
ANNUAL FINANCIAL REPORT SUMNER COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2014



ANNUAL FINANCIAL REPORT
SUMNER COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2014

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JUSTIN P. WILSON

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

SUMNER COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Sumner County, Tennessee
For the Year Ended June 30, 2014

Scope

We have audited the basic financial statements of Sumner County as of and for the year ended June 30, 2014.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICES OF COUNTY EXECUTIVE AND DIRECTOR OF FINANCE

- ◆ The Building and Codes Department had deficiencies in the collections of adequate facilities taxes.
- ◆ The Self-Insurance Fund had a deficit in unrestricted net position.
- ◆ Amounts withheld from contractor payments were not deposited into an escrow account.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The billing software did not identify the user who processed transactions.
- ◆ The childcare program did not issue prenumbered receipts.

SUMNER COUNTY

- ◆ Both Sumner County and the City of Hendersonville claim ownership of the Hendersonville Library.
- ◆ The county's Audit Committee is not a functioning committee.

INTRODUCTORY SECTION

Sumner County Officials
June 30, 2014

Officials

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

Board of County Commissioners

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

Board of Education

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

(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
Billy Geminden

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, 2014, 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 discretely presented Sumner County Emergency Communications District, which represent 1.7 percent, two percent, and .6 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. We did not audit the financial statements of the discretely presented Sumner County Regional Airport Authority, which represent 3.9 percent, 5.2 percent, and .2 percent, respectively, of the assets, net position, and revenues of the

aggregate discretely presented component units. Also, we did not audit the financial statements of the discretely presented Resource Authority in Sumner County, which represent one percent, .7 percent, and 1.8 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 opinions, insofar as it relates to the amounts included for the Sumner County Emergency Communications District, the Sumner County Regional Airport Authority, and the Resource Authority in Sumner County, are 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, 2014, 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.

Change in Accounting Principle

As described in Note V.B., Sumner County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. Our opinion is not modified with respect to this matter.

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 15 - 33 and the schedules of funding progress – pension plan and other postemployment benefits plans on pages 119 - 121 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.

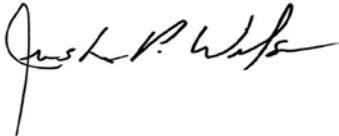
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and General Capital Projects funds, combining and individual fund financial statements of the Sumner County School Department (a discretely presented 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. In our opinion, 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 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 March 10, 2015, 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.

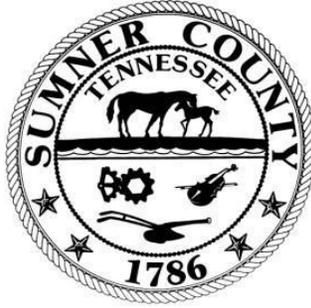
Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

March 10, 2015

JPW/yu



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, 2014. 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 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 \$25 million. However, it should be noted that the financial statements of the Sumner County Government include debt in excess of \$117 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 \$211 million at June 30, 2014.
- ❖ The primary government's total net position increased by approximately \$4 million. The discretely presented Sumner County School Department's net position increased by approximately \$3 million.
- ❖ As of the close of the fiscal year, Sumner County's Governmental Funds reported approximately \$71 million of total fund balances; this is an approximate decrease of \$5 million from the previous fiscal year. This decrease is the result of expending approximately \$7 million of proceeds from the issuance of long-term bonds in the prior fiscal year and an

increase of approximately \$2 million in fund balance in the General Debt Service Fund. The discretely presented Sumner County School Department's Governmental Funds reported approximately \$28 million of total fund balances; this is an approximate increase of \$6 million from the previous fiscal year. This increase is primarily in the General Purpose School Fund and is predominantly the result of local revenues received in excess of budget by approximately \$3 million (due to the sales tax performing better than estimated and property tax collections percentage being an historical high); the remainder is the result of unspent appropriations.

- ❖ At the end of the current fiscal year, the unassigned fund balance of the General Fund was approximately \$9 million, or approximately 20 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 \$22 million, or approximately ten percent, of the fund's annual budgetary expenditures (including other uses).
- ❖ Sumner County Government's total outstanding long-term debt decreased by approximately \$10 million during the current fiscal year due to the maturing and payment of long-term bonds and decreased by \$40,981 during the current fiscal year due to the payment of matured capital leases.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Sumner County Government'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 the Sumner County Government'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 the Sumner County Government and the discretely presented Sumner County School Department is improving or deteriorating.

The Statement of Activities presents information showing how the Sumner County Government'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 the Sumner County Government and of 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 the Sumner County Government 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. The Sumner County Government and the discretely presented Sumner County School Department have no business-type functions.

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

The Sumner County Government 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 Fund and the School Federal Projects Fund.

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

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

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

The discretely presented Sumner County School Department maintains one type of proprietary fund, an internal service fund. The discretely presented Sumner County School Department uses an internal service fund to account for its self-insured insurance funds (employee health insurance).

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements for the Sumner County Government can be found in Exhibits D-1 through D-3 and for the discretely presented Sumner County School Department in Exhibits J-8 through J-10.

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 Sumner County Government's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Sumner County Government maintains one type of fiduciary fund, agency funds. Agency funds report resources held by the Sumner County Government 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 the Sumner County Government's and the discretely presented Sumner County School Department's progress in funding its obligation to provide pension and other postemployment benefits (OPEB) 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 \$24,696,567 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, the Sumner County Government had outstanding debt related to the Sumner County Board of Education of \$117,394,056. The related assets for this debt are reported in 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, 2014, by \$211,345,856.

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

	Sumner County Primary Government Governmental Activities	
	June 30, 2014	June 30, 2013
Assets:		
Current and Other Assets	\$ 124,322,277	\$ 119,098,313
Capital Assets	<u>89,343,480</u>	<u>87,948,783</u>
Total Assets	<u>\$ 213,665,757</u>	<u>\$ 207,047,096</u>
Deferred Outflow of Resources:		
Deferred Charges on Refunding	\$ 6,048,442	\$ 7,245,569
Total Deferred Outflow of Resources	<u>\$ 6,048,442</u>	<u>\$ 7,245,569</u>
Liabilities:		
Long-term Liabilities Outstanding	\$ 131,068,408	\$ 142,968,631
Other Liabilities	<u>20,890,764</u>	<u>17,592,732</u>
Total Liabilities	<u>\$ 151,959,172</u>	<u>\$ 160,561,363</u>
Deferred Inflow of Resources:		
Deferred Current Property Taxes	\$ 43,058,460	\$ 33,377,098
Total Deferred Outflow of Resources	<u>\$ 43,058,460</u>	<u>\$ 33,377,098</u>
Net Position:		
Net Investment in Capital Assets	\$ 81,831,094	\$ 83,440,467
Restricted	44,334,109	48,014,395
Unrestricted	<u>(101,468,636)</u>	<u>(111,100,658)</u>
Total Net Position	<u>\$ 24,696,567</u>	<u>\$ 20,354,204</u>
Sumner County School Department Governmental Activities		
	June 30, 2014	June 30, 2013
Assets:		
Current and Other Assets	\$ 94,049,755	\$ 74,751,320
Capital Assets	<u>214,589,587</u>	<u>219,187,682</u>
Total Assets	<u>\$ 308,639,342</u>	<u>\$ 293,939,002</u>
Liabilities:		
Long-term Liabilities Outstanding	\$ 34,564,789	\$ 33,711,192
Other Liabilities	<u>2,883,077</u>	<u>1,558,622</u>
Total Liabilities	<u>\$ 37,447,866</u>	<u>\$ 35,269,814</u>

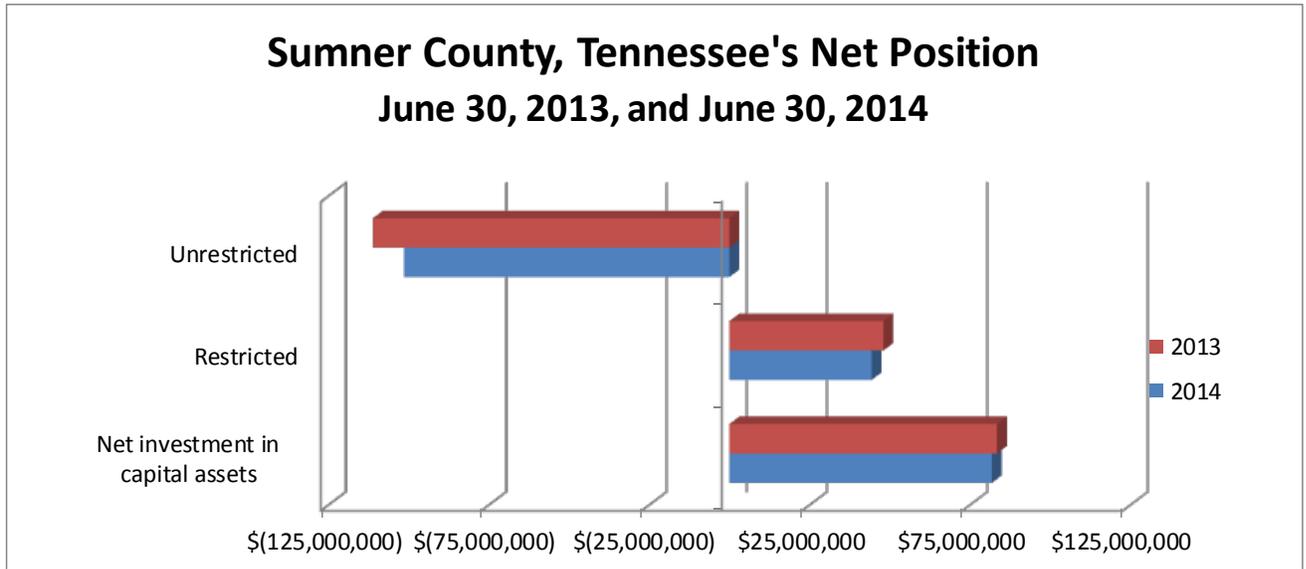
Sumner County School Department
Governmental Activities (Cont.)

	June 30, 2014	June 30, 2013
Deferred Inflow of Resources:		
Deferred Current Property Taxes	\$ 59,845,620	\$ 50,129,699
Total Deferred Outflow of Resources	\$ 59,845,620	\$ 50,129,699
Net Position:		
Net Investment in Capital Assets	\$ 214,589,587	\$ 219,187,682
Restricted	5,432,996	5,458,437
Unrestricted	(8,676,727)	(16,106,630)
Total Net Position	\$ 211,345,856	\$ 208,539,489

By far, the largest portion of the Sumner County Government's and the discretely presented Sumner County School Department's net position, \$81,831,094 and \$214,589,587, 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. The Sumner County Government 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 Sumner County Government'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 the Sumner County Government's and the discretely presented Sumner County School Department's net position, \$44,334,109 and \$5,432,996, respectively, represents resources that are subject to external restrictions on how they may be used. The remaining balances of (\$101,468,636) and (\$8,676,727), respectively, are unrestricted deficits.

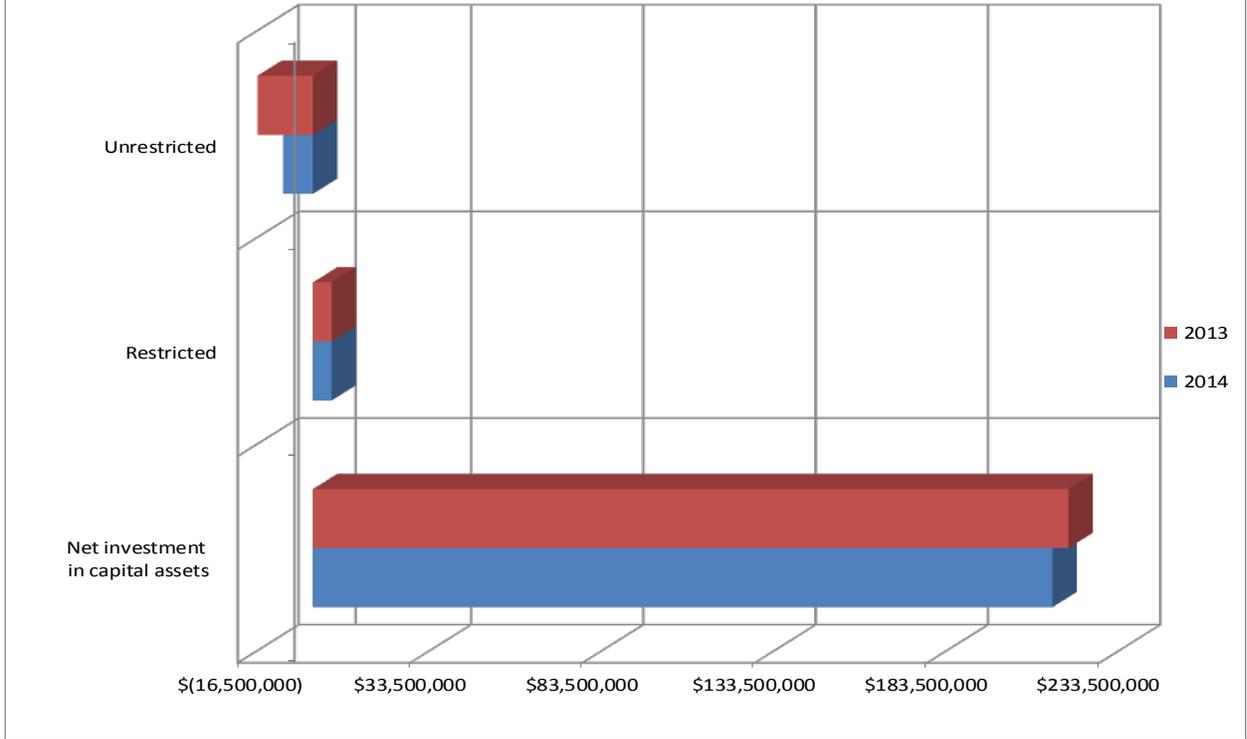
Sumner County, Tennessee's Net Position June 30, 2013, and June 30, 2014



The Sumner County Government's total net position increased by \$4,342,363 from the previous fiscal year. The reasons for this overall increase are primarily the result of the following.

- Decrease of deferred outflow of resources of \$1,197,127 for the amortization of deferred amounts on refunding bonds.
- Net increase in capital assets of \$1,394,697 for capital asset additions in excess of depreciation and retirements.
- Sumner County Primary Government's long-term debt decreased by \$10,365,000 due to the retirement and payment to long-term bonds.
- Sumner County's Governmental Funds decreased by \$4,838,738 from the previous fiscal year. This decrease is predominately the result of expending \$6,942,139 of bond proceeds from a prior fiscal year and an increase of \$2,228,607 in the General Debt Service Fund's balance for the future servicing of debt.
- Sumner County's internal service fund balance decreased by \$1,110,204 primarily as the result of expenses exceeding revenues in the self-insured casualty program (self-insured on-the-job injury and self-insured liability insurance).

**Sumner County, School Department's Net Position
June 30, 2013, and June 30, 2014**



The discretely presented Sumner County School Department's net position increased by \$2,806,367 from the previous year. This increase was primarily the result of a net decrease in capital assets of \$4,598,095, an increase in OPEB liability of \$939,728, an increase in property taxes receivable revenues of \$916,953, and an increase in governmental funds' balances of \$6,242,774.

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

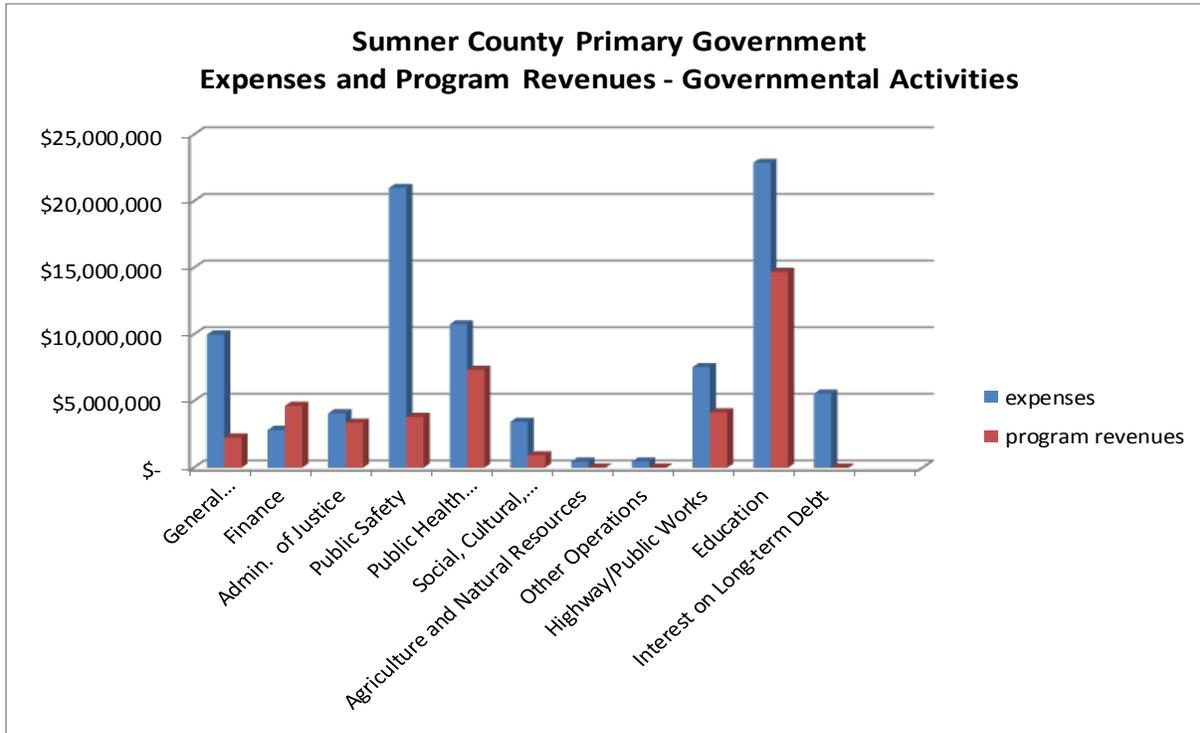
	Sumner County Primary Government Governmental Activities	
	Fiscal Year Ended	Fiscal Year Ended
	June 30, 2014	June 30, 2013
Revenues:		
Program Revenues:		
Charges for Services	\$ 33,916,050	\$ 30,390,606
Operating Grants and Contributions	4,895,890	4,782,196
Capital Grants and Contributions	2,302,560	3,439,133
General Revenues:		
Property Tax	33,792,510	33,279,723
Local Option Sales Tax	7,105,780	6,660,398
Wheel Tax	1,902,633	1,846,415
Mixed Drink Tax	7,837	11,664
Interstate Telecommunications Tax	7,192	6,193
Business Tax	1,690,331	1,691,358
Adequate Facilities/Development Tax	1,959,752	1,609,703
Hotel/Motel Tax	496,114	432,542
Wholesale Beer Tax	615,852	579,185
Litigation Tax	578,707	562,185
Mineral Severance Tax	139,630	84,815
Beer Privilege Tax	2,272	2,161
Grants and Contributions Not Restricted to Specific Programs	3,048,390	3,185,870
Unrestricted Investment Income	408,994	355,157
Miscellaneous	373,561	157,023
Total Revenues	\$ 93,244,055	\$ 89,076,327
Expenses:		
General Government	\$ 9,981,640	\$ 7,993,873
Finance	2,815,368	3,760,330
Administration of Justice	4,071,310	3,901,311
Public Safety	20,995,914	21,740,526
Public Health and Welfare	10,749,307	7,165,223
Social, Cultural, and Recreational Services	3,426,627	2,508,807
Agriculture and Natural Resources	440,204	429,029
Other Operations	452,743	500,249
Highways	7,537,661	7,039,144
Education	22,876,569	17,240,209

Sumner County Primary Government
Governmental Activities (Cont.)

	Fiscal Year Ended June 30, 2014	Fiscal Year Ended June 30, 2013
Expenses:		
Interest on Long-term Debt	\$ 5,554,349	\$ 5,408,947
Other Debt Service	0	216,823
Total Expenses	<u>\$ 88,901,692</u>	<u>\$ 77,904,471</u>
Increase (Decrease) in Net Position	\$ 4,342,363	\$ 11,171,856
Net Position - Beginning	<u>20,354,204</u>	<u>9,182,348</u>
Net Position - Ending	<u>\$ 24,696,567</u>	<u>\$ 20,354,204</u>

Sumner County School Department
Governmental Activities

	Fiscal Year Ended June 30, 2014	Fiscal Year Ended June 30, 2013
Revenues:		
Program Revenues:		
Charges for Services	\$ 7,817,332	\$ 8,020,135
Operating Grants and Contributions	17,599,597	19,002,772
Capital Grants and Contributions	9,345,180	6,652,558
General Revenues:		
Property Tax	50,755,138	49,963,524
Local Option Sales Tax	14,213,692	13,321,952
Wheel Tax	4,439,141	4,307,993
Mixed Drink Tax	1,804,194	11,664
Interstate Telecommunications Tax	14,387	13,012
Grants and Contributions Not Restricted to Specific Programs	127,248,275	122,487,316
Miscellaneous	345,143	343,780
Total Revenues	<u>\$ 233,582,079</u>	<u>\$ 224,124,706</u>
Expenses:		
Education	<u>\$ 230,775,712</u>	<u>\$ 230,639,264</u>
Total Expenses	<u>\$ 230,775,712</u>	<u>\$ 230,639,264</u>
Increase (Decrease) in Net Position	\$ 2,806,367	\$ (6,514,558)
Net Position - Beginning	<u>208,539,489</u>	<u>215,054,047</u>
Net Position - Ending	<u>\$ 211,345,856</u>	<u>\$ 208,539,489</u>

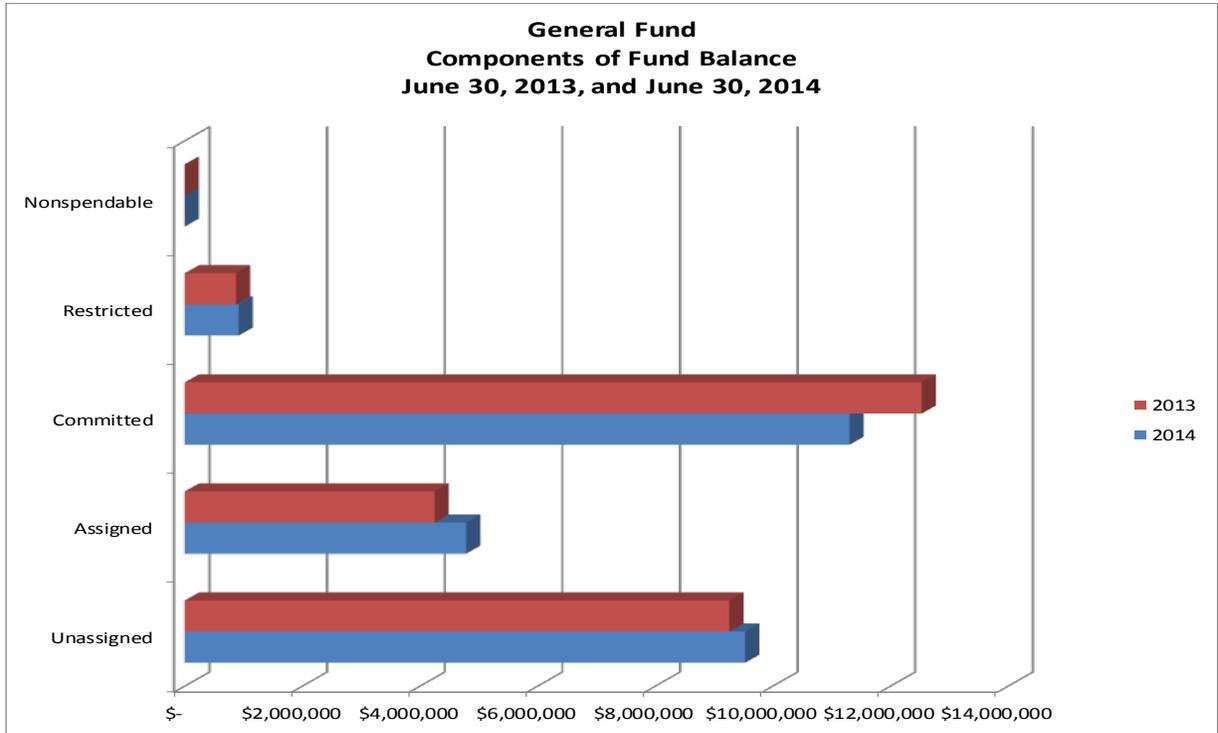


Financial Analysis of the Governmental Funds

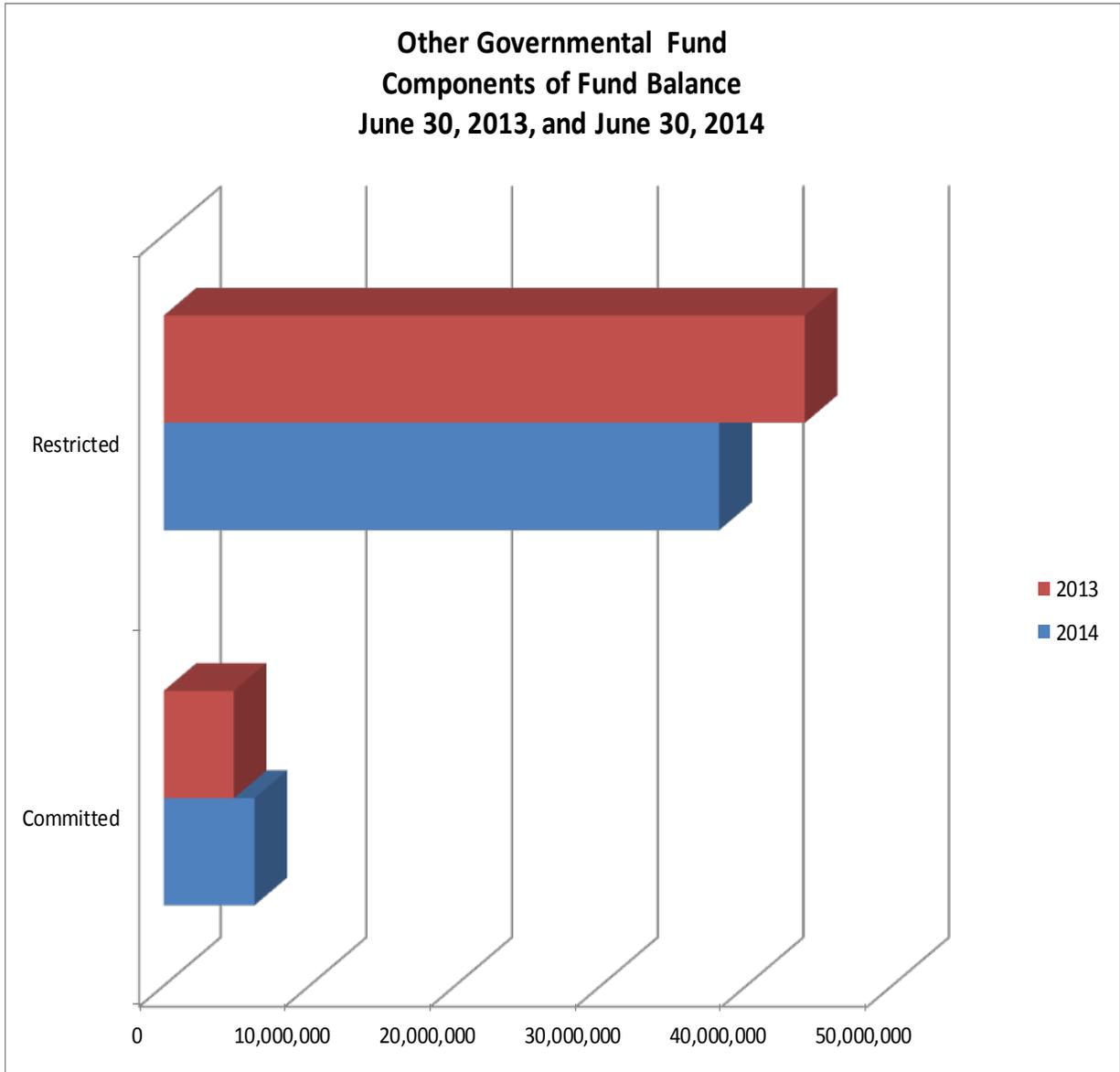
As noted earlier, the Sumner County Government and the discretely presented Sumner County School Department use fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds. The focus of the Sumner County Government’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 Sumner County Government’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, the Sumner County Government, 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, 2014, Sumner County’s governmental funds reported combined fund balances of \$70,914,941, a decrease of \$4,838,738, in comparison with the prior year. Approximately 13 percent of this amount, \$9,529,700, 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 (\$418); 2) restricted for particular purposes (\$39,064,871); 3) committed for particular purposes (\$17,535,181); or 4) assigned for particular purposes (\$4,784,771).



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 \$9,529,700, while the total fund balance was \$26,535,578. However, it should be noted that the unassigned fund balance is net of \$4,784,771 assigned (approved) for use in the budget for the fiscal year ending June 30, 2015. 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 20 percent of total General Fund budgetary expenditures, while total fund balance represents approximately 55 percent of that same amount.



The fund balances of the Sunner County Government’s General Fund decreased by \$379,286 during the current fiscal year. This decrease was primarily the result of spending committed fund balance (hospital sale proceeds) for an addition and remodel to the Westmoreland Library (\$243,100), construction of a new library in Millersville (\$500,000), and construction of a new library in White House (\$500,000), net of increase in fund balance assigned for subsequent year’s budgetary disparity (appropriations in excess of budgeted revenues) and unassigned fund balance.

The General Debt Service Fund, a major fund, had a \$2,228,607 increase in fund balance during the current fiscal year. This was primarily the result of a budgeted increase in fund balance of \$386,972, unspent appropriations, and the improvement in the local economy that created revenues in excess of budgeted amounts.

The Highway/Public Works Fund had a \$318,546 increase in fund balance, which was primarily the result of unspent appropriations.

