
ANNUAL FINANCIAL REPORT CUMBERLAND COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2013



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

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

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

CUMBERLAND COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Cumberland County, Tennessee
For the Year Ended June 30, 2013

Scope

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

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF FINANCE DIRECTOR

- ◆ The General and General Capital Projects funds required material audit adjustments for proper financial statement presentation.
- ◆ The General Capital Projects Fund had a cash overdraft of \$20,622 and a deficit in unassigned fund balance of \$44,622 at June 30, 2013.
- ◆ The office had deficiencies in purchasing procedures.

OFFICE OF COUNTY MAYOR

- ◆ The veteran's services officer misappropriated at least \$134,245 from the Veteran's Services Office.
- ◆ The Community Complex and the Animal Shelter had accounting deficiencies.

OFFICE OF TRUSTEE

- ◆ The trustee paid warrants issued on the General Capital Projects Fund that exceeded available funds.
-

OFFICES OF CLERK AND MASTER AND REGISTER OF DEEDS

- ◆ Multiple employees operated from the same cash drawer.

INTRODUCTORY SECTION

Cumberland County Officials

June 30, 2013

Officials

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

Audit Committee

Sonya Rimmer, Chairman
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, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cumberland County Emergency Communications District, which represent 2.16 percent, 1.64 percent, and two percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the 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 report 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, 2013, and the respective changes in financial position and the respective budgetary comparison 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.

Emphasis of Matter

We draw attention to Note I.D.9. in the financial statements, which describes a restatement to the beginning net position of the government-wide financial statements totaling \$369,406. This restatement was necessary because prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, debt issuance costs become period costs.

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

Items Previously Reported as Assets and Liabilities and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedules of funding progress – pension plan and other postemployment benefits plan on pages 82 - 84 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

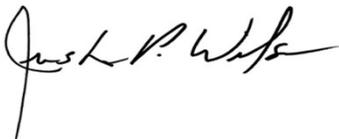
financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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. In our opinion, 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 February 27, 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

February 27, 2014

JPW/yu

BASIC FINANCIAL STATEMENTS

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
	\$	\$	\$	\$
Due to Primary Government	0	2,913,188	0	0
Due to State of Tennessee				
Matured Bonds Payable	30,000	0	0	0
Matured Interest on Bonds	8,058	0	0	0
Derivative - Interest Rate Swap	3,251,804	0	0	0
Noncurrent Liabilities:				
Due Within One Year	3,474,777	5,298	0	54,362
Due in More Than One Year	61,115,954	3,905,538	0	599,086
Total Liabilities	\$ 68,211,347	\$ 7,078,615	\$ 0	\$ 712,337
<u>LIABILITIES (CONT.)</u>				
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Revenue - Current Property Taxes	\$ 12,093,743	\$ 8,663,139	\$ 0	\$ 0
Total Deferred Inflows of Resources	\$ 12,093,743	\$ 8,663,139	\$ 0	\$ 0
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 42,180,772	\$ 65,777,704	\$ 0	\$ 603,659
Restricted for:				
Courthouse and Jail Maintenance	106,813	0	0	0
Solid Waste/Sanitiation	29,316	0	0	0
Drug Control	211,366	0	0	0
Highway/Public Works	1,038,157	0	0	0
School Federal Projects	0	198,262	0	0
Central Cafeteria	0	1,036,585	0	0
Debt Service	9,441,573	0	0	0
Capital Outlay	58,149	0	0	0
Other Purposes	580,452	5,598	0	0
Unrestricted	(36,134,201)	(172,376)	45,914	510,655
Total Net Position	\$ 17,512,397	\$ 66,845,773	\$ 45,914	\$ 1,114,314

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

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		Cumberland County School Department	Cumberland County Railroad Authority	Cumberland County Emergency Communications District
				Total Governmental Activities				
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes				\$ 9,977,572	\$ 8,267,743	\$ 0	\$ 0	0
Property Taxes Levied for Debt Service				2,718,816	0	0	0	0
Local Option Sales Taxes				2,420,702	7,766,846	0	0	0
Hotel/Motel Tax				742,782	0	0	0	0
Litigation Taxes				450,600	0	0	0	0
Business Tax				648,822	0	0	0	0
Wholesale Beer Tax				362,220	0	0	0	0
Mineral Severance Tax				63,218	0	0	0	0
Other Local Taxes				3,915	10,035	0	0	0
Grants and Contributions Not Restricted								
to Specific Programs				1,804,954	31,479,299	0	0	321,219
Unrestricted Investment Earnings				55,910	3,080	0	0	2,136
Miscellaneous				24,312	308,683	0	0	3,000
Total General Revenues				\$ 19,273,823	\$ 47,835,686	\$ 0	\$ 0	\$ 326,355
Insurance Recovery				\$ 26,035	\$ 0	\$ 0	\$ 0	\$ 0
Change in Net Position				\$ 4,077,835	\$ (2,750,616)	\$ 1,011	\$ 1,458	\$ 1,458
Net Position, July 1, 2012				13,803,968	69,596,389	44,903	1,112,856	1,112,856
Restatement - See Note I.D.9				(369,406)	0	0	0	0
Net Position, June 30, 2013				\$ 17,512,397	\$ 66,845,773	\$ 45,914	\$ 1,114,314	\$ 1,114,314

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, 2013

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 200	\$ 200	\$ 0	\$ 60,756	\$ 61,156
Equity in Pooled Cash and Investments	6,109,032	1,550,613	9,250,207	975,715	17,885,567
Accounts Receivable	13,870,597	24,445	0	14,277	13,909,319
Allowance for Uncollectibles	(11,935,715)	0	0	0	(11,935,715)
Due from Other Governments	1,074,538	6,202	333,615	411,001	1,825,356
Due from Other Funds	75,033	0	0	3,500	78,533
Property Taxes Receivable	8,287,892	1,666,684	2,849,734	0	12,804,310
Allowance for Uncollectible Property Taxes	(321,182)	(72,896)	(105,035)	0	(499,113)
Total Assets	\$ 17,160,395	\$ 3,175,248	\$ 12,328,521	\$ 1,465,249	\$ 34,129,413
<u>LIABILITIES</u>					
Accounts Payable	\$ 152,446	\$ 1,122	\$ 0	\$ 57,880	\$ 211,448
Accrued Payroll	1,097	0	0	0	1,097
Payroll Deductions Payable	1,237	0	0	0	1,237
Cash Overdraft	0	0	0	20,622	20,622
Contracts Payable	9,321	0	0	0	9,321
Due to Other Funds	3,500	0	0	75,033	78,533
Matured Bonds Payable	0	0	30,000	0	30,000
Matured Interest on Bonds	0	0	8,058	0	8,058
Total Liabilities	\$ 167,601	\$ 1,122	\$ 38,058	\$ 153,535	\$ 360,316
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 7,831,478	\$ 1,559,365	\$ 2,702,900	\$ 0	\$ 12,093,743
Deferred Delinquent Property Taxes	115,169	29,316	35,598	0	180,083
Other Deferred/Unavailable Revenue	1,729,038	0	172,361	203,657	2,105,056
Total Deferred Inflows of Resources	\$ 9,675,685	\$ 1,588,681	\$ 2,910,859	\$ 203,657	\$ 14,378,882
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 421,160	\$ 0	\$ 0	\$ 106,813	\$ 527,973
Restricted for Finance	18,812	0	0	0	18,812
Restricted for Administration of Justice	77,480	0	0	0	77,480
Restricted for Public Safety	61,960	0	0	211,366	273,326
Restricted for Public Health and Welfare	1,040	0	0	0	1,040
Restricted for Highways/Public Works	0	0	0	834,500	834,500
Restricted for Capital Outlay	58,149	0	0	0	58,149
Restricted for Debt Service	0	0	9,379,604	0	9,379,604
Committed:					
Committed for Public Health and Welfare	0	1,585,445	0	0	1,585,445
Unassigned	6,678,508	0	0	(44,622)	6,633,886
Total Fund Balances	\$ 7,317,109	\$ 1,585,445	\$ 9,379,604	\$ 1,108,057	\$ 19,390,215
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 17,160,395	\$ 3,175,248	\$ 12,328,521	\$ 1,465,249	\$ 34,129,413

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, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 19,390,215
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,760,163	
Add: construction in progress	228,192	
Add: buildings and improvements net of accumulated depreciation	29,558,922	
Add: infrastructure net of accumulated depreciation	21,935,046	
Add: other capital assets net of accumulated depreciation	<u>4,119,292</u>	57,601,615
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (768,465)	
Less: other loans payable	(61,721,176)	
Less: compensated absences payable	(881,740)	
Less: landfill postclosure care costs	(721,996)	
Less: other postemployment benefits liability	(463,426)	
Less: accrued interest on notes	(1,116)	
Less: accrued interest on other loans	(85,913)	
Less: other deferred revenue - premium on debt	(33,928)	
Add: due from component unit for debt retirement	<u>2,913,188</u>	(61,764,572)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>2,285,139</u>
Net position of governmental activities (Exhibit A)		<u>\$ 17,512,397</u>

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

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Other Governmental Funds		
Revenues						
Local Taxes	\$ 10,800,231	\$ 1,873,109	\$ 4,867,728	\$ 120,533	\$	\$ 17,661,601
Licenses and Permits	244,181	0	0	0	0	244,181
Fines, Forfeitures, and Penalties	245,027	0	0	94,111	0	339,138
Charges for Current Services	3,184,107	6,120	0	12,500	0	3,202,727
Other Local Revenues	270,830	330,742	0	2,802	0	604,374
Fees Received from County Officials	2,574,532	0	0	0	0	2,574,532
State of Tennessee	3,571,355	62,524	0	3,719,953	0	7,353,832
Federal Government	336,770	0	0	0	0	336,770
Other Governments and Citizens Groups	606,331	2,865	364,320	100	0	973,616
Total Revenues	\$ 21,833,364	\$ 2,275,360	\$ 5,232,048	\$ 3,949,999	\$	\$ 33,290,771
Expenditures						
Current:						
General Government	\$ 2,725,146	\$ 0	\$ 0	\$ 24,103	\$	\$ 2,749,249
Finance	1,796,078	0	0	195	0	1,796,273
Administration of Justice	1,960,976	0	0	8,805	0	1,969,781
Public Safety	8,353,756	0	0	45,777	0	8,399,533
Public Health and Welfare	4,103,929	1,865,692	0	0	0	5,969,621
Social, Cultural, and Recreational Services	880,203	0	0	0	0	880,203
Agriculture and Natural Resources	160,056	0	0	0	0	160,056
Other Operations	879,270	114,082	0	762	0	994,114
Highways	0	77,356	0	2,711,862	0	2,789,218
Debt Service:						
Principal on Debt	0	0	3,820,437	0	0	3,820,437
Interest on Debt	0	0	2,017,068	0	0	2,017,068
Other Debt Service	0	0	78,098	0	0	78,098
Capital Projects	0	0	0	1,736,083	0	1,736,083
Total Expenditures	\$ 20,859,414	\$ 2,057,130	\$ 5,915,603	\$ 4,527,587	\$	\$ 33,359,734
Excess (Deficiency) of Revenues Over Expenditures	\$ 973,950	\$ 218,230	\$ (683,555)	\$ (577,588)	\$	\$ (68,963)
Other Financing Sources (Uses)						
Insurance Recovery	0	1,600	0	24,435	0	26,035
Total Other Financing Sources (Uses)	\$ 0	\$ 1,600	\$ 0	\$ 24,435	\$	\$ 26,035
Net Change in Fund Balances	\$ 973,950	\$ 219,830	\$ (683,555)	\$ (553,153)	\$	\$ (42,928)
Fund Balance, July 1, 2012	6,343,159	1,365,615	10,063,159	1,661,210	0	19,433,143
Fund Balance, June 30, 2013	\$ 7,317,109	\$ 1,585,445	\$ 9,379,604	\$ 1,108,057	\$	\$ 19,390,215

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, 2013

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$	(42,928)
(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	\$	2,379,869	
Less: current-year depreciation expense		<u>(2,152,281)</u>	227,588
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: loss on disposal of capital assets			(10,500)
(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, 2013	\$	2,285,139	
Less: deferred delinquent property taxes and other deferred June 30, 2012		<u>(1,793,189)</u>	491,950
(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	\$	16,744	
Add: principal payments on notes		1,375,869	
Add: principal payments on other loans		2,444,568	
Less: contributions from component unit for principal payments on other loans		<u>(296,064)</u>	3,541,117
(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	\$	(11,467)	
Change in compensated absences payable		(24,747)	
Change in landfill postclosure care costs		388	
Change in other postemployment benefits liability		<u>(93,566)</u>	(129,392)
Change in net position of governmental activities (Exhibit B)			<u>\$ 4,077,835</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 (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 10,800,231	\$ 0	\$ 10,800,231	\$ 10,568,370	\$ 10,568,370	\$ 231,861
Licenses and Permits	244,181	0	244,181	232,000	232,000	12,181
Fines, Forfeitures, and Penalties	245,027	0	245,027	189,450	189,450	55,577
Charges for Current Services	3,184,107	0	3,184,107	3,074,700	3,096,762	87,345
Other Local Revenues	270,830	0	270,830	116,200	219,428	51,402
Fees Received from County Officials	2,574,532	0	2,574,532	2,373,300	2,373,300	201,232
State of Tennessee	3,571,355	0	3,571,355	2,721,398	3,058,184	513,171
Federal Government	336,770	0	336,770	153,508	163,042	173,728
Other Governments and Citizens Groups	606,331	0	606,331	647,009	658,910	(52,579)
Total Revenues	\$ 21,833,364	\$ 0	\$ 21,833,364	\$ 20,075,935	\$ 20,559,446	\$ 1,273,918
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 1,130,269	\$ (755,158)	\$ 375,111	\$ 887,996	\$ 887,996	\$ 512,885
Board of Equalization	3,300	0	3,300	3,300	3,300	0
Beer Board	819	0	819	1,000	1,000	181
Other Boards and Committees	800	0	800	5,000	5,000	4,200
County Mayor/Executive	184,646	0	184,646	194,497	194,687	10,041
County Attorney	32,218	0	32,218	60,000	60,000	27,782
Election Commission	322,694	0	322,694	329,561	330,121	7,427
Register of Deeds	293,402	0	293,402	312,324	312,396	18,994
Engineering	44,382	0	44,382	81,044	81,044	36,662
County Buildings	577,257	0	577,257	601,315	613,334	36,077
Other General Administration	118,486	0	118,486	116,309	122,654	4,168
Preservation of Records	16,873	0	16,873	18,020	18,020	1,147

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance</u>						
Accounting and Budgeting	\$ 389,479	\$ 0	\$ 389,479	\$ 426,905	\$ 426,935	\$ 37,456
Property Assessor's Office	550,638	0	550,638	583,029	583,039	32,401
County Trustee's Office	310,580	0	310,580	312,472	312,911	2,331
County Clerk's Office	545,381	0	545,381	548,953	549,204	3,823
<u>Administration of Justice</u>						
Circuit Court	679,002	0	679,002	599,204	696,164	17,162
General Sessions Court	337,211	0	337,211	367,845	367,976	30,765
Chancery Court	214,243	0	214,243	240,762	243,417	29,174
Juvenile Court	113,963	0	113,963	115,945	116,046	2,083
Judicial Commissioners	180,612	0	180,612	200,872	200,872	20,260
Probate Court	223,060	0	223,060	225,426	226,000	2,940
Courtroom Security	212,885	0	212,885	208,623	219,896	7,011
<u>Public Safety</u>						
Sheriff's Department	2,879,540	0	2,879,540	2,935,379	2,980,814	101,274
Drug Enforcement	12,202	0	12,202	14,000	14,000	1,798
Jail	3,380,109	0	3,380,109	3,349,671	3,509,920	129,811
Juvenile Services	166,781	0	166,781	164,984	178,686	11,905
Fire Prevention and Control	815,411	0	815,411	765,649	916,391	100,980
Civil Defense	111,340	0	111,340	114,323	114,858	3,518
Rescue Squad	8,550	0	8,550	8,550	8,550	0
Other Emergency Management	893,536	0	893,536	915,768	916,053	22,517
County Coroner/Medical Examiner	70,000	0	70,000	70,000	70,000	0
Other Public Safety	16,287	0	16,287	27,172	27,172	10,885

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Public Health and Welfare</u>						
Local Health Center	\$ 720,537	\$ 0	\$ 720,537	\$ 786,135	\$ 791,006	\$ 70,469
Rabies and Animal Control	54,816	0	54,816	67,316	67,361	12,545
Ambulance/Emergency Medical Services	3,072,356	(64,999)	3,007,357	3,269,528	3,302,923	295,566
Alcohol and Drug Programs	97,472	0	97,472	96,666	97,570	98
Appropriation to State	57,500	0	57,500	57,500	57,500	0
Other Public Health and Welfare	101,248	0	101,248	109,341	110,629	9,381
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	29,275	0	29,275	25,775	29,275	0
Libraries	642,467	(1,440)	641,027	520,443	645,095	4,068
Parks and Fair Boards	184,986	0	184,986	191,288	200,300	15,314
Other Social, Cultural, and Recreational	23,475	0	23,475	25,600	25,600	2,125
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	78,153	0	78,153	91,327	91,327	13,174
Soil Conservation	81,903	0	81,903	83,208	83,229	1,326
<u>Other Operations</u>						
Tourism	991	0	991	49,713	64,713	63,722
Other Economic and Community Development	155,875	0	155,875	166,008	166,008	10,133
Veterans' Services	43,329	0	43,329	56,605	59,130	15,801
Other Charges	450,278	0	450,278	510,000	510,000	59,722
Employee Benefits	147,454	0	147,454	151,000	151,000	3,546
ARRA Grant # 6	9,534	0	9,534	0	9,534	0
Miscellaneous	71,809	0	71,809	74,000	74,000	2,191
Total Expenditures	\$ 20,859,414	\$ (821,597)	\$ 20,037,817	\$ 21,137,351	\$ 21,844,656	\$ 1,806,839

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 973,950 \$	821,597 \$	1,795,547 \$	(1,061,416) \$	(1,285,210) \$	3,080,757
Net Change in Fund Balance	\$ 973,950 \$	821,597 \$	1,795,547 \$	(1,061,416) \$	(1,285,210) \$	3,080,757
Fund Balance, July 1, 2012	6,343,159	(821,597)	5,521,562	4,175,044	4,175,044	1,346,518
Fund Balance, June 30, 2013	\$ 7,317,109 \$	0 \$	7,317,109 \$	3,113,628 \$	2,889,834 \$	4,427,275

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,873,109	\$ 1,808,497	\$ 1,808,497	\$ 64,612
Charges for Current Services	6,120	5,000	5,000	1,120
Other Local Revenues	330,742	400,100	400,100	(69,358)
State of Tennessee	62,524	108,500	428,500	(365,976)
Other Governments and Citizens Groups	2,865	2,865	2,865	0
Total Revenues	<u>\$ 2,275,360</u>	<u>\$ 2,324,962</u>	<u>\$ 2,644,962</u>	<u>\$ (369,602)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 222,401	\$ 299,509	\$ 299,509	\$ 77,108
Convenience Centers	1,024,536	1,167,998	1,167,998	143,462
Recycling Center	482,680	487,156	1,467,600	984,920
Postclosure Care Costs	136,075	222,765	222,765	86,690
<u>Other Operations</u>				
Other Charges	37,560	55,000	55,000	17,440
Employee Benefits	76,522	89,000	89,000	12,478
<u>Highways</u>				
Litter and Trash Collection	77,356	79,704	79,716	2,360
Total Expenditures	<u>\$ 2,057,130</u>	<u>\$ 2,401,132</u>	<u>\$ 3,381,588</u>	<u>\$ 1,324,458</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 218,230</u>	<u>\$ (76,170)</u>	<u>\$ (736,626)</u>	<u>\$ 954,856</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 1,600	\$ 0	\$ 0	\$ 1,600
Total Other Financing Sources	<u>\$ 1,600</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,600</u>
Net Change in Fund Balance	\$ 219,830	\$ (76,170)	\$ (736,626)	\$ 956,456
Fund Balance, July 1, 2012	<u>1,365,615</u>	<u>1,076,827</u>	<u>1,076,827</u>	<u>288,788</u>
Fund Balance, June 30, 2013	<u>\$ 1,585,445</u>	<u>\$ 1,000,657</u>	<u>\$ 340,201</u>	<u>\$ 1,245,244</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, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,285,579
Equity in Pooled Cash and Investments	2,296
Due from Other Governments	<u>1,250,745</u>
Total Assets	<u>\$ 2,538,620</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 2,296
Due to Litigants, Heirs, and Others	1,285,579
Due to Other Taxing Units	<u>1,250,745</u>
Total Liabilities	<u>\$ 2,538,620</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, 2013

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 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 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, 2013.

