

ANNUAL FINANCIAL REPORT
CUMBERLAND COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2015



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
CUMBERLAND COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2015

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

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Summary of Audit Findings

Annual Financial Report
Cumberland County, Tennessee
For the Year Ended June 30, 2015

Scope

We have audited the basic financial statements of Cumberland County as of and for the year ended June 30, 2015.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF SHERIFF

- ◆ The Sheriff's Department had a cash shortage of \$1,402.

OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND REGISTER OF DEEDS

- ◆ Multiple employees operated from the same cash drawer.

INTRODUCTORY SECTION

Cumberland County Officials

June 30, 2015

Officials

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

Board of County Commissioners

Kenneth Carey, Jr., County Mayor, Chairman	
Terry Carter	Nancy Hyder
Tim Claflin	Tom Isham
Jack Davis	John Kinnunen
Jeff Dyer	Terry Lowe
Elbert Farley	Sonya Rimmer
Allen Foster	Tracey Scarbrough
Woody Geisler	Rebecca Stone
David Gibson	Roy Turner
David Hassler	Wendell Wilson

Board of Education

Daniel Schlafer, Chairman	
James Blalock	Vivian Hutson
David Bowman	Richard Janeway
Jeff Freitag	Shirley French Parris
Don Hassler	Josh Stone

Cumberland County Railroad Authority Board of Directors

Kenneth Carey, Jr., County Mayor, Chairman
Terry Carter
Larry Allen

Cumberland County Officials (Cont.)

Financial Management Committee

Kenneth Carey, Jr., County Mayor, Chairman
Scott Blaylock, Road Superintendent
Donald Andrews, Director of Schools
Jack Davis
David Hassler
Nancy Hyder
Wendell Wilson

Audit Committee

Sonya Rimmer, Chairman
Glenn Harper
Dennis Hinch
Tracey Scarbrough
Wendell Wilson

FINANCIAL SECTION



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

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, 2015, 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 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, 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, 2015, and the respective changes in financial position and the respective budgetary comparisons for the General and Solid Waste/Sanitation funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Cumberland County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

Emphasis of Matter

We draw attention to Note I.D.9. to the financial statements, which describes a restatement decreasing the beginning Governmental Activities net position by \$609,505 and the discretely presented Cumberland County School Department's net position by \$8,590,819 on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to these matters.

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 schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress – other postemployment benefits plans on pages 85 - 91 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Cumberland County School Department and the Cumberland County Railroad Authority (discretely presented component units), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015, 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

December 3, 2015

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Cumberland County, Tennessee
Statement of Net Position
June 30, 2015

	Primary Governmental Activities	Component Units	
		Cumberland County School Department	Cumberland County Railroad Authority
<u>ASSETS</u>			
Cash	\$ 36,426	\$ 296	\$ 0
Equity in Pooled Cash and Investments	17,813,712	3,639,286	48,180
Inventories	0	146,522	0
Accounts Receivable	1,544,620	5,579	0
Allowance for Uncollectibles	(220,302)	1,952,706	0
Due from Other Governments	1,621,749	0	0
Due from Component Units	2,303,876	0	0
Property Taxes Receivable	14,901,078	9,613,745	0
Allowance for Uncollectible Property Taxes	(538,892)	(364,817)	0
Net Pension Asset - Agent Plan	1,327,426	1,600,289	0
Net Pension Asset - Cost-sharing Plan	0	102,082	0
Capital Assets			
Assets Not Depreciated:			
Land	2,133,553	2,088,454	0
Construction in Progress	1,495,038	0	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	29,512,793	57,042,664	0
Infrastructure	20,790,229	720,571	0
Other Capital Assets	4,251,841	2,772,477	0
Total Assets	<u>\$ 96,973,147</u>	<u>\$ 79,319,854</u>	<u>\$ 48,180</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Accumulated Decrease in Fair Value of Hedging Derivatives	\$ 3,783,754	\$ 0	\$ 0
Pension Changes in Experience	0	247,830	0
Pension Changes in Contributions after Measurement Date	1,086,036	2,880,448	0
Pension Other Deferrals	0	250,737	0
Total Deferred Inflows of Resources	<u>\$ 4,869,790</u>	<u>\$ 3,379,015</u>	<u>\$ 0</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Cumberland County School Department	Cumberland County Railroad Authority
<u>LIABILITIES</u>			
Accounts Payable	\$ 2,409,610	\$ 102,795	\$ 0
Accrued Payroll	0	61,266	0
Accrued Interest Payable	70,046	0	0
Payroll Deductions Payable	0	72,584	0
Due to Primary Government	0	2,303,876	0
Matured Bonds Payable	30,000	0	0
Matured Interest on Bonds	8,058	0	0
Derivative - Interest Rate Swap	3,783,754	0	0
Noncurrent Liabilities:			
Due Within One Year	2,939,711	3,606	0
Due in More Than One Year	56,735,671	5,732,097	0
Total Liabilities	<u>\$ 65,976,850</u>	<u>\$ 8,276,224</u>	<u>\$ 0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Revenue - Current Property Taxes	\$ 14,107,903	\$ 9,066,777	\$ 0
Pension Changes in Experience	358,015	431,608	0
Pension Changes in Investment Earnings	1,510,228	10,231,581	0
Total Deferred Inflows of Resources	<u>\$ 15,976,146</u>	<u>\$ 19,729,966</u>	<u>\$ 0</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 44,624,427	\$ 62,624,166	\$ 0
Restricted for:			
General Government	593,255	0	0
Finance	5,514	0	0
Administration of Justice	136,320	0	0
Public Safety	268,350	0	0
Public Health and Welfare	60,285	0	0
Highways	1,084,598	0	0
Education	0	2,650,787	0
Debt Service	10,474,766	0	0
Capital Outlay	1,084,868	0	0
Other Purposes	1,327,426	0	0
Unrestricted	<u>(39,769,868)</u>	<u>(10,582,274)</u>	<u>48,180</u>
Total Net Position	<u>\$ 19,889,941</u>	<u>\$ 54,692,679</u>	<u>\$ 48,180</u>

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

Exhibit B

Cumberland County, Tennessee
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Primary Governmental Activities	Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Cumberland County School Department	Cumberland County Railroad Authority
Primary Government: Governmental Activities:							
General Government	\$ 3,048,861	\$ 591,759	\$ 154,512	\$ 0	\$ (2,302,590)	\$ 0	\$ 0
Finance	1,928,911	1,256,528	17,000	0	(655,383)	0	0
Administration of Justice	1,723,699	1,089,440	47,645	0	(586,614)	0	0
Public Safety	10,861,643	1,867,667	196,418	0	(8,797,558)	0	0
Public Health and Welfare	7,050,483	3,748,319	908,122	217,885	(2,176,157)	0	0
Social, Cultural, and Recreational Services	1,122,233	69,452	147,330	2,059	(903,392)	0	0
Agriculture and Natural Resources	176,454	0	9,037	0	(167,417)	0	0
Highways	3,222,481	0	2,240,267	557,703	(424,511)	0	0
Education - Contributions	228,821	0	0	0	(228,821)	0	0
Interest on Long-term Debt	1,448,189	0	0	0	(1,448,189)	0	0
Total Primary Government	\$ 30,811,775	\$ 8,623,165	\$ 3,720,331	\$ 777,647	\$ (17,690,632)	\$ 0	\$ 0
Component Units:							
School Department	\$ 58,652,097	\$ 1,017,999	\$ 7,211,909	\$ 0	\$ 0	\$ (50,422,189)	\$ 0
Railroad Authority	20	0	0	0	0	0	(20)
Total Component Units	\$ 58,652,117	\$ 1,017,999	\$ 7,211,909	\$ 0	\$ 0	\$ (50,422,189)	\$ (20)

(Continued)

Exhibit B

Cumberland County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental	Cumberland County School Department	Cumberland County Railroad Authority
					Total Activities		
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 9,715,598	\$ 8,955,519	\$ 0	
Property Taxes Levied for Debt Service				2,794,099	0	0	
Local Option Sales Taxes				2,556,764	8,246,608	0	
Hotel/Motel Tax				765,302	0	0	
Litigation Taxes				437,109	0	0	
Business Tax				758,808	0	0	
Wholesale Beer Tax				372,114	0	0	
Mixed Drink Tax				23,464	137,558	0	
Mineral Severance Tax				71,768	0	0	
Other Local Taxes				9,707	9,124	0	
Grants and Contributions Not Restricted to Specific Programs				1,768,366	31,723,905	0	
Unrestricted Investment Earnings				46,078	1,164	0	
Miscellaneous				35,949	402,808	0	
Pension Income				68,688	128,566	0	
Total General Revenues				\$ 19,423,814	\$ 49,605,252	\$ 0	
Insurance Recovery				\$ 2,182	\$ 0	\$ 0	
Change in Net Position				\$ 1,735,364	\$ (816,937)	\$ (20)	
Net Position, July 1, 2014				18,764,082	64,100,435	48,200	
Restatement - Pension Liability (See Note I.D.9)				(609,505)	(8,590,819)	0	
Net Position, June 30, 2015				\$ 19,889,941	\$ 54,692,679	\$ 48,180	

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, 2015

	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	\$ 36,026	\$ 36,426
Equity in Pooled Cash and Investments	5,038,998	575,186	10,165,711	2,026,317	17,806,212
Accounts Receivable	1,528,872	0	0	15,748	1,544,620
Allowance for Uncollectibles	(220,302)	0	0	0	(220,302)
Due from Other Governments	764,524	0	360,328	496,897	1,621,749
Due from Other Funds	59,274	0	0	0	59,274
Property Taxes Receivable	10,171,115	1,730,474	2,999,489	0	14,901,078
Allowance for Uncollectible Property Taxes	(359,401)	(65,668)	(113,823)	0	(538,892)
Total Assets	<u>\$ 16,983,280</u>	<u>\$ 2,240,192</u>	<u>\$ 13,411,705</u>	<u>\$ 2,574,988</u>	<u>\$ 35,210,165</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 2,407,972	\$ 1,638	\$ 0	\$ 0	\$ 2,409,610
Due to Other Funds	0	0	0	51,774	51,774
Matured Bonds Payable	0	0	30,000	0	30,000
Matured Interest on Bonds	0	0	8,058	0	8,058
Total Liabilities	<u>\$ 2,407,972</u>	<u>\$ 1,638</u>	<u>\$ 38,058</u>	<u>\$ 51,774</u>	<u>\$ 2,499,442</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 9,647,049	\$ 1,632,019	\$ 2,828,835	\$ 0	\$ 14,107,903
Deferred Delinquent Property Taxes	142,637	28,401	49,229	0	220,267
Other Deferred/Unavailable Revenue	838,944	0	180,164	211,638	1,230,746
Total Deferred Inflows of Resources	<u>\$ 10,628,630</u>	<u>\$ 1,660,420</u>	<u>\$ 3,058,228</u>	<u>\$ 211,638</u>	<u>\$ 15,558,916</u>

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Other Govern- mental Funds	
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 412,870	\$ 0	\$ 0	\$ 180,385	\$ 593,255
Restricted for Finance	5,514	0	0	0	5,514
Restricted for Administration of Justice	136,320	0	0	0	136,320
Restricted for Public Safety	72,803	0	0	195,547	268,350
Restricted for Public Health and Welfare	60,285	0	0	0	60,285
Restricted for Highways/Public Works	0	0	0	908,925	908,925
Restricted for Capital Outlay	58,149	0	0	0	58,149
Restricted for Debt Service	0	0	10,315,419	0	10,315,419
Restricted for Capital Projects	0	0	0	1,026,719	1,026,719
Committed:					
Committed for Public Health and Welfare	0	578,134	0	0	578,134
Committed for Other Purposes	30,586	0	0	0	30,586
Unassigned	3,170,151	0	0	0	3,170,151
Total Fund Balances	<u>\$ 3,946,678</u>	<u>\$ 578,134</u>	<u>\$ 10,315,419</u>	<u>\$ 2,311,576</u>	<u>\$ 17,151,807</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 16,983,280</u>	<u>\$ 2,240,192</u>	<u>\$ 13,411,705</u>	<u>\$ 2,574,988</u>	<u>\$ 35,210,165</u>

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, 2015

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)		\$ 17,151,807
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,133,553	
Add: construction in progress	1,495,038	
Add: buildings and improvements net of accumulated depreciation	29,512,793	
Add: infrastructure net of accumulated depreciation	20,790,229	
Add: other capital assets net of accumulated depreciation	<u>4,251,841</u>	58,183,454
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other loans payable	\$ (57,484,856)	
Less: compensated absences payable	(945,176)	
Less: landfill postclosure care costs	(714,071)	
Less: other postemployment benefits liability	(527,502)	
Less: accrued interest on other loans	(70,046)	
Less: other deferred revenue - premium on debt	(3,777)	
Add: debt to be contributed by the School Department	<u>2,303,876</u>	(57,441,552)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 1,086,036	
Less: deferred inflows of resources related to pensions	<u>(1,868,243)</u>	(782,207)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		1,327,426
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,451,013</u>
Net position of governmental activities (Exhibit A)		<u>\$ 19,889,941</u>

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

Exhibit C-3

Cumberland County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds			Nonmajor	Total
	General	Solid Waste / Sanitation	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 10,897,167	\$ 1,613,384	\$ 5,023,239	\$ 122,254	\$ 17,656,044
Licenses and Permits	310,975	0	0	0	310,975
Fines, Forfeitures, and Penalties	209,904	0	0	38,871	248,775
Charges for Current Services	3,422,600	42,876	0	3,523	3,468,999
Other Local Revenues	222,318	295,524	0	6,372	524,214
Fees Received From County Officials	2,482,025	0	0	0	2,482,025
State of Tennessee	3,536,619	160,702	0	2,782,458	6,479,779
Federal Government	285,267	0	0	0	285,267
Other Governments and Citizens Groups	962,355	2,865	364,320	0	1,329,540
Total Revenues	\$ 22,329,230	\$ 2,115,351	\$ 5,387,559	\$ 2,953,478	\$ 32,785,618
<u>Expenditures</u>					
Current:					
General Government	\$ 2,581,210	\$ 0	\$ 0	\$ 6,862	\$ 2,588,072
Finance	1,964,470	0	0	0	1,964,470
Administration of Justice	1,829,230	0	0	0	1,829,230
Public Safety	10,927,467	0	0	71,296	10,998,763
Public Health and Welfare	4,571,037	2,226,078	0	0	6,797,115
Social, Cultural, and Recreational Services	913,196	0	0	0	913,196
Agriculture and Natural Resources	167,628	0	0	0	167,628
Other Operations	1,272,380	89,288	0	621	1,362,289
Highways	0	74,760	0	2,750,764	2,825,524
Debt Service:					
Principal on Debt	0	0	3,661,076	0	3,661,076
Interest on Debt	0	0	1,452,257	0	1,452,257
Other Debt Service	0	0	82,035	0	82,035

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor	Total
	General	Solid Waste / Sanitation	General Debt Service	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 1,522,038	\$ 1,522,038
Total Expenditures	\$ 24,226,618	\$ 2,390,126	\$ 5,195,368	\$ 4,351,581	\$ 36,163,693
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,897,388)	\$ (274,775)	\$ 192,191	\$ (1,398,103)	\$ (3,378,075)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 1,500,000	\$ 1,500,000
Insurance Recovery	2,182	0	0	0	2,182
Transfers In	0	0	0	1,000,000	1,000,000
Transfers Out	(1,000,000)	0	0	0	(1,000,000)
Total Other Financing Sources (Uses)	\$ (997,818)	\$ 0	\$ 0	\$ 2,500,000	\$ 1,502,182
Net Change in Fund Balances	\$ (2,895,206)	\$ (274,775)	\$ 192,191	\$ 1,101,897	\$ (1,875,893)
Fund Balance, July 1, 2014	6,841,884	852,909	10,123,228	1,209,679	19,027,700
Fund Balance, June 30, 2015	\$ 3,946,678	\$ 578,134	\$ 10,315,419	\$ 2,311,576	\$ 17,151,807

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, 2015

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)		\$ (1,875,893)
<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	\$ 2,755,606	
Less: current-year depreciation expense	<u>(2,093,001)</u>	662,605
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.</p>		
Less: book value of capital assets disposed		(46,979)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2015	\$ 1,451,013	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(1,447,003)</u>	4,010
<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>		
Less: note proceeds	\$ (1,500,000)	
Add: change in premium on debt issuances	9,441	
Add: principal payments on notes	1,500,000	
Add: principal payments on other loans	2,161,076	
Less: contributions from the School Department for other loans	<u>(307,572)</u>	1,862,945
<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 accrued interest payable	\$ 4,068	
Change in compensated absences payable	(14,321)	
Change in landfill postclosure care costs	4,285	
Change in other postemployment benefits liability	(20,080)	
Change in net pension liability/asset	1,936,931	
Change in deferred outflows related to pensions	1,086,036	
Change in deferred inflows related to pensions	<u>(1,868,243)</u>	<u>1,128,676</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,735,364</u>

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

Exhibit C-5

Cumberland County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 10,897,167	\$ 10,556,381	\$ 10,584,381	\$ 312,786
Licenses and Permits	310,975	277,724	277,724	33,251
Fines, Forfeitures, and Penalties	209,904	223,008	223,008	(13,104)
Charges for Current Services	3,422,600	3,139,536	3,139,536	283,064
Other Local Revenues	222,318	147,545	236,418	(14,100)
Fees Received From County Officials	2,482,025	2,452,461	2,488,199	(6,174)
State of Tennessee	3,536,619	3,988,725	4,188,818	(652,199)
Federal Government	285,267	422,470	3,574,529	(3,289,262)
Other Governments and Citizens Groups	962,355	715,901	965,585	(3,230)
Total Revenues	\$ 22,329,230	\$ 21,923,751	\$ 25,678,198	\$ (3,348,968)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 758,662	\$ 788,495	\$ 951,495	\$ 192,833
Board of Equalization	3,300	3,300	3,300	0
Beer Board	275	1,000	1,000	725
Other Boards and Committees	0	5,000	5,000	5,000
County Mayor/Executive	240,471	248,972	248,972	8,501
County Attorney	55,870	60,000	66,000	10,130
Election Commission	344,704	361,986	361,986	17,282
Register of Deeds	370,162	334,822	411,822	41,660
Engineering	69,929	237,700	235,031	165,102
County Buildings	584,297	787,812	789,289	204,992
Other General Administration	126,189	128,297	130,547	4,358
Preservation of Records	27,351	31,124	31,124	3,773
<u>Finance</u>				
Accounting and Budgeting	438,295	454,360	454,360	16,065
Property Assessor's Office	598,379	621,273	621,273	22,894
County Trustee's Office	330,644	338,104	343,192	12,548
County Clerk's Office	597,152	599,195	603,070	5,918
<u>Administration of Justice</u>				
Circuit Court	620,512	641,291	641,291	20,779
General Sessions Court	329,395	352,078	352,078	22,683
Chancery Court	229,647	242,237	242,237	12,590
Juvenile Court	97,109	114,635	114,635	17,526
Judicial Commissioners	165,752	209,071	209,071	43,319
Probate Court	237,579	240,285	240,285	2,706
Courtroom Security	149,236	215,253	161,919	12,683
<u>Public Safety</u>				
Sheriff's Department	2,929,504	3,012,483	3,117,026	187,522
Special Patrols	197,880	0	227,501	29,621
Drug Enforcement	17,131	15,972	18,347	1,216
Jail	3,509,163	3,710,657	3,735,067	225,904
Juvenile Services	137,416	192,556	182,556	45,140
Fire Prevention and Control	781,934	864,893	846,893	64,959
Civil Defense	120,316	122,380	125,154	4,838
Rescue Squad	8,550	8,550	8,550	0
Disaster Relief	2,179,766	0	3,600,000	1,420,234

