
ANNUAL FINANCIAL REPORT CHEATHAM COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2013



ANNUAL FINANCIAL REPORT
CHEATHAM COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2013

COMPTROLLER OF THE TREASURY
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This financial report is available at www.comptroller.tn.gov

CHEATHAM COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Cheatham County, Tennessee
For the Year Ended June 30, 2013

Scope

We have audited the basic financial statements of Cheatham County as of and for the year ended June 30, 2013.

Results

Our report on Cheatham County's financial statements is unmodified.

Our audit resulted in 10 findings and recommendations, which we have reviewed with Cheatham County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings and Best Practices

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

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

- ◆ Fund balance was not classified properly.
- ◆ The office had deficiencies in budget operations.
- ◆ Deficiencies were noted in the collection of funds at department collection sites.
- ◆ The building permits software did not have adequate application controls.

OFFICE OF ROAD SUPERINTENDENT

- ◆ Several deficiencies were noted concerning employees' leave.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The office had deficiencies in the maintenance of capital asset records.
 - ◆ Material audit adjustments were required for proper financial statement presentation.
 - ◆ The actual beginning fund balance of the General Purpose School Fund differed from the estimated beginning fund balance by a material amount.
 - ◆ Fund balance was not classified properly.
-

OFFICE OF TRUSTEE

- ◆ The trustee did not require a depository to adequately collateralize funds.
-

BEST PRACTICE

- Cheatham County should adopt a central system of accounting, budgeting, and purchasing.

INTRODUCTORY SECTION

Cheatham County Officials

June 30, 2013

Officials

David McCullough, County Mayor
Carl Cothorn, Road Superintendent
Dr. Stan Curtis, Director of Schools
Betty Balthrop, Assessor of Property
Dorothy Jones, Trustee
Teresa Gupton, County Clerk
Julie Hibbs, Circuit and General Sessions Courts Clerk
Pam Jenkins, Clerk and Master
Dolores Moulton, Register of Deeds
John Holder, Sheriff
Tara Patterson, Director of Accounts and Budgets

Board of County Commissioners

John Haines, Chairman	Jimmy Hedgepath
Betty Ramsey	David Davidson
Doris Sanders	LuAnn Engelman
Ann Jarreau	Donnie Jordan
Rob Myers	Walter Weakley
Dale McCarver	John-Paul Wood, Jr.

Board of Education

Michelle Collins, Chairman	Dan Moore
Dianne Proffitt	Tim Williamson
Brian Chase	William Johnson

Audit Committee (1)

(1) An Audit Committee was established by the County Commission in December 2013; however, the members have not been appointed as of the date of this report.

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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Independent Auditor's Report

Cheatham Mayor and
Board of County Commissioners
Cheatham, Tennessee

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

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 Cheatham County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cheatham County Emergency Communications District, which represent two percent, 2.2 percent, and two percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Cheatham County Emergency Communications District, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cheatham County, Tennessee, as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note I.D.8. to the financial statements, which describes a restatement to the beginning balance of the government-wide financial statements totaling \$122,224. This restatement was necessary because prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of GASB Statement No. 65, debt issuance costs become period costs.

As described in Note V.B., Cheatham County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statement No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Cheatham County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedules of funding progress – pension plan and other postemployment benefits plans on pages 71-73 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.

Supplementary and Other Information

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

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service Fund, combining and individual fund financial statements of the Cheatham County School Department (a discretely presented component unit), and 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and

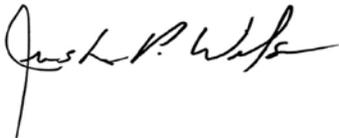
other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service Fund, combining and individual fund financial statements of the Cheatham County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2014, on our consideration of Cheatham County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cheatham County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 27, 2014

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Cheatham County, Tennessee
Statement of Net Position
June 30, 2013

	Primary Governmental Activities	Component Units	
		Cheatham County School Department	Cheatham County Emergency Communications District
ASSETS			
Cash	\$ 11,139	\$ 1,000	\$ 652,430
Investments	0	0	9,669
Equity in Pooled Cash and Investments	18,127,047	8,150,837	0
Accounts Receivable	2,220,293	114,300	11,591
Allowance for Uncollectibles	(1,554,806)	0	0
Due from Other Governments	800,537	875,823	33,516
Due from Component Units	4,710,745	0	0
Property Taxes Receivable	11,521,535	8,068,616	0
Allowance for Uncollectible Property Taxes	(454,833)	(318,522)	0
Cash Shortage	20,934	0	0
Interest Receivable	0	0	33
Prepaid Expenses	0	0	31,216
Capital Assets:			
Assets Not Depreciated:			
Land	3,103,501	781,997	0
Construction in Progress	0	0	317,097
Intangibles	346,104	0	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	5,988,485	55,380,142	0
Other Capital Assets	1,015,728	3,803,245	504,949
Infrastructure	1,515,443	0	0
Total Assets	\$ 47,371,852	\$ 76,857,438	\$ 1,560,501
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	\$ 142,771	\$ 0	\$ 0
Total Deferred Outflows of Resources	\$ 142,771	\$ 0	\$ 0
LIABILITIES			
Accounts Payable	\$ 220,199	\$ 153,629	\$ 63,669
Accrued Payroll	0	92,339	0
Due to Primary Government	0	4,635,336	75,409
Contracts Payable	0	0	77,273
Due to Litigants, Heirs, and Others	32,146	0	0
Accrued Interest Payable	61,445	0	0
Noncurrent Liabilities:			
Due Within One Year	4,743,201	2,531	0
Due in More Than One Year	21,909,220	4,713,741	0
Total Liabilities	\$ 26,966,211	\$ 9,597,576	\$ 216,351
DEFERRED INFLOWS OF RESOURCES			
Deferred Current Property Taxes	\$ 10,758,968	\$ 7,534,585	\$ 0
Total Deferred Inflows of Resources	\$ 10,758,968	\$ 7,534,585	\$ 0
NET POSITION			
Net Investment in Capital Assets	\$ 7,826,261	\$ 59,965,384	\$ 669,364
Restricted for:			
Capital Projects	99,068	111,283	0
Central Cafeteria	0	928,204	0
Debt Service	11,833,461	0	0
Highway/Public Works	1,973,654	0	0
Solid Waste/Sanitation	634,182	0	0
Drug Control	354,133	0	0
Jail, Workhouse, or Courthouse	546,082	0	0
Automation Purposes	152,449	0	0
Other Purposes	115,804	28,825	0
Unrestricted	(13,745,650)	(1,308,419)	674,786
Total Net Position	\$ 9,789,444	\$ 59,725,277	\$ 1,344,150

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

Exhibit B

Cheatham County, Tennessee
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Program Revenues				Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Cheatham County Emergency Communications District
					Total Governmental Activities	Cheatham County School Department	
Primary Government:							
Governmental Activities:							
General Government	\$ 2,777,792	\$ 680,012	\$ 15,164	\$ 0	\$ (2,082,616)	\$ 0	\$ 0
Finance	1,263,796	1,032,524	0	0	(231,272)	0	0
Administration of Justice	1,497,538	792,477	24,312	0	(680,749)	0	0
Public Safety	6,061,926	458,363	472,001	0	(5,131,562)	0	0
Public Health and Welfare	3,300,058	785,657	85,166	0	(2,429,235)	0	0
Social, Cultural, and Recreational Services	316,754	24,847	21,350	0	(270,557)	0	0
Agriculture and Natural Resources	169,426	0	0	0	(169,426)	0	0
Other Operations	438,783	0	65,661	0	(373,122)	0	0
Highways/Public Works	3,357,708	2,318	1,608,562	481,200	(1,265,628)	0	0
Education	299,000	0	0	0	(299,000)	0	0
Interest on Long-term Debt	654,449	0	0	0	(654,449)	0	0
Other Debt Service	47,111	0	0	0	(47,111)	0	0
Total Primary Government	\$ 20,184,341	\$ 3,776,198	\$ 2,292,216	\$ 481,200	\$ (13,634,727)	\$ 0	\$ 0
Component Units:							
Cheatham County School Department	\$ 52,109,490	\$ 2,636,592	\$ 5,560,210	\$ 299,000	\$ 0	\$ (43,613,688)	\$ 0
Cheatham County Emergency Communications District	461,486	423,975	0	0	0	0	(37,511)
Total Component Units	\$ 52,570,976	\$ 3,060,567	\$ 5,560,210	\$ 299,000	\$ 0	\$ (43,613,688)	\$ (37,511)

(Continued)

Exhibit B

Cheatham County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Program Revenues			Component Units	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Cheatham County School Department Cheatham County Emergency Communications District
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 9,364,099	\$ 8,284,022
Property Taxes Levied for Debt Service				2,725,940	0
Local Option Sales Tax				1,498,238	1,865,095
Wheel Tax				1,646,561	376,950
Adequate Facilities/Development Tax				216,875	0
Wholesale Beer Tax				302,569	0
Fire Tax				918,146	0
Business Tax				241,311	0
Litigation Tax				149,125	0
Payments in-Lieu-of-Taxes				0	71,528
Other Local Taxes				42,715	3,183
Grants and Contributions Not Restricted to Specific Programs				697,071	32,491,645
Unrestricted Investment Earnings				77,550	1,077
Miscellaneous				25,514	9,098
Total General Revenues				\$ 17,905,714	\$ 43,102,598
Change in Net Position				\$ 4,270,987	\$ (511,090)
Net Position, July 1, 2012				5,640,681	60,236,367
Restatement - See Note I.D.8.				(122,224)	0
Net Position, June 30, 2013				\$ 9,789,444	\$ 59,725,277
					1,344,150

Exhibit C-1

Cheatham County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2013

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Education Debt Service	Other Govern- mental Funds	
ASSETS					
Cash	\$ 650	\$ 0	\$ 0	\$ 10,489	\$ 11,139
Equity in Pooled Cash and Investments	4,954,843	1,968,308	7,457,980	3,745,916	18,127,047
Accounts Receivable	2,047,409	37,511	109,034	26,339	2,220,293
Allowance for Uncollectibles	(1,554,806)	0	0	0	(1,554,806)
Due from Other Governments	210,756	284,804	274,285	30,692	800,537
Due from Other Funds	14,286	0	1,460,891	0	1,475,177
Due from Component Units	117,477	0	0	0	117,477
Property Taxes Receivable	8,371,207	528,511	1,033,282	1,588,535	11,521,535
Allowance for Uncollectible Property Taxes	(313,936)	(20,864)	(61,765)	(58,268)	(454,833)
Cash Shortage	0	20,914	0	20	20,934
Total Assets	\$ 13,847,886	\$ 2,819,184	\$ 10,273,707	\$ 5,343,723	\$ 32,284,500
LIABILITIES					
Accounts Payable	\$ 175,549	\$ 4,345	\$ 0	\$ 40,305	\$ 220,199
Due to Other Funds	1,460,891	0	0	14,286	1,475,177
Due to Litigants, Heirs, and Others	0	0	0	32,146	32,146
Total Liabilities	\$ 1,636,440	\$ 4,345	\$ 0	\$ 86,737	\$ 1,727,522
DEFERRED INFLOWS OF RESOURCES					
Deferred Current Property Taxes	\$ 7,855,691	\$ 493,531	\$ 915,993	\$ 1,493,753	\$ 10,758,968
Deferred Delinquent Property Taxes	185,401	12,983	51,068	33,583	283,035
Other Deferred/Unavailable Revenue	266,600	163,316	139,618	0	569,534
Total Deferred Inflows of Resources	\$ 8,307,692	\$ 669,830	\$ 1,106,679	\$ 1,527,336	\$ 11,611,537
FUND BALANCES					
Restricted:					
Restricted for General Government	\$ 28,106	\$ 0	\$ 0	\$ 0	\$ 28,106
Restricted for Finance	41,474	0	0	0	41,474
Restricted for Administration of Justice	91,598	0	0	0	91,598
Restricted for Public Safety	578,277	0	0	354,133	932,410
Restricted for Public Health and Welfare	72,408	0	0	836,834	909,242
Restricted for Agriculture and Natural Resources	2,472	0	0	0	2,472
Restricted for Highways/Public Works	0	2,145,009	0	0	2,145,009
Restricted for Capital Outlay	0	0	0	97,337	97,337
Restricted for Debt Service	0	0	9,167,028	2,381,438	11,548,466
Committed:					
Committed for General Government	125,888	0	0	59,908	185,796
Committed for Public Safety	110,733	0	0	0	110,733
Committed for Social, Cultural, and Recreational Services	63,538	0	0	0	63,538
Assigned:					
Assigned for General Government	19,452	0	0	0	19,452
Assigned for Finance	23,306	0	0	0	23,306
Assigned for Administration of Justice	5,640	0	0	0	5,640
Assigned for Public Safety	6,299	0	0	0	6,299
Assigned for Public Health and Welfare	89,014	0	0	0	89,014
Assigned for Social, Cultural, and Recreational Services	591	0	0	0	591
Assigned for Other Operations	185	0	0	0	185
Unassigned	2,644,773	0	0	0	2,644,773
Total Fund Balances	\$ 3,903,754	\$ 2,145,009	\$ 9,167,028	\$ 3,729,650	\$ 18,945,441
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,847,886	\$ 2,819,184	\$ 10,273,707	\$ 5,343,723	\$ 32,284,500

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

Exhibit C-2

Cheatham County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 18,945,441
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 3,103,501	
Add: intangibles	346,104	
Add: buildings and improvements net of accumulated depreciation	5,988,485	
Add: other capital assets net of accumulated depreciation	1,015,728	
Add: infrastructure net of accumulated depreciation	<u>1,515,443</u>	11,969,261
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (11,128,500)	
Less: notes payable	(2,825,000)	
Less: line of credit payable	(92,555)	
Less: other loans payable	(11,365,157)	
Add: contributions due from component unit for debt retirement	4,593,268	
Less: compensated absences payable	(747,329)	
Less: landfill closure/postclosure costs	(214,881)	
Less: other postemployment benefits liability	(278,999)	
Add: deferred amount on refunding	142,771	
Less: accrued interest on bonds, notes, and capital leases	<u>(61,445)</u>	(21,977,827)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>852,569</u>
Net position of governmental activities (Exhibit A)		<u>\$ 9,789,444</u>

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

Exhibit C-3

Cheatham County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Education Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 9,671,036	\$ 972,166	\$ 5,047,944	\$ 1,540,462	\$ 17,231,608
Licenses and Permits	312,114	0	0	0	312,114
Fines, Forfeitures, and Penalties	156,558	0	0	89,505	246,063
Charges for Current Services	1,108,990	0	0	241,695	1,350,685
Other Local Revenues	208,518	9,291	0	36,009	253,818
Fees Received from County Officials	1,724,826	0	0	0	1,724,826
State of Tennessee	884,438	2,110,498	58,553	31,212	3,084,701
Federal Government	82,756	0	0	0	82,756
Other Governments and Citizens Groups	495,282	0	438,348	0	933,630
Total Revenues	<u>\$ 14,644,518</u>	<u>\$ 3,091,955</u>	<u>\$ 5,544,845</u>	<u>\$ 1,938,883</u>	<u>\$ 25,220,201</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 1,388,723	\$ 0	\$ 72,648	\$ 115,624	\$ 1,576,995
Finance	1,146,622	0	0	0	1,146,622
Administration of Justice	1,338,127	0	0	0	1,338,127
Public Safety	5,131,571	0	0	55,184	5,186,755
Public Health and Welfare	2,044,660	0	0	859,245	2,903,905
Social, Cultural, and Recreational Services	303,682	0	0	0	303,682
Agriculture and Natural Resources	126,301	0	0	0	126,301
Other Operations	1,900,037	0	0	20,920	1,920,957
Highways	0	3,138,711	0	0	3,138,711
Debt Service:					
Principal on Debt	0	56,657	5,202,281	386,000	5,644,938
Interest on Debt	0	1,162	532,686	36,350	570,198
Other Debt Service	0	0	41,979	5,132	47,111
Capital Projects	1,246,011	0	0	558,253	1,804,264
Total Expenditures	<u>\$ 14,625,734</u>	<u>\$ 3,196,530</u>	<u>\$ 5,849,594</u>	<u>\$ 2,036,708</u>	<u>\$ 25,708,566</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 18,784</u>	<u>\$ (104,575)</u>	<u>\$ (304,749)</u>	<u>\$ (97,825)</u>	<u>\$ (488,365)</u>
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 2,526,000	\$ 0	\$ 0	\$ 299,000	\$ 2,825,000
Line of Credit Issued	0	92,555	0	0	92,555
Insurance Recovery	1,744	0	0	0	1,744
Transfers In	48,609	0	62,500	0	111,109
Transfers Out	(62,500)	0	0	(48,609)	(111,109)
Total Other Financing Sources (Uses)	<u>\$ 2,513,853</u>	<u>\$ 92,555</u>	<u>\$ 62,500</u>	<u>\$ 250,391</u>	<u>\$ 2,919,299</u>
Net Change in Fund Balances	\$ 2,532,637	\$ (12,020)	\$ (242,249)	\$ 152,566	\$ 2,430,934
Fund Balance, July 1, 2012	<u>1,371,117</u>	<u>2,157,029</u>	<u>9,409,277</u>	<u>3,577,084</u>	<u>16,514,507</u>
Fund Balance, June 30, 2013	<u>\$ 3,903,754</u>	<u>\$ 2,145,009</u>	<u>\$ 9,167,028</u>	<u>\$ 3,729,650</u>	<u>\$ 18,945,441</u>

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

Cheatham 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, 2013

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 2,430,934
(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	\$ 969,440	
Less: current-year depreciation expense	<u>(993,217)</u>	(23,777)
(2) 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, 2012	\$ (1,216,922)	
Add: deferred delinquent property taxes and other deferred June 30, 2013	<u>852,569</u>	(364,353)
(3) The issuance of long-term debt (e.g., notes, bonds, capital leases, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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:		
Add: principal payments on capital leases	\$ 56,657	
Add: principal payments on notes	725,568	
Add: principal payments on bonds	1,319,000	
Add: principal payments on other loans	3,543,713	
Less: note proceeds	<u>(2,825,000)</u>	
Less: line of credit proceeds	(92,555)	
Less: debt service contributions for principal to primary government	(402,264)	
Less: change in deferred amount on refunding debt	<u>(42,841)</u>	2,282,278
(4) 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	\$ (41,410)	
Change in landfill closure/postclosure care costs	(4,006)	
Change in other postemployment benefits liability	(58,840)	
Change in compensated absences payable	<u>50,161</u>	(54,095)
Change in net position of governmental activities (Exhibit B)		<u>\$ 4,270,987</u>

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

Exhibit C-5

Cheatham County, Tennessee
 Statement of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Fund
 For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 9,671,036	\$ 0	\$ 0	\$ 9,671,036	\$ 9,031,740	\$ 9,035,142	\$ 635,894
Licenses and Permits	312,114	0	0	312,114	321,500	321,500	(9,386)
Fines, Forfeitures, and Penalties	156,558	0	0	156,558	139,275	139,775	16,783
Charges for Current Services	1,108,990	0	0	1,108,990	1,034,307	1,034,307	74,683
Other Local Revenues	208,518	0	0	208,518	215,700	272,848	(64,330)
Fees Received from County Officials	1,724,826	0	0	1,724,826	1,690,000	1,690,000	34,826
State of Tennessee	884,438	0	0	884,438	585,077	585,427	299,011
Federal Government	82,756	0	0	82,756	64,000	113,419	(30,663)
Other Governments and Citizens Groups	495,282	0	0	495,282	356,981	377,981	117,301
Total Revenues	\$ 14,644,518	\$ 0	\$ 0	\$ 14,644,518	\$ 13,438,580	\$ 13,570,399	\$ 1,074,119
Expenditures							
<u>General Government</u>							
County Commission	\$ 134,913	\$ 0	\$ 0	\$ 134,913	\$ 102,060	\$ 135,585	\$ 672
County Mayor/Executive	164,522	(784)	11,736	175,474	196,651	191,331	15,857
Personnel Office	65,856	0	67	65,923	73,202	66,331	408
Election Commission	169,880	0	0	169,880	167,009	173,332	3,452
Register of Deeds	180,083	0	0	180,083	191,165	180,472	389
Building	189,743	(1,300)	1,621	190,064	212,625	201,357	11,293
County Buildings	483,726	(1,370)	11,029	493,385	526,855	520,284	26,899
<u>Finance</u>							
Accounting and Budgeting	287,968	0	5,302	293,270	315,370	303,899	10,629
Property Assessor's Office	248,403	0	0	248,403	294,883	258,924	10,521
Reappraisal Program	45,907	0	0	45,907	51,608	46,161	254
County Trustee's Office	221,432	0	217	221,649	256,465	224,787	3,138
County Clerk's Office	342,912	(6,500)	17,791	354,203	390,778	359,332	5,129
<u>Administration of Justice</u>							
Circuit Court	377,837	0	1,063	378,900	439,942	385,334	6,434
General Sessions Court	153,390	0	0	153,390	179,287	155,462	2,072

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice (Cont.)</u>							
Chancery Court	\$ 220,541	\$ 0	\$ 67	\$ 220,608	\$ 250,499	\$ 223,141	\$ 2,533
Juvenile Court	278,415	0	0	278,415	306,643	282,848	4,433
District Attorney General	18,000	0	0	18,000	0	18,000	0
Probation Services	133,138	(150)	481	133,469	152,639	139,123	5,654
Courtroom Security	156,806	(1,950)	4,029	158,885	173,869	162,601	3,716
<u>Public Safety</u>							
Sheriff's Department	2,180,708	(3,006)	3,338	2,181,040	2,446,925	2,241,078	60,038
Jail	1,331,410	(1,560)	2,888	1,332,738	1,469,438	1,357,996	25,258
Rural Fire Protection	821,544	0	0	821,544	837,080	837,080	15,536
Other Emergency Management	124,473	(1,440)	74	123,107	119,155	123,585	478
County Coroner/Medical Examiner	67,725	0	0	67,725	70,650	70,650	2,925
Other Public Safety	605,711	0	0	605,711	749,627	626,500	20,789
<u>Public Health and Welfare</u>							
Local Health Center	29,566	0	0	29,566	31,570	37,070	7,504
Rabies and Animal Control	194,195	(1,586)	1,507	194,116	197,502	197,328	3,212
Ambulance/Emergency Medical Services	1,725,602	(55,270)	82,501	1,752,833	1,825,080	1,781,583	28,750
Other Local Health Services	35,226	0	0	35,226	36,677	36,677	1,451
General Welfare Assistance	16,599	0	0	16,599	33,198	33,198	16,599
Sanitation Education/Information	43,472	0	0	43,472	43,274	44,325	853
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	84,196	0	0	84,196	85,000	85,000	804
Libraries	216,017	(10,570)	591	206,038	205,942	218,679	12,641
Parks and Fair Boards	3,469	0	0	3,469	0	3,469	0
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	88,326	0	0	88,326	93,013	92,888	4,562
Soil Conservation	37,975	0	0	37,975	47,417	38,397	422
<u>Other Operations</u>							
Other Economic and Community Development	51,316	0	0	51,316	73,777	54,956	3,640

