
ANNUAL FINANCIAL REPORT CUMBERLAND COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2014



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

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

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

***STEVE REEDER, CPA, CGFM, CFE
Audit Manager***

***ANITA SCARLETT, CPA
Auditor 4***

***JIMMY HODGES, CFE
EMILY COPE
DOUG SANDIDGE, CISA, CFE
State Auditors***

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

CUMBERLAND COUNTY, TENNESSEE

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Summary of Audit Findings

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

Scope

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

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF FINANCE DIRECTOR

- ◆ The office had budget deficiencies.

OFFICES OF CLERK AND MASTER AND REGISTER OF DEEDS

- ◆ Multiple employees operated from the same cash drawer.

INTRODUCTORY SECTION

Cumberland County Officials

June 30, 2014

Officials

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

Board of County Commissioners

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

Board of Education

James Blalock, Chairman	
David Bowman	Richard Janeway
Sandra Brewer	Daniel Schlafer
Gordon Davis	Josh Stone
Vivian Hutson	Dr. Charles Tollett

Cumberland County Railroad Authority Board of Directors

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

Cumberland County Officials (Cont.)

Financial Management Committee

Kenneth Carey, Jr., County Mayor, Chairman
Scott Blaylock, Road Superintendent
Donald Andrews, Director of Schools
Michael Harvel
Nancy Hyder
Carmin Lynch
Johnny Presley

Audit Committee

Sonya Rimmer, Chairman
Glenn Harper
Dennis Hinch
Jan McNeil
Harry Sabine

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

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cumberland 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 Cumberland County Emergency Communications District, which represent 2.02 percent, 1.5 percent, and 1.56 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Cumberland County Emergency Communications District, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards

generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cumberland County, Tennessee, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the General and Solid Waste/Sanitation 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., Cumberland 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

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

financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedules of funding progress – pension plan and other postemployment benefits plan on pages 81 - 83 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 Cumberland 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 Fund, combining and individual fund financial statements of the Cumberland County School Department and the Cumberland County Railroad Authority (discretely presented component units), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Cumberland County School Department and the Cumberland County Railroad Authority (discretely presented component units), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Cumberland County School Department and the Cumberland County Railroad Authority (discretely presented component units),

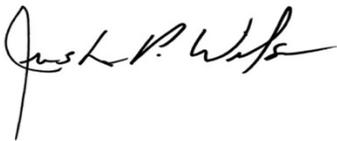
and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 November 26, 2014, on our consideration of Cumberland 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 Cumberland County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 26, 2014

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Cumberland County, Tennessee
Statement of Net Position
June 30, 2014

	Primary Governmental Activities	Component Units			
		Cumberland County School Department	Cumberland County Railroad Authority	Cumberland County Emergency Communications District	
Cash	\$ 23,928	\$ 500	\$ 0	\$ 0	\$ 412,802
Equity in Pooled Cash and Investments	17,713,803	5,294,419	48,200	0	0
Inventories	0	218,258	0	0	0
Accounts Receivable	15,046,082	1,986	0	0	87,790
Allowance for Uncollectibles	(13,849,943)	0	0	0	0
Due from Other Governments	1,751,276	1,744,764	0	0	0
Due from Component Units	2,611,448	0	0	0	0
Property Taxes Receivable	13,053,418	9,350,585	0	0	0
Allowance for Uncollectible Property Taxes	(497,641)	(356,477)	0	0	0
Prepaid Expenses	0	0	0	0	68,416
Capital Assets					
Assets Not Depreciated:					
Land	2,133,553	2,088,454	0	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	30,164,099	58,472,176	0	0	787,360
Infrastructure	21,213,515	771,716	0	0	0
Other Capital Assets	4,056,661	2,997,160	0	0	303,449
Total Assets	\$ 93,420,199	\$ 80,583,541	\$ 48,200	\$ 0	\$ 1,659,817

DEFERRED OUTFLOWS OF RESOURCES

Accumulated Decrease in Fair Value of Hedging Derivatives	\$ 3,396,172
Total Deferred Inflows of Resources	\$ 3,396,172

LIABILITIES

Accounts Payable	\$ 447,669	\$ 172,952	\$ 0	\$ 0	\$ 79,300
Accrued Payroll	0	126,101	0	0	2,996
Accrued Interest Payable	74,114	0	0	0	0
Payroll Deductions Payable	777	4,414	0	0	989
Compensated Absences Payable	0	0	0	0	1,682

(Continued)

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

	Component Units			
	Primary Governmental Activities	Cumberland County School Department	Cumberland County Railroad Authority	Cumberland County Emergency Communications District
<u>LIABILITIES (CONT.)</u>				
Due to Primary Government	0	2,611,448	0	0
Matured Bonds Payable	30,000	0	0	0
Matured Interest on Bonds	8,058	0	0	0
Derivative - Interest Rate Swap	3,396,172	0	0	0
Noncurrent Liabilities:				
Due Within One Year	2,826,930	3,729	0	56,362
Due in More Than One Year	58,988,853	4,768,104	0	542,724
Total Liabilities	<u>\$ 65,772,573</u>	<u>\$ 7,686,748</u>	<u>\$ 0</u>	<u>\$ 684,053</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Revenue - Current Property Taxes	12,279,716	8,796,358	0	0
Total Deferred Inflows of Resources	<u>\$ 12,279,716</u>	<u>\$ 8,796,358</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	43,745,200	64,329,506	0	491,723
Restricted for:				
General Government	1,564,956	0	0	0
Finance	5,159	0	0	0
Administration of Justice	97,400	0	0	0
Public Safety	294,907	0	0	0
Public Health and Welfare	53,410	0	0	0
Highways	938,620	0	0	0
Education	0	1,177,470	0	0
Debt Service	10,274,254	0	0	0
Capital Outlay	106,906	0	0	0
Unrestricted	<u>(38,316,730)</u>	<u>(1,406,541)</u>	<u>48,200</u>	<u>484,041</u>
Total Net Position	<u>\$ 18,764,082</u>	<u>\$ 64,100,435</u>	<u>\$ 48,200</u>	<u>\$ 975,764</u>

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

Exhibit B

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Cumberland County School Department	Cumberland County Railroad Authority	Cumberland County Emergency Communications District		
Primary Government:										
Governmental Activities:										
General Government	\$ 3,819,220	\$ 537,314	\$ 15,022	\$ 74,914	\$ (3,191,970)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	1,982,436	1,229,487	0	0	(752,949)	0	0	0	0	0
Administration of Justice	1,913,470	1,111,775	59,000	0	(742,695)	0	0	0	0	0
Public Safety	8,934,310	1,942,425	180,735	0	(6,811,150)	0	0	0	0	0
Public Health and Welfare	6,812,985	1,987,147	1,213,492	1,125,759	(2,486,587)	0	0	0	0	0
Social, Cultural, and Recreational Services	1,125,731	76,880	123,606	8,743	(916,502)	0	0	0	0	0
Agriculture and Natural Resources	191,052	0	9,000	0	(182,052)	0	0	0	0	0
Highways	3,578,974	0	2,189,607	226,729	(1,162,638)	0	0	0	0	0
Interest on Long-term Debt	1,656,382	0	0	0	(1,656,382)	0	0	0	0	0
Total Primary Government	\$ 30,014,560	\$ 6,885,028	\$ 3,790,462	\$ 1,436,145	\$ (17,902,925)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:										
School Department	\$ 60,138,870	\$ 1,122,426	\$ 7,435,153	\$ 0	\$ 0	\$ (51,581,291)	\$ 0	\$ 0	\$ 0	\$ 0
Railroad Authority	771,552	0	764,237	0	0	0	(7,315)	0	0	0
Emergency Communications District	1,058,502	396,694	332,605	0	0	0	0	(329,203)	0	0
Total Component Units	\$ 61,968,924	\$ 1,519,120	\$ 8,531,995	\$ 0	\$ 0	\$ (51,581,291)	\$ (7,315)	\$ (329,203)	\$ 0	\$ 0

(Continued)

Exhibit B

Cumberland County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Program Revenues			Component Units			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total	Cumberland County School Department	Cumberland County Railroad Authority	Cumberland County Emergency Communications District
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 9,621,474	\$ 8,859,871	\$ 0	\$ 0
Property Taxes Levied for Debt Service				2,771,702	0	0	0
Local Option Sales Taxes				2,486,533	7,890,556	0	0
Hotel/Motel Tax				741,098	0	0	0
Litigation Taxes				454,718	0	0	0
Business Tax				662,618	4,773	0	0
Wholesale Beer Tax				371,158	0	0	0
Mixed Drink Tax				0	172,382	0	0
Mineral Severance Tax				144,109	0	0	0
Other Local Taxes				10,214	6,143	0	0
Grants and Contributions Not Restricted to Specific Programs				1,802,711	31,660,545	0	194,021
Unrestricted Investment Earnings				32,252	1,614	0	628
Miscellaneous				39,850	240,069	9,601	0
Total General Revenues				\$ 19,138,437	\$ 48,835,953	\$ 9,601	\$ 194,649
Insurance Recovery				\$ 16,173	\$ 0	\$ 0	\$ 0
Change in Net Position				\$ 1,251,685	\$ (2,745,338)	\$ 2,286	\$ (134,554)
Net Position, July 1, 2013				17,512,397	66,845,773	45,914	1,114,314
Prior-period Adjustment - See Note VI.G.				0	0	0	(3,996)
Net Position, June 30, 2014				\$ 18,764,082	\$ 64,100,435	\$ 48,200	\$ 975,764

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

Exhibit C-1

Cumberland County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Other Governmental Funds		
\$	200	200	0	23,528		23,928
5,900,786	859,607	9,983,478	969,932	17,713,803		17,713,803
15,011,070	17,611	0	17,401	15,046,082		15,046,082
(13,849,943)	0	0	0	(13,849,943)		(13,849,943)
936,273	22,243	341,250	451,510	1,751,276		1,751,276
40,929	0	0	0	40,929		40,929
8,452,929	1,683,107	2,917,382	0	13,053,418		13,053,418
(322,255)	(64,166)	(111,220)	0	(497,641)		(497,641)
\$ 16,169,989	2,518,602	13,130,890	1,462,371	33,281,852		33,281,852

ASSETS

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

Total Assets

LIABILITIES

Accounts Payable
 Payroll Deductions Payable
 Due to Other Funds
 Matured Bonds Payable
 Matured Interest on Bonds
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

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

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Other	Governmental Funds	
Restricted:						
Restricted for General Government	\$ 431,732	\$ 0	\$ 0	\$ 137,252	\$ 568,984	
Restricted for Finance	5,159	0	0	0	5,159	
Restricted for Administration of Justice	97,400	0	0	0	97,400	
Restricted for Public Safety	67,627	0	0	227,280	294,907	
Restricted for Public Health and Welfare	23,645	0	0	0	23,645	
Restricted for Highways/Public Works	0	0	0	796,390	796,390	
Restricted for Capital Outlay	58,149	0	0	0	58,149	
Restricted for Debt Service	0	0	10,123,228	0	10,123,228	
Restricted for Capital Projects	0	0	0	48,757	48,757	
Committed:						
Committed for Public Health and Welfare	0	852,909	0	0	852,909	
Unassigned	6,158,172	0	0	0	6,158,172	
Total Fund Balances	\$ 6,841,884	\$ 852,909	\$ 10,123,228	\$ 1,209,679	\$ 19,027,700	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 16,169,989	\$ 2,518,602	\$ 13,130,890	\$ 1,462,371	\$ 33,281,852	

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

Exhibit C-2

Cumberland County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net 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)		\$ 19,027,700
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,133,553	
Add: buildings and improvements net of accumulated depreciation	30,164,099	
Add: infrastructure net of accumulated depreciation	21,213,515	
Add: other capital assets net of accumulated depreciation	<u>4,056,661</u>	57,567,828
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other loans payable	\$ (59,645,932)	
Less: compensated absences payable	(930,855)	
Less: landfill postclosure care costs	(718,356)	
Less: other postemployment benefits liability	(507,422)	
Less: accrued interest on other loans	(74,114)	
Less: other deferred revenue - premium on debt	(13,218)	
Add: debt to be contributed by the School Department	<u>2,611,448</u>	(59,278,449)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,447,003</u>
Net position of governmental activities (Exhibit A)		<u>\$ 18,764,082</u>

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

Exhibit C-3

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Other Governmental Funds		
<u>Revenues</u>						
Local Taxes	\$ 10,702,158	\$ 1,598,935	\$ 4,921,934	\$ 195,798	\$ 17,418,825	
Licenses and Permits	259,132	0	0	0	259,132	
Fines, Forfeitures, and Penalties	225,655	0	0	54,137	279,792	
Charges for Current Services	2,574,482	6,232	0	4,196	2,584,910	
Other Local Revenues	146,583	364,179	51,500	22,121	584,383	
Fees Received from County Officials	2,445,865	0	0	0	2,445,865	
State of Tennessee	4,102,738	405,087	0	2,423,867	6,931,692	
Federal Government	245,227	0	0	549,129	794,356	
Other Governments and Citizens Groups	658,173	0	364,320	120,000	1,142,493	
Total Revenues	\$ 21,360,013	\$ 2,374,433	\$ 5,337,754	\$ 3,369,248	\$ 32,441,448	
<u>Expenditures</u>						
Current:						
General Government	\$ 3,114,431	\$ 0	\$ 0	\$ 20,730	\$ 3,135,161	
Finance	1,892,110	0	0	96	1,892,206	
Administration of Justice	1,887,138	0	0	600	1,887,738	
Public Safety	8,361,934	0	0	40,030	8,401,964	
Public Health and Welfare	4,527,323	2,921,630	0	0	7,448,953	
Social, Cultural, and Recreational Services	896,355	0	0	0	896,355	
Agriculture and Natural Resources	169,357	0	0	0	169,357	
Other Operations	848,141	110,396	0	669	959,206	
Highways	0	74,943	0	2,729,751	2,804,694	
Debt Service:						
Principal on Debt	0	0	2,843,709	0	2,843,709	
Interest on Debt	0	0	1,669,297	0	1,669,297	
Other Debt Service	0	0	81,124	0	81,124	

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Other Governmental Funds		
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 630,372	\$ 630,372	\$ 630,372
Total Expenditures	\$ 21,696,789	\$ 3,106,969	\$ 4,594,130	\$ 3,422,248	\$ 32,820,136	\$ 32,820,136
Excess (Deficiency) of Revenues Over Expenditures	\$ (336,776)	\$ (732,536)	\$ 743,624	\$ (53,000)	\$ (378,688)	\$ (378,688)
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 16,173	\$ 0	\$ 0	\$ 0	\$ 16,173	\$ 16,173
Transfers In	0	0	0	154,622	154,622	154,622
Transfers Out	(154,622)	0	0	0	(154,622)	(154,622)
Total Other Financing Sources (Uses)	\$ (138,449)	\$ 0	\$ 0	\$ 154,622	\$ 16,173	\$ 16,173
Net Change in Fund Balances	\$ (475,225)	\$ (732,536)	\$ 743,624	\$ 101,622	\$ (362,515)	\$ (362,515)
Fund Balance, July 1, 2013	7,317,109	1,585,445	9,379,604	1,108,057	19,390,215	19,390,215
Fund Balance, June 30, 2014	\$ 6,841,884	\$ 852,909	\$ 10,123,228	\$ 1,209,679	\$ 19,027,700	\$ 19,027,700

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

Exhibit C-4

Cumberland County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 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)		\$	(362,515)
(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	\$	2,196,327	
Less: current-year depreciation expense		<u>(2,182,293)</u>	14,034
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: book value of assets disposed			(47,821)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$	1,447,003	
Less: deferred delinquent property taxes and other deferred June 30, 2013		<u>(2,285,139)</u>	(838,136)
(4) The issuance of long-term debt (e.g., bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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 net effect of these differences in the treatment of long-term debt and related items:			
Add: change in premium on debt issuances	\$	20,710	
Add: principal payments on notes		768,465	
Add: principal payments on other loans		2,075,244	
Less: contributions from the School Department for other loans		<u>(301,740)</u>	2,562,679
(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	\$	12,915	
Change in compensated absences payable		(49,115)	
Change in landfill postclosure care costs		3,640	
Change in other postemployment benefits liability		<u>(43,996)</u>	(76,556)
Change in net position of governmental activities (Exhibit B)			<u>\$ 1,251,685</u>

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

Exhibit C-5

Cumberland County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 10,702,158	\$ 10,416,725	\$ 10,458,805	\$ 243,353
Licenses and Permits	259,132	232,000	232,000	27,132
Fines, Forfeitures, and Penalties	225,655	210,600	210,600	15,055
Charges for Current Services	2,574,482	2,828,307	2,828,307	(253,825)
Other Local Revenues	146,583	135,100	143,155	3,428
Fees Received from County Officials	2,445,865	2,492,750	2,492,750	(46,885)
State of Tennessee	4,102,738	4,099,950	4,466,281	(363,543)
Federal Government	245,227	101,024	588,793	(343,566)
Other Governments and Citizens Groups	658,173	678,110	663,498	(5,325)
Total Revenues	\$ 21,360,013	\$ 21,194,566	\$ 22,084,189	\$ (724,176)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 1,410,699	\$ 1,132,264	\$ 1,882,264	\$ 471,565
Board of Equalization	3,105	3,300	3,300	195
Beer Board	521	1,000	1,000	479
Other Boards and Committees	1,690	5,000	5,000	3,310
County Mayor/Executive	228,249	235,180	235,180	6,931
County Attorney	38,628	60,000	60,000	21,372
Election Commission	365,248	309,034	383,948	18,700
Register of Deeds	302,121	323,713	323,713	21,592
Engineering	62,069	221,044	221,044	158,975
County Buildings	561,840	594,046	594,046	32,206
Other General Administration	116,045	124,798	124,798	8,753
Preservation of Records	24,216	26,692	26,692	2,476
<u>Finance</u>				
Accounting and Budgeting	394,799	442,082	442,082	47,283
Property Assessor's Office	589,106	591,082	599,709	10,603
County Trustee's Office	325,661	324,460	328,922	3,261
County Clerk's Office	582,544	574,144	587,324	4,780
<u>Administration of Justice</u>				
Circuit Court	595,284	600,842	606,842	11,558
General Sessions Court	327,965	253,539	334,979	7,014
Chancery Court	231,771	250,566	262,566	30,795
Juvenile Court	111,038	118,178	118,178	7,140
Judicial Commissioners	184,770	202,169	202,169	17,399
Probate Court	228,503	231,414	231,414	2,911
Courtroom Security	207,807	219,094	219,094	11,287
<u>Public Safety</u>				
Sheriff's Department	2,784,642	2,856,224	2,878,324	93,682
Drug Enforcement	13,475	14,000	14,000	525
Jail	3,480,364	3,612,053	3,612,053	131,689
Juvenile Services	161,293	178,892	186,142	24,849
Fire Prevention and Control	801,035	850,173	850,280	49,245
Civil Defense	120,208	125,366	125,366	5,158
Rescue Squad	6,414	8,550	8,550	2,136
Other Emergency Management	900,600	935,670	935,670	35,070
County Coroner/Medical Examiner	70,000	70,000	70,000	0
Other Public Safety	23,903	27,172	27,172	3,269

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 919,283	\$ 978,164	\$ 1,121,354	\$ 202,071
Rabies and Animal Control	55,305	67,575	67,575	12,270
Ambulance/Emergency Medical Services	3,285,702	3,224,549	3,236,149	(49,553)
Alcohol and Drug Programs	99,182	99,548	99,548	366
Other Local Health Services	6,922	26,218	26,218	19,296
Appropriation to State	43,125	57,500	57,500	14,375
Other Public Health and Welfare	117,804	122,516	126,002	8,198
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	25,775	25,775	25,775	0
Libraries	609,091	605,063	615,028	5,937
Parks and Fair Boards	244,389	199,129	294,930	50,541
Other Social, Cultural, and Recreational	17,100	17,100	17,100	0
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	88,143	91,111	91,111	2,968
Soil Conservation	81,214	82,436	82,436	1,222
<u>Other Operations</u>				
Tourism	45,000	725,226	45,000	0
Other Economic and Community Development	84,000	52,500	411,300	327,300
Veterans' Services	59,806	62,390	71,165	11,359
Other Charges	468,842	516,750	516,750	47,908
Employee Benefits	119,096	159,000	142,477	23,381
Miscellaneous	71,397	74,000	74,000	2,603
Total Expenditures	\$ 21,696,789	\$ 22,708,291	\$ 23,623,239	\$ 1,926,450
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (336,776)	\$ (1,513,725)	\$ (1,539,050)	\$ 1,202,274
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 16,173	\$ 0	\$ 0	\$ 16,173
Transfers Out	(154,622)	(144,623)	(154,623)	1
Total Other Financing Sources	\$ (138,449)	\$ (144,623)	\$ (154,623)	\$ 16,174
Net Change in Fund Balance	\$ (475,225)	\$ (1,658,348)	\$ (1,693,673)	\$ 1,218,448
Fund Balance, July 1, 2013	7,317,109	5,961,550	5,961,550	1,355,559
Fund Balance, June 30, 2014	\$ 6,841,884	\$ 4,303,202	\$ 4,267,877	\$ 2,574,007