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Safety (Cont.)</u>				
Other Emergency Management	\$ 946,616	\$ 984,602	\$ 984,688	\$ 38,072
County Coroner/Medical Examiner	84,462	70,000	88,000	3,538
Other Public Safety	14,729	27,155	27,155	12,426
<u>Public Health and Welfare</u>				
Local Health Center	992,850	1,128,523	1,273,775	280,925
Rabies and Animal Control	54,264	66,103	67,079	12,815
Ambulance/Emergency Medical Services	3,238,835	3,320,229	3,359,632	120,797
Alcohol and Drug Programs	103,701	103,123	104,199	498
Other Local Health Services	4,282	17,118	17,118	12,836
Appropriation to State	57,500	57,500	57,500	0
Other Public Health and Welfare	119,605	143,368	147,450	27,845
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	25,775	25,775	25,775	0
Libraries	660,826	670,326	676,459	15,633
Parks and Fair Boards	202,495	196,342	226,397	23,902
Other Social, Cultural, and Recreational	24,100	24,100	24,100	0
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	84,332	96,210	96,210	11,878
Soil Conservation	83,296	84,493	84,493	1,197
<u>Other Operations</u>				
Tourism	85,000	85,000	85,000	0
Other Economic and Community Development	270,385	379,800	379,800	109,415
Veterans' Services	69,779	83,394	83,394	13,615
Other Charges	479,198	516,750	516,750	37,552
Contributions to Other Agencies	228,821	228,841	228,841	20
Employee Benefits	64,029	153,000	132,432	68,403
Miscellaneous	75,168	75,500	75,500	332
Total Expenditures	\$ 24,226,618	\$ 23,481,033	\$ 27,841,818	\$ 3,615,200
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (1,897,388)	\$ (1,557,282)	\$ (2,163,620)	\$ 266,232
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 2,182	\$ 0	\$ 0	\$ 2,182
Transfers Out	(1,000,000)	0	(1,000,000)	0
Total Other Financing Sources	\$ (997,818)	\$ 0	\$ (1,000,000)	\$ 2,182
Net Change in Fund Balance				
Fund Balance, July 1, 2014	\$ 6,841,884	\$ 6,978,159	\$ 6,978,159	\$ (136,275)
Fund Balance, June 30, 2015	\$ 3,946,678	\$ 5,420,877	\$ 3,814,539	\$ 132,139

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,613,384	\$ 1,588,275	\$ 1,588,275	\$ 25,109
Charges for Current Services	42,876	5,500	55,500	(12,624)
Other Local Revenues	295,524	450,200	450,200	(154,676)
State of Tennessee	160,702	102,500	77,500	83,202
Other Governments and Citizens Groups	2,865	2,865	2,865	0
Total Revenues	<u>\$ 2,115,351</u>	<u>\$ 2,149,340</u>	<u>\$ 2,174,340</u>	<u>\$ (58,989)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 558,568	\$ 637,463	\$ 630,639	\$ 72,071
Convenience Centers	1,107,869	1,145,710	1,151,358	43,489
Recycling Center	505,872	534,154	536,235	30,363
Postclosure Care Costs	53,769	137,765	137,765	83,996
<u>Other Operations</u>				
Other Charges	32,386	45,000	45,000	12,614
Employee Benefits	56,902	89,000	89,000	32,098
<u>Highways</u>				
Litter and Trash Collection	74,760	77,078	77,078	2,318
Total Expenditures	<u>\$ 2,390,126</u>	<u>\$ 2,666,170</u>	<u>\$ 2,667,075</u>	<u>\$ 276,949</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (274,775)</u>	<u>\$ (516,830)</u>	<u>\$ (492,735)</u>	<u>\$ 217,960</u>
Net Change in Fund Balance	\$ (274,775)	\$ (516,830)	\$ (492,735)	\$ 217,960
Fund Balance, July 1, 2014	<u>852,909</u>	<u>1,131,137</u>	<u>1,131,137</u>	<u>(278,228)</u>
Fund Balance, June 30, 2015	<u>\$ 578,134</u>	<u>\$ 614,307</u>	<u>\$ 638,402</u>	<u>\$ (60,268)</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, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 971,281
Equity in Pooled Cash and Investments	3,797
Due from Other Governments	<u>1,350,598</u>
Total Assets	<u>\$ 2,325,676</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 3,797
Due to Litigants, Heirs, and Others	971,281
Due to Other Taxing Units	<u>1,350,598</u>
Total Liabilities	<u>\$ 2,325,676</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, 2015

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 financial statements of the Cumberland County Emergency Communications District were not available from other auditors in time for inclusion in this report; however, in our opinion, this omission is not material to the component units' opinion unit.

The Cumberland County School Department and the Cumberland County Railroad Authority do not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department and the Railroad Authority are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Cumberland County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Cumberland County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Cumberland County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Cumberland County School Department and the Cumberland County Railroad Authority, component units, only report governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given

function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Cumberland County issues all debt for the discretely presented Cumberland County School Department. There were no debt issues contributed by the county to the School Department during the year ended June, 30, 2015.

Separate financial statements are provided for governmental funds and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

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

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

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

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

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

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

Cumberland County reports the following major governmental funds:

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

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

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

Additionally, Cumberland County reports the following fund types:

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

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

results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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

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

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

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

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

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

1. Deposits and Investments

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

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

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

2. Receivables and Payables

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

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

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable

that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

Most payables are disaggregated on the face of the financial statements.

3. Inventories

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

4. Capital Assets

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

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

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

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

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represent 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 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 sheets. These items are for an accumulated decrease in fair value of hedging derivatives results from the estimated fair value of the interest rate swaps on June 30, 2015, pension changes in experience, changes in proportionate share of contributions, as well as employer contributions made to the pension plan after the measurement date. 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. Deferred inflows of resources, represent 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 items are from the following sources: current and delinquent property taxes, pension changes in experience, changes in investment earnings, 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 pension obligations.

As of June 30, 2015, Cumberland County had \$43,929,606 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

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a net pension liability in their Statement of Net Position. Therefore, a restatement decreasing Cumberland County’s and the Cumberland County School Department’s beginning net position has been recognized on the Statement of Activities for \$609,505 and \$8,590,819, respectively.

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Cumberland County’s participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Cumberland County’s fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee

Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Cumberland County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Cumberland County School Department

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

Discretely Presented Cumberland County Railroad Authority

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

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

Primary Government

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

Discretely Presented Cumberland County School Department

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

Discretely Presented Cumberland County Railroad Authority

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

B. Cash Shortages – Prior and Current Years

The Comptroller's Division of Investigations, Financial and Compliance Unit issued an investigative report dated August 26, 2013, on the Cumberland County Veteran's Service Office (VSO), an organization to assist veterans and needy veteran families to obtain government benefits. A cash shortage of at least \$134,244.58 was identified in the VSO. This amount could be greater because no records of donations made to the VSO were maintained by the veteran service officer who admitted to investigators that he had borrowed funds. Therefore, investigators could not determine if all funds donated by individuals or organizations were properly remitted to the VSO. On October 3, 2014, the defendant pled guilty to theft over \$10,000, received an eight year suspended sentence, and was sentenced to pay \$50,000 in restitution and an additional \$50,000 to be paid at \$175 per week through the Cumberland County Office of Circuit Court. As of June 30, 2015, the former veteran service officer had paid restitution of \$56,714 leaving an unpaid shortage of \$43,286.

The Sheriff's Office had a cash shortage of \$1,402 during the year. The shortage was collected from a former jail administrator who was indicted and pled guilty to the charge of theft. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Cumberland County, the Cumberland County School Department, and the Cumberland County Railroad Authority participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount

of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make

investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller’s Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2015, Cumberland County had the following investments carried at fair value. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for 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.

Investments:	Rating		Fair Value
	Moody	Maturity	
State Treasurer's Investment Pool	NR	3 to 139 *	\$ 245,217
Regions Trust Cash Sweep	N/A	N/A	80,850
Federal Home Loan Bank Series 0001	Aaa	12-29-17	150,618
Federal Home Loan Mortgage Corp	Aaa	5-18-18 to 11-15-19	299,289
Fannie Mae	Aaa	9-27-19	149,124
United States Treasury Bills	Aaa	4-15-16 to 12-31-19	6,328,231
Total			<u>\$ 7,253,329</u>

* weighted average maturity (days)

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. The ratings of Cumberland County’s investments are reflected in the table presented above.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Cumberland County places no limit on the amount the county may invest in one issuer. More than five percent of the county's investments are in United States Treasury Bills. These investments are 87 percent of the county's total investments.

B. Derivative Instruments

At June 30, 2015, 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	5-7-13	6-1-20	Pay 3.9% receive 63% of LIBOR
\$6.95M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	6,950,000	5-7-13	6-1-27	Pay 4.13% receive 63% of LIBOR
\$10M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	10,000,000	12-29-10	6-1-39	Pay 3.293% receive 59% of LIBOR

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2015, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2015 financial statements are as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2015</u>		6-30-15
	Classification	Amount	Classification	Amount	Notional Amount
Governmental Activities:					
Cash Flow Hedges:					
Pay-fixed interest rate swaps:					
\$7.5M Swap	Deferred Outflow	\$ 75,229	Debt	\$ (341,786)	\$ 4,435,000
\$6.95M Swap	Deferred Outflow	(49,634)	Debt	(1,292,661)	6,650,000
\$10M Swap	Deferred Outflow	(413,176)	Debt	(2,149,307)	10,000,000
Totals		<u>\$ (387,581)</u>		<u>\$ (3,783,754)</u>	<u>\$ 21,085,000</u>

Derivative Swap Agreement Detail

\$7.5M Swap:

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

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

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.9 percent and receives a variable payment computed as 63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap had an original notional amount of \$7.5 million, and the associated variable-rate bond has a \$7.5 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-3-A Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2020. As of June 30, 2015, 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>(1.12)</u>
Net interest rate swap payments		2.78 %
Variable-rate bond payments		<u>0.77</u>
Synthetic interest rate on bonds		<u><u>3.55 %</u></u>

Fair value. As of June 30, 2015, the swap had a negative fair value of \$341,786. 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, 2015, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the swap’s fair value. The swap counterparty, Morgan Keegan Financial Products, was rated A+ by Standard and Poor’s as of June 30, 2015, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/A 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, 2015, 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	
2016	\$ 610,000	\$ 34,076	\$ 123,231	\$ 767,307
2017	640,000	29,389	106,281	775,670
2018	670,000	24,472	88,498	782,970
2019	1,225,000	19,324	69,882	1,314,206
2020	1,290,000	9,912	35,844	1,335,756
Total	\$ 4,435,000	\$ 117,173	\$ 423,736	\$ 4,975,909

\$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, 2015, 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>(1.12)</u>
Net interest rate swap payments		3.01 %
Variable-rate bond payments		<u>0.77</u>
		<u>3.78 %</u>

Fair value. As of June 30, 2015, the swap had a negative fair value of \$1,292,661. 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, 2015, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty, Morgan Keegan Financial Products, was rated A+ by Standard and Poor's as of June 30, 2015, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/A 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, 2015, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2015	\$ 0	\$ 51,095	\$ 200,072	\$	251,167
2016	0	51,095	200,072		251,167
2017	0	51,095	200,072		251,167
2018	0	51,095	200,072		251,167
2019	0	51,095	200,072		251,167
2020-2024	4,365,000	197,157	772,007		5,334,164
2025-2027	2,285,000	26,585	104,097		2,415,682
Total	\$ 6,650,000	\$ 479,217	\$ 1,876,464	\$	9,005,681

\$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, 2015, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.293 %
Variable payment from counterparty	% of LIBOR	<u>(1.050)</u>
Net interest rate swap payments		2.243 %
Variable-rate bond payments		<u>0.575</u>
Synthetic interest rate on bonds		<u><u>2.818 %</u></u>

Fair value. As of June 30, 2015, the swap had a negative fair value of \$2,149,307. 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, 2015, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change

and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty, Morgan Keegan Financial Products, was rated A+ by Standard and Poor's as of June 30, 2015, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/A 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, 2015, 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	
2016	\$ 0	\$ 57,496	\$ 224,280	\$ 281,776
2017	0	57,496	224,280	281,776
2018	0	57,496	224,280	281,776
2019	0	57,496	224,280	281,776
2020	0	57,496	224,280	281,776
2021-2025	0	287,478	1,121,400	1,408,878
2026-2030	0	287,478	1,121,400	1,408,878
2031-2035	4,525,000	250,105	975,618	5,750,723
2036-2039	5,475,000	80,637	314,553	5,870,190
Total	\$ 10,000,000	\$ 1,193,178	\$ 4,654,371	\$ 15,847,549

C. Capital Assets

Capital assets activity for the year ended June 30, 2015, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 2,133,553	\$ 0	\$ 0	\$ 2,133,553
Construction in Progress	0	1,495,038	0	1,495,038
Total Capital Assets Not Depreciated	\$ 2,133,553	\$ 1,495,038	\$ 0	\$ 3,628,591
Capital Assets Depreciated:				
Buildings and Improvements	\$ 36,422,099	\$ 0	\$ 0	\$ 36,422,099
Roads and Bridges	35,961,896	367,832	(14,232)	36,315,496
Other Capital Assets	12,536,414	892,736	(362,481)	13,066,669
Total Capital Assets Depreciated	\$ 84,920,409	\$ 1,260,568	\$ (376,713)	\$ 85,804,264
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 6,258,000	\$ 651,306	\$ 0	\$ 6,909,306
Roads and Bridges	14,748,381	783,075	(6,189)	15,525,267
Other Capital Assets	8,479,753	658,620	(323,545)	8,814,828
Total Accumulated Depreciation	\$ 29,486,134	\$ 2,093,001	\$ (329,734)	\$ 31,249,401
Total Capital Assets Depreciated, Net	\$ 55,434,275	\$ (832,433)	\$ (46,979)	\$ 54,554,863
Governmental Activities Capital Assets, Net	\$ 57,567,828	\$ 662,605	\$ (46,979)	\$ 58,183,454

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

Governmental Activities:

General Government	\$	147,792
Finance		6,055
Administration of Justice		4,527
Public Safety		625,686
Public Health and Welfare		322,909
Social, Cultural, and Recreational Services		144,822
Highways		<u>841,210</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>2,093,001</u></u>

Discretely Presented Cumberland County School Department

Governmental Activities:

	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets Not Depreciated:			
Land	\$ 2,088,454	\$ 0	\$ 2,088,454
Total Capital Assets Not Depreciated	<u>\$ 2,088,454</u>	<u>\$ 0</u>	<u>\$ 2,088,454</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 80,649,574	\$ 0	\$ 80,649,574
Infrastructure	1,415,163	0	1,415,163
Other Capital Assets	8,826,255	180,040	9,006,295
Total Capital Assets Depreciated	<u>\$ 90,890,992</u>	<u>\$ 180,040</u>	<u>\$ 91,071,032</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 22,177,398	\$ 1,429,512	\$ 23,606,910
Infrastructure	643,447	51,145	694,592
Other Capital Assets	5,829,095	404,723	6,233,818
Total Accumulated Depreciation	<u>\$ 28,649,940</u>	<u>\$ 1,885,380</u>	<u>\$ 30,535,320</u>

Governmental Activities (Cont.):

	Balance 7-1-14	Increases	Balance 6-30-15
Total Capital Assets			
Depreciated, Net	\$ 62,241,052	\$ (1,705,340)	\$ 60,535,712
Governmental Activities			
Capital Assets, Net	\$ 64,329,506	\$ (1,705,340)	\$ 62,624,166

There were no decreases in capital assets to report during the year ended June 30, 2015.

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

Governmental Activities:

Instruction	\$ 1,514,461
Support Services	339,099
Operation of Non-instructional Services	<u>31,820</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,885,380</u>

D. Construction Commitments

At June 30, 2015, the county had uncompleted construction contracts of approximately \$800,982 for the construction of a communications tower. Funding has been received for this future expenditure.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015 was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 59,274

This balance 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 General Fund receivable includes \$7,500 that was in transit from the nonmajor governmental Drug Control Fund at June 30, 2015.

Due to/from Primary Government and Component Unit:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
	Component Unit:	
Primary Government	School Department	\$ 2,303,876

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2015, consisted of the following amounts:

Primary Government

<u>Transfer Out</u>	<u>Transfer In</u> Nonmajor Governmental Funds
General Fund	\$ 1,000,000

Discretely Presented Cumberland County School Department

<u>Transfer Out</u>	<u>Transfer In</u> General Purpose School Fund
Nonmajor governmental funds	\$ 36,876

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

F. Long-term Obligations

Primary Government

Notes and Other Loans

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

Other loans are direct obligations and pledge the full faith and credit of the government. Other loans outstanding were issued for original terms of up to 31 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All other loans included in long-term debt as of June 30, 2015, will be retired from the General Debt Service Fund.

Other loans outstanding as of June 30, 2015, for governmental activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-15</u>
Other Loans	0 to 6 %	6-1-28	\$ 16,849,996	\$ 10,919,856
"	Variable	6-1-39	54,015,000	46,565,000

Cumberland County entered into various loan agreements with the Sevier County Public Building Authority and the Blount County Public Building Authority (PBAs) to finance various capital projects for Cumberland County and the discretely presented Cumberland County School Department. Under the loan agreements, the PBAs issued revenue bonds and made the proceeds available for loan to Cumberland County. In addition to repaying the loans, the county pays various other fees (trustee, debt remarketing, etc.) in connection with these loans. The following table summarizes loan agreements outstanding at June 30, 2015:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-15	Interest Type	Interest Rates as of 6-30-15	Approximate Fee Rates as of 6-30-15
Sevier County PBA:					
Series V-E-1	\$ 10,365,000	\$ 6,250,000	Fixed	3 to 4.75 %	0 %
Series VII-B-2	28,300,000	26,225,000	Variable	2.818 to 3.293	0.251
Series VII-F-1	5,100,000	5,100,000	Variable	0.64	0.226
Blount County PBA:					
Series B-13-A	1,750,000	1,325,000	Fixed	5.15 to 6	0
Series E-3-A	20,615,000	15,240,000	Variable	3.55 to 4.13	0.20
Series B-20-A	750,000	750,000	Fixed	4.25 to 5	0

The annual requirements to amortize all other loans outstanding as of June 30, 2015, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2016	\$ 2,252,040	\$ 738,986	\$ 107,831	\$ 3,098,857
2017	2,318,172	690,828	105,741	3,114,741
2018	2,429,480	639,234	103,591	3,172,305
2019	2,494,456	584,573	101,331	3,180,360
2020	2,581,056	541,216	97,911	3,220,183
2021-2025	12,989,652	2,037,423	435,442	15,462,517
2026-2030	13,270,000	936,578	321,285	14,527,863
2031-2035	10,605,000	417,170	181,367	11,203,537
2036-2039	8,545,000	125,782	54,906	8,725,688
Total	\$ 57,484,856	\$ 6,711,790	\$ 1,509,405	\$ 65,706,051

There is \$10,315,419 available in the General Debt Service Fund to service long-term debt. Debt per capita, including other loans, totaled \$1,026, based on the 2010 federal census.