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations (Cont.)</u>							
Veterans' Services	\$ 16,481	\$ 0	\$ 185	\$ 16,666	\$ 28,149	\$ 28,149	\$ 11,483
Other Charges	207,384	0	0	207,384	175,000	185,000	(22,384)
Contributions to Other Agencies	306,912	0	0	306,912	355,883	355,883	48,971
Employee Benefits	1,043,611	0	0	1,043,611	1,090,288	1,090,288	46,677
Miscellaneous	274,333	0	0	274,333	275,636	286,765	12,432
<u>Capital Projects</u>							
General Administration Projects	601,148	0	0	601,148	0	665,000	63,852
Public Utility Projects	644,863	0	0	644,863	0	2,424,893	1,780,030
Total Expenditures	\$ 14,625,734	\$ (85,486)	\$ 144,487	\$ 14,684,735	\$ 13,597,865	\$ 16,944,741	\$ 2,260,006
Excess (Deficiency) of Revenues Over Expenditures	\$ 18,784	\$ 85,486	\$ (144,487)	\$ (40,217)	\$ (159,285)	\$ (3,374,342)	\$ 3,334,125
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 2,526,000	\$ 0	\$ 0	\$ 2,526,000	\$ 0	\$ 2,526,000	\$ 0
Insurance Recovery	1,744	0	0	1,744	1,500	3,244	(1,500)
Transfers In	48,609	0	0	48,609	220,306	220,306	(171,697)
Transfers Out	(62,500)	0	0	(62,500)	(50,000)	(50,000)	(12,500)
Total Other Financing Sources	\$ 2,513,853	\$ 0	\$ 0	\$ 2,513,853	\$ 171,806	\$ 2,699,550	\$ (185,697)
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 2,532,637	\$ 85,486	\$ (144,487)	\$ 2,473,636	\$ 12,521	\$ (674,792)	\$ 3,148,428
Fund Balance, July 1, 2012	1,371,117	(85,486)	0	1,285,631	229,134	229,134	1,056,497
Fund Balance, June 30, 2013	\$ 3,903,754	\$ 0	\$ (144,487)	\$ 3,759,267	\$ 241,655	\$ (445,658)	\$ 4,204,925

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

Exhibit C-6

Cheatham County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 972,166	\$ 0	0	\$ 972,166	\$ 951,552	\$ 951,552	\$ 20,614
Other Local Revenues	9,291	0	0	9,291	4,901	8,776	515
State of Tennessee	2,110,498	0	0	2,110,498	1,981,688	1,981,688	128,810
Total Revenues	\$ 3,091,955	\$ 0	0	\$ 3,091,955	\$ 2,938,141	\$ 2,942,016	\$ 149,939
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 168,977	\$ 0	800	\$ 169,777	\$ 172,395	\$ 172,395	\$ 2,618
Highway and Bridge Maintenance	2,002,851	(34,703)	148,123	2,116,271	1,759,014	2,194,967	78,696
Operation and Maintenance of Equipment	406,955	(6,850)	8,922	409,027	457,638	457,639	48,612
Other Charges	110,853	0	0	110,853	107,820	112,104	1,251
Employee Benefits	346,792	0	0	346,792	368,350	368,350	21,558
Capital Outlay	102,283	0	0	102,283	15,100	107,655	5,372
<u>Principal on Debt</u>							
Highways and Streets	56,657	0	0	56,657	56,660	56,660	3
Interest on Debt	1,162	0	0	1,162	1,164	1,164	2
Highways and Streets	3,196,530	(41,553)	157,845	3,312,822	2,938,141	3,470,934	158,112
Total Expenditures	\$ (104,575)	\$ 41,553	(157,845)	\$ (220,867)	\$ 0	\$ (528,918)	\$ 308,051
Excess (Deficiency) of Revenues Over Expenditures							
<u>Other Financing Sources (Uses)</u>							
Line of Credit Issued	\$ 92,555	\$ 0	0	\$ 92,555	\$ 0	\$ 92,555	\$ 0
Total Other Financing Sources	\$ 92,555	\$ 0	0	\$ 92,555	\$ 0	\$ 92,555	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (12,020)	\$ 41,553	(157,845)	\$ (128,312)	\$ 0	\$ (436,363)	\$ 308,051
Fund Balance, July 1, 2012	2,157,029	(41,553)	0	2,115,476	1,775,024	1,775,024	340,452
Fund Balance, June 30, 2013	\$ 2,145,009	\$ 0	(157,845)	\$ 1,987,164	\$ 1,775,024	\$ 1,338,661	\$ 648,503

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

Exhibit D

Cheatham County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,688,745
Due from Other Governments	<u>421,321</u>
Total Assets	<u><u>\$ 2,110,066</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 421,321
Due to Litigants, Heirs, and Others	<u>1,688,745</u>
Total Liabilities	<u><u>\$ 2,110,066</u></u>

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

CHEATHAM COUNTY, TENNESSEE
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CHEATHAM COUNTY, TENNESSEE
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CHEATHAM COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cheatham 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 Cheatham County:

A. Reporting Entity

Cheatham County is a public municipal corporation governed by an elected 12-member board. As required by GAAP, these financial statements present Cheatham 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 Cheatham County School Department operates the public school system in the county, and the voters of Cheatham County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, 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 Cheatham County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Cheatham County, and the Cheatham 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 Cheatham 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 Cheatham County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Cheatham County Emergency
Communications District
P.O. Box 682
Ashland City, TN 37015

Related Organization – The Cheatham County Water and Waste Water Authority and Cheatham County Industrial Development Board are related organizations of Cheatham County. The county’s officials are responsible for appointing the members of the boards, but the county’s accountability for the 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 Position 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 Cheatham 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 Cheatham 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.

Cheatham County issues all debt for the discretely presented Cheatham County School Department. Net debt issues totaling \$299,000 were contributed by the county to the School Department during the year ended June 30, 2013.

Separate financial statements are provided for governmental funds and fiduciary funds. 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 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 Cheatham 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, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Cheatham County has no proprietary funds to report.

Separate financial statements are provided for governmental funds 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. Fiduciary funds in total are reported in a single column.

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

Fiduciary fund 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.

Cheatham 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.

Education Debt Service Fund – This fund accounts for debt issued by Cheatham County that is subsequently contributed to the discretely presented Cheatham County School Department for construction and renovation projects.

Additionally, Cheatham County reports the following fund types:

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

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Cheatham County. 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 Cheatham 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 Cheatham County School Department reports the following fund types:

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

Capital Projects Fund – The Education Capital Projects Fund is used to account for the receipt of debt issued by Cheatham County and contributed to the School Department for building construction and renovations.

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.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and Investments

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 Cheatham County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Cheatham 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 are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. 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. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. 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.

2. Receivables and Payables

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

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

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 inflow of resources 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 as a deferred inflow of resources 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.

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than five years. 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	20 - 40
Land Improvements	10 - 20
Other Capital Assets	5 - 15
Infrastructure	20 - 40

4. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for revenue, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. Compensated Absences

It is the county's policy to permit employees to accumulate limited amounts of earned but unused vacation benefits (with the exception of the Offices of County Clerk, Trustee, and Register of Deeds that do not allow the accumulation of unused vacation). The general policy of the county permits the unlimited accumulation of unused sick leave days. There is no liability for unpaid accumulated sick leave (with the exception of the Road Department) since Cheatham County does not have a policy to pay any amounts when employees separate from service with the government.

School Department employees may accumulate limited amounts of earned but unused vacation benefits. The general policy of the School Department permits the unlimited accumulation of unused sick leave days. The granting of vacation and sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded. However, the School Department does allow accrual of limited compensatory time.

All vacation pay is accrued when incurred in the government-wide financial statements for the county. 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, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of

resources and recognized as a component of interest expense in a systematic and rational manner 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 other postemployment benefits, compensated absences, and landfill closure/postclosure care costs, are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. Net Position and Fund Balance

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position 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 position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2013, Cheatham County had \$21,175,657 in outstanding debt for capital purposes of the discretely presented Cheatham County School Department. The debt is a liability of Cheatham County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Cheatham

County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution 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.

8. Restatement

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of GASB Statement No. 65, debt issuance costs become period costs. A restatement to beginning net position totaling \$122,224 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

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 Position

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 Position.

Discretely Presented Cheatham County School Department

Exhibit I-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 Position.

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 position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Cheatham County School Department

Exhibit I-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 position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the Cheatham 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, County Mayor/Executive, Personnel Office, Election Commission, 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 the GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2013, the Cheatham County School Department reported the following significant encumbrances:

Fund	Description	Amount
Major Fund:		
General Purpose School	HVAC Units	\$ 1,625,571
Nonmajor Fund:		
Central Cafeteria	Equipment	123,502

B. Cash Shortage –Prior Year

The audit of Cheatham County for the 2007-08 year reported a cash shortage of \$68,281.11 in the Highway Department. Our investigation revealed that from February 5, 2007, through December 18, 2007, the Highway Department bookkeeper fraudulently issued 16 vendor checks totaling \$68,281.11 for personal use. On August 15, 2008, the bookkeeper was found guilty of theft of \$60,000 or more, sentenced, and ordered to pay restitution totaling \$68,211.11 to the Highway Department. An unpaid cash shortage of \$18,513.75 existed at December 31, 2013.

C. Expenditures and Other Uses Exceeded Appropriations

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

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
<u>Primary Government</u>	
General:	
Other Charges	\$ 22,384
Transfers Out	12,500
Drug Control:	
Transfers Out	3,303
General Debt Service:	
Other General Administration	4,897
<u>Discretely Presented School Department</u>	
General Purpose School:	
Instruction - Special Education Program	51,717
Transfers Out	100,000
School Federal Projects:	
Support Services - Special Education Program	90,522

Expenditures and Other Uses that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues and by available fund balances.

D. The Actual Fund Balance Exceeded the Estimated Beginning Fund Balance by a Material Amount

The actual beginning fund balances at July 1, 2012, differed from the estimated fund balances presented to the state Division of Local Finance by the following amounts:

Fund	Actural (Budgetary Basis) Beginning 7-1-12	Estimated Fund Balance 7-1-12	Variance
Primary Government:			
General	\$ 1,285,631	\$ 229,134	\$ 1,056,497
Highway/Public Works	2,115,476	1,775,024	340,452
Education Debt Service	9,409,277	12,229,790	(2,820,513)
Solid Waste/Sanitation	827,063	725,061	102,002
Drug Control	369,257	506,343	(137,086)
Other Capital Projects	187,203	539,163	(351,960)
Discretely Presented			
School Department:			
General Purpose School	5,439,564	3,744,021	1,695,543

Sound business practices dictate that realistic estimates of beginning fund balance should be presented to the County Commission during the budget process.

E. The County Had Deposits Exposed to Custodial Credit Risk

The trustee did not require one depository holding county funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2013, deposits at this depository exceeded FDIC coverage and collateral securities pledged by \$441,859. Section 5-8-201, *Tennessee Code Annotated*, requires any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of such county funds.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Cheatham County and the Cheatham 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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

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

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

Custodial credit risk is the risk that in the event of a bank failure, Cheatham County's deposits may not be returned to it. Cheatham County does not have a formal policy that limits custodial credit risk for deposits. Separate disclosures concerning bank balances of pooled deposits cannot be made for Cheatham County and the discretely presented Cheatham County School Department since both pool their deposits and investments through the county trustee. As of June 30, 2013, bank balances of \$441,859 were exposed to custodial credit risk as follows:

Uninsured and collateralized with securities held by the pledging bank	\$ 441,859
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Of the above \$441,859 exposed to custodial credit risk, \$441,859 was in the pooled bank balances. Uninsured and uncollateralized deposits are a violation of state statutes.

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, 2013, Cheatham County had the following investments carried at fair value. All investments are in the State Treasurer’s Investment Pool. Separate disclosures concerning pooled investments cannot be made for Cheatham County and the discretely presented Cheatham County School Department since both pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturity (days)	Fair Value
State Treasurer's Investment Pool	11 to 138	\$ 4,239,831

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. Cheatham 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. Cheatham County has no

investment policy that would further limit its investment choices. As of June 30, 2013, Cheatham County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

Capital assets activity for the year ended June 30, 2013, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 3,449,605	\$ 0	\$ (346,104)	\$ 3,103,501
Intangibles	0	346,104		346,104
Total Capital Assets Not Depreciated	<u>\$ 3,449,605</u>	<u>\$ 346,104</u>	<u>\$ (346,104)</u>	<u>\$ 3,449,605</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 11,402,391	\$ 712,936	\$ 0	\$ 12,115,327
Infrastructure	16,808,514	0	0	16,808,514
Other Capital Assets	6,587,389	256,504	0	6,843,893
Total Capital Assets Depreciated	<u>\$ 34,798,294</u>	<u>\$ 969,440</u>	<u>\$ 0</u>	<u>\$ 35,767,734</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 5,836,552	\$ 290,290	\$ 0	\$ 6,126,842
Infrastructure	15,013,079	279,992	0	15,293,071
Other Capital Assets	5,405,230	422,935	0	5,828,165
Total Accumulated Depreciation	<u>\$ 26,254,861</u>	<u>\$ 993,217</u>	<u>\$ 0</u>	<u>\$ 27,248,078</u>
Total Capital Assets Depreciated, Net	<u>\$ 8,543,433</u>	<u>\$ (23,777)</u>	<u>\$ 0</u>	<u>\$ 8,519,656</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,993,038</u>	<u>\$ 322,327</u>	<u>\$ (346,104)</u>	<u>\$ 11,969,261</u>

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

Governmental Activities:

General Government	\$ 179,068
Public Safety	249,943
Public Health and Welfare	193,535
Social, Cultural, and Recreational Services	32,795
Highway/Public Works	<u>337,876</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 993,217</u></u>

Discretely Presented Cheatham County School Department

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 781,997	\$ 0	\$ 0	\$ 781,997
Construction in Progress	698,400	762,755	(1,461,155)	0
Total Capital Assets Not Depreciated	<u>\$ 1,480,397</u>	<u>\$ 762,755</u>	<u>\$ (1,461,155)</u>	<u>\$ 781,997</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 94,010,332	\$ 1,485,540	\$ 0	\$ 95,495,872
Other Capital Assets	5,900,527	554,074	(209,834)	6,244,767
Total Capital Assets Depreciated	<u>\$ 99,910,859</u>	<u>\$ 2,039,614</u>	<u>\$ (209,834)</u>	<u>\$ 101,740,639</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 37,872,399	\$ 2,243,331	\$ 0	\$ 40,115,730
Other Capital Assets	2,107,469	422,544	(88,491)	2,441,522
Total Accumulated Depreciation	<u>\$ 39,979,868</u>	<u>\$ 2,665,875</u>	<u>\$ (88,491)</u>	<u>\$ 42,557,252</u>
Total Capital Assets Depreciated, Net	<u>\$ 59,930,991</u>	<u>\$ (626,261)</u>	<u>\$ (121,343)</u>	<u>\$ 59,183,387</u>
Governmental Activities Capital Assets, Net	<u>\$ 61,411,388</u>	<u>\$ 136,494</u>	<u>\$ (1,582,498)</u>	<u>\$ 59,965,384</u>

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

Governmental Activities:

Support Services	<u>\$ 2,665,875</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,665,875</u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances at June 30, 2013, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 14,286
Education Debt Service	General	1,460,891
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	43,113

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenses 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	Component Unit: General Purpose School	\$ 42,068
General	Cheatham County ECD	75,409

The amount reflected as Due to Primary Government from the discretely presented School Department on the government-wide Statement of Net Position also includes a long-term receivable of \$4,593,268 for debt issued by the primary government, the principal of which is being contributed by the School Department. The amount of the receivable not expected to be received within one year is \$4,187,980.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2013, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Fund	Education Debt Service Fund
General Fund	\$ 0	\$ 62,500
Nonmajor governmental fund	48,609	0
Total	<u>\$ 48,609</u>	<u>\$ 62,500</u>

Discretely Presented Cheatham County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School	\$ 0	\$ 100,000
Nonmajor governmental funds	24,346	0
Total	<u>\$ 24,346</u>	<u>\$ 100,000</u>

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 and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

D. Long-term Debt

Primary Government

General Obligation Bonds, Notes, Other Loans, and Line of Credit

Cheatham County issues general obligation bonds, capital outlay notes, other loans, and lines of credit to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, other loans, and the line of credit are direct obligations and pledge the full faith and credit of the

government. General obligation bonds, capital outlay notes, other loans outstanding, and the line of credit were issued for original terms of up to 15 years for bonds, up to 12 years for notes, up to 20 years for other loans, and up to two years for the line of credit. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, capital outlay notes, other loans, and the line of credit included in long-term debt as of June 30, 2013, will be retired from the General Debt Service and Education Debt Service funds.

General obligation bonds, capital outlay notes, other loans, and lines of credit outstanding as of June 30, 2013, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-13
General Obligation Bonds -				
Refunding	2 to 4	% 6-1-22	\$ 17,499,500	\$ 11,128,500
Capital Outlay Notes	2.68 to 4.5	6-1-25	2,825,000	2,825,000
Other Loans	variable	6-30-24	26,721,203	11,365,157
Line of Credit	variable	6-30-14	92,555	92,555

In prior years, Cheatham County entered into loan agreements with the Montgomery County Public Building Authority. These loan agreements provided for the authority to make \$7,040,703, \$2,262,948, and \$9,820,000 available for loan to Cheatham County for various renovation and construction projects. These loans are repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans. At June 30, 2013, the variable interest rate was .31 percent on the \$7,040,703 and \$2,262,948 loans, and .33 percent on the \$9,820,000 loan; and other fees based on the outstanding loan principal totaled approximately .57 percent on the \$7,040,703 and \$2,262,948 loans, and .33 percent on the \$9,820,000 loan (letter of credit); .08 percent (remarketing); and \$60 per month per loan (trustee).

Also, during a prior year, Cheatham County entered into a loan agreement with the Tennessee Municipal Bond Fund – City of Clarksville Public Building Authority. This loan agreement provided the authority to make \$2,575,000 available for loan to Cheatham County for the purchase of land. The loan is repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly depending on the particular program. In addition, the county pays various other fees (trustee and debt remarketing) in connection with this loan. At June 30, 2013, the variable interest rate was .08 percent; and other fees based on the

outstanding loan principal totaled approximately .15 percent per loan (administrative fee); and \$100 per month per loan (trustee).

In a prior year, Cheatham County entered into a loan agreement with the Tennessee Energy Efficient Schools Council. This loan agreement provided for the authority to make \$5,028,918 available for loan to the discretely presented Cheatham County School Department for energy efficiency upgrades. This loan is repayable at a .75 percent rate of interest over 12 years, with payments beginning June 1, 2012, and will be retired on May 1, 2024.

The annual requirements to amortize all general obligation bonds, notes, other loans, and the line of credit outstanding as of June 30, 2013, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 1,371,000	\$ 387,829	\$ 1,758,829
2015	1,438,000	340,683	1,778,683
2016	1,500,000	291,622	1,791,622
2017	1,558,000	238,734	1,796,734
2018	1,637,210	183,247	1,820,457
2019-2022	3,624,290	232,631	3,856,921
Total	\$ 11,128,500	\$ 1,674,746	\$ 12,803,246

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 131,000	\$ 94,237	\$ 225,237
2015	137,000	91,647	228,647
2016	1,090,000	87,693	1,177,693
2017	145,000	40,920	185,920
2018	150,000	36,721	186,721
2019-2023	813,000	116,342	929,342
2024-2025	359,000	12,672	371,672
Total	\$ 2,825,000	\$ 480,232	\$ 3,305,232

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2014	\$ 2,999,181	\$ 50,214	\$ 37,200	\$ 3,086,595
2015	1,431,408	40,127	23,607	1,495,142
2016	1,479,783	34,798	18,950	1,533,531
2017	1,529,747	29,335	14,069	1,573,151
2018	1,142,379	23,735	7,754	1,173,868
2019-2023	2,382,311	56,744	3,043	2,442,098
2024	400,348	1,479	0	401,827
Total	\$ 11,365,157	\$ 236,432	\$ 104,623	\$ 11,706,212

Year Ending June 30	Line of Credit		
	Principal	Interest	Total
2014	\$ 92,555	\$ 3,008	\$ 95,563
Total	\$ 92,555	\$ 3,008	\$ 95,563

There is \$2,381,438 available in the General Debt Service Fund and \$9,167,028 in the Education Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, other loans, and the line of credit totaled \$650, based on the 2010 federal census.

The School Department is currently servicing some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government. In the prior year, this debt was reflected as debt of the School Department; however, this debt has been reclassified as debt of the primary government because the primary government is legally obligated to repay the debt.

Description of Indebtedness	Outstanding 6-30-13
<u>Other Loans Payable</u>	
<u>Payable through General Purpose School Fund</u>	
Energy Efficient Schools Initiative	\$ 4,593,268

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2013, was as follows:

Governmental Activities	Bonds	Notes	Other Loans
Balance, July 1, 2012	\$ 12,447,500	\$ 725,568	\$ 9,913,338
Reclassification of School Debt	0	0	4,995,532
Additions	0	2,825,000	0
Reductions	(1,319,000)	(725,568)	(3,543,713)
Balance, June 30, 2013	<u>\$ 11,128,500</u>	<u>\$ 2,825,000</u>	<u>\$ 11,365,157</u>
Balance Due Within One Year	<u>\$ 1,371,000</u>	<u>\$ 131,000</u>	<u>\$ 2,999,181</u>

	Line of Credit	Capital Leases	Compensated Absences
Balance, July 1, 2012	\$ 0	\$ 56,657	\$ 797,490
Additions	92,555	0	777,703
Reductions	0	(56,657)	(827,864)
Balance, June 30, 2013	<u>\$ 92,555</u>	<u>\$ 0</u>	<u>\$ 747,329</u>
Balance Due Within One Year	<u>\$ 92,555</u>	<u>\$ 0</u>	<u>\$ 149,465</u>

	Other Postemployment Benefits	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2012	\$ 220,159	\$ 210,875
Additions	71,458	4,006
Deductions	(12,618)	0
Balance, June 30, 2013	<u>\$ 278,999</u>	<u>\$ 214,881</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 26,652,421
Less: Due Within One Year	<u>(4,743,201)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 21,909,220</u>

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

funds. Landfill closure/postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Cheatham County School Department for the year ended June 30, 2013, was as follows:

Governmental Activities

	Other Loans	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2012	\$ 4,995,532	\$ 8,617	\$ 4,456,343
Additions	0	10,126	820,041
Reductions	0	(8,617)	(570,238)
Reclassification of School Debt	(4,995,532)	0	0
Balance, June 30, 2013	<u>\$ 0</u>	<u>\$ 10,126</u>	<u>\$ 4,706,146</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 2,531</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 4,716,272
Less: Due Within One Year	<u>(2,531)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 4,713,741</u>

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

E. On-Behalf Payments – Discretely Presented Cheatham County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Cheatham 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, 2013, were \$141,677 and \$20,815, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

F. Short-term Debt

Cheatham County issued tax anticipation notes from the Education Debt Service Fund in advance of property tax collections and deposited the proceeds in the General Fund. This note was necessary because funds were not available to meet obligations coming due before current tax collections.