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

Exhibit C-6

Cumberland County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,598,935	\$ 1,570,067	\$ 1,570,067	\$ 28,868
Charges for Current Services	6,232	5,000	5,000	1,232
Other Local Revenues	364,179	400,200	400,200	(36,021)
State of Tennessee	405,087	409,500	526,231	(121,144)
Other Governments and Citizens Groups	0	2,865	2,865	(2,865)
Total Revenues	<u>\$ 2,374,433</u>	<u>\$ 2,387,632</u>	<u>\$ 2,504,363</u>	<u>\$ (129,930)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 228,600	\$ 304,428	\$ 304,428	\$ 75,828
Convenience Centers	1,069,519	1,103,354	1,103,354	33,835
Recycling Center	1,549,993	1,271,842	1,424,272	(125,721)
Postclosure Care Costs	73,518	162,765	162,765	89,247
<u>Other Operations</u>				
Other Charges	32,059	55,000	55,000	22,941
Employee Benefits	78,337	89,000	89,000	10,663
<u>Highways</u>				
Litter and Trash Collection	74,943	82,106	82,106	7,163
Total Expenditures	<u>\$ 3,106,969</u>	<u>\$ 3,068,495</u>	<u>\$ 3,220,925</u>	<u>\$ 113,956</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (732,536)</u>	<u>\$ (680,863)</u>	<u>\$ (716,562)</u>	<u>\$ (15,974)</u>
Net Change in Fund Balance	\$ (732,536)	\$ (680,863)	\$ (716,562)	\$ (15,974)
Fund Balance, July 1, 2013	<u>1,585,445</u>	<u>1,350,156</u>	<u>1,350,156</u>	<u>235,289</u>
Fund Balance, June 30, 2014	<u>\$ 852,909</u>	<u>\$ 669,293</u>	<u>\$ 633,594</u>	<u>\$ 219,315</u>

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

Exhibit D

Cumberland County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,122,982
Equity in Pooled Cash and Investments	2,611
Due from Other Governments	<u>1,260,859</u>
Total Assets	<u>\$ 2,386,452</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 2,611
Due to Litigants, Heirs, and Others	1,122,982
Due to Other Taxing Units	<u>1,260,859</u>
Total Liabilities	<u>\$ 2,386,452</u>

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

CUMBERLAND COUNTY, TENNESSEE
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CUMBERLAND COUNTY, TENNESSEE
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CUMBERLAND COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

The Cumberland County School Department operates the public school system in the county, and the voters of Cumberland County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

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

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

funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

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

Administrative Office:

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net 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 Cumberland 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 Cumberland County School Department and the Cumberland County Railroad Authority, component units, only report governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other

items not properly included among program revenues are reported instead as general revenues.

Cumberland County issues all debt for the discretely presented Cumberland County School Department. There were no debt issues contributed by the county to the School Department during the year ended June, 30, 2014.

Separate financial statements are provided for governmental funds and fiduciary funds. 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 fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

Fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds, which have no measurement focus. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Cumberland County reports the following major governmental funds:

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

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

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

Additionally, Cumberland County reports the following fund types:

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

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

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

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

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

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

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

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

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds, the discretely presented Cumberland County School Department, and the discretely presented Cumberland County Railroad Authority. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is

assigned to the General Fund. Cumberland County, the School Department, and the Railroad Authority have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

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

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

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.

3. Inventories

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

4. Capital Assets

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

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

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

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

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

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

5. 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 accumulated decrease in fair value of hedging derivatives reported in the government-wide Statement of Net Position. An accumulated decrease in fair value of hedging derivatives results from the estimated fair value of the interest rate swaps on June 30, 2014. The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps. See Note IV.B.

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

Cumberland County and the discretely presented Cumberland County School Department permit employees to accumulate a limited amount of earned but unused vacation benefits, which will be paid to

employees upon separation of service or annually upon request if certain circumstances apply. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

7. **Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, landfill postclosure care costs, and other postemployment 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 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, Cumberland County had \$45,836,522 in outstanding debt for capital purposes for the discretely presented Cumberland County School Department. This debt is a liability of Cumberland County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Cumberland County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's

highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution authorized the county's Budget Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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

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 Cumberland County School Department

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

Discretely Presented Cumberland County Railroad Authority

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

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

Primary Government

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

Discretely Presented Cumberland County School Department

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

Discretely Presented Cumberland County Railroad Authority

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

B. Cash Shortage – Prior Year

The Comptroller’s Division of Investigations, Financial and Compliance Unit issued an investigative report dated August 26, 2013, on the Cumberland County Veteran’s Service Office (VSO), an organization to assist veterans and needy veteran families to obtain government benefits. A cash shortage of at least \$134,244.58 was identified in the VSO. This amount could be greater because no records of donations made to the VSO were maintained by the veteran service officer who admitted to investigators that he had borrowed funds. Therefore, investigators could not determine if all funds donated by individuals or organizations were properly remitted to the VSO. On October 3, 2014, the defendant pled guilty to theft over \$10,000, received an eight year suspended sentence, and paid \$50,000 in restitution. The remaining \$50,000 in restitution is to be paid at \$175 per week through the Cumberland County Office of Circuit Court.

C. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations in the Central Cafeteria Fund by \$13,042. Also, expenditures exceeded appropriations in the following funds’ major appropriation categories (the legal level of control):

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General	
Ambulance/Emergency Medical Services	\$ 49,553
Solid Waste/Sanitation	
Recycling Center	125,721

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 and Solid Waste/Sanitation funds and by greater than anticipated revenues in the Central Cafeteria Fund.

D. Actual Fund Balances Exceeded Estimated Beginning Fund Balances by Material Amounts

The General, Solid Waste/Sanitation, and General Debt Service funds’ actual fund balances at July 1, 2013, exceeded the estimated fund balances presented to the County Commission during the budget approval process by the following amounts:

Fund	Actual Fund Balance 7-1-13	Estimated Fund Balance 7-1-13	Amount Underreported
General	\$ 7,317,109	\$ 5,961,550	\$ 1,355,559
Solid Waste/Sanitation	1,585,445	1,350,156	235,289
General Debt Service	9,379,604	8,016,616	1,362,988

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

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

<u>Investment</u>	Weighted Average Maturities (days)	Fair Value
State Treasurer's Investment Pool	109	\$ 245,006

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Cumberland County has no investment policy that would further limit its investment choices. As of June 30, 2014, Cumberland County's investment in the State Treasurer's Investment Pool was unrated.

B. Derivative Instruments

At June 30, 2014, Cumberland County had the following derivative instruments outstanding:

<u>Instrument</u>	<u>Type</u>	<u>Objective</u>	<u>Original Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>
\$7.5M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	\$ 7,500,000	5-7-13	6-1-20	Pay 3.9% receive 63% of LIBOR
\$6.95M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	6,950,000	5-7-13	6-1-27	Pay 4.13% receive 63% of LIBOR
\$10M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	10,000,000	12-29-10	6-1-39	Pay 3.293% receive 59% of LIBOR

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2014, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2014 financial statements are as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2014</u>		6-30-14
	Classification	Amount	Classification	Amount	Notional Amount
Governmental Activities:					
Cash Flow Hedges:					
Pay-fixed interest					
rate swaps:					
\$7.5M Swap	Deferred	\$ 79,048	Debt	\$ (417,015)	\$ 5,010,000
	Outflow				
\$6.95M Swap	Deferred	(28,682)	Debt	(1,243,026)	6,650,000
	Outflow				
\$10M Swap	Deferred	(194,734)	Debt	(1,736,131)	10,000,000
	Outflow				
Totals		<u>\$ (144,368)</u>		<u>\$ (3,396,172)</u>	<u>\$ 21,660,000</u>

Derivative Swap Agreement Detail

\$7.5M Swap:

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

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

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.9 percent and receives a variable payment computed as 63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap had an original notional amount of \$7.5 million, and the associated variable-rate bond has a \$7.5 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-3-A Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2020. As of June 30, 2014, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.90 %
Variable payment from counterparty	% of LIBOR	<u>(1.07)</u>
Net interest rate swap payments		2.83 %
Variable-rate bond payments		<u>0.75</u>
Synthetic interest rate on bonds		<u><u>3.58 %</u></u>

Fair value. As of June 30, 2014, the swap had a negative fair value of \$417,015. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2014, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty, Morgan Keegan Financial Products, was rated A+ by Standard and Poor's as of June 30, 2014, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard and Poor's, and Fitch, respectively.

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

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

Swap payments and associated debt. As of June 30, 2014, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As

rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2015	\$ 575,000	\$ 37,499	\$ 141,733	\$	754,232
2016	610,000	33,195	125,466		768,661
2017	640,000	28,630	108,209		776,839
2018	670,000	23,839	90,104		783,943
2019	1,225,000	18,824	71,149		1,314,973
2020	1,290,000	9,656	36,494		1,336,150
Total	\$ 5,010,000	\$ 151,643	\$ 573,155	\$	5,734,798

\$6.95M Swap:

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

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

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.13 percent and receives a variable payment computed as 63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$6,650,000, and the associated variable-rate bond has a \$6,650,000 principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-3-A Bonds. The bonds’ variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (“SIFMA”). The bonds and the related swap agreement mature on June 1, 2027. As of June 30, 2014, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.13 %
Variable payment from counterparty	% of LIBOR	<u>(1.07)</u>
Net interest rate swap payments		3.06 %
Variable-rate bond payments		<u>0.75</u>
Synthetic interest rate on bonds		<u><u>3.81 %</u></u>

Fair value. As of June 30, 2014, the swap had a negative fair value of \$1,243,026. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2014, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty, Morgan Keegan Financial Products, was rated A+ by Standard and Poor's as of June 30, 2014, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard and Poor's, and Fitch, respectively.

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

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

Swap payments and associated debt. As of June 30, 2014, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As

rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2015	\$ 0	\$ 49,774	\$ 203,424	\$ 253,198
2016	0	49,774	203,424	253,198
2017	0	49,774	203,424	253,198
2018	0	49,774	203,424	253,198
2019	0	49,774	203,424	253,198
2020-2024	3,320,000	216,911	886,498	4,423,409
2025-2027	3,330,000	50,822	207,704	3,588,526
Total	<u>\$ 6,650,000</u>	<u>\$ 516,603</u>	<u>\$ 2,111,322</u>	<u>\$ 9,277,925</u>

\$10M Swap:

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

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

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.293 percent and receives a variable payment computed as 59 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$10 million, and the associated variable-rate bond has a \$10 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series VII-B-2 bonds. The bonds’ variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (“SIFMA”). The bonds and the related swap agreement mature on June 1, 2039. As of June 30, 2014, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.293 %
Variable payment from counterparty	% of LIBOR	<u>(1.003)</u>
Net interest rate swap payments		2.290 %
Variable-rate bond payments		<u>0.554</u>
 Synthetic interest rate on bonds		 <u><u>2.844 %</u></u>

Fair value. As of June 30, 2014, the swap had a negative fair value of \$1,736,131. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2014, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty, Morgan Keegan Financial Products, was rated A+ by Standard and Poor's as of June 30, 2014, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard and Poor's, and Fitch, respectively.

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

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

Swap payments and associated debt. As of June 30, 2014, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As

rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2015	\$ 0	\$ 55,398	\$ 229,000	\$ 284,398
2016	0	55,398	229,000	284,398
2017	0	55,398	229,000	284,398
2018	0	55,398	229,000	284,398
2019	0	55,398	229,000	284,398
2020-2024	0	276,992	1,145,000	1,421,992
2025-2029	0	276,992	1,145,000	1,421,992
2030-2034	3,300,000	259,265	1,071,720	4,630,985
2035-2039	6,700,000	114,815	474,603	7,289,418
Total	\$ 10,000,000	\$ 1,205,054	\$ 4,981,323	\$ 16,186,377

C. Capital Assets

Capital assets activity for the year ended June 30, 2014, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 1,760,163	\$ 373,390	\$ 0	\$ 2,133,553
Construction in Progress	228,192	0	(228,192)	0
Total Capital Assets Not Depreciated	<u>\$ 1,988,355</u>	<u>\$ 373,390</u>	<u>\$ (228,192)</u>	<u>\$ 2,133,553</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 35,179,555	\$ 1,266,675	\$ (24,131)	\$ 36,422,099
Roads and Bridges	35,901,896	60,000	0	35,961,896
Other Capital Assets	12,008,477	724,454	(196,517)	12,536,414
Total Capital Assets Depreciated	<u>\$ 83,089,928</u>	<u>\$ 2,051,129</u>	<u>\$ (220,648)</u>	<u>\$ 84,920,409</u>

Governmental Activities (Cont.):

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,620,633	\$ 647,902	\$ (10,535)	\$ 6,258,000
Roads and Bridges	13,966,850	781,531	0	14,748,381
Other Capital Assets	7,889,185	752,860	(162,292)	8,479,753
Total Accumulated Depreciation	<u>\$ 27,476,668</u>	<u>\$ 2,182,293</u>	<u>\$ (172,827)</u>	<u>\$ 29,486,134</u>
Total Capital Assets Depreciated, Net	<u>\$ 55,613,260</u>	<u>\$ (131,164)</u>	<u>\$ (47,821)</u>	<u>\$ 55,434,275</u>
Governmental Activities Capital Assets, Net	<u>\$ 57,601,615</u>	<u>\$ 242,226</u>	<u>\$ (276,013)</u>	<u>\$ 57,567,828</u>

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

Governmental Activities:

General Government	\$ 235,672
Finance	1,825
Administration of Justice	9,440
Public Safety	604,845
Public Health and Welfare	314,244
Social, Cultural, and Recreational Services	176,922
Highways	<u>839,345</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,182,293</u></u>

Discretely Presented Cumberland County School Department

Governmental Activities:

	Balance		Balance	
	7-1-13	Increases	Decreases	6-30-14
Capital Assets Not Depreciated:				
Land	\$ 2,088,454	\$ 0	\$ 0	\$ 2,088,454
Total Capital Assets Not Depreciated	<u>\$ 2,088,454</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,088,454</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 80,649,574	\$ 0	\$ 0	\$ 80,649,574
Infrastructure	1,415,163	0	0	1,415,163
Other Capital Assets	8,382,381	497,574	(53,700)	8,826,255
Total Capital Assets Depreciated	<u>\$ 90,447,118</u>	<u>\$ 497,574</u>	<u>\$ (53,700)</u>	<u>\$ 90,890,992</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 20,747,886	\$ 1,429,512	\$ 0	\$ 22,177,398
Infrastructure	592,301	51,146	0	643,447
Other Capital Assets	5,417,681	442,226	(30,812)	5,829,095
Total Accumulated Depreciation	<u>\$ 26,757,868</u>	<u>\$ 1,922,884</u>	<u>\$ (30,812)</u>	<u>\$ 28,649,940</u>
Total Capital Assets Depreciated, Net	<u>\$ 63,689,250</u>	<u>\$ (1,425,310)</u>	<u>\$ (22,888)</u>	<u>\$ 62,241,052</u>
Governmental Activities Capital Assets, Net	<u>\$ 65,777,704</u>	<u>\$ (1,425,310)</u>	<u>\$ (22,888)</u>	<u>\$ 64,329,506</u>

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

Governmental Activities:

Instruction	\$ 1,522,682
Support Services	356,274
Operation of Non-instructional Services	<u>43,927</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,922,884</u></u>

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 40,929
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	30,459

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 Unit:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
Primary Government:	Component Unit:	
Governmental Activities	School Department	\$ 2,611,448

The Due to Primary Government is the balance of other loans issued by the county for the School Department. The School Department has agreed to contribute funds annually to retire these other loans. These long-term obligations are reflected in the 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

Transfer Out	Transfer In Nonmajor Governmental Funds
General Fund	\$ 154,622

Discretely Presented Cumberland County School Department

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental funds	\$ 35,575

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.

E. Long-term Obligations

Primary Government

Notes and Other Loans

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

Other loans are direct obligations and pledge the full faith and credit of the government. Other loans outstanding were issued for original terms of up to 31 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All other loans included in long-term debt as of June 30, 2014, will be retired from the General Debt Service Fund.

Other loans 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
Other Loans	0 to 6 %	6-1-28	\$ 16,849,996	\$ 12,095,932
"	Variable	6-1-39	54,015,000	47,550,000

Cumberland County entered into various loan agreements with the Sevier County Public Building Authority and the Blount County Public Building Authority (PBAs) to finance various capital projects for Cumberland County and the discretely presented Cumberland County School Department. Under the loan agreements, the PBAs issued revenue bonds and made the proceeds available for loan to Cumberland County. In addition to repaying the loans, the county pays various other fees (trustee, debt remarketing, etc.) in connection with these loans. The following table summarizes loan agreements outstanding at June 30, 2014:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-14	Interest Type	Interest Rates as of 6-30-14	Approximate
					Fee Rates as of 6-30-14

Sevier County PBA:

Series V-E-1	\$ 10,365,000	\$ 6,945,000	Fixed	3 to 4.75 %	0 %
Series VII-B-2	28,300,000	26,225,000	Variable	2.844 to 3.293	0.251
Series VII-F-1	5,100,000	5,100,000	Variable	0.946	0.226

Blount County PBA:

Series B-13-A	1,750,000	1,450,000	Fixed	5.15 to 6	0
Series E-3-A	20,615,000	16,225,000	Variable	3.58 to 4.13	0.2
Series B-20-A	750,000	750,000	Fixed	4.25 to 5	0

The annual requirements to amortize all other loans outstanding as of June 30, 2014, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2015	\$ 2,161,076	\$ 775,863	\$ 109,801	\$ 3,046,740
2016	2,252,040	729,512	107,831	3,089,383
2017	2,318,172	681,542	105,741	3,105,455
2018	2,429,480	630,141	103,591	3,163,212
2019	2,494,456	575,684	101,331	3,171,471
2020-2024	12,925,708	2,227,536	454,345	15,607,589
2025-2029	13,445,000	1,091,531	346,698	14,883,229
2030-2034	11,195,000	465,609	208,795	11,869,404
2035-2039	10,425,000	178,942	81,073	10,685,015
Total	\$ 59,645,932	\$ 7,356,360	\$ 1,619,206	\$ 68,621,498

There is \$10,123,228 available in the General Debt Service Fund to service long-term debt. Debt per capita, including other loans, totaled \$1,064, based on the 2010 federal census.

The School Department is currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government.

<u>Description of Indebtedness</u>	<u>Outstanding 6-30-14</u>
<u>Other Loans</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Efficiency Loans	\$ 2,325,720
Energy Efficiency Loans	<u>285,728</u>
Total	<u>\$ 2,611,448</u>

Changes in Long-term Obligations

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

Governmental Activities:

	<u>Notes</u>	<u>Other Loans</u>
Balance, July 1, 2013	\$ 768,465	\$ 61,721,176
Reductions	<u>(768,465)</u>	<u>(2,075,244)</u>
Balance, June 30, 2014	<u>\$ 0</u>	<u>\$ 59,645,932</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 2,161,076</u>

	<u>Compensated Absences</u>	<u>Postemployment Benefits</u>	<u>Postcloure Care Costs</u>
Balance, July 1, 2013	\$ 881,740	\$ 463,426	\$ 721,996
Additions	665,278	53,477	10,616
Reductions	<u>(616,163)</u>	<u>(9,481)</u>	<u>(14,256)</u>
Balance, June 30, 2014	<u>\$ 930,855</u>	<u>\$ 507,422</u>	<u>\$ 718,356</u>
Balance Due Within One Year	<u>\$ 651,598</u>	<u>\$ 0</u>	<u>\$ 14,256</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 61,802,565
Less: Due Within One Year	(2,826,930)
Add: Unamortized Premium on Debt	<u>13,218</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 58,988,853</u></u>

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

Discretely Presented Cumberland County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Cumberland County School Department for the year ended June 30, 2014, was as follows:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2013	\$ 105,961	\$ 3,804,875
Additions	223,990	1,822,920
Reductions	(255,369)	(930,544)
Balance, June 30, 2014	<u>\$ 74,582</u>	<u>\$ 4,697,251</u>
Balance Due Within One Year	<u>\$ 3,729</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 4,771,833
Less: Due Within One Year	<u>(3,729)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 4,768,104</u></u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Cumberland County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state’s Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2014, were \$223,621 and \$38,273, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Short-term Debt

Cumberland County issued revenue anticipation notes in advance of grant revenues and deposited the proceeds in the General Capital Projects Fund. These notes were necessary because funds were not available to meet construction payments on reimbursable grants. Short-term debt activity for the year ended June 30, 2014, was as follows:

	Balance 7-1-13	Issued	Paid	Balance 6-30-14
Revenue Anticipation Notes	\$ 0	\$ 600,000	\$ (600,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Primary Government

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

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

Discretely Presented Cumberland County School Department

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

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

B. 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 Event

Sheriff Butch Burgess retired August 31, 2014, and was succeeded by Casey Cox effective September 1, 2014.