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

Description of Indebtedness	Outstanding 6-30-15
<u>Other Loans</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Efficiency Loans	\$ 214,304
Energy Efficiency Loans	<u>2,089,572</u>
Total	<u>\$ 2,303,876</u>

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2015, was as follows:

Governmental Activities:

	Notes	Other Loans
Balance, July 1, 2014	\$ 0	\$ 59,645,932
Additions	1,500,000	0
Reductions	<u>(1,500,000)</u>	<u>(2,161,076)</u>
Balance, June 30, 2015	<u>\$ 0</u>	<u>\$ 57,484,856</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 2,252,040</u>

	Compensated Absences	Other Postemployment Benefits	Landfill Postclosure Care Costs
Balance, July 1, 2014	\$ 930,855	\$ 507,422	\$ 718,356
Additions	704,549	55,523	10,899
Reductions	<u>(690,229)</u>	<u>(35,443)</u>	<u>(15,184)</u>
Balance, June 30, 2015	<u>\$ 945,175</u>	<u>\$ 527,502</u>	<u>\$ 714,071</u>
Balance Due Within One Year	<u>\$ 661,623</u>	<u>\$ 0</u>	<u>\$ 26,048</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 59,671,605
Less: Due Within One Year	(2,939,711)
Add: Unamortized Premium on Debt	<u>3,777</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 56,735,671</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, 2015, was as follows:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2014	\$ 74,582	\$ 4,697,251
Additions	210,382	1,888,840
Reductions	(212,843)	(922,509)
	<hr/>	<hr/>
Balance, June 30, 2015	\$ 72,121	\$ 5,663,582
	<hr/> <hr/>	<hr/> <hr/>
Balance Due Within One Year	\$ 3,606	\$ 0
	<hr/> <hr/>	<hr/> <hr/>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 5,735,703
Less: Due Within One Year	<u>(3,606)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 5,732,097</u>

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

G. On-Behalf Payments

Primary Government

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Cumberland County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the State's Comprehensive Annual Financial Report. Payments by the State to the Medicare Supplement Plan for the year ended June 30, 2015, were \$2,250. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

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, 2015, were \$223,621 and \$39,563, 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. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to amounts of contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

C. Subsequent Event

On August 22, 2015, Director of Schools Donald Andrews informed the Board of Education of his plans to resign effective June 30, 2016.

D. Contingent Liabilities

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

E. Change in Administration

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

F. Landfill Postclosure Care Costs

State and federal laws and regulations require Cumberland County to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Cumberland County closed its sanitary landfill in 2013. The \$714,071 reported as postclosure care liability at June 30, 2015, represents amounts based on what it would cost to perform all postclosure care in 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. Joint Ventures

Cumberland County entered into an agreement with the counties of Morgan and Roane to establish an Industrial Development Board to purchase land for the development of a joint industrial park. Cumberland, Morgan, and Roane counties jointly comprise the board. The agreement established a nine-member board with each county appointing three members and being responsible for one-third of the entity's funding. Cumberland County did not make any appropriations to the board for the year ended June 30, 2015.

The Thirteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Thirteenth Judicial District, Clay, Cumberland, DeKalb, Overton, Pickett, Putnam, and Overton counties, and participating municipalities within the district. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district.

Cumberland County did not make appropriations to the DTF for the year ended June 30, 2015.

Cumberland County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the Industrial Development Board and the DTF can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

The Industrial Development Board of the Counties of
Cumberland, Morgan, and Roane, Tennessee
Baker, Donelson, Bearman & Caldwell
Commerce Center, Suite 1000
211 Commerce Street
Nashville, TN 37201

Office of District Attorney General
Thirteenth Judicial District Drug Task Force
1519A East Spring Street
Cookeville, TN 38506

H. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Cumberland County and non-certified employees of the discretely presented Cumberland County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 45.34 percent and the non-certified employees of the discretely presented School Department comprise 54.66 percent of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	293
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	503
Active Employees	686
Total	<u>1,482</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Cumberland County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Cumberland County were \$1,758,984 based on a rate of 9.85 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Cumberland County's state shared

taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Cumberland County's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and

utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity Developed Market	6.46	%	33	%
International Equity Emerging Market	6.26		17	
International Equity Private Equity and Strategic Lending	6.40		5	
U.S. Fixed Income	4.61		8	
Real Estate	0.98		29	
Short-term Securities	4.73		7	
	0.00		1	
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Cumberland County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 48,304,219	\$ 45,275,682	\$ 3,028,537
Changes for the year:			
Service Cost	\$ 1,500,494	\$ 0	\$ 1,500,494
Interest	3,676,730	0	3,676,730
Differences Between Expected and Actual Experience	(987,029)	0	(987,029)
Contributions-Employer	0	1,684,239	(1,684,239)
Contributions-Employees	0	892,867	(892,867)
Net Investment Income	0	7,596,302	(7,596,302)
Benefit Payments, Including Refunds of Employee Contributions	(1,563,296)	(1,563,296)	0
Administrative Expense	0	(26,961)	26,961
Other Changes	0	0	0
Net Changes	\$ 2,626,899	\$ 8,583,151	\$ (5,956,252)
Balance, June 30, 2014	\$ 50,931,118	\$ 53,858,833	\$ (2,927,715)

Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government 45.34%	\$ 23,092,169	\$ 24,419,595	\$ (1,327,426)
School Department 54.66%	27,838,949	29,439,238	(1,600,289)
Total	\$ 50,931,118	\$ 53,858,833	\$ (2,927,715)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Cumberland County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

Cumberland County	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability \$ 3,981,026 \$ (2,927,715) \$ (8,680,330)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Income. For the year ended June 30, 2015, Cumberland County recognized pension income of \$151,495.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Cumberland County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 0	\$ 789,623
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	3,330,895
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>1,758,984</u>	<u>N/A</u>
Total	<u>\$ 1,758,984</u>	<u>\$ 4,120,518</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014, will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 1,086,036	\$ 1,868,243
School Department	672,948	2,252,275
Total	<u>\$ 1,758,984</u>	<u>\$ 4,120,518</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (1,030,130)
2017	(1,030,130)
2018	(1,030,130)
2019	(1,030,130)
2020	0
Thereafter	0

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Discretely Presented Cumberland County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Cumberland County and non-certified employees of the discretely presented Cumberland County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 45.34 percent and the non-certified employees of the discretely present School Department comprise 54.66 percent of the plan based on census data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Cumberland County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members of the Teachers Retirement Plan are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are

defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEA) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$48,964, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities. Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception of the Teacher Retirement Plan, there is no net pension liability to report at June 30, 2015.

Pension Expense. Since the measurement date is June 30, 2014, the Cumberland County School Department did not recognize any pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Cumberland County School Department reported deferred outflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	Deferred Inflows of Resources
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LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$	48,964	N/A
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The Cumberland County School Department’s employer contributions of \$48,964 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ending June 30, 2016.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Cumberland County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEA after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement

benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEA) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Cumberland County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$2,158,538, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Assets. At June 30, 2015, the Cumberland County School Department reported an asset of \$102,082 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Cumberland County School Department's proportion of the net pension asset was based on Cumberland County School Department's employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, the Cumberland County School Department's proportion was .628215 percent. The proportion measured as of June 30, 2013, was .610440 percent.

Pension Income. For the year ended June 30, 2015, the Cumberland County School Department recognized a pension income of \$45,759.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Cumberland County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 247,830	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	8,410,914
Changes in Proportion of Net Pension Liability (Asset)	250,737	0
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	<u>2,158,538</u>	<u>N/A</u>
Total	<u>\$ 2,657,105</u>	<u>\$ 8,410,914</u>

The Cumberland County School Department's employer contributions of \$2,158,538 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (2,019,634)
2017	(2,019,634)
2018	(2,019,634)
2019	(2,019,634)
2020	83,094
Thereafter	83,094

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the four factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEA will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents Cumberland County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Cumberland County School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability \$ 17,217,299 \$ (102,082) \$ (14,440,652)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

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) establish participation, contribution, and withdrawal provisions for the plan.

I. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the

participants. Claims liabilities of the plans are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in the plans develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2015, the county and the School Department contributed \$35,443 and \$922,509, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 55,000	\$ 1,884,000
Interest on the NOPEBO	20,297	187,890
Adjustment to the ARC	(19,774)	(183,050)
Annual OPEB cost	\$ 55,523	\$ 1,888,840
Amount of contribution	(35,443)	(922,509)
Increase/decrease in NOPEBO	\$ 20,080	\$ 966,331
Net OPEB obligation, 7-1-14	507,422	4,697,251
Net OPEB obligation, 6-30-15	<u>\$ 527,502</u>	<u>\$ 5,663,582</u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-13	Local Government Group	\$ 117,090	20 %	\$ 463,426
6-30-14	"	53,477	18	507,422
6-30-15	"	55,523	64	527,502
6-30-13	Local Education Group	1,991,444	43	3,804,875
6-30-14	"	1,822,920	51	4,697,251
6-30-15	"	1,888,840	49	5,663,582

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

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

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

Actuarial Methods and Assumptions

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

In the July 1, 2013, actuarial valuation for the Local Government Plan and the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of seven percent for fiscal year 2015. The trend rate will decrease to 6.5 percent in 2016, and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

J. Office of Central Accounting and Budgeting

Cumberland County operates under the provisions of the County Financial Management System of 1981. This act provides for a central system of

accounting, budgeting, and purchasing for all county departments. The act also provides for the creation of a Finance Department operated under the direction of the finance director.

K. Purchasing Law

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Cumberland County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 1,500,494
Interest	3,676,730
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(987,029)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(1,563,296)</u>
Net Change in Total Pension Liability (Asset)	\$ 2,626,899
Total Pension Liability (Asset), Beginning	<u>48,304,219</u>
 Total Pension Liability (Asset), Ending (a)	 <u>\$ 50,931,118</u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 1,684,239
Contributions - Employee	892,867
Net Investment Income	7,596,302
Benefit Payments, Including Refunds of Employee Contributions	(1,563,296)
Administrative Expense	<u>(26,961)</u>
Net Change in Plan Fiduciary Net Position	\$ 8,583,151
Plan Fiduciary Net Position, Beginning	<u>45,275,682</u>
 Plan Fiduciary Net Position, Ending (b)	 <u>\$ 53,858,833</u>
 Net Pension Liability (Asset), Ending (a - b)	 <u>\$ (2,927,715)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	105.75%
Covered Employee Payroll	\$ 17,617,606
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	16.62%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and discretely presented non-certified employees of the School Department.

Exhibit E-2

Cumberland County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 1,684,239	\$ 1,758,984
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(1,684,239)</u>	<u>(1,758,984)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 17,617,606	\$ 17,858,774
Contributions as a Percentage of Covered Employee Payroll	9.56%	9.85%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and discretely presented non-certified employees of the School Department.

Exhibit E-3

Cumberland County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Retirement Plan of TCRS
Discretely Presented Cumberland County School Department
For the Fiscal Year Ended June 30

	<u>2015</u>
Actuarially Determined Contribution	\$ 30,603
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(48,964)</u>
Contribution Deficiency (Excess)	<u>\$ (18,362)</u>
Covered Employee Payroll	\$ 1,224,090
Contributions as a Percentage of Covered Employee Payroll	4.00%

Note: ten years of data will be presented when available.

Exhibit E-4

Cumberland County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Cumberland County School Department
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 2,189,577	\$ 2,158,538
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(2,189,577)</u>	<u>(2,158,538)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 24,657,409	\$ 23,877,670
Contributions as a Percentage of Covered Employee Payroll	8.88%	9.04%

Note: ten years of data will be presented when available.

Exhibit E-5

Cumberland County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Cumberland County School Department
For the Fiscal Year Ended June 30 *

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.628215%
School Department's Proportionate Share of the Net Pension Asset	\$ 102,082
Covered Employee Payroll	\$ 24,657,409
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit E-6

Cumberland County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Cumberland County School Department
June 30, 2015

(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	7-1-10	\$ 0	\$ 1,198	\$ 1,198	0 %	\$ 8,994	13 %
"	7-1-11	0	841	841	0	9,764	9
"	7-1-13	0	385	385	0	9,993	4
Local Education Group	7-1-10	0	10,387	10,387	0	30,617	34
"	7-1-11	0	15,473	15,473	0	30,627	51
"	7-1-13	0	15,523	15,523	0	32,487	48

**CUMBERLAND COUNTY, TENNESSEE
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 For the Year Ended June 30, 2015**

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	2 Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

Capital Projects Fund

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

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

Exhibit F-1

Cumberland County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2015

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	Total
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 36,026	\$ 0	\$ 36,026
Equity in Pooled Cash and Investments	180,385	195,547	0	623,666	999,598
Accounts Receivable	0	0	15,748	0	15,748
Due from Other Governments	0	0	0	496,897	496,897
Total Assets	\$ 180,385	\$ 195,547	\$ 51,774	\$ 1,120,563	\$ 1,548,269
<u>LIABILITIES</u>					
Due to Other Funds	\$ 0	\$ 0	\$ 51,774	\$ 0	\$ 51,774
Total Liabilities	\$ 0	\$ 0	\$ 51,774	\$ 0	\$ 51,774
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Other Deferred/Unavailable Revenue	\$ 0	\$ 0	\$ 0	\$ 211,638	\$ 211,638
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 0	\$ 211,638	\$ 211,638
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 180,385	\$ 0	\$ 0	\$ 0	\$ 180,385
Restricted for Public Safety	0	195,547	0	0	195,547
Restricted for Highways/Public Works	0	0	0	908,925	908,925
Restricted for Capital Projects	0	0	0	0	0
Total Fund Balances	\$ 180,385	\$ 195,547	\$ 0	\$ 908,925	\$ 1,284,857
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 180,385	\$ 195,547	\$ 51,774	\$ 1,120,563	\$ 1,548,269

(Continued)

Exhibit F-1

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

	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>		
Cash	\$ 0	\$ 36,026
Equity in Pooled Cash and Investments	1,026,719	2,026,317
Accounts Receivable	0	15,748
Due from Other Governments	0	496,897
	<hr/>	<hr/>
Total Assets	\$ 1,026,719	\$ 2,574,988
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 51,774
Total Liabilities	<hr/>	<hr/>
	\$ 0	\$ 51,774
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Other Deferred/Unavailable Revenue	\$ 0	\$ 211,638
Total Deferred Inflows of Resources	<hr/>	<hr/>
	\$ 0	\$ 211,638
<u>FUND BALANCES</u>		
Restricted:		
Restricted for General Government	\$ 0	\$ 180,385
Restricted for Public Safety	0	195,547
Restricted for Highways/Public Works	0	908,925
Restricted for Capital Projects	1,026,719	1,026,719
Total Fund Balances	<hr/>	<hr/>
	\$ 1,026,719	\$ 2,311,576
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<hr/>	<hr/>
	\$ 1,026,719	\$ 2,574,988

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, 2015

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	Total
<u>Revenues</u>					
Local Taxes	\$ 50,486	\$ 0	\$ 0	\$ 71,768	\$ 122,254
Fines, Forfeitures, and Penalties	0	38,871	0	0	38,871
Charges for Current Services	0	0	23	3,500	3,523
Other Local Revenues	0	799	0	5,573	6,372
State of Tennessee	0	0	0	2,782,458	2,782,458
Total Revenues	\$ 50,486	\$ 39,670	\$ 23	\$ 2,863,299	\$ 2,953,478
<u>Expenditures</u>					
Current:					
General Government	\$ 6,862	\$ 0	\$ 0	\$ 0	\$ 6,862
Public Safety	0	71,273	23	0	71,296
Other Operations	491	130	0	0	621
Highways	0	0	0	2,750,764	2,750,764
Capital Projects	0	0	0	0	0
Total Expenditures	\$ 7,353	\$ 71,403	\$ 23	\$ 2,750,764	\$ 2,829,543
Excess (Deficiency) of Revenues Over Expenditures	\$ 43,133	\$ (31,733)	\$ 0	\$ 112,535	\$ 123,935
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balances	\$ 43,133	\$ (31,733)	\$ 0	\$ 112,535	\$ 123,935
Fund Balance, July 1, 2014	137,252	227,280	0	796,390	1,160,922
Fund Balance, June 30, 2015	\$ 180,385	\$ 195,547	\$ 0	\$ 908,925	\$ 1,284,857

(Continued)

Exhibit F-2

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

	Capital Projects Fund	Total Nonmajor Governmental Funds
<u>Revenues</u>		
Local Taxes	\$ 0	\$ 122,254
Fines, Forfeitures, and Penalties	0	38,871
Charges for Current Services	0	3,523
Other Local Revenues	0	6,372
State of Tennessee	0	2,782,458
Total Revenues	<u>\$ 0</u>	<u>\$ 2,953,478</u>
<u>Expenditures</u>		
Current:		
General Government	\$ 0	\$ 6,862
Public Safety	0	71,296
Other Operations	0	621
Highways	0	2,750,764
Capital Projects	1,522,038	1,522,038
Total Expenditures	<u>\$ 1,522,038</u>	<u>\$ 4,351,581</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,522,038)</u>	<u>\$ (1,398,103)</u>
<u>Other Financing Sources (Uses)</u>		
Notes Issued	\$ 1,500,000	\$ 1,500,000
Transfers In	1,000,000	1,000,000
Total Other Financing Sources (Uses)	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>
Net Change in Fund Balances	\$ 977,962	\$ 1,101,897
Fund Balance, July 1, 2014	48,757	1,209,679
Fund Balance, June 30, 2015	<u>\$ 1,026,719</u>	<u>\$ 2,311,576</u>

Exhibit F-3

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 50,486	\$ 55,000	\$ 55,000	\$ (4,514)
Total Revenues	\$ 50,486	\$ 55,000	\$ 55,000	\$ (4,514)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 6,862	\$ 25,000	\$ 25,000	\$ 18,138
<u>Other Operations</u>				
Other Charges	491	1,000	1,000	509
Total Expenditures	\$ 7,353	\$ 26,000	\$ 26,000	\$ 18,647
Excess (Deficiency) of Revenues Over Expenditures	\$ 43,133	\$ 29,000	\$ 29,000	\$ 14,133
Net Change in Fund Balance	\$ 43,133	\$ 29,000	\$ 29,000	\$ 14,133
Fund Balance, July 1, 2014	137,252	137,559	137,559	(307)
Fund Balance, June 30, 2015	\$ 180,385	\$ 166,559	\$ 166,559	\$ 13,826

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 38,871	\$ 14,000	\$ 14,000	\$ 24,871
Other Local Revenues	799	0	0	799
Total Revenues	<u>\$ 39,670</u>	<u>\$ 14,000</u>	<u>\$ 14,000</u>	<u>\$ 25,670</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 71,273	\$ 69,225	\$ 83,225	\$ 11,952
<u>Other Operations</u>				
Other Charges	130	200	200	70
Total Expenditures	<u>\$ 71,403</u>	<u>\$ 69,425</u>	<u>\$ 83,425</u>	<u>\$ 12,022</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (31,733)</u>	<u>\$ (55,425)</u>	<u>\$ (69,425)</u>	<u>\$ 37,692</u>
Net Change in Fund Balance	\$ (31,733)	\$ (55,425)	\$ (69,425)	\$ 37,692
Fund Balance, July 1, 2014	<u>227,280</u>	<u>244,053</u>	<u>244,053</u>	<u>(16,773)</u>
Fund Balance, June 30, 2015	<u>\$ 195,547</u>	<u>\$ 188,628</u>	<u>\$ 174,628</u>	<u>\$ 20,919</u>

