07 and 12.14.

### Internal Control Over Compliance

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

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

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

### Schedule of Expenditures of Federal Awards

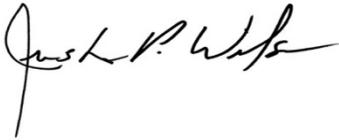
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sumner County as of and for the year ended June 30, 2012, and have issued our report thereon dated March 5, 2013. 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.

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

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

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Emergency Watershed Protection Program	10.923	N/A	\$ 222,971
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	(2)	555,700 (3)
Child and Adult Care Food Program	10.558	(2)	19,724
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	1,385,905
National School Lunch Program	10.555	(2)	4,441,097 (3)
Fresh Fruit and Vegetable Program	10.582	(2)	29,935
Total U.S. Department of Agriculture			<u>\$ 6,655,332</u>
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Housing Development Agency:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	(2)	<u>\$ 10,154</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 10,154</u>
U.S. Department of Justice:			
Direct Program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	<u>\$ 12,677</u>
Total U.S. Department of Justice			<u>\$ 12,677</u>
U.S. Department of Labor:			
Passed-through State Department of Labor and Workforce Development:			
WIA Dislocated Workers, Recovery Act	17.260	(2)	<u>\$ 87</u>
Total U.S. Department of Labor			<u>\$ 87</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(2)	\$ 2,307 (4)
Highway Planning and Construction, Recovery Act	20.205	(2)	40,000 (4)
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	(2)	6,737
Alcohol Open Container Requirements	20.607	(2)	4,262
Total U.S. Department of Transportation			<u>\$ 53,306</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Energy:			
Direct Program:			
Energy Efficiency and Conservation Block Grant Program, Recovery Act	81.128	N/A	\$ 227,744
Total U.S. Department of Energy			<u>\$ 227,744</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 293,228
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	(2)	3,337,346
Title I Grants to Local Educational Agencies, Recovery Act	84.389	(2)	11,825
Special Education Cluster:			
Special Education - Grants to States	84.027	(2)	5,667,911
Special Education - Grants to States, Recovery Act	84.391	(2)	252,752
Special Education - Preschool Grants	84.173	(2)	76,499
Special Education - Preschool Grants, Recovery Act	84.392	(2)	11,134
Career and Technical Education - Basic Grants to States	84.048	(2)	323,796
Safe and Drug-free Schools and Communities - National Programs	84.184	(2)	186,231
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	4,312
Twenty-first Century Community Learning Centers	84.287	(2)	287,443
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	5,264
Education Technology State Grants, Recovery Act	84.386	(2)	6,291
English Language Acquisition Grants	84.365	(2)	82,735
Improving Teacher Quality State Grants	84.367	(2)	478,767
Education for Homeless Children and Youth Cluster:			
Education for Homeless Children and Youth	84.196	(2)	34,246
State Fiscal Stabilization Fund - Government Services, Recovery Act	84.397	(2)	488,887
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top			
Incentive Grant, Recovery Act	84.395	(2)	711,313
Education Jobs Fund	84.410	(2)	895,874
Total U.S. Department of Education			<u>\$ 13,155,854</u>
National Archives and Records Administration:			
Passed-through State Library and Archives:			
National Historical Publications and Records Grants	89.003	(2)	\$ 2,500
Total National Archives and Records Administration			<u>\$ 2,500</u>
U.S. Elections Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 50,388
Total U.S. Elections Assistance Commission			<u>\$ 50,388</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	(2)	\$ 1,800
Passed-through State Department of Labor and Workforce Development:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(2)	117,412
Total U.S. Department of Health and Human Services			<u>\$ 119,212</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$ 60,365
Emergency Management Performance Grants	97.042	(2)	40,000
Homeland Security Grant Program	97.067	(2)	<u>387,822</u>
Total U.S. Department of Homeland Security			<u>\$ 488,187</u>
Total Expenditures of Federal Awards			<u>\$ 20,775,441</u>