D. Contingent Liabilities

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

E. Change in Administration

Director of Schools Aarona VanWinkle retired June 30, 2013, and was succeeded by Donald Andrews effective July 1, 2013.

F. Landfill Postclosure Care Costs

State and federal laws and regulations require Cumberland County to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Cumberland County closed its sanitary landfill in 2013. The \$718,356 reported as postclosure care liability at June 30, 2014, represents amounts based on what it would cost to perform all postclosure care in 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. Joint Venture

Cumberland County entered into an agreement with the counties of Morgan and Roane to establish an Industrial Development Board to purchase land for the development of a joint industrial park. Cumberland, Morgan, and Roane counties jointly comprise the board. The agreement established a nine-member board with each county appointing three members and being responsible for one-third of the entity's funding. Cumberland County did not make any appropriations to the board for the year ended June 30, 2014.

H. Retirement Commitments

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

Plan Description

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

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

Funding Policy

Cumberland County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 9.56 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 \$1,684,239 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 two years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-14	\$1,684,239	100%	\$0
6-30-13	1,663,948	100	0
6-30-12	1,509,887	100	0

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 95.68 percent funded. The actuarial accrued liability for benefits was \$49.85 million, and the actuarial value of assets was \$47.7 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.15 million. The covered payroll (annual payroll of active employees covered by the plan) was \$17.03 million, and the ratio of the UAAL to the covered payroll was 12.63 percent.

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

SCHOOL TEACHERS

Plan Description

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 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 \$2,189,577, \$2,103,176, and \$2,065,419, respectively, equal to the required contributions for each year.

2. Deferred Compensation

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

I. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plans are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in the plans develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2014, the county and the School Department contributed \$9,481 and \$930,544, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 53,000	\$ 1,819,000
Interest on the NOPEBO	18,537	152,195
Adjustment to the ARC	(18,060)	(148,275)
Annual OPEB cost	\$ 53,477	\$ 1,822,920
Amount of contribution	(9,481)	(930,544)
Increase/decrease in NOPEBO	\$ 43,996	\$ 892,376
Net OPEB obligation, 7-1-13	463,426	3,804,875
Net OPEB obligation, 6-30-14	\$ 507,422	\$ 4,697,251

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Local Government Group	\$ 116,322	19 %	\$ 369,860
6-30-13	"	117,090	20	463,426
6-30-14	"	53,477	18	507,422
6-30-12	Local Education Group	1,976,274	42	2,665,799
6-30-13	"	1,991,444	43	3,804,875
6-30-14	"	1,822,920	51	4,697,251

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

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 385,000	\$ 15,523,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 385,000	\$ 15,523,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 9,992,896	\$ 32,487,314
UAAL as a % of covered payroll	4%	48%

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 Local Government Plan and the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.5 percent for fiscal year 2014. The trend rate will decrease to seven percent in fiscal year 2015 and then be reduced by decrements to an ultimate rate of 4.7 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.

J. Office of Central Accounting and Budgeting

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

K. Purchasing Law

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by him to serve as the county purchasing agent. All purchase orders are issued by the Finance Department. Purchases exceeding \$10,000 are required to be competitively bid.

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

A. **Summary of Significant Accounting Policies**

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

1. **Reporting Entity**

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

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

2. **Accounting Changes**

GASB Statement No. 62 – During the fiscal year ended June 30, 2014, the district implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, which incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance, included in certain GASB and AICPA pronouncements issued prior to November 30, 1989, which does not conflict with or contradict GASB pronouncements.

GASB Statement No. 63 – During the fiscal year ended June 30, 2014, the district implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which established guidance for reporting the statements of net position and statements of revenues, expenses, and changes in net position.

GASB Statement No. 65 – During the fiscal year ended June 30, 2014, the district implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

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

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

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

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

4. **Deposits and Investments**

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

5. **Receivables and Payables**

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

6. Prepaid Items

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

7. Capital Assets

Capital assets are defined by the district as assets with an initial, individual cost of \$10,000 or greater, and an estimated useful life of three years or greater. Capital assets are carried at cost. The district capitalizes net interest cost as part of the cost of constructing capital assets.

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

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

8. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities will be first used for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position. There were no restricted assets at June 30, 2014.

9. Compensated Absences

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

10. Long-term Debt and Costs

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

11. Net Position

Net position is classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- a. Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

12. Estimates

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

13. Budget

The district is required by state law to adopt an annual operating budget. The Board of Directors approves the original budget and any amendments and maintains the legal level of control at the line-item level. The budget is prepared on the cash basis of accounting. All appropriations lapse at the end of the year. The budget is legally adopted by the Board of Commissioners in accordance with the provisions of *Tennessee Code Annotated*, Section 7-86-120.

B. Deposits and Investments

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

- bonds, notes, or treasury bills of the United States or other obligations guaranteed as to principal and interest by the United States or any of its agencies;
- certificates of deposit and other evidence of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations;
- the State of Tennessee local government investment pool;
- obligations of the United States or its agencies under a repurchase agreement, with certain conditions;
- bonds rated A or higher by any nationally recognized rating service of the State of Tennessee, bonds of any county or municipal corporations of the State of Tennessee (bonds of any road, levee, or drainage district is expressly excluded), bonds of any other state or political subdivision;
- nonconvertible debt securities of the Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bank, and Student Loan Marketing Association provided such securities are rated in the highest category by at least two nationally recognized rating services; and
- the county's own bonds or notes issued in accordance with *Tennessee Code Annotated*, Title 9, Chapter 21.

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

At June 30, 2014, the district's deposits consisted of the following:

	<u>June 30, 2014</u>	
	<u>Bank Balance</u>	<u>Carrying Value</u>
First Bank - Operating Account	\$ 73,665	\$ 64,711
Cumberland County Bank	135,008	135,008
First National Bank of Tennessee:		
Payroll Account	16,142	16,142
Certificate of Deposit	90,000	90,000
Progressive Savings Bank:		
Certificate of Deposit	<u>106,941</u>	<u>106,941</u>
 Total Deposits	 <u>\$ 421,756</u>	 <u>\$ 412,802</u>

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

As of June 30, 2014, deposits in each bank are insured by the Federal Deposit Insurance Corporation (FDIC) for \$250,000. In addition, First Bank is a member of the State of Tennessee Bank Collateral Pool. The Tennessee Bank Collateral Pool is a multiple financial institution collateral pool in which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. The district's deposits in financial institutions were entirely insured or collateralized at June 30, 2014.

The district's only investments at June 30, 2014, were certificates of deposit held at Tennessee state chartered banks.

C. Accounts Receivable

Accounts receivable at June 30, 2014, consisted of funds due from the following agencies:

	<u>Balance 6-30-14</u>
Volunteer First Services	\$ 5,282
Bledsoe Telephone Cooperative	386
Citizens Telecommunications Company of Tennessee	25,264
State of Tennessee	55,784
Miscellaneous Providers	<u>1,074</u>
 Total	 <u>\$ 87,790</u>

D. Changes in Capital Assets

A summary of changes in capital assets at June 30, 2014, follows:

Business-type Activities:

	Balance			Balance
	7-1-13	Increases	Decreases	6-30-14
Capital Assets Depreciated:				
Building and Improvements	\$ 1,032,756	\$ 0	\$ 0	\$ 1,032,756
Office Equipment and Fixtures	47,729	5,595	0	53,324
Communications and Computer				
Equipment	1,179,647	0	(195,619)	984,028
Vehicles	20,987	0	0	20,987
Total Capital Assets				
Depreciated	<u>\$ 2,281,119</u>	<u>\$ 5,595</u>	<u>\$ (195,619)</u>	<u>\$ 2,091,095</u>
Less Accumulated Depreciation:				
Building and Improvements	\$ 217,743	\$ 27,653	\$ 0	\$ 245,396
Office Equipment and Fixtures	43,951	2,995	0	46,946
Communications and Computer				
Equipment	741,331	141,245	(195,619)	686,957
Vehicles	20,987	0	0	20,987
Total Accumuated Depreciation	<u>\$ 1,024,012</u>	<u>\$ 171,893</u>	<u>\$ (195,619)</u>	<u>\$ 1,000,286</u>
Net Capital Assets	<u>\$ 1,257,107</u>	<u>\$ (166,298)</u>	<u>\$ 0</u>	<u>\$ 1,090,809</u>

E. Long-term Debt

On November 17, 2004, the district obtained financing of \$1 million through the City of Crossville, from the Public Building Authority of the City of Clarksville, Tennessee, Adjustable Rate Pooled Financing Revenue Bonds, Series 2004 (Tennessee Municipal Bond Fund) to construct a new facility for the Emergency Communications Center. The loan rate for each loan payment period is calculated by the trustee based on interest rates determined by the remarketing agent for the current month. The interest rate in effect at June 30, 2014, was .3 percent.

During 2013, the district purchased equipment on account with DSS Corp. The total equipment purchase was \$32,205, which includes an installation charge of \$1,500. The agreement calls for five annual payments of \$9,257 plus payment of the \$1,500 installation charge with the first payment. Total payments under the agreement equal \$47,785. The difference in the amount of the equipment and the total payments is four annual payments, beginning

in year two for maintenance. The total amount of the maintenance agreement is \$15,580. The agreement does not call for the payment of interest.

Details of the district's long-term debt for the year ended June 30, 2014, are as follows:

	Balance 7-1-13	Reductions	Balance 6-30-14	Due Within One Year
Tennessee Adjustable Rate Pooled Financing Revenue Bonds, Series 2004, Maturing 2024, Rate - Adjustable	\$ 632,000	\$ (49,000)	\$ 583,000	\$ 51,000
Payment Agreement DSS Corp. Rate - 0%	21,448	(5,362)	16,086	5,362
Total	<u>\$ 653,448</u>	<u>\$ (54,362)</u>	<u>\$ 599,086</u>	<u>\$ 56,362</u>

Debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2015	\$ 56,362	\$ 2,044	\$ 58,406
2016	57,362	1,870	59,232
2017	59,362	1,683	61,045
2018	56,000	1,494	57,494
2019	57,000	1,297	58,297
2020-2024	313,000	3,356	316,356
Total	<u>\$ 599,086</u>	<u>\$ 11,744</u>	<u>\$ 610,830</u>

Interest requirements are computed using the rate in effect at June 30, 2014, of .3 percent for the revenue bond and zero percent for the payment agreement with DSS Corp.

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

F. Risk 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. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage in the prior year.

G. Prior-period Adjustment

During 2014, the district adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The new standard requires debt issuance costs to be recorded as an expense in the period incurred. Therefore, unamortized debt issuance costs have been recorded as a prior-period adjustment and as a decrease in the districts net position of \$3,996 as of June 30, 2014.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Cumberland County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Cumberland County
School Department
June 30, 2014

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial 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	\$ 47,696	\$ 49,847	\$ 2,151	95.68 %	\$ 17,033	12.63 %
7-1-11	41,176	42,925	1,749	95.93	15,881	11.01
7-1-09	32,509	33,990	1,481	95.64	16,433	9.01

Exhibit E-2

Cumberland County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Cumberland County School Department
June 30, 2014

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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)
Local Government Group	7-1-10	\$ 0	\$ 1,198	\$ 1,198	0 %	\$ 8,994	13 %
"	7-1-11	0	841	841	0	9,764	9
"	7-1-13	0	385	385	0	9,993	4
Local Education Group	7-1-10	0	10,387	10,387	0	30,617	34
"	7-1-11	0	15,473	15,473	0	30,627	51
"	7-1-13	0	15,523	15,523	0	32,487	48

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

NONE

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

Capital Projects Fund

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

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

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

	Special Revenue Funds					Total
	Courthouse and Jail Maintenance	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works		
ASSETS						
Cash	\$ 0	\$ 0	\$ 23,528	\$ 0	\$ 0	\$ 23,528
Equity in Pooled Cash and Investments	137,252	227,280	0	585,771	0	950,303
Accounts Receivable	0	0	17,401	0	0	17,401
Due from Other Governments	0	0	0	413,590	0	413,590
Total Assets	\$ 137,252	\$ 227,280	\$ 40,929	\$ 999,361	\$ 0	\$ 1,404,822
LIABILITIES						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 6,845	\$ 0	\$ 6,845
Due to Other Funds	0	0	40,929	0	0	40,929
Total Liabilities	\$ 0	\$ 0	\$ 40,929	\$ 6,845	\$ 0	\$ 47,774
DEFERRED INFLOWS OF RESOURCES						
Other Deferred/Unavailable Revenue	\$ 0	\$ 0	\$ 0	\$ 196,126	\$ 0	\$ 196,126
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 0	\$ 196,126	\$ 0	\$ 196,126
FUND BALANCES						
Restricted:						
Restricted for General Government	\$ 137,252	\$ 0	\$ 0	\$ 0	\$ 0	\$ 137,252
Restricted for Public Safety	0	227,280	0	0	0	227,280
Restricted for Highways/Public Works	0	0	0	796,390	0	796,390
Restricted for Capital Projects	0	0	0	0	0	0
Total Fund Balances	\$ 137,252	\$ 227,280	\$ 0	\$ 796,390	\$ 0	\$ 1,160,922
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 137,252	\$ 227,280	\$ 40,929	\$ 999,361	\$ 0	\$ 1,404,822

(Continued)

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

	<u>Capital</u>	<u>Total</u>
	<u>Projects Fund</u>	<u>Nonmajor</u>
	<u>General</u>	<u>Governmental</u>
	<u>Capital</u>	<u>Funds</u>
	<u>Projects</u>	<u>Funds</u>
<u>ASSETS</u>		
Cash	0 \$	23,528
Equity in Pooled Cash and Investments	19,629	969,932
Accounts Receivable	0	17,401
Due from Other Governments	37,920	451,510
Total Assets	<u>\$ 57,549 \$</u>	<u>1,462,371</u>
<u>LIABILITIES</u>		
Accounts Payable	8,792 \$	15,637
Due to Other Funds	0	40,929
Total Liabilities	<u>\$ 8,792 \$</u>	<u>56,566</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Other Deferred/Unavailable Revenue	0 \$	196,126
Total Deferred Inflows of Resources	<u>0 \$</u>	<u>196,126</u>
<u>FUND BALANCES</u>		
Restricted:		
Restricted for General Government	0 \$	137,252
Restricted for Public Safety	0	227,280
Restricted for Highways/Public Works	0	796,390
Restricted for Capital Projects	48,757	48,757
Total Fund Balances	<u>48,757 \$</u>	<u>1,209,679</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 57,549 \$</u>	<u>1,462,371</u>

Exhibit F-2

Cumberland 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
	Courthouse and Jail Maintenance	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works		
<u>Revenues</u>						
Local Taxes	\$ 51,689	\$ 0	\$ 0	\$ 144,109	\$ 0	\$ 195,798
Fines, Forfeitures, and Penalties	0	54,137	0	0	0	54,137
Charges for Current Services	0	0	696	3,500	0	4,196
Other Local Revenues	0	1,956	0	20,165	0	22,121
State of Tennessee	0	0	0	2,423,867	0	2,423,867
Federal Government	0	0	0	0	0	0
Other Governments and Citizens Groups	0	0	0	0	0	0
Total Revenues	\$ 51,689	\$ 56,093	\$ 696	\$ 2,591,641	\$ 0	\$ 2,700,119
<u>Expenditures</u>						
Current:						
General Government	\$ 20,730	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,730
Finance	0	0	96	0	0	96
Administration of Justice	0	0	600	0	0	600
Public Safety	0	40,030	0	0	0	40,030
Other Operations	520	149	0	0	0	669
Highways	0	0	0	2,729,751	0	2,729,751
Capital Projects	0	0	0	0	0	0
Total Expenditures	\$ 21,250	\$ 40,179	\$ 696	\$ 2,729,751	\$ 0	\$ 2,791,876
Excess (Deficiency) of Revenues Over Expenditures	\$ 30,439	\$ 15,914	\$ 0	\$ (138,110)	\$ 0	\$ (91,757)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 100,000	\$ 0	\$ 100,000
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 100,000	\$ 0	\$ 100,000
Net Change in Fund Balances	\$ 30,439	\$ 15,914	\$ 0	\$ (38,110)	\$ 0	\$ 8,243
Fund Balance, July 1, 2013	106,813	211,366	0	834,500	0	1,152,679
Fund Balance, June 30, 2014	\$ 137,252	\$ 227,280	\$ 0	\$ 796,390	\$ 0	\$ 1,160,922

(Continued)

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

	<u>Capital</u> <u>Projects Fund</u>		Total
	General Capital Projects	Nonmajor Governmental Funds	Funds
<u>Revenues</u>			
Local Taxes	0	0	195,798
Fines, Forfeitures, and Penalties	0	0	54,137
Charges for Current Services	0	0	4,196
Other Local Revenues	0	0	22,121
State of Tennessee	0	0	2,423,867
Federal Government	549,129	549,129	549,129
Other Governments and Citizens Groups	120,000	120,000	120,000
Total Revenues	<u>\$ 669,129</u>	<u>\$</u>	<u>\$ 3,369,248</u>
<u>Expenditures</u>			
Current:			
General Government	0	0	20,730
Finance	0	0	96
Administration of Justice	0	0	600
Public Safety	0	0	40,030
Other Operations	0	0	669
Highways	0	0	2,729,751
Capital Projects	630,372	630,372	630,372
Total Expenditures	<u>\$ 630,372</u>	<u>\$</u>	<u>\$ 3,422,248</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 38,757</u>	<u>\$</u>	<u>(53,000)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	54,622	54,622	154,622
Total Other Financing Sources (Uses)	<u>\$ 54,622</u>	<u>\$</u>	<u>\$ 154,622</u>
Net Change in Fund Balances	93,379	93,379	101,622
Fund Balance, July 1, 2013	(44,622)	(44,622)	1,108,057
Fund Balance, June 30, 2014	<u>\$ 48,757</u>	<u>\$</u>	<u>\$ 1,209,679</u>

Exhibit F-3

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 51,689	\$ 55,000	\$ 55,000	\$ (3,311)
Total Revenues	\$ 51,689	\$ 55,000	\$ 55,000	\$ (3,311)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 20,730	\$ 25,000	\$ 25,000	\$ 4,270
<u>Other Operations</u>				
Other Charges	520	1,000	1,000	480
Total Expenditures	\$ 21,250	\$ 26,000	\$ 26,000	\$ 4,750
Excess (Deficiency) of Revenues Over Expenditures	\$ 30,439	\$ 29,000	\$ 29,000	\$ 1,439
Net Change in Fund Balance	\$ 30,439	\$ 29,000	\$ 29,000	\$ 1,439
Fund Balance, July 1, 2013	106,813	102,119	102,119	4,694
Fund Balance, June 30, 2014	\$ 137,252	\$ 131,119	\$ 131,119	\$ 6,133