Exhibit F-5

Cumberland County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual and Budget
 Highway/Public Works Fund
 For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 71,768	\$ 61,500	\$ 61,500	\$ 10,268
Charges for Current Services	3,500	3,500	3,500	0
Other Local Revenues	5,573	1,300	6,873	(1,300)
State of Tennessee	2,782,458	2,495,868	2,667,797	114,661
Total Revenues	<u>\$ 2,863,299</u>	<u>\$ 2,562,168</u>	<u>\$ 2,739,670</u>	<u>\$ 123,629</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 175,301	\$ 174,402	\$ 180,999	\$ 5,698
Highway and Bridge Maintenance	1,562,617	1,753,322	1,747,098	184,481
Operation and Maintenance of Equipment	232,245	304,729	308,429	76,184
Other Charges	95,533	100,000	101,500	5,967
Employee Benefits	70,382	76,500	76,500	6,118
Capital Outlay	614,686	477,742	649,671	34,985
Total Expenditures	<u>\$ 2,750,764</u>	<u>\$ 2,886,695</u>	<u>\$ 3,064,197</u>	<u>\$ 313,433</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 112,535</u>	<u>\$ (324,527)</u>	<u>\$ (324,527)</u>	<u>\$ 437,062</u>
Net Change in Fund Balance	\$ 112,535	\$ (324,527)	\$ (324,527)	\$ 437,062
Fund Balance, July 1, 2014	<u>796,390</u>	<u>776,620</u>	<u>776,620</u>	<u>19,770</u>
Fund Balance, June 30, 2015	<u>\$ 908,925</u>	<u>\$ 452,093</u>	<u>\$ 452,093</u>	<u>\$ 456,832</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,023,239	\$ 4,896,013	\$ 4,896,013	\$ 127,226
Other Governments and Citizens Groups	364,320	0	364,320	0
Total Revenues	<u>\$ 5,387,559</u>	<u>\$ 4,896,013</u>	<u>\$ 5,260,333</u>	<u>\$ 127,226</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 2,057,489	\$ 559,165	\$ 2,057,489	\$ 0
Education	1,603,587	1,294,339	1,603,587	0
<u>Interest on Debt</u>				
General Government	374,785	612,437	613,062	238,277
Education	1,077,472	2,185,789	2,242,537	1,165,065
<u>Other Debt Service</u>				
General Government	82,035	85,000	85,000	2,965
Total Expenditures	<u>\$ 5,195,368</u>	<u>\$ 4,736,730</u>	<u>\$ 6,601,675</u>	<u>\$ 1,406,307</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 192,191</u>	<u>\$ 159,283</u>	<u>\$ (1,341,342)</u>	<u>\$ 1,533,533</u>
Net Change in Fund Balance	\$ 192,191	\$ 159,283	\$ (1,341,342)	\$ 1,533,533
Fund Balance, July 1, 2014	<u>10,123,228</u>	<u>10,081,685</u>	<u>10,081,685</u>	<u>41,543</u>
Fund Balance, June 30, 2015	<u>\$ 10,315,419</u>	<u>\$ 10,240,968</u>	<u>\$ 8,740,343</u>	<u>\$ 1,575,076</u>

Fiduciary Funds

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

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

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

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

Exhibit H-1

Cumberland County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2015

	<u>Agency Funds</u>			
	Cities - Sales Tax	Delinquent Tax Agency	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 971,281	\$ 971,281
Equity in Pooled Cash and Investments	0	3,797	0	3,797
Due from Other Governments	1,350,598	0	0	1,350,598
Total Assets	<u>\$ 1,350,598</u>	<u>\$ 3,797</u>	<u>\$ 971,281</u>	<u>\$ 2,325,676</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 3,797	\$ 0	\$ 3,797
Due to Litigants, Heirs, and Others	0	0	971,281	971,281
Due to Other Taxing Units	1,350,598	0	0	1,350,598
Total Liabilities	<u>\$ 1,350,598</u>	<u>\$ 3,797</u>	<u>\$ 971,281</u>	<u>\$ 2,325,676</u>

Exhibit H-2

Cumberland County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 7,400,809	\$ 7,400,809	\$ 0
Due from Other Governments	1,260,859	1,350,598	1,260,859	1,350,598
Total Assets	\$ 1,260,859	\$ 8,751,407	\$ 8,661,668	\$ 1,350,598
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,260,859	\$ 8,751,407	\$ 8,661,668	\$ 1,350,598
Total Liabilities	\$ 1,260,859	\$ 8,751,407	\$ 8,661,668	\$ 1,350,598
<u>Delinquent Tax Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 2,611	\$ 1,260	\$ 74	\$ 3,797
Total Assets	\$ 2,611	\$ 1,260	\$ 74	\$ 3,797
<u>Liabilities</u>				
Accounts Payable	\$ 2,611	\$ 1,260	\$ 74	\$ 3,797
Total Liabilities	\$ 2,611	\$ 1,260	\$ 74	\$ 3,797
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,122,982	\$ 9,329,468	\$ 9,481,169	\$ 971,281
Total Assets	\$ 1,122,982	\$ 9,329,468	\$ 9,481,169	\$ 971,281
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,122,982	\$ 9,329,468	\$ 9,481,169	\$ 971,281
Total Liabilities	\$ 1,122,982	\$ 9,329,468	\$ 9,481,169	\$ 971,281
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,122,982	\$ 9,329,468	\$ 9,481,169	\$ 971,281
Equity in Pooled Cash and Investments	2,611	7,402,069	7,400,883	3,797
Due from Other Governments	1,260,859	1,350,598	1,260,859	1,350,598
Total Assets	\$ 2,386,452	\$ 18,082,135	\$ 18,142,911	\$ 2,325,676
<u>Liabilities</u>				
Accounts Payable	\$ 2,611	\$ 1,260	\$ 74	\$ 3,797
Due to Litigants, Heirs, and Others	1,122,982	9,329,468	9,481,169	971,281
Due to Other Taxing Units	1,260,859	8,751,407	8,661,668	1,350,598
Total Liabilities	\$ 2,386,452	\$ 18,082,135	\$ 18,142,911	\$ 2,325,676

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, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:				
Instruction	\$ 34,857,197	\$ 139,637	\$ 3,898,307	\$ (30,819,253)
Support Services	17,133,198	7,493	0	(17,125,705)
Operation of Non-instructional Services	6,604,954	870,869	3,313,602	(2,420,483)
Interest on Long-term Debt	56,748	0	0	(56,748)
Total Governmental Activities	\$ 58,652,097	\$ 1,017,999	\$ 7,211,909	\$ (50,422,189)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 8,955,519
Local Option Sales Taxes				8,246,608
Mixed Drink Tax				137,558
Other Local Taxes				9,124
Grants and Contributions Not Restricted to Specific Programs				31,723,905
Unrestricted Investment Earnings				1,164
Miscellaneous				402,808
Pension Income				128,566
Total General Revenues				\$ 49,605,252
Change in Net Position				\$ (816,937)
Net Position, July 1, 2014				64,100,435
Restatement - Pension Liability (See Note I.D.9)				(8,590,819)
Net Position, June 30, 2015				\$ 54,692,679

Exhibit I-2

Cumberland County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Cumberland County School Department
June 30, 2015

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 296	\$ 296
Equity in Pooled Cash and Investments	3,081,934	557,352	3,639,286
Inventories	0	146,522	146,522
Accounts Receivable	1,197	4,382	5,579
Due from Other Governments	1,567,309	385,397	1,952,706
Property Taxes Receivable	9,613,745	0	9,613,745
Allowance for Uncollectible Property Taxes	(364,817)	0	(364,817)
Total Assets	<u>\$ 13,899,368</u>	<u>\$ 1,093,949</u>	<u>\$ 14,993,317</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 6,657	\$ 96,138	\$ 102,795
Accrued Payroll	9,377	51,889	61,266
Payroll Deductions Payable	65,070	7,514	72,584
Total Liabilities	<u>\$ 81,104</u>	<u>\$ 155,541</u>	<u>\$ 236,645</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 9,066,777	\$ 0	\$ 9,066,777
Deferred Delinquent Property Taxes	157,784	0	157,784
Other Deferred/Unavailable Revenue	784,664	0	784,664
Total Deferred Inflows of Resources	<u>\$ 10,009,225</u>	<u>\$ 0</u>	<u>\$ 10,009,225</u>
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory	\$ 0	\$ 146,522	\$ 146,522
Restricted:			
Restricted for Education	10,008	791,886	801,894
Committed:			
Committed for Education	906,330	0	906,330
Unassigned	2,892,701	0	2,892,701
Total Fund Balances	<u>\$ 3,809,039</u>	<u>\$ 938,408</u>	<u>\$ 4,747,447</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,899,368</u>	<u>\$ 1,093,949</u>	<u>\$ 14,993,317</u>

Exhibit I-3

Cumberland County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
Discretely Presented Cumberland County School Department
June 30, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 4,747,447
(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	57,042,664	
Add: infrastructure net of accumulated depreciation	720,571	
Add: other capital assets net of accumulated depreciation	<u>2,772,477</u>	62,624,166
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: contributions due on primary government debt for other loans	\$ (2,303,876)	
Less: compensated absences payable	(72,121)	
Less: other postemployment benefits liability	<u>(5,663,582)</u>	(8,039,579)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 3,379,015	
Less: deferred inflows of resources related to pensions	<u>(10,663,189)</u>	(7,284,174)
(4) Net pension assets of the pension plans are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - agent plan	\$ 1,600,289	
Add: net pension asset - cost-sharing plan	<u>102,082</u>	1,702,371
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>942,448</u>
Net position of governmental activities (Exhibit A)		<u>\$ 54,692,679</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, 2015

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 17,296,144	\$ 0	\$ 17,296,144
Charges for Current Services	220,659	878,362	1,099,021
Other Local Revenues	328,953	19,896	348,849
State of Tennessee	30,750,226	200,585	30,950,811
Federal Government	30,905	7,719,378	7,750,283
Other Governments and Citizens Groups	208,821	0	208,821
Total Revenues	<u>\$ 48,835,708</u>	<u>\$ 8,818,221</u>	<u>\$ 57,653,929</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 31,122,882	\$ 3,223,891	\$ 34,346,773
Support Services	16,682,735	965,049	17,647,784
Operation of Non-Instructional Services	1,522,647	5,048,902	6,571,549
Capital Outlay	240,483	0	240,483
Debt Service:			
Principal on Debt	307,572	0	307,572
Interest on Debt	56,748	0	56,748
Total Expenditures	<u>\$ 49,933,067</u>	<u>\$ 9,237,842</u>	<u>\$ 59,170,909</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,097,359)</u>	<u>\$ (419,621)</u>	<u>\$ (1,516,980)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 36,876	\$ 0	\$ 36,876
Transfers Out	0	(36,876)	(36,876)
Total Other Financing Sources (Uses)	<u>\$ 36,876</u>	<u>\$ (36,876)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (1,060,483)	\$ (456,497)	\$ (1,516,980)
Fund Balance, July 1, 2014	4,869,522	1,394,905	6,264,427
Fund Balance, June 30, 2015	<u>\$ 3,809,039</u>	<u>\$ 938,408</u>	<u>\$ 4,747,447</u>

Exhibit I-5

Cumberland County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2015

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ (1,516,980)
(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	\$ 180,040	
Less: current-year depreciation expense	<u>(1,885,380)</u>	(1,705,340)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2015	\$ 942,448	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(889,783)</u>	52,665
(3) The contributions of long-term debt (e.g., bonds, other loans) by the primary government provide current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Add: principal contributions on other loans to primary government		307,572
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ 2,461	
Change in other postemployment benefits liability	(966,331)	
Change in net pension liability/asset	10,293,190	
Change in deferred outflows related to pensions	3,379,015	
Change in deferred inflows related to pensions	<u>(10,663,189)</u>	<u>2,045,146</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (816,937)</u>

Exhibit I-6

Cumberland County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Cumberland County School Department
June 30, 2015

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 296	\$ 296
Equity in Pooled Cash and Investments	38,878	518,474	557,352
Inventories	0	146,522	146,522
Accounts Receivable	0	4,382	4,382
Due from Other Governments	37,280	348,117	385,397
Total Assets	<u>\$ 76,158</u>	<u>\$ 1,017,791</u>	<u>\$ 1,093,949</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 96,138	\$ 96,138
Accrued Payroll	51,889	0	51,889
Payroll Deductions Payable	6,779	735	7,514
Total Liabilities	<u>\$ 58,668</u>	<u>\$ 96,873</u>	<u>\$ 155,541</u>
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory	\$ 0	\$ 146,522	\$ 146,522
Restricted:			
Restricted for Education	17,490	774,396	791,886
Total Fund Balances	<u>\$ 17,490</u>	<u>\$ 920,918</u>	<u>\$ 938,408</u>
Total Liabilities and Fund Balances	<u>\$ 76,158</u>	<u>\$ 1,017,791</u>	<u>\$ 1,093,949</u>

Exhibit I-7

Cumberland County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2015

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 878,362	\$ 878,362
Other Local Revenues	0	19,896	19,896
State of Tennessee	160,239	40,346	200,585
Federal Government	4,446,122	3,273,256	7,719,378
Total Revenues	<u>\$ 4,606,361</u>	<u>\$ 4,211,860</u>	<u>\$ 8,818,221</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 3,223,891	\$ 0	\$ 3,223,891
Support Services	965,049	0	965,049
Operation of Non-Instructional Services	493,399	4,555,503	5,048,902
Total Expenditures	<u>\$ 4,682,339</u>	<u>\$ 4,555,503</u>	<u>\$ 9,237,842</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ (75,978)</u>	<u>\$ (343,643)</u>	<u>\$ (419,621)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (36,876)	\$ 0	\$ (36,876)
Total Other Financing Sources (Uses)	<u>\$ (36,876)</u>	<u>\$ 0</u>	<u>\$ (36,876)</u>
Net Change in Fund Balances	\$ (112,854)	\$ (343,643)	\$ (456,497)
Fund Balance, July 1, 2014	130,344	1,264,561	1,394,905
Fund Balance, June 30, 2015	<u>\$ 17,490</u>	<u>\$ 920,918</u>	<u>\$ 938,408</u>

Exhibit I-8

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Cumberland County School Department
General Purpose School Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 17,296,144	\$ 16,900,769	\$ 16,900,769	\$ 395,375
Charges for Current Services	220,659	140,000	140,000	80,659
Other Local Revenues	328,953	219,999	238,141	90,812
State of Tennessee	30,750,226	30,641,576	30,974,403	(224,177)
Federal Government	30,905	70,000	100,905	(70,000)
Other Governments and Citizens Groups	208,821	208,841	208,841	(20)
Total Revenues	\$ 48,835,708	\$ 48,181,185	\$ 48,563,059	\$ 272,649
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 25,406,306	\$ 25,652,737	\$ 25,841,989	\$ 435,683
Alternative Instruction Program	268,945	258,406	278,661	9,716
Special Education Program	2,769,544	2,810,373	2,841,278	71,734
Vocational Education Program	2,678,087	2,761,814	2,761,814	83,727
<u>Support Services</u>				
Attendance	78,368	81,274	81,274	2,906
Health Services	397,216	404,224	404,224	7,008
Other Student Support	977,750	992,322	992,322	14,572
Regular Instruction Program	1,605,063	1,687,072	1,684,717	79,654
Special Education Program	383,688	395,865	399,565	15,877
Vocational Education Program	146,520	139,563	152,193	5,673
Other Programs	263,184	0	263,184	0
Board of Education	1,004,289	1,082,411	1,042,251	37,962
Director of Schools	188,850	184,904	190,104	1,254
Office of the Principal	3,272,031	3,353,764	3,358,164	86,133
Operation of Plant	4,465,744	4,999,738	4,635,418	169,674
Maintenance of Plant	1,007,289	1,068,172	1,068,172	60,883
Transportation	2,527,487	2,924,087	2,920,336	392,849
Central and Other	365,256	374,602	381,452	16,196
<u>Operation of Non-Instructional Services</u>				
Community Services	459,560	434,093	467,803	8,243
Early Childhood Education	1,063,087	1,078,094	1,101,072	37,985
<u>Capital Outlay</u>				
Regular Capital Outlay	240,483	175,000	241,176	693
<u>Principal on Debt</u>				
Education	307,572	0	307,572	0
<u>Interest on Debt</u>				
Education	56,748	0	56,748	0
Total Expenditures	\$ 49,933,067	\$ 50,858,515	\$ 51,471,489	\$ 1,538,422
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,097,359)	\$ (2,677,330)	\$ (2,908,430)	\$ 1,811,071
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 36,876	\$ 25,000	\$ 25,000	\$ 11,876
Total Other Financing Sources	\$ 36,876	\$ 25,000	\$ 25,000	\$ 11,876

(Continued)

Exhibit I-8

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Net Change in Fund Balance	\$ (1,060,483)	\$ (2,652,330)	\$ (2,883,430)	\$ 1,822,947
Fund Balance, July 1, 2014	4,869,522	4,168,342	4,168,342	701,180
Fund Balance, June 30, 2015	\$ 3,809,039	\$ 1,516,012	\$ 1,284,912	\$ 2,524,127

Exhibit I-9

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Cumberland County School Department
School Federal Projects Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 160,239	\$ 0	\$ 195,422	\$ (35,183)
Federal Government	4,446,122	5,210,566	5,186,411	(740,289)
Total Revenues	<u>\$ 4,606,361</u>	<u>\$ 5,210,566</u>	<u>\$ 5,381,833</u>	<u>\$ (775,472)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,900,756	\$ 2,121,630	\$ 2,059,914	\$ 159,158
Special Education Program	1,253,740	1,461,571	1,414,992	161,252
Vocational Education Program	69,395	69,395	69,395	0
<u>Support Services</u>				
Health Services	20,385	35,385	30,385	10,000
Other Student Support	67,616	69,198	68,898	1,282
Regular Instruction Program	465,237	555,996	608,196	142,959
Special Education Program	388,447	350,818	400,674	12,227
Vocational Education Program	5,947	5,947	5,947	0
Transportation	17,417	8,000	17,500	83
<u>Operation of Non-Instructional Services</u>				
Community Services	493,399	496,975	496,975	3,576
Total Expenditures	<u>\$ 4,682,339</u>	<u>\$ 5,174,915</u>	<u>\$ 5,172,876</u>	<u>\$ 490,537</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (75,978)</u>	<u>\$ 35,651</u>	<u>\$ 208,957</u>	<u>\$ (284,935)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 172,081	\$ 0	\$ 0
Transfers Out	(36,876)	(207,732)	(208,957)	172,081
Total Other Financing Sources	<u>\$ (36,876)</u>	<u>\$ (35,651)</u>	<u>\$ (208,957)</u>	<u>\$ 172,081</u>
Net Change in Fund Balance	\$ (112,854)	\$ 0	\$ 0	\$ (112,854)
Fund Balance, July 1, 2014	130,344	0	0	130,344
Fund Balance, June 30, 2015	<u>\$ 17,490</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 17,490</u>