Short-term debt activity for the year ended June 30, 2013, was as follows:

Fund	Balance 7-1-12	Issued	Paid	Balance 6-30-13
General	\$ 0	\$ 784,619	\$ (784,619)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Cheatham County

The county joined the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

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

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

Discretely Presented Cheatham County School Department

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

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

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Cheatham County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989, that does not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limits fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66 decisions about fund type classifications are based on the nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modifies guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

C. Subsequent Events

On August 19, 2013, the County Commission authorized a \$700,000 tax anticipation note for the county's General Fund from Education Capital Projects Fund.

On October 21, 2013, the County Commission authorized a \$600,361 capital outlay note for school buses and an \$83,625 capital outlay note for highway construction.

On December 16, 2013, the County Commission authorized a \$93,766 capital outlay note for emergency medical service vehicles.

D. Contingent Liabilities

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

E. Change in Administration

On August 31, 2012, Jerry Carney left the Office of Road Superintendent and was succeeded by Carl Cothorn.

F. Landfill Closure/Postclosure Care Costs

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

State and federal laws and regulations require Cheatham County to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$214,881 reported as landfill closure and postclosure care liability at June 30, 2013, represents the cumulative amount reported to date based on the use of 21 percent of the estimated capacity of the landfill. The county will recognize the remaining estimated costs of closure and postclosure care of \$1,045,755 if or as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. Joint Ventures

The Cheatham County Joint Economic and Community Development Board is a joint venture between Cheatham County and the cities of Ashland City, Kingston Springs, Pegram, and Pleasant View. The board comprises the county mayor, city mayors, and eight additional members. The purpose of the board is to foster communication relative to economic and community development between and among governmental entities, industry, and private citizens. The county and cities will provide the majority of funding for the board based on the percentage of their population compared to the total census of the county when financial activity begins. Cheatham County paid expenses of \$51,316 on behalf of and contributed \$125,844 to the Cheatham County Joint Economic and Community Development Board during the 2012-13 year.

The Twenty-third Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-third Judicial District; Cheatham, Dickson, Houston, Humphreys, and Stewart counties; and various cities within these counties. 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, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Cheatham County contributed \$18,000 to the operations of the DTF during the year ended June 30, 2013.

Cheatham County does not retain an equity interest in any of these joint ventures. Complete financial statements for the above-noted joint ventures can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Joint Economic and Community Development Board
100 Public Square
Ashland City, TN 37015

District Attorney General
Twenty-third Judicial District Drug Task Force
P.O. Box 580
Charlotte, TN 37036

H. Jointly Governed Organization

The Cheatham County Rail Authority was created by the county in conjunction with Metropolitan Davidson County. The Cheatham County Rail Authority's board includes seven members. Five members are appointed by the Cheatham County Commission, and two members are appointed by Metropolitan Davidson County. Cheatham County did not appropriate any funds to the authority for the year ended June 30, 2013. Funding sources for the Cheatham County Rail Authority are grants, freight service fees, interest, and private contributions.

I. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Plan Description

Employees of Cheatham 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 Cheatham 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

Cheatham County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 5.74 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, 2013, the county's annual pension cost of \$738,943 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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, 2011, was three 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
6-30-13	\$738,943	100%	\$0
6-30-12	775,407	100	0
6-30-11	837,295	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 96.69 percent funded. The actuarial accrued liability for benefits was \$29.91 million, and the actuarial value of assets was \$28.92 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.99 million. The covered payroll (annual payroll of active employees covered by the plan) was \$13.17 million, and the ratio of the UAAL to the covered payroll was 7.51 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 Cheatham County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service.

Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

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, 2013, was 8.88 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, 2013, 2012, and 2011, were \$1,934,296, \$1,965,274, and \$2,004,410, respectively, equal to the required contributions for each year.

2. Deferred Compensation – Primary Government

Cheatham County offers its employees a deferred compensation plan, established pursuant to IRC Section 401(k). All costs of administering and funding this program is the responsibility of plan participants. The Section 401(k) plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 401(k) establishes participation, contribution, and withdrawal provisions for the plan.

3. Deferred Compensation – Discretely Presented Cheatham County School Department

The Cheatham County School Department offers its employees a

deferred compensation plan, established pursuant to IRC Section 403(b). All costs of administering and funding this program is the responsibility of plan participants. The Section 403(b) plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 403(b) establishes participation, contribution, and withdrawal provisions for the plan.

J. Other Postemployment Benefits (OPEB)

Plan Description

Cheatham County and the School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees and Section 8-27-207, *TCA*, for local governments. 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 plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan is periodically computed using actuarial and statistical techniques to establish premium rates. The employers in the plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 members in the Medicare Supplement Plan. Cheatham County and the School Department recognized expenditures of \$12,618 and \$570,238, respectively, for postemployment benefits during the year ended June 30, 2013.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Insurance Plan	Local Government Group Insurance Plan
	<u>Plan</u>	<u>Plan</u>
ARC	\$ 831,000	\$ 72,000
Interest on the NOPEBO	178,254	8,806
Adjustment to the ARC	<u>(189,213)</u>	<u>(9,348)</u>
Annual OPEB cost	\$ 820,041	\$ 71,458
Amount of contribution	<u>(570,238)</u>	<u>(12,618)</u>
Increase/decrease in NOPEBO	\$ 249,803	\$ 58,840
Net OPEB obligation, 7-1-12	<u>4,456,343</u>	<u>220,159</u>
Net OPEB obligation, 6-30-13	<u>\$ 4,706,146</u>	<u>\$ 278,999</u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Local Education Group	\$ 1,138,829	53%	\$ 4,251,059
6-30-12	"	812,545	75	4,456,343
6-30-13	"	820,041	70	4,706,146
6-30-11	Local Government Group	96,197	20	159,595
6-30-12	"	71,608	15	220,159
6-30-13	"	71,458	18	278,999

Funded Status and Funding Progress

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

	Local Education Group Insurance Plan	Local Government Group Insurance Plan
	<u>Plan</u>	<u>Plan</u>
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 6,070,000	\$ 471,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 6,070,000	\$ 471,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 30,150,000	\$ 8,061,000
UAAL as a % of covered payroll	20%	6%

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 Group and the Local Government Group plans, 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 costs trend rate of 8.75 percent for fiscal year 2013. The trend will decrease to 8.25 percent in fiscal year 2014 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The rate includes a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2007.

K. Office of Central Accounting and Budgeting

Office of Director of Accounts and Budgets

Cheatham County operates under the provisions of the Fiscal Control Acts of 1957. These acts provide for a central system of accounting and budgeting covering all funds administered by the county mayor and road superintendent. These funds are maintained in the Office of Central Accounting and Budgeting under the supervision of the director of accounts and budgets.

L. Purchasing Laws

Offices of County Mayor and Road Superintendent

Purchasing procedures for these offices are governed by Chapter 250, Private Acts of 1933, as amended, and the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*. Purchasing procedures for the Road Department are also governed by the Uniform Road Law, Section 54-7-113, *TCA*. Chapter 250, Private Acts of 1933, as amended,

provides for the establishment of a Purchasing Commission whose responsibility is to establish guidelines for bid requirements and purchasing procedures and to keep a record of all purchases. The County Purchasing Law of 1983 and the Uniform Road Law both provide for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Director of Schools

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

VI. OTHER NOTES – DISCRETELY PRESENTED CHEATHAM COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. General Statement

The Cheatham County Emergency Communications District was established for the purpose of providing an enhanced level of 911 services for Cheatham County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and more effectively due to increased speed in the transmittal of critical information and improved reliability of address and information. It is a component unit of Cheatham County. The district is run by a Board of Directors appointed by Cheatham County. The district must file a budget with Cheatham County each year. Any bond issued by the district is subject to approval by Cheatham County.

1. Summary of Significant Accounting Policies

The Cheatham County Emergency Communications District presents its financial statements on the accrual basis of accounting and economic resources measurement focus. Capital assets are recorded at cost and depreciated over their useful lives of five to ten years using the straight-line method. All equipment purchases under \$5,000 are expensed. The dispatchers are paid through the county government. The budget is compiled and brought before the board for approval. Revenues are recognized when earned, and expenses are recognized when incurred.

2. Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions.

3. Major Sources of Revenue

The major sources of operating revenue are emergency telephone charges collected from telephone companies, wireless surcharges, and operational funds from the state. Non-operating revenues consist of interest income, contributions from other governments, grants and reimbursements from the State of Tennessee, and insurance proceeds.

4. Occupancy and Personnel In-Kind

Cheatham County provides space for the district operations and provides for dispatcher costs and some utilities. No provision has been made to recognize these items in the financial statements.

B. Cash and Cash Equivalents

Tennessee Code Annotated (TCA), requires Tennessee banks and savings and loan associations to secure a governmental entity's deposits by pledging government securities as collateral. The market value of pledged securities must equal 105 percent of the entity's deposits. The entity may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or Savings Association Insurance Fund.

The following is a schedule of bank accounts at June 30, 2013:

Checking - Prime Trust Bank	\$ 473,015
Money Market - Prime Trust Bank	79,415
Certificates of Deposit - Prime Trust Bank	100,000
Local Government Investment Pool	<u>9,669</u>
Total	<u>\$ 662,099</u>

At June 30, 2013, the carrying amount of the district's cash deposits was \$662,099. The district's deposit accounts are covered up to \$250,000 by the FDIC. Any amounts over \$250,000 are covered by the government collateralization pool of which Prime Trust Bank is a member. The district is authorized to deposit and invest funds according to the provisions of Section 5-8-301, *TCA*.

C. Bonding

The district had insurance coverage for commercial liability, automobile, management, and surety bonds covering the treasurer, other members of the board, and the coordinator totaling \$51,600 each at June 30, 2013. There have been no losses or settlements during the past three years.

D. Capital Assets

The following is a schedule of capital assets, current-year depreciation expense, and accumulated depreciation at June 30, 2013:

<u>Assets</u>	<u>Cost</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation</u>
<u>Non-Depreciable</u>			
Construction In Progress	\$ 317,097	\$ 0	\$ 0
<u>Depreciable</u>			
Other Capital Assets	626,507	25,827	121,558
Total	\$ 943,604	\$ 25,827	\$ 121,558

Changes in property and equipment during the year were as follows:

<u>Assets</u>	<u>Balance 7-1-12</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 6-30-13</u>
<u>Non-Depreciable</u>				
Construction in Progress	\$ 0	\$ 317,097	\$ 0	\$ 317,097
<u>Depreciable</u>				
Other Capital Assets	1,065,241	105,813	(544,547)	626,507
Total	\$ 1,065,241	\$ 422,910	\$ (544,547)	\$ 943,604

E. Accounts Receivable and Due from State ECB

Accounts receivable consists of the following for emergency telephone and wireless surcharges collected for the district:

<u>Accounts Receivable</u>	
Bell South	\$ 9,140
Town of Kingston Springs	600
Other Emergency Phone Service Charges	1,851
<u>Due from State ECB</u>	
GIS-TIPS	17,123
Shared Wireless (May and June 2013)	16,393
Total	\$ 45,107

F. Contracts with Government Agencies

The district pays the Cheatham County government for contract labor. The district had no employees of its own at June 30, 2013.

G. Compensated Absences

The district does not have any employees; therefore, no compensated absence liability has been recorded.

H. Budgetary Information

The district must file a budget with Cheatham County each year, which must be legally adopted by the county. The budget is prepared on the accrual basis of accounting. Compliance with the legally adopted budget is required at the program level as well as the object level.

I. Subsequent Event

The district is involved in a lawsuit against AT&T/Bellsouth in an effort to recover service provider fees that should have been collected over the past several years. The outcome of this case is not reasonably determined at this time.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Cheatham County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Cheatham County School Department
June 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen 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	\$ 28,919	\$ 29,908	\$ 989	96.69 %	\$ 13,174	7.51 %
7-1-09	23,452	23,682	230	99.03	13,639	1.69
7-1-07	21,619	21,906	287	98.69	11,035	2.60

Exhibit E-2

Cheatham County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Cheatham County School Department
June 30, 2013

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL)		Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
			Projected Unit Credit (b)	Projected Unit Credit (b)				
<u>PRIMARY GOVERNMENT</u>								
Local Government Group	7-1-09	\$ 0	\$ 612	\$ 612	612	0	\$ 8,212	7 %
"	7-1-10	0	652	652	652	0	8,212	8
"	7-1-11	0	463	463	463	0	8,062	6
<u>DISCRETELY PRESENTED CHEATHAM COUNTY SCHOOL DEPARTMENT</u>								
Local Education Group	7-1-09	0	8,760	8,760	8,760	0	28,327	31
"	7-1-10	0	8,808	8,808	8,808	0	28,327	31
"	7-1-11	0	6,070	6,070	6,070	0	30,150	20

CHEATHAM COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2013

BUDGETARY INFORMATION

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions of Cheatham County’s recycling/convenience centers.

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

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

Unemployment Compensation Fund – The Unemployment Compensation Fund is used to account for transactions of the county’s unemployment compensation plan.

Debt Service Fund

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

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

Capital Projects Funds

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

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

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

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for motor vehicle purchases.

Cheatham County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2013

	Special Revenue Funds						Total
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Unemployment Compensation		
\$	0	300	0	10,189	0	10,489	
	37,531	867,985	367,637	0	25,532	1,298,685	
	444	1,773	1,563	21,937	0	25,717	
	0	0	0	0	0	0	
	0	868,763	0	0	0	868,763	
	0	(32,277)	0	0	0	(32,277)	
	0	0	0	20	0	20	
\$	37,975	1,706,544	369,200	32,146	25,532	2,171,397	

ASSETS

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

Total Assets

LIABILITIES

Accounts Payable
 Due to Other Funds
 Due to Litigants, Heirs, and Others
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
 Deferred Delinquent Property Taxes
 Total Deferred Inflows of Resources

FUND BALANCES

Restricted:
 Restricted for Public Safety
 Restricted for Public Health and Welfare
 Restricted for Capital Outlay
 Restricted for Debt Service
 Committed:
 Committed for General Government
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

\$	0	34,870	781	0	0	39,250
	0	0	14,286	0	0	14,286
	0	0	0	32,146	0	32,146
\$	0	34,870	15,067	32,146	3,599	85,682
\$	0	815,971	0	0	0	815,971
	0	18,869	0	0	0	18,869
\$	0	834,840	0	0	0	834,840
\$	0	0	354,133	0	0	354,133
	0	836,834	0	0	0	836,834
	0	0	0	0	0	0
	0	0	0	0	0	0
	37,975	0	0	0	21,933	59,908
\$	37,975	836,834	354,133	0	21,933	1,250,875
\$	37,975	1,706,544	369,200	32,146	25,532	2,171,397

(Continued)

Cheatham County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds (Cont.)

	Debt Service Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
		General Debt Service	General Capital Projects	Other Capital Projects	
\$	0	0	0	0	\$
	2,350,133	49,493	47,605	97,098	3,745,916
	479	66	77	143	26,339
	30,692	0	0	0	30,692
	327,190	0	392,582	392,582	1,588,535
	(16,955)	0	(9,036)	(9,036)	(58,268)
	0	0	0	0	20
\$	2,691,539	49,559	431,228	480,787	5,343,723

ASSETS

Cash	
Equity in Pooled Cash and Investments	
Accounts Receivable	
Due from Other Governments	
Property Taxes Receivable	
Allowance for Uncollectible Property Taxes	
Cash Shortage	
Total Assets	

LIABILITIES

Accounts Payable	
Due to Other Funds	
Due to Litigants, Heirs, and Others	
Total Liabilities	

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	
Deferred Delinquent Property Taxes	
Total Deferred Inflows of Resources	

FUND BALANCES

Restricted:	
Restricted for Public Safety	
Restricted for Public Health and Welfare	
Restricted for Capital Outlay	
Restricted for Debt Service	
Committed:	
Committed for General Government	
Total Fund Balances	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	

Cheatham County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2013

	Special Revenue Funds						Total
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Unemployment Compensation		
Revenues							
Local Taxes	\$ 8,332	\$ 686,883	\$ 0	\$ 0	\$ 0	\$ 0	\$ 695,215
Fines, Forfeitures, and Penalties	0	0	89,505	0	0	0	89,505
Charges for Current Services	0	165,379	0	50	76,266	0	241,695
Other Local Revenues	0	18,759	0	0	0	0	18,759
State of Tennessee	0	21,784	0	0	0	0	21,784
Total Revenues	\$ 8,332	\$ 892,805	\$ 89,505	\$ 50	\$ 76,266	\$ 0	\$ 1,066,958
Expenditures							
Current:							
General Government	\$ 85	\$ 15,566	\$ 886	\$ 0	\$ 84,705	\$ 0	\$ 101,242
Public Safety	0	0	55,134	50	0	0	55,184
Public Health and Welfare	0	859,245	0	0	0	0	859,245
Other Operations	0	20,920	0	0	0	0	20,920
Debt Service:	0	0	0	0	0	0	0
Principal on Debt	0	0	0	0	0	0	0
Interest on Debt	0	0	0	0	0	0	0
Other Debt Service	0	0	0	0	0	0	0
Capital Projects	0	0	0	0	0	0	0
Total Expenditures	\$ 85	\$ 895,731	\$ 56,020	\$ 50	\$ 84,705	\$ 0	\$ 1,036,591
Excess (Deficiency) of Revenues Over Expenditures	\$ 8,247	(2,926)	33,485	0	(8,439)	0	30,367
Other Financing Sources (Uses)							
Notes Issued	0	0	0	0	0	0	0
Transfers Out	0	0	(48,609)	0	0	0	(48,609)
Total Other Financing Sources (Uses)	0	0	(48,609)	0	0	0	(48,609)
Net Change in Fund Balances Fund Balance, July 1, 2012	\$ 8,247	(2,926)	(15,124)	0	(8,439)	0	(18,242)
Fund Balance, June 30, 2013	29,728	839,760	369,257	0	30,372	0	1,269,117

(Continued)

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

	Debt Service Fund	Capital Projects Funds				Total Nonmajor Governmental Funds
		General Debt Service	General Capital Projects	Education Capital Projects	Other Capital Projects	
Revenues						
Local Taxes	\$ 771,205	\$ 1,170	\$ 0	\$ 72,872	\$ 74,042	\$ 1,540,462
Fines, Forfeitures, and Penalties	0	0	0	0	0	89,505
Charges for Current Services	0	0	0	0	0	241,695
Other Local Revenues	0	0	0	17,250	17,250	36,009
State of Tennessee	8,187	0	0	1,241	1,241	31,212
Total Revenues	\$ 779,392	\$ 1,170	\$ 0	\$ 91,363	\$ 92,533	\$ 1,938,883
Expenditures						
Current:						
General Government	\$ 12,897	\$ 17	\$ 0	\$ 1,468	\$ 1,485	\$ 115,624
Public Safety	0	0	0	0	0	55,184
Public Health and Welfare	0	0	0	0	0	859,245
Other Operations	0	0	0	0	0	20,920
Debt Service:						
Principal on Debt	386,000	0	0	0	0	386,000
Interest on Debt	36,350	0	0	0	0	36,350
Other Debt Service	5,132	0	0	0	0	5,132
Capital Projects	0	29,933	299,000	229,320	558,253	558,253
Total Expenditures	\$ 440,379	\$ 29,950	\$ 299,000	\$ 230,788	\$ 559,738	\$ 2,036,708
Excess (Deficiency) of Revenues Over Expenditures	\$ 339,013	\$ (28,780)	\$ (299,000)	\$ (139,425)	\$ (467,205)	\$ (97,825)
Other Financing Sources (Uses)						
Notes Issued	\$ 0	\$ 0	\$ 299,000	\$ 0	\$ 299,000	\$ 299,000
Transfers Out	0	0	0	0	0	(48,609)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 299,000	\$ 0	\$ 299,000	\$ 250,391
Net Change in Fund Balances	\$ 339,013	\$ (28,780)	\$ 0	\$ (139,425)	\$ (168,205)	\$ 152,566
Fund Balance, July 1, 2012	2,042,425	78,339	0	187,203	265,542	3,577,084
Fund Balance, June 30, 2013	\$ 2,381,438	\$ 49,559	\$ 0	\$ 47,778	\$ 97,337	\$ 3,729,650

Exhibit F-3

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 8,332	\$ 10,000	\$ 10,000	\$ (1,668)
Total Revenues	\$ 8,332	\$ 10,000	\$ 10,000	\$ (1,668)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 0	\$ 9,850	\$ 9,850	\$ 9,850
Other General Administration	85	150	150	65
Total Expenditures	\$ 85	\$ 10,000	\$ 10,000	\$ 9,915
Excess (Deficiency) of Revenues Over Expenditures	\$ 8,247	\$ 0	\$ 0	\$ 8,247
Net Change in Fund Balance	\$ 8,247	\$ 0	\$ 0	\$ 8,247
Fund Balance, July 1, 2012	29,728	20,036	20,036	9,692
Fund Balance, June 30, 2013	\$ 37,975	\$ 20,036	\$ 20,036	\$ 17,939