The General Capital Projects Fund, the remaining major governmental fund, had a decrease in fund balance during the current fiscal year of \$6,942,139. This decrease is predominately the result of spending a portion of the remaining proceeds from long-term bonds issued in a prior fiscal year.

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 \$2,228,124 compared to the original budget of \$49,593,978. Of this amount, \$1,135,060 was funded from fund balances. Following are the main components of the increase.

- \$500,000 supplemental appropriation for a Home Grant. This appropriation was funded by an estimated increase in federal revenues.
- \$349,932 of supplemental appropriations to the Sheriff's Office consisting of: \$312,194 for additional inmate medical treatment costs funded by an estimated increase in state revenues, \$22,775 for a Tennessee Department of Transportation grant funded by an estimated increase in state revenues, \$9,963 for the State Criminal Alien Assistance Program funded by an estimated increase in federal revenues, and \$5,000 for a Governor's Highway Safety Office grant funded by an estimated increase in federal revenues.
- \$256,967 of supplemental appropriations to the Emergency Management Agency consisting of \$202,152 of insurance recovery funds, \$32,735 for a Homeland Security Grant to be funded by an estimated increase in federal revenues, \$19,100 for an Emergency Management Performance Grant funded by an estimated increase in federal revenues, and \$2,980 from the 2011 EMA Grant to be funded by an estimated increase in federal revenues.
- \$243,100 supplemental appropriation for an addition to the Westmoreland Library to be funded from the committed fund balance.
- \$213,710 supplemental appropriation for the Election Commission for a Voting System Grant to be funded by an estimated increase in federal revenues of \$203,025 and an estimated increase in state revenues of \$10,685.
- \$193,645 of supplemental appropriations for the Douglass-Clark House and Station Camp Greenway projects with \$133,667 to be funded from the unassigned fund balance and \$59,978 to be funded from the committed 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	\$ 21,520,177	\$ 22,332,361	\$ 812,184
Licenses and Permits	529,646	829,782	300,136
Charges for Current Services	5,971,600	6,323,622	352,022
State of Tennessee	6,422,720	7,414,572	991,852
Federal Government	1,397,626	971,581	(426,045)

The revenues in excess of budget in local taxes and licenses and permits 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. The budgetary excess in charges for current services was the result of continued larger than anticipated utilization of the county-owned Emergency Medical Services. The budgetary excess in the State of Tennessee revenues was the result of an influx of state prisoners and an increase in the daily reimbursement rate and a Tennessee Valley Authority construction project, which resulted in larger than anticipated payments in-lieu-of taxes. 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 \$3,629,775 of unspent appropriations was primarily the result of the following factors.

- Approximately \$1,673,255 of unspent appropriations for various unfilled or under-filled positions (including benefits)
- \$453,964 of unspent grant appropriations
- \$143,909 of unspent appropriations for the Construction and Development Department's TDEC compliance
- \$213,005 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 \$2,677,722 compared to the original budget of \$217,429,086. Of this increase, \$2,085,779 was funded by an estimated increase in revenues and other sources; the remainder was from fund balances.

Capital Assets and Debt Administration

Primary Government

The Sumner County Government's investment in capital assets, net of accumulated depreciation, as of June 30, 2014 was \$89,343,480. This investment in net assets includes

land, construction in progress, intangibles, buildings, building improvements, machinery and equipment, roads, and bridges. The total increase in the Sumner County Government's investment in capital assets for the fiscal year was \$1,394,697.

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

- Work-in-progress increased by \$2,675,101. Increases included \$1,535,238 for the Enterprise Resource Planning system, \$292,811 for the Emergency Response Complex Hardened Facility, \$730,666 for the Douglass-Clark House project, and \$147,886 for the Station Camp Greenway. Decreases included \$31,500 for the jail remodeling project.
- Buildings and building improvements increases totaled \$1,803,749. Increases included \$18,889 for parking lot paving at the Juvenile Justice Center, \$1,505,635 for roof replacement, renovation and repairs at the jail, \$40,575 for parking lot paving at the firing range, \$19,320 for replacing heaters at the Emergency Response Complex, and \$232,902 for an addition to the Westmoreland Library. Disposals of \$13,572 with accumulated depreciation of \$5,203 consisted of a heat pump that remained with the EMS Headquarters, which reverted back to the City of Gallatin as the building was no longer used by EMS. Building and building improvement depreciation expenses totaled \$2,320,045 for the fiscal year.
- The infrastructure's gross increase consists of \$2,487,409 of road and bridge improvements; and \$267,114 of new roads; less road surfacing completely depreciated of \$1,289,916. Depreciation's gross increase consists of depreciation of \$3,256,826 less road surfacing completely depreciated of \$1,289,916.
- The amortization for the intangible assets totaled \$54,889.
- Depreciable equipment totaling \$1,331,779 was purchased during the year. Disposals of depreciable equipment totaled \$1,187,809 with associated accumulated depreciation of \$1,101,443. Depreciation for equipment totaled \$1,457,532.

Sumner County's Capital Assets

	Historical Value	Accumulated Depreciation	Net Value June 30, 2014
Land	\$ 3,919,512	\$ 0	\$ 3,919,512
Construction in Progress	5,279,789	0	5,279,789
Buildings and Improvements	64,500,027	(22,849,950)	41,650,077
Other Capital Assets	17,310,584	(11,962,841)	5,347,743
Intangibles (depreciated)	641,135	(486,598)	154,537
Roads and Bridges	65,156,982	(32,165,150)	32,991,832
Total Values	\$ 156,808,029	\$ (67,464,539)	\$ 89,343,490

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, 2014 was \$214,589,587. 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 \$4,598,095.

Sumner County School Department's Capital Assets

	Historical Value	Accumulated Depreciation	Net Value June 30, 2014
Land	\$ 8,626,699	\$ 0	\$ 8,626,699
Construction in Progress	4,812,460	0	4,812,460
Buildings and Improvements	377,997,235	(187,889,310)	190,107,925
Other Capital Assets	<u>30,549,145</u>	<u>(19,506,642)</u>	<u>11,042,503</u>
Total Values	<u>\$ 421,985,539</u>	<u>\$ (207,395,952)</u>	<u>\$ 214,589,587</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, the Sumner County Government had long-term debt totaling \$126,480,304, of which \$126,410,000 is to be paid by the General Debt Service Fund for bonds. This is a decrease in long-term debt of \$10,405,981 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 number.

<u>Issued For</u>	<u>Education</u>	<u>Government</u>	<u>Debt</u>
Bond - Refunding	\$ 91,995,000	\$ 0	\$ 91,995,000
General Obligation Series 2010	1,769,202	4,260,798	6,030,000
General Obligation Series 2013	23,559,550	4,825,450	28,385,000
Capital Leases - Paid by General Purpose School Fund Contributions	70,304	0	70,304

Economic Factors and Next Year's Budgets and Rates

On June 30, 2014, Sumner County adopted a budget for the fiscal year ending June 30, 2015. Many factors were considered when adopting this budget.

Sumner County's unemployment rate as of June 30, 2014, was 5.9 percent (not seasonally adjusted) compared to the June 30, 2013, rate of 7.1 percent (not seasonally adjusted). Sumner County's unemployment rate for June 2014 was lower than the State of Tennessee's as a whole at 7.1 percent (not seasonally adjusted).

The Sumner County Commission is committed to maintaining a projected unassigned fund balance of at least 15 percent of appropriations (approximately \$7.7 million for fiscal year 2015 budget) in the General Fund after subtracting any restricted, committed, or assigned amounts. The projected balance in the General Fund's approved budget for the 2015 fiscal year, after subtracting all projected restricted, committed, or assigned amounts, is \$8,633,248.

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, 2014

	Primary Governmental Activities	Component Units			
		Sumner County School Department	Sumner County Regional Airport Authority	The Resource Authority in Sumner County, Tennessee	Sumner County Emergency Communications District
ASSETS					
Cash	\$ 24,674	\$ 507,660	\$ 397,112	\$ 758,645	\$ 3,036,830
Equity in Pooled Cash and Investments	73,230,970	27,212,158	0	0	0
Accounts Receivable	2,275,592	178,331	0	460,387	19,673
Allowance for Uncollectibles	(1,482,048)	0	0	0	0
Property Taxes Receivable	44,416,449	61,830,957	0	0	0
Allowance for Uncollectible Property Taxes	(861,810)	(1,240,119)	0	0	0
Notes Receivable - Long-term	1,688,235	0	0	0	0
Accrued Interest Receivable	47,866	0	0	0	0
Due from Other Governments	4,732,801	5,550,768	79,577	4,962	0
Due from Other Funds	116,253	0	0	0	0
Due from Component Units	132,877	0	0	0	0
Prepaid Items	418	0	2,474	0	0
Cash Shortage	0	10,000	0	0	0
Capital Assets:					
Assets Not Depreciated:					
Land	3,919,502	8,626,699	2,148,973	307,491	0
Construction in Progress	5,279,789	4,812,460	3,238,713	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	41,650,077	190,107,925	6,864,783	1,540,629	320,289
Other Capital Assets	5,347,743	11,042,503	178,829	149,207	2,067,172
Infrastructure	32,991,832	0	0	0	0
Intangibles	154,537	0	0	0	0
Total Assets	<u>\$ 213,665,757</u>	<u>\$ 308,639,342</u>	<u>\$ 12,910,461</u>	<u>\$ 3,221,321</u>	<u>\$ 5,443,964</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Amount on Refunding	\$ 6,048,442	\$ 0	\$ 0	\$ 0	\$ 0
Total Deferred Outflows of Resources	<u>\$ 6,048,442</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
LIABILITIES					
Accounts Payable	\$ 1,835,147	\$ 1,094,089	\$ 78,764	\$ 277,181	\$ 0
Contracts Payable	1,753,994	0	0	0	0
Retainage Payable	85,861	0	31,567	0	0
Accrued Payroll	1,126,763	0	0	0	0
Accrued Interest Payable	446,139	0	0	0	0
Payroll Deductions Payable	31	1,946	0	0	0
Due to Primary Government	0	99,417	2,000	70	31,390
Customer Deposits Payable	0	106,183	0	0	0
Noncurrent Liabilities:					
Due Within One Year	15,642,829	1,581,442	0	86,034	352,267
Due in More Than One Year (net of unamortized premium on debt)	131,068,408	34,564,789	800,000	1,259,429	535,967
Total Liabilities	<u>\$ 151,959,172</u>	<u>\$ 37,447,866</u>	<u>\$ 912,331</u>	<u>\$ 1,622,714</u>	<u>\$ 919,624</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	Sumner County Emergency Communications District	
DEFERRED INFLOWS OF RESOURCES					
Deferred Current Property Taxes	\$ 43,058,460	\$ 59,845,620	\$ 0	\$ 0	\$ 0
Deferred Hangar Rent	0	0	2,740	0	0
Total Deferred Inflows of Resources	<u>\$ 43,058,460</u>	<u>\$ 59,845,620</u>	<u>\$ 2,740</u>	<u>\$ 0</u>	<u>\$ 0</u>
NET POSITION					
Net Investment in Capital Assets	\$ 81,831,094	\$ 214,589,587	\$ 11,520,985	\$ 1,978,065	\$ 1,467,837
Restricted for:					
General Government	192,297	0	0	0	0
Finance	37,883	0	0	0	0
Administration of Justice	617,874	0	0	0	0
Public Safety	196,655	0	0	0	0
Public Health and Welfare	68,095	0	0	0	0
Social, Cultural, and Recreational Services	26,464	0	0	0	0
Highway/Public Works	2,939,278	0	0	0	0
Capital Projects	26,320,989	0	0	0	0
Debt Service	13,924,301	0	0	0	0
Education	0	5,432,996	0	0	0
Other Purposes	10,273	0	32,266	0	0
Unrestricted	<u>(101,468,636)</u>	<u>(8,676,727)</u>	<u>442,139</u>	<u>(379,458)</u>	<u>3,056,503</u>
Total Net Position	<u>\$ 24,696,567</u>	<u>\$ 211,345,856</u>	<u>\$ 11,995,390</u>	<u>\$ 1,598,607</u>	<u>\$ 4,524,340</u>

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

Exhibit B

Sumner County, Tennessee
Statement of Activities
For the Year Ended June 30, 2014

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	Sumner County School Department	Sumner County Regional Airport Authority	The Resource Authority in Sumner County, Tennessee	Sumner County Emergency Communications District	
Primary Government:										
General Government	\$ 9,981,640	\$ 1,955,229	\$ 69,707	\$ 226,175	\$ (7,730,529)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	2,815,368	4,633,039	1,996	0	1,819,667	0	0	0	0	0
Administration of Justice	4,071,310	3,347,365	9,000	0	(714,945)	0	0	0	0	0
Public Safety	20,995,914	3,298,225	395,349	100,308	(17,202,032)	0	0	0	0	0
Public Health and Welfare	10,749,307	5,664,556	1,239,811	422,869	(3,422,071)	0	0	0	0	0
Social, Cultural, and Recreational Services	3,426,627	68,643	141,004	711,836	(2,505,144)	0	0	0	0	0
Agriculture and Natural Resources	440,204	7,000	0	0	(433,204)	0	0	0	0	0
Other Operations	452,743	0	0	0	(452,743)	0	0	0	0	0
Highway/Public Works	7,537,661	258,420	3,039,023	841,372	(3,398,846)	0	0	0	0	0
Education	22,876,569	14,683,573	0	0	(8,192,996)	0	0	0	0	0
Interest on Long-term Debt	5,554,349	0	0	0	(5,554,349)	0	0	0	0	0
Total Primary Government	\$ 88,901,692	\$ 33,916,050	\$ 4,895,890	\$ 2,302,560	\$ (47,787,192)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:										
Sumner County School Department	\$ 230,775,712	\$ 7,817,332	\$ 17,599,597	\$ 9,345,180	\$ 0	\$ (196,013,603)	\$ 0	\$ 0	\$ 0	\$ 0
Sumner County Regional Airport Authority	947,574	221,190	14,300	272,152	0	0	(439,932)	0	0	0
The Resource Authority in Sumner County, Tennessee	4,217,654	4,190,060	69,023	0	0	0	0	41,429	0	0
Sumner County Emergency Communications District	646,547	1,144,081	64,000	119,774	0	0	0	0	681,308	0
Total Component Units	\$ 236,587,487	\$ 13,372,663	\$ 17,746,920	\$ 9,737,106	\$ 0	\$ (196,013,603)	\$ (439,932)	\$ 41,429	\$ 681,308	\$ 0

(Continued)

Exhibit B

Sumner County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues		Primary Government		Net (Expense) Revenue and Changes in Net Position					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Sumner County School Department	Component Units			Sumner County Emergency Communications District	
						Sumner County Regional Airport Authority	The Resource Authority in Sumner County, Tennessee	Sumner County		
General Revenues:										
Taxes:										
Property Taxes Levied for General Purposes				\$ 24,652,002	\$ 50,755,138	\$ 0	\$ 0	\$ 0	\$ 0	0
Property Taxes Levied for Debt Service				9,140,508	0	0	0	0	0	0
Local Option Sales Tax				7,105,780	14,213,692	0	0	0	0	0
Wheel Tax				1,902,633	4,439,141	0	0	0	0	0
Mixed Drink Tax				7,837	1,804,194	0	0	0	0	0
Interstate Telecommunications Tax				7,192	14,387	0	0	0	0	0
Business Tax				1,690,331	0	0	0	0	0	0
Adequate Facilities/Development Tax				1,959,752	0	0	0	0	0	0
Hotel/Motel Tax				496,114	0	0	0	0	0	0
Wholesale Beer Tax				615,852	0	0	0	0	0	0
Litigation Tax				578,707	0	0	0	0	0	0
Mineral Severance Tax				139,630	0	0	0	0	0	0
Beer Privilege Tax				2,272	0	0	0	0	0	0
Grants and Contributions Not Restricted to Specific Programs				3,048,390	127,248,275	0	0	0	0	0
Unrestricted Investment Earnings				408,994	0	505	1,317	0	17,341	0
Miscellaneous				373,561	345,143	0	0	0	0	0
Total General Revenues				\$ 52,129,555	\$ 198,819,970	\$ 505	\$ 1,317	\$ 17,341	\$ 17,341	0
Change in Net Position				\$ 4,342,363	\$ 2,806,367	\$ (439,427)	\$ 42,746	\$ 698,649	\$ 698,649	0
Net Position, July 1, 2013				20,354,204	208,539,489	12,434,817	1,555,861	3,927,430	3,927,430	0
Prior-period Adjustment - See Note VIII.J.				0	0	0	0	(101,739)	(101,739)	0
Net Position, June 30, 2014				\$ 24,696,567	\$ 211,345,856	\$ 11,995,390	\$ 1,598,607	\$ 4,524,340	\$ 4,524,340	0

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, 2014

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds		
Cash	\$ 945	\$ 0	\$ 0	\$ 0	\$ 23,729	\$ 24,674	
Equity in Pooled Cash and Investments	24,422,798	2,514,488	13,097,014	29,581,637	374,365	69,990,302	
Accounts Receivable	2,233,083	9,342	11,676	0	15,519	2,269,620	
Allowance for Uncollectibles	(1,482,048)	0	0	0	0	(1,482,048)	
Due from Other Governments	1,985,111	806,990	1,261,531	663,169	16,000	4,732,801	
Due from Other Funds	158,579	12,866	0	0	0	171,445	
Due from Component Units	61,161	70	0	0	0	61,231	
Property Taxes Receivable	23,427,768	737,031	14,981,574	5,270,076	0	44,416,449	
Allowance for Uncollectible Property Taxes	(466,081)	(15,848)	(266,800)	(113,081)	0	(861,810)	
Prepaid Items	418	0	0	0	0	418	
Accrued Interest Receivable	117	0	46,817	0	0	46,934	
Advances to Other Funds	124,200	0	0	0	0	124,200	
Notes Receivable - Long-term	1,688,235	0	0	0	0	1,688,235	
Total Assets	\$ 52,154,286	\$ 4,064,939	\$ 29,131,812	\$ 35,401,801	\$ 429,613	\$ 121,182,451	

ASSETS

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

LIABILITIES

Accounts Payable
 Accrued Payroll
 Payroll Deductions Payable
 Contracts Payable
 Retainage Payable
 Due to Other Funds
 Advances from Other Funds
 Total Liabilities

\$ 1,037,696	\$ 256,120	\$ 0	\$ 245,826	\$ 30,063	\$ 1,569,705
1,043,797	82,966	0	0	0	1,126,763
31	0	0	0	0	31
86,460	0	0	1,667,534	0	1,753,994
0	0	0	85,861	0	85,861
2,186	0	0	7,000	27,302	36,488
0	0	0	0	124,200	124,200
\$ 2,170,170	\$ 339,086	\$ 0	\$ 2,006,221	\$ 181,565	\$ 4,697,042

(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		
\$ 22,684,449 \$	710,862 \$	14,579,626 \$	5,083,523 \$	0 \$	0 \$	43,058,460	
250,416	9,323	122,073	66,364	0	0	448,176	
513,673	261,169	613,355	661,432	14,203	14,203	2,063,832	
\$ 23,448,538 \$	981,354 \$	15,315,054 \$	5,811,319 \$	14,203 \$	14,203 \$	45,570,468	

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes						
Deferred Delinquent Property Taxes						
Other Deferred/Unavailable Revenue						
Total Deferred Inflows of Resources						

FUND BALANCES

Nonspendable:						
Prepaid Items	418 \$	0 \$	0 \$	0 \$	0 \$	418
Restricted:						
Restricted for General Government	119,977	0	0	0	72,320	192,297
Restricted for Finance	37,883	0	0	0	0	37,883
Restricted for Administration of Justice	617,874	0	0	0	0	617,874
Restricted for Public Safety	35,130	0	0	0	161,525	196,655
Restricted for Public Health and Welfare	68,095	0	0	0	0	68,095
Restricted for Social, Cultural, and Recreational Services	26,464	0	0	0	0	26,464
Restricted for Highways/Public Works	0	2,744,499	0	0	0	2,744,499
Restricted for Debt Service	0	0	7,586,570	0	0	7,586,570
Restricted for Capital Projects	0	0	0	27,584,261	0	27,584,261
Restricted for Other Purposes	10,273	0	0	0	0	10,273
Committed:						
Committed for General Government	11,285,639	0	0	0	0	11,285,639
Committed for Debt Service	0	0	6,230,188	0	0	6,230,188
Committed for Capital Projects	19,354	0	0	0	0	19,354
Assigned:						
Assigned for General Government	4,445,029	0	0	0	0	4,445,029

(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	
Assigned (Cont.):							
Assigned for Finance	\$ 216,510	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	216,510
Assigned for Public Safety	28,723	0	0	0	0	0	28,723
Assigned for Public Health and Welfare	80,209	0	0	0	0	0	80,209
Assigned for Social, Cultural, and Recreational Services	14,300	0	0	0	0	0	14,300
Unassigned	9,529,700	0	0	0	0	0	9,529,700
Total Fund Balances	\$ 26,535,578	\$ 2,744,499	\$ 13,816,758	\$ 27,584,261	\$ 233,845	\$ 0	\$ 70,914,941
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 52,154,286	\$ 4,064,939	\$ 29,131,812	\$ 35,401,801	\$ 429,613	\$ 0	\$ 121,182,451

FUND BALANCES (Cont.)

Assigned (Cont.):
Assigned for Finance
Assigned for Public Safety
Assigned for Public Health and Welfare
Assigned for Social, Cultural, and Recreational Services
Unassigned
Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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

Exhibit C-2

Sumner County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2014

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)		\$	70,914,941
(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		5,279,789	
Add: buildings and improvements net of accumulated depreciation		41,650,077	
Add: other capital assets net of accumulated depreciation		5,347,743	
Add: infrastructure net of accumulated depreciation		32,991,832	
Add: intangibles net of accumulated depreciation		154,537	
Less: capital assets of the internal service fund that are also included in item (2) below		<u>(19,351)</u>	89,324,129
(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.			(861,914)
(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	\$	(126,410,000)	
Less: capital leases payable		(70,304)	
Add: due from component unit for debt retirement		70,304	
Less: other deferred revenue - premium on debt		(12,843,288)	
Less: accrued interest on bonds		(446,139)	
Less: compensated absences payable		(973,683)	
Add: compensated absences payable in internal service fund		7,306	
Less: other postemployment benefits liability		(2,575,235)	
Add: deferred amount on refunding debt		<u>6,048,442</u>	(137,192,597)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>2,512,008</u>
Net position of governmental activities (Exhibit A)		\$	<u>24,696,567</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, 2014

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway/ Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	Governmental Funds	
Revenues							
Local Taxes	\$ 22,332,361	\$ 2,753,563	\$ 18,431,561	\$ 5,165,899	\$ 371,874	\$ 49,055,258	
Licenses and Permits	829,782	0	0	0	0	829,782	
Fines, Forfeitures, and Penalties	752,428	0	0	0	16,747	769,175	
Charges for Current Services	6,323,622	0	0	0	227,018	6,550,640	
Other Local Revenues	843,053	200,671	250,077	22,556	1,831	1,318,188	
Fees Received from County Officials	7,542,876	0	0	0	0	7,542,876	
State of Tennessee	7,414,572	3,314,812	7,031	0	0	10,736,415	
Federal Government	971,581	76,205	0	1,024,083	0	2,071,869	
Other Governments and Citizens Groups	171,236	89,054	45,625	0	0	305,915	
Total Revenues	\$ 47,181,511	\$ 6,434,305	\$ 18,734,294	\$ 6,212,538	\$ 617,470	\$ 79,180,118	
Expenditures							
Current:							
General Government	\$ 4,696,228	\$ 0	\$ 0	\$ 0	\$ 604,687	\$ 5,300,915	
Finance	4,292,044	0	0	0	0	4,292,044	
Administration of Justice	3,940,743	0	0	0	12,122	3,952,865	
Public Safety	18,879,673	0	0	0	59,598	18,939,271	
Public Health and Welfare	9,926,557	0	0	0	0	9,926,557	
Social, Cultural, and Recreational Services	2,060,401	0	0	0	0	2,060,401	
Agriculture and Natural Resources	431,184	0	0	0	0	431,184	
Other Operations	3,276,200	0	0	0	0	3,276,200	
Highways	10,658	6,117,447	0	0	0	6,128,105	
Debt Service:							
Principal on Debt	0	0	10,405,981	0	0	10,405,981	
Interest on Debt	0	0	5,821,379	0	5,529	5,826,908	
Other Debt Service	0	0	278,327	0	0	278,327	

(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>Expenditures (Cont.)</u>							
Capital Projects	\$ 552,412	\$ 0	\$ 0	\$ 13,154,677	\$ 0	\$ 0	\$ 13,707,089
Total Expenditures	\$ 48,066,100	\$ 6,117,447	\$ 16,505,687	\$ 13,154,677	\$ 681,936	\$ 0	\$ 84,525,847
Excess (Deficiency) of Revenues Over Expenditures	\$ (884,589)	\$ 316,858	\$ 2,228,607	\$ (6,942,139)	\$ (64,466)	\$ 0	\$ (5,345,729)
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 188,219	\$ 1,688	\$ 0	\$ 0	\$ 0	\$ 0	\$ 189,907
Transfers In	\$ 317,084	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 317,084
Total Other Financing Sources (Uses)	\$ 505,303	\$ 1,688	\$ 0	\$ 0	\$ 0	\$ 0	\$ 506,991
Net Change in Fund Balances	\$ (379,286)	\$ 318,546	\$ 2,228,607	\$ (6,942,139)	\$ (64,466)	\$ 0	\$ (4,838,738)
Fund Balance, July 1, 2013	26,914,864	2,425,953	11,588,151	34,526,400	298,311	0	75,753,679
Fund Balance, June 30, 2014	\$ 26,535,578	\$ 2,744,499	\$ 13,816,758	\$ 27,584,261	\$ 233,845	\$ 0	\$ 70,914,941

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

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, 2014

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (4,838,738)
(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	\$ 8,090,067	
Less: current-year depreciation expense	(7,089,292)	
Add: current-year depreciation expense of the internal service fund that is also included in item (6) below	3,365	1,004,140
(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	\$ 488,657	
Less: book value of capital assets disposed	(94,735)	393,922
(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, 2013	\$ (3,869,556)	
Add: deferred delinquent property taxes and other deferred June 30, 2014	2,512,008	(1,357,548)
(4) The issuance of long-term debt (e.g., bonds, capital 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. 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: change in deferred amount on refunding debt	\$ (1,197,127)	
Add: change in premium on debt issuances	1,431,097	
Less: contribution from the School Department for capital leases	(40,981)	
Add: principal payments on bonds	10,365,000	
Add: principal payments on capital leases	40,981	10,598,970
(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	\$ 38,589	
Change in other postemployment benefits liability	(361,293)	
Change in compensated absences payable	(32,781)	
Change in compensated absences payable in internal service fund	7,306	(348,179)
(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.		(1,110,204)
Change in net position of governmental activities (Exhibit B)		\$ 4,342,363

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 22,332,361	\$ 0	\$ 0	\$ 22,332,361	\$ 21,520,177	\$ 21,520,177	\$ 812,184
Licenses and Permits	829,782	0	0	829,782	529,646	529,646	300,136
Fines, Forfeitures, and Penalties	752,428	0	0	752,428	675,520	675,520	76,908
Charges for Current Services	6,323,622	0	0	6,323,622	5,971,600	5,971,600	352,022
Other Local Revenues	843,053	0	0	843,053	699,869	749,801	93,252
Fees Received from County Officials	7,542,876	0	0	7,542,876	7,375,550	7,375,550	167,326
State of Tennessee	7,414,572	0	0	7,414,572	5,993,432	6,422,720	991,852
Federal Government	971,581	0	0	971,581	991,531	1,397,626	(426,045)
Other Governments and Citizens Groups	171,236	0	0	171,236	230,206	233,411	(62,175)
Total Revenues	\$ 47,181,511	\$ 0	\$ 0	\$ 47,181,511	\$ 43,987,531	\$ 44,876,051	\$ 2,305,460
Expenditures							
General Government							
County Commission	\$ 271,034	\$ 0	\$ 0	\$ 271,034	\$ 295,073	\$ 307,678	\$ 36,644
Board of Equalization	6,541	0	0	6,541	20,000	20,000	13,459
Other Boards and Committees	4,355	(924)	0	3,431	9,000	9,000	5,569
County Mayor/Executive	351,259	0	1,050	352,309	347,859	354,594	2,285
County Attorney	437,964	0	0	437,964	432,913	442,154	4,190
Election Commission	723,326	0	0	723,326	607,656	824,485	101,159
Register of Deeds	702,488	0	0	702,488	729,325	746,183	43,695
Building	733,200	0	0	733,200	928,196	928,196	194,996
County Buildings	1,387,594	0	6,302	1,393,896	1,847,684	1,847,684	453,788
Preservation of Records	78,467	0	0	78,467	79,472	80,438	1,971
Finance							
Accounting and Budgeting	740,846	0	13,760	754,606	1,042,707	1,055,695	301,089
Property Assessor's Office	678,492	0	0	678,492	681,455	691,569	13,077
Reappraisal Program	668,170	0	0	668,170	706,865	697,747	29,577
County Trustee's Office	470,404	(5,754)	0	464,650	539,244	539,244	74,594
County Clerk's Office	1,409,239	0	0	1,409,239	1,457,859	1,460,359	51,120
Data Processing	124,061	0	0	124,061	132,046	134,163	10,102
Other Finance	200,832	0	0	200,832	206,512	206,512	5,680