Exhibit I-10

Cumberland County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Cumberland County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 878,362	\$ 997,257	\$ 997,257	\$ (118,895)
Other Local Revenues	19,896	21,530	24,530	(4,634)
State of Tennessee	40,346	40,000	40,000	346
Federal Government	3,273,256	3,383,410	3,413,918	(140,662)
Total Revenues	<u>\$ 4,211,860</u>	<u>\$ 4,442,197</u>	<u>\$ 4,475,705</u>	<u>\$ (263,845)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 4,555,503	\$ 4,579,611	\$ 4,613,119	\$ 57,616
Total Expenditures	<u>\$ 4,555,503</u>	<u>\$ 4,579,611</u>	<u>\$ 4,613,119</u>	<u>\$ 57,616</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (343,643)</u>	<u>\$ (137,414)</u>	<u>\$ (137,414)</u>	<u>\$ (206,229)</u>
Net Change in Fund Balance	\$ (343,643)	\$ (137,414)	\$ (137,414)	(206,229)
Fund Balance, July 1, 2014	<u>1,264,561</u>	<u>1,427,437</u>	<u>1,427,437</u>	<u>(162,876)</u>
Fund Balance, June 30, 2015	<u>\$ 920,918</u>	<u>\$ 1,290,023</u>	<u>\$ 1,290,023</u>	<u>\$ (369,105)</u>

Cumberland County Railroad Authority

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

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

Exhibit J-1

Cumberland County, Tennessee
Statement of Net Position and Governmental Fund Balance Sheet
Discretely Presented Cumberland County Railroad Authority
June 30, 2015

	General Fund	Adjustments	Statement of Net Position
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 48,180	\$ 0	\$ 48,180
Total Assets	<u>\$ 48,180</u>	<u>\$ 0</u>	<u>\$ 48,180</u>
<u>LIABILITIES AND FUND BALANCE/ NET POSITION</u>			
<u>Fund Balances</u>			
Unassigned	\$ 48,180	\$ (48,180)	\$ 0
Total Fund Balances	<u>\$ 48,180</u>	<u>\$ (48,180)</u>	<u>\$ 0</u>
Total Liabilities and Fund Balances	<u>\$ 48,180</u>		
Net Position:			
Unrestricted		<u>\$ 48,180</u>	<u>\$ 48,180</u>
Total Net Position		<u>\$ 0</u>	<u>\$ 48,180</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, 2015

	General Fund	Adjustments	Statement of Activities
Expenditures/Expenses:			
Capital Projects	\$ 20	\$ 0	\$ 20
Total Expenditures/Expenses	\$ 20	\$ 0	\$ 20
Net Program Expense			\$ 20
Excess of Revenues Over Expenditures	\$ (20)	\$ 20	\$ 0
Change in Net Position	0	(20)	(20)
Fund Balance/Net Position:			
July 1, 2014	48,200	0	48,200
June 30, 2015	\$ 48,180	\$ 0	\$ 48,180

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 0	\$ 400,000	\$ 400,000	\$ (400,000)
Total Revenues	\$ 0	\$ 400,000	\$ 400,000	\$ (400,000)
<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	20	399,000	399,000	398,980
Total Expenditures	\$ 20	\$ 400,000	\$ 400,000	\$ 399,980
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (20)	\$ 0	\$ 0	\$ (20)
Net Change in Fund Balance				
Fund Balance, July 1, 2014	\$ 48,200	\$ 47,200	\$ 47,200	\$ 1,000
Fund Balance, June 30, 2015	\$ 48,180	\$ 47,200	\$ 47,200	\$ 980

MISCELLANEOUS SCHEDULES

Exhibit K-1

Cumberland County, Tennessee
Schedule of Changes in Long-term Notes and Other Loans
For the Year Ended June 30, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-15
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Communications Tower	\$ 1,500,000	3 %	4-13-15	4-14-15	\$ 0	1,500,000	\$ 1,500,000	\$ 0
Total Notes Payable					\$ 0	\$ 1,500,000	\$ 1,500,000	\$ 0
OTHER LOANS PAYABLE								
<u>Public Building Authority Loan Agreements</u>								
<u>Payable through General Debt Service Fund</u>								
Plateau Partners Industrial Park - Series B-13-A	1,750,000	5.15 to 6	10-18-07	6-1-23	\$ 1,450,000	\$ 0	\$ 125,000	\$ 1,325,000
Refunding - Series E-3-A	20,615,000	Variable	7-31-08	6-1-27	16,225,000	0	985,000	15,240,000
Refunding and Jail Construction - Series V-E-1	10,365,000	3 to 4.75	9-18-08	6-1-28	6,945,000	0	695,000	6,250,000
Refunding - Series VII-B-2	28,300,000	Variable	11-20-08	6-1-39	26,225,000	0	0	26,225,000
Refunding - Series VII-F-1	5,100,000	Variable	11-19-09	6-1-31	5,100,000	0	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	0	750,000
<u>Energy Efficiency Loans</u>								
<u>Payable through General Debt Service Fund</u>								
Energy Efficiency	484,996	0	6-20-11	7-1-21	339,484	0	48,504	290,980
<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	2,325,720	\$ 0	236,148	2,089,572
Energy Efficiency Loans	500,000	0	6-20-11	6-30-18	285,728	0	71,424	214,304
Total Other Loans Payable					\$ 59,645,932	\$ 0	\$ 2,161,076	\$ 57,484,856

Exhibit K-2

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

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2016	\$ 2,252,040	\$ 738,986	\$ 107,831	\$ 3,098,857
2017	2,318,172	690,828	105,741	3,114,741
2018	2,429,480	639,234	103,591	3,172,305
2019	2,494,456	584,573	101,331	3,180,360
2020	2,581,056	541,216	97,911	3,220,183
2021	2,517,780	496,516	94,361	3,108,657
2022	2,551,256	449,009	91,081	3,091,346
2023	2,755,616	428,146	87,622	3,271,384
2024	2,520,000	352,407	83,370	2,955,777
2025	2,645,000	311,345	79,008	3,035,353
2026	2,780,000	268,622	74,411	3,123,033
2027	2,935,000	224,162	69,558	3,228,720
2028	2,730,000	177,326	64,525	2,971,851
2029	2,355,000	140,408	59,196	2,554,604
2030	2,470,000	126,060	53,595	2,649,655
2031	2,545,000	111,010	47,722	2,703,732
2032	2,620,000	95,479	41,679	2,757,158
2033	1,755,000	80,414	35,102	1,870,516
2034	1,805,000	70,323	30,697	1,906,020
2035	1,880,000	59,944	26,167	1,966,111
2036	1,980,000	49,134	21,448	2,050,582
2037	2,080,000	37,749	16,478	2,134,227
2038	2,205,000	25,789	11,257	2,242,046
2039	2,280,000	13,110	5,723	2,298,833
Total	\$ 57,484,856	\$ 6,711,790	\$ 1,509,405	\$ 65,706,051

Exhibit K-3

Cumberland County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2015

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Capital Projects	Capital Project	\$ 1,000,000
Total Transfers Primary Government			<u>\$ 1,000,000</u>
<u>DISCRETELY PRESENTED CUMBERLAND COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 36,876
Total Transfers Discretely Presented Cumberland County School Department			<u>\$ 36,876</u>

Exhibit K-4

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, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 88,141	\$ 100,000	Auto-Owners (Mutual) Insurance Company
Road Superintendent	Section 8-24-102, <i>TCA</i>	83,945	100,000	"
Director of Schools	State Board of Education and Cumberland County Board of Education	115,000	100,000	Travelers Casualty and Surety Company of America
Trustee	Section 8-24-102, <i>TCA</i>	76,313	2,038,375	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	76,313	10,000	"
Finance Director	County Commission	76,313 (1)	100,000	Auto-Owners (Mutual) Insurance Company
County Clerk	Section 8-24-102, <i>TCA</i>	76,313	100,000	Travelers Casualty and Surety Company of America
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	76,313	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	76,313 (2)	150,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	76,313	100,000	"
Sheriff:				
Butch Burgess (7-1-14 through 8-31-14)	Section 8-24-102, <i>TCA</i>	13,991	25,000	"
Casey Cox (9-1-14 through 6-30-15)	Section 8-24-102, <i>TCA</i>	69,954 (3)	100,000	Auto-Owners (Mutual) Insurance Company
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			150,000	Local Government Insurance Pool
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

- (1) Does not include longevity pay of \$3,053.
- (2) Does not include special commissioner fees of \$5,414.
- (3) Does not include a law enforcement training supplement of \$600.

Exhibit K-5

Cumberland County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2015

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 7,791,707	\$ 0	\$ 1,551,495	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	156,369	0	31,138	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	82,766	0	16,480	0	0	0
Interest and Penalty	71,589	0	14,271	0	0	0
Pickup Taxes	50	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	7,944	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	28,714	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	607,902	0	0	0	0	0
Hotel/Motel Tax	765,302	0	0	0	0	0
Litigation Tax - General	98,717	0	0	0	0	0
Litigation Tax - Special Purpose	13,210	50,486	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Business Tax	758,808	0	0	0	0	0
Mixed Drink Tax	23,464	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	71,768
<u>Statutory Local Taxes</u>						
Bank Excise Tax	108,804	0	0	0	0	0
Wholesale Beer Tax	372,114	0	0	0	0	0
Interstate Telecommunications Tax	4,333	0	0	0	0	0
Other Statutory Local Taxes	5,374	0	0	0	0	0
Total Local Taxes	\$ 10,897,167	\$ 50,486	\$ 1,613,384	\$ 0	\$ 0	\$ 71,768

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Vaccination	\$ 96,758	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	200,555	0	0	0	0	0
<u>Permits</u>						
Beer Permits	13,662	0	0	0	0	0
Total Licenses and Permits	<u>\$ 310,975</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 2,831	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	8,796	0	0	0	0	0
Drug Court Fees	2,331	0	0	0	0	0
Jail Fees	2,597	0	0	0	0	0
DUI Treatment Fines	950	0	0	0	0	0
Data Entry Fee - Circuit Court	2,622	0	0	0	0	0
Courtroom Security Fee	930	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	29,837	0	0	0	0	0
Officers Costs	70,881	0	0	0	0	0
Game and Fish Fines	171	0	0	0	0	0
Drug Court Fees	4,258	0	0	0	0	0
Jail Fees	12,683	0	0	0	0	0
DUI Treatment Fines	11,317	0	0	0	0	0
Data Entry Fee - General Sessions Court	23,316	0	0	0	0	0
Courtroom Security Fee	2,394	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court</u>						
Fines	\$ 219	\$ 0	\$ 0	\$ 0	\$ 0	0
Jail Fees	5,267	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	17,610	0	0	0	0	0
Data Entry Fee - Chancery Court	10,894	0	0	0	0	0
<u>Other Courts - In-county</u>						
Drug Control Fines	0	0	0	12,746	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	26,125	0	0
Total Fines, Forfeitures, and Penalties	\$ 209,904	\$ 0	\$ 0	\$ 38,871	\$ 0	0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 0	\$ 6,848	\$ 0	\$ 0	0
Surcharge - Waste Tire Disposal	0	0	36,028	0	0	0
Patient Charges	3,310,441	0	0	0	0	0
Other General Service Charges	0	0	0	0	0	3,500
<u>Fees</u>						
Copy Fees	831	0	0	0	0	0
Library Fees	18,630	0	0	0	0	0
Telephone Commissions	46,959	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	23	0
Data Processing Fee - Register	29,268	0	0	0	0	0
Data Processing Fee - Sheriff	5,176	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	8,517	0	0	0	0	0
Data Processing Fee - County Clerk	1,248	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>						
<u>Education Charges</u>						
TBI Criminal Background Fee	\$ 1,530	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Charges for Current Services	\$ 3,422,600	\$ 0	\$ 42,876	\$ 0	\$ 23	\$ 3,500
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 46,078	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	50,822	0	0	0	0	0
Commissary Sales	33,883	0	0	0	0	0
Sale of Recycled Materials	67	0	295,318	0	0	0
E-Rate Funding	6,566	0	0	0	0	0
Miscellaneous Refunds	23,530	0	206	0	0	5,573
<u>Nonrecurring Items</u>						
Sale of Equipment	5,786	0	0	0	0	0
Damages Recovered from Individuals	55,586	0	0	0	0	0
Contributions and Gifts	0	0	0	799	0	0
Total Other Local Revenues	\$ 222,318	\$ 0	\$ 295,524	\$ 799	\$ 0	\$ 5,573
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 475,679	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	159,520	0	0	0	0	0
General Sessions Court Clerk	366,973	0	0	0	0	0
Clerk and Master	340,297	0	0	0	0	0
Register	343,943	0	0	0	0	0
Sheriff	26,360	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Fees Received From County Officials (Cont.)</u>						
<u>Fees In-Lieu-of Salary (Cont.)</u>						
Trustee	\$ 769,253	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Fees Received From County Officials	\$ 2,482,025	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	0	0	119,015	0	0	0
On-behalf Contributions for OPEB	2,250	0	0	0	0	0
Other General Government Grants	139,916	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	58,200	0	0	0	0	0
Drug Control Grants	38,645	0	0	0	0	0
Other Public Safety Grants	72,096	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	742,716	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	265,172
State Aid Program	0	0	0	0	0	292,531
Litter Program	0	0	41,687	0	0	0
<u>Other State Revenues</u>						
Income Tax	343,678	0	0	0	0	0
Beer Tax	18,055	0	0	0	0	0
Vehicle Certificate of Title Fees	10,348	0	0	0	0	0
Alcoholic Beverage Tax	102,915	0	0	0	0	0
State Revenue Sharing - T.V.A.	1,059,729	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Contracted Prisoner Boarding	\$ 866,577	\$ 0	\$ 0	\$ 0	\$ 0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	2,184,311
Petroleum Special Tax	0	0	0	0	0	40,444
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	820	0	0	0	0	0
Other State Revenues	56,510	0	0	0	0	0
Total State of Tennessee	\$ 3,536,619	\$ 0	\$ 160,702	\$ 0	\$ 0	\$ 2,782,458
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 217,885	\$ 0	\$ 0	\$ 0	\$ 0	0
Civil Defense Reimbursement	51,850	0	0	0	0	0
Law Enforcement Grants	13,473	0	0	0	0	0
Other Federal through State	2,059	0	0	0	0	0
Total Federal Government	\$ 285,267	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 95,945	\$ 0	\$ 0	\$ 0	\$ 0	0
Contracted Services	849,652	0	2,865	0	0	0
<u>Citizens Groups</u>						
Donations	16,683	0	0	0	0	0
<u>Other</u>						
Other	75	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 962,355	\$ 0	\$ 2,865	\$ 0	\$ 0	0
Total	\$ 22,329,230	\$ 50,486	\$ 2,115,351	\$ 39,670	\$ 23	\$ 2,863,299

(Continued)

Exhibit K-5

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

	<u>Debt Service</u>		
	<u>Fund</u>		
	General	Debt	Total
	Service		
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 2,689,143	\$	12,032,345
Trustee's Collections - Prior Year	53,964		241,471
Circuit Clerk/Clerk and Master Collections - Prior Years	28,565		127,811
Interest and Penalty	24,705		110,565
Pickup Taxes	0		50
Payments in-Lieu-of Taxes - Local Utilities	85		8,029
Payments in-Lieu-of Taxes - Other	0		28,714
<u>County Local Option Taxes</u>			
Local Option Sales Tax	1,952,081		2,559,983
Hotel/Motel Tax	0		765,302
Litigation Tax - General	0		98,717
Litigation Tax - Special Purpose	0		63,696
Litigation Tax - Jail, Workhouse, or Courthouse	274,696		274,696
Business Tax	0		758,808
Mixed Drink Tax	0		23,464
Mineral Severance Tax	0		71,768
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0		108,804
Wholesale Beer Tax	0		372,114
Interstate Telecommunications Tax	0		4,333
Other Statutory Local Taxes	0		5,374
Total Local Taxes	<u>\$ 5,023,239</u>	<u>\$</u>	<u>17,656,044</u>

(Continued)

Exhibit K-5

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

	<u>Debt Service</u> <u>Fund</u>	
	General	Total
	Debt	
	Service	
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Animal Vaccination	\$ 0	\$ 96,758
Cable TV Franchise	0	200,555
<u>Permits</u>		
Beer Permits	0	13,662
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 310,975</u>
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	\$ 0	\$ 2,831
Officers Costs	0	8,796
Drug Court Fees	0	2,331
Jail Fees	0	2,597
DUI Treatment Fines	0	950
Data Entry Fee - Circuit Court	0	2,622
Courtroom Security Fee	0	930
<u>General Sessions Court</u>		
Fines	0	29,837
Officers Costs	0	70,881
Game and Fish Fines	0	171
Drug Court Fees	0	4,258
Jail Fees	0	12,683
DUI Treatment Fines	0	11,317
Data Entry Fee - General Sessions Court	0	23,316
Courtroom Security Fee	0	2,394

(Continued)

Exhibit K-5

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

	<u>Debt Service</u> <u>Fund</u>	
	General	
	Debt	Total
	Service	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>Juvenile Court</u>		
Fines	\$ 0	\$ 219
Jail Fees	0	5,267
<u>Chancery Court</u>		
Officers Costs	0	17,610
Data Entry Fee - Chancery Court	0	10,894
<u>Other Courts - In-county</u>		
Drug Control Fines	0	12,746
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	0	26,125
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 248,775</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Tipping Fees	\$ 0	\$ 6,848
Surcharge - Waste Tire Disposal	0	36,028
Patient Charges	0	3,310,441
Other General Service Charges	0	3,500
<u>Fees</u>		
Copy Fees	0	831
Library Fees	0	18,630
Telephone Commissions	0	46,959
Constitutional Officers' Fees and Commissions	0	23
Data Processing Fee - Register	0	29,268
Data Processing Fee - Sheriff	0	5,176
Sexual Offender Registration Fee - Sheriff	0	8,517
Data Processing Fee - County Clerk	0	1,248

(Continued)

Exhibit K-5

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

	<u>Debt Service</u>		
	<u>Fund</u>		
	General	Debt	
	Service	Total	
<hr/>			
<u>Charges for Current Services (Cont.)</u>			
<u>Education Charges</u>			
TBI Criminal Background Fee	\$	0	\$ 1,530
Total Charges for Current Services	<u>\$</u>	<u>0</u>	<u>\$ 3,468,999</u>
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$	0	\$ 46,078
Lease/Rentals	0		50,822
Commissary Sales	0		33,883
Sale of Recycled Materials	0		295,385
E-Rate Funding	0		6,566
Miscellaneous Refunds	0		29,309
<u>Nonrecurring Items</u>			
Sale of Equipment	0		5,786
Damages Recovered from Individuals	0		55,586
Contributions and Gifts	0		799
Total Other Local Revenues	<u>\$</u>	<u>0</u>	<u>\$ 524,214</u>
<u>Fees Received From County Officials</u>			
<u>Fees In-Lieu-of Salary</u>			
County Clerk	\$	0	\$ 475,679
Circuit Court Clerk	0		159,520
General Sessions Court Clerk	0		366,973
Clerk and Master	0		340,297
Register	0		343,943
Sheriff	0		26,360

(Continued)

Exhibit K-5

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

	<u>Debt Service</u> <u>Fund</u>	
	General	Total
	Debt	
	Service	
<hr/>		
<u>Fees Received From County Officials (Cont.)</u>		
<u>Fees In-Lieu-of Salary (Cont.)</u>		
Trustee	\$ 0	\$ 769,253
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 2,482,025</u>
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 9,000
Solid Waste Grants	0	119,015
On-behalf Contributions for OPEB	0	2,250
Other General Government Grants	0	139,916
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	58,200
Drug Control Grants	0	38,645
Other Public Safety Grants	0	72,096
<u>Health and Welfare Grants</u>		
Health Department Programs	0	742,716
<u>Public Works Grants</u>		
Bridge Program	0	265,172
State Aid Program	0	292,531
Litter Program	0	41,687
<u>Other State Revenues</u>		
Income Tax	0	343,678
Beer Tax	0	18,055
Vehicle Certificate of Title Fees	0	10,348
Alcoholic Beverage Tax	0	102,915
State Revenue Sharing - T.V.A.	0	1,059,729