Exhibit F-4

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 686,883	\$ 0	\$ 0	\$ 686,883	\$ 790,966	\$ 790,966	\$ (104,083)
Charges for Current Services	165,379	0	0	165,379	195,000	195,000	(29,621)
Other Local Revenues	18,759	0	0	18,759	25,025	25,025	(6,266)
State of Tennessee	21,784	0	0	21,784	33,500	43,428	(21,644)
Total Revenues	\$ 892,805	\$ 0	\$ 0	\$ 892,805	\$ 1,044,491	\$ 1,054,419	\$ (161,614)
<u>Expenditures</u>							
<u>General Government</u>							
Other General Administration	\$ 15,566	\$ 0	\$ 0	\$ 15,566	\$ 25,000	\$ 25,000	\$ 9,434
Public Health and Welfare							
Sanitation Management	183,886	0	0	183,886	188,240	185,525	1,639
Convenience Centers	650,765	(2,568)	17,222	665,419	769,557	823,130	157,711
Landfill Operation and Maintenance	24,594	(10,129)	7,847	22,312	52,800	52,800	30,488
<u>Other Operations</u>							
Employee Benefits	20,920	0	0	20,920	0	21,381	461
Miscellaneous	0	0	0	0	10,000	5,000	5,000
Total Expenditures	\$ 895,731	\$ (12,697)	\$ 25,069	\$ 908,103	\$ 1,045,597	\$ 1,112,836	\$ 204,733
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,926)	\$ 12,697	\$ (25,069)	\$ (15,298)	\$ (1,106)	\$ (58,417)	\$ 43,119
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (2,926)	\$ 12,697	\$ (25,069)	\$ (15,298)	\$ (1,106)	\$ (58,417)	\$ 43,119
	839,760	(12,697)	0	827,063	725,061	725,061	102,002
Fund Balance, June 30, 2013	\$ 836,834	\$ 0	\$ (25,069)	\$ 811,765	\$ 723,955	\$ 666,644	\$ 145,121

Exhibit F-5

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 89,505	0	\$ 89,505	\$ 95,000	\$ 95,000	\$ (5,495)
Total Revenues	\$ 89,505	0	\$ 89,505	\$ 95,000	\$ 95,000	\$ (5,495)
<u>Expenditures</u>						
<u>General Government</u>						
Other General Administration	\$ 886	0	\$ 886	\$ 3,500	\$ 3,500	\$ 2,614
<u>Public Safety</u>						
Special Patrols	12,259	0	12,259	88,106	42,800	30,541
Drug Enforcement	42,875	18,580	61,455	24,000	71,568	10,113
Total Expenditures	\$ 56,020	\$ 18,580	\$ 74,600	\$ 115,606	\$ 117,868	\$ 43,268
Excess (Deficiency) of Revenues Over Expenditures	\$ 33,485	\$ (18,580)	\$ 14,905	\$ (20,606)	\$ (22,868)	\$ 37,773
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (48,609)	0	\$ (48,609)	0	\$ (45,306)	\$ (3,303)
Total Other Financing Sources	\$ (48,609)	0	\$ (48,609)	0	\$ (45,306)	\$ (3,303)
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (15,124)	\$ (18,580)	\$ (33,704)	\$ (20,606)	\$ (68,174)	\$ 34,470
	369,257	0	369,257	506,343	506,343	(137,086)
Fund Balance, June 30, 2013	\$ 354,133	\$ (18,580)	\$ 335,553	\$ 485,737	\$ 438,169	\$ (102,616)

Exhibit F-6

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Unemployment Compensation Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 76,266	\$ 100,000	\$ 100,000	\$ (23,734)
Total Revenues	\$ 76,266	\$ 100,000	\$ 100,000	\$ (23,734)
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 84,705	\$ 100,000	\$ 100,000	\$ 15,295
Total Expenditures	\$ 84,705	\$ 100,000	\$ 100,000	\$ 15,295
Excess (Deficiency) of Revenues Over Expenditures	\$ (8,439)	\$ 0	\$ 0	\$ (8,439)
Net Change in Fund Balance	\$ (8,439)	\$ 0	\$ 0	\$ (8,439)
Fund Balance, July 1, 2012	30,372	29,749	29,749	623
Fund Balance, June 30, 2013	\$ 21,933	\$ 29,749	\$ 29,749	\$ (7,816)

Exhibit F-7

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 771,205	\$ 697,402	\$ 697,402	\$ 73,803
State of Tennessee	8,187	3,000	3,000	5,187
Total Revenues	<u>\$ 779,392</u>	<u>\$ 700,402</u>	<u>\$ 700,402</u>	<u>\$ 78,990</u>
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 12,897	\$ 8,000	\$ 8,000	\$ (4,897)
<u>Principal on Debt</u>				
General Government	386,000	371,000	386,000	0
<u>Interest on Debt</u>				
General Government	36,350	67,592	67,592	31,242
<u>Other Debt Service</u>				
General Government	5,132	2,600	5,950	818
Total Expenditures	<u>\$ 440,379</u>	<u>\$ 449,192</u>	<u>\$ 467,542</u>	<u>\$ 27,163</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 339,013</u>	<u>\$ 251,210</u>	<u>\$ 232,860</u>	<u>\$ 106,153</u>
Net Change in Fund Balance	\$ 339,013	\$ 251,210	\$ 232,860	\$ 106,153
Fund Balance, July 1, 2012	2,042,425	1,996,733	1,996,733	45,692
Fund Balance, June 30, 2013	<u>\$ 2,381,438</u>	<u>\$ 2,247,943</u>	<u>\$ 2,229,593</u>	<u>\$ 151,845</u>

Exhibit F-8

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Other Capital Projects Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 72,872	\$ 0	\$ 72,872	\$ 82,207	\$ 82,207	\$ (9,335)
Other Local Revenues	17,250	0	17,250	0	0	17,250
State of Tennessee	1,241	0	1,241	500	500	741
Total Revenues	\$ 91,363	\$ 0	\$ 91,363	\$ 82,707	\$ 82,707	\$ 8,656
<u>Expenditures</u>						
<u>General Government</u>						
Other General Administration	\$ 1,468	\$ 0	\$ 1,468	\$ 1,500	\$ 1,500	\$ 32
<u>Capital Projects</u>						
Other General Government Projects	229,320	5,647	234,967	237,500	237,500	2,533
Total Expenditures	\$ 230,788	\$ 5,647	\$ 236,435	\$ 239,000	\$ 239,000	\$ 2,565
Excess (Deficiency) of Revenues Over Expenditures	\$ (139,425)	\$ (5,647)	\$ (145,072)	\$ (156,293)	\$ (156,293)	\$ 11,221
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (139,425)	\$ (5,647)	\$ (145,072)	\$ (156,293)	\$ (156,293)	\$ 11,221
	187,203	0	187,203	539,163	539,163	(351,960)
Fund Balance, June 30, 2013	\$ 47,778	\$ (5,647)	\$ 42,131	\$ 382,870	\$ 382,870	\$ (340,739)

Major Governmental Fund

Education Debt Service Fund

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

Exhibit G

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education Debt Service Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,047,944	\$ 4,693,656	\$ 4,693,656	\$ 354,288
State of Tennessee	58,553	50,000	50,000	8,553
Other Governments and Citizens Groups	438,348	0	438,348	0
Total Revenues	\$ 5,544,845	\$ 4,743,656	\$ 5,182,004	\$ 362,841
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 72,648	\$ 100,000	\$ 100,000	\$ 27,352
<u>Principal on Debt</u>				
Education	5,202,281	4,862,865	5,814,129	611,848
<u>Interest on Debt</u>				
Education	532,686	812,196	848,165	315,479
<u>Other Debt Service</u>				
Education	41,979	73,300	73,415	31,436
Total Expenditures	\$ 5,849,594	\$ 5,848,361	\$ 6,835,709	\$ 986,115
Excess (Deficiency) of Revenues Over Expenditures	\$ (304,749)	\$ (1,104,705)	\$ (1,653,705)	\$ 1,348,956
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 0	\$ 50,000	\$ 0	\$ 0
Transfers In	62,500	0	62,500	0
Total Other Financing Sources	\$ 62,500	\$ 50,000	\$ 62,500	\$ 0
Net Change in Fund Balance	\$ (242,249)	\$ (1,054,705)	\$ (1,591,205)	\$ 1,348,956
Fund Balance, July 1, 2012	9,409,277	12,229,790	12,229,790	(2,820,513)
Fund Balance, June 30, 2013	\$ 9,167,028	\$ 11,175,085	\$ 10,638,585	\$ (1,471,557)

Fiduciary Funds

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

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of 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 and general sessions courts clerk, clerk and master, register, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit H-1

Cheatham County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
For the Year Ended June 30, 2013

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,688,745	\$ 1,688,745
Due from Other Governments	421,321	0	421,321
Total Assets	<u>\$ 421,321</u>	<u>\$ 1,688,745</u>	<u>\$ 2,110,066</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 421,321	\$ 0	\$ 421,321
Due to Litigants, Heirs, and Others	0	1,688,745	1,688,745
Total Liabilities	<u>\$ 421,321</u>	<u>\$ 1,688,745</u>	<u>\$ 2,110,066</u>

Exhibit H-2

Cheatham County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,255,418	\$ 2,255,418	\$ 0
Due from Other Governments	384,439	421,321	384,439	421,321
Total Assets	\$ 384,439	\$ 2,676,739	\$ 2,639,857	\$ 421,321
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 384,439	\$ 2,676,739	\$ 2,639,857	\$ 421,321
Total Liabilities	\$ 384,439	\$ 2,676,739	\$ 2,639,857	\$ 421,321
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,444,011	\$ 7,623,065	\$ 7,378,331	\$ 1,688,745
Accounts Receivable	3,117	0	3,117	0
Total Assets	\$ 1,447,128	\$ 7,623,065	\$ 7,381,448	\$ 1,688,745
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,447,128	\$ 7,623,065	\$ 7,381,448	\$ 1,688,745
Total Liabilities	\$ 1,447,128	\$ 7,623,065	\$ 7,381,448	\$ 1,688,745
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,444,011	\$ 7,623,065	\$ 7,378,331	\$ 1,688,745
Equity in Pooled Cash and Investments	0	2,255,418	2,255,418	0
Accounts Receivable	3,117	0	3,117	0
Due from Other Governments	384,439	421,321	384,439	421,321
Total Assets	\$ 1,831,567	\$ 10,299,804	\$ 10,021,305	\$ 2,110,066
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 384,439	\$ 2,676,739	\$ 2,639,857	\$ 421,321
Due to Litigants, Heirs, and Others	1,447,128	7,623,065	7,381,448	1,688,745
Total Liabilities	\$ 1,831,567	\$ 10,299,804	\$ 10,021,305	\$ 2,110,066

Cheatham County School Department

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

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

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

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

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

Exhibit I-1

Cheatham County, Tennessee
Statement of Activities
Discretely Presented Cheatham County School Department
For the Year Ended June 30, 2013

Functions/Programs	Program Revenues			Expenses	Net (Expense) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Total
Governmental Activities:						
Instruction	\$ 31,219,591	\$ 1,978	\$ 2,589,093	\$ 0	\$ 0	\$ (28,628,520)
Support Services	16,138,333	220,579	337,220	0	299,000	(15,281,534)
Operation of Non-Instructional Services	4,715,482	2,414,035	2,633,897	0	0	332,450
Other Debt Service	36,084	0	0	0	0	(36,084)
Total Governmental Activities	\$ 52,109,490	\$ 2,636,592	\$ 5,560,210	\$ 299,000	\$ 0	(43,613,688)
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 8,284,022	
Local Option Sales Tax					1,865,095	
Wheel Tax					376,950	
Payments in-Lieu-of Taxes					71,528	
Other Local Taxes					3,183	
Grants and Contributions Not Restricted to Specific Programs					32,491,645	
Unrestricted Investment Earnings					1,077	
Miscellaneous					9,098	
Total General Revenues					\$ 43,102,598	
Change in Net Position					\$ (511,090)	
Net Position, July 1, 2012					60,236,367	
Net Position, June 30, 2013					\$ 59,725,277	

Exhibit I-2

Cheatham County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Cheatham County School Department
June 30, 2013

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,000	\$ 1,000
Equity in Pooled Cash and Investments	6,891,943	1,258,894	8,150,837
Accounts Receivable	113,113	1,187	114,300
Due from Other Governments	776,884	98,939	875,823
Due from Other Funds	43,113	0	43,113
Property Taxes Receivable	8,068,616	0	8,068,616
Allowance for Uncollectible Property Taxes	(318,522)	0	(318,522)
Total Assets	<u>\$ 15,575,147</u>	<u>\$ 1,360,020</u>	<u>\$ 16,935,167</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 149,711	\$ 3,918	\$ 153,629
Accrued Payroll	92,339	0	92,339
Due to Other Funds	0	43,113	43,113
Due to Primary Government	42,068	0	42,068
Total Liabilities	<u>\$ 284,118</u>	<u>\$ 47,031</u>	<u>\$ 331,149</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 7,534,585	\$ 0	\$ 7,534,585
Deferred Delinquent Property Taxes	198,211	0	198,211
Other Deferred/Unavailable Revenue	174,523	0	174,523
Total Deferred Inflows of Resources	<u>\$ 7,907,319</u>	<u>\$ 0</u>	<u>\$ 7,907,319</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 28,825	\$ 928,204	\$ 957,029
Restricted for Capital Projects	0	111,283	111,283
Committed:			
Committed for Education	1,808,048	273,502	2,081,550
Assigned:			
Assigned for Education	762,890	0	762,890
Assigned for Capital Projects	482,728	0	482,728
Unassigned	4,301,219	0	4,301,219
Total Fund Balances	<u>\$ 7,383,710</u>	<u>\$ 1,312,989</u>	<u>\$ 8,696,699</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 15,575,147</u>	<u>\$ 1,360,020</u>	<u>\$ 16,935,167</u>

Exhibit I-3

Cheatham County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Cheatham County School Department
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 8,696,699
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 781,997	
Add: buildings and improvements net of accumulated depreciation	55,380,142	
Add: other capital assets net of accumulated depreciation	<u>3,803,245</u>	59,965,384
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other postemployment benefits liability	\$ (4,706,146)	
Less: contributions due on loans payable on primary government debt	(4,593,268)	
Less: compensated absences payable	<u>(10,126)</u>	(9,309,540)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>372,734</u>
Net position of governmental activities (Exhibit A)		<u>\$ 59,725,277</u>

Exhibit I-4

Cheatham County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Cheatham County School Department
For the Year Ended June 30, 2013

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 10,788,300	\$ 0	\$ 10,788,300
Licenses and Permits	2,964	0	2,964
Charges for Current Services	1,189,191	1,332,196	2,521,387
Other Local Revenues	131,919	611	132,530
State of Tennessee	32,546,753	33,237	32,579,990
Federal Government	224,638	5,278,802	5,503,440
Other Governments and Citizens Groups	299,000	0	299,000
Total Revenues	<u>\$ 45,182,765</u>	<u>\$ 6,644,846</u>	<u>\$ 51,827,611</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 27,689,024	\$ 1,956,103	\$ 29,645,127
Support Services	14,125,928	1,194,716	15,320,644
Operation of Non-Instructional Services	1,379,648	3,335,834	4,715,482
Capital Outlay	985,414	0	985,414
Debt Service:			
Other Debt Service	438,348	0	438,348
Total Expenditures	<u>\$ 44,618,362</u>	<u>\$ 6,486,653</u>	<u>\$ 51,105,015</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 564,403</u>	<u>\$ 158,193</u>	<u>\$ 722,596</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 231,347	\$ 0	\$ 231,347
Transfers In	24,346	100,000	124,346
Transfers Out	(100,000)	(24,346)	(124,346)
Total Other Financing Sources (Uses)	<u>\$ 155,693</u>	<u>\$ 75,654</u>	<u>\$ 231,347</u>
Net Change in Fund Balances	\$ 720,096	\$ 233,847	\$ 953,943
Fund Balance, July 1, 2012	6,663,614	1,079,142	7,742,756
Fund Balance, June 30, 2013	<u>\$ 7,383,710</u>	<u>\$ 1,312,989</u>	<u>\$ 8,696,699</u>

Cheatham County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Cheatham County School Department
For the Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	953,943
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	1,341,214	
Less: current-year depreciation expense		<u>(2,665,875)</u>	(1,324,661)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: loss on disposal of capital assets	\$	(56,929)	
Less: revenue from sale of capital assets		<u>(64,414)</u>	(121,343)
(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, 2012	\$	(542,715)	
Add: deferred delinquent property taxes and other deferred June 30, 2013		<u>372,734</u>	(169,981)
(4) The issuance of long-term debt (e.g., notes, bonds, capital leases, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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:			
Add: principal payments on loans for primary government			402,264
(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	\$	(1,509)	
Change in other postemployment benefits liability		<u>(249,803)</u>	<u>(251,312)</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ (511,090)</u>

Cheatham County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Cheatham County School Department
June 30, 2013

Exhibit I-6

	Special Revenue Funds			Capital Projects		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Fund		
				Education Capital Projects		

\$	0	\$ 1,000	\$ 1,000	\$	0	\$ 1,000
	94,174	1,053,437	1,147,611	111,283		1,258,894
	0	1,187	1,187	0		1,187
	98,939	0	98,939	0		98,939

\$	193,113	\$ 1,055,624	\$ 1,248,737	\$ 111,283	\$	1,360,020
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ASSETS

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

Total Assets

LIABILITIES

Accounts Payable
Due to Other Funds
Total Liabilities

\$	0	\$ 3,918	\$ 3,918	\$	0	\$ 3,918
	43,113	0	43,113	0		43,113
\$	43,113	\$ 3,918	\$ 47,031	\$	0	\$ 47,031

FUND BALANCES

Restricted:
Restricted for Education
Restricted for Capital Projects
Committed:
Committed for Education
Total Fund Balances

\$	0	\$ 928,204	\$ 928,204	\$	0	\$ 928,204
	0	0	0	111,283		111,283
	150,000	123,502	273,502	0		273,502
\$	150,000	\$ 1,051,706	\$ 1,201,706	\$ 111,283	\$	1,312,989

Total Liabilities and Fund Balances

\$	193,113	\$ 1,055,624	\$ 1,248,737	\$ 111,283	\$	1,360,020
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Exhibit I-7

Cheatham County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Cheatham County School Department
For the Year Ended June 30, 2013

	Special Revenue Funds			Capital Projects Fund	Total
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Nonmajor Governmental Funds
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 1,332,196	\$ 1,332,196	\$ 0	\$ 1,332,196
Other Local Revenues	0	611	611	0	611
State of Tennessee	0	33,237	33,237	0	33,237
Federal Government	3,175,165	2,103,637	5,278,802	0	5,278,802
Total Revenues	\$ 3,175,165	\$ 3,469,681	\$ 6,644,846	\$ 0	\$ 6,644,846
<u>Expenditures</u>					
Current:					
Instruction	\$ 1,956,103	\$ 0	\$ 1,956,103	\$ 0	\$ 1,956,103
Support Services	1,194,716	0	1,194,716	0	1,194,716
Operation of Non-Instructional Services	0	3,335,834	3,335,834	0	3,335,834
Total Expenditures	\$ 3,150,819	\$ 3,335,834	\$ 6,486,653	\$ 0	\$ 6,486,653
Excess (Deficiency) of Revenues Over Expenditures	\$ 24,346	\$ 133,847	\$ 158,193	\$ 0	\$ 158,193
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 100,000	\$ 0	\$ 100,000	\$ 0	\$ 100,000
Transfers Out	(24,346)	0	(24,346)	0	(24,346)
Total Other Financing Sources (Uses)	\$ 75,654	\$ 0	\$ 75,654	\$ 0	\$ 75,654
Net Change in Fund Balances	\$ 100,000	\$ 133,847	\$ 233,847	\$ 0	\$ 233,847
Fund Balance, July 1, 2012	50,000	917,859	967,859	111,283	1,079,142
Fund Balance, June 30, 2013	\$ 150,000	\$ 1,051,706	\$ 1,201,706	\$ 111,283	\$ 1,312,989

Exhibit I-8

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Cheatham County School Department
General Purpose School Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,788,300	\$ 0	\$ 0	\$ 10,788,300	\$ 10,258,442	\$ 10,258,442	\$ 529,858
Licenses and Permits	2,964	0	0	2,964	3,200	3,200	(236)
Charges for Current Services	1,189,191	0	0	1,189,191	1,166,600	1,166,600	22,591
Other Local Revenues	131,919	0	0	131,919	92,800	92,800	39,119
State of Tennessee	32,546,753	0	0	32,546,753	32,264,064	32,463,669	83,084
Federal Government	224,638	0	0	224,638	107,000	732,741	(508,103)
Other Governments and Citizens Groups	299,000	0	0	299,000	0	0	299,000
Total Revenues	\$ 45,182,765	\$ 0	\$ 0	\$ 45,182,765	\$ 43,892,106	\$ 44,717,452	\$ 465,313
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 23,017,517	\$ 0	\$ 0	\$ 23,017,517	\$ 23,567,323	\$ 23,529,775	\$ 512,258
Alternative Instruction Program	160,815	0	0	160,815	62,746	169,346	8,531
Special Education Program	3,245,528	(665)	0	3,244,863	3,056,641	3,193,146	(51,717)
Vocational Education Program	1,126,824	0	0	1,126,824	1,277,481	1,143,858	17,034
Adult Education Program	138,340	0	0	138,340	68,182	153,082	14,742
<u>Support Services</u>							
Attendance	69,184	0	0	69,184	99,911	70,931	1,747
Health Services	314,497	(7,604)	0	306,893	305,296	312,296	5,403
Other Student Support	1,291,458	0	0	1,291,458	1,457,019	1,384,619	93,161
Regular Instruction Program	1,435,444	0	10,560	1,446,004	1,505,280	1,519,780	73,776
Alternative Instruction Program	60,418	0	0	60,418	46,337	73,437	13,019
Special Education Program	350,254	(10,988)	0	339,266	328,187	365,853	26,587
Vocational Education Program	64,111	0	0	64,111	17,300	66,080	1,969
Adult Programs	45,812	0	0	45,812	78,363	57,863	12,051
Other Programs	162,492	0	0	162,492	0	162,492	0
Board of Education	748,143	0	0	748,143	855,917	846,917	98,774
Director of Schools	252,566	0	1,173	253,739	256,127	275,359	21,620