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 funds:

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.

School Federal Projects Fund – This special revenue fund accounts for restricted federal revenues, which must be expended on specific education programs.

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, 2013. 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.

On the government-wide Statement of Net Position (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling \$580,452 with the primary restrictions being for computer systems for various offices.

As of June 30, 2013, Cumberland County had \$47,080,325 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.

9. Restatement

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of Governmental Accounting Standards Board Statement No. 65, debt issuance costs become period costs. A restatement to beginning net position totaling \$369,406 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

Discretely Presented 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 basic 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 basic financial statements.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

consistent in the presentation of the information for both municipal and county governments in Tennessee.

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

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the 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. Fund Deficit

The General Capital Projects Fund had a negative unassigned fund balance of \$44,622 at June 30, 2013. This negative unassigned fund balance resulted from expenditures in excess of available funds. This deficit is expected to be liquidated subsequent to June 30, 2013.

C. Cash Overdraft

The General Capital Projects Fund had a cash overdraft of \$20,622 at June 30, 2013. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft is expected to be liquidated subsequent to June 30, 2013.

D. Cash Shortage

The veteran's services officer misappropriated at least \$134,245 from the office from July 1, 2009, through September 30, 2012. The veteran's services

officer was indicted by the Cumberland County Grand Jury on September 10, 2012, for theft over \$10,000. On September 9, 2013, a superseding indictment was entered to increase the charge to theft over \$60,000. Details of this shortage are discussed in the Schedule of Findings and Questioned Costs section of this report and in a special report issued by the Comptroller's Office, which is available at www.comptroller.tn.gov.

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.

Investment Balances. As of June 30, 2013, 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.

Investment	Weighted Average Maturities (days)	Fair Value
State Treasurer's Investment Pool	11 to 138	\$ 244,785

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, 2013, Cumberland County's investment in the State Treasurer's Investment Pool was unrated.

B. Derivative Instruments

At June 30, 2013, Cumberland County had the following derivative instruments outstanding:

Instrument	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
\$7.5M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	\$ 7,500,000	7-31-08	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	7-31-08	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, 2013, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2013 financial statements are as follows:

Type	Changes in Fair Value		Fair Value at June 30, 2013		6-30-13
	Classification	Amount	Classification	Amount	Notional Amount
Governmental Activities:					
Cash Flow Hedges:					
Pay-fixed interest					
rate swaps:					
\$7.5M Swap	Deferred Outflow	\$ 313,035	Debt	\$ (496,063)	\$ 7,500,000
\$6.95M Swap	Deferred Outflow	671,153	Debt	(1,214,344)	6,950,000
\$10M Swap	Deferred Outflow	1,257,751	Debt	(1,541,397)	10,000,000
Totals		<u>\$ 2,241,939</u>		<u>\$ (3,251,804)</u>	<u>\$ 24,450,000</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 has a 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, 2013, 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>(1.00)</u>
Net interest rate swap payments		2.90 %
Variable-rate bond payments		<u>0.77</u>
 Synthetic interest rate on bonds		 <u><u>3.67 %</u></u>

Fair value. As of June 30, 2013, the swap had a negative fair value of \$496,063. 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, 2013, 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 derivative's fair value. The swap counterparty, Morgan Keegan Financial Products, was rated A+ by Standard and Poor's as of June 30, 2013, 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, 2013, 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	
2014	\$ 550,000	\$ 42,843	\$ 161,145	\$ 753,988
2015	575,000	38,605	145,205	758,810
2016	610,000	34,175	128,540	772,715
2017	640,000	29,474	110,860	780,334
2018	670,000	24,543	92,311	786,854
2019-2020	2,515,000	29,320	110,280	2,654,600
Total	\$ 5,560,000	\$ 198,960	\$ 748,341	\$ 6,507,301

\$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, 2013, 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>(1.00)</u>
Net interest rate swap payments		3.13 %
Variable-rate bond payments		<u>0.77</u>
Synthetic interest rate on bonds		<u><u>3.90 %</u></u>

Fair value. As of June 30, 2013, the swap had a negative fair value of \$1,214,344. 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, 2013, 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 derivative's fair value. The swap counterparty, Morgan Keegan Financial Products, was rated A+ by Standard and Poor's as of June 30, 2013, 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, 2013, 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	
2014	\$ 0	\$ 51,243	\$ 208,032	\$ 259,275
2015	0	51,243	208,032	259,275
2016	0	51,243	208,032	259,275
2017	0	51,243	208,032	259,275
2018	0	51,243	208,032	259,275
2019-2023	2,335,000	241,303	979,627	3,555,930
2024-2028	4,315,000	85,571	347,398	4,747,969
Total	<u>\$ 6,650,000</u>	<u>\$ 583,089</u>	<u>\$ 2,367,185</u>	<u>\$ 9,600,274</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, 2013, 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>(0.938)</u>
Net interest rate swap payments		2.355 %
Variable-rate bond payments		<u>0.927</u>
 Synthetic interest rate on bonds		 <u><u>3.282 %</u></u>

Fair value. As of June 30, 2013, the swap had a negative fair value of \$1,541,397. 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, 2013, 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 derivative's fair value. The swap counterparty, Morgan Keegan Financial Products, was rated A+ by Standard and Poor's as of June 30, 2013, 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, 2013, 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	
2014	\$ 0	\$ 92,730	\$ 235,490	\$ 328,220
2015	0	92,730	235,490	328,220
2016	0	92,730	235,490	328,220
2017	0	92,730	235,490	328,220
2018	0	92,730	235,490	328,220
2019-2023	0	463,650	1,177,450	1,641,100
2024-2028	0	463,650	1,177,450	1,641,100
2029-2033	2,150,000	453,913	1,152,724	3,756,637
2034-2038	6,375,000	251,298	638,178	7,264,476
2039	1,475,000	13,678	34,735	1,523,413
Total	\$ 10,000,000	\$ 2,109,839	\$ 5,357,987	\$ 17,467,826

C. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 1,760,163	\$ 0	\$ 0	\$ 1,760,163
Construction in Progress	3,505,124	1,752,726	(5,029,658)	228,192
Total Capital Assets Not Depreciated	\$ 5,265,287	\$ 1,752,726	\$ (5,029,658)	\$ 1,988,355

Governmental Activities (Cont.):

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 30,334,728	\$ 4,844,827	\$ 0	\$ 35,179,555
Roads and Bridges	35,717,067	184,829	0	35,901,896
Other Capital Assets	11,464,031	627,145	(82,699)	12,008,477
Total Capital Assets				
Depreciated	<u>\$ 77,515,826</u>	<u>\$ 5,656,801</u>	<u>\$ (82,699)</u>	<u>\$ 83,089,928</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 5,035,368	\$ 585,265	\$ 0	\$ 5,620,633
Roads and Bridges	13,186,183	780,667	0	13,966,850
Other Capital Assets	7,175,035	786,349	(72,199)	7,889,185
Total Accumulated				
Depreciation	<u>\$ 25,396,586</u>	<u>\$ 2,152,281</u>	<u>\$ (72,199)</u>	<u>\$ 27,476,668</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 52,119,240</u>	<u>\$ 3,504,520</u>	<u>\$ (10,500)</u>	<u>\$ 55,613,260</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 57,384,527</u>	<u>\$ 5,257,246</u>	<u>\$ (5,040,158)</u>	<u>\$ 57,601,615</u>

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

Governmental Activities:

General Government	\$ 229,216
Finance	1,825
Administration of Justice	9,440
Public Safety	610,427
Public Health and Welfare	283,925
Social, Cultural, and Recreational Services	179,342
Highways/Public Works	<u>838,106</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,152,281</u>

Discretely Presented Cumberland County School Department

Governmental Activities:

	Balance			Balance
	7-1-12	Increases	Decreases	6-30-13
Capital Assets Not Depreciated:				
Land	\$ 2,088,454	\$ 3,018,154	\$ (3,018,154)	\$ 2,088,454
Total Capital Assets Not Depreciated	<u>\$ 2,088,454</u>	<u>\$ 3,018,154</u>	<u>\$ (3,018,154)</u>	<u>\$ 2,088,454</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 77,631,420	\$ 3,018,154	\$ 0	\$ 80,649,574
Infrastructure	1,415,163	0	0	1,415,163
Other Capital Assets	8,388,384	484,516	(490,519)	8,382,381
Total Capital Assets Depreciated	<u>\$ 87,434,967</u>	<u>\$ 3,502,670</u>	<u>\$ (490,519)</u>	<u>\$ 90,447,118</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 19,353,007	\$ 1,394,879	\$ 0	\$ 20,747,886
Infrastructure	541,155	51,146	0	592,301
Other Capital Assets	5,442,376	448,020	(472,715)	5,417,681
Total Accumulated Depreciation	<u>\$ 25,336,538</u>	<u>\$ 1,894,045</u>	<u>\$ (472,715)</u>	<u>\$ 26,757,868</u>
Total Capital Assets Depreciated, Net	<u>\$ 62,098,429</u>	<u>\$ 1,608,625</u>	<u>\$ (17,804)</u>	<u>\$ 63,689,250</u>
Governmental Activities Capital Assets, Net	<u>\$ 64,186,883</u>	<u>\$ 4,626,779</u>	<u>\$ (3,035,958)</u>	<u>\$ 65,777,704</u>

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

Governmental Activities:

Instruction	\$ 1,497,886
Support Services	343,693
Operation of Non-Instructional Services	<u>52,466</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,894,045</u></u>

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
Nonmajor governmental General	General Nonmajor governmental	\$ 3,500 75,033
Discretely Presented School Department:		
General Purpose School Nonmajor governmental	School Federal Projects General Purpose School	4,238 80

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.

The nonmajor governmental fund receivable of \$80 was in transit from the General Purpose School Fund at June 30, 2013.

Due to/from Primary Government and Component Unit:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
Primary Government: Governmental Activities	Component Unit: School Department	\$ 2,913,188

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 the 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, 2013, consisted of the following amount:

Discretely Presented Cumberland County School Department

Transfer Out	Transfer In General Purpose School Fund
School Federal Projects Fund	\$ 47,695

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

General Obligation 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.

Capital outlay notes and other loans are direct obligations and pledge the full faith and credit of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to three years for notes and up to 31 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All other loans and notes included in long-term debt as of June 30, 2013, will be retired from the General Debt Service Fund and contributions from the General Purpose School Fund.

Capital outlay notes and other loans outstanding as of June 30, 2013, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-13
Capital Outlay Notes	1.73 to 1.79 %	5-13-14	\$ 2,305,395	\$ 768,465
Other Loans	Variable	6-1-39	54,015,000	48,510,000
Other Loans	0 to 6	6-1-28	16,849,996	13,211,176

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, 2013:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-13	Interest Type	Interest Rates as of 6-30-13	Approximate Fee Rates as of 6-30-13
Sevier County PBA:					
Series V-E-1	\$ 10,365,000	\$ 7,610,000	Fixed	3 to 4.75 %	0 %
Series VII-B-2	28,300,000	26,225,000	Variable	3.282 to 3.293	0.251
Series VII-F-1	5,100,000	5,100,000	Variable	0.95	0.226
Blount County PBA:					
Series B-13-A	1,750,000	1,550,000	Fixed	5.15 to 6	0
Series E-3-A	20,615,000	17,185,000	Variable	3.67 to 4.13	0.85
Series B-20-A	750,000	750,000	Fixed	4.25 to 5	0

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 768,465	\$ 13,390	\$ 781,855
Total	\$ 768,465	\$ 13,390	\$ 781,855

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2014	\$ 2,075,244	\$ 937,230	\$ 111,721	\$ 3,124,195
2015	2,161,076	895,193	109,801	3,166,070
2016	2,252,040	848,605	107,831	3,208,476
2017	2,318,172	800,385	105,741	3,224,298
2018	2,429,480	748,726	103,591	3,281,797
2019-2023	12,900,164	3,045,152	472,306	16,417,622
2024-2028	13,610,000	1,824,025	370,872	15,804,897
2029-2033	11,745,000	887,896	237,294	12,870,190
2034-2038	9,950,000	392,927	106,047	10,448,974
2039	2,280,000	21,204	5,723	2,306,927
Total	<u>\$ 61,721,176</u>	<u>\$ 10,401,343</u>	<u>\$ 1,730,927</u>	<u>\$ 73,853,446</u>

There is \$9,379,604 available in the General Debt Service Fund to service long-term debt. Debt per capita, including other loans and notes, totaled \$1,115, based on the 2010 federal census.

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

Description of Indebtedness	Outstanding 6-30-13
<u>Other Loans</u>	
<u>Payable through General Purpose School Fund</u>	
Energy Efficiency Loans	\$ 357,152
Energy Efficiency Loans	<u>2,556,036</u>
Total	<u>\$ 2,913,188</u>

Changes in Long-term Obligations

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

Governmental Activities:

	Notes	Other Loans
Balance, July 1, 2012	\$ 2,144,334	\$ 60,956,492
Reclassification of School Debt	0	3,209,252
Reductions	(1,375,869)	(2,444,568)
Balance, June 30, 2013	<u>\$ 768,465</u>	<u>\$ 61,721,176</u>
Balance Due Within One Year	<u>\$ 768,465</u>	<u>\$ 2,075,244</u>

	Compensated Absences	Other Postemployment Benefits	Landfill Postclosure Care Costs
Balance, July 1, 2012	\$ 856,993	\$ 369,860	\$ 722,384
Additions	656,866	117,090	13,462
Reductions	(632,119)	(23,524)	(13,850)
Balance, June 30, 2013	<u>\$ 881,740</u>	<u>\$ 463,426</u>	<u>\$ 721,996</u>
Balance Due Within One Year	<u>\$ 617,218</u>	<u>\$ 0</u>	<u>\$ 13,850</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 64,556,803
Less: Due Within One Year	(3,474,777)
Add: Unamortized Premium on Debt	<u>33,928</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 61,115,954</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, 2013, was as follows:

	<u>Other Loans</u>
Balance, July 1, 2012	\$ 3,209,252
Reclassification of School Debt	<u>(3,209,252)</u>
Balance, June 30, 2013	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 0</u>

	<u>Compensated Absences</u>	<u>Other Postemployment Benefits</u>
Balance, July 1, 2012	\$ 78,236	\$ 2,665,799
Additions	267,230	1,991,444
Reductions	<u>(239,505)</u>	<u>(852,368)</u>
Balance, June 30, 2013	<u>\$ 105,961</u>	<u>\$ 3,804,875</u>
Balance Due Within One Year	<u>\$ 5,298</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 3,910,836
Less: Due Within One Year	<u>(5,298)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,905,538</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, 2013, were \$206,612 and \$38,402, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

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

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

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

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

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

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

and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

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

C. Subsequent Events

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

The former veteran's services officer was indicted by the Cumberland County Grand Jury on September 10, 2012, for theft over \$10,000. On September 9, 2013, a superseding indictment was entered to increase the charge to theft over \$60,000. Further court action is pending.

On October 22, 2013, the county issued a \$600,000 interfund capital outlay note from the General Debt Service Fund to the General Capital Projects Fund to provide cash flows for the construction of the Big South Fork Visitors' Center.

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. Landfill Postclosure Care Costs

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

State and federal laws and regulations require 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. The \$721,996 reported as landfill postclosure care liability at June 30, 2013, represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all postclosure care in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Cumberland County's sanitary landfill was certified as closed on February 11, 2013.

F. 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 own 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 appropriations to the board for the year ended June 30, 2013.

G. 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, 2013, 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, 2013, the county’s annual pension cost of \$1,663,948 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
6-30-13	\$1,663,948	100%	\$0
6-30-12	1,509,887	100	0
6-30-11	1,445,192	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 95.93 percent funded. The actuarial accrued liability for benefits was \$42.93 million, and the actuarial value of assets was \$41.18 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.75 million. The covered payroll (annual payroll of active employees covered by the plan) was \$15.88 million, and the ratio of the UAAL to the covered payroll was 11.01 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, 2013, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2013, 2012, and 2011, were \$2,103,176, \$2,065,419, and \$2,061,196, 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.