<u>State Grants</u>	<u>Contract Number</u>		
Litter Program - State Department of Transportation	N/A	(2)	\$ 82,793
Lottery for Education: Afterschool Program - State Department of Education	N/A	(2)	351,830
Early Childhood Education - State Department of Education	N/A	(2)	146,566
Development and Coordination of Rural Health Services - State Department of Health	N/A	(2)	1,005,742
Juvenile Justice States Supplemental Funds - State Commission on Children and Youth	N/A	(2)	9,000
Energy Efficiency Schools Initiative Grant - State Department of Education	N/A	(2)	52,624
Tennessee Arts Commission - State Department of Education	N/A	(2)	6,643
Family Resource Center - State Department of Education	N/A	(2)	22,001
Coordinated School Health Initiative - State Department of Education	N/A	(2)	68,938
Safe Schools Act - State Department of Education	N/A	(2)	71,218
Drug Court Discretionary Grant Program - State Office of Criminal Justice Programs	N/A	(2)	48,183
Technology Grant - State Library and Archives	N/A	(2)	<u>4,866</u>
Total State Grants			<u>\$ 1,870,404</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$4,996,797.
- (4) Total for CFDA No. 20.205 is \$42,307.

Sumner 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 are findings from the Annual Financial Report for Sumner County, Tennessee, for the year ended June 30, 2011, which have not been corrected.

**OFFICE OF FINANCE DIRECTOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.02	220	The Self-Insurance Fund had a deficit in unrestricted net assets
11.03	220	The Construction and Development Office had operating deficiencies
11.04(B,C)	221	The Library Department had operating deficiencies
11.05(A,B,C,E)	222	Several deficiencies were noted concerning employees' leave

**OFFICE OF DIRECTOR OF SCHOOLS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.08(A)	224	The accounting software did not have adequate application controls

**OFFICE OF CLERK AND MASTER**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.11	225	Multiple employees operated from the same cash drawer

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**SUMNER COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2012**

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

1. Our report on the financial statements of Sumner County is unqualified.
2. The audit of the financial statements of Sumner County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Sumner County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed two findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555); the Energy Efficiency and Conservation Block Grant Program, Recovery Act (CFDA No. 81.128); the Special Education Cluster: Special Education – Grants to States, Special Education – Grants to States, Recovery Act, Special Education – Preschool Grants, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.391, 84.173, and 84.392); the State Fiscal Stabilization Fund – Government Services, Recovery Act (CFDA No. 84.397); the State Fiscal Stabilization Fund – Race-to-the-Top Incentive Grant, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$623,263 threshold was used to distinguish between Type A and Type B federal programs.
9. Sumner County did not qualify as a low-risk auditee.

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

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

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

**FINDING 12.01**      **BOTH SUMNER COUNTY AND THE CITY OF HENDERSONVILLE CLAIM OWNERSHIP OF THE HENDERSONVILLE LIBRARY**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

On July 17, 2006, the Sumner County Commission authorized funding not to exceed \$3,000,000 for matching costs to construct a new Hendersonville Library. The commission's resolution stated that the county's funding of one-third of total construction costs was contingent upon the City of Hendersonville funding one-third and the private sector funding one-third. In addition, the resolution stated, "The funding is also contingent upon the property and the facility being deeded to Sumner County, Tennessee, upon completion of the construction project." Between December 7, 2007, and September 25, 2008, Sumner County paid \$3,000,000 to the City of Hendersonville, the entity in charge of managing the library construction. On January 8, 2009, the developer that owned the property on which the Hendersonville Library was constructed, deeded the property to the City of Hendersonville. Currently, the City of Hendersonville maintains the property, but the county pays all employees that work at the library. Both entities have insured the property. We noted the following deficiencies:

- A. During the audit, auditors became aware that both Sumner County and the City of Hendersonville reflect the Hendersonville Library as a capital asset in each of their financial statements. County officials believe the library is a county asset due to the July 17, 2006, County Commission resolution and a written legal opinion of the county law director. Conversely, city officials believe the library is a city asset due to the deed being in their name.
- B. Sumner County and the City of Hendersonville did not have a formal written document signed by both parties specifying the terms and conditions of the agreement. The Sumner County Commission adopted a resolution on July 17, 2006, which provided the manner in which the library would be built and transferred. However, without more formal documentation between the city and the county, the ownership is subject to different interpretations by the county and city for terms and conditions.