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Office of the Principal	\$ 2,329,244	\$ 0	\$ 0	\$ 2,329,244	\$ 2,388,804	\$ 2,369,228	\$ 39,984
Fiscal Services	263,607	0	0	263,607	260,416	277,416	13,809
Operation of Plant	3,069,602	0	0	3,069,602	3,166,508	3,185,008	115,406
Maintenance of Plant	1,218,628	0	20,426	1,239,054	1,223,956	1,287,676	48,622
Transportation	2,450,468	(558,574)	43,569	1,935,463	1,960,878	2,053,500	118,037
<u>Operation of Non-Instructional Services</u>							
Community Services	882,625	0	6,850	889,475	1,020,000	1,020,000	130,525
Early Childhood Education	497,023	0	0	497,023	495,884	497,023	0
<u>Capital Outlay</u>							
Regular Capital Outlay	985,414	(646,219)	1,725,470	2,064,665	483,450	2,545,654	480,989
Principal on Debt	0	0	0	0	400,632	0	0
Education	0	0	0	0	37,716	0	0
Interest on Debt	0	0	0	0	0	0	0
Education	0	0	0	0	0	0	0
<u>Other Debt Service</u>							
Education	438,348	0	0	438,348	0	438,348	0
Total Expenditures	\$ 44,618,362	\$ (1,224,050)	\$ 1,808,048	\$ 45,202,360	\$ 44,420,354	\$ 46,998,687	\$ 1,796,327
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 564,403	\$ 1,224,050	\$ (1,808,048)	\$ (19,595)	\$ (528,248)	\$ (2,281,235)	\$ 2,261,640
<u>Other Financing Sources (Uses)</u>							
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 350,000	\$ 350,000	\$ (350,000)
Insurance Recovery	231,347	0	0	231,347	200,000	200,000	31,347
Transfers In	24,346	0	0	24,346	72,000	72,000	(47,654)
Transfers Out	(100,000)	0	0	(100,000)	0	0	(100,000)
Total Other Financing Sources	\$ 155,693	\$ 0	\$ 0	\$ 155,693	\$ 622,000	\$ 622,000	\$ (466,307)

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 720,096 \$ 6,663,614	1,224,050 \$ (1,224,050)	(1,808,048) \$ 0	136,098 \$ 5,439,564	93,752 \$ 3,744,021	(1,659,235) \$ 3,744,021	1,795,333 1,695,543
Fund Balance, June 30, 2013	\$ 7,383,710 \$	0 \$	(1,808,048) \$	5,575,662 \$	3,837,773 \$	2,084,786 \$	3,490,876

Exhibit I-9

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Cheatham County School Department
School Federal Projects Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 3,175,165	\$ 3,327,317	\$ 3,472,163	\$ (296,998)
Total Revenues	\$ 3,175,165	\$ 3,327,317	\$ 3,472,163	\$ (296,998)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 771,741	\$ 713,847	\$ 863,155	\$ 91,414
Special Education Program	1,115,563	1,191,561	1,191,561	75,998
Vocational Education Program	68,799	74,911	69,931	1,132
<u>Support Services</u>				
Other Student Support	91,205	102,157	125,084	33,879
Regular Instruction Program	530,268	577,070	679,283	149,015
Special Education Program	562,210	471,688	471,688	(90,522)
Vocational Education Program	1,100	2,000	2,000	900
Transportation	9,933	42,497	36,749	26,816
Total Expenditures	\$ 3,150,819	\$ 3,175,731	\$ 3,439,451	\$ 288,632
Excess (Deficiency) of Revenues Over Expenditures	\$ 24,346	\$ 151,586	\$ 32,712	\$ (8,366)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 100,000	\$ 0	\$ 0	\$ 100,000
Transfers Out	(24,346)	(21,375)	(32,712)	8,366
Total Other Financing Sources	\$ 75,654	\$ (21,375)	\$ (32,712)	\$ 108,366
Net Change in Fund Balance	\$ 100,000	\$ 130,211	\$ 0	\$ 100,000
Fund Balance, July 1, 2012	50,000	50,000	50,000	0
Fund Balance, June 30, 2013	\$ 150,000	\$ 180,211	\$ 50,000	\$ 100,000

Exhibit I-10

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Cheatham County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 1,332,196	\$ 0	\$ 1,332,196	\$ 1,565,000	\$ 1,565,000	\$ (232,804)
Other Local Revenues	611	0	611	3,300	3,300	(2,689)
State of Tennessee	33,237	0	33,237	32,000	32,000	1,237
Federal Government	2,103,637	0	2,103,637	1,728,500	1,741,000	362,637
Total Revenues	\$ 3,469,681	\$ 0	\$ 3,469,681	\$ 3,328,800	\$ 3,341,300	\$ 128,381
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 3,335,834	\$ 123,502	\$ 3,459,336	\$ 3,328,800	\$ 3,471,300	\$ 11,964
Total Expenditures	\$ 3,335,834	\$ 123,502	\$ 3,459,336	\$ 3,328,800	\$ 3,471,300	\$ 11,964
Excess (Deficiency) of Revenues Over Expenditures	\$ 133,847	\$ (123,502)	\$ 10,345	\$ 0	\$ (130,000)	\$ 140,345
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 133,847	\$ (123,502)	\$ 10,345	\$ 0	\$ (130,000)	\$ 140,345
	917,859	0	917,859	604,969	604,969	312,890
Fund Balance, June 30, 2013	\$ 1,051,706	\$ (123,502)	\$ 928,204	\$ 604,969	\$ 474,969	\$ 453,235

MISCELLANEOUS SCHEDULES

Exhibit J-1

Cheatham County, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, Line of Credit, Other Loans, and Bonds
For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-13
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Building Commission Office	\$ 15,000	4.5%	6-22-12	5-17-13	\$ 15,000	0	\$ 15,000	0
Sewer System	966,000	3.04	8-29-12	8-1-24	0	966,000	0	966,000
Tucker Empson Roof	650,000	4.5	12-15-12	12-15-15	0	650,000	0	650,000
Waterlines	910,000	2.68	6-19-13	6-1-25	0	910,000	0	910,000
Total Payable through General Debt Service Fund					\$ 15,000	\$ 2,526,000	\$ 15,000	\$ 2,526,000
<u>Payable through Education Debt Service Fund</u>								
School Buses	460,568	4.5	6-22-12	5-17-13	\$ 460,568	0	\$ 460,568	0
HVAC Units	250,000	4.5	6-22-12	5-17-13	250,000	0	250,000	0
Asphalt Repairs	299,000	4.5	6-27-13	6-27-16	0	299,000	0	299,000
Total Payable through Education Debt Service Fund					\$ 710,568	\$ 299,000	\$ 710,568	\$ 299,000
Total Notes Payable					\$ 725,568	\$ 2,825,000	\$ 725,568	\$ 2,825,000
CAPITAL LEASES PAYABLE								
<u>Payable through Highway/Public Works Fund</u>								
Tractor/Mower	67,232	4.87	4-15-08	4-15-13	\$ 12,367	0	\$ 12,367	0
Paver	243,259	4.34	4-17-08	4-25-13	44,290	0	44,290	0
Total Capital Leases Payable					\$ 56,657	0	\$ 56,657	0

(Continued)

Exhibit J-1

Cheatham County, Tennessee
 Schedule of Changes in Long-term Notes, Capital Leases, Line of Credit, Other Loans, and Bonds (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-13
LINE OF CREDIT								
<u>Payable through Education Debt Service Fund</u>								
Old Clarksville Highway/Highway 49 Intersection	(2)	Variable	11-19-12	6-30-14	\$ 0	\$ 92,555	\$ 0	\$ 92,555
Total Line of Credit					\$ 0	\$ 92,555	\$ 0	\$ 92,555
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
A.O. Smith Property	\$ 2,575,000	Variable	12-22-10	5-25-17	\$ 1,988,000	\$ 0	\$ 371,000	\$ 1,617,000
Total Payable through General Debt Service Fund					\$ 1,988,000	\$ 0	\$ 371,000	\$ 1,617,000
<u>Payable through Education Debt Service Fund</u>								
Public Works Projects	7,040,703	Variable	11-1-1999	5-25-19	\$ 3,018,683	\$ 0	\$ 426,708	\$ 2,591,975
Public Works Projects	2,262,948	Variable	6-14-00	5-25-19	1,090,437	0	141,157	949,280
Public Works Projects	(1)	Variable	6-28-07	5-25-14	3,155,634	0	1,542,000	1,613,634
ADA Compliance Projects	3,147,719	Variable	8-11-10	5-25-13	660,584	0	660,584	0
<u>Payable by School Department Contributions from the General Purpose School Fund to the General Debt Service Fund</u>								
Energy Efficient Schools Initiative	5,028,918	.75%	5-31-11	5-1-24	4,995,532	0	402,264	4,593,268
Total Payable through Education Debt Service Fund					\$ 12,920,870	\$ 0	\$ 3,172,713	\$ 9,748,157
Total Other Loans Payable					\$ 14,908,870	\$ 0	\$ 3,543,713	\$ 11,365,157
BONDS PAYABLE								
<u>Payable through Education Debt Service Fund</u>								
Refunding	9,605,000	2 to 4	9-15-04	6-1-19	\$ 6,450,000	\$ 0	\$ 805,000	\$ 5,645,000
Refunding	7,894,500	3.14	4-29-09	6-1-22	5,997,500	0	514,000	5,483,500
Total Payable through Education Debt Service Fund					\$ 12,447,500	\$ 0	\$ 1,319,000	\$ 11,128,500
Total Bonds Payable					\$ 12,447,500	\$ 0	\$ 1,319,000	\$ 11,128,500

(1) Total amount approved was \$9,820,000, of which \$6,366 remains available for draws as of June 30, 2013.
 (2) Total amount approved was \$390,352, of which \$297,797 remains available for draws as of June 30, 2013.

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 131,000	\$ 94,237	\$ 225,237
2015	137,000	91,647	228,647
2016	1,090,000	87,693	1,177,693
2017	145,000	40,920	185,920
2018	150,000	36,721	186,721
2019	154,000	32,394	186,394
2020	157,000	27,952	184,952
2021	162,000	23,407	185,407
2022	168,000	18,718	186,718
2023	172,000	13,871	185,871
2024	177,000	8,896	185,896
2025	182,000	3,776	185,776
Total	\$ 2,825,000	\$ 480,232	\$ 3,305,232

Year Ending June 30	Line of Credit		
	Principal	Interest	Total
2014	\$ 92,555	\$ 3,008	\$ 95,563
Total	\$ 92,555	\$ 3,008	\$ 95,563

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2014	\$ 2,999,181	\$ 50,214	\$ 37,200	\$ 3,086,595
2015	1,431,408	40,127	23,607	1,495,142
2016	1,479,783	34,798	18,950	1,533,531
2017	1,529,747	29,335	14,069	1,573,151
2018	1,142,379	23,735	7,754	1,173,868
2019	667,319	18,344	3,043	688,706
2020	423,936	14,412	0	438,348
2021	427,128	11,220	0	438,348
2022	430,344	8,004	0	438,348
2023	433,584	4,764	0	438,348
2024	400,348	1,479	0	401,827
Total	\$ 11,365,157	\$ 236,432	\$ 104,623	\$ 11,706,212

(Continued)

Exhibit J-2

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 1,371,000	\$ 387,829	\$ 1,758,829
2015	1,438,000	340,683	1,778,683
2016	1,500,000	291,622	1,791,622
2017	1,558,000	238,734	1,796,734
2018	1,637,210	183,247	1,820,457
2019	1,768,000	123,996	1,891,996
2020	724,000	59,258	783,258
2021	713,590	36,047	749,637
2022	418,700	13,330	432,030
Total	\$ 11,128,500	\$ 1,674,746	\$ 12,803,246

Exhibit J-3

Cheatham County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Cheatham County School Department
For the Year Ended June 30, 2013

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Education Debt Service	Development Tax	\$ 62,500
Drug Control	General	DICE Officer Salary Reimbursement	48,609
Total Transfers Primary Government			<u>\$ 111,109</u>
<u>DISCRETELY PRESENTED CHEATHAM</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Operations	\$ 100,000
School Federal Projects	General Purpose School	Indirect Costs	24,346
			<u>\$ 124,346</u>

Cheatham County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Cheatham County School Department
For the Year Ended June 30, 2013

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 75,048	\$ 50,000	RLI Insurance Company
Road Superintendent:				
Jerry Carney (7-1-2012 through 8-31-12)	Section 8-24-102, TCA	14,881	100,000	Western Surety Company
Carl Cothorn (9-1-2012 through present)	Section 8-24-102, TCA	56,594	100,000	"
Director of Schools	State Board of Education and Local Board of Education	111,125 (1)	(2)	
Trustee	Section 8-24-102, TCA	64,977	1,662,300	RLI Insurance Company
Assessor of Property	Section 8-24-102, TCA	64,977	10,000	Western Surety Company
Director of Accounts and Budgets	Section 8-24-102, TCA	74,294 (4)	25,000	RLI Insurance Company
County Clerk	County Commission	64,977	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	64,977	50,000	"
Clerk and Master	Section 8-24-102, TCA	64,977	50,000	"
Register of Deeds	Section 8-24-102, TCA	64,977	25,000	"
Sheriff	Section 8-24-102, TCA	71,475 (5)	50,000	"
<u>Employee Bonds</u>				
General Employee Blanket Bond			150,000	Tennessee Risk Management Trust
School Employee Blanket Bond			150,000	"
Director of Emergency Medical Services and Coroner			25,000	RLI Insurance Company
Emergency Management Coordinator			25,000	"

(1) Includes a \$1,000 career ladder supplement and \$1,500 for a travel allowance.

(2) Covered under the school employee blanket bond.

(4) Includes \$9,317 for serving as purchasing director.

(5) Does not include a law enforcement training supplement of \$600.

Exhibit J-5

Cheatham County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2013

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Unemployment Compensation	Highway / Public Works
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 7,599,425	\$ 0	\$ 628,620	\$ 0	\$ 0	\$ 0	\$ 522,961
Trustee's Collections - Prior Year	204,952	0	20,152	0	0	0	13,732
Circuit/Clerk & Master Collections - Prior Years	147,638	0	16,927	0	0	0	10,156
Interest and Penalty	127,686	0	13,429	0	0	0	8,380
Payments in-Lieu-of Taxes - Local Utilities	55,870	0	5,630	0	0	0	3,845
Payments in-Lieu-of Taxes - Other	4,336	0	440	0	0	0	303
<u>County Local Option Taxes</u>							
Local Option Sales Tax	6,162	0	0	0	0	0	0
Hotel/Motel Tax	40,535	0	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0	411,640
Litigation Tax - General	105,014	8,332	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	35,779	0	0	0	0	0	0
Business Tax	9,836	0	0	0	0	0	0
Adequate Facilities/Development Tax	93,750	0	0	0	0	0	0
Other County Local Option Taxes	918,146	0	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	17,158	0	1,685	0	0	0	1,149
Wholesale Beer Tax	302,569	0	0	0	0	0	0
Interstate Telecommunications Tax	2,180	0	0	0	0	0	0
Total Local Taxes	\$ 9,671,036	\$ 8,332	\$ 686,883	\$ 0	\$ 0	\$ 0	\$ 972,166
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Animal Registration	5,590	0	0	0	0	0	0
Animal Vaccination	9,695	0	0	0	0	0	0
Cable TV Franchise	184,802	0	0	0	0	0	0
<u>Permits</u>							
Beer Permits	2,746	0	0	0	0	0	0
Building Permits	103,051	0	0	0	0	0	0
Other Permits	6,230	0	0	0	0	0	0
Total Licenses and Permits	\$ 312,114	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	12,004	0	0	0	0	0	0
Officers Costs	6,682	0	0	0	0	0	0
Data Entry Fee - Circuit Court	2,343	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Unemployment Compensation	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>General Sessions Court</u>							
Fines	\$ 22,601	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fines for Littering	142	0	0	0	0	0	0
Officers Costs	67,297	0	0	0	0	0	0
Game and Fish Fines	117	0	0	0	0	0	0
Jail Fees	16,982	0	0	0	0	0	0
Judicial Commissioner Fees	154	0	0	0	0	0	0
DUI Treatment Fines	8,054	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	11,154	0	0	0	0	0	0
Courtroom Security Fee	122	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	855	0	0	0	0	0	0
Drug Control Fines	300	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	1,018	0	0	0	0	0	0
Data Entry Fee - Chancery Court	3,977	0	0	0	0	0	0
<u>Other Courts - In-county</u>							
Drug Control Fines	0	0	0	9,094	0	0	0
DUI Treatment Fines	20	0	0	0	0	0	0
<u>Judicial District Drug Program</u>							
Drug Task Force Forfeitures and Seizures	0	0	0	80,411	0	0	0
Data Entry Fee - Other Courts	86	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>							
Other Fines, Forfeitures, and Penalties	2,650	0	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 156,558	\$ 0	\$ 0	\$ 89,505	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Self-Insurance Premiums/Contributions	0	0	0	0	0	76,266	0
Tipping Fees	0	0	165,379	0	0	0	0
Patient Charges	914,601	0	0	0	0	0	0
Other General Service Charges	17,090	0	0	0	0	0	0
<u>Fees</u>							
Engineer Review Fees	4,710	0	0	0	0	0	0
Copy Fees	666	0	0	0	0	0	0
Library Fees	8,861	0	0	0	0	0	0
Archives and Records Management Fee - County Clerk	14,508	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional - Officers - Fees	Unemployment Compensation	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>							
<u>Fees (Cont.)</u>							
Greenbelt Late Application Fee	\$ 100	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Telephone Commissions	37,754	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions	22,948	0	0	0	50	0	0
Data Processing Fee - Register	15,734	0	0	0	0	0	0
Probation Fees	52,676	0	0	0	0	0	0
Data Processing Fee - Sheriff	5,211	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	6,300	0	0	0	0	0	0
Data Processing Fee - County Clerk	7,831	0	0	0	0	0	0
Total Charges for Current Services	\$ 1,108,990	\$ 0	\$ 165,379	\$ 0	\$ 50	\$ 76,266	\$ 0
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 77,500	\$ 0	\$ 20	\$ 0	\$ 0	\$ 0	\$ 30
Lease/Rentals	69,908	0	0	0	0	0	0
Commissary Sales	24,610	0	0	0	0	0	0
Sale of Recycled Materials	0	0	18,739	0	0	0	2,175
Refund of Telecommunication & Internet Fees (E-Rate)	1,478	0	0	0	0	0	0
Miscellaneous Refunds	2,882	0	0	0	0	0	7,086
Expenditure Credits	4,078	0	0	0	0	0	0
<u>Nonrecurring Items</u>							
Sale of Equipment	0	0	0	0	0	0	0
Contributions and Gifts	19,492	0	0	0	0	0	0
<u>Other Local Revenues</u>							
Other Local Revenues	8,570	0	0	0	0	0	0
Total Other Local Revenues	\$ 208,518	\$ 0	\$ 18,759	\$ 0	\$ 0	\$ 0	\$ 9,291
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	\$ 374,170	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	319,548	0	0	0	0	0	0
Clerk and Master	162,679	0	0	0	0	0	0
Register	218,094	0	0	0	0	0	0
Sheriff	23,685	0	0	0	0	0	0
Trustee	626,650	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 1,724,826	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds							Highway / Public Works
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Unemployment Compensation		
<u>State of Tennessee</u>								
General Government Grants	\$ 4,800	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Juvenile Services Program								
Public Safety Grants	22,200	0	0	0	0	0	0	0
Law Enforcement Training Programs								
Health and Welfare Grants	16,419	0	0	0	0	0	0	0
Health Department Programs								
Public Works Grants								
Bridge Program	0	0	0	0	0	0	0	165,481
State Aid Program	0	0	0	0	0	0	0	315,719
Litter Program	34,360	0	0	0	0	0	0	0
Other State Revenues								
Flood Control	15,895	0	0	0	0	0	0	0
Income Tax	139,782	0	0	0	0	0	0	0
Beer Tax	31,150	0	0	0	0	0	0	0
Alcoholic Beverage Tax	50,057	0	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	219,874	0	21,784	0	0	0	0	14,886
Prisoner Transportation	1,776	0	0	0	0	0	0	0
Contracted Prisoner Boarding	331,259	0	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0	1,586,196
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	28,216
Other State Grants	350	0	0	0	0	0	0	0
Other State Revenues	1,352	0	0	0	0	0	0	0
Total State of Tennessee	\$ 884,438	\$ 0	\$ 21,784	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,110,498
<u>Federal Government</u>								
Federal Through State								
Civil Defense Reimbursement	\$ 30,350	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	27,566	0	0	0	0	0	0	0
Direct Federal Revenue								
Police Service (Lake Area)	24,840	0	0	0	0	0	0	0
Total Federal Government	\$ 82,756	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>								
Other Governments								
Contributions	\$ 495,282	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 495,282	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 14,644,518	\$ 8,332	\$ 892,805	\$ 89,505	\$ 50	\$ 76,266	\$ 3,091,955	

(Continued)

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

	Debt Service Funds		Capital Projects Funds			Total
	General Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects		
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 522,977	\$ 2,057,013	\$ 0	\$ 69,727	\$ 11,400,723	
Trustee's Collections - Prior Year	5,493	54,094	10	935	299,368	
Circuit/Clerk & Master Collections - Prior Years	4,062	41,201	738	953	221,675	
Interest and Penalty	3,508	33,666	415	731	187,815	
Payments in-Lieu-of-Taxes - Local Utilities	2,939	15,124	7	410	83,825	
Payments in-Lieu-of-Taxes - Other	291	1,191	0	39	6,600	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	1,483,090	0	0	1,489,252	
Hotel/Motel Tax	0	0	0	0	40,535	
Wheel Tax	0	1,234,921	0	0	1,646,561	
Litigation Tax - General	0	0	0	0	113,346	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	35,779	
Business Tax	231,475	0	0	0	241,311	
Adequate Facilities/Development Tax	0	123,125	0	0	216,875	
Other County Local Option Taxes	0	0	0	0	918,146	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	460	4,519	0	77	25,048	
Wholesale Beer Tax	0	0	0	0	302,569	
Interstate Telecommunications Tax	0	0	0	0	2,180	
Total Local Taxes	\$ 771,205	\$ 5,047,944	\$ 1,170	\$ 72,872	\$ 17,231,608	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	0	0	0	0	5,590	
Animal Vaccination	0	0	0	0	9,695	
Cable TV Franchise	0	0	0	0	184,802	
<u>Permits</u>						
Beer Permits	0	0	0	0	2,746	
Building Permits	0	0	0	0	103,051	
Other Permits	0	0	0	0	6,230	
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 312,114	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	0	0	0	0	12,004	
Officers Costs	0	0	0	0	6,682	
Data Entry Fee - Circuit Court	0	0	0	0	2,343	

(Continued)