H. 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 teachers. 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. The required contribution rate for retirees ranges from ten to 55 percent based on the years of service. During the year ended June 30, 2013, the county and the discretely presented School Department contributed \$23,524 and \$852,368, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 118,000	\$ 1,998,000
Interest on the NOPEBO	14,794	106,632
Adjustment to the ARC	(15,704)	(113,188)
Annual OPEB cost	\$ 117,090	\$ 1,991,444
Amount of contribution	(23,524)	(852,368)
Increase/decrease in NOPEBO	\$ 93,566	\$ 1,139,076
Net OPEB obligation, 7-1-12	369,860	2,665,799
Net OPEB obligation, 6-30-13	\$ 463,426	\$ 3,804,875

Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
Local Government Group	\$ 160,372	26 %	\$ 275,603
"	116,322	19	369,860
"	117,090	20	463,426
Local Education Group	1,170,968	77	1,514,926
"	1,976,274	42	2,665,799
"	1,991,444	43	3,804,875

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

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 841,000	\$ 15,473,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 841,000	\$ 15,473,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 9,764,141	\$ 30,627,095
UAAL as a % of covered payroll	8.61%	50.52%

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

Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation for the Local 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 8.75 percent in fiscal year 2013. The trend rate will decrease to 8.25 percent in fiscal year 2014 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The 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 June 30, 2007.

I. 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.

J. 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 \$5,000 for the Office of County Mayor, the discretely presented Cumberland County School Department, and the discretely presented Cumberland County Railroad Authority are required to be competitively bid. Purchases exceeding \$10,000 for the Office of Road Superintendent 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. **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.

3. **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.

4. **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.

5. **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.

6. **Capital Assets**

Capital assets are defined by the district as assets with an initial, individual cost of \$3,000 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

7. 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 assets.

8. 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.

9. 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.

10. 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.”

11. 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.

12. 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, 2013, the district's deposits consisted of the following:

	<u>June 30, 2013</u>	
	<u>Bank Balance</u>	<u>Carrying Value</u>
First Bank - Operating Account	\$ 127,160	\$ 62,714
Cumberland County Bank	200,446	163,546
First National Bank of Tennessee:		
Payroll Account	5,435	10,155
Certificate of Deposit	90,000	90,000
Progressive Savings Bank:		
Certificate of Deposit	<u>106,564</u>	<u>106,564</u>
 Total Deposits	 <u>\$ 529,605</u>	 <u>\$ 432,979</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, 2013, deposits in each bank are insured by the Federal Deposit Insurance Corporation (FDIC) of \$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, 2013.

The district's only investments at June 30, 2013, were certificates of deposit held at Tennessee state chartered banks.

C. Accounts Receivable

Accounts receivable at June 30, 2013, consisted of funds due from the following agencies:

	<u>Balance 6-30-13</u>
Volunteer First Services	\$ 5,736
Bledsoe Telephone Cooperative	183
Citizens Telecommunications Company of Tennessee	27,780
State of Tennessee	54,984
Miscellaneous Providers	<u>955</u>
Total	<u>\$ 89,638</u>

D. Changes in Capital Assets

A summary of changes in capital assets at June 30, 2013, follows:

Business-type Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Depreciated:				
Building and Improvements	\$ 1,032,756	\$ 0	\$ 0	\$ 1,032,756
Office Equipment and Fixtures	53,986	0	(6,257)	47,729
Communications and Computer Equipment	1,168,603	52,089	(41,045)	1,179,647
Vehicles	20,987	0	0	20,987
Total Capital Assets Depreciated	<u>\$ 2,276,332</u>	<u>\$ 52,089</u>	<u>\$ (47,302)</u>	<u>\$ 2,281,119</u>

Business-type Activities (Cont.):

	Balance		Balance	
	7-1-12	Increases	Decreases	6-30-13
Less Accumulated Depreciation:				
Building and Improvements	\$ 190,090	\$ 27,653	\$ 0	\$ 217,743
Office Equipment and Fixtures	46,951	3,257	(6,257)	43,951
Communications and Computer				
Equipment	613,826	168,550	(41,045)	741,331
Vehicles	20,987	0	0	20,987
Total Accumuated Depreciation	\$ 871,854	\$ 199,460	\$ (47,302)	\$ 1,024,012
Net Capital Assets	\$ 1,404,478	\$ (147,371)	\$ 0	\$ 1,257,107

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, 2013, was .5 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, 2013, are as follows:

	Balance 7-1-12	Additions	Reductions	Balance 6-30-13	Due Within One Year
Tennessee Adjustable Rate Pooled Financing Revenue Bonds, Series 2004, Maturing 2024, Rate - Adjustable	\$ 680,000	\$ 0	\$ (48,000)	\$ 632,000	\$ 49,000
Payment Agreement DSS Corp. Rate - 0%	0	21,448	0	21,448	5,362
Total	\$ 680,000	\$ 21,448	\$ (48,000)	\$ 653,448	\$ 54,362

Debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2014	\$ 54,362	\$ 2,216	\$ 56,578
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
2019-2023	304,000	4,421	308,421
2024	66,000	232	66,232
Total	\$ 653,448	\$ 13,960	\$ 667,408

Interest requirements are computed using the rate in effect at June 30, 2013, of .5 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 Financing

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. Contingent Liabilities

At June 30, 2012, the district was involved in a claim with a former employee regarding a disputed interpretation of an employment contract, whereby, the former employee contended that separation pay and compensation time are owed. The judgment handed down by the courts called for the district to pay the former employee six month's salary (\$29,758), six month's benefits (\$5,946), and interest for the pre-judgment period at a rate of 1.5 percent (\$1,196). The district made this payment during the year ended June 30, 2013. The district failed to withhold and pay the applicable payroll taxes related to this payment. At June 30, 2013, the district owes employer portion payroll taxes of \$2,731. Additionally, the former employee owes the same amount for the employee portion payroll taxes. The district plans to collect the employee portion from the former employee and make the full payment to the Internal Revenue Service during the subsequent year.

**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, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 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
7-1-07	28,684	30,532	1,848	93.95	15,181	12.17

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, 2013

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Government Group	7-1-09	\$ 0	1,110	\$ 1,110	0 %	\$ 9,506	12 %
"	7-1-10	0	1,198	1,198	0	8,994	13
"	7-1-11	0	841	841	0	9,764	9
Local Education Group	7-1-09	0	10,314	10,314	0	25,818	40
"	7-1-10	0	10,387	10,387	0	30,617	34
"	7-1-11	0	15,473	15,473	0	30,627	51

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

BUDGETARY INFORMATION

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

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for 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, 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.

Exhibit F-1

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

	Special Revenue Funds					Capital Projects Fund		Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Total	General Capital Projects		
\$	0 \$	0 \$	60,756 \$	0 \$	60,756 \$	0 \$	60,756	
	130,916	221,143	0	623,656	975,715	0	975,715	
	0	0	14,277	0	14,277	0	14,277	
	0	0	0	411,001	411,001	0	411,001	
	0	0	0	3,500	3,500	0	3,500	
\$	130,916 \$	221,143 \$	75,033 \$	1,038,157 \$	1,465,249 \$	0 \$	1,465,249	

ASSETS

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

LIABILITIES

Accounts Payable
 Cash Overdraft
 Due to Other Funds
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Other Deferred/Unavailable Revenue
 Total Deferred Inflows of Resources

FUND BALANCES

Restricted:
 Restricted for General Government
 Restricted for Public Safety
 Restricted for Highways/Public Works
 Unassigned
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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, 2013

	Special Revenue Funds					Capital Projects Fund		Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Total	General Capital Projects		
<u>Revenues</u>								
Local Taxes	\$ 57,315	\$ 0	\$ 0	\$ 63,218	\$ 120,533	\$ 0	\$ 0	120,533
Fines, Forfeitures, and Penalties Charges for Current Services	0	94,111	0	0	94,111	0	0	94,111
Other Local Revenues	0	0	9,000	3,500	12,500	0	0	12,500
State of Tennessee	0	0	0	2,802	2,802	0	0	2,802
Other Governments and Citizens Groups	0	0	0	2,565,166	2,565,166	1,154,787	0	3,719,953
Total Revenues	\$ 57,315	\$ 94,211	\$ 9,000	\$ 2,634,686	\$ 2,795,212	\$ 1,154,787	\$ 0	3,949,999
<u>Expenditures</u>								
Current:								
General Government	\$ 24,103	\$ 0	\$ 0	\$ 0	\$ 24,103	\$ 0	\$ 0	24,103
Finance	0	0	195	0	195	0	0	195
Administration of Justice	0	0	8,805	0	8,805	0	0	8,805
Public Safety	0	45,777	0	0	45,777	0	0	45,777
Other Operations	583	179	0	0	762	0	0	762
Highways	0	0	0	2,711,862	2,711,862	0	0	2,711,862
Capital Projects	0	0	0	0	0	1,736,083	0	1,736,083
Total Expenditures	\$ 24,686	\$ 45,956	\$ 9,000	\$ 2,711,862	\$ 2,791,504	\$ 1,736,083	\$ 0	4,527,587
Excess (Deficiency) of Revenues Over Expenditures	\$ 32,629	\$ 48,255	\$ 0	\$ (77,176)	\$ 3,708	\$ (581,296)	\$ 0	(577,588)
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 0	\$ 24,435	\$ 0	\$ 0	\$ 24,435	\$ 0	\$ 0	24,435
Total Other Financing Sources (Uses)	\$ 0	\$ 24,435	\$ 0	\$ 0	\$ 24,435	\$ 0	\$ 0	24,435
Net Change in Fund Balances	\$ 32,629	\$ 72,690	\$ 0	\$ (77,176)	\$ 28,143	\$ (581,296)	\$ 0	(553,153)
Fund Balance, July 1, 2012	74,184	138,676	0	911,676	1,124,536	536,674	0	1,661,210
Fund Balance, June 30, 2013	\$ 106,813	\$ 211,366	\$ 0	\$ 834,500	\$ 1,152,679	\$ (44,622)	\$ 0	1,108,057

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 57,315	\$ 50,000	\$ 50,000	\$ 7,315
Total Revenues	\$ 57,315	\$ 50,000	\$ 50,000	\$ 7,315
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 24,103	\$ 25,000	\$ 25,000	\$ 897
<u>Other Operations</u>				
Other Charges	583	1,000	1,000	417
Total Expenditures	\$ 24,686	\$ 26,000	\$ 26,000	\$ 1,314
Excess (Deficiency) of Revenues Over Expenditures	\$ 32,629	\$ 24,000	\$ 24,000	\$ 8,629
Net Change in Fund Balance	\$ 32,629	\$ 24,000	\$ 24,000	\$ 8,629
Fund Balance, July 1, 2012	74,184	59,674	59,674	14,510
Fund Balance, June 30, 2013	\$ 106,813	\$ 83,674	\$ 83,674	\$ 23,139

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 94,111	\$ 14,000	\$ 14,000	\$ 80,111
Other Governments and Citizens Groups	100	0	0	100
Total Revenues	<u>\$ 94,211</u>	<u>\$ 14,000</u>	<u>\$ 14,000</u>	<u>\$ 80,211</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 45,777	\$ 52,914	\$ 52,914	\$ 7,137
<u>Other Operations</u>				
Other Charges	179	150	150	(29)
Total Expenditures	<u>\$ 45,956</u>	<u>\$ 53,064</u>	<u>\$ 53,064</u>	<u>\$ 7,108</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 48,255</u>	<u>\$ (39,064)</u>	<u>\$ (39,064)</u>	<u>\$ 87,319</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 24,435	\$ 0	\$ 0	\$ 24,435
Total Other Financing Sources	<u>\$ 24,435</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 24,435</u>
Net Change in Fund Balance	\$ 72,690	\$ (39,064)	\$ (39,064)	\$ 111,754
Fund Balance, July 1, 2012	<u>138,676</u>	<u>136,660</u>	<u>136,660</u>	<u>2,016</u>
Fund Balance, June 30, 2013	<u>\$ 211,366</u>	<u>\$ 97,596</u>	<u>\$ 97,596</u>	<u>\$ 113,770</u>

Exhibit F-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 63,218	\$ 0	\$ 63,218	\$ 61,500	\$ 61,500	\$ 1,718
Charges for Current Services	3,500	0	3,500	3,500	3,500	0
Other Local Revenues	2,802	0	2,802	1,300	1,300	1,502
State of Tennessee	2,565,166	0	2,565,166	2,594,188	2,594,188	(29,022)
Total Revenues	\$ 2,634,686	\$ 0	\$ 2,634,686	\$ 2,660,488	\$ 2,660,488	\$ (25,802)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 163,125	\$ 0	\$ 163,125	\$ 172,110	\$ 172,224	\$ 9,099
Highway and Bridge Maintenance	1,562,381	0	1,562,381	1,717,520	1,717,598	155,217
Operation and Maintenance of Equipment	292,029	0	292,029	292,975	294,134	2,105
Other Charges	94,606	0	94,606	100,850	100,850	6,244
Employee Benefits	61,307	0	61,307	76,500	76,500	15,193
Capital Outlay	538,414	(310,882)	227,532	641,733	641,733	414,201
Total Expenditures	\$ 2,711,862	\$ (310,882)	\$ 2,400,980	\$ 3,001,688	\$ 3,003,039	\$ 602,059
Excess (Deficiency) of Revenues Over Expenditures	\$ (77,176)	\$ 310,882	\$ 233,706	\$ (341,200)	\$ (342,551)	\$ 576,257
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (77,176)	\$ 310,882	\$ 233,706	\$ (341,200)	\$ (342,551)	\$ 576,257
Fund Balance, July 1, 2012	911,676	(310,882)	600,794	662,951	662,951	(62,157)
Fund Balance, June 30, 2013	\$ 834,500	\$ 0	\$ 834,500	\$ 321,751	\$ 320,400	\$ 514,100

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,867,728	\$ 4,564,633	\$ 4,564,633	\$ 303,095
Other Governments and Citizens Groups	364,320	0	364,320	0
Total Revenues	<u>\$ 5,232,048</u>	<u>\$ 4,564,633</u>	<u>\$ 4,928,953</u>	<u>\$ 303,095</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 2,006,082	\$ 2,330,677	\$ 2,006,083	\$ 1
Education	1,814,355	1,193,697	1,814,355	0
<u>Interest on Debt</u>				
General Government	500,564	716,621	716,621	216,057
Education	1,516,504	2,296,181	2,364,437	847,933
<u>Other Debt Service</u>				
General Government	78,098	74,000	74,000	(4,098)
Total Expenditures	<u>\$ 5,915,603</u>	<u>\$ 6,611,176</u>	<u>\$ 6,975,496</u>	<u>\$ 1,059,893</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (683,555)</u>	<u>\$ (2,046,543)</u>	<u>\$ (2,046,543)</u>	<u>\$ 1,362,988</u>
Net Change in Fund Balance	\$ (683,555)	\$ (2,046,543)	\$ (2,046,543)	\$ 1,362,988
Fund Balance, July 1, 2012	10,063,159	8,711,224	8,711,224	1,351,935
Fund Balance, June 30, 2013	<u>\$ 9,379,604</u>	<u>\$ 6,664,681</u>	<u>\$ 6,664,681</u>	<u>\$ 2,714,923</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, 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, 2013

	<u>Agency Funds</u>			
	Cities - Sales Tax	Delinquent Tax Agency	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,285,579	\$ 1,285,579
Equity in Pooled Cash and Investments	0	2,296	0	2,296
Due from Other Governments	1,250,745	0	0	1,250,745
Total Assets	<u>\$ 1,250,745</u>	<u>\$ 2,296</u>	<u>\$ 1,285,579</u>	<u>\$ 2,538,620</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 2,296	\$ 0	\$ 2,296
Due to Litigants, Heirs, and Others	0	0	1,285,579	1,285,579
Due to Other Taxing Units	1,250,745	0	0	1,250,745
Total Liabilities	<u>\$ 1,250,745</u>	<u>\$ 2,296</u>	<u>\$ 1,285,579</u>	<u>\$ 2,538,620</u>

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 7,085,995	\$ 7,085,995	\$ 0
Due from Other Governments	1,245,850	1,250,745	1,245,850	1,250,745
Total Assets	\$ 1,245,850	\$ 8,336,740	\$ 8,331,845	\$ 1,250,745
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,245,850	\$ 8,336,740	\$ 8,331,845	\$ 1,250,745
Total Liabilities	\$ 1,245,850	\$ 8,336,740	\$ 8,331,845	\$ 1,250,745
<u>Delinquent Tax Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,908	\$ 4,115	\$ 3,727	\$ 2,296
Total Assets	\$ 1,908	\$ 4,115	\$ 3,727	\$ 2,296
<u>Liabilities</u>				
Accounts Payable	\$ 1,908	\$ 4,115	\$ 3,727	\$ 2,296
Total Liabilities	\$ 1,908	\$ 4,115	\$ 3,727	\$ 2,296
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,564,765	\$ 20,684,500	\$ 20,963,686	\$ 1,285,579
Accounts Receivable	656	0	656	0
Total Assets	\$ 1,565,421	\$ 20,684,500	\$ 20,964,342	\$ 1,285,579
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,565,421	\$ 20,684,500	\$ 20,964,342	\$ 1,285,579
Total Liabilities	\$ 1,565,421	\$ 20,684,500	\$ 20,964,342	\$ 1,285,579
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,564,765	\$ 20,684,500	\$ 20,963,686	\$ 1,285,579
Equity in Pooled Cash and Investments	1,908	7,090,110	7,089,722	2,296
Accounts Receivable	656	0	656	0
Due from Other Governments	1,245,850	1,250,745	1,245,850	1,250,745
Total Assets	\$ 2,813,179	\$ 29,025,355	\$ 29,299,914	\$ 2,538,620
<u>Liabilities</u>				
Accounts Payable	\$ 1,908	\$ 4,115	\$ 3,727	\$ 2,296
Due to Litigants, Heirs, and Others	1,565,421	20,684,500	20,964,342	1,285,579
Due to Other Taxing Units	1,245,850	8,336,740	8,331,845	1,250,745
Total Liabilities	\$ 2,813,179	\$ 29,025,355	\$ 29,299,914	\$ 2,538,620

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, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 36,455,941	\$ 114,571	\$ 3,829,114	\$ 5,000	\$ (32,507,256)
Support Services	16,788,693	17,540	0	0	(16,771,153)
Operation of Non-Instructional Services	5,238,373	996,805	3,001,931	0	(1,239,637)
Interest on Long-term Debt	68,256	0	0	0	(68,256)
Total Governmental Activities	\$ 58,551,263	\$ 1,128,916	\$ 6,831,045	\$ 5,000	\$ (50,586,302)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 8,267,743
Local Option Sales Taxes					7,766,846
Other Local Taxes					10,035
Grants and Contributions Not Restricted to Specific Programs					31,479,299
Unrestricted Investment Earnings					3,080
Miscellaneous					308,683
Total General Revenues					\$ 47,835,686
Change in Net Position					\$ (2,750,616)
Net Position, July 1, 2012					69,596,389
Net Position, June 30, 2013					<u>\$ 66,845,773</u>