(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 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice</u>							
Circuit Court	\$ 1,459,736	\$ 0	\$ 0	\$ 1,459,736	\$ 1,632,595	\$ 1,647,595	\$ 187,859
General Sessions Judge	281,610	0	0	281,610	293,193	294,855	13,245
Drug Court	208,183	0	0	208,183	228,687	291,200	83,017
Chancery Court	648,231	0	0	648,231	680,820	680,820	32,589
Juvenile Court	530,933	0	0	530,933	537,338	543,246	12,313
District Attorney General	3,600	0	0	3,600	3,600	3,600	0
Judicial Commissioners	325,013	0	0	325,013	333,838	333,838	8,825
Other Administration of Justice	86,571	0	0	86,571	170,757	115,812	29,241
Probation Services	396,866	0	0	396,866	392,208	397,354	488
<u>Public Safety</u>							
Sheriff's Department	9,237,115	(14,790)	6,172	9,228,497	9,463,672	9,528,275	299,778
Administration of the Sexual Offender Registry	10,923	0	0	10,923	20,000	20,000	9,077
Jail	8,359,127	0	0	8,359,127	8,444,636	8,729,965	370,838
Juvenile Services	533,917	0	0	533,917	585,656	588,860	54,943
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	568,591	(118,150)	0	450,441	234,138	494,152	43,711
<u>Public Health and Welfare</u>							
Local Health Center	1,396,561	0	28,592	1,425,153	1,474,909	1,617,220	192,067
Ambulance/Emergency Medical Services	8,359,106	(5,602)	51,617	8,405,121	8,319,633	8,659,719	254,598
Appropriation to State	169,415	0	0	169,415	197,655	169,415	0
General Welfare Assistance	1,475	0	0	1,475	3,000	3,000	1,525
Aid to Dependent Children	0	0	0	0	1,000	1,000	1,000
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	244,608	0	0	244,608	286,500	241,500	(3,108)
Libraries	1,813,431	0	0	1,813,431	1,900,382	1,947,784	134,353
Other Social, Cultural, and Recreational	2,362	0	0	2,362	121,485	123,847	12,485
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	376,916	0	0	376,916	420,685	420,685	43,769
Soil Conservation	54,268	0	0	54,268	53,868	54,638	370

(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 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Expenditures (Cont.)							
<u>Other Operations</u>							
Tourism	\$ 350,000	\$ 0	\$ 0	\$ 350,000	\$ 350,000	\$ 0	0
Industrial Development	40,000	0	0	40,000	40,000	0	0
Veterans' Services	62,743	0	0	62,743	67,161	4,418	4,418
Other Charges	1,284,807	(6,347)	0	1,278,460	1,372,703	94,243	94,243
Contributions to Other Agencies	1,384,615	0	0	1,384,615	1,385,747	1,132	1,132
Employee Benefits	36,940	0	0	36,940	52,500	15,560	15,560
Miscellaneous	117,095	0	0	117,095	146,184	40,931	40,931
<u>Highways</u>							
Traffic Control	2,954	0	0	2,954	2,500	7,500	4,546
Capital Outlay	7,704	0	0	7,704	0	10,000	2,296
<u>Capital Projects</u>							
Public Health and Welfare Projects	240,613	(30,000)	202,750	413,363	0	470,000	56,637
Social, Cultural, and Recreation Projects	311,799	(15,699)	13,250	309,350	50,000	484,384	175,034
Total Expenditures	\$ 48,066,100	\$ (197,266)	\$ 323,493	\$ 48,192,327	\$ 49,593,978	\$ 51,822,102	\$ 3,629,775
Excess (Deficiency) of Revenues Over Expenditures	\$ (884,589)	\$ 197,266	\$ (323,493)	\$ (1,010,816)	\$ (5,606,447)	\$ (6,946,051)	\$ 5,935,235
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 188,219	\$ 0	\$ 0	\$ 188,219	\$ 0	\$ 192,702	\$ (4,483)
Transfers In	317,084	0	0	317,084	508,096	519,938	(202,854)
Total Other Financing Sources	\$ 505,303	\$ 0	\$ 0	\$ 505,303	\$ 508,096	\$ 712,640	\$ (207,337)
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (379,286)	\$ 197,266	\$ (323,493)	\$ (505,513)	\$ (5,098,351)	\$ (6,233,411)	\$ 5,727,898
Fund Balance, June 30, 2014	\$ 26,914,864	(197,266)	0	\$ 26,717,598	24,041,174	24,041,174	2,676,424
Fund Balance, June 30, 2014	\$ 26,535,578	\$ 0	\$ (323,493)	\$ 26,212,085	\$ 18,942,823	\$ 17,807,763	\$ 8,404,322

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,753,563	\$ 2,628,048	\$ 2,718,724	\$ 34,839
Other Local Revenues	200,671	102,000	182,462	18,209
State of Tennessee	3,314,812	3,236,270	3,283,313	31,499
Federal Government	76,205	0	76,205	0
Other Governments and Citizens Groups	89,054	0	79,572	9,482
Total Revenues	<u>\$ 6,434,305</u>	<u>\$ 5,966,318</u>	<u>\$ 6,340,276</u>	<u>\$ 94,029</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 195,005	\$ 192,374	\$ 195,878	\$ 873
Highway and Bridge Maintenance	3,589,292	3,095,365	3,710,714	121,422
Operation and Maintenance of Equipment	1,037,710	1,210,648	1,142,511	104,801
Quarry Operations	20,921	28,350	31,640	10,719
Litter and Trash Collection	61,766	70,500	63,519	1,753
Other Charges	282,560	256,909	286,857	4,297
Employee Benefits	842,065	846,554	850,738	8,673
Capital Outlay	88,128	303,500	97,989	9,861
Total Expenditures	<u>\$ 6,117,447</u>	<u>\$ 6,004,200</u>	<u>\$ 6,379,846</u>	<u>\$ 262,399</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 316,858</u>	<u>\$ (37,882)</u>	<u>\$ (39,570)</u>	<u>\$ 356,428</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 1,688	\$ 0	\$ 1,688	\$ 0
Total Other Financing Sources	<u>\$ 1,688</u>	<u>\$ 0</u>	<u>\$ 1,688</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 318,546	\$ (37,882)	\$ (37,882)	\$ 356,428
Fund Balance, July 1, 2013	<u>2,425,953</u>	<u>2,005,490</u>	<u>2,005,490</u>	<u>420,463</u>
Fund Balance, June 30, 2014	<u>\$ 2,744,499</u>	<u>\$ 1,967,608</u>	<u>\$ 1,967,608</u>	<u>\$ 776,891</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, 2014

Governmental
 Activities -
 Internal
 Service Fund
Self-
 Insurance
 Fund

ASSETS

Current Assets:	
Equity in Pooled Cash and Investments	\$ 3,240,668
Accounts Receivable	5,972
Due from Component Units	1,342
Accrued Interest Receivable	932
Total Current Assets	<u>\$ 3,248,914</u>
Noncurrent Assets:	
Capital Assets:	
Buildings and Improvements Net of Accumulated Depreciation	\$ 19,351
Total Noncurrent Assets	<u>\$ 19,351</u>
Total Assets	<u>\$ 3,268,265</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 265,442
Accrued Leave - Current	7,306
Claims and Judgments Payable	3,730,935
Due to Other Funds	18,704
Total Current Liabilities	<u>\$ 4,022,387</u>
Noncurrent Liabilities:	
Claims and Judgments Payable	\$ 107,792
Total Noncurrent Liabilities	<u>\$ 107,792</u>
Total Liabilities	<u>\$ 4,130,179</u>

NET POSITION

Unrestricted	<u>\$ (861,914)</u>
Total Net Position	<u>\$ (861,914)</u>

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

Sumner County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Position
Proprietary Fund
For the Year Ended June 30, 2014

	Governmental Activities - Internal Service Fund <hr/> Self- Insurance Fund
<u>Operating Revenues</u>	
Charges for Current Services:	
Self-Insurance Premiums/Contributions	\$ 23,903,930
Other Local Revenues	487,342
Total Operating Revenues	<u>\$ 24,391,272</u>
<u>Operating Expenses</u>	
Risk Management:	
Other Fringe Benefits	\$ 300
Communication	1,290
Consultants	18,200
Data Processing Services	1,038
Dues and Memberships	770
Evaluation and Testing	20
Maintenance Agreements	760
Maintenance and Repair Services - Office Equipment	75
Postal Charges	552
Printing, Stationery, and Forms	850
Travel	2,609
Data Processing Supplies	905
Drugs and Medical Supplies	181
Food Supplies	342
Gasoline	534
Instructional Supplies and Materials	832
Office Supplies	989
Periodicals	200
Liability Claims	1,400,899
Other Self-insured Claims	708,835
In Service/Staff Development	1,265
Data Processing Equipment	415
Handling Charges and Administrative Costs	805,199
Dental Insurance	6,557
Communication	4,865
Consultants	21,295
Depreciation	3,365
Medical Claims	21,423,418
Other Self-insured Claims	773,613
Fines, Assessments, and Penalties	137,048
Total Operating Expenses	<u>\$ 25,317,221</u>
Operating Income (Loss)	<u>\$ (925,949)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 14,684
Insurance Recovery	1,892
Total Nonoperating Revenues (Expenses)	<u>\$ 16,576</u>
Income (Loss) Before Transfers	\$ (909,373)
Transfers Out	<u>(200,831)</u>
Change in Net Position	\$ (1,110,204)
Net Position, July 1, 2013	<u>248,290</u>
Net Position, June 30, 2014	<u>\$ (861,914)</u>

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

Sumner County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2014

	<u>Governmental Activities - Internal Service Fund Self Insurance Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 24,390,400
Payments to Suppliers	(728,017)
Claims Paid	(24,504,903)
Payments of Taxes, Duties, Fines, Fees, and Penalties	(137,048)
Other Receipts (Payments)	1,892
Net Cash Provided By (Used In) Operating Activities	<u>\$ (977,676)</u>
<u>Cash Flows from Investing Activities</u>	
Investment Income	\$ 14,684
Net Cash Provided By (Used In) Investing Activities	<u>\$ 14,684</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	\$ (200,831)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (200,831)</u>
Net Increase (Decrease) In Cash	\$ (1,163,823)
Cash, July 1, 2013	<u>4,404,491</u>
Cash, June 30, 2014	<u>\$ 3,240,668</u>
<u>Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (925,949)
Insurance Recovery	1,892
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	(998)
(Increase) Decrease in Due from Other Funds	1,133
(Increase) Decrease in Due from Component Units	(1,342)
(Increase) Decrease in Accrued Interest Receivable	335
Increase (Decrease) in Accounts Payable	123,248
Increase (Decrease) in Payroll Deductions Payable	300
Increase (Decrease) in Due to Other Funds	18,478
Increase (Decrease) in Claims and Judgments Payable	<u>(198,138)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (977,676)</u>
<u>Reconciliation of Cash With Statement of Net Position</u>	
Equity in Pooled Cash and Investments Per Net Position	<u>\$ 3,240,668</u>
Cash, June 30, 2014	<u>\$ 3,240,668</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, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 5,527,853
Equity in Pooled Cash and Investments	772,698
Accounts Receivable	33,899
Due from Other Governments	<u>3,399,638</u>
Total Assets	<u>\$ 9,734,088</u>
<u>LIABILITIES</u>	
Due to Other Funds	\$ 116,253
Due to Other Taxing Units	3,399,638
Due to Joint Ventures	586,576
Due to Litigants, Heirs, and Others	<u>5,631,621</u>
Total Liabilities	<u>\$ 9,734,088</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, 2014

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 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 Convention and Visitors Bureau were not available 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, 2014.

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 types:

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

Internal Service Fund – The Employee Insurance Fund is used to account for the discretely presented Sumner County School Department’s self-insured health and prescription drug plans. Premiums charged to the various school funds and employee payroll deductions are placed in this fund for the payment of claims.

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 government has two proprietary funds, internal service funds, used to account for the county’s self-insured liability, health, dental, and workers’ compensation programs and the School Department’s self-insured health and prescription drug plans. Operating revenues and expenses generally result from providing services in connection with the funds’ principal ongoing operations. The principal operating revenues of the proprietary funds are charges for services. Operating expenses for the internal service funds 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 and cash with paying agent.

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.

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 one 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 in the primary government's Self-Insurance Fund and the discretely presented School Department's Employee Insurance Fund 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 the following sources: current and delinquent property taxes and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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, and termination benefits 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, 2014, Sumner County had \$117,394,056 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 by resolution authorized the county's Budget Committee to make assignments for the general government. The Board of Education makes assignments for the School Department. Assigned fund balance in the General Fund includes fund balance approved for use in the budget for fiscal year ending June 30, 2015, totaling \$4,438,727.

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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, 2014, Sumner County reported the following significant encumbrances:

Fund	Description	Amount
Major Fund:		
General Capital Projects	Hendersonville High Addition	\$ 6,872,482
"	Gallatin High Addition	4,425,848
"	Jail Renovations	2,602,715
"	Emergency Response Complex	2,317,920

B. Net Position Deficit

The Self-Insurance Fund (internal service fund) had a deficit in unrestricted net position of \$861,914 at June 30, 2014. This deficit resulted from an increase in medical and dental claims and estimates.

C. Cash Shortages – Prior 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, 2014.

The audit of Sumner County for the 2012-13 year reported a cash shortage of \$10,762 in the School Department. An investigation by the School Department's internal auditor and the local police revealed that an employee had taken cash from collections purportedly to reimburse herself for mileage and other expenses she paid from personal funds. On October 10, 2013, the former employee was indicted on one count of theft of property over \$1,000. The case is still pending in court as of the date of this report. The School Department's insurance carrier paid the county \$5,762 on October 17, 2013, leaving an unpaid shortage of \$5,000 at June 30, 2014.

D. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Senior Citizens Assistance major appropriations category (the legal level of control) of the General Fund by \$3,108. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance in the General Fund.

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, 2014, 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	109	N/A	\$ 6,133,573

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, 2014, Sumner County’s investment in the State Treasurer’s Investment Pool was unrated.

B. Notes Receivable

The General Fund had a long-term note receivable of \$800,000 on June 30, 2014, from financing airport construction projects for the discretely presented Sumner County Regional Airport Authority, and this note is included in the committed fund balance account.

The General Fund had a long-term note receivable of \$888,235 on June 30, 2014, 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, 2014, was as follows:

Primary Government (includes Internal Service Fund)

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 3,919,502	\$ 0	\$ 0	\$ 3,919,502
Construction in Progress	2,604,688	2,706,601	(31,500)	5,279,789
Total Capital Assets Not Depreciated	\$ 6,524,190	\$ 2,706,601	\$ (31,500)	\$ 9,199,291
Capital Assets Depreciated:				
Buildings and Improvements	\$ 62,696,278	\$ 1,817,321	\$ (13,572)	\$ 64,500,027
Infrastructure	63,692,375	2,754,523	(1,289,916)	65,156,982
Intangibles	641,135	0	0	641,135
Other Capital Assets	17,166,614	1,331,779	(1,187,809)	17,310,584
Total Capital Assets Depreciated	\$ 144,196,402	\$ 5,903,623	\$ (2,491,297)	\$ 147,608,728
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 20,535,108	\$ 2,320,045	\$ (5,203)	\$ 22,849,950
Infrastructure	30,198,240	3,256,826	(1,289,916)	32,165,150
Intangibles	431,709	54,889	0	486,598
Other Capital Assets	11,606,752	1,457,532	(1,101,443)	11,962,841
Total Accumulated Depreciation	\$ 62,771,809	\$ 7,089,292	\$ (2,396,562)	\$ 67,464,539
Total Capital Assets Depreciated, Net	\$ 81,424,593	\$ (1,185,669)	\$ (94,735)	\$ 80,144,189
Governmental Activities Capital Assets, Net	\$ 87,948,783	\$ 1,520,932	\$ (126,235)	\$ 89,343,480

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

Governmental Activities:

General Government	\$ 464,435
Finance	20,750
Administration of Justice	104,884
Public Safety	1,592,753
Public Health and Welfare	768,651
Social, Cultural, and Recreational Services	466,275
Agriculture and Natural Resources	4,445
Highway/Public Works	<u>3,667,099</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 7,089,292</u></u>

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

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 8,362,299	\$ 264,400	\$ 0	\$ 8,626,699
Construction in Progress	1,617,368	4,245,208	(1,050,116)	4,812,460
Total Capital Assets Not Depreciated	<u>\$ 9,979,667</u>	<u>\$ 4,509,608</u>	<u>\$ (1,050,116)</u>	<u>\$ 13,439,159</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 376,579,534	\$ 1,472,767	\$ (55,066)	\$ 377,997,235
Other Capital Assets	25,512,845	6,649,792	(1,613,492)	30,549,145
Total Capital Assets Depreciated	<u>\$ 402,092,379</u>	<u>\$ 8,122,559</u>	<u>\$ (1,668,558)</u>	<u>\$ 408,546,380</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 175,099,995	\$ 12,844,381	\$ (55,066)	\$ 187,889,310
Other Capital Assets	17,784,369	3,335,765	(1,613,492)	19,506,642
Total Accumulated Depreciation	<u>\$ 192,884,364</u>	<u>\$ 16,180,146</u>	<u>\$ (1,668,558)</u>	<u>\$ 207,395,952</u>

Discretely Presented Sumner County School Department

Governmental Activities (Cont.):

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Total Capital Assets				
Depreciated, Net	\$ 209,208,015	\$ (8,057,587)	\$ 0	\$ 201,150,428
Governmental Activities				
Capital Assets, Net	\$ 219,187,682	\$ (3,547,979)	\$ (1,050,116)	\$ 214,589,587

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

Governmental Activities:

Support Services	\$ 15,599,643
Operation of Non-instructional Services	<u>580,503</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 16,180,146</u>

D. Construction Commitments

At June 30, 2014, the General Capital Projects Fund had uncompleted construction contracts of \$6,872,482 for the Hendersonville High School addition, \$4,425,848 for the Gallatin High School addition, \$2,602,715 for jail renovations, and \$2,317,920 for an emergency response complex. Funding has been received for these future expenditures.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2014, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 23,729
"	Internal Service	18,597
"	Agency	116,253
Highway/Public Works	General	2,186
"	General Capital Projects	7,000
"	Internal Service	107
"	Nonmajor governmental	3,573
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	115

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

Due to/from Primary Government and Component Units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	Component Unit:	
Primary Government:	School Department:	
General	General Purpose School	\$ 27,771
General Debt Service	"	70,304
Internal Service	Internal Service	1,342
General	Emergecy Communications District	31,390
"	Regional Airport Authority	2,000
Highway/Public Works	The Resource Authority in Sumner County, Tennessee	70

The amount Due to Primary Government from the discretely presented School Department totaling \$70,304 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, 2014, consisted of the following amounts:

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u> <u>General</u>
Internal Service Fund	\$ 200,831
Fiduciary Funds	116,253
Total	<u>\$ 317,084</u>

Discretely Presented Sumner County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 200,000
Nonmajor governmental fund	50,169	0
Total	\$ 50,169	\$ 200,000

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.

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>(133,283)</u>
Total Book Value	<u>\$ 67,642</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2014, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2015	\$ 45,625
2016	<u>28,002</u>
Total Minimum Lease Payments	\$ 73,627
Less: Amount Representing Interest	<u>(3,323)</u>
Present Value of Minimum Lease Payments	<u>\$ 70,304</u>

G. Long-term Obligations

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, 2014, will be retired from the General Debt Service Fund.

General obligation bonds and capital leases outstanding as of June 30, 2014, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bonds	1.5 to 5 %	12-1-23	\$ 36,555,000	\$ 34,415,000
General Obligation Bonds - School Refunding	2.86	6-1-23	112,210,000	91,995,000
Capital Leases	4.81 to 6.94	3-8-16	200,925	70,304

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2014, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2020-2024	67,210,000	8,175,314	75,385,314
Total	\$ 126,410,000	\$ 30,611,129	\$ 157,021,129

There is \$13,816,758 available in the General Debt Service Fund to service long-term debt. Debt per capita totaled \$787, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2014, was as follows:

Governmental Activities:	Internal Service Fund	
	Bonds	Claims and Judgments
Balance, July 1, 2013	\$ 136,775,000	\$ 4,036,865
Additions	0	24,306,765
Reductions	(10,365,000)	(24,504,903)
Balance, June 30, 2014	\$ 126,410,000	\$ 3,838,727
Balance Due Within One Year	\$ 10,895,000	\$ 3,730,935

	<u>Capital Leases</u>
Balance, July 1, 2013	\$ 111,285
Reductions	<u>(40,981)</u>
Balance, June 30, 2014	<u>\$ 70,304</u>
Balance Due Within One Year	<u>\$ 43,211</u>

	<u>Compensated Absences</u>	<u>Other Postemployment Benefits</u>
Balance, July 1, 2013	\$ 940,902	\$ 2,213,942
Additions	1,653,559	409,725
Reductions	<u>(1,620,778)</u>	<u>(48,432)</u>
Balance, June 30, 2014	<u>\$ 973,683</u>	<u>\$ 2,575,235</u>
Balance Due Within One Year	<u>\$ 973,683</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 133,867,949
Less: Due Within One Year	(15,642,829)
Add: Unamortized Premium on Debt	<u>12,843,288</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 131,068,408</u>

The internal service fund primarily serves the governmental funds. Accordingly, long-term obligations 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, 2014, the following outstanding bonds are considered defeased:

	<u>Amount</u>
2007 School Refunding	\$ 35,985,000
2007B General Obligation School	32,820,000

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, 2014, was as follows:

Governmental Activities:

	Compensated Absences	<u>Internal Service Fund</u> Claims and Judgments
Balance, July 1, 2013	\$ 2,164,042	\$ 0
Additions	1,447,167	10,425,587
Reductions	(1,548,497)	(9,227,558)
Balance, June 30, 2014	<u>\$ 2,062,712</u>	<u>\$ 1,198,029</u>
Balance Due Within One Year	<u>\$ 309,407</u>	<u>\$ 1,198,029</u>

	<u>Other Postemployment Benefits</u>	<u>Termination Benefits</u>
Balance, July 1, 2013	\$ 31,871,756	\$ 60,491
Additions	4,010,182	93,540
Reductions	(3,070,454)	(80,025)
Balance, June 30, 2014	<u>\$ 32,811,484</u>	<u>\$ 74,006</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 74,006</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 36,146,231
Less: Due Within One Year	<u>(1,581,442)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 34,564,789</u>

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

H. 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, 2014, were \$716,903 and \$139,103, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the Employee Insurance 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
2012-13	\$ 4,059,028	\$ 20,444,861	\$ (20,467,024)	\$ 4,036,865
2013-14	4,036,865	24,306,765	(24,504,903)	3,838,727

The discretely presented Sumner County School Department has chosen to establish the Employee Insurance Fund for risks associated with certified employees' health and prescription drug insurance plans. The Employee Insurance Fund is accounted for as an Internal Service Fund in which assets are set aside for claim settlements. The School Department retains the risk of loss to a limit of \$200,000 per specific loss during the coverage period. The county obtained a stop/loss commercial insurance policy to cover claims beyond this liability up to a limit of \$1,000,000 per participant during the coverage period.

All full-time certified employees of the discretely presented Sumner County School Department are eligible to participate in employee health and prescription drug plans. A premium charge is allocated to each fund that accounts for full-time certified 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 Employee 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 fiscal year are as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2013-14	\$ 0	\$ 10,425,587	\$ (9,227,558)	\$ 1,198,029

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

GASB Statement No. 67, replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

GASB Statement No. 70, relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

C. Subsequent Events

On August 31, 2014, Mahailiah Hughes left the Office of Circuit, General Sessions, and Juvenile Courts Clerk and was succeeded by Kathryn Strong.

On September 15, 2014, the county approved extending the maturity date on the notes receivable from the discretely presented Sumner County Emergency Communications District to October 14, 2016.

On February 9, 2015, the county's General Fund issued a \$5,500,000 tax anticipation note to the General Capital Projects Fund for temporary operating funds.

On February 23, 2015, the county approved the issuance of a \$9,000,000 general obligation public improvement bond and a \$70,000,000 general obligation schools and public improvement bond.

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, 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, 2014, was 14.16 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, 2014, the county's annual pension cost of \$6,841,957 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
6-30-14	\$6,841,957	100%	\$0
6-30-13	6,593,472	100	0
6-30-12	6,375,371	100	0

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 96.57 percent funded. The actuarial accrued liability for benefits was \$140.17 million, and the actuarial value of assets was \$135.36 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$4.81 million. The covered payroll (annual payroll of active employees covered by the plan) was \$45.88 million, and the ratio of the UAAL to the covered payroll was 10.48 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, 2014, 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, 2014, 2013, and 2012, were \$9,318,045, \$9,145,596, and \$9,225,858, 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 are 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 of 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.

During the year ended June 30, 2014, Sumner County and the Sumner County School Department made contributions totaling \$44,607 and \$412,619, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Primary Government	School Department	Total
ARC	\$ 301,626	\$ 574,973	\$ 876,599
Interest on the NOPEBO	53,412	61,817	115,229
Adjustment to the ARC	(62,446)	(72,272)	(134,718)
Annual OPEB cost	\$ 292,592	\$ 564,518	\$ 857,110
Amount of contribution	(44,607)	(412,619)	(457,226)
Increase/decrease in NOPEBO	\$ 247,985	\$ 151,899	\$ 399,884
Net OPEB obligation, 7-1-13	1,113,556	1,696,409	2,809,965
Net OPEB obligation, 6-30-14	\$ 1,361,541	\$ 1,848,308	\$ 3,209,849

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Primary Government	\$ 240,568	18 %	\$ 919,500
6-30-13	"	240,568	19	1,113,556
6-30-14	"	292,592	15	1,361,541
6-30-12	School Department	537,106	72	1,566,285
6-30-13	"	537,106	76	1,696,409
6-30-14	"	564,518	73	1,848,308

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

	Primary Government	School Department
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 2,353,005	\$ 5,579,395
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,353,005	\$ 5,579,395
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 23,813,447	\$ 24,853,580
UAAL as a % of covered payroll	10%	22%

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, 2013, 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 health care cost trend rate of nine percent for 2015. The trend will decrease to 8.5 percent in fiscal year 2016 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2023. 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, 2010.

Discretely Presented School Department

Effective January 1, 2014, the discretely presented Sumner County School Department changed from the Local Education Group Insurance Plan to a self-insurance plan for certified employees.

Plan Description

All full-time certified employees and eligible certified retirees of the discretely presented Sumner County School Department are eligible to participate in the health insurance cost-sharing plan accounted for in the Employee Insurance Fund (internal service fund). Life insurance of \$35,000 is also provided to the certified 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 Board of Education.

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 School Department develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums.

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 who had insurance coverage during the last three years of employment. Retirees receive one year of coverage for every three years 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 School Department made contributions totaling \$2,504,788 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	School Department - Certified
ARC	\$ 2,483,652
Interest on the NOPEBO	353,525
Adjustment to the ARC	(413,314)
Annual OPEB cost	\$ 2,423,863
Amount of contribution	(2,504,788)
Increase/decrease in NOPEBO	\$ (80,925)
Net OPEB obligation, 7-1-13	18,722,373
Net OPEB obligation, 6-30-14	\$ 18,641,448

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-14	School Department	\$ 2,423,863	103 %	\$ 18,641,448

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:	<u>School Department - Certified</u>
Actuarial valuation date	7-1-13
Actuarial accrued liability (AAL)	\$ 26,453,239
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 26,453,239
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 103,502,196
UAAL as a % of covered payroll	26%

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, 2013, 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 health care cost trend rate of nine percent for 2015. The trend will decrease to 8.5 percent in fiscal year 2016 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2023. 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, 2010.

State Sponsored Medicare Supplement Plan

Plan Description

Sumner County and the Sumner County School Department participate in the state-administered Medicare Supplement Plan for health care benefits. For accounting purposes, the plan is agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-701, *Tennessee Code Annotated*. 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 plan is reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://www.tn.gov/finance/act/cafr.shtml>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in the plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state provides a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2014, Sumner County and discretely presented School Department made contributions totaling \$3,825 and \$153,047, respectively, for other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Medicare Supplement Plan - County	Medicare Supplement Plan - Schools
ARC	\$ 116,000	\$ 1,010,000
Interest on the NOPEBO	44,015	458,119
Adjustment to the ARC	(42,882)	(446,318)
Annual OPEB cost	\$ 117,133	\$ 1,021,801
Amount of contribution	(3,825)	(153,047)
Increase/decrease in NOPEBO	\$ 113,308	\$ 868,754
Net OPEB obligation, 7-1-13	1,100,386	11,452,974
Net OPEB obligation, 6-30-14	\$ 1,213,694	\$ 12,321,728

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Medicare Supplement - County	\$ 276,639	2 %	\$ 825,716
6-30-13	"	278,970	2	1,100,386
6-30-14	"	117,133	3.27	1,213,694
6-30-12	Medicare Supplement - Schools	2,834,254	4	8,717,300
6-30-13	"	2,827,562	3	11,452,974
6-30-14	"	1,021,801	14.98	12,321,728

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:	Medicare Supplement Plan - County	Medicare Supplement Plan - Schools
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 1,553,000	\$ 14,325,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,553,000	\$ 14,325,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	N/A	N/A
UAAL as a % of covered payroll	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, 2013, actuarial valuation for the Medicare Supplement 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 health care cost trend rate was two percent for fiscal year 2014. The trend will increase to six percent in fiscal year 2015 and then will be reduced by decrements to an ultimate rate of 4.2 percent by fiscal year 2044. 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, 45 employees accepted the voluntary retirement incentive. Ten employees retired during 2013-14 and received sick leave payments totaling \$19,534. Subsequent to June 30, 2014, 35 employees retired. Therefore, the School Department had a liability for unpaid termination benefits totaling \$74,006 at June 30, 2014.

J. Office of Central Accounting and Budgeting

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 Best Practice 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 Best Practice 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 position 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, 2014.

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, 2014, the authority's combined bank account balances exceeded FDIC insured limits by \$51,960. Subsequent to the year ended June 30, 2014, the authority approved a plan to move bank accounts to a financial institution that participates in

the State Collateral Pool. No credit loss occurred during the year end to the date of this report.

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, 2014.

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 and 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 were built and are owned by the private individuals. The authority leases to the owners the underlying land related to the hangars privately built. 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 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The authority does not have any items that qualify for reporting in this category as of June 30, 2014.

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 acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The authority records hangar rent collected in advance of the months in which it is earned as deferred inflows of resources. Deferred inflows of resources was \$2,740 at June 30, 2014.

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 net position 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.

