

ANNUAL FINANCIAL REPORT
CUMBERLAND COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2016



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
CUMBERLAND COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2016**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT
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Director***

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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, 2016

Scope

We have audited the basic financial statements of Cumberland County as of and for the year ended June 30, 2016.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF CLERK AND MASTER

- ◆ Special commissioner fees exceeded the percentage authorized by state statute.

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

- ◆ Multiple employees operated from the same cash drawer.

OFFICE OF ASSESSOR OF PROPERTY

- ◆ The assessor of property had not formally documented internal controls.

INTRODUCTORY SECTION

Cumberland County Officials

June 30, 2016

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	Terry Lowe
Sandra Dutcher	Sonya Rimmer
Elbert Farley	Harry Sabine
Allen Foster	Tracey Scarbrough
Woody Geisler	Rebecca Stone
David Gibson	Roy Turner
David Hassler	Wendell Wilson

Board of Education

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

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. FRANKLIN 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, 2016, 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, 2016, and the respective changes in financial position and the respective budgetary comparison for the General and Solid Waste/Sanitation funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Cumberland County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68*, and *Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. 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, schedule of county contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefit plan on pages 89-96 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 Rail 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.

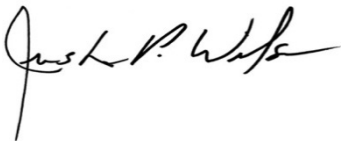
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Cumberland School Department and the Cumberland County Rail Authority (discretely presented component units), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 Rail 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 January 13, 2017, 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,

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

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 13, 2017

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Cumberland County, Tennessee
Statement of Net Position
June 30, 2016

	Primary Government Governmental Activities	Component Units	
		Cumberland County School Department	Cumberland County Railroad Authority
<u>ASSETS</u>			
Cash	\$ 36,507	\$ 2,038	\$ 0
Equity in Pooled Cash and Investments	16,999,415	3,716,239	48,160
Inventories	0	55,489	0
Accounts Receivable	2,398,232	1,265	0
Allowance for Uncollectibles	(562,711)	0	0
Due from Other Governments	1,631,402	1,669,536	0
Due from Component Units	1,990,340	0	0
Property Taxes Receivable	13,933,215	9,649,041	0
Allowance for Uncollectible Property Taxes	(531,231)	(367,889)	0
Notes Receivable	349,000	0	0
Net Pension Asset - Agent Plan	1,137,527	704,921	0
Net Pension Asset - Teacher Retirement Plan	0	23,796	0
Capital Assets			
Assets Not Depreciated:			
Land	2,133,553	2,088,454	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	28,657,104	55,613,152	0
Infrastructure	20,226,472	669,426	0
Other Capital Assets	7,044,520	2,671,240	0
Total Assets	<u>\$ 95,443,345</u>	<u>\$ 76,496,708</u>	<u>\$ 48,160</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Accumulated Decrease in Fair Value of Hedging Derivatives	\$ 5,256,996	\$ 0	\$ 0
Pension Changes in Experience	12,680	217,504	0
Pension Changes in Contributions after Measurement Date	1,188,426	2,841,758	0
Pension Other Deferrals	0	310,506	0
Total Deferred Inflows of Resources	<u>\$ 6,458,102</u>	<u>\$ 3,369,768</u>	<u>\$ 0</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 613,623	\$ 35,471	\$ 0
Accrued Payroll	0	15,927	0
Accrued Interest Payable	72,118	0	0
Payroll Deductions Payable	0	69,504	0
Due to Primary Government	0	1,990,340	0
Matured Bonds Payable	30,000	0	0
Matured Interest on Bonds	8,058	0	0
Derivative - Interest Rate Swap	5,256,996	0	0
Noncurrent Liabilities:			
Due Within One Year	3,030,276	4,111	0
Due in More Than One Year	54,498,932	7,054,133	0
Total Liabilities	<u>\$ 63,510,003</u>	<u>\$ 9,169,486</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>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Revenue - Current Property Taxes	\$ 13,121,877	\$ 9,087,172	\$ 0
Pension Changes in Experience	365,635	4,300,398	0
Pension Changes in Investment Earnings	359,404	1,907,374	0
Total Deferred Inflows of Resources	<u>\$ 13,846,916</u>	<u>\$ 15,294,944</u>	<u>\$ 0</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 45,065,154	\$ 61,042,272	\$ 0
Restricted for:			
General Government	977,144	0	0
Finance	5,912	0	0
Administration of Justice	178,897	0	0
Public Safety	293,075	0	0
Public Health and Welfare	80,224	0	0
Highways	1,253,241	0	0
Education	0	1,682,792	0
Debt Service	11,979,752	0	0
Capital Outlay	104,390	0	0
Other Purposes	1,137,527	0	0
Unrestricted	<u>(36,530,788)</u>	<u>(7,323,018)</u>	<u>48,160</u>
Total Net Position	<u>\$ 24,544,528</u>	<u>\$ 55,402,046</u>	<u>\$ 48,160</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, 2016

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		Total	Component Units	
							Cumberland County School Department	Cumberland County Railroad Authority
Primary Government: Governmental Activities:								
General Government	\$ 2,964,497	\$ 614,343	\$ 290,903	\$ 127,815	\$ (1,931,436)	\$ 0	\$ 0	
Finance	2,020,176	1,334,334	27,217	0	(658,625)	0	0	
Administration of Justice	1,916,773	1,237,106	66,561	0	(613,106)	0	0	
Public Safety	15,446,129	1,443,154	5,746,541	0	(8,256,434)	0	0	
Public Health and Welfare	7,206,875	4,606,074	1,061,614	0	(1,539,187)	0	0	
Social, Cultural, and Recreational Services	1,074,742	77,364	56,736	1,877	(938,765)	0	0	
Agriculture and Natural Resources	196,403	0	17,656	0	(178,747)	0	0	
Highways	2,837,547	0	2,337,578	155,001	(344,968)	0	0	
Interest on Long-term Debt	1,480,874	0	0	0	(1,480,874)	0	0	
Total Primary Government	\$ 35,144,016	\$ 9,312,375	\$ 9,604,806	\$ 284,693	\$ (15,942,142)	\$ 0	\$ 0	
Component Units:								
School Department	\$ 58,505,480	\$ 1,055,423	\$ 7,571,512	\$ 0	\$ 0	\$ (49,878,545)	\$ 0	
Railroad Authority	20	0	0	0	0	0	(20)	
Total Component Units	\$ 58,505,500	\$ 1,055,423	\$ 7,571,512	\$ 0	\$ 0	\$ (49,878,545)	\$ (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	Cumberland County School Department	Cumberland County Railroad Authority
					Government Total Governmental Activities		
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 10,654,277	\$ 9,160,659	\$ 0
Property Taxes Levied for Debt Service					2,571,574	0	0
Local Option Sales Taxes					2,728,201	8,705,415	0
Hotel/Motel Tax					818,120	0	0
Litigation Taxes					460,345	0	0
Business Tax					773,058	0	0
Wholesale Beer Tax					369,263	0	0
Mixed Drink Tax					28,531	132,834	0
Mineral Severance Tax					75,657	0	0
Other Local Taxes					9,312	9,532	0
Grants and Contributions Not Restricted to Specific Programs					1,805,044	32,277,768	0
Unrestricted Investment Earnings					112,828	831	0
Miscellaneous					38,249	299,451	0
Sale of Equipment					107,734	0	0
Total General Revenues					<u>\$ 20,552,193</u>	<u>\$ 50,586,490</u>	<u>\$ 0</u>
Insurance Recovery					\$ 44,536	\$ 1,422	\$ 0
Change in Net Position					\$ 4,654,587	\$ 709,367	\$ (20)
Net Position, July 1, 2015					<u>19,889,941</u>	<u>54,692,679</u>	<u>48,180</u>
Net Position, June 30, 2016					<u>\$ 24,544,528</u>	<u>\$ 55,402,046</u>	<u>\$ 48,160</u>

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, 2016

	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	\$ 36,107	\$ 36,507
Equity in Pooled Cash and Investments	3,234,889	706,845	11,658,311	1,399,370	16,999,415
Accounts Receivable	2,344,676	36,403	0	17,153	2,398,232
Allowance for Uncollectibles	(562,711)	0	0	0	(562,711)
Due from Other Governments	649,347	2,540	377,303	602,212	1,631,402
Due from Other Funds	53,260	0	0	0	53,260
Property Taxes Receivable	9,346,294	1,885,190	2,701,731	0	13,933,215
Allowance for Uncollectible Property Taxes	(359,035)	(69,187)	(103,009)	0	(531,231)
Notes Receivable - Current	0	0	0	28,969	28,969
Notes Receivable - Long-term	0	0	0	320,031	320,031
Total Assets	<u>\$ 14,706,920</u>	<u>\$ 2,561,991</u>	<u>\$ 14,634,336</u>	<u>\$ 2,403,842</u>	<u>\$ 34,307,089</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 211,403	\$ 159,841	\$ 0	\$ 242,379	\$ 613,623
Due to Other Funds	0	0	0	53,260	53,260
Matured Bonds Payable	0	0	30,000	0	30,000
Matured Interest on Bonds	0	0	8,058	0	8,058
Total Liabilities	<u>\$ 211,403</u>	<u>\$ 159,841</u>	<u>\$ 38,058</u>	<u>\$ 295,639</u>	<u>\$ 704,941</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 8,796,383	\$ 1,781,086	\$ 2,544,408	\$ 0	\$ 13,121,877
Deferred Delinquent Property Taxes	142,301	26,031	40,492	0	208,824
Other Deferred/Unavailable Revenue	1,380,073	0	198,211	218,958	1,797,242
Total Deferred Inflows of Resources	<u>\$ 10,318,757</u>	<u>\$ 1,807,117</u>	<u>\$ 2,783,111</u>	<u>\$ 218,958</u>	<u>\$ 15,127,943</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>					
Nonspendable:					
Long-term Notes Receivable	\$ 0	\$ 0	\$ 0	\$ 349,000	\$ 349,000
Restricted:					
Restricted for General Government	409,518	0	0	218,625	628,143
Restricted for Finance	5,912	0	0	0	5,912
Restricted for Administration of Justice	178,897	0	0	0	178,897
Restricted for Public Safety	87,290	0	0	205,785	293,075
Restricted for Public Health and Welfare	80,224	0	0	0	80,224
Restricted for Highways/Public Works	0	0	0	1,069,594	1,069,594
Restricted for Capital Outlay	58,149	0	0	0	58,149
Restricted for Debt Service	0	0	11,813,167	0	11,813,167
Restricted for Capital Projects	0	0	0	46,241	46,241
Committed:					
Committed for Public Health and Welfare	0	595,033	0	0	595,033
Committed for Other Purposes	30,886	0	0	0	30,886
Unassigned	3,325,884	0	0	0	3,325,884
Total Fund Balances	<u>\$ 4,176,760</u>	<u>\$ 595,033</u>	<u>\$ 11,813,167</u>	<u>\$ 1,889,245</u>	<u>\$ 18,474,205</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,706,920</u>	<u>\$ 2,561,991</u>	<u>\$ 14,634,336</u>	<u>\$ 2,403,842</u>	<u>\$ 34,307,089</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, 2016

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)		\$ 18,474,205
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,133,553	
Add: buildings and improvements net of accumulated depreciation	28,657,104	
Add: infrastructure net of accumulated depreciation	20,226,472	
Add: other capital assets net of accumulated depreciation	<u>7,044,520</u>	58,061,649
(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	\$ (55,232,816)	
Less: compensated absences payable	(978,701)	
Less: landfill postclosure care costs	(707,336)	
Less: other postemployment benefits liability	(610,355)	
Less: accrued interest on other loans	(72,118)	
Add: debt to be contributed by the School Department	<u>1,990,340</u>	(55,610,986)
(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	\$ 1,201,106	
Less: deferred inflows of resources related to pensions	<u>(725,039)</u>	476,067
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		1,137,527
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>2,006,066</u>
Net position of governmental activities (Exhibit A)		<u>\$ 24,544,528</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, 2016

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 11,934,774	\$ 1,651,321	\$ 4,943,392	\$ 128,180	\$ 18,657,667
Licenses and Permits	307,405	0	0	0	307,405
Fines, Forfeitures, and Penalties	239,787	0	0	76,264	316,051
Charges for Current Services	3,704,976	57,718	0	3,837	3,766,531
Other Local Revenues	268,715	324,594	0	1,276	594,585
Fees Received From County Officials	2,689,141	0	0	0	2,689,141
State of Tennessee	4,029,265	81,596	0	2,485,259	6,596,120
Federal Government	5,363,672	0	0	0	5,363,672
Other Governments and Citizens Groups	746,459	2,865	364,320	0	1,113,644
Total Revenues	\$ 29,284,194	\$ 2,118,094	\$ 5,307,712	\$ 2,694,816	\$ 39,404,816
<u>Expenditures</u>					
Current:					
General Government	\$ 2,546,937	\$ 0	\$ 0	\$ 14,750	\$ 2,561,687
Finance	2,005,605	0	0	0	2,005,605
Administration of Justice	1,967,853	0	0	0	1,967,853
Public Safety	15,293,734	0	0	67,375	15,361,109
Public Health and Welfare	4,921,223	1,924,857	0	0	6,846,080
Social, Cultural, and Recreational Services	932,994	0	0	0	932,994
Agriculture and Natural Resources	185,531	0	0	0	185,531
Other Operations	1,244,771	92,970	0	683	1,338,424
Highways	0	83,368	0	2,403,861	2,487,229
Debt Service:					
Principal on Debt	0	0	2,252,040	0	2,252,040
Interest on Debt	0	0	1,478,802	0	1,478,802
Other Debt Service	0	0	79,122	0	79,122

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 980,478	\$ 980,478
Total Expenditures	\$ 29,098,648	\$ 2,101,195	\$ 3,809,964	\$ 3,467,147	\$ 38,476,954
<u>Excess (Deficiency) of Revenues</u>					
Over Expenditures	\$ 185,546	\$ 16,899	\$ 1,497,748	\$ (772,331)	\$ 927,862
<u>Other Financing Sources (Uses)</u>					
Proceeds from Sale of Capital Assets	\$ 0	\$ 0	\$ 0	\$ 350,000	\$ 350,000
Insurance Recovery	44,536	0	0	0	44,536
Total Other Financing Sources (Uses)	\$ 44,536	\$ 0	\$ 0	\$ 350,000	\$ 394,536
<u>Net Change in Fund Balances</u>					
Fund Balance, July 1, 2015	\$ 230,082	\$ 16,899	\$ 1,497,748	\$ (422,331)	\$ 1,322,398
	3,946,678	578,134	10,315,419	2,311,576	17,151,807
<u>Fund Balance, June 30, 2016</u>					
	\$ 4,176,760	\$ 595,033	\$ 11,813,167	\$ 1,889,245	\$ 18,474,205

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, 2016

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)		\$ 1,322,398
<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	\$ 2,370,115	
Less: current-year depreciation expense	<u>(2,187,391)</u>	182,724
<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		(304,529)
<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, 2016	\$ 2,006,066	
Less: deferred delinquent property taxes and other deferred June 30, 2015	<u>(1,451,013)</u>	555,053
<p>(4) The issuance of long-term debt (e.g., bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
Add: change in premium on debt issuances	\$ 3,777	
Add: principal payments on other loans	2,252,040	
Less: contributions from the School Department for other loans	<u>(313,536)</u>	1,942,281
<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	\$ (2,072)	
Change in compensated absences payable	(33,525)	
Change in landfill postclosure care costs	6,735	
Change in other postemployment benefits liability	(82,853)	
Change in net pension asset	(189,899)	
Change in deferred outflows related to pensions	115,070	
Change in deferred inflows related to pensions	<u>1,143,204</u>	956,660
Change in net position of governmental activities (Exhibit B)		<u>\$ 4,654,587</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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 11,934,774	\$ 11,553,912	\$ 11,581,912	\$ 352,862
Licenses and Permits	307,405	417,901	296,401	11,004
Fines, Forfeitures, and Penalties	239,787	226,800	226,800	12,987
Charges for Current Services	3,704,976	3,323,399	3,614,021	90,955
Other Local Revenues	268,715	147,974	147,974	120,741
Fees Received From County Officials	2,689,141	2,479,000	2,479,000	210,141
State of Tennessee	4,029,265	3,344,063	4,000,394	28,871
Federal Government	5,363,672	6,060,760	6,878,608	(1,514,936)
Other Governments and Citizens Groups	746,459	767,672	802,483	(56,024)
Total Revenues	\$ 29,284,194	\$ 28,321,481	\$ 30,027,593	\$ (743,399)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 799,417	\$ 920,581	\$ 935,195	\$ 135,778
Board of Equalization	3,300	3,300	3,300	0
Beer Board	319	1,000	1,000	681
Other Boards and Committees	0	5,000	5,000	5,000
County Mayor/Executive	246,642	253,523	253,523	6,881
County Attorney	78,245	90,958	90,958	12,713
Election Commission	318,307	337,979	337,979	19,672
Register of Deeds	315,926	394,279	398,925	82,999
Engineering	63,469	146,950	146,950	83,481
Codes Compliance	0	127,847	0	0
County Buildings	565,528	685,378	649,995	84,467
Other General Administration	126,540	134,420	137,412	10,872
Preservation of Records	29,244	34,148	34,448	5,204
<u>Finance</u>				
Accounting and Budgeting	414,532	468,309	468,309	53,777
Property Assessor's Office	601,801	657,688	657,688	55,887
County Trustee's Office	362,582	376,918	376,918	14,336
County Clerk's Office	626,690	639,868	639,868	13,178
<u>Administration of Justice</u>				
Circuit Court	657,445	678,107	678,107	20,662
General Sessions Court	352,052	363,913	363,913	11,861
Chancery Court	238,685	261,324	261,324	22,639
Juvenile Court	96,321	106,222	106,222	9,901
Judicial Commissioners	206,054	193,248	233,248	27,194
Probate Court	250,999	254,861	254,861	3,862
Courtroom Security	166,297	169,447	177,097	10,800
<u>Public Safety</u>				
Sheriff's Department	3,205,482	3,334,837	3,349,484	144,002
Special Patrols	225,718	225,888	226,638	920
Drug Enforcement	19,469	15,972	18,770	(699)
Jail	3,802,577	3,862,418	3,928,440	125,863
Juvenile Services	102,047	159,493	114,474	12,427
Fire Prevention and Control	786,713	879,856	881,047	94,334
Civil Defense	131,683	137,743	137,743	6,060
Rescue Squad	11,000	11,000	11,000	0