Exhibit I-2

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

	Major Funds		Nonmajor	Total Governmental Funds
	General Purpose School	School Federal Projects	Fund Central Cafeteria	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 500	\$ 500
Equity in Pooled Cash and Investments	5,042,809	81,809	779,906	5,904,524
Inventories	0	0	229,063	229,063
Accounts Receivable	1,230	0	1,265	2,495
Due from Other Governments	1,487,490	128,778	254,834	1,871,102
Due from Other Funds	4,238	0	80	4,318
Property Taxes Receivable	9,144,615	0	0	9,144,615
Allowance for Uncollectible Property Taxes	(342,556)	0	0	(342,556)
Total Assets	\$ 15,337,826	\$ 210,587	\$ 1,265,648	\$ 16,814,061
<u>LIABILITIES</u>				
Accounts Payable	\$ 216,502	\$ 498	\$ 0	\$ 217,000
Accrued Payroll	8,590	275	0	8,865
Payroll Deductions Payable	21,412	7,314	0	28,726
Due to Other Funds	0	4,238	0	4,238
Total Liabilities	\$ 246,504	\$ 12,325	\$ 0	\$ 258,829
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 8,663,139	\$ 0	\$ 0	\$ 8,663,139
Deferred Delinquent Property Taxes	118,310	0	0	118,310
Other Deferred/Unavailable Revenue	719,997	8,392	0	728,389
Total Deferred Inflows of Resources	\$ 9,501,446	\$ 8,392	\$ 0	\$ 9,509,838
<u>FUND BALANCES</u>				
Nonspendable:				
Inventory	\$ 0	\$ 0	\$ 229,063	\$ 229,063
Restricted:				
Restricted for Education	5,598	189,870	1,036,585	1,232,053
Committed:				
Committed for Education	884,653	0	0	884,653
Unassigned	4,699,625	0	0	4,699,625
Total Fund Balances	\$ 5,589,876	\$ 189,870	\$ 1,265,648	\$ 7,045,394
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,337,826	\$ 210,587	\$ 1,265,648	\$ 16,814,061

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, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 7,045,394	
(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	822,862		
Add: infrastructure net of accumulated depreciation	59,901,688		
Add: other capital assets net of accumulated depreciation	<u>2,964,700</u>	65,777,704	
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: principal on other loans to be contributed on primary government debt	\$ (2,913,188)		
Less: compensated absences payable	(105,961)		
Less: other postemployment benefits liability	<u>(3,804,875)</u>	(6,824,024)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>846,699</u>
Net position of governmental activities (Exhibit A)			<u><u>\$ 66,845,773</u></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, 2013

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Fund Central Cafeteria	
<u>Revenues</u>				
Local Taxes	\$ 16,115,160	\$ 0	\$ 0	\$ 16,115,160
Charges for Current Services	220,157	0	1,006,996	1,227,153
Other Local Revenues	219,533	0	13,777	233,310
State of Tennessee	30,011,538	79,229	39,202	30,129,969
Federal Government	57,186	5,101,632	3,004,143	8,162,961
Other Governments and Citizens Groups	5,000	0	0	5,000
Total Revenues	\$ 46,628,574	\$ 5,180,861	\$ 4,064,118	\$ 55,873,553
<u>Expenditures</u>				
Current:				
Instruction	\$ 28,830,304	\$ 3,983,031	\$ 0	\$ 32,813,335
Support Services	16,084,703	1,340,586	0	17,425,289
Operation of Non-Instructional Services	1,274,863	0	3,923,744	5,198,607
Capital Outlay	3,480,558	0	0	3,480,558
Debt Service:				
Principal on Debt	296,064	0	0	296,064
Interest on Debt	68,256	0	0	68,256
Total Expenditures	\$ 50,034,748	\$ 5,323,617	\$ 3,923,744	\$ 59,282,109
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (3,406,174)	\$ (142,756)	\$ 140,374	\$ (3,408,556)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 47,695	\$ 0	\$ 0	\$ 47,695
Transfers Out	0	(47,695)	0	(47,695)
Total Other Financing Sources (Uses)	\$ 47,695	\$ (47,695)	\$ 0	\$ 0
Net Change in Fund Balances	\$ (3,358,479)	\$ (190,451)	\$ 140,374	\$ (3,408,556)
Fund Balance, July 1, 2012	8,948,355	380,321	1,125,274	10,453,950
Fund Balance, June 30, 2013	\$ 5,589,876	\$ 189,870	\$ 1,265,648	\$ 7,045,394

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, 2013

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ (3,408,556)
<p>(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:</p>		
Add: capital assets purchased in the current period	\$ 3,502,670	
Less: current-year depreciation expense	<u>(1,894,045)</u>	1,608,625
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.</p>		
Less: loss on disposal of capital assets		(17,804)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$ 846,699	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(908,843)</u>	(62,144)
<p>(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:</p>		
Add: principal payment contributions on other loans for primary government		296,064
<p>(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.</p>		
Change in compensated absences payable	\$ (27,725)	
Change in other postemployment benefits liability	<u>(1,139,076)</u>	<u>(1,166,801)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (2,750,616)</u>

Exhibit I-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 16,115,160	\$ 0	\$ 16,115,160	\$ 16,002,402	\$ 16,002,402	\$ 112,758
Charges for Current Services	220,157	0	220,157	180,000	180,000	40,157
Other Local Revenues	219,533	0	219,533	101,500	126,500	93,033
State of Tennessee	30,011,538	0	30,011,538	29,826,398	30,071,412	(59,874)
Federal Government	57,186	0	57,186	0	0	57,186
Other Governments and Citizens Groups	5,000	0	5,000	0	0	5,000
Total Revenues	\$ 46,628,574	\$ 0	\$ 46,628,574	\$ 46,110,300	\$ 46,380,314	\$ 248,260
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 23,421,334	\$ 0	\$ 23,421,334	\$ 24,775,242	\$ 24,771,605	\$ 1,350,271
Alternative Instruction Program	285,146	0	285,146	297,812	297,812	12,666
Special Education Program	2,632,585	0	2,632,585	2,642,197	2,642,197	9,612
Vocational Education Program	2,491,239	0	2,491,239	2,554,086	2,554,086	62,847
<u>Support Services</u>						
Attendance	82,510	0	82,510	105,145	105,145	22,635
Health Services	366,391	0	366,391	382,805	382,805	16,414
Other Student Support	956,084	0	956,084	1,069,140	1,069,140	113,056
Regular Instruction Program	1,353,065	0	1,353,065	1,550,306	1,550,306	197,241
Special Education Program	301,614	0	301,614	303,988	303,988	2,374
Vocational Education Program	137,361	0	137,361	145,820	145,820	8,459
Other Programs	245,014	0	245,014	0	245,014	0
Board of Education	982,556	0	982,556	1,115,163	1,115,163	132,607
Director of Schools	167,200	0	167,200	171,294	174,931	7,731

(Continued)

Exhibit I-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Office of the Principal	\$ 3,102,807	\$ 0	\$ 3,102,807	\$ 3,185,494	\$ 3,185,494	\$ 82,687
Operation of Plant	4,237,072	0	4,237,072	4,981,384	4,617,064	379,992
Maintenance of Plant	972,989	0	972,989	1,164,227	1,164,227	191,238
Transportation	2,799,475	0	2,799,475	3,040,491	3,040,491	241,016
Central and Other	380,565	0	380,565	386,133	386,133	5,568
<u>Operation of Non-Instructional Services</u>						
Community Services	199,786	0	199,786	214,689	214,689	14,903
Early Childhood Education	1,075,077	0	1,075,077	1,078,095	1,078,095	3,018
<u>Capital Outlay</u>						
Regular Capital Outlay	3,480,558	(249,675)	3,230,883	3,605,000	3,630,000	399,117
Principal on Debt	296,064	0	296,064	0	296,064	0
Education						
Interest on Debt						
Education	68,256	0	68,256	0	68,256	0
Total Expenditures	\$ 50,034,748	\$ (249,675)	\$ 49,785,073	\$ 52,768,511	\$ 53,038,525	\$ 3,253,452
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,406,174)	\$ 249,675	\$ (3,156,499)	\$ (6,658,211)	\$ (6,658,211)	\$ 3,501,712
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 47,695	\$ 0	\$ 47,695	\$ 25,000	\$ 25,000	\$ 22,695
Total Other Financing Sources	\$ 47,695	\$ 0	\$ 47,695	\$ 25,000	\$ 25,000	\$ 22,695

(Continued)

Exhibit I-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (3,358,479) \$ 8,948,355	249,675 \$ (249,675)	(3,108,804) \$ 8,698,680	(6,633,211) \$ 8,710,620	(6,633,211) \$ 8,710,620	3,524,407 (11,940)
Fund Balance, June 30, 2013	\$ 5,589,876 \$	0 \$	5,589,876 \$	2,077,409 \$	2,077,409 \$	3,512,467

Exhibit I-7

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 79,229	\$ 0	\$ 79,229	\$ 0
Federal Government	5,101,632	5,826,369	5,769,806	(668,174)
Total Revenues	\$ 5,180,861	\$ 5,826,369	\$ 5,849,035	\$ (668,174)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 2,464,063	\$ 2,544,042	\$ 2,560,148	\$ 96,085
Special Education Program	1,382,369	1,412,965	1,427,566	45,197
Vocational Education Program	136,599	136,599	136,599	0
<u>Support Services</u>				
Other Student Support	86,447	108,464	97,648	11,201
Regular Instruction Program	870,505	1,226,962	1,232,310	361,805
Special Education Program	323,450	326,834	330,834	7,384
Vocational Education Program	6,307	6,307	6,307	0
Transportation	53,877	64,100	53,877	0
Total Expenditures	\$ 5,323,617	\$ 5,826,273	\$ 5,845,289	\$ 521,672
Excess (Deficiency) of Revenues Over Expenditures	\$ (142,756)	\$ 96	\$ 3,746	\$ (146,502)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 169,081	\$ 169,081	\$ (169,081)
Transfers Out	(47,695)	(207,034)	(210,684)	162,989
Total Other Financing Sources	\$ (47,695)	\$ (37,953)	\$ (41,603)	\$ (6,092)
Net Change in Fund Balance	\$ (190,451)	\$ (37,857)	\$ (37,857)	\$ (152,594)
Fund Balance, July 1, 2012	380,321	380,321	380,321	0
Fund Balance, June 30, 2013	\$ 189,870	\$ 342,464	\$ 342,464	\$ (152,594)

Exhibit I-8

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,006,996	\$ 1,093,456	\$ 1,093,456	\$ (86,460)
Other Local Revenues	13,777	12,750	12,750	1,027
State of Tennessee	39,202	38,347	38,347	855
Federal Government	3,004,143	2,874,850	2,874,850	129,293
Total Revenues	\$ 4,064,118	\$ 4,019,403	\$ 4,019,403	\$ 44,715
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 3,923,744	\$ 4,014,884	\$ 4,014,884	\$ 91,140
Total Expenditures	\$ 3,923,744	\$ 4,014,884	\$ 4,014,884	\$ 91,140
Excess (Deficiency) of Revenues Over Expenditures	\$ 140,374	\$ 4,519	\$ 4,519	\$ 135,855
Net Change in Fund Balance	\$ 140,374	\$ 4,519	\$ 4,519	\$ 135,855
Fund Balance, July 1, 2012	1,125,274	826,016	826,016	299,258
Fund Balance, June 30, 2013	\$ 1,265,648	\$ 830,535	\$ 830,535	\$ 435,113

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, 2013

	General Fund	Adjustments	Statement of Net Position
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 45,914	\$ 0	\$ 45,914
Total Assets	<u>\$ 45,914</u>	<u>\$ 0</u>	<u>\$ 45,914</u>
<u>LIABILITIES AND FUND BALANCE/ NET POSITION</u>			
<u>Fund Balances</u>			
Unassigned	\$ 45,914	\$ (45,914)	\$ 0
Total Fund Balances	<u>\$ 45,914</u>	<u>\$ (45,914)</u>	<u>\$ 0</u>
Total Liabilities and Fund Balances	<u>\$ 45,914</u>		
Net Position:			
Unrestricted		<u>\$ 45,914</u>	<u>\$ 45,914</u>
Total Net Position		<u>\$ 0</u>	<u>\$ 45,914</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, 2013

	General Fund	Adjustments	Statement of Activities
<hr/>			
Expenditures/Expenses:			
Other Operations:			
Other Economic and Community Development	\$ 73,309	\$ 0	\$ 73,309
	<hr/>		
Total Expenditures/Expenses	\$ 73,309	\$ 0	\$ 73,309
	<hr/>		
Program Revenues:			
Operating Grants and Contributions:			
State of Tennessee	\$ 74,320	\$ 0	\$ 74,320
	<hr/>		
Total Expenditures/Expenses	\$ 74,320	\$ 0	\$ 74,320
	<hr/>		
Net Program Expense			\$ (1,011)
	<hr/>		
Excess of Revenues Over Expenditures	\$ 1,011	\$ (1,011)	\$ 0
Change in Net Position	0	1,011	1,011
Fund Balance/Net Position:			
July 1, 2012	44,903	0	44,903
	<hr/>		
June 30, 2013	\$ 45,914	\$ 0	\$ 45,914
	<hr/>		

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 74,320	\$ 400,000	\$ 400,000	\$ (325,680)
Total Revenues	\$ 74,320	\$ 400,000	\$ 400,000	\$ (325,680)
<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	73,309	399,000	399,000	325,691
Total Expenditures	\$ 73,309	\$ 400,000	\$ 400,000	\$ 326,691
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,011	\$ 0	\$ 0	\$ 1,011
Net Change in Fund Balance	\$ 1,011	\$ 0	\$ 0	\$ 1,011
Fund Balance, July 1, 2012	44,903	45,554	45,554	(651)
Fund Balance, June 30, 2013	\$ 45,914	\$ 45,554	\$ 45,554	\$ 360

MISCELLANEOUS SCHEDULES

Exhibit K-1

Cumberland County, Tennessee
Schedule of Changes in Long-term Notes and Other Loans
For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Paid and/or Matured During Period	Outstanding 6-30-13
NOTES PAYABLE							
<u>Payable through General Debt Service Fund</u>							
Jail Lighting and HVAC	\$ 338,828	0 %	5-1-06	5-1-13	\$ 48,404	\$ 48,404	\$ 0
Landfill, Education Facility, Justice Center Furnishings	1,677,000	2.6	6-25-10	6-25-13	559,000	559,000	0
Health Department Land	475,000	1.79	5-13-11	5-13-14	316,667	158,333	158,334
Landfill Closure	1,830,395	1.73	5-13-11	5-13-14	1,220,263	610,132	610,131
Total Notes Payable					\$ 2,144,334	\$ 1,375,869	\$ 768,465

OTHER LOANS PAYABLE

Public Building Authority Loan Agreements

<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	\$ 1,650,000	\$ 100,000	\$ 1,550,000
Refunding - Series E-3-A	20,615,000	Variable	7-31-08	6-1-27	18,090,000	905,000	17,185,000
Refunding and Jail Construction - Series V-E-1	10,365,000	3 to 4.75	9-18-08	6-1-28	8,250,000	640,000	7,610,000
Refunding - Series VII-B-2	28,300,000	Variable	11-20-08	6-1-39	26,680,000	455,000	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

Energy Efficiency Loans

<u>Payable through General Debt Service Fund</u>							
Energy Efficiency	484,996	0	6-20-11	7-1-21	436,492	48,504	387,988
<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	2,780,676	224,640	2,556,036
Energy Efficiency Loans	500,000	0	6-20-11	6-30-18	428,576	71,424	357,152

Total Other Loans Payable

\$ 64,165,744 \$ 2,444,568 \$ 61,721,176

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 768,465	\$ 13,390	\$ 781,855
Total	\$ 768,465	\$ 13,390	\$ 781,855

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2014	\$ 2,075,244	\$ 937,230	\$ 111,721	\$ 3,124,195
2015	2,161,076	895,193	109,801	3,166,070
2016	2,252,040	848,605	107,831	3,208,476
2017	2,318,172	800,385	105,741	3,224,298
2018	2,429,480	748,726	103,591	3,281,797
2019	2,494,456	693,998	101,331	3,289,785
2020	2,581,056	650,537	97,911	3,329,504
2021	2,517,780	605,731	94,361	3,217,872
2022	2,551,256	558,126	91,081	3,200,463
2023	2,755,616	536,760	87,622	3,379,998
2024	2,520,000	457,610	83,370	3,060,980
2025	2,645,000	413,132	79,008	3,137,140
2026	2,780,000	366,814	74,411	3,221,225
2027	2,935,000	318,578	69,558	3,323,136
2028	2,730,000	267,891	64,525	3,062,416
2029	2,355,000	223,196	59,196	2,637,392
2030	2,470,000	201,496	53,595	2,725,091
2031	2,545,000	178,316	47,722	2,771,038
2032	2,620,000	154,427	41,679	2,816,106
2033	1,755,000	130,061	35,102	1,920,163
2034	1,805,000	113,739	30,697	1,949,436
2035	1,880,000	96,953	26,167	2,003,120
2036	1,980,000	79,469	21,448	2,080,917
2037	2,080,000	61,055	16,478	2,157,533
2038	2,205,000	41,711	11,257	2,257,968
2039	2,280,000	21,204	5,723	2,306,927
Total	\$ 61,721,176	\$ 10,400,943	\$ 1,730,927	\$ 73,853,046

Exhibit K-3

Cumberland County, Tennessee
Schedule of Transfers
Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2013

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ 47,695
Total Transfers Discretely Presented Cumberland County School Department			\$ 47,695

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, 2013

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 81,510	\$ 50,000	Travelers Casualty and Surety Company of America
Road Superintendent	Section 8-24-102, TCA	77,629	100,000	"
Director of Schools	State Board of Education and Cumberland County Board of Education	99,280 (1)	(5)	"
Trustee	Section 8-24-102, TCA	70,572	1,811,000	"
Assessor of Property	Section 8-24-102, TCA	70,572	10,000	"
Finance Director	County Commission	70,572 (2)	50,000	"
County Clerk	Section 8-24-102, TCA	70,572	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	70,572	50,000	"
Clerk and Master	Section 8-24-102, TCA and Chancery Court Judge	70,572 (3)	75,000	"
Register of Deeds	Section 8-24-102, TCA	70,572	25,000	"
Sheriff	Section 8-24-102, TCA	77,629 (4)	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) Includes a chief executive officer training supplement of \$1,000.
- (2) Does not include longevity pay of \$2,470.
- (3) Does not include special commissioner fees of \$8,805.
- (4) Does not include a law enforcement training supplement of \$600.
- (5) The director of schools is covered under the public employee dishonesty bond.