Exhibit F-4

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 54,137	\$ 16,000	\$ 16,000	\$ 38,137
Other Local Revenues	1,956	0	1,956	0
Total Revenues	<u>\$ 56,093</u>	<u>\$ 16,000</u>	<u>\$ 17,956</u>	<u>\$ 38,137</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 40,030	\$ 57,225	\$ 57,225	\$ 17,195
<u>Other Operations</u>				
Other Charges	149	200	200	51
Total Expenditures	<u>\$ 40,179</u>	<u>\$ 57,425</u>	<u>\$ 57,425</u>	<u>\$ 17,246</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 15,914</u>	<u>\$ (41,425)</u>	<u>\$ (39,469)</u>	<u>\$ 55,383</u>
Net Change in Fund Balance	\$ 15,914	\$ (41,425)	\$ (39,469)	\$ 55,383
Fund Balance, July 1, 2013	<u>211,366</u>	<u>220,190</u>	<u>220,190</u>	<u>(8,824)</u>
Fund Balance, June 30, 2014	<u>\$ 227,280</u>	<u>\$ 178,765</u>	<u>\$ 180,721</u>	<u>\$ 46,559</u>

Exhibit F-5

Cumberland County, Tennessee
Schedule 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	\$ 144,109	\$ 61,500	\$ 127,500	\$ 16,609
Charges for Current Services	3,500	3,500	3,500	0
Other Local Revenues	20,165	1,300	5,960	14,205
State of Tennessee	2,423,867	2,479,368	2,479,368	(55,501)
Total Revenues	<u>\$ 2,591,641</u>	<u>\$ 2,545,668</u>	<u>\$ 2,616,328</u>	<u>\$ (24,687)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 168,580	\$ 171,653	\$ 173,826	\$ 5,246
Highway and Bridge Maintenance	1,793,707	1,871,544	1,871,844	78,137
Operation and Maintenance of Equipment	289,477	308,981	308,987	19,510
Other Charges	93,314	99,000	100,000	6,686
Employee Benefits	77,574	76,500	78,950	1,376
Capital Outlay	307,099	496,000	496,000	188,901
Total Expenditures	<u>\$ 2,729,751</u>	<u>\$ 3,023,678</u>	<u>\$ 3,029,607</u>	<u>\$ 299,856</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (138,110)</u>	<u>\$ (478,010)</u>	<u>\$ (413,279)</u>	<u>\$ 275,169</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 100,000	\$ 100,000	\$ 100,000	\$ 0
Total Other Financing Sources	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (38,110)	\$ (378,010)	\$ (313,279)	\$ 275,169
Fund Balance, July 1, 2013	<u>834,500</u>	<u>681,322</u>	<u>681,322</u>	<u>153,178</u>
Fund Balance, June 30, 2014	<u>\$ 796,390</u>	<u>\$ 303,312</u>	<u>\$ 368,043</u>	<u>\$ 428,347</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,921,934	\$ 4,642,271	\$ 4,642,271	\$ 279,663
Other Local Revenues	51,500	0	51,500	0
Other Governments and Citizens Groups	364,320	0	364,320	0
Total Revenues	<u>\$ 5,337,754</u>	<u>\$ 4,642,271</u>	<u>\$ 5,058,091</u>	<u>\$ 279,663</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,282,286	\$ 1,118,040	\$ 1,282,286	\$ 0
Education	1,561,423	1,423,929	1,561,423	0
<u>Interest on Debt</u>				
General Government	484,452	565,719	565,219	80,767
Education	1,184,845	2,323,114	2,385,694	1,200,849
<u>Other Debt Service</u>				
General Government	81,124	75,480	83,980	2,856
Total Expenditures	<u>\$ 4,594,130</u>	<u>\$ 5,506,282</u>	<u>\$ 5,878,602</u>	<u>\$ 1,284,472</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 743,624</u>	<u>\$ (864,011)</u>	<u>\$ (820,511)</u>	<u>\$ 1,564,135</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 0	\$ 600,000	\$ (600,000)
Transfers Out	0	0	(600,000)	600,000
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 743,624	\$ (864,011)	\$ (820,511)	\$ 1,564,135
Fund Balance, July 1, 2013	9,379,604	8,016,616	8,016,616	1,362,988
Fund Balance, June 30, 2014	<u>\$ 10,123,228</u>	<u>\$ 7,152,605</u>	<u>\$ 7,196,105</u>	<u>\$ 2,927,123</u>

Fiduciary Funds

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

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

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

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

Exhibit H-1

Cumberland County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2014

	<u>Agency Funds</u>			
	Cities - Sales Tax	Delinquent Tax Agency	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,122,982	\$ 1,122,982
Equity in Pooled Cash and Investments	0	2,611	0	2,611
Due from Other Governments	1,260,859	0	0	1,260,859
Total Assets	<u>\$ 1,260,859</u>	<u>\$ 2,611</u>	<u>\$ 1,122,982</u>	<u>\$ 2,386,452</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 2,611	\$ 0	\$ 2,611
Due to Litigants, Heirs, and Others	0	0	1,122,982	1,122,982
Due to Other Taxing Units	1,260,859	0	0	1,260,859
Total Liabilities	<u>\$ 1,260,859</u>	<u>\$ 2,611</u>	<u>\$ 1,122,982</u>	<u>\$ 2,386,452</u>

Exhibit H-2

Cumberland 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	\$ 7,155,520	\$ 7,155,520	\$ 0
Due from Other Governments	1,250,745	1,260,859	1,250,745	1,260,859
Total Assets	\$ 1,250,745	\$ 8,416,379	\$ 8,406,265	\$ 1,260,859
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,250,745	\$ 8,416,379	\$ 8,406,265	\$ 1,260,859
Total Liabilities	\$ 1,250,745	\$ 8,416,379	\$ 8,406,265	\$ 1,260,859
<u>Delinquent Tax Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 2,296	\$ 352	\$ 37	\$ 2,611
Total Assets	\$ 2,296	\$ 352	\$ 37	\$ 2,611
<u>Liabilities</u>				
Accounts Payable	\$ 2,296	\$ 352	\$ 37	\$ 2,611
Total Liabilities	\$ 2,296	\$ 352	\$ 37	\$ 2,611
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,285,579	\$ 21,556,719	\$ 21,719,316	\$ 1,122,982
Total Assets	\$ 1,285,579	\$ 21,556,719	\$ 21,719,316	\$ 1,122,982
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,285,579	\$ 21,556,719	\$ 21,719,316	\$ 1,122,982
Total Liabilities	\$ 1,285,579	\$ 21,556,719	\$ 21,719,316	\$ 1,122,982
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,285,579	\$ 21,556,719	\$ 21,719,316	\$ 1,122,982
Equity in Pooled Cash and Investments	2,296	7,155,872	7,155,557	2,611
Due from Other Governments	1,250,745	1,260,859	1,250,745	1,260,859
Total Assets	\$ 2,538,620	\$ 29,973,450	\$ 30,125,618	\$ 2,386,452
<u>Liabilities</u>				
Accounts Payable	\$ 2,296	\$ 352	\$ 37	\$ 2,611
Due to Litigants, Heirs, and Others	1,285,579	21,556,719	21,719,316	1,122,982
Due to Other Taxing Units	1,250,745	8,416,379	8,406,265	1,260,859
Total Liabilities	\$ 2,538,620	\$ 29,973,450	\$ 30,125,618	\$ 2,386,452

Cumberland County School Department

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

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

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

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

Exhibit I-1

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 36,760,410	\$ 108,451	\$ 4,335,185	\$ (32,316,774)
Support Services	17,844,817	44,522	0	(17,800,295)
Operation of Non-instructional Services	5,471,063	969,453	3,099,968	(1,401,642)
Interest on Long-term Debt	62,580	0	0	(62,580)
Total Governmental Activities	\$ 60,138,870	\$ 1,122,426	\$ 7,435,153	\$ (51,581,291)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 8,859,871
Local Option Sales Taxes				7,890,556
Business Tax				4,773
Mixed Drink Tax				172,382
Other Local Taxes				6,143
Grants and Contributions Not Restricted to Specific Programs				31,660,545
Unrestricted Investment Earnings				1,614
Miscellaneous				240,069
Total General Revenues				\$ 48,835,953
Change in Net Position				\$ (2,745,338)
Net Position, July 1, 2013				66,845,773
Net Position, June 30, 2014				<u><u>\$ 64,100,435</u></u>

Exhibit I-2

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 500	\$ 500
Equity in Pooled Cash and Investments	4,262,453	1,031,966	5,294,419
Inventories	0	218,258	218,258
Accounts Receivable	721	1,265	1,986
Due from Other Governments	1,457,520	287,244	1,744,764
Due from Other Funds	30,459	0	30,459
Property Taxes Receivable	9,350,585	0	9,350,585
Allowance for Uncollectible Property Taxes	(356,477)	0	(356,477)
Total Assets	<u>\$ 14,745,261</u>	<u>\$ 1,539,233</u>	<u>\$ 16,284,494</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 164,546	\$ 8,406	\$ 172,952
Accrued Payroll	20,638	105,463	126,101
Payroll Deductions Payable	4,414	0	4,414
Due to Other Funds	0	30,459	30,459
Total Liabilities	<u>\$ 189,598</u>	<u>\$ 144,328</u>	<u>\$ 333,926</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 8,796,358	\$ 0	\$ 8,796,358
Deferred Delinquent Property Taxes	165,358	0	165,358
Other Deferred/Unavailable Revenue	724,425	0	724,425
Total Deferred Inflows of Resources	<u>\$ 9,686,141</u>	<u>\$ 0</u>	<u>\$ 9,686,141</u>
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory	\$ 0	\$ 218,258	\$ 218,258
Restricted:			
Restricted for Education	823	1,176,647	1,177,470
Committed:			
Committed for Education	901,745	0	901,745
Unassigned	3,966,954	0	3,966,954
Total Fund Balances	<u>\$ 4,869,522</u>	<u>\$ 1,394,905</u>	<u>\$ 6,264,427</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,745,261</u>	<u>\$ 1,539,233</u>	<u>\$ 16,284,494</u>

Exhibit I-3

Cumberland County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
Discretely Presented Cumberland 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 I-2)		\$ 6,264,427
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,088,454	
Add: buildings and improvements net of accumulated depreciation	58,472,176	
Add: infrastructure net of accumulated depreciation	771,716	
Add: other capital assets net of accumulated depreciation	<u>2,997,160</u>	64,329,506
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: contributions due on primary government debt for other loans	\$ (2,611,448)	
Less: compensated absences payable	(74,582)	
Less: other postemployment benefits liability	<u>(4,697,251)</u>	(7,383,281)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>889,783</u>
Net position of governmental activities (Exhibit A)		<u>\$ 64,100,435</u>

Exhibit I-4

Cumberland County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2014

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	
	Purpose	Govern-	Total
	School	mental	Governmental
		Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 16,882,249	\$ 0	\$ 16,882,249
Charges for Current Services	172,312	983,797	1,156,109
Other Local Revenues	238,550	15,241	253,791
State of Tennessee	30,656,225	137,216	30,793,441
Federal Government	59,003	8,205,855	8,264,858
Total Revenues	<u>\$ 48,008,339</u>	<u>\$ 9,342,109</u>	<u>\$ 57,350,448</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 30,093,475	\$ 3,792,527	\$ 33,886,002
Support Services	16,793,711	1,374,738	18,168,449
Operation of Non-instructional Services	1,232,709	4,199,882	5,432,591
Capital Outlay	301,928	0	301,928
Debt Service:			
Principal on Debt	301,740	0	301,740
Interest on Debt	62,580	0	62,580
Total Expenditures	<u>\$ 48,786,143</u>	<u>\$ 9,367,147</u>	<u>\$ 58,153,290</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ (777,804)</u>	<u>\$ (25,038)</u>	<u>\$ (802,842)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 21,875	\$ 0	\$ 21,875
Transfers In	35,575	0	35,575
Transfers Out	0	(35,575)	(35,575)
Total Other Financing Sources (Uses)	<u>\$ 57,450</u>	<u>\$ (35,575)</u>	<u>\$ 21,875</u>
Net Change in Fund Balances	\$ (720,354)	\$ (60,613)	\$ (780,967)
Fund Balance, July 1, 2013	<u>5,589,876</u>	<u>1,455,518</u>	<u>7,045,394</u>
Fund Balance, June 30, 2014	<u>\$ 4,869,522</u>	<u>\$ 1,394,905</u>	<u>\$ 6,264,427</u>

Exhibit I-5

Cumberland County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Cumberland County School Department
For the Year Ended June 30, 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 I-4)		\$	(780,967)
(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	\$	497,574	
Less: current-year depreciation expense		<u>(1,922,884)</u>	(1,425,310)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: book value of capital assets disposed			(22,888)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$	889,783	
Less: deferred delinquent property taxes and other deferred June 30, 2013		<u>(846,699)</u>	43,084
(4) The contributions of long-term debt (e.g., bonds, other loans) 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: principal contributions on other loans to primary government			301,740
(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	\$	31,379	
Change in other postemployment benefits liability		<u>(892,376)</u>	<u>(860,997)</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ (2,745,338)</u>

Exhibit I-6

Cumberland County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Cumberland County School Department
June 30, 2014

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 500	\$ 500
Equity in Pooled Cash and Investments	50,078	981,888	1,031,966
Inventories	0	218,258	218,258
Accounts Receivable	0	1,265	1,265
Due from Other Governments	224,594	62,650	287,244
Total Assets	<u>\$ 274,672</u>	<u>\$ 1,264,561</u>	<u>\$ 1,539,233</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 8,406	\$ 0	\$ 8,406
Accrued Payroll	105,463	0	105,463
Due to Other Funds	30,459	0	30,459
Total Liabilities	<u>\$ 144,328</u>	<u>\$ 0</u>	<u>\$ 144,328</u>
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory	\$ 0	\$ 218,258	\$ 218,258
Restricted:			
Restricted for Education	130,344	1,046,303	1,176,647
Total Fund Balances	<u>\$ 130,344</u>	<u>\$ 1,264,561</u>	<u>\$ 1,394,905</u>
Total Liabilities and Fund Balances	<u>\$ 274,672</u>	<u>\$ 1,264,561</u>	<u>\$ 1,539,233</u>

Exhibit I-7

Cumberland County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2014

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 983,797	\$ 983,797
Other Local Revenues	0	15,241	15,241
State of Tennessee	98,194	39,022	137,216
Federal Government	5,045,120	3,160,735	8,205,855
Total Revenues	<u>\$ 5,143,314</u>	<u>\$ 4,198,795</u>	<u>\$ 9,342,109</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 3,792,527	\$ 0	\$ 3,792,527
Support Services	1,374,738	0	1,374,738
Operation of Non-instructional Services	0	4,199,882	4,199,882
Total Expenditures	<u>\$ 5,167,265</u>	<u>\$ 4,199,882</u>	<u>\$ 9,367,147</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (23,951)</u>	<u>\$ (1,087)</u>	<u>\$ (25,038)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (35,575)	\$ 0	\$ (35,575)
Total Other Financing Sources (Uses)	<u>\$ (35,575)</u>	<u>\$ 0</u>	<u>\$ (35,575)</u>
Net Change in Fund Balances	\$ (59,526)	\$ (1,087)	\$ (60,613)
Fund Balance, July 1, 2013	189,870	1,265,648	1,455,518
Fund Balance, June 30, 2014	<u>\$ 130,344</u>	<u>\$ 1,264,561</u>	<u>\$ 1,394,905</u>

Exhibit I-8

Cumberland County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual and Budget
 Discretely Presented Cumberland County School Department
 General Purpose School Fund
 For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 16,882,249	\$ 16,602,382	\$ 16,602,382	\$ 279,867
Charges for Current Services	172,312	180,000	180,000	(7,688)
Other Local Revenues	238,550	210,000	254,082	(15,532)
State of Tennessee	30,656,225	30,564,294	30,833,168	(176,943)
Federal Government	59,003	0	59,003	0
Total Revenues	\$ 48,008,339	\$ 47,556,676	\$ 47,928,635	\$ 79,704
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 24,421,632	\$ 25,058,490	\$ 25,084,310	\$ 662,678
Alternative Instruction Program	271,402	316,459	316,459	45,057
Special Education Program	2,714,587	2,716,675	2,815,678	101,091
Vocational Education Program	2,685,854	2,758,915	2,758,915	73,061
<u>Support Services</u>				
Attendance	75,042	78,499	78,499	3,457
Health Services	389,683	397,039	397,039	7,356
Other Student Support	980,458	1,066,972	1,036,972	56,514
Regular Instruction Program	1,444,971	1,557,748	1,547,748	102,777
Special Education Program	367,871	384,143	384,143	16,272
Vocational Education Program	134,005	139,222	139,222	5,217
Other Programs	261,894	0	261,894	0
Board of Education	972,093	1,119,123	1,119,123	147,030
Director of Schools	186,428	188,575	188,575	2,147
Office of the Principal	3,246,716	3,287,639	3,291,622	44,906
Operation of Plant	4,454,453	5,002,597	4,638,277	183,824
Maintenance of Plant	1,003,104	1,103,829	1,103,829	100,725
Transportation	2,914,411	3,178,688	3,178,688	264,277
Central and Other	362,582	375,827	375,827	13,245
<u>Operation of Non-instructional Services</u>				
Community Services	186,147	430,998	449,260	263,113
Early Childhood Education	1,046,562	1,075,154	1,078,151	31,589
<u>Capital Outlay</u>				
Regular Capital Outlay	301,928	375,000	375,000	73,072
<u>Principal on Debt</u>				
Education	301,740	0	301,740	0
<u>Interest on Debt</u>				
Education	62,580	0	62,580	0
Total Expenditures	\$ 48,786,143	\$ 50,611,592	\$ 50,983,551	\$ 2,197,408
Excess (Deficiency) of Revenues Over Expenditures	\$ (777,804)	\$ (3,054,916)	\$ (3,054,916)	\$ 2,277,112
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 21,875	\$ 0	\$ 0	\$ 21,875
Transfers In	35,575	25,000	25,000	10,575
Total Other Financing Sources	\$ 57,450	\$ 25,000	\$ 25,000	\$ 32,450
Net Change in Fund Balance	\$ (720,354)	\$ (3,029,916)	\$ (3,029,916)	\$ 2,309,562
Fund Balance, July 1, 2013	5,589,876	5,442,113	5,442,113	147,763
Fund Balance, June 30, 2014	\$ 4,869,522	\$ 2,412,197	\$ 2,412,197	\$ 2,457,325

Exhibit I-9

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 98,194	\$ 0	\$ 0	\$ 98,194
Federal Government	5,045,120	5,335,060	5,660,693	(615,573)
Total Revenues	\$ 5,143,314	\$ 5,335,060	\$ 5,660,693	\$ (517,379)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 2,284,451	\$ 2,426,492	\$ 2,438,547	\$ 154,096
Special Education Program	1,449,181	1,414,709	1,602,949	153,768
Vocational Education Program	58,895	58,895	58,895	0
<u>Support Services</u>				
Health Services	16,999	11,000	17,000	1
Other Student Support	83,290	90,406	91,770	8,480
Regular Instruction Program	898,249	1,018,861	1,018,644	120,395
Special Education Program	312,734	253,623	375,079	62,345
Vocational Education Program	5,903	5,903	5,903	0
Transportation	57,563	66,990	63,725	6,162
Total Expenditures	\$ 5,167,265	\$ 5,346,879	\$ 5,672,512	\$ 505,247
Excess (Deficiency) of Revenues Over Expenditures	\$ (23,951)	\$ (11,819)	\$ (11,819)	\$ (12,132)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 162,849	\$ 162,849	\$ (162,849)
Transfers Out	(35,575)	(198,424)	(198,424)	162,849
Total Other Financing Sources	\$ (35,575)	\$ (35,575)	\$ (35,575)	\$ 0
Net Change in Fund Balance	\$ (59,526)	\$ (47,394)	\$ (47,394)	\$ (12,132)
Fund Balance, July 1, 2013	189,870	189,870	189,870	0
Fund Balance, June 30, 2014	\$ 130,344	\$ 142,476	\$ 142,476	\$ (12,132)

Exhibit I-10

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Cumberland County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 983,797	\$ 1,040,551	\$ 1,040,551	\$ (56,754)
Other Local Revenues	15,241	14,172	14,172	1,069
State of Tennessee	39,022	40,378	40,378	(1,356)
Federal Government	3,160,735	3,060,932	3,060,932	99,803
Total Revenues	<u>\$ 4,198,795</u>	<u>\$ 4,156,033</u>	<u>\$ 4,156,033</u>	<u>\$ 42,762</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 4,199,882	\$ 4,186,840	\$ 4,186,840	\$ (13,042)
Total Expenditures	<u>\$ 4,199,882</u>	<u>\$ 4,186,840</u>	<u>\$ 4,186,840</u>	<u>\$ (13,042)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,087)</u>	<u>\$ (30,807)</u>	<u>\$ (30,807)</u>	<u>\$ 29,720</u>
Net Change in Fund Balance	\$ (1,087)	\$ (30,807)	\$ (30,807)	\$ 29,720
Fund Balance, July 1, 2013	<u>1,265,648</u>	<u>1,150,147</u>	<u>1,150,147</u>	<u>115,501</u>
Fund Balance, June 30, 2014	<u>\$ 1,264,561</u>	<u>\$ 1,119,340</u>	<u>\$ 1,119,340</u>	<u>\$ 145,221</u>