(Continued)

Exhibit K-5

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

	<u>Debt Service</u>		
	<u>Fund</u>		
	General	Debt	Total
	Service		
<u>State of Tennessee (Cont.)</u>			
<u>Other State Revenues (Cont.)</u>			
Contracted Prisoner Boarding	\$ 0	\$	866,577
Gasoline and Motor Fuel Tax	0		2,184,311
Petroleum Special Tax	0		40,444
Registrar's Salary Supplement	0		15,164
Other State Grants	0		820
Other State Revenues	0		56,510
Total State of Tennessee	<u>\$ 0</u>	<u>\$</u>	<u>6,479,779</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
Community Development	\$ 0	\$	217,885
Civil Defense Reimbursement	0		51,850
Law Enforcement Grants	0		13,473
Other Federal through State	0		2,059
Total Federal Government	<u>\$ 0</u>	<u>\$</u>	<u>285,267</u>
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$ 364,320	\$	460,265
Contracted Services	0		852,517
<u>Citizens Groups</u>			
Donations	0		16,683
<u>Other</u>			
Other	0		75
Total Other Governments and Citizens Groups	<u>\$ 364,320</u>	<u>\$</u>	<u>1,329,540</u>
Total	<u>\$ 5,387,559</u>	<u>\$</u>	<u>32,785,618</u>

Exhibit K-6

Cumberland County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2015

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 8,619,096	\$ 0	\$ 0	\$ 8,619,096
Trustee's Collections - Prior Year	172,970	0	0	172,970
Circuit Clerk/Clerk and Master Collections - Prior Years	91,556	0	0	91,556
Interest and Penalty	79,198	0	0	79,198
Payments in-Lieu-of Taxes - Local Utilities	273	0	0	273
<u>County Local Option Taxes</u>				
Local Option Sales Tax	8,186,369	0	0	8,186,369
Business Tax	4,240	0	0	4,240
Mixed Drink Tax	137,558	0	0	137,558
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	4,884	0	0	4,884
Total Local Taxes	\$ 17,296,144	\$ 0	\$ 0	\$ 17,296,144
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Other	\$ 139,637	\$ 0	\$ 0	\$ 139,637
Lunch Payments - Children	0	0	421,550	421,550
Lunch Payments - Adults	0	0	48,196	48,196
Income from Breakfast	0	0	57,438	57,438
A la Carte Sales	0	0	343,685	343,685
Receipts from Individual Schools	81,022	0	0	81,022
Other Charges for Services	0	0	7,493	7,493
Total Charges for Current Services	\$ 220,659	\$ 0	\$ 878,362	\$ 1,099,021

(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>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 1,164	\$ 1,164
Sale of Recycled Materials	7,850	0	0	7,850
Miscellaneous Refunds	210,328	0	15,732	226,060
<u>Nonrecurring Items</u>				
Resale of Materials - T&I House	86,307	0	0	86,307
Damages Recovered from Individuals	401	0	0	401
Contributions and Gifts	22,899	0	3,000	25,899
<u>Other Local Revenues</u>				
Other Local Revenues	1,168	0	0	1,168
Total Other Local Revenues	\$ 328,953	\$ 0	\$ 19,896	\$ 348,849
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 263,184	\$ 0	\$ 0	\$ 263,184
<u>State Education Funds</u>				
Basic Education Program	28,509,000	0	0	28,509,000
Early Childhood Education	1,078,095	0	0	1,078,095
School Food Service	0	0	40,346	40,346
Other State Education Funds	534,150	0	0	534,150
Career Ladder Program	235,934	0	0	235,934
Career Ladder - Extended Contract	40,420	0	0	40,420
<u>Other State Revenues</u>				
Other State Grants	3,467	160,239	0	163,706
Other State Revenues	85,976	0	0	85,976
Total State of Tennessee	\$ 30,750,226	\$ 160,239	\$ 40,346	\$ 30,950,811

(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	\$ 1,898,922	\$ 1,898,922
USDA - Commodities	0	0	235,755	235,755
Breakfast	0	0	885,265	885,265
USDA - Other	0	0	115,163	115,163
USDA Food Service Equipment Grant	0	0	21,500	21,500
Vocational Education - Basic Grants to States	0	121,932	0	121,932
Title I Grants to Local Education Agencies	0	1,947,205	0	1,947,205
Special Education - Grants to States	30,905	1,305,141	0	1,336,046
Special Education Preschool Grants	0	59,109	0	59,109
English Language Acquisition Grants	0	12,248	0	12,248
Safe and Drug-free Schools - State Grants	0	496,975	0	496,975
Rural Education	0	149,899	0	149,899
Education for Homeless Children and Youth	0	63,251	0	63,251
Eisenhower Professional Development State Grants	0	254,784	0	254,784
Other Federal through State	0	35,578	116,651	152,229
Total Federal Government	\$ 30,905	\$ 4,446,122	\$ 3,273,256	\$ 7,750,283
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 208,821	\$ 0	\$ 0	\$ 208,821
Total Other Governments and Citizens Groups	\$ 208,821	\$ 0	\$ 0	\$ 208,821
Total	\$ 48,835,708	\$ 4,606,361	\$ 4,211,860	\$ 57,653,929

Exhibit K-7

Cumberland County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2015

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 79,110	
Social Security	6,006	
State Retirement	4,908	
Audit Services	17,208	
Contracts with Government Agencies	30,061	
Contracts with Private Agencies	1,200	
Contributions	58,000	
Dues and Memberships	2,902	
Engineering Services	27,753	
Legal Notices, Recording, and Court Costs	65	
Maintenance Agreements	3,500	
Travel	12,606	
Remittance of Revenue Collected	139,159	
Other Contracted Services	810	
Other Equipment	368,789	
Other Capital Outlay	6,585	
Total County Commission		\$ 758,662

Board of Equalization

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

Beer Board

Legal Notices, Recording, and Court Costs	\$ 130	
Criminal Investigation of Applicants - TBI	145	
Total Beer Board		275

County Mayor/Executive

County Official/Administrative Officer	\$ 88,141	
Assistant(s)	27,800	
Secretary(ies)	26,200	
Longevity Pay	802	
Social Security	10,075	
State Retirement	14,222	
Employee and Dependent Insurance	22,736	
Life Insurance	147	
Dental Insurance	942	
Other Fringe Benefits	275	
Communication	1,483	
Contracts with Private Agencies	30,600	
Contributions	9,500	
Dues and Memberships	1,950	
Maintenance and Repair Services - Office Equipment	65	
Printing, Stationery, and Forms	409	
Travel	1,696	
Other Contracted Services	496	
Office Supplies	2,259	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Premiums on Corporate Surety Bonds	\$	223	
Other Charges		450	
Total County Mayor/Executive			\$ 240,471

County Attorney

County Official/Administrative Officer	\$	55,870	
Total County Attorney			55,870

Election Commission

County Official/Administrative Officer	\$	68,682	
Clerical Personnel		81,295	
Part-time Personnel		10,975	
Longevity Pay		2,534	
Election Commission		8,817	
Election Workers		50,580	
In-service Training		2,385	
Social Security		12,253	
State Retirement		12,982	
Employee and Dependent Insurance		29,683	
Life Insurance		162	
Dental Insurance		1,204	
Communication		2,280	
Dues and Memberships		275	
Legal Notices, Recording, and Court Costs		9,033	
Maintenance and Repair Services - Equipment		325	
Maintenance and Repair Services - Office Equipment		12,400	
Printing, Stationery, and Forms		15,180	
Rentals		1,300	
Travel		2,859	
Other Contracted Services		11,100	
Office Supplies		2,929	
Other Charges		1,772	
Data Processing Equipment		3,699	
Total Election Commission			344,704

Register of Deeds

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		122,203	
Part-time Personnel		16,896	
Longevity Pay		3,375	
Social Security		16,626	
State Retirement		18,660	
Employee and Dependent Insurance		37,653	
Life Insurance		207	
Dental Insurance		1,570	
Communication		1,305	
Dues and Memberships		687	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Maintenance Agreements	\$ 16,930	
Printing, Stationery, and Forms	929	
Travel	74	
Office Supplies	207	
Premiums on Corporate Surety Bonds	100	
Data Processing Equipment	48,011	
Office Equipment	8,416	
Total Register of Deeds		\$ 370,162

Engineering

Communication	\$ 225	
Engineering Services	24,000	
Operating Lease Payments	13,451	
Maintenance Agreements	460	
Maintenance and Repair Services - Equipment	11	
Equipment and Machinery Parts	15,441	
Utilities	16,309	
Other Supplies and Materials	32	
Total Engineering		69,929

County Buildings

Supervisor/Director	\$ 38,900	
Custodial Personnel	173,851	
Maintenance Personnel	23,944	
Longevity Pay	5,336	
Overtime Pay	5,976	
Social Security	19,364	
State Retirement	25,353	
Employee and Dependent Insurance	67,967	
Life Insurance	363	
Dental Insurance	2,826	
Other Fringe Benefits	7,308	
Maintenance and Repair Services - Buildings	118,897	
Travel	151	
Gasoline	6,555	
Office Supplies	279	
Uniforms	2,426	
Utilities	79,928	
Heating and Air Conditioning Equipment	4,873	
Total County Buildings		584,297

Other General Administration

Supervisor/Director	\$ 34,439
Mechanic(s)	30,301
Longevity Pay	1,615
Social Security	5,049
State Retirement	6,677

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Employee and Dependent Insurance	\$ 15,157	
Life Insurance	111	
Dental Insurance	628	
On-behalf Payments to OPEB	2,250	
Other Fringe Benefits	881	
Communication	893	
Gasoline	885	
Lubricants	15,863	
Uniforms	1,570	
Utilities	4,670	
Other Supplies and Materials	5,200	
Total Other General Administration		\$ 126,189

Preservation of Records

Part-time Personnel	\$ 15,620	
In-service Training	291	
Social Security	1,191	
Communication	601	
Dues and Memberships	80	
Printing, Stationery, and Forms	164	
Other Contracted Services	1,333	
Library Books/Media	1,158	
Office Supplies	6,790	
Periodicals	123	
Total Preservation of Records		27,351

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$ 76,313	
Accountants/Bookkeepers	208,393	
Longevity Pay	9,719	
Social Security	22,853	
State Retirement	28,797	
Employee and Dependent Insurance	51,156	
Life Insurance	269	
Dental Insurance	2,120	
Other Fringe Benefits	8,718	
Communication	2,379	
Legal Notices, Recording, and Court Costs	1,024	
Maintenance Agreements	13,614	
Printing, Stationery, and Forms	8,709	
Travel	1,023	
Office Supplies	2,970	
Premiums on Corporate Surety Bonds	238	
Total Accounting and Budgeting		438,295

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office

County Official/Administrative Officer	\$ 76,313	
Assistant(s)	230,749	
Clerical Personnel	48,900	
Longevity Pay	5,210	
In-service Training	1,999	
Social Security	25,454	
State Retirement	35,865	
Employee and Dependent Insurance	82,645	
Life Insurance	382	
Dental Insurance	3,140	
Communication	735	
Data Processing Services	48,437	
Dues and Memberships	1,850	
Maintenance Agreements	3,600	
Maintenance and Repair Services - Vehicles	1,529	
Postal Charges	3,500	
Travel	2,532	
Other Contracted Services	19,370	
Duplicating Supplies	822	
Gasoline	1,969	
Office Supplies	2,927	
Other Supplies and Materials	299	
Premiums on Corporate Surety Bonds	152	
Total Property Assessor's Office		\$ 598,379

County Trustee's Office

County Official/Administrative Officer	\$ 76,313	
Deputy(ies)	140,716	
Longevity Pay	3,701	
Social Security	16,457	
State Retirement	21,919	
Employee and Dependent Insurance	42,592	
Life Insurance	242	
Dental Insurance	1,884	
Communication	1,419	
Dues and Memberships	697	
Maintenance and Repair Services - Office Equipment	10,227	
Printing, Stationery, and Forms	3,993	
Travel	195	
Office Supplies	2,173	
Premiums on Corporate Surety Bonds	7,416	
Other Charges	700	
Total County Trustee's Office		330,644

County Clerk's Office

County Official/Administrative Officer	\$ 76,313	
Deputy(ies)	312,902	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Longevity Pay	\$ 8,419	
Social Security	29,776	
State Retirement	39,486	
Employee and Dependent Insurance	89,269	
Life Insurance	471	
Dental Insurance	3,769	
Communication	4,406	
Dues and Memberships	750	
Maintenance and Repair Services - Office Equipment	14,106	
Printing, Stationery, and Forms	2,871	
Travel	412	
Office Supplies	10,152	
Premiums on Corporate Surety Bonds	175	
Data Processing Equipment	3,875	
Total County Clerk's Office		\$ 597,152

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$ 76,313	
Deputy(ies)	300,503	
Part-time Personnel	18,671	
Longevity Pay	8,218	
Jury and Witness Expense	12,075	
Social Security	30,522	
State Retirement	38,265	
Employee and Dependent Insurance	83,365	
Life Insurance	422	
Dental Insurance	3,454	
Communication	3,057	
Dues and Memberships	747	
Maintenance and Repair Services - Office Equipment	28,975	
Printing, Stationery, and Forms	8,688	
Travel	45	
Office Supplies	5,942	
Premiums on Corporate Surety Bonds	1,250	
Total Circuit Court		620,512

General Sessions Court

Judge(s)	\$ 158,790
Secretary(ies)	35,800
Part-time Personnel	7,105
Longevity Pay	1,946
Other Salaries and Wages	27,701
Social Security	15,074
State Retirement	22,267
Employee and Dependent Insurance	22,496
Life Insurance	121

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Dental Insurance	\$	942	
Communication		1,119	
Contracts with Government Agencies		32,884	
Dues and Memberships		690	
Printing, Stationery, and Forms		9	
Travel		466	
Office Supplies		1,575	
Periodicals		410	
Total General Sessions Court			\$ 329,395

Chancery Court

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		73,900	
Longevity Pay		2,956	
Social Security		11,717	
State Retirement		15,210	
Employee and Dependent Insurance		22,736	
Life Insurance		121	
Dental Insurance		942	
Communication		1,465	
Dues and Memberships		527	
Maintenance and Repair Services - Office Equipment		17,302	
Printing, Stationery, and Forms		3,523	
Office Supplies		2,447	
Premiums on Corporate Surety Bonds		488	
Total Chancery Court			229,647

Juvenile Court

Youth Service Officer(s)	\$	57,461	
Longevity Pay		748	
In-service Training		86	
Social Security		4,453	
State Retirement		4,541	
Employee and Dependent Insurance		14,937	
Life Insurance		75	
Dental Insurance		628	
Communication		207	
Contracts with Government Agencies		11,760	
Travel		1,500	
Office Supplies		713	
Total Juvenile Court			97,109

Judicial Commissioners

County Official/Administrative Officer	\$	63,412	
Supervisor/Director		29,043	
Part-time Personnel		32,286	
Longevity Pay		782	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners (Cont.)

In-service Training	\$	450	
Social Security		9,344	
State Retirement		6,373	
Employee and Dependent Insurance		20,601	
Life Insurance		116	
Dental Insurance		1,178	
Printing, Stationery, and Forms		650	
Office Supplies		452	
Premiums on Corporate Surety Bonds		800	
Other Charges		265	
Total Judicial Commissioners			\$ 165,752

Probate Court

Secretary(ies)	\$	163,101	
Longevity Pay		5,494	
Social Security		12,316	
State Retirement		16,741	
Employee and Dependent Insurance		37,893	
Life Insurance		180	
Dental Insurance		1,570	
Printing, Stationery, and Forms		248	
Office Supplies		36	
Total Probate Court			237,579

Courtroom Security

Deputy(ies)	\$	91,623	
Part-time Personnel		14,119	
Longevity Pay		848	
Social Security		8,098	
State Retirement		8,739	
Employee and Dependent Insurance		24,642	
Life Insurance		120	
Dental Insurance		1,047	
Total Courtroom Security			149,236

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	83,945	
Deputy(ies)		1,478,031	
Salary Supplements		26,400	
Secretary(ies)		70,600	
Longevity Pay		34,370	
Overtime Pay		28,317	
In-service Training		7,655	
Social Security		128,856	
State Retirement		165,255	
Employee and Dependent Insurance		319,161	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Life Insurance	\$ 1,697	
Dental Insurance	13,975	
Communication	22,531	
Dues and Memberships	2,500	
Evaluation and Testing	4,594	
Maintenance and Repair Services - Equipment	2,263	
Maintenance and Repair Services - Vehicles	60,941	
Printing, Stationery, and Forms	969	
Travel	5,999	
Drug Treatment	331	
Other Contracted Services	26,339	
Gasoline	158,389	
Office Supplies	4,524	
Uniforms	12,366	
Other Supplies and Materials	28,220	
Premiums on Corporate Surety Bonds	154	
Workers' Compensation Insurance	174,273	
Other Charges	1,469	
Communication Equipment	14,996	
Data Processing Equipment	13,142	
Law Enforcement Equipment	31,697	
Other Equipment	5,545	
Total Sheriff's Department		\$ 2,929,504

Special Patrols

Deputy(ies)	\$ 47,587	
Social Security	3,635	
State Retirement	3,390	
Employee and Dependent Insurance	10,141	
Life Insurance	54	
Dental Insurance	497	
Law Enforcement Equipment	37,693	
Motor Vehicles	94,883	
Total Special Patrols		197,880

Drug Enforcement

Overtime Pay	\$ 14,780	
Social Security	992	
State Retirement	1,359	
Total Drug Enforcement		17,131

Jail

Medical Personnel	\$ 55,904	
Bus Drivers	42,355	
Guards	1,249,678	
Clerical Personnel	102,881	
Cafeteria Personnel	88,210	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Part-time Personnel	\$ 113,693	
Longevity Pay	25,413	
In-service Training	1,515	
Social Security	125,434	
State Retirement	130,628	
Employee and Dependent Insurance	388,857	
Life Insurance	1,940	
Dental Insurance	17,042	
Evaluation and Testing	4,012	
Maintenance and Repair Services - Equipment	18,300	
Medical and Dental Services	349,989	
Travel	8,134	
Food Supplies	301,556	
Office Supplies	7,161	
Uniforms	12,495	
Utilities	317,916	
Other Supplies and Materials	122,000	
Other Charges	24,050	
Total Jail		\$ 3,509,163

Juvenile Services

Guards	\$ 64,600	
Part-time Personnel	37,683	
Longevity Pay	1,627	
Social Security	7,647	
State Retirement	6,577	
Employee and Dependent Insurance	15,157	
Life Insurance	72	
Dental Insurance	628	
Communication	140	
Contracts with Government Agencies	1,800	
Office Supplies	350	
Utilities	1,135	
Total Juvenile Services		137,416