Impact of Recently Issued Accounting Pronouncements – In March 2012, GASB issued Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial

reporting standards that reclassifies, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement is effective for financial periods beginning after December 15, 2012. As of June 30, 2014, the authority reports certain deferred inflows of resources.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25* and Statement No. 68, *Accounting and Financial Reporting for Pensions – and amendment of GASB Statement No. 27*. Statement No. 67, effective for fiscal years beginning after June 15, 2013, revises existing standards of financial reporting by state and local government pension plans and will be adopted by the pension plan itself. Statement No. 68 will affect the governments that participate as employers in these plans and is effective for fiscal years beginning after June 30, 2014. For governments to adopt Statement No. 68, the underlying pension plans must first adopt Statement No. 67. These statements establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulation, and managing assets dedicated for pensions, and paying benefits to plan members as they come due. Statement No. 68 details the recognition and disclosure requirements for employers with liabilities (payable) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. The objective of Statement No. 68 is to improve accounting and financial reporting by state and local governments for pensions. These pension standards include significant changes to how governmental employers will report liabilities related to pension obligations. As of June 30, 2014, GASB Statements No. 67 and No. 68 will not have an impact on the financial position of the authority, since it does not have a pension plan.

C. Litigation

The authority is subject to litigation from time to time. Currently, the authority is involved in one eminent domain litigation case. The appraisal obtained by the authority is \$192,600 while the defendant's appraisal is \$485,000. The condemnation lawsuit is for land taken to expand the airport. The case is set for jury trial in June 2015 in the Circuit Court of Sumner County. The outcome of the trial cannot be reasonably estimated. The maximum exposure is limited to ten percent matching on new grants and this would be limited to \$29,240.

D. Long-term Debt

Long-term debt at June 30, 2014, consisted of the following:

The authority has an interest-only note payable with Sumner County, Tennessee, for \$800,000. The note matures on January 2, 2023, and carries an interest rate of three percent.

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

Year Ending June 30	Principal	Interest
2015	\$ 0	\$ 24,000
2016	0	24,000
2017	0	24,000
2018	0	24,000
2019	0	24,000
Thereafter	<u>800,000</u>	<u>84,000</u>
Total	<u>\$ 800,000</u>	<u>\$ 204,000</u>

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

Balance, June 30, 2013	\$ 637,601
Additions	800,000
Retirements	<u>(637,601)</u>
Balance, June 30, 2014	<u>\$ 800,000</u>

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 Aeronautics Division of the Tennessee Department of Transportation. 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.

The board terminated the services of C. Steven Sudbury of J & S Properties at the board meeting on November 25, 2013. The authority paid J & S Properties a three-month severance of \$11,250. During the year ended June 30, 2014, the authority expensed \$30,000. The board oversaw the day-to-day operations of the authority until a new airport manager was hired and began work in July 2014.

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 July 28, 2014. The treasurer was added to the board in August 2014. The chairman was elected September 22, 2014, on an interim basis and as chairman in a subsequent board meeting. The previous treasurer and chairman were officially still board members at June 30, 2014, but the treasurer's term expired and the chairman resigned subsequent to year end. The airport manager began work in July 2014.

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. Depreciation expense for the year ended June 30, 2014, totaled \$737,145.

The following is a summary of the authority's depreciable and nondepreciable assets as of June 30, 2014:

	Balance 7-1-13	Increases	Transfers	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 2,139,676	\$ 9,297	\$ 0	\$ 2,148,973
Construction in Progress	3,251,246	79,576	(92,109)	3,238,713
Total Capital Assets Not Depreciated	<u>\$ 5,390,922</u>	<u>\$ 88,873</u>	<u>\$ (92,109)</u>	<u>\$ 5,387,686</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 12,251,806	\$ 236,337	\$ 92,109	\$ 12,580,252
Other Capital Assets	377,061	0	0	377,061
Total Capital Assets Depreciated	<u>\$ 12,628,867</u>	<u>\$ 236,337</u>	<u>\$ 92,109</u>	<u>\$ 12,957,313</u>

	Balance 7-1-13	Increases	Transfers	Balance 6-30-14
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,004,869	\$ 710,600	\$ 0	\$ 5,715,469
Other Capital Assets	163,162	35,070	0	198,232
Total Accumulated Depreciation	<u>\$ 5,168,031</u>	<u>\$ 745,670</u>	<u>\$ 0</u>	<u>\$ 5,913,701</u>
Total Capital Assets Depreciated, Net	<u>\$ 7,460,836</u>	<u>\$ (509,333)</u>	<u>\$ 92,109</u>	<u>\$ 7,043,612</u>
Business-type Activities Capital Assets, Net	<u>\$ 12,851,758</u>	<u>\$ (420,460)</u>	<u>\$ 0</u>	<u>\$ 12,431,298</u>

K. Related-party Transactions

The chairman of the board also rents a hanger from the authority. The terms of the lease are the same as other customers who rent a similar hanger. For the year ended June 30, 2014, he paid \$2,040 in hangar rent to the authority.

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, 2014, 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 that 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, 2014, 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 equipment 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 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 7-1-13	Increases	Balance 6-30-14
Capital Assets Not Depreciated:			
Land	\$ 307,491	\$ 0	\$ 307,491
Total Capital Assets Not Depreciated	<u>\$ 307,491</u>	<u>\$ 0</u>	<u>\$ 307,491</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 5,190,301	\$ 0	\$ 5,190,301
Other Capital Assets	924,400	5,177	929,577
Total Capital Assets Depreciated	<u>\$ 6,114,701</u>	<u>\$ 5,177</u>	<u>\$ 6,119,878</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 3,465,913	\$ 183,759	\$ 3,649,672
Other Capital Assets	734,851	45,519	780,370
Total Accumulated Depreciation	<u>\$ 4,200,764</u>	<u>\$ 229,278</u>	<u>\$ 4,430,042</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,913,937</u>	<u>\$ (224,101)</u>	<u>\$ 1,689,836</u>
Business-type Activities Capital Assets, Net	<u>\$ 2,221,428</u>	<u>\$ (224,101)</u>	<u>\$ 1,997,327</u>

Depreciation expense for 2014 was \$229,278.

C. Capital Lease Obligation

During the fiscal 2011 and 2013 years, the authority entered into lease-purchases 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 \$143,248.

	<u>2014</u>
Lease Obligation	\$ 19,435
Amount Designated as Interest	<u>(173)</u>
Net Capital Lease Obligation	<u>\$ 19,262</u>

Changes in capital lease obligations were as follows:

	Balance 6-30-13	Payments	Balance 6-30-14
Capital lease obligation	\$ 37,591	\$ (37,591)	\$ 0
Capital lease obligation	<u>56,907</u>	<u>(37,645)</u>	<u>19,262</u>
Total	<u>\$ 94,498</u>	<u>\$ (75,236)</u>	<u>\$ 19,262</u>

The future capital lease obligation is as follows:

	Lease Obligation	Amount Representing Interest	Net Capital Loan Obligation
2015	\$ 19,435	\$ 173	\$ 19,262

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), 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 6-30-14
Closure	\$ 0
Postclosure	<u>1,259,429</u>
Total	<u>\$ 1,259,429</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 18 years into postclosure monitoring. The Oak Grove Landfill and Ash Monofill Cells I, II, and III were officially closed in 2006 and are eight 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 2014, which resulted in negative postclosure expenses of \$37,474.

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 2013, 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 2014 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>			
	Solid Waste	Brush	Post Closure	Receivable
Sumner County	\$ 100,000	\$ 23,392	\$ 1,602	\$ 3,993
City of Gallatin	510,966	47,526	1,068	53,813
City of Hendersonville	0	62,058	1,068	19,772

F. Pension Plan

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

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

The authority's total payroll was \$402,010 for 2014. Employees who are covered and participating under the pension plan were paid \$368,410. The resource authority contributed 4.5 percent (\$16,741) of covered and participating salaries. Employees contributed \$15,088.

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's commercial waste to the resource authority, and one major hauler is not. Enforcement by management has not been aggressively sought. Two major customers accounted for 40 percent of tipping fees for 2014.

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 2014 was \$3,021,539.

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 2014 was \$163,053.

K. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

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

A. Summary of Accounting Policies

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

The district is a discretely presented component unit of Sumner County, and the financial statements are presented in both the district's financial report and within this report. The district is considered a discretely presented component unit of Sumner County as defined under the criteria set forth in Governmental Accounting Standards Board Statement No. 14, because the

district would be unable to issue debt without going through Sumner County. The district is self-supported by a telephone subscriber fee charged to the citizens of Sumner County. The district's financial statements include only the assets and operations of the district, and do not include any other fund, organization, agency, or department of Sumner County.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – The district's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this basis, revenues are recorded when earned, and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends. With this measurement focus, all assets and all liabilities associated with the operations are included in the Statement of Net Position. Net position (i.e., total assets net of total liabilities) is segregated into net investment in capital assets and unrestricted components.

The district has adopted Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, required for fiscal periods beginning after December 15, 2011. This statement incorporates into GASB's authoritative literature certain accounting and financial reporting guidance, included in certain FASB and AICPA pronouncements issued prior to November 30, 1989, which does not conflict with or contradict GASB pronouncements.

The district distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a district's principal ongoing operations.

The principal operating revenues of the district are emergency telephone service charges to residents providing emergency 911 services. Operating expenses include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Deferred Outflows/Inflows of Resources – The district has adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a Statement of Financial Position. The statement resulted in a change in the presentation of the balance sheets to what is now referred to as the Statement of Net Position and the term "net assets" is changed to "net position" throughout the financial statements.

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 and so will not be recognized as an outflow of resources (expense) until then.

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 and so will not be recognized as an inflow of resources (revenue) until then.

For the year ended June 30, 2014, the district had neither a deferred inflow nor outflow of resources.

Net Position Flow Assumption – Sometimes the district will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the district’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied

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

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

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

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

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

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

Date of Management’s Review – Subsequent events were evaluated through the date the financial statements were available to be issued.

B. Cash and Depository Collateral

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

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

C. Accounts Receivable

The following schedule reflects the components of accounts receivable as of June 30, 2014:

	<u>Balance</u> <u>6-30-14</u>
Emergency telephone service charges	\$ 19,673

D. Capital Assets

Capital assets activity for the year ended June 30, 2014, is presented below:

	<u>Balance</u> <u>7-1-13</u>	<u>Increases</u>	<u>Balance</u> <u>6-30-14</u>
Furniture and Fixtures	\$ 49,025	\$ 0	\$ 49,025
Office Equipment	49,922	1,578	51,500
Communications Equipment	2,741,155	166,684	2,907,839
Leasehold Improvements	306,228	25,869	332,097
Total Cost	\$ 3,146,330	\$ 194,131	\$ 3,340,461
 Less Accumulated Depreciation For:			
Furniture and Fixtures	\$ 3,688	\$ 4,774	\$ 8,462
Office Equipment	5,977	4,704	10,681
Communications Equipment	643,019	279,030	922,049
Leasehold Improvements	3,828	7,980	11,808
 Total Accumulated Depreciation	 \$ 656,512	 \$ 296,488	 \$ 953,000
 Capital Assets, Net	 \$ 2,489,818	 \$ (102,357)	 \$ 2,387,461

Depreciation charged to expense for the current year totaled \$296,488.

The district made \$194,131 of current-year additions to capital assets. The district also made cash payments of \$41,143 on prior-year additions including the beginning of the year accounts payable balance. There were no decreases in capital assets to report for the year ended June 30, 2014.

E. Long-term Debt

Long-term debt consists of the Sumner County Interfund Capital Outlay Note, Series 2011, for \$1,870,872, dated October 14, 2011. The interfund capital outlay note bears interest at four percent per annum and is payable

by the district to the county in monthly installments of \$34,455 over five years. The note is secured by the revenues and reserves of the district.

The purpose of the capital outlay note is to assist with the funding of the hardware, software, setup, and training costs associated with the district's purchase of NG-911 communication equipment and software.

A summary of long-term debt activity for the year ended June 30, 2014, is as follows:

Sumner County Interfund Capital Outlay Note

<u>Dated</u>	<u>Rate</u>	<u>Balance</u>			<u>Balance</u> <u>June 30, 2014</u>	<u>Amount Due</u> <u>Within One</u> <u>Year</u>
		<u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>		
Series 2011	4%	<u>\$ 1,288,263</u>	<u>\$ 0</u>	<u>\$ 368,639</u>	\$ 919,624	<u>\$ 383,657</u>
Less Current Maturities					<u>\$ (383,657)</u>	
Total Noncurrent Portion					<u>\$ 535,967</u>	

The annual requirements to amortize long-term debt outstanding as of June 30, 2014, are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 383,657	\$ 29,802	\$ 413,459
2016	399,288	14,171	413,459
2017	136,679	1,141	137,820
Total	<u>\$ 919,624</u>	<u>\$ 45,114</u>	<u>\$ 964,738</u>

Interest charged to expense totaled \$44,821 for the year ended June 30, 2014.

F. Major Revenue Source

Revenue for operation and maintenance of the Sumner County Emergency Communications District is generated by a surcharge placed on residential and business phone lines. The surcharge is collected by AT&T Telephone Company and remitted to the district monthly less a three percent administrative fee. In the current year, revenue from AT&T Telephone Company represented approximately 22 percent of total operating revenue. The Tennessee Emergency Communications Board collects the revenue from wireless phone users and distributes 25 percent of the funds to the emergency communications districts based on the proportion of the population of each district to that of the state, according to the latest census. The Tennessee Emergency Communications Board also distributes additional amounts as part of the operational funding program to assist districts with the basic costs of 911 service.

G. Risk Management

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. For the year ended June 30, 2014, the district was insured against potential losses associated with these risks through the purchase of commercial insurance policies written for Sumner County or the other governmental departments serviced by the district. There have been no material losses in excess of insurance coverage during the last three years.

H. Service Arrangement Contract

The district has negotiated a service application with AT&T Telecommunications for the installation and service of an Enhanced 911 Emergency Service System. AT&T furnishes equipment and service sufficient to operate the system for an initial installation fee and a monthly fee based upon the number of telephone stations and access lines served by the system. Current year amounts charged to expense by the district for use of this equipment was \$129,221.

I. Operational Contract

The district has contracted with S&S Communications, Inc., for all day-to-day supervision and clerical operations of the district. The contract is negotiated annually on July 1 and is reflected in the financial statements as a director and assistant contract of \$98,784. All calls processed by the district communication system are processed by dispatchers located at various police, fire, or medical emergency stations. All dispatchers are employees of the respective emergency departments.

J. Prior-period Adjustments

In the current year, it was determined that the district had received and deposited with its AT&T revenue, additional amounts that were not emergency surcharges, but actually franchise fees that should have gone to Sumner County Government. Franchise fees had incorrectly been collected and posted to the district's accounts from October 2009 until March 2014. The district reimbursed Sumner County \$155,505 in June 2014. A prior-period adjustment of \$101,739 was made to reduce the beginning unrestricted net position for the amounts received and reported as revenue by the district in the previous years.

K. Commitment

In 2013, the district moved its office to the new Sumner County Emergency Services Center. In addition to the district's operations, the new center houses the Sumner County Emergency Medical Services and Sumner County Emergency Management Agency. In lieu of rent for its portion of the office

facilities, the district has committed \$500,000 towards the renovation of the center. As of June 30, 2014, the district had incurred costs of \$497,282.

**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, 2014

(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)
7-1-13	\$ 135,363	\$ 140,169	\$ 4,806	96.57	% \$ 45,881	10.48 %
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

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, 2014

(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	7-1-10	\$ 0	\$ 2,178	\$ 2,178	0	\$ 21,537	10
"	7-1-11	0	1,778	1,778	0	21,738	8
"	7-1-13	0	2,353	2,353	0	23,813	10
State Sponsored Medicare Supplement	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
"	7-1-13	0	1,553	1,553	0	N/A	N/A
<u>DISCRETELY PRESENTED SUMNER COUNTY SCHOOL DEPARTMENT</u>							
Self-Insurance - Classified	7-1-10	0	7,522	7,522	0	25,771	29
"	7-1-11	0	5,283	5,283	0	26,194	20
"	7-1-13	0	5,579	5,579	0	24,854	22
Self-Insurance - Certified	7-1-13	0	26,453	26,453	0	103,502	26
State Sponsored Medicare Supplement	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
"	7-1-13	0	14,325	14,325	0	N/A	N/A

SUMNER COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2014

OTHER POSTEMPLOYMENT BENEFITS

Effective January 1, 2014, the discretely presented Sumner County School Department changed from the Local Education Group Insurance Fund to a self-insurance plan for certified employees. Details of the plan are discussed in Note V. H., Other Postemployment Benefits (OPEB).

**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.

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 of deeds, and sheriff.

Sumner County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2014

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constituti- onal Officers - Fees		
Cash	\$ 0	\$ 0	\$ 23,729	\$ 23,729	\$ 23,729
Equity in Pooled Cash and Investments	214,637	159,728	0	0	374,365
Accounts Receivable	15,519	0	0	0	15,519
Due from Other Governments	0	16,000	0	0	16,000
Total Assets	\$ 230,156	\$ 175,728	\$ 23,729	\$ 23,729	\$ 429,613
<u>ASSETS</u>					
Accounts Payable	\$ 30,063	\$ 0	\$ 0	\$ 0	\$ 30,063
Due to Other Funds	3,573	0	23,729	0	27,302
Advances from Other Funds	124,200	0	0	0	124,200
Total Liabilities	\$ 157,836	\$ 0	\$ 23,729	\$ 23,729	\$ 181,565
<u>LIABILITIES</u>					
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Other Deferred/Unavailable Revenue	\$ 0	\$ 14,203	\$ 0	\$ 0	\$ 14,203
Total Deferred Inflows of Resources	\$ 0	\$ 14,203	\$ 0	\$ 0	\$ 14,203
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 72,320	\$ 0	\$ 0	\$ 0	\$ 72,320
Restricted for Public Safety	0	161,525	0	0	161,525
Total Fund Balances	\$ 72,320	\$ 161,525	\$ 0	\$ 0	\$ 233,845
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 230,156	\$ 175,728	\$ 23,729	\$ 23,729	\$ 429,613

Sumner County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2014

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constituti- onal Officers - Fees		
<u>Revenues</u>					
Local Taxes	\$ 371,874	\$ 0	\$ 0	\$ 0	\$ 371,874
Fines, Forfeitures, and Penalties	0	16,747	0	0	16,747
Charges for Current Services	210,896	4,000	12,122	0	227,018
Other Local Revenues	0	1,831	0	0	1,831
Total Revenues	\$ 582,770	\$ 22,578	\$ 12,122	\$ 0	\$ 617,470
<u>Expenditures</u>					
Current:					
General Government	\$ 604,687	\$ 0	\$ 0	\$ 0	\$ 604,687
Administration of Justice	0	0	12,122	0	12,122
Public Safety	0	59,598	0	0	59,598
Debt Service:					
Interest on Debt	5,529	0	0	0	5,529
Total Expenditures	\$ 610,216	\$ 59,598	\$ 12,122	\$ 0	\$ 681,936
Excess (Deficiency) of Revenues Over Expenditures	\$ (27,446)	\$ (37,020)	\$ 0	\$ 0	\$ (64,466)
Net Change in Fund Balances Fund Balance, July 1, 2013	\$ (27,446)	\$ (37,020)	\$ 0	\$ 0	\$ (64,466)
	99,766	198,545	0	0	298,311
Fund Balance, June 30, 2014	\$ 72,320	\$ 161,525	\$ 0	\$ 0	\$ 233,845

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 371,874	0 \$	0 \$	371,874 \$	368,753 \$	368,753 \$	3,121
Charges for Current Services	210,896	0	0	210,896	219,378	219,378	(8,482)
Total Revenues	\$ 582,770	0 \$	0 \$	582,770 \$	588,131 \$	588,131 \$	(5,361)
<u>Expenditures</u>							
General Government							
County Buildings	\$ 604,687	(5,334) \$	2,866 \$	602,219 \$	582,733 \$	642,733 \$	40,514
Interest on Debt	5,529	0	0	5,529	5,529	5,529	0
General Government							
Total Expenditures	\$ 610,216	(5,334) \$	2,866 \$	607,748 \$	588,262 \$	648,262 \$	40,514
Excess (Deficiency) of Revenues Over Expenditures	\$ (27,446)	5,334 \$	(2,866) \$	(24,978) \$	(131) \$	(60,131) \$	35,153
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (27,446)	5,334 \$	(2,866) \$	(24,978) \$	(131) \$	(60,131) \$	35,153
	99,766	(5,334)	0	94,432	131	60,131	34,301
Fund Balance, June 30, 2014	\$ 72,320	0 \$	(2,866) \$	69,454 \$	0 \$	0 \$	69,454

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 16,747 \$	0 \$	16,747 \$	12,800 \$	12,800 \$	3,947
Charges for Current Services	4,000	0	4,000	14,000	14,000	(10,000)
Other Local Revenues	1,831	0	1,831	5,000	5,000	(3,169)
Total Revenues	\$ 22,578 \$	0 \$	22,578 \$	31,800 \$	31,800 \$	(9,222)
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 59,598 \$	(6,846) \$	52,752 \$	116,962 \$	125,171 \$	72,419
Total Expenditures	\$ 59,598 \$	(6,846) \$	52,752 \$	116,962 \$	125,171 \$	72,419
Excess (Deficiency) of Revenues Over Expenditures	\$ (37,020) \$	6,846 \$	(30,174) \$	(85,162) \$	(93,371) \$	63,197
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (37,020) \$	6,846 \$	(30,174) \$	(85,162) \$	(93,371) \$	63,197
	198,545	(6,846)	191,699	115,269	115,269	76,430
Fund Balance, June 30, 2014	\$ 161,525 \$	0 \$	161,525 \$	30,107 \$	21,898 \$	139,627

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 18,431,561	\$ 16,974,707	\$ 16,974,707	\$ 1,456,854
Other Local Revenues	250,077	100,000	100,000	150,077
State of Tennessee	7,031	0	0	7,031
Other Governments and Citizens Groups	45,625	0	45,625	0
Total Revenues	<u>\$ 18,734,294</u>	<u>\$ 17,074,707</u>	<u>\$ 17,120,332</u>	<u>\$ 1,613,962</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 426,179	\$ 426,179	\$ 426,179	\$ 0
Education	9,979,802	9,938,821	9,979,802	0
<u>Interest on Debt</u>				
General Government	275,160	275,160	275,160	0
Education	5,546,219	5,541,575	5,546,219	0
<u>Other Debt Service</u>				
General Government	275,998	502,500	502,500	226,502
Education	2,329	3,500	3,500	1,171
Total Expenditures	<u>\$ 16,505,687</u>	<u>\$ 16,687,735</u>	<u>\$ 16,733,360</u>	<u>\$ 227,673</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,228,607</u>	<u>\$ 386,972</u>	<u>\$ 386,972</u>	<u>\$ 1,841,635</u>
Net Change in Fund Balance	\$ 2,228,607	\$ 386,972	\$ 386,972	\$ 1,841,635
Fund Balance, July 1, 2013	11,588,151	11,091,951	11,091,951	496,200
Fund Balance, June 30, 2014	<u>\$ 13,816,758</u>	<u>\$ 11,478,923</u>	<u>\$ 11,478,923</u>	<u>\$ 2,337,835</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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 5,165,899	\$ 0	\$ 0	\$ 5,165,899	\$ 5,034,761	\$ 5,034,761	\$ 131,138
Other Local Revenues	22,556	0	0	22,556	0	22,556	0
State of Tennessee	0	0	0	0	0	82,051	(82,051)
Federal Government	1,024,083	0	0	1,024,083	3,656,236	4,229,799	(3,205,716)
Other Governments and Citizens Groups	0	0	0	0	0	900,000	(900,000)
Total Revenues	\$ 6,212,538	\$ 0	\$ 0	\$ 6,212,538	\$ 8,690,997	\$ 10,269,167	\$ (4,056,629)
Expenditures							
Capital Projects							
General Administration Projects	\$ 101,247	\$ 0	\$ 0	\$ 101,247	\$ 125,000	\$ 125,000	\$ 23,753
Public Safety Projects	2,120,039	(127,500)	5,075,353	7,067,892	2,182,625	7,265,625	197,733
Public Health and Welfare Projects	799,219	0	0	799,219	801,000	801,000	1,781
Social, Cultural, and Recreation Projects	678,750	(547,253)	72,982	204,479	282,785	1,216,476	1,011,997
Other General Government Projects	2,051,757	(386,123)	1,301,592	2,967,226	2,685,518	3,139,823	172,597
Education Capital Projects	7,403,665	(22,421)	11,879,096	19,260,340	6,606,276	20,081,115	820,775
Total Expenditures	\$ 13,154,677	\$ (1,083,297)	\$ 18,329,023	\$ 30,400,403	\$ 12,683,204	\$ 32,629,039	\$ 2,228,636
Excess (Deficiency) of Revenues Over Expenditures	\$ (6,942,139)	\$ 1,083,297	\$ (18,329,023)	\$ (24,187,865)	\$ (3,992,207)	\$ (22,359,872)	\$ (1,827,993)
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (6,942,139)	\$ 1,083,297	\$ (18,329,023)	\$ (24,187,865)	\$ (3,992,207)	\$ (22,359,872)	\$ (1,827,993)
Fund Balance, June 30, 2014	\$ 27,584,261	\$ 0	\$ (18,329,023)	\$ 9,255,238	\$ 28,899,107	\$ 10,531,442	\$ (1,276,204)

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 of deeds; 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, 2014

	Agency Funds					Total
	Cities - Sales Tax	Constitu- tional Officers - Agency	Judicial District Drug	District Attorney General		
<u>ASSETS</u>						
Cash	\$ 0	\$ 5,163,646	\$ 364,207	\$ 0	\$ 5,527,853	
Equity in Pooled Cash and Investments	0	0	708,501	64,197	772,698	
Accounts Receivable	0	33,899	0	0	33,899	
Due from Other Governments	3,399,638	0	0	0	3,399,638	
Total Assets	\$ 3,399,638	\$ 5,197,545	\$ 1,072,708	\$ 64,197	\$ 9,734,088	
<u>LIABILITIES</u>						
Due to Other Funds	\$ 0	\$ 0	\$ 111,571	\$ 4,682	\$ 116,253	
Due to Other Taxing Units	3,399,638	0	0	0	3,399,638	
Due to Joint Ventures	0	0	586,576	0	586,576	
Due to Litigants, Heirs, and Others	0	5,197,545	374,561	59,515	5,631,621	
Total Liabilities	\$ 3,399,638	\$ 5,197,545	\$ 1,072,708	\$ 64,197	\$ 9,734,088	

Exhibit I-2

Sumner County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 18,806,580	\$ 18,806,580	\$ 0
Due from Other Governments	3,107,998	3,399,638	3,107,998	3,399,638
Total Assets	\$ 3,107,998	\$ 22,206,218	\$ 21,914,578	\$ 3,399,638
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,107,998	\$ 22,206,218	\$ 21,914,578	\$ 3,399,638
Total Liabilities	\$ 3,107,998	\$ 22,206,218	\$ 21,914,578	\$ 3,399,638
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 5,628,476	\$ 35,885,556	\$ 36,350,386	\$ 5,163,646
Accounts Receivable	51,804	33,899	51,804	33,899
Total Assets	\$ 5,680,280	\$ 35,919,455	\$ 36,402,190	\$ 5,197,545
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 5,180,165	\$ 35,919,455	\$ 35,902,075	\$ 5,197,545
Due to State of Tennessee	500,115	0	500,115	0
Total Liabilities	\$ 5,680,280	\$ 35,919,455	\$ 36,402,190	\$ 5,197,545
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Cash	\$ 78,438	\$ 364,207	\$ 78,438	\$ 364,207
Equity in Pooled Cash and Investments	764,640	223,406	279,545	708,501
Total Assets	\$ 843,078	\$ 587,613	\$ 357,983	\$ 1,072,708
<u>Liabilities</u>				
Due to Other Funds	\$ 0	\$ 111,571	\$ 0	\$ 111,571
Due to Joint Ventures	749,405	191,335	354,164	586,576
Due to Litigants, Heirs, and Others	93,673	284,707	3,819	374,561
Total Liabilities	\$ 843,078	\$ 587,613	\$ 357,983	\$ 1,072,708
<u>District Attorney General</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 56,263	\$ 31,478	\$ 23,544	\$ 64,197
Total Assets	\$ 56,263	\$ 31,478	\$ 23,544	\$ 64,197
<u>Liabilities</u>				
Due to Other Funds	\$ 0	\$ 4,682	\$ 0	\$ 4,682
Due to Litigants, Heirs, and Others	56,263	26,796	23,544	59,515
Total Liabilities	\$ 56,263	\$ 31,478	\$ 23,544	\$ 64,197

(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	\$ 5,706,914	\$ 36,249,763	\$ 36,428,824	\$ 5,527,853
Equity in Pooled Cash and Investments	820,903	19,061,464	19,109,669	772,698
Accounts Receivable	51,804	33,899	51,804	33,899
Due from Other Governments	3,107,998	3,399,638	3,107,998	3,399,638
Total Assets	<u>\$ 9,687,619</u>	<u>\$ 58,744,764</u>	<u>\$ 58,698,295</u>	<u>\$ 9,734,088</u>
<u>Liabilities</u>				
Due to Other Funds	\$ 0	\$ 116,253	\$ 0	\$ 116,253
Due to Other Taxing Units	3,107,998	22,206,218	21,914,578	3,399,638
Due to Joint Ventures	749,405	191,335	354,164	586,576
Due to State of Tennessee	500,115	0	500,115	0
Due to Litigants, Heirs, and Others	5,330,101	36,230,958	35,929,438	5,631,621
Total Liabilities	<u>\$ 9,687,619</u>	<u>\$ 58,744,764</u>	<u>\$ 58,698,295</u>	<u>\$ 9,734,088</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, one Special Revenue Fund, and one Internal Service 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.

Employee Insurance Fund – The Employee Insurance Fund is used to account for transactions pertaining to the School Department’s self-insurance group medical and prescription drug plans.