The City of Hendersonville advised us that the current library arrangement with the county is amicable to both parties; however, they plan to resolve the ownership issue in the near future.

## RECOMMENDATION

Sumner County and the City of Hendersonville should reconcile their differences and determine the ownership for proper financial statement presentation. Agreements related to joint projects should be evidenced by a formal written agreement that defines the terms and conditions of the agreement.

## MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE

The Hendersonville Library is booked as a county asset based on the July 17, 2006, County Commission resolution. It is not within my prevue to forgo the rights to \$6,694,374 of property. This matter will be forwarded to the Sumner County Legislative and Financial Management Committees for consideration. Ultimate disposition is a matter for the Sumner County Board of County Commissioners.

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## FINDING 12.02      **THE SELF-INSURANCE FUND HAD A DEFICIT IN UNRESTRICTED NET ASSETS** (Noncompliance Under *Government Auditing Standards*)

The Self-Insurance Fund had a deficit of \$3,516,794 in unrestricted net assets at June 30, 2012. This deficit resulted from the recognition of liabilities in the financial statements for claims and judgments totaling \$4,059,028 at year-end. This deficit in net assets resulted from estimated/actual claims exceeding available resources.

## RECOMMENDATION

County officials should liquidate the deficit in unrestricted net assets of the Self-Insurance Fund and should closely monitor activity in the fund to prevent the recurrence of a deficit.

## MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE

The committees responsible for the operation of the self-insurance programs are well aware of the deficit and are using a multifaceted approach to eliminate this deficit over a period of years. The Employee Benefits Committee requested \$3 million, which was appropriated by the Sumner County Commission on November 19, 2012. This transfer eliminated a large portion of the deficit. Additionally, the county is in the process of initiating a wellness program, which is anticipated, over a period of years, to curb the escalating health insurance costs. The Employee Benefits Committee has also committed to establishing all health insurance premiums from annual actuarial valuations, which should assist in matching projected costs with revenues. The premiums for the self-insured on the job injury program and the self-insured liability insurance program have not been increased for many years. For the 2013 fiscal year, the Liability Claims Committee increased these programs' premiums by ten percent.

FINDING 12.03

**THE CONSTRUCTION AND DEVELOPMENT OFFICE HAD OPERATING DEFICIENCIES**

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

Our audit revealed the following deficiencies in the Construction and Development Office. These deficiencies can be attributed to a lack of management oversight and the failure of management to correct deficiencies noted in the prior-year audit report.

- A. Duties were not segregated adequately among employees. Employees responsible for maintaining accounting records were also involved in receipting and depositing funds. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management’s decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.
  
- B. Multiple employees operated from two cash drawers in the Construction and Development Office. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee’s receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, officials would not be able to determine who was responsible for the shortage because multiple employees were working from two cash drawers.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources. Each employee in the office should be assigned their own cash drawer.

MANAGEMENT’S RESPONSE – DIRECTOR OF FINANCE

Construction and Development is a completely separate department that remits revenues to the Finance Department. On June 18, 2012, Sumner County adopted the Financial Management Modernization System of the County of Sumner, Tennessee of 2012 (2012 Finance Act). This 2012 Finance Act requires the county to create an enterprise resource planning system. While creating the required enterprise resource planning system, a cost/benefit analysis on computerized receipting for this office will be performed. If this office becomes part of the enterprise resource planning system that the 2012 Finance Act requires, “The enterprise resource planning system provided for in this section shall at all times maintain a comprehensive set of internal controls,” which would require segregation of duties and use of separate cash drawers.

**FINDING 12.04      THE LIBRARY DEPARTMENT HAD OPERATING DEFICIENCIES  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)**

Our audit revealed the following deficiencies in the Library Department. These deficiencies can be attributed to a lack of management oversight and the failure of management to correct deficiencies noted in the prior-year audit report.

- A. Multiple employees operated from the same cash drawer. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee’s receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, officials would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer.
  
- B. The Library Department does not have a formal policy for waiving fees. In the absence of a formal policy, employees waived fees at their own discretion.