Cumberland County Railroad Authority

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

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

Exhibit J-1

Cumberland County, Tennessee
Statement of Net Position and Governmental Fund Balance Sheet
Discretely Presented Cumberland County Railroad Authority
June 30, 2014

	General Fund	Adjustments	Statement of Net Position
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 48,200	\$ 0	\$ 48,200
Total Assets	<u>\$ 48,200</u>	<u>\$ 0</u>	<u>\$ 48,200</u>
<u>LIABILITIES AND FUND BALANCE/ NET POSITION</u>			
<u>Fund Balances</u>			
Unassigned	\$ 48,200	\$ (48,200)	\$ 0
Total Fund Balances	<u>\$ 48,200</u>	<u>\$ (48,200)</u>	<u>\$ 0</u>
Total Liabilities and Fund Balances	<u>\$ 48,200</u>		
Net Position:			
Unrestricted		<u>\$ 48,200</u>	<u>\$ 48,200</u>
Total Net Position		<u>\$ 0</u>	<u>\$ 48,200</u>

Exhibit J-2

Cumberland County, Tennessee
Statement of Activities and Governmental Fund Revenues, Expenditures,
and Changes in Fund Balance/Net Position
Discretely Presented Cumberland County Railroad Authority
For the Year Ended June 30, 2014

	General Fund	Adjustments	Statement of Activities
Expenditures/Expenses:			
Capital Projects	\$ 771,552	\$ 0	\$ 771,552
Total Expenditures/Expenses	<u>\$ 771,552</u>	<u>\$ 0</u>	<u>\$ 771,552</u>
Program Revenues:			
Operating Grants and Contributions:			
State of Tennessee	\$ 764,237	\$ 0	\$ 764,237
General Revenues:			
Other Local Revenues:			
Sale of Recycled Materials	9,601	0	9,601
Total Revenues	<u>\$ 773,838</u>	<u>\$ 0</u>	<u>\$ 773,838</u>
Net Program Expense			<u>\$ (2,286)</u>
Excess of Revenues Over Expenditures	\$ 2,286	\$ (2,286)	\$ 0
Change in Net Position	0	2,286	2,286
Fund Balance/Net Position:			
July 1, 2013	45,914	0	45,914
June 30, 2014	<u>\$ 48,200</u>	<u>\$ 0</u>	<u>\$ 48,200</u>

Exhibit J-3

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Cumberland County Railroad Authority
General Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 9,601	\$ 0	\$ 9,601	\$ 0
State of Tennessee	764,237	400,000	800,000	(35,763)
Total Revenues	<u>\$ 773,838</u>	<u>\$ 400,000</u>	<u>\$ 809,601</u>	<u>\$ (35,763)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Economic and Community Development	\$ 0	\$ 1,000	\$ 1,000	\$ 1,000
<u>Capital Projects</u>				
Other General Government Projects	771,552	399,000	799,000	27,448
Total Expenditures	<u>\$ 771,552</u>	<u>\$ 400,000</u>	<u>\$ 800,000</u>	<u>\$ 28,448</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,286</u>	<u>\$ 0</u>	<u>\$ 9,601</u>	<u>\$ (7,315)</u>
Net Change in Fund Balance	\$ 2,286	\$ 0	\$ 9,601	\$ (7,315)
Fund Balance, July 1, 2013	45,914	44,903	44,903	1,011
Fund Balance, June 30, 2014	<u>\$ 48,200</u>	<u>\$ 44,903</u>	<u>\$ 54,504</u>	<u>\$ (6,304)</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Cumberland County, Tennessee
Schedule of Changes in Long-term Notes and Other Loans
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
NOTES PAYABLE							
<u>Payable through General Debt Service Fund</u>							
Health Department Land	\$ 475,000	1.79 %	5-13-11	5-13-14	\$ 158,334	\$ 158,334	\$ 0
Landfill Closure	1,830,395	1.73	5-13-11	5-13-14	610,131	610,131	0
Total Notes Payable					\$ 768,465	\$ 768,465	\$ 0
OTHER LOANS PAYABLE							
<u>Public Building Authority Loan Agreements</u>							
<u>Payable through General Debt Service Fund</u>							
Plateau Partners Industrial Park - Series B-13-A	1,750,000	5.15 to 6	10-18-07	6-1-23	\$ 1,550,000	\$ 100,000	\$ 1,450,000
Refunding - Series E-3-A	20,615,000	Variable	7-31-08	6-1-27	17,185,000	960,000	16,225,000
Refunding and Jail Construction - Series V-E-1	10,365,000	3 to 4.75	9-18-08	6-1-28	7,610,000	665,000	6,945,000
Refunding - Series VII-B-2	28,300,000	Variable	11-20-08	6-1-39	26,225,000	0	26,225,000
Refunding - Series VII-F-1	5,100,000	Variable	11-19-09	6-1-31	5,100,000	0	5,100,000
Plateau Partners Industrial Park - Series B-20-A	750,000	4.25 to 5	6-15-10	6-1-27	750,000	0	750,000
<u>Energy Efficiency Loans</u>							
<u>Payable through General Debt Service Fund</u>							
Energy Efficiency	484,996	0	6-20-11	7-1-21	387,988	48,504	339,484
<u>Payable by School Department Contributions from the General Purpose School Fund to the General Debt Service Fund</u>							
Energy Efficiency Loans	3,000,000	2.5	6-20-11	6-30-23	2,556,036	230,316	2,325,720
Energy Efficiency Loans	500,000	0	6-20-11	6-30-18	357,152	71,424	285,728
Total Other Loans Payable					\$ 61,721,176	\$ 2,075,244	\$ 59,645,932

Exhibit K-2

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

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2015	\$ 2,161,076	\$ 775,863	\$ 109,801	\$ 3,046,740
2016	2,252,040	729,512	107,831	3,089,383
2017	2,318,172	681,542	105,741	3,105,455
2018	2,429,480	630,141	103,591	3,163,212
2019	2,494,456	575,684	101,331	3,171,471
2020	2,581,056	532,634	97,911	3,211,601
2021	2,517,780	488,253	94,361	3,100,394
2022	2,551,256	441,043	91,081	3,083,380
2023	2,755,616	420,489	87,622	3,263,727
2024	2,520,000	345,117	83,370	2,948,487
2025	2,645,000	304,432	79,008	3,028,440
2026	2,780,000	262,108	74,411	3,116,519
2027	2,935,000	218,068	69,558	3,222,626
2028	2,730,000	171,668	64,525	2,966,193
2029	2,355,000	135,255	59,196	2,549,451
2030	2,470,000	121,439	53,595	2,645,034
2031	2,545,000	106,947	47,722	2,699,669
2032	2,620,000	91,992	41,679	2,753,671
2033	1,755,000	77,477	35,102	1,867,579
2034	1,805,000	67,754	30,697	1,903,451
2035	1,880,000	57,755	26,167	1,963,922
2036	1,980,000	47,339	21,448	2,048,787
2037	2,080,000	36,370	16,478	2,132,848
2038	2,205,000	24,847	11,257	2,241,104
2039	2,280,000	12,631	5,723	2,298,354
Total	\$ 59,645,932	\$ 7,356,360	\$ 1,619,206	\$ 68,621,498

Exhibit K-3

Cumberland County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2014

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Highway/Public Works	Operations	\$ 100,000
"	General Capital Projects	"	54,622
Total Transfers Primary Government			<u>\$ 154,622</u>
<u>DISCRETELY PRESENTED CUMBERLAND</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 35,575
Total Transfers Discretely Presented Cumberland County School Department			<u>\$ 35,575</u>

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

Official	Authorization for Salary	\$	85,268	\$	50,000	Surety
			Period		Bond	
County Mayor	Section 8-24-102, TCA					Travelers Casualty and Surety Company of America
Road Superintendent	Section 8-24-102, TCA		81,208	100,000	"	"
Director of Schools	State Board of Education and Cumberland County Board of Education		115,000	100,000	"	"
Trustee	Section 8-24-102, TCA		73,825	1,811,000	"	"
Assessor of Property	Section 8-24-102, TCA		73,825	10,000	"	"
Finance Director	County Commission		73,825 (1)	50,000	"	"
County Clerk	Section 8-24-102, TCA		73,825	50,000	"	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA		73,825	50,000	"	"
Clerk and Master	Section 8-24-102, TCA and Chancery Court Judge		73,825 (2)	100,000	"	"
Register of Deeds	Section 8-24-102, TCA		73,825	25,000	"	"
Sheriff	Section 8-24-102, TCA		81,208 (3)	25,000	"	"

Employee Blanket Bonds
 Public Employee Dishonesty - County Departments 150,000 Local Government Insurance Pool
 Public Employee Dishonesty - School Department 150,000 Tennessee Risk Management Trust

(1) Does not include a longevity pay of \$2,584.
 (2) Does not include special commissioner fees of \$600.
 (3) Does not include a law enforcement training supplement of \$600.

Exhibit K-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 7,667,405	\$ 0	1,526,097	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	171,710	0	39,226	0	0	0
Trustee's Collections - Bankruptcy	47	0	12	0	0	0
Circuit/Clerk and Master Collections - Prior Years	79,464	0	17,344	0	0	0
Interest and Penalty	67,346	0	15,897	0	0	0
Pickup Taxes	1,803	0	359	0	0	0
Payments in-Lieu-of-Taxes - Local Utilities	7,291	0	0	0	0	0
Payments in-Lieu-of-Taxes - Other	65,212	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	587,150	0	0	0	0	0
Hotel/Motel Tax	741,098	0	0	0	0	0
Litigation Tax - General	102,532	0	0	0	0	0
Litigation Tax - Special Purpose	15,029	51,689	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Business Tax	662,618	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	144,109
<u>Statutory Local Taxes</u>						
Bank Excise Tax	152,081	0	0	0	0	0
Wholesale Beer Tax	371,158	0	0	0	0	0
Interstate Telecommunications Tax	4,478	0	0	0	0	0
Other Statutory Local Taxes	5,736	0	0	0	0	0
Total Local Taxes	\$ 10,702,158	\$ 51,689	\$ 1,598,935	\$ 0	\$ 0	\$ 144,109

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Vaccination	75,858 \$	0 \$	0 \$	0 \$	0 \$	0
Cable TV Franchise	181,374	0	0	0	0	0
<u>Permits</u>						
Beer Permits	1,900	0	0	0	0	0
Total Licenses and Permits	\$ 259,132 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	2,908 \$	0 \$	0 \$	0 \$	0 \$	0
Officers Costs	7,747	0	0	0	0	0
Drug Court Fees	1,289	0	0	0	0	0
Jail Fees	2,616	0	0	0	0	0
DUI Treatment Fines	618	0	0	0	0	0
Data Entry Fee - Circuit Court	2,088	0	0	0	0	0
Courtroom Security Fee	1,597	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	33,625	0	0	0	0	0
Officers Costs	80,556	0	0	0	0	0
Game and Fish Fines	74	0	0	0	0	0
Drug Court Fees	6,883	0	0	0	0	0
Jail Fees	17,261	0	0	0	0	0
DUI Treatment Fines	11,259	0	0	0	0	0
Data Entry Fee - General Sessions Court	20,951	0	0	0	0	0
Courtroom Security Fee	1,951	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court</u>						
Fines	283 \$	0 \$	0 \$	0 \$	0 \$	0
Jail Fees	5,134	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	18,361	0	0	0	0	0
Data Entry Fee - Chancery Court	10,454	0	0	0	0	0
<u>Other Courts - In-county</u>						
Drug Control Fines	0	0	0	14,784	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	39,353	0	0
<u>Total Fines, Forfeitures, and Penalties</u>	<u>225,655 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>54,137 \$</u>	<u>0 \$</u>	<u>0</u>
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tippling Fees	0 \$	0 \$	6,232 \$	0 \$	0 \$	0
Patient Charges	2,435,225	0	0	0	0	0
Other General Service Charges	0	0	0	0	0	3,500
<u>Fees</u>						
Copy Fees	1,978	0	0	0	0	0
Library Fees	22,888	0	0	0	0	0
Telephone Commissions	66,106	0	0	0	0	0
Vending Machine Collections	190	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	96	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	600	0
Data Processing Fee - Register	28,534	0	0	0	0	0
Data Processing Fee - Sheriff	5,667	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Sexual Offender Registration Fee - Sheriff	\$ 5,883	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Processing Fee - County Clerk	1,366	0	0	0	0	0
<u>Education Charges</u>						
TBI Criminal Background Fee	6,645	0	0	0	0	0
Total Charges for Current Services	\$ 2,574,482	\$ 0	\$ 6,232	\$ 0	\$ 696	\$ 3,500
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 32,252	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	53,992	0	0	0	0	0
Commissary Sales	35,878	0	0	0	0	0
Sale of Recycled Materials	0	0	363,212	0	0	5,585
E-Rate Funding	2,545	0	0	0	0	0
Miscellaneous Refunds	12,126	0	967	0	0	280
<u>Nonrecurring Items</u>						
Sale of Equipment	6,790	0	0	1,956	0	14,300
Sale of Property	0	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	3,000	0	0	0	0	0
Total Other Local Revenues	\$ 146,583	\$ 0	\$ 364,179	\$ 1,956	\$ 0	\$ 20,165
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 471,727	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	156,426	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Fees Received from County Officials (Cont.)</u>						
<u>Fees in-Lieu-of Salary (Cont.)</u>						
General Sessions Court Clerk	\$ 382,808	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Clerk and Master	332,102	0	0	0	0	0
Register	320,587	0	0	0	0	0
Sheriff	28,884	0	0	0	0	0
Trustee	753,331	0	0	0	0	0
Total Fees Received from County Officials	\$ 2,445,865	\$ 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
Solid Waste Grants	0	0	360,822	0	0	0
Other General Government Grants	508,072	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	4,800	0	0	0	0	0
Drug Control Grants	50,000	0	0	0	0	0
Other Public Safety Grants	46,543	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	795,148	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	226,729
Litter Program	0	0	44,265	0	0	0
<u>Other State Revenues</u>						
Income Tax	310,125	0	0	0	0	0
Beer Tax	17,806	0	0	0	0	0
Vehicle Certificate of Title Fees	2,504	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Alcoholic Beverage Tax	\$ 98,100	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Mixed Drink Tax	27,136	0	0	0	0	0
State Revenue Sharing - T.V.A.	1,006,632	0	0	0	0	0
Contracted Prisoner Boarding	1,155,214	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	2,156,693
Petroleum Special Tax	0	0	0	0	0	40,445
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	3,746	0	0	0	0	0
Other State Revenues	52,748	0	0	0	0	0
Total State of Tennessee	\$ 4,102,738	\$ 0	\$ 405,087	\$ 0	\$ 0	\$ 2,423,867
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 31,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	69,000	0	0	0	0	0
Law Enforcement Grants	10,217	0	0	0	0	0
Other Federal through State	125,969	0	0	0	0	0
<u>Direct Federal Revenue</u>	8,541	0	0	0	0	0
Other Direct Federal Revenue	245,227	0	0	0	0	0
Total Federal Government	\$ 245,227	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 51,056	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	598,795	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
Other Governments and Citizens Groups (Cont.)						
Citizens Groups						
Donations	\$ 8,322	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 658,173	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 21,360,013	\$ 51,689	\$ 2,374,433	\$ 56,093	\$ 696	\$ 2,591,641

(Continued)

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

	Debt Service		Capital		Total
	Fund		Projects	Fund	
	General		General		
	Debt		Capital		
	Service		Projects		
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,647,838	\$	0	0	\$ 11,841,340
Trustee's Collections - Prior Year	57,798		0	0	268,734
Trustee's Collections - Bankruptcy	14		0	0	73
Circuit/Clerk and Master Collections - Prior Years	26,716		0	0	123,524
Interest and Penalty	22,720		0	0	105,963
Pickup Taxes	622		0	0	2,784
Payments in-Lieu-of-Taxes - Local Utilities	0		0	0	7,291
Payments in-Lieu-of-Taxes - Other	0		0	0	65,212
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,880,758		0	0	2,467,908
Hotel/Motel Tax	0		0	0	741,098
Litigation Tax - General	0		0	0	102,532
Litigation Tax - Special Purpose	0		0	0	66,718
Litigation Tax - Jail, Workhouse, or Courthouse	285,468		0	0	285,468
Business Tax	0		0	0	662,618
Mineral Severance Tax	0		0	0	144,109
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0		0	0	152,081
Wholesale Beer Tax	0		0	0	371,158
Interstate Telecommunications Tax	0		0	0	4,478
Other Statutory Local Taxes	0		0	0	5,736
Total Local Taxes	\$ 4,921,934	\$	0	0	\$ 17,418,825

(Continued)

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

	Debt Service		Capital		Total
	Fund	Projects	Fund	Projects	
	General	General	General	General	
	Debt	Debt	Capital	Capital	
	Service	Service	Projects	Projects	
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Vaccination	0	0	0	0	75,858
Cable TV Franchise	0	0	0	0	181,374
<u>Permits</u>					
Beer Permits	0	0	0	0	1,900
Total Licenses and Permits	0	0	0	0	259,132
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	0	0	0	0	2,908
Officers Costs	0	0	0	0	7,747
Drug Court Fees	0	0	0	0	1,289
Jail Fees	0	0	0	0	2,616
DUI Treatment Fines	0	0	0	0	618
Data Entry Fee - Circuit Court	0	0	0	0	2,088
Courtroom Security Fee	0	0	0	0	1,597
<u>General Sessions Court</u>					
Fines	0	0	0	0	33,625
Officers Costs	0	0	0	0	80,556
Game and Fish Fines	0	0	0	0	74
Drug Court Fees	0	0	0	0	6,883
Jail Fees	0	0	0	0	17,261
DUI Treatment Fines	0	0	0	0	11,259
Data Entry Fee - General Sessions Court	0	0	0	0	20,951
Courtroom Security Fee	0	0	0	0	1,951

(Continued)

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

	Debt Service		Capital		Total
	Fund	Projects	Fund	Projects	
	General Debt Service	General Capital Projects	General Debt Service	General Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Juvenile Court</u>					
Fines	0 \$	0 \$	0 \$	0 \$	283
Jail Fees	0	0	0	0	5,134
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	18,361
Data Entry Fee - Chancery Court	0	0	0	0	10,454
<u>Other Courts - In-county</u>					
Drug Control Fines	0	0	0	0	14,784
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	39,353
<u>Total Fines, Forfeitures, and Penalties</u>	<u>0 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>279,792</u>
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	0 \$	0 \$	0 \$	0 \$	6,232
Patient Charges	0	0	0	0	2,435,225
Other General Service Charges	0	0	0	0	3,500
<u>Fees</u>					
Copy Fees	0	0	0	0	1,978
Library Fees	0	0	0	0	22,888
Telephone Commissions	0	0	0	0	66,106
Vending Machine Collections	0	0	0	0	190
Constitutional Officers' Fees and Commissions	0	0	0	0	96
Special Commissioner Fees/Special Master Fees	0	0	0	0	600
Data Processing Fee - Register	0	0	0	0	28,534
Data Processing Fee - Sheriff	0	0	0	0	5,667

(Continued)

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

	Debt Service		Capital		Total
	Fund	Projects	Fund	Projects	
	General Debt Service	General Capital Projects	General Debt Service	General Capital Projects	
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Sexual Offender Registration Fee - Sheriff	\$ 0	\$ 0	\$ 0	\$ 0	5,883
Data Processing Fee - County Clerk	0	0	0	0	1,366
<u>Education Charges</u>					
TBI Criminal Background Fee	0	0	0	0	6,645
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	2,584,910
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	0	0	0	0	32,252
Lease/Rentals	0	0	0	0	53,992
Commissary Sales	0	0	0	0	35,878
Sale of Recycled Materials	0	0	0	0	368,797
E-Rate Funding	0	0	0	0	2,545
Miscellaneous Refunds	0	0	0	0	13,373
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0	0	23,046
Sale of Property	51,500	0	0	0	51,500
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	0	3,000
Total Other Local Revenues	\$ 51,500	\$ 0	\$ 0	\$ 0	584,383
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	0	0	0	0	471,727
Circuit Court Clerk	0	0	0	0	156,426