Exhibit J-1

Sumner County, Tennessee
Statement of Activities
Discretely Presented Sumner County School Department
For the Year Ended June 30, 2014

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	\$ 135,478,390	\$ 849,323	\$ 12,327	\$	\$	\$ (126,327,593)
Support Services	81,423,761	459,090	2,304,540	9,332,853		(69,327,278)
Operation of Non-instructional Services	13,873,561	6,508,919	7,005,910	0		(358,732)
Total Governmental Activities	\$ 230,775,712	\$ 7,817,332	\$ 17,599,597	\$ 9,345,180	\$	\$ (196,013,603)
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$	\$ 50,755,138
Local Option Sales Taxes						14,213,692
Wheel Tax						4,439,141
Mixed Drink Tax						1,804,194
Interstate Telecommunications Tax						14,387
Grants and Contributions Not Restricted to Specific Programs						127,248,275
Miscellaneous						345,143
Total General Revenues					\$	\$ 198,819,970
Change in Net Position					\$	\$ 2,806,367
Net Position, July 1, 2013						208,539,489
Net Position, June 30, 2014					\$	\$ 211,345,856

Exhibit J-2

Sumner County, Tennessee
 Balance Sheet - Governmental Funds
 Discretely Presented Sumner County School Department
 June 30, 2014

	Major Fund	Nonmajor Fund	Total Governmental Funds
	General Purpose School	School Federal Projects	
<u>ASSETS</u>			
Cash	\$ 7,660	\$ 0	\$ 7,660
Equity in Pooled Cash and Investments	25,333,891	35,638	25,369,529
Accounts Receivable	159,691	0	159,691
Due from Other Governments	5,157,788	392,980	5,550,768
Due from Other Funds	115	0	115
Property Taxes Receivable	61,830,957	0	61,830,957
Allowance for Uncollectible Property Taxes	(1,240,119)	0	(1,240,119)
Cash Shortage	10,000	0	10,000
Total Assets	<u>\$ 91,259,983</u>	<u>\$ 428,618</u>	<u>\$ 91,688,601</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 797,858	\$ 190,000	\$ 987,858
Payroll Deductions Payable	1,946	0	1,946
Due to Other Funds	0	115	115
Due to Primary Government	27,771	0	27,771
Current Liabilities Payable from Restricted Assets:			
Customer Deposits Payable	106,183	0	106,183
Total Liabilities	<u>\$ 933,758</u>	<u>\$ 190,115</u>	<u>\$ 1,123,873</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 59,845,620	\$ 0	\$ 59,845,620
Deferred Delinquent Property Taxes	673,121	0	673,121
Other Deferred/Unavailable Revenue	2,384,171	0	2,384,171
Total Deferred Inflows of Resources	<u>\$ 62,902,912</u>	<u>\$ 0</u>	<u>\$ 62,902,912</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 5,394,493	\$ 38,503	\$ 5,432,996
Committed:			
Committed for Education	0	200,000	200,000
Assigned:			
Assigned for Education	438,843	0	438,843
Unassigned	21,589,977	0	21,589,977
Total Fund Balances	<u>\$ 27,423,313</u>	<u>\$ 238,503</u>	<u>\$ 27,661,816</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 91,259,983</u>	<u>\$ 428,618</u>	<u>\$ 91,688,601</u>

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, 2014

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)		\$ 27,661,816
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 8,626,699	
Add: construction in progress	4,812,460	
Add: buildings and improvements net of accumulated depreciation	190,107,925	
Add: other capital assets net of accumulated depreciation	<u>11,042,503</u>	214,589,587
(2) Internal service funds are used by management to charge the cost of liability, workers' compensation, and employee dental benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.		1,055,667
(3) 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	\$ (2,062,712)	
Less: other postemployment benefits liability	(32,811,484)	
Less: contributions due on capital leases payable on primary government debt	(70,304)	
Less: termination benefits liability	<u>(74,006)</u>	(35,018,506)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>3,057,292</u>
Net position of governmental activities (Exhibit A)		<u>\$ 211,345,856</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, 2014

	<u>Major Fund</u>	<u>Nonmajor</u>	
	General	Fund	
	Purpose	School	Total
	School	Federal	Governmental
		Projects	Funds
<u>Revenues</u>			
Local Taxes	\$ 70,687,093	\$ 0	\$ 70,687,093
Licenses and Permits	8,127	0	8,127
Charges for Current Services	7,450,182	0	7,450,182
Other Local Revenues	1,173,691	0	1,173,691
State of Tennessee	125,904,707	0	125,904,707
Federal Government	7,901,091	12,024,408	19,925,499
Total Revenues	<u>\$ 213,124,891</u>	<u>\$ 12,024,408</u>	<u>\$ 225,149,299</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 127,580,665	\$ 7,834,201	\$ 135,414,866
Support Services	65,402,089	4,209,925	69,612,014
Operation of Non-instructional Services	13,464,384	0	13,464,384
Capital Outlay	389,804	0	389,804
Debt Service:			
Other Debt Service	45,627	0	45,627
Total Expenditures	<u>\$ 206,882,569</u>	<u>\$ 12,044,126</u>	<u>\$ 218,926,695</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 6,242,322</u>	<u>\$ (19,718)</u>	<u>\$ 6,222,604</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 20,170	\$ 0	\$ 20,170
Transfers In	50,169	200,000	250,169
Transfers Out	(200,000)	(50,169)	(250,169)
Total Other Financing Sources (Uses)	<u>\$ (129,661)</u>	<u>\$ 149,831</u>	<u>\$ 20,170</u>
Net Change in Fund Balances	\$ 6,112,661	\$ 130,113	\$ 6,242,774
Fund Balance, July 1, 2013	21,310,652	108,390	21,419,042
Fund Balance, June 30, 2014	<u>\$ 27,423,313</u>	<u>\$ 238,503</u>	<u>\$ 27,661,816</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, 2014

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)		\$	6,242,774
(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	\$	4,032,874	
Less: current-year depreciation expense		<u>(16,180,146)</u>	(12,147,272)
(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			7,549,177
(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, 2013	\$	(2,140,339)	
Add: deferred delinquent property taxes and other deferred June 30, 2014		<u>3,057,292</u>	916,953
(4) The contributions of long-term debt (e.g., notes, bonds, leases) by the primary government provides current financial resources to governmental funds, while the contributions by the School Department 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: contribution payments on debt for primary government			40,981
(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	\$	101,330	
Change in other postemployment benefits liability		(939,728)	
Change in termination benefits liability		<u>(13,515)</u>	<u>(851,913)</u>
(6) Internal service funds are used by management to charge the cost of liability, workers' compensation, and employee dental benefits to individual funds. The net revenue (expense) of certain activities of the internal service funds is reported with governmental activities in the statement of activities.			<u>1,055,667</u>
Change in net position of governmental activities (Exhibit B)		\$	<u><u>2,806,367</u></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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 70,687,093	\$ 0	\$ 0	\$ 70,687,093	\$ 67,916,851	\$ 67,916,851	\$ 2,770,242
Licenses and Permits	8,127	0	0	8,127	8,702	8,702	(575)
Charges for Current Services	7,450,182	0	0	7,450,182	8,414,000	8,610,696	(1,160,514)
Other Local Revenues	1,173,691	0	0	1,173,691	831,750	1,079,802	93,889
State of Tennessee	125,904,707	0	0	125,904,707	124,523,090	125,284,684	620,023
Federal Government	7,901,091	0	0	7,901,091	6,969,596	7,826,033	75,058
Total Revenues	\$ 213,124,891	\$ 0	\$ 0	\$ 213,124,891	\$ 208,663,989	\$ 210,726,768	\$ 2,398,123
Expenditures							
Instruction							
Regular Instruction Program	\$ 96,748,303	\$ (3,554)	\$ 2,840	\$ 96,747,589	\$ 99,656,689	\$ 99,374,893	\$ 2,627,304
Alternative Instruction Program	1,801,103	0	0	1,801,103	1,891,307	1,891,307	90,204
Special Education Program	19,605,923	0	0	19,605,923	19,968,714	20,209,724	603,801
Vocational Education Program	9,425,336	0	54,625	9,479,961	9,767,275	9,767,275	287,314
Support Services							
Attendance	377,719	0	0	377,719	383,036	393,536	15,817
Health Services	1,180,991	(24,868)	5,974	1,162,097	1,371,047	1,425,025	262,928
Other Student Support	4,697,024	0	0	4,697,024	5,042,994	5,052,911	355,887
Regular Instruction Program	6,341,439	(10,818)	14,231	6,344,852	6,374,385	7,406,639	1,061,787
Alternative Instruction Program	445,936	0	0	445,936	498,360	498,360	52,424
Special Education Program	2,094,213	0	0	2,094,213	2,129,162	2,267,175	172,962
Vocational Education Program	158,681	0	0	158,681	174,482	174,482	15,801
Board of Education	4,809,781	0	0	4,809,781	4,972,196	5,458,482	648,701
Director of Schools	665,530	0	0	665,530	733,580	733,580	68,050
Office of the Principal	12,819,003	0	0	12,819,003	13,381,332	13,325,845	506,842
Fiscal Services	1,133,416	0	0	1,133,416	1,311,088	1,314,142	180,726
Human Services/Personnel	650,000	0	0	650,000	652,497	703,997	53,997
Operation of Plant	12,758,469	(78,326)	3,260	12,683,403	13,297,449	13,319,449	636,046
Maintenance of Plant	5,532,620	(52,386)	133,449	5,613,683	5,790,092	5,790,091	176,408
Transportation	7,560,538	0	0	7,560,538	8,748,815	8,748,685	1,188,147

(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 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Expenditures (Cont.)							
Support Services (Cont.)							
Central and Other	\$ 4,176,729	\$ (7,964)	\$ 112,869	\$ 4,281,634	\$ 4,471,504	\$ 4,637,302	\$ 355,668
Operation of Non-instructional Services							
Food Service	11,520,888	(7,664)	18,770	11,531,994	14,834,074	14,848,728	3,316,734
Community Services	1,852,221	(13,768)	39,680	1,878,133	1,692,463	2,054,219	176,086
Early Childhood Education	91,275	0	0	91,275	90,917	91,294	19
Capital Outlay							
Regular Capital Outlay	389,804	(82,437)	53,145	360,512	150,000	374,039	13,527
Principal on Debt	0	0	0	0	40,982	0	0
Interest on Debt	0	0	0	0	4,646	0	0
Education	45,627	0	0	45,627	0	45,628	1
Other Debt Service	206,882,569	(281,785)	438,843	207,039,627	217,429,086	219,906,808	12,867,181
Total Expenditures	\$ 6,242,322	\$ 281,785	\$ (438,843)	\$ 6,085,264	\$ (8,765,097)	\$ (9,180,040)	\$ 15,265,304
Excess (Deficiency) of Revenues Over Expenditures	\$ 20,170	\$ 0	\$ 0	\$ 20,170	\$ 75,000	\$ 75,000	\$ (54,830)
Other Financing Sources (Uses)	\$ 50,169	\$ 0	\$ 0	\$ 50,169	\$ 260,000	\$ 283,000	\$ (232,831)
Insurance Recovery	(200,000)	0	0	(200,000)	0	(200,000)	0
Transfers In	(129,661)	0	0	(129,661)	335,000	158,000	(287,661)
Transfers Out							
Total Other Financing Sources	\$ 6,112,661	\$ 281,785	\$ (438,843)	\$ 5,955,603	\$ (8,430,097)	\$ (9,022,040)	\$ 14,977,643
Net Change in Fund Balance	21,310,652	(281,785)	0	21,028,867	17,975,315	17,975,315	3,053,552
Fund Balance, July 1, 2013	\$ 27,423,313	\$ 0	\$ (438,843)	\$ 26,984,470	\$ 9,545,218	\$ 8,953,275	\$ 18,031,195
Fund Balance, June 30, 2014							

Exhibit J-7

Summer County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Summer County School Department
School Federal Projects Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 12,024,408 \$	0 \$	12,024,408 \$	10,782,207 \$	16,212,162 \$	(4,187,754)
Total Revenues	\$ 12,024,408 \$	0 \$	12,024,408 \$	10,782,207 \$	16,212,162 \$	(4,187,754)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 4,085,599 \$	0 \$	4,085,599 \$	3,819,088 \$	5,647,953 \$	1,562,354
Alternative Instruction Program	20,822	0	20,822	28,211	31,231	10,409
Special Education Program	3,500,534	0	3,500,534	2,810,703	4,308,355	807,821
Vocational Education Program	227,246	489	227,735	229,768	227,735	0
<u>Support Services</u>						
Health Services	188,259	0	188,259	176,160	225,060	36,801
Other Student Support	144,199	0	144,199	157,103	185,833	41,634
Regular Instruction Program	1,389,267	0	1,389,267	873,976	2,524,435	1,135,168
Special Education Program	2,433,690	0	2,433,690	2,557,971	2,973,764	540,074
Vocational Education Program	1,530	6,470	8,000	14,989	8,000	0
Transportation	52,980	0	52,980	64,870	139,870	86,890
Total Expenditures	\$ 12,044,126 \$	6,959 \$	12,051,085 \$	10,732,839 \$	16,272,236 \$	4,221,151
Excess (Deficiency) of Revenues Over Expenditures	\$ (19,718) \$	(6,959) \$	(26,677) \$	49,368 \$	(60,074) \$	33,397
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 200,000 \$	0 \$	200,000 \$	0 \$	200,000 \$	0
Transfers Out	(50,169)	0	(50,169)	(49,368)	(67,984)	17,815
Total Other Financing Sources	\$ 149,831 \$	0 \$	149,831 \$	(49,368) \$	132,016 \$	17,815

(Continued)

Exhibit J-7

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ 130,113	\$ (6,959)	\$ 123,154	\$ 0	\$ 71,942	\$ 51,212
Fund Balance, July 1, 2013	108,390	0	108,390	0	0	108,390
Fund Balance, June 30, 2014	\$ 238,503	\$ (6,959)	\$ 231,544	\$ 0	\$ 71,942	\$ 159,602

Exhibit J-8

Sumner County, Tennessee
Statement of Net Position
Discretely Presented Sumner County School Department
Proprietary Fund
June 30, 2014

	Governmental Activities - Internal Service Fund <u>Employee Insurance Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash with Paying Agent	\$ 500,000
Equity in Pooled Cash and Investments	1,842,629
Accounts Receivable	<u>18,640</u>
Total Assets	<u>\$ 2,361,269</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 106,231
Claims and Judgments Payable	1,198,029
Due to Primary Government	<u>1,342</u>
Total Liabilities	<u>\$ 1,305,602</u>
<u>NET POSITION</u>	
Unrestricted	<u>\$ 1,055,667</u>
Total Net Position	<u><u>\$ 1,055,667</u></u>

Exhibit J-9

Sumner County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Position
Discretely Presented Sumner County School Department
Proprietary Fund
For the Year Ended June 30, 2014

	Governmental Activities - Internal Service Fund
	<u>Employee Insurance Fund</u>
<u>Operating Revenues</u>	
Charges for Current Services:	
Self-Insurance Premiums/Contributions	\$ 13,485,082
Other Local Revenues:	
Retirees' Insurance Payments	95,038
State of Tennessee:	
On-Behalf Contributions for OPEB	856,006
Total Operating Revenues	<u>\$ 14,436,126</u>
<u>Operating Expenses</u>	
Other Programs:	
On-behalf Payments to OPEB	\$ 856,006
Central and Other:	
Handling Charges and Administrative Costs	873,874
Legal Services	10,716
Medical and Dental Services	483,937
Drugs and Medical Supplies	25,852
Excess Risk Insurance	681,962
Building Improvements	22,525
Medical Claims	10,425,587
Total Operating Expenses	<u>\$ 13,380,459</u>
Operating Income (Loss)	<u>\$ 1,055,667</u>
Change in Net Position	\$ 1,055,667
Net Position, July 1, 2013	<u>0</u>
Net Position, June 30, 2014	<u>\$ 1,055,667</u>

Exhibit J-10

Sumner County, Tennessee
Statement of Cash Flows
Discretely Presented Sumner County School Department
Proprietary Fund
For the Year Ended June 30, 2014

	Governmental Activities - Internal Service Fund <u>Employee Insurance Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 14,417,486
Payments to Suppliers	(2,847,299)
Claims Paid	(9,227,558)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 2,342,629</u>
Net Increase (Decrease) In Cash	\$ 2,342,629
Cash, July 1, 2013	<u>0</u>
Cash, June 30, 2014	<u><u>\$ 2,342,629</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 1,055,667
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(18,640)
Increase (Decrease) in Accounts Payable	106,231
Increase (Decrease) in Due to Other Funds	1,342
Increase (Decrease) in Claims and Judgments Payable	<u>1,198,029</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 2,342,629</u>
<u>Reconciliation of Cash With Statement of Net Position</u>	
Cash With Paying Agent	\$ 500,000
Equity in Pooled Cash and Investments Per Net Position	<u>1,842,629</u>
Cash, June 30, 2014	<u><u>\$ 2,342,629</u></u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Sumner County, Tennessee
Schedule of Changes in Long-term Bonds and Capital Leases
For the Year Ended June 30, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Paid and/or		
						Matured During Period	Outstanding 6-30-14	
<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	\$ 6,280,000	\$ 250,000	\$ 6,030,000	
School Refunding	112,210,000	2.86	5-17-11	6-1-23	100,495,000	8,500,000	91,995,000	
General Obligation	30,000,000	1.5 to 5	6-7-13	12-1-23	30,000,000	1,615,000	28,385,000	
Total Bonds Payable					<u>\$ 136,775,000</u>	<u>\$ 10,365,000</u>	<u>\$ 126,410,000</u>	
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable by School Department Contributions</u>								
<u>from the General Purpose School Fund to</u>								
<u>the General Debt Service Fund</u>								
Trash Compactors	45,225	6.94	9-1-10	8-1-15	\$ 21,408	\$ 9,538	\$ 11,870	
"	155,700	4.81	4-8-11	3-8-16	89,877	31,443	58,434	
Total Capital Leases Payable					<u>\$ 111,285</u>	<u>\$ 40,981</u>	<u>\$ 70,304</u>	

Exhibit K-2

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

Year Ending June 30	Bonds		Total
	Principal	Interest	
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	\$ 126,410,000	\$ 30,611,129	\$ 157,021,129

Year Ending June 30	Capital Leases		Total
	Principal	Interest	
2015	\$ 43,211	\$ 2,414	\$ 45,625
2016	27,093	909	28,002
Total	\$ 70,304	\$ 3,323	\$ 73,627

Exhibit K-3

Sumner County, Tennessee
Schedule of Notes Receivable
June 30, 2014

Description	Debtor	Original Amount of Notes	Date of Issue	Date of Maturity	Interest Rate	Balance
<u>General Fund</u>						
Emergency Communication Equipment	Sumner County Emergency Communications District	\$ 1,870,872	10-3-11	9-1-16	4 %	\$ 888,235
Various Capital Improvements	Sumner County Regional Airport Authority	800,000	1-2-14	1-2-23	3	800,000
Total Notes Receivable						<u>\$ 1,688,235</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, 2014

<u>To Fund</u>	<u>From Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Self-Insurance	Salaries	\$ 200,831
"	Judicial District Drug	Salaries	111,571
"	District Attorney General	Salaries	4,682
Total Transfers Primary Government			<u>\$ 317,084</u>
<u>DISCRETELY PRESENTED SUMNER</u>			
<u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Indirect Costs	\$ 50,169
School Federal Projects	General Purpose School	Cash Flow	200,000
			<u>\$ 250,169</u>

Sumner County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Sumner County School Department
For the Year Ended June 30, 2014

Official	Authorization for Salary	Salary Paid During Period		Bond	Surety
County Executive	Sections 8-24-102 and 5-1-310, TCA	\$ 103,209	(1)	\$ 50,000	Hartford Fire Insurance Company
Superintendent of Roads	Section 8-24-102, TCA	96,861		100,000	"
Director of Schools	State Board of Education and Local Board of Education	183,835	(5)(6)	50,000	Western Surety Company
Trustee	Sections 8-24-102 and 5-1-310, TCA	89,558	(1)	6,115,412	Hartford Fire Insurance Company
Assessor of Property	Sections 8-24-102 and 5-1-310, TCA	90,554	(1)(7)	50,000	Western Surety Company
Director of Finance	County Commission	107,762	(2)	100,000	Hartford Fire Insurance Company
County Clerk	Sections 8-24-102 and 5-1-310, TCA	89,558	(1)	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Sections 8-24-102 and 5-1-310, TCA	89,558	(1)	50,000	"
Clerk and Master	Sections 8-24-102 and 5-1-310, TCA, and Chancery Court	89,558	(1)(3)	50,000	Western Surety Company
Register of Deeds	Sections 8-24-102 and 5-1-310, TCA	89,558	(1)	25,000	Hartford Fire Insurance Company
Sheriff	Section 8-24-102, TCA	96,861	(4)	25,000	"
Employee Blanket Bonds					
Public Employee Dishonesty - County Departments				100,000	Travelers Insurance
Public Employee Dishonesty - School Department				"	"

- (1) Includes an education supplement of \$1,500.
- (2) Includes longevity pay of \$600.
- (3) Does not include special commissioner fees totaling \$12,122.
- (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 \$400.
- (7) Includes a Tennessee certified assessor's pay of \$996.

Exhibit K-6

Sumner County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2014

	Special Revenue Funds					Debt Service Fund
	General	Courthouse and Jail Maintenance	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 18,194,759	\$ 0	\$ 0	\$ 0	\$ 677,302	\$ 8,882,665
Trustee's Collections - Prior Year	347,001	0	0	0	12,916	110,537
Trustee's Collections - Bankruptcy	11,290	0	0	0	422	4,136
Circuit/Clerk and Master Collections - Prior Years	342,916	0	0	0	12,760	118,983
Interest and Penalty	69,627	0	0	0	2,594	27,077
Payments in-Lieu-of Taxes - T.V.A.	155	0	0	0	6	75
Payments in-Lieu-of Taxes - Local Utilities	142,426	0	0	0	5,300	69,430
Payments in-Lieu-of Taxes - Other	3,305	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	7,106,493
Hotel/Motel Tax	496,114	0	0	0	0	0
Wheel Tax	0	0	0	0	1,902,633	0
Litigation Tax - General	0	0	0	0	0	145,283
Litigation Tax - Special Purpose	61,550	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	371,874	0	0	0	0
Business Tax	1,690,331	0	0	0	0	0
Mixed Drink Tax	7,837	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	139,630	0
Adequate Facilities/Development Tax	0	0	0	0	0	1,959,752
<u>Statutory Local Taxes</u>						
Bank Excise Tax	346,926	0	0	0	0	0
Wholesale Beer Tax	615,852	0	0	0	0	0
Beer Privilege Tax	2,272	0	0	0	0	0
Interstate Telecommunications Tax	0	0	0	0	0	7,130
Total Local Taxes	\$ 22,332,361	\$ 371,874	\$ 0	\$ 0	\$ 2,753,563	\$ 18,431,561

(Continued)

Exhibit K-6

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

	Special Revenue Funds					Debt Service Fund
	General	Courthouse and Jail Maintenance	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	5,705	0	0	0	0	0
Cable TV Franchise	650,157	0	0	0	0	0
<u>Permits</u>						
Beer Permits	712	0	0	0	0	0
Building Permits	156,313	0	0	0	0	0
Other Permits	16,895	0	0	0	0	0
<u>Total Licenses and Permits</u>	<u>829,782</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	\$	\$	\$	\$	\$	\$
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	26,624	0	0	0	0	0
Officers Costs	54,674	0	0	0	0	0
Drug Control Fines	0	0	1,997	0	0	0
DUI Treatment Fines	4,180	0	0	0	0	0
Data Entry Fee - Circuit Court	70,528	0	0	0	0	0
Courtroom Security Fee	1,790	0	0	0	0	0
<u>Criminal Court</u>						
Drug Court Fees	16,774	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	123,812	0	0	0	0	0
Officers Costs	204,256	0	0	0	0	0
Drug Control Fines	0	0	14,750	0	0	0
Drug Court Fees	42,743	0	0	0	0	0
DUI Treatment Fines	69,654	0	0	0	0	0
Courtroom Security Fee	12,506	0	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds					Debt Service Fund
	General	Courthouse and Jail Maintenance	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
Juvenile Court						
Fines	\$ 7,849	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	23,018	0	0	0	0	0
Courtroom Security Fee	101	0	0	0	0	0
Chancery Court						
Officers Costs	10,442	0	0	0	0	0
Data Entry Fee - Chancery Court	12,732	0	0	0	0	0
Courtroom Security Fee	19	0	0	0	0	0
Other Courts - In-county						
Fines for Littering	176	0	0	0	0	0
Other Fines, Forfeitures, and Penalties						
Other Fines, Forfeitures, and Penalties	70,550	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 752,428	\$ 0	\$ 16,747	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
General Service Charges						
Self-insurance Premiums/Contributions	\$ 128,522	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	5,480,326	0	0	0	0	0
Zoning Studies	5,815	0	0	0	0	0
Work Release Charges for Board	6,233	0	0	0	0	0
Other General Service Charges	0	0	4,000	0	0	0
Fees						
Subdivision Lot Fees	29,960	0	0	0	0	0
Engineer Review Fees	5,440	0	0	0	0	0
Copy Fees	3,321	0	0	0	0	0
Library Fees	64,331	0	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds					Debt Service Fund
	General	Courthouse and Jail Maintenance	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>	\$	1,600	\$ 0	\$ 0	\$ 0	\$ 0
Greenbelt Late Application Fee		0	210,896	0	0	0
Telephone Commissions		0	0	0	0	0
Special Commissioner Fees/Special Master Fees		64,814	0	12,122	0	0
Data Processing Fee - Register		413,028	0	0	0	0
Probation Fees		22,718	0	0	0	0
Data Processing Fee - Sheriff		9,450	0	0	0	0
Sexual Offender Registration Fee - Sheriff		67,344	0	0	0	0
Data Processing Fee - County Clerk		20,720	0	0	0	0
<u>Other Charges for Services</u>		6,323,622	\$ 210,896	\$ 4,000	\$ 12,122	\$ 0
Total Charges for Current Services	\$	6,323,622	\$ 210,896	\$ 4,000	\$ 12,122	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>	\$	148,326	\$ 0	\$ 0	\$ 0	\$ 245,984
Investment Income		180,143	0	0	0	0
Lease/Rentals		10	0	0	362	0
Sale of Materials and Supplies		220,349	0	0	0	0
Commissary Sales		0	0	0	0	0
Sale of Gasoline		105	0	0	136,128	0
Sale of Maps		0	0	0	0	0
Sale of Recycled Materials		4,312	0	0	7,876	0
E-Rate Funding		47,799	0	0	0	0
Sale of Animals/Livestock		35,151	0	0	0	0
Miscellaneous Refunds			0	0	59	4,093

(Continued)

Exhibit K-6

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

	Special Revenue Funds					Debt Service Fund
	General	Courthouse and Jail Maintenance	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Other Local Revenues (Cont.)</u>						
<u>Nonrecurring Items</u>						
Sale of Equipment	4,090 \$	0 \$	0 \$	0 \$	31,246 \$	0
Sale of Property	1,605	0	0	0	0	0
Damages Recovered from Individuals	552	0	0	0	0	0
Contributions and Gifts	169,211	0	1,831	0	0	0
Performance Bond Forfeitures	0	0	0	0	25,000	0
<u>Other Local Revenues</u>	31,400	0	0	0	0	0
<u>Other Local Revenues</u>	843,053 \$	0 \$	1,831 \$	0 \$	200,671 \$	250,077
Total Other Local Revenues						
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	1,726,792 \$	0 \$	0 \$	0 \$	0 \$	0
Circuit Court Clerk	1,693,162	0	0	0	0	0
Clerk and Master	510,653	0	0	0	0	0
Register	970,179	0	0	0	0	0
Sheriff	46,498	0	0	0	0	0
Trustee	2,595,592	0	0	0	0	0
Total Fees Received from County Officials	7,542,876 \$	0 \$	0 \$	0 \$	0 \$	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	9,000 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	42,600	0	0	0	0	0
Other Public Safety Grants	61,175	0	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds					Debt Service Fund
	General	Courthouse and Jail Maintenance	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
State of Tennessee (Cont.)						
Health and Welfare Grants						
Health Department Programs						
Public Works Grants						
State Aid Program	0	0	0	0	363,640	0
Litter Program	0	0	0	0	70,343	0
Other Public Works Grants	0	0	0	0	15,573	0
Other State Revenues						
Flood Control	100,792	0	0	0	0	0
Income Tax	242,325	0	0	0	0	0
Beer Tax	17,806	0	0	0	0	0
Vehicle Certificate of Title Fees	7,215	0	0	0	0	0
Alcoholic Beverage Tax	202,327	0	0	0	0	0
Mixed Drink Tax	671	0	0	0	0	0
State Revenue Sharing - T.V.A.	2,045,082	0	0	0	0	0
Emergency Hospital - Prisoners	171,683	0	0	0	0	0
Contracted Prisoner Boarding	3,240,571	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	2,749,343	0
Petroleum Special Tax	0	0	0	0	115,913	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	14,983	0	0	0	0	0
Other State Revenues	111,190	0	0	0	0	7,031
Total State of Tennessee	\$ 7,414,572	\$ 0	\$ 0	\$ 0	\$ 3,314,812	\$ 7,031
Federal Government						
Federal Through State						
Community Development	\$ 242,712	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-6

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

	Special Revenue Funds					Debt Service Fund
	General	Courthouse and Jail Maintenance	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 31,257	\$ 0
Homeland Security Grants	102,954	0	0	0	0	0
Law Enforcement Grants	66,350	0	0	0	0	0
Other Federal through State	488,243	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Police Service (Lake Area)	12,812	0	0	0	0	0
Other Direct Federal Revenue	58,510	0	0	0	44,948	0
<u>Total Federal Government</u>	<u>\$ 971,581</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 76,205</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 89,054	\$ 0
Contributions	161,061	0	0	0	0	45,625
Contracted Services	10,175	0	0	0	0	0
<u>Total Other Governments and Citizens Groups</u>	<u>\$ 171,236</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 89,054</u>	<u>\$ 45,625</u>
<u>Total</u>	<u>\$ 47,181,511</u>	<u>\$ 582,770</u>	<u>\$ 22,578</u>	<u>\$ 12,122</u>	<u>\$ 6,434,305</u>	<u>\$ 18,734,294</u>