Exhibit K-5

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

	Special Revenue Funds						Debt Service Fund		Capital Projects Fund		Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects			
Local Taxes											
<u>County Property Taxes</u>											
Current Property Tax	\$ 7,793,864	\$ 0	\$ 1,780,622	\$ 0	\$ 0	\$ 0	\$ 2,620,537	\$ 0	\$ 0	\$ 12,195,023	
Trustee's Collections - Prior Year	196,397	0	49,993	0	0	0	60,704	0	0	307,094	
Circuit/Clerk & Master Collections - Prior Years	102,027	0	23,498	0	0	0	29,887	0	0	155,412	
Interest and Penalty	79,796	0	18,996	0	0	0	24,348	0	0	123,140	
Payments in-Lieu-of-Taxes - Local Utilities	6,537	0	0	0	0	0	0	0	0	6,537	
Payments in-Lieu-of Taxes - Other	53,916	0	0	0	0	0	0	0	0	53,916	
<u>County Local Option Taxes</u>											
Local Option Sales Tax	573,748	0	0	0	0	0	1,854,645	0	0	2,428,393	
Hotel/Motel Tax	742,782	0	0	0	0	0	0	0	0	742,782	
Litigation Tax - General	97,521	0	0	0	0	0	0	0	0	97,521	
Litigation Tax - Special Purpose	18,157	57,315	0	0	0	0	0	0	0	75,472	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	277,607	0	0	277,607	
Business Tax	648,822	0	0	0	0	0	0	0	0	648,822	
Mineral Severance Tax	0	0	0	0	0	63,218	0	0	0	63,218	
<u>Statutory Local Taxes</u>											
Bank Excise Tax	114,515	0	0	0	0	0	0	0	0	114,515	
Wholesale Beer Tax	362,220	0	0	0	0	0	0	0	0	362,220	
Interstate Telecommunications Tax	3,915	0	0	0	0	0	0	0	0	3,915	
Other Statutory Local Taxes	6,014	0	0	0	0	0	0	0	0	6,014	
Total Local Taxes	\$ 10,800,231	\$ 57,315	\$ 1,873,109	\$ 0	\$ 0	\$ 63,218	\$ 4,867,728	\$ 0	\$ 0	\$ 17,661,601	
Licenses and Permits											
<u>Licenses</u>											
Animal Vaccination	67,981	0	0	0	0	0	0	0	0	67,981	
Cable TV Franchise	172,638	0	0	0	0	0	0	0	0	172,638	
<u>Permits</u>											
Beer Permits	3,562	0	0	0	0	0	0	0	0	3,562	
Total Licenses and Permits	\$ 244,181	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 244,181	
Fines, Forfeitures, and Penalties											
<u>Circuit Court</u>											
Fines	1,908	0	0	0	0	0	0	0	0	1,908	
Officers Costs	7,115	0	0	0	0	0	0	0	0	7,115	
Drug Court Fees	10,668	0	0	0	0	0	0	0	0	10,668	
Jail Fees	2,849	0	0	0	0	0	0	0	0	2,849	
DUI Treatment Fines	570	0	0	0	0	0	0	0	0	570	

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund		Capital Projects Fund		Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>										
<u>Circuit Court (Cont.)</u>										
Data Entry Fee - Circuit Court	\$ 1,318	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,318
Courtroom Security Fee	291	0	0	0	0	0	0	0	0	291
<u>General Sessions Court</u>										
Fines	43,069	0	0	0	0	0	0	0	0	43,069
Officers Costs	90,239	0	0	0	0	0	0	0	0	90,239
Game and Fish Fines	22	0	0	0	0	0	0	0	0	22
Drug Court Fees	4,105	0	0	0	0	0	0	0	0	4,105
Jail Fees	20,454	0	0	0	0	0	0	0	0	20,454
DUI Treatment Fines	7,246	0	0	0	0	0	0	0	0	7,246
Data Entry Fee - General Sessions Court	19,088	0	0	0	0	0	0	0	0	19,088
Courtroom Security Fee	4,208	0	0	0	0	0	0	0	0	4,208
<u>Juvenile Court</u>										
Fines	211	0	0	0	0	0	0	0	0	211
Jail Fees	5,044	0	0	0	0	0	0	0	0	5,044
<u>Chancery Court</u>										
Officers Costs	16,999	0	0	0	0	0	0	0	0	16,999
Data Entry Fee - Chancery Court	9,623	0	0	0	0	0	0	0	0	9,623
<u>Other Courts - In-county</u>										
Drug Control Fines	0	0	0	16,810	0	0	0	0	0	16,810
<u>Other Fines, Forfeitures, and Penalties</u>										
Proceeds from Confiscated Property	0	0	0	77,301	0	0	0	0	0	77,301
Total Fines, Forfeitures, and Penalties	\$ 245,027	\$ 0	\$ 6,120	\$ 94,111	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 339,138
<u>Charges for Current Services</u>										
<u>General Service Charges</u>										
Tipping Fees	0	0	6,120	0	0	0	0	0	0	6,120
Patient Charges	3,031,829	0	0	0	0	0	0	0	0	3,031,829
Other General Service Charges	0	0	0	0	0	3,500	0	0	0	3,500
<u>Fees</u>										
Copy Fees	5,409	0	0	0	0	0	0	0	0	5,409
Library Fees	21,161	0	0	0	0	0	0	0	0	21,161
Telephone Commissions	58,333	0	0	0	0	0	0	0	0	58,333
Constitutional Officers' Fees and Commissions	0	0	0	0	195	0	0	0	0	195
Special Commissioner Fees/Special Master Fees	0	0	0	0	8,805	0	0	0	0	8,805
Data Processing Fee - Register	32,360	0	0	0	0	0	0	0	0	32,360
Data Processing Fee - Sheriff	9,775	0	0	0	0	0	0	0	0	9,775

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund		Capital Projects Fund		Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects		
Charges for Current Services (Cont.)										
Fees (Cont.)										
Sexual Offender Registration Fees - Sheriff	\$ 7,300	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	7,300
Data Processing Fee - County Clerk	5,100	0	0	0	0	0	0	0	0	5,100
Education Charges	12,840	0	0	0	0	0	0	0	0	12,840
TBI Criminal Background Fees	3,184,107	0	6,120	0	9,000	3,500	0	0	0	3,202,727
Total Charges for Current Services	\$ 3,184,107	\$ 0	\$ 6,120	\$ 0	\$ 9,000	\$ 3,500	\$ 0	\$ 0	\$ 0	\$ 3,202,727
Other Local Revenues										
Recurring Items										
Investment Income	\$ 55,910	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	55,910
Lease/Rentals	62,411	0	0	0	0	0	0	0	0	62,411
Commissary Sales	37,035	0	0	0	0	0	0	0	0	37,035
Sale of Recycled Materials	161	0	329,593	0	0	2,690	0	0	0	332,444
Miscellaneous Refunds	11,455	0	1,149	0	0	112	0	0	0	12,716
Nonrecurring Items	630	0	0	0	0	0	0	0	0	630
Sale of Equipment	1,966	0	0	0	0	0	0	0	0	1,966
Sale of Property	101,262	0	0	0	0	0	0	0	0	101,262
Contributions and Gifts	270,830	0	330,742	0	0	2,802	0	0	0	604,374
Total Other Local Revenues	\$ 270,830	\$ 0	\$ 330,742	\$ 0	\$ 0	\$ 2,802	\$ 0	\$ 0	\$ 0	\$ 604,374
Fees Received from County Officials										
Fees in-Lieu-of Salary										
County Clerk	\$ 535,957	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	535,957
Circuit Court Clerk	159,867	0	0	0	0	0	0	0	0	159,867
General Sessions Court Clerk	390,240	0	0	0	0	0	0	0	0	390,240
Clerk and Master	326,934	0	0	0	0	0	0	0	0	326,934
Register	382,714	0	0	0	0	0	0	0	0	382,714
Sheriff	19,385	0	0	0	0	0	0	0	0	19,385
Trustee	759,435	0	0	0	0	0	0	0	0	759,435
Total Fees Received from County Officials	\$ 2,574,532	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,574,532
State of Tennessee										
General Government Grants										
Juvenile Services Program	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,500
Solid Waste Grants	0	0	24,940	0	0	0	0	0	0	24,940
Other General Government Grants	11,000	0	0	0	0	0	0	0	0	11,000

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Debt Service Fund		Capital Projects Fund		Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects				
State of Tennessee (Cont.)												
<u>Public Safety Grants</u>												
Law Enforcement Training Programs	\$ 28,200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,200
<u>Health and Welfare Grants</u>												
Health Department Programs	614,690	0	0	0	0	0	0	0	0	0	0	614,690
Other Health and Welfare Grants	0	0	0	0	0	0	0	0	0	1,154,787	0	1,154,787
<u>Public Works Grants</u>												
Bridge Program	0	0	0	0	0	153,486	0	0	0	0	0	153,486
State Aid Program	0	0	0	0	0	240,543	0	0	0	0	0	240,543
Litter Program	0	0	37,584	0	0	0	0	0	0	0	0	37,584
<u>Other State Revenues</u>												
Income Tax	374,198	0	0	0	0	0	0	0	0	0	0	374,198
Beer Tax	18,586	0	0	0	0	0	0	0	0	0	0	18,586
Alcoholic Beverage Tax	94,083	0	0	0	0	0	0	0	0	0	0	94,083
Mixed Drink Tax	28,391	0	0	0	0	0	0	0	0	0	0	28,391
State Revenue Sharing - T.V.A.	1,036,458	0	0	0	0	0	0	0	0	0	0	1,036,458
Contracted Prisoner Boarding	1,314,723	0	0	0	0	0	0	0	0	0	0	1,314,723
Gasoline and Motor Fuel Tax	0	0	0	0	0	2,130,692	0	0	0	0	0	2,130,692
Petroleum Special Tax	0	0	0	0	0	40,445	0	0	0	0	0	40,445
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	0	0	0	0	15,164
Other State Grants	25,562	0	0	0	0	0	0	0	0	0	0	25,562
Other State Revenues	4,800	0	0	0	0	0	0	0	0	0	0	4,800
Total State of Tennessee	\$ 3,571,355	\$ 0	\$ 62,524	\$ 0	\$ 0	\$ 2,565,166	\$ 0	\$ 0	\$ 0	\$ 1,154,787	\$ 0	\$ 7,353,832
<u>Federal Government</u>												
<u>Federal Through State</u>												
Community Development	\$ 68,865	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 68,865
Civil Defense Reimbursement	88,150	0	0	0	0	0	0	0	0	0	0	88,150
Other Federal through State	32,581	0	0	0	0	0	0	0	0	0	0	32,581
<u>Direct Federal Revenue</u>												
ARRA Grant # 6	29,238	0	0	0	0	0	0	0	0	0	0	29,238
Other Direct Federal Revenue	117,936	0	0	0	0	0	0	0	0	0	0	117,936
Total Federal Government	\$ 336,770	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 336,770
<u>Other Governments and Citizens Groups</u>												
Other Governments	\$ 3,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,000
Contributions	589,059	0	2,865	0	0	0	0	0	0	364,320	0	591,924
Contracted Services	0	0	0	0	0	0	0	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund		
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Total
\$ 14,272 \$	0 \$	0 \$	0 \$	100 \$	0 \$	0 \$	0 \$	0 \$	14,372
\$ 606,331 \$	0 \$	2,865 \$	100 \$	0 \$	0 \$	364,320 \$	0 \$	0 \$	973,616
\$ 21,833,364 \$	57,315 \$	2,275,360 \$	94,211 \$	9,000 \$	2,634,686 \$	5,232,048 \$	1,154,787 \$	33,290,771	

Other Governments and Citizens Groups (Cont.)

Citizens Groups

Donations

Total Other Governments and Citizens Groups

Total

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, 2013

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 7,949,825	\$ 0	\$ 0	\$ 7,949,825
Trustee's Collections - Prior Year	177,484	0	0	177,484
Trustee's Collections - Bankruptcy	2,380	0	0	2,380
Circuit/Clerk & Master Collections - Prior Years	108,932	0	0	108,932
Interest and Penalty	83,491	0	0	83,491
Payments in-Lieu-of Taxes - Local Utilities	1,002	0	0	1,002
<u>County Local Option Taxes</u>				
Local Option Sales Tax	7,782,011	0	0	7,782,011
Business Tax	5,473	0	0	5,473
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	4,562	0	0	4,562
Total Local Taxes	\$ 16,115,160	\$ 0	\$ 0	\$ 16,115,160
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Other	\$ 114,571	\$ 0	\$ 0	\$ 114,571
Lunch Payments - Children	0	0	452,916	452,916
Lunch Payments - Adults	0	0	55,758	55,758
Income from Breakfast	0	0	75,254	75,254
A la carte Sales	0	0	412,877	412,877
Receipts from Individual Schools	105,586	0	0	105,586
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	10,191	10,191
Total Charges for Current Services	\$ 220,157	\$ 0	\$ 1,006,996	\$ 1,227,153
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 3,080	\$ 3,080
Lease/Rentals	7,349	0	0	7,349
Sale of Recycled Materials	4,660	0	0	4,660
Retirees' Insurance Payments	792	0	0	792
Miscellaneous Refunds	133,287	0	10,697	143,984
<u>Nonrecurring Items</u>				
Sale of Equipment	11,715	0	0	11,715
Damages Recovered from Individuals	2,027	0	0	2,027
Contributions and Gifts	9,022	0	0	9,022
<u>Other Local Revenues</u>				
Other Local Revenues	50,681	0	0	50,681
Total Other Local Revenues	\$ 219,533	\$ 0	\$ 13,777	\$ 233,310
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 245,014	\$ 0	\$ 0	\$ 245,014
<u>State Education Funds</u>				
Basic Education Program	28,148,157	0	0	28,148,157
Early Childhood Education	1,078,095	0	0	1,078,095
School Food Service	0	0	39,202	39,202
Other State Education Funds	199,287	0	0	199,287
Career Ladder Program	287,893	0	0	287,893
Career Ladder - Extended Contract	51,200	0	0	51,200
<u>Other State Revenues</u>				
Other State Grants	0	79,229	0	79,229
Other State Revenues	1,892	0	0	1,892
Total State of Tennessee	\$ 30,011,538	\$ 79,229	\$ 39,202	\$ 30,129,969

(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>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,980,438	\$ 1,980,438
USDA - Commodities	0	0	221,290	221,290
Breakfast	0	0	722,323	722,323
USDA - Other	0	0	30,286	30,286
Vocational Education - Basic Grants to States	0	126,913	0	126,913
Other Vocational	0	75,000	0	75,000
Title I Grants to Local Education Agencies	0	2,164,796	0	2,164,796
Special Education - Grants to States	57,186	1,409,194	0	1,466,380
Special Education Preschool Grants	0	39,411	0	39,411
English Language Acquisition Grants	0	13,062	0	13,062
Safe and Drug-free Schools - State Grants	0	475,750	0	475,750
Rural Education	0	153,223	0	153,223
Eisenhower Professional Development State Grants	0	361,696	0	361,696
Race-to-the-Top - ARRA	0	277,697	0	277,697
Other Federal through State	0	4,890	49,806	54,696
Total Federal Government	\$ 57,186	\$ 5,101,632	\$ 3,004,143	\$ 8,162,961
<u>Other Governments and Citizens Groups</u>				
<u>Other</u>				
Other	\$ 5,000	\$ 0	\$ 0	\$ 5,000
Total Other Governments and Citizens Groups	\$ 5,000	\$ 0	\$ 0	\$ 5,000
Total	\$ 46,628,574	\$ 5,180,861	\$ 4,064,118	\$ 55,873,553

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, 2013

	General	Total
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Other General Government Grants	\$ 74,320	\$ 74,320
Total State of Tennessee	<u>\$ 74,320</u>	<u>\$ 74,320</u>
 Total	 <u>\$ 74,320</u>	 <u>\$ 74,320</u>

Exhibit K-8

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	72,341	
Social Security		5,478	
State Retirement		4,611	
Audit Services		17,553	
Contracts with Government Agencies		28,636	
Contracts with Private Agencies		1,200	
Dues and Memberships		2,902	
Maintenance Agreements		3,500	
Travel		6,301	
Other Contracted Services		60	
Building Improvements		187,037	
Other Equipment		784,475	
Other Capital Outlay		16,175	
Total County Commission			\$ 1,130,269

Board of Equalization

Board and Committee Members Fees	\$	3,300	
Total Board of Equalization			3,300

Beer Board

Legal Notices, Recording, and Court Costs	\$	413	
Criminal Investigation of Applicants - TBI		406	
Total Beer Board			819

Other Boards and Committees

Other Charges	\$	800	
Total Other Boards and Committees			800

County Mayor/Executive

County Official/Administrative Officer	\$	81,510	
Assistant(s)		26,000	
Secretary(ies)		23,898	
Longevity Pay		495	
Social Security		9,214	
State Retirement		12,524	
Employee and Dependent Insurance		21,193	
Life Insurance		147	
Dental Insurance		924	
Communication		1,290	
Dues and Memberships		1,960	
Maintenance and Repair Services - Office Equipment		121	
Printing, Stationery, and Forms		318	
Travel		1,742	
Office Supplies		2,794	
Premiums on Corporate Surety Bonds		200	
Other Charges		316	
Total County Mayor/Executive			184,646

County Attorney

County Official/Administrative Officer	\$	32,218	
Total County Attorney			32,218

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	63,515	
Clerical Personnel		80,601	
Part-time Personnel		6,960	
Longevity Pay		2,498	
Election Commission		9,300	
Election Workers		51,040	
In-Service Training		1,495	
Social Security		11,532	
State Retirement		14,016	
Employee and Dependent Insurance		28,257	
Life Insurance		183	
Dental Insurance		1,232	
Communication		2,415	
Dues and Memberships		275	
Legal Notices, Recording, and Court Costs		4,966	
Maintenance and Repair Services - Equipment		2,180	
Maintenance and Repair Services - Office Equipment		10,236	
Printing, Stationery, and Forms		14,514	
Rentals		1,600	
Travel		2,577	
Other Contracted Services		11,100	
Office Supplies		2,202	
Total Election Commission			\$ 322,694

Register of Deeds

County Official/Administrative Officer	\$	70,572	
Deputy(ies)		119,349	
Part-time Personnel		9,210	
Longevity Pay		3,751	
Social Security		15,348	
State Retirement		18,515	
Employee and Dependent Insurance		35,141	
Life Insurance		219	
Dental Insurance		1,540	
Communication		1,357	
Dues and Memberships		552	
Maintenance Agreements		16,972	
Printing, Stationery, and Forms		533	
Office Supplies		243	
Premiums on Corporate Surety Bonds		100	
Total Register of Deeds			293,402

Engineering

Communication	\$	384	
Engineering Services		24,000	
Operating Lease Payments		3,583	
Equipment and Machinery Parts		2,862	
Gasoline		1,999	
Utilities		11,554	
Total Engineering			44,382