Fire Prevention and Control

Salary Supplements	\$ 4,800	
Part-time Personnel	14,305	
Longevity Pay	8,436	
Overtime Pay	51,003	
Other Salaries and Wages	283,583	
In-service Training	9,291	
Social Security	27,097	
State Retirement	34,282	
Employee and Dependent Insurance	65,556	
Life Insurance	321	
Dental Insurance	2,826	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Communication	\$ 1,071	
Contracts with Government Agencies	2,000	
Evaluation and Testing	1,299	
Maintenance and Repair Services - Buildings	15,722	
Maintenance and Repair Services - Equipment	15,231	
Maintenance and Repair Services - Vehicles	32,486	
Travel	2,347	
Gasoline	23,432	
Office Supplies	1,496	
Uniforms	1,559	
Utilities	58,815	
Other Supplies and Materials	1,650	
Workers' Compensation Insurance	70,755	
Other Charges	23,723	
Communication Equipment	24,979	
Other Equipment	3,869	
Total Fire Prevention and Control		\$ 781,934

Civil Defense

Assistant(s)	\$ 32,300	
Supervisor/Director	47,793	
Longevity Pay	2,590	
Social Security	6,499	
State Retirement	8,499	
Employee and Dependent Insurance	15,157	
Life Insurance	111	
Dental Insurance	628	
Other Fringe Benefits	2,904	
Communication	2,244	
Maintenance and Repair Services - Vehicles	68	
Travel	535	
Gasoline	462	
Office Supplies	256	
Other Charges	270	
Total Civil Defense		120,316

Rescue Squad

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

Disaster Relief

Other Contracted Services	\$ 2,179,766	
Total Disaster Relief		2,179,766

Other Emergency Management

Supervisor/Director	\$ 38,193	
Dispatchers/Radio Operators	568,622	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Part-time Personnel	\$	30,358	
Longevity Pay		9,245	
Overtime Pay		12,630	
Social Security		49,137	
State Retirement		57,848	
Employee and Dependent Insurance		165,652	
Life Insurance		842	
Dental Insurance		6,987	
Other Fringe Benefits		2,031	
Office Supplies		3,345	
Office Equipment		1,726	
Total Other Emergency Management			\$ 946,616

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	84,462	
Total County Coroner/Medical Examiner			84,462

Other Public Safety

Deputy(ies)	\$	6,735	
In-service Training		3,000	
Social Security		744	
State Retirement		50	
Other Charges		4,200	
Total Other Public Safety			14,729

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	18,603	
Part-time Personnel		6,418	
Longevity Pay		6,101	
Other Salaries and Wages		584,661	
Social Security		41,194	
State Retirement		39,594	
Employee and Dependent Insurance		110,767	
Life Insurance		540	
Dental Insurance		4,711	
Communication		22,785	
Maintenance and Repair Services - Buildings		8,380	
Travel		16,084	
Other Contracted Services		5,076	
Drugs and Medical Supplies		5,437	
Instructional Supplies and Materials		34,001	
Office Supplies		10,500	
Utilities		38,347	
Other Supplies and Materials		4,642	
Liability Insurance		6,065	
Other Charges		479	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Site Development	\$ 14,099	
Other Equipment	14,366	
Total Local Health Center		\$ 992,850

Rabies and Animal Control

Deputy(ies)	\$ 22,901	
Part-time Personnel	10,611	
Longevity Pay	766	
Social Security	2,614	
State Retirement	2,433	
Employee and Dependent Insurance	7,579	
Life Insurance	36	
Dental Insurance	314	
Other Fringe Benefits	835	
Communication	192	
Gasoline	4,460	
Office Supplies	47	
Uniforms	71	
Other Supplies and Materials	1,405	
Total Rabies and Animal Control		54,264

Ambulance/Emergency Medical Services

Supervisor/Director	\$ 72,400	
Medical Personnel	1,027,207	
Secretary(ies)	53,001	
Part-time Personnel	111,832	
Longevity Pay	37,968	
Overtime Pay	653,988	
In-service Training	950	
Social Security	146,791	
State Retirement	172,998	
Employee and Dependent Insurance	337,884	
Life Insurance	1,635	
Dental Insurance	14,053	
Other Fringe Benefits	3,093	
Communication	4,691	
Consultants	3,092	
Debt Collection Services	1,925	
Maintenance and Repair Services - Buildings	5,996	
Maintenance and Repair Services - Vehicles	32,279	
Other Contracted Services	4,835	
Drugs and Medical Supplies	103,966	
Gasoline	112,520	
Office Supplies	8,540	
Uniforms	12,000	
Utilities	15,590	
Other Supplies and Materials	17,426	

(Continued)

Exhibit K-7

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.)

Workers' Compensation Insurance	\$ 259,000	
Other Charges	8,192	
Communication Equipment	14,983	
Total Ambulance/Emergency Medical Services		\$ 3,238,835

Alcohol and Drug Programs

Assistant(s)	\$ 35,300	
Supervisor/Director	35,565	
Longevity Pay	2,480	
Social Security	5,634	
State Retirement	7,447	
Employee and Dependent Insurance	14,917	
Life Insurance	111	
Dental Insurance	602	
Other Fringe Benefits	1,645	
Total Alcohol and Drug Programs		103,701

Other Local Health Services

Health Equipment	\$ 4,282	
Total Other Local Health Services		4,282

Appropriation to State

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

Other Public Health and Welfare

Laborers	\$ 12,727	
Attendants	33,700	
Part-time Personnel	23,925	
Longevity Pay	760	
Social Security	5,433	
State Retirement	4,130	
Employee and Dependent Insurance	13,263	
Life Insurance	102	
Dental Insurance	550	
Other Fringe Benefits	1,250	
Communication	1,754	
Other Contracted Services	768	
Gasoline	210	
Utilities	10,006	
Other Supplies and Materials	10,481	
Other Charges	546	
Total Other Public Health and Welfare		119,605

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries

Supervisor/Director	\$	47,200	
Deputy(ies)		62,001	
Laborers		15,323	
Secretary(ies)		29,500	
Clerical Personnel		26,501	
Part-time Personnel		136,731	
Longevity Pay		4,806	
In-service Training		1,840	
Social Security		24,418	
State Retirement		17,763	
Employee and Dependent Insurance		43,640	
Life Insurance		252	
Dental Insurance		1,884	
Other Fringe Benefits		1,935	
Communication		9,582	
Dues and Memberships		1,340	
Maintenance Agreements		19,240	
Maintenance and Repair Services - Buildings		14,728	
Maintenance and Repair Services - Office Equipment		2,500	
Postal Charges		3,500	
Printing, Stationery, and Forms		908	
Custodial Supplies		8,434	
Library Books/Media		62,477	
Office Supplies		39,046	
Periodicals		4,042	
Utilities		75,141	
Other Charges		336	
Data Processing Equipment		5,758	
Total Libraries			\$ 660,826

Parks and Fair Boards

Supervisor/Director	\$	28,500	
Custodial Personnel		21,900	
Part-time Personnel		27,194	
Longevity Pay		723	
Social Security		6,115	
State Retirement		5,260	
Employee and Dependent Insurance		10,393	
Life Insurance		111	
Dental Insurance		628	
Other Fringe Benefits		1,847	
Advertising		4,024	
Communication		1,427	
Gasoline		2,444	
Uniforms		643	
Utilities		39,364	
Other Supplies and Materials		21,967	
Other Equipment		29,955	
Total Parks and Fair Boards			202,495

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Other Social, Cultural, and Recreational

Contracts with Private Agencies	\$ 24,100	
Total Other Social, Cultural, and Recreational		\$ 24,100

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$ 80,059	
Communication	1,991	
Office Supplies	2,282	
Total Agricultural Extension Service		84,332

Soil Conservation

Assistant(s)	\$ 20,500	
Secretary(ies)	32,708	
Longevity Pay	1,201	
Social Security	4,155	
State Retirement	5,403	
Employee and Dependent Insurance	14,917	
Life Insurance	72	
Dental Insurance	628	
Dues and Memberships	1,260	
Legal Notices, Recording, and Court Costs	2	
Travel	2,000	
Office Supplies	450	
Total Soil Conservation		83,296

Other Operations

Tourism

Contracts with Private Agencies	\$ 85,000	
Total Tourism		85,000

Other Economic and Community Development

Contracts with Private Agencies	\$ 52,500	
Other Construction	217,885	
Total Other Economic and Community Development		270,385

Veterans' Services

County Official/Administrative Officer	\$ 26,800	
Secretary(ies)	16,593	
Part-time Personnel	6,477	
Longevity Pay	366	
Social Security	3,830	
State Retirement	3,516	
Employee and Dependent Insurance	6,116	
Life Insurance	98	
Dental Insurance	262	
Communication	1,188	
Dues and Memberships	25	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Travel	\$ 2,026	
Office Supplies	2,482	
Total Veterans' Services		\$ 69,779

Other Charges

Liability Insurance	\$ 225,845	
Trustee's Commission	247,827	
Other Charges	5,526	
Total Other Charges		479,198

Contributions to Other Agencies

Contributions	\$ 228,821	
Total Contributions to Other Agencies		228,821

Employee Benefits

Unemployment Compensation	\$ 43,674	
Workers' Compensation Insurance	20,355	
Total Employee Benefits		64,029

Miscellaneous

Postal Charges	\$ 75,000	
Other Charges	168	
Total Miscellaneous		75,168

Total General Fund \$ 24,226,618

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$ 6,862	
Total County Buildings		\$ 6,862

Other Operations

Other Charges

Trustee's Commission	\$ 491	
Total Other Charges		491

Total Courthouse and Jail Maintenance Fund 7,353

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Laborers	\$ 116,038	
Longevity Pay	1,544	
Overtime Pay	1,078	
Social Security	9,171	
State Retirement	11,477	

(Continued)

Exhibit K-7

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.)

Employee and Dependent Insurance	\$ 37,173	
Life Insurance	135	
Dental Insurance	1,570	
Other Fringe Benefits	1,715	
Diesel Fuel	38,552	
Uniforms	1,400	
Other Supplies and Materials	30,922	
Motor Vehicles	307,793	
Total Waste Pickup		\$ 558,568

Convenience Centers

Part-time Personnel	\$ 396,770	
Overtime Pay	141	
Social Security	30,364	
Contracts with Private Agencies	613,973	
Operating Lease Payments	9,800	
Uniforms	3,298	
Utilities	30,166	
Other Supplies and Materials	16,484	
Building Improvements	6,873	
Total Convenience Centers		1,107,869

Recycling Center

Supervisor/Director	\$ 40,900	
Laborers	148,493	
Part-time Personnel	49,952	
Longevity Pay	4,243	
Overtime Pay	1,044	
Social Security	18,914	
State Retirement	19,410	
Employee and Dependent Insurance	51,370	
Life Insurance	234	
Dental Insurance	2,198	
Other Fringe Benefits	5,932	
Contracts with Private Agencies	50,000	
Travel	738	
Diesel Fuel	10,067	
Office Supplies	1,680	
Uniforms	1,799	
Utilities	22,413	
Other Supplies and Materials	35,442	
Solid Waste Equipment	41,043	
Total Recycling Center		505,872

Postclosure Care Costs

Part-time Personnel	\$ 10,044	
Social Security	768	

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Postclosure Care Costs (Cont.)

Contracts for Postclosure Care Costs	\$ 15,184	
Utilities	1,820	
Other Supplies and Materials	6,015	
Other Charges	16,688	
Motor Vehicles	3,250	
Total Postclosure Care Costs		\$ 53,769

Other Operations

Other Charges

Trustee's Commission	\$ 32,386	
Total Other Charges		32,386

Employee Benefits

Unemployment Compensation	\$ 6,036	
Workers' Compensation Insurance	50,866	
Total Employee Benefits		56,902

Highways

Litter and Trash Collection

Deputy(ies)	\$ 43,301	
Longevity Pay	433	
Social Security	3,406	
State Retirement	4,430	
Employee and Dependent Insurance	14,917	
Life Insurance	72	
Dental Insurance	628	
Other Fringe Benefits	881	
Communication	57	
Travel	231	
Diesel Fuel	3,319	
Office Supplies	382	
Other Supplies and Materials	2,703	
Total Litter and Trash Collection		74,760

Total Solid Waste/Sanitation Fund \$ 2,390,126

Drug Control Fund

Public Safety

Drug Enforcement

In-service Training	\$ 665	
Communication	7,676	
Confidential Drug Enforcement Payments	1,000	
Maintenance and Repair Services - Vehicles	1,225	
Other Supplies and Materials	1,726	
Law Enforcement Equipment	21,125	
Motor Vehicles	37,856	
Total Drug Enforcement		\$ 71,273

(Continued)

Exhibit K-7

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

Drug Control Fund (Cont.)

Other Operations

Other Charges

Trustee's Commission	\$ 130	
Total Other Charges		\$ 130

Total Drug Control Fund \$ 71,403

Constitutional Officers - Fees Fund

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$ 23	
Total Sheriff's Department		\$ 23

Total Constitutional Officers - Fees Fund 23

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 83,945	
Assistant(s)	33,904	
Longevity Pay	848	
Overtime Pay	3,808	
Social Security	9,416	
State Retirement	12,294	
Employee and Dependent Insurance	15,157	
Life Insurance	102	
Dental Insurance	628	
Other Fringe Benefits	1,304	
Dues and Memberships	4,417	
Maintenance and Repair Services - Office Equipment	61	
Postal Charges	25	
Printing, Stationery, and Forms	104	
Travel	4,351	
Office Supplies	1,078	
Other Charges	2,934	
Data Processing Equipment	925	
Total Administration		\$ 175,301

Highway and Bridge Maintenance

Equipment Operators - Heavy	\$ 187,761
Truck Drivers	151,962
Laborers	95,850
Part-time Personnel	21,844
Longevity Pay	12,398
Overtime Pay	24,783
Social Security	36,978
State Retirement	45,086
Employee and Dependent Insurance	108,719
Life Insurance	498

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Dental Insurance	\$ 4,527	
Other Fringe Benefits	9,344	
Other Contracted Services	21,296	
Asphalt - Cold Mix	43,800	
Asphalt - Hot Mix	250,000	
Asphalt - Liquid	398,253	
Crushed Stone	128,084	
Pipe - Metal	5,388	
Road Signs	9,272	
Salt	4,390	
Sand	302	
Wood Products	91	
Other Supplies and Materials	1,991	
Total Highway and Bridge Maintenance		\$ 1,562,617

Operation and Maintenance of Equipment

Mechanic(s)	\$ 45,391	
Longevity Pay	315	
Overtime Pay	1,693	
Social Security	3,587	
State Retirement	4,707	
Employee and Dependent Insurance	8,802	
Life Insurance	51	
Dental Insurance	366	
Laundry Service	1,972	
Diesel Fuel	66,805	
Equipment and Machinery Parts	52,011	
Gasoline	28,938	
Lubricants	6,620	
Tires and Tubes	10,987	
Total Operation and Maintenance of Equipment		232,245

Other Charges

Communication	\$ 5,498	
Electricity	5,178	
Natural Gas	4,692	
Water and Sewer	413	
Premiums on Corporate Surety Bonds	263	
Trustee's Commission	22,948	
Vehicle and Equipment Insurance	49,614	
Other Charges	6,927	
Total Other Charges		95,533

Employee Benefits

Unemployment Compensation	\$ 5,217	
Workers' Compensation Insurance	65,165	
Total Employee Benefits		70,382

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Bridge Construction	\$ 250,369	
State Aid Projects	360,517	
Other Equipment	3,800	
Total Capital Outlay		<u>\$ 614,686</u>

Total Highway/Public Works Fund \$ 2,750,764

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$ 1,500,000	
Principal on Other Loans	557,489	
Total General Government		\$ 2,057,489

Education

Principal on Other Loans	\$ 1,603,587	
Total Education		1,603,587

Interest on Debt

General Government

Interest on Notes	\$ 425	
Interest on Other Loans	374,360	
Total General Government		374,785

Education

Interest on Other Loans	\$ 1,077,472	
Total Education		1,077,472

Other Debt Service

General Government

Financial Advisory Services	\$ 4,000	
Trustee's Commission	78,035	
Total General Government		<u>82,035</u>

Total General Debt Service Fund 5,195,368

General Capital Projects Fund

Capital Projects

Public Safety Projects

Communication Equipment	\$ 1,495,038	
Total Public Safety Projects		\$ 1,495,038

Public Health and Welfare Projects

Refunds	\$ 27,000	
Total Public Health and Welfare Projects		<u>27,000</u>

Total General Capital Projects Fund 1,522,038

Total Governmental Funds - Primary Government \$ 36,163,693

Exhibit K-8

Cumberland County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 15,557,169	
Career Ladder Program	155,200	
Career Ladder Extended Contracts	19,999	
Homebound Teachers	42,377	
Educational Assistants	862,058	
Other Salaries and Wages	173,907	
Certified Substitute Teachers	40,007	
Non-certified Substitute Teachers	185,008	
Social Security	1,256,963	
State Retirement	1,501,423	
Life Insurance	28,715	
Medical Insurance	4,031,639	
Dental Insurance	128,287	
Maintenance and Repair Services - Equipment	59,356	
Other Contracted Services	239,930	
Instructional Supplies and Materials	375,904	
Textbooks	419,058	
Other Supplies and Materials	46,252	
Fee Waivers	13,403	
Regular Instruction Equipment	269,651	
Total Regular Instruction Program		\$ 25,406,306

Alternative Instruction Program

Teachers	\$ 189,336	
Social Security	14,220	
State Retirement	17,116	
Life Insurance	296	
Medical Insurance	41,538	
Dental Insurance	1,439	
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		268,945

Special Education Program

Teachers	\$ 1,480,786	
Career Ladder Program	16,500	
Career Ladder Extended Contracts	3,000	
Homebound Teachers	48,508	
Educational Assistants	144,425	
Speech Pathologist	137,160	
Other Salaries and Wages	68,343	
Certified Substitute Teachers	266	
Non-certified Substitute Teachers	3,691	
Social Security	141,669	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

State Retirement	\$	168,653	
Life Insurance		3,558	
Medical Insurance		505,193	
Dental Insurance		16,252	
Other Contracted Services		21,500	
Instructional Supplies and Materials		8,693	
Other Supplies and Materials		454	
Other Charges		483	
Special Education Equipment		410	
Total Special Education Program			\$ 2,769,544

Vocational Education Program

Teachers	\$	1,769,072	
Career Ladder Program		7,000	
Educational Assistants		15,185	
Certified Substitute Teachers		840	
Non-certified Substitute Teachers		7,384	
Social Security		134,345	
State Retirement		160,102	
Life Insurance		3,186	
Medical Insurance		395,680	
Dental Insurance		13,625	
Maintenance and Repair Services - Equipment		7,986	
Travel		71,166	
Other Contracted Services		19,979	
Instructional Supplies and Materials		34,344	
Textbooks		5,000	
Other Supplies and Materials		2,245	
Other Charges		372	
Building Construction		7,581	
Vocational Instruction Equipment		22,995	
Total Vocational Education Program			2,678,087

Support Services

Attendance

Supervisor/Director	\$	59,442	
Social Security		4,425	
State Retirement		5,373	
Life Insurance		75	
Medical Insurance		6,729	
Dental Insurance		314	
Travel		1,445	
Other Supplies and Materials		565	
Total Attendance			78,368

(Continued)

Exhibit K-8

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

Medical Personnel	\$	243,174	
Part-time Personnel		14,377	
Social Security		19,106	
State Retirement		22,869	
Life Insurance		396	
Medical Insurance		79,022	
Dental Insurance		3,433	
Travel		125	
Other Contracted Services		10,874	
Drugs and Medical Supplies		777	
Other Supplies and Materials		1,978	
In Service/Staff Development		190	
Health Equipment		895	
Total Health Services			\$ 397,216