(Continued)

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

		Capital Projects Fund	
		Capital Projects	Total
<u>Local Taxes</u>			
County Property Taxes			
Current Property Tax	\$ 4,821,824	\$	32,576,550
Trustee's Collections - Prior Year	137,408		607,862
Trustee's Collections - Bankruptcy	4,445		20,293
Circuit/Clerk and Master Collections - Prior Years	139,052		613,711
Interest and Penalty	25,387		124,685
Payments in-Lieu-of Taxes - T.V.A.	41		277
Payments in-Lieu-of Taxes - Local Utilities	37,742		254,898
Payments in-Lieu-of Taxes - Other	0		3,305
County Local Option Taxes			
Local Option Sales Tax	0		7,106,493
Hotel/Motel Tax	0		496,114
Wheel Tax	0		1,902,633
Litigation Tax - General	0		145,283
Litigation Tax - Special Purpose	0		61,550
Litigation Tax - Jail, Workhouse, or Courthouse	0		371,874
Business Tax	0		1,690,331
Mixed Drink Tax	0		7,837
Mineral Severance Tax	0		139,630
Adequate Facilities/Development Tax	0		1,959,752
Statutory Local Taxes			
Bank Excise Tax	0		346,926
Wholesale Beer Tax	0		615,852
Beer Privilege Tax	0		2,272
Interstate Telecommunications Tax	0		7,130
Total Local Taxes	\$ 5,165,899	\$	49,055,258

(Continued)

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

	Capital Projects Fund	Total
	General Capital Projects	Total
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Marriage Licenses	0 \$	5,705
Cable TV Franchise	0	650,157
<u>Permits</u>		
Beer Permits	0	712
Building Permits	0	156,313
Other Permits	0	16,895
Total Licenses and Permits	0 \$	829,782
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	0 \$	26,624
Officers Costs	0	54,674
Drug Control Fines	0	1,997
DUI Treatment Fines	0	4,180
Data Entry Fee - Circuit Court	0	70,528
Courtroom Security Fee	0	1,790
Criminal Court		
Drug Court Fees	0	16,774
<u>General Sessions Court</u>		
Fines	0	123,812
Officers Costs	0	204,256
Drug Control Fines	0	14,750
Drug Court Fees	0	42,743
DUI Treatment Fines	0	69,654
Courtroom Security Fee	0	12,506

(Continued)

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

	Capital Projects Fund	Total
	General Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>Juvenile Court</u>		
Fines	0 \$	7,849
Officers Costs	0	23,018
Courtroom Security Fee	0	101
<u>Chancery Court</u>		
Officers Costs	0	10,442
Data Entry Fee - Chancery Court	0	12,732
Courtroom Security Fee	0	19
<u>Other Courts - In-county</u>		
Fines for Littering	0	176
<u>Other Fines, Forfeitures, and Penalties</u>		
Other Fines, Forfeitures, and Penalties	0	70,550
<u>Total Fines, Forfeitures, and Penalties</u>	<u>0 \$</u>	<u>769,175</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Self-insurance Premiums/Contributions	0 \$	128,522
Patient Charges	0	5,480,326
Zoning Studies	0	5,815
Work Release Charges for Board	0	6,233
Other General Service Charges	0	4,000
<u>Fees</u>		
Subdivision Lot Fees	0	29,960
Engineer Review Fees	0	5,440
Copy Fees	0	3,321
Library Fees	0	64,331

(Continued)

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

	Capital Projects Fund	Total
	General Capital Projects	Total
<u>Charges for Current Services (Cont.)</u>		
<u>Fees (Cont.)</u>		
Greenbelt Late Application Fee	0 \$	1,600
Telephone Commissions	0	210,896
Special Commissioner Fees/Special Master Fees	0	12,122
Data Processing Fee - Register	0	64,814
Probation Fees	0	413,028
Data Processing Fee - Sheriff	0	22,718
Sexual Offender Registration Fee - Sheriff	0	9,450
Data Processing Fee - County Clerk	0	67,344
<u>Other Charges for Services</u>	0	20,720
Other Charges for Services	0 \$	6,550,640
Total Charges for Current Services		
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	0 \$	394,310
Lease/Rentals	0	180,143
Sale of Materials and Supplies	0	372
Commissary Sales	0	220,349
Sale of Gasoline	0	136,128
Sale of Maps	0	105
Sale of Recycled Materials	0	7,876
E-Rate Funding	0	4,312
Sale of Animals/Livestock	0	47,799
Miscellaneous Refunds	22,556	61,859

(Continued)

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

	Capital Projects Fund	Total
	General Capital Projects	Total
<u>Other Local Revenues (Cont.)</u>		
<u>Nonrecurring Items</u>		
Sale of Equipment	0 \$	35,336
Sale of Property	0	1,605
Damages Recovered from Individuals Contributions and Gifts	0	552
Performance Bond Forfeitures	0	171,042
Other Local Revenues	0	25,000
Other Local Revenues	0	31,400
Total Other Local Revenues	22,556 \$	1,318,188
<u>Fees Received from County Officials</u>		
<u>Fees in-Lieu-of Salary</u>		
County Clerk	0 \$	1,726,792
Circuit Court Clerk	0	1,693,162
Clerk and Master	0	510,653
Register	0	970,179
Sheriff	0	46,498
Trustee	0	2,595,592
Total Fees Received from County Officials	0 \$	7,542,876
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	0 \$	9,000
Public Safety Grants		
Law Enforcement Training Programs	0	42,600
Other Public Safety Grants	0	61,175

(Continued)

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

	Capital Projects Fund	Total
	General Capital Projects	Total
<u>State of Tennessee (Cont.)</u>		
Health and Welfare Grants		
Health Department Programs	0 \$	1,131,988
Public Works Grants		
State Aid Program	0	363,640
Litter Program	0	70,343
Other Public Works Grants	0	15,573
Other State Revenues		
Flood Control	0	100,792
Income Tax	0	242,325
Beer Tax	0	17,806
Vehicle Certificate of Title Fees	0	7,215
Alcoholic Beverage Tax	0	202,327
Mixed Drink Tax	0	671
State Revenue Sharing - T.V.A.	0	2,045,082
Emergency Hospital - Prisoners	0	171,683
Contracted Prisoner Boarding	0	3,240,571
Gasoline and Motor Fuel Tax	0	2,749,343
Petroleum Special Tax	0	115,913
Registrar's Salary Supplement	0	15,164
Other State Grants	0	14,983
Other State Revenues	0	118,221
Total State of Tennessee	0 \$	10,736,415
<u>Federal Government</u>		
Federal Through State	227,069 \$	469,781
Community Development		

(Continued)

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

	<u>Capital Projects Fund</u>	Total
	General Capital Projects	Total
<u>Federal Government (Cont.)</u>		
<u>Federal Through State (Cont.)</u>		
Disaster Relief	0 \$	31,257
Homeland Security Grants	0	102,954
Law Enforcement Grants	0	66,350
Other Federal through State	797,014	1,285,257
<u>Direct Federal Revenue</u>		
Police Service (Lake Area)	0	12,812
Other Direct Federal Revenue	0	103,458
Total Federal Government	<u>\$ 1,024,083</u>	<u>\$ 2,071,869</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Paving and Maintenance	0 \$	89,054
Contributions	0	206,686
Contracted Services	0	10,175
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 305,915</u>
Total	<u>\$ 6,212,538</u>	<u>\$ 79,180,118</u>

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, 2014

	General Purpose School	Special Revenue Fund School Federal Projects	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 49,016,632	\$ 0	\$ 49,016,632
Trustee's Collections - Prior Year	854,168	0	854,168
Circuit/Clerk and Master Collections - Prior Years	921,757	0	921,757
Interest and Penalty	187,247	0	187,247
Payments in-Lieu-of Taxes - T.V.A.	415	0	415
Payments in-Lieu-of Taxes - Local Utilities	382,841	0	382,841
<u>County Local Option Taxes</u>			
Local Option Sales Tax	14,215,118	0	14,215,118
Wheel Tax	4,439,141	0	4,439,141
Mixed Drink Tax	655,512	0	655,512
<u>Statutory Local Taxes</u>			
Interstate Telecommunications Tax	14,262	0	14,262
Total Local Taxes	\$ 70,687,093	\$ 0	\$ 70,687,093
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 5,705	\$ 0	\$ 5,705
<u>Permits</u>			
Other Permits	2,422	0	2,422
Total Licenses and Permits	\$ 8,127	\$ 0	\$ 8,127
<u>Charges for Current Services</u>			
<u>Education Charges</u>			
Tuition - Regular Day Students	\$ 99,865	\$ 0	\$ 99,865
Tuition - Summer School	7,490	0	7,490
Tuition - Other	7,895	0	7,895
Lunch Payments - Children	4,282,351	0	4,282,351
Lunch Payments - Adults	205,265	0	205,265
Income from Breakfast	189,567	0	189,567
Receipts from Individual Schools	687,966	0	687,966
Community Service Fees - Children	1,837,498	0	1,837,498
<u>Other Charges for Services</u>			
Other Charges for Services	132,285	0	132,285
Total Charges for Current Services	\$ 7,450,182	\$ 0	\$ 7,450,182
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 11,541	\$ 0	\$ 11,541
Lease/Rentals	125,383	0	125,383

(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	Special Revenue Fund School Federal Projects	Total
<u>Other Local Revenues (Cont.)</u>			
<u>Recurring Items (Cont.)</u>			
Sale of Materials and Supplies	\$ 46,107	\$ 0	\$ 46,107
E-Rate Funding	163,802	0	163,802
Retirees' Insurance Payments	197,914	0	197,914
Miscellaneous Refunds	104,904	0	104,904
<u>Nonrecurring Items</u>			
Sale of Equipment	70,347	0	70,347
Damages Recovered from Individuals	5,328	0	5,328
Contributions and Gifts	410,745	0	410,745
<u>Other Local Revenues</u>			
Other Local Revenues	37,620	0	37,620
Total Other Local Revenues	<u>\$ 1,173,691</u>	<u>\$ 0</u>	<u>\$ 1,173,691</u>
<u>State of Tennessee</u>			
<u>State Education Funds</u>			
Basic Education Program	\$ 122,375,004	\$ 0	\$ 122,375,004
Early Childhood Education	91,275	0	91,275
School Food Service	115,073	0	115,073
Energy Efficient School Initiative	75,440	0	75,440
Other State Education Funds	1,708,236	0	1,708,236
Career Ladder Program	680,452	0	680,452
Career Ladder - Extended Contract	160,120	0	160,120
<u>Other State Revenues</u>			
Mixed Drink Tax	8,508	0	8,508
Other State Grants	676,535	0	676,535
Other State Revenues	14,064	0	14,064
Total State of Tennessee	<u>\$ 125,904,707</u>	<u>\$ 0</u>	<u>\$ 125,904,707</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA School Lunch Program	\$ 4,660,040	\$ 0	\$ 4,660,040
USDA - Commodities	781,714	0	781,714
Breakfast	1,402,806	0	1,402,806
USDA - Other	23,409	0	23,409
Vocational Education - Basic Grants to States	0	289,561	289,561
Title I Grants to Local Education Agencies	0	4,048,571	4,048,571
Special Education - Grants to States	284,839	6,091,876	6,376,715
Special Education Preschool Grants	0	95,068	95,068
English Language Acquisition Grants	0	63,066	63,066
Safe and Drug-free Schools - State Grants	559,056	0	559,056

(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	Special Revenue Fund School Federal Projects	Total
<u>Federal Government (Cont.)</u>			
<u>Federal Through State (Cont.)</u>			
Education for Homeless Children and Youth	\$ 0	\$ 35,517	\$ 35,517
Eisenhower Professional Development State Grants	0	668,564	668,564
Race-to-the-Top - ARRA	0	732,185	732,185
<u>Direct Federal Revenue</u>			
ROTC Reimbursement	189,227	0	189,227
Total Federal Government	<u>\$ 7,901,091</u>	<u>\$ 12,024,408</u>	<u>\$ 19,925,499</u>
Total	<u>\$ 213,124,891</u>	<u>\$ 12,024,408</u>	<u>\$ 225,149,299</u>

Exhibit K-8

Sumner County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2014

General Fund

General Government

County Commission

Other Salaries and Wages	\$	26,050	
Board and Committee Members Fees		144,000	
Social Security		8,304	
State Retirement		2,078	
Employer Medicare		2,290	
Audit Services		48,194	
Data Processing Services		223	
Dues and Memberships		22,786	
Legal Notices, Recording, and Court Costs		1,724	
Printing, Stationery, and Forms		177	
Other Contracted Services		12,000	
Electricity		1,000	
Food Supplies		13	
Other Supplies and Materials		315	
Other Charges		1,880	
Total County Commission			\$ 271,034

Board of Equalization

Board and Committee Members Fees	\$	6,300	
Legal Notices, Recording, and Court Costs		143	
Postal Charges		98	
Total Board of Equalization			6,541

Other Boards and Committees

Board and Committee Members Fees	\$	4,355	
Total Other Boards and Committees			4,355

County Mayor/Executive

County Official/Administrative Officer	\$	103,209	
Assistant(s)		81,539	
Longevity Pay		2,250	
Other Salaries and Wages		47,828	
Social Security		14,046	
State Retirement		33,134	
Life Insurance		411	
Medical Insurance		36,532	
Dental Insurance		1,371	
Employer Medicare		3,285	
Communication		1,949	
Data Processing Services		320	
Dues and Memberships		2,200	
Maintenance Agreements		1,393	
Maintenance and Repair Services - Buildings		3,000	
Postal Charges		71	
Printing, Stationery, and Forms		1,467	
Travel		7,158	
Data Processing Supplies		522	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Food Supplies	\$	879	
Office Supplies		663	
Periodicals		106	
Other Supplies and Materials		48	
In Service/Staff Development		1,220	
Other Charges		4,998	
Data Processing Equipment		530	
Furniture and Fixtures		1,130	
Total County Mayor/Executive			\$ 351,259

County Attorney

County Official/Administrative Officer	\$	151,879	
Longevity Pay		1,275	
Other Salaries and Wages		158,941	
Social Security		15,496	
State Retirement		40,701	
Life Insurance		412	
Medical Insurance		33,782	
Dental Insurance		1,084	
Disability Insurance		2,759	
Employer Medicare		4,352	
Communication		2,387	
Data Processing Services		4,564	
Dues and Memberships		1,568	
Legal Notices, Recording, and Court Costs		250	
Maintenance Agreements		1,658	
Postal Charges		477	
Printing, Stationery, and Forms		575	
Travel		1,586	
Custodial Supplies		128	
Data Processing Supplies		1,303	
Food Preparation Supplies		46	
Food Supplies		268	
General Construction Materials		242	
Office Supplies		2,053	
Periodicals		5,647	
Other Supplies and Materials		98	
In Service/Staff Development		650	
Other Charges		52	
Communication Equipment		257	
Data Processing Equipment		1,335	
Furniture and Fixtures		1,694	
Office Equipment		445	
Total County Attorney			437,964

Election Commission

County Official/Administrative Officer	\$	78,711	
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(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.)

Secretary(ies)	\$	132,705	
Longevity Pay		2,250	
Other Salaries and Wages		34,422	
Election Commission		7,425	
Election Workers		58,049	
Social Security		15,991	
State Retirement		29,748	
Life Insurance		373	
Medical Insurance		64,529	
Dental Insurance		2,192	
Employer Medicare		3,740	
Communication		1,487	
Data Processing Services		12,043	
Dues and Memberships		275	
Legal Notices, Recording, and Court Costs		3,025	
Maintenance Agreements		3,764	
Postal Charges		10,447	
Printing, Stationery, and Forms		1,586	
Rentals		125	
Travel		1,372	
Other Contracted Services		15,632	
Custodial Supplies		192	
Data Processing Supplies		1,261	
Food Preparation Supplies		38	
Food Supplies		93	
Office Supplies		3,344	
Periodicals		799	
Uniforms		951	
Other Supplies and Materials		1,884	
In Service/Staff Development		1,875	
Other Charges		62	
Communication Equipment		398	
Data Processing Equipment		17,222	
Furniture and Fixtures		1,923	
Maintenance Equipment		13	
Office Equipment		157	
Voting Machines		212,960	
Other Equipment		263	
Total Election Commission			\$ 723,326

Register of Deeds

County Official/Administrative Officer	\$	89,558
Deputy(ies)		325,553
Longevity Pay		7,725
Social Security		24,208
State Retirement		59,436
Life Insurance		738

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Medical Insurance	\$	95,484	
Dental Insurance		3,853	
Employer Medicare		5,662	
Communication		1,261	
Data Processing Services		40,321	
Dues and Memberships		844	
Maintenance Agreements		1,149	
Postal Charges		1,032	
Travel		1,405	
Maintenance and Repair Services - Records		9,771	
Data Processing Supplies		1,470	
Duplicating Supplies		3,087	
Food Preparation Supplies		23	
Office Supplies		5,010	
Periodicals		35	
In Service/Staff Development		225	
Data Processing Equipment		20,899	
Furniture and Fixtures		3,739	
Total Register of Deeds			\$ 702,488

Building

Supervisor/Director	\$	57,884
Investigator(s)		175,802
Secretary(ies)		107,353
Part-time Personnel		7,207
Longevity Pay		9,750
Other Salaries and Wages		71,512
Social Security		24,748
State Retirement		58,941
Life Insurance		728
Medical Insurance		90,031
Dental Insurance		3,582
Employer Medicare		5,787
Advertising		1,579
Communication		1,990
Contracts with Government Agencies		13,475
Data Processing Services		4,242
Dues and Memberships		6,787
Evaluation and Testing		60
Operating Lease Payments		1,254
Legal Notices, Recording, and Court Costs		301
Maintenance Agreements		3,476
Maintenance and Repair Services - Vehicles		5,291
Postal Charges		1,657
Printing, Stationery, and Forms		1,719
Towing Services		125
Travel		3,575

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

Permits	\$	3,460	
Other Contracted Services		50,268	
Data Processing Supplies		710	
Duplicating Supplies		84	
Food Supplies		844	
Gasoline		12,614	
Office Supplies		1,389	
Periodicals		983	
Small Tools		17	
Other Supplies and Materials		65	
In Service/Staff Development		1,599	
Other Charges		62	
Data Processing Equipment		2,249	
Total Building			\$ 733,200

County Buildings

Maintenance Personnel	\$	197,341	
Longevity Pay		8,100	
Social Security		12,174	
State Retirement		29,309	
Life Insurance		302	
Medical Insurance		38,475	
Dental Insurance		1,272	
Employer Medicare		2,847	
Communication		881	
Maintenance and Repair Services - Buildings		3,323	
Maintenance and Repair Services - Equipment		93	
Rentals		128	
Other Contracted Services		24,994	
Electricity		649,320	
Natural Gas		206,168	
Propane Gas		11,241	
Water and Sewer		188,661	
Building Improvements		12,965	
Total County Buildings			1,387,594

Preservation of Records

Clerical Personnel	\$	51,521	
Longevity Pay		450	
Social Security		3,084	
State Retirement		7,327	
Life Insurance		94	
Medical Insurance		5,577	
Dental Insurance		213	
Employer Medicare		721	
Communication		1,430	
Data Processing Services		2,375	

(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	
Maintenance and Repair Services - Office Equipment		144	
Postal Charges		120	
Printing, Stationery, and Forms		111	
Travel		144	
Data Processing Supplies		1,008	
Office Supplies		567	
Other Supplies and Materials		548	
In Service/Staff Development		85	
Data Processing Equipment		2,399	
Furniture and Fixtures		504	
Total Preservation of Records			\$ 78,467

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	107,762
Assistant(s)		65,854
Accountants/Bookkeepers		205,661
Data Processing Personnel		29,135
Librarians		11,550
Clerical Personnel		23,387
Part-time Personnel		5,492
Longevity Pay		8,025
Social Security		25,551
State Retirement		61,997
Life Insurance		748
Medical Insurance		87,026
Dental Insurance		3,709
Employer Medicare		6,143
Advertising		922
Communication		2,909
Data Processing Services		33,687
Dues and Memberships		295
Legal Notices, Recording, and Court Costs		1,194
Maintenance Agreements		2,673
Postal Charges		6,077
Travel		708
Other Contracted Services		105
Custodial Supplies		35
Data Processing Supplies		2,220
Food Preparation Supplies		83
Food Supplies		864
Library Books/Media		3,048
Office Supplies		4,281
Periodicals		273
Other Supplies and Materials		37
In Service/Staff Development		4,786

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Other Charges	\$	400	
Communication Equipment		100	
Data Processing Equipment		31,672	
Office Equipment		2,437	
Total Accounting and Budgeting			\$ 740,846

Property Assessor's Office

County Official/Administrative Officer	\$	90,554	
Data Processing Personnel		141,029	
Assessment Personnel		101,717	
Longevity Pay		13,575	
Other Salaries and Wages		94,458	
Social Security		25,402	
State Retirement		62,072	
Life Insurance		757	
Medical Insurance		95,260	
Dental Insurance		3,780	
Employer Medicare		5,941	
Data Processing Services		24,401	
Dues and Memberships		3,305	
Maintenance Agreements		1,960	
Postal Charges		1,506	
Printing, Stationery, and Forms		137	
Travel		5,528	
Data Processing Supplies		766	
Office Supplies		1,513	
Vehicle Parts		110	
Premiums on Corporate Surety Bonds		175	
In Service/Staff Development		2,325	
Other Charges		176	
Communication Equipment		50	
Data Processing Equipment		1,995	
Total Property Assessor's Office			678,492

Reappraisal Program

Supervisor/Director	\$	106,114	
Data Processing Personnel		39,501	
Longevity Pay		11,325	
Other Salaries and Wages		181,435	
Social Security		19,123	
State Retirement		43,160	
Life Insurance		530	
Medical Insurance		80,401	
Dental Insurance		3,277	
Employer Medicare		4,472	
Audit Services		53,170	
Communication		7,025	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Data Processing Services	\$	61,138	
Evaluation and Testing		70	
Maintenance and Repair Services - Vehicles		1,494	
Postal Charges		31,473	
Printing, Stationery, and Forms		3,765	
Travel		2,945	
Custodial Supplies		31	
Data Processing Supplies		3,238	
Food Supplies		681	
Gasoline		9,094	
Lubricants		14	
Office Supplies		1,973	
Periodicals		608	
Vehicle Parts		43	
Data Processing Equipment		1,690	
Furniture and Fixtures		380	
Total Reappraisal Program			\$ 668,170

County Trustee's Office

County Official/Administrative Officer	\$	89,558	
Deputy(ies)		182,590	
Longevity Pay		5,325	
Social Security		16,084	
State Retirement		37,761	
Life Insurance		437	
Medical Insurance		56,670	
Dental Insurance		1,987	
Employer Medicare		3,785	
Communication		1,145	
Contracts with Government Agencies		33,797	
Data Processing Services		17,333	
Dues and Memberships		734	
Legal Notices, Recording, and Court Costs		77	
Maintenance Agreements		1,488	
Postal Charges		7,444	
Travel		2,561	
Custodial Supplies		10	
Data Processing Supplies		753	
Food Preparation Supplies		27	
Food Supplies		632	
Office Supplies		793	
In Service/Staff Development		625	
Data Processing Equipment		8,788	
Total County Trustee's Office			470,404

County Clerk's Office

County Official/Administrative Officer	\$	89,558	
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(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.)

Deputy(ies)	\$	779,728	
Longevity Pay		24,450	
Social Security		47,189	
State Retirement		114,624	
Life Insurance		1,404	
Medical Insurance		206,183	
Dental Insurance		7,858	
Employer Medicare		11,947	
Communication		2,147	
Data Processing Services		35,563	
Dues and Memberships		869	
Maintenance Agreements		5,653	
Maintenance and Repair Services - Office Equipment		120	
Postal Charges		35,662	
Printing, Stationery, and Forms		1,972	
Travel		7,217	
Maintenance and Repair Services - Records		100	
Custodial Supplies		71	
Data Processing Supplies		4,020	
Food Preparation Supplies		10	
Food Supplies		146	
Office Supplies		8,310	
Periodicals		790	
In Service/Staff Development		245	
Data Processing Equipment		22,972	
Furniture and Fixtures		253	
Office Equipment		178	
Total County Clerk's Office			\$ 1,409,239

Data Processing

Supervisor/Director	\$	77,725	
Longevity Pay		825	
Social Security		4,699	
State Retirement		11,073	
Life Insurance		137	
Medical Insurance		11,379	
Dental Insurance		449	
Employer Medicare		1,099	
Communication		1,346	
Data Processing Services		12,468	
Travel		391	
Data Processing Supplies		397	
Office Supplies		245	
Communication Equipment		234	
Data Processing Equipment		1,594	
Total Data Processing			124,061

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Other Finance

Assistant(s)	\$	42,840	
Supervisor/Director		61,805	
Clerical Personnel		27,675	
Longevity Pay		4,425	
Social Security		7,785	
State Retirement		19,277	
Life Insurance		236	
Medical Insurance		33,575	
Dental Insurance		1,393	
Employer Medicare		1,821	
Total Other Finance			\$ 200,832

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	89,558	
Clerical Personnel		811,770	
Longevity Pay		21,750	
Jury and Witness Expense		31,936	
Social Security		52,376	
State Retirement		126,078	
Life Insurance		1,475	
Medical Insurance		191,656	
Dental Insurance		7,484	
Employer Medicare		12,441	
Communication		2,598	
Data Processing Services		18,104	
Dues and Memberships		744	
Legal Notices, Recording, and Court Costs		420	
Maintenance Agreements		18,713	
Postal Charges		21,739	
Printing, Stationery, and Forms		4,423	
Travel		2,192	
Other Contracted Services		120	
Custodial Supplies		78	
Data Processing Supplies		2,040	
Food Supplies		1,026	
Office Supplies		11,427	
Periodicals		1,051	
In Service/Staff Development		175	
Data Processing Equipment		28,141	
Office Equipment		221	
Total Circuit Court			1,459,736

General Sessions Judge

Judge(s)	\$	156,296
Secretary(ies)		60,990
Longevity Pay		2,100

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

Social Security	\$	11,195	
State Retirement		31,442	
Life Insurance		288	
Medical Insurance		5,577	
Dental Insurance		213	
Employer Medicare		3,218	
Communication		1,038	
Licenses		100	
Maintenance Agreements		2,502	
Postal Charges		144	
Printing, Stationery, and Forms		1,440	
Travel		330	
Other Contracted Services		2,655	
Data Processing Supplies		304	
Office Supplies		767	
Periodicals		746	
In Service/Staff Development		165	
Other Charges		100	
Total General Sessions Judge			\$ 281,610

Drug Court

County Official/Administrative Officer	\$	50,911	
Assistant(s)		38,887	
Part-time Personnel		13,813	
Longevity Pay		1,575	
Social Security		5,473	
State Retirement		12,881	
Life Insurance		158	
Medical Insurance		11,154	
Dental Insurance		427	
Employer Medicare		1,480	
Communication		288	
Consultants		7,875	
Data Processing Services		741	
Dues and Memberships		200	
Evaluation and Testing		319	
Maintenance Agreements		1,008	
Postal Charges		183	
Printing, Stationery, and Forms		201	
Rentals		168	
Travel		2,324	
Drug Treatment		4,755	
Other Contracted Services		13,425	
Data Processing Supplies		622	
Drugs and Medical Supplies		34,258	
Instructional Supplies and Materials		907	
Office Supplies		1,067	

(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.)

Other Supplies and Materials	\$	33	
In Service/Staff Development		700	
Furniture and Fixtures		2,350	
Total Drug Court			\$ 208,183

Chancery Court

County Official/Administrative Officer	\$	89,558	
Clerical Personnel		282,457	
Longevity Pay		11,625	
Social Security		21,724	
State Retirement		51,496	
Life Insurance		627	
Medical Insurance		110,366	
Dental Insurance		3,953	
Employer Medicare		5,081	
Communication		3,356	
Data Processing Services		12,842	
Dues and Memberships		774	
Janitorial Services		2,400	
Maintenance Agreements		6,108	
Maintenance and Repair Services - Equipment		320	
Postal Charges		27,492	
Printing, Stationery, and Forms		1,427	
Travel		45	
Tuition		83	
Maintenance and Repair Services - Records		260	
Data Processing Supplies		626	
Food Preparation Supplies		37	
Food Supplies		1,346	
General Construction Materials		241	
Office Supplies		4,191	
Periodicals		910	
In Service/Staff Development		85	
Other Charges		48	
Data Processing Equipment		1,209	
Food Service Equipment		2,300	
Furniture and Fixtures		4,730	
Office Equipment		514	
Total Chancery Court			648,231

Juvenile Court

Judge(s)	\$	156,296	
Assistant(s)		124,717	
Secretary(ies)		92,166	
Longevity Pay		6,150	
Social Security		20,482	
State Retirement		53,990	

(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.)

Life Insurance	\$	568	
Medical Insurance		36,307	
Dental Insurance		1,443	
Employer Medicare		5,367	
Communication		5,854	
Data Processing Services		7,059	
Dues and Memberships		530	
Maintenance Agreements		7,838	
Maintenance and Repair Services - Equipment		38	
Postal Charges		920	
Printing, Stationery, and Forms		1,555	
Travel		2,700	
Maintenance and Repair Services - Records		420	
Data Processing Supplies		1,482	
Duplicating Supplies		76	
Office Supplies		1,338	
Periodicals		587	
In Service/Staff Development		470	
Data Processing Equipment		2,580	
Total Juvenile Court			\$ 530,933

District Attorney General

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

Judicial Commissioners

County Official/Administrative Officer	\$	269,706	
Longevity Pay		900	
Social Security		14,761	
State Retirement		13,185	
Life Insurance		164	
Medical Insurance		14,129	
Dental Insurance		595	
Employer Medicare		3,866	
Communication		1,200	
Data Processing Services		903	
Dues and Memberships		900	
Maintenance Agreements		1,104	
Custodial Supplies		42	
Data Processing Supplies		1,517	
Office Supplies		1,439	
Periodicals		360	
Furniture and Fixtures		242	
Total Judicial Commissioners			325,013

Other Administration of Justice

Part-time Personnel	\$	11,051	
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(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice (Cont.)