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

Supervisor/Director	\$	37,100	
Custodial Personnel		167,969	
Maintenance Personnel		22,992	
Longevity Pay		4,778	
Overtime Pay		5,768	
Social Security		18,001	
State Retirement		23,468	
Employee and Dependent Insurance		63,578	
Life Insurance		363	
Dental Insurance		2,772	
Other Fringe Benefits		6,875	
Maintenance and Repair Services - Buildings		107,188	
Gasoline		7,842	
Office Supplies		362	
Uniforms		2,468	
Utilities		79,275	
Heating and Air Conditioning Equipment		15,208	
Other Equipment		11,250	
Total County Buildings			\$ 577,257

Other General Administration

Supervisor/Director	\$	32,638	
Mechanic(s)		28,501	
Longevity Pay		1,101	
Social Security		4,858	
State Retirement		6,170	
Employee and Dependent Insurance		14,128	
Life Insurance		111	
Dental Insurance		616	
Other Fringe Benefits		2,306	
Communication		1,132	
Gasoline		586	
Lubricants		17,952	
Uniforms		1,570	
Utilities		1,795	
Other Supplies and Materials		5,022	
Total Other General Administration			118,486

Preservation of Records

Part-time Personnel	\$	8,961	
In-Service Training		233	
Social Security		686	
Communication		713	
Printing, Stationery, and Forms		190	
Other Contracted Services		124	
Periodicals		200	
Other Supplies and Materials		5,766	
Total Preservation of Records			16,873

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	70,572	
Accountants/Bookkeepers		183,068	
Longevity Pay		8,338	
Social Security		20,383	
State Retirement		25,892	
Employee and Dependent Insurance		43,461	
Life Insurance		259	
Dental Insurance		1,898	
Other Fringe Benefits		7,948	
Communication		2,657	
Legal Notices, Recording, and Court Costs		1,348	
Maintenance Agreements		9,914	
Printing, Stationery, and Forms		8,820	
Travel		325	
Office Supplies		4,421	
Premiums on Corporate Surety Bonds		175	
Total Accounting and Budgeting			\$ 389,479

Property Assessor's Office

County Official/Administrative Officer	\$	70,572	
Assistant(s)		212,100	
Clerical Personnel		45,300	
Longevity Pay		4,960	
In-Service Training		1,975	
Social Security		23,762	
State Retirement		29,647	
Employee and Dependent Insurance		74,425	
Life Insurance		384	
Dental Insurance		3,026	
Communication		938	
Data Processing Services		48,577	
Dues and Memberships		1,850	
Maintenance Agreements		4,197	
Maintenance and Repair Services - Vehicles		324	
Postal Charges		3,500	
Travel		2,929	
Other Contracted Services		14,445	
Duplicating Supplies		916	
Gasoline		3,289	
Office Supplies		2,938	
Other Supplies and Materials		284	
Premiums on Corporate Surety Bonds		300	
Total Property Assessor's Office			550,638

County Trustee's Office

County Official/Administrative Officer	\$	70,572	
Deputy(ies)		138,422	
Longevity Pay		3,854	
Social Security		16,125	
State Retirement		19,429	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Employee and Dependent Insurance	\$	42,385	
Life Insurance		244	
Dental Insurance		1,848	
Communication		926	
Dues and Memberships		677	
Maintenance and Repair Services - Office Equipment		6,800	
Printing, Stationery, and Forms		4,410	
Travel		208	
Office Supplies		1,867	
Premiums on Corporate Surety Bonds		2,135	
Other Charges		678	
Total County Trustee's Office			\$ 310,580

County Clerk's Office

County Official/Administrative Officer	\$	70,572	
Deputy(ies)		293,313	
Longevity Pay		7,139	
Social Security		27,826	
State Retirement		35,470	
Employee and Dependent Insurance		83,412	
Life Insurance		471	
Dental Insurance		3,696	
Communication		1,587	
Dues and Memberships		750	
Maintenance and Repair Services - Office Equipment		14,174	
Printing, Stationery, and Forms		1,815	
Travel		406	
Office Supplies		4,500	
Premiums on Corporate Surety Bonds		250	
Total County Clerk's Office			545,381

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	70,572	
Deputy(ies)		294,991	
Part-time Personnel		17,151	
Longevity Pay		8,144	
Jury and Witness Expense		12,685	
Social Security		29,654	
State Retirement		35,657	
Employee and Dependent Insurance		77,706	
Life Insurance		425	
Dental Insurance		3,483	
Communication		3,714	
Dues and Memberships		527	
Maintenance and Repair Services - Office Equipment		14,104	
Printing, Stationery, and Forms		7,712	
Travel		75	
Office Supplies		5,323	
Premiums on Corporate Surety Bonds		1,255	
Data Processing Equipment		95,824	
Total Circuit Court			679,002

(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

Judge(s)	\$	153,225	
Secretary(ies)		34,000	
Part-time Personnel		1,129	
Longevity Pay		1,020	
Social Security		11,990	
State Retirement		17,996	
Employee and Dependent Insurance		14,128	
Life Insurance		85	
Dental Insurance		616	
Communication		961	
Contracts with Government Agencies		99,709	
Dues and Memberships		700	
Printing, Stationery, and Forms		47	
Travel		646	
Office Supplies		789	
Periodicals		170	
Total General Sessions Court			\$ 337,211

Chancery Court

County Official/Administrative Officer	\$	70,572	
Deputy(ies)		70,300	
Longevity Pay		2,642	
Jury and Witness Expense		356	
Social Security		10,979	
State Retirement		13,720	
Employee and Dependent Insurance		21,193	
Life Insurance		147	
Dental Insurance		924	
Communication		1,599	
Dues and Memberships		787	
Maintenance and Repair Services - Office Equipment		14,254	
Printing, Stationery, and Forms		1,905	
Office Supplies		3,100	
Premiums on Corporate Surety Bonds		375	
Office Equipment		1,390	
Total Chancery Court			214,243

Juvenile Court

Youth Service Officer(s)	\$	64,803	
Longevity Pay		1,653	
In-Service Training		185	
Social Security		5,084	
State Retirement		6,353	
Employee and Dependent Insurance		14,128	
Life Insurance		111	
Dental Insurance		616	
Communication		498	
Contracts with Government Agencies		19,498	
Travel		476	
Office Supplies		558	
Total Juvenile Court			113,963

(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

County Official/Administrative Officer	\$	66,085	
Supervisor/Director		33,300	
Part-time Personnel		36,658	
Longevity Pay		2,250	
In-Service Training		1,462	
Social Security		10,539	
State Retirement		6,052	
Employee and Dependent Insurance		21,193	
Life Insurance		107	
Dental Insurance		1,128	
Printing, Stationery, and Forms		325	
Travel		160	
Office Supplies		463	
Premiums on Corporate Surety Bonds		800	
Other Charges		90	
Total Judicial Commissioners			\$ 180,612

Probate Court

Secretary(ies)	\$	154,101	
Longevity Pay		5,025	
Social Security		11,482	
State Retirement		15,212	
Employee and Dependent Insurance		35,321	
Life Insurance		180	
Dental Insurance		1,540	
Office Supplies		199	
Total Probate Court			223,060

Courtroom Security

Deputy(ies)	\$	138,017	
Part-time Personnel		12,049	
Longevity Pay		1,015	
Social Security		11,471	
State Retirement		13,292	
Employee and Dependent Insurance		35,321	
Life Insurance		180	
Dental Insurance		1,540	
Total Courtroom Security			212,885

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	77,629	
Deputy(ies)		1,390,064	
Salary Supplements		28,200	
Secretary(ies)		67,000	
Longevity Pay		34,294	
Overtime Pay		27,778	
In-Service Training		7,410	
Social Security		122,212	
State Retirement		153,839	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Employee and Dependent Insurance	\$	302,628	
Life Insurance		1,643	
Dental Insurance		13,525	
Communication		18,572	
Dues and Memberships		2,970	
Evaluation and Testing		1,895	
Maintenance and Repair Services - Equipment		4,915	
Maintenance and Repair Services - Vehicles		64,669	
Printing, Stationery, and Forms		2,000	
Travel		4,340	
Drug Treatment		275	
Other Contracted Services		20,649	
Gasoline		199,399	
Office Supplies		7,709	
Uniforms		12,333	
Other Supplies and Materials		32,446	
Premiums on Corporate Surety Bonds		100	
Workers' Compensation Insurance		114,581	
Other Charges		1,700	
Law Enforcement Equipment		3,021	
Motor Vehicles		154,283	
Other Equipment		7,461	
Total Sheriff's Department			\$ 2,879,540

Drug Enforcement

Overtime Pay	\$	10,422	
Social Security		784	
State Retirement		996	
Total Drug Enforcement			12,202

Jail

Medical Personnel	\$	52,400	
Bus Drivers		39,110	
Guards		1,174,845	
Clerical Personnel		99,604	
Cafeteria Personnel		93,097	
Part-time Personnel		109,466	
Longevity Pay		28,739	
In-Service Training		1,435	
Social Security		120,274	
State Retirement		127,106	
Employee and Dependent Insurance		366,728	
Life Insurance		1,885	
Dental Insurance		16,339	
Evaluation and Testing		5,098	
Medical and Dental Services		297,302	
Travel		5,830	
Food Supplies		346,886	
Office Supplies		7,405	
Uniforms		12,377	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Utilities	\$	323,472	
Other Supplies and Materials		130,605	
Other Charges		20,106	
Total Jail			\$ 3,380,109

Juvenile Services

Guards	\$	67,594	
Part-time Personnel		65,188	
Longevity Pay		1,202	
Social Security		10,186	
State Retirement		6,577	
Employee and Dependent Insurance		9,433	
Life Insurance		59	
Dental Insurance		559	
Communication		519	
Contracts with Government Agencies		3,150	
Office Supplies		317	
Utilities		1,997	
Total Juvenile Services			166,781

Fire Prevention and Control

Salary Supplements	\$	4,800	
Part-time Personnel		17,137	
Longevity Pay		7,766	
Overtime Pay		48,721	
Other Salaries and Wages		271,236	
In-Service Training		10,396	
Social Security		26,361	
State Retirement		31,795	
Employee and Dependent Insurance		63,218	
Life Insurance		324	
Dental Insurance		2,772	
Other Fringe Benefits		1,315	
Communication		1,271	
Contracts with Government Agencies		2,000	
Contributions		1,966	
Evaluation and Testing		1,918	
Maintenance and Repair Services - Buildings		12,481	
Maintenance and Repair Services - Equipment		11,455	
Maintenance and Repair Services - Vehicles		28,317	
Travel		3,923	
Gasoline		33,902	
Office Supplies		2,305	
Uniforms		1,909	
Utilities		54,919	
Other Supplies and Materials		1,794	
Workers' Compensation Insurance		81,969	
Other Charges		21,074	
Communication Equipment		50,186	
Other Equipment		18,181	
Total Fire Prevention and Control			815,411

(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)	\$	30,500	
Supervisor/Director		43,800	
Longevity Pay		2,057	
Social Security		5,936	
State Retirement		7,459	
Employee and Dependent Insurance		14,128	
Life Insurance		111	
Dental Insurance		616	
Other Fringe Benefits		1,661	
Communication		2,234	
Maintenance and Repair Services - Vehicles		757	
Travel		731	
Gasoline		829	
Office Supplies		263	
Other Charges		258	
Total Civil Defense			\$ 111,340

Rescue Squad

Contracts with Private Agencies	\$	8,550	
Total Rescue Squad			8,550

Other Emergency Management

Supervisor/Director	\$	39,100	
Dispatchers/Radio Operators		537,977	
Part-time Personnel		30,171	
Longevity Pay		7,822	
Overtime Pay		7,788	
Social Security		46,796	
State Retirement		52,801	
Employee and Dependent Insurance		159,090	
Life Insurance		858	
Dental Insurance		6,979	
Other Fringe Benefits		2,859	
Office Supplies		297	
Office Equipment		998	
Total Other Emergency Management			893,536

County Coroner/Medical Examiner

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

Other Public Safety

Deputy(ies)	\$	7,309	
In-Service Training		3,600	
Social Security		792	
State Retirement		86	
Evaluation and Testing		480	
Other Charges		4,020	
Total Other Public Safety			16,287

(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	\$	19,602	
Longevity Pay		4,537	
Other Salaries and Wages		434,580	
Social Security		29,003	
State Retirement		30,186	
Employee and Dependent Insurance		87,651	
Life Insurance		453	
Dental Insurance		3,852	
Communication		17,042	
Maintenance and Repair Services - Buildings		6,577	
Travel		14,383	
Other Contracted Services		4,687	
Drugs and Medical Supplies		9,330	
Instructional Supplies and Materials		10,983	
Office Supplies		10,404	
Utilities		31,785	
Other Supplies and Materials		5,000	
Other Charges		482	
Total Local Health Center			\$ 720,537

Rabies and Animal Control

Deputy(ies)	\$	21,102	
Part-time Personnel		10,784	
Longevity Pay		603	
Social Security		2,460	
State Retirement		2,075	
Employee and Dependent Insurance		7,064	
Life Insurance		36	
Dental Insurance		308	
Communication		287	
Gasoline		7,098	
Office Supplies		68	
Uniforms		1,254	
Other Supplies and Materials		1,677	
Total Rabies and Animal Control			54,816

Ambulance/Emergency Medical Services

Supervisor/Director	\$	70,600	
Medical Personnel		963,503	
Secretary(ies)		50,935	
Part-time Personnel		105,008	
Longevity Pay		35,752	
Overtime Pay		603,937	
In-Service Training		3,712	
Social Security		137,217	
State Retirement		154,904	
Employee and Dependent Insurance		313,494	
Life Insurance		1,641	
Dental Insurance		13,734	
Communication		7,274	

(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.)

Consultants	\$	3,000	
Debt Collection Services		8,435	
Maintenance and Repair Services - Buildings		3,347	
Maintenance and Repair Services - Office Equipment		796	
Maintenance and Repair Services - Vehicles		41,446	
Travel		403	
Other Contracted Services		5,651	
Asphalt		4,650	
Drugs and Medical Supplies		99,990	
Gasoline		156,646	
Office Supplies		8,955	
Uniforms		7,011	
Utilities		12,849	
Other Supplies and Materials		8,707	
Workers' Compensation Insurance		175,925	
Other Charges		7,835	
Motor Vehicles		64,999	
Total Ambulance/Emergency Medical Services			\$ 3,072,356

Alcohol and Drug Programs

Assistant(s)	\$	33,500	
Supervisor/Director		33,765	
Longevity Pay		2,354	
Social Security		5,307	
State Retirement		6,762	
Employee and Dependent Insurance		13,948	
Life Insurance		111	
Dental Insurance		616	
Other Fringe Benefits		1,109	
Total Alcohol and Drug Programs			97,472

Appropriation to State

Contributions	\$	57,500	
Total Appropriation to State			57,500

Other Public Health and Welfare

Attendants	\$	23,202	
Part-time Personnel		35,047	
Longevity Pay		232	
Social Security		4,478	
State Retirement		2,335	
Employee and Dependent Insurance		7,064	
Life Insurance		36	
Dental Insurance		308	
Other Fringe Benefits		994	
Communication		1,452	
Gasoline		57	
Utilities		9,717	
Other Supplies and Materials		9,241	
Other Charges		460	
Building Improvements		6,625	
Total Other Public Health and Welfare			101,248

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contracts with Private Agencies	\$	25,775	
Maintenance and Repair Services - Buildings		<u>3,500</u>	
Total Senior Citizens Assistance			\$ 29,275

Libraries

Supervisor/Director	\$	45,400	
Deputy(ies)		57,293	
Secretary(ies)		27,702	
Clerical Personnel		24,702	
Part-time Personnel		110,636	
Longevity Pay		3,878	
In-Service Training		1,347	
Social Security		20,443	
State Retirement		15,318	
Employee and Dependent Insurance		33,855	
Life Insurance		216	
Dental Insurance		1,515	
Other Fringe Benefits		1,531	
Communication		7,418	
Contributions		101,262	
Maintenance and Repair Services - Buildings		5,765	
Maintenance and Repair Services - Office Equipment		1,946	
Postal Charges		4,000	
Printing, Stationery, and Forms		1,800	
Other Contracted Services		12,552	
Library Books/Media		46,451	
Periodicals		4,943	
Utilities		68,090	
Other Supplies and Materials		19,746	
Other Charges		21,890	
Data Processing Equipment		1,328	
Other Equipment		<u>1,440</u>	
Total Libraries			642,467

Parks and Fair Boards

Supervisor/Director	\$	26,701	
Custodial Personnel		20,102	
Part-time Personnel		25,710	
Longevity Pay		669	
Social Security		5,733	
State Retirement		4,706	
Employee and Dependent Insurance		9,613	
Life Insurance		111	
Dental Insurance		559	
Other Fringe Benefits		1,754	
Advertising		4,729	
Communication		904	
Gasoline		3,228	
Uniforms		757	
Utilities		47,187	

(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.)

Parks and Fair Boards (Cont.)

Other Supplies and Materials	\$	27,528	
Other Equipment		<u>4,995</u>	
Total Parks and Fair Boards			\$ 184,986

Other Social, Cultural, and Recreational

Contracts with Private Agencies	\$	<u>23,475</u>	
Total Other Social, Cultural, and Recreational			23,475

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	71,572	
Communication		1,909	
Travel		2,100	
Office Supplies		<u>2,572</u>	
Total Agriculture Extension Service			78,153

Soil Conservation

Assistant(s)	\$	21,464	
Secretary(ies)		31,000	
Longevity Pay		1,140	
Social Security		4,099	
State Retirement		5,124	
Employee and Dependent Insurance		13,948	
Life Insurance		72	
Dental Insurance		616	
Dues and Memberships		1,190	
Legal Notices, Recording, and Court Costs		800	
Travel		2,000	
Office Supplies		<u>450</u>	
Total Soil Conservation			81,903

Other Operations

Tourism

Legal Notices, Recording, and Court Costs	\$	<u>991</u>	
Total Tourism			991

Other Economic and Community Development

Contracts with Private Agencies	\$	78,500	
Contributions		8,990	
Building Construction		<u>68,385</u>	
Total Other Economic and Community Development			155,875

Veterans' Services

County Official/Administrative Officer	\$	22,788	
Part-time Personnel		8,229	
Longevity Pay		125	
Social Security		2,373	
State Retirement		800	
Employee and Dependent Insurance		1,700	
Life Insurance		33	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Dental Insurance	\$	76	
Communication		1,121	
Travel		2,338	
Office Supplies		2,540	
Building Improvements		537	
Furniture and Fixtures		669	
Total Veterans' Services			\$ 43,329

Other Charges

Liability Insurance	\$	203,267	
Trustee's Commission		243,372	
Other Charges		3,639	
Total Other Charges			450,278

Employee Benefits

Unemployment Compensation	\$	54,134	
Medical and Dental Services		709	
Workers' Compensation Insurance		92,611	
Total Employee Benefits			147,454

ARRA Grant # 6

Law Enforcement Equipment	\$	9,534	
Total ARRA Grant # 6			9,534

Miscellaneous

Postal Charges	\$	71,536	
Other Charges		273	
Total Miscellaneous			71,809

Total General Fund \$ 20,859,414

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	24,103	
Total County Buildings			\$ 24,103

Other Operations

Other Charges

Trustee's Commission	\$	583	
Total Other Charges			583

Total Courthouse and Jail Maintenance Fund 24,686

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Laborers	\$	89,596	
Longevity Pay		1,070	
Social Security		6,949	

(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.)