**RECOMMENDATION**

Each employee should be assigned their own cash drawer. A written policy concerning fee waivers should be approved by the County Commission. Library management should monitor fee waivers for compliance with an approved policy.

**MANAGEMENT’S RESPONSE – DIRECTOR OF FINANCE**

The Sumner County Library is a separate department that remits county revenues and corresponding documentation to the Finance Department. These issues will be forwarded to the Financial Management Committee for consideration.

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**FINDING 12.05      SEVERAL DEFICIENCIES WERE NOTED CONCERNING EMPLOYEES’ LEAVE  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)**

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

- A. The vacation leave policy, as noted in the county’s employee handbook, has been interpreted differently by various department heads within the general county government. As a result, the vacation leave policy is not applied consistently from department to department.

- B. Leave balances of several employees were in excess of the maximum balances provided in the county's employee handbook.
- C. Some departments gave employees personal days for reasons (e.g., birthdays) that were not authorized in the county's personnel policy.
- D. One employee used annual leave before the leave was earned. This resulted in a negative annual leave balance at June 30, 2012.

### RECOMMENDATION

The county's vacation leave policy should be applied consistently from department to department within the general county government. Leave balances should not exceed the maximum balances authorized in the county's employee handbook. The county should not provide employees with benefits that are not authorized in the department's personnel policies. The county should ensure that employees do not use leave before it is earned.

### MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE

- A. Effective July 1, 2012, the Sumner County Personnel Policies and Procedures were amended. The amended leave (vacation policy) was clarified as follows.
  - 1. "At the anniversary date of employment the following amount of leave will be accrued.
    - i. First year — five days, not to exceed 40 hours
    - ii. Years two through four — ten days, not to exceed 80 hours
    - iii. Year five and forward — 15 days, not to exceed 120 hours
  - 2. Part-time and temporary employees do not qualify or accrue vacation leave.
  - 3. Accumulation of vacation time – Accumulated vacation time may be carried forward for up to 20 days at the end of any fiscal year. Any amounts in excess of 20 days at the end of any fiscal year will automatically be rolled over to a sick day. An employee may not carry a negative balance at any point."
- B. Effective July 1, 2012, any accrued vacation balances in excess of the maximum balances provided in the Sumner County Personnel Policies and Procedures will be converted to sick time. Other than elected officials, only five employees had leave balances in excess of the maximum allowed. These employees' respective department heads have been notified that they must adhere to the Sumner County Personnel Policies.
- C. Most of the departments, even though it was not provided for in the county's employee handbook, historically provided employees a paid day off for their birthday. For 2012, only one department booked paid personal days for reasons (e.g., birthdays) that were not authorized in the county's personnel policy.

- D. The 2012 Finance Act requires "Earning records ... detailed records of all time worked, leave taken, and all leave balances maintained on a real-time basis exclusively by a comprehensive time and attendance system, which shall be used by all agencies of the County. This application must be fully integrated into the ERP and automated to the utmost extent technologically possible and shall comply with all wage and hour rules or regulations." The controls on the automated system should eliminate this issue.
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## **OFFICE OF DIRECTOR OF SCHOOLS**

**FINDING 12.06**      **SUMNER COUNTY SCHOOL DEPARTMENT DID NOT ACCOUNT FOR AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) GRANTS SEPARATELY FROM OTHER SCHOOL FUNDS**  
(Noncompliance Under *Government Auditing Standards* and OMB Circular A-133)

The School Department comingled ARRA expenditures with other local, state, and federal funds in the State Fiscal Stabilization Fund Government Services, Recovery Act (CFDA No. 84.397) major program. The U.S. Office of Management and Budget's (OMB) Compliance Supplement requires grantees to agree to maintain records that identify adequately the source (i.e., revenue) and application (i.e., expenditure) of ARRA awards. TRAM Directive No. 2 requires county governments to account for ARRA grant awards and expenditures separately from the county's other revenues and expenditures in the county's financial accounting system. This comingling of funds violates OMB's compliance requirements and increases the risks of preparing inaccurate reports required by ARRA. When ARRA grant requirements are not followed, the OMB can terminate the grants, suspend or debar the county from receiving grants, or, in serious cases, may apply civil or criminal penalties.