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

	Debt Service Funds		Education Debt Service		Capital Projects Funds			Total
	General Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects	General Capital Projects	Other Capital Projects		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>General Sessions Court</u>								
Fines	\$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	22,601
Fines for Littering		0	0	0	0	0	0	142
Officers Costs		0	0	0	0	0	0	67,297
Game and Fish Fines		0	0	0	0	0	0	117
Jail Fees		0	0	0	0	0	0	16,982
Judicial Commissioner Fees		0	0	0	0	0	0	154
DUI Treatment Fines		0	0	0	0	0	0	8,054
Data Entry Fee - General Sessions Court		0	0	0	0	0	0	11,154
Courtroom Security Fee		0	0	0	0	0	0	122
<u>Juvenile Court</u>								
Fines		0	0	0	0	0	0	855
Drug Control Fines		0	0	0	0	0	0	300
<u>Chancery Court</u>								
Officers Costs		0	0	0	0	0	0	1,018
Data Entry Fee - Chancery Court		0	0	0	0	0	0	3,977
<u>Other Courts - In-county</u>								
Drug Control Fines		0	0	0	0	0	0	9,094
DUI Treatment Fines		0	0	0	0	0	0	20
<u>Judicial District Drug Program</u>								
Drug Task Force Forfeitures and Seizures		0	0	0	0	0	0	80,411
Data Entry Fee - Other Courts		0	0	0	0	0	0	86
<u>Other Fines, Forfeitures, and Penalties</u>								
Other Fines, Forfeitures, and Penalties		0	0	0	0	0	0	2,650
Total Fines, Forfeitures, and Penalties	\$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	246,063
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Self-Insurance Premiums/Contributions	\$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	76,266
Tippling Fees		0	0	0	0	0	0	165,379
Patient Charges		0	0	0	0	0	0	914,601
Other General Service Charges		0	0	0	0	0	0	17,090
<u>Fees</u>								
Engineer Review Fees		0	0	0	0	0	0	4,710
Copy Fees		0	0	0	0	0	0	666
Library Fees		0	0	0	0	0	0	8,861
Archives and Records Management Fee - County Clerk		0	0	0	0	0	0	14,508

(Continued)

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

	Debt Service Funds		Capital Projects Funds		Total
	General Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects	
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Greenbelt Late Application Fee	\$ 0	\$ 0	\$ 0	\$ 0	100
Telephone Commissions	0	0	0	0	37,754
Constitutional Officers' Fees and Commissions	0	0	0	0	22,998
Data Processing Fee - Register	0	0	0	0	15,734
Probation Fees	0	0	0	0	52,676
Data Processing Fee - Sheriff	0	0	0	0	5,211
Sexual Offender Registration Fees - Sheriff	0	0	0	0	6,300
Data Processing Fee - County Clerk	0	0	0	0	7,831
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,350,685
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	77,550
Lease/Rentals	0	0	0	0	69,908
Commissary Sales	0	0	0	0	24,610
Sale of Recycled Materials	0	0	0	0	20,914
Refund of Telecommunication & Internet Fees (E-Rate)	0	0	0	0	1,478
Miscellaneous Refunds	0	0	0	0	9,968
Expenditure Credits	0	0	0	0	4,078
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0	17,250	17,250
Contributions and Gifts	0	0	0	0	19,492
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	0	8,570
Total Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 17,250	\$ 253,818
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	374,170
Circuit Court Clerk	0	0	0	0	319,548
Clerk and Master	0	0	0	0	162,679
Register	0	0	0	0	218,094
Sheriff	0	0	0	0	23,685
Trustee	0	0	0	0	626,650
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,724,826

(Continued)

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

	Debt Service Funds		Capital Projects Funds		Total
	General Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects	
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	0 \$	0 \$	0 \$	0 \$	4,800
Public Safety Grants					
Law Enforcement Training Programs	0	0	0	0	22,200
Health and Welfare Grants					
Health Department Programs	0	0	0	0	16,419
Public Works Grants					
Bridge Program	0	0	0	0	165,481
State Aid Program	0	0	0	0	315,719
Litter Program	0	0	0	0	34,360
<u>Other State Revenues</u>					
Flood Control	0	0	0	0	15,895
Income Tax	0	0	0	0	139,782
Beer Tax	0	0	0	0	31,150
Alcoholic Beverage Tax	0	0	0	0	50,057
State Revenue Sharing - T.V.A.	8,187	58,553	0	1,241	324,525
Prisoner Transportation	0	0	0	0	1,776
Contracted Prisoner Boarding	0	0	0	0	331,259
Gasoline and Motor Fuel Tax	0	0	0	0	1,586,196
Petroleum Special Tax	0	0	0	0	28,216
Registrar's Salary Supplement	0	0	0	0	15,164
Other State Grants	0	0	0	0	350
Other State Revenues	0	0	0	0	1,352
Total State of Tennessee	8,187 \$	58,553 \$	0 \$	1,241 \$	3,084,701
<u>Federal Government</u>					
<u>Federal Through State</u>					
Civil Defense Reimbursement	0 \$	0 \$	0 \$	0 \$	30,350
Other Federal through State	0	0	0	0	27,566
<u>Direct Federal Revenue</u>					
Police Service (Lake Area)	0	0	0	0	24,840
Total Federal Government	0 \$	0 \$	0 \$	0 \$	82,756
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	0 \$	438,348 \$	0 \$	0 \$	933,630
Total Other Governments and Citizens Groups	0 \$	438,348 \$	0 \$	0 \$	933,630
<u>Total</u>	779,392 \$	5,544,845 \$	1,170 \$	91,363 \$	25,220,201

Cheatham County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Cheatham County School Department
For the Year Ended June 30, 2013

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 7,984,012	\$ 0	\$ 0	\$ 7,984,012
Trustee's Collections - Prior Year	214,979	0	0	214,979
Circuit/Clerk & Master Collections - Prior Years	144,478	0	0	144,478
Interest and Penalty	121,766	0	0	121,766
Payments in-Lieu-of Taxes - Local Utilities	66,907	0	0	66,907
Payments in-Lieu-of Taxes - Other	4,621	0	0	4,621
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,853,863	0	0	1,853,863
Wheel Tax	376,950	0	0	376,950
<u>Statutory Local Taxes</u>				
Bank Excise Tax	17,541	0	0	17,541
Interstate Telecommunications Tax	3,183	0	0	3,183
Total Local Taxes	\$ 10,788,300	\$ 0	\$ 0	\$ 10,788,300
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,964	\$ 0	\$ 0	\$ 2,964
Total Licenses and Permits	\$ 2,964	\$ 0	\$ 0	\$ 2,964
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 958	\$ 0	\$ 0	\$ 958
Tuition - Summer School	1,020	0	0	1,020
Lunch Payments - Children	0	0	740,837	740,837
Lunch Payments - Adults	0	0	49,548	49,548
Income from Breakfast	0	0	88,169	88,169
A la carte Sales	0	0	410,330	410,330
Receipts from Individual Schools	105,374	0	0	105,374
Community Service Fees - Children	1,081,839	0	0	1,081,839
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	43,312	43,312
Total Charges for Current Services	\$ 1,189,191	\$ 0	\$ 1,332,196	\$ 2,521,387
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 488	\$ 0	\$ 589	\$ 1,077
Refund of Telecommunication & Internet Fees (E-Rate)	56,632	0	0	56,632
Miscellaneous Refunds	8,851	0	22	8,873
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	225	0	0	225
Contributions and Gifts	7,150	0	0	7,150
<u>Other Local Revenues</u>				
Other Local Revenues	58,573	0	0	58,573
Total Other Local Revenues	\$ 131,919	\$ 0	\$ 611	\$ 132,530
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 162,492	\$ 0	\$ 0	\$ 162,492
<u>State Education Funds</u>				
Basic Education Program	31,267,840	0	0	31,267,840
Early Childhood Education	497,023	0	0	497,023
School Food Service	0	0	33,237	33,237
Driver Education	16,403	0	0	16,403
Other State Education Funds	7,483	0	0	7,483
Career Ladder Program	172,072	0	0	172,072
Career Ladder - Extended Contract	37,400	0	0	37,400

(Continued)

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	\$ 227,267	\$ 0	\$ 0	\$ 227,267
Other State Grants	158,773	0	0	158,773
Total State of Tennessee	<u>\$ 32,546,753</u>	<u>\$ 0</u>	<u>\$ 33,237</u>	<u>\$ 32,579,990</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,393,100	\$ 1,393,100
USDA - Commodities	0	0	210,679	210,679
Breakfast	0	0	471,982	471,982
USDA - Other	0	0	27,876	27,876
Adult Education State Grant Program	55,466	0	0	55,466
Vocational Education - Basic Grants to States	0	79,879	0	79,879
Title I Grants to Local Education Agencies	0	806,391	0	806,391
Special Education - Grants to States	169,172	1,609,652	0	1,778,824
Special Education Preschool Grants	0	88,306	0	88,306
Eisenhower Professional Development State Grants	0	396,450	0	396,450
Race-to-the-Top - ARRA	0	194,487	0	194,487
Total Federal Government	<u>\$ 224,638</u>	<u>\$ 3,175,165</u>	<u>\$ 2,103,637</u>	<u>\$ 5,503,440</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 299,000	\$ 0	\$ 0	\$ 299,000
Total Other Governments and Citizens Groups	<u>\$ 299,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 299,000</u>
Total	<u>\$ 45,182,765</u>	<u>\$ 3,175,165</u>	<u>\$ 3,469,681</u>	<u>\$ 51,827,611</u>

Exhibit J-7

Cheatham County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2013

General Fund

General Government

County Commission

Other Salaries and Wages	\$	5,306	
Board and Committee Members Fees		60,038	
Social Security		4,956	
Audit Services		11,732	
Dues and Memberships		1,550	
Legal Services		50,767	
Other Supplies and Materials		564	
Total County Commission			\$ 134,913

County Mayor/Executive

County Official/Administrative Officer	\$	75,048	
Secretary(ies)		34,312	
In-Service Training		705	
Social Security		8,150	
State Retirement		6,277	
Communication		7,684	
Consultants		896	
Dues and Memberships		11,978	
Legal Services		7,480	
Maintenance and Repair Services - Vehicles		731	
Travel		1,134	
Gasoline		1,698	
Office Supplies		1,396	
Other Charges		3,500	
Office Equipment		3,533	
Total County Mayor/Executive			164,522

Personnel Office

Supervisor/Director	\$	55,112	
Social Security		4,013	
State Retirement		3,163	
Contracts with Private Agencies		2,920	
Printing, Stationery, and Forms		52	
Office Supplies		280	
Office Equipment		316	
Total Personnel Office			65,856

Election Commission

County Official/Administrative Officer	\$	58,480	
Attendants		28,622	
Board and Committee Members Fees		3,190	
Election Workers		32,634	
In-Service Training		975	
Other Per Diem and Fees		525	
Social Security		6,328	
State Retirement		5,000	
Advertising		5,636	
Communication		2,017	
Dues and Memberships		150	
Maintenance and Repair Services - Equipment		11,684	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Printing, Stationery, and Forms	\$	512	
Travel		1,842	
Office Supplies		805	
Office Equipment		11,480	
Total Election Commission			\$ 169,880

Register of Deeds

County Official/Administrative Officer	\$	64,977	
Deputy(ies)		60,098	
Part-time Personnel		14,095	
Social Security		10,214	
State Retirement		7,179	
Communication		2,019	
Data Processing Services		13,988	
Dues and Memberships		872	
Maintenance and Repair Services - Office Equipment		930	
Travel		1,300	
Office Supplies		4,411	
Total Register of Deeds			180,083

Building

County Official/Administrative Officer	\$	48,828	
Investigator(s)		48,657	
Secretary(ies)		30,093	
Board and Committee Members Fees		2,275	
In-Service Training		385	
Social Security		9,571	
State Retirement		7,323	
Communication		3,215	
Consultants		9,361	
Data Processing Services		1,526	
Dues and Memberships		220	
Engineering Services		4,812	
Legal Services		13,336	
Maintenance and Repair Services - Equipment		2,320	
Maintenance and Repair Services - Vehicles		1,507	
Printing, Stationery, and Forms		799	
Gasoline		3,137	
Office Supplies		1,332	
Office Equipment		1,046	
Total Building			189,743

County Buildings

Assistant(s)	\$	24,565	
Supervisor/Director		37,211	
Custodial Personnel		41,700	
In-Service Training		200	
Social Security		7,636	
State Retirement		4,472	
Maintenance and Repair Services - Buildings		40,148	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Maintenance and Repair Services - Office Equipment	\$	3,256	
Maintenance and Repair Services - Vehicles		2,655	
Pest Control		5,830	
Custodial Supplies		11,470	
Electricity		187,668	
Gasoline		5,313	
Natural Gas		28,834	
Propane Gas		8,561	
Water and Sewer		65,672	
Other Supplies and Materials		704	
Building Improvements		2,608	
Maintenance Equipment		873	
Motor Vehicles		4,350	
Total County Buildings			\$ 483,726

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	64,977	
Assistant(s)		50,704	
Data Processing Personnel		26,657	
Salary Supplements		9,317	
Clerical Personnel		35,910	
In-Service Training		250	
Social Security		13,984	
State Retirement		10,766	
Advertising		11,931	
Data Processing Services		9,945	
Postal Charges		47,084	
Printing, Stationery, and Forms		1,672	
Office Supplies		3,003	
Office Equipment		1,768	
Total Accounting and Budgeting			287,968

Property Assessor's Office

County Official/Administrative Officer	\$	64,977	
Deputy(ies)		40,710	
Assessment Personnel		72,016	
Part-time Personnel		11,413	
Board and Committee Members Fees		3,360	
Social Security		13,499	
State Retirement		10,200	
Communication		1,581	
Contracts with Private Agencies		11,245	
Data Processing Services		15,244	
Dues and Memberships		1,050	
Maintenance and Repair Services - Office Equipment		220	
Maintenance and Repair Services - Vehicles		616	
Printing, Stationery, and Forms		171	
Gasoline		1,778	
Office Supplies		323	
Total Property Assessor's Office			248,403

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Deputy(ies)	\$	40,710	
Social Security		2,860	
State Retirement		2,337	
Total Reappraisal Program			\$ 45,907

County Trustee's Office

County Official/Administrative Officer	\$	64,977	
Deputy(ies)		95,817	
Part-time Personnel		8,995	
In-Service Training		550	
Social Security		11,470	
State Retirement		9,230	
Communication		1,918	
Data Processing Services		9,384	
Dues and Memberships		647	
Maintenance and Repair Services - Office Equipment		482	
Printing, Stationery, and Forms		11,954	
Travel		1,618	
Office Supplies		3,251	
Data Processing Equipment		436	
Office Equipment		703	
Total County Trustee's Office			221,432

County Clerk's Office

County Official/Administrative Officer	\$	64,977	
Deputy(ies)		139,924	
Internal Audit Personnel		27,805	
Part-time Personnel		29,850	
Other Salaries and Wages		10,693	
In-Service Training		1,189	
Social Security		18,749	
State Retirement		12,114	
Communication		2,036	
Data Processing Services		16,096	
Dues and Memberships		864	
Legal Services		62	
Maintenance and Repair Services - Office Equipment		2,219	
Printing, Stationery, and Forms		4,446	
Travel		1,480	
Office Supplies		3,048	
Office Equipment		7,360	
Total County Clerk's Office			342,912

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	64,977	
Deputy(ies)		230,387	
Part-time Personnel		3,600	
Jury and Witness Expense		17,186	
Social Security		21,222	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

State Retirement	\$	16,748	
Communication		1,248	
Contracts with Government Agencies		3,000	
Data Processing Services		9,153	
Dues and Memberships		668	
Maintenance and Repair Services - Office Equipment		180	
Office Supplies		6,108	
Office Equipment		3,360	
Total Circuit Court			\$ 377,837

General Sessions Court

Judge(s)	\$	99,159	
Deputy(ies)		20,891	
Salary Supplements		8,848	
Social Security		8,145	
State Retirement		6,930	
Communication		707	
Data Processing Services		4,066	
Dues and Memberships		947	
Travel		270	
Library Books/Media		35	
Office Equipment		3,392	
Total General Sessions Court			153,390

Chancery Court

County Official/Administrative Officer	\$	64,977	
Deputy(ies)		116,742	
Social Security		12,931	
State Retirement		10,431	
Communication		2,080	
Data Processing Services		6,906	
Dues and Memberships		522	
Maintenance and Repair Services - Office Equipment		656	
Office Supplies		5,146	
Office Equipment		150	
Total Chancery Court			220,541

Juvenile Court

Judge(s)	\$	46,385	
Probation Officer(s)		91,186	
Social Workers		48,766	
Salary Supplements		17,695	
Secretary(ies)		25,838	
Other Salaries and Wages		6,631	
Social Security		16,559	
State Retirement		11,716	
Communication		3,338	
Contracts with Government Agencies		2,390	
Data Processing Services		2,100	
Dues and Memberships		835	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Maintenance and Repair Services - Office Equipment	\$	528	
Maintenance and Repair Services - Vehicles		365	
Travel		33	
Drugs and Medical Supplies		790	
Gasoline		1,017	
Library Books/Media		93	
Office Supplies		1,751	
Office Equipment		399	
Total Juvenile Court			\$ 278,415

District Attorney General

Contributions	\$	18,000	
Total District Attorney General			18,000

Probation Services

Probation Officer(s)	\$	73,029	
Attendants		28,622	
In-Service Training		45	
Social Security		7,229	
State Retirement		5,835	
Communication		1,839	
Maintenance and Repair Services - Office Equipment		286	
Printing, Stationery, and Forms		1,085	
Travel		511	
Remittance of Revenue Collected		9,187	
Drug Treatment		2,200	
Drugs and Medical Supplies		2,601	
Office Supplies		669	
Total Probation Services			133,138

Courtroom Security

Supervisor/Director	\$	48,712	
Guards		33,639	
Part-time Personnel		54,320	
In-Service Training		800	
Social Security		10,202	
State Retirement		4,727	
Maintenance and Repair Services - Office Equipment		1,950	
Uniforms		1,795	
Law Enforcement Equipment		661	
Total Courtroom Security			156,806

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	71,475	
Assistant(s)		34,312	
Supervisor/Director		56,713	
Deputy(ies)		911,367	
Detective(s)		48,712	
Investigator(s)		126,929	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Sergeant(s)	\$	163,541	
Clerical Personnel		82,693	
Overtime Pay		12,538	
Other Salaries and Wages		47,841	
In-Service Training		1,190	
Social Security		114,069	
State Retirement		85,815	
Communication		27,459	
Data Processing Services		18	
Dues and Memberships		2,300	
Legal Services		15,812	
Maintenance and Repair Services - Equipment		5,081	
Maintenance and Repair Services - Office Equipment		25,514	
Maintenance and Repair Services - Vehicles		25,973	
Medical and Dental Services		19,211	
Travel		8,502	
Gasoline		164,386	
Instructional Supplies and Materials		7,028	
Law Enforcement Supplies		6,423	
Office Supplies		9,033	
Tires and Tubes		10,175	
Uniforms		4,320	
Other Supplies and Materials		232	
Liability Insurance		28,021	
Vehicle and Equipment Insurance		14,308	
Workers' Compensation Insurance		25,445	
Other Charges		5,739	
Law Enforcement Equipment		17,933	
Office Equipment		600	
Total Sheriff's Department			\$ 2,180,708

Jail

Supervisor/Director	\$	54,137	
Sergeant(s)		152,568	
Foremen		56,022	
Guards		636,011	
Clerical Personnel		27,648	
Social Security		65,190	
State Retirement		49,723	
Maintenance and Repair Services - Equipment		3,148	
Medical and Dental Services		159,838	
Custodial Supplies		22,943	
Food Supplies		87,408	
Law Enforcement Supplies		217	
Prisoners Clothing		2,956	
Uniforms		1,560	
Other Supplies and Materials		1,019	
Other Equipment		11,022	
Total Jail			1,331,410

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Rural Fire Protection

Remittance of Revenue Collected	\$ 821,544	
Total Rural Fire Protection		\$ 821,544

Other Emergency Management

Assistant(s)	\$ 40,710	
Supervisor/Director	45,511	
Salary Supplements	3,000	
In-Service Training	240	
Social Security	6,572	
State Retirement	5,121	
Communication	3,275	
Maintenance and Repair Services - Vehicles	1,694	
Travel	228	
Gasoline	3,551	
Office Supplies	709	
Other Supplies and Materials	3,432	
Other Charges	7,963	
Communication Equipment	1,067	
Other Equipment	1,400	
Total Other Emergency Management		124,473

County Coroner/Medical Examiner

County Official/Administrative Officer	\$ 67,725	
Total County Coroner/Medical Examiner		67,725

Other Public Safety

Assistant(s)	\$ 39,585	
Supervisor/Director	51,913	
Assessment Personnel	54,242	
Dispatchers/Radio Operators	383,557	
Part-time Personnel	7,209	
Social Security	39,277	
State Retirement	29,928	
Total Other Public Safety		605,711

Public Health and Welfare

Local Health Center

Clerical Personnel	\$ 13,576	
Social Security	1,039	
Communication	2,453	
Dues and Memberships	200	
Janitorial Services	9,450	
Postal Charges	75	
Travel	1,383	
Custodial Supplies	483	
Drugs and Medical Supplies	459	
Office Supplies	148	
Other Supplies and Materials	300	
Total Local Health Center		29,566

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Supervisor/Director	\$	36,430	
Deputy(ies)		49,138	
Attendants		22,744	
In-Service Training		250	
Social Security		7,707	
State Retirement		5,892	
Communication		1,284	
Licenses		152	
Maintenance and Repair Services - Equipment		27	
Maintenance and Repair Services - Vehicles		3,997	
Printing, Stationery, and Forms		298	
Veterinary Services		7,909	
Animal Food and Supplies		5,200	
Custodial Supplies		1,502	
Drugs and Medical Supplies		14,395	
Gasoline		9,431	
Office Supplies		673	
Uniforms		917	
Other Supplies and Materials		70	
Motor Vehicles		9,000	
Office Equipment		2,499	
Other Equipment		14,680	
Total Rabies and Animal Control			\$ 194,195

Ambulance/Emergency Medical Services

Assistant(s)	\$	59,218
Supervisor/Director		48,312
Clerical Personnel		24,825
Attendants		976,616
Part-time Personnel		87,739
In-Service Training		4,372
Social Security		87,847
State Retirement		56,140
Communication		5,593
Consultants		3,110
Contracts with Private Agencies		3,965
Dues and Memberships		100
Licenses		2,000
Maintenance and Repair Services - Equipment		6,288
Maintenance and Repair Services - Office Equipment		395
Maintenance and Repair Services - Vehicles		35,584
Rentals		16,200
Travel		206
Remittance of Revenue Collected		51,690
Disposal Fees		2,456
Custodial Supplies		478
Drugs and Medical Supplies		135,952
Gasoline		53,403
Office Supplies		2,610
Tires and Tubes		8,043