Waste Pickup (Cont.)

State Retirement	\$	8,784	
Employee and Dependent Insurance		27,957	
Life Insurance		102	
Dental Insurance		1,232	
Other Fringe Benefits		2,400	
Diesel Fuel		51,196	
Uniforms		1,244	
Other Supplies and Materials		31,871	
Total Waste Pickup			\$ 222,401

Convenience Centers

Part-time Personnel	\$	344,315	
Overtime Pay		79	
Social Security		26,346	
Contracts with Private Agencies		597,362	
Operating Lease Payments		9,800	
Uniforms		4,238	
Utilities		30,647	
Other Supplies and Materials		11,749	
Total Convenience Centers			1,024,536

Recycling Center

Supervisor/Director	\$	37,902	
Laborers		143,157	
Part-time Personnel		42,834	
Longevity Pay		3,560	
Social Security		17,512	
State Retirement		18,019	
Employee and Dependent Insurance		48,610	
Life Insurance		242	
Dental Insurance		2,156	
Other Fringe Benefits		3,862	
Contracts with Private Agencies		46,242	
Travel		1,537	
Diesel Fuel		10,770	
Office Supplies		1,721	
Uniforms		1,599	
Utilities		11,582	
Other Supplies and Materials		44,965	
Solid Waste Equipment		35,160	
Other Equipment		11,250	
Total Recycling Center			482,680

Postclosure Care Costs

Part-time Personnel	\$	59	
Social Security		5	
Contracts for Final Cover Costs		30,785	
Contracts for Postclosure Care Costs		13,850	
Utilities		9,907	
Other Supplies and Materials		18,557	
Other Charges		62,912	
Total Postclosure Care Costs			136,075

(Continued)

Exhibit K-8

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations

Other Charges

Trustee's Commission	\$ 37,560	
Total Other Charges		\$ 37,560

Employee Benefits

Unemployment Compensation	\$ 5,373	
Workers' Compensation Insurance	71,149	
Total Employee Benefits		76,522

Highways

Litter and Trash Collection

Deputy(ies)	\$ 45,104	
Longevity Pay	679	
Social Security	3,611	
State Retirement	4,538	
Employee and Dependent Insurance	14,008	
Life Insurance	72	
Dental Insurance	616	
Other Fringe Benefits	1,690	
Diesel Fuel	4,147	
Office Supplies	141	
Other Supplies and Materials	2,750	
Total Litter and Trash Collection		77,356

Total Solid Waste/Sanitation Fund		\$ 2,057,130
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Drug Control Fund

Public Safety

Drug Enforcement

In-Service Training	\$ 240	
Communication	438	
Maintenance and Repair Services - Vehicles	1,447	
Other Supplies and Materials	2,715	
Law Enforcement Equipment	16,088	
Motor Vehicles	24,849	
Total Drug Enforcement		\$ 45,777

Other Operations

Other Charges

Trustee's Commission	\$ 179	
Total Other Charges		179

Total Drug Control Fund		45,956
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Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 195	
Total County Clerk's Office		\$ 195

(Continued)

Exhibit K-8

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

Constitutional Officers - Fees Fund (Cont.)

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 8,805	
Total Chancery Court		\$ 8,805

Total Constitutional Officers - Fees Fund \$ 9,000

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 77,629	
Assistant(s)	35,381	
Longevity Pay	728	
Overtime Pay	864	
Social Security	8,851	
State Retirement	11,092	
Employee and Dependent Insurance	14,128	
Life Insurance	109	
Dental Insurance	616	
Other Fringe Benefits	1,418	
Dues and Memberships	4,417	
Maintenance and Repair Services - Office Equipment	109	
Printing, Stationery, and Forms	233	
Travel	3,206	
Office Supplies	1,897	
Other Charges	1,693	
Data Processing Equipment	754	
Total Administration		\$ 163,125

Highway and Bridge Maintenance

Equipment Operators - Heavy	\$ 246,112	
Truck Drivers	147,372	
Laborers	112,838	
Longevity Pay	11,054	
Overtime Pay	21,941	
Social Security	41,437	
State Retirement	51,766	
Employee and Dependent Insurance	114,582	
Life Insurance	583	
Dental Insurance	5,211	
Other Fringe Benefits	13,172	
Other Contracted Services	39,289	
Asphalt - Cold Mix	50,000	
Asphalt - Hot Mix	249,270	
Asphalt - Liquid	297,248	
Crushed Stone	118,642	
Pipe - Metal	29,963	
Road Signs	9,855	
Sand	345	
Other Supplies and Materials	1,701	
Total Highway and Bridge Maintenance		1,562,381

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Mechanic(s)	\$	60,736	
Longevity Pay		1,666	
Overtime Pay		2,147	
Social Security		4,981	
State Retirement		6,280	
Employee and Dependent Insurance		14,128	
Life Insurance		72	
Dental Insurance		616	
Other Fringe Benefits		1,144	
Laundry Service		1,902	
Diesel Fuel		89,947	
Equipment and Machinery Parts		46,880	
Gasoline		38,413	
Lubricants		6,617	
Tires and Tubes		16,500	
Total Operation and Maintenance of Equipment			\$ 292,029

Other Charges

Communication	\$	4,532	
Electricity		4,903	
Natural Gas		4,529	
Water and Sewer		471	
Premiums on Corporate Surety Bonds		245	
Trustee's Commission		22,354	
Vehicle and Equipment Insurance		51,999	
Other Charges		5,573	
Total Other Charges			94,606

Employee Benefits

Unemployment Compensation	\$	5,940	
Workers' Compensation Insurance		55,367	
Total Employee Benefits			61,307

Capital Outlay

Bridge Construction	\$	182,964	
State Aid Projects		305,450	
Other Equipment		50,000	
Total Capital Outlay			538,414

Total Highway/Public Works Fund \$ 2,711,862

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$	1,375,869	
Principal on Other Loans		630,213	
Total General Government			\$ 2,006,082

Education

Principal on Other Loans	\$	1,814,355	
Total Education			1,814,355

(Continued)

Exhibit K-8

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Notes	\$ 41,372	
Interest on Other Loans	<u>459,192</u>	
Total General Government		\$ 500,564
<u>Education</u>		
Interest on Other Loans	<u>\$ 1,516,504</u>	
Total Education		1,516,504
<u>Other Debt Service</u>		
<u>General Government</u>		
Financial Advisory Services	\$ 2,000	
Trustee's Commission	<u>76,098</u>	
Total General Government		<u>78,098</u>
Total General Debt Service Fund		\$ 5,915,603
<u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Public Health and Welfare Projects</u>		
Architects	\$ 52,316	
Building Construction	<u>1,659,767</u>	
Total Public Health and Welfare Projects		\$ 1,712,083
<u>Other General Government Projects</u>		
Architects	<u>\$ 24,000</u>	
Total Other General Government Projects		<u>24,000</u>
Total General Capital Projects Fund		<u>1,736,083</u>
Total Governmental Funds - Primary Government		<u>\$ 33,359,734</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, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	14,700,085	
Career Ladder Program		189,105	
Career Ladder Extended Contracts		47,168	
Homebound Teachers		39,270	
Educational Assistants		840,630	
Certified Substitute Teachers		31,514	
Non-certified Substitute Teachers		186,084	
Social Security		1,184,433	
State Retirement		1,391,309	
Life Insurance		28,954	
Medical Insurance		3,586,578	
Dental Insurance		123,662	
Maintenance and Repair Services - Equipment		44,508	
Other Contracted Services		189,465	
Instructional Supplies and Materials		366,374	
Textbooks		76,817	
Other Supplies and Materials		47,350	
Fee Waivers		37	
Regular Instruction Equipment		254,023	
Other Equipment		93,968	
Total Regular Instruction Program			\$ 23,421,334

Alternative Instruction Program

Teachers	\$	206,487	
Social Security		15,438	
State Retirement		17,988	
Life Insurance		329	
Medical Insurance		38,470	
Dental Insurance		1,434	
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			285,146

Special Education Program

Teachers	\$	1,517,148	
Career Ladder Program		20,600	
Homebound Teachers		41,354	
Educational Assistants		104,493	
Speech Pathologist		114,510	
Other Salaries and Wages		66,894	
Certified Substitute Teachers		1,258	
Non-certified Substitute Teachers		8,022	
Social Security		139,376	
State Retirement		158,542	
Life Insurance		3,397	
Medical Insurance		426,742	
Dental Insurance		15,146	

(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.)

Instructional Supplies and Materials	\$	9,547	
Other Supplies and Materials		427	
Other Charges		468	
Special Education Equipment		4,661	
Total Special Education Program			\$ 2,632,585

Vocational Education Program

Teachers	\$	1,619,782	
Career Ladder Program		7,000	
Educational Assistants		12,388	
Certified Substitute Teachers		504	
Non-certified Substitute Teachers		4,136	
Social Security		123,240	
State Retirement		145,575	
Life Insurance		3,122	
Medical Insurance		349,094	
Dental Insurance		12,881	
Maintenance and Repair Services - Equipment		7,402	
Travel		30,991	
Other Contracted Services		30,893	
Instructional Supplies and Materials		38,035	
Textbooks		5,199	
Other Supplies and Materials		2,973	
Other Charges		990	
Building Construction		69,671	
Vocational Instruction Equipment		27,363	
Total Vocational Education Program			2,491,239

Support Services

Attendance

Supervisor/Director	\$	66,498	
Career Ladder Program		600	
Social Security		4,324	
State Retirement		4,898	
Life Insurance		75	
Medical Insurance		4,150	
Dental Insurance		410	
Travel		868	
Other Supplies and Materials		687	
Total Attendance			82,510

Health Services

Medical Personnel	\$	232,495	
Part-time Personnel		10,600	
Social Security		18,247	
State Retirement		20,289	
Life Insurance		406	
Medical Insurance		69,213	
Dental Insurance		3,565	

(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.)

Travel	\$	38	
Other Contracted Services		7,460	
Drugs and Medical Supplies		954	
Other Supplies and Materials		1,618	
In Service/Staff Development		50	
Health Equipment		1,456	
Total Health Services			\$ 366,391

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		645,901	
Social Security		48,037	
State Retirement		56,354	
Life Insurance		1,042	
Medical Insurance		151,589	
Dental Insurance		4,510	
Evaluation and Testing		27,044	
Travel		290	
Other Supplies and Materials		17,937	
In Service/Staff Development		10	
Other Charges		370	
Total Other Student Support			956,084

Regular Instruction Program

Supervisor/Director	\$	205,407	
Career Ladder Program		16,800	
Librarians		469,172	
Instructional Computer Personnel		188,958	
Secretary(ies)		37,719	
Social Security		62,458	
State Retirement		71,658	
Life Insurance		1,127	
Medical Insurance		155,322	
Dental Insurance		5,871	
Travel		14,690	
Library Books/Media		109,875	
In Service/Staff Development		14,008	
Total Regular Instruction Program			1,353,065

Special Education Program

Supervisor/Director	\$	67,416	
Career Ladder Program		3,000	
Psychological Personnel		92,740	
Secretary(ies)		33,070	
Clerical Personnel		22,238	
Social Security		16,221	
State Retirement		19,776	
Life Insurance		429	
Medical Insurance		39,448	

(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 (Cont.)

Dental Insurance	\$	2,952	
Consultants		500	
Maintenance and Repair Services - Equipment		800	
Travel		1,594	
Other Supplies and Materials		975	
Other Charges		455	
Total Special Education Program			\$ 301,614

Vocational Education Program

Supervisor/Director	\$	67,558	
Clerical Personnel		34,823	
Social Security		7,801	
State Retirement		9,297	
Life Insurance		86	
Medical Insurance		8,939	
Dental Insurance		537	
Travel		6,953	
Other Supplies and Materials		110	
In Service/Staff Development		948	
Other Charges		309	
Total Vocational Education Program			137,361

Other Programs

On-Behalf Payments to OPEB	\$	245,014	
Total Other Programs			245,014

Board of Education

Board and Committee Members Fees	\$	28,800	
Social Security		2,017	
State Retirement		918	
Medical Insurance		288,044	
Dental Insurance		899	
Unemployment Compensation		27,659	
Audit Services		10,500	
Dues and Memberships		13,101	
Legal Services		35,808	
Travel		11,557	
Other Contracted Services		27,142	
Other Supplies and Materials		4,159	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		309,045	
Workers' Compensation Insurance		221,600	
Other Charges		957	
Total Board of Education			982,556

Director of Schools

County Official/Administrative Officer	\$	98,280	
Career Ladder Program		1,000	
Social Security		7,168	

(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.)

Director of Schools (Cont.)

State Retirement	\$	8,493	
Life Insurance		75	
Medical Insurance		6,066	
Dental Insurance		308	
Dues and Memberships		13,853	
Postal Charges		2,444	
Travel		5,634	
Other Contracted Services		15,324	
Office Supplies		3,546	
Other Supplies and Materials		3,201	
Administration Equipment		1,808	
Total Director of Schools			\$ 167,200

Office of the Principal

Principals	\$	807,992	
Career Ladder Program		4,000	
Career Ladder Extended Contracts		10,660	
Assistant Principals		740,100	
Secretary(ies)		465,407	
Clerical Personnel		204,434	
Social Security		167,499	
State Retirement		200,135	
Life Insurance		3,163	
Medical Insurance		464,479	
Dental Insurance		19,459	
Travel		4,992	
Other Supplies and Materials		4,492	
In Service/Staff Development		5,995	
Total Office of the Principal			3,102,807

Operation of Plant

Custodial Personnel	\$	1,148,790	
Other Salaries and Wages		14,476	
Social Security		88,482	
State Retirement		100,256	
Life Insurance		2,052	
Medical Insurance		349,257	
Dental Insurance		17,340	
Communication		84,854	
Janitorial Services		18,597	
Pest Control		9,816	
Disposal Fees		38,222	
Other Contracted Services		77,720	
Custodial Supplies		135,153	
Electricity		1,475,797	
Natural Gas		216,171	
Uniforms		1,809	
Water and Sewer		148,786	
Building and Contents Insurance		299,142	

(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.)

Other Charges	\$	363	
Plant Operation Equipment		9,989	
Total Operation of Plant			\$ 4,237,072

Maintenance of Plant

Supervisor/Director	\$	46,620	
Secretary(ies)		29,827	
Maintenance Personnel		308,702	
Part-time Personnel		550	
Social Security		28,680	
State Retirement		33,323	
Life Insurance		403	
Medical Insurance		68,735	
Dental Insurance		3,520	
Communication		1,442	
Maintenance Agreements		9,600	
Maintenance and Repair Services - Buildings		166,158	
Other Contracted Services		40,237	
Equipment and Machinery Parts		19,944	
Fertilizer, Lime, and Seed		8,755	
Drainage Materials		22,136	
Chemicals		1,258	
Other Supplies and Materials		62,933	
Other Charges		1,559	
Heating and Air Conditioning Equipment		88,996	
Maintenance Equipment		29,611	
Total Maintenance of Plant			972,989

Transportation

Supervisor/Director	\$	46,620	
Mechanic(s)		112,718	
Bus Drivers		861,679	
Clerical Personnel		30,989	
Attendants		15,014	
Other Salaries and Wages		21,757	
Social Security		84,731	
State Retirement		101,128	
Life Insurance		2,277	
Medical Insurance		427,517	
Dental Insurance		22,683	
Communication		326	
Contracts with Parents		190	
Maintenance and Repair Services - Vehicles		9,577	
Travel		182	
Other Contracted Services		18,360	
Equipment and Machinery Parts		13,826	
Gasoline		451,229	
Lubricants		17,497	
Office Supplies		1,058	

(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.)

Tires and Tubes	\$	41,796	
Vehicle Parts		78,171	
Other Supplies and Materials		6,684	
In Service/Staff Development		2,331	
Other Charges		418	
Transportation Equipment		430,717	
Total Transportation			\$ 2,799,475

Central and Other

Assistant(s)	\$	91,783	
Supervisor/Director		55,318	
Secretary(ies)		36,734	
Clerical Personnel		36,407	
School Resource Officer		42,652	
Other Salaries and Wages		20,017	
Social Security		22,485	
State Retirement		27,474	
Life Insurance		270	
Medical Insurance		37,076	
Dental Insurance		1,861	
Travel		2,068	
Other Contracted Services		5,883	
Other Supplies and Materials		537	
Total Central and Other			380,565

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	33,775	
Social Workers		36,659	
Other Salaries and Wages		77,302	
Social Security		11,172	
State Retirement		9,011	
Life Insurance		86	
Medical Insurance		14,179	
Dental Insurance		721	
Travel		2,062	
Food Supplies		1,937	
Other Supplies and Materials		5,667	
Fee Waivers		6,717	
Other Charges		498	
Total Community Services			199,786

Early Childhood Education

Supervisor/Director	\$	18,410	
Teachers		513,984	
Educational Assistants		143,578	
Other Salaries and Wages		20,878	
Certified Substitute Teachers		224	
Non-certified Substitute Teachers		7,759	

(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.)

Early Childhood Education (Cont.)