Employer Medicare	\$	160	
Contracts with Other Public Agencies		74,200	
Postal Charges		615	
Data Processing Supplies		193	
Office Supplies		352	
Total Other Administration of Justice	\$		86,571

Probation Services

Probation Officer(s)	\$	238,972	
Clerical Personnel		37,420	
Longevity Pay		8,100	
Social Security		16,300	
State Retirement		38,794	
Life Insurance		474	
Medical Insurance		39,489	
Dental Insurance		1,563	
Employer Medicare		3,947	
Communication		576	
Maintenance Agreements		2,271	
Postal Charges		1,000	
Printing, Stationery, and Forms		1,423	
Travel		459	
Custodial Supplies		745	
Data Processing Supplies		84	
Food Preparation Supplies		20	
Office Supplies		4,294	
Other Supplies and Materials		26	
Other Charges		500	
Furniture and Fixtures		371	
Other Equipment		38	
Total Probation Services			396,866

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	96,861	
Deputy(ies)		2,903,952	
Detective(s)		397,358	
Captain(s)		187,563	
Lieutenant(s)		175,956	
Sergeant(s)		391,737	
Data Processing Personnel		56,805	
Dispatchers/Radio Operators		447,840	
Guards		328,491	
Clerical Personnel		431,693	
Maintenance Personnel		149,615	
Part-time Personnel		140,420	
Longevity Pay		138,375	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Overtime Pay	\$	4,655
Other Salaries and Wages		42,600
Social Security		338,615
State Retirement		804,271
Life Insurance		9,598
Medical Insurance		1,238,088
Dental Insurance		51,703
Employer Medicare		79,192
Advertising		110
Communication		28,379
Data Processing Services		43,420
Dues and Memberships		3,350
Evaluation and Testing		12,781
Licenses		254
Maintenance Agreements		14,449
Maintenance and Repair Services - Equipment		2,356
Maintenance and Repair Services - Vehicles		49,627
Postal Charges		9,333
Printing, Stationery, and Forms		6,873
Rentals		84
Towing Services		2,733
Transportation - Other than Students		20,797
Travel		14,593
Veterinary Services		29,315
Maintenance and Repair Services - Records		90
Other Contracted Services		2,731
Animal Food and Supplies		11,709
Custodial Supplies		20
Data Processing Supplies		12,307
Diesel Fuel		499
Drugs and Medical Supplies		7,892
Food Supplies		30
Gasoline		341,452
General Construction Materials		39
Law Enforcement Supplies		35,609
Lubricants		5,707
Office Supplies		12,255
Periodicals		20
Propane Gas		3,654
Small Tools		333
Tires and Tubes		3,309
Uniforms		21,185
Vehicle Parts		13,267
Other Supplies and Materials		2,796
In Service/Staff Development		14,789
Other Charges		1,473
Communication Equipment		5,018

(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.)

Data Processing Equipment	\$	47,628	
Food Service Equipment		104	
Furniture and Fixtures		5,461	
Law Enforcement Equipment		27,130	
Other Equipment		6,766	
Total Sheriff's Department			\$ 9,237,115

Administration of the Sexual Offender Registry

Printing, Stationery, and Forms	\$	64	
Data Processing Supplies		1,529	
Other Charges		2,950	
Data Processing Equipment		6,380	
Total Administration of the Sexual Offender Registry			10,923

Jail

Assistant(s)	\$	65,845	
Captain(s)		60,791	
Lieutenant(s)		154,120	
Sergeant(s)		264,289	
Guards		3,655,892	
Cafeteria Personnel		38,121	
Part-time Personnel		6,112	
Longevity Pay		78,000	
Social Security		249,188	
State Retirement		607,636	
Life Insurance		7,235	
Medical Insurance		962,078	
Dental Insurance		40,644	
Employer Medicare		58,278	
Audit Services		42	
Contracts with Private Agencies		2,192	
Medical and Dental Services		1,340,486	
Custodial Supplies		82,269	
Food Preparation Supplies		472	
Food Supplies		631,177	
Prisoners Clothing		6,808	
Other Supplies and Materials		37,972	
Law Enforcement Equipment		9,480	
Total Jail			8,359,127

Juvenile Services

Youth Service Officer(s)	\$	349,850	
Salary Supplements		5,196	
Longevity Pay		11,325	
Social Security		21,404	
State Retirement		51,647	
Life Insurance		616	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Medical Insurance	\$	68,487	
Dental Insurance		2,472	
Employer Medicare		5,006	
Communication		923	
Data Processing Services		1,919	
Postal Charges		980	
Travel		3,717	
Drug Treatment		723	
Other Contracted Services		1,470	
Custodial Supplies		330	
Data Processing Supplies		383	
Duplicating Supplies		247	
Food Preparation Supplies		27	
Food Supplies		664	
General Construction Materials		15	
Office Supplies		2,050	
Testing		723	
In Service/Staff Development		175	
Data Processing Equipment		2,950	
Furniture and Fixtures		618	
Total Juvenile Services			\$ 533,917

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	\$	79,039	
Deputy(ies)		19,585	
Part-time Personnel		13,250	
Longevity Pay		825	
Social Security		6,688	
State Retirement		11,258	
Life Insurance		140	
Medical Insurance		13,999	
Dental Insurance		589	
Employer Medicare		1,564	
Communication		3,329	
Data Processing Services		5,820	
Dues and Memberships		52	
Evaluation and Testing		80	
Janitorial Services		175	
Maintenance Agreements		927	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Maintenance and Repair Services - Equipment	\$	200,185	
Maintenance and Repair Services - Vehicles		2,524	
Postal Charges		60	
Disposal Fees		700	
Other Contracted Services		3,563	
Custodial Supplies		499	
Duplicating Supplies		416	
Equipment Parts - Light		22	
Equipment and Machinery Parts		1,230	
Food Supplies		60	
Garage Supplies		682	
Gasoline		9,051	
General Construction Materials		376	
Instructional Supplies and Materials		351	
Law Enforcement Supplies		3,110	
Office Supplies		601	
Small Tools		1,035	
Uniforms		6,000	
Vehicle Parts		2,591	
Chemicals		232	
Other Supplies and Materials		2,670	
Vehicle and Equipment Insurance		20,274	
Workers' Compensation Insurance		7,500	
In Service/Staff Development		129	
Communication Equipment		2,553	
Data Processing Equipment		4,512	
Heating and Air Conditioning Equipment		413	
Law Enforcement Equipment		128,125	
Office Equipment		2,304	
Other Equipment		9,503	
Total Other Emergency Management			\$ 568,591

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	27,443
Longevity Pay		14,400
Other Salaries and Wages		850,422
Social Security		52,169
State Retirement		105,028
Life Insurance		1,266
Medical Insurance		154,532
Dental Insurance		6,037
Employer Medicare		12,201
Communication		26,310
Data Processing Services		679
Dues and Memberships		240
Maintenance Agreements		600

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Maintenance and Repair Services - Buildings	\$	10,865	
Maintenance and Repair Services - Equipment		6,853	
Printing, Stationery, and Forms		2,715	
Travel		19,451	
Disposal Fees		2,274	
Other Contracted Services		2,958	
Custodial Supplies		1,333	
Data Processing Supplies		1,957	
Drugs and Medical Supplies		196	
Electricity		53,111	
Equipment and Machinery Parts		852	
Fertilizer, Lime, and Seed		16	
Food Preparation Supplies		42	
Food Supplies		483	
General Construction Materials		2,547	
Instructional Supplies and Materials		12,299	
Natural Gas		7,760	
Office Supplies		2,287	
Periodicals		178	
Propane Gas		251	
Small Tools		295	
Water and Sewer		3,235	
Top Soil		179	
Chemicals		105	
Other Supplies and Materials		1,267	
Liability Insurance		776	
In Service/Staff Development		554	
Data Processing Equipment		2,211	
Furniture and Fixtures		2,254	
Heating and Air Conditioning Equipment		3,389	
Maintenance Equipment		178	
Office Equipment		458	
Health Equipment		1,905	
Total Local Health Center			\$ 1,396,561

Ambulance/Emergency Medical Services

Supervisor/Director	\$	88,088
Mechanic(s)		49,731
Dispatchers/Radio Operators		219,689
Clerical Personnel		208,296
Attendants		2,868,065
Part-time Personnel		351,397
Longevity Pay		84,375
Overtime Pay		1,468,572
Social Security		309,240
State Retirement		702,323
Life Insurance		7,576

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Medical Insurance	\$	965,523
Dental Insurance		38,320
Employer Medicare		72,467
Communication		36,024
Data Processing Services		123,381
Dues and Memberships		897
Evaluation and Testing		3,095
Janitorial Services		7,266
Operating Lease Payments		474
Legal Notices, Recording, and Court Costs		33
Licenses		6,500
Maintenance Agreements		4,822
Maintenance and Repair Services - Buildings		249
Maintenance and Repair Services - Equipment		8,064
Maintenance and Repair Services - Vehicles		1,989
Medical and Dental Services		2,239
Postal Charges		2,698
Printing, Stationery, and Forms		1,146
Rentals		3,617
Travel		3,264
Disposal Fees		3,325
Other Contracted Services		5,644
Custodial Supplies		7,489
Data Processing Supplies		4,355
Diesel Fuel		220,867
Drugs and Medical Supplies		204,576
Equipment Parts - Light		3,088
Equipment and Machinery Parts		697
Food Preparation Supplies		67
Food Supplies		136
Gasoline		16,620
General Construction Materials		2,728
Instructional Supplies and Materials		1,359
Lubricants		8,897
Office Supplies		3,110
Small Tools		344
Textbooks		1,023
Tires and Tubes		13,601
Uniforms		55,724
Vehicle Parts		45,171
Other Supplies and Materials		1,277
Liability Insurance		23,016
In Service/Staff Development		27,183
Criminal Investigation of Applicants - TBI		536
Other Charges		801
Communication Equipment		13,222
Data Processing Equipment		22,963

(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.)

Food Service Equipment	\$	540	
Furniture and Fixtures		4,743	
Office Equipment		618	
Health Equipment		23,719	
Other Equipment		2,247	
Total Ambulance/Emergency Medical Services			\$ 8,359,106

Appropriation to State

Contracts with Government Agencies	\$	169,415	
Total Appropriation to State			169,415

General Welfare Assistance

Pauper Burials	\$	1,475	
Total General Welfare Assistance			1,475

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	46,500	
Tax Relief Program		198,108	
Total Senior Citizens Assistance			244,608

Libraries

Librarians	\$	941,313	
Longevity Pay		20,460	
Social Security		53,781	
State Retirement		107,635	
Life Insurance		1,351	
Medical Insurance		217,842	
Dental Insurance		8,366	
Employer Medicare		12,900	
Advertising		100	
Communication		11,847	
Data Processing Services		28,658	
Dues and Memberships		1,020	
Janitorial Services		40,746	
Operating Lease Payments		2,779	
Licenses		293	
Maintenance Agreements		16,330	
Maintenance and Repair Services - Buildings		2,256	
Maintenance and Repair Services - Equipment		1,790	
Pest Control		1,278	
Postal Charges		2,055	
Printing, Stationery, and Forms		2,144	
Travel		4,322	
Disposal Fees		4,999	
Maintenance and Repair Services - Records		14	
Other Contracted Services		7,297	

(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.)

Custodial Supplies	\$	4,560	
Data Processing Supplies		4,426	
Duplicating Supplies		186	
Electricity		92,310	
Food Preparation Supplies		322	
Food Supplies		914	
General Construction Materials		904	
Instructional Supplies and Materials		68	
Library Books/Media		140,516	
Natural Gas		2,987	
Office Supplies		17,257	
Periodicals		6,105	
Water and Sewer		6,933	
Other Supplies and Materials		5,910	
In Service/Staff Development		413	
Other Charges		277	
Communication Equipment		140	
Data Processing Equipment		31,998	
Furniture and Fixtures		3,066	
Office Equipment		100	
Other Equipment		2,463	
Total Libraries			\$ 1,813,431

Other Social, Cultural, and Recreational

Other Charges	\$	2,362	
Total Other Social, Cultural, and Recreational			2,362

Agriculture and Natural Resources

Agricultural Extension Service

County Official/Administrative Officer	\$	100,729	
Assistant(s)		96,347	
Secretary(ies)		37,185	
Longevity Pay		5,250	
Social Security		11,485	
State Retirement		32,831	
Life Insurance		202	
Medical Insurance		68,544	
Dental Insurance		2,760	
Employer Medicare		3,168	
Communication		3,960	
Dues and Memberships		295	
Maintenance Agreements		1,039	
Maintenance and Repair Services - Equipment		25	
Travel		7,180	
Permits		50	
Office Supplies		1,311	
Data Processing Equipment		4,555	
Total Agricultural Extension Service			376,916

(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)	\$	28,309	
Longevity Pay		1,500	
Social Security		1,585	
State Retirement		4,202	
Life Insurance		50	
Medical Insurance		13,999	
Dental Insurance		589	
Employer Medicare		371	
Data Processing Services		13	
Dues and Memberships		1,125	
Postal Charges		152	
Travel		1,179	
Data Processing Supplies		134	
Office Supplies		347	
Periodicals		62	
In Service/Staff Development		651	
Total Soil Conservation			\$ 54,268

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	\$	49,825	
Longevity Pay		750	
Social Security		3,132	
State Retirement		6,427	
Life Insurance		81	
Dental Insurance		49	
Employer Medicare		732	
Communication		367	
Dues and Memberships		25	
Maintenance Agreements		185	
Postal Charges		113	
Printing, Stationery, and Forms		42	
Travel		837	
Office Supplies		178	
Total Veterans' Services			62,743

Other Charges

Evaluation and Testing	\$	4,573	
Medical and Dental Services		21,780	

(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.)

Other Contracted Services	\$	18,000	
Other Supplies and Materials		7,583	
Building and Contents Insurance		53,619	
Liability Insurance		423,074	
Premiums on Corporate Surety Bonds		410	
Trustee's Commission		552,880	
Workers' Compensation Insurance		173,198	
Other Charges		17,812	
Other Equipment		11,878	
Total Other Charges			\$ 1,284,807

Contributions to Other Agencies

Contributions	\$	1,384,615	
Total Contributions to Other Agencies			1,384,615

Employee Benefits

State Retirement	\$	2,025	
Medical Insurance		20,038	
Unemployment Compensation		14,877	
Total Employee Benefits			36,940

Miscellaneous

Investigator(s)	\$	50,092	
Clerical Personnel		23,960	
Part-time Personnel		4,349	
Longevity Pay		450	
Overtime Pay		11,352	
Other Salaries and Wages		5,000	
Social Security		6,488	
State Retirement		8,018	
Life Insurance		79	
Medical Insurance		5,577	
Dental Insurance		213	
Employer Medicare		1,517	
Total Miscellaneous			117,095

Highways

Traffic Control

Maintenance and Repair Services - Equipment	\$	2,954	
Total Traffic Control			2,954

Capital Outlay

Land	\$	7,704	
Total Capital Outlay			7,704

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Capital Projects

Public Health and Welfare Projects

Other Contracted Services	\$	1,413	
Building Construction		239,200	
Total Public Health and Welfare Projects			\$ 240,613

Social, Cultural, and Recreation Projects

Building Improvements	\$	240,509	
Other Construction		71,290	
Total Social, Cultural, and Recreation Projects			<u>311,799</u>

Total General Fund \$ 48,066,100

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Communication	\$	27,731
Data Processing Services		5,122
Dues and Memberships		45
Engineering Services		350
Evaluation and Testing		30
Maintenance Agreements		159,417
Maintenance and Repair Services - Buildings		52,032
Maintenance and Repair Services - Equipment		101,011
Maintenance and Repair Services - Vehicles		371
Pest Control		10,920
Printing, Stationery, and Forms		1,083
Rentals		196
Disposal Fees		10,980
Permits		210
Other Contracted Services		14,630
Concrete		247
Custodial Supplies		25,270
Drugs and Medical Supplies		395
Equipment and Machinery Parts		33,715
Food Supplies		630
Gasoline		4,814
General Construction Materials		79,621
Lubricants		230
Pipe		24
Propane Gas		22
Small Tools		3,698
Vehicle Parts		210
Drainage Materials		190
Top Soil		900
Chemicals		475
Other Supplies and Materials		1,047
Trustee's Commission		6,026
In Service/Staff Development		493

(Continued)

Exhibit K-8

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

Courthouse and Jail Maintenance Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Communication Equipment	\$	4,189	
Data Processing Equipment		4,772	
Food Service Equipment		7,758	
Furniture and Fixtures		5,023	
Heating and Air Conditioning Equipment		7,088	
Maintenance Equipment		2,751	
Other Equipment		27,826	
Other Construction		3,145	
Total County Buildings			\$ 604,687

Interest on Debt

General Government

Interest on Notes	\$	5,529	
Total General Government			5,529

Total Courthouse and Jail Maintenance Fund \$ 610,216

Drug Control Fund

Public Safety

Drug Enforcement

Contracts with Government Agencies	\$	2,680	
Data Processing Services		21,310	
Evaluation and Testing		1,800	
Travel		1,409	
Drugs and Medical Supplies		2,132	
Law Enforcement Supplies		10,022	
Trustee's Commission		173	
In Service/Staff Development		6,800	
Data Processing Equipment		13,272	
Total Drug Enforcement			\$ 59,598

Total Drug Control Fund 59,598

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	12,122	
Total Chancery Court			\$ 12,122

Total Constitutional Officers - Fees Fund 12,122

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	96,861	
Assistant(s)		34,404	
Clerical Personnel		30,769	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Advertising	\$	109	
Data Processing Services		10,719	
Dues and Memberships		4,000	
Evaluation and Testing		1,183	
Legal Services		4,700	
Legal Notices, Recording, and Court Costs		228	
Maintenance Agreements		1,752	
Maintenance and Repair Services - Buildings		6,537	
Postal Charges		279	
Printing, Stationery, and Forms		397	
Travel		477	
Other Contracted Services		473	
Custodial Supplies		438	
Data Processing Supplies		519	
Drugs and Medical Supplies		20	
Office Supplies		850	
In Service/Staff Development		290	
Total Administration			\$ 195,005

Highway and Bridge Maintenance

Foremen	\$	170,895	
Equipment Operators		594,658	
Truck Drivers		321,636	
Laborers		29,253	
Consultants		4,666	
Engineering Services		1,746	
Evaluation and Testing		15	
Other Contracted Services		2,340	
Asphalt - Hot Mix		1,960,724	
Asphalt - Liquid		28,901	
Concrete		25,080	
Crushed Stone		222,017	
Fertilizer, Lime, and Seed		3,191	
Food Supplies		750	
General Construction Materials		122,225	
Other Road Materials		1,537	
Pipe		7,204	
Pipe - Concrete		21,997	
Pipe - Metal		5,061	
Propane Gas		23	
Road Signs		18,417	
Salt		24,189	
Small Tools		2,029	
Structural Steel		3,331	
Wood Products		2,548	
Chemicals		14,065	
Other Supplies and Materials		75	
In Service/Staff Development		719	
Total Highway and Bridge Maintenance			3,589,292

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Foremen	\$	48,321	
Mechanic(s)		176,306	
Laborers		32,460	
Evaluation and Testing		520	
Laundry Service		1,986	
Maintenance and Repair Services - Buildings		18,708	
Maintenance and Repair Services - Equipment		20,298	
Maintenance and Repair Services - Vehicles		6,589	
Rentals		95	
Towing Services		600	
Disposal Fees		664	
Permits		250	
Other Contracted Services		125	
Custodial Supplies		1,327	
Diesel Fuel		284,526	
Equipment and Machinery Parts		98,997	
Garage Supplies		17,240	
Gasoline		191,282	
General Construction Materials		2,342	
Lubricants		16,689	
Small Tools		4,848	
Tires and Tubes		44,733	
Uniforms		169	
Vehicle Parts		68,635	
Total Operation and Maintenance of Equipment			\$ 1,037,710

Quarry Operations

Permits	\$	2,080	
Other Contracted Services		1,800	
Electricity		873	
Explosives and Drilling Supplies		15,815	
Other Supplies and Materials		3	
In Service/Staff Development		350	
Total Quarry Operations			20,921

Litter and Trash Collection

Guards	\$	31,366	
Clerical Personnel		328	
Diesel Fuel		5,970	
Instructional Supplies and Materials		17,242	
Other Supplies and Materials		2,740	
Other Charges		4,120	
Total Litter and Trash Collection			61,766

Other Charges

Communication	\$	5,825	
Data Processing Services		2,858	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Electricity	\$	22,143	
Natural Gas		7,780	
Water and Sewer		4,732	
Building and Contents Insurance		2,234	
Liability Insurance		124,949	
Trustee's Commission		73,675	
Vehicle and Equipment Insurance		38,364	
Total Other Charges	\$		282,560

Employee Benefits

Longevity Pay	\$	38,325	
Social Security		118,756	
State Retirement		219,829	
Life Insurance		2,697	
Medical Insurance		365,125	
Dental Insurance		14,470	
Unemployment Compensation		4,919	
Workers' Compensation Insurance		77,944	
Total Employee Benefits			842,065

Capital Outlay

Communication Equipment	\$	2,376	
Furniture and Fixtures		220	
Heating and Air Conditioning Equipment		6,997	
Highway Equipment		49,775	
Land		7,704	
Motor Vehicles		13,150	
Office Equipment		300	
Solid Waste Equipment		7,606	
Total Capital Outlay			88,128

Total Highway/Public Works Fund \$ 6,117,447

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	426,179	
Total General Government	\$		426,179

Education

Principal on Bonds	\$	9,938,821	
Principal on Capital Leases		40,981	
Total Education			9,979,802

Interest on Debt

General Government

Interest on Bonds	\$	275,160	
Total General Government			275,160

(Continued)

Exhibit K-8

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

General Debt Service Fund (Cont.)

Interest on Debt (Cont.)

Education

Interest on Bonds	\$ 5,541,575	
Interest on Capital Leases	4,644	
Total Education	<u>5,546,219</u>	\$ 5,546,219

Other Debt Service

General Government

Trustee's Commission	\$ 275,498	
Other Charges	500	
Total General Government	<u>275,998</u>	275,998

Education

Other Charges	\$ 2,329	
Total Education	<u>2,329</u>	<u>2,329</u>

Total General Debt Service Fund \$ 16,505,687

General Capital Projects Fund

Capital Projects

General Administration Projects

Trustee's Commission	\$ 101,247	
Total General Administration Projects	<u>101,247</u>	\$ 101,247

Public Safety Projects

Architects	\$ 54,180	
Engineering Services	206,327	
Building Construction	238,631	
Motor Vehicles	348,614	
Other Equipment	15,002	
Other Construction	1,257,285	
Total Public Safety Projects	<u>2,120,039</u>	2,120,039

Public Health and Welfare Projects

Motor Vehicles	\$ 422,997	
Health Equipment	376,222	
Total Public Health and Welfare Projects	<u>799,219</u>	799,219

Social, Cultural, and Recreation Projects

Other Contracted Services	\$ 11,414	
Road Signs	200	
Site Development	667,136	
Total Social, Cultural, and Recreation Projects	<u>678,750</u>	678,750

Other General Government Projects

Consultants	\$ 47,087	
Building Improvements	59,199	
Data Processing Equipment	199,036	
Site Development	106,886	

(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>Other General Government Projects (Cont.)</u>		
Other Equipment	\$	27,695
Other Construction		336,524
Other Capital Outlay		1,275,330
Total Other General Government Projects	\$	2,051,757
 <u>Education Capital Projects</u>		
Architects	\$	473,882
Library Books/Media		29,998
Textbooks		247,440
Building Improvements		3,052,635
Data Processing Equipment		230,066
Furniture and Fixtures		70,385
Heating and Air Conditioning Equipment		52,700
Maintenance Equipment		73,584
Transportation Equipment		2,452,852
Other Equipment		24,118
Other Construction		696,005
Total Education Capital Projects		<u>7,403,665</u>
Total General Capital Projects Fund		<u>\$ 13,154,677</u>
Total Governmental Funds - Primary Government		<u>\$ 84,525,847</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, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 67,600,123	
Career Ladder Program	387,083	
Career Ladder Extended Contracts	104,211	
Homebound Teachers	53,944	
Educational Assistants	1,212,543	
Other Salaries and Wages	174,178	
Certified Substitute Teachers	387,410	
Non-certified Substitute Teachers	400,476	
Social Security	4,103,028	
State Retirement	6,174,298	
Life Insurance	116,045	
Medical Insurance	12,918,166	
Dental Insurance	569,182	
Employer Medicare	963,928	
Maintenance and Repair Services - Equipment	30,263	
Other Contracted Services	122,934	
Instructional Supplies and Materials	786,596	
Textbooks	4,883	
Other Supplies and Materials	48,628	
Fee Waivers	562,183	
Other Charges	13,674	
Regular Instruction Equipment	10,537	
Other Equipment	3,990	
Total Regular Instruction Program		\$ 96,748,303

Alternative Instruction Program

Teachers	\$ 847,295	
Career Ladder Program	2,400	
Educational Assistants	180,073	
Other Salaries and Wages	157,392	
Certified Substitute Teachers	6,105	
Non-certified Substitute Teachers	714	
Social Security	66,859	
State Retirement	123,016	
Life Insurance	2,008	
Medical Insurance	363,371	
Dental Insurance	11,514	
Employer Medicare	15,694	
Instructional Supplies and Materials	14,411	
Other Supplies and Materials	7,500	
Other Charges	2,751	
Total Alternative Instruction Program		1,801,103

Special Education Program

Teachers	\$ 9,350,802	
Career Ladder Program	45,430	

(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.)

Career Ladder Extended Contracts	\$	1,353	
Homebound Teachers		114,783	
Educational Assistants		2,018,283	
Speech Pathologist		1,677,861	
Other Salaries and Wages		114,108	
Certified Substitute Teachers		45,760	
Non-certified Substitute Teachers		193,596	
Social Security		771,888	
State Retirement		1,284,016	
Life Insurance		22,138	
Medical Insurance		3,330,242	
Dental Insurance		120,859	
Employer Medicare		182,217	
Contracts with Private Agencies		114,960	
Other Contracted Services		19,993	
Instructional Supplies and Materials		135,019	
Other Supplies and Materials		26,605	
Other Charges		10,540	
Special Education Equipment		25,470	
Total Special Education Program			\$ 19,605,923

Vocational Education Program

Teachers	\$	6,635,882	
Career Ladder Program		39,462	
Career Ladder Extended Contracts		6,000	
Educational Assistants		148,824	
Certified Substitute Teachers		49,806	
Non-certified Substitute Teachers		32,079	
Social Security		407,089	
State Retirement		612,814	
Life Insurance		11,553	
Medical Insurance		1,152,961	
Dental Insurance		49,330	
Employer Medicare		95,304	
Maintenance and Repair Services - Equipment		4,754	
Instructional Supplies and Materials		109,914	
Textbooks		246	
Fee Waivers		51,010	
Other Charges		6,979	
Vocational Instruction Equipment		11,329	
Total Vocational Education Program			9,425,336

Support Services

Attendance

Supervisor/Director	\$	82,839	
Career Ladder Program		1,000	

(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.)

Attendance (Cont.)