### **RECOMMENDATION**

The School Department should separate the application (expenditure) of ARRA grant funds on the School Department's accounting records.

### **MANAGEMENT'S RESPONSE – ASSISTANT DIRECTOR OF SCHOOLS FOR FINANCE**

We concur with the finding. Expenditures were easily identifiable and reported, but were not tracked in the software separately as required.

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**FINDING 12.07 THE SCHOOL DEPARTMENT DID NOT COMPLY WITH MANAGEMENT DIRECTIVES FROM THE OFFICE OF TENNESSEE RECOVERY ACT MANAGEMENT**  
(Noncompliance Under *Government Auditing Standards* and OMB Circular A-133)

During the year examined, the School Department received an American Recovery and Reinvestment Act (ARRA) – Race-to-the-Top Grant (CFDA No. 84.395). The Office of Tennessee Recovery Act Management (TRAM) established directives for county governments that receive ARRA grants. These directives are intended to promote transparency and accountability for ARRA grants. The School Department did not prepare an action plan for the ARRA – Race-to-the-Top Grant, which details how the department is going to accomplish the goals and objectives of the grant. TRAM Directive No. 9 requires county governments to prepare an action plan for each ARRA grant it receives. The failure to prepare action plans increases the risks that the school system will not meet the goals and objectives of the grant.

When ARRA grant requirements are not followed, the Office of Management and Budget can terminate the grants; suspend or debar the county from receiving grants; or, in serious cases, may apply civil or criminal penalties.

**RECOMMENDATION**

The School Department’s designated official for the Race-to-the-Top Grant should ensure compliance with the TRAM directives to ensure transparency and accountability.

**MANAGEMENT’S RESPONSE – ASSISTANT DIRECTOR OF SCHOOLS FOR FINANCE**

We concur with the finding, and current personnel overseeing the grant have completed the action plan as required.

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**FINDING 12.08 A CASH SHORTAGE OF \$18,697 EXISTED IN THE SCHOOL DEPARTMENT AT JUNE 30, 2012**  
(Noncompliance Under *Government Auditing Standards*)

As of the date of the June 30, 2011, audit, an ongoing investigation was being conducted at the Office of Director of Schools. The School Department’s internal auditor informed us that an employee had purchased personal items with school funds. During the 2011-12 fiscal year, the employee’s employment was terminated, the employee turned herself into police, and the employee was charged with one count of theft over \$10,000. On February 15, 2013, the former employee pled guilty to one count of theft of property between \$10,000 and \$60,000. The former employee was sentenced to six years of probation and was ordered to pay restitution of \$18,697 to the Sumner County School Department.

FINDING 12.09

**DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF CAPITAL ASSET RECORDS**

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

Our examination of the capital asset records revealed the following deficiencies:

- A. A greenhouse, two aluminum canopies, two ovens, and a 66-passenger bus purchased during the year were omitted from the department’s capital asset records. This deficiency can be attributed to a lack of management oversight.
- B. Several construction projects totaling \$3,132,879, which were completed during fiscal year 2010-11, were omitted from the department’s capital asset records. This deficiency can be attributed to management’s failure to post prior-year audit adjustments.
- C. Several construction projects totaling \$3,071,548, which were completed during fiscal year 2011-12, were omitted from the department’s capital asset records. This deficiency can be attributed to a lack of management oversight.

Generally accepted accounting principles require accountability for all School Department owned assets, such as equipment, furniture, and vehicles. We provided management with audit adjustments that they accepted to properly present capital assets in the financial statements of this report. Without accurate inventory records, the School Department cannot adequately control its assets.

RECOMMENDATION

The office should maintain accurate capital asset records for all School Department owned assets as required by generally accepted accounting principles, and should post approved audit adjustments to their records.

MANAGEMENT’S RESPONSE – ASSISTANT DIRECTOR OF SCHOOLS FOR FINANCE

We concur with the finding. We are implementing new procedures, processes, and workflows to ensure capital asset records are accurate and timely. Management oversight will be increased to ensure all audit adjustments are posted timely and accurately. During the year we had a part-time interim finance director. We have now hired a full-time finance director who will provide more oversight.