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Uniforms	\$	5,004	
Other Supplies and Materials		471	
Liability Insurance		2,800	
Vehicle and Equipment Insurance		6,937	
Workers' Compensation Insurance		25,445	
Communication Equipment		3,600	
Furniture and Fixtures		1,227	
Office Equipment		6,976	
Total Ambulance/Emergency Medical Services			\$ 1,725,602

Other Local Health Services

Secretary(ies)	\$	31,111	
Social Security		2,329	
State Retirement		1,786	
Total Other Local Health Services			35,226

General Welfare Assistance

Contracts with Government Agencies	\$	16,599	
Total General Welfare Assistance			16,599

Sanitation Education/Information

Foremen	\$	26,312	
Social Security		2,013	
State Retirement		1,510	
Maintenance and Repair Services - Vehicles		643	
Gasoline		3,624	
Instructional Supplies and Materials		8,800	
Other Supplies and Materials		570	
Total Sanitation Education/Information			43,472

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Matching Share	\$	84,196	
Total Senior Citizens Assistance			84,196

Libraries

Supervisor/Director	\$	54,975	
Part-time Personnel		83,776	
In-Service Training		210	
Social Security		10,498	
State Retirement		3,156	
Communication		3,884	
Dues and Memberships		1,110	
Maintenance and Repair Services - Equipment		1,514	
Travel		1,247	
Library Books/Media		35,791	
Office Supplies		8,372	
Office Equipment		11,484	
Total Libraries			216,017

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards

Contributions	\$ 3,469	
Total Parks and Fair Boards		\$ 3,469

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 32,763	
Educational Assistants	31,073	
Board and Committee Members Fees	150	
In-Service Training	238	
Social Security	4,706	
State Retirement	6,156	
Communication	2,638	
Travel	1,668	
Office Supplies	2,714	
Other Charges	5,696	
Office Equipment	524	
Total Agriculture Extension Service		88,326

Soil Conservation

Secretary(ies)	\$ 31,073	
In-Service Training	395	
Social Security	1,998	
State Retirement	1,784	
Travel	2,125	
Other Contracted Services	600	
Total Soil Conservation		37,975

Other Operations

Other Economic and Community Development

Supervisor/Director	\$ 46,417	
Social Security	3,551	
State Retirement	1,348	
Total Other Economic and Community Development		51,316

Veterans' Services

Supervisor/Director	\$ 7,592	
Social Security	581	
Communication	95	
Travel	795	
Office Supplies	2,900	
Office Equipment	4,518	
Total Veterans' Services		16,481

Other Charges

Trustee's Commission	\$ 207,384	
Total Other Charges		207,384

Contributions to Other Agencies

Contributions	\$ 306,912	
Total Contributions to Other Agencies		306,912

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

Life Insurance	\$	11,863	
Medical Insurance		1,031,748	
Total Employee Benefits			\$ 1,043,611

Miscellaneous

Longevity Pay	\$	108,514	
Disability Insurance		19,101	
Boiler Insurance		1,368	
Building and Contents Insurance		47,639	
Liability Insurance		34,100	
Premiums on Corporate Surety Bonds		7,219	
Vehicle and Equipment Insurance		5,548	
Workers' Compensation Insurance		27,715	
Other Charges		23,129	
Total Miscellaneous			274,333

Capital Projects

General Administration Projects

Building Improvements	\$	586,148	
Building Purchases		15,000	
Total General Administration Projects			601,148

Public Utility Projects

Other Construction	\$	644,863	
Total Public Utility Projects			644,863

Total General Fund \$ 14,625,734

Courthouse and Jail Maintenance Fund

General Government

Other General Administration

Trustee's Commission	\$	85	
Total Other General Administration			\$ 85

Total Courthouse and Jail Maintenance Fund 85

Solid Waste/Sanitation Fund

General Government

Other General Administration

Trustee's Commission	\$	15,566	
Total Other General Administration			\$ 15,566

Public Health and Welfare

Sanitation Management

Assistant(s)	\$	27,958	
Supervisor/Director		43,637	
Equipment Operators		32,698	
Truck Drivers		30,008	
Part-time Personnel		6,456	
Social Security		10,626	

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

State Retirement	\$	6,451	
Communication		45	
Legal Services		455	
Electricity		5,432	
Office Supplies		2,588	
Water and Sewer		2,083	
Premiums on Corporate Surety Bonds		75	
Vehicle and Equipment Insurance		6,000	
Workers' Compensation Insurance		9,374	
Total Sanitation Management			\$ 183,886

Convenience Centers

Laborers	\$	80,200	
In-Service Training		350	
Social Security		6,136	
Communication		5,435	
Contracts with Government Agencies		416,142	
Contracts with Private Agencies		11,343	
Maintenance and Repair Services - Equipment		12,093	
Rentals		5,200	
Travel		231	
Diesel Fuel		26,347	
Electricity		4,591	
Equipment and Machinery Parts		2,641	
Tires and Tubes		6,533	
Site Development		39,639	
Solid Waste Equipment		27,600	
Other Equipment		6,284	
Total Convenience Centers			650,765

Landfill Operation and Maintenance

Contracts with Private Agencies	\$	3,500	
Evaluation and Testing		7,000	
Maintenance Agreements		567	
Maintenance and Repair Services - Equipment		663	
Crushed Stone		206	
Equipment and Machinery Parts		5,498	
Fertilizer, Lime, and Seed		175	
Other Supplies and Materials		520	
Motor Vehicles		5,500	
Other Equipment		965	
Total Landfill Operation and Maintenance			24,594

Other Operations

Employee Benefits

Life Insurance	\$	169	
Medical Insurance		20,294	
Disability Insurance		457	
Total Employee Benefits			20,920

Total Solid Waste/Sanitation Fund \$ 895,731

(Continued)

Exhibit J-7

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

<u>Drug Control Fund</u>			
<u>General Government</u>			
<u>Other General Administration</u>			
Trustee's Commission	\$	886	
Total Other General Administration			\$ 886
<u>Public Safety</u>			
<u>Special Patrols</u>			
Travel	\$	1,532	
Gasoline		7,541	
Tires and Tubes		1,576	
Uniforms		810	
Other Supplies and Materials		85	
Law Enforcement Equipment		715	
Total Special Patrols			12,259
<u>Drug Enforcement</u>			
Maintenance and Repair Services - Equipment	\$	2,240	
Other Supplies and Materials		1,647	
Law Enforcement Equipment		38,988	
Total Drug Enforcement			42,875
Total Drug Control Fund			\$ 56,020
<u>Constitutional Officers - Fees Fund</u>			
<u>Public Safety</u>			
<u>Sheriff's Department</u>			
Constitutional Officers' Operating Expenses	\$	50	
Total Sheriff's Department			\$ 50
Total Constitutional Officers - Fees Fund			50
<u>Unemployment Compensation Fund</u>			
<u>General Government</u>			
<u>Other General Administration</u>			
Unemployment Compensation	\$	84,705	
Total Other General Administration			\$ 84,705
Total Unemployment Compensation Fund			84,705
<u>Highway/Public Works Fund</u>			
<u>Highways</u>			
<u>Administration</u>			
County Official/Administrative Officer	\$	71,475	
Assistant(s)		34,916	
Clerical Personnel		49,236	
Advertising		571	
Contracts with Private Agencies		5,668	
Data Processing Services		184	
Dues and Memberships		2,715	
Legal Services		350	
Licenses		72	
Printing, Stationery, and Forms		100	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Travel	\$	1,096	
Custodial Supplies		321	
Data Processing Supplies		30	
Drugs and Medical Supplies		25	
Office Supplies		491	
Other Supplies and Materials		1,526	
Furniture and Fixtures		42	
Office Equipment		159	
Total Administration			\$ 168,977

Highway and Bridge Maintenance

Foremen	\$	166,364	
Equipment Operators - Heavy		439,526	
Truck Drivers		237,442	
Laborers		38,105	
Licenses		18	
Other Contracted Services		652,996	
Asphalt - Cold Mix		2,811	
Asphalt - Hot Mix		295,623	
Asphalt - Liquid		65,875	
Crushed Stone		51,535	
Pipe - Metal		22,433	
Road Signs		8,150	
Wood Products		69	
Other Supplies and Materials		3,104	
Bridge Construction		18,800	
Total Highway and Bridge Maintenance			2,002,851

Operation and Maintenance of Equipment

Foremen	\$	49,511	
Mechanic(s)		98,588	
Rentals		1,560	
Diesel Fuel		82,125	
Equipment Parts - Light		32,448	
Equipment and Machinery Parts		47,204	
Garage Supplies		4,782	
Gasoline		43,838	
Lubricants		2,819	
Propane Gas		2,549	
Small Tools		877	
Tires and Tubes		32,919	
Uniforms		7,735	
Total Operation and Maintenance of Equipment			406,955

Other Charges

Communication	\$	3,864	
Maintenance and Repair Services - Buildings		48	
Electricity		11,059	
Natural Gas		3,235	
Water and Sewer		155	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Trustee's Commission	\$	31,492	
Vehicle and Equipment Insurance		30,000	
Workers' Compensation Insurance		31,000	
Total Other Charges			\$ 110,853

Employee Benefits

Longevity Pay	\$	28,600	
Social Security		87,954	
State Retirement		63,812	
Life Insurance		1,120	
Medical Insurance		161,255	
Disability Insurance		4,051	
Total Employee Benefits			346,792

Capital Outlay

Contributions	\$	92,555	
Other Equipment		9,728	
Total Capital Outlay			102,283

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$	56,657	
Total Highways and Streets			56,657

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$	1,162	
Total Highways and Streets			1,162

Total Highway/Public Works Fund \$ 3,196,530

General Debt Service Fund

General Government

Other General Administration

Trustee's Commission	\$	12,897	
Total Other General Administration			\$ 12,897

Principal on Debt

General Government

Principal on Notes	\$	15,000	
Principal on Other Loans		371,000	
Total General Government			386,000

Interest on Debt

General Government

Interest on Notes	\$	13,016	
Interest on Other Loans		23,334	
Total General Government			36,350

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Other Debt Service

General Government

Other Debt Service

\$ 5,132

Total General Government

\$ 5,132

Total General Debt Service Fund

\$ 440,379

Education Debt Service Fund

General Government

Other General Administration

Trustee's Commission

\$ 72,648

Total Other General Administration

\$ 72,648

Principal on Debt

Education

Principal on Bonds

\$ 1,319,000

Principal on Notes

710,568

Principal on Other Loans

3,172,713

Total Education

5,202,281

Interest on Debt

Education

Interest on Bonds

\$ 431,361

Interest on Notes

29,222

Interest on Other Loans

72,103

Total Education

532,686

Other Debt Service

Education

Other Debt Service

\$ 41,979

Total Education

41,979

Total Education Debt Service Fund

5,849,594

General Capital Projects Fund

General Government

Other General Administration

Trustee's Commission

\$ 17

Total Other General Administration

\$ 17

Capital Projects

Other General Government Projects

Consultants

\$ 9,674

Building Improvements

11,295

Other Equipment

8,964

Total Other General Government Projects

29,933

Total General Capital Projects Fund

29,950

(Continued)

Exhibit J-7

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

<u>Education Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Contributions	\$	299,000	
Total Education Capital Projects			\$ 299,000
Total Education Capital Projects Fund			\$ 299,000
<u>Other Capital Projects Fund</u>			
<u>General Government</u>			
<u>Other General Administration</u>			
Trustee's Commission	\$	1,468	
Total Other General Administration			\$ 1,468
<u>Capital Projects</u>			
<u>Other General Government Projects</u>			
Motor Vehicles	\$	229,320	
Total Other General Government Projects			229,320
Total Other Capital Projects Fund			230,788
Total Governmental Funds - Primary Government			\$ 25,708,566

Exhibit J-8

Cheatham County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Cheatham County School Department
For the Year Ended June 30, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 14,479,964	
Career Ladder Program	90,198	
Career Ladder Extended Contracts	40,731	
Homebound Teachers	109,979	
Educational Assistants	687,273	
Other Salaries and Wages	94	
Certified Substitute Teachers	65,637	
Non-certified Substitute Teachers	184,886	
Social Security	915,074	
State Retirement	1,330,995	
Life Insurance	12,454	
Medical Insurance	3,148,571	
Dental Insurance	19,135	
Disability Insurance	49,459	
Employer Medicare	214,711	
Other Fringe Benefits	3,490	
Maintenance and Repair Services - Equipment	58,754	
Tuition	14,208	
Other Contracted Services	252,243	
Instructional Supplies and Materials	140,854	
Textbooks	113,367	
Other Supplies and Materials	61,773	
Fee Waivers	152,395	
Other Charges	11,025	
Regular Instruction Equipment	860,247	
Total Regular Instruction Program		\$ 23,017,517

Alternative Instruction Program

Teachers	\$ 98,912	
Career Ladder Program	2,000	
Educational Assistants	13,557	
Social Security	5,801	
State Retirement	9,264	
Medical Insurance	29,436	
Employer Medicare	1,454	
Instructional Supplies and Materials	391	
Total Alternative Instruction Program		160,815

Special Education Program

Teachers	\$ 1,775,612
Career Ladder Program	13,600
Educational Assistants	201,270
Speech Pathologist	285,278
Other Salaries and Wages	41,846
Certified Substitute Teachers	1,240
Non-certified Substitute Teachers	9,985
Social Security	136,118
State Retirement	196,602
Medical Insurance	383,363

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Dental Insurance	\$	1,300	
Employer Medicare		32,010	
Other Fringe Benefits		326	
Contracts with Private Agencies		86,058	
Maintenance and Repair Services - Equipment		1,444	
Other Contracted Services		60,160	
Instructional Supplies and Materials		4,113	
Other Supplies and Materials		7,426	
Special Education Equipment		<u>7,777</u>	
Total Special Education Program	\$		3,245,528

Vocational Education Program

Teachers	\$	841,148	
Career Ladder Program		1,500	
Certified Substitute Teachers		60	
Non-certified Substitute Teachers		1,292	
Social Security		49,977	
State Retirement		73,323	
Medical Insurance		131,549	
Dental Insurance		1,696	
Employer Medicare		11,689	
Other Fringe Benefits		63	
Instructional Supplies and Materials		5,250	
Vocational Instruction Equipment		<u>9,277</u>	
Total Vocational Education Program			1,126,824

Adult Education Program

Teachers	\$	101,211	
Educational Assistants		4,929	
Social Security		5,853	
State Retirement		6,196	
Medical Insurance		15,484	
Employer Medicare		1,514	
Other Contracted Services		2,947	
Instructional Supplies and Materials		<u>206</u>	
Total Adult Education Program			138,340

Support Services

Attendance

Supervisor/Director	\$	51,468	
Career Ladder Program		809	
Other Salaries and Wages		5,487	
Social Security		2,985	
State Retirement		4,296	
Medical Insurance		2,328	
Employer Medicare		698	
Travel		164	
Other Supplies and Materials		198	
In Service/Staff Development		<u>751</u>	
Total Attendance			69,184

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services

Supervisor/Director	\$	46,125	
Medical Personnel		120,614	
Other Salaries and Wages		2,040	
Social Security		9,662	
State Retirement		8,562	
Medical Insurance		44,023	
Employer Medicare		2,260	
Communication		594	
Dues and Memberships		135	
Travel		5,767	
Other Contracted Services		2,500	
Drugs and Medical Supplies		2,502	
Other Supplies and Materials		33,455	
In Service/Staff Development		1,329	
Health Equipment		3,551	
Other Equipment		31,378	
Total Health Services			\$ 314,497

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		770,873	
Other Salaries and Wages		45	
Social Security		45,118	
State Retirement		65,929	
Medical Insurance		156,414	
Employer Medicare		10,552	
Contracts with Government Agencies		148,036	
Travel		24	
Other Contracted Services		141	
Other Supplies and Materials		90,349	
In Service/Staff Development		617	
Other Charges		1,360	
Total Other Student Support			1,291,458

Regular Instruction Program

Supervisor/Director	\$	205,704	
Career Ladder Program		13,372	
Librarians		552,862	
Materials Supervisor		19,711	
Secretary(ies)		111,347	
Other Salaries and Wages		132,494	
Social Security		61,147	
State Retirement		82,226	
Medical Insurance		150,909	
Dental Insurance		1,419	
Employer Medicare		14,321	
Other Fringe Benefits		253	
Travel		22,059	
Other Contracted Services		700	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Library Books/Media	\$	63,285	
Other Supplies and Materials		572	
In Service/Staff Development		2,650	
Administration Equipment		413	
Total Regular Instruction Program			\$ 1,435,444

Alternative Instruction Program

Supervisor/Director	\$	4,072	
Career Ladder Program		815	
Guidance Personnel		29,424	
Clerical Personnel		17,926	
Social Security		1,203	
State Retirement		3,941	
Medical Insurance		2,199	
Employer Medicare		732	
Other Supplies and Materials		106	
Total Alternative Instruction Program			60,418

Special Education Program

Supervisor/Director	\$	69,921	
Psychological Personnel		101,222	
Secretary(ies)		34,144	
Other Salaries and Wages		36,370	
Social Security		14,321	
State Retirement		19,245	
Medical Insurance		37,878	
Employer Medicare		3,349	
Travel		8,360	
Other Contracted Services		5,010	
Other Supplies and Materials		18,594	
In Service/Staff Development		1,840	
Total Special Education Program			350,254

Vocational Education Program

Supervisor/Director	\$	38,768	
Career Ladder Program		678	
Social Security		2,413	
State Retirement		3,503	
Medical Insurance		3,075	
Employer Medicare		564	
Communication		110	
Other Contracted Services		15,000	
Total Vocational Education Program			64,111

Adult Programs

Supervisor/Director	\$	29,880	
Career Ladder Program		126	
Other Salaries and Wages		6,274	
Social Security		2,390	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

State Retirement	\$	2,852	
Medical Insurance		3,050	
Employer Medicare		524	
In Service/Staff Development		716	
Total Adult Programs			\$ 45,812

Other Programs

On-Behalf Payments to OPEB	\$	162,492	
Total Other Programs			162,492

Board of Education

Other Salaries and Wages	\$	300	
Board and Committee Members Fees		16,200	
Social Security		1,019	
State Retirement		17	
Unemployment Compensation		73,400	
Employer Medicare		238	
Audit Services		7,450	
Dues and Memberships		7,028	
Legal Services		55,705	
Penalties		49	
Other Contracted Services		174	
Other Supplies and Materials		930	
Liability Insurance		72,810	
Trustee's Commission		261,653	
Workers' Compensation Insurance		240,063	
In Service/Staff Development		506	
Criminal Investigation of Applicants - TBI		2,751	
Other Charges		7,850	
Total Board of Education			748,143

Director of Schools

County Official/Administrative Officer	\$	108,625	
Career Ladder Program		1,000	
Secretary(ies)		35,784	
Social Security		8,597	
State Retirement		17,477	
Life Insurance		164	
Medical Insurance		23,502	
Dental Insurance		1,077	
Employer Medicare		2,011	
Other Fringe Benefits		253	
Communication		22,098	
Dues and Memberships		2,548	
Postal Charges		9,411	
Travel		6,233	
Other Contracted Services		6,222	
Food Supplies		686	
Office Supplies		4,682	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Other Supplies and Materials	\$	207	
In Service/Staff Development		1,101	
Other Charges		475	
Administration Equipment		413	
Total Director of Schools			\$ 252,566

Office of the Principal

Principals	\$	881,517	
Career Ladder Program		11,800	
Assistant Principals		372,891	
Secretary(ies)		486,065	
Social Security		101,775	
State Retirement		141,138	
Medical Insurance		198,940	
Dental Insurance		2,597	
Employer Medicare		21,950	
Other Fringe Benefits		611	
Communication		79,931	
Dues and Memberships		7,800	
Travel		124	
Other Contracted Services		4,848	
Food Supplies		2,790	
Office Supplies		5,472	
In Service/Staff Development		4,866	
Other Charges		1,324	
Administration Equipment		2,805	
Total Office of the Principal			2,329,244

Fiscal Services

Supervisor/Director	\$	57,729	
Accountants/Bookkeepers		117,037	
Other Salaries and Wages		14,190	
Social Security		10,893	
State Retirement		10,407	
Medical Insurance		18,117	
Dental Insurance		1,143	
Employer Medicare		2,548	
Data Processing Services		8,286	
Maintenance and Repair Services - Equipment		1,008	
Travel		114	
Other Contracted Services		12,984	
Data Processing Supplies		2,657	
Office Supplies		382	
Other Supplies and Materials		90	
In Service/Staff Development		2,719	
Administration Equipment		3,303	
Total Fiscal Services			263,607

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant

Janitorial Services	\$	1,327,786	
Disposal Fees		33,110	
Other Contracted Services		22,749	
Electricity		1,169,872	
Natural Gas		92,622	
Water and Sewer		210,534	
Other Supplies and Materials		202	
Building and Contents Insurance		212,727	
Total Operation of Plant			\$ 3,069,602

Maintenance of Plant

Supervisor/Director	\$	29,820	
Secretary(ies)		31,475	
Social Security		3,629	
State Retirement		2,762	
Medical Insurance		8,678	
Dental Insurance		60	
Employer Medicare		849	
Communication		1,714	
Maintenance Agreements		712,456	
Maintenance and Repair Services - Buildings		176,538	
Maintenance and Repair Services - Equipment		34,472	
Maintenance and Repair Services - Vehicles		907	
Pest Control		25,435	
Disposal Fees		2,181	
Permits		1,525	
Other Contracted Services		12,357	
Equipment and Machinery Parts		16,308	
Gasoline		17,747	
General Construction Materials		62,393	
Other Supplies and Materials		6,958	
Vehicle and Equipment Insurance		11,262	
Other Charges		58,595	
Other Equipment		507	
Total Maintenance of Plant			1,218,628

Transportation

Supervisor/Director	\$	35,275	
Mechanic(s)		125,115	
Bus Drivers		761,078	
Guards		17,062	
Secretary(ies)		31,475	
Other Salaries and Wages		110,557	
In-Service Training		6,077	
Social Security		62,441	
State Retirement		48,693	
Medical Insurance		33,193	
Dental Insurance		60	
Employer Medicare		15,557	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Communication	\$	10,718	
Contracts with Parents		7,596	
Laundry Service		5,567	
Maintenance and Repair Services - Equipment		3,477	
Maintenance and Repair Services - Vehicles		98,271	
Medical and Dental Services		2,279	
Disposal Fees		426	
Other Contracted Services		10,046	
Crushed Stone		297	
Diesel Fuel		323,367	
Gasoline		20,359	
Lubricants		2,349	
Vehicle Parts		95,342	
Other Supplies and Materials		2,916	
Vehicle and Equipment Insurance		63,335	
In Service/Staff Development		2,242	
Other Charges		625	
Transportation Equipment		554,074	
Other Equipment		599	
Total Transportation			\$ 2,450,468