(Continued)

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

	Debt Service		Capital		Total
	Fund	Projects	Fund	Projects	
	General Debt Service	General Capital Projects	General Debt Service	General Capital Projects	
<u>Fees Received from County Officials (Cont.)</u>					
<u>Fees in-Lieu-of Salary (Cont.)</u>					
General Sessions Court Clerk	\$ 0	\$ 0	\$ 0	\$ 0	382,808
Clerk and Master	0	0	0	0	332,102
Register	0	0	0	0	320,587
Sheriff	0	0	0	0	28,884
Trustee	0	0	0	0	753,331
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	2,445,865
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	9,000
Solid Waste Grants	0	0	0	0	360,822
Other General Government Grants	0	0	0	0	508,072
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	4,800
Drug Control Grants	0	0	0	0	50,000
Other Public Safety Grants	0	0	0	0	46,543
<u>Health and Welfare Grants</u>					
Health Department Programs	0	0	0	0	795,148
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	226,729
Litter Program	0	0	0	0	44,265
<u>Other State Revenues</u>					
Income Tax	0	0	0	0	310,125
Beer Tax	0	0	0	0	17,806
Vehicle Certificate of Title Fees	0	0	0	0	2,504

(Continued)

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

	Debt Service		Capital		Total
	Fund	Projects	Fund	Projects	
	General Debt Service	General Capital Projects	General Debt Service	General Capital Projects	
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Alcoholic Beverage Tax	\$ 0	\$ 0	\$ 0	\$ 0	98,100
Mixed Drink Tax	0	0	0	0	27,136
State Revenue Sharing - T.V.A.	0	0	0	0	1,006,632
Contracted Prisoner Boarding	0	0	0	0	1,155,214
Gasoline and Motor Fuel Tax	0	0	0	0	2,156,693
Petroleum Special Tax	0	0	0	0	40,445
Registrar's Salary Supplement	0	0	0	0	15,164
Other State Grants	0	0	0	0	3,746
Other State Revenues	0	0	0	0	52,748
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,931,692
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	31,500
Civil Defense Reimbursement	0	0	0	0	69,000
Law Enforcement Grants	0	0	0	0	10,217
Other Federal through State	0	0	524,129	0	650,098
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	0	0	25,000	0	33,541
Total Federal Government	\$ 0	\$ 0	\$ 549,129	\$ 0	\$ 794,356
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 364,320	\$ 0	\$ 120,000	\$ 0	535,376
Contracted Services	0	0	0	0	598,795

(Continued)

Exhibit K-5

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

	<u>Debt Service</u>	<u>Capital</u>
	<u>Fund</u>	<u>Projects Fund</u>
	General	General
	Debt	Capital
	Service	Projects
	<u>Total</u>	
<u>Other Governments and Citizens Groups (Cont.)</u>		
<u>Citizens Groups</u>		
Donations	0 \$	0 \$
Total Other Governments and Citizens Groups	<u>364,320 \$</u>	<u>120,000 \$</u>
Total	<u>5,337,754 \$</u>	<u>669,129 \$</u>
	<u>8,322</u>	<u>1,142,493</u>
	<u>32,441,448</u>	

Exhibit K-6

Cumberland County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2014

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 8,487,445	\$ 0	\$ 0	\$ 8,487,445
Trustee's Collections - Prior Year	174,655	0	0	174,655
Circuit/Clerk and Master Collections - Prior Years	80,834	0	0	80,834
Interest and Penalty	69,444	0	0	69,444
Pickup Taxes	445	0	0	445
<u>County Local Option Taxes</u>				
Local Option Sales Tax	7,886,128	0	0	7,886,128
Business Tax	4,773	0	0	4,773
Mixed Drink Tax	172,382	0	0	172,382
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	6,143	0	0	6,143
Total Local Taxes	\$ 16,882,249	\$ 0	\$ 0	\$ 16,882,249
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Other	\$ 108,451	\$ 0	\$ 0	\$ 108,451
Lunch Payments - Children	0	0	446,025	446,025
Lunch Payments - Adults	0	0	52,986	52,986
Income from Breakfast	0	0	81,690	81,690
A la carte Sales	0	0	388,752	388,752
Receipts from Individual Schools	35,151	0	0	35,151
<u>Other Charges for Services</u>				
Other Charges for Services	28,710	0	14,344	43,054
Total Charges for Current Services	\$ 172,312	\$ 0	\$ 983,797	\$ 1,156,109
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 1,614	\$ 1,614
Lease/Rentals	1,468	0	0	1,468
Sale of Recycled Materials	3,356	0	0	3,356
Retirees' Insurance Payments	315	0	0	315
Miscellaneous Refunds	186,838	0	13,627	200,465
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	782	0	0	782
Contributions and Gifts	45,791	0	0	45,791
Total Other Local Revenues	\$ 238,550	\$ 0	\$ 15,241	\$ 253,791
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 261,894	\$ 0	\$ 0	\$ 261,894
<u>State Education Funds</u>				
Basic Education Program	28,488,000	0	0	28,488,000
Early Childhood Education	1,086,073	0	0	1,086,073
School Food Service	0	0	39,022	39,022
Other State Education Funds	524,385	0	0	524,385
Career Ladder Program	251,470	0	0	251,470
Career Ladder - Extended Contract	40,420	0	0	40,420

(Continued)

Exhibit K-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues</u>				
Other State Grants	\$ 0	\$ 98,194	\$ 0	\$ 98,194
Other State Revenues	3,983	0	0	3,983
Total State of Tennessee	<u>\$ 30,656,225</u>	<u>\$ 98,194</u>	<u>\$ 39,022</u>	<u>\$ 30,793,441</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 2,004,722	\$ 2,004,722
USDA - Commodities	0	0	269,134	269,134
Breakfast	0	0	750,128	750,128
USDA - Other	0	0	36,962	36,962
Vocational Education - Basic Grants to States	0	118,062	0	118,062
Title I Grants to Local Education Agencies	0	1,942,487	0	1,942,487
Special Education - Grants to States	59,003	1,501,512	0	1,560,515
Special Education Preschool Grants	0	62,018	0	62,018
English Language Acquisition Grants	0	10,910	0	10,910
Safe and Drug-free Schools - State Grants	0	503,787	0	503,787
Rural Education	0	106,595	0	106,595
Education for Homeless Children and Youth	0	39,507	0	39,507
Eisenhower Professional Development State Grants	0	294,479	0	294,479
Race-to-the-Top - ARRA	0	390,846	0	390,846
Other Federal through State	0	74,917	99,789	174,706
Total Federal Government	<u>\$ 59,003</u>	<u>\$ 5,045,120</u>	<u>\$ 3,160,735</u>	<u>\$ 8,264,858</u>
Total	<u>\$ 48,008,339</u>	<u>\$ 5,143,314</u>	<u>\$ 4,198,795</u>	<u>\$ 57,350,448</u>

Exhibit K-7

Cumberland County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Cumberland County Railroad Authority
For the Year Ended June 30, 2014

	General	Total
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Sale of Recycled Materials	\$ 9,601	\$ 9,601
Total Other Local Revenues	<u>\$ 9,601</u>	<u>\$ 9,601</u>
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Other General Government Grants	\$ 764,237	\$ 764,237
Total State of Tennessee	<u>\$ 764,237</u>	<u>\$ 764,237</u>
Total	<u>\$ 773,838</u>	<u>\$ 773,838</u>

Exhibit K-8

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	76,098	
Social Security		5,765	
State Retirement		4,872	
Advertising		485	
Audit Services		17,183	
Contracts with Government Agencies		539,012	
Contracts with Private Agencies		1,200	
Dues and Memberships		1,052	
Maintenance Agreements		3,500	
Travel		3,832	
Other Contracted Services		810	
Other Equipment		754,931	
Other Capital Outlay		1,959	
Total County Commission			\$ 1,410,699

Board of Equalization

Board and Committee Members Fees	\$	3,105	
Total Board of Equalization			3,105

Beer Board

Legal Notices, Recording, and Court Costs	\$	260	
Criminal Investigation of Applicants - TBI		261	
Total Beer Board			521

Other Boards and Committees

Other Charges	\$	1,690	
Total Other Boards and Committees			1,690

County Mayor/Executive

County Official/Administrative Officer	\$	85,268	
Assistant(s)		26,600	
Secretary(ies)		25,000	
Longevity Pay		516	
Social Security		9,644	
State Retirement		13,134	
Employee and Dependent Insurance		22,182	
Life Insurance		147	
Dental Insurance		942	
Communication		1,378	
Contracts with Private Agencies		25,963	
Contributions		9,500	
Dues and Memberships		1,850	
Maintenance and Repair Services - Office Equipment		328	
Printing, Stationery, and Forms		460	
Travel		2,470	
Other Contracted Services		60	
Office Supplies		2,307	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Premiums on Corporate Surety Bonds	\$	200	
Other Charges		300	
Total County Mayor/Executive			\$ 228,249

County Attorney

County Official/Administrative Officer	\$	38,628	
Total County Attorney			38,628

Election Commission

County Official/Administrative Officer	\$	66,443	
Clerical Personnel		78,518	
Part-time Personnel		5,903	
Longevity Pay		2,442	
Election Commission		8,990	
Election Workers		24,960	
In-service Training		1,275	
Social Security		11,500	
State Retirement		13,894	
Employee and Dependent Insurance		27,773	
Life Insurance		174	
Dental Insurance		1,178	
Communication		2,302	
Dues and Memberships		275	
Legal Notices, Recording, and Court Costs		3,125	
Maintenance and Repair Services - Equipment		2,816	
Maintenance and Repair Services - Office Equipment		11,757	
Printing, Stationery, and Forms		10,309	
Rentals		550	
Travel		2,725	
Other Contracted Services		7,100	
Office Supplies		2,972	
Other Charges		2,643	
Data Processing Equipment		2,250	
Voting Machines		73,374	
Total Election Commission			365,248

Register of Deeds

County Official/Administrative Officer	\$	73,825	
Deputy(ies)		117,845	
Part-time Personnel		13,006	
Longevity Pay		3,992	
Social Security		15,790	
State Retirement		18,705	
Employee and Dependent Insurance		36,730	
Life Insurance		211	
Dental Insurance		1,570	
Communication		1,415	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Dues and Memberships	\$	527	
Maintenance Agreements		17,962	
Office Supplies		443	
Premiums on Corporate Surety Bonds		100	
Total Register of Deeds			\$ 302,121

Engineering

Communication	\$	420	
Engineering Services		22,000	
Operating Lease Payments		17,972	
Maintenance and Repair Services - Equipment		2,572	
Equipment and Machinery Parts		7,641	
Gasoline		165	
Utilities		11,299	
Total Engineering			62,069

County Buildings

Supervisor/Director	\$	37,700	
Custodial Personnel		161,826	
Maintenance Personnel		23,702	
Longevity Pay		4,191	
Overtime Pay		5,398	
Social Security		17,716	
State Retirement		21,707	
Employee and Dependent Insurance		63,971	
Life Insurance		351	
Dental Insurance		2,722	
Other Fringe Benefits		7,147	
Maintenance and Repair Services - Buildings		120,244	
Travel		40	
Gasoline		7,236	
Uniforms		2,454	
Utilities		85,435	
Total County Buildings			561,840

Other General Administration

Supervisor/Director	\$	33,238	
Mechanic(s)		29,101	
Longevity Pay		1,579	
Social Security		4,894	
State Retirement		6,215	
Employee and Dependent Insurance		14,788	
Life Insurance		111	
Dental Insurance		628	
Other Fringe Benefits		1,096	
Communication		807	
Gasoline		989	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Lubricants	\$	13,112	
Uniforms		1,570	
Utilities		2,866	
Other Supplies and Materials		5,051	
Total Other General Administration			\$ 116,045

Preservation of Records

Part-time Personnel	\$	14,785	
In-service Training		436	
Social Security		1,131	
Communication		646	
Dues and Memberships		70	
Printing, Stationery, and Forms		200	
Other Contracted Services		237	
Library Books/Media		998	
Office Supplies		5,628	
Periodicals		85	
Total Preservation of Records			24,216

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	73,825	
Accountants/Bookkeepers		183,471	
Longevity Pay		8,736	
Social Security		20,703	
State Retirement		26,134	
Employee and Dependent Insurance		44,364	
Life Insurance		242	
Dental Insurance		1,884	
Other Fringe Benefits		8,804	
Communication		2,661	
Legal Notices, Recording, and Court Costs		1,078	
Maintenance Agreements		10,567	
Printing, Stationery, and Forms		8,635	
Travel		740	
Office Supplies		2,605	
Premiums on Corporate Surety Bonds		350	
Total Accounting and Budgeting			394,799

Property Assessor's Office

County Official/Administrative Officer	\$	73,825	
Assistant(s)		221,390	
Clerical Personnel		46,500	
Longevity Pay		5,258	
In-service Training		3,498	
Social Security		24,779	
State Retirement		33,095	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Employee and Dependent Insurance	\$	80,833	
Life Insurance		392	
Dental Insurance		3,140	
Communication		822	
Data Processing Services		48,628	
Dues and Memberships		1,850	
Maintenance Agreements		4,236	
Maintenance and Repair Services - Vehicles		1,587	
Postal Charges		3,500	
Travel		2,513	
Other Contracted Services		25,880	
Duplicating Supplies		976	
Gasoline		3,429	
Office Supplies		2,495	
Other Supplies and Materials		300	
Premiums on Corporate Surety Bonds		180	
Total Property Assessor's Office			\$ 589,106

County Trustee's Office

County Official/Administrative Officer	\$	73,825	
Deputy(ies)		140,903	
Longevity Pay		4,154	
Social Security		16,507	
State Retirement		20,925	
Employee and Dependent Insurance		42,924	
Life Insurance		231	
Dental Insurance		1,884	
Audit Services		4,423	
Communication		1,161	
Dues and Memberships		677	
Maintenance and Repair Services - Office Equipment		8,500	
Printing, Stationery, and Forms		2,885	
Travel		500	
Office Supplies		1,434	
Premiums on Corporate Surety Bonds		2,328	
Other Charges		700	
Data Processing Equipment		1,700	
Total County Trustee's Office			325,661

County Clerk's Office

County Official/Administrative Officer	\$	73,825
Deputy(ies)		299,452
Longevity Pay		7,645
Social Security		28,535
State Retirement		36,416
Employee and Dependent Insurance		87,238
Life Insurance		471

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Dental Insurance	\$	3,768	
Communication		4,385	
Dues and Memberships		677	
Maintenance and Repair Services - Office Equipment		16,694	
Printing, Stationery, and Forms		1,987	
Travel		742	
Office Supplies		9,279	
Premiums on Corporate Surety Bonds		175	
Data Processing Equipment		11,255	
Total County Clerk's Office			\$ 582,544

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	73,825	
Deputy(ies)		290,104	
Part-time Personnel		17,676	
Longevity Pay		7,808	
Jury and Witness Expense		19,191	
Social Security		29,504	
State Retirement		34,745	
Employee and Dependent Insurance		80,784	
Life Insurance		426	
Dental Insurance		3,428	
Communication		3,604	
Dues and Memberships		602	
Maintenance and Repair Services - Office Equipment		17,541	
Printing, Stationery, and Forms		9,058	
Travel		167	
Office Supplies		5,466	
Premiums on Corporate Surety Bonds		1,355	
Total Circuit Court			595,284

General Sessions Court

Judge(s)	\$	156,443	
Secretary(ies)		34,601	
Part-time Personnel		6,840	
Longevity Pay		1,796	
Other Salaries and Wages		19,366	
Social Security		14,113	
State Retirement		20,287	
Employee and Dependent Insurance		19,619	
Life Insurance		109	
Dental Insurance		837	
Communication		1,003	
Contracts with Government Agencies		50,000	
Dues and Memberships		215	
Printing, Stationery, and Forms		150	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Travel	\$	1,160	
Office Supplies		802	
Periodicals		55	
Data Processing Equipment		569	
Total General Sessions Court			\$ 327,965

Chancery Court

County Official/Administrative Officer	\$	73,825	
Deputy(ies)		71,500	
Longevity Pay		2,860	
Social Security		11,336	
State Retirement		14,167	
Employee and Dependent Insurance		22,182	
Life Insurance		143	
Dental Insurance		942	
Communication		1,733	
Dues and Memberships		787	
Maintenance and Repair Services - Office Equipment		14,581	
Printing, Stationery, and Forms		2,241	
Office Supplies		3,741	
Premiums on Corporate Surety Bonds		488	
Other Equipment		11,245	
Total Chancery Court			231,771

Juvenile Court

Youth Service Officer(s)	\$	66,002	
Longevity Pay		1,683	
Social Security		5,178	
State Retirement		6,471	
Employee and Dependent Insurance		14,788	
Life Insurance		111	
Dental Insurance		628	
Communication		404	
Contracts with Government Agencies		14,996	
Travel		455	
Office Supplies		322	
Total Juvenile Court			111,038

Judicial Commissioners

County Official/Administrative Officer	\$	71,103
Supervisor/Director		33,900
Part-time Personnel		33,192
Longevity Pay		2,396
In-service Training		600
Social Security		10,672
State Retirement		7,455
Employee and Dependent Insurance		22,182

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners (Cont.)

Life Insurance	\$	110	
Dental Insurance		1,256	
Printing, Stationery, and Forms		451	
Travel		188	
Office Supplies		465	
Premiums on Corporate Surety Bonds		800	
Total Judicial Commissioners			\$ 184,770

Probate Court

Secretary(ies)	\$	157,101	
Longevity Pay		5,296	
Social Security		11,697	
State Retirement		15,525	
Employee and Dependent Insurance		36,970	
Life Insurance		180	
Dental Insurance		1,570	
Travel		164	
Total Probate Court			228,503

Courtroom Security

Deputy(ies)	\$	133,507	
Part-time Personnel		13,145	
Longevity Pay		1,092	
Social Security		10,979	
State Retirement		10,957	
Employee and Dependent Insurance		36,415	
Life Insurance		168	
Dental Insurance		1,544	
Total Courtroom Security			207,807

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	81,208	
Deputy(ies)		1,401,385	
Salary Supplements		27,000	
Secretary(ies)		68,200	
Longevity Pay		33,895	
Overtime Pay		33,243	
In-service Training		5,570	
Social Security		123,284	
State Retirement		152,170	
Employee and Dependent Insurance		310,559	
Life Insurance		1,655	
Dental Insurance		13,696	
Communication		18,123	
Dues and Memberships		134	
Evaluation and Testing		2,044	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Maintenance and Repair Services - Equipment	\$	3,175	
Maintenance and Repair Services - Vehicles		51,794	
Printing, Stationery, and Forms		973	
Travel		3,018	
Drug Treatment		488	
Other Contracted Services		25,592	
Gasoline		193,485	
Office Supplies		6,000	
Uniforms		12,078	
Other Supplies and Materials		33,970	
Premiums on Corporate Surety Bonds		100	
Workers' Compensation Insurance		150,839	
Other Charges		1,489	
Communication Equipment		15,000	
Law Enforcement Equipment		9,120	
Other Equipment		5,355	
Total Sheriff's Department			\$ 2,784,642

Drug Enforcement

Overtime Pay	\$	11,204	
In-service Training		357	
Social Security		843	
State Retirement		1,071	
Total Drug Enforcement			13,475

Jail

Medical Personnel	\$	53,600	
Bus Drivers		37,312	
Guards		1,213,210	
Clerical Personnel		119,992	
Cafeteria Personnel		94,752	
Part-time Personnel		97,126	
Longevity Pay		28,810	
In-service Training		4,479	
Social Security		123,108	
State Retirement		133,185	
Employee and Dependent Insurance		385,331	
Life Insurance		1,918	
Dental Insurance		17,057	
Evaluation and Testing		4,761	
Maintenance and Repair Services - Equipment		17,958	
Medical and Dental Services		332,878	
Travel		2,324	
Food Supplies		348,542	
Office Supplies		5,970	
Uniforms		12,485	
Utilities		322,617	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Other Supplies and Materials	\$ 99,968	
Other Charges	22,981	
Total Jail	\$ 3,480,364	

Juvenile Services

Guards	\$ 58,796	
Part-time Personnel	59,078	
Longevity Pay	622	
Social Security	8,748	
State Retirement	5,699	
Employee and Dependent Insurance	10,648	
Life Insurance	60	
Dental Insurance	509	
Communication	185	
Contracts with Government Agencies	14,400	
Office Supplies	592	
Utilities	1,956	
Total Juvenile Services	161,293	