Other Student Support

Career Ladder Program	\$	4,800	
Guidance Personnel		659,640	
Social Security		45,459	
State Retirement		54,268	
Life Insurance		1,125	
Medical Insurance		163,862	
Dental Insurance		4,653	
Evaluation and Testing		19,999	
Travel		1,110	
Other Supplies and Materials		21,669	
In Service/Staff Development		730	
Other Charges		435	
Total Other Student Support			977,750

Regular Instruction Program

Supervisor/Director	\$	254,474	
Teachers		107,257	
Career Ladder Program		15,800	
Career Ladder Extended Contracts		1,863	
Librarians		480,224	
Instructional Computer Personnel		199,492	
Secretary(ies)		30,725	
Social Security		79,686	
State Retirement		96,064	
Life Insurance		1,271	
Medical Insurance		196,148	
Dental Insurance		6,325	
Travel		17,151	
Library Books/Media		110,595	
In Service/Staff Development		7,988	
Total Regular Instruction Program			1,605,063

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program

Supervisor/Director	\$	86,669	
Career Ladder Program		3,000	
Psychological Personnel		142,847	
Secretary(ies)		32,939	
Clerical Personnel		16,436	
Social Security		21,183	
State Retirement		25,922	
Life Insurance		372	
Medical Insurance		46,462	
Dental Insurance		1,806	
Maintenance and Repair Services - Equipment		630	
Travel		3,437	
Other Supplies and Materials		1,410	
Other Charges		75	
Other Equipment		500	
Total Special Education Program			\$ 383,688

Vocational Education Program

Supervisor/Director	\$	79,554	
Career Ladder Program		1,000	
Clerical Personnel		28,122	
Social Security		8,296	
State Retirement		10,074	
Life Insurance		111	
Medical Insurance		12,896	
Dental Insurance		602	
Travel		4,585	
Other Supplies and Materials		500	
In Service/Staff Development		469	
Other Charges		311	
Total Vocational Education Program			146,520

Other Programs

On-behalf Payments to OPEB	\$	263,184	
Total Other Programs			263,184

Board of Education

Board and Committee Members Fees	\$	28,800	
Social Security		2,157	
State Retirement		1,118	
Medical Insurance		299,999	
Dental Insurance		1,151	
Unemployment Compensation		15,670	
Audit Services		10,500	
Dues and Memberships		13,305	
Legal Services		38,000	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Travel	\$	15,500	
Other Contracted Services		8,400	
Other Supplies and Materials		5,793	
Premiums on Corporate Surety Bonds		238	
Trustee's Commission		314,453	
Workers' Compensation Insurance		248,232	
Other Charges		973	
Total Board of Education			\$ 1,004,289

Director of Schools

County Official/Administrative Officer	\$	115,000	
Social Security		8,739	
State Retirement		10,396	
Life Insurance		67	
Medical Insurance		10,706	
Dental Insurance		314	
Dues and Memberships		18,139	
Postal Charges		1,471	
Travel		4,069	
Other Contracted Services		8,468	
Office Supplies		5,240	
Other Supplies and Materials		4,241	
Administration Equipment		2,000	
Total Director of Schools			188,850

Office of the Principal

Principals	\$	850,094	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		1,906	
Assistant Principals		761,358	
Secretary(ies)		490,557	
Clerical Personnel		223,985	
Social Security		174,605	
State Retirement		216,441	
Life Insurance		3,225	
Medical Insurance		505,577	
Dental Insurance		19,331	
Travel		11,730	
Other Supplies and Materials		6,238	
In Service/Staff Development		4,984	
Total Office of the Principal			3,272,031

Operation of Plant

Custodial Personnel	\$	1,179,659	
Other Salaries and Wages		9,528	
Social Security		89,416	

(Continued)

Exhibit K-8

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.)

State Retirement	\$	108,684	
Life Insurance		1,983	
Medical Insurance		383,932	
Dental Insurance		17,953	
Communication		90,618	
Janitorial Services		19,752	
Pest Control		9,816	
Disposal Fees		35,061	
Other Contracted Services		82,695	
Custodial Supplies		138,812	
Electricity		1,487,967	
Natural Gas		211,569	
Uniforms		1,247	
Water and Sewer		199,628	
Building and Contents Insurance		386,887	
Other Charges		322	
Plant Operation Equipment		10,215	
Total Operation of Plant			\$ 4,465,744

Maintenance of Plant

Supervisor/Director	\$	21,724	
Secretary(ies)		34,112	
Maintenance Personnel		287,326	
Part-time Personnel		12,775	
Social Security		26,713	
State Retirement		33,759	
Life Insurance		378	
Medical Insurance		68,723	
Dental Insurance		3,297	
Communication		1,521	
Maintenance Agreements		9,600	
Maintenance and Repair Services - Buildings		243,923	
Other Contracted Services		39,780	
Equipment and Machinery Parts		22,354	
Fertilizer, Lime, and Seed		13,103	
Drainage Materials		24,406	
Chemicals		2,548	
Other Supplies and Materials		59,976	
Other Charges		1,496	
Heating and Air Conditioning Equipment		99,775	
Total Maintenance of Plant			1,007,289

Transportation

Supervisor/Director	\$	20,805	
Mechanic(s)		124,505	
Bus Drivers		895,125	

(Continued)

Exhibit K-8

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.)

Clerical Personnel	\$	40,252	
Attendants		10,313	
Other Salaries and Wages		23,108	
Social Security		80,830	
State Retirement		104,849	
Life Insurance		2,109	
Medical Insurance		446,781	
Dental Insurance		22,133	
Maintenance and Repair Services - Vehicles		9,428	
Travel		845	
Other Contracted Services		29,494	
Equipment and Machinery Parts		5,712	
Gasoline		343,816	
Lubricants		17,167	
Office Supplies		1,195	
Tires and Tubes		37,078	
Vehicle Parts		120,154	
Other Supplies and Materials		9,424	
In Service/Staff Development		2,324	
Transportation Equipment		180,040	
Total Transportation			\$ 2,527,487

Central and Other

Assistant(s)	\$	72,046	
Supervisor/Director		65,490	
Secretary(ies)		408	
Clerical Personnel		66,912	
School Resource Officer		54,141	
Other Salaries and Wages		10,208	
Social Security		19,383	
State Retirement		20,209	
Life Insurance		302	
Medical Insurance		41,273	
Dental Insurance		1,850	
Travel		2,603	
Other Contracted Services		2,938	
Other Supplies and Materials		379	
Other Charges		7,114	
Total Central and Other			365,256

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	19,768	
Social Workers		39,034	
Other Salaries and Wages		100,442	
Social Security		13,308	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operational of Non-Instructional Services (Cont.)

Community Services (Cont.)

State Retirement	\$	12,132	
Life Insurance		108	
Medical Insurance		19,946	
Dental Insurance		876	
Travel		1,912	
Other Contracted Services		233,828	
Food Supplies		2,910	
Other Supplies and Materials		2,980	
Fee Waivers		11,767	
Other Charges		549	
Total Community Services			\$ 459,560

Early Childhood Education

Supervisor/Director	\$	11,568	
Teachers		533,957	
Educational Assistants		147,748	
Other Salaries and Wages		11,189	
Certified Substitute Teachers		56	
Non-certified Substitute Teachers		6,018	
Social Security		52,866	
State Retirement		63,930	
Life Insurance		1,338	
Medical Insurance		200,407	
Dental Insurance		6,791	
Travel		2,420	
Instructional Supplies and Materials		2,961	
Other Supplies and Materials		7,861	
In Service/Staff Development		5,999	
Other Charges		7,978	
Total Early Childhood Education			1,063,087

Capital Outlay

Regular Capital Outlay

Engineering Services	\$	6,871	
Other Capital Outlay		233,612	
Total Regular Capital Outlay			240,483

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$	307,572	
Total Education			307,572

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$	56,748	
Total Education			56,748

Total General Purpose School Fund \$ 49,933,067

(Continued)

Exhibit K-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	843,747	
Educational Assistants		240,384	
Certified Substitute Teachers		4,114	
Non-certified Substitute Teachers		22,025	
Social Security		77,481	
State Retirement		87,578	
Life Insurance		1,796	
Medical Insurance		289,854	
Dental Insurance		10,785	
Unemployment Compensation		3,889	
Other Fringe Benefits		4,256	
Maintenance and Repair Services - Equipment		97,387	
Instructional Supplies and Materials		104,140	
Other Supplies and Materials		4,803	
Other Charges		722	
Regular Instruction Equipment		107,795	
Total Regular Instruction Program			\$ 1,900,756

Special Education Program

Teachers	\$	252,044	
Educational Assistants		528,467	
Other Salaries and Wages		4,819	
Non-certified Substitute Teachers		8,634	
Social Security		57,877	
State Retirement		71,640	
Life Insurance		1,662	
Medical Insurance		263,787	
Dental Insurance		11,816	
Unemployment Compensation		4,055	
Maintenance and Repair Services - Equipment		75	
Other Contracted Services		1,974	
Instructional Supplies and Materials		10,810	
Other Supplies and Materials		8,514	
Other Charges		3,122	
Special Education Equipment		24,444	
Total Special Education Program			1,253,740

Vocational Education Program

Vocational Instruction Equipment	\$	69,395	
Total Vocational Education Program			69,395

Support Services

Health Services

Social Workers	\$	16,811	
Other Supplies and Materials		3,574	
Total Health Services			20,385

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support

Evaluation and Testing	\$	1,418	
Travel		37,590	
Other Contracted Services		3,500	
In Service/Staff Development		3,000	
Other Charges		22,108	
Total Other Student Support			\$ 67,616

Regular Instruction Program

Supervisor/Director	\$	82,979	
Secretary(ies)		42,139	
Other Salaries and Wages		90,016	
Social Security		16,398	
State Retirement		19,823	
Life Insurance		134	
Medical Insurance		21,892	
Dental Insurance		942	
Unemployment Compensation		315	
Other Fringe Benefits		769	
Maintenance and Repair Services - Equipment		595	
Travel		47,406	
Other Contracted Services		82,029	
Other Supplies and Materials		1,441	
In Service/Staff Development		53,422	
Other Charges		4,644	
Other Equipment		293	
Total Regular Instruction Program			465,237

Special Education Program

Other Salaries and Wages	\$	97,297	
Social Security		7,430	
State Retirement		8,796	
Life Insurance		150	
Medical Insurance		12,977	
Dental Insurance		628	
Unemployment Compensation		210	
Travel		7,449	
Other Contracted Services		245,365	
Other Supplies and Materials		1,284	
In Service/Staff Development		6,367	
Other Equipment		494	
Total Special Education Program			388,447

Vocational Education Program

Supervisor/Director	\$	4,954	
Social Security		370	
State Retirement		538	
Employer Medicare		85	
Total Vocational Education Program			5,947

(Continued)

Exhibit K-8

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.)

Transportation

Bus Drivers	\$	12,210	
Diesel Fuel		5,207	
Total Transportation			\$ 17,417

Operation of Non-Instructional Services

Community Services

Teachers	\$	278,865	
Educational Assistants		66,270	
Other Salaries and Wages		33,858	
Social Security		27,692	
State Retirement		32,273	
Food Supplies		10,131	
Instructional Supplies and Materials		18,458	
Other Charges		25,852	
Total Community Services			493,399

Total School Federal Projects Fund

\$ 4,682,339

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	48,653	
Accountants/Bookkeepers		61,891	
Cafeteria Personnel		1,198,301	
Maintenance Personnel		77,565	
Longevity Pay		12,904	
Other Salaries and Wages		17,847	
Social Security		107,437	
State Retirement		87,988	
Life Insurance		1,436	
Medical Insurance		266,687	
Dental Insurance		12,143	
Unemployment Compensation		7,473	
Communication		6,007	
Maintenance and Repair Services - Office Equipment		1,135	
Pest Control		4,031	
Transportation - Other than Students		17,462	
Travel		11,726	
Disposal Fees		30,291	
Other Contracted Services		16,767	
Equipment and Machinery Parts		61,296	
Food Supplies		1,887,732	
Office Supplies		7,907	
Uniforms		2,958	
Utilities		2,228	
USDA - Commodities		235,755	

(Continued)

Exhibit K-8

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

<u>Central Cafeteria Fund (Cont.)</u>		
<u>Operation of Non-Instructional Services (Cont.)</u>		
<u>Food Service (Cont.)</u>		
Other Supplies and Materials	\$ 137,077	
In Service/Staff Development	4,718	
Other Charges	21,439	
Food Service Equipment	<u>206,649</u>	
Total Food Service		<u>\$ 4,555,503</u>
Total Central Cafeteria Fund		<u>\$ 4,555,503</u>
Total Governmental Funds - Cumberland County School Department		<u>\$ 59,170,909</u>

Exhibit K-9

Cumberland County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Cumberland County Railroad Authority
For the Year Ended June 30, 2015

<u>General Fund</u>			
<u>Capital Projects</u>			
<u>Other General Government Projects</u>			
Other Contracted Services	\$	20	
Total Other General Government Projects			\$ 20
Total General Fund			\$ 20
Total Governmental Funds - Cumberland County Railroad Authority			\$ 20

Exhibit K-10

Cumberland County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2015

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 7,400,809
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 7,326,801
Trustee's Commission	74,008
Total Cash Disbursements	<u>\$ 7,400,809</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2014	<u>0</u>
Cash Balance, June 30, 2015	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

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

Independent Auditor's Report

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, 2015, and the related notes to the financial statements, which collectively comprise Cumberland County's basic financial statements, and have issued our report thereon dated December 3, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency: 2015-002.

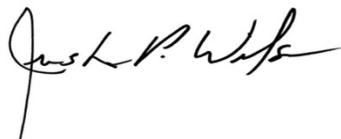
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cumberland County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item: 2015-001.

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 3, 2015

JPW/yu



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

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

Independent Auditor's Report

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 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, 2015. 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, 2015.

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

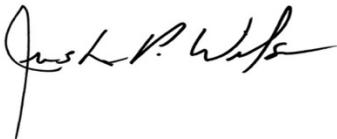
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2015, and the related notes to the financial statements, which collectively comprise Cumberland County's basic financial statements. We issued our report thereon dated December 3, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 3, 2015

JPW/yu

Cumberland County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2015

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	\$ 244,763 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	885,265
National School Lunch Program	10.555	N/A	2,005,077 (3)
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	21,500
Passed-through State Department of Human Services:			
Summer Food Service Program for Children	10.559	N/A	<u>116,651</u>
Total U.S. Department of Agriculture			<u>\$ 3,273,256</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants	14.228	(2)	<u>\$ 217,885</u>
U.S. Department of Justice:			
Passed-through State Department of Finance and Administration:			
National Criminal History Improvement Program (NCHIP)	16.554	N/A	\$ 25,222
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	<u>14,015</u>
Total U.S. Department of Justice			<u>\$ 39,237</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(4)	<u>\$ 32,859</u>
Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	(2)	<u>\$ 2,059</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grant to Local Educational Agencies	84.010	N/A	\$ 1,945,655
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,477,937
Special Education - Preschool Grants	84.173	N/A	47,886
Career and Technical Education - Basic Grants to States	84.048	N/A	121,932
Special Education - Grants for Infants and Families	84.181	N/A	35,578
Education for Homeless Children and Youth	84.196	N/A	63,251
Twenty-first Century Community Learning Centers	84.287	N/A	496,975
Rural Education	84.358	N/A	147,793
English Language Acquisition Grants	84.365	N/A	12,248
Improving Teacher Quality State Grants	84.367	N/A	<u>245,992</u>
Total U.S. Department of Education			<u>\$ 4,595,247</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
Executive Office of the President:			
Passed-through Laurel County, Kentucky Fiscal Court: High Intensity Drug Trafficking Areas Program	95.001	N/A	\$ 13,473
U.S. Department of Homeland Security:			
Passed-through State Department of Military: Emergency Management Performance Grants	97.042	34101-13416	\$ 46,000
Total Expenditures of Federal Awards			<u>\$ 8,220,016</u>
		<u>Contract Number</u>	
<u>State Grants</u>			
State Supplement Juvenile Court Improvement Funds - State Department of Children's Services	N/A	35910-10135	\$ 9,000
FastTrack Infrastructure Development Program - State Department of Economic and Community Development	N/A	(2)	139,159
Litter Program - State Department of Transportation	N/A	(2)	41,687
Local Health Services - State Department of Health	N/A	GG-14-37435	742,716
Drug Court Program - State Department of Mental Health and Substance Abuse Services	N/A	(2)	38,645
Law Enforcement Training - State Department of Safety	N/A	(2)	53,400
Library Equipment Grant - State Department of State	N/A	(2)	820
ThreeStar Grant Program - State Department of Economic and Community Development	N/A	(2)	757
Tennessee Early Intervention System Grant - State Department of Education	N/A	(2)	131,384
Lottery for Education - PreK - State Department of Education	N/A	(2)	1,078,095
Safe Schools Act - State Department of Education	N/A	(2)	33,470
ConnecTenn - State Department of Education	N/A	(2)	20,785
Student Ticket Subsidy Grant - State Arts Commission	N/A	(2)	3,467
Coordinated School Health - State Department of Education	N/A	(2)	100,000
Family Resource Center - State Department of Education	N/A	(2)	14,948
Used Oil Grant - State Department of Environment and Conservation	N/A	(2)	92,310
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	(2)	24,480
Waste Tire Storage and Disposal - State Department of Environment and Conservation	N/A	(2)	2,225
Total State Grants			<u>\$ 2,527,348</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 \$2,249,840.
- (4) Z-14-GHSO091A: \$5,600 and Z-15-GHSDO092: \$27,259.

Cumberland County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2015

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below is a finding from the Annual Financial Report of Cumberland County, Tennessee, for the year ended June 30, 2014, which has not been corrected.

OFFICES OF CLERK AND MASTER AND REGISTER OF DEEDS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-002	181	Multiple employees operated from the same cash drawer

CUMBERLAND COUNTY, TENNESSEE,
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

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 a significant deficiency in internal control. This deficiency was not 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 reported 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 Nutrition Cluster: School Breakfast Program, National School Lunch Program, and the Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559) and the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) 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; however, management did not provide responses for inclusion in this report.

OFFICE OF SHERIFF

FINDING 2015-001 **THE SHERIFF'S DEPARTMENT HAD A CASH SHORTAGE OF \$1,402**
(Noncompliance Under *Government Auditing Standards*)

In January 2015, a former inmate contacted the Sheriff's Department concerning \$1,402 that was taken from her when she was booked into the county jail but was not returned to her upon release. Subsequently, the sheriff contacted the Tennessee Bureau of Investigation (TBI) to investigate the incident. Based upon video surveillance, the TBI was able to identify a corrections officer at the jail who took the funds. The officer admitted to taking the inmate's funds and returned the \$1,402 to the Sheriff's Department. On March 2, 2015, the former corrections officer was indicted on one charge of theft over \$1,000, and on September 9, 2015, the officer pled guilty and was sentenced to two years' probation.

RECOMMENDATION

The sheriff should review the internal control procedures related to inmate funds to ensure all funds are receipted and deposited properly.

OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND REGISTER OF DEEDS

FINDING 2015-002 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Multiple employees operated from the same cash drawer in the Offices of Circuit and General Sessions Courts Clerk, 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 officials resulting in a loss of control over assets and the clerk and master's and register of deed's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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, 2015**

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