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	31,872	
Other Salaries and Wages		660,915	
Social Security		42,029	
State Retirement		25,202	
Medical Insurance		20,101	
Dental Insurance		291	
Employer Medicare		9,832	
Communication		5,620	
Maintenance and Repair Services - Equipment		168	
Travel		1,989	
Other Contracted Services		70	
Food Supplies		27,442	
Other Supplies and Materials		36,146	
In Service/Staff Development		3,437	
Other Charges		7,976	
Other Equipment		9,535	
Total Community Services			882,625

Early Childhood Education

Supervisor/Director	\$	31,872	
Teachers		227,871	
Educational Assistants		68,240	
Other Salaries and Wages		13,693	
Certified Substitute Teachers		115	
Non-certified Substitute Teachers		5,885	
Social Security		20,413	

(Continued)

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

State Retirement	\$	27,863	
Medical Insurance		54,651	
Dental Insurance		291	
Employer Medicare		4,779	
Communication		272	
Travel		125	
Food Supplies		6,723	
Instructional Supplies and Materials		10,259	
Other Supplies and Materials		8,830	
In Service/Staff Development		1,514	
Other Charges		10,021	
Other Equipment		3,606	
Total Early Childhood Education			\$ 497,023

Capital Outlay

Regular Capital Outlay

Architects	\$	11,920	
Other Contracted Services		100,549	
Building Improvements		117,726	
Furniture and Fixtures		7,303	
Other Capital Outlay		747,916	
Total Regular Capital Outlay			985,414

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	438,348	
Total Education			438,348

Total General Purpose School Fund \$ 44,618,362

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	191,797	
Educational Assistants		71,541	
Other Salaries and Wages		14,669	
Certified Substitute Teachers		2,739	
Non-certified Substitute Teachers		12,634	
Social Security		17,261	
State Retirement		21,718	
Medical Insurance		30,944	
Employer Medicare		4,037	
Instructional Supplies and Materials		70,546	
Regular Instruction Equipment		333,855	
Total Regular Instruction Program			\$ 771,741

Special Education Program

Teachers	\$	2,210	
Educational Assistants		798,444	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Speech Pathologist	\$	62,612	
Social Security		46,398	
State Retirement		37,055	
Medical Insurance		104,418	
Dental Insurance		1,084	
Employer Medicare		11,273	
Other Fringe Benefits		253	
Other Contracted Services		44,824	
Special Education Equipment		6,992	
Total Special Education Program			\$ 1,115,563

Vocational Education Program

Maintenance and Repair Services - Equipment	\$	935	
Instructional Supplies and Materials		29,330	
Vocational Instruction Equipment		38,534	
Total Vocational Education Program			68,799

Support Services

Other Student Support

Other Salaries and Wages	\$	48,386	
Social Security		3,000	
State Retirement		4,297	
Medical Insurance		5,547	
Employer Medicare		702	
Travel		10,492	
Other Charges		18,781	
Total Other Student Support			91,205

Regular Instruction Program

Supervisor/Director	\$	59,133	
Secretary(ies)		25,574	
Other Salaries and Wages		136,137	
Social Security		9,257	
State Retirement		13,039	
Medical Insurance		16,910	
Employer Medicare		3,121	
Travel		291	
Other Supplies and Materials		14,696	
In Service/Staff Development		219,035	
Other Charges		200	
Other Equipment		32,875	
Total Regular Instruction Program			530,268

Special Education Program

Psychological Personnel	\$	145,094	
Other Salaries and Wages		196,152	
Social Security		20,911	
State Retirement		30,375	
Medical Insurance		24,551	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Dental Insurance	\$	1,419	
Employer Medicare		4,818	
Other Contracted Services		47,062	
Other Supplies and Materials		14,859	
In Service/Staff Development		6,159	
Other Charges		6,549	
Other Equipment		64,261	
Total Special Education Program			\$ 562,210

Vocational Education Program

Travel	\$	1,000	
In Service/Staff Development		100	
Total Vocational Education Program			1,100

Transportation

Bus Drivers	\$	7,182	
In-Service Training		29	
Social Security		447	
State Retirement		413	
Employer Medicare		105	
Diesel Fuel		1,757	
Total Transportation			9,933

Total School Federal Projects Fund \$ 3,150,819

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	54,765	
Clerical Personnel		36,035	
Cafeteria Personnel		1,024,157	
Social Security		66,202	
State Retirement		40,460	
Life Insurance		1,501	
Medical Insurance		73,484	
Disability Insurance		1,581	
Unemployment Compensation		6,970	
Employer Medicare		15,615	
Advertising		238	
Communication		12,257	
Dues and Memberships		928	
Licenses		960	
Maintenance and Repair Services - Equipment		59,112	
Transportation - Other than Students		22,114	
Travel		2,760	
Other Contracted Services		45,265	
Equipment and Machinery Parts		1,943	
Food Preparation Supplies		107,251	
Food Supplies		1,405,435	

(Continued)

Exhibit J-8

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

<u>Central Cafeteria Fund (Cont.)</u>		
<u>Operation of Non-Instructional Services (Cont.)</u>		
<u>Food Service (Cont.)</u>		
Office Supplies	\$	13,290
Uniforms		6,921
Utilities		100,223
USDA - Commodities		210,678
Other Supplies and Materials		907
Premiums on Corporate Surety Bonds		50
In Service/Staff Development		6,892
Other Charges		328
Food Service Equipment		<u>17,512</u>
Total Food Service		\$ <u>3,335,834</u>
Total Central Cafeteria Fund		\$ <u>3,335,834</u>
Total Governmental Funds - Cheatham County School Department		\$ <u>51,105,015</u>

Exhibit J-9

Cheatham County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2013

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,255,418
Total Cash Receipts	<u>\$ 2,255,418</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 2,232,864
Trustee's Commission	22,554
Total Cash Disbursements	<u>\$ 2,255,418</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2012	<u>0</u>
 Cash Balance, June 30, 2013	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cheatham County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Cheatham County's basic financial statements, and have issued our report thereon dated February 27, 2014. Our report includes a reference to other auditors who audited the financial statements of the Cheatham County Emergency Communications District, as described in our report on Cheatham County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cheatham County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cheatham County's internal control. Accordingly, we do not express an opinion on the effectiveness of Cheatham County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be

material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 a 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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 2013-006, 2013-007, and 2013-008.

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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2013-002(B,C), 2013-003(B), 2013-004, and 2013-005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cheatham County's financial statements are free from 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: 2013-001, 2013-002(A), 2013-003(A), 2013-009, and 2013-010.

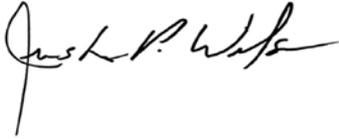
Cheatham County's Responses to Findings

Cheatham County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Cheatham County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cheatham County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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
Nashville, Tennessee

February 27, 2014

JPW/yu



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

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

Cheatham Mayor and
Board of County Commissioners
Cheatham County, Tennessee

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Cheatham County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Cheatham County's major federal programs for the year ended June 30, 2013. Cheatham County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Cheatham County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Cheatham 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Cheatham County's compliance.

Opinion on Each Major Federal Program

In our opinion, Cheatham County complied, in all material respects, with the types of compliance 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, 2013.

Report on Internal Control Over Compliance

Management of Cheatham County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cheatham County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Cheatham 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

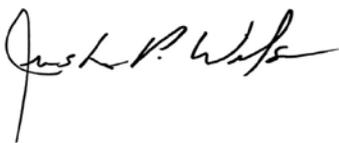
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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 Cheatham County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Cheatham County's basic financial statements. We issued our report thereon dated February 27, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 27, 2014

JPW/yu

Cheatham County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2013

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 210,679 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	471,982
National School Lunch Program	10.555	N/A	1,393,100 (3)
Fresh Fruit and Vegetable Program	10.582	N/A	27,876
Total U.S. Department of Agriculture			<u>\$ 2,103,637</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 11,221
Total U.S. Department of the Interior			<u>\$ 11,221</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(2)	\$ 27,566
Total U.S. Department of Transportation			<u>\$ 27,566</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 55,466
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	806,391
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,778,824
Special Education - Preschool Grants	84.173	N/A	88,306
Career and Technical Education - Basic Grants to States	84.048	N/A	79,879
Improving Teacher Quality State Grants	84.367	N/A	395,450
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	194,487
Total U.S. Department of Education			<u>\$ 3,398,803</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 30,350
Total U.S. Department of Homeland Security			<u>\$ 30,350</u>
Total Expenditure of Federal Awards			<u>\$ 5,571,577</u>
		<u>Contract Number</u>	
<u>State Grants</u>			
Litter Program - State Department of Transportation	N/A	(2)	\$ 34,360
Juvenile Services Program - State Commission on Children and Youth Development and Coordination of Rural Health Services - State Department of Health	N/A	(2)	4,500
Adult Basic Education - State Department of Labor and Workforce Development	N/A	(2)	16,419
Early Childhood Education - State Department of Education	N/A	(2)	19,434
Coordinated School Health - State Department of Health	N/A	(2)	497,023
Safe Schools Act - State Department of Education	N/A	(2)	105,000
Technology Grant - State Library and Archives	N/A	(2)	12,240
Internet Connectivity Grant - State Department of Education	N/A	(2)	350
Total State Grants			<u>\$ 711,425</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 \$1,603,779.

Cheatham County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2013

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 Cheatham County, Tennessee, for the year ended June 30, 2012, which have not been corrected.

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.02	178	Fund equity was not classified properly
12.07	183	The Building Permits software did not have adequate application controls

CHEATHAM COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Cheatham County is unmodified.
2. The audit of the financial statements of Cheatham County disclosed significant deficiencies in internal control. Three of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Cheatham County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Title I Grants to Local Educational Agencies (CFDA No. 84.010), Improving Teacher Quality State Grants (CFDA No. 84.367), and the State Fiscal Stabilization Fund Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Cheatham County did 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 written responses of the county mayor, the director of accounts and budgets, director of schools, and the trustee are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

FINDING 2013-001 **FUND BALANCE WAS NOT CLASSIFIED PROPERLY** (Noncompliance Under *Government Auditing Standards*)

The Office of Accounts and Budget did not attempt to analyze revenues and expenditures in any fund, except the General Fund, for fund balance classifications as required by Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. An analysis of fund balance classifications is necessary to determine the hierarchy for which amounts of fund balance can be spent. Fund balance classifications at June 30, 2013, were determined by alternative auditing procedures. The failure to properly classify fund balance was the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

County officials should determine all fund balance classifications each June 30.

MANAGEMENT'S RESPONSE – COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

The county's fund equity classification, which analyzes revenues and expenditures for fund balance classification, was inadvertently overlooked. Management has taken measures to alleviate the report not being provided to auditors.

FINDING 2013-002 **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS** (A. – Noncompliance Under *Government Auditing Standards*; B. and C. – Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our examination revealed the following deficiencies in budget operations.

- A. The budget for the fiscal year ending June 30, 2013, was adopted on July 16, 2012. While reviewing the County Commission minutes, auditors noted that estimated fund balances at July 1, 2012, were not reflected in the adopted budget. Section 5-12-106, *Tennessee Code Annotated*, requires the

director of accounts and budgets to file estimated fund balances with the County Commission. The director of accounts and budgets provided a supplementary schedule of estimated beginning fund balances that was forwarded to the Office of Local Finance in the state Comptroller's Office for approval. Those beginning fund balances were reflected in the budgetary statements/schedules in that report. This deficiency is due to the lack of management oversight.

- B. The actual beginning fund balances at July 1, 2012, differed from the estimated fund balances presented to the state Office of Local Finance by the following amounts:

Fund	Actual (Budgetary Basis) Beginning 7-1-12	Estimated Fund Balance 7-1-12	Variance
General	\$ 1,285,631	\$ 229,134	\$ 1,056,497
Highway/Public Works	2,115,476	1,775,024	340,452
Education Debt Service	9,409,277	12,229,790	(2,820,513)
Solid Waste/Sanitation	827,063	725,061	102,002
Drug Control	369,257	506,343	(137,086)
Other Capital Projects	187,203	539,163	(351,960)

Sound business practices dictate that realistic estimates of beginning fund balances should be presented to the County Commission during the budget process. This deficiency is due to management's failure to properly estimate the actual ending fund balance for June 30, 2012, and resulted in materially inaccurate estimates of beginning fund balances.

- C. The budget and subsequent amendments approved by the County Commission for the General Fund resulted in appropriations exceeding estimated available funding by \$445,658. Sound budgetary principles dictate that appropriations be held within estimated available funding. This deficiency was the result of a lack of management oversight.

RECOMMENDATION

The budget submitted to the County Commission for approval should include estimated beginning fund balances. Estimates of the beginning fund balance should be made on a more realistic basis to provide county officials with accurate information to base funding decisions. The estimated beginning fund balance should be amended during the year when it becomes apparent that the original estimate varies from the actual by a material amount. Appropriations that exceed estimated available funding should not be submitted to the County Commission, and the County Commission should not approve such appropriations.

MANAGEMENT'S RESPONSE – COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

The estimated beginning fund balances report has not been included in the budget in the past; however, the director of accounts and budgets will ensure in the future that the report will be included in the budget submitted to the County Commission. The director of accounts and budgets will also make certain the amounts in the report have been updated with the current-year information. Doing so will also ensure the appropriations will not exceed estimated available funding.

FINDING 2013-003 **DEFICIENCIES WERE NOTED IN THE COLLECTION OF FUNDS AT DEPARTMENT COLLECTION SITES**
(A. – Noncompliance Under *Government Auditing Standards*;
B. – Internal Control – Significant Deficiency Under *Government Auditing Standards*)

We noted the following deficiencies in the collection of funds at department collection sites:

- A. The Probation Department did not always deposit collections with the county trustee within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*.
- B. Duties were not segregated adequately among employees in the Building Codes Department. Employees responsible for maintaining the accounting records in the office were also involved in receipting and depositing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations.

These deficiencies are the result of a lack of management oversight and increase the risk that collections may not be accounted for properly.

RECOMMENDATION

All collections should be deposited with the county trustee within three days of collection. Officials should segregate duties to the extent possible using available resources.

MANAGEMENT'S RESPONSE – COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

- A. The General Sessions Judge has been notified of the finding and the three-day deposit rule.
- B. As the finding states, employees responsible for maintaining accounting records for this office were also involved in receipting, depositing, and/or disbursing funds. The auditor's recommendation to resolve this finding is to segregate duties to the extent possible using available resources. The

Building Codes director feels he is utilizing the employees to the best of their ability. This department has a limited number of employees that work in the office who would generally have the responsibility of handling receipts and/or deposits. Because of this, it is difficult to segregate the duties as needed. Until such time that an additional employee can be hired; they will continue to do the best they can with the resources provided.

AUDITOR'S COMMENT

We realize that due to limited resources and personnel, management may not be able to fully segregate duties among employees. However, our professional standards require that we bring this matter to your attention.

FINDING 2013-004

THE BUILDING PERMITS SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS

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

The following deficiencies in the Office of Building Commissioner related to the building permits software were identified:

- A. The software application did not provide a record of changes to previously issued receipts and permits. Users had the capability to change information on receipts and permits, leaving no evidence of the original information.
- B. Permits and receipts could be deleted from the application, leaving no evidence of the original transaction.
- C. Voided receipts were not properly reflected on daily reports.

Sound business practices dictate that proper application controls be implemented. Since the vendor did not design the system with proper controls, inappropriate system activity could occur. These deficiencies were reported to management in previous audit reports. At that time, management had contacted the vendor who informed them that the latest version of the software would correct the deficiencies. This version was still under development and had not yet been released by the vendor. However, when management again contacted the vendor in June 2011, the vendor stated that they were no longer planning to release a new version of the software and were also no longer supporting the current software. In November 2012, the office began using a new software application.

RECOMMENDATION

Management should ensure that the recently purchased software has proper controls to help ensure the reliability and integrity of the information maintained by the system.

OFFICE OF ROAD SUPERINTENDENT

FINDING 2013-005 **SEVERAL DEFICIENCIES WERE NOTED
CONCERNING EMPLOYEES' LEAVE**
(Internal Control – Significant Deficiency Under *Government
Auditing Standards*)

Our examination of the employee leave records revealed the following deficiencies that appear to be the result of a lack of management oversight:

- A. In several instances, county leave records differed from employee time cards for compensatory time earned and sick leave taken.
- B. Several employees' yearly totals for annual and sick leave earned exceeded the maximum amount authorized by county policy.
- C. Sick leave totals for eligible retirees at June 30, 2013, were not properly calculated based upon our interpretation of the county's policy.
- D. The wording of the leave policy is unclear on the proper way to account for workers' compensation leave and on the payout of retiree sick leave.

RECOMMENDATION

The county's leave records should agree with employees' time cards. Accumulated amounts for annual and sick leave earned should be in compliance with the department's policy. Sick leave balances for eligible retirees should be calculated accurately and in accordance with department policy. The wording of the department's leave policies should be clarified to clearly state how to calculate and account for various leave benefits.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2013-006 **THE OFFICE HAD DEFICIENCIES IN THE
MAINTENANCE OF CAPITAL ASSET RECORDS**
(Internal Control – Material Weakness Under *Government
Auditing Standards*)

During our examination of capital asset records, we noted certain assets that were omitted, items that were disposed of and not removed, and depreciation that was not properly calculated. Also, assets and their related depreciation were not properly classified by function. We presented net adjustments of \$1,131,381 for capital assets and depreciation of \$14,414 for the discretely presented School Department to county officials for their approval and posting to the capital asset records for proper presentation in the financial statements of this report. This deficiency exists due to a lack of management oversight. Generally accepted accounting principles require accountability for all School Department-owned assets, such as equipment, furniture, and vehicles. Without accurate inventory records, the School Department cannot adequately control its assets.

RECOMMENDATION

Policies and procedures should be implemented to ensure that capital assets are accurately posted to, removed from, and properly classified and depreciated in the capital asset records.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Management is taking steps to ensure a resolution. Currently, we are exploring long-term solutions to manage this requirement in an effective and efficient manner

FINDING 2013-007

MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION
(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2013, general ledger account balances in the General Purpose School Fund were not materially correct, and audit adjustments totaling \$8,068,616 were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require the School Department to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the department's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

The School Department should have appropriate processes in place to ensure that its general ledgers are materially correct.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Management has determined that this was an isolated incident. Adequate processes are in place to ensure general ledger balances are reasonably represented.

FINDING 2013-008

THE ACTUAL BEGINNING FUND BALANCE OF THE GENERAL PURPOSE SCHOOL FUND DIFFERED FROM THE ESTIMATED BEGINNING FUND BALANCE BY A MATERIAL AMOUNT

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

The General Purpose School Fund's actual beginning fund balance of \$5,439,564 at July 1, 2012, differed from the estimated beginning fund balance of \$3,744,021 by \$1,695,543. Sound business practices dictate that realistic estimates of beginning fund balances should be presented to the County Commission during the budget process. This deficiency is due to management's failure to properly estimate the actual ending fund balance for June 30, 2012, and resulted in a materially inaccurate estimate of beginning fund balance.

RECOMMENDATION

The estimate of beginning fund balance should be made on a more realistic basis to provide county officials with accurate information to base funding decisions. The estimated beginning fund balance should be amended during the year when it becomes apparent that the original estimate varies from the actual by a material amount.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Management submitted fund balance estimates with every version of the budget submitted. Management agrees that the above recorded fund balance estimate of \$3,744,021 was unreasonable. We do not know the source of this number and do not believe that this estimate was provided by our management.

FINDING 2013-009

FUND BALANCE WAS NOT CLASSIFIED PROPERLY

(Noncompliance Under *Government Auditing Standards*)

The School Department did not attempt to analyze revenues and expenditures in all funds for fund balance classifications as required by Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. An analysis of fund balance classifications is necessary to determine the ranking based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. Fund balance classifications at June 30, 2013, were determined by alternative auditing procedures. The failure to properly classify fund equity was the result of a lack of management oversight.

RECOMMENDATION

Officials should determine all fund balance classifications each June 30.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Management is taking steps to ensure resolution. Though general ledger adjustments were prepared for GASB 54 compliance, it appears that a technical glitch prevented the entries from posting properly. Management is currently upgrading the general ledger software program, which should prevent this from happening in the future.

OFFICE OF TRUSTEE

FINDING 2013-010

THE TRUSTEE DID NOT REQUIRE A DEPOSITORY TO ADEQUATELY COLLATERALIZE FUNDS (Noncompliance Under *Government Auditing Standards*)

The trustee did not require one depository holding county funds to pledge sufficient securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2013, deposits exceeded FDIC coverage and collateral securities pledged by \$441,859. Section 5-8-201, *Tennessee Code Annotated*, provides for county officials to require any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of such county funds. This deficiency is the result of a lack of management oversight. The failure to adequately collateralize funds could result in a loss for the county.

RECOMMENDATION

The trustee should require all depositories to pledge sufficient securities to protect county funds exceeding FDIC coverage as required by state statute.

MANAGEMENT'S RESPONSE – TRUSTEE

After contacting the bank, officials reviewed the pledge of securities they made to collateralize funds. It appears that on June 30, 2013, they may have been deficient in the amount of securities, which were pledged to secure deposits from Cheatham County. According to a letter we received from the bank, the face value of all of said pledged securities was more than adequate for deposit collateralization standards, and some of the securities experienced a decline in market value as a result of the turmoil in the bond market, which occurred during this time frame. The market value of the pledged securities has increased since June 30, 2013.

The bank has pledged additional securities in order to insure against any future collateralization gap in securities pledged against Cheatham County deposits. Also, each month a report will be transmitted electronically to my office to help us monitor the market value of pledged securities.

BEST PRACTICE

CHEATHAM COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

Cheatham County does not have a central system of accounting, budgeting, and purchasing for all departments. Cheatham County operates under the provisions of the Fiscal Control Acts of 1957. These acts provide for a central system of accounting, budgeting, and purchasing covering all funds administered by the county mayor and road superintendent, but exclude the School Department. Sound business practices dictate that establishing a central system for all departments would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

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

There were no findings and questioned costs for federal awards.

**CHEATHAM COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2013**

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