Clerical Personnel	\$	26,930	
Other Salaries and Wages		155,185	
Social Security		15,527	
State Retirement		33,123	
Life Insurance		392	
Medical Insurance		47,873	
Dental Insurance		967	
Employer Medicare		3,631	
Travel		6,338	
Other Supplies and Materials		1,396	
Other Charges		2,518	
Total Attendance			\$ 377,719

Health Services

Medical Personnel	\$	510,617	
Other Salaries and Wages		201,557	
Social Security		40,177	
State Retirement		69,466	
Life Insurance		711	
Medical Insurance		200,351	
Dental Insurance		4,590	
Employer Medicare		9,397	
Postal Charges		40	
Travel		32,773	
Other Contracted Services		17,123	
Drugs and Medical Supplies		1,888	
Other Supplies and Materials		60,995	
In Service/Staff Development		15,082	
Other Charges		13,106	
Health Equipment		3,118	
Total Health Services			1,180,991

Other Student Support

Career Ladder Program	\$	19,876	
Guidance Personnel		2,940,155	
Career Ladder Extended Contracts		19,940	
Clerical Personnel		175,229	
Other Salaries and Wages		252,469	
Social Security		196,625	
State Retirement		314,173	
Life Insurance		4,913	
Medical Insurance		575,271	
Dental Insurance		20,900	
Employer Medicare		46,686	
Evaluation and Testing		123,171	
Other Supplies and Materials		5,077	
Other Charges		2,539	
Total Other Student Support			4,697,024

(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	\$	789,826	
Career Ladder Program		41,214	
Career Ladder Extended Contracts		13,759	
Librarians		2,413,723	
Instructional Computer Personnel		2,217	
Secretary(ies)		73,752	
Clerical Personnel		225,537	
Educational Assistants		28,212	
Other Salaries and Wages		789,158	
Social Security		252,055	
State Retirement		396,635	
Life Insurance		6,424	
Medical Insurance		765,410	
Dental Insurance		31,817	
Employer Medicare		59,514	
Travel		49,364	
Other Contracted Services		5,104	
Library Books/Media		209,046	
Other Supplies and Materials		106,413	
In Service/Staff Development		25,629	
Other Charges		50,778	
Other Equipment		5,852	
Total Regular Instruction Program			\$ 6,341,439

Alternative Instruction Program

Supervisor/Director	\$	161,087	
Career Ladder Program		4,000	
Guidance Personnel		76,709	
Librarians		30,621	
Secretary(ies)		39,960	
Clerical Personnel		14,686	
Social Security		19,437	
State Retirement		31,896	
Life Insurance		748	
Medical Insurance		46,058	
Dental Insurance		1,474	
Employer Medicare		4,546	
Library Books/Media		5,000	
Other Supplies and Materials		9,714	
Total Alternative Instruction Program			445,936

Special Education Program

Supervisor/Director	\$	451,287	
Career Ladder Program		11,770	
Psychological Personnel		398,011	
Secretary(ies)		81,335	

(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	\$	74,496	
Speech Pathologist		73,963	
Other Salaries and Wages		314,148	
Social Security		81,473	
State Retirement		140,731	
Life Insurance		2,299	
Medical Insurance		278,995	
Dental Insurance		8,489	
Employer Medicare		19,054	
Communication		95	
Postal Charges		80	
Travel		86,386	
Other Supplies and Materials		50,319	
In Service/Staff Development		12,957	
Other Charges		3,707	
Other Equipment		4,618	
Total Special Education Program			\$ 2,094,213

Vocational Education Program

Supervisor/Director	\$	86,237	
Career Ladder Program		2,295	
Secretary(ies)		26,852	
Social Security		2,177	
State Retirement		3,786	
Life Insurance		14	
Medical Insurance		13,999	
Dental Insurance		242	
Employer Medicare		1,616	
Travel		17,933	
Other Supplies and Materials		2,813	
Other Charges		717	
Total Vocational Education Program			158,681

Board of Education

Other Salaries and Wages	\$	11,545	
Board and Committee Members Fees		65,500	
Social Security		3,421	
Unemployment Compensation		71,602	
Employer Medicare		1,121	
Other Fringe Benefits		2,198,509	
Audit Services		34,500	
Dues and Memberships		38,858	
Legal Services		212,031	
Travel		10,319	
Other Contracted Services		32,327	
Other Supplies and Materials		1,076	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Liability Insurance	\$	155,530	
Trustee's Commission		1,439,858	
Workers' Compensation Insurance		376,374	
In Service/Staff Development		2,700	
Refund to Applicant for Criminal Investigation		11,808	
Other Charges		142,702	
Total Board of Education	\$		4,809,781

Director of Schools

County Official/Administrative Officer	\$	183,835	
Career Ladder Program		400	
Secretary(ies)		79,534	
Social Security		11,674	
State Retirement		27,574	
Life Insurance		343	
Medical Insurance		33,634	
Dental Insurance		562	
Employer Medicare		3,706	
Communication		261,942	
Dues and Memberships		16,162	
Postal Charges		39,987	
Other Contracted Services		280	
Office Supplies		149	
Other Charges		4,674	
Administration Equipment		1,074	
Total Director of Schools			665,530

Office of the Principal

Principals	\$	3,618,547	
Career Ladder Program		59,195	
Career Ladder Extended Contracts		28,300	
Assistant Principals		3,110,930	
Secretary(ies)		1,021,167	
Clerical Personnel		1,209,658	
Social Security		520,633	
State Retirement		910,396	
Life Insurance		16,595	
Medical Insurance		2,024,528	
Dental Insurance		62,512	
Employer Medicare		122,378	
Office Supplies		69,845	
Other Charges		24,017	
Administration Equipment		20,302	
Total Office of the Principal			12,819,003

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Supervisor/Director	\$	93,173	
Internal Audit Personnel		102,456	
Accountants/Bookkeepers		88,463	
Purchasing Personnel		116,327	
Secretary(ies)		31,732	
Clerical Personnel		60,859	
Other Salaries and Wages		224,120	
Social Security		40,908	
State Retirement		97,740	
Life Insurance		905	
Medical Insurance		156,634	
Dental Insurance		4,830	
Employer Medicare		9,612	
Advertising		4,847	
Dues and Memberships		690	
Travel		3,560	
Other Contracted Services		28,334	
Office Supplies		1,001	
Other Supplies and Materials		198	
In Service/Staff Development		4,590	
Other Charges		56,260	
Administration Equipment		6,177	
Total Fiscal Services			\$ 1,133,416

Human Services/Personnel

Supervisor/Director	\$	77,644	
Secretary(ies)		38,357	
Clerical Personnel		213,896	
Other Salaries and Wages		95,167	
Social Security		25,032	
State Retirement		57,920	
Life Insurance		610	
Medical Insurance		74,600	
Dental Insurance		1,977	
Employer Medicare		5,854	
Advertising		795	
Travel		2,978	
Other Contracted Services		38,727	
Office Supplies		538	
In Service/Staff Development		2,585	
Other Charges		4,564	
Administration Equipment		8,756	
Total Human Services/Personnel			650,000

Operation of Plant

Custodial Personnel	\$	3,016,277	
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(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Other Salaries and Wages	\$	97,631	
Social Security		172,862	
State Retirement		314,104	
Life Insurance		6,112	
Medical Insurance		872,574	
Dental Insurance		21,035	
Employer Medicare		41,476	
Architects		2,713	
Communication		1,532	
Engineering Services		15,190	
Evaluation and Testing		4,733	
Laundry Service		1,285	
Maintenance Agreements		332,275	
Pest Control		26,633	
Disposal Fees		176,568	
Permits		10,760	
Custodial Supplies		511,824	
Electricity		5,285,508	
Gasoline		5,006	
Natural Gas		512,858	
Water and Sewer		840,901	
Building and Contents Insurance		390,969	
Other Charges		5,313	
Plant Operation Equipment		92,330	
Total Operation of Plant			\$ 12,758,469

Maintenance of Plant

Supervisor/Director	\$	77,507
Secretary(ies)		34,749
Maintenance Personnel		2,250,333
Other Salaries and Wages		117,647
Social Security		140,706
State Retirement		344,648
Life Insurance		4,720
Medical Insurance		689,996
Dental Insurance		15,140
Employer Medicare		32,906
Communication		2,663
Laundry Service		16,046
Maintenance and Repair Services - Equipment		19,590
Maintenance and Repair Services - Vehicles		10,806
Travel		3,092
Other Contracted Services		296,621
Equipment and Machinery Parts		276,773
Gasoline		143,394
Other Supplies and Materials		887,410

(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.)

In Service/Staff Development	\$	7,280	
Other Charges		39,337	
Administration Equipment		8,091	
Building Improvements		67,651	
Maintenance Equipment		45,514	
Total Maintenance of Plant			\$ 5,532,620

Transportation

Supervisor/Director	\$	62,633	
Mechanic(s)		273,637	
Bus Drivers		2,190,418	
Clerical Personnel		48,838	
Other Salaries and Wages		591,090	
Social Security		166,077	
State Retirement		437,225	
Life Insurance		8,943	
Medical Insurance		1,800,065	
Dental Insurance		38,870	
Employer Medicare		38,851	
Communication		1,206	
Laundry Service		4,301	
Maintenance and Repair Services - Vehicles		13,819	
Other Contracted Services		13,574	
Diesel Fuel		1,061,382	
Garage Supplies		4,549	
Gasoline		17,058	
Lubricants		16,703	
Tires and Tubes		136,076	
Vehicle Parts		280,895	
Other Supplies and Materials		6,467	
Vehicle and Equipment Insurance		216,687	
In Service/Staff Development		3,078	
Other Charges		54,328	
Transportation Equipment		73,768	
Total Transportation			7,560,538

Central and Other

Supervisor/Director	\$	71,151	
Computer Programmer(s)		205,156	
Data Processing Personnel		393,422	
Clerical Personnel		34,431	
Social Security		41,084	
State Retirement		92,839	
Life Insurance		841	
Medical Insurance		129,877	
Dental Insurance		4,039	

(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.)

Employer Medicare	\$	9,608	
Maintenance and Repair Services - Equipment		2,500	
Travel		773	
Other Contracted Services		886,339	
Office Supplies		987	
Other Supplies and Materials		2,494	
In Service/Staff Development		20,895	
Other Charges		12,975	
Data Processing Equipment		2,267,318	
Total Central and Other			\$ 4,176,729

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	74,132	
Career Ladder Program		1,000	
Clerical Personnel		98,903	
Cafeteria Personnel		2,796,258	
Other Salaries and Wages		127,458	
In-service Training		765	
Social Security		160,766	
State Retirement		381,611	
Life Insurance		8,474	
Medical Insurance		1,600,085	
Dental Insurance		35,626	
Employer Medicare		37,918	
Communication		3,273	
Maintenance and Repair Services - Equipment		7,355	
Travel		23,065	
Other Contracted Services		76,849	
Food Preparation Supplies		350,311	
Food Supplies		4,566,483	
Office Supplies		17,083	
Utilities		231,439	
USDA - Commodities		781,714	
Other Supplies and Materials		3,524	
In Service/Staff Development		17,850	
Other Charges		5,363	
Food Service Equipment		113,583	
Total Food Service			11,520,888

Community Services

Supervisor/Director	\$	263,685	
Clerical Personnel		30,386	
Educational Assistants		76,761	
Other Salaries and Wages		577,308	
Social Security		52,385	

(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.)

State Retirement	\$	92,284	
Life Insurance		1,375	
Medical Insurance		286,476	
Dental Insurance		7,646	
Employer Medicare		12,357	
Travel		4,772	
Other Contracted Services		2,372	
Food Supplies		49,488	
Other Supplies and Materials		179,727	
Refunds		18	
In Service/Staff Development		1,716	
Other Charges		80,991	
Data Processing Equipment		42,328	
Other Equipment		62,431	
Other Capital Outlay		27,715	
Total Community Services	\$		1,852,221

Early Childhood Education

Teachers	\$	49,250	
Social Security		2,962	
State Retirement		4,373	
Life Insurance		63	
Medical Insurance		5,039	
Dental Insurance		192	
Employer Medicare		693	
Communication		1,739	
Instructional Supplies and Materials		3,267	
Other Supplies and Materials		1,366	
In Service/Staff Development		5,299	
Other Charges		460	
Other Equipment		16,572	
Total Early Childhood Education			91,275

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	151,443	
Data Processing Equipment		6,675	
Furniture and Fixtures		31,861	
Site Development		82,437	
Other Equipment		3,106	
Other Capital Outlay		114,282	
Total Regular Capital Outlay			389,804

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	45,627	
Total Education			45,627

Total General Purpose School Fund \$ 206,882,569

(Continued)

Exhibit K-9

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,003,726	
Educational Assistants		863,481	
Other Salaries and Wages		475,346	
Certified Substitute Teachers		42,574	
Non-certified Substitute Teachers		41,263	
Social Security		136,581	
State Retirement		250,667	
Life Insurance		4,624	
Medical Insurance		601,393	
Dental Insurance		17,993	
Employer Medicare		32,435	
Other Contracted Services		5,705	
Instructional Supplies and Materials		324,747	
Other Supplies and Materials		72,989	
Other Charges		21,287	
Regular Instruction Equipment		190,788	
Total Regular Instruction Program			\$ 4,085,599

Alternative Instruction Program

Educational Assistants	\$	12,289	
Social Security		660	
State Retirement		1,733	
Life Insurance		29	
Medical Insurance		5,856	
Dental Insurance		101	
Employer Medicare		154	
Total Alternative Instruction Program			20,822

Special Education Program

Teachers	\$	187,644	
Educational Assistants		1,546,139	
Speech Pathologist		64,444	
Social Security		92,788	
State Retirement		239,287	
Life Insurance		4,566	
Medical Insurance		1,005,782	
Dental Insurance		22,570	
Employer Medicare		21,700	
Contracts with Private Agencies		16,280	
Maintenance and Repair Services - Equipment		3,931	
Instructional Supplies and Materials		159,976	
Other Supplies and Materials		75,354	
Other Charges		19,768	
Special Education Equipment		40,305	
Total Special Education Program			3,500,534

(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.)

Vocational Education Program

Instructional Supplies and Materials	\$	48,000	
Vocational Instruction Equipment		179,246	
Total Vocational Education Program			\$ 227,246

Support Services

Health Services

Medical Personnel	\$	116,557	
Social Security		6,192	
State Retirement		9,315	
Life Insurance		297	
Medical Insurance		53,388	
Dental Insurance		1,062	
Employer Medicare		1,448	
Total Health Services			188,259

Other Student Support

Social Workers	\$	36,600	
Other Salaries and Wages		40	
Social Security		2,176	
State Retirement		5,164	
Life Insurance		81	
Medical Insurance		5,599	
Dental Insurance		117	
Employer Medicare		509	
Travel		37,000	
Other Contracted Services		5,378	
Other Supplies and Materials		32,477	
In Service/Staff Development		13,500	
Other Charges		5,558	
Total Other Student Support			144,199

Regular Instruction Program

Supervisor/Director	\$	130,047	
Instructional Computer Personnel		52,611	
Secretary(ies)		23,860	
Clerical Personnel		7,981	
Other Salaries and Wages		438,186	
In-service Training		1,850	
Social Security		33,073	
State Retirement		54,731	
Life Insurance		971	
Medical Insurance		89,581	
Dental Insurance		3,905	
Employer Medicare		9,091	
Maintenance and Repair Services - Equipment		882	
Travel		45,625	

(Continued)

Exhibit K-9

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

<u>School Federal Projects Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Regular Instruction Program (Cont.)</u>		
Other Supplies and Materials	\$ 7,255	
In Service/Staff Development	478,425	
Other Equipment	11,193	
Total Regular Instruction Program		\$ 1,389,267
<u>Special Education Program</u>		
Supervisor/Director	\$ 70,242	
Psychological Personnel	453,994	
Clerical Personnel	6,578	
Other Salaries and Wages	1,126,477	
Social Security	94,990	
State Retirement	164,590	
Life Insurance	2,426	
Medical Insurance	336,220	
Dental Insurance	12,217	
Employer Medicare	22,216	
Communication	105	
Consultants	36,559	
Maintenance and Repair Services - Equipment	3,190	
Postal Charges	138	
Travel	2,580	
Other Contracted Services	39,769	
Other Supplies and Materials	35,111	
In Service/Staff Development	18,488	
Other Charges	6,010	
Other Equipment	1,790	
Total Special Education Program		2,433,690
<u>Vocational Education Program</u>		
Other Supplies and Materials	\$ 1,530	
Total Vocational Education Program		1,530
<u>Transportation</u>		
Bus Drivers	\$ 24,873	
Social Security	1,256	
State Retirement	3,507	
Life Insurance	70	
Medical Insurance	15,675	
Dental Insurance	372	
Employer Medicare	294	
Diesel Fuel	6,933	
Total Transportation		52,980
Total School Federal Projects Fund		\$ 12,044,126
Total Governmental Funds - Sumner County School Department		<u>\$ 218,926,695</u>

Exhibit K-10

Sumner County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2014

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 18,806,580
Total Cash Receipts	<u>\$ 18,806,580</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 18,618,514
Trustee's Commission	<u>188,066</u>
Total Cash Disbursements	<u>\$ 18,806,580</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2013	<u>0</u>
 Cash Balance, June 30, 2014	 <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, 2014, and the related notes to the financial statements, which collectively comprise Sumner County's basic financial statements, and have issued our report thereon dated March 10, 2015. Our report includes a reference to other auditors who audited the financial statements of the Sumner County Emergency Communications District, 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 does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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. 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: 2014-001, 2014-004, 2014-005, and 2014-006.

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: 2014-002, 2014-003, and 2014-007.

Sumner County's Responses to Findings

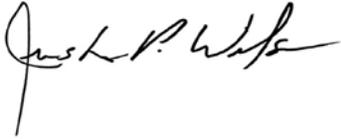
Sumner County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Sumner County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion 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 prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

March 10, 2015

JPW/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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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, 2014. 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 a 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, 2014.

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. We did not identify any deficiencies in internal control over compliance that we

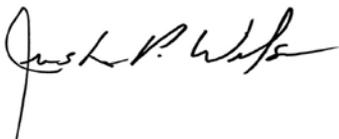
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2014, and the related notes to the financial statements, which collectively comprise Sumner County's basic financial statements. We issued our report thereon dated March 10, 2015, 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 basic 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

March 10, 2015

JPW/yu

Sumner County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2014

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	\$ 44,948
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	(2)	781,714 (3)
Child and Adult Care Food Program	10.558	(2)	23,409
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	1,402,806
National School Lunch Program	10.555	(2)	4,660,040 (3)
Total U.S. Department of Agriculture			<u>\$ 6,912,917</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			
	14.228	(2)	\$ 227,069
Passed-through Tennessee Housing Development Agency:			
Home Investment Partnership Program	14.239	HM-11-42	242,712
Total U.S. Department of Housing and Urban Development			<u>\$ 469,781</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.266	N/A	\$ 27,341
Total U.S. Department of the Interior			<u>\$ 27,341</u>
U.S. Department of Justice:			
Direct Program:			
State Criminal Alien Assistance Program	16.606	N/A	\$ 9,963
Total U.S. Department of Justice			<u>\$ 9,963</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(2)	\$ 1,062,675 (4)
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	Z-13-GHS-298	15,541
Alcohol Open Container Requirements	20.607	Z-13-GHS-299	5,000
National Priority Safety Programs	20.616	(2)	61,350 (5)
Total U.S. Department of Transportation			<u>\$ 1,144,566</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. Institute of Museum and Library Services:			
Passed-through Tennessee State Library and Archives:			
Grants to States	45.310	(2)	\$ 2,554 (6)
Total U.S. Institute of Museum and Library Services			<u>\$ 2,554</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	(2)	\$ 4,091,377
Special Education Cluster:			
Special Education - Grants to States	84.027	(2)	6,376,715
Special Education - Preschool Grants	84.173	(2)	98,692
Career and Technical Education - Basic Grants to States	84.048	(2)	281,776
Safe and Drug-free Schools and Communities - National Programs	84.184	(2)	158,598
Education for Homeless Children and Youth	84.196	(2)	35,447
Twenty-first Century Community Learning Centers	84.287	(2)	400,458
English Language Acquisition Grants	84.365	(2)	65,113
Improving Teacher Quality State Grants	84.367	(2)	681,508
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top			
Incentive Grant, Recovery Act	84.395	(2)	748,506
Total U.S. Department of Education			<u>\$ 12,938,190</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 204,488 (7)
Total U.S. Election Assistance Commission			<u>\$ 204,488</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$ 31,257
Emergency Management Performance Grants	97.042	34101-07114	41,350
Homeland Security Grant Program	97.067	(2)	61,604 (8)
Total U.S. Department of Homeland Security			<u>\$ 134,211</u>
Total Expenditures of Federal Awards			<u>\$ 21,844,011</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Litter Program - State Department of Transportation	N/A	(2)	\$ 70,343
Law Enforcement Training - State Department of Public Safety	N/A	(2)	42,600
Used Oil Collection and Recycling Grant - State Department of Environment and Conservation	N/A	32701-01529	15,573
Technology Grant - Tennessee Secretary of State	N/A	(2)	10,762
Lottery for Education: Afterschool Program - State Department of Education	N/A	(2)	315,017
Early Childhood Education - State Department of Education	N/A	(2)	91,275
Health Department Programs - State Department of Health	N/A	(2)	1,131,988
Juvenile Justice States Supplemental Funds - State Commission on Children and Youth	N/A	GG-10-29953	9,000
Energy Efficiency Schools Initiative Grant - State Department of Education	N/A	(2)	75,440
Tennessee Arts Commission - State Department of Education	N/A	(2)	4,525
Family Resource Center - State Department of Education	N/A	(2)	27,253
Coordinated School Health Initiative - State Department of Education	N/A	(2)	83,488
Safe Schools Act - State Department of Education	N/A	(2)	91,881
Drug Court Grant Program - State Department of Mental Health and Substance Abuse Services	N/A	(2)	61,175
Statewide Student Management System (SSMS) - State Department of Education	N/A	(2)	72,580
Connect Tenn - State Department of Education	N/A	(2)	81,790
Technology Grant - State Library and Archives	N/A	(2)	4,221
 Total State Grants			\$ 2,188,911

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 \$5,441,754.
- (4) 110618: \$887,942; 100297: \$174,733.
- (5) Z-14-GHS-330: \$21,472; Z-14-GHS-329: \$39,878.
- (6) 30504-00114-41: \$804; 30504-00114-53: \$1,750.
- (7) 30510-00113-83: \$1,463; 30510-00213-33: \$203,025.
- (8) 34101-38611: \$1,284; 34101-15912: \$60,320.

Sumner County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2014

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Sumner County, Tennessee, for the year ended June 30, 2013, which have not been corrected.

OFFICES OF COUNTY EXECUTIVE AND DIRECTOR OF FINANCE

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-001	209	Both Sumner County and the City of Hendersonville claim ownership of the Hendersonville Library
2013-003	211	The Buildings and Codes Department had deficiencies in the collection of adequate facilities taxes

SUMNER COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

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 no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Highway Planning and Construction Program (CFDA No. 20.205), the Title I Grants to Local Educational Agencies (CFDA No. 84.010), the Improving Teacher Quality State Grants (CFDA No. 84.367), 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 \$655,320 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 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 2014-001

THE BUILDING AND CODES DEPARTMENT HAD DEFICIENCIES IN THE COLLECTIONS OF ADEQUATE FACILITIES TAXES

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

Sumner County adopted Chapter 57, Private Acts of 1999, titled 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 Building and Codes Department does not reconcile building permits issued by the cities of Gallatin and Hendersonville with AFT collections to verify that the county's AFT has been collected prior to the issuance of building permits. We were advised by the cities that the City of Hendersonville provides copies of each of its building permits issued to the county's Office of Assessor of Property monthly, and the City of Gallatin provides an electronic listing of its building permits issued to the county's Building and Codes Department weekly. However, these city-provided documents are not utilized by the county for reconciliation purposes. The failure to reconcile city building permits with AFT collections increases the risks that the AFT may not be collected in full and could result 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 Building and Codes Department to receive needed supporting documentation from the cities to properly reconcile building permits to AFT collections.

RECOMMENDATION

The Building and Codes Department should reconcile all Adequate Facilities Tax collections with both county and city building permits. Sumner County 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 Building and Codes Department. However, the Building and Codes 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 Building and Codes 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. We were apprised by the former Building and Codes Department director that he could not obtain the necessary information from the cities to perform the requested reconciliations. This matter has been forwarded to the current Building and Codes Department director and to the Sumner County Commission's Audit Committee. Additionally, Sumner County does not have any authority to require incorporated cities to enter into formal agreements for "the 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."

AUDITOR'S COMMENT

Chapter 57, Private Acts of 1999, provides that 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.

FINDING 2014-002

THE SELF-INSURANCE FUND HAD A DEFICIT IN UNRESTRICTED NET POSITION

(Noncompliance Under *Government Auditing Standards*)

The Self-Insurance Fund had a deficit of \$861,914 in unrestricted net position at June 30, 2014. This deficit resulted from the recognition of liabilities in the financial statements for claims and judgments totaling \$3,838,727 at year-end. This deficit in net position resulted from estimated/actual claims exceeding available resources.

RECOMMENDATION

County officials should liquidate the deficit in unrestricted net position of the Self-Insurance Fund and should closely monitor activity in the fund to prevent the recurrence of a deficit.

MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE

The Sumner County Commission and the committees responsible for the operation of the self-insurance programs are well aware of the deficit and are using a multifaceted approach to eliminate this deficit. This fund contains three distinct programs, which are maintained in three distinct sub-funds: self-insured casualty insurance program (on-the-job injury program in lieu of workman's compensation and liability insurance), self-insured health insurance program, and self-insured dental insurance program. Two of these programs, the self-insured casualty insurance program and the self-insured health insurance program, are the drivers behind the overall fund's deficit in unrestricted net position.

Although not a deficit, the unrestricted net position of the self-insured casualty insurance program has steadily deteriorated over the past years. From fiscal year 2011, the net position has gone from \$3,355,412 to \$1,084,831. The premiums for the self-insured casualty insurance program were not increased for many years. Starting in fiscal year 2013, the rates have been steadily increased to stop this deterioration (2013-10%, 2014-15%, and 2015-30%). An additional 30 percent increase is requested for fiscal year 2016, which is anticipated to stabilize this sub-fund's net position.

The self-insured health insurance program has had a deficit in unrestricted net position for many years. On December 31, 2014, the school board's classified employees, approximately 67 percent of the participants, withdrew from the program. This withdrawal resulted in the necessity to liquidate approximately 67 percent of run-off claims (\$2,252,023) within a short period of time after the withdrawal. Therefore, to eliminate the deficit in unrestricted net position and to prevent a cash overdraft for the fund, the Employee Benefits Committee requested \$3 million. The \$3 million was appropriated by the Sumner County Commission on November 17, 2014, and transferred from the county's General Fund on January 5, 2015. This eliminated the program's deficit and is projected to create an adequate reserve to cover up to two times the catastrophic claims insurance coverage's self-insured portion. Additionally, the Employee Benefits Committee has committed to establishing health insurance premiums from annual actuarial valuations, which should significantly improve matching the projected costs with the premium charged.

FINDING 2014-003

**AMOUNTS WITHHELD FROM CONTRACTOR PAYMENTS
WERE NOT DEPOSITED INTO AN ESCROW ACCOUNT**
(Noncompliance Under *Government Auditing Standards*)

The county did not deposit amounts withheld from contractor payments into an escrow account related to a \$2,500,000 construction contract for a new emergency response complex. Section 66-34-104, *Tennessee Code Annotated*, requires that funds withheld from contractor payments be deposited into an escrow account with a third party for contracts of \$500,000 or more. This deficiency could result in the loss of interest earnings for the contractor.

RECOMMENDATION

Amounts withheld from contractor payments on contracts of \$500,000 or more should be deposited into an escrow account in compliance with state statute.

MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE

It has been the policy of the Sumner County Finance Department to issue two purchase orders (one to the contractor and one to the bank for retainage [an escrow account]), when applicable, in order to ensure proper payment. However, on February 9, 2012, we were apprised by the Tennessee Department of Transportation (TDOT) to no longer withhold retainage on TDOT grants based on 49CFR26.29(b)(1)-(3).

The new emergency response complex involves a \$2,000,000 Community Development Block Grant, which may be subject to 49CFR26.29(b)(1)-(3). Before the first payment was made on the contract, we were notified that the contractor's funds had been assigned to Northern Escrow, Inc., per the company's bond agreement. Therefore there were two issues with the retainage payments: (1) should it be withheld, and (2) if withheld, what name should appear on the account (the contractor or the escrow company). Before any resolution was reached on the disposition of the \$11,911, payments were stopped by the county due to failure to perform. Subsequently, the county filed suit and made a claim against the contractor's bond.

AUDITOR'S COMMENT

Section 66-34-104, *Tennessee Code Annotated*, requires that funds withheld from contractor payments be deposited into an escrow account with a third party for contracts of \$500,000 or more.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2014-004

THE BILLING SOFTWARE DID NOT IDENTIFY THE USER WHO PROCESSED TRANSACTIONS

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

Although a password was required for accessing the office's accounting software, the software did not record the user who processed each transaction. Since the vendor did not design the system with these controls, the employee responsible for this activity would not be easily identified if inappropriate activity were to occur. Sound business practices dictate that each transaction be identified to the individual creating the transaction. The office implemented a new software application in August 2014. The new application identifies the user who processed transactions; therefore, this deficiency has been corrected.

FINDING 2014-005

THE CHILDCARE PROGRAM DID NOT ISSUE PRENUMBERED RECEIPTS

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

In-lieu-of using prenumbered receipt stock, the office generated receipts on plain paper. Because the software allowed the user to reset the receipt numbers, duplicate receipt numbers could be assigned or a gap in receipt numbers could be created. This is a violation of Section 9-2-104, *Tennessee Code Annotated*, which provides for receipts to be prenumbered consecutively. In-lieu-of prenumbered receipts, computer-generated receipts may be printed on plain paper only if the receipt number is generated by the software and cannot be manipulated. Sound business practices dictate that adequate controls over receipts should be implemented. The office implemented a new software application in August 2014. The new application assigns a receipt number that cannot be manipulated by the user; therefore, this deficiency has been corrected.

SUMNER COUNTY

FINDING 2014-006

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

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

For the last several years, both Sumner County and the City of Hendersonville reflect the Hendersonville Library as a capital asset in each of their financial statements. Currently, the City of Hendersonville maintains the property, but the county pays all employees who work at the library. 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 the city's name. Prior to the construction of the library, Sumner County and the City of Hendersonville did not have a formal, written document signed by both parties specifying the terms and conditions detailing ownership.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE

The Hendersonville Library is booked as a county asset based on the July 17, 2006, Sumner County Commission resolution. It is not within my purview to forgo the rights to county property. This matter was brought to the Sumner County Audit Committee. This committee has forwarded the issue to the Sumner County Legislative Committee for consideration with a recommendation to relinquish any rights of ownership to the library to the City of Hendersonville, subject to it remaining a library indefinitely and being available to all Sumner County citizens. Ultimately, this matter can only be resolved between the Sumner County Commission and the City of Hendersonville's Board of Mayor and Aldermen.

FINDING 2014-007

THE COUNTY'S AUDIT COMMITTEE IS NOT A FUNCTIONING COMMITTEE (Noncompliance Under *Government Auditing Standards*)

Sumner County participates in the ThreeStar Program through the Tennessee Department of Economic and Community Development to assist the county's community development efforts in competing for jobs and attracting industry. One of the requirements of the ThreeStar Program is that the county must create and maintain an Audit Committee. Sumner County created an Audit Committee on February 27, 2012, as provided by Section 9-3-405, *Tennessee Code Annotated*; however, there are no minutes to document that this Audit Committee met or conducted any business during the fiscal year. Without a functioning Audit Committee, the County Commission does not have independent and objective reviews of the financial reporting process, internal controls, the audit function, and monitoring management's plans to address various risks.

RECOMMENDATION

The county's Audit Committee should be a functioning committee, maintain minutes of its meetings, and annually present a written committee report detailing how it discharged its duties and any committee recommendations to the full County Commission.

MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE

It is the purview of the Sumner County Audit Committee's Chairman to call meetings for this committee. Based on the 2013 fiscal year audit results, the chairman of the committee apprised me that he did not see the necessity of a committee meeting. Subsequent to the fiscal year, the Sumner County Audit Committee met on February 23, 2015, to discuss the 2013 audit findings and the progression-to-date of the fiscal year 2014 audit.

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

There were no findings and questioned costs for federal awards.

BEST PRACTICE

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below 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.

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.

SUMNER COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2014

There were no audit findings relative to federal awards presented in the current-year's Schedule of Findings and Questioned Costs. There was an audit finding relative to federal awards presented in the prior-year's Schedule of Findings and Questioned Costs.

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

FINDING 2013-007

Sumner County updated its inventory listings and tags for all federal equipment.