Fire Prevention and Control

Salary Supplements	\$ 4,800	
Part-time Personnel	16,860	
Longevity Pay	8,166	
Overtime Pay	44,917	
Other Salaries and Wages	274,799	
In-service Training	10,108	
Social Security	26,381	
State Retirement	31,574	
Employee and Dependent Insurance	65,285	
Life Insurance	321	
Dental Insurance	2,774	
Communication	708	
Contracts with Government Agencies	2,000	
Evaluation and Testing	1,995	
Maintenance and Repair Services - Buildings	15,514	
Maintenance and Repair Services - Equipment	9,779	
Maintenance and Repair Services - Vehicles	25,463	
Travel	1,920	
Gasoline	30,561	
Office Supplies	854	
Uniforms	1,836	
Utilities	57,799	
Other Supplies and Materials	1,968	
Workers' Compensation Insurance	77,476	
Other Charges	26,327	
Communication Equipment	50,869	
Other Equipment	9,981	
Total Fire Prevention and Control	801,035	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense

Assistant(s)	\$	31,100	
Supervisor/Director		44,400	
Longevity Pay		2,398	
Social Security		6,139	
State Retirement		7,720	
Employee and Dependent Insurance		14,788	
Life Insurance		111	
Dental Insurance		628	
Other Fringe Benefits		2,858	
Communication		2,156	
Maintenance and Repair Services - Vehicles		372	
Travel		326	
Gasoline		748	
Other Charges		481	
Other Capital Outlay		5,983	
Total Civil Defense			\$ 120,208

Rescue Squad

Contracts with Private Agencies	\$	6,414	
Total Rescue Squad			6,414

Other Emergency Management

Supervisor/Director	\$	35,272	
Dispatchers/Radio Operators		551,725	
Part-time Personnel		16,424	
Longevity Pay		8,363	
Overtime Pay		7,529	
Social Security		46,335	
State Retirement		52,215	
Employee and Dependent Insurance		169,979	
Life Insurance		861	
Dental Insurance		7,249	
Other Fringe Benefits		2,203	
Office Supplies		1,192	
Office Equipment		1,253	
Total Other Emergency Management			900,600

County Coroner/Medical Examiner

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

Other Public Safety

Deputy(ies)	\$	12,161	
In-service Training		4,600	
Social Security		1,282	
State Retirement		67	
Evaluation and Testing		1,758	
Other Charges		4,035	
Total Other Public Safety			23,903

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	20,201	
Part-time Personnel		7,369	
Longevity Pay		4,700	
Other Salaries and Wages		548,297	
Social Security		38,775	
State Retirement		30,773	
Employee and Dependent Insurance		100,807	
Life Insurance		492	
Dental Insurance		4,370	
Communication		23,883	
Contracts with Private Agencies		29,103	
Maintenance and Repair Services - Buildings		5,782	
Travel		17,374	
Other Contracted Services		5,764	
Drugs and Medical Supplies		9,120	
Instructional Supplies and Materials		13,352	
Office Supplies		10,422	
Utilities		36,315	
Other Supplies and Materials		4,723	
Liability Insurance		7,306	
Other Charges		355	
Total Local Health Center			\$ 919,283

Rabies and Animal Control

Deputy(ies)	\$	21,701	
Part-time Personnel		10,636	
Longevity Pay		621	
In-service Training		200	
Social Security		2,485	
State Retirement		2,134	
Employee and Dependent Insurance		7,394	
Life Insurance		36	
Dental Insurance		314	
Communication		209	
Gasoline		6,513	
Office Supplies		21	
Uniforms		890	
Other Supplies and Materials		2,151	
Total Rabies and Animal Control			55,305

Ambulance/Emergency Medical Services

Supervisor/Director	\$	71,200	
Medical Personnel		977,247	
Secretary(ies)		42,967	
Part-time Personnel		109,842	
Longevity Pay		35,821	
Overtime Pay		612,764	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

In-service Training	\$	4,227	
Social Security		138,943	
State Retirement		156,564	
Employee and Dependent Insurance		327,672	
Life Insurance		1,638	
Dental Insurance		13,975	
Other Fringe Benefits		2,690	
Communication		5,858	
Consultants		3,000	
Contracts with Government Agencies		2,500	
Debt Collection Services		27,606	
Maintenance and Repair Services - Buildings		4,998	
Maintenance and Repair Services - Office Equipment		88	
Maintenance and Repair Services - Vehicles		37,891	
Travel		350	
Other Contracted Services		5,409	
Drugs and Medical Supplies		102,307	
Gasoline		148,262	
Office Supplies		8,930	
Uniforms		12,000	
Utilities		14,194	
Other Supplies and Materials		16,566	
Workers' Compensation Insurance		210,556	
Other Charges		7,866	
Motor Vehicles		181,771	
Total Ambulance/Emergency Medical Services			\$ 3,285,702

Alcohol and Drug Programs

Assistant(s)	\$	34,100	
Supervisor/Director		34,365	
Longevity Pay		2,396	
Social Security		5,378	
State Retirement		6,851	
Employee and Dependent Insurance		14,548	
Life Insurance		111	
Dental Insurance		628	
Other Fringe Benefits		805	
Total Alcohol and Drug Programs			99,182

Other Local Health Services

Drugs and Medical Supplies	\$	6,922	
Total Other Local Health Services			6,922

Appropriation to State

Contributions	\$	43,125	
Total Appropriation to State			43,125

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare

Attendants	\$	32,031	
Part-time Personnel		36,912	
Longevity Pay		650	
Social Security		5,307	
State Retirement		3,222	
Employee and Dependent Insurance		7,394	
Life Insurance		68	
Dental Insurance		314	
Other Fringe Benefits		1,020	
Communication		1,704	
Gasoline		160	
Utilities		8,371	
Other Supplies and Materials		18,323	
Other Charges		358	
Building Improvements		1,970	
Total Other Public Health and Welfare			\$ 117,804

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Supervisor/Director	\$	46,000	
Deputy(ies)		59,602	
Secretary(ies)		28,301	
Clerical Personnel		25,301	
Part-time Personnel		143,443	
Longevity Pay		3,954	
In-service Training		1,350	
Social Security		23,264	
State Retirement		15,788	
Employee and Dependent Insurance		35,770	
Life Insurance		219	
Dental Insurance		1,570	
Other Fringe Benefits		1,987	
Communication		7,491	
Dues and Memberships		830	
Maintenance Agreements		18,728	
Maintenance and Repair Services - Buildings		12,910	
Maintenance and Repair Services - Office Equipment		2,500	
Postal Charges		3,000	
Printing, Stationery, and Forms		1,790	
Custodial Supplies		7,502	
Library Books/Media		47,996	
Office Supplies		37,001	
Periodicals		3,926	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Utilities	\$ 70,187	
Other Charges	4,035	
Data Processing Equipment	4,646	
Total Libraries		\$ 609,091

Parks and Fair Boards

Supervisor/Director	\$ 27,300	
Custodial Personnel	20,700	
Part-time Personnel	26,382	
Longevity Pay	687	
Social Security	5,876	
State Retirement	4,827	
Employee and Dependent Insurance	10,060	
Life Insurance	111	
Dental Insurance	570	
Other Fringe Benefits	1,800	
Advertising	5,088	
Communication	935	
Maintenance and Repair Services - Buildings	90	
Gasoline	3,500	
Uniforms	772	
Utilities	51,250	
Other Supplies and Materials	28,640	
Building Improvements	55,801	
Total Parks and Fair Boards		244,389

Other Social, Cultural, and Recreational

Contracts with Private Agencies	\$ 17,100	
Total Other Social, Cultural, and Recreational		17,100

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$ 83,876	
Communication	1,976	
Office Supplies	2,291	
Total Agricultural Extension Service		88,143

Soil Conservation

Assistant(s)	\$ 20,500	
Secretary(ies)	31,600	
Longevity Pay	1,153	
Social Security	4,067	
State Retirement	5,091	
Employee and Dependent Insurance	14,548	
Life Insurance	72	
Dental Insurance	628	
Dues and Memberships	1,260	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

Travel	\$ 2,000	
Office Supplies	295	
Total Soil Conservation		\$ 81,214

Other Operations

Tourism

Contracts with Private Agencies	\$ 45,000	
Total Tourism		45,000

Other Economic and Community Development

Contracts with Private Agencies	\$ 52,500	
Other Construction	31,500	
Total Other Economic and Community Development		84,000

Veterans' Services

County Official/Administrative Officer	\$ 25,600	
Part-time Personnel	14,190	
Longevity Pay	256	
Social Security	3,050	
State Retirement	2,472	
Life Insurance	36	
Audit Services	8,775	
Communication	1,422	
Dues and Memberships	25	
Maintenance Agreements	334	
Travel	1,333	
Office Supplies	2,313	
Total Veterans' Services		59,806

Other Charges

Liability Insurance	\$ 215,271	
Trustee's Commission	233,523	
Other Charges	20,048	
Total Other Charges		468,842

Employee Benefits

Unemployment Compensation	\$ 49,224	
Medical and Dental Services	129	
Workers' Compensation Insurance	69,743	
Total Employee Benefits		119,096

Miscellaneous

Postal Charges	\$ 71,080	
Other Charges	317	
Total Miscellaneous		71,397

Total General Fund \$ 21,696,789

(Continued)

Exhibit K-8

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

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$ 20,730	
Total County Buildings		\$ 20,730

Other Operations

Other Charges

Trustee's Commission	\$ 520	
Total Other Charges		520

Total Courthouse and Jail Maintenance Fund		\$ 21,250
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Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Laborers	\$ 89,717	
Longevity Pay	922	
Social Security	7,007	
State Retirement	7,259	
Employee and Dependent Insurance	27,888	
Life Insurance	92	
Dental Insurance	1,204	
Other Fringe Benefits	1,669	
Diesel Fuel	51,636	
Uniforms	1,115	
Other Supplies and Materials	40,091	
Total Waste Pickup		\$ 228,600

Convenience Centers

Part-time Personnel	\$ 362,110	
Overtime Pay	6	
Social Security	27,702	
Contracts with Private Agencies	619,458	
Operating Lease Payments	9,800	
Uniforms	3,747	
Utilities	32,902	
Other Supplies and Materials	13,794	
Total Convenience Centers		1,069,519

Recycling Center

Supervisor/Director	\$ 38,501	
Laborers	148,188	
Part-time Personnel	55,836	
Longevity Pay	3,948	
Overtime Pay	21	
Social Security	19,002	
State Retirement	18,223	
Employee and Dependent Insurance	50,313	
Life Insurance	234	

(Continued)

Exhibit K-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center (Cont.)

Dental Insurance	\$	2,198	
Other Fringe Benefits		4,019	
Contracts with Private Agencies		43,119	
Travel		623	
Diesel Fuel		10,520	
Office Supplies		2,973	
Uniforms		1,557	
Utilities		18,274	
Other Supplies and Materials		44,444	
Building Construction		42,700	
Building Purchases		660,000	
Solid Waste Equipment		385,300	
Total Recycling Center			\$ 1,549,993

Postclosure Care Costs

Part-time Personnel	\$	1,817	
Social Security		139	
Contracts for Postclosure Care Costs		14,256	
Utilities		4,933	
Other Supplies and Materials		21,378	
Other Charges		30,995	
Total Postclosure Care Costs			73,518

Other Operations

Other Charges

Trustee's Commission	\$	32,059	
Total Other Charges			32,059

Employee Benefits

Unemployment Compensation	\$	6,526	
Workers' Compensation Insurance		71,811	
Total Employee Benefits			78,337

Highways

Litter and Trash Collection

Deputy(ies)	\$	39,536	
Longevity Pay		319	
Social Security		3,171	
State Retirement		3,292	
Employee and Dependent Insurance		14,548	
Life Insurance		69	
Dental Insurance		628	
Other Fringe Benefits		1,735	
Travel		399	
Diesel Fuel		3,927	
Office Supplies		263	
Uniforms		494	
Other Supplies and Materials		6,562	
Total Litter and Trash Collection			74,943

Total Solid Waste/Sanitation Fund \$ 3,106,969

(Continued)

Exhibit K-8

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

Drug Control Fund

Public Safety

Drug Enforcement

In-service Training	\$	205	
Communication		7,590	
Maintenance and Repair Services - Vehicles		2,500	
Other Supplies and Materials		3,068	
Law Enforcement Equipment		1,651	
Motor Vehicles		25,016	
Total Drug Enforcement			\$ 40,030

Other Operations

Other Charges

Trustee's Commission	\$	149	
Total Other Charges			149

Total Drug Control Fund \$ 40,179

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	96	
Total County Clerk's Office			\$ 96

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	600	
Total Chancery Court			600

Total Constitutional Officers - Fees Fund 696

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	81,208	
Assistant(s)		33,904	
Longevity Pay		848	
Overtime Pay		2,757	
Social Security		9,158	
State Retirement		11,497	
Employee and Dependent Insurance		14,788	
Life Insurance		111	
Dental Insurance		628	
Other Fringe Benefits		1,280	
Dues and Memberships		4,417	
Maintenance and Repair Services - Office Equipment		500	
Postal Charges		18	
Printing, Stationery, and Forms		38	
Travel		2,973	
Office Supplies		2,007	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Other Charges	\$	1,974	
Data Processing Equipment		474	
Total Administration			\$ 168,580

Highway and Bridge Maintenance

Equipment Operators - Heavy	\$	245,283	
Truck Drivers		157,603	
Laborers		106,464	
Longevity Pay		13,521	
Overtime Pay		27,825	
Social Security		41,782	
State Retirement		53,369	
Employee and Dependent Insurance		119,423	
Life Insurance		566	
Dental Insurance		5,182	
Other Fringe Benefits		12,201	
Other Contracted Services		36,160	
Asphalt - Cold Mix		40,549	
Asphalt - Hot Mix		224,815	
Asphalt - Liquid		502,293	
Crushed Stone		168,245	
Pipe - Metal		21,055	
Road Signs		10,531	
Salt		3,910	
Sand		1,000	
Wood Products		758	
Other Supplies and Materials		1,172	
Total Highway and Bridge Maintenance			1,793,707

Operation and Maintenance of Equipment

Mechanic(s)	\$	62,504	
Longevity Pay		625	
Overtime Pay		1,708	
Social Security		5,158	
State Retirement		6,521	
Employee and Dependent Insurance		14,788	
Life Insurance		72	
Dental Insurance		628	
Other Fringe Benefits		1,168	
Laundry Service		1,689	
Diesel Fuel		96,241	
Equipment and Machinery Parts		46,904	
Gasoline		38,703	
Lubricants		5,937	
Tires and Tubes		6,831	
Total Operation and Maintenance of Equipment			289,477

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges

Communication	\$ 4,912	
Electricity	5,155	
Natural Gas	4,435	
Water and Sewer	353	
Premiums on Corporate Surety Bonds	245	
Trustee's Commission	23,381	
Vehicle and Equipment Insurance	49,614	
Other Charges	<u>5,219</u>	
Total Other Charges		\$ 93,314

Employee Benefits

Unemployment Compensation	\$ 5,154	
Workers' Compensation Insurance	<u>72,420</u>	
Total Employee Benefits		77,574

Capital Outlay

Bridge Construction	\$ 18,258	
State Aid Projects	<u>288,841</u>	
Total Capital Outlay		<u>307,099</u>

Total Highway/Public Works Fund \$ 2,729,751

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$ 768,465	
Principal on Other Loans	<u>513,821</u>	
Total General Government		\$ 1,282,286

Education

Principal on Other Loans	<u>\$ 1,561,423</u>	
Total Education		1,561,423

Interest on Debt

General Government

Interest on Notes	\$ 13,668	
Interest on Other Loans	<u>470,784</u>	
Total General Government		484,452

Education

Interest on Other Loans	<u>\$ 1,184,845</u>	
Total Education		1,184,845

Other Debt Service

General Government

Financial Advisory Services	\$ 4,500	
Trustee's Commission	<u>76,624</u>	
Total General Government		<u>81,124</u>

Total General Debt Service Fund 4,594,130

(Continued)

Exhibit K-8

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

<u>General Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Public Health and Welfare Projects</u>			
Building Construction	<u>\$ 630,372</u>		
Total Public Health and Welfare Projects		<u>\$ 630,372</u>	
Total General Capital Projects Fund			<u>\$ 630,372</u>
Total Governmental Funds - Primary Government			<u>\$ 32,820,136</u>

Exhibit K-9

Cumberland County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 15,242,659	
Career Ladder Program	173,300	
Career Ladder Extended Contracts	21,120	
Homebound Teachers	41,115	
Educational Assistants	852,079	
Certified Substitute Teachers	36,761	
Non-certified Substitute Teachers	191,794	
Social Security	1,228,569	
State Retirement	1,445,472	
Life Insurance	29,516	
Medical Insurance	3,919,720	
Dental Insurance	129,463	
Maintenance and Repair Services - Equipment	34,949	
Other Contracted Services	193,426	
Instructional Supplies and Materials	341,440	
Textbooks	69,574	
Other Supplies and Materials	70,949	
Fee Waivers	8,978	
Regular Instruction Equipment	388,572	
Other Equipment	2,176	
Total Regular Instruction Program		\$ 24,421,632

Alternative Instruction Program

Teachers	\$ 186,326	
Social Security	13,981	
State Retirement	16,546	
Life Insurance	352	
Medical Insurance	47,535	
Dental Insurance	1,662	
Other Contracted Services	1,000	
Instructional Supplies and Materials	1,500	
Other Supplies and Materials	1,500	
Other Equipment	1,000	
Total Alternative Instruction Program		271,402

Special Education Program

Teachers	\$ 1,524,706	
Career Ladder Program	20,000	
Career Ladder Extended Contracts	4,500	
Homebound Teachers	43,270	
Educational Assistants	122,916	
Speech Pathologist	121,648	
Other Salaries and Wages	72,125	
Certified Substitute Teachers	242	
Non-certified Substitute Teachers	7,251	
Social Security	143,693	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

State Retirement	\$	165,358	
Life Insurance		3,333	
Medical Insurance		467,425	
Dental Insurance		15,746	
Instructional Supplies and Materials		179	
Other Supplies and Materials		477	
Other Charges		342	
Special Education Equipment		1,376	
Total Special Education Program			\$ 2,714,587

Vocational Education Program

Teachers	\$	1,747,408	
Career Ladder Program		7,000	
Educational Assistants		13,871	
Certified Substitute Teachers		1,260	
Non-certified Substitute Teachers		6,664	
Social Security		134,025	
State Retirement		156,007	
Life Insurance		3,197	
Medical Insurance		413,316	
Dental Insurance		13,582	
Maintenance and Repair Services - Equipment		8,759	
Travel		55,685	
Other Contracted Services		30,985	
Instructional Supplies and Materials		37,303	
Textbooks		5,984	
Other Supplies and Materials		2,881	
Other Charges		1,112	
Building Construction		16,989	
Vocational Instruction Equipment		29,826	
Total Vocational Education Program			2,685,854

Support Services

Attendance

Supervisor/Director	\$	56,858	
Social Security		4,269	
State Retirement		5,049	
Life Insurance		75	
Medical Insurance		6,556	
Dental Insurance		314	
Travel		366	
Other Supplies and Materials		1,555	
Total Attendance			75,042

Health Services

Medical Personnel	\$	236,500	
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(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Part-time Personnel	\$	14,159	
Social Security		18,841	
State Retirement		22,426	
Life Insurance		410	
Medical Insurance		76,213	
Dental Insurance		3,769	
Other Contracted Services		12,902	
Drugs and Medical Supplies		962	
Other Supplies and Materials		2,415	
Health Equipment		1,086	
Total Health Services			\$ 389,683

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		676,587	
Social Security		50,260	
State Retirement		60,441	
Life Insurance		1,042	
Medical Insurance		149,279	
Dental Insurance		4,397	
Evaluation and Testing		12,830	
Travel		1,141	
Other Supplies and Materials		19,890	
In Service/Staff Development		1,200	
Other Charges		391	
Total Other Student Support			980,458

Regular Instruction Program

Supervisor/Director	\$	233,562	
Career Ladder Program		14,000	
Career Ladder Extended Contracts		1,980	
Librarians		476,964	
Instructional Computer Personnel		186,982	
Secretary(ies)		38,927	
Social Security		71,029	
State Retirement		84,537	
Life Insurance		1,274	
Medical Insurance		189,701	
Dental Insurance		6,051	
Consultants		1,120	
Travel		20,089	
Library Books/Media		109,800	
In Service/Staff Development		8,955	
Total Regular Instruction Program			1,444,971