(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>				
Disaster Relief	\$ 5,926,332	\$ 4,215,634	\$ 5,926,333	\$ 1
Other Emergency Management	995,969	1,063,621	1,063,621	67,652
County Coroner/Medical Examiner	65,552	70,000	70,000	4,448
Other Public Safety	21,192	33,955	25,343	4,151
<u>Public Health and Welfare</u>				
Local Health Center	999,113	1,238,900	1,266,510	267,397
Rabies and Animal Control	59,192	68,905	68,905	9,713
Ambulance/Emergency Medical Services	3,565,417	3,402,022	3,692,644	127,227
Alcohol and Drug Programs	107,955	109,220	109,220	1,265
Appropriation to State	55,930	57,500	55,930	0
Other Public Health and Welfare	133,616	158,254	160,534	26,918
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	25,775	25,775	25,775	0
Libraries	704,330	713,657	718,356	14,026
Parks and Fair Boards	185,789	205,364	205,364	19,575
Other Social, Cultural, and Recreational	17,100	17,100	17,100	0
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	98,357	98,967	98,967	610
Soil Conservation	87,174	90,956	90,956	3,782
<u>Other Operations</u>				
Tourism	85,000	85,000	85,000	0
Other Economic and Community Development	451,690	451,915	451,915	225
Veterans' Services	77,576	87,194	92,792	15,216
Other Charges	519,277	528,750	528,750	9,473
Contributions to Other Agencies	22,000	22,000	22,000	0
Employee Benefits	32,784	92,399	92,399	59,615
Miscellaneous	56,444	60,989	60,989	4,545
Total Expenditures	\$ 29,098,648	\$ 28,830,552	\$ 30,809,239	\$ 1,710,591
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 185,546	\$ (509,071)	\$ (781,646)	\$ 967,192
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 44,536	\$ 0	\$ 0	\$ 44,536
Total Other Financing Sources	\$ 44,536	\$ 0	\$ 0	\$ 44,536
Net Change in Fund Balance				
Fund Balance, July 1, 2015	\$ 3,946,678	\$ 3,966,987	\$ 3,966,987	\$ 1,011,728
Fund Balance, June 30, 2016	\$ 4,176,760	\$ 3,457,916	\$ 3,185,341	\$ 991,419

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,651,321	\$ 1,611,191	\$ 1,611,191	\$ 40,130
Charges for Current Services	57,718	6,000	6,000	51,718
Other Local Revenues	324,594	435,100	435,100	(110,506)
State of Tennessee	81,596	102,000	102,000	(20,404)
Other Governments and Citizens Groups	2,865	2,865	2,865	0
Total Revenues	<u>\$ 2,118,094</u>	<u>\$ 2,157,156</u>	<u>\$ 2,157,156</u>	<u>\$ (39,062)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 266,421	\$ 321,483	\$ 321,483	\$ 55,062
Convenience Centers	1,138,776	1,181,242	1,181,242	42,466
Recycling Center	475,722	565,201	565,201	89,479
Postclosure Care Costs	43,938	100,161	100,161	56,223
<u>Other Operations</u>				
Other Charges	33,121	45,000	45,000	11,879
Employee Benefits	59,849	64,200	64,200	4,351
<u>Highways</u>				
Litter and Trash Collection	83,368	90,459	90,459	7,091
Total Expenditures	<u>\$ 2,101,195</u>	<u>\$ 2,367,746</u>	<u>\$ 2,367,746</u>	<u>\$ 266,551</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 16,899</u>	<u>\$ (210,590)</u>	<u>\$ (210,590)</u>	<u>\$ 227,489</u>
Net Change in Fund Balance	\$ 16,899	\$ (210,590)	\$ (210,590)	\$ 227,489
Fund Balance, July 1, 2015	578,134	456,137	456,137	121,997
Fund Balance, June 30, 2016	<u>\$ 595,033</u>	<u>\$ 245,547</u>	<u>\$ 245,547</u>	<u>\$ 349,486</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, 2016

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 974,775
Equity in Pooled Cash and Investments	7,520
Due from Other Governments	<u>1,454,944</u>
Total Assets	<u>\$ 2,437,239</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 7,520
Due to Litigants, Heirs, and Others	974,775
Due to Other Taxing Units	<u>1,454,944</u>
Total Liabilities	<u>\$ 2,437,239</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, 2016

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 financial statements of the Cumberland County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of their omission did not affect our opinion thereon. 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 material to the component units' opinion unit and therefore have been omitted from this report.

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. 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, 2016.

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 Debt Service 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 with the exception of negotiable certificates of deposits, which are reported at fair value. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a Stable Net Asset Value. 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 resulting from the estimated fair value of the interest rate swaps on June 30, 2016, 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, 2016, Cumberland County had \$42,236,321 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.

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. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Drug Enforcement major appropriations category (the legal level of control) of the General Fund by \$699. Expenditures that exceed

appropriations are a violation of state statutes. The expenditure in excess of appropriations was funded by available fund balance.

C. Cash Shortage – Prior Years

The Comptroller’s Division of Investigations, Financial and Compliance Unit issued an investigative report dated August 26, 2013, on the Cumberland County Veterans 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 veterans 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, 2016, the former veterans service officer had paid restitution of \$66,589 leaving an unpaid balance of \$33,411.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency.

Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

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

Investment Balances. As of June 30, 2016, Cumberland County had the following investments carried at amortized cost and at fair value within the fair value hierarchy established by generally accepted accounting principles. 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:	Weighted Average Maturity (days)	Maturities	Fair Value or Cost
Investments at Amortized Cost:			
State Treasurer's Investment Pool	4 to 117	N/A	\$ 245,724
Investments at Fair Value:			
Repurchase Agreements	N/A	N/A	357,336
U.S. Treasury Bills	N/A	Various	6,325,540
Federal National Mortgage Assoc.	N/A	Various	228,985
Federal Home Loan Bank Series	N/A	12/29/17	<u>150,172</u>
Total			<u><u>\$ 7,307,757</u></u>

Investment by Fair Value Level	Fair Value 6-30-16	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Repurchase Agreements	\$ 357,336	0	\$ 357,336	\$ 0
U.S. Treasury Bills	6,325,540	6,325,540		
Federal National Mortgage Assoc.	228,985	228,985	0	0
Federal Home Loan Bank Series	150,172	150,172	0	0
Total	<u><u>\$ 7,062,033</u></u>	<u><u>\$ 6,704,697</u></u>	<u><u>\$ 357,336</u></u>	<u><u>\$ 0</u></u>

Fair value investments classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fair value investments classified as Level 2 of the fair value hierarchy are valued using the active market rates for the underlying securities. Fair value investments classified as Level 3 of the fair value hierarchy are valued using non-observable inputs.

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 has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The policy allows no more than 20 percent of the county's total funds to be invested in maturities of more than two years but less than five years.

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's investment policy limits investments to fixed income securities that are backed directly or indirectly by agencies of the United States government. As of June 30, 2016, Cumberland County's investment in the State Treasurer's Investment Pool was unrated. Cumberland County's investments in Federal National Mortgage Association and Federal Home Loan Bank Series were rated Aaa by Moody's Investor's Services and AA+ by Standard and Poor's.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Cumberland County does not have a formal policy that limits custodial credit risk for investments.

B. Derivative Instruments

At June 30, 2016, 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, 2016, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2016 financial statements are as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2016</u>		6-30-16
	Classification	Amount	Classification	Amount	Notional Amount
Governmental Activities:					
Cash Flow Hedges:					
Pay-fixed interest					
rate swaps:					
\$7.5M Swap	Deferred	\$ 12,040	Debt	\$ (329,746)	\$ 3,825,000
	Outflow				
\$6.95M Swap	Deferred	(349,499)	Debt	(1,642,160)	6,650,000
	Outflow				
\$10M Swap	Deferred	(1,135,783)	Debt	(3,285,090)	10,000,000
	Outflow				
Totals		<u>\$ (1,473,242)</u>		<u>\$ (5,256,996)</u>	<u>\$ 20,475,000</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, 2016, 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>(0.62)</u>
Net interest rate swap payments		3.28 %
Variable-rate bond payments		<u>0.95</u>
Synthetic interest rate on bonds		<u><u>4.23 %</u></u>

Fair value. As of June 30, 2016, the swap had a negative fair value of \$329,746. 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, 2016, 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, 2016, with its Credit Support Provider, Deutsche Bank, rated Baa/BBB+/BBB+ 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, 2016, 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		
2017	\$ 640,000	\$ 36,187	\$ 125,559	\$	801,746
2018	670,000	30,132	104,551		804,683
2019	1,225,000	23,793	82,557		1,331,350
2020	1,290,000	12,204	42,346		1,344,550
Total	\$ 3,825,000	\$ 102,316	\$ 355,013	\$	4,282,329

\$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, 2016, 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>(0.62)</u>
Net interest rate swap payments		3.51 %
Variable-rate bond payments		<u>0.95</u>
Synthetic interest rate on bonds		<u><u>4.46 %</u></u>

Fair value. As of June 30, 2016, the swap had a negative fair value of \$1,642,160. 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, 2016, 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, 2016, with its Credit Support Provider, Deutsche Bank, rated Baa/BBB+/BBB+ 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, 2016, 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	
2017	\$ 0	\$ 62,913	\$ 233,588	\$ 296,501
2018	0	62,913	233,588	296,501
2019	0	62,913	233,588	296,501
2020	0	62,913	233,588	296,501
2021	530,000	62,913	233,588	826,501
2022-2026	4,945,000	201,462	748,008	5,894,470
2027	1,175,000	11,116	41,273	1,227,389
Total	<u>\$ 6,650,000</u>	<u>\$ 527,143</u>	<u>\$ 1,957,221</u>	<u>\$ 9,134,364</u>

\$10M Swap:

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

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

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.293 percent and receives a variable payment computed as 59 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$10 million, and the associated variable-rate bond has a \$10 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series VII-B-2 bonds. The bonds’ variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (“SIFMA”). The bonds and the related swap agreement mature on June 1, 2039. As of June 30, 2016, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.293 %
Variable payment from counterparty	% of LIBOR	(0.578)
Net interest rate swap payments		2.715 %
Variable-rate bond payments		0.763
Synthetic interest rate on bonds		3.478 %

Fair value. As of June 30, 2016, the swap had a negative fair value of \$3,285,090. 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, 2016, 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, 2016, with its Credit Support Provider, Deutsche Bank, rated Baa/BBB+/BBB+ 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, 2016, 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		
2017	\$ 0	\$ 76,259	\$ 271,480	\$	347,739
2018	0	76,259	271,480		347,739
2019	0	76,259	271,480		347,739
2020	0	76,259	271,480		347,739
2021	0	76,259	271,480		347,739
2022-2026	0	381,294	1,357,400		1,738,694
2027-2031	0	381,294	1,357,400		1,738,694
2032-2036	5,800,000	297,219	1,058,093		7,155,312
2037-2039	4,200,000	65,201	232,115		4,497,316
Total	\$ 10,000,000	\$ 1,506,303	\$ 5,362,408	\$	16,868,711

C. Notes Receivable

Notes receivable of \$349,000 in the Courthouse and Jail Maintenance Fund (a nonmajor special revenue fund) resulted from the sale of the former health department building. The amount of the notes outstanding at June 30, 2016, is offset by nonspendable fund balance.

D. Capital Assets

Capital assets activity for the year ended June 30, 2016, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-15		Increases		Decreases		Balance 6-30-16	
Capital Assets Not Depreciated:								
Land	\$	2,133,553	\$	0	\$	0	\$	2,133,553
Construction in Progress		1,495,038		0		(1,495,038)		0
Total Capital Assets Not Depreciated	\$	3,628,591	\$	0	\$	(1,495,038)	\$	2,133,553

Governmental Activities (Cont.):

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 36,422,099	\$ 0	\$ (598,150)	\$ 35,823,949
Roads and Bridges	36,315,496	293,290	(81,016)	36,527,770
Other Capital Assets	13,066,669	3,571,863	(250,066)	16,388,466
Total Capital Assets				
Depreciated	<u>\$ 85,804,264</u>	<u>\$ 3,865,153</u>	<u>\$ (929,232)</u>	<u>\$ 88,740,185</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 6,909,306	\$ 653,585	\$ (396,046)	\$ 7,166,845
Roads and Bridges	15,525,267	784,627	(8,596)	16,301,298
Other Capital Assets	8,814,828	749,179	(220,061)	9,343,946
Total Accumulated				
Depreciation	<u>\$ 31,249,401</u>	<u>\$ 2,187,391</u>	<u>\$ (624,703)</u>	<u>\$ 32,812,089</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 54,554,863</u>	<u>\$ 1,677,762</u>	<u>\$ (304,529)</u>	<u>\$ 55,928,096</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 58,183,454</u>	<u>\$ 1,677,762</u>	<u>\$ (1,799,567)</u>	<u>\$ 58,061,649</u>

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

Governmental Activities:

General Government	\$ 239,405
Public Safety	611,059
Public Health and Welfare	358,055
Social, Cultural, and Recreational Services	134,262
Highways	<u>844,610</u>
Total Depreciation Expense -	
Governmental Activities	<u>\$ 2,187,391</u>

Discretely Presented Cumberland County School Department

Governmental Activities

	Balance 7-1-15	Increases	Balance 6-30-16
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	9,006,295	257,502	9,263,797
Total Capital Assets Depreciated	<u>\$ 91,071,032</u>	<u>\$ 257,502</u>	<u>\$ 91,328,534</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 23,606,910	\$ 1,429,512	\$ 25,036,422
Infrastructure	694,592	51,145	745,737
Other Capital Assets	6,233,818	358,739	6,592,557
Total Accumulated Depreciation	<u>\$ 30,535,320</u>	<u>\$ 1,839,396</u>	<u>\$ 32,374,716</u>
Total Capital Assets Depreciated, Net	<u>\$ 60,535,712</u>	<u>\$ (1,581,894)</u>	<u>\$ 58,953,818</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 62,624,166</u></u>	<u><u>\$ (1,581,894)</u></u>	<u><u>\$ 61,042,272</u></u>

There were no decreases in capital assets to report during the year ended June 30, 2016.

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

Governmental Activities:

Instruction	\$ 1,492,657
Support Services	314,919
Operation of Non-instructional Services	<u>31,820</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,839,396</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016 was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: General	Nonmajor governmental	\$ 53,260

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.

Due to/from Primary Government and Component Unit:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
Primary Government	Component Unit: School Department	\$ 1,990,340

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, 2016, consisted of the following amounts:

Discretely Presented Cumberland County School Department

Transfer Out	Transfer In
	General Purpose School Fund
Nonmajor governmental funds	\$ 28,683

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

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.

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, 2016, will be retired from the General Debt Service Fund.