FINDING 12.10

**THE ACCOUNTING SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS**

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

Prior to being posting in the general ledger, automated financial transactions could be changed, and an audit trail of these changes was not maintained. Sound business practices

dictate that proper application controls be implemented. Because parameters in the software were not properly set, inappropriate system activity could occur. Management contacted the vendor in February 2012 to have the parameter set properly. Therefore, this deficiency no longer exists.

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## **OFFICE OF CLERK AND MASTER**

### **FINDING 12.11      **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER****

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

Multiple employees operated from the same cash drawer in the Office of Clerk and Master. 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 clerk and master would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency in internal controls was the result of a lack of management oversight over risks related to safeguarding assets. Also, this deficiency exists because management failed to correct the finding noted in the prior-year audit report.

### **RECOMMENDATION**

The clerk and master should assign each employee their own cash drawer.

### **MANAGEMENT'S RESPONSE – CLERK AND MASTER**

As of February 5, 2013, The Office of Clerk and Master has corrected the finding and has complied with the audit recommendation by assigning each employee their own cash drawer.

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## **PROBATION OFFICE**

### **FINDING 12.12      **SEVERAL DEFICIENCIES WERE NOTED CONCERNING EMPLOYEES' LEAVE IN THE PROBATION OFFICE UNDER THE DIRECTION OF THE GENERAL SESSIONS JUDGE****

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

Our examination of the Probation Office employee leave records revealed the following deficiencies that appear to be the result of a lack of management oversight:

- A. The office's vacation and compensatory time procedures were not applied consistently for each employee.
- B. Leave balances of one employee were in excess of the maximum balances provided in the county's employee handbook.
- C. One employee earned compensatory time at time and one-half but did not work 80 hours over a two-week period.

**RECOMMENDATION**

The county's leave policy should be applied consistently for each employee. Leave balances should not exceed the maximum balances authorized in the county's employee handbook. The county should ensure that compensatory time is calculated correctly.

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**BEST PRACTICE**

**SUMNER COUNTY SHOULD ADOPT  
A CENTRAL SYSTEM OF PURCHASING**

Sumner County does not have a central system of purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the purchasing process. On June 18, 2012, Sumner County adopted a private act requiring centralized accounting and budgeting; however, the act states in part "...this 2012 Finance Act shall not serve as authorization to remove any purchasing activities or authority from the School System." The absence of a central system of purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. The Division of Local Government Audit strongly believes that the adoption of a central system of purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Sumner County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of purchasing covering all county departments.

**MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE AND ASSISTANT  
DIRECTOR OF SCHOOLS FOR FINANCE**

The final form in which the purchasing provisions of the 2012 Finance Act will be implemented has not been determined. This issue will be forwarded to the Financial Management Committee for consideration.

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

Federal/Pass-through Agency	Finding Number	Federal CFDA Numbers	Criteria	Explanation	Amount Questioned
U.S. Department of Education: Passed-through State Department of Education: State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	12.13	84.397	Circular A-133, Compliance Supplement Part 3N	Noncompliance under GAS and OMB Circular A-133, See Finding No. 12.06 - The office did not account for American Recovery and Reinvestment Act Grants separately from other county funds.	\$ 0
State Fiscal Stabilization Fund: Race-to-the-Top Incentive Grants, Recovery Act	12.14	84.395	Circular A-133, Compliance Supplement Part 3A	Noncompliance under GAS and OMB Circular A-133, See Finding No. 12.07 - The School Department did not comply with management directives from the Office of Tennessee Recovery Act Management.	0

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

**Director of Schools – Corrective Action Plan for Current-Year's Findings**

**FINDINGS 12.06 and 12.13**

Contact person: Dr. Del Phillips

Corrective action planned: Administration will include the proper cost centers to segregate the ARRA funds.

Anticipated completion date: 2012-13

**FINDINGS 12.07 and 12.14**

Contact person: Dr. Del Phillips

Corrective action planned: Management acknowledges that an action plan was not prepared for the Race-to-the-Top program for 2011-12. Management has developed an action plan for the program for the current fiscal year.

Anticipated completion date: 2012-13