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program

Supervisor/Director	\$	75,440	
Career Ladder Program		3,000	
Psychological Personnel		140,426	
Secretary(ies)		34,052	
Clerical Personnel		20,543	
Social Security		20,931	
State Retirement		25,129	
Life Insurance		364	
Medical Insurance		43,762	
Dental Insurance		1,780	
Maintenance and Repair Services - Equipment		441	
Travel		785	
Other Supplies and Materials		738	
Other Charges		237	
Other Equipment		243	
Total Special Education Program			\$ 367,871

Vocational Education Program

Supervisor/Director	\$	70,267	
Clerical Personnel		24,947	
Social Security		7,191	
State Retirement		8,538	
Life Insurance		111	
Medical Insurance		12,049	
Dental Insurance		576	
Travel		6,995	
Other Supplies and Materials		735	
In Service/Staff Development		1,596	
Other Charges		1,000	
Total Vocational Education Program			134,005

Other Programs

On-behalf Payments to OPEB	\$	261,894	
Total Other Programs			261,894

Board of Education

Board and Committee Members Fees	\$	28,800	
Social Security		2,017	
State Retirement		903	
Medical Insurance		243,064	
Dental Insurance		942	
Unemployment Compensation		57,424	
Audit Services		10,500	
Dues and Memberships		12,524	
Legal Services		35,135	
Travel		6,674	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Other Contracted Services	\$	5,226	
Other Supplies and Materials		4,941	
Trustee's Commission		319,396	
Workers' Compensation Insurance		243,555	
Other Charges		992	
Total Board of Education			\$ 972,093

Director of Schools

County Official/Administrative Officer	\$	115,000	
Social Security		8,736	
State Retirement		10,212	
Life Insurance		75	
Medical Insurance		9,577	
Dental Insurance		288	
Dues and Memberships		15,913	
Postal Charges		1,916	
Travel		5,476	
Other Contracted Services		7,348	
Office Supplies		4,949	
Other Supplies and Materials		4,179	
Administration Equipment		2,759	
Total Director of Schools			186,428

Office of the Principal

Principals	\$	860,062	
Career Ladder Program		4,000	
Career Ladder Extended Contracts		6,380	
Assistant Principals		767,188	
Secretary(ies)		473,090	
Clerical Personnel		215,616	
Social Security		174,543	
State Retirement		209,783	
Life Insurance		3,124	
Medical Insurance		491,277	
Dental Insurance		19,320	
Travel		7,876	
Other Supplies and Materials		5,912	
In Service/Staff Development		4,594	
Other Charges		3,951	
Total Office of the Principal			3,246,716

Operation of Plant

Custodial Personnel	\$	1,168,496	
Other Salaries and Wages		6,467	
Social Security		89,105	
State Retirement		103,250	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Life Insurance	\$	1,978	
Medical Insurance		369,346	
Dental Insurance		17,889	
Communication		93,829	
Janitorial Services		17,252	
Pest Control		9,816	
Disposal Fees		38,594	
Other Contracted Services		79,855	
Custodial Supplies		137,298	
Electricity		1,523,891	
Natural Gas		253,914	
Uniforms		866	
Water and Sewer		179,833	
Building and Contents Insurance		357,851	
Other Charges		231	
Plant Operation Equipment		4,692	
Total Operation of Plant			\$ 4,454,453

Maintenance of Plant

Supervisor/Director	\$	24,326	
Secretary(ies)		30,722	
Maintenance Personnel		298,360	
Part-time Personnel		9,154	
Social Security		27,255	
State Retirement		33,732	
Life Insurance		386	
Medical Insurance		71,670	
Dental Insurance		3,481	
Communication		1,023	
Maintenance Agreements		11,070	
Maintenance and Repair Services - Buildings		249,375	
Other Contracted Services		38,677	
Equipment and Machinery Parts		25,757	
Fertilizer, Lime, and Seed		11,948	
Drainage Materials		23,263	
Chemicals		2,232	
Other Supplies and Materials		57,390	
Other Charges		440	
Heating and Air Conditioning Equipment		82,843	
Total Maintenance of Plant			1,003,104

Transportation

Supervisor/Director	\$	47,553	
Mechanic(s)		118,489	
Bus Drivers		842,941	
Clerical Personnel		31,910	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Attendants	\$	10,435	
Other Salaries and Wages		22,402	
Social Security		79,620	
State Retirement		99,002	
Life Insurance		2,217	
Medical Insurance		455,926	
Dental Insurance		23,134	
Communication		35	
Maintenance and Repair Services - Vehicles		989	
Other Contracted Services		24,937	
Equipment and Machinery Parts		13,906	
Gasoline		476,487	
Lubricants		19,584	
Office Supplies		1,531	
Tires and Tubes		39,604	
Vehicle Parts		94,818	
Other Supplies and Materials		9,110	
In Service/Staff Development		1,703	
Other Charges		2,799	
Transportation Equipment		495,279	
Total Transportation			\$ 2,914,411

Central and Other

Assistant(s)	\$	72,667	
Supervisor/Director		63,911	
Secretary(ies)		39,076	
Clerical Personnel		37,419	
School Resource Officer		43,932	
Other Salaries and Wages		12,950	
Social Security		23,149	
State Retirement		27,028	
Life Insurance		273	
Medical Insurance		32,554	
Dental Insurance		2,041	
Travel		1,760	
Other Contracted Services		124	
Other Supplies and Materials		5,698	
Total Central and Other			362,582

Operation of Non-instructional Services

Community Services

Supervisor/Director	\$	24,479	
Social Workers		37,896	
Other Salaries and Wages		70,000	
Social Security		11,062	
State Retirement		7,132	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Community Services (Cont.)

Life Insurance	\$	79	
Medical Insurance		13,156	
Dental Insurance		640	
Travel		1,807	
Food Supplies		3,000	
Other Supplies and Materials		5,518	
Fee Waivers		11,378	
Total Community Services			\$ 186,147

Early Childhood Education

Supervisor/Director	\$	12,849	
Teachers		530,895	
Educational Assistants		139,775	
Certified Substitute Teachers		252	
Non-certified Substitute Teachers		7,800	
Social Security		50,606	
State Retirement		60,411	
Life Insurance		1,331	
Medical Insurance		199,525	
Dental Insurance		7,018	
Travel		2,170	
Instructional Supplies and Materials		1,909	
Other Supplies and Materials		25,314	
In Service/Staff Development		6,071	
Other Charges		636	
Total Early Childhood Education			1,046,562

Capital Outlay

Regular Capital Outlay

Engineering Services	\$	11,360	
Building Improvements		154,200	
Site Development		12,874	
Other Capital Outlay		123,494	
Total Regular Capital Outlay			301,928

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$	301,740	
Total Education			301,740

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$	62,580	
Total Education			62,580

Total General Purpose School Fund \$ 48,786,143

(Continued)

Exhibit K-9

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,044,720	
Educational Assistants	364,394	
Certified Substitute Teachers	4,305	
Non-certified Substitute Teachers	16,064	
Social Security	97,030	
State Retirement	110,819	
Life Insurance	1,880	
Medical Insurance	313,770	
Dental Insurance	11,462	
Unemployment Compensation	4,043	
Other Fringe Benefits	4,224	
Maintenance and Repair Services - Equipment	85,287	
Instructional Supplies and Materials	109,952	
Other Supplies and Materials	6,130	
Other Charges	13,452	
Regular Instruction Equipment	96,919	
Total Regular Instruction Program		\$ 2,284,451

Special Education Program

Teachers	\$ 226,988	
Educational Assistants	553,846	
Speech Pathologist	11,699	
Other Salaries and Wages	2,399	
Certified Substitute Teachers	1,232	
Non-certified Substitute Teachers	19,140	
Social Security	59,966	
State Retirement	72,007	
Life Insurance	1,709	
Medical Insurance	268,095	
Dental Insurance	10,628	
Unemployment Compensation	4,370	
Instructional Supplies and Materials	33,490	
Other Supplies and Materials	29,023	
Other Charges	689	
Special Education Equipment	153,900	
Total Special Education Program		1,449,181

Vocational Education Program

Vocational Instruction Equipment	\$ 58,895	
Total Vocational Education Program		58,895

Support Services

Health Services

Social Workers	\$ 15,000	
Other Supplies and Materials	1,999	
Total Health Services		16,999

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support

Guidance Personnel	\$	19,998	
Other Salaries and Wages		1,043	
Social Security		78	
State Retirement		111	
Medical Insurance		18	
Employer Medicare		294	
Travel		22,972	
Other Contracted Services		3,250	
Food Supplies		5,692	
In Service/Staff Development		3,000	
Other Charges		26,834	
Total Other Student Support			\$ 83,290

Regular Instruction Program

Supervisor/Director	\$	82,979	
Instructional Computer Personnel		56,707	
Secretary(ies)		42,139	
Other Salaries and Wages		208,430	
Social Security		29,482	
State Retirement		35,290	
Life Insurance		260	
Medical Insurance		37,768	
Dental Insurance		1,440	
Unemployment Compensation		525	
Other Fringe Benefits		1,185	
Maintenance and Repair Services - Equipment		553	
Travel		62,425	
Other Contracted Services		270,225	
Other Supplies and Materials		1,562	
In Service/Staff Development		60,901	
Other Charges		6,249	
Other Equipment		129	
Total Regular Instruction Program			898,249

Special Education Program

Other Salaries and Wages	\$	97,173	
Social Security		7,421	
State Retirement		8,629	
Life Insurance		158	
Medical Insurance		12,658	
Dental Insurance		640	
Unemployment Compensation		210	
Travel		14,567	
Other Contracted Services		159,079	
Other Supplies and Materials		1,027	
In Service/Staff Development		10,823	
Other Equipment		349	
Total Special Education Program			312,734

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Vocational Education Program

Supervisor/Director	\$	4,928	
Social Security		366	
State Retirement		524	
Employer Medicare		85	
Total Vocational Education Program			\$ 5,903

Transportation

Bus Drivers	\$	7,335	
Diesel Fuel		2,944	
Other Charges		47,284	
Total Transportation			57,563

Total School Federal Projects Fund \$ 5,167,265

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	47,570	
Accountants/Bookkeepers		76,976	
Cafeteria Personnel		1,176,130	
Maintenance Personnel		70,851	
Longevity Pay		15,471	
Other Salaries and Wages		16,925	
Social Security		105,896	
State Retirement		84,503	
Life Insurance		1,465	
Medical Insurance		265,015	
Dental Insurance		12,322	
Unemployment Compensation		555	
Communication		5,563	
Maintenance and Repair Services - Equipment		14,916	
Maintenance and Repair Services - Office Equipment		1,552	
Pest Control		3,596	
Transportation - Other than Students		43,480	
Travel		13,977	
Disposal Fees		25,283	
Other Contracted Services		9,134	
Equipment and Machinery Parts		40,055	
Food Supplies		1,669,857	
Office Supplies		10,036	
Uniforms		2,719	
Utilities		1,993	
USDA - Commodities		269,134	
Other Supplies and Materials		138,881	
In Service/Staff Development		5,527	
Other Charges		11,660	
Food Service Equipment		58,840	
Total Food Service			\$ 4,199,882

Total Central Cafeteria Fund 4,199,882

Total Governmental Funds - Cumberland County School Department \$ 58,153,290

Cumberland County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Cumberland County Railroad Authority
For the Year Ended June 30, 2014

<u>General Fund</u>		
<u>Capital Projects</u>		
<u>Other General Government Projects</u>		
Other Construction	<u>\$ 771,552</u>	
Total Other General Government Projects		<u>\$ 771,552</u>
 Total General Fund		 <u>\$ 771,552</u>
 Total Governmental Funds - Cumberland County Railroad Authority		 <u><u>\$ 771,552</u></u>

Exhibit K-11

Cumberland 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	\$ 7,155,520
	<hr/>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 7,083,964
Trustee's Commission	71,556
Total Cash Disbursements	<hr/> \$ 7,155,520 <hr/>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2013	<hr/> 0
Cash Balance, June 30, 2014	<hr/> <hr/> \$ 0

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

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cumberland County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Cumberland County's basic financial statements, and have issued our report thereon dated November 26, 2014. Our report includes a reference to other auditors who audited the financial statements of the discretely presented Cumberland County Emergency Communications District as described in our report on Cumberland County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cumberland 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 Cumberland County's internal control. Accordingly, we do not express an opinion on the effectiveness of Cumberland 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(A) and 2014-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cumberland 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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001(B).

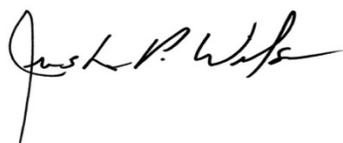
Cumberland County's Response to Findings

Cumberland County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Cumberland County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 results 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 Cumberland County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 26, 2014

JPW/sb



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

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Cumberland 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 Cumberland County's major federal programs for the year ended June 30, 2014. Cumberland County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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

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

Opinion on Each Major Federal Program

In our opinion, Cumberland 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 Cumberland 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 Cumberland 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 Cumberland County's internal control over compliance.

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

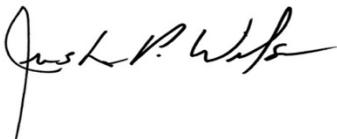
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Cumberland County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Cumberland County's basic financial statements. We issued our report thereon dated November 26, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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

November 26, 2014

JPW/sb

Cumberland 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	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Environmental Quality Incentives Program	10.912	N/A	\$ 8,541
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	269,134 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	750,128
National School Lunch Program	10.555	N/A	2,004,722 (3)
Fresh Fruit and Vegetable Program	10.582	N/A	36,962
Passed-through State Department of Human Services:			
Summer Food Service Program for Children	10.559	N/A	99,789
Passed-through Crossville-Cumberland County Convention and Visitors Bureau:			
Rural Business Enterprise Grants	10.769	N/A	25,000
Total U.S. Department of Agriculture			<u>\$ 3,194,276</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Donations/Loans of Obsolete DOD Property	12.700	N/A	<u>\$ 13,550</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants	14.228	(2)	<u>\$ 31,500</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(2)	\$ 524,129
Alcohol Open Container Requirements	20.607	(4)	46,543
Total U.S. Department of Transportation			<u>\$ 570,672</u>
Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	(2)	<u>\$ 2,000</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grant to Local Educational Agencies	84.010	N/A	\$ 1,948,468
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,614,883
Special Education - Preschool Grants	84.173	N/A	62,018
Career and Technical Education - Basic Grants to States	84.048	N/A	118,062
Special Education - Grants for Infants and Families	84.181	N/A	74,917
Education for Homeless Children and Youth	84.196	N/A	39,507
Twenty-first Century Community Learning Centers	84.287	N/A	503,787
Rural Education	84.358	N/A	108,242
English Language Acquisition Grants	84.365	N/A	10,910
Improving Teacher Quality State Grants	84.367	N/A	297,499
State Fiscal Stabilization Funds Race-to-the-Top Incentive Grant, Recovery Act	84.395	N/A	396,776
Total U.S. Department of Education			<u>\$ 5,175,069</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ <u>71,168</u>
Executive Office of the President:			
Passed-through Laurel County, Kentucky Fiscal Court:			
High Intensity Drug Trafficking Areas Program	95.001	N/A	\$ <u>10,217</u>
Total Expenditures of Federal Awards			\$ <u><u>9,068,452</u></u>
<u>State Grants</u>		<u>Contract Number</u>	
Special Education - Grants for Infants and Families - State Department of Education	N/A	(2)	\$ 86,774
Railroad Rehabilitation Grant - State Department of Transportation	N/A	(5)	764,237
FastTrack Infrastructure Development Program - State Department of Economic and Community Development	N/A	(2)	492,329
Clean Tennessee Energy Grant Program - State Department of Environment and Conservation	N/A	(2)	52,801
Litter Program - State Department of Transportation	N/A	(2)	44,265
Rural Local Health Services - State Department of Health	N/A	(2)	795,148
Drug Court Program - State Department of Mental Health and Substance Abuse Services	N/A	(2)	50,000
Juvenile Services Program - State Commission on Children and Youth	N/A	GG1029759	9,000
Help America Vote Act - Tennessee Secretary of State	N/A	(2)	3,746
ThreeStar Grant Program - State Department of Economic and Community Development	N/A	(2)	6,743
Tennessee Agriculture Enhancement Program - State Department of Agriculture	N/A	(2)	9,000
Pilot and Voluntary State Funded Classrooms Grant - State Department of Education	N/A	(2)	1,086,073
Internet Connectivity - State Department of Education	N/A	(2)	20,941
Art Subsidy - State Arts Commission	N/A	(2)	3,983
Coordinated School Health - State Department of Education	N/A	(2)	100,000
Family Resource Center - State Department of Education	N/A	(2)	29,612
Recycling Hub and Spoke Grant - State Department of Environment and Conservation	N/A	(2)	300,000
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	(2)	20,400
Waste Tire Storage and Disposal - State Department of Environment and Conservation	N/A	(2)	<u>40,422</u>
Total State Grants			\$ <u><u>3,915,474</u></u>

CFDA = Catalog of Federal Domestic Assistance
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles and prepared on the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$2,273,856.
- (4) Z-13-GHS084: \$13,227; Z-14-GHS091: \$33,316.
- (5) Z-12-RE1042-00: \$23,941; Z-12-RE1024-00: \$5,290; Z-10-220827-00: \$357; Z-12-RR1027-02: \$670,287; Z-13-RE2004-00: \$52,628; Z-13-RE2022-00: \$11,734.

Cumberland 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 is a finding from the Annual Financial Report of Cumberland County, Tennessee, for the year ended June 30, 2013, which has not been corrected.

OFFICES OF CLERK AND MASTER AND REGISTER OF DEEDS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-007	174	Multiple employees operated from the same cash drawer

CUMBERLAND 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 Cumberland County is unmodified.
2. The audit of the financial statements of Cumberland 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 were material to the financial statements of Cumberland 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 Highway Planning and Construction (CFDA No. 20.205), Title I Grants to Local Educational Agencies (CFDA No. 84.010), the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), Twenty-first Century Community Learning Centers (CFDA No. 84.287), and State Fiscal Stabilization Funds Race-to-the-Top Incentive Grant, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Cumberland County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF FINANCE DIRECTOR

FINDING 2014-001

THE OFFICE HAD BUDGET DEFICIENCIES

(A. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; B. – Noncompliance Under *Government Auditing Standards*)

We noted the following deficiencies in the budget operations of the office:

- A. The General, Solid Waste/Sanitation, and General Debt Service funds' actual beginning fund balances at July 1, 2013, exceeded the estimated beginning fund balances presented to the County Commission by \$1,355,559, \$235,289, and \$1,362,988, respectively. Sound business practices dictate that realistic estimates of beginning fund balances should be presented to the County Commission during the budget process. This deficiency is due to management's failure to properly estimate the actual ending fund balances for June 30, 2013, and resulted in materially understating the estimated beginning fund balances.
- B. Expenditures exceeded total appropriations in the Central Cafeteria Fund by \$13,042. Expenditures exceeded appropriations in the following funds' major appropriation categories (the legal level of control):

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General	
Ambulance/Emergency Medical Services	\$ 49,553
Solid Waste/Sanitation	
Recycling Center	125,721

Section 5-9-401, *Tennessee Code Annotated*, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various county departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies." These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

During the budget development process, projections are reviewed by the Budget Committee and finance director along with input from elected officials and department heads regarding the accuracy and reasonableness of assumptions made. Our processes will be evaluated to ascertain if we can more accurately reflect estimated year-end revenues, expenditures, and resulting fund balances. The County Commission will be advised of material variances in fund balance.

The County Commission authorized and funded a General Fund expenditure for the procurement of vehicles for Emergency Medical Services, but the liability was not properly recognized. The County Commission also authorized and funded a Solid Waste/Sanitation Fund expenditure for a recycling materials baler in the fiscal year ended 2013, but the equipment was not received by the county until the fiscal year ended 2014, and the liability was not properly recognized. The Central Cafeteria Fund food service expenditure was primarily due to year-end records adjustment for changes in inventory.

OFFICES OF CLERK AND MASTER AND REGISTER OF DEEDS

FINDING 2014-002

MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER

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

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

RECOMMENDATION

The officials should assign each employee their own cash drawer.

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

There were no findings and questioned costs for federal awards.

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

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