Other loans outstanding as of June 30, 2016, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-16
Other Loans	0 to 6 %	6-1-28	\$ 16,849,996	\$ 9,712,816
"	Variable	6-1-39	54,015,000	45,520,000

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, 2016:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-16	Interest Type	Interest Rates as of 6-30-16	Approximate Fee Rates as of 6-30-16
Sevier County PBA:					
Series V-E-1	\$ 10,365,000	\$ 5,530,000	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	0.85	0.226
Blount County PBA:					
Series B-13-A	1,750,000	1,200,000	Fixed	5.15 to 6	0
Series E-3-A	20,615,000	14,195,000	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, 2016, including interest payments and other loan fees, are presented in the following table:

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2017	\$ 2,318,172	\$ 776,108	\$ 105,741	\$ 3,200,021
2018	2,429,480	722,600	103,591	3,255,671
2019	2,494,456	665,929	101,331	3,261,716
2020	2,581,056	619,527	97,911	3,298,494
2021	2,517,780	571,668	94,361	3,183,809
2022-2026	13,251,872	2,137,359	415,492	15,804,723
2027-2031	13,035,000	1,007,359	294,596	14,336,955
2032-2036	10,040,000	471,458	155,093	10,666,551
2037-2039	6,565,000	101,708	33,458	6,700,166
Total	\$ 55,232,816	\$ 7,073,716	\$ 1,401,574	\$ 63,708,106

There is \$11,813,167 available in the General Debt Service Fund to service long-term debt. Debt per capita, including other loans, totaled \$985, 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 6-30-16
<u>Other Loans</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Efficiency Loans	\$ 142,880
Energy Efficiency Loans	<u>1,847,460</u>
Total	<u>\$ 1,990,340</u>

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2016, was as follows:

Governmental Activities:

	<u>Other Loans</u>	<u>Compensated Absences</u>
Balance, July 1, 2015	\$ 57,484,856	\$ 945,175
Additions	0	748,679
Reductions	<u>(2,252,040)</u>	<u>(715,153)</u>
Balance, June 30, 2016	<u>\$ 55,232,816</u>	<u>\$ 978,701</u>
Balance Due Within One Year	<u>\$ 2,318,172</u>	<u>\$ 685,091</u>

	<u>Other Postemployment Benefits</u>	<u>Landfill Postclosure Care Costs</u>
Balance, July 1, 2015	\$ 527,502	\$ 714,071
Additions	99,920	8,388
Reductions	<u>(17,067)</u>	<u>(15,123)</u>
Balance, June 30, 2016	<u>\$ 610,355</u>	<u>\$ 707,336</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 27,013</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 57,529,208
Less: Due Within One Year	<u>(3,030,276)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 54,498,932</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, 2016, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2015	\$ 72,121	\$ 5,663,582
Additions	231,238	2,029,147
Reductions	<u>(221,136)</u>	<u>(977,937)</u>
Balance, June 30, 2016	<u>\$ 82,223</u>	<u>\$ 6,714,792</u>
Balance Due Within One Year	<u>\$ 4,111</u>	<u>\$ 0</u>

	Net Pension Liability - Teacher Legacy Plan*
Balance, July 1, 2015	\$ (102,080)
Additions	2,743,498
Reductions	<u>(2,380,189)</u>
Balance, June 30, 2016	<u>\$ 261,229</u>
Balance Due Within One Year	<u>\$ 0</u>

* At July 1, 2015, the School Department's Teacher Legacy Plan had a net pension asset.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 7,058,244
Less: Due Within One Year	<u>(4,111)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 7,054,133</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, 2016, were \$2,400. 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, 2016, were \$238,589 and \$41,800, 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 (LGWCF),

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 LGWCF 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. 72, *Fair Value Measurement and Application*; Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*; Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; Statement No. 79, *Certain External Investment Pools and Pool Participants* became effective for the year ended June 30, 2016.

GASB Statement No. 72, establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. This standard supersedes previous statements as they relate to measuring fair value of certain assets and liabilities.

GASB Statement No. 73, established accounting and reporting requirements for pensions that are not administered through a trust account and also addresses changes made to Statements No. 67 and No. 68. The changes to Statements No. 67 and No. 68 require new RSI disclosures concerning plan investments, address specific payables to defined benefit plans, and address specific payables to defined benefit plans.

GASB Statement No. 76, addresses changes made to the hierarchy of generally accepted accounting principles. This standard supersedes Statement No. 55 and reduces the hierarchy from four to two categories.

GASB Statement No. 79, addresses issues related to certain external investment pools and pool participants because of changes in Security and Exchange rules relative to money market funds. This standard establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost rather than fair value for financial reporting purposes standards.

C. Subsequent Events

On June 30, 2016, Donald Andrews left the Office of Director of Schools and was succeeded by Janet Graham.

On August 12, 2016, Cumberland County issued \$4,285,000 in general obligation refunding bonds.

D. 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 \$707,336 reported as postclosure care liability at June 30, 2016, represents amounts based on what it would cost to perform all postclosure care in 2016. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. 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, 2016.

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 White 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, 2016.

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

F. 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 comprised 61.74 percent and the non-certified employees of the discretely presented School Department comprised 38.26 percent of the plan based on contribution 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, 2015, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	330
Inactive Employees Entitled to But Not Yet Receiving Benefits	537
Active Employees	691
Total	1,558

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 their 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, the Actuarial Determined Contribution (ADC) for Cumberland County was \$1,762,031 based on a rate of 9.93 percent of covered 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 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, 2015, 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, 2015, 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, 2015, 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 Real Estate	4.61	8
	0.98	29
	4.73	7
Short-term Securities	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, 2014	\$ 50,931,118	\$ 53,858,833	\$ (2,927,715)
Changes for the Year:			
Service Cost	\$ 1,482,253	\$ 0	\$ 1,482,253
Interest	3,858,274	0	3,858,274
Differences Between Expected and Actual Experience	25,671	0	25,671
Contributions-Employer	0	1,762,031	(1,762,031)
Contributions-Employees	0	883,970	(883,970)
Net Investment Income	0	1,669,553	(1,669,553)
Benefit Payments, Including Refunds of Employee Contributions	(1,939,440)	(1,939,440)	0
Administrative Expense	0	(34,623)	34,623
Other Changes	0	0	0
Net Changes	\$ 3,426,758	\$ 2,341,491	\$ 1,085,267
Balance, June 30, 2015	\$ 54,357,876	\$ 56,200,324	\$ (1,842,448)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	61.74%	\$ 33,560,553	\$ 34,698,080	\$ (1,137,527)
School Department	38.26%	20,797,323	21,502,244	(704,921)
Total		\$ 54,357,876	\$ 56,200,324	\$ (1,842,448)

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:

	1% Decrease	Current Discount Rate	1% Increase
Cumberland County	6.5%	7.5%	8.5%

Net Pension Liability \$ 5,415,340 \$ (1,842,448) \$ (7,886,747)

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

Negative Pension Expense. For the year ended June 30, 2016, Cumberland County recognized pension expense of \$119,415.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, Cumberland County 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	\$ 20,537	\$ 592,217
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	1,916,046	2,498,171
Contributions Subsequent to the Measurement Date of June 30, 2015 (1)	1,873,211	N/A
Total	<u>\$ 3,809,794</u>	<u>\$ 3,090,388</u>

- (1). The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2015,” 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	\$ 1,201,106	\$ 725,039
School Department	2,608,688	2,365,349
Total	<u>\$ 3,809,794</u>	<u>\$ 3,090,388</u>

Amounts reported as deferred outflows of resources, with the exception of contributions subsequent to the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (545,985)
2018	(545,985)
2019	(545,985)
2020	484,145
2021	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 61.74 percent and the non-certified employees of the discretely presented School Department comprise 38.26 percent of the plan based on contribution 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 with an unreduced benefit 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. 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 to vested members at age 60 or pursuant to the rule of 80. 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 percent and one percent. Members who leave 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 or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) 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, 2016, to the Teacher Retirement Plan were \$87,064, which is four percent of covered 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 (Assets). At June 30, 2016, the Cumberland County School Department reported an asset of \$23,796 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, 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 the Cumberland County School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Cumberland County School Department's proportion was .591502 percent.

Pension Expense. For the year ended June 30, 2016, the Cumberland County School Department recognized pension expense of \$31,185.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, 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
Difference Between Expected and Actual Experience	\$ 0	\$ 7,745
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,924	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	<u>87,064</u>	N/A
Total	<u>\$ 88,988</u>	<u>\$ 7,745</u>

The Cumberland County School Department's employer contributions of \$87,064, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ending June 30, 2017. 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
2017	\$ (165)
2018	(165)
2019	(165)
2020	(165)
2021	(645)
Thereafter	(4,518)

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, 2015, 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, 2015, 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 Real Estate	4.61	8
	0.98	29
	4.73	7
Short-term Securities	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 all the LEAs 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 the 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 the Cumberland County School Department's proportionate share of 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:

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 \$ 4,220 \$ (23,796) \$ (44,343)

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

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 LEAs 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 to vested members at age 55. 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. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs 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 are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) 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, 2016, to the Teacher Legacy Pension Plan were \$2,069,909, which is 9.04 percent of covered 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 Liability (Assets). At June 30, 2016, the Cumberland County School Department reported a liability of \$261,229 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Cumberland County School Department's proportion of the net pension liability (asset) was based on the Cumberland County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Cumberland County School Department's proportion was .637713 percent. The proportion measured at June 30, 2014, was .628215 percent.

Negative Pension Expense. For the year ended June 30, 2016, the Cumberland County School Department recognized negative pension expense of \$158,442.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, 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	\$ 209,647	\$ 4,066,070
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	4,716,980	6,403,557
Changes in Proportion of Net Pension Liability (Asset)	310,506	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	<u>2,069,909</u>	N/A
Total	<u>\$ 7,307,042</u>	<u>\$ 10,469,627</u>

The Cumberland County School Department's employer contributions of \$2,069,909 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, 2017. 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
2017	\$ (1,664,457)
2018	(1,664,457)
2019	(1,664,457)
2020	470,062
2021	(709,183)
Thereafter	0

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, 2015, 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 adjustments for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, 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 Real Estate	4.61	8
	0.98	29
	4.73	7
Short-term Securities	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 all the LEAs 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 the 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 the Cumberland County School Department's proportionate share of 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:

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 \$ 17,809,721 \$ 261,229 \$ (14,266,853)

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.

G. Other Postemployment Benefits (OPEB)

Plan Description

Cumberland County and the School Department participate in the state-administered Local Education Group Insurance Plan, Local Government Group Insurance Plan, and Medicare Supplement Plan for health care benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees, Section 8-27-207, *TCA*, for local governments, and Section 8-27-701, *TCA*, for the Medicare Supplement. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for health care 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/article/fa-acffin-cafr>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state 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, 2016, the county and the School Department contributed \$17,067 and \$977,937, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 100,000	\$ 2,030,000
Interest on the NOPEBO	19,781	212,384
Adjustment to the ARC	(19,861)	(213,237)
Annual OPEB cost	\$ 99,920	\$ 2,029,147
Amount of contribution	(17,067)	(977,937)
Increase/decrease in NOPEBO	\$ 82,853	\$ 1,051,210
Net OPEB obligation, 7-1-15	527,502	5,663,582
Net OPEB obligation, 6-30-16	\$ 610,355	\$ 6,714,792

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-14	Local Government Group	\$ 53,477	18 %	\$ 507,422
6-30-15	"	55,523	64	527,502
6-30-16	"	99,920	17	610,355
6-30-14	Local Education Group	1,822,920	51	4,697,251
6-30-15	"	1,888,840	49	5,663,582
6-30-16	"	2,029,147	48	6,714,792

The funded status of the plans as of July 1, 2015, was as follows:

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-15	7-1-15
Actuarial accrued liability (AAL)	\$ 773,000	\$ 17,199,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 773,000	\$ 17,199,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 10,702,995	\$ 32,630,831
UAAL as a % of covered payroll	7%	53%

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, 2015, actuarial valuation for the Local Government Plan and the Local Education Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 6.5 percent initially. The trend rate will decrease to six percent in fiscal year 2016, and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2050. 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. Payroll is assumed to grow at a rate of three percent.

H. 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.

I. 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
Last Fiscal Year Ending June 30

(Dollar amounts in thousands)

	2014	2015
Total Pension Liability (Asset)		
Service Cost	\$ 1,500,494	\$ 1,482,253
Interest	3,676,730	3,858,274
Differences Between Actual and Expected Experience	(987,029)	25,671
Benefit Payments, Including Refunds of Employee Contributions	(1,563,296)	(1,939,440)
Net Change in Total Pension Liability (Asset)	\$ 2,626,899	\$ 3,426,758
Total Pension Liability (Asset), Beginning	\$ 48,304,219	\$ 50,931,118
Total Pension Liability (Asset), Ending (a)	\$ 50,931,118	\$ 54,357,876
Plan Fiduciary Net Position		
Contributions - Employer	\$ 1,684,239	\$ 1,762,031
Contributions - Employee	892,867	883,970
Net Investment Income	7,596,302	1,669,553
Benefit Payments, Including Refunds of Employee Contributions	(1,563,296)	(1,939,440)
Administrative Expense	(26,961)	(34,623)
Net Change in Plan Fiduciary Net Position	\$ 8,583,151	\$ 2,341,491
Plan Fiduciary Net Position, Beginning	45,275,682	53,858,833
Plan Fiduciary Net Position, Ending (b)	\$ 53,858,833	\$ 56,200,324
Net Pension Liability (Asset), Ending (a - b)	\$ (2,927,715)	\$ (1,842,448)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	105.75%	103.39%
Covered Payroll	\$ 17,617,606	\$ 17,744,522
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(16.62)%	(10.38)%

Note: ten-year information will be presented when available.

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

Exhibit E-2

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

	2014	2015	2016
Actuarially Determined Contribution	\$ 1,684,239	\$ 1,762,031	\$ 1,873,211
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(1,684,239)</u>	<u>(1,762,031)</u>	<u>(1,873,211)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 17,617,606	\$ 17,744,522	\$ 19,190,131
Contributions as a Percentage of Covered Payroll	9.56%	9.93%	9.76%

Note: ten-year information will be presented when available.

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

Exhibit E-3

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

	<u>2015</u>	<u>2016</u>
Contractually Required Contribution	\$ 30,724	\$ 54,414
Less Contributions in Relation to the Contractually Required Contribution	<u>(49,159)</u>	<u>(87,064)</u>
Contribution Deficiency (Excess)	<u>\$ (18,435)</u>	<u>\$ (32,650)</u>
Covered Payroll	\$ 1,228,977	\$ 2,176,559
Contributions as a Percentage of Covered Payroll	4.00%	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

	2014	2015	2016
Contractually Required Contribution	\$ 2,189,577	\$ 2,158,102	\$ 2,069,909
Less Contributions in Relation to the Contractually Required Contribution	<u>(2,189,577)</u>	<u>(2,158,102)</u>	<u>(2,069,909)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 24,657,402	\$ 23,872,782	\$ 22,897,266
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	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 Pension Plan of TCRS
Discretely Presented Cumberland County School Department
For the Fiscal Year Ended June 30 *

	<u>2016</u>
School Department's Proportion of the Net Pension Asset	0.591502%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (23,796)
Covered Payroll	\$ 1,228,977
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%

* 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 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>2015</u>	<u>2016</u>
School Department's Proportion of the Net Pension Asset	0.628215%	0.637713%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (102,082)	\$ 261,229
Covered Payroll	\$ 24,657,409	\$ 23,872,782
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(.414002)%	1.094255%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%

* 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-7

Cumberland County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Cumberland County School Department
June 30, 2016

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>DISCRETELY PRESENTED CUMBERLAND</u>							
<u>COUNTY SCHOOL DEPARTMENT</u>							
Local Government Group	7-1-11	\$ 0	\$ 841	\$ 841	0	% \$ 9,764	9 %
"	7-1-13	0	385	385	0	9,993	4
"	7-1-15	0	773	773	0	10,703	7
Local Education Group	7-1-11	0	15,473	15,473	0	30,627	51
"	7-1-13	0	15,523	15,523	0	32,487	48
"	7-1-15	0	17,199	17,199	0	32,631	53

**CUMBERLAND COUNTY, TENNESSEE
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 For the Year Ended June 30, 2016**

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2016 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, 2016

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works	Total
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 36,107	\$ 0	\$ 36,107
Equity in Pooled Cash and Investments	218,625	205,785	0	841,341	1,265,751
Accounts Receivable	0	0	17,153	0	17,153
Due from Other Governments	0	0	0	602,212	602,212
Notes Receivable - Current	28,969	0	0	0	28,969
Notes Receivable - Long-term	320,031	0	0	0	320,031
Total Assets	<u>\$ 567,625</u>	<u>\$ 205,785</u>	<u>\$ 53,260</u>	<u>\$ 1,443,553</u>	<u>\$ 2,270,223</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 155,001	\$ 155,001
Due to Other Funds	0	0	53,260	0	53,260
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 53,260</u>	<u>\$ 155,001</u>	<u>\$ 208,261</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Other Deferred/Unavailable Revenue	\$ 0	\$ 0	\$ 0	\$ 218,958	\$ 218,958
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 218,958</u>	<u>\$ 218,958</u>
<u>FUND BALANCES</u>					
Nonspendable:					
Long-term Notes Receivable	\$ 349,000	\$ 0	\$ 0	\$ 0	\$ 349,000

(Continued)

Exhibit F-1

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

FUND BALANCES (Cont.)

Restricted:

Restricted for General Government
 Restricted for Public Safety
 Restricted for Highways/Public Works
 Restricted for Capital Projects

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Special Revenue Funds					
Courthouse and Jail Maintenance	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	Total	
\$ 218,625	\$ 0	\$ 0	\$ 0	\$ 218,625	
0	205,785	0	0	205,785	
0	0	0	1,069,594	1,069,594	
0	0	0	0	0	
<u>\$ 567,625</u>	<u>\$ 205,785</u>	<u>\$ 0</u>	<u>\$ 1,069,594</u>	<u>\$ 1,843,004</u>	
<u>\$ 567,625</u>	<u>\$ 205,785</u>	<u>\$ 53,260</u>	<u>\$ 1,443,553</u>	<u>\$ 2,270,223</u>	

(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	\$ 36,107
Equity in Pooled Cash and Investments	133,619	1,399,370
Accounts Receivable	0	17,153
Due from Other Governments	0	602,212
Notes Receivable - Current	0	28,969
Notes Receivable - Long-term	0	320,031
	<hr/>	<hr/>
Total Assets	<u>\$ 133,619</u>	<u>\$ 2,403,842</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 87,378	\$ 242,379
Due to Other Funds	0	53,260
Total Liabilities	<u>\$ 87,378</u>	<u>\$ 295,639</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Other Deferred/Unavailable Revenue	\$ 0	\$ 218,958
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 218,958</u>
<u>FUND BALANCES</u>		
Nonspendable:		
Long-term Notes Receivable	\$ 0	\$ 349,000

(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>FUND BALANCES (Cont.)</u>		
Restricted:		
Restricted for General Government	\$ 0	\$ 218,625
Restricted for Public Safety	0	205,785
Restricted for Highways/Public Works	0	1,069,594
Restricted for Capital Projects	46,241	46,241
Total Fund Balances	<u>\$ 46,241</u>	<u>\$ 1,889,245</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 133,619</u>	<u>\$ 2,403,842</u>

Exhibit F-2

Cumberland County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works	Total
<u>Revenues</u>					
Local Taxes	\$ 52,523	\$ 0	\$ 0	\$ 75,657	\$ 128,180
Fines, Forfeitures, and Penalties	0	76,264	0	0	76,264
Charges for Current Services	0	0	337	3,500	3,837
Other Local Revenues	0	1,162	0	114	1,276
State of Tennessee	0	0	0	2,485,259	2,485,259
Total Revenues	\$ 52,523	\$ 77,426	\$ 337	\$ 2,564,530	\$ 2,694,816
<u>Expenditures</u>					
Current:					
General Government	\$ 14,750	\$ 0	\$ 0	\$ 0	\$ 14,750
Public Safety	0	67,038	337	0	67,375
Other Operations	533	150	0	0	683
Highways	0	0	0	2,403,861	2,403,861
Capital Projects	0	0	0	0	0
Total Expenditures	\$ 15,283	\$ 67,188	\$ 337	\$ 2,403,861	\$ 2,486,669
Excess (Deficiency) of Revenues Over Expenditures	\$ 37,240	\$ 10,238	\$ 0	\$ 160,669	\$ 208,147
<u>Other Financing Sources (Uses)</u>					
Proceeds from Sale of Capital Assets	\$ 350,000	\$ 0	\$ 0	\$ 0	\$ 350,000
Total Other Financing Sources (Uses)	\$ 350,000	\$ 0	\$ 0	\$ 0	\$ 350,000
Net Change in Fund Balances	\$ 387,240	\$ 10,238	\$ 0	\$ 160,669	\$ 558,147
Fund Balance, July 1, 2015	180,385	195,547	0	908,925	1,284,857
Fund Balance, June 30, 2016	\$ 567,625	\$ 205,785	\$ 0	\$ 1,069,594	\$ 1,843,004

(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	\$ 128,180
Fines, Forfeitures, and Penalties	0	76,264
Charges for Current Services	0	3,837
Other Local Revenues	0	1,276
State of Tennessee	0	2,485,259
Total Revenues	<u>\$ 0</u>	<u>\$ 2,694,816</u>
<u>Expenditures</u>		
Current:		
General Government	\$ 0	\$ 14,750
Public Safety	0	67,375
Other Operations	0	683
Highways	0	2,403,861
Capital Projects	980,478	980,478
Total Expenditures	<u>\$ 980,478</u>	<u>\$ 3,467,147</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (980,478)</u>	<u>\$ (772,331)</u>
<u>Other Financing Sources (Uses)</u>		
Proceeds from Sale of Capital Assets	\$ 0	\$ 350,000
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 350,000</u>
Net Change in Fund Balances	\$ (980,478)	\$ (422,331)
Fund Balance, July 1, 2015	1,026,719	2,311,576
Fund Balance, June 30, 2016	<u>\$ 46,241</u>	<u>\$ 1,889,245</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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 52,523	\$ 55,000	\$ 55,000	\$ (2,477)
Total Revenues	\$ 52,523	\$ 55,000	\$ 55,000	\$ (2,477)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 14,750	\$ 25,000	\$ 25,000	\$ 10,250
<u>Other Operations</u>				
Other Charges	533	1,000	1,000	467
Total Expenditures	\$ 15,283	\$ 26,000	\$ 26,000	\$ 10,717
Excess (Deficiency) of Revenues Over Expenditures	\$ 37,240	\$ 29,000	\$ 29,000	\$ 8,240
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 350,000	\$ 0	\$ 0	\$ 350,000
Total Other Financing Sources	\$ 350,000	\$ 0	\$ 0	\$ 350,000
Net Change in Fund Balance	\$ 387,240	\$ 29,000	\$ 29,000	\$ 358,240
Fund Balance, July 1, 2015	180,385	180,018	180,018	367
Fund Balance, June 30, 2016	\$ 567,625	\$ 209,018	\$ 209,018	\$ 358,607

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 76,264	\$ 14,000	\$ 14,000	\$ 62,264
Other Local Revenues	1,162	0	0	1,162
Total Revenues	<u>\$ 77,426</u>	<u>\$ 14,000</u>	<u>\$ 14,000</u>	<u>\$ 63,426</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 67,038	\$ 65,800	\$ 76,257	\$ 9,219
<u>Other Operations</u>				
Other Charges	150	150	150	0
Total Expenditures	<u>\$ 67,188</u>	<u>\$ 65,950</u>	<u>\$ 76,407</u>	<u>\$ 9,219</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 10,238</u>	<u>\$ (51,950)</u>	<u>\$ (62,407)</u>	<u>\$ 72,645</u>
Net Change in Fund Balance	\$ 10,238	\$ (51,950)	\$ (62,407)	\$ 72,645
Fund Balance, July 1, 2015	<u>195,547</u>	<u>148,042</u>	<u>148,042</u>	<u>47,505</u>
Fund Balance, June 30, 2016	<u>\$ 205,785</u>	<u>\$ 96,092</u>	<u>\$ 85,635</u>	<u>\$ 120,150</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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 75,657	\$ 74,500	\$ 74,500	\$ 1,157
Charges for Current Services	3,500	3,500	3,500	0
Other Local Revenues	114	1,300	1,300	(1,186)
State of Tennessee	2,485,259	2,403,168	2,403,168	82,091
Total Revenues	<u>\$ 2,564,530</u>	<u>\$ 2,482,468</u>	<u>\$ 2,482,468</u>	<u>\$ 82,062</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 172,493	\$ 177,222	\$ 177,222	\$ 4,729
Highway and Bridge Maintenance	1,452,287	1,659,169	1,701,229	248,942
Operation and Maintenance of Equipment	210,739	284,372	303,572	92,833
Other Charges	96,394	102,000	102,000	5,606
Employee Benefits	71,783	76,500	76,500	4,717
Capital Outlay	400,165	531,000	563,000	162,835
Total Expenditures	<u>\$ 2,403,861</u>	<u>\$ 2,830,263</u>	<u>\$ 2,923,523</u>	<u>\$ 519,662</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 160,669</u>	<u>\$ (347,795)</u>	<u>\$ (441,055)</u>	<u>\$ 601,724</u>
Net Change in Fund Balance	\$ 160,669	\$ (347,795)	\$ (441,055)	\$ 601,724
Fund Balance, July 1, 2015	<u>908,925</u>	<u>848,192</u>	<u>848,192</u>	<u>60,733</u>
Fund Balance, June 30, 2016	<u>\$ 1,069,594</u>	<u>\$ 500,397</u>	<u>\$ 407,137</u>	<u>\$ 662,457</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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,943,392	\$ 4,661,651	\$ 4,661,651	\$ 281,741
Other Governments and Citizens Groups	364,320	0	364,320	0
Total Revenues	\$ 5,307,712	\$ 4,661,651	\$ 5,025,971	\$ 281,741
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 573,046	\$ 395,217	\$ 573,046	\$ 0
Education	1,678,994	1,543,287	1,678,994	0
<u>Interest on Debt</u>				
General Government	363,232	520,932	520,932	157,700
Education	1,115,570	2,195,043	2,245,827	1,130,257
<u>Other Debt Service</u>				
General Government	79,122	87,000	87,000	7,878
Total Expenditures	\$ 3,809,964	\$ 4,741,479	\$ 5,105,799	\$ 1,295,835
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,497,748	\$ (79,828)	\$ (79,828)	\$ 1,577,576
Net Change in Fund Balance	\$ 1,497,748	\$ (79,828)	\$ (79,828)	\$ 1,577,576
Fund Balance, July 1, 2015	10,315,419	10,307,732	10,307,732	7,687
Fund Balance, June 30, 2016	\$ 11,813,167	\$ 10,227,904	\$ 10,227,904	\$ 1,585,263

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, 2016

	<u>Agency Funds</u>			
	Cities - Sales Tax	Community Development Agency	Constitu - tional Officers - Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 974,775	\$ 974,775
Equity in Pooled Cash and Investments	0	7,520	0	7,520
Due from Other Governments	1,454,944	0	0	1,454,944
Total Assets	<u>\$ 1,454,944</u>	<u>\$ 7,520</u>	<u>\$ 974,775</u>	<u>\$ 2,437,239</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 7,520	\$ 0	\$ 7,520
Due to Other Taxing Units	1,454,944	0	0	1,454,944
Due to Litigants, Heirs, and Others	0	0	974,775	974,775
Total Liabilities	<u>\$ 1,454,944</u>	<u>\$ 7,520</u>	<u>\$ 974,775</u>	<u>\$ 2,437,239</u>

Exhibit H-2

Cumberland County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 7,909,035	\$ 7,909,035	\$ 0
Due from Other Governments	1,350,598	1,454,944	1,350,598	1,454,944
Total Assets	\$ 1,350,598	\$ 9,363,979	\$ 9,259,633	\$ 1,454,944
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,350,598	\$ 9,363,979	\$ 9,259,633	\$ 1,454,944
Total Liabilities	\$ 1,350,598	\$ 9,363,979	\$ 9,259,633	\$ 1,454,944
<u>Delinquent Tax Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 3,797	\$ 3,803	\$ 80	\$ 7,520
Total Assets	\$ 3,797	\$ 3,803	\$ 80	\$ 7,520
<u>Liabilities</u>				
Accounts Payable	\$ 3,797	\$ 3,803	\$ 80	\$ 7,520
Total Liabilities	\$ 3,797	\$ 3,803	\$ 80	\$ 7,520
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 971,281	\$ 10,680,506	\$ 10,677,012	\$ 974,775
Total Assets	\$ 971,281	\$ 10,680,506	\$ 10,677,012	\$ 974,775
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 971,281	\$ 10,680,506	\$ 10,677,012	\$ 974,775
Total Liabilities	\$ 971,281	\$ 10,680,506	\$ 10,677,012	\$ 974,775
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 971,281	\$ 10,680,506	\$ 10,677,012	\$ 974,775
Equity in Pooled Cash and Investments	3,797	7,912,838	7,909,115	7,520
Due from Other Governments	1,350,598	1,454,944	1,350,598	1,454,944
Total Assets	\$ 2,325,676	\$ 20,048,288	\$ 19,936,725	\$ 2,437,239
<u>Liabilities</u>				
Accounts Payable	\$ 3,797	\$ 3,803	\$ 80	\$ 7,520
Due to Litigants, Heirs, and Others	971,281	10,680,506	10,677,012	974,775
Due to Other Taxing Units	1,350,598	9,363,979	9,259,633	1,454,944
Total Liabilities	\$ 2,325,676	\$ 20,048,288	\$ 19,936,725	\$ 2,437,239

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, 2016

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	\$ 35,074,269	\$ 213,440	\$ 3,852,688	\$ (31,008,141)
Support Services	16,928,564	38,228	0	(16,890,336)
Operation of Non-instructional Services	6,451,863	803,755	3,718,824	(1,929,284)
Interest on Long-term Debt	50,784	0	0	(50,784)
Total Governmental Activities	\$ 58,505,480	\$ 1,055,423	\$ 7,571,512	\$ (49,878,545)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 9,160,659
Local Option Sales Taxes				8,705,415
Mixed Drink Tax				132,834
Other Local Taxes				9,532
Grants and Contributions Not Restricted to Specific Programs				32,277,768
Unrestricted Investment Earnings				831
Miscellaneous				299,451
Total General Revenues				\$ 50,586,490
Insurance Recovery				1,422
Change in Net Position				\$ 709,367
Net Position, July 1, 2015				54,692,679
Net Position, June 30, 2016				\$ 55,402,046

Exhibit I-2

Cumberland County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Cumberland County School Department
June 30, 2016

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 2,038	\$ 2,038
Equity in Pooled Cash and Investments	2,945,118	771,121	3,716,239
Inventories	0	55,489	55,489
Accounts Receivable	0	1,265	1,265
Due from Other Governments	1,541,020	128,516	1,669,536
Property Taxes Receivable	9,649,041	0	9,649,041
Allowance for Uncollectible Property Taxes	(367,889)	0	(367,889)
Total Assets	<u>\$ 13,767,290</u>	<u>\$ 958,429</u>	<u>\$ 14,725,719</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 35,471	\$ 0	\$ 35,471
Accrued Payroll	15,475	452	15,927
Payroll Deductions Payable	65,602	3,902	69,504
Total Liabilities	<u>\$ 116,548</u>	<u>\$ 4,354</u>	<u>\$ 120,902</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 9,087,172	\$ 0	\$ 9,087,172
Deferred Delinquent Property Taxes	144,615	0	144,615
Other Deferred/Unavailable Revenue	784,664	0	784,664
Total Deferred Inflows of Resources	<u>\$ 10,016,451</u>	<u>\$ 0</u>	<u>\$ 10,016,451</u>
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory	\$ 0	\$ 55,489	\$ 55,489
Restricted:			
Restricted for Education	0	898,586	898,586
Committed:			
Committed for Education	74,677	0	74,677
Unassigned	3,559,614	0	3,559,614
Total Fund Balances	<u>\$ 3,634,291</u>	<u>\$ 954,075</u>	<u>\$ 4,588,366</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,767,290</u>	<u>\$ 958,429</u>	<u>\$ 14,725,719</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, 2016

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)		\$ 4,588,366
(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	55,613,152	
Add: infrastructure net of accumulated depreciation	669,426	
Add: other capital assets net of accumulated depreciation	<u>2,671,240</u>	61,042,272
(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	\$ (1,990,340)	
Less: compensated absences payable	(82,223)	
Less: other postemployment benefits liability	(6,714,792)	
Less: net pension liability - teacher legacy plan	<u>(261,229)</u>	(9,048,584)
(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	\$ 3,369,768	
Less: deferred inflows of resources related to pensions	<u>(6,207,772)</u>	(2,838,004)
(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	\$ 704,921	
Add: net pension asset - teacher retirement plan	<u>23,796</u>	728,717
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>929,279</u>
Net position of governmental activities (Exhibit A)		<u>\$ 55,402,046</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, 2016

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 18,021,609	\$ 0	\$ 18,021,609
Charges for Current Services	253,647	812,778	1,066,425
Other Local Revenues	289,175	14,855	304,030
State of Tennessee	31,397,130	169,970	31,567,100
Federal Government	47,291	8,220,139	8,267,430
Total Revenues	<u>\$ 50,008,852</u>	<u>\$ 9,217,742</u>	<u>\$ 59,226,594</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 31,345,966	\$ 3,292,181	\$ 34,638,147
Support Services	17,044,719	744,444	17,789,163
Operation of Non-Instructional Services	1,284,539	5,136,767	6,421,306
Capital Outlay	174,161	0	174,161
Debt Service:			
Principal on Debt	313,536	0	313,536
Interest on Debt	50,784	0	50,784
Total Expenditures	<u>\$ 50,213,705</u>	<u>\$ 9,173,392</u>	<u>\$ 59,387,097</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (204,853)</u>	<u>\$ 44,350</u>	<u>\$ (160,503)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 1,422	\$ 0	\$ 1,422
Transfers In	28,683	0	28,683
Transfers Out	0	(28,683)	(28,683)
Total Other Financing Sources (Uses)	<u>\$ 30,105</u>	<u>\$ (28,683)</u>	<u>\$ 1,422</u>
Net Change in Fund Balances	\$ (174,748)	\$ 15,667	\$ (159,081)
Fund Balance, July 1, 2015	3,809,039	938,408	4,747,447
Fund Balance, June 30, 2016	<u>\$ 3,634,291</u>	<u>\$ 954,075</u>	<u>\$ 4,588,366</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, 2016

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)		\$ (159,081)
<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	\$ 257,502	
Less: current-year depreciation expense	<u>(1,839,396)</u>	(1,581,894)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2016	\$ 929,279	
Less: deferred delinquent property taxes and other deferred June 30, 2015	<u>(942,448)</u>	(13,169)
<p>(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.</p>		
Add: principal contributions on other loans to primary government		313,536
<p>(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.</p>		
Change in compensated absences payable	\$ (10,102)	
Change in other postemployment benefits liability	(1,051,210)	
Change in net pension asset - agent plan	(895,368)	
Change in net pension asset - teacher retirement plan	23,796	
Change in net pension liability - teacher legacy plan	(363,309)	
Change in deferred outflows related to pensions	(9,249)	
Change in deferred inflows related to pensions	<u>4,455,417</u>	<u>2,149,975</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 709,367</u>

Exhibit I-6

Cumberland County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Cumberland County School Department
June 30, 2016

	Special Revenue Funds		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 2,038	\$ 2,038
Equity in Pooled Cash and Investments	139,306	631,815	771,121
Inventories	0	55,489	55,489
Accounts Receivable	0	1,265	1,265
Due from Other Governments	27,193	101,323	128,516
Total Assets	<u>\$ 166,499</u>	<u>\$ 791,930</u>	<u>\$ 958,429</u>
<u>LIABILITIES</u>			
Accrued Payroll	\$ 452	\$ 0	\$ 452
Payroll Deductions Payable	3,212	690	3,902
Total Liabilities	<u>\$ 3,664</u>	<u>\$ 690</u>	<u>\$ 4,354</u>
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory	\$ 0	\$ 55,489	\$ 55,489
Restricted:			
Restricted for Education	162,835	735,751	898,586
Total Fund Balances	<u>\$ 162,835</u>	<u>\$ 791,240</u>	<u>\$ 954,075</u>
Total Liabilities and Fund Balances	<u>\$ 166,499</u>	<u>\$ 791,930</u>	<u>\$ 958,429</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, 2016

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 812,778	\$ 812,778
Other Local Revenues	0	14,855	14,855
State of Tennessee	134,584	35,386	169,970
Federal Government	4,536,701	3,683,438	8,220,139
Total Revenues	<u>\$ 4,671,285</u>	<u>\$ 4,546,457</u>	<u>\$ 9,217,742</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 3,292,181	\$ 0	\$ 3,292,181
Support Services	744,444	0	744,444
Operation of Non-Instructional Services	460,632	4,676,135	5,136,767
Total Expenditures	<u>\$ 4,497,257</u>	<u>\$ 4,676,135</u>	<u>\$ 9,173,392</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 174,028</u>	<u>\$ (129,678)</u>	<u>\$ 44,350</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (28,683)	\$ 0	\$ (28,683)
Total Other Financing Sources (Uses)	<u>\$ (28,683)</u>	<u>\$ 0</u>	<u>\$ (28,683)</u>
Net Change in Fund Balances	\$ 145,345	\$ (129,678)	\$ 15,667
Fund Balance, July 1, 2015	<u>17,490</u>	<u>920,918</u>	<u>938,408</u>
Fund Balance, June 30, 2016	<u><u>\$ 162,835</u></u>	<u><u>\$ 791,240</u></u>	<u><u>\$ 954,075</u></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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 18,021,609	\$ 17,418,000	\$ 17,418,000	\$ 603,609
Charges for Current Services	253,647	224,600	224,600	29,047
Other Local Revenues	289,175	237,964	264,200	24,975
State of Tennessee	31,397,130	31,085,221	31,365,610	31,520
Federal Government	47,291	70,000	117,291	(70,000)
Total Revenues	\$ 50,008,852	\$ 49,035,785	\$ 49,389,701	\$ 619,151
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 25,094,147	\$ 25,784,219	\$ 25,605,534	\$ 511,387
Alternative Instruction Program	222,348	223,704	223,708	1,360
Special Education Program	2,759,746	2,794,629	2,850,856	91,110
Vocational Education Program	2,859,762	2,820,139	2,892,541	32,779
Student Body Education Program	409,963	420,134	423,134	13,171
<u>Support Services</u>				
Attendance	88,046	91,528	91,584	3,538
Health Services	540,010	524,899	542,324	2,314
Other Student Support	1,163,578	1,158,700	1,193,416	29,838
Regular Instruction Program	1,353,560	1,383,768	1,386,853	33,293
Special Education Program	444,450	438,856	457,926	13,476
Vocational Education Program	150,223	151,590	152,028	1,805
Other Programs	280,389	0	280,389	0
Board of Education	1,057,328	1,068,656	1,070,819	13,491
Director of Schools	248,699	221,332	251,793	3,094
Office of the Principal	3,340,774	3,313,431	3,352,768	11,994
Fiscal Services	65,768	69,998	69,005	3,237
Human Services/Personnel	146,714	159,343	159,343	12,629
Operation of Plant	4,417,518	5,023,100	4,658,780	241,262
Maintenance of Plant	1,063,665	1,138,794	1,138,794	75,129
Transportation	2,486,103	2,795,464	2,761,540	275,437
Central and Other	197,894	225,030	209,856	11,962
<u>Operation of Non-Instructional Services</u>				
Community Services	201,213	202,304	208,644	7,431
Early Childhood Education	1,083,326	1,076,545	1,094,124	10,798
<u>Capital Outlay</u>				
Regular Capital Outlay	174,161	175,000	175,000	839
<u>Principal on Debt</u>				
Education	313,536	0	313,536	0
<u>Interest on Debt</u>				
Education	50,784	0	50,784	0
Total Expenditures	\$ 50,213,705	\$ 51,261,163	\$ 51,615,079	\$ 1,401,374
Excess (Deficiency) of Revenues Over Expenditures	\$ (204,853)	\$ (2,225,378)	\$ (2,225,378)	\$ 2,020,525
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 1,422	\$ 0	\$ 0	\$ 1,422

(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	
<u>Other Financing Sources (Uses) (Cont.)</u>				
Transfers In	\$ 28,683	\$ 25,000	\$ 25,000	\$ 3,683
Total Other Financing Sources	\$ 30,105	\$ 25,000	\$ 25,000	\$ 5,105
Net Change in Fund Balance	\$ (174,748)	\$ (2,200,378)	\$ (2,200,378)	\$ 2,025,630
Fund Balance, July 1, 2015	3,809,039	3,740,617	3,740,617	68,422
Fund Balance, June 30, 2016	\$ 3,634,291	\$ 1,540,239	\$ 1,540,239	\$ 2,094,052

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 134,584	\$ 0	\$ 176,865	\$ (42,281)
Federal Government	4,536,701	5,131,211	4,964,570	(427,869)
Total Revenues	<u>\$ 4,671,285</u>	<u>\$ 5,131,211</u>	<u>\$ 5,141,435</u>	<u>\$ (470,150)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,867,158	\$ 2,058,370	\$ 2,066,581	\$ 199,423
Special Education Program	1,362,971	1,508,327	1,499,149	136,178
Vocational Education Program	62,052	55,841	62,052	0
<u>Support Services</u>				
Other Student Support	83,404	95,934	89,823	6,419
Regular Instruction Program	396,879	609,504	609,504	212,625
Special Education Program	240,218	263,918	273,067	32,849
Vocational Education Program	5,600	5,600	5,600	0
Transportation	18,343	18,000	20,000	1,657
<u>Operation of Non-Instructional Services</u>				
Community Services	460,632	486,975	486,976	26,344
Total Expenditures	<u>\$ 4,497,257</u>	<u>\$ 5,102,469</u>	<u>\$ 5,112,752</u>	<u>\$ 615,495</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 174,028</u>	<u>\$ 28,742</u>	<u>\$ 28,683</u>	<u>\$ 145,345</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 190,206	\$ 190,206	\$ (190,206)
Transfers Out	(28,683)	(218,948)	(218,889)	190,206
Total Other Financing Sources	<u>\$ (28,683)</u>	<u>\$ (28,742)</u>	<u>\$ (28,683)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 145,345	\$ 0	\$ 0	\$ 145,345
Fund Balance, July 1, 2015	<u>17,490</u>	<u>0</u>	<u>0</u>	<u>17,490</u>
Fund Balance, June 30, 2016	<u>\$ 162,835</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 162,835</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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 812,778	\$ 983,229	\$ 983,229	\$ (170,451)
Other Local Revenues	14,855	15,260	15,260	(405)
State of Tennessee	35,386	40,500	40,500	(5,114)
Federal Government	3,683,438	3,689,783	3,717,794	(34,356)
Total Revenues	<u>\$ 4,546,457</u>	<u>\$ 4,728,772</u>	<u>\$ 4,756,783</u>	<u>\$ (210,326)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 4,676,135	\$ 4,705,314	\$ 4,733,325	\$ 57,190
Total Expenditures	<u>\$ 4,676,135</u>	<u>\$ 4,705,314</u>	<u>\$ 4,733,325</u>	<u>\$ 57,190</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (129,678)</u>	<u>\$ 23,458</u>	<u>\$ 23,458</u>	<u>\$ (153,136)</u>
Net Change in Fund Balance	\$ (129,678)	\$ 23,458	\$ 23,458	\$ (153,136)
Fund Balance, July 1, 2015	920,918	999,604	999,604	(78,686)
Fund Balance, June 30, 2016	<u>\$ 791,240</u>	<u>\$ 1,023,062</u>	<u>\$ 1,023,062</u>	<u>\$ (231,822)</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, 2016

	General Fund	Adjustments	Statement of Net Position
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 48,160	\$ 0	\$ 48,160
Total Assets	<u>\$ 48,160</u>	<u>\$ 0</u>	<u>\$ 48,160</u>
<u>LIABILITIES AND FUND BALANCE/ NET POSITION</u>			
<u>Fund Balances</u>			
Unassigned	\$ 48,160	\$ (48,160)	\$ 0
Total Fund Balances	<u>\$ 48,160</u>	<u>\$ (48,160)</u>	<u>\$ 0</u>
Total Liabilities and Fund Balances	<u>\$ 48,160</u>		
Net Position:			
Unrestricted		\$ 48,160	\$ 48,160
Total Net Position		<u>\$ 0</u>	<u>\$ 48,160</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, 2016

	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, 2015	48,180	0	48,180
June 30, 2016	\$ 48,160	\$ 0	\$ 48,160

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 0	\$ 100,000	\$ 100,000	\$ (100,000)
Total Revenues	\$ 0	\$ 100,000	\$ 100,000	\$ (100,000)
<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	99,000	99,000	98,980
Total Expenditures	\$ 20	\$ 100,000	\$ 100,000	\$ 99,980
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (20)	\$ 0	\$ 0	\$ (20)
Net Change in Fund Balance				
Fund Balance, July 1, 2015	\$ 48,180	\$ 48,180	\$ 48,180	\$ 0
Fund Balance, June 30, 2016	\$ 48,160	\$ 48,180	\$ 48,180	\$ (20)

MISCELLANEOUS SCHEDULES

Exhibit K-1

Cumberland County, Tennessee
Schedule of Changes in Long-term Other Loans
For the Year Ended June 30, 2016

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Paid and/or Matured During Period	Outstanding 6-30-16
<u>OTHER LOANS PAYABLE</u>							
<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	\$ 1,325,000	\$ 125,000	\$ 1,200,000
Refunding - Series E-3-A	20,615,000	Variable	7-31-08	6-1-27	15,240,000	1,045,000	14,195,000
Refunding and Jail Construction - Series V-E-1	10,365,000	3 to 4.75	9-18-08	6-1-28	6,250,000	720,000	5,530,000
Refunding - Series VII-B-2	28,300,000	Variable	11-20-08	6-1-39	26,225,000	0	26,225,000
Refunding - Series VII-F-1	5,100,000	Variable	11-19-09	6-1-31	5,100,000	0	5,100,000
Plateau Partners Industrial Park - Series B-20-A	750,000	4.25 to 5	6-15-10	6-1-27	750,000	0	750,000
<u>Energy Efficiency Loans</u>							
<u>Payable through General Debt Service Fund</u>							
Energy Efficiency	484,996	0	6-20-11	7-1-21	290,980	48,504	242,476
<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	2,089,572	242,112	1,847,460
Energy Efficiency Loans	500,000	0	6-20-11	6-30-18	214,304	71,424	142,880
Total Other Loans Payable					<u>\$ 57,484,856</u>	<u>\$ 2,252,040</u>	<u>\$ 55,232,816</u>

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	
2017	\$ 2,318,172	\$ 776,108	\$ 105,741	\$ 3,200,021
2018	2,429,480	722,600	103,591	3,255,671
2019	2,494,456	665,929	101,331	3,261,716
2020	2,581,056	619,527	97,911	3,298,494
2021	2,517,780	571,668	94,361	3,183,809
2022	2,551,256	521,242	91,081	3,163,579
2023	2,755,616	497,342	87,622	3,340,580
2024	2,520,000	418,153	83,370	3,021,523
2025	2,645,000	373,542	79,008	3,097,550
2026	2,780,000	327,080	74,411	3,181,491
2027	2,935,000	278,671	69,558	3,283,229
2028	2,730,000	227,732	64,525	3,022,257
2029	2,355,000	186,344	59,196	2,600,540
2030	2,470,000	167,297	53,595	2,690,892
2031	2,545,000	147,315	47,722	2,740,037
2032	2,620,000	126,696	41,679	2,788,375
2033	1,755,000	106,706	35,102	1,896,808
2034	1,805,000	93,315	30,697	1,929,012
2035	1,880,000	79,543	26,167	1,985,710
2036	1,980,000	65,198	21,448	2,066,646
2037	2,080,000	50,091	16,478	2,146,569
2038	2,205,000	34,221	11,257	2,250,478
2039	2,280,000	17,396	5,723	2,303,119
Total	\$ 55,232,816	\$ 7,073,716	\$ 1,401,574	\$ 63,708,106

Exhibit K-3

Cumberland County, Tennessee
Schedule of Notes Receivable
For the Year Ended June 30, 2016

Description	Debtor	Original Amount of Notes	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-16
<u>Courthouse and Jail Maintenance Fund</u>						
Health Department Building	JPJG Properties	\$ 349,000	4/18/2016	6/1/2026	4.0 %	<u>\$ 349,000</u>
Total						<u><u>\$ 349,000</u></u>

Exhibit K-4

Cumberland County, Tennessee
Schedule of Transfers
Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2016

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 28,683</u>
Total Transfers Discretely Presented Cumberland County School Department			<u><u>\$ 28,683</u></u>

Exhibit K-5

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, 2016

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 88,141	\$ 100,000	Auto-Owners (Mutual) Insurance Company
Road Superintendent	Section 8-24-102, TCA	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, TCA	76,313	2,038,375	"
Assessor of Property	Section 8-24-102, TCA	76,313	10,000	"
Finance Director	County Commission	76,313 (1)	100,000	Auto-Owners (Mutual) Insurance Company
County Clerk	Section 8-24-102, TCA	76,313	100,000	Travelers Casualty and Surety Company of America
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	76,313	100,000	"
Clerk and Master	Section 8-24-102, TCA and Chancery Court Judge	76,313 (2)	150,000	"
Register of Deeds	Section 8-24-102, TCA	76,313	100,000	"
Sheriff	Section 8-24-102, TCA	83,945 (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 \$16,337.

(3) Does not include a law enforcement training supplement of \$600.

Exhibit K-6

Cumberland County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2016

	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	\$ 8,633,573	\$ 0	\$ 1,579,534	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	170,398	0	33,936	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	104,864	0	20,880	0	0	0
Interest and Penalty	82,285	0	16,971	0	0	0
Pickup Taxes	100	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	14,442	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	30,008	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	639,629	0	0	0	0	0
Hotel/Motel Tax	818,120	0	0	0	0	0
Litigation Tax - General	99,090	0	0	0	0	0
Litigation Tax - Special Purpose	20,111	52,523	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Business Tax	773,058	0	0	0	0	0
Mixed Drink Tax	28,531	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	75,657
<u>Statutory Local Taxes</u>						
Bank Excise Tax	141,990	0	0	0	0	0
Wholesale Beer Tax	369,263	0	0	0	0	0
Interstate Telecommunications Tax	3,762	0	0	0	0	0
Other Statutory Local Taxes	5,550	0	0	0	0	0
Total Local Taxes	\$ 11,934,774	\$ 52,523	\$ 1,651,321	\$ 0	\$ 0	\$ 75,657

(Continued)

Exhibit K-6

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	\$ 92,948	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	211,607	0	0	0	0	0
<u>Permits</u>						
Beer Permits	2,850	0	0	0	0	0
Total Licenses and Permits	<u>\$ 307,405</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	\$ 7,145	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	8,446	0	0	0	0	0
Drug Court Fees	2,482	0	0	0	0	0
Jail Fees	3,107	0	0	0	0	0
DUI Treatment Fines	1,805	0	0	0	0	0
Data Entry Fee - Circuit Court	3,721	0	0	0	0	0
Courtroom Security Fee	2,835	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	30,940	0	0	0	0	0
Officers Costs	71,258	0	0	0	0	0
Game and Fish Fines	349	0	0	0	0	0
Drug Court Fees	5,055	0	0	0	0	0
Jail Fees	14,719	0	0	0	0	0
DUI Treatment Fines	14,685	0	0	0	0	0
Data Entry Fee - General Sessions Court	24,960	0	0	0	0	0
Courtroom Security Fee	177	0	0	0	0	0

(Continued)

Exhibit K-6

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	\$ 144	\$ 0	\$ 0	\$ 0	\$ 0	0
Jail Fees	6,260	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	30,841	0	0	0	0	0
Data Entry Fee - Chancery Court	10,858	0	0	0	0	0
<u>Other Courts - In-county</u>						
Drug Control Fines	0	0	0	15,737	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	60,527	0	0
Total Fines, Forfeitures, and Penalties	\$ 239,787	\$ 0	\$ 0	\$ 76,264	\$ 0	0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 0	\$ 6,282	\$ 0	\$ 0	0
Surcharge - Waste Tire Disposal	0	0	51,436	0	0	0
Patient Charges	3,582,946	0	0	0	0	0
Other General Service Charges	0	0	0	0	0	3,500
<u>Fees</u>						
Copy Fees	859	0	0	0	0	0
Library Fees	19,488	0	0	0	0	0
Telephone Commissions	45,389	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	337	0
Data Processing Fee - Register	30,794	0	0	0	0	0
Data Processing Fee - Sheriff	14,487	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	9,100	0	0	0	0	0
Data Processing Fee - County Clerk	1,293	0	0	0	0	0

(Continued)

Exhibit K-6

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	\$ 620	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Charges for Current Services	\$ 3,704,976	\$ 0	\$ 57,718	\$ 0	\$ 337	\$ 3,500
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 112,828	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	57,876	0	0	0	0	0
Commissary Sales	50,485	0	0	0	0	0
Sale of Recycled Materials	0	0	324,533	0	0	0
E-Rate Funding	6,076	0	0	0	0	0
Miscellaneous Refunds	31,336	0	61	662	0	114
<u>Nonrecurring Items</u>						
Damages Recovered from Individuals	10,114	0	0	0	0	0
Contributions and Gifts	0	0	0	500	0	0
Total Other Local Revenues	\$ 268,715	\$ 0	\$ 324,594	\$ 1,162	\$ 0	\$ 114
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 503,346	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	214,105	0	0	0	0	0
General Sessions Court Clerk	386,176	0	0	0	0	0
Clerk and Master	381,301	0	0	0	0	0
Register	364,733	0	0	0	0	0
Sheriff	21,060	0	0	0	0	0
Trustee	818,420	0	0	0	0	0
Total Fees Received From County Officials	\$ 2,689,141	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-6

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</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	0
Solid Waste Grants	0	0	24,626	0	0	0
On-behalf Contributions for OPEB	2,400	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	30,600	0	0	0	0	0
Drug Control Grants	57,561	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	956,608	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	155,001
Litter Program	0	0	56,970	0	0	0
<u>Other State Revenues</u>						
Income Tax	375,070	0	0	0	0	0
Beer Tax	18,488	0	0	0	0	0
Vehicle Certificate of Title Fees	11,275	0	0	0	0	0
Alcoholic Beverage Tax	110,153	0	0	0	0	0
State Revenue Sharing - T.V.A.	1,076,151	0	0	0	0	0
Contracted Prisoner Boarding	586,783	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	2,289,813
Petroleum Special Tax	0	0	0	0	0	40,445
Reappraisal Program Reimbursement	10,217	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	695,891	0	0	0	0	0
Other State Revenues	73,904	0	0	0	0	0
Total State of Tennessee	\$ 4,029,265	\$ 0	\$ 81,596	\$ 0	\$ 0	\$ 2,485,259

(Continued)

Exhibit K-6

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>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 359,190	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	46,000	0	0	0	0	0
Disaster Relief	4,871,239	0	0	0	0	0
Law Enforcement Grants	17,758	0	0	0	0	0
Other Federal through State	61,430	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	8,055	0	0	0	0	0
Total Federal Government	<u>\$ 5,363,672</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 84,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	654,366	0	2,865	0	0	0
<u>Citizens Groups</u>						
Donations	7,593	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 746,459</u>	<u>\$ 0</u>	<u>\$ 2,865</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 29,284,194</u>	<u>\$ 52,523</u>	<u>\$ 2,118,094</u>	<u>\$ 77,426</u>	<u>\$ 337</u>	<u>\$ 2,564,530</u>

(Continued)

Exhibit K-6

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	\$ 2,456,270	\$	12,669,377
Trustee's Collections - Prior Year	58,804		263,138
Circuit Clerk/Clerk and Master Collections - Prior Years	37,628		163,372
Interest and Penalty	27,609		126,865
Pickup Taxes	0		100
Payments in-Lieu-of Taxes - Local Utilities	0		14,442
Payments in-Lieu-of Taxes - Other	0		30,008
<u>County Local Option Taxes</u>			
Local Option Sales Tax	2,074,460		2,714,089
Hotel/Motel Tax	0		818,120
Litigation Tax - General	0		99,090
Litigation Tax - Special Purpose	0		72,634
Litigation Tax - Jail, Workhouse, or Courthouse	288,621		288,621
Business Tax	0		773,058
Mixed Drink Tax	0		28,531
Mineral Severance Tax	0		75,657
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0		141,990
Wholesale Beer Tax	0		369,263
Interstate Telecommunications Tax	0		3,762
Other Statutory Local Taxes	0		5,550
Total Local Taxes	<u>\$ 4,943,392</u>	<u>\$</u>	<u>18,657,667</u>

(Continued)

Exhibit K-6

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	\$ 92,948
Cable TV Franchise	0	211,607
<u>Permits</u>		
Beer Permits	0	2,850
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 307,405</u>
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	\$ 0	\$ 7,145
Officers Costs	0	8,446
Drug Court Fees	0	2,482
Jail Fees	0	3,107
DUI Treatment Fines	0	1,805
Data Entry Fee - Circuit Court	0	3,721
Courtroom Security Fee	0	2,835
<u>General Sessions Court</u>		
Fines	0	30,940
Officers Costs	0	71,258
Game and Fish Fines	0	349
Drug Court Fees	0	5,055
Jail Fees	0	14,719
DUI Treatment Fines	0	14,685
Data Entry Fee - General Sessions Court	0	24,960
Courtroom Security Fee	0	177

(Continued)

Exhibit K-6

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

	<u>Debt Service</u> <u>Fund</u> General Debt Service	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>Juvenile Court</u>		
Fines	\$ 0	\$ 144
Jail Fees	0	6,260
<u>Chancery Court</u>		
Officers Costs	0	30,841
Data Entry Fee - Chancery Court	0	10,858
<u>Other Courts - In-county</u>		
Drug Control Fines	0	15,737
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	0	60,527
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 316,051</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Tipping Fees	\$ 0	\$ 6,282
Surcharge - Waste Tire Disposal	0	51,436
Patient Charges	0	3,582,946
Other General Service Charges	0	3,500
<u>Fees</u>		
Copy Fees	0	859
Library Fees	0	19,488
Telephone Commissions	0	45,389
Constitutional Officers' Fees and Commissions	0	337
Data Processing Fee - Register	0	30,794
Data Processing Fee - Sheriff	0	14,487
Sexual Offender Registration Fee - Sheriff	0	9,100
Data Processing Fee - County Clerk	0	1,293

(Continued)

Exhibit K-6

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

	Debt Service Fund	
	General	Total
	Debt Service	
<u>Charges for Current Services (Cont.)</u>		
<u>Education Charges</u>		
TBI Criminal Background Fee	\$ 0	\$ 620
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 3,766,531</u>
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 0	\$ 112,828
Lease/Rentals	0	57,876
Commissary Sales	0	50,485
Sale of Recycled Materials	0	324,533
E-Rate Funding	0	6,076
Miscellaneous Refunds	0	32,173
<u>Nonrecurring Items</u>		
Damages Recovered from Individuals	0	10,114
Contributions and Gifts	0	500
Total Other Local Revenues	<u>\$ 0</u>	<u>\$ 594,585</u>
<u>Fees Received From County Officials</u>		
<u>Fees In-Lieu-of Salary</u>		
County Clerk	\$ 0	\$ 503,346
Circuit Court Clerk	0	214,105
General Sessions Court Clerk	0	386,176
Clerk and Master	0	381,301
Register	0	364,733
Sheriff	0	21,060
Trustee	0	818,420
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 2,689,141</u>

(Continued)

Exhibit K-6

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

	Debt Service Fund	
	General	
	Debt Service	Total
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 9,000
Solid Waste Grants	0	24,626
On-behalf Contributions for OPEB	0	2,400
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	30,600
Drug Control Grants	0	57,561
<u>Health and Welfare Grants</u>		
Health Department Programs	0	956,608
<u>Public Works Grants</u>		
State Aid Program	0	155,001
Litter Program	0	56,970
<u>Other State Revenues</u>		
Income Tax	0	375,070
Beer Tax	0	18,488
Vehicle Certificate of Title Fees	0	11,275
Alcoholic Beverage Tax	0	110,153
State Revenue Sharing - T.V.A.	0	1,076,151
Contracted Prisoner Boarding	0	586,783
Gasoline and Motor Fuel Tax	0	2,289,813
Petroleum Special Tax	0	40,445
Reappraisal Program Reimbursement	0	10,217
Registrar's Salary Supplement	0	15,164
Other State Grants	0	695,891
Other State Revenues	0	73,904
Total State of Tennessee	\$ 0	\$ 6,596,120

(Continued)

Exhibit K-6

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

	<u>Debt Service</u>		
	<u>Fund</u>		
	General	Debt	Total
	Service		
<hr/>			
<u>Federal Government</u>			
<u>Federal Through State</u>			
Community Development	\$ 0	\$	359,190
Civil Defense Reimbursement	0		46,000
Disaster Relief	0		4,871,239
Law Enforcement Grants	0		17,758
Other Federal through State	0		61,430
<u>Direct Federal Revenue</u>			
Other Direct Federal Revenue	0		8,055
Total Federal Government	<u>\$ 0</u>	<u>\$</u>	<u>5,363,672</u>
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$ 364,320	\$	448,820
Contracted Services	0		657,231
<u>Citizens Groups</u>			
Donations	0		7,593
Total Other Governments and Citizens Groups	<u>\$ 364,320</u>	<u>\$</u>	<u>1,113,644</u>
Total	<u>\$ 5,307,712</u>	<u>\$</u>	<u>39,404,816</u>

Exhibit K-7

Cumberland County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2016

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 8,775,105	\$ 0	\$ 0	\$ 8,775,105
Trustee's Collections - Prior Year	188,474	0	0	188,474
Circuit Clerk/Clerk and Master Collections - Prior Years	116,000	0	0	116,000
Interest and Penalty	94,249	0	0	94,249
<u>County Local Option Taxes</u>				
Local Option Sales Tax	8,705,415	0	0	8,705,415
Business Tax	4,690	0	0	4,690
Mixed Drink Tax	132,834	0	0	132,834
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	4,842	0	0	4,842
Total Local Taxes	<u>\$ 18,021,609</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,021,609</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Other	\$ 140,476	\$ 0	\$ 0	\$ 140,476
Lunch Payments - Children	0	0	406,850	406,850
Lunch Payments - Adults	0	0	50,041	50,041
Income from Breakfast	0	0	39,226	39,226
A la Carte Sales	0	0	307,638	307,638
Receipts from Individual Schools	83,966	0	0	83,966
Other Charges for Services	29,205	0	9,023	38,228
Total Charges for Current Services	<u>\$ 253,647</u>	<u>\$ 0</u>	<u>\$ 812,778</u>	<u>\$ 1,066,425</u>

(Continued)

Exhibit K-7

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	\$ 831	\$ 831
Sale of Recycled Materials	3,564	0	0	3,564
E-Rate Funding	72,964	0	0	72,964
Retirees' Insurance Payments	315	0	0	315
Miscellaneous Refunds	163,630	0	13,259	176,889
<u>Nonrecurring Items</u>				
Sale of Equipment	0	0	765	765
Resale of Materials - T&I House	21,650	0	0	21,650
Damages Recovered from Individuals	148	0	0	148
Contributions and Gifts	14,750	0	0	14,750
<u>Other Local Revenues</u>				
Other Local Revenues	12,154	0	0	12,154
Total Other Local Revenues	\$ 289,175	\$ 0	\$ 14,855	\$ 304,030
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 280,389	\$ 0	\$ 0	\$ 280,389
<u>State Education Funds</u>				
Basic Education Program	29,036,000	0	0	29,036,000
Early Childhood Education	1,078,095	0	0	1,078,095
School Food Service	0	0	35,386	35,386
Other State Education Funds	629,017	0	0	629,017
Coordinated School Health	100,000	0	0	100,000
Family Resource Centers	29,584	0	0	29,584
Career Ladder Program	211,435	0	0	211,435

(Continued)

Exhibit K-7

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues</u>				
Other State Grants	\$ 0	\$ 134,584	\$ 0	\$ 134,584
Safe Schools	32,610	0	0	32,610
Total State of Tennessee	\$ 31,397,130	\$ 134,584	\$ 35,386	\$ 31,567,100
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 2,230,198	\$ 2,230,198
USDA - Commodities	0	0	211,828	211,828
Breakfast	0	0	1,066,178	1,066,178
USDA - Other	0	0	102,289	102,289
USDA Food Service Equipment Grant	0	0	12,000	12,000
Vocational Education - Basic Grants to States	0	113,041	0	113,041
Title I Grants to Local Education Agencies	0	1,986,729	0	1,986,729
Special Education - Grants to States	47,291	1,479,152	0	1,526,443
Special Education Preschool Grants	0	45,284	0	45,284
English Language Acquisition Grants	0	10,901	0	10,901
Safe and Drug-free Schools - State Grants	0	460,632	0	460,632
Rural Education	0	133,430	0	133,430
Education for Homeless Children and Youth	0	67,429	0	67,429
Eisenhower Professional Development State Grants	0	231,891	0	231,891
Other Federal through State	0	8,212	60,945	69,157
Total Federal Government	\$ 47,291	\$ 4,536,701	\$ 3,683,438	\$ 8,267,430
Total	\$ 50,008,852	\$ 4,671,285	\$ 4,546,457	\$ 59,226,594

Exhibit K-8

Cumberland County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2016

General Fund

General Government

County Commission

Other Salaries and Wages	\$	14,400	
Board and Committee Members Fees		64,559	
Social Security		6,115	
Pensions		4,596	
Dental Insurance		52	
Audit Services		17,159	
Consultants		19,800	
Contracts with Government Agencies		34,211	
Contracts with Private Agencies		600	
Contributions		9,814	
Dues and Memberships		2,902	
Legal Notices, Recording, and Court Costs		106	
Maintenance Agreements		3,500	
Travel		3,614	
Other Contracted Services		600	
Other Equipment		605,660	
Other Capital Outlay		11,729	
Total County Commission			\$ 799,417

Board of Equalization

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

Beer Board

Criminal Investigation of Applicants - TBI	\$	319	
Total Beer Board			319

County Mayor/Executive

County Official/Administrative Officer	\$	88,141	
Assistant(s)		30,200	
Secretary(ies)		28,600	
Longevity Pay		1,176	
Social Security		10,428	
Pensions		14,708	
Employee and Dependent Insurance		22,376	
Life Insurance		147	
Dental Insurance		942	
Communication		2,234	
Contracts with Private Agencies		30,450	
Contributions		9,500	
Dues and Memberships		1,950	
Maintenance and Repair Services - Office Equipment		400	
Printing, Stationery, and Forms		95	
Travel		2,719	
Other Contracted Services		288	
Office Supplies		1,732	
Premiums on Corporate Surety Bonds		223	
Other Charges		333	
Total County Mayor/Executive			246,642

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

County Official/Administrative Officer	\$	47,288	
Judgments		30,957	
Total County Attorney			\$ 78,245

Election Commission

County Official/Administrative Officer	\$	68,682	
Clerical Personnel		91,401	
Part-time Personnel		5,960	
Longevity Pay		2,836	
Election Commission		9,300	
Election Workers		22,360	
In-service Training		2,500	
Social Security		12,733	
Pensions		12,367	
Employee and Dependent Insurance		29,223	
Life Insurance		183	
Dental Insurance		1,256	
Communication		2,500	
Dues and Memberships		275	
Legal Notices, Recording, and Court Costs		3,616	
Maintenance and Repair Services - Equipment		9,213	
Maintenance and Repair Services - Office Equipment		12,400	
Printing, Stationery, and Forms		14,789	
Rentals		800	
Travel		2,925	
Other Contracted Services		9,550	
Office Supplies		3,092	
Other Charges		346	
Total Election Commission			318,307

Register of Deeds

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		108,128	
Part-time Personnel		16,517	
Longevity Pay		2,651	
Social Security		15,519	
Pensions		17,475	
Employee and Dependent Insurance		32,298	
Life Insurance		195	
Dental Insurance		1,335	
Communication		1,388	
Dues and Memberships		694	
Maintenance Agreements		16,838	
Printing, Stationery, and Forms		1,002	
Office Supplies		681	
Premiums on Corporate Surety Bonds		350	
Other Charges		25	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Data Processing Equipment	\$	17,308	
Office Equipment		7,209	
Total Register of Deeds			\$ 315,926

Engineering

Communication	\$	1,336	
Operating Lease Payments		29,681	
Maintenance Agreements		11,250	
Maintenance and Repair Services - Equipment		699	
Gasoline		640	
Utilities		19,690	
Other Supplies and Materials		173	
Total Engineering			63,469

County Buildings

Supervisor/Director	\$	41,300	
Custodial Personnel		205,126	
Maintenance Personnel		1,856	
Longevity Pay		5,858	
Overtime Pay		5,965	
Social Security		19,979	
Pensions		23,511	
Employee and Dependent Insurance		65,584	
Life Insurance		367	
Dental Insurance		2,985	
Other Fringe Benefits		4,608	
Maintenance and Repair Services - Buildings		119,989	
Travel		46	
Gasoline		5,382	
Office Supplies		93	
Uniforms		2,500	
Utilities		60,379	
Total County Buildings			565,528

Other General Administration

Supervisor/Director	\$	36,839	
Mechanic(s)		32,700	
Longevity Pay		1,687	
Social Security		5,462	
Pensions		7,271	
Employee and Dependent Insurance		14,917	
Life Insurance		111	
Dental Insurance		628	
On-behalf Payments to OPEB		2,400	
Other Fringe Benefits		1,994	
Communication		1,017	
Gasoline		499	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Lubricants	\$	9,922	
Uniforms		1,600	
Utilities		4,293	
Other Supplies and Materials		5,200	
Total Other General Administration			\$ 126,540

Preservation of Records

Part-time Personnel	\$	17,754	
In-service Training		1,847	
Social Security		1,358	
Communication		605	
Dues and Memberships		35	
Printing, Stationery, and Forms		119	
Other Contracted Services		2,156	
Library Books/Media		1,200	
Office Supplies		3,722	
Periodicals		148	
Other Supplies and Materials		300	
Total Preservation of Records			29,244

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	76,313	
Accountants/Bookkeepers		191,483	
Longevity Pay		8,965	
Social Security		21,171	
Pensions		27,505	
Employee and Dependent Insurance		46,606	
Life Insurance		251	
Dental Insurance		1,928	
Other Fringe Benefits		5,042	
Communication		1,793	
Data Processing Services		2,500	
Legal Notices, Recording, and Court Costs		1,578	
Maintenance Agreements		14,524	
Printing, Stationery, and Forms		8,405	
Travel		1,834	
Office Supplies		4,356	
Premiums on Corporate Surety Bonds		278	
Total Accounting and Budgeting			414,532

Property Assessor's Office

County Official/Administrative Officer	\$	76,313	
Assistant(s)		246,450	
Clerical Personnel		39,908	
Part-time Personnel		1,608	
Longevity Pay		5,178	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

In-service Training	\$	3,398	
Social Security		25,955	
Pensions		35,272	
Employee and Dependent Insurance		77,890	
Life Insurance		361	
Dental Insurance		3,010	
Communication		822	
Data Processing Services		46,264	
Dues and Memberships		1,850	
Maintenance Agreements		3,600	
Maintenance and Repair Services - Vehicles		1,454	
Postal Charges		3,500	
Travel		3,625	
Other Contracted Services		19,580	
Duplicating Supplies		1,000	
Gasoline		1,340	
Office Supplies		2,958	
Other Supplies and Materials		265	
Premiums on Corporate Surety Bonds		200	
Total Property Assessor's Office			\$ 601,801

County Trustee's Office

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		147,609	
Longevity Pay		3,417	
Social Security		16,975	
Pensions		21,237	
Employee and Dependent Insurance		40,729	
Life Insurance		239	
Dental Insurance		1,910	
Communication		1,162	
Dues and Memberships		604	
Maintenance and Repair Services - Office Equipment		10,125	
Printing, Stationery, and Forms		2,782	
Travel		65	
Other Contracted Services		25,889	
Office Supplies		2,247	
Premiums on Corporate Surety Bonds		7,416	
Other Charges		1,462	
Data Processing Equipment		2,401	
Total County Trustee's Office			362,582

County Clerk's Office

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		339,502	
Longevity Pay		9,376	
Social Security		31,877	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Pensions	\$	42,221	
Employee and Dependent Insurance		88,190	
Life Insurance		471	
Dental Insurance		3,768	
Communication		4,960	
Dues and Memberships		709	
Maintenance and Repair Services - Office Equipment		18,795	
Printing, Stationery, and Forms		2,517	
Travel		356	
Office Supplies		7,378	
Premiums on Corporate Surety Bonds		257	
Total County Clerk's Office	\$		626,690

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		326,102	
Part-time Personnel		21,856	
Longevity Pay		9,246	
Jury and Witness Expense		14,878	
Social Security		32,698	
Pensions		40,878	
Employee and Dependent Insurance		82,045	
Life Insurance		422	
Dental Insurance		3,454	
Communication		3,435	
Dues and Memberships		984	
Maintenance and Repair Services - Office Equipment		27,756	
Printing, Stationery, and Forms		9,723	
Office Supplies		6,410	
Premiums on Corporate Surety Bonds		1,245	
Total Circuit Court			657,445

General Sessions Court

Judge(s)	\$	161,331	
Secretary(ies)		38,200	
Part-time Personnel		5,192	
Longevity Pay		2,090	
Other Salaries and Wages		30,100	
Social Security		15,409	
Pensions		23,010	
Employee and Dependent Insurance		22,256	
Life Insurance		121	
Dental Insurance		942	
Communication		905	
Contracts with Government Agencies		49,521	
Dues and Memberships		345	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Travel	\$	387	
Office Supplies		958	
Data Processing Equipment		1,285	
Total General Sessions Court			\$ 352,052

Chancery Court

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		78,700	
Part-time Personnel		2,180	
Longevity Pay		3,148	
Social Security		12,265	
Pensions		15,706	
Employee and Dependent Insurance		22,752	
Life Insurance		116	
Dental Insurance		992	
Communication		1,681	
Dues and Memberships		584	
Maintenance and Repair Services - Office Equipment		16,201	
Printing, Stationery, and Forms		4,923	
Office Supplies		2,636	
Premiums on Corporate Surety Bonds		488	
Total Chancery Court			238,685

Juvenile Court

Youth Service Officer(s)	\$	61,800	
Longevity Pay		951	
In-service Training		139	
Social Security		4,800	
Pensions		6,231	
Employee and Dependent Insurance		14,797	
Life Insurance		72	
Dental Insurance		628	
Communication		577	
Contracts with Government Agencies		4,500	
Travel		826	
Office Supplies		1,000	
Total Juvenile Court			96,321

Judicial Commissioners

County Official/Administrative Officer	\$	68,101	
Supervisor/Director		26,200	
Part-time Personnel		30,786	
Longevity Pay		984	
In-service Training		600	
Social Security		9,232	
Pensions		5,051	
Employee and Dependent Insurance		22,136	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners (Cont.)

Life Insurance	\$	126	
Dental Insurance		999	
Printing, Stationery, and Forms		235	
Office Supplies		652	
Premiums on Corporate Surety Bonds		600	
Liability Claims		40,000	
Other Charges		352	
Total Judicial Commissioners			\$ 206,054

Probate Court

Secretary(ies)	\$	174,128	
Longevity Pay		5,890	
Social Security		13,682	
Pensions		17,385	
Employee and Dependent Insurance		37,920	
Life Insurance		180	
Dental Insurance		1,544	
Dues and Memberships		100	
Printing, Stationery, and Forms		170	
Total Probate Court			250,999

Courtroom Security

Deputy(ies)	\$	93,846	
Part-time Personnel		23,854	
Longevity Pay		1,338	
Social Security		8,988	
Pensions		9,452	
Employee and Dependent Insurance		22,136	
Life Insurance		108	
Dental Insurance		942	
Travel		1,611	
Uniforms		1,822	
Other Supplies and Materials		2,200	
Total Courtroom Security			166,297

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	83,945	
Deputy(ies)		1,684,184	
Salary Supplements		27,000	
Secretary(ies)		75,600	
Longevity Pay		38,419	
Overtime Pay		47,235	
In-service Training		6,002	
Social Security		146,558	
Pensions		189,950	
Employee and Dependent Insurance		326,558	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Life Insurance	\$	1,758	
Dental Insurance		14,741	
Communication		32,453	
Dues and Memberships		2,800	
Evaluation and Testing		3,019	
Maintenance and Repair Services - Equipment		254	
Maintenance and Repair Services - Vehicles		74,991	
Printing, Stationery, and Forms		1,787	
Travel		5,695	
Drug Treatment		1,600	
Other Contracted Services		34,255	
Gasoline		119,978	
Office Supplies		7,612	
Uniforms		10,000	
Other Supplies and Materials		35,920	
Premiums on Corporate Surety Bonds		406	
Workers' Compensation Insurance		208,967	
Other Charges		1,800	
Communication Equipment		14,995	
Other Equipment		7,000	
Total Sheriff's Department			\$ 3,205,482

Special Patrols

Deputy(ies)	\$	155,100	
Longevity Pay		4,700	
In-service Training		1,000	
Social Security		12,070	
Pensions		15,636	
Employee and Dependent Insurance		29,834	
Life Insurance		144	
Dental Insurance		1,256	
Travel		1,500	
Uniforms		1,500	
Law Enforcement Equipment		2,978	
Total Special Patrols			225,718

Drug Enforcement

Overtime Pay	\$	16,727	
Social Security		1,131	
Pensions		1,611	
Total Drug Enforcement			19,469

Jail

Medical Personnel	\$	62,470	
Bus Drivers		58,566	
Guards		1,467,917	
Clerical Personnel		108,900	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Cafeteria Personnel	\$	105,746	
Part-time Personnel		113,646	
Longevity Pay		31,374	
Overtime Pay		9,484	
In-service Training		5,650	
Social Security		146,789	
Pensions		164,767	
Employee and Dependent Insurance		404,237	
Life Insurance		2,027	
Dental Insurance		17,387	
Evaluation and Testing		5,727	
Maintenance and Repair Services - Equipment		24,232	
Medical and Dental Services		312,016	
Travel		6,610	
Food Supplies		253,604	
Office Supplies		6,935	
Uniforms		14,000	
Utilities		333,811	
Other Supplies and Materials		121,682	
Other Charges		25,000	
Total Jail			\$ 3,802,577

Juvenile Services

Guards	\$	38,054	
Part-time Personnel		38,263	
Longevity Pay		1,113	
Social Security		5,880	
Pensions		3,932	
Employee and Dependent Insurance		7,459	
Life Insurance		36	
Dental Insurance		314	
Communication		255	
Contracts with Government Agencies		4,950	
Office Supplies		196	
Utilities		1,595	
Total Juvenile Services			102,047

Fire Prevention and Control

Salary Supplements	\$	3,600	
Part-time Personnel		14,054	
Longevity Pay		9,581	
Overtime Pay		48,036	
Other Salaries and Wages		304,525	
In-service Training		11,657	
Social Security		28,449	
Pensions		35,033	
Employee and Dependent Insurance		64,128	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Life Insurance	\$	321	
Dental Insurance		2,800	
Communication		3,607	
Contracts with Government Agencies		2,000	
Evaluation and Testing		990	
Maintenance and Repair Services - Buildings		16,136	
Maintenance and Repair Services - Equipment		10,499	
Maintenance and Repair Services - Vehicles		45,051	
Travel		3,213	
Gasoline		13,764	
Office Supplies		1,377	
Uniforms		1,835	
Utilities		40,723	
Other Supplies and Materials		1,505	
Workers' Compensation Insurance		78,732	
Other Charges		22,444	
Communication Equipment		21,989	
Other Equipment		664	
Total Fire Prevention and Control			\$ 786,713

Civil Defense

Assistant(s)	\$	34,700	
Supervisor/Director		51,000	
Longevity Pay		2,734	
Social Security		6,938	
Pensions		9,091	
Employee and Dependent Insurance		14,917	
Life Insurance		111	
Dental Insurance		523	
Other Fringe Benefits		3,112	
Communication		2,314	
Maintenance and Repair Services - Vehicles		161	
Travel		1,000	
Gasoline		257	
Other Charges		317	
Other Capital Outlay		4,508	
Total Civil Defense			131,683

Rescue Squad

Contracts with Private Agencies	\$	11,000	
Total Rescue Squad			11,000

Disaster Relief

Other Contracted Services	\$	5,926,332	
Total Disaster Relief			5,926,332

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

Supervisor/Director	\$	40,781	
Dispatchers/Radio Operators		610,851	
Part-time Personnel		37,116	
Longevity Pay		10,357	
Overtime Pay		10,067	
Social Security		52,871	
Pensions		59,363	
Employee and Dependent Insurance		162,784	
Life Insurance		806	
Dental Insurance		7,072	
Other Fringe Benefits		2,122	
Office Supplies		1,779	
Total Other Emergency Management	\$		995,969

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	65,552	
Total County Coroner/Medical Examiner			65,552

Other Public Safety

Deputy(ies)	\$	5,410	
In-service Training		2,800	
Social Security		414	
Evaluation and Testing		61	
Uniforms		2,007	
Other Supplies and Materials		6,300	
Other Charges		4,200	
Total Other Public Safety			21,192

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	20,200	
Part-time Personnel		790	
Longevity Pay		6,163	
Other Salaries and Wages		622,008	
Social Security		46,030	
Pensions		45,275	
Employee and Dependent Insurance		127,877	
Life Insurance		633	
Dental Insurance		5,403	
Communication		14,764	
Maintenance and Repair Services - Buildings		7,213	
Travel		11,031	
Other Contracted Services		6,168	
Drugs and Medical Supplies		5,225	
Instructional Supplies and Materials		33,033	
Office Supplies		9,075	
Utilities		32,183	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Other Supplies and Materials	\$	4,871	
Other Charges		1,171	
Total Local Health Center			\$ 999,113

Rabies and Animal Control

Deputy(ies)	\$	24,299	
Medical Personnel		1,001	
Part-time Personnel		12,872	
Longevity Pay		850	
Social Security		2,978	
Pensions		2,684	
Employee and Dependent Insurance		7,459	
Life Insurance		36	
Dental Insurance		314	
Other Fringe Benefits		881	
Communication		637	
Gasoline		3,158	
Office Supplies		73	
Uniforms		841	
Other Supplies and Materials		1,109	
Total Rabies and Animal Control			59,192

Ambulance/Emergency Medical Services

Supervisor/Director	\$	74,800	
Medical Personnel		1,090,159	
Secretary(ies)		57,800	
Part-time Personnel		98,425	
Longevity Pay		40,596	
Overtime Pay		746,474	
In-service Training		2,113	
Social Security		158,360	
Pensions		192,520	
Employee and Dependent Insurance		329,740	
Life Insurance		1,635	
Dental Insurance		13,858	
Other Fringe Benefits		1,849	
Communication		5,711	
Consultants		3,000	
Contracts with Government Agencies		250	
Maintenance and Repair Services - Buildings		6,487	
Maintenance and Repair Services - Office Equipment		719	
Maintenance and Repair Services - Vehicles		28,802	
Travel		855	
Other Contracted Services		170,278	
Drugs and Medical Supplies		116,692	
Gasoline		73,428	
Office Supplies		8,885	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Uniforms	\$	11,920	
Utilities		14,726	
Other Supplies and Materials		17,983	
Workers' Compensation Insurance		271,619	
Other Charges		11,210	
Communication Equipment		14,523	
Total Ambulance/Emergency Medical Services			\$ 3,565,417

Alcohol and Drug Programs

Assistant(s)	\$	37,700	
Supervisor/Director		37,965	
Longevity Pay		2,648	
Social Security		5,937	
Pensions		7,812	
Employee and Dependent Insurance		14,797	
Life Insurance		111	
Dental Insurance		628	
Other Fringe Benefits		357	
Total Alcohol and Drug Programs			107,955

Appropriation to State

Contributions	\$	55,930	
Total Appropriation to State			55,930

Other Public Health and Welfare

Laborers	\$	18,762	
Attendants		35,510	
Part-time Personnel		22,342	
Longevity Pay		816	
Social Security		5,898	
Pensions		4,356	
Employee and Dependent Insurance		14,339	
Life Insurance		99	
Dental Insurance		602	
Other Fringe Benefits		1,297	
Communication		1,548	
Other Contracted Services		385	
Gasoline		103	
Utilities		8,915	
Other Supplies and Materials		18,294	
Other Charges		350	
Total Other Public Health and Welfare			133,616

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

<u>Libraries</u>		
Supervisor/Director	\$	49,600
Deputy(ies)		66,800
Laborers		19,000
Secretary(ies)		31,900
Clerical Personnel		28,900
Part-time Personnel		151,468
Longevity Pay		5,249
In-service Training		6,353
Social Security		26,772
Pensions		20,249
Employee and Dependent Insurance		44,152
Life Insurance		255
Dental Insurance		1,884
Other Fringe Benefits		2,467
Communication		10,450
Dues and Memberships		1,823
Maintenance Agreements		31,669
Maintenance and Repair Services - Buildings		15,028
Maintenance and Repair Services - Office Equipment		3,248
Postal Charges		2,989
Custodial Supplies		8,130
Library Books/Media		62,092
Office Supplies		32,604
Periodicals		4,999
Utilities		71,550
Other Charges		945
Data Processing Equipment		3,754
Total Libraries	\$	704,330
<u>Parks and Fair Boards</u>		
Supervisor/Director	\$	30,900
Custodial Personnel		24,300
Part-time Personnel		26,059
Longevity Pay		1,104
Social Security		6,431
Pensions		5,784
Employee and Dependent Insurance		10,282
Life Insurance		108
Dental Insurance		628
Other Fringe Benefits		1,939
Advertising		3,500
Communication		1,721
Gasoline		1,715
Uniforms		800
Utilities		41,231
Other Supplies and Materials		29,287
Total Parks and Fair Boards		185,789

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Other Social, Cultural, and Recreational

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

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	91,543	
Communication		2,147	
Travel		2,100	
Office Supplies		2,567	
Total Agricultural Extension Service			98,357

Soil Conservation

Assistant(s)	\$	20,244	
Secretary(ies)		35,200	
Longevity Pay		1,297	
Social Security		4,535	
Pensions		5,898	
Employee and Dependent Insurance		14,803	
Life Insurance		60	
Dental Insurance		628	
Dues and Memberships		1,260	
Legal Notices, Recording, and Court Costs		800	
Travel		2,000	
Office Supplies		449	
Total Soil Conservation			87,174

Other Operations

Tourism

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

Other Economic and Community Development

Contracts with Private Agencies	\$	52,500	
Contributions		40,000	
Other Construction		359,190	
Total Other Economic and Community Development			451,690

Veterans' Services

County Official/Administrative Officer	\$	29,200	
Secretary(ies)		22,100	
Part-time Personnel		4,426	
Longevity Pay		513	
Social Security		4,286	
Pensions		5,145	
Employee and Dependent Insurance		6,736	
Life Insurance		102	
Dental Insurance		314	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Communication	\$	1,462	
Maintenance Agreements		1,197	
Travel		911	
Office Supplies		1,184	
Total Veterans' Services			\$ 77,576

Other Charges

Liability Insurance	\$	231,860	
Trustee's Commission		271,936	
Other Charges		15,481	
Total Other Charges			519,277

Contributions to Other Agencies

Contributions	\$	22,000	
Total Contributions to Other Agencies			22,000

Employee Benefits

Unemployment Compensation	\$	32,784	
Total Employee Benefits			32,784

Miscellaneous

Postal Charges	\$	56,418	
Other Charges		26	
Total Miscellaneous			56,444

Total General Fund \$ 29,098,648

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	14,750	
Total County Buildings			\$ 14,750

Other Operations

Other Charges

Trustee's Commission	\$	533	
Total Other Charges			533

Total Courthouse and Jail Maintenance Fund 15,283

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Laborers	\$	130,300	
Longevity Pay		1,953	
Overtime Pay		203	
Social Security		10,381	

(Continued)

Exhibit K-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

Pensions	\$	13,568	
Employee and Dependent Insurance		32,632	
Life Insurance		110	
Dental Insurance		1,387	
Other Fringe Benefits		2,607	
Diesel Fuel		25,136	
Uniforms		1,454	
Other Supplies and Materials		31,690	
Motor Vehicles		15,000	
Total Waste Pickup			\$ 266,421

Convenience Centers

Part-time Personnel	\$	426,257	
Social Security		32,685	
Contracts with Private Agencies		622,609	
Operating Lease Payments		9,800	
Uniforms		2,334	
Utilities		29,186	
Other Supplies and Materials		15,905	
Total Convenience Centers			1,138,776

Recycling Center

Supervisor/Director	\$	44,663	
Laborers		146,360	
Part-time Personnel		70,746	
Longevity Pay		3,628	
Social Security		20,119	
Pensions		17,520	
Employee and Dependent Insurance		45,866	
Life Insurance		231	
Dental Insurance		1,884	
Other Fringe Benefits		4,059	
Contracts with Private Agencies		50,000	
Travel		446	
Diesel Fuel		7,237	
Office Supplies		1,711	
Uniforms		1,344	
Utilities		16,044	
Other Supplies and Materials		43,864	
Total Recycling Center			475,722

Postclosure Care Costs

Part-time Personnel	\$	2,075	
Social Security		159	
Contracts for Postclosure Care Costs		15,123	
Utilities		1,458	
Other Supplies and Materials		8,632	
Other Charges		16,491	
Total Postclosure Care Costs			43,938

(Continued)

Exhibit K-8

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations

Other Charges

Trustee's Commission	\$ 33,121	
Total Other Charges		\$ 33,121

Employee Benefits

Unemployment Compensation	\$ 5,358	
Workers' Compensation Insurance	54,491	
Total Employee Benefits		59,849

Highways

Litter and Trash Collection

Deputy(ies)	\$ 48,100	
Longevity Pay	638	
Social Security	3,852	
Pensions	3,042	
Employee and Dependent Insurance	14,797	
Life Insurance	68	
Dental Insurance	628	
Other Fringe Benefits	369	
Diesel Fuel	2,485	
Other Supplies and Materials	3,189	
Motor Vehicles	6,200	
Total Litter and Trash Collection		83,368

Total Solid Waste/Sanitation Fund		\$ 2,101,195
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Drug Control Fund

Public Safety

Drug Enforcement

In-service Training	\$ 655	
Contributions	5,000	
Maintenance and Repair Services - Vehicles	2,096	
Travel	269	
Other Supplies and Materials	21,236	
Law Enforcement Equipment	1,753	
Motor Vehicles	36,029	
Total Drug Enforcement		\$ 67,038

Other Operations

Other Charges

Trustee's Commission	\$ 150	
Total Other Charges		150

Total Drug Control Fund		67,188
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(Continued)

Exhibit K-8

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

Constitutional Officers - Fees Fund

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$ 337	
Total Sheriff's Department		\$ 337

Total Constitutional Officers - Fees Fund \$ 337

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 83,945	
Assistant(s)	34,653	
Longevity Pay	848	
Overtime Pay	2,980	
Social Security	9,395	
Pensions	12,287	
Employee and Dependent Insurance	14,917	
Life Insurance	111	
Dental Insurance	628	
Other Fringe Benefits	1,304	
Dues and Memberships	4,417	
Maintenance and Repair Services - Office Equipment	50	
Travel	3,854	
Office Supplies	1,287	
Other Charges	1,817	
Total Administration		\$ 172,493

Highway and Bridge Maintenance

Equipment Operators - Heavy	\$ 158,454	
Truck Drivers	164,152	
Laborers	90,293	
Part-time Personnel	37,018	
Longevity Pay	10,740	
Overtime Pay	26,691	
Social Security	36,209	
Pensions	41,783	
Employee and Dependent Insurance	100,491	
Life Insurance	479	
Dental Insurance	4,318	
Other Fringe Benefits	6,525	
Other Contracted Services	46,387	
Asphalt - Cold Mix	54,643	
Asphalt - Hot Mix	247,685	
Asphalt - Liquid	251,430	
Crushed Stone	138,471	
Pipe - Metal	20,367	
Road Signs	9,333	
Salt	4,290	
Sand	528	
Other Supplies and Materials	2,000	
Total Highway and Bridge Maintenance		1,452,287

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Mechanic(s)	\$	32,552	
Longevity Pay		315	
Overtime Pay		1,693	
Social Security		2,617	
Pensions		3,330	
Employee and Dependent Insurance		7,459	
Life Insurance		36	
Dental Insurance		314	
Other Fringe Benefits		152	
Laundry Service		1,673	
Diesel Fuel		45,748	
Equipment and Machinery Parts		62,428	
Gasoline		19,569	
Lubricants		4,853	
Tires and Tubes		28,000	
Total Operation and Maintenance of Equipment			\$ 210,739

Other Charges

Communication	\$	6,421	
Electricity		5,492	
Natural Gas		3,344	
Water and Sewer		549	
Premiums on Corporate Surety Bonds		223	
Trustee's Commission		24,040	
Vehicle and Equipment Insurance		52,000	
Other Charges		4,325	
Total Other Charges			96,394

Employee Benefits

Unemployment Compensation	\$	4,849	
Workers' Compensation Insurance		66,934	
Total Employee Benefits			71,783

Capital Outlay

State Aid Projects	\$	155,001	
Other Equipment		245,164	
Total Capital Outlay			400,165

Total Highway/Public Works Fund \$ 2,403,861

General Debt Service Fund

Principal on Debt

General Government

Principal on Other Loans	\$	573,046	
Total General Government			\$ 573,046

(Continued)

Exhibit K-8

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Principal on Debt (Cont.)</u>		
<u>Education</u>		
Principal on Other Loans	\$ 1,678,994	
Total Education		\$ 1,678,994
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Other Loans	\$ 363,232	
Total General Government		363,232
<u>Education</u>		
Interest on Other Loans	\$ 1,115,570	
Total Education		1,115,570
<u>Other Debt Service</u>		
<u>General Government</u>		
Financial Advisory Services	\$ 4,000	
Trustee's Commission	75,122	
Total General Government		<u>79,122</u>
Total General Debt Service Fund		\$ 3,809,964
<u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Public Safety Projects</u>		
Communication Equipment	\$ 980,478	
Total Public Safety Projects		<u>\$ 980,478</u>
Total General Capital Projects Fund		<u>980,478</u>
Total Governmental Funds - Primary Government		<u>\$ 38,476,954</u>

Exhibit K-9

Cumberland County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Cumberland County School Department
For the Year Ended June 30, 2016

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 15,164,746	
Career Ladder Program	130,425	
Homebound Teachers	44,144	
Educational Assistants	846,225	
Certified Substitute Teachers	49,500	
Non-certified Substitute Teachers	214,500	
Social Security	1,214,759	
Pensions	1,453,570	
Life Insurance	28,729	
Medical Insurance	3,990,791	
Dental Insurance	125,078	
Maintenance and Repair Services - Equipment	49,118	
Other Contracted Services	478,714	
Instructional Supplies and Materials	326,315	
Textbooks	705,708	
Other Supplies and Materials	52,945	
Fee Waivers	7,627	
Regular Instruction Equipment	211,253	
Total Regular Instruction Program		\$ 25,094,147

Alternative Instruction Program

Teachers	\$ 151,575	
Social Security	11,427	
Pensions	13,702	
Life Insurance	353	
Medical Insurance	39,878	
Dental Insurance	1,413	
Other Contracted Services	1,000	
Instructional Supplies and Materials	1,000	
Other Supplies and Materials	1,000	
Other Equipment	1,000	
Total Alternative Instruction Program		222,348

Special Education Program

Teachers	\$ 1,563,802	
Career Ladder Program	13,000	
Homebound Teachers	49,504	
Educational Assistants	134,075	
Speech Pathologist	109,623	
Other Salaries and Wages	40,705	
Certified Substitute Teachers	1,085	
Non-certified Substitute Teachers	13,913	
Social Security	143,631	
Pensions	172,572	
Life Insurance	3,388	
Medical Insurance	487,722	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Dental Insurance	\$	15,161	
Maintenance and Repair Services - Equipment		200	
Instructional Supplies and Materials		8,156	
Other Supplies and Materials		299	
Other Charges		910	
Special Education Equipment		2,000	
Total Special Education Program			\$ 2,759,746

Vocational Education Program

Teachers	\$	1,888,406	
Career Ladder Program		7,000	
Educational Assistants		16,800	
Certified Substitute Teachers		2,730	
Non-certified Substitute Teachers		22,500	
Social Security		144,567	
Pensions		173,237	
Life Insurance		3,217	
Medical Insurance		403,820	
Dental Insurance		13,550	
Maintenance and Repair Services - Equipment		7,859	
Travel		34,748	
Other Contracted Services		36,382	
Instructional Supplies and Materials		35,109	
Textbooks		2,828	
Other Supplies and Materials		2,042	
Other Charges		780	
Building Construction		37,452	
Vocational Instruction Equipment		26,735	
Total Vocational Education Program			2,859,762

Student Body Education Program

Other Salaries and Wages	\$	329,275	
Social Security		22,768	
Pensions		26,420	
Other Supplies and Materials		25,500	
Other Charges		6,000	
Total Student Body Education Program			409,963

Support Services

Attendance

Supervisor/Director	\$	65,226	
Social Security		4,875	
Pensions		5,896	
Life Insurance		101	
Medical Insurance		11,516	
Dental Insurance		432	
Total Attendance			88,046

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services

Supervisor/Director	\$	83,100	
Medical Personnel		263,533	
Part-time Personnel		8,293	
Other Salaries and Wages		2,340	
Social Security		23,895	
Pensions		30,098	
Life Insurance		543	
Medical Insurance		93,175	
Dental Insurance		3,795	
Travel		2,442	
Other Contracted Services		13,481	
Drugs and Medical Supplies		3,444	
In Service/Staff Development		3,211	
Other Charges		7,590	
Health Equipment		1,070	
Total Health Services			\$ 540,010

Other Student Support

Career Ladder Program	\$	4,800	
Guidance Personnel		728,673	
Psychological Personnel		40,204	
School Resource Officer		63,439	
Social Security		58,062	
Pensions		69,968	
Life Insurance		1,168	
Medical Insurance		169,749	
Dental Insurance		5,025	
Evaluation and Testing		13,864	
Travel		190	
Other Supplies and Materials		4,441	
In Service/Staff Development		3,767	
Other Charges		228	
Total Other Student Support			1,163,578

Regular Instruction Program

Supervisor/Director	\$	178,863	
Career Ladder Program		12,300	
Librarians		490,783	
Instructional Computer Personnel		211,610	
Social Security		64,963	
Pensions		78,336	
Life Insurance		1,141	
Medical Insurance		174,090	
Dental Insurance		5,941	
Travel		9,002	
Library Books/Media		115,808	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Supplies and Materials	\$	881	
In Service/Staff Development		9,842	
Total Regular Instruction Program			\$ 1,353,560

Special Education Program

Supervisor/Director	\$	87,372	
Career Ladder Program		3,000	
Psychological Personnel		150,541	
Secretary(ies)		34,100	
Clerical Personnel		16,622	
Other Salaries and Wages		39,292	
Social Security		24,584	
Pensions		28,078	
Life Insurance		401	
Medical Insurance		51,854	
Dental Insurance		2,120	
Maintenance and Repair Services - Equipment		687	
Travel		4,053	
Other Supplies and Materials		847	
Other Charges		399	
Other Equipment		500	
Total Special Education Program			444,450

Vocational Education Program