Social Security	\$	49,359	
State Retirement		58,324	
Life Insurance		1,420	
Medical Insurance		192,436	
Dental Insurance		7,589	
Travel		4,410	
Instructional Supplies and Materials		49,187	
Other Supplies and Materials		2,333	
In Service/Staff Development		3,801	
Other Charges		50	
Regular Instruction Equipment		1,335	
Total Early Childhood Education			\$ 1,075,077

Capital Outlay

Regular Capital Outlay

Engineering Services	\$	49,999	
Building Construction		2,162,246	
Building Improvements		383,162	
Site Development		53,688	
Other Capital Outlay		831,463	
Total Regular Capital Outlay			3,480,558

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$	296,064	
Total Education			296,064

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$	68,256	
Total Education			68,256

Total General Purpose School Fund \$ 50,034,748

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,061,816	
Educational Assistants		450,788	
Certified Substitute Teachers		6,188	
Non-certified Substitute Teachers		21,274	
Social Security		103,167	
State Retirement		112,739	
Life Insurance		2,145	
Medical Insurance		299,939	
Dental Insurance		13,292	
Unemployment Compensation		4,935	
Other Fringe Benefits		4,628	
Maintenance and Repair Services - Equipment		98,890	

(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.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Instructional Supplies and Materials	\$	130,643	
Other Supplies and Materials		7,762	
Other Charges		3,596	
Regular Instruction Equipment		142,261	
Total Regular Instruction Program			\$ 2,464,063

Special Education Program

Teachers	\$	229,143	
Educational Assistants		611,409	
Other Salaries and Wages		10,783	
Certified Substitute Teachers		56	
Non-certified Substitute Teachers		14,999	
Social Security		63,952	
State Retirement		76,779	
Life Insurance		1,957	
Medical Insurance		294,205	
Dental Insurance		14,630	
Unemployment Compensation		4,830	
Instructional Supplies and Materials		23,009	
Other Supplies and Materials		11,385	
Other Charges		18,776	
Special Education Equipment		6,456	
Total Special Education Program			1,382,369

Vocational Education Program

Teachers	\$	3,000	
Social Security		230	
State Retirement		266	
Other Supplies and Materials		1,361	
Vocational Instruction Equipment		131,742	
Total Vocational Education Program			136,599

Support Services

Other Student Support

Guidance Personnel	\$	19,992	
Social Security		290	
Travel		16,229	
Other Contracted Services		1,800	
Food Supplies		2,729	
In Service/Staff Development		18,177	
Other Charges		27,230	
Total Other Student Support			86,447

Regular Instruction Program

Supervisor/Director	\$	81,092	
Instructional Computer Personnel		54,188	
Secretary(ies)		41,018	
Other Salaries and Wages		375,708	
Social Security		39,699	

(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.)

Regular Instruction Program (Cont.)

State Retirement	\$	46,821	
Life Insurance		320	
Medical Insurance		57,050	
Dental Insurance		2,127	
Unemployment Compensation		630	
Other Fringe Benefits		1,552	
Maintenance and Repair Services - Equipment		1,750	
Travel		68,358	
Other Contracted Services		22,835	
Other Supplies and Materials		1,620	
In Service/Staff Development		67,769	
Other Charges		7,968	
Total Regular Instruction Program			\$ 870,505

Special Education Program

Psychological Personnel	\$	44,278	
Other Salaries and Wages		107,522	
Social Security		11,593	
State Retirement		12,343	
Life Insurance		240	
Medical Insurance		17,388	
Dental Insurance		984	
Unemployment Compensation		315	
Travel		10,327	
Other Contracted Services		110,036	
Other Supplies and Materials		1,326	
In Service/Staff Development		6,992	
Other Charges		106	
Total Special Education Program			323,450

Vocational Education Program

Supervisor/Director	\$	5,369	
Social Security		349	
State Retirement		508	
Employer Medicare		81	
Total Vocational Education Program			6,307

Transportation

Other Charges	\$	53,877	
Total Transportation			53,877

Total School Federal Projects Fund \$ 5,323,617

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	46,634	
Accountants/Bookkeepers		76,128	
Cafeteria Personnel		1,115,665	

(Continued)

Exhibit K-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Maintenance Personnel	\$	68,742	
Longevity Pay		7,400	
Other Salaries and Wages		10,567	
Social Security		100,267	
State Retirement		81,053	
Life Insurance		1,456	
Medical Insurance		244,885	
Dental Insurance		12,304	
Unemployment Compensation		2,555	
Communication		5,718	
Maintenance and Repair Services - Equipment		6,334	
Maintenance and Repair Services - Office Equipment		2,281	
Pest Control		3,799	
Transportation - Other than Students		25,457	
Travel		7,088	
Disposal Fees		31,088	
Other Contracted Services		8,544	
Equipment and Machinery Parts		37,046	
Food Supplies		1,589,533	
Office Supplies		7,362	
Uniforms		2,247	
Utilities		2,270	
USDA - Commodities		221,290	
Other Supplies and Materials		116,685	
In Service/Staff Development		3,518	
Other Charges		17,766	
Food Service Equipment		68,062	
Total Food Service			\$ 3,923,744
Total Central Cafeteria Fund			\$ 3,923,744
Total Governmental Funds - Cumberland County School Department			\$ 59,282,109

Exhibit K-10

Cumberland County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Cumberland County Railroad Authority
For the Year Ended June 30, 2013

<u>General Fund</u>			
<u>Capital Projects</u>			
<u>Other General Government Projects</u>			
Other Construction	\$	<u>73,309</u>	
Total Other General Government Projects			\$ <u>73,309</u>
 Total General Fund			 \$ <u>73,309</u>
 Total Governmental Funds - Cumberland County Railroad Authority			 \$ <u><u>73,309</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, 2013

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 7,085,995
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 7,015,135
Trustee's Commission	70,860
Total Cash Disbursements	<u>\$ 7,085,995</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2012	<u>0</u>
Cash Balance, June 30, 2013	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
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**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, 2013, and the related notes to the financial statements, which collectively comprise Cumberland County's basic financial statements, and have issued our report thereon dated February 27, 2014. Our report includes a reference to other auditors who audited the financial statements of the 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weaknesses: 2013-001.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2013-002, 2013-003(A,B), 2013-005(C), and 2013-007.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2013-003(C), 2013-004, 2013-005(A,B), and 2013-006.

Cumberland County's Responses to Findings

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

Purpose of this Report

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 27, 2014

JPW/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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, 2013. 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, 2013.

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

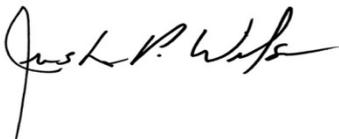
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2013, and the related notes to the financial statements, which collectively comprise Cumberland County's basic financial statements. We issued our report thereon dated February 27, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditure of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 27, 2014

JPW/yu

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 221,290 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	722,323
National School Lunch Program	10.555	N/A	1,980,438 (3)
Fresh Fruit and Vegetable Program	10.582	N/A	30,286
Passed-through State Department of Human Services:			
Summer Food Service Program for Children	10.559	N/A	49,806
Total U.S. Department of Agriculture			<u>\$ 3,004,143</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants	14.228	GG-11-34772-00	<u>\$ 68,865</u>
U.S. Department of Justice:			
Direct Programs:			
Drug Court Discretionary Grant Program	16.585	N/A	\$ 93,373
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	N/A	9,534
Total U.S. Department of Justice			<u>\$ 102,907</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	STP-EN-1800(37)	\$ 793
Alcohol Open Container Requirements	20.607	(5)	31,917
Total U.S. Department of Transportation			<u>\$ 32,710</u>
Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State: Grants to States	45.310	(2)	<u>\$ 664</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grant to Local Educational Agencies	84.010	N/A	\$ 2,167,652
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,604,927
Special Education - Preschool Grants	84.173	N/A	39,411
Career and Technical Education - Basic Grants to States	84.048	N/A	201,913
Special Education - Grants for Infants and Families	84.181	N/A	4,890
Twenty-first Century Community Learning Centers	84.287	N/A	475,750
Rural Education	84.358	N/A	152,068
English Language Acquisition Grants	84.365	N/A	13,062
Improving Teacher Quality State Grants	84.367	N/A	358,202
State Fiscal Stabilization Funds Race-to-the-Top Incentive Grant, Recovery Act	84.395	N/A	277,089
Total U.S. Department of Education			<u>\$ 5,294,964</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. Department of Health and Human Services: Passed-through State Department of Health: Affordable Care Act (ACA) Grants for Capital Development in Health Centers	93.526	GG1236795	\$ <u>1,154,787</u>
Executive Office of the President: Direct Programs: High Intensity Drug Trafficking Areas Program	95.001	(4)	\$ <u>11,408</u>
Total Expenditures of Federal Awards			\$ <u><u>9,670,448</u></u>
<u>State Grants</u>		<u>Contract Number</u>	
Special Education - Grants for Infants and Families - State Department of Education	N/A	(2)	\$ 155,694
Railroad Rehabilitation Grant - State Department of Transportation	N/A	(2)	74,320
Law Enforcement Training - State Department of Safety	N/A	(2)	28,200
Litter Program - State Department of Transportation	N/A	(2)	37,584
Local Health Services - State Department of Health	N/A	(2)	614,690
Juvenile Services Program - State Commission on Children and Youth	N/A	GG1029759	4,500
Juvenile Drug Court Grant - State Office of Criminal Justice Programs	N/A	(2)	24,769
Pilot and Voluntary State Funded Classrooms Grant - State Department of Education	N/A	(2)	1,078,095
Internet Connectivity - State Department of Education	N/A	(2)	23,714
Art Subsidy - State Arts Commission	N/A	(2)	1,892
Coordinated School Health - State Department of Education	N/A	(2)	100,000
Safe Schools - State Department of Education	N/A	(2)	31,800
Family Resource Center - State Department of Education	N/A	(2)	29,612
Waste Tire Storage and Disposal - State Department of Environment and Conservation	N/A	(2)	<u>24,940</u>
Total State Grants			\$ <u><u>2,229,810</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 \$2,201,728.
(4) GP12AP0001A: \$5,786; GP13AP0001A: \$5,622.
(5) Z12GHS080: \$10,758; Z13GHS084: \$21,159.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report of Cumberland County, Tennessee, for the year ended June 30, 2012, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.04(A,B,D)	182	The Community Complex and the Animal Shelter had deficiencies in receipting and depositing collections.

OFFICES OF CLERK AND MASTER AND REGISTER OF DEEDS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.06	184	Multiple employees operated from the same cash Drawer.

CUMBERLAND COUNTY, TENNESSEE,
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Cumberland County is unmodified.
2. The audit of the financial statements of Cumberland County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that 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 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), Improving Teacher Quality State Grants (CFDA No. 84.367), 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 county mayor, finance director, and trustee provided written responses, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF FINANCE DIRECTOR

FINDING 2013-001

THE GENERAL AND GENERAL CAPITAL PROJECTS FUNDS REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION (Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2013, certain general ledger account balances in the General and General Capital Projects funds were not materially correct. Audit adjustments totaling \$1,088,513 and \$1,127,236 were required in the General and General Capital Projects funds, respectively, for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Cumberland County to have adequate controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

The finding is acknowledged and appropriate action has been taken. The finance director accepts full and total responsibility for this oversight.

FINDING 2013-002

THE GENERAL CAPITAL PROJECTS FUND HAD A CASH OVERDRAFT OF \$20,622 AND A DEFICIT IN UNASSIGNED FUND BALANCE OF \$44,622 AT JUNE 30 2013

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

At June 30, 2013, the General Capital Projects Fund had a cash overdraft of \$20,622 and a deficit in unassigned fund balance of \$44,622. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The deficit in unassigned fund balance resulted from expenditures in excess of available funds. Sound business practices dictate that expenditures be held within available funds. The cash overdraft and deficit in unassigned fund balance were liquidated subsequent to June 30, 2013.

RECOMMENDATION

The Finance Department should not issue warrants exceeding cash on deposit with the county trustee and should not make expenditures in excess of available funds.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

The Trustee's Office presented \$65,407 of revenue for the recording of receipts by the Finance Department on November 11, 2011. The Trustee's Office presented the same transaction for the recording of receipts again on November 28, 2011, resulting in the same revenue being recorded twice. The Trustee's Office would typically discover errors of this nature during the monthly reconciliation of cash with accounts held at banks and other depository institutions. On or about June 30, 2013, the Trustee's Office advised the Finance Department of the error and requested the reversal of the duplicate transaction. Upon posting this reversal, a cash deficit was created along with a fund balance deficit for the General Capital Projects Fund. Since the event was so late in the fiscal year, there was not an opportunity to present a remedy for the deficit by action of the County Commission. The deficit was corrected with budget appropriations in the 2013-14 fiscal year budget.

FINDING 2013-003

THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES

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

During the year under examination, the county paid an employee of the Cumberland County Emergency Communications District, a component unit of the county, as a contracted service provider to maintain and service the county's emergency communications equipment. We noted the following deficiencies related to these transactions.

- A. The county did not have a written contract with the individual to document the responsibilities and liabilities of each party. The county did have a proposal from the contractor on file dated August 2, 2008. This proposal was signed by the contractor, described the services to be provided, and established the monthly compensation at \$1,500 per month. The proposal was not signed by a county official, and the county could not provide us with any documentation that the proposal was approved by the County Commission. Beginning July 2012, the contractor's compensation increased to \$2,000 per month; however, there was no documentation supporting the increase in compensation to the contractor other than an increase in the county's budget for contracted services.
- B. It is questionable whether a full-time employee of the emergency communications district can work extended hours and be considered a contract employee. Based on the information presented to us, it appears that this individual should have been paid as an employee through the payroll system with deductions for federal taxes.
- C. During the year under examination, the county paid the contractor \$24,000 for the maintenance and service of the county's emergency communications equipment. Pursuant to provisions of Section 5-21-120, *Tennessee Code Annotated*, the Financial Management Committee, together with the finance director, established purchasing procedures for Cumberland County. These procedures require that purchases exceeding \$5,000 are to be made based on competitive bids. The failure to solicit competitive bids could result in the county paying more than the most competitive price.

These deficiencies were the result of a lack of management oversight.

RECOMMENDATION

The county should have a written contract for services describing the responsibilities and liabilities of each party. This contract should be approved by the County Commission if it extends beyond the budgeted fiscal year-end. Management should determine whether this individual qualifies as an employee or contracted service provider in accordance with federal wage and hour guidelines. Competitive bids should be solicited for all purchases exceeding \$5,000.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

- A. The contract with the individual referenced was approved by the Financial Management Committee on August 6, 2008, and that contract was an attachment to the minutes of the meeting. On April 17, 2012, the Budget Committee approved an increase in the contractor's compensation that was later adopted by the full County Commission. The referenced individual has worked closely with commissioners and other elected officials and attends meetings with all stakeholders on a regular basis. Commissioners and officials had full knowledge that the person referenced had a contractual relationship with the county. It is accurate that the original signed

document could not be produced, most likely because of files purged by the former county mayor when he left office. However, the terms and conditions of the contract approved by the Financial Management Committee have been adhered to by the county and, to my knowledge, the contractor. The county attorney will be asked to formulate a new contract for review and action by the Financial Management Committee and/or County Commission.

- B. The county maintains that the individual is a private contractor and does not have an employee relationship. As an abundance of caution, the matter will be referred to the county attorney for advice and direction.
- C. This recommendation will be referred to the Financial Management Committee for advice and direction. A request for qualifications bid solicitation may be forthcoming.

OFFICE OF COUNTY MAYOR

FINDING 2013-004

**THE VETERAN'S SERVICE OFFICER
MISAPPROPRIATED AT LEAST \$134,245 FROM THE
VETERAN'S SERVICES OFFICE**

(Noncompliance Under *Government Auditing Standards*)

On August 26, 2013, our office issued a special report on the Cumberland County Veteran's Services Office for the period July 1, 2009, through September 30, 2012. This report disclosed that the veteran's services officer misappropriated at least \$134,245 from the office by issuing checks from the office to himself and his wife, issuing checks from the veteran's service account to vendors that did not appear to be for veteran's assistance, withdrawing cash from the veteran's services bank account, not depositing donations to the veteran's services bank account, and by utilizing the debit card associated with the veteran's services account to make purchases that do not appear to have been for veteran's assistance. This report is available at www.comptroller.tn.gov. The veteran's services officer was indicted by the Cumberland County Grand Jury on September 10, 2012, for theft over \$10,000. On September 9, 2013, a superseding indictment was entered to increase the charge to theft over \$60,000.

FINDING 2013.005

**THE COMMUNITY COMPLEX AND THE ANIMAL
SHELTER HAD ACCOUNTING DEFICIENCIES**

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

Our audit disclosed the following deficiencies in receipting and depositing collections at the Community Complex and the Animal Shelter. These deficiencies occurred due to management's failure to correct the finding noted in the prior-year audit report.

- A. As part of our audit procedures for obtaining reasonable assurance that funds were deposited within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated (TCA)*, we judgmentally selected five Community Complex deposits and 12 Animal Shelter deposits to compare receipts with deposits. The Community Complex did not deposit some funds with the county trustee within three days of collection in three of five deposits tested, and the Animal Shelter did not deposit some funds with the county trustee within three days of collection in seven of the 12 deposits tested. The delay in depositing the funds increases the risks of fraud and misappropriation.
- B. The Animal Shelter did not issue official receipts for collections as required by Section 9-2-104, *TCA*. Instead, the office used generic receipts that did not reflect the name of the office. The use of generic receipts exposes the office to risks that collections may not be accounted for properly.
- C. The Community Complex director required a written rental agreement from some renters but did not require a rental agreement from some other renters. A written rental agreement establishes the responsibilities and liability for both the county and the renter. By not requiring a proper rental agreement in all instances, the county could be subject to additional liability.

RECOMMENDATION

Official receipts should be issued for all collections, and all collections should be deposited with the county trustee within three days. The Community Complex should require all renters to sign a rental agreement that has been approved by the county attorney.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The issues with receipting and depositing collections at the Community Complex and Animal Shelter were brought to our attention. We have put into place new policies and procedures to address and correct these findings. I feel it important to mention the prior method had been in place for many years without findings in prior audits until last year. We have reviewed these changes that have been recommended with the director of both departments, and corrections/changes were made within a reasonable time, and we are now in compliance. The Community Complex director does have a written agreement in place and currently requires all renters to complete. The agreement was drafted by the county attorney for each event, and we are now in full compliance with the requirements and recommendations.

OFFICE OF TRUSTEE

FINDING 2013-006

THE TRUSTEE PAID WARRANTS ISSUED ON THE GENERAL CAPITAL PROJECTS FUND THAT EXCEEDED AVAILABLE FUNDS

(Noncompliance Under *Government Auditing Standards*)

The trustee paid warrants issued by the General Capital Projects Fund that exceeded the available cash balance on deposit by \$20,622. Section 8-11-104(5), *Tennessee Code Annotated*, prohibits the trustee from paying a warrant if sufficient funds are not available. This deficiency exists because the trustee erroneously issued two receipts for the same collection in the prior year; and the Finance Department issued warrants exceeding cash on deposit based upon the trustee's cash balance, which included the duplicate receipt.

RECOMMENDATION

The trustee should accurately issue receipts and not pay warrants that exceed available cash as required by state statute.

MANAGEMENT'S RESPONSE – TRUSTEE

A direct deposit was erroneously posted twice to the General Capital Projects Fund in November 2011. This created an overstatement of the fund amount, and the Finance Department continued to issue warrants against the fund. The deficit occurred when the correction was made to the cash journal on June 30, 2013.

OFFICES OF CLERK AND MASTER AND REGISTER OF DEEDS

FINDING 2013-007

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, 2013**

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