



**ANNUAL FINANCIAL REPORT
SUMNER COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2013



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FOR THE YEAR ENDED JUNE 30, 2013

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

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

Scope

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

Results

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

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

Findings and Best Practice

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

OFFICES OF COUNTY EXECUTIVE AND DIRECTOR OF FINANCE

- ◆ Both Sumner County and the City of Hendersonville claim ownership of the Hendersonville Library.
- ◆ A Construction and Development Department employee abused the use of a county issued cellular phone.
- ◆ The Construction and Development Department had deficiencies in the collection of adequate facilities taxes.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ A cash shortage of \$10,762 existed in the School Department at June 30, 2013.
 - ◆ Inventory records were not properly maintained for some assets purchased with federal funds.
-

BEST PRACTICE

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

INTRODUCTORY SECTION

Sumner County Officials
June 30, 2013

Officials

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

Board of County Commissioners

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

Board of Education

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

(Continued)

Sumner County Officials (Cont.)

Financial Management Committee

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

Steve Graves
Bob Pospisil
Kirk Moser

Audit Committee

Frank Freels, Chairman
Steve Graves
Merrol Hyde

Jerry Stone
Bob Pospisil

FINANCIAL SECTION



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

Independent Auditor's Report

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

To the County Executive 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 Sumner 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 Sumner County Regional Airport Authority, which represent 4.3 percent, 5.6 percent, and 2.5 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units; and the Resource Authority in Sumner County, which represent 1.1 percent, .7 percent, and 1.9 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the

amounts included for the Sumner County Regional Airport Authority and the Resource Authority in Sumner County, is based solely on the reports 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 reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sumner County, Tennessee, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons 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.9. in the financial statements, which describes a restatement of the beginning balance of the government-wide financial statements totaling \$756,038. 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., Sumner 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. Sumner 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16-35 and the schedule of funding progress – pension plan(s) and other postemployment benefit(s) plan(s) on pages 115-117 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 Sumner County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and General Capital Projects funds, combining and individual fund financial statements of the Sumner County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and General Capital Projects funds, combining and individual fund financial statements of the Sumner 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 by us. In our opinion, based on our

audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and General Capital Project funds, combining and individual fund financial statements of Sumner 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 January 3, 2014, on our consideration of Sumner 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 Sumner County's internal control over financial reporting and compliance.

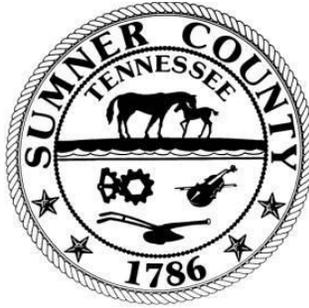
Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 3, 2014

JPW/sb



Management's Discussion and Analysis For Sumner County, Tennessee

As management for Sumner County, Tennessee, we offer readers, of Sumner County Government's financial statements, this narrative overview and analysis of the financial activities of Sumner County Government for the fiscal year ended June 30, 2013. In addition, this discussion and analysis includes an overall view of the discretely presented component unit (DPCU), the Sumner County School Department. A separate set of financial statements is not issued for the Sumner County School Department. The intent of this discussion and analysis is to look at the county's and the discretely presented Sumner County School Department's financial performance as a whole.

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

FINANCIAL HIGHLIGHTS

- ❖ The assets and deferred outflows of resources of the Sumner County Government exceeded its liabilities and deferred inflows at the close of the fiscal year by approximately \$20 million. However, it should be noted that the financial statements of the Sumner County Government include debt in excess of \$127 million attributable to the Sumner County Board of Education. The discretely presented Sumner County School Department's assets exceeded its liabilities and deferred inflows by approximately \$209 million at June 30, 2013.
- ❖ The primary government's total net assets increased by approximately \$11 million. The discretely presented Sumner County School Department's net assets decreased by approximately \$6.5 million.
- ❖ As of the close of the fiscal year, Sumner County's governmental funds reported approximately \$76 million of total fund balances; this is an approximate increase of \$28.4 million from the previous fiscal year. This increase is the result of the issuance of long-term bonds to provide resources for certain projects to begin in the near future. The discretely

presented Sumner County School Department's governmental funds reported approximately \$21.4 million of total fund balances; this is an approximate increase of \$3.6 million from the previous fiscal year. This increase is primarily the result of local revenues received in excess of budget due to the local recovery, Basic Education Program (BEP) revenues received in excess of budget due to more than anticipated BEP growth, and unspent appropriations.

- ❖ At the end of the current fiscal year, the unassigned fund balance of the General Fund was approximately \$9.3 million, or 19 percent, of the General Fund's annual budgetary expenditures (including other uses). The unassigned fund balance of the discretely presented Sumner County School Department's General Purpose School Fund was approximately \$15.7 million, or eight percent, of the fund's annual budgetary expenditures (including other uses).
- ❖ Sumner County Government's total outstanding long-term debt increased by approximately \$21.6 million during the current fiscal year due to the issuance of long-term bonds. Capital leases paid by the discretely presented Sumner County School Department for the primary government decreased by \$35,552 during the current fiscal year due to the payment of matured debt.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of Sumner County's and the discretely presented Sumner County School Department's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents financial information on all of Sumner County's and the discretely presented Sumner County School Department's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Sumner County and the discretely presented Sumner County School Department is improving or deteriorating.

The Statement of Activities presents information showing how Sumner County's and the discretely presented Sumner County School Department's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus,

revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Sumner County maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Highway/Public Works, General Debt Service, and General Capital Projects funds, all of which are considered to be major funds. Data from the other three governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The discretely presented Sumner County School Department maintains two individual governmental funds: the General Purpose School and School Federal Projects funds.

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

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

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

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

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the county's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Sumner County maintains one type of fiduciary fund. This fiduciary fund is an agency fund. This agency fund reports resources held by the county in a custodial capacity for individuals, private organizations, and other governments.

The basic fiduciary fund financial statement can be found in Exhibit E.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning Sumner County's and the discretely presented Sumner County School Department's progress in funding its obligation to provide pension and OPEB benefits to its employees. A table of contents has been provided to locate this information.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the Sumner County Government, assets and deferred outflows exceeded liabilities and deferred inflows by \$20,354,204 at the close of its most recent fiscal year. The constitution for the State of Tennessee allows only the local legislative body to issue debt. Therefore, whenever the Sumner County Board of Education requires the issuance of debt to fund major capital projects or equipment purchases, the related debt must be issued by the Sumner County Government. At the end of the current fiscal year, Sumner County had outstanding debt related to the Sumner County Board of Education of \$127,237,552. The related assets for this debt are reported on the Statement of Net Position under component units in the column "Sumner County School Department." The discretely presented Sumner County School Department's assets exceeded its liabilities and deferred inflows at June 30, 2013, by \$208,539,489.

Sumner County Government's and the Discretely Presented Sumner County School Department's Net Position

	Sumner County Primary Government Governmental Activities	
	June 30, 2013	June 30, 2012
Assets:		
Current and Other Assets	\$ 119,098,313	\$ 86,730,269
Capital Assets	<u>87,948,783</u>	<u>84,704,197</u>
Total Assets	<u>\$ 207,047,096</u>	<u>\$ 171,434,466</u>
Deferred Outflow of Resources:		
Deferred Charges on Refunding	<u>\$ 7,245,569</u>	<u>\$ 8,547,391</u>
Total Deferred Outflow of Resources	<u>7,245,569</u>	<u>8,547,391</u>
Liabilities:		
Long-term Liabilities Outstanding	\$ 142,968,631	\$ 121,415,311
Other Liabilities	<u>17,592,732</u>	<u>16,322,694</u>
Total Liabilities	<u>\$ 160,561,363</u>	<u>\$ 137,738,005</u>
Deferred Inflow of Resources:		
Deferred Current Property Taxes	<u>\$ 33,377,098</u>	<u>\$ 33,002,773</u>
Total Deferred Inflow of Resources	<u>\$ 33,377,098</u>	<u>\$ 33,002,773</u>
Net Position:		
Net Investment in Capital Assets	\$ 83,440,467	\$ 80,148,821
Restricted	48,014,395	22,594,739
Unrestricted	<u>(111,100,658)</u>	<u>(93,502,481)</u>
Total Net Position	<u>\$ 20,354,204</u>	<u>\$ 9,241,079</u>

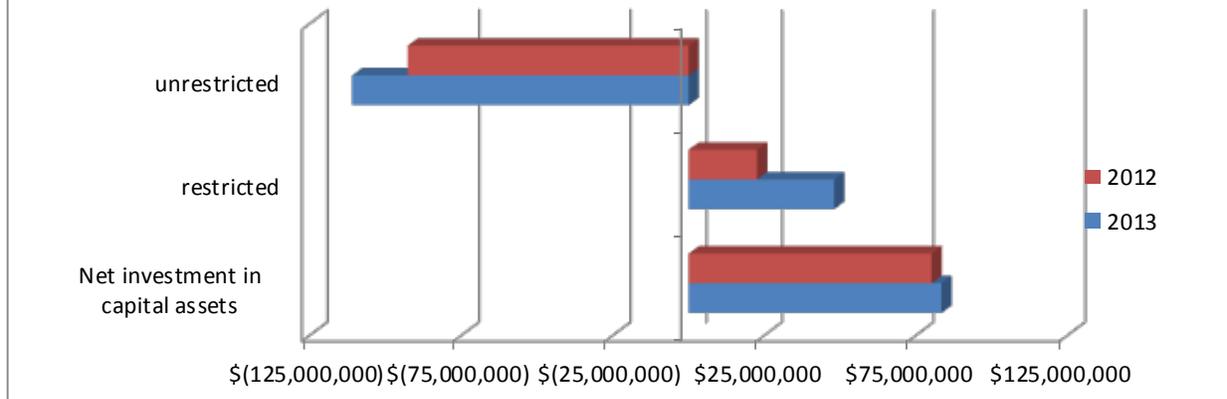
Sumner County School Department
Governmental Activities

	June 30, 2013	June 30, 2012
Assets:		
Current and Other Assets	\$ 74,751,320	\$ 70,248,968
Capital Assets	<u>219,187,682</u>	<u>225,736,194</u>
Total Assets	<u>\$ 293,939,002</u>	<u>\$ 295,985,162</u>
Liabilities:		
Long-term Liabilities Outstanding	\$ 33,711,192	\$ 29,006,473
Other Liabilities	<u>1,558,622</u>	<u>2,357,149</u>
Total Liabilities	<u>\$ 35,269,814</u>	<u>\$ 31,363,622</u>
Deferred Inflow of Resources:		
Deferred Current Property Taxes	<u>\$ 50,129,699</u>	<u>\$ 49,567,493</u>
Total Deferred Inflow of Resources	<u>\$ 50,129,699</u>	<u>\$ 49,567,493</u>
Net Position:		
Net Investment in Capital Assets	\$ 219,187,682	\$ 225,589,357
Restricted	5,458,437	6,749,968
Unrestricted	<u>(16,106,630)</u>	<u>(17,285,278)</u>
Total Net Position	<u>\$ 208,539,489</u>	<u>\$ 215,054,047</u>

By far, the largest portion of Sumner County Government's and the discretely presented Sumner County School Department's net position, \$83,440,467 and \$219,187,682, respectively, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. Sumner County and the discretely presented Sumner County School Department use these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the county's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

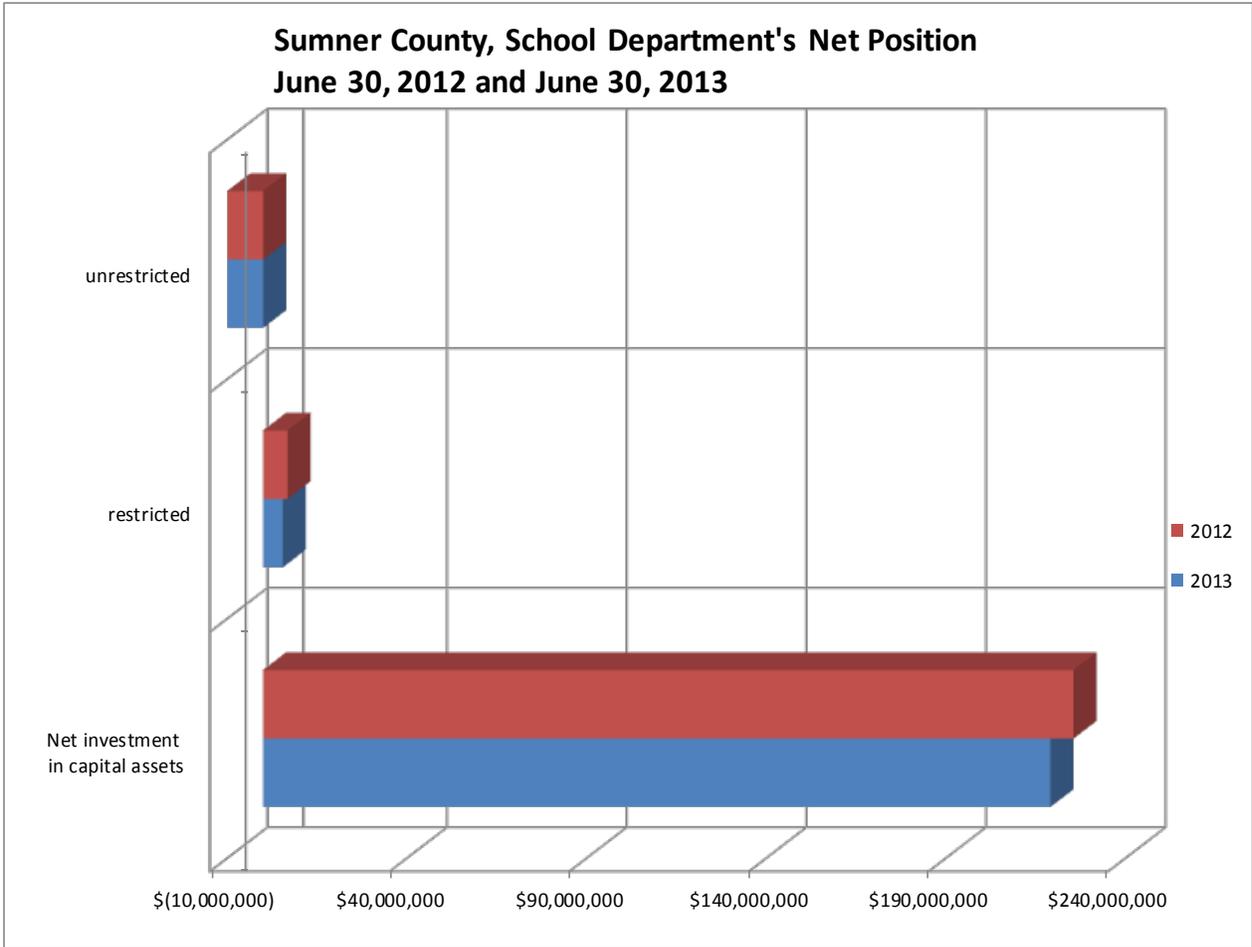
An additional portion of Sumner County's and the discretely presented Sumner County School Department's net position, \$48,014,395 and \$5,458,437, respectively, represents resources that are subject to external restrictions on how it may be used. The remaining balances of (\$111,100,658) and (\$16,106,630), respectively, are unrestricted deficits.

Sumner County, Tennessee's Net Position June 30, 2012 and June 30, 2013



Sumner County's total net position increased by \$10,357,087 from the previous fiscal year. The reasons for this overall increase are primarily the result of the following.

- The beginning balance was adjusted downward by \$58,731 for the reclassification of the District Attorney General Fund from a special revenue fund to an agency fund to better reflect the control of these funds by the district attorney general.
- The beginning balance was also adjusted downward by \$756,038 for prior years' debt issuance costs, which previous to the implementation of GASB Statement No. 65 were deferred and amortized over the life of the debt. With the implementation of GASB Statement No. 65, debt issuance costs become period costs.
- Sumner County's Governmental Funds increased by \$28,403,774 from the previous fiscal year. This increase is predominately the result of the issuance of \$30 million of long-term bonds to provide resources for certain projects to begin in the near future.
- Sumner County's internal service fund balance increased by \$3,765,084 primarily as the result of a \$3 million transfer to liquidate a fund deficit.
- Sumner County Primary Government's long-term bonded debt increased by \$21,660,000 (\$24,341,112 when net of deferred amount on advance refunding and change in premium on debt issuance) due to the aforementioned \$30 million issuance of long-term bonds less payments of \$8,340,000 of long-term debt.
- Capital assets net increase totaled \$3,244,586.



The discretely presented Sumner County School Department's net position decreased by \$6,514,558 from the previous year. This change was primarily the result of a net decrease in capital assets of \$6,548,112; an increase in other postemployment benefits (OPEB) liability of \$4,751,859; and an increase in governmental funds' balances of \$3,621,189.

Sumner County Government's and the Discretely Presented Sumner County School Department's Changes in Net Position

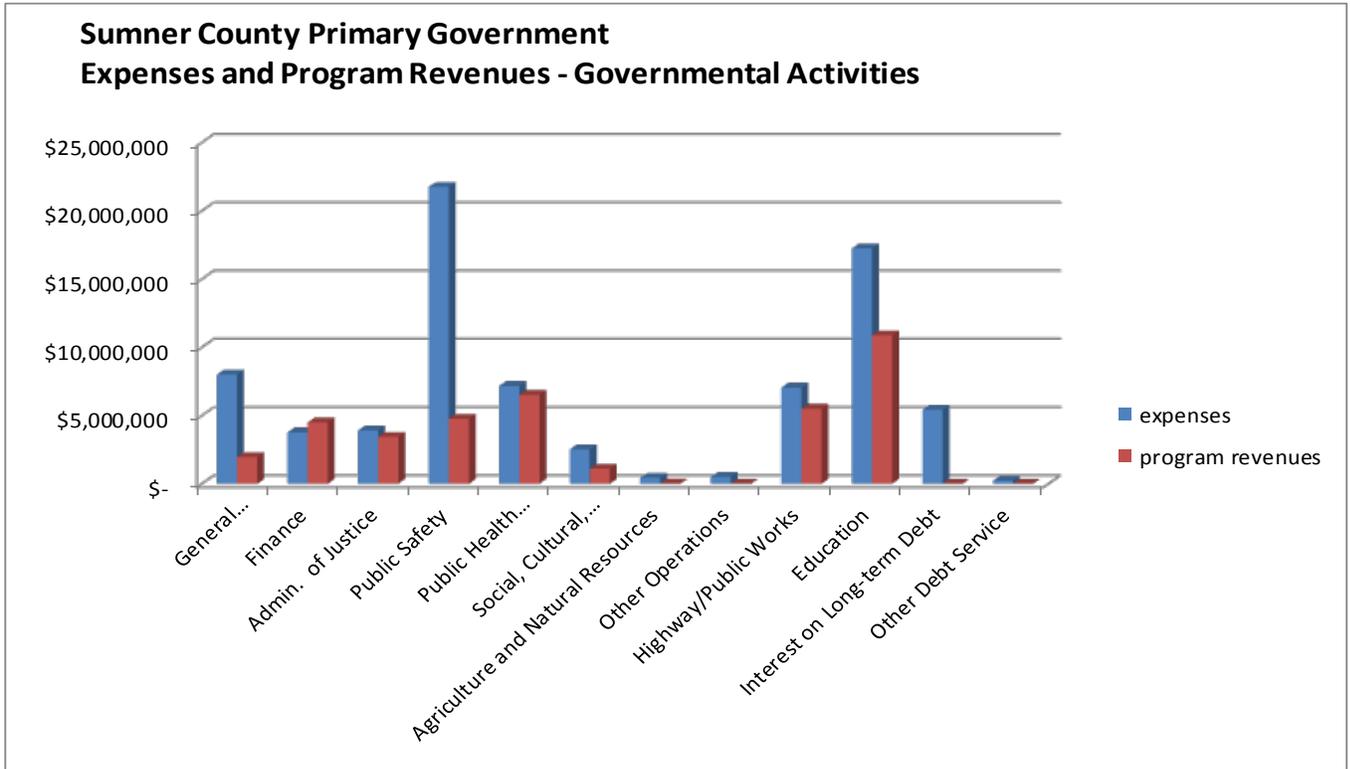
	Sumner County Primary Government Governmental Activities	
	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2012
Revenues:		
Program Revenues:		
Charges for Services	\$ 30,390,606	\$ 29,092,095
Operating Grants and Contributions	4,782,196	4,974,493
Capital Grants and Contributions	3,439,133	1,813,468
General Revenues:		
Property Tax	33,279,723	33,239,492
Local Option Sales Tax	6,660,398	6,296,987
Wheel Tax	1,846,415	1,815,438
Interstate Telecommunications Tax	6,193	4,298
Business Tax	1,691,358	1,379,917
Adequate Facilities/Development Tax	1,609,703	1,065,258
Hotel/Motel Tax	432,542	403,430
Wholesale Beer Tax	579,185	519,008
Litigation Tax	562,185	599,451
Mineral Severance Tax	84,815	136,627
Beer Privilege Tax	2,161	2,074
Grants and Contributions Not Restricted to Specific Programs	3,197,534	2,924,984
Unrestricted Investment Income	355,157	1,029,852
Miscellaneous	157,023	394,407
Total Revenues	<u>\$ 89,076,327</u>	<u>\$ 85,691,279</u>

Sumner County Primary Government
Governmental Activities (Cont.)

	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2012
Expenses:		
General Government	\$ 7,993,873	\$ 8,561,569
Finance	3,760,330	4,174,690
Administration of Justice	3,901,311	3,810,475
Public Safety	21,740,526	18,055,324
Public Health and Welfare	7,165,223	10,249,398
Social, Cultural, and Recreational Services	2,508,807	2,502,676
Agriculture and Natural Resources	429,029	459,221
Other Operations	500,249	475,696
Highways	7,039,144	6,926,934
Education	17,240,209	17,527,836
Interest on Long-term Debt	5,408,947	5,413,968
Other Debt Service	216,823	239,257
Total Expenses	<u>\$ 77,904,471</u>	<u>\$ 78,397,044</u>
Increase (Decrease) in Net Position	\$ 11,171,856	\$ 7,294,235
Net Position - Beginning	9,997,117	2,702,882
Restatement	(756,038)	0
Reclassification	(58,731)	0
Net Position - Ending	<u><u>\$ 20,354,204</u></u>	<u><u>\$ 9,997,117</u></u>

Sumner County School Department
Governmental Activities

	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2012
Revenues:		
Program Revenues:		
Charges for Services	\$ 8,020,135	\$ 8,334,563
Operating Grants and Contributions	19,002,772	20,135,149
Capital Grants and Contributions	6,652,558	5,171,253
General Revenues:		
Property Tax	49,963,524	48,906,636
Local Option Sales Tax	13,321,952	12,647,937
Wheel Tax	4,307,993	4,235,711
Interstate Telecommunications Tax	13,012	8,624
Grants and Contributions Not Restricted to Specific Programs	122,498,980	116,477,463
Miscellaneous	343,780	851,439
Total Revenues	<u>\$ 224,124,706</u>	<u>\$ 216,768,775</u>
Expenses:		
Education	<u>\$ 230,639,264</u>	<u>\$ 231,836,494</u>
Total Expenses	<u>\$ 230,639,264</u>	<u>\$ 231,836,494</u>
Increase (Decrease) in Net Position	\$ (6,514,558)	\$ (15,067,719)
Net Position - Beginning	<u>215,054,047</u>	<u>230,121,766</u>
Net Position - Ending	<u>\$ 208,539,489</u>	<u>\$ 215,054,047</u>

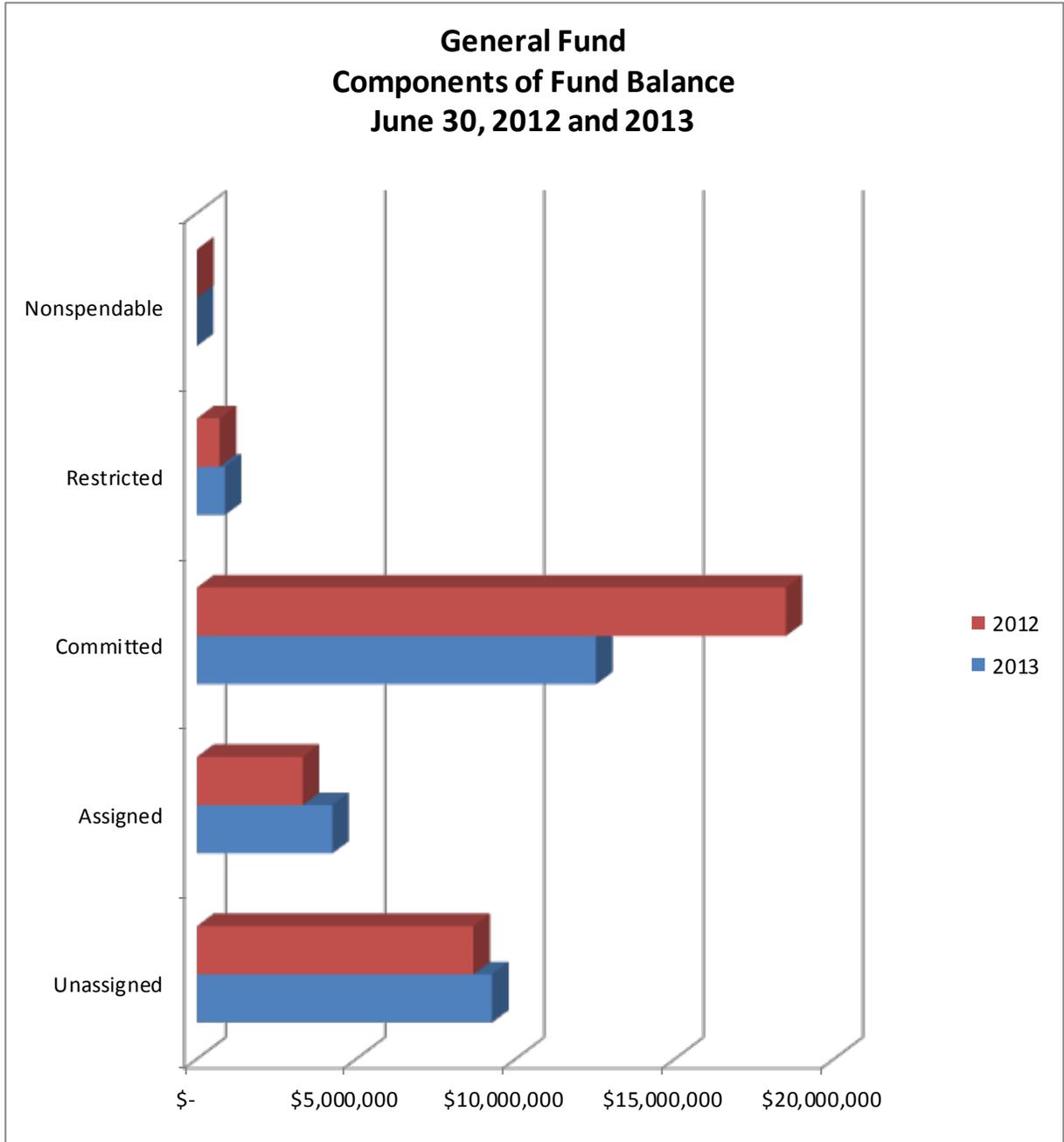


Financial Analysis of the Governmental Funds

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

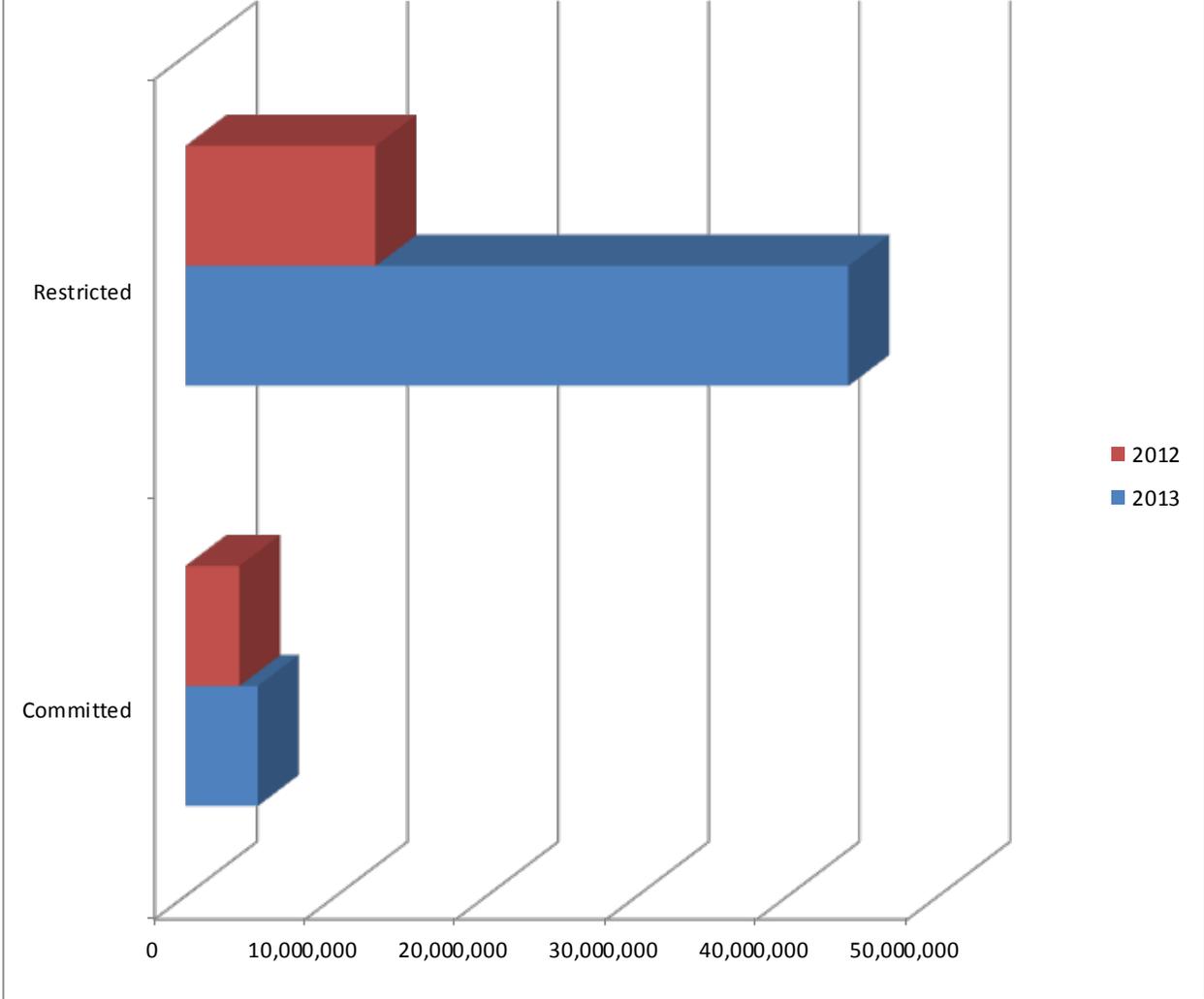
Governmental Funds. The focus of Sumner County’s and the discretely presented Sumner County School Department’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the county’s and the discretely presented Sumner County School Department’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as it represents the portion of fund balance, which has not yet been limited to use for a particular purpose by either an external party, Sumner County, the discretely presented Sumner County School Department, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Sumner County Commission.

At June 30, 2013, Sumner County’s governmental funds reported combined fund balances of \$75,753,679, an increase of \$28,403,774, in comparison with the prior year. Approximately 12 percent of this amount, \$9,260,725, constitutes unassigned fund balance, which is available for spending at the government’s discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is: 1) not in spendable form (\$150); 2) restricted for particular purposes (\$44,903,004); 3) committed for particular purposes (\$17,341,414); or 4) assigned for particular purposes (\$4,248,386).



The General Fund is the chief operating fund of the Sumner County Government. At the end of the current fiscal year, the unassigned fund balance was \$9,260,725, while the total fund balance was \$26,914,864. However, it should be noted that the unassigned fund balance is net of \$4,040,388 assigned (approved) for use in the budget for fiscal year ending June 30, 2014. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 21 percent of total General Fund budgetary expenditures, while total fund balance represents approximately 61.56 percent of that same amount.

**Other Governmental Fund
Components of Fund Balance
June 30, 2012 and 2013**



The fund balances of the county’s General Fund decreased by \$4,287,312 during the current fiscal year. The decrease was primarily the result of the following: a transfer from funds committed for general government (hospital sale proceeds) of \$3,000,000 to the General Capital Projects Fund to purchase an Emergency Response Complex; a transfer from funds committed for general government (hospital sale proceeds) of \$3,000,000 to the Self-Insurance Fund to liquidate a prior-year deficit; and a \$580,788 increase in unassigned fund balance, which is net of \$1,167,836 more assigned (approved) for use in the fiscal year 2014 budget than the 2013 budget. These increases in fund balance of \$1,748,624 are primarily due to an improvement in the local economy, which created revenues in excess of budgeted amounts.

The General Debt Service Fund, a major fund, had a \$1,227,873 increase in fund balance during the current fiscal year. This was primarily the result of a budgeted increase in fund balance of \$337,359, unspent appropriations, and the improvement in the local economy that created revenues in excess of budgeted amounts.

The General Capital Projects Fund, the remaining major governmental fund, had an increase in fund balance during the current fiscal year of \$31,131,942. This increase is essentially the result of the issuance of \$30 million of long-term bonds and the planned accumulation of resources for certain projects to begin in the near future.

General Fund Budgetary Highlights

Original budget compared to final budget. The difference in the original budget's and the final budget's appropriations was an increase of \$8,544,507 compared to the original budget of \$46,762,024. Of this amount, \$7,847,628 was funded from fund balances. Following are the main components of the increase.

- \$150,000 supplemental appropriation to the Law Director's Office for legal/expert fees relating to a lawsuit against Fifth Third Bank and Fifth Third Securities, Inc., in regard to interest rate swap agreements sold in 2007 to the Hendersonville Industrial Development Board. This appropriation was funded from unassigned fund balance.
- \$596,132 of supplemental appropriations to the Sheriff's Office consisting of: \$246,345 for salaries and benefits of additional school resource officers funded from unassigned fund balance; \$330,455 for additional inmate medical treatment costs funded by an estimated increase in state revenues; \$7,000 to the animal control program funded by a donation; \$8,501 for the State Criminal Alien Assistance Program of which \$8,317 was funded by an increase in federal revenues and \$184 of restricted fund balance; \$1,239 for overtime pay reimbursed by the Drug Task Force; and \$2,591 for an All-in-One program funded from restricted fund balance.
- \$1,250,000 supplemental appropriations for library remodeling and additions consisting of \$250,000 to the Westmoreland Library; \$500,000 to Millersville Library; and \$500,000 to the White House Library to be funded from committed for general government (hospital sale proceeds) fund balance.
- \$6,000,000 supplemental appropriations consisting of \$3,000,000 to the General Capital Projects Fund to purchase an Emergency Response Complex and a transfer of \$3,000,000 to the Self-Insurance Fund to liquidate a prior-year deficit. These amounts were funded from committed for general government (hospital sale proceeds) fund balance.
- Various other minor supplemental appropriations funded by increases in estimated revenues or use of fund balances.

Final budget compared to actual results. The most significant differences between estimated revenues and actual revenues were as follows.

<u>Revenue Source</u>	<u>Estimated Revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>
Local Taxes	\$ 21,027,685	\$ 21,702,464	\$ 674,779
Fees Received from County Officials	7,266,500	7,617,741	351,241
State of Tennessee	5,853,161	6,441,220	588,059
Federal Government	2,078,018	1,399,617	(678,401)

The revenues in excess of budget in local taxes and fees received from officials were the result of a stronger than anticipated local recovery and the continued geographical redistribution of wholesale and retail sales from Davidson County to Sumner County. Revenues in excess of budget in the State of Tennessee were the result of an influx of state prisoners and an increase in the daily reimbursement rate, which resulted in \$517,295 of excess revenues. The shortfall in Federal Government revenues was the result of grants that were budgeted and not spent and amounts that were not received in time for accrual (i.e., received in excess of 60 days after the end of the fiscal year).

This year's \$5,587,543 of unspent appropriations was primarily the result of the following factors.

- Approximately \$2.3 million of unspent appropriations for various unfilled or under-filled positions (including benefits)
- \$711,107 of unspent grant appropriations
- \$1,243,100 of unspent appropriations for library remodeling and additions
- \$164,445 of unspent appropriations for the Construction and Development Department's TDEC compliance
- \$117,368 of unspent appropriations for housing of incarcerated juveniles
- \$97,281 of unspent appropriations for utilities (not inclusive of telephones)

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

The differences in the original budget's and the final budget's appropriations, including other uses, increased by \$2,824,951, compared to the original budget of \$206,960,112. All of this increase was funded by increases in revenues.

Capital Assets and Debt Administration

Primary Government

Sumner County's investment in capital assets, net of accumulated depreciation, as of June 30, 2013, was \$87,948,783. This net investment in capital assets includes land, construction in progress, intangibles, buildings, building improvements, machinery and equipment, roads, and bridges. The total increase in the county's investment in capital assets for the fiscal year was \$3,244,586.

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

- Land increased by \$240,759. This increase consists of \$240,749 for land purchased for the Emergency Response Complex and \$10 for land for the Westmoreland Library addition.
- Work-in-progress increased by \$1,355,507. Increases included \$168,151 for the Enterprise Resource Planning system; \$31,500 for the jail remodeling project; \$104,994 for the Douglass-Clark House project; and \$1,152,802 for the Station Camp Greenway. Decreases included \$101,940 for three ambulance chassis that were built into ambulances in the fall of 2012.
- Buildings and building improvements increases totaled \$2,888,533. Increases included \$2,768,610 for the purchase of the Emergency Response Complex; \$9,825 for a camera system and \$51,397 for a phone system for the Sumner County Administration Building; and \$58,701 for a boiler at the Courthouse. Building and building improvement depreciation expenses totaled \$2,253,515 for the fiscal year.
- The infrastructure's gross increase consists of \$2,680,625 of road and bridge improvements; \$1,478,669 of adopted roads; \$114,699 of road increases and \$60,732 of bridge increases for amounts that were omitted in the prior fiscal year; and less road surfacing completely depreciated of \$1,427,797. Depreciations gross increase consists of depreciation of \$3,076,856, plus \$5,397 of prior-year errors, less road surfacing completely depreciated of \$1,427,797.
- Intangible assets increased by \$55,000 for software purchases. The amortization was \$119,060.
- Depreciable equipment totaling \$1,214,135 was purchased during the year. Disposals of depreciable equipment totaled \$186,577, with associated accumulated depreciation of \$176,255. Depreciation for equipment totaled \$1,364,103. The beginning balance of Other Capital Assets and accumulated depreciation of Other Capital Assets were decreased by \$188,122 and \$173,333, respectively, for a duplicate entry in a prior fiscal year.

Sumner County's Capital Assets

	Historical Value	Accumulated Depreciation	Net Value June 30, 2013
Land	\$ 3,919,502	\$ 0	\$ 3,919,502
Construction in Progress	2,604,688	0	2,604,688
Buildings and Improvements	62,696,278	(20,535,108)	42,161,170
Other Capital Assets	17,166,614	(11,606,752)	5,559,862
Intangibles (depreciated)	641,135	(431,709)	209,426
Roads and Bridges	<u>63,692,375</u>	<u>(30,198,240)</u>	<u>33,494,135</u>
Total Values	<u>\$ 150,720,592</u>	<u>\$ (62,771,809)</u>	<u>\$ 87,948,783</u>

Discretely Presented Sumner County School Department

The discretely presented Sumner County School Department's investment in capital assets, net of accumulated depreciation, as of June 30, 2013, was \$219,187,682. This investment in capital assets includes land, buildings, building improvements, machinery, and equipment. The total decrease in investment in capital assets for the fiscal year was \$6,548,512.

Sumner County School Department's Capital Assets

	Historical Value	Accumulated Depreciation	Net Value June 30, 2013
Land	\$ 8,362,299	\$ 0	\$ 8,362,299
Construction in Progress	1,617,368	0	1,617,368
Buildings and Improvements	376,579,534	(175,099,995)	201,479,539
Other Capital Assets	<u>25,512,845</u>	<u>(17,784,369)</u>	<u>7,728,476</u>
Total Values	<u>\$ 412,072,046</u>	<u>\$ (192,884,364)</u>	<u>\$ 219,187,682</u>

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

Long-term Debt

At the end of the current fiscal year, Sumner County had long-term debt totaling \$136,886,285, of which, \$136,775,000 is to be paid by the General Debt Service Fund. This is an increase in long-term debt of \$21,624,448 from the previous fiscal year. All debt is backed by the full faith and credit of the county.

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

Sumner County's Outstanding Long-term Debt

<u>Issued For</u>	<u>Sumner County Board of Education</u>	<u>Sumner County Primary Government</u>	<u>Total Debt</u>
Bond - Refunding	\$ 100,495,000	\$ 0	\$ 100,495,000
General Obligation Series 2010	1,842,552	4,437,448	6,280,000
General Obligation Series 2013	24,900,000	5,100,000	30,000,000
Capital Leases - Paid by General Purpose School Fund	111,285	0	111,285

Economic Factors and Next Year's Budgets and Rates

On June 24, 2013, Sumner County adopted a budget for the fiscal year ending June 30, 2014. Many factors were considered when adopting this budget.

Sumner County's unemployment rate as of June 30, 2013, was seven percent (not seasonally adjusted) compared to the June 30, 2012, rate of 7.3 percent (not seasonally adjusted) and the June 30, 2011, rate of 8.2 percent (not seasonally adjusted). Sumner County's unemployment rate for June 2013 was lower than the State of Tennessee's as a whole at 8.8 percent (not seasonally adjusted).

The Sumner County Commission is committed to maintaining a projected unassigned fund balance of at least \$7 million in the General Fund, after subtracting any restricted, committed, or assigned amounts. The projected balance in the General Fund's approved budget for the 2014 fiscal year, after subtracting all projected restricted, committed, or assigned amounts, is \$7,016,888.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Governmental Activities	Component Units		
		Sumner County School Department	Sumner County Regional Airport Authority	The Resource Authority in Sumner County, Tennessee
<u>ASSETS</u>				
Cash	\$ 116,234	\$ 7,550	\$ 322,041	\$ 318,975
Equity in Pooled Cash and Investments	77,061,757	19,937,999	0	0
Accounts Receivable	2,246,848	150,212	0	732,402
Allowance for Uncollectibles	(1,399,231)	0	0	0
Property Taxes Receivable	34,935,993	52,471,034	0	0
Allowance for Uncollectible Property Taxes	(965,975)	(1,450,816)	0	0
Notes Receivable - Long-term	1,463,102	0	0	0
Accrued Interest Receivable	21,381	0	0	0
Due from Other Governments	5,506,769	3,619,579	0	16,854
Due from Component Units	111,285	0	0	0
Prepaid Items	150	0	15,318	0
Cash Shortage	0	15,762	0	0
Capital Assets:				
Assets Not Depreciated:				
Land	3,919,502	8,362,299	2,139,676	307,491
Construction in Progress	2,604,688	1,617,368	3,251,246	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	42,161,170	201,479,539	7,246,937	1,724,388
Other Capital Assets	5,559,862	7,728,476	213,899	189,549
Infrastructure	33,494,135	0	0	0
Intangibles	209,426	0	0	0
Other Noncurrent Assets	0	0	5,451	0
Total Assets	<u>\$ 207,047,096</u>	<u>\$ 293,939,002</u>	<u>\$ 13,194,568</u>	<u>\$ 3,289,659</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charge on Refunding	\$ 7,245,569	\$ 0	\$ 0	\$ 0
Total Deferred Outflows of Resources	<u>\$ 7,245,569</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 1,228,113	\$ 964,147	\$ 0	\$ 274,321
Contracts Payable	427,178	0	0	0
Retainage Payable	2,365	0	122,150	0
Accrued Payroll	59,107	0	0	0
Accrued Interest Payable	484,728	0	0	0
Claims and Judgments Payable	0	8,439	0	0
Due to Litigants, Heirs, and Others	200	0	0	0
Payroll Deductions Payable	287	0	0	0
Due to Primary Government	0	111,285	0	0
Customer Deposits Payable	0	89,654	0	0
Other Current Liabilities	0	0	0	64,137
Noncurrent Liabilities:				
Due Within One Year	15,390,754	385,097	42,901	75,237
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	142,968,631	33,711,192	594,700	1,320,103
Total Liabilities	<u>\$ 160,561,363</u>	<u>\$ 35,269,814</u>	<u>\$ 759,751</u>	<u>\$ 1,733,798</u>

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Units		
		Sumner County School Department	Sumner County Regional Airport Authority	The Resource Authority in Sumner County, Tennessee
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 33,377,098	\$ 50,129,699	\$ 0	\$ 0
Total Deferred Inflows of Resources	\$ 33,377,098	\$ 50,129,699	\$ 0	\$ 0
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 83,440,467	\$ 219,187,682	\$ 12,092,007	\$ 2,126,930
Restricted for:				
Capital Projects	29,956,249	0	0	0
Debt Service	14,278,431	0	0	0
Highway/Public Works	2,713,987	0	0	0
General Government	217,443	0	0	0
Finance	25,880	0	0	0
Administration of Justice	546,909	0	0	0
Public Safety	231,942	0	0	0
Social, Cultural, and Recreational Services	29,781	0	0	0
Education	0	5,458,437	0	0
Other Purposes	13,773	0	122,552	0
Unrestricted	(111,100,658)	(16,106,630)	220,258	(571,069)
Total Net Position	\$ 20,354,204	\$ 208,539,489	\$ 12,434,817	\$ 1,555,861

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

Exhibit B

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues				Primary Government		Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Summer County School Department	Summer County Regional Airport Authority	The Resource Authority in Summer County, Tennessee		
Primary Government:										
General Government	\$ 7,993,873	\$ 1,895,697	\$ 57,234	\$ 0	\$ (6,040,942)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	3,760,330	4,488,049	0	0	727,719	0	0	0	0	0
Administration of Justice	3,901,311	3,426,971	9,000	0	(465,340)	0	0	0	0	0
Public Safety	21,740,526	3,691,335	516,416	552,160	(16,980,615)	0	0	0	0	0
Public Health and Welfare	7,165,223	5,476,116	1,007,365	22,422	(659,320)	0	0	0	0	0
Social, Cultural, and Recreational Services	2,508,807	67,724	144,391	881,906	(1,414,786)	0	0	0	0	0
Agriculture and Natural Resources	429,029	7,200	0	3,456	(418,373)	0	0	0	0	0
Other Operations	500,249	0	0	0	(500,249)	0	0	0	0	0
Highway/Public Works	7,039,144	468,231	3,047,790	1,979,189	(1,543,934)	0	0	0	0	0
Education	17,240,209	10,869,283	0	0	(6,370,926)	0	0	0	0	0
Interest on Long-term Debt	5,408,947	0	0	0	(5,408,947)	0	0	0	0	0
Other Debt Service	216,823	0	0	0	(216,823)	0	0	0	0	0
Total Primary Government	\$ 77,904,471	\$ 30,390,606	\$ 4,782,196	\$ 3,439,133	\$ (89,292,536)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:										
Summer County School Department	\$ 230,639,264	\$ 8,020,135	\$ 19,002,772	\$ 6,652,558	\$ 0	\$ (196,963,799)	\$ 0	\$ 0	\$ 0	\$ 0
Summer County Regional Airport Authority	714,517	204,221	0	5,660,722	0	0	5,150,426	0	0	0
The Resource Authority in Summer County, Tennessee	4,474,477	4,333,713	87,820	0	0	0	0	(52,944)	0	0
Total Component Units	\$ 235,828,258	\$ 12,558,069	\$ 19,090,592	\$ 12,313,280	\$ 0	\$ (196,963,799)	\$ 5,150,426	\$ (52,944)	\$ 0	\$ 0

(Continued)

Exhibit B

Summer 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	Summer County School Department	Summer County Regional Airport Authority	The Resource Authority in Summer County, Tennessee
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 26,810,541	\$ 49,963,524	\$ 0	\$ 0
Property Taxes Levied for Debt Service				6,469,182	0	0	0
Local Option Sales Tax				6,660,398	13,321,952	0	0
Wheel Tax				1,846,415	4,307,993	0	0
Interstate Telecommunications Tax				6,193	13,012	0	0
Business Tax				1,691,358	0	0	0
Adequate Facilities/Development Tax				1,609,703	0	0	0
Hotel/Motel Tax				432,542	0	0	0
Wholesale Beer Tax				579,185	0	0	0
Litigation Tax				562,185	0	0	0
Mineral Severance Tax				84,815	0	0	0
Beer Privilege Tax				2,161	0	0	0
Grants and Contributions Not Restricted to Specific Programs				3,197,534	122,498,980	0	0
Unrestricted Investment Earnings				355,157	0	4,294	0
Miscellaneous				157,023	343,780	0	0
Total General Revenues				\$ 50,464,392	\$ 190,449,241	\$ 4,294	\$ 0
Change in Net Position				\$ 11,171,856	\$ (6,514,558)	\$ 5,154,720	\$ (52,944)
Net Position, July 1, 2012				9,997,117	215,054,047	7,280,097	1,608,805
Reclassification				(58,731)	0	0	0
Restatement				(756,038)	0	0	0
Net Position, June 30, 2013				\$ 20,354,204	\$ 208,539,489	\$ 12,434,817	\$ 1,555,861

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

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	Governmental Funds	
ASSETS							
Cash	\$ 695	\$ 0	\$ 0	\$ 0	\$ 0	\$ 115,539	\$ 116,234
Equity in Pooled Cash and Investments	24,049,574	2,205,917	10,766,729	35,211,753	423,293	38,484	72,657,266
Accounts Receivable	2,149,087	39,386	14,917	0	0	0	2,241,874
Allowance for Uncollectibles	(1,399,231)	0	0	0	0	0	(1,399,231)
Due from Other Governments	2,922,131	540,344	1,205,667	838,627	0	0	5,506,769
Due from Other Funds	115,439	272,908	0	0	0	0	388,347
Property Taxes Receivable	19,520,383	726,661	9,431,527	5,257,422	0	0	34,935,993
Allowance for Uncollectible Property Taxes	(539,736)	(20,092)	(225,370)	(180,777)	0	0	(965,975)
Prepaid Items	150	0	0	0	0	0	150
Accrued Interest Receivable	166	0	19,948	0	0	0	20,114
Advances to Other Funds	149,935	0	0	0	0	0	149,935
Notes Receivable - Long-term	1,258,102	0	205,000	0	0	0	1,463,102
Total Assets	\$ 48,226,695	\$ 3,765,124	\$ 21,418,418	\$ 41,127,025	\$ 577,316	\$ 115,114,578	

LIABILITIES

Accounts Payable	\$ 715,866	\$ 321,983	\$ 99	\$ 36,190	\$ 11,781	\$ 1,085,919
Accrued Payroll	0	59,107	0	0	0	59,107
Payroll Deductions Payable	96	191	0	0	0	287
Contracts Payable	0	0	0	427,178	0	427,178
Retainage Payable	0	0	0	2,365	0	2,365
Due to Other Funds	2,924	0	0	270,547	115,783	389,254
Due to Litigants, Heirs, and Others	0	0	0	0	200	200
Advances from Other Funds	0	0	0	0	149,935	149,935
Total Liabilities	\$ 718,886	\$ 381,281	\$ 99	\$ 736,280	\$ 277,699	\$ 2,114,245
DEFERRED INFLOWS OF RESOURCES						
Deferred Current Property Taxes	\$ 18,649,355	\$ 694,237	\$ 9,091,199	\$ 4,942,307	\$ 0	\$ 33,377,098
Deferred Delinquent Property Taxes	333,615	12,441	124,963	127,748	0	598,767
Other Deferred/Unavailable Revenue	1,609,975	251,212	614,006	794,290	1,306	3,270,789
Total Deferred Inflows of Resources	\$ 20,592,945	\$ 957,890	\$ 9,830,168	\$ 5,864,345	\$ 1,306	\$ 37,246,654

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds		
FUND BALANCES							
Nonspendable:							
Prepaid Items	\$ 150	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	150
Restricted:							
Restricted for General Government	117,677	0	0	0	99,766	0	217,443
Restricted for Finance	25,880	0	0	0	0	0	25,880
Restricted for Administration of Justice	546,909	0	0	0	0	0	546,909
Restricted for Public Safety	32,091	0	0	0	198,545	0	230,636
Restricted for Social, Cultural, and Recreational Services	29,781	0	0	0	0	0	29,781
Restricted for Highways/Public Works	107,608	2,425,953	0	0	0	0	2,533,561
Restricted for Debt Service	0	0	6,778,621	0	0	0	6,778,621
Restricted for Capital Projects	0	0	0	34,526,400	0	0	34,526,400
Restricted for Other Purposes	13,773	0	0	0	0	0	13,773
Committed:							
Committed for General Government	12,511,655	0	0	0	0	0	12,511,655
Committed for Debt Service	0	0	4,809,530	0	0	0	4,809,530
Committed for Capital Projects	20,229	0	0	0	0	0	20,229
Assigned:							
Assigned for General Government	4,040,388	0	0	0	0	0	4,040,388
Assigned for Finance	5,754	0	0	0	0	0	5,754
Assigned for Administration of Justice	6,347	0	0	0	0	0	6,347
Assigned for Public Safety	144,596	0	0	0	0	0	144,596
Assigned for Public Health and Welfare	5,602	0	0	0	0	0	5,602
Assigned for Social, Cultural, and Recreational Services	45,699	0	0	0	0	0	45,699
Unassigned	9,260,725	0	0	0	0	0	9,260,725
Total Fund Balances	\$ 26,914,864	\$ 2,425,953	\$ 11,588,151	\$ 34,526,400	\$ 298,311	\$ 0	\$ 75,753,679
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 48,226,695	\$ 3,765,124	\$ 21,418,418	\$ 41,127,025	\$ 577,316	\$ 0	\$ 115,114,578

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

Exhibit C-2

Sumner County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net 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)		\$ 75,753,679
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 3,919,502	
Add: construction in progress	2,604,688	
Add: buildings and improvements net of accumulated depreciation	42,161,170	
Add: other capital assets net of accumulated depreciation	5,559,862	
Add: infrastructure net of accumulated depreciation	33,494,135	
Add: intangibles net of accumulated depreciation	209,426	
Less: capital assets of the internal service fund that are also included in item (2) below	<u>(22,716)</u>	87,926,067
(2) An internal service fund is used by management to charge the cost of liability and workers' compensation insurance and employee health and dental benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.		248,290
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (136,775,000)	
Less: capital leases payable	(111,285)	
Add: due from component unit for debt retirement	111,285	
Less: other deferred revenue - premium on debt	(14,274,385)	
Less: accrued interest on bonds	(484,728)	
Less: compensated absences payable	(940,902)	
Less: other postemployment benefits liability	(2,213,942)	
Add: deferred amount on refunding debt	<u>7,245,569</u>	(147,443,388)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>3,869,556</u>
Net position of governmental activities (Exhibit A)		<u>\$ 20,354,204</u>

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

Exhibit C-3

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other			
					Governmental Funds	Governmental Funds		
<u>Revenues</u>								
Local Taxes	\$ 21,702,464	\$ 2,628,262	\$ 14,908,020	\$ 7,597,814	\$ 361,365	\$ 0	\$ 47,197,925	
Licenses and Permits	529,487	0	0	0	0	0	529,487	
Fines, Forfeitures, and Penalties	721,183	0	0	0	17,160	0	738,343	
Charges for Current Services	6,021,612	0	0	0	274,933	0	6,296,545	
Other Local Revenues	840,911	223,692	125,126	0	3,371	0	1,193,100	
Fees Received from County Officials	7,617,741	0	0	0	0	0	7,617,741	
State of Tennessee	6,441,220	3,271,044	8,437	0	0	0	9,720,701	
Federal Government	1,399,617	293,510	0	321,695	0	0	2,014,822	
Other Governments and Citizens Groups	235,830	291,215	41,825	0	0	0	568,870	
Total Revenues	\$ 45,510,065	\$ 6,707,723	\$ 15,083,408	\$ 7,919,509	\$ 656,829	\$ 0	\$ 75,877,534	
<u>Expenditures</u>								
Current:								
General Government	\$ 4,548,529	\$ 0	\$ 0	\$ 0	\$ 521,741	\$ 0	\$ 5,070,270	
Finance	3,976,391	0	0	0	0	0	3,976,391	
Administration of Justice	3,879,395	0	0	0	1,608	0	3,881,003	
Public Safety	17,229,164	0	0	0	52,750	0	17,281,914	
Public Health and Welfare	9,486,728	0	0	0	0	0	9,486,728	
Social, Cultural, and Recreational Services	1,913,360	0	0	0	0	0	1,913,360	
Agriculture and Natural Resources	423,600	0	0	0	0	0	423,600	
Other Operations	2,226,840	0	0	0	0	0	2,226,840	
Highways	6,754	6,462,952	0	0	0	0	6,469,706	
Debt Service:								
Principal on Debt	0	0	8,375,552	0	0	0	8,375,552	
Interest on Debt	0	0	5,263,160	0	6,536	0	5,269,696	
Other Debt Service	0	0	216,823	0	0	0	216,823	
Capital Projects	277,978	0	0	12,361,082	0	0	12,639,060	
Total Expenditures	\$ 43,968,739	\$ 6,462,952	\$ 13,855,535	\$ 12,361,082	\$ 582,635	\$ 0	\$ 77,230,943	
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,541,326	\$ 244,771	\$ 1,227,873	\$ (4,441,573)	\$ 74,194	\$ 0	\$ (1,353,409)	

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds		
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 30,000,000	\$ 0	\$ 0	\$ 30,000,000
Premiums on Debt Issued	0	0	0	2,588,515	0	0	2,588,515
Insurance Recovery	42,474	12,306	0	0	0	0	54,780
Transfers In	128,888	0	0	3,000,000	0	0	3,128,888
Transfers Out	(6,000,000)	0	0	(15,000)	0	0	(6,015,000)
Total Other Financing Sources (Uses)	\$ (5,828,638)	\$ 12,306	\$ 0	\$ 35,573,515	\$ 0	\$ 0	\$ 29,757,183
Net Change in Fund Balances	\$ (4,287,312)	\$ 257,077	\$ 1,227,873	\$ 31,131,942	\$ 74,194	\$ (58,731)	\$ 28,403,774
Reclassification	0	0	0	0	0	282,848	(58,731)
Fund Balance, July 1, 2012	31,202,176	2,168,876	10,360,278	3,394,458			47,408,636
Fund Balance, June 30, 2013	\$ 26,914,864	\$ 2,425,953	\$ 11,588,151	\$ 34,526,400	\$ 298,311	\$	\$ 75,753,679

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

Exhibit C-4

Sumner County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 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)	\$ 28,403,774
(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	\$ 8,256,356
Less: current-year depreciation expense (net of Internal Service Fund depreciation expense)	<u>(6,642,234)</u>
	1,614,122
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.	
Add: assets donated and capitalized	\$ 1,644,181
Less: loss on disposal of capital assets	<u>(10,352)</u>
	1,633,829
(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	\$ (3,255,242)
Add: deferred delinquent property taxes and other deferred June 30, 2013	<u>3,869,556</u>
	614,314
(4) The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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:	
Less: bond proceeds	\$ (30,000,000)
Less: deferred amount on advanced refunding	(1,301,822)
Less: change in premium on debt issuances	(1,379,290)
Less: debt service contributions for principal to primary government	(35,552)
Add: principal payments on bonds	8,340,000
Add: principal payments on capital leases	<u>35,552</u>
	(24,341,112)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Change in accrued interest payable	\$ (46,654)
Change in other postemployment benefits liability	(468,726)
Change in compensated absences payable	<u>(2,775)</u>
	(518,155)
(6) An internal service fund is used by management to charge the cost of liability and workers' compensation insurance and employee health and dental benefits to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities in the statement of activities.	
	<u>3,765,084</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 11,171,856</u>

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

Exhibit C-5

Sumner 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	\$ 21,702,464	\$ 0	\$ 0	\$ 21,702,464	\$ 21,027,685	\$ 21,027,685	\$ 674,779
Licenses and Permits	529,487	0	0	529,487	477,750	477,750	51,737
Fines, Forfeitures, and Penalties	721,183	0	0	721,183	678,520	678,520	42,663
Charges for Current Services	6,021,612	0	0	6,021,612	5,944,600	5,944,600	77,012
Other Local Revenues	840,911	0	0	840,911	660,292	695,466	145,445
Fees Received from County Officials	7,617,741	0	0	7,617,741	7,266,500	7,266,500	351,241
State of Tennessee	6,441,220	0	0	6,441,220	5,401,168	5,853,161	588,059
Federal Government	1,399,617	0	0	1,399,617	1,907,935	2,078,018	(678,401)
Other Governments and Citizens Groups	235,830	0	0	235,830	190,000	214,630	21,200
Total Revenues	\$ 45,510,065	\$ 0	\$ 0	\$ 45,510,065	\$ 43,554,450	\$ 44,236,330	\$ 1,273,735
Expenditures							
General Government							
County Commission	\$ 266,800	\$ 0	\$ 0	\$ 266,800	\$ 291,373	\$ 291,373	\$ 24,573
Board of Equalization	3,443	0	0	3,443	7,500	7,500	4,057
Other Boards and Committees	3,200	0	924	4,124	9,000	9,000	4,876
County Mayor/Executive	272,602	0	0	272,602	278,744	281,393	8,791
County Attorney	536,742	0	0	536,742	391,108	547,108	10,366
Election Commission	706,134	0	0	706,134	780,989	780,990	74,856
Register of Deeds	664,101	0	0	664,101	724,285	724,285	60,184
Building	702,466	0	0	702,466	903,228	911,228	208,762
County Buildings	1,328,287	0	0	1,328,287	1,507,751	1,507,751	179,464
Preservation of Records	64,754	0	0	64,754	66,901	66,937	2,183
Finance							
Accounting and Budgeting	712,458	(4,500)	0	707,958	752,915	752,915	44,957
Property Assessor's Office	661,215	0	0	661,215	689,137	689,137	27,922
Reappraisal Program	687,246	0	0	687,246	637,584	693,584	6,338
County Trustee's Office	455,756	0	5,754	461,510	529,169	529,169	67,659
County Clerk's Office	1,338,850	0	0	1,338,850	1,443,574	1,443,574	104,724

(Continued)

Exhibit C-5

Sumner 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>Finance (Cont.)</u>							
Data Processing	\$ 120,866	\$ 0	\$ 0	120,866	\$ 130,501	\$ 130,501	\$ 9,635
Other Finance	0	0	0	0	203,092	203,092	203,092
<u>Administration of Justice</u>							
Circuit Court	1,429,224	0	0	1,429,224	1,627,847	1,627,847	198,623
General Sessions Judge	285,803	0	0	285,803	289,797	289,797	3,994
Drug Court	248,670	0	0	248,670	206,716	282,067	33,397
Chancery Court	611,465	0	0	611,465	656,359	656,359	44,894
Juvenile Court	489,068	0	0	489,068	515,148	515,148	26,080
District Attorney General	3,600	0	0	3,600	3,600	3,600	0
Judicial Commissioners	330,622	0	0	330,622	326,261	353,411	22,789
Other Administration of Justice	101,612	0	0	101,612	220,757	220,757	119,145
Probation Services	379,331	0	0	379,331	385,256	385,256	5,925
<u>Public Safety</u>							
Sheriff's Department	8,253,903	(7,230)	14,790	8,261,463	8,486,238	8,740,899	479,436
Administration of the Sexual Offender Registry	6,500	0	0	6,500	19,000	19,000	12,500
Jail	7,865,478	0	0	7,865,478	8,201,871	8,540,751	675,273
Juvenile Services	514,996	0	0	514,996	558,815	584,565	69,569
Fire Prevention and Control	2,000	0	0	2,000	2,000	2,000	0
Rural Fire Protection	168,000	0	0	168,000	168,000	168,000	0
Other Emergency Management	418,287	0	118,150	536,437	434,159	552,489	16,052
<u>Public Health and Welfare</u>							
Local Health Center	1,236,229	0	0	1,236,229	1,426,318	1,491,198	254,969
Ambulance/Emergency Medical Services	8,048,202	(20,445)	5,602	8,033,359	8,232,321	8,246,921	213,562
Appropriation to State	197,655	0	0	197,655	197,655	197,655	0
General Welfare Assistance	3,750	0	0	3,750	1,000	3,000	(750)
Aid to Dependent Children	892	0	0	892	1,000	1,000	108
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	260,281	0	0	260,281	286,500	286,500	26,219

(Continued)

Exhibit C-5

Sumner 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>Social, Cultural, and Recreational Services (Cont.)</u>							
Libraries	\$ 1,650,910	\$ 0	\$ 0	\$ 1,650,910	\$ 1,709,455	\$ 1,795,704	\$ 144,794
Other Social, Cultural, and Recreational Agriculture and Natural Resources	2,169	(1,000)	0	1,169	125,109	125,109	123,940
Agriculture Extension Service	371,256	0	0	371,256	410,602	410,602	39,346
Soil Conservation	52,344	0	0	52,344	52,693	52,693	349
<u>Other Operations</u>							
Tourism	350,000	0	0	350,000	350,000	350,000	0
Industrial Development	40,000	0	0	40,000	40,000	40,000	0
Veterans' Services	58,128	0	0	58,128	59,347	59,347	1,219
Other Charges	1,198,608	0	6,347	1,204,955	1,323,273	1,363,406	158,451
Contributions to Other Agencies	282,918	0	0	282,918	252,171	1,282,971	1,000,053
Employee Benefits	46,771	0	0	46,771	160,500	132,850	86,079
ARRA Grant # 2	2,385	0	0	2,385	0	2,591	206
ARRA Grant # 3	28,000	(11,385)	0	16,615	0	72,778	56,163
ARRA Grant # 4	106,141	(106,141)	0	0	0	9,596	9,596
Miscellaneous	113,889	0	0	113,889	129,969	129,969	16,080
<u>Highways</u>							
Traffic Control	6,754	0	0	6,754	0	8,500	1,746
<u>Capital Projects</u>							
Public Health and Welfare Projects	0	(30,000)	30,000	0	470,000	470,000	470,000
Social, Cultural, and Recreation Projects	277,978	(266,316)	15,699	27,361	85,436	262,658	235,297
Total Expenditures	\$ 43,968,739	\$ (447,017)	\$ 197,266	\$ 43,718,988	\$ 46,762,024	\$ 49,306,531	\$ 5,587,543
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	\$ 1,541,326	\$ 447,017	\$ (197,266)	\$ 1,791,077	\$ (3,207,574)	\$ (5,070,201)	\$ 6,861,278
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 42,474	\$ 0	\$ 0	\$ 42,474	\$ 0	\$ 42,324	\$ 150

(Continued)

Exhibit C-5

Sumner 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>Other Financing Sources (Uses) (Cont.)</u>							
Transfers In	\$ 128,888	\$ 0	\$ 0	\$ 128,888	\$ 324,262	\$ 339,261	\$ (210,373)
Transfers Out	(6,000,000)	0	0	(6,000,000)	0	(6,000,000)	0
Total Other Financing Sources	\$ (5,828,638)	\$ 0	\$ 0	\$ (5,828,638)	\$ 324,262	\$ (5,618,415)	\$ (210,223)
Net Change in Fund Balance	\$ (4,287,312)	\$ 447,017	\$ (197,266)	\$ (4,037,561)	\$ (2,883,312)	\$ (10,688,616)	\$ 6,651,055
Fund Balance, July 1, 2012	31,202,176	(447,017)	0	30,755,159	29,506,539	29,506,539	1,248,620
Fund Balance, June 30, 2013	\$ 26,914,864	\$ 0	\$ (197,266)	\$ 26,717,598	\$ 26,623,227	\$ 18,817,923	\$ 7,899,675

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

Exhibit C-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,628,262	\$ 2,635,142	\$ 2,635,142	\$ (6,880)
Other Local Revenues	223,692	72,000	219,250	4,442
State of Tennessee	3,271,044	3,224,066	3,272,166	(1,122)
Federal Government	293,510	140,736	293,508	2
Other Governments and Citizens Groups	291,215	0	353,877	(62,662)
Total Revenues	<u>\$ 6,707,723</u>	<u>\$ 6,071,944</u>	<u>\$ 6,773,943</u>	<u>\$ (66,220)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 183,530	\$ 190,763	\$ 188,543	\$ 5,013
Highway and Bridge Maintenance	3,862,000	3,012,812	4,144,466	282,466
Operation and Maintenance of Equipment	1,060,580	1,249,201	1,177,284	116,704
Quarry Operations	18,524	26,950	26,930	8,406
Litter and Trash Collection	72,455	79,106	79,106	6,651
Other Charges	254,505	251,485	251,615	(2,890)
Employee Benefits	794,703	904,313	853,353	58,650
Capital Outlay	216,655	502,500	219,400	2,745
Total Expenditures	<u>\$ 6,462,952</u>	<u>\$ 6,217,130</u>	<u>\$ 6,940,697</u>	<u>\$ 477,745</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 244,771</u>	<u>\$ (145,186)</u>	<u>\$ (166,754)</u>	<u>\$ 411,525</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 12,306	\$ 0	\$ 3,367	\$ 8,939
Total Other Financing Sources	<u>\$ 12,306</u>	<u>\$ 0</u>	<u>\$ 3,367</u>	<u>\$ 8,939</u>
Net Change in Fund Balance	\$ 257,077	\$ (145,186)	\$ (163,387)	\$ 420,464
Fund Balance, July 1, 2012	2,168,876	1,722,465	1,722,465	446,411
Fund Balance, June 30, 2013	<u>\$ 2,425,953</u>	<u>\$ 1,577,279</u>	<u>\$ 1,559,078</u>	<u>\$ 866,875</u>

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

Exhibit D-1

Sumner County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2013

Governmental
 Activities -
 Internal
 Service Fund

 Self-
 Insurance
 Fund

ASSETS

Current Assets:	
Equity in Pooled Cash and Investments	\$ 4,404,491
Accounts Receivable	4,974
Due from Other Funds	1,134
Accrued Interest Receivable	1,267
Total Current Assets	<u>\$ 4,411,866</u>
Noncurrent Assets:	
Capital Assets:	
Buildings and Improvements Net of Accumulated Depreciation	\$ 22,716
Total Noncurrent Assets	<u>\$ 22,716</u>
Total Assets	<u>\$ 4,434,582</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 142,194
Accrued Leave - Current	7,006
Claims and Judgments Payable	4,036,865
Due to Other Funds	227
Total Current Liabilities	<u>\$ 4,186,292</u>
Total Liabilities	<u>\$ 4,186,292</u>

NET POSITION

Unrestricted	<u>\$ 248,290</u>
Total Net Position	<u>\$ 248,290</u>

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

Exhibit D-2

Sumner County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Position
Proprietary Fund
For the Year Ended June 30, 2013

	Governmental Activities - Internal Service Fund
	<u>Self- Insurance Fund</u>
<u>Operating Revenues</u>	
Charges for Current Services:	
Self-Insurance Premiums/Contributions	\$ 23,135,199
Other Local Revenues	584,651
Total Operating Revenues	<u>\$ 23,719,850</u>
<u>Operating Expenses</u>	
Employee Benefits:	
Risk Management	\$ 1,761,175
Handling Charges and Administrative Costs	776,865
Dental Insurance	79,819
Claims	20,365,042
Depreciation Expense	3,365
Other Charges	30,639
Total Operating Expenses	<u>\$ 23,016,905</u>
Operating Income (Loss)	<u>\$ 702,945</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 38,720
Insurance Recovery	23,419
Total Nonoperating Revenues (Expenses)	<u>\$ 62,139</u>
Income (Loss) Before Transfers	\$ 765,084
Transfers In	<u>3,000,000</u>
Change in Net Position	\$ 3,765,084
Net Position, July 1, 2012	<u>(3,516,794)</u>
Net Position, June 30, 2013	<u>\$ 248,290</u>

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

Exhibit D-3

Sumner County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2013

	<u>Governmental Activities - Internal Service Fund Self Insurance Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 23,156,959
Payments to Suppliers	(776,865)
Claims Paid	(20,569,703)
Other Receipts (Payments)	(1,207,163)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 603,228</u>
<u>Cash Flows from Investing Activities</u>	
Investment Income	\$ 38,720
Net Cash Provided By (Used In) Investing Activities	<u>\$ 38,720</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers from Other Funds	\$ 3,000,000
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 3,000,000</u>
Net Increase (Decrease) In Cash	\$ 3,641,948
Cash, July 1, 2012	<u>762,543</u>
Cash, June 30, 2013	<u><u>\$ 4,404,491</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 702,945
Insurance Recovery	23,419
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Change in Assets and Liabilities:	
Depreciation Expense	3,365
(Increase) Decrease in Accounts Receivable	(4,974)
(Increase) Decrease in Due from Other Funds	(1,133)
(Increase) Decrease in Accrued Interest Receivable	4,448
Increase (Decrease) in Accounts Payable	(109,845)
Increase (Decrease) in Payroll Deductions Payable	7,006
Increase (Decrease) in Due to Other Funds	160
Increase (Decrease) in Claims and Judgments Payable	(22,163)
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 603,228</u></u>

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

Exhibit E

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 5,706,914
Equity in Pooled Cash and Investments	820,903
Accounts Receivable	51,804
Due from Other Governments	<u>3,107,998</u>
Total Assets	<u>\$ 9,687,619</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 3,107,998
Due to State of Tennessee	500,115
Due to Litigants, Heirs, and Others	5,330,101
Due to Joint Ventures	<u>749,405</u>
Total Liabilities	<u>\$ 9,687,619</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

The Sumner County School Department operates the public school system in the county, and the voters of Sumner County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, 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 Sumner County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Sumner County, and the Sumner County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Sumner County Emergency Communications District were not available from other auditors in time for inclusion in this report; however, in our opinion, this omission is not material to the component units' opinion unit.

The Sumner County Regional Airport Authority operates the county's airport facility. The authority is funded primarily through federal and state grants

and leasing fees. Before the issuance of most debt instruments, the authority must obtain the County Commission's approval.

The Resource Authority in Sumner County, Tennessee, provides a solid waste energy recovery plant on behalf of the residents of the county and the cities of Gallatin and Hendersonville. The authority is funded primarily through tipping fees and contributions from the county. Based on GASB Statement No. 61, the authority does not qualify as a discretely presented component unit of the county. Management has determined it would be misleading to exclude the authority; therefore, it is reported as a discretely presented component unit.

The Sumner County Convention and Visitors Bureau was established to advance economic, civic, and general interests related to tourism in Sumner County. Sumner County has not required the Sumner County Convention and Visitors Bureau to have audited financial statements.

The Sumner County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Sumner County Emergency Communications District and the Sumner County Convention and Visitors Bureau were not available in time for inclusion, as previously mentioned. Complete financial statements of the Sumner County Emergency Communications District, the Sumner County Regional Airport Authority, The Resource Authority in Sumner County, Tennessee, and the Sumner County Convention and Visitors Bureau can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

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

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

Sumner County Convention and Visitors Bureau
2310 Nashville Pike
Gallatin, TN 37066

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net 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 Sumner County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Sumner County School Department component unit only reports governmental activities in the government-wide financial statements.

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

Sumner County issues all debt for the discretely presented Sumner County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2013.

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

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

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

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

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

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

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to

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

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

Sumner County reports the following major governmental funds:

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

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

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

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

Additionally, Sumner County reports the following fund types:

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

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

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

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

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

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

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

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

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

1. Deposits and Investments

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

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Sumner County

School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General and General Debt Service funds. Sumner County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit 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. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

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

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

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 a 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.

Most payables are disaggregated on the face of the financial statements. Claims and judgments payable totaling \$4,036,865 are discussed in Note V.A. Risk Management.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. Prepaids are offset in the nonspendable fund balance account in governmental funds.

4. Capital Assets

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

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

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

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

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

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

5. 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 several sources: current property taxes, delinquent property taxes, and various receivables for revenues, which do not meet the revenue recognition criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Compensated Absences

It is the county's and the discretely presented School Department's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the county and the School Department do not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county and the School Department. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

7. Long-term Obligations

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net 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 compensated absences, other postemployment benefits, claims and judgments, termination benefits, and judgments are recognized to the extent that the liabilities have matured (come due for payment) each period.

8. Net Position and Fund Balance

In the government-wide financial statements and the proprietary fund in the fund 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, Sumner County had \$127,237,552 in outstanding debt for capital purposes for the discretely presented Sumner County School Department. This debt is a liability of Sumner County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Sumner County has incurred a liability significantly decreasing its unrestricted net 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 authorized by resolution the county's Budget Committee to make assignments for the general government. The Board of Education makes assignments for the School Department. Assigned fund balance in the General Fund includes fund balance approved for use in the budget for fiscal year ending June 30, 2014, totaling \$4,040,388.

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.

9. 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. An adjustment to beginning net position totaling \$756,038 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

10. Reclassification

In prior years, the District Attorney General Fund was classified as a special revenue fund; however, effective July 1, 2012, this fund has been reclassified as an agency fund to better reflect the control of these funds by the district attorney general.

11. Prior-period Adjustments

The General Purpose School and School Federal Projects funds were both restated \$432,933 from the prior-year because grant funds were receipted into the wrong fund.

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 Sumner County School Department

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

Exhibit J-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net 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. All annual appropriations lapse at fiscal year end.

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

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

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

At June 30, 2013, Sumner County reported the following significant encumbrances:

Fund	Description	Amount
Major Fund:		
General Capital Projects	Waterline Construction	\$ 512,509
"	Douglass-Clark House	208,173

B. Cash Shortages – Prior- and Current Years

The audit of Sumner County for the 2011-12 year reported a cash shortage of \$18,697 in the School Department. An investigation by the School Department's internal auditor and the local police revealed that an employee had purchased personal items with school funds. On February 15, 2013, the former employee pled guilty to one count of theft of property between \$10,000 and \$60,000. The former employee was sentenced to six years of probation

and was ordered to pay restitution of \$18,697 to the Sumner County School Department. The School Department's insurance carrier paid the county \$13,697 on May 7, 2013, leaving an unpaid shortage of \$5,000 at June 30, 2013.

The Office of Director of Schools had a cash shortage of \$10,762 as of June 30, 2013. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

C. Expenditures Exceeded Appropriations

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

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
General Welfare Assistance	\$ 750
Highway/Public Works:	
Other Charges	2,890

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Sumner County and the Sumner County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net 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.

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

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
State Treasurer's Investment Pool	11 to 138	N/A	\$ 6,127,906

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Sumner County has no investment policy that would further limit its investment choices. As of June 30, 2013, Sumner County's investment in the State Treasurer's Investment Pool was unrated.

B. Notes Receivable

The General Debt Service Fund had a long-term note receivable of \$205,000 on June 30, 2013, from financing airport construction projects for the discretely presented Sumner County Regional Airport Authority, and this note is included in the restricted fund balance account.

The General Fund had a long-term note receivable of \$1,258,102 on June 30, 2013, from financing communication equipment purchases for the discretely presented Sumner County Emergency Communications District, and this note is included in the committed fund balance account.

C. Capital Assets

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

Primary Government (includes Internal Service Fund)

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 3,678,743	\$ 240,759	\$ 0	\$ 3,919,502
Construction in Progress	1,249,181	1,457,447	(101,940)	2,604,688
Total Capital Assets Not Depreciated	<u>\$ 4,927,924</u>	<u>\$ 1,698,206</u>	<u>\$ (101,940)</u>	<u>\$ 6,524,190</u>

Governmental Activities (Cont.):

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets				
Depreciated:				
Buildings and				
Improvements	\$ 59,807,745	\$ 2,888,533	\$ 0	\$ 62,696,278
Infrastructure	60,785,447	4,334,725	(1,427,797)	63,692,375
Intangibles	586,135	55,000	0	641,135
Other Capital Assets	16,327,178	1,026,013	(186,577)	17,166,614
Total Capital Assets				
Depreciated	<u>\$ 137,506,505</u>	<u>\$ 8,304,271</u>	<u>\$ (1,614,374)</u>	<u>\$ 144,196,402</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 18,281,593	\$ 2,253,515	\$ 0	\$ 20,535,108
Infrastructure	28,543,784	3,082,253	(1,427,797)	30,198,240
Intangibles	312,648	119,061	0	431,709
Other Capital Assets	10,592,207	1,190,770	(176,225)	11,606,752
Total Accumulated				
Depreciation	<u>\$ 57,730,232</u>	<u>\$ 6,645,599</u>	<u>\$ (1,604,022)</u>	<u>\$ 62,771,809</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 79,776,273</u>	<u>\$ 1,658,672</u>	<u>\$ (10,352)</u>	<u>\$ 81,424,593</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 84,704,197</u>	<u>\$ 3,356,878</u>	<u>\$ (112,292)</u>	<u>\$ 87,948,783</u>

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

Governmental Activities:

General Government	\$ 467,216
Finance	14,083
Administration of Justice	98,261
Public Safety	1,412,853
Public Health and Welfare	645,426
Social, Cultural, and Recreational Services	464,334
Agriculture and Natural Resources	4,799
Highway/Public Works	<u>3,538,627</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 6,645,599</u>

Discretely Presented Sumner County School Department

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 8,372,274	\$ 0	\$ (9,975)	\$ 8,362,299
Construction in Progress	3,792,283	1,739,532	(3,914,447)	1,617,368
Total Capital Assets Not Depreciated	\$ 12,164,557	\$ 1,739,532	\$ (3,924,422)	\$ 9,979,667
Capital Assets Depreciated:				
Buildings and Improvements	\$ 371,716,682	\$ 5,116,559	\$ (253,707)	\$ 376,579,534
Other Capital Assets	21,478,286	4,499,353	(464,794)	25,512,845
Total Capital Assets Depreciated	\$ 393,194,968	\$ 9,615,912	\$ (718,501)	\$ 402,092,379
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 162,380,860	\$ 12,950,404	\$ (231,269)	\$ 175,099,995
Other Capital Assets	17,242,471	998,359	(456,461)	17,784,369
Total Accumulated Depreciation	\$ 179,623,331	\$ 13,948,763	\$ (687,730)	\$ 192,884,364
Total Capital Assets Depreciated, Net	\$ 213,571,637	\$ (4,332,851)	\$ (30,771)	\$ 209,208,015
Governmental Activities Capital Assets, Net	\$ 225,736,194	\$ (2,593,319)	\$ (3,955,193)	\$ 219,187,682

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

Governmental Activities:

Support Services	\$ 13,675,343
Operation of Non-Instructional Services	<u>273,420</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 13,948,763</u>

D. Construction Commitments

At June 30, 2013, the General Capital Projects Fund had uncompleted construction contracts of \$512,509 for waterline construction and \$208,173 for renovation of the Douglass-Clark House. Funding has been received for these future expenditures.

E. Interfund Receivables, Payables, and Transfers

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

Primary Government:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 115,439
Highway/Public Works	General	1,790
"	General Capital Projects	270,547
"	Internal Service	227
"	Nonmajor governmental	344
Internal Service	General	1,134

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	Component Unit:	
Primary Government:	School Department:	
General Debt Service	General Purpose School	\$ 111,285

The Due to Primary Government is the balance of the capital leases issued by the county for the School Department. The School Department has agreed to contribute the funds annually to retire these capital leases. These long-term obligations are reflected in governmental activities on the Statement of Net Position.

Interfund Transfers:

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

Primary Government

Transfers Out	Transfers In		
	General Fund	General Capital Projects Fund	Internal Service Fund
General Fund	\$ 0	\$ 3,000,000	\$ 3,000,000
General Capital Projects Fund	15,000	0	0
Fiduciary fund	113,888	0	0
Total	\$ 128,888	\$ 3,000,000	\$ 3,000,000

Discretely Presented Sumner County School Department

Transfer Out	Transfer In
	General Purpose School Fund
Nonmajor governmental fund	\$ 57,063

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

F. Capital Leases

The School Department is currently servicing some of the debt issued on its behalf by the primary government. 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.

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

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

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Other Capital Assets	\$ 200,925
Less: Accumulated Depreciation	<u>(93,098)</u>
Total Book Value	<u>\$ 107,827</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2013, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2014	\$ 45,625
2015	45,625
2016	<u>28,002</u>
Total Minimum Lease Payments	\$ 119,252
Less: Amount Representing Interest	<u>(7,967)</u>
Present Value of Minimum Lease Payments	<u>\$ 111,285</u>

G. Long-term Obligation

Primary Government

General Obligation Bonds

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

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding were issued for original terms of up to 12 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest

requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2013, will be retired from the General Debt Service Fund.

General obligation bonds and capital leases 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	1.5 to 5.0 %	12-1-23	\$ 36,555,000	\$ 36,280,000
General Obligation Bonds - School Refunding	2.86	6-1-23	112,210,000	100,495,000
Capital Leases	4.81 to 6.94	3-8-16	200,925	111,285

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2013, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 10,365,000	\$ 5,816,735	\$ 16,181,735
2015	10,895,000	5,353,663	16,248,663
2016	11,375,000	4,957,138	16,332,138
2017	11,830,000	4,531,638	16,361,638
2018	12,265,000	4,058,513	16,323,513
2019-2023	70,045,000	11,560,177	81,605,177
2024	10,000,000	150,000	10,150,000
Total	\$ 136,775,000	\$ 36,427,864	\$ 173,202,864

There is \$11,588,151 available in the General Debt Service Fund to service long-term debt. Debt per capita totaled \$852, based on the 2010 federal census.

Changes in Long-term Obligations

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

Governmental Activities:	Internal Service Fund	
	Bonds	Claims and Judgments
Balance, July 1, 2012	\$ 115,115,000	\$ 4,059,028
Additions	30,000,000	20,444,861
Reductions	(8,340,000)	(20,467,024)
Balance, June 30, 2013	<u>\$ 136,775,000</u>	<u>\$ 4,036,865</u>
Balance Due Within One Year	<u>\$ 10,365,000</u>	<u>\$ 4,036,865</u>

	Capital Leases
Balance, July 1, 2012	\$ 0
Reclassification of School Debt	146,837
Additions	0
Reductions	(35,552)
Balance, June 30, 2013	<u>\$ 111,285</u>
Balance Due Within One Year	<u>\$ 40,981</u>

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2012	\$ 938,127	\$ 1,745,216
Additions	1,530,463	519,538
Reductions	(1,527,688)	(50,812)
Balance, June 30, 2013	<u>\$ 940,902</u>	<u>\$ 2,213,942</u>
Balance Due Within One Year	<u>\$ 940,902</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 144,085,000
Less: Due Within One Year	(15,390,754)
Add: Unamortized Premium on Debt	<u>14,274,385</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 142,968,631</u>

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

Defeasance of Prior Debt

In the prior year, Sumner County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2013, the following outstanding bonds are considered defeased:

	<u>Amount</u>
2007 School Refunding	\$ 42,345,000
2007B General Obligation School	42,920,000

Discretely Presented Sumner County School Department

Changes in Long-term Obligations

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

Governmental Activities:

	<u>Capital Leases</u>	<u>Compensated Absences</u>
Balance, July 1, 2012	\$ 146,837	\$ 2,092,482
Additions	0	1,451,084
Reductions	0	(1,379,524)
Reclassification of School Debt	(146,837)	0
Balance, June 30, 2013	<u>\$ 0</u>	<u>\$ 2,164,042</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 324,606</u>

	Other Postemployment Benefits	Judgments	Termination Benefits
Balance, July 1, 2012	\$ 27,119,897	\$ 996,075	\$ 162,416
Additions	7,665,263	0	0
Reductions	(2,913,404)	(996,075)	(101,925)
Balance, June 30, 2013	<u>\$ 31,871,756</u>	<u>\$ 0</u>	<u>\$ 60,491</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 60,491</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 34,096,289
Less: Due Within One Year	<u>(385,097)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 33,711,192</u>

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

H. Pledges of Receivables and Future Revenues

During 2012-13, Sumner County filed a lawsuit against Fifth Third Bank and Fifth Third Securities, Inc., in regard to interest rate swap agreements sold in 2007 to the Hendersonville Industrial Development Board on two sets of bonds totaling \$18,000,000. The county asserts that the Industrial Development Board did not have the authority under Tennessee law to enter into interest rate swap agreements on these bond issues. Due to this pending litigation, the county was unable to provide current information regarding the tax incremental financing (TIF) revenues. As a result, prior year information is presented below.

The Sumner County Commission and the City of Hendersonville permitted the Industrial Development Board of the City of Hendersonville, Tennessee, to pledge all tax incremental financing (TIF) revenues based on an Economic Impact Plan for the Indian Lake Village Economic Development Area for up to 30 years. These revenues are pledged for the payment of \$15,000,000 of adjustable rate tax-exempt increment bonds (Series 2007A) and \$3,000,000 of adjustable rate taxable increment bonds (Series 2007B) and other debt related costs. The two series of bonds were issued on March 29, 2007, with final maturities of May 1, 2036. These bonds were to complete the "project," which consisted of a four-lane divided median east/west connector road running parallel to Vietnam Veterans Parkway between Saundersville Road and Indian Lake Boulevard in Hendersonville, including water, sewer,

electric and storm sewer utilities that are included as part of the road construction, a bridge across Drakes Creek in Hendersonville, as a continuation of the connector road, and a public park consisting of approximately 22 acres, of which four acres will be dedicated to the new Hendersonville Public Library. Additionally, these bond proceeds were also used to pay for certain costs of issuance in connection with the bonds and the payment of certain capitalized interest costs of the bonds. In addition to the bonds, these transactions also encompassed two irrevocable letters of credit, two interest rate swaps, and various other contractual agreements.

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

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

The cumulative difference between TIF revenues remitted by Sumner County and the debt service and related costs paid by the Industrial Development Board of \$2,452,139 is accounted for as follows: Debt issuance costs of \$741,716 was funded from bond proceeds. An additional \$34,000 was paid directly from the project construction account. The project construction account transferred \$2,004,035 as capitalized interest to service the debt, and the letter of credit (operating) account had a balance of \$327,612 at June 30, 2012.

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

I. On-Behalf Payments

Discretely Presented Sumner County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Sumner County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the

Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2013, were \$546,047 and \$116,375, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

The county has chosen to establish the Self-Insurance Fund for risks associated with employees' health and dental insurance plans, workers' compensation, and liability claims. The Self-Insurance Fund is accounted for as an Internal Service Fund in which assets are set aside for claim settlements. The county retains the risk of loss for all medical claims. The county retains the risk of loss to a limit of \$350,000 maximum tort liability, plus property damage. Claims in excess of this limit are covered by an insurance policy up to a limit of \$5,000,000 per specific claim.

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

Self-Insurance Fund

Fiscal Year	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2011-2012	\$ 2,691,187	\$ 22,769,479	\$ (21,401,638)	4,059,028
2012-2013	4,059,028	20,444,861	(20,467,024)	4,036,865

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

B. Accounting 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. Sumner 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 do 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 Event

On October 21, 2013, the County Commission approved an interfund capital outlay note, not to exceed \$800,000, between the General Fund and the Sumner County Regional Airport Authority.

D. Contingent Liabilities

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

The discretely presented School Department is involved in several pending lawsuits. School Department attorneys estimate that the potential claims against the School Department not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

E. Joint Venture

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

DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriff, and police chiefs of participating law enforcement agencies within each judicial district.

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

Administrative Office:

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

F. Jointly Governed Organization

The county and the Cities of Gallatin, Hendersonville, Millersville, Portland, Westmoreland, White House, and Goodlettsville jointly appoint the 20-member board of the Joint Economic Development Board of Sumner County. The board is designed to promote economic and community development in the county and related cities. The county and the cities do not have any ongoing financial interest or responsibility for this entity.

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Plan Description

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

Assembly. Political subdivisions such as Sumner County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Sumner County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 14.1 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 \$6,593,472 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 one year. 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	\$6,593,472	100%	\$0
6-30-12	6,375,371	100	0
6-30-11	6,712,468	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 98.69 percent funded. The actuarial accrued liability for benefits was \$119.68 million, and the actuarial value of assets was \$118.1 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.57 million. The covered payroll (annual payroll of active employees covered by the plan) was \$47.41 million, and the ratio of the UAAL to the covered payroll was 3.32 percent.

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

SCHOOL TEACHERS

Plan Description

The Sumner County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit

provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living 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 \$9,145,596, \$9,225,858, and \$9,285,156, respectively, equal to the required contributions for each year.

2. Deferred Compensation – Primary Government

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

3. Deferred Compensation – Discretely Presented Sumner County School Department

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

H. Other Postemployment Benefits (OPEB)

Self-Insurance Plan

Plan Description

All full-time employees and eligible retirees of the primary government and all full-time classified employees and eligible classified retirees of the discretely presented Sumner County School Department are eligible to participate in the health and dental insurance cost-sharing plan accounted for in the Self-Insurance Fund (internal service fund). Life insurance ranging from \$25,000 to \$35,000 is also provided to the classified retirees at the School Department. For accounting purposes, the plan is an agent single-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee established by the County Commission.

Funding Policy

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

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

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

Also, the School Department, at the Board of Education's discretion, provides postretirement health care benefits, in accordance with contract provisions, to all employees who have been employed by the School Department for ten years and who retire from the department on or after age 60 with at least 20 years of verified Tennessee Consolidated Retirement Service (TCRS) or have 30 years (regardless of age) of verified TCRS. The School Department pays 70 to 100 percent (depending on effective contract at date of retirement) of the least costly medical premiums available to retirees who had insurance coverage during the last three years of employment until they are eligible for

Medicare. Thereafter to age 70, retirees that retired prior to 2009 will be reimbursed up to \$800 per year for a Medicare supplement policy.

Sumner County and the Sumner County School Department made contributions totaling \$453,494 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Primary Government	School Department	Total
ARC	\$ 243,513	\$ 541,504	\$ 785,017
Interest on the NOPEBO	35,442	44,094	79,536
Adjustment to the ARC	(38,387)	(48,492)	(86,879)
Annual OPEB cost	\$ 240,568	\$ 537,106	\$ 777,674
Amount of contribution	(46,512)	(406,982)	(453,494)
Increase/decrease in NOPEBO	\$ 194,056	\$ 130,124	\$ 324,180
Net OPEB obligation, 7-1-12	919,500	1,566,285	2,485,785
Net OPEB obligation, 6-30-13	\$ 1,113,556	\$ 1,696,409	\$ 2,809,965

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Primary Government	\$ 292,024	53 %	\$ 723,198
6-30-12	"	240,568	18	919,500
6-30-13	"	240,568	19	1,113,556
6-30-11	School Department	778,982	46	1,416,513
6-30-12	"	537,106	72	1,566,285
6-30-13	"	537,106	76	1,696,409

Funded Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of ten percent for 2011, grading down to six percent for 2019. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over a 30-year period beginning with June 30, 2009.

State Sponsored Local Education Group Insurance Plan and Medicare Supplement Plan

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in the plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Sumner County and the Sumner County School Department made contributions totaling \$2,510,722 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan - Schools
ARC	\$ 4,342,000	\$ 2,849,000
Interest on the NOPEBO	673,452	348,692
Adjustment to the ARC	(714,857)	(370,130)
Annual OPEB cost	\$ 4,300,595	\$ 2,827,562
Amount of contribution	(2,414,534)	(91,888)
Increase/decrease in NOPEBO	\$ 1,886,061	\$ 2,735,674
Net OPEB obligation, 7-1-12	16,836,312	8,717,300
Net OPEB obligation, 6-30-13	\$ 18,722,373	\$ 11,452,974
	Medicare Supplement Plan - County	Total
ARC	\$ 281,000	\$ 7,472,000
Interest on the NOPEBO	33,029	1,055,173
Adjustment to the ARC	(35,059)	(1,120,046)
Annual OPEB cost	\$ 278,970	\$ 7,407,127
Amount of contribution	(4,300)	(2,510,722)
Increase/decrease in NOPEBO	\$ 274,670	\$ 4,896,405
Net OPEB obligation, 7-1-12	825,716	26,379,328
Net OPEB obligation, 6-30-13	\$ 1,100,386	\$ 31,275,733

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	\$ 6,321,210	40 %	\$ 14,835,713
6-30-12	"	4,261,516	53	16,836,312
6-30-13	"	4,300,595	56	18,722,373
6-30-11	Medicare Supplement - Schools	2,856,624	2	5,996,305
6-30-12	"	2,834,254	4	8,717,300
6-30-13	"	2,827,562	3	11,452,974
6-30-11	Medicare Supplement - County	282,653	1	553,477
6-30-12	"	276,639	2	825,716
6-30-13		278,970	2	1,100,386

Funded Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of

sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2011, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 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 annual healthcare premium trend rate for the Medicare Supplement Plans was 6.25 percent for fiscal year 2013. The trend will decrease to six percent in fiscal year 2014 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2018. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

I. Termination Benefits

In 2011-12, the discretely presented Sumner County School Department offered a voluntary retirement incentive for employees who will have 30 years of verified Tennessee Consolidated Retirement Service (TCRS), or have reached 60 years of age with a minimum of 20 years of verified teaching credit in TCRS and worked in the Sumner County school system for ten years. This incentive consists of a cash payment of \$15 per day for each sick day held by the employee at their retirement date. There is no limit to the number of accumulated days that employees can be paid under the program. During the year, 52 employees accepted the voluntary retirement incentive. Twenty employees retired during 2012-13 and received sick leave payments totaling \$34,373. Subsequent to June 30, 2013, 32 employees retired. Therefore, the School Department had a liability for unpaid termination benefits totaling \$60,491 at June 30, 2013.

J. Office of Central Accounting, Budgeting, and Purchasing

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

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

K. Purchasing Laws

Office of Finance Director

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

Office of Superintendent of Roads

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

Office of Director of Schools

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

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

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

A. **Organization and Reporting Entity**

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

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

B. **Summary of Significant Accounting Policies**

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

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

Cash, Cash Equivalents, and Investments – For purposes of the Statement of Cash Flows, the authority considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. No cash equivalents were held by the authority as of June 30, 2013.

Per Tennessee statutes, bank accounts may only be established and maintained in financial institutions whose deposits are federally insured. Bank account balances (including checking and investment accounts combined) must not exceed the amount federally insured by the FDIC unless the financial institution participates in the State Collateral Pool or pledges collateral for deposits in excess of the insured limits, and the collateral is maintained in accordance with state statutes. As of June 30, 2013, the authority's combined bank account balances did not exceed FDIC insured limits.

Receivables – Receivables are reported at their gross value when earned and reduced by the estimated portion that is expected to be uncollectible. The allowance for uncollectible amounts is based on collection history, aviation industry trends, and current information regarding the credit worthiness of the tenants and others doing business with the authority. When continued collection activity results in receipt of amounts previously written off, revenue is recognized for the amount collected. The authority determined an allowance for uncollectible amounts was not needed as of June 30, 2013.

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

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

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

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

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

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

Revenue – The authority considers operating revenues to be those revenues derived from the leasing of airplane storage and from its share of profits from fuel sales. All other revenues not directly associated with airplane operations are considered to be nonoperating.

The authority provides hangars for pilots who use the airport facilities and one hangar for the fixed base operator (FBO). The majority of the hangars was built and is owned by the authority; however, 11 of the hangars were built and are owned by private individuals. The authority leases to the owners the underlying land related to the hangars privately built. The ownership of the 11 hangars built by private individuals will transfer to the authority at the end of their respective 30-year lease terms. Underlying land leases range from \$40 to \$323 per month. Leases on hangars built and owned by the authority have rents that range from \$145 to \$175 per month for individual hangars and \$500 and \$4,000 per month for the two corporate hangars.

Deferred Revenue – The authority records hangar rent collected in advance of the months in which it is earned as deferred revenue. Deferred revenue was \$0 at June 30, 2013.

Net Position – The authority classifies net position, if applicable, in three components:

Net Investment in capital assets – consists of capital assets net of accumulated depreciation.

Restricted net position – consists of net assets with constraints.

Unrestricted net position – all other assets that do not meet the above criteria.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the authority considers restricted funds to have been spent first.

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

C. Litigation

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

As of June 30, 2013, the authority has deposited \$230,100 toward the purchase of this land with the Chancery Court of Sumner County, Tennessee.

D. Long-term Debt

Long-term debt at June 30, 2013, consisted of the following:

Note payable to Volunteer State Bank. Note matures on November 1, 2013, with maximum indebtedness set at \$750,000. The note is collateralized by a deed of trust on real property at 1475 Airport Road and 1071 Cairo Road. As of June 30, 2013, principal outstanding was	\$ 432,601
Non-interest bearing loan from Sumner County, Tennessee, requiring \$2,500 monthly installment payments beginning June 1, 2010, and ending June 1, 2020.	<u>205,000</u>
Total long-term debt	\$ 637,601
Less: amount due in 12 months or less	<u>(42,901)</u>
Net long-term debt	<u>\$ 594,700</u>

Maturities of long-term debt and associated interest are as follows:

Year Ending June 30	Principal	Interest
2014	\$ 42,901	\$ 23,148
2015	43,845	22,739
2016	44,598	21,958
2017	45,421	21,136
2018	405,836	8,019
Thereafter	<u>55,000</u>	<u>0</u>
Total	<u>\$ 637,601</u>	<u>\$ 97,000</u>

Changes in long-term debt for the year are as follows:

Balance, June 30, 2012	\$ 781,500
Additions	440,000
Retirements	<u>(583,899)</u>
Balance, June 30, 2013	<u>\$ 637,601</u>

See Note IV.M. regarding subsequent events pertaining to debt.

E. State Grants

The authority periodically has construction projects in progress involving improvements to the airport that are funded primarily through federal and state grants. Receipts and disbursements of project funds are monitored by the Tennessee Office of Aeronautics. The grant agreements generally require various levels of matching contributions by the authority, which are reflected on the Statement of Net Position as Deposits with State.

F. Airport Management

The authority has entered into an agreement with Gallatin Terminal Operations Aviation, LLC (GTO) to act as Fixed Base Operator (FBO) for the airport. As FBO, GTO engages in flight instruction, aircraft rental, aircraft maintenance, aircraft charter, and the sale of fuel and lubricants.

Effective July 2005, J&S Properties has been engaged to perform daily management duties. From inception through December 31, 2012, J&S Properties was paid \$2,500 per month under verbal agreement. The Board executed a five-year agreement effective February 2013 at a monthly rate of \$3,750. The new agreement was made with C. Steven Sudbury, who is the owner of J&S Properties. During the year ended June 30, 2013, management expense totaled \$37,500.

See Note VI.H. regarding the change in the Board and Note VI.M. regarding subsequent events pertaining to J&S Properties.

G. Budget

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

H. Roster of Officials

The Board of Commissioners was seated and held their first formal meeting on June 24, 2013. The board was seated after extended litigation between the authority and its previous board versus Sumner County. The treasurer was added to the board in July 2013. The previous treasurer, though officially still a board member at June 30, 2013, resigned subsequent to year end.

I. Risk Financing Activities

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

J. Capital Assets

Nondepreciable assets owned by the authority consist solely of land recorded at cost. Eleven privately built hangars were removed from the airport's capital assets in previous years. These hangars are leased by private parties on 30-year terms, and ownership of the hangars will revert to the authority at the conclusion of the respective leases. Depreciation expense for the year ended June 30, 2013, totaled \$510,173.

The following is a summary of the authority's depreciable and non-depreciable assets as of June 30, 2013:

	Balance 7-1-12	Increases	Balance 6-30-13
Capital Assets Not Depreciated:			
Land	\$ 1,893,040	\$ 246,636	\$ 2,139,676
Construction in Progress	2,177,970	1,073,276	3,251,246
Total Capital Assets Not Depreciated	<u>\$ 4,071,010</u>	<u>\$ 1,319,912</u>	<u>\$ 5,390,922</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 7,656,829	\$ 4,594,979	\$ 12,251,808
Other Capital Assets	377,061	0	377,061
Total Capital Assets Depreciated	<u>\$ 8,033,890</u>	<u>\$ 4,594,979</u>	<u>\$ 12,628,869</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 4,519,102	\$ 485,769	\$ 5,004,871
Other Capital Assets	138,758	24,404	163,162
Total Accumulated Depreciation	<u>\$ 4,657,860</u>	<u>\$ 510,173</u>	<u>\$ 5,168,033</u>
Total Capital Assets Depreciated, Net	<u>\$ 3,376,030</u>	<u>\$ 4,084,806</u>	<u>\$ 7,460,836</u>
Business-type Activities Capital Assets, Net	<u>\$ 7,447,040</u>	<u>\$ 5,404,718</u>	<u>\$ 12,851,758</u>

K. Leases

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

L. Other Noncurrent Assets

Other assets listed on the balance sheet at \$5,451 include assets not placed in service at June 30, 2013.

M. Subsequent Events

The note payable to Volunteer State Bank listed in Note VI.D. matured on November 1, 2013. The authority advised the bank that no further draws would be made on that note. Two draws made prior to June 30, 2013, one for \$340,000 and one for \$100,000, were termed out for periods of five years with scheduled monthly payments of \$2,354.11 and \$692.31, respectively. These term outs were made prior to June 30, 2013. The notes mature on October 10, 2017, and January 8, 2018. While the original \$750,000 credit line expired at maturity, the deed of trust associated with that note remains in effect until the two-term loans are paid in full.

In relation to Note VI.F. regarding airport management, and Note VI.H. regarding the Roster of Officials, the new board voted to void the agreement signed with Mr. Sudbury in February 2013 by the previous board. This agreement was voided in the October 28, 2013, board meeting, and Mr. Sudbury was advised he would be retained at the same rate of pay on a month-to-month basis. In the subsequent board meeting on November 25, 2013, the board voted to terminate the services of Mr. Sudbury effective immediately, with three months of severance compensation. With the tenure served and compensated under the new agreement, plus severance compensation offered, 14 months will have been compensated since the new agreement was executed, leaving 46 months with a total value of \$172,500 voided. At the date the audit report was issued, no litigation had been filed by Mr. Sudbury regarding this matter.

Under an agreement reached by the Sumner County Commission and the authority subsequent to year end, the county plans to issue an \$800,000 loan to the authority on January 2, 2014, to pay off all existing debt and provide additional funds for local matches on certain grants that have not been funded at this time. The new loan will be interest only at a rate of three percent, and the principal will be due on January 2, 2023. As of the financial statement date, the debt had been approved by the county and by the State of Tennessee.

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

A. **Summary of Significant Accounting Policies**

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

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

The accounting policies of the authority conform to generally accepted accounting principles applicable to governmental units. The authority complies with generally accepted accounting principles and applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

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

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

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

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

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

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

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

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, the authority considers all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents. At June 30, 2013, all the authority's cash was deposited in an institution, which is a member of the Local Government Collateral Pool. The Tennessee Bank Collateral Pool is a multiple financial institution collateral pool where member financial institutions holding public funds pledge collateral to a common pool. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. The pool also has the ability to make additional assessments on a pro rata basis to members of the pool if the value of the pool's collateral is inadequate to cover a loss. As a result, the pool is similar to depository insurance.

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

At June 30, 2013, there were no amounts of deposits exposed to custodial risks.

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

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

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

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

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

B. Capital Assets

The following is a summary of capital assets:

Business-type Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 307,491	\$ 0	\$ 0	\$ 307,491
Total Capital Assets Not Depreciated	\$ 307,491	\$ 0	\$ 0	\$ 307,491

Business-type Activities (Cont.):

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Depreciated:				
Buildings and Improvements	\$ 5,129,981	\$ 60,320	\$ 0	\$ 5,190,301
Other Capital Assets	924,400	0	0	924,400
Total Capital Assets Depreciated	<u>\$ 6,054,381</u>	<u>\$ 60,320</u>	<u>\$ 0</u>	<u>\$ 6,114,701</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,284,667	\$ 181,246	\$ 0	\$ 3,465,913
Other Capital Assets	689,176	45,675	0	734,851
Total Accumulated Depreciation	<u>\$ 3,973,843</u>	<u>\$ 226,921</u>	<u>\$ 0</u>	<u>\$ 4,200,764</u>
Total Capital Assets Depreciated, Net	<u>\$ 2,080,538</u>	<u>\$ (166,601)</u>	<u>\$ 0</u>	<u>\$ 1,913,937</u>
Business-type Activities Capital Assets, Net	<u>\$ 2,388,029</u>	<u>\$ (166,601)</u>	<u>\$ 0</u>	<u>\$ 2,221,428</u>

Depreciation expense for 2013 was \$226,921.

C. Capital Lease Obligation

During the fiscal 2011 and 2012 years, the authority entered into a lease-purchase of equipment for \$185,914 and \$111,248, respectively. The transactions have been accounted for as financing transactions. The authority will have title to the assets by satisfying the minimum lease payments. The assets acquired by the lease have a net depreciated value of \$185,699.

	<u>2013</u>
Lease obligation	\$ 96,306
Amount designated as interest	<u>(1,808)</u>
Net capital lease obligation	<u>\$ 94,498</u>

The changes in capital lease obligation were as follows:

	Balance 6-30-12	Payments	Balance 6-30-13
Capital lease obligation	\$ 100,388	\$ (62,797)	\$ 37,591
Capital lease obligation	93,412	(36,505)	56,907
Total	<u>\$ 193,800</u>	<u>\$ (99,302)</u>	<u>\$ 94,498</u>

The future capital lease obligations are as follows:

	Lease Obligation	Amount Representing Interest	Net Capital Loan Obligation
2014	\$ 76,871	\$ 1,634	\$ 75,237
2015	19,435	174	19,261
Total	<u>\$ 96,306</u>	<u>\$ 1,808</u>	<u>\$ 94,498</u>

D. Landfill Closure and Postclosure Costs

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

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

Accrued future closure and postclosure care costs are summarized as follows:

<u>Landfill Closure/Postclosure Care Costs</u>	Balance 6-30-13
Closure	\$ 0
Postclosure	<u>1,300,842</u>
Total	<u>\$ 1,300,842</u>

Since all landfills are closed, there are no closure or postclosure costs estimated to be recognized in the future.

The Capps Gap Landfill is closed and is 17 years into postclosure monitoring. The Oak Grove Landfill and Ash Monofill’s Cells I, II, and III were officially closed in 2006 and are seven years into postclosure monitoring. All authority landfills are closed. In 2010, the waste to energy plant was dismantled and closed. Postclosure costs were less than estimates for 2013, which resulted in negative postclosure expenses of \$12,741.

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

E. Municipal and County Agreements

During fiscal year 2012, the authority entered into a Solid Waste Disposal and Recycling Agreement with Sumner County and the cities of Gallatin and Hendersonville as well as a Postclosure Monitoring and Maintenance Agreement with Sumner County and the Cities of Gallatin and Hendersonville. The agreements provide that the three entities will pay for the postclosure costs associated with the landfills incurred by the authority. This cost will be paid 3/7 by the county and 2/7 each by the cities.

The agreements also provide that Sumner County will pay an annual \$100,000 fee in-lieu-of tipping fees. The cities of Gallatin and Hendersonville agree to pay tipping fees in such amounts as may be determined by the authority but cannot exceed \$45 per ton for solid waste and \$3.50 per cubic yard for brush. The fees for 2013 were \$44 per ton for solid waste and \$3.12 per cubic yard for brush.

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

	<u>Tipping Fees</u>			
	<u>Solid Waste</u>	<u>Brush</u>	<u>Post Closure</u>	<u>Receivable</u>
Sumner County	\$ 100,000	\$ 29,096	\$ 10,535	\$ 7,937
City of Gallatin	0	65,618	7,024	17,454
City of Hendersonville	0	48,337	7,024	5,459

F. Pension Plan

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

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

The authority's total payroll was \$399,105 for 2013. Employees who are covered and participating under the pension plan were paid \$365,505. The resource authority contributed 4.5 percent (\$16,479) of covered and participating salaries. Employees contributed \$14,388.

G. Tipping Fees

A major portion of the authority's revenue is from tipping fees. A significant portion of tipping fees is from commercial haulers who are required under waste control laws to dump waste collected within Sumner County at the authority. Court decisions have supported the enforcement of this law. One major commercial hauler is delivering most of Sumner County commercial waste to the resource authority, and one major hauler is not. Enforcement by management has not been aggressively sought. Two major customers accounted for 41 percent of tipping fees for 2013.

H. Risk of Loss

The authority is exposed to the normal business risk and the environmental risk related to the operations of a transfer station and the postclosure costs related to closed landfills. The authority is a member of the Tennessee Municipal Risk Management Self-Insurance Program for workers' compensation and general liability coverage. The authority has obtained coverage from commercial insurance carriers for casualty and property coverage. These insurance coverages minimize the loss from risks to which the authority is exposed. There was no significant reduction in insurance coverage, and settled claims resulting from these risks have not significantly exceeded insurance coverage in any of the past three fiscal years.

I. Contingency

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

J. Contracts and Commitments

The authority has entered into a load, haul, and disposal contract that runs through July 2015 and provides for a rate per ton plus adjustments for CPI and diesel prices. The amount paid related to this contract for 2013 was \$3,215,460.

The authority also has a contract with a company to grind brush for \$2.97 per cubic yard, which runs through October 2015. The amount paid related to this contract for 2013 was \$168,102.

K. Change in Accounting Principle

For the year ended June 30, 2013, the authority has implemented GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and early implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This action resulted in the establishment of categories outside of assets and liabilities titled deferred outflows and deferred inflows. The Statement also retitled net assets as net position. The implementation of GASB No. 63 and GASB No. 65 had no effect on the presentation of the 2013 or 2012 financial statements other than the change from the net assets category to net position. The authority has no deferred inflows or outflows of resources. Also, the authority implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements*, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in non-governmental pronouncements issued on or before November 30, 1989, that does not conflict with or contradict GASB pronouncements. This statement was effective for periods beginning after December 15, 2011. The adoption of GASB No. 62 had no impact on the authority's financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

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

Exhibit F-2

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

(Dollar amounts in thousands)

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

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

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

District Attorney General Fund – The District Attorney General Fund is used to account for restricted revenues held for the benefit of the Office of District Attorney General. Effective July 1, 2012, this fund has been reclassified as an agency fund.

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

Exhibit G-1

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

	<u>Special Revenue Funds</u>			
	<u>Courthouse and Jail Maintenance</u>	<u>Drug Control</u>	<u>Constitu- tional Officers - Fees</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 115,539	\$ 115,539
Equity in Pooled Cash and Investments	222,782	200,511	0	423,293
Accounts Receivable	38,484	0	0	38,484
Total Assets	\$ 261,266	\$ 200,511	\$ 115,539	\$ 577,316
<u>LIABILITIES</u>				
Accounts Payable	\$ 11,121	\$ 660	\$ 0	\$ 11,781
Due to Other Funds	444	0	115,339	115,783
Due to Litigants, Heirs, and Others	0	0	200	200
Advances from Other Funds	149,935	0	0	149,935
Total Liabilities	\$ 161,500	\$ 660	\$ 115,539	\$ 277,699
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Other Deferred/Unavailable Revenue	\$ 0	\$ 1,306	\$ 0	\$ 1,306
Total Deferred Inflows of Resources	\$ 0	\$ 1,306	\$ 0	\$ 1,306
<u>FUND BALANCES</u>				
Restricted:				
Restricted for General Government	\$ 99,766	\$ 0	\$ 0	\$ 99,766
Restricted for Public Safety	0	198,545	0	198,545
Total Fund Balances	\$ 99,766	\$ 198,545	\$ 0	\$ 298,311
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 261,266	\$ 200,511	\$ 115,539	\$ 577,316

Exhibit G-2

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

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	District Attorney General	Constitu- tional Officers - Fees	
<u>Revenues</u>					
Local Taxes	\$ 361,365	\$ 0	\$ 0	\$ 0	\$ 361,365
Fines, Forfeitures, and Penalties	0	17,160	0	0	17,160
Charges for Current Services	257,325	16,000	0	1,608	274,933
Other Local Revenues	1,498	1,873	0	0	3,371
Total Revenues	\$ 620,188	\$ 35,033	\$ 0	\$ 1,608	\$ 656,829
<u>Expenditures</u>					
Current:					
General Government	\$ 521,741	\$ 0	\$ 0	\$ 0	\$ 521,741
Administration of Justice	0	0	0	1,608	1,608
Public Safety	0	52,750	0	0	52,750
Debt Service:					
Interest on Debt	6,536	0	0	0	6,536
Total Expenditures	\$ 528,277	\$ 52,750	\$ 0	\$ 1,608	\$ 582,635
Excess (Deficiency) of Revenues Over Expenditures	\$ 91,911	\$ (17,717)	\$ 0	\$ 0	\$ 74,194
Net Change in Fund Balances	\$ 91,911	\$ (17,717)	\$ 0	\$ 0	\$ 74,194
Reclassification	0	0	(58,731)	0	(58,731)
Fund Balance, July 1, 2012	7,855	216,262	58,731	0	282,848
Fund Balance, June 30, 2013	\$ 99,766	\$ 198,545	\$ 0	\$ 0	\$ 298,311

Exhibit G-3

Sumner County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Courthouse and Jail Maintenance Fund
 For the Year Ended June 30, 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	\$ 361,365	\$ 0	\$ 361,365	\$ 375,000	\$ 375,000	\$ (13,635)
Charges for Current Services	257,325	0	257,325	200,000	200,000	57,325
Other Local Revenues	1,498	0	1,498	0	0	1,498
Total Revenues	\$ 620,188	\$ 0	\$ 620,188	\$ 575,000	\$ 575,000	\$ 45,188
<u>Expenditures</u>						
General Government						
County Buildings	\$ 521,741	\$ 5,334	\$ 527,075	\$ 593,604	\$ 593,604	\$ 66,529
Principal on Debt	0	0	0	24,729	24,729	24,729
Interest on Debt	6,536	0	6,536	6,537	6,537	1
General Government	528,277	5,334	533,611	624,870	624,870	91,259
Total Expenditures	\$ 91,911	\$ (5,334)	\$ 86,577	\$ (49,870)	\$ (49,870)	\$ 136,447
Excess (Deficiency) of Revenues Over Expenditures	\$ 91,911	\$ (5,334)	\$ 86,577	\$ (49,870)	\$ (49,870)	\$ 136,447
Net Change in Fund Balance Fund Balance, July 1, 2012	7,855	0	7,855	108,398	108,398	(100,543)
Fund Balance, June 30, 2013	\$ 99,766	\$ (5,334)	\$ 94,432	\$ 58,528	\$ 58,528	\$ 35,904

Exhibit G-4

Sumner 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	\$ 17,160	\$ 0	\$ 17,160	\$ 17,500	\$ 17,500	\$ (340)
Charges for Current Services	16,000	0	16,000	14,000	14,000	2,000
Other Local Revenues	1,873	0	1,873	10,000	10,000	(8,127)
Total Revenues	\$ 35,033	\$ 0	\$ 35,033	\$ 41,500	\$ 41,500	\$ (6,467)
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 52,750	\$ 6,846	\$ 59,596	\$ 140,000	\$ 140,000	\$ 80,404
Total Expenditures	\$ 52,750	\$ 6,846	\$ 59,596	\$ 140,000	\$ 140,000	\$ 80,404
Excess (Deficiency) of Revenues Over Expenditures	\$ (17,717)	\$ (6,846)	\$ (24,563)	\$ (98,500)	\$ (98,500)	\$ 73,937
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (17,717)	\$ (6,846)	\$ (24,563)	\$ (98,500)	\$ (98,500)	\$ 73,937
	216,262	0	216,262	181,750	181,750	34,512
Fund Balance, June 30, 2013	\$ 198,545	\$ (6,846)	\$ 191,699	\$ 83,250	\$ 83,250	\$ 108,449

Major Governmental Funds

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.

General Capital Projects Fund

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

Exhibit H-1

Sumner 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	\$ 14,908,020	\$ 13,988,747	\$ 13,988,747	\$ 919,273
Other Local Revenues	125,126	425,000	425,000	(299,874)
State of Tennessee	8,437	0	0	8,437
Other Governments and Citizens Groups	41,825	0	41,825	0
Total Revenues	<u>\$ 15,083,408</u>	<u>\$ 14,413,747</u>	<u>\$ 14,455,572</u>	<u>\$ 627,836</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 123,363	\$ 123,363	\$ 123,363	\$ 0
Education	8,252,189	8,216,637	8,252,189	0
<u>Interest on Debt</u>				
General Government	127,258	127,258	127,258	0
Education	5,135,902	5,129,630	5,135,903	1
<u>Other Debt Service</u>				
General Government	215,073	475,000	475,000	259,927
Education	1,750	4,500	4,500	2,750
Total Expenditures	<u>\$ 13,855,535</u>	<u>\$ 14,076,388</u>	<u>\$ 14,118,213</u>	<u>\$ 262,678</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,227,873</u>	<u>\$ 337,359</u>	<u>\$ 337,359</u>	<u>\$ 890,514</u>
Net Change in Fund Balance	\$ 1,227,873	\$ 337,359	\$ 337,359	\$ 890,514
Fund Balance, July 1, 2012	10,360,278	10,016,285	10,016,285	343,993
Fund Balance, June 30, 2013	<u>\$ 11,588,151</u>	<u>\$ 10,353,644</u>	<u>\$ 10,353,644</u>	<u>\$ 1,234,507</u>

Exhibit H-2

Sumner County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Capital Projects Fund
For the Year Ended June 30, 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	\$ 7,597,814	\$ 0	\$ 0	\$ 7,597,814	\$ 7,517,623	\$ 7,517,623	\$ 80,191
Other Local Revenues	0	0	0	0	20,000	0	0
Federal Government	321,695	0	0	321,695	1,862,127	3,851,973	(3,530,278)
Total Revenues	\$ 7,919,509	\$ 0	\$ 0	\$ 7,919,509	\$ 9,399,750	\$ 11,369,596	\$ (3,450,087)
Expenditures							
Capital Projects							
General Administration Projects	\$ 197,199	\$ 0	\$ 0	\$ 197,199	\$ 200,000	\$ 247,858	\$ 50,659
Public Safety Projects	3,667,529	(112,180)	127,500	3,682,849	495,625	5,495,625	1,812,776
Public Health and Welfare Projects	217,795	0	0	217,795	217,795	217,795	0
Social, Cultural, and Recreation Projects	965,251	(393,411)	547,253	1,119,093	1,457,558	1,457,558	338,465
Other General Government Projects	751,069	(125,668)	386,123	1,011,524	950,445	1,273,263	261,739
Education Capital Projects	6,562,239	(536,284)	22,421	6,048,376	1,817,203	6,435,075	386,699
Total Expenditures	\$ 12,361,082	\$ (1,167,543)	\$ 1,083,297	\$ 12,276,836	\$ 5,138,626	\$ 15,127,174	\$ 2,850,338
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,441,573)	\$ 1,167,543	\$ (1,083,297)	\$ (4,357,327)	\$ 4,261,124	\$ (3,757,578)	\$ (599,749)
Other Financing Sources (Uses)							
Bonds Issued	\$ 30,000,000	\$ 0	\$ 0	\$ 30,000,000	\$ 0	\$ 30,000,000	\$ 0
Premiums on Debt Issued	2,588,515	0	0	2,588,515	0	2,588,515	0
Transfers In	3,000,000	0	0	3,000,000	0	3,000,000	0
Transfers Out	(15,000)	0	0	(15,000)	0	(15,000)	0
Total Other Financing Sources	\$ 35,573,515	\$ 0	\$ 0	\$ 35,573,515	\$ 0	\$ 35,573,515	\$ 0
Net Change in Fund Balance	\$ 31,131,942	\$ 1,167,543	\$ (1,083,297)	\$ 31,216,188	\$ 4,261,124	\$ 31,815,937	\$ (599,749)
Fund Balance, July 1, 2012	3,394,458	(1,167,543)	0	2,226,915	1,830,204	1,830,204	396,711
Fund Balance, June 30, 2013	\$ 34,526,400	\$ 0	\$ (1,083,297)	\$ 33,443,103	\$ 6,091,328	\$ 33,646,141	\$ (203,038)

Fiduciary Funds

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

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

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

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

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

Exhibit I-1

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

	Agency Funds					Total
	Cities - Sales Tax	Constitu- tional Officers - Agency	Judicial District Drug	District Attorney General		
<u>ASSETS</u>						
Cash	\$ 0	\$ 5,628,476	\$ 78,438	\$ 0	\$ 0	\$ 5,706,914
Equity in Pooled Cash and Investments	0	0	764,640	56,263		820,903
Accounts Receivable	0	51,804	0	0		51,804
Due from Other Governments	3,107,998	0	0	0		3,107,998
Total Assets	\$ 3,107,998	\$ 5,680,280	\$ 843,078	\$ 56,263	\$ 0	\$ 9,687,619
<u>LIABILITIES</u>						
Due to Other Taxing Units	\$ 3,107,998	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,107,998
Due to State of Tennessee	0	500,115	0	0		500,115
Due to Litigants, Heirs, and Others	0	5,180,165	93,673	56,263		5,330,101
Due to Joint Ventures	0	0	749,405	0		749,405
Total Liabilities	\$ 3,107,998	\$ 5,680,280	\$ 843,078	\$ 56,263	\$ 0	\$ 9,687,619

Exhibit I-2

Sumner 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	\$ 17,616,404	\$ 17,616,404	\$ 0
Due from Other Governments	2,976,933	3,107,998	2,976,933	3,107,998
Total Assets	\$ 2,976,933	\$ 20,724,402	\$ 20,593,337	\$ 3,107,998
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,976,933	\$ 20,724,402	\$ 20,593,337	\$ 3,107,998
Total Liabilities	\$ 2,976,933	\$ 20,724,402	\$ 20,593,337	\$ 3,107,998
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 5,760,218	\$ 34,254,019	\$ 34,385,761	\$ 5,628,476
Accounts Receivable	1,738	51,804	1,738	51,804
Total Assets	\$ 5,761,956	\$ 34,305,823	\$ 34,387,499	\$ 5,680,280
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 5,364,591	\$ 33,805,708	\$ 33,990,134	\$ 5,180,165
Due to State of Tennessee	397,365	500,115	397,365	500,115
Total Liabilities	\$ 5,761,956	\$ 34,305,823	\$ 34,387,499	\$ 5,680,280
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Cash	\$ 98,941	\$ 78,438	\$ 98,941	\$ 78,438
Equity in Pooled Cash and Investments	966,979	244,435	446,774	764,640
Total Assets	\$ 1,065,920	\$ 322,873	\$ 545,715	\$ 843,078
<u>Liabilities</u>				
Due to Joint Ventures	\$ 962,433	\$ 300,955	\$ 513,983	\$ 749,405
Due to Litigants, Heirs, and Others	103,487	21,918	31,732	93,673
Total Liabilities	\$ 1,065,920	\$ 322,873	\$ 545,715	\$ 843,078
<u>District Attorney General</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 86,518	\$ 30,255	\$ 56,263
Total Assets	\$ 0	\$ 86,518	\$ 30,255	\$ 56,263
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 0	\$ 86,518	\$ 30,255	\$ 56,263
Total Liabilities	\$ 0	\$ 86,518	\$ 30,255	\$ 56,263

(Continued)

Exhibit I-2

Sumner County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 5,859,159	\$ 34,332,457	\$ 34,484,702	\$ 5,706,914
Equity in Pooled Cash and Investments	966,979	17,947,357	18,093,433	820,903
Accounts Receivable	1,738	51,804	1,738	51,804
Due From Other Governments	2,976,933	3,107,998	2,976,933	3,107,998
Total Assets	<u>\$ 9,804,809</u>	<u>\$ 55,439,616</u>	<u>\$ 55,556,806</u>	<u>\$ 9,687,619</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,976,933	\$ 20,724,402	\$ 20,593,337	\$ 3,107,998
Due to Joint Ventures	962,433	300,955	513,983	749,405
Due to State of Tennessee	397,365	500,115	397,365	500,115
Due to Litigants, Heirs, and Others	5,468,078	33,914,144	34,052,121	5,330,101
Total Liabilities	<u>\$ 9,804,809</u>	<u>\$ 55,439,616</u>	<u>\$ 55,556,806</u>	<u>\$ 9,687,619</u>

Sumner County School Department

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

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

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

Exhibit J-1

Sumner County, Tennessee
Statement of Activities
Discretely Presented Sumner County School Department
For the Year Ended June 30, 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		Total Governmental Activities	
Governmental Activities:						
Instruction	\$ 137,459,679	\$ 854,059	\$ 9,534,754	\$ 0	\$ (127,070,866)	
Support Services	80,714,217	389,780	2,519,024	6,652,558	(71,152,855)	
Operation of Non-Instructional Services	12,459,095	6,776,296	6,948,994	0	1,266,195	
Other Debt Service	6,273	0	0	0	(6,273)	
Total Governmental Activities	\$ 230,639,264	\$ 8,020,135	\$ 19,002,772	\$ 6,652,558	\$ (196,963,799)	
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 49,963,524	
Local Option Sales Taxes					13,321,952	
Wheel Tax					4,307,993	
Interstate Telecommunications Tax					13,012	
Grants and Contributions Not Restricted to Specific Programs					122,498,980	
Miscellaneous					343,780	
Total General Revenues					\$ 190,449,241	
Change in Net Position					\$ (6,514,558)	
Net Position, July 1, 2012					215,054,047	
Net Position, June 30, 2013					\$ 208,539,489	

Exhibit J-2

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

	<u>Major Fund</u>	<u>Nonmajor Fund</u>	
	General Purpose School	School Federal Projects	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 7,550	\$ 0	\$ 7,550
Equity in Pooled Cash and Investments	19,935,989	2,010	19,937,999
Accounts Receivable	150,212	0	150,212
Due from Other Governments	3,459,042	160,537	3,619,579
Property Taxes Receivable	52,471,034	0	52,471,034
Allowance for Uncollectible Property Taxes	(1,450,816)	0	(1,450,816)
Cash Shortage	15,762	0	15,762
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 74,588,773	\$ 162,547	\$ 74,751,320
<u>LIABILITIES</u>			
Accounts Payable	\$ 909,990	\$ 54,157	\$ 964,147
Claims and Judgments Payable	8,439	0	8,439
Current Liabilities Payable from Restricted Assets:			
Customer Deposits Payable	89,654	0	89,654
Total Liabilities	<hr/> \$ 1,008,083	<hr/> \$ 54,157	<hr/> \$ 1,062,240
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 50,129,699	\$ 0	\$ 50,129,699
Deferred Delinquent Property Taxes	897,787	0	897,787
Other Deferred/Unavailable Revenue	1,242,552	0	1,242,552
Total Deferred Inflows of Resources	<hr/> \$ 52,270,038	<hr/> \$ 0	<hr/> \$ 52,270,038
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 5,350,047	\$ 108,390	\$ 5,458,437
Assigned:			
Assigned for Education	281,785	0	281,785
Unassigned	15,678,820	0	15,678,820
Total Fund Balances	<hr/> \$ 21,310,652	<hr/> \$ 108,390	<hr/> \$ 21,419,042
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<hr/> \$ 74,588,773	<hr/> \$ 162,547	<hr/> \$ 74,751,320

Exhibit J-3

Sumner County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Sumner 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 J-2)		\$ 21,419,042
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 8,362,299	
Add: construction in progress	1,617,368	
Add: buildings and improvements net of accumulated depreciation	201,479,539	
Add: other capital assets net of accumulated depreciation	<u>7,728,476</u>	219,187,682
(2) Long-term liabilities are not due and payable in the current-period and therefore are not reported in the governmental funds.		
Less: compensated absences payable	\$ (2,164,042)	
Less: other postemployment benefits liability	(31,871,756)	
Less: contributions due on capital leases payable on primary government debt	(111,285)	
Less: retirement incentive liability	<u>(60,491)</u>	(34,207,574)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>2,140,339</u>
Net position of governmental activities (Exhibit A)		<u>\$ 208,539,489</u>

Exhibit J-4

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

	Major Fund	Nonmajor Fund	Total
	General Purpose School	School Federal Projects	Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 67,897,395	\$ 0	\$ 67,897,395
Licenses and Permits	7,985	0	7,985
Charges for Current Services	7,638,558	0	7,638,558
Other Local Revenues	1,257,815	0	1,257,815
State of Tennessee	120,966,368	0	120,966,368
Federal Government	8,034,138	11,616,194	19,650,332
Total Revenues	<u>\$ 205,802,259</u>	<u>\$ 11,616,194</u>	<u>\$ 217,418,453</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 125,648,241	\$ 8,125,063	\$ 133,773,304
Support Services	61,735,264	4,043,387	65,778,651
Operation of Non-Instructional Services	14,083,980	0	14,083,980
Capital Outlay	163,070	0	163,070
Debt Service:			
Other Debt Service	41,825	0	41,825
Total Expenditures	<u>\$ 201,672,380</u>	<u>\$ 12,168,450</u>	<u>\$ 213,840,830</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 4,129,879</u>	<u>\$ (552,256)</u>	<u>\$ 3,577,623</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 43,566	\$ 0	\$ 43,566
Transfers In	57,063	0	57,063
Transfers Out	0	(57,063)	(57,063)
Total Other Financing Sources (Uses)	<u>\$ 100,629</u>	<u>\$ (57,063)</u>	<u>\$ 43,566</u>
Net Change in Fund Balances	\$ 4,230,508	\$ (609,319)	\$ 3,621,189
Prior Period Adjustments	432,933	(432,933)	0
Fund Balance, July 1, 2012	16,647,211	1,150,642	17,797,853
Fund Balance, June 30, 2013	<u>\$ 21,310,652</u>	<u>\$ 108,390</u>	<u>\$ 21,419,042</u>

Exhibit J-5

Sumner County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Sumner County School Department
For the Year Ended June 30, 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 J-4)		\$ 3,621,189
(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	\$ 819,139	
Less: current-year depreciation expense	<u>(13,948,763)</u>	(13,129,624)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
Add: assets donated and capitalized	\$ 6,621,858	
Less: loss on disposal of capital assets	<u>(40,746)</u>	6,581,112
(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	\$ (2,037,707)	
Add: deferred delinquent property taxes and other deferred June 30, 2013	<u>2,140,339</u>	102,632
(4) The issuance of long-term debt (e.g., leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Add: principal payments on debt for primary government		35,552
(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	\$ (71,560)	
Change in other postemployment benefits liability	(4,751,859)	
Change in retirement incentive liability	101,925	
Change in judgments payable	<u>996,075</u>	<u>(3,725,419)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (6,514,558)</u>

Exhibit J-6

Summer County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Summer County School Department
 General Purpose School Fund
 For the Year Ended June 30, 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	\$ 67,897,395	\$ 0	\$ 0	\$ 67,897,395	\$ 66,906,375	\$ 66,906,375	\$ 991,020
Licenses and Permits	7,985	0	0	7,985	6,500	6,500	1,485
Charges for Current Services	7,638,558	0	0	7,638,558	7,942,065	8,042,065	(403,507)
Other Local Revenues	1,257,815	0	0	1,257,815	695,350	827,427	430,388
State of Tennessee	120,966,368	0	0	120,966,368	117,890,864	119,199,939	1,766,429
Federal Government	8,034,138	0	0	8,034,138	7,073,093	7,915,815	118,323
Total Revenues	\$ 205,802,259	\$ 0	\$ 0	\$ 205,802,259	\$ 200,514,247	\$ 202,898,121	\$ 2,904,138
Expenditures							
Instruction							
Regular Instruction Program	\$ 95,830,308	\$ (35,095)	\$ 3,554	\$ 95,798,767	\$ 96,387,106	\$ 96,704,760	\$ 905,993
Alternative Instruction Program	1,702,600	0	0	1,702,600	1,674,580	1,739,580	36,980
Special Education Program	18,667,204	0	0	18,667,204	19,365,805	19,601,222	934,018
Vocational Education Program	9,336,783	0	0	9,336,783	9,726,574	9,661,574	324,791
Adult Education Program	111,346	0	0	111,346	150,861	193,169	81,823
Support Services							
Attendance	365,134	0	0	365,134	367,707	367,707	2,573
Health Services	999,317	0	24,868	1,024,185	1,083,246	1,083,246	59,061
Other Student Support	4,724,502	0	0	4,724,502	4,912,769	4,916,605	192,103
Regular Instruction Program	6,604,309	(27,252)	10,818	6,587,875	6,328,547	7,225,301	637,426
Alternative Instruction Program	327,552	0	0	327,552	372,032	372,032	44,480
Special Education Program	1,913,655	0	0	1,913,655	2,048,844	2,113,599	199,944
Vocational Education Program	152,901	0	0	152,901	149,154	159,154	6,253
Adult Programs	200,308	0	0	200,308	176,888	219,727	19,419
Other Programs	662,422	0	0	662,422	0	662,422	0
Board of Education	4,773,489	(2,464)	0	4,771,025	5,014,775	5,014,775	243,750
Director of Schools	666,959	0	0	666,959	707,308	707,308	40,349
Office of the Principal	12,352,308	(2,927)	0	12,349,381	12,756,201	12,756,201	406,820

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	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>							
Fiscal Services	\$ 1,004,405	\$ 0	\$ 0	\$ 1,004,405	\$ 1,077,467	\$ 1,051,467	\$ 47,062
Human Services/Personnel	523,463	0	0	523,463	520,801	546,801	23,338
Operation of Plant	12,134,868	(38,680)	78,326	12,174,514	13,455,741	13,427,741	1,253,227
Maintenance of Plant	5,352,651	(88,104)	52,386	5,316,933	5,507,890	5,507,890	190,957
Transportation	7,739,368	0	0	7,739,368	8,570,992	8,583,584	844,216
Central and Other	1,237,653	0	7,964	1,245,617	1,506,056	1,506,056	260,439
<u>Operation of Non-Instructional Services</u>							
Food Service	12,169,821	(79,235)	7,664	12,098,250	13,309,765	13,442,554	1,344,304
Community Services	1,825,756	(8,102)	13,768	1,831,422	1,548,702	1,861,702	30,280
Early Childhood Education	88,403	(6,995)	0	81,408	94,674	91,292	9,884
<u>Capital Outlay</u>							
Regular Capital Outlay	163,070	(36,888)	82,437	208,619	100,000	210,437	1,818
<u>Principal on Debt</u>							
Education	0	0	0	0	38,699	0	0
Interest on Debt	0	0	0	0	6,928	0	0
Other Debt Service	0	0	0	0	0	0	0
Education	41,825	0	0	41,825	0	45,627	3,802
<u>Total Expenditures</u>	\$ 201,672,380	\$ (325,742)	\$ 281,785	\$ 201,628,423	\$ 206,960,112	\$ 209,773,533	\$ 8,145,110
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ 4,129,879	\$ 325,742	\$ (281,785)	\$ 4,173,836	\$ (6,445,865)	\$ (6,875,412)	\$ 11,049,248
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 43,566	\$ 0	\$ 0	\$ 43,566	\$ 75,000	\$ 75,000	\$ (31,434)
Transfers In	57,063	0	0	57,063	200,000	200,000	(142,937)
Transfers Out	0	0	0	0	0	(11,530)	11,530
<u>Total Other Financing Sources</u>	\$ 100,629	\$ 0	\$ 0	\$ 100,629	\$ 275,000	\$ 263,470	\$ (162,841)

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	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	\$ 4,230,508	\$ 325,742	(281,785)	\$ 4,274,465	\$ (6,170,865)	\$ (6,611,942)	\$ 10,886,407
Prior Period Adjustment	432,933	0	0	432,933	0	0	432,933
Fund Balance, July 1, 2012	16,647,211	(325,742)	0	16,321,469	15,104,795	15,104,795	1,216,674
Fund Balance, June 30, 2013	\$ 21,310,652	\$ 0	(281,785)	\$ 21,028,867	\$ 8,933,930	\$ 8,492,853	\$ 12,536,014

Exhibit J-7

Sumner County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Sumner 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	\$ 11,616,194	\$ 13,792,834	\$ 16,714,926	\$ (5,098,732)
Total Revenues	\$ 11,616,194	\$ 13,792,834	\$ 16,714,926	\$ (5,098,732)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 4,154,680	\$ 5,258,789	\$ 5,836,004	\$ 1,681,324
Alternative Instruction Program	26,835	26,945	31,343	4,508
Special Education Program	3,698,604	2,869,371	4,673,193	974,589
Vocational Education Program	244,944	244,944	244,944	0
<u>Support Services</u>				
Health Services	182,276	175,780	230,158	47,882
Other Student Support	163,122	454,296	239,568	76,446
Regular Instruction Program	1,061,744	2,274,875	2,482,489	1,420,745
Alternative Instruction Program	0	4,213	0	0
Special Education Program	2,563,439	2,787,447	3,589,344	1,025,905
Vocational Education Program	16,274	16,385	16,385	111
Transportation	56,532	69,605	77,687	21,155
Total Expenditures	\$ 12,168,450	\$ 14,182,650	\$ 17,421,115	\$ 5,252,665
Excess (Deficiency) of Revenues Over Expenditures	\$ (552,256)	\$ (389,816)	\$ (706,189)	\$ 153,933
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (57,063)	\$ (79,881)	\$ (82,102)	\$ 25,039
Total Other Financing Sources	\$ (57,063)	\$ (79,881)	\$ (82,102)	\$ 25,039
Net Change in Fund Balance	\$ (609,319)	\$ (469,697)	\$ (788,291)	\$ 178,972
Prior Period Adjustment	(432,933)	0	0	(432,933)
Fund Balance, July 1, 2012	1,150,642	478,088	1,221,227	(70,585)
Fund Balance, June 30, 2013	\$ 108,390	\$ 8,391	\$ 432,936	\$ (324,546)

MISCELLANEOUS SCHEDULES

Exhibit K-1

Summer County, Tennessee
Schedule of Changes in Long-term Bonds and Capital Leases
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
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
General Obligation	\$ 6,555,000	2.83	1-29-10	6-1-20	\$ 6,455,000	0	\$ 175,000	\$ 6,280,000
School Refunding	112,210,000	2.86	5-17-11	6-1-23	108,660,000	0	8,165,000	100,495,000
General Obligation	30,000,000	1.5 to 5	6-7-13	12-1-23	0	30,000,000	0	30,000,000
Total Bonds Payable					<u>\$ 115,115,000</u>	<u>\$ 30,000,000</u>	<u>\$ 8,340,000</u>	<u>\$ 136,775,000</u>
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable by School Department Contributions</u>								
from the General Purpose School Fund to								
the General Debt Service Fund	45,225	6.94	9-1-10	8-1-15	\$ 29,543	0	\$ 8,135	\$ 21,408
Trash Compactors	155,700	4.81	4-8-11	3-8-16	117,294	0	27,417	89,877
"								
Total Capital Leases Payable					<u>\$ 146,837</u>	<u>\$ 0</u>	<u>\$ 35,552</u>	<u>\$ 111,285</u>

Exhibit K-2

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

Year Ending June 30	Bonds		Total
	Principal	Interest	
2014	\$ 10,365,000	\$ 5,816,735	\$ 16,181,735
2015	10,895,000	5,353,663	16,248,663
2016	11,375,000	4,957,138	16,332,138
2017	11,830,000	4,531,638	16,361,638
2018	12,265,000	4,058,513	16,323,513
2019	12,835,000	3,534,863	16,369,863
2020	13,400,000	2,982,664	16,382,664
2021	13,980,000	2,371,400	16,351,400
2022	14,580,000	1,689,250	16,269,250
2023	15,250,000	982,000	16,232,000
2024	10,000,000	150,000	10,150,000
Total	\$ 136,775,000	\$ 36,427,864	\$ 173,202,864

Year Ending June 30	Capital Leases		Total
	Principal	Interest	
2014	\$ 40,981	\$ 4,644	\$ 45,625
2015	43,211	2,414	45,625
2016	27,093	909	28,002
Total	\$ 111,285	\$ 7,967	\$ 119,252

Exhibit K-3

Sumner County, Tennessee
Schedule of Notes Receivable
June 30, 2013

Description	Debtor	Original Amount of Notes	Date of Issue	Date of Maturity	Interest Rate	Balance
<u>General Debt Service Fund</u>						
Various Construction Projects	Sumner County Regional Airport Authority	\$ 300,000	5-1-10	6-1-20	0 %	\$ 205,000
<u>General Fund</u>						
Emergency Communication Equipment	Sumner County Emergency Communications District	1,870,872	10-3-11	9-1-16	4	1,258,102
Total Notes Receivable						<u>\$ 1,463,102</u>

Exhibit K-4

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

<u>To Fund</u>	<u>From Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Capital Projects	Assessor of Property software	\$ 15,000
"	Judicial District Drug	Salaries	113,888
General Capital Projects	General	Emergency Response Complex	3,000,000
Self-Insurance	"	To remove fund deficit	3,000,000
Total Transfers Primary Government			<u>\$ 6,128,888</u>
<u>DISCRETELY PRESENTED SUMNER</u>			
<u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Indirect costs	<u>\$ 57,063</u>

Exhibit K-5

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Sections 8-24-102 and 5-1-310, TCA	\$ 102,208	\$ 50,000	Hartford Fire Insurance Company
Superintendent of Roads	Section 8-24-102, TCA	95,909	100,000	"
Director of Schools	State Board of Education and Local Board of Education	183,500	50,000	Western Surety Company
Trustee	Sections 8-24-102 and 5-1-310, TCA	88,692	6,115,412	Hartford Fire Insurance Company
Assessor of Property	Sections 8-24-102 and 5-1-310, TCA	88,692	50,000	Western Surety Company
Director of Finance	County Commission	104,252	100,000	Hartford Fire Insurance Company
County Clerk	Sections 8-24-102 and 5-1-310, TCA	88,692	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Sections 8-24-102 and 5-1-310, TCA	88,692	50,000	"
Clerk and Master	Sections 8-24-102 and 5-1-310, TCA, and Chancery Court	88,692	50,000	Western Surety Company
Register of Deeds	Sections 8-24-102 and 5-1-310, TCA	88,692	25,000	Hartford Fire Insurance Company
Sheriff	Section 8-24-102, TCA	95,909	25,000	"

Employee Blanket Bonds
 Public Employee Dishonesty - County Departments
 Public Employee Dishonesty - School Department

Self-Insured
 100,000 Travelers Insurance

- (1) Includes an education supplement of \$1,500.
- (2) Includes longevity pay of \$525.
- (3) Does not include special commissioner fees totaling \$1,608.
- (4) Does not include a law enforcement training supplement of \$600.
- (5) Includes a 403(b) retirement contribution of \$5,000.
- (6) Does not include a CEO supplement of \$1,000.

Exhibit K-6

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

	Special Revenue Funds						Debt Service Fund		Capital Projects Fund		Total
	General	Courthouse and Jail Maintenance	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Capital Projects Fund			
								General Debt Service	General Capital Projects		
Local Taxes											
County Property Taxes											
Current Property Tax	\$ 17,839,916	\$ 0	\$ 0	\$ 0	\$ 664,080	\$ 6,181,147	\$ 7,241,514	\$ 7,241,514	\$ 0	\$ 31,926,657	
Trustee's Collections - Prior Year	350,861	0	0	0	13,328	140,110	143,564	143,564	0	647,863	
Circuit/Clerk & Master Collections - Prior Years	310,638	0	0	0	11,821	124,309	128,818	128,818	0	575,586	
Interest and Penalty	67,736	0	0	0	2,573	27,294	26,926	26,926	0	124,529	
Payments in-Lieu-of Taxes - T.V.A.	155	0	0	0	6	54	63	63	0	278	
Payments in-Lieu-of Taxes - Local Utilities	140,390	0	0	0	5,224	48,712	56,929	56,929	0	251,255	
Payments in-Lieu-of Taxes - Other	3,305	0	0	0	0	0	0	0	0	3,305	
County Local Option Taxes											
Local Option Sales Tax	0	0	0	0	0	6,629,231	0	0	0	6,629,231	
Hotel/Motel Tax	432,542	0	0	0	0	0	0	0	0	432,542	
Wheel Tax	0	0	0	0	1,846,415	0	0	0	0	1,846,415	
Litigation Tax - General	0	0	0	0	0	141,494	0	0	0	141,494	
Litigation Tax - Special Purpose	59,326	0	0	0	0	0	0	0	0	59,326	
Litigation Tax - Jail, Workhouse, or Courthouse	0	361,365	0	0	0	0	0	0	0	361,365	
Business Tax	1,691,358	0	0	0	0	0	0	0	0	1,691,358	
Mineral Severance Tax	0	0	0	0	84,815	0	0	0	0	84,815	
Adequate Facilities/Development Tax	0	0	0	0	0	1,609,703	0	0	0	1,609,703	
Statutory Local Taxes											
Bank Excise Tax	224,891	0	0	0	0	0	0	0	0	224,891	
Wholesale Beer Tax	579,185	0	0	0	0	0	0	0	0	579,185	
Beer Privilege Tax	2,161	0	0	0	0	0	0	0	0	2,161	
Interstate Telecommunications Tax	0	0	0	0	0	5,966	0	0	0	5,966	
Total Local Taxes	\$ 21,702,464	\$ 361,365	\$ 0	\$ 0	\$ 2,628,262	\$ 14,908,020	\$ 7,597,814	\$ 7,597,814	\$ 0	\$ 47,197,925	
Licenses and Permits											
Licenses											
Marriage Licenses	5,524	0	0	0	0	0	0	0	0	5,524	
Cable TV Franchise	387,102	0	0	0	0	0	0	0	0	387,102	
Permits											
Beer Permits	1,188	0	0	0	0	0	0	0	0	1,188	
Building Permits	135,673	0	0	0	0	0	0	0	0	135,673	
Total Licenses and Permits	\$ 529,487	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 529,487	
Fines, Forfeitures, and Penalties											
Circuit Court	41,890	0	0	0	0	0	0	0	0	41,890	
Fines	0	0	0	0	0	0	0	0	0	0	

(Continued)

Exhibit K-6

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

	Special Revenue Funds						Debt Service Fund		Capital Projects Fund		Total
	General	Courthouse and Jail Maintenance	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Total			
								General	Capital Projects		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>											
<u>Circuit Court (Cont.)</u>											
Officers Costs	\$ 54,629	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 54,629
Drug Control Fines	0	0	5,362	0	0	0	0	0	0	0	5,362
DUI Treatment Fines	3,750	0	0	0	0	0	0	0	0	0	3,750
Data Entry Fee - Circuit Court	67,935	0	0	0	0	0	0	0	0	0	67,935
Courtroom Security Fee	1,701	0	0	0	0	0	0	0	0	0	1,701
<u>Criminal Court</u>											
Drug Court Fees	20,611	0	0	0	0	0	0	0	0	0	20,611
<u>General Sessions Court</u>											
Fines	114,775	0	0	0	0	0	0	0	0	0	114,775
Officers Costs	202,348	0	0	0	0	0	0	0	0	0	202,348
Drug Control Fines	0	0	11,798	0	0	0	0	0	0	0	11,798
Drug Court Fees	37,281	0	0	0	0	0	0	0	0	0	37,281
DUI Treatment Fines	61,989	0	0	0	0	0	0	0	0	0	61,989
Courtroom Security Fee	10,293	0	0	0	0	0	0	0	0	0	10,293
<u>Juvenile Court</u>											
Fines	9,394	0	0	0	0	0	0	0	0	0	9,394
Officers Costs	23,078	0	0	0	0	0	0	0	0	0	23,078
Courtroom Security Fee	287	0	0	0	0	0	0	0	0	0	287
<u>Chancery Court</u>											
Officers Costs	9,378	0	0	0	0	0	0	0	0	0	9,378
Data Entry Fee - Chancery Court	11,808	0	0	0	0	0	0	0	0	0	11,808
Courtroom Security Fee	21	0	0	0	0	0	0	0	0	0	21
<u>Other Courts - In-county</u>											
Fines for Littering	76	0	0	0	0	0	0	0	0	0	76
<u>Other Fines, Forfeitures, and Penalties</u>											
Other Fines, Forfeitures, and Penalties	49,939	0	0	0	0	0	0	0	0	0	49,939
Total Fines, Forfeitures, and Penalties	\$ 721,183	\$ 0	\$ 17,160	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 738,343
<u>Charges for Current Services</u>											
<u>General Service Charges</u>											
Self-Insurance Premiums/Contributions	\$ 123,296	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 123,296
Patient Charges	5,191,213	0	0	0	0	0	0	0	0	0	5,191,213
Zoning Studies	6,675	0	0	0	0	0	0	0	0	0	6,675
Work Release Charges for Board	1,900	0	0	0	0	0	0	0	0	0	1,900
Other General Service Charges	0	0	16,000	0	0	0	0	0	0	0	16,000

(Continued)

Exhibit K-6

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

	Special Revenue Funds						Debt Service Fund		Capital Projects Fund		Total
	General	Courthouse and Jail Maintenance	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Debt Service	General Capital Projects	Total		
										General	
<u>Charges for Current Services (Cont.)</u>											
<u>Fees</u>											
Subdivision Lot Fees	\$ 32,300	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,300
Engineer Review Fees	3,720	0	0	0	0	0	0	0	0	0	3,720
Copy Fees	3,537	0	0	0	0	0	0	0	0	0	3,537
Library Fees	66,533	0	0	0	0	0	0	0	0	0	66,533
Greenbelt Late Application Fee	800	0	0	0	0	0	0	0	0	0	800
Telephone Commissions	0	257,325	0	0	0	0	0	0	0	0	257,325
Special Commissioner Fees/Special Master Fees	0	0	0	1,608	0	0	0	0	0	0	1,608
Data Processing Fee - Register	72,894	0	0	0	0	0	0	0	0	0	72,894
Probation Fees	424,017	0	0	0	0	0	0	0	0	0	424,017
Data Processing Fee - Sheriff	22,685	0	0	0	0	0	0	0	0	0	22,685
Sexual Offender Registration Fees - Sheriff	8,700	0	0	0	0	0	0	0	0	0	8,700
Data Processing Fee - County Clerk	58,542	0	0	0	0	0	0	0	0	0	58,542
<u>Other Charges for Services</u>	4,800	0	0	0	0	0	0	0	0	0	4,800
Total Charges for Current Services	\$ 6,021,612	\$ 257,325	\$ 16,000	\$ 1,608	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,296,545
<u>Other Local Revenues</u>											
<u>Recurring Items</u>											
Investment Income	\$ 191,311	\$ 0	\$ 0	\$ 0	\$ 0	\$ 125,126	\$ 0	\$ 0	\$ 0	\$ 0	\$ 316,437
Lease/Rentals	183,143	0	0	0	0	0	0	0	0	0	183,143
Sale of Materials and Supplies	100	0	0	0	785	0	0	0	0	0	885
Commissary Sales	183,151	0	0	0	0	0	0	0	0	0	183,151
Sale of Gasoline	0	0	0	0	132,707	0	0	0	0	0	132,707
Sale of Maps	245	0	0	0	0	0	0	0	0	0	245
Sale of Recycled Materials	0	0	0	0	10,500	0	0	0	0	0	10,500
Refund of Telecommunication & Internet Fees (E-Rate)	4,418	0	0	0	0	0	0	0	0	0	4,418
Sale of Animals/Livestock	52,798	0	0	0	0	0	0	0	0	0	52,798
Miscellaneous Refunds	9,596	1,498	0	0	0	0	0	0	0	0	11,094
Expenditure Credits	0	0	0	0	42	0	0	0	0	0	42
<u>Nonrecurring Items</u>											
Gain on Disposal of Property	885	0	0	0	0	0	0	0	0	0	885
Sale of Equipment	30,024	0	0	0	46,676	0	0	0	0	0	76,700
Sale of Property	301	0	0	0	0	0	0	0	0	0	301
Damages Recovered from Individuals	0	0	0	0	982	0	0	0	0	0	982
Contributions and Gifts	166,726	0	1,873	0	0	0	0	0	0	0	168,599
Performance Bond Forfeitures	0	0	0	0	32,000	0	0	0	0	0	32,000

(Continued)

Exhibit K-6

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

	Special Revenue Funds				Debt Service Fund		Capital Projects Fund		Total
	General	Courthouse and Jail Maintenance	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects		
<u>Other Local Revenues (Cont.)</u>									
<u>Other Local Revenues</u>	\$ 18,213	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,213
Other Local Revenues	\$ 840,911	\$ 1,498	\$ 1,873	\$ 0	\$ 223,692	\$ 125,126	\$ 0	\$ 0	\$ 1,193,100
<u>Total Other Local Revenues</u>									
	\$ 1,640,694	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,640,694
<u>Fees Received from County Officials</u>									
<u>Fees in-Lieu-of-Salary</u>									
County Clerk	1,779,301	0	0	0	0	0	0	0	1,779,301
Circuit Court Clerk	520,908	0	0	0	0	0	0	0	520,908
Clerk and Master	1,109,160	0	0	0	0	0	0	0	1,109,160
Register	50,821	0	0	0	0	0	0	0	50,821
Sheriff	2,516,857	0	0	0	0	0	0	0	2,516,857
Trustee	7,617,741	0	0	0	0	0	0	0	7,617,741
<u>Total Fees Received from County Officials</u>									
	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	42,000	0	0	0	0	0	0	0	42,000
Public Safety Grants	48,393	0	0	0	0	0	0	0	48,393
Law Enforcement Training Programs	1,007,365	0	0	0	0	0	0	0	1,007,365
Other Public Safety Grants	335,008	0	0	0	335,008	0	0	0	335,008
Health and Welfare Grants	82,541	0	0	0	82,541	0	0	0	82,541
Health Department Programs	1,007,365	0	0	0	0	0	0	0	1,007,365
Public Works Grants	0	0	0	0	0	0	0	0	0
State Aid Program	0	0	0	0	0	0	0	0	0
Litter Program	0	0	0	0	0	0	0	0	0
<u>Other State Revenues</u>									
Flood Control	101,184	0	0	0	0	0	0	0	101,184
Income Tax	614,623	0	0	0	0	0	0	0	614,623
Beer Tax	18,586	0	0	0	0	0	0	0	18,586
Alcoholic Beverage Tax	194,041	0	0	0	0	0	0	0	194,041
Mixed Drink Tax	11,664	0	0	0	0	0	0	0	11,664
State Revenue Sharing - T.V.A.	1,618,297	0	0	0	0	0	0	0	1,618,297
Emergency Hospital - Prisoners	330,455	0	0	0	0	0	0	0	330,455
Prisoner Transportation	1,668	0	0	0	0	0	0	0	1,668
Contracted Prisoner Boarding	2,417,295	0	0	0	0	0	0	0	2,417,295
Gasoline and Motor Fuel Tax	0	0	0	0	2,716,672	0	0	0	2,716,672
Petroleum Special Tax	0	0	0	0	136,823	0	0	0	136,823

(Continued)

Exhibit K-6

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

	Special Revenue Funds				Debt Service Fund		Capital Projects Fund		Total
	General	Courthouse and Jail Maintenance	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects		
State of Tennessee (Cont.)									
Other State Revenues (Cont.)									
Registrar's Salary Supplement	\$ 15,164	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,164
Other State Grants	9,114	0	0	0	0	0	0	0	9,114
Other State Revenues	2,371	0	0	0	0	8,437	0	0	10,808
Total State of Tennessee	\$ 6,441,220	\$ 0	\$ 0	\$ 0	\$ 3,271,044	\$ 8,437	\$ 0	\$ 0	\$ 9,720,701
Federal Government									
Federal Through State									
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 278,237	\$ 0	\$ 278,237
Disaster Relief	0	0	0	0	155,403	0	0	0	155,403
Homeland Security Grants	544,514	0	0	0	0	0	0	0	544,514
ARRA Grant # 3	68,000	0	0	0	0	0	0	0	68,000
ARRA Grant # 4	327,833	0	0	0	0	0	0	0	327,833
Other Federal through State	387,687	0	0	0	0	0	43,458	0	431,145
Direct Federal Revenue									
Police Service (Lake Area)	13,698	0	0	0	0	0	0	0	13,698
Other Direct Federal Revenue	57,885	0	0	0	138,107	0	0	0	195,992
Total Federal Government	\$ 1,399,617	\$ 0	\$ 0	\$ 0	\$ 293,510	\$ 0	\$ 321,695	\$ 0	\$ 2,014,822
Other Governments and Citizens Groups									
Other Governments									
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 291,215	\$ 0	\$ 0	\$ 0	\$ 291,215
Contributions	223,530	0	0	0	0	41,825	0	0	265,355
Contracted Services	12,300	0	0	0	0	0	0	0	12,300
Total Other Governments and Citizens Groups	\$ 235,830	\$ 0	\$ 0	\$ 0	\$ 291,215	\$ 41,825	\$ 0	\$ 0	\$ 568,870
Total	\$ 45,510,065	\$ 620,188	\$ 35,033	\$ 1,608	\$ 6,707,723	\$ 15,083,408	\$ 7,919,509	\$ 75,877,534	

Exhibit K-7

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

	General Purpose School	School Federal Projects	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 47,952,824	\$ 0	\$ 47,952,824
Trustee's Collections - Prior Year	955,203	0	955,203
Circuit/Clerk & Master Collections - Prior Years	846,879	0	846,879
Interest and Penalty	184,326	0	184,326
Payments in-Lieu-of Taxes - T.V.A.	416	0	416
Payments in-Lieu-of Taxes - Local Utilities	377,368	0	377,368
<u>County Local Option Taxes</u>			
Local Option Sales Tax	13,260,452	0	13,260,452
Wheel Tax	4,307,993	0	4,307,993
<u>Statutory Local Taxes</u>			
Interstate Telecommunications Tax	11,934	0	11,934
Total Local Taxes	<u>\$ 67,897,395</u>	<u>\$ 0</u>	<u>\$ 67,897,395</u>
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 5,524	\$ 0	\$ 5,524
<u>Permits</u>			
Other Permits	2,461	0	2,461
Total Licenses and Permits	<u>\$ 7,985</u>	<u>\$ 0</u>	<u>\$ 7,985</u>
<u>Charges for Current Services</u>			
<u>Education Charges</u>			
Tuition - Regular Day Students	\$ 171,376	\$ 0	\$ 171,376
Tuition - Summer School	8,610	0	8,610
Tuition - Other	4,455	0	4,455
Lunch Payments - Children	4,478,268	0	4,478,268
Lunch Payments - Adults	231,408	0	231,408
Income from Breakfast	205,200	0	205,200
Receipts from Individual Schools	669,618	0	669,618
Community Service Fees - Children	1,672,803	0	1,672,803
<u>Other Charges for Services</u>			
Other Charges for Services	196,820	0	196,820
Total Charges for Current Services	<u>\$ 7,638,558</u>	<u>\$ 0</u>	<u>\$ 7,638,558</u>
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 27,431	\$ 0	\$ 27,431
Lease/Rentals	116,367	0	116,367
Sale of Materials and Supplies	56,488	0	56,488
Refund of Telecommunication and Internet Fees (E-Rate)	192,960	0	192,960
Retirees' Insurance Payments	193,546	0	193,546
Miscellaneous Refunds	66,887	0	66,887
<u>Nonrecurring Items</u>			
Sale of Equipment	89,648	0	89,648
Sale of Property	9,975	0	9,975
Damages Recovered from Individuals	1,961	0	1,961
Contributions and Gifts	440,693	0	440,693
<u>Other Local Revenues</u>			
Other Local Revenues	61,859	0	61,859
Total Other Local Revenues	<u>\$ 1,257,815</u>	<u>\$ 0</u>	<u>\$ 1,257,815</u>

(Continued)

Exhibit K-7

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

	General Purpose School	School Federal Projects	Total
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
On-Behalf Contributions for OPEB	\$ 662,422	\$ 0	\$ 662,422
<u>State Education Funds</u>			
Basic Education Program	118,068,101	0	118,068,101
Early Childhood Education	81,408	0	81,408
School Food Service	114,532	0	114,532
Energy Efficient School Initiative	30,700	0	30,700
Other State Education Funds	38,292	0	38,292
Career Ladder Program	806,437	0	806,437
Career Ladder - Extended Contract	202,900	0	202,900
<u>Other State Revenues</u>			
Mixed Drink Tax	11,664	0	11,664
Other State Grants	758,851	0	758,851
Other State Revenues	191,061	0	191,061
Total State of Tennessee	\$ 120,966,368	\$ 0	\$ 120,966,368
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA School Lunch Program	\$ 4,657,239	\$ 0	\$ 4,657,239
USDA - Commodities	659,106	0	659,106
Breakfast	1,432,869	0	1,432,869
USDA - Other	23,173	0	23,173
Adult Education State Grant Program	214,349	0	214,349
Vocational Education - Basic Grants to States	0	327,604	327,604
Title I Grants to Local Education Agencies	0	3,356,710	3,356,710
Special Education - Grants to States	300,173	6,129,367	6,429,540
Special Education Preschool Grants	0	118,774	118,774
English Language Acquisition Grants	0	70,489	70,489
Safe and Drug-free Schools - State Grants	530,356	0	530,356
Education for Homeless Children and Youth	0	40,083	40,083
Eisenhower Professional Development State Grants	0	371,852	371,852
Race-to-the-Top - ARRA	0	736,328	736,328
Other Federal through State	33,644	464,987	498,631
<u>Direct Federal Revenue</u>			
ROTC Reimbursement	183,229	0	183,229
Total Federal Government	\$ 8,034,138	\$ 11,616,194	\$ 19,650,332
Total	\$ 205,802,259	\$ 11,616,194	\$ 217,418,453

Exhibit K-8

Sumner 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	\$	26,350	
Board and Committee Members Fees		144,000	
Social Security		8,289	
State Retirement		2,062	
Employer Medicare		2,287	
Audit Services		48,194	
Dues and Memberships		22,608	
Legal Notices, Recording, and Court Costs		1,266	
Postal Charges		29	
Printing, Stationery, and Forms		363	
Other Charges		11,352	
Total County Commission	\$		266,800

Board of Equalization

Board and Committee Members Fees	\$	3,300	
Legal Notices, Recording, and Court Costs		143	
Total Board of Equalization			3,443

Other Boards and Committees

Board and Committee Members Fees	\$	3,200	
Total Other Boards and Committees			3,200

County Mayor/Executive

County Official/Administrative Officer	\$	102,208	
Assistant(s)		76,982	
Longevity Pay		1,650	
Social Security		10,682	
State Retirement		25,189	
Life Insurance		320	
Medical Insurance		29,480	
Dental Insurance		1,237	
Employer Medicare		2,498	
Communication		1,869	
Dues and Memberships		2,200	
Maintenance Agreements		1,452	
Postal Charges		424	
Printing, Stationery, and Forms		82	
Travel		5,211	
Office Supplies		2,823	
Periodicals		285	
In Service/Staff Development		710	
Other Charges		6,339	
Data Processing Equipment		961	
Total County Mayor/Executive			272,602

County Attorney

County Official/Administrative Officer	\$	146,923	
Longevity Pay		2,400	
Other Salaries and Wages		115,496	
Social Security		13,202	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Attorney (Cont.)

State Retirement	\$	35,973	
Life Insurance		368	
Medical Insurance		38,708	
Dental Insurance		1,375	
Disability Insurance		2,759	
Employer Medicare		3,610	
Communication		2,899	
Data Processing Services		3,764	
Dues and Memberships		686	
Operating Lease Payments		558	
Maintenance Agreements		697	
Postal Charges		500	
Printing, Stationery, and Forms		192	
Travel		735	
Other Contracted Services		146,602	
Data Processing Supplies		139	
Library Books/Media		3,883	
Office Supplies		3,325	
In Service/Staff Development		475	
Data Processing Equipment		10,277	
Furniture and Fixtures		1,196	
Total County Attorney			\$ 536,742

Election Commission

County Official/Administrative Officer	\$	77,932
Secretary(ies)		135,708
Longevity Pay		2,400
Overtime Pay		5,747
Other Salaries and Wages		71,018
Election Commission		7,063
Election Workers		126,915
Social Security		19,655
State Retirement		30,353
Life Insurance		388
Medical Insurance		58,961
Dental Insurance		2,322
Employer Medicare		4,615
Communication		8,341
Data Processing Services		17,083
Legal Notices, Recording, and Court Costs		5,296
Maintenance Agreements		15,412
Maintenance and Repair Services - Buildings		191
Maintenance and Repair Services - Equipment		3,680
Maintenance and Repair Services - Office Equipment		838
Postal Charges		18,783
Printing, Stationery, and Forms		6,181
Rentals		250
Travel		5,195
Other Contracted Services		21,260
Data Processing Supplies		8,598

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Office Supplies	\$	6,077	
Periodicals		62	
Uniforms		2,307	
Other Supplies and Materials		2,076	
In Service/Staff Development		4,068	
Data Processing Equipment		35,938	
Office Equipment		1,421	
Total Election Commission			\$ 706,134

Register of Deeds

County Official/Administrative Officer	\$	88,692	
Deputy(ies)		311,729	
Longevity Pay		7,200	
Social Security		23,291	
State Retirement		57,009	
Life Insurance		724	
Medical Insurance		94,931	
Dental Insurance		4,013	
Employer Medicare		5,447	
Communication		1,423	
Data Processing Services		27,060	
Dues and Memberships		834	
Operating Lease Payments		4,717	
Maintenance Agreements		348	
Maintenance and Repair Services - Office Equipment		360	
Postal Charges		279	
Printing, Stationery, and Forms		1,740	
Travel		2,021	
Maintenance and Repair Services - Records		8,894	
Data Processing Supplies		2,083	
Duplicating Supplies		9,491	
Office Supplies		1,896	
Periodicals		96	
In Service/Staff Development		175	
Data Processing Equipment		5,048	
Office Equipment		4,600	
Total Register of Deeds			664,101

Building

Supervisor/Director	\$	71,801	
Investigator(s)		170,167	
Secretary(ies)		103,912	
Part-time Personnel		9,011	
Longevity Pay		10,800	
Other Salaries and Wages		62,418	
Social Security		24,801	
State Retirement		59,093	
Life Insurance		742	
Medical Insurance		88,950	
Dental Insurance		3,657	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

Employer Medicare	\$	5,800	
Communication		1,232	
Contracts with Government Agencies		13,475	
Data Processing Services		1,580	
Dues and Memberships		399	
Operating Lease Payments		5,126	
Legal Notices, Recording, and Court Costs		523	
Maintenance and Repair Services - Vehicles		4,651	
Matching Share		5,685	
Postal Charges		1,581	
Printing, Stationery, and Forms		851	
Travel		1,542	
Permits		3,460	
Other Contracted Services		26,624	
Data Processing Supplies		934	
Gasoline		13,131	
Office Supplies		1,893	
In Service/Staff Development		2,386	
Other Charges		979	
Data Processing Equipment		3,712	
Other Equipment		1,550	
Total Building			\$ 702,466

County Buildings

Maintenance Personnel	\$	190,127	
Longevity Pay		7,725	
Social Security		11,742	
State Retirement		28,109	
Life Insurance		310	
Medical Insurance		33,779	
Dental Insurance		1,138	
Employer Medicare		2,746	
Communication		1,641	
Other Contracted Services		39,631	
Electricity		645,657	
Natural Gas		187,089	
Water and Sewer		178,593	
Total County Buildings			1,328,287

Preservation of Records

Clerical Personnel	\$	27,043	
Part-time Personnel		16,011	
Longevity Pay		375	
Social Security		2,565	
State Retirement		3,866	
Life Insurance		49	
Medical Insurance		5,311	
Dental Insurance		211	
Employer Medicare		600	
Communication		2,094	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records (Cont.)

Dues and Memberships	\$	45	
Postal Charges		100	
Printing, Stationery, and Forms		1,066	
Travel		122	
Maintenance and Repair Services - Records		706	
Data Processing Supplies		1,155	
Office Supplies		886	
Other Supplies and Materials		32	
In Service/Staff Development		160	
Other Charges		37	
Data Processing Equipment		2,190	
Furniture and Fixtures		130	
Total Preservation of Records			\$ 64,754

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	104,252	
Assistant(s)		61,244	
Accountants/Bookkeepers		154,742	
Purchasing Personnel		63,443	
Librarians		10,250	
Longevity Pay		8,925	
Other Salaries and Wages		45,773	
Social Security		25,356	
State Retirement		61,387	
Life Insurance		761	
Medical Insurance		88,880	
Dental Insurance		3,996	
Employer Medicare		6,088	
Communication		2,814	
Data Processing Services		20,377	
Dues and Memberships		305	
Legal Notices, Recording, and Court Costs		1,690	
Licenses		124	
Maintenance Agreements		1,452	
Maintenance and Repair Services - Office Equipment		32	
Postal Charges		4,447	
Printing, Stationery, and Forms		526	
Travel		1,956	
Maintenance and Repair Services - Records		1,612	
Other Contracted Services		10,698	
Data Processing Supplies		2,017	
Library Books/Media		456	
Office Supplies		6,559	
In Service/Staff Development		2,930	
Other Charges		427	
Data Processing Equipment		3,805	
Furniture and Fixtures		14,741	
Office Equipment		393	
Total Accounting and Budgeting			712,458

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office

County Official/Administrative Officer	\$	88,692	
Data Processing Personnel		139,914	
Assessment Personnel		97,942	
Longevity Pay		12,675	
Other Salaries and Wages		84,046	
Social Security		24,323	
State Retirement		57,830	
Life Insurance		731	
Medical Insurance		98,742	
Dental Insurance		3,963	
Employer Medicare		5,688	
Data Processing Services		2,810	
Dues and Memberships		3,055	
Maintenance Agreements		1,986	
Postal Charges		1,378	
Printing, Stationery, and Forms		566	
Travel		2,427	
Data Processing Supplies		1,419	
Office Supplies		1,363	
Premiums on Corporate Surety Bonds		237	
In Service/Staff Development		2,943	
Data Processing Equipment		2,531	
Other Equipment		25,954	
Total Property Assessor's Office	\$		661,215

Reappraisal Program

Supervisor/Director	\$	53,908	
Data Processing Personnel		59,290	
Longevity Pay		10,875	
Other Salaries and Wages		218,517	
Social Security		19,553	
State Retirement		45,365	
Life Insurance		565	
Medical Insurance		80,305	
Dental Insurance		3,492	
Employer Medicare		4,573	
Audit Services		38,755	
Communication		7,947	
Data Processing Services		57,010	
Maintenance and Repair Services - Vehicles		3,507	
Postal Charges		4,299	
Printing, Stationery, and Forms		1,574	
Travel		3,050	
Data Processing Supplies		3,632	
Gasoline		9,040	
Office Supplies		1,796	
Periodicals		603	
Data Processing Equipment		59,590	
Total Reappraisal Program			687,246

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

County Official/Administrative Officer	\$	88,692	
Deputy(ies)		176,920	
Longevity Pay		4,875	
Social Security		15,561	
State Retirement		36,508	
Life Insurance		431	
Medical Insurance		53,970	
Dental Insurance		2,171	
Employer Medicare		3,662	
Communication		2,611	
Contracts with Government Agencies		32,143	
Data Processing Services		14,550	
Dues and Memberships		1,134	
Legal Notices, Recording, and Court Costs		38	
Maintenance Agreements		1,152	
Maintenance and Repair Services - Office Equipment		500	
Postal Charges		7,501	
Printing, Stationery, and Forms		1,216	
Travel		2,551	
Data Processing Supplies		1,737	
Office Supplies		2,007	
In Service/Staff Development		350	
Data Processing Equipment		1,500	
Furniture and Fixtures		826	
Office Equipment		3,150	
Total County Trustee's Office			\$ 455,756

County Clerk's Office

County Official/Administrative Officer	\$	88,692
Deputy(ies)		743,713
Longevity Pay		23,625
Social Security		44,935
State Retirement		109,162
Life Insurance		1,365
Medical Insurance		201,146
Dental Insurance		7,969
Employer Medicare		11,437
Communication		1,956
Data Processing Services		33,160
Dues and Memberships		859
Janitorial Services		875
Maintenance Agreements		8,280
Maintenance and Repair Services - Office Equipment		96
Postal Charges		30,082
Printing, Stationery, and Forms		1,848
Travel		7,531
Data Processing Supplies		1,243
Office Supplies		5,820
Periodicals		543
In Service/Staff Development		235

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Other Charges	\$	62	
Communication Equipment		122	
Data Processing Equipment		14,034	
Office Equipment		60	
Total County Clerk's Office			\$ 1,338,850

Data Processing

Supervisor/Director	\$	75,234	
Longevity Pay		750	
Social Security		4,552	
State Retirement		10,714	
Life Insurance		137	
Medical Insurance		10,837	
Dental Insurance		442	
Employer Medicare		1,065	
Communication		4,150	
Data Processing Services		7,613	
Maintenance and Repair Services - Equipment		125	
Travel		195	
Other Contracted Services		442	
Data Processing Supplies		980	
Office Supplies		511	
Data Processing Equipment		2,574	
Office Equipment		282	
Other Equipment		263	
Total Data Processing			120,866

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	88,692	
Clerical Personnel		797,107	
Longevity Pay		21,300	
Jury and Witness Expense		30,500	
Social Security		51,473	
State Retirement		124,349	
Life Insurance		1,492	
Medical Insurance		180,547	
Dental Insurance		7,129	
Employer Medicare		12,220	
Communication		1,727	
Data Processing Services		17,383	
Dues and Memberships		744	
Legal Notices, Recording, and Court Costs		420	
Maintenance Agreements		22,003	
Maintenance and Repair Services - Office Equipment		128	
Postal Charges		19,495	
Travel		2,702	
Maintenance and Repair Services - Records		632	
Data Processing Supplies		2,445	
Office Supplies		30,991	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Periodicals	\$	900	
In Service/Staff Development		50	
Data Processing Equipment		14,795	
Total Circuit Court			\$ 1,429,224

General Sessions Judge

Judge(s)	\$	153,081	
Secretary(ies)		59,035	
Longevity Pay		2,100	
Social Security		10,677	
State Retirement		30,204	
Life Insurance		288	
Medical Insurance		5,311	
Dental Insurance		211	
Employer Medicare		3,092	
Communication		743	
Maintenance Agreements		2,464	
Postal Charges		226	
Printing, Stationery, and Forms		1,000	
Travel		480	
Drug Treatment		12,100	
Other Contracted Services		2,310	
Office Supplies		757	
Periodicals		731	
In Service/Staff Development		215	
Other Charges		100	
Data Processing Equipment		490	
Other Capital Outlay		188	
Total General Sessions Judge			285,803

Drug Court

County Official/Administrative Officer	\$	49,279	
Assistant(s)		32,249	
Part-time Personnel		13,501	
Longevity Pay		1,425	
Social Security		4,879	
State Retirement		11,696	
Life Insurance		149	
Medical Insurance		16,148	
Dental Insurance		423	
Employer Medicare		1,337	
Communication		288	
Consultants		14,700	
Data Processing Services		173	
Dues and Memberships		585	
Evaluation and Testing		1,173	
Operating Lease Payments		1,292	
Maintenance Agreements		1,706	
Postal Charges		276	
Printing, Stationery, and Forms		263	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court (Cont.)

Rentals	\$	14,438	
Travel		1,885	
Other Contracted Services		9,950	
Custodial Supplies		179	
Data Processing Supplies		18	
Drugs and Medical Supplies		54,914	
Instructional Supplies and Materials		5,078	
Office Supplies		2,736	
In Service/Staff Development		325	
Other Charges		70	
Data Processing Equipment		6,940	
Other Equipment		595	
Total Drug Court			\$ 248,670

Chancery Court

County Official/Administrative Officer	\$	88,692	
Clerical Personnel		269,894	
Longevity Pay		10,725	
Social Security		21,011	
State Retirement		48,248	
Life Insurance		607	
Medical Insurance		100,074	
Dental Insurance		3,872	
Employer Medicare		4,914	
Communication		4,004	
Data Processing Services		11,277	
Dues and Memberships		774	
Janitorial Services		2,400	
Maintenance Agreements		7,005	
Postal Charges		27,695	
Printing, Stationery, and Forms		1,747	
Travel		167	
Tuition		671	
Other Contracted Services		495	
Data Processing Supplies		724	
Office Supplies		6,250	
Periodicals		66	
Other Charges		24	
Data Processing Equipment		129	
Total Chancery Court			611,465

Juvenile Court

Judge(s)	\$	153,081	
Assistant(s)		105,162	
Secretary(ies)		89,211	
Longevity Pay		5,550	
Social Security		18,718	
State Retirement		49,120	
Life Insurance		526	
Medical Insurance		32,821	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Dental Insurance	\$	1,358	
Employer Medicare		4,950	
Communication		5,844	
Data Processing Services		5,892	
Dues and Memberships		530	
Maintenance Agreements		8,520	
Maintenance and Repair Services - Buildings		30	
Maintenance and Repair Services - Equipment		43	
Postal Charges		1,035	
Printing, Stationery, and Forms		478	
Travel		679	
Maintenance and Repair Services - Records		420	
Other Contracted Services		85	
Data Processing Supplies		1,322	
Office Supplies		1,423	
Periodicals		529	
In Service/Staff Development		510	
Data Processing Equipment		1,231	
Total Juvenile Court			\$ 489,068

District Attorney General

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

Judicial Commissioners

County Official/Administrative Officer	\$	265,885	
Longevity Pay		525	
Social Security		14,642	
State Retirement		12,981	
Life Insurance		169	
Medical Insurance		12,536	
Dental Insurance		546	
Employer Medicare		3,814	
Communication		1,254	
Dues and Memberships		1,210	
Maintenance Agreements		1,104	
Travel		378	
Data Processing Supplies		1,148	
Office Supplies		1,691	
In Service/Staff Development		1,606	
Data Processing Equipment		9,835	
Furniture and Fixtures		1,298	
Total Judicial Commissioners			330,622

Other Administration of Justice

Part-time Personnel	\$	17,921	
Social Security		1,006	
Employer Medicare		260	
Contracts with Other Public Agencies		82,425	
Total Other Administration of Justice			101,612

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Probation Services

Probation Officer(s)	\$	232,668	
Clerical Personnel		34,017	
Longevity Pay		7,500	
Social Security		16,345	
State Retirement		37,701	
Life Insurance		468	
Medical Insurance		34,445	
Dental Insurance		1,423	
Employer Medicare		3,823	
Maintenance Agreements		2,113	
Postal Charges		999	
Printing, Stationery, and Forms		518	
Travel		457	
Office Supplies		5,954	
Other Charges		500	
Furniture and Fixtures		400	
Total Probation Services			\$ 379,331

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	95,909	
Deputy(ies)		2,443,540	
Detective(s)		377,410	
Captain(s)		178,145	
Lieutenant(s)		167,123	
Sergeant(s)		322,301	
Data Processing Personnel		35,768	
Dispatchers/Radio Operators		421,706	
Guards		285,238	
Clerical Personnel		441,260	
Maintenance Personnel		91,402	
Part-time Personnel		146,423	
Longevity Pay		129,225	
Other Salaries and Wages		42,000	
Social Security		298,634	
State Retirement		701,423	
Life Insurance		8,787	
Medical Insurance		1,110,227	
Dental Insurance		47,190	
Employer Medicare		69,843	
Advertising		210	
Communication		62,243	
Data Processing Services		12,482	
Dues and Memberships		3,575	
Evaluation and Testing		17,675	
Licenses		2,086	
Maintenance Agreements		21,002	
Maintenance and Repair Services - Buildings		1,190	
Maintenance and Repair Services - Equipment		4,882	
Maintenance and Repair Services - Vehicles		8,023	

(Continued)

Exhibit K-8

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

General Fund (Cont.)Public Safety (Cont.)Sheriff's Department (Cont.)

Postal Charges	\$	7,772	
Printing, Stationery, and Forms		11,779	
Towing Services		480	
Transportation - Other than Students		11,835	
Travel		11,038	
Veterinary Services		34,418	
Maintenance and Repair Services - Records		989	
Animal Food and Supplies		10,678	
Data Processing Supplies		11,050	
Gasoline		323,116	
Law Enforcement Supplies		65,619	
Office Supplies		16,157	
Propane Gas		2,195	
Tires and Tubes		17,908	
Uniforms		42,881	
Vehicle Parts		14,849	
Other Supplies and Materials		2,732	
In Service/Staff Development		53,491	
Other Charges		12,372	
Communication Equipment		1,259	
Data Processing Equipment		43,274	
Furniture and Fixtures		8,298	
Motor Vehicles		2,791	
Total Sheriff's Department			\$ 8,253,903

Administration of the Sexual Offender Registry

Data Processing Supplies	\$	952	
Other Charges		5,548	
Total Administration of the Sexual Offender Registry			6,500

Jail

Assistant(s)	\$	62,539	
Captain(s)		57,739	
Lieutenant(s)		144,505	
Sergeant(s)		221,453	
Guards		3,374,440	
Cafeteria Personnel		51,212	
Part-time Personnel		2,390	
Longevity Pay		69,825	
Social Security		229,036	
State Retirement		560,973	
Life Insurance		7,031	
Medical Insurance		963,749	
Dental Insurance		41,451	
Employer Medicare		53,565	
Contracts with Private Agencies		1,830	
Medical and Dental Services		1,295,809	
Custodial Supplies		66,916	
Food Supplies		588,923	
Law Enforcement Supplies		392	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Prisoners Clothing	\$	14,762	
Other Supplies and Materials		50,888	
Data Processing Equipment		6,050	
Total Jail			\$ 7,865,478

Juvenile Services

Youth Service Officer(s)	\$	336,516	
Salary Supplements		5,200	
Longevity Pay		10,950	
Social Security		20,507	
State Retirement		49,726	
Life Insurance		607	
Medical Insurance		67,088	
Dental Insurance		2,524	
Employer Medicare		4,796	
Communication		1,413	
Data Processing Services		677	
Postal Charges		460	
Printing, Stationery, and Forms		700	
Travel		2,739	
Drug Treatment		1,446	
Other Contracted Services		3,819	
Data Processing Supplies		499	
Office Supplies		3,625	
In Service/Staff Development		1,080	
Furniture and Fixtures		624	
Total Juvenile Services			514,996

Fire Prevention and Control

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

Rural Fire Protection

Contributions	\$	168,000	
Total Rural Fire Protection			168,000

Other Emergency Management

Supervisor/Director	\$	76,506	
Deputy(ies)		18,957	
Part-time Personnel		11,301	
Longevity Pay		750	
Social Security		6,405	
State Retirement		10,893	
Life Insurance		139	
Medical Insurance		13,332	
Dental Insurance		584	
Employer Medicare		1,498	
Communication		14,926	
Data Processing Services		605	
Dues and Memberships		52	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Maintenance Agreements	\$	1,137	
Maintenance and Repair Services - Equipment		32,091	
Maintenance and Repair Services - Vehicles		5,250	
Postal Charges		18	
Other Contracted Services		1,152	
Custodial Supplies		495	
Gasoline		10,377	
Office Supplies		766	
Small Tools		22	
Uniforms		992	
Other Supplies and Materials		5,940	
Vehicle and Equipment Insurance		20,009	
Workers' Compensation Insurance		3,499	
In Service/Staff Development		129	
Other Charges		835	
Communication Equipment		36,230	
Data Processing Equipment		2,594	
Furniture and Fixtures		13,360	
Law Enforcement Equipment		6,850	
Motor Vehicles		83,559	
Other Equipment		37,034	
Total Other Emergency Management			\$ 418,287

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	21,633	
Longevity Pay		13,725	
Other Salaries and Wages		763,503	
Social Security		47,126	
State Retirement		93,695	
Life Insurance		1,215	
Medical Insurance		128,952	
Dental Insurance		5,364	
Employer Medicare		11,022	
Communication		30,634	
Data Processing Services		15	
Dues and Memberships		320	
Maintenance Agreements		4,409	
Maintenance and Repair Services - Buildings		7,639	
Maintenance and Repair Services - Equipment		643	
Printing, Stationery, and Forms		1,062	
Travel		17,430	
Disposal Fees		2,262	
Other Contracted Services		1,999	
Custodial Supplies		1,044	
Data Processing Supplies		690	
Drugs and Medical Supplies		264	
Electricity		49,632	
Natural Gas		6,026	
Office Supplies		2,373	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Water and Sewer	\$	3,161	
Other Supplies and Materials		286	
Liability Insurance		570	
Other Charges		1,080	
Building Improvements		10,470	
Communication Equipment		271	
Data Processing Equipment		815	
Furniture and Fixtures		430	
Building Purchases		1,382	
Health Equipment		587	
Other Equipment		4,500	
Total Local Health Center			\$ 1,236,229

Ambulance/Emergency Medical Services

Supervisor/Director	\$	85,285
Mechanic(s)		29,020
Dispatchers/Radio Operators		207,709
Clerical Personnel		203,492
Attendants		2,667,164
Part-time Personnel		333,514
Longevity Pay		87,600
Overtime Pay		1,381,296
Social Security		289,911
State Retirement		657,265
Life Insurance		7,454
Medical Insurance		988,163
Dental Insurance		40,678
Employer Medicare		67,858
Communication		43,752
Data Processing Services		25,883
Debt Collection Services		169,849
Dues and Memberships		1,230
Operating Lease Payments		48,271
Legal Notices, Recording, and Court Costs		44
Licenses		8,296
Maintenance and Repair Services - Buildings		6,130
Maintenance and Repair Services - Equipment		11,884
Maintenance and Repair Services - Office Equipment		251
Maintenance and Repair Services - Vehicles		16,029
Medical and Dental Services		4,318
Postal Charges		2,926
Printing, Stationery, and Forms		226
Travel		5,263
Disposal Fees		2,678
Other Contracted Services		2,065
Custodial Supplies		7,093
Data Processing Supplies		1,038
Diesel Fuel		201,552
Drugs and Medical Supplies		176,768
Gasoline		13,485

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Instructional Supplies and Materials	\$	3,946	
Office Supplies		4,082	
Periodicals		76	
Textbooks		1,824	
Tires and Tubes		19,684	
Uniforms		54,860	
Vehicle Parts		64,118	
Liability Insurance		22,518	
In Service/Staff Development		11,047	
Criminal Investigation of Applicants - TBI		1,607	
Other Charges		1,431	
Communication Equipment		14,580	
Data Processing Equipment		20,496	
Furniture and Fixtures		7,524	
Health Equipment		17,616	
Other Equipment		7,353	
Total Ambulance/Emergency Medical Services			\$ 8,048,202

Appropriation to State

Contracts with Government Agencies	\$	197,655	
Total Appropriation to State			197,655

General Welfare Assistance

Pauper Burials	\$	3,750	
Total General Welfare Assistance			3,750

Aid to Dependent Children

Other Contracted Services	\$	892	
Total Aid to Dependent Children			892

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	46,500	
Tax Relief Program		213,781	
Total Senior Citizens Assistance			260,281

Libraries

Librarians	\$	874,035	
Longevity Pay		18,825	
Social Security		50,095	
State Retirement		102,543	
Life Insurance		1,262	
Medical Insurance		183,076	
Dental Insurance		8,045	
Employer Medicare		12,065	
Communication		15,575	
Data Processing Services		6,650	
Dues and Memberships		1,195	
Janitorial Services		34,955	
Operating Lease Payments		12,533	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Maintenance Agreements	\$	6,989	
Maintenance and Repair Services - Buildings		10,864	
Maintenance and Repair Services - Equipment		1,363	
Maintenance and Repair Services - Office Equipment		128	
Pest Control		1,283	
Postal Charges		3,950	
Printing, Stationery, and Forms		2,097	
Rentals		25	
Travel		3,959	
Disposal Fees		4,389	
Other Contracted Services		3,148	
Custodial Supplies		3,635	
Data Processing Supplies		3,967	
Electricity		89,064	
Library Books/Media		129,075	
Natural Gas		2,859	
Office Supplies		16,474	
Periodicals		6,108	
Water and Sewer		6,953	
Other Supplies and Materials		9,545	
In Service/Staff Development		411	
Other Charges		3,234	
Data Processing Equipment		16,159	
Furniture and Fixtures		3,669	
Other Equipment		708	
Total Libraries			\$ 1,650,910
<u>Other Social, Cultural, and Recreational</u>			
Other Charges	\$	2,169	
Total Other Social, Cultural, and Recreational			2,169

Agriculture and Natural Resources

Agriculture Extension Service

County Official/Administrative Officer	\$	97,902	
Assistant(s)		83,856	
Secretary(ies)		51,089	
Longevity Pay		4,575	
Social Security		11,547	
State Retirement		32,377	
Life Insurance		197	
Medical Insurance		69,794	
Dental Insurance		3,033	
Employer Medicare		3,168	
Communication		3,731	
Dues and Memberships		235	
Maintenance Agreements		1,026	
Maintenance and Repair Services - Buildings		90	
Travel		6,808	
Office Supplies		996	
Data Processing Equipment		832	
Total Agriculture Extension Service			371,256

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation

Secretary(ies)	\$	27,402	
Longevity Pay		1,350	
Social Security		1,536	
State Retirement		4,054	
Life Insurance		50	
Medical Insurance		13,332	
Dental Insurance		584	
Employer Medicare		359	
Dues and Memberships		1,100	
Postal Charges		450	
Travel		746	
Office Supplies		222	
Periodicals		82	
In Service/Staff Development		1,077	
Total Soil Conservation			\$ 52,344

Other Operations

Tourism

Contributions	\$	350,000	
Total Tourism			350,000

Industrial Development

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

Veterans' Services

County Official/Administrative Officer	\$	45,003	
Longevity Pay		675	
Social Security		2,832	
State Retirement		6,441	
Life Insurance		83	
Employer Medicare		662	
Communication		360	
Data Processing Services		262	
Dues and Memberships		25	
Maintenance Agreements		518	
Postal Charges		109	
Travel		923	
Office Supplies		235	
Total Veterans' Services			58,128

Other Charges

Evaluation and Testing	\$	7,131	
Maintenance and Repair Services - Buildings		4,892	
Medical and Dental Services		26,400	
Other Contracted Services		18,000	
Other Supplies and Materials		18,182	
Building and Contents Insurance		57,019	
Liability Insurance		374,600	
Premiums on Corporate Surety Bonds		410	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges (Cont.)

Trustee's Commission	\$	524,014	
Workers' Compensation Insurance		150,607	
Other Charges		15,247	
Furniture and Fixtures		2,106	
Total Other Charges			\$ 1,198,608

Contributions to Other Agencies

Contributions	\$	282,918	
Total Contributions to Other Agencies			282,918

Employee Benefits

State Retirement	\$	2,400	
Medical Insurance		17,815	
Unemployment Compensation		26,556	
Total Employee Benefits			46,771

ARRA Grant # 2

Refunds	\$	25	
In Service/Staff Development		2,360	
Total ARRA Grant # 2			2,385

ARRA Grant # 3

Engineering Services	\$	28,000	
Total ARRA Grant # 3			28,000

ARRA Grant # 4

Engineering Services	\$	12,626	
Other Construction		93,515	
Total ARRA Grant # 4			106,141

Miscellaneous

Investigator(s)	\$	42,828	
Clerical Personnel		28,411	
Longevity Pay		375	
Overtime Pay		17,353	
Other Salaries and Wages		5,000	
Social Security		5,737	
State Retirement		7,243	
Life Insurance		78	
Medical Insurance		5,311	
Dental Insurance		211	
Employer Medicare		1,342	
Total Miscellaneous			113,889

Highways

Traffic Control

Maintenance and Repair Services - Equipment	\$	6,754	
Total Traffic Control			6,754

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Capital Projects

Social, Cultural, and Recreation Projects

Building Improvements	\$	3,450	
Other Construction		274,528	
Total Social, Cultural, and Recreation Projects			\$ 277,978

Total General Fund \$ 43,968,739

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Communication	\$	31,437	
Dues and Memberships		35	
Maintenance Agreements		149,371	
Maintenance and Repair Services - Buildings		122,288	
Maintenance and Repair Services - Equipment		124,761	
Maintenance and Repair Services - Vehicles		226	
Pest Control		10,211	
Disposal Fees		12,435	
Other Contracted Services		22,620	
Custodial Supplies		19,149	
Gasoline		4,337	
Other Supplies and Materials		1,962	
Trustee's Commission		5,800	
In Service/Staff Development		712	
Communication Equipment		1,731	
Other Equipment		13,666	
Other Construction		1,000	
Total County Buildings			\$ 521,741

Interest on Debt

General Government

Interest on Notes	\$	6,536	
Total General Government			6,536

Total Courthouse and Jail Maintenance Fund 528,277

Drug Control Fund

Public Safety

Drug Enforcement

Evaluation and Testing	\$	3,300	
Drugs and Medical Supplies		557	
Office Supplies		21,765	
Trustee's Commission		321	
Motor Vehicles		26,807	
Total Drug Enforcement			\$ 52,750

Total Drug Control Fund 52,750

(Continued)

Exhibit K-8

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

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	1,608	
Total Chancery Court			\$ 1,608

Total Constitutional Officers - Fees Fund			\$ 1,608
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	95,909	
Assistant(s)		32,432	
Clerical Personnel		30,196	
Data Processing Services		7,985	
Dues and Memberships		3,950	
Legal Services		4,700	
Legal Notices, Recording, and Court Costs		154	
Maintenance Agreements		1,752	
Maintenance and Repair Services - Office Equipment		690	
Postal Charges		245	
Printing, Stationery, and Forms		332	
Other Contracted Services		2,401	
Custodial Supplies		593	
Data Processing Supplies		171	
Drugs and Medical Supplies		104	
Office Supplies		1,626	
In Service/Staff Development		120	
Communication Equipment		170	
Total Administration			\$ 183,530

Highway and Bridge Maintenance

Foremen	\$	171,891	
Equipment Operators		568,872	
Truck Drivers		287,444	
Laborers		23,722	
Consultants		2,325	
Engineering Services		7,755	
Asphalt - Hot Mix		2,338,125	
Asphalt - Liquid		37,409	
Concrete		37,133	
Crushed Stone		208,641	
Food Supplies		380	
General Construction Materials		126,505	
Pipe		10,520	
Pipe - Concrete		14,747	
Pipe - Metal		3,044	
Road Signs		16,133	
Small Tools		1,527	
Structural Steel		3,525	
Wood Products		1,434	
In Service/Staff Development		868	
Total Highway and Bridge Maintenance			3,862,000

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Foremen	\$	47,611	
Mechanic(s)		180,232	
Laborers		33,426	
Laundry Service		2,320	
Maintenance and Repair Services - Buildings		5,963	
Maintenance and Repair Services - Equipment		3,589	
Maintenance and Repair Services - Vehicles		19,212	
Towing Services		50	
Disposal Fees		2,566	
Permits		650	
Custodial Supplies		1,743	
Diesel Fuel		279,347	
Equipment and Machinery Parts		209,540	
Garage Supplies		17,773	
Gasoline		175,927	
Lubricants		14,480	
Propane Gas		106	
Small Tools		7,732	
Tires and Tubes		58,238	
Other Charges		75	
Total Operation and Maintenance of Equipment			\$ 1,060,580

Quarry Operations

Permits	\$	3,230	
Penalties		200	
Electricity		1,023	
Explosives and Drilling Supplies		11,721	
In Service/Staff Development		350	
Other Charges		2,000	
Total Quarry Operations			18,524

Litter and Trash Collection

Guards	\$	31,163	
Clerical Personnel		2,034	
Diesel Fuel		7,600	
Instructional Supplies and Materials		20,113	
Other Supplies and Materials		4,866	
Other Charges		6,679	
Total Litter and Trash Collection			72,455

Other Charges

Communication	\$	8,580	
Electricity		21,372	
Natural Gas		5,505	
Water and Sewer		4,404	
Building and Contents Insurance		2,247	
Liability Insurance		109,072	
Trustee's Commission		69,965	
Vehicle and Equipment Insurance		33,360	
Total Other Charges			254,505

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Longevity Pay	\$	41,625	
Social Security		110,807	
State Retirement		197,370	
Life Insurance		2,527	
Medical Insurance		337,568	
Dental Insurance		13,402	
Unemployment Compensation		24,010	
Workers' Compensation Insurance		67,394	
Total Employee Benefits			\$ 794,703

Capital Outlay

Bridge Construction	\$	9,876	
Data Processing Equipment		626	
Heating and Air Conditioning Equipment		1,250	
Highway Equipment		204,610	
Office Equipment		293	
Total Capital Outlay			216,655

Total Highway/Public Works Fund \$ 6,462,952

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	123,363	
Total General Government			\$ 123,363

Education

Principal on Bonds	\$	8,216,637	
Principal on Capital Leases		35,552	
Total Education			8,252,189

Interest on Debt

General Government

Interest on Bonds	\$	127,258	
Total General Government			127,258

Education

Interest on Bonds	\$	5,129,629	
Interest on Capital Leases		6,273	
Total Education			5,135,902

Other Debt Service

General Government

Trustee's Commission	\$	214,573	
Other Charges		500	
Total General Government			215,073

Education

Other Charges	\$	1,750	
Total Education			1,750

Total General Debt Service Fund 13,855,535

(Continued)

Exhibit K-8

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

General Capital Projects Fund

Capital Projects

General Administration Projects

Trustee's Commission	\$	149,341	
Underwriter's Discount		30,136	
Other Debt Issuance Charges		17,722	
Total General Administration Projects			\$ 197,199

Public Safety Projects

Architects	\$	82,500	
Consultants		31,500	
Furniture and Fixtures		112,180	
Motor Vehicles		377,625	
Building Purchases		3,000,000	
Other Equipment		63,724	
Total Public Safety Projects			3,667,529

Public Health and Welfare Projects

Motor Vehicles	\$	217,795	
Total Public Health and Welfare Projects			217,795

Social, Cultural, and Recreation Projects

Road Signs	\$	1,452	
Site Development		640,238	
Other Construction		323,561	
Total Social, Cultural, and Recreation Projects			965,251

Other General Government Projects

Consultants	\$	168,151	
Other Contracted Services		6,096	
Administration Equipment		9,825	
Building Improvements		128,845	
Communication Equipment		51,397	
Data Processing Equipment		10,368	
Food Service Equipment		27,968	
Furniture and Fixtures		15,307	
Heating and Air Conditioning Equipment		58,701	
Site Development		29,361	
Other Construction		245,050	
Total Other General Government Projects			751,069

Education Capital Projects

Architects	\$	555,275	
Library Books/Media		19,992	
Textbooks		2,197,996	
Underwriter's Discount		147,137	
Other Debt Issuance Charges		86,528	
Building Construction		20,815	
Building Improvements		1,137,363	
Communication Equipment		2,055	
Data Processing Equipment		263,587	
Furniture and Fixtures		49,907	
Heating and Air Conditioning Equipment		292,174	

(Continued)

Exhibit K-8

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

<u>General Capital Projects Fund (Cont.)</u>		
<u>Capital Projects (Cont.)</u>		
<u>Education Capital Projects (Cont.)</u>		
Motor Vehicles	\$ 32,368	
Office Equipment	11,024	
Transportation Equipment	1,230,460	
Other Equipment	245,011	
Other Construction	270,547	
Total Education Capital Projects	<u>6,562,239</u>	\$ <u>6,562,239</u>
Total General Capital Projects Fund		\$ <u>12,361,082</u>
Total Governmental Funds - Primary Government		\$ <u>77,230,943</u>

Exhibit K-9

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 66,415,120	
Career Ladder Program	419,826	
Career Ladder Extended Contracts	101,309	
Homebound Teachers	51,401	
Educational Assistants	1,197,313	
Other Salaries and Wages	118,752	
Certified Substitute Teachers	393,427	
Non-certified Substitute Teachers	493,960	
Social Security	4,064,368	
State Retirement	6,038,992	
Life Insurance	99,674	
Medical Insurance	13,372,941	
Dental Insurance	553,220	
Employer Medicare	955,528	
Maintenance and Repair Services - Equipment	56,016	
Other Contracted Services	69,695	
Instructional Supplies and Materials	625,362	
Textbooks	33,272	
Other Supplies and Materials	31,309	
Fee Waivers	537,973	
Other Charges	16,035	
Regular Instruction Equipment	184,815	
Total Regular Instruction Program		\$ 95,830,308

Alternative Instruction Program

Teachers	\$ 832,943	
Career Ladder Program	2,400	
Educational Assistants	146,196	
Other Salaries and Wages	175,167	
Certified Substitute Teachers	4,180	
Non-certified Substitute Teachers	5,278	
Social Security	66,176	
State Retirement	111,918	
Life Insurance	1,450	
Medical Insurance	315,826	
Dental Insurance	9,639	
Employer Medicare	15,592	
Instructional Supplies and Materials	13,077	
Other Charges	2,758	
Total Alternative Instruction Program		1,702,600

Special Education Program

Teachers	\$ 9,080,928
Career Ladder Program	53,962
Career Ladder Extended Contracts	12,832
Homebound Teachers	96,258
Educational Assistants	1,916,853
Speech Pathologist	1,514,657
Other Salaries and Wages	71,390

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Certified Substitute Teachers	\$	47,804	
Non-certified Substitute Teachers		185,981	
Social Security		744,758	
State Retirement		1,221,811	
Life Insurance		15,578	
Medical Insurance		3,060,488	
Dental Insurance		113,282	
Employer Medicare		175,566	
Contracts with Private Agencies		164,284	
Other Contracted Services		25,674	
Instructional Supplies and Materials		82,705	
Textbooks		3,911	
Other Supplies and Materials		37,921	
Other Charges		6,500	
Special Education Equipment		34,061	
Total Special Education Program			\$ 18,667,204

Vocational Education Program

Teachers	\$	6,556,951	
Career Ladder Program		41,575	
Career Ladder Extended Contracts		6,000	
Educational Assistants		154,981	
Certified Substitute Teachers		43,124	
Non-certified Substitute Teachers		40,902	
Social Security		404,981	
State Retirement		607,649	
Life Insurance		9,831	
Medical Insurance		1,068,931	
Dental Insurance		46,721	
Employer Medicare		94,879	
Maintenance and Repair Services - Equipment		5,098	
Instructional Supplies and Materials		120,983	
Textbooks		497	
Fee Waivers		89,362	
Other Charges		9,509	
Vocational Instruction Equipment		34,809	
Total Vocational Education Program			9,336,783

Adult Education Program

Teachers	\$	80,500	
Other Salaries and Wages		2,730	
Social Security		4,532	
State Retirement		5,523	
Life Insurance		139	
Medical Insurance		13,007	
Dental Insurance		615	
Employer Medicare		1,154	
Other Contracted Services		3,040	
Instructional Supplies and Materials		106	
Total Adult Education Program			111,346

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services

Attendance

Supervisor/Director	\$	82,020	
Career Ladder Program		1,000	
Clerical Personnel		26,657	
Other Salaries and Wages		153,653	
Social Security		15,537	
State Retirement		32,796	
Life Insurance		485	
Medical Insurance		37,046	
Dental Insurance		821	
Employer Medicare		3,634	
Travel		6,200	
Other Supplies and Materials		1,295	
Other Charges		3,990	
Total Attendance			\$ 365,134

Health Services

Medical Personnel	\$	444,889	
Other Salaries and Wages		179,228	
Social Security		34,712	
State Retirement		57,444	
Life Insurance		388	
Medical Insurance		191,586	
Dental Insurance		4,693	
Employer Medicare		8,120	
Travel		29,313	
Other Contracted Services		2,670	
Drugs and Medical Supplies		18,562	
Other Supplies and Materials		15,975	
Other Charges		11,737	
Total Health Services			999,317

Other Student Support

Career Ladder Program	\$	28,078	
Guidance Personnel		2,919,116	
Career Ladder Extended Contracts		25,620	
Clerical Personnel		184,429	
Other Salaries and Wages		282,388	
Social Security		198,159	
State Retirement		313,633	
Life Insurance		4,395	
Medical Insurance		591,825	
Dental Insurance		19,301	
Employer Medicare		47,240	
Evaluation and Testing		107,428	
Other Supplies and Materials		1,417	
Other Charges		1,473	
Total Other Student Support			4,724,502

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	794,948	
Career Ladder Program		45,925	
Career Ladder Extended Contracts		23,227	
Librarians		2,510,273	
Materials Supervisor		14,577	
Instructional Computer Personnel		63,388	
Secretary(ies)		80,248	
Clerical Personnel		221,467	
Educational Assistants		27,729	
Other Salaries and Wages		854,075	
In-Service Training		250	
Social Security		268,763	
State Retirement		406,744	
Life Insurance		6,339	
Medical Insurance		807,698	
Dental Insurance		32,846	
Employer Medicare		63,626	
Travel		53,171	
Other Contracted Services		25,085	
Library Books/Media		137,543	
Other Supplies and Materials		61,100	
In Service/Staff Development		37,673	
Other Charges		63,739	
Other Equipment		3,875	
Total Regular Instruction Program			\$ 6,604,309

Alternative Instruction Program

Supervisor/Director	\$	82,842	
Career Ladder Program		2,699	
Guidance Personnel		75,395	
Librarians		22,957	
Secretary(ies)		35,154	
Clerical Personnel		14,546	
Social Security		13,765	
State Retirement		23,342	
Life Insurance		447	
Medical Insurance		38,555	
Dental Insurance		1,595	
Employer Medicare		3,219	
Library Books/Media		4,347	
Other Supplies and Materials		8,689	
Total Alternative Instruction Program			327,552

Special Education Program

Supervisor/Director	\$	503,971	
Career Ladder Program		16,500	
Psychological Personnel		397,688	
Career Ladder Extended Contracts		100	
Secretary(ies)		71,604	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Clerical Personnel	\$	65,851	
Speech Pathologist		71,604	
Other Salaries and Wages		201,754	
Social Security		84,840	
State Retirement		136,716	
Life Insurance		2,948	
Medical Insurance		231,984	
Dental Insurance		8,302	
Employer Medicare		19,841	
Communication		258	
Postal Charges		144	
Travel		86,600	
Other Supplies and Materials		3,585	
In Service/Staff Development		3,500	
Other Charges		2,000	
Other Equipment		3,865	
Total Special Education Program			\$ 1,913,655

Vocational Education Program

Supervisor/Director	\$	80,120	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		2,000	
Secretary(ies)		1,228	
Social Security		4,834	
State Retirement		7,301	
Life Insurance		164	
Medical Insurance		6,152	
Dental Insurance		204	
Employer Medicare		1,166	
Travel		47,023	
Other Supplies and Materials		709	
Total Vocational Education Program			152,901

Adult Programs

Supervisor/Director	\$	71,558	
Career Ladder Program		1,000	
Other Salaries and Wages		71,557	
Social Security		8,287	
State Retirement		13,317	
Life Insurance		262	
Medical Insurance		27,876	
Dental Insurance		724	
Employer Medicare		1,937	
Travel		748	
Other Supplies and Materials		397	
In Service/Staff Development		2,645	
Total Adult Programs			200,308

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

On-Behalf Payments to OPEB	\$ 662,422	
Total Other Programs		\$ 662,422

Board of Education

Other Salaries and Wages	\$ 11,121	
Board and Committee Members Fees	66,000	
Social Security	3,462	
Unemployment Compensation	134,136	
Employer Medicare	1,123	
Other Fringe Benefits	1,618,209	
Audit Services	54,691	
Dues and Memberships	39,822	
Legal Services	717,768	
Travel	8,331	
Other Contracted Services	275	
Other Supplies and Materials	691	
Liability Insurance	139,102	
Trustee's Commission	1,408,018	
Workers' Compensation Insurance	327,282	
In Service/Staff Development	3,585	
Refund to Applicant for Criminal Investigation	14,292	
Other Charges	225,581	
Total Board of Education		4,773,489

Director of Schools

County Official/Administrative Officer	\$ 183,500	
Assistant(s)	2,962	
Career Ladder Program	1,000	
Secretary(ies)	74,879	
Other Salaries and Wages	335	
Social Security	11,420	
State Retirement	26,989	
Life Insurance	344	
Medical Insurance	31,095	
Dental Insurance	903	
Employer Medicare	3,685	
Communication	281,960	
Dues and Memberships	5,934	
Postal Charges	31,120	
Travel	663	
Other Contracted Services	130	
Office Supplies	235	
Other Charges	6,238	
Administration Equipment	3,567	
Total Director of Schools		666,959

Office of the Principal

Principals	\$ 3,650,219
Career Ladder Program	60,000

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Career Ladder Extended Contracts	\$	32,000	
Assistant Principals		3,004,675	
Secretary(ies)		893,090	
Clerical Personnel		1,168,890	
Social Security		511,297	
State Retirement		877,084	
Life Insurance		14,733	
Medical Insurance		1,883,796	
Dental Insurance		60,468	
Employer Medicare		119,840	
Office Supplies		39,498	
Other Charges		27,408	
Administration Equipment		9,310	
Total Office of the Principal			\$ 12,352,308

Fiscal Services

Supervisor/Director	\$	92,250	
Internal Audit Personnel		75,501	
Accountants/Bookkeepers		58,645	
Purchasing Personnel		71,507	
Secretary(ies)		34,418	
Clerical Personnel		100,912	
Other Salaries and Wages		210,342	
Social Security		36,673	
State Retirement		87,665	
Life Insurance		811	
Medical Insurance		140,831	
Dental Insurance		4,107	
Employer Medicare		8,584	
Advertising		3,421	
Dues and Memberships		700	
Maintenance and Repair Services - Equipment		680	
Travel		3,363	
Other Contracted Services		2,388	
Office Supplies		517	
Other Supplies and Materials		7	
In Service/Staff Development		3,922	
Other Charges		64,643	
Administration Equipment		2,518	
Total Fiscal Services			1,004,405

Human Services/Personnel

Supervisor/Director	\$	76,875	
Secretary(ies)		33,794	
Clerical Personnel		208,275	
Other Salaries and Wages		28,939	
Social Security		20,494	
State Retirement		47,030	
Life Insurance		419	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Human Services/Personnel (Cont.)

Medical Insurance	\$	60,389	
Dental Insurance		1,060	
Employer Medicare		4,793	
Advertising		660	
Travel		1,776	
Other Contracted Services		33,314	
Office Supplies		860	
In Service/Staff Development		910	
Other Charges		2,304	
Administration Equipment		1,571	
Total Human Services/Personnel	\$		523,463

Operation of Plant

Custodial Personnel	\$	3,006,709	
Other Salaries and Wages		96,387	
Social Security		173,451	
State Retirement		312,475	
Life Insurance		3,297	
Medical Insurance		893,808	
Dental Insurance		21,145	
Employer Medicare		41,271	
Disposal Fees		177,623	
Other Contracted Services		450,925	
Custodial Supplies		436,420	
Electricity		4,951,546	
Natural Gas		372,663	
Water and Sewer		790,826	
Other Supplies and Materials		700	
Building and Contents Insurance		368,777	
Other Charges		6,279	
Administration Equipment		345	
Plant Operation Equipment		30,221	
Total Operation of Plant			12,134,868

Maintenance of Plant

Supervisor/Director	\$	79,950	
Secretary(ies)		30,557	
Maintenance Personnel		2,183,396	
Other Salaries and Wages		145,285	
Social Security		139,208	
State Retirement		342,730	
Life Insurance		3,802	
Medical Insurance		673,692	
Dental Insurance		15,113	
Employer Medicare		32,557	
Communication		2,985	
Laundry Service		15,332	
Maintenance and Repair Services - Equipment		12,703	
Maintenance and Repair Services - Vehicles		10,377	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Travel	\$	1,783	
Other Contracted Services		168,387	
Equipment and Machinery Parts		387,846	
Gasoline		147,678	
Other Supplies and Materials		830,651	
In Service/Staff Development		6,984	
Other Charges		39,508	
Administration Equipment		9,656	
Maintenance Equipment		72,471	
Total Maintenance of Plant			\$ 5,352,651

Transportation

Supervisor/Director	\$	62,012	
Mechanic(s)		298,088	
Bus Drivers		2,305,629	
Clerical Personnel		42,245	
Other Salaries and Wages		573,090	
Social Security		170,448	
State Retirement		447,719	
Life Insurance		3,898	
Medical Insurance		1,815,558	
Dental Insurance		41,207	
Employer Medicare		39,903	
Communication		936	
Laundry Service		4,437	
Maintenance and Repair Services - Vehicles		8,386	
Travel		150	
Other Contracted Services		15,426	
Diesel Fuel		1,134,832	
Garage Supplies		2,617	
Gasoline		19,562	
Lubricants		36,343	
Tires and Tubes		107,036	
Vehicle Parts		320,564	
Other Supplies and Materials		6,991	
Vehicle and Equipment Insurance		188,424	
In Service/Staff Development		4,410	
Other Charges		52,486	
Transportation Equipment		36,971	
Total Transportation			7,739,368

Central and Other

Supervisor/Director	\$	74,783	
Computer Programmer(s)		171,235	
Data Processing Personnel		281,109	
Clerical Personnel		27,530	
Other Salaries and Wages		9,668	
Social Security		32,686	
State Retirement		77,538	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Life Insurance	\$	737	
Medical Insurance		115,762	
Dental Insurance		3,108	
Employer Medicare		7,644	
Maintenance and Repair Services - Equipment		1,407	
Travel		527	
Other Contracted Services		404,265	
Office Supplies		682	
Other Supplies and Materials		2,180	
In Service/Staff Development		4,694	
Other Charges		10,398	
Data Processing Equipment		11,700	
Total Central and Other			\$ 1,237,653

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	73,344	
Career Ladder Program		1,000	
Clerical Personnel		97,947	
Cafeteria Personnel		2,906,187	
Other Salaries and Wages		141,103	
Social Security		168,436	
State Retirement		394,812	
Life Insurance		4,025	
Medical Insurance		1,586,147	
Dental Insurance		37,195	
Employer Medicare		39,735	
Communication		3,813	
Maintenance and Repair Services - Equipment		164,444	
Travel		17,961	
Other Contracted Services		131,554	
Food Preparation Supplies		368,844	
Food Supplies		4,925,355	
Office Supplies		23,739	
Utilities		231,439	
USDA - Commodities		659,106	
Other Supplies and Materials		4,161	
In Service/Staff Development		15,184	
Other Charges		3,018	
Food Service Equipment		171,272	
Total Food Service			12,169,821

Community Services

Supervisor/Director	\$	252,055	
Clerical Personnel		23,600	
Educational Assistants		78,398	
Other Salaries and Wages		592,851	
Social Security		52,419	
State Retirement		89,170	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Life Insurance	\$	515	
Medical Insurance		249,497	
Dental Insurance		7,049	
Employer Medicare		12,410	
Maintenance and Repair Services - Equipment		11,810	
Travel		4,968	
Other Contracted Services		14,160	
Food Supplies		49,167	
Other Supplies and Materials		110,990	
In Service/Staff Development		1,338	
Other Charges		82,398	
Other Equipment		192,961	
Total Community Services			\$ 1,825,756

Early Childhood Education

Teachers	\$	47,645	
Social Security		2,878	
State Retirement		4,231	
Life Insurance		41	
Medical Insurance		4,773	
Dental Insurance		188	
Employer Medicare		673	
Communication		1,557	
Instructional Supplies and Materials		10,218	
Other Supplies and Materials		1,912	
In Service/Staff Development		5,477	
Other Equipment		8,810	
Total Early Childhood Education			88,403

Capital Outlay

<u>Regular Capital Outlay</u>			
Building Improvements	\$	106,919	
Other Capital Outlay		56,151	
Total Regular Capital Outlay			163,070

Other Debt Service

<u>Education</u>			
Debt Service Contribution to Primary Government	\$	41,825	
Total Education			41,825

Total General Purpose School Fund \$ 201,672,380

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,486,483	
Educational Assistants		831,033	
Other Salaries and Wages		52,332	
Certified Substitute Teachers		24,099	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Non-certified Substitute Teachers	\$	33,330	
Social Security		139,333	
State Retirement		254,461	
Life Insurance		3,280	
Medical Insurance		625,225	
Dental Insurance		20,067	
Employer Medicare		32,696	
Other Contracted Services		1,784	
Instructional Supplies and Materials		462,105	
Other Supplies and Materials		27,806	
Other Charges		17,109	
Regular Instruction Equipment		143,537	
Total Regular Instruction Program			\$ 4,154,680

Alternative Instruction Program

Educational Assistants	\$	11,949	
Social Security		524	
State Retirement		1,685	
Medical Insurance		12,333	
Dental Insurance		221	
Employer Medicare		123	
Total Alternative Instruction Program			26,835

Special Education Program

Teachers	\$	297,794	
Educational Assistants		1,524,449	
Speech Pathologist		60,770	
Other Salaries and Wages		97,458	
Social Security		104,122	
State Retirement		254,934	
Life Insurance		1,773	
Medical Insurance		975,658	
Dental Insurance		23,637	
Employer Medicare		24,357	
Contracts with Private Agencies		58,734	
Maintenance and Repair Services - Equipment		6,813	
Instructional Supplies and Materials		139,309	
Other Supplies and Materials		50,813	
Other Charges		12,059	
Special Education Equipment		65,924	
Total Special Education Program			3,698,604

Vocational Education Program

Instructional Supplies and Materials	\$	30,000	
Vocational Instruction Equipment		214,944	
Total Vocational Education Program			244,944

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services

Health Services

Medical Personnel	\$	115,052	
Social Security		6,182	
State Retirement		9,573	
Life Insurance		219	
Medical Insurance		48,864	
Dental Insurance		940	
Employer Medicare		1,446	
Total Health Services			\$ 182,276

Other Student Support

Social Workers	\$	33,294	
Other Salaries and Wages		16,147	
Social Security		2,984	
State Retirement		5,110	
Life Insurance		68	
Medical Insurance		5,142	
Dental Insurance		114	
Employer Medicare		698	
Travel		55,446	
Other Contracted Services		7,759	
Other Supplies and Materials		20,429	
In Service/Staff Development		11,731	
Other Charges		4,200	
Total Other Student Support			163,122

Regular Instruction Program

Supervisor/Director	\$	126,615	
Instructional Computer Personnel		52,085	
Secretary(ies)		30,114	
Clerical Personnel		9,163	
Other Salaries and Wages		422,981	
Social Security		30,714	
State Retirement		50,198	
Life Insurance		926	
Medical Insurance		76,280	
Dental Insurance		3,104	
Employer Medicare		8,923	
Travel		31,272	
Other Supplies and Materials		19,114	
In Service/Staff Development		154,968	
Other Charges		4,883	
Other Equipment		40,404	
Total Regular Instruction Program			1,061,744

Special Education Program

Supervisor/Director	\$	75,473	
Psychological Personnel		538,076	
Clerical Personnel		15,741	
Speech Pathologist		1,208	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Other Salaries and Wages	\$	1,097,176	
Social Security		92,572	
State Retirement		171,471	
Life Insurance		2,381	
Medical Insurance		308,461	
Dental Insurance		10,630	
Employer Medicare		21,680	
Communication		242	
Consultants		44,368	
Maintenance and Repair Services - Equipment		2,299	
Postal Charges		90	
Travel		2,812	
Other Contracted Services		27,630	
Other Supplies and Materials		115,004	
In Service/Staff Development		7,490	
Other Charges		12,041	
Other Equipment		16,594	
Total Special Education Program			\$ 2,563,439

Vocational Education Program

Clerical Personnel	\$	7,705	
Social Security		478	
State Retirement		1,086	
Medical Insurance		6,692	
Dental Insurance		201	
Employer Medicare		112	
Total Vocational Education Program			16,274

Transportation

Bus Drivers	\$	30,233	
Other Salaries and Wages		9	
Social Security		1,616	
State Retirement		4,264	
Life Insurance		33	
Medical Insurance		19,455	
Dental Insurance		544	
Employer Medicare		378	
Total Transportation			<u>56,532</u>

Total School Federal Projects Fund \$ 12,168,450

Total Governmental Funds - Sumner County School Department \$ 213,840,830

Exhibit K-10

Sumner County, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Fund
For the Year Ended June 30, 2013

	Governmental Activities - Internal Service Fund <hr/> Self- Insurance Fund <hr/>
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
<u>General Service Charges</u>	
Self-Insurance Premiums/Contributions	\$ 914,943
Other Employee Benefit Charges/Contributions	20,971,756
Other General Service Charges	1,248,500
Total Charges for Current Services	<hr/> \$ 23,135,199 <hr/>
<u>Other Local Revenues</u>	
<u>Recurring Items</u>	
Retirees' Insurance Payments	\$ 528,511
Cobra Insurance Payments	880
Miscellaneous Refunds	55,260
Total Other Local Revenues	<hr/> \$ 584,651 <hr/>
Total Operating Revenues	<hr/> <hr/> \$ 23,719,850 <hr/> <hr/>
<u>Expenses</u>	
<u>General Government</u>	
<u>Risk Management</u>	
Assistant(s)	\$ 41,467
Supervisor/Director	59,824
Clerical Personnel	26,788
Longevity Pay	4,200
Social Security	7,582
State Retirement	18,651
Life Insurance	232
Medical Insurance	31,976
Dental Insurance	1,379
Employer Medicare	1,773
Other Fringe Benefits	7,006
Communication	1,859
Consultants	27,690
Data Processing Services	1,322
Dues and Memberships	555
Legal Notices, Recording, and Court Costs	122
Maintenance Agreements	748
Maintenance and Repair Services - Office Equipment	150

(Continued)

Exhibit K-10

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

	Governmental Activities - Internal Service Fund <hr/> Self- Insurance Fund <hr/>
<u>Expenses (Cont.)</u>	
<u>General Government (Cont.)</u>	
<u>Risk Management (Cont.)</u>	
Maintenance and Repair Services - Vehicles	\$ 3,588
Postal Charges	979
Travel	1,144
Data Processing Supplies	94
Gasoline	442
Office Supplies	2,129
Other Supplies and Materials	350
Liability Claims	653,672
Other Self-Insured Claims	863,594
In Service/Staff Development	832
Data Processing Equipment	1,027
Total Risk Management	<hr/> <u>\$ 1,761,175</u>
 <u>Employee Benefits</u>	
Handling Charges and Administrative Costs	776,865
Dental Insurance	79,819
Communication	4,743
Consultants	16,800
Other Contracted Services	672
Medical Claims	17,445,692
Depreciation	3,365
Other Self-Insured Claims	821,402
Fines, Assessments, and Penalties	4,107
Specialized Medical Treatment	2,097,948
Data Processing Equipment	1,019
Health Equipment	3,298
Total Employee Benefits	<hr/> <u>\$ 21,255,730</u>
Total Expenses	<hr/> <u>\$ 23,016,905</u>

Exhibit K-11

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

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 17,616,404
Total Cash Receipts	<u>\$ 17,616,404</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 17,440,240
Trustee's Commission	<u>176,164</u>
Total Cash Disbursements	<u>\$ 17,616,404</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

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

To the County Executive 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 Sumner County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Sumner County's basic financial statements, and have issued our report thereon dated January 3, 2014. Our report includes a reference to other auditors who audited the financial statements of the Sumner County Regional Airport Authority, and the Resource Authority in Sumner County, as described in our report on Sumner County's financial statements. This report includes our consideration of the results of the other auditors testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sumner 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 Sumner County's internal control. Accordingly, we do not express an opinion on the effectiveness of Sumner County's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2013-001, 2013-002, and 2013-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sumner 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: 2013-004 and 2013-005.

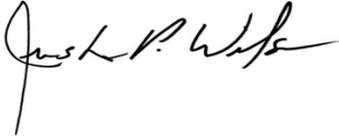
Sumner County's Responses to Findings

Sumner County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Sumner 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 Sumner 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

January 3, 2014

JPW/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
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**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

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

To the County Executive and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Sumner 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 Sumner County's major federal programs for the year ended June 30, 2013. Sumner County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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 Sumner 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 Sumner County's

compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide legal determination of Sumner County's compliance.

Opinion on Each Major Federal Program

In our opinion, Sumner 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and is described in the accompanying Schedule of Findings and Questioned Costs as item 2013-006. Our opinion on each major federal program is not modified with respect to this matter.

Sumner County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Sumner County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Sumner 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 Sumner 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 Sumner County's internal control over compliance.

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

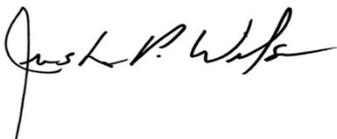
control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. 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 Sumner County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Sumner County's basic financial statements. We issued our report thereon dated January 3, 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

January 3, 2014

JPW/sb

Sumner 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:			
Direct Program:			
Emergency Watershed Protection Program	10.923	N/A	\$ 138,107
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	(2)	659,106 (3)
Child and Adult Care Food Program	10.558	(2)	23,173
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	1,432,869
National School Lunch Program	10.555	(2)	4,657,239 (3)
Fresh Fruit and Vegetable Program	10.582	(2)	33,644
Total U.S. Department of Agriculture			<u>\$ 6,944,138</u>
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Housing Development Agency:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	(2)	\$ 278,237
Total U.S. Department of Housing and Urban Development			<u>\$ 278,237</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.266	N/A	\$ 25,544
Total U.S. Department of the Interior			<u>\$ 25,544</u>
U.S. Department of Justice:			
Direct Program:			
State Criminal Alien Assistance Program	16.606	N/A	\$ 8,317
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	N/A	1,824
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	N/A	2,385
Total U.S. Department of Justice			<u>\$ 12,526</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(2)	\$ 378,639 (4)
Highway Planning and Construction, Recovery Act	20.205	(2)	28,000 (4)
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	(2)	51,768
Alcohol Open Container Requirements	20.607	(2)	738
Total U.S. Department of Transportation			<u>\$ 459,145</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Energy:			
Direct Program:			
Energy Efficiency and Conservation Block Grant Program, Recovery Act	81.128	N/A	\$ 106,141
Total U.S. Department of Energy			\$ 106,141
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 214,349
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	(2)	3,675,081
Special Education Cluster:			
Special Education - Grants to States	84.027	(2)	7,031,951
Special Education - Preschool Grants	84.173	(2)	125,593
Career and Technical Education - Basic Grants to States	84.048	(2)	327,604
Safe and Drug-free Schools and Communities - National Programs	84.184	(2)	137,356
Education for Homeless Children and Youth	84.196	(2)	40,037
Twenty-first Century Community Learning Centers	84.287	(2)	393,000
English Language Acquisition Grants	84.365	(2)	65,810
Improving Teacher Quality State Grants	84.367	(2)	345,586
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top			
Incentive Grant, Recovery Act	84.395	(2)	750,486
Education Jobs Fund	84.410	(2)	495,964
Total U.S. Department of Education			\$ 13,602,817
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$ 155,403
Emergency Management Performance Grants	97.042	(2)	41,350
Homeland Security Grant Program	97.067	(2)	503,164
Total U.S. Department of Homeland Security			\$ 699,917
Total Expenditures of Federal Awards			\$ 22,128,465

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Litter Program - State Department of Transportation	N/A	(2)	\$ 82,541
Lottery for Education: Afterschool Program - State Department of Education	N/A	(2)	331,761
Early Childhood Education - State Department of Education	N/A	(2)	81,408
Development and Coordination of Rural Health Services - State Department of Health	N/A	(2)	1,007,365
Juvenile Justice States Supplemental Funds - State Commission on Children and Youth	N/A	(2)	9,000
Energy Efficiency Schools Initiative Grant - State Department of Education	N/A	(2)	30,700
Tennessee Arts Commission - State Department of Education	N/A	(2)	10,051
Family Resource Center - State Department of Education	N/A	(2)	29,581
Coordinated School Health Initiative - State Department of Education	N/A	(2)	105,000
Safe Schools Act - State Department of Education	N/A	(2)	119,093
Drug Court Discretionary Grant Program - State Office of Criminal Justice Programs	N/A	(2)	48,393
TAEP Community Tree Planting Douglas-Clark House - State Department of Agriculture	N/A	(2)	3,456
Statewide Student Management System (SSMS) - State Department of Education	N/A	(2)	71,721
Connect Tenn - State Department of Education	N/A	(2)	91,644
Technology Grant - State Library and Archives	N/A	(2)	5,658
Total State Grants			\$ 2,027,372

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 \$5,316,345.

(4) Total for CFDA No. 20.205 is \$406,639.

Sumner 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 is a finding from the Annual Financial Report for Sumner County, Tennessee, for the year ended June 30, 2012, which has not been corrected.

OFFICES OF COUNTY EXECUTIVE AND DIRECTOR OF FINANCE

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.01	219	Both Sumner County and the City of Hendersonville claim ownership of the Hendersonville Library

SUMNER 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 Sumner County is unmodified.
2. The audit of the financial statements of Sumner County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Sumner County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Energy Efficiency and Conservation Block Grant Program, Recovery Act (CFDA No. 81.128), the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), and the State Fiscal Stabilization Fund – Race-to-the-Top Incentive Grant, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$663,853 threshold was used to distinguish between Type A and Type B federal programs.
9. Sumner County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICES OF COUNTY EXECUTIVE AND DIRECTOR OF FINANCE

FINDING 2013-001

BOTH SUMNER COUNTY AND THE CITY OF HENDERSONVILLE CLAIM OWNERSHIP OF THE HENDERSONVILLE LIBRARY

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

On July 17, 2006, the Sumner County Commission authorized funding not to exceed \$3,000,000 for matching costs to construct a new Hendersonville Library. The commission's resolution stated that the county's funding of one-third of total construction costs was contingent upon the City of Hendersonville funding one-third and the private sector funding one-third. In addition, the resolution stated, "The funding is also contingent upon the property and the facility being deeded to Sumner County, Tennessee, upon completion of the construction project." Between December 7, 2007, and September 25, 2008, Sumner County paid \$3,000,000 to the City of Hendersonville, the entity in charge of managing the library construction. On January 8, 2009, the developer that owned the property where the Hendersonville Library was constructed deeded the property to the City of Hendersonville. Currently, the City of Hendersonville maintains the property, but the county pays all employees that work at the library. Both entities have insured the property. We noted the following deficiencies:

- A. During the prior-year audit, auditors became aware that both Sumner County and the City of Hendersonville reflect the Hendersonville Library as a capital asset in each of their financial statements. County officials believe the library is a county asset due to the July 17, 2006, County Commission resolution and a written legal opinion of the county law director. Conversely, city officials believe the library is a city asset due to the deed being in their name.
- B. Sumner County and the City of Hendersonville did not have a formal written document signed by both parties specifying the terms and conditions of the agreement. The Sumner County Commission adopted a resolution on July 17, 2006, which provided the manner in which the library would be built and transferred. However, without more formal documentation between the city and the county, the ownership is subject to different interpretations by the county and city for terms and conditions.

RECOMMENDATION

Sumner County and the City of Hendersonville should reconcile their differences and determine the ownership for proper financial statement presentation. Agreements related to joint projects should be evidenced by a formal written agreement that defines the terms and conditions of the agreement.

FINDING 2013-002

A CONSTRUCTION AND DEVELOPMENT DEPARTMENT EMPLOYEE ABUSED THE USE OF A COUNTY ISSUED CELLULAR PHONE

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

While reviewing cellular phone bills for June 2013, Finance Department personnel noted excessive charges from the use of a county issued phone for an employee of the Construction and Development Department. After further investigation, county officials discovered the employee allowed her boyfriend to use her cellular phone, causing the excessive charges. County officials properly notified the Comptroller's Office of the abuse, the employee was reprimanded, and the employee reimbursed the General Fund for the excessive charges. This deficiency resulted from a lack of management oversight by the Construction and Development Department; however, the county's internal controls properly detected the abuse.

RECOMMENDATION

Cellular phones should only be used by the authorized county employee for official county business. The Construction and Development Department should review their phone bills prior to sending them to the Finance Department for payment.

MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE

I concur that the cellular phone usage was abused by a Construction and Development Department employee; however, the Finance Department's internal controls were completely effective.

On June 24, 2013, the Sumner County Finance Department received a request from the Construction and Development Department to pay their monthly cellular phone bill. This bill contained multiple inappropriate charges and was accompanied by an explanation that the phone in question was missing. I emailed the Construction and Development Department's director requesting the police report and details on how their cellular phones were being secured. After determining that a police report had not been filed, I informed the county executive, and we immediately called the Sheriff's Department to initiate an investigation. To prevent Sumner County government from incurring late charges, the phone bill was paid, and a receivable was booked for \$211.02. Ultimately, it was determined that an employee of the Construction and Development Department had allowed her boyfriend to inappropriately utilize a county cellular phone. Upon that determination, the required fraud reporting form was remitted to the State of Tennessee

Comptroller's Office. The responsible employee received a written reprimand, and the county was reimbursed. This issue will be forwarded to the Sumner County Commission's Audit Committee for consideration.

FINDING 2013-003

THE CONSTRUCTION AND DEVELOPMENT DEPARTMENT HAD DEFICIENCIES IN THE COLLECTION OF ADEQUATE FACILITIES TAXES
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Sumner County adopted Chapter 57, Private Acts of 1999, entitled the Sumner County Adequate Facilities Tax (AFT). This act imposed a tax on new development in Sumner County payable at the time of issuance of a building permit to ensure and require that the persons responsible for the new development share in the burdens of growth. Section 9 of the private act provides for the county building inspector to collect the AFT if the building permit is issued by the county. However, if the building permit is issued by one of the incorporated cities of Sumner County, the city shall, before issuance of the building permit, require evidence by a valid certificate executed by the county building inspector that the full amount of the tax due to the county has been paid. The issuance of a building permit by any city official without a certificate from the county indicating that the tax has been paid shall render the city liable for the tax. The cities of Goodlettsville, Portland, and White House collect the AFT on behalf of the county and remit the collections to the county. The cities of Gallatin, Hendersonville, Westmoreland, Millersville, and Mitchellville do not collect the AFT on behalf of the county.

Our audit revealed the following county deficiencies related to AFT collections. These deficiencies can be attributed to a lack of management oversight.

- A. The Construction and Development Department office does not reconcile building permits issued by cities within the county to AFT collections to verify that the county's AFT has been collected prior to the issuance of building permits. The failure to reconcile building permits to AFT collections increases the risks that the AFT may not be collected in full and results in a loss of revenue for the county.
- B. Sumner County does not have any written agreements with the cities within the county providing agreed upon procedures for the collection and remittance of the AFT including the duties and responsibilities of all parties in the administration of the Sumner County AFT. The lack of written agreements allows for varying interpretations of Chapter 57, Private Acts of 1999, among all parties, inconsistencies in AFT collection methods, and the inability of the Construction and Development Department office to receive needed supporting documentation from the cities to properly reconcile building permits to AFT collections.

RECOMMENDATION

The Construction and Development Department office should reconcile all Adequate Facilities Tax collections with both county and city building permits. Sumner County government officials and the officials of the incorporated cities in Sumner County should develop written agreements to address the collection process, which includes the duties and responsibilities of all parties in the administration of the Adequate Facilities Tax.

MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE

I concur that a reconciliation of building permits issued by cities to adequate facility tax collections should be performed by the Construction and Development Department. However, the Construction and Development Department is a completely separate department that remits revenues to the Sumner County Finance Department. In April 2013, the Finance Department developed procedures for reconciling building permits issued by cities to adequate facility tax collections and communicated this to the Construction and Development Department. On October 8, 2013, the Finance Department again communicated these procedures, this time as an email with the necessary forms to perform the requested reconciliations attached. Currently, I have been apprised by the Construction and Development Department's director that he has had difficulty obtaining the necessary information from the cities to perform the requested reconciliations. This issue will be forwarded to the Sumner County Commission's Audit Committee for consideration.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2013-004

A CASH SHORTAGE OF \$10,762 EXISTED IN THE SCHOOL DEPARTMENT AT JUNE 30, 2013

(Noncompliance Under Government Auditing Standards)

During the 2012-13 fiscal year, the School Department's internal auditor informed us that an employee had taken cash from collections purportedly to reimburse herself for mileage and other expenses she paid from personal funds. The employee was terminated on March 20, 2013. On October 10, 2013, the employee was indicted on one count of theft of property over \$1,000. This case is pending as of the date of this report.

RECOMMENDATION

Management should seek restitution for the cash shortage.

MANAGEMENT'S RESPONSE – ASSISTANT DIRECTOR OF SCHOOLS FOR FINANCE

Adequate controls were in place at the time of the theft. The employee circumvented those controls and was caught within a reasonable amount of time. Further controls are being implemented to prevent and detect any issues going forward.

FINDING 2013-005

INVENTORY RECORDS WERE NOT PROPERLY MAINTAINED FOR SOME ASSETS PURCHASED WITH FEDERAL FUNDS

(Noncompliance Under *Government Auditing Standards* and OMB Circular A-133)

School officials did not properly maintain inventory records for some assets owned by the School Department, which were purchased with federal Child Nutrition Cluster (CFDA Nos. 10.553 and 10.555) funds. OMB Circular A-133 requires an inventory to be maintained of all assets purchased with federal grant funds. These assets must be clearly marked as federal grant assets, and the inventory records must include the following: description (including serial number or other identification number), source, who holds title, acquisition date and cost, percentage of federal participation in the cost, location, condition, and any ultimate disposition data, including the date of disposal and sales price or method used to determine current fair market value. As part of our audit procedures for obtaining reasonable assurance that inventory records were accounted for properly, we selected 61 total items on the capital asset listing at seven kitchen sites in the Sumner County School System to physically examine. Equipment could not be located in 14 of 61 instances, and tags were not affixed in accordance with capital asset policies in three of the 47 instances where we found the equipment. This deficiency is the result of the lack of management oversight.

RECOMMENDATION

Management should properly maintain inventory records for all assets purchased with federal funds as required by OMB Circular A-133.

MANAGEMENT'S RESPONSE – ASSISTANT DIRECTOR OF SCHOOLS FOR FINANCE

In Sumner County, the School Nutrition Program purchases all of the replacement equipment for the 46-site cafeterias. These items are purchased with federal funds. When new schools or full renovations are completed, the kitchen equipment is purchased with capital outlay monies, not from federal funds. School Nutrition will work with the Sumner County's Supervisor of Facilities to ensure there is correct documentation on all inventory of equipment, which has been purchased with federal funds. This would include all replacement equipment for the kitchen sites. School Nutrition will keep an updated list of equipment and work with the facilities supervisor in maintaining an accurate inventory listing as equipment is replaced in the kitchen sites. Proper tagging will be implemented for all items purchased with federal funding. School Nutrition, at the present time, maintains records of all purchases made including equipment purchases and replacement equipment purchases. The records are on file in the School Nutrition Department.

BEST PRACTICE

SUMNER COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF PURCHASING

Sumner County does not have a central system of purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the purchasing process. On June 18, 2012, Sumner County adopted a private act requiring centralized accounting and budgeting; however, the act states in part "...this 2012 Finance Act shall not serve as authorization to remove any purchasing activities or authority from the School System." The absence of a central system of purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. The Division of Local Government Audit strongly believes that the adoption of a central system of purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Sumner County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of purchasing covering all county departments.

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

Federal/Pass-through Agency	Finding Number	Federal CFDA Numbers	Criteria	Explanation	Amount Questioned
U.S. Department of Agriculture: Passed-through State Department of Education: Child Nutrition Cluster: School Breakfast Program National School Lunch Program	2013-006	10.553 10.555	Circular A-133, Compliance Supplement Part 3F	Noncompliance under GAS and OMB Circular A-133, See Finding No. 2013-005 - Inventory records were not properly maintained for some assets purchased with federal funds	\$ 0

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

There were audit findings relative to federal awards presented in the prior- and current-years' Schedules of Findings and Questioned Costs.

Director of Schools – Corrective Action Plan for Current-Year's Findings

FINDING 2013-007

Contact person: Dr. Del Phillips

Corrective action planned: School Nutrition will update inventory listings and tags to ensure all federal equipment is accounted for properly. In addition, administration will research best practices of asset tracking for federal programs to ensure we are in compliance with state and federal requirements.

Anticipated completion date: 2013-14

Director of Schools – Summary Schedule of Prior-Year's Findings

FINDINGS 12.06 and 12.13

Sumner County accounted for all federal American Recovery and Reinvestment Act (ARRA) grants separately from other school funds as required by TRAM Directive No. 2.

FINDINGS 12.07 and 12.14

Sumner County prepared an action plan for the ARRA – Race-to-the-Top funds as required by TRAM Directive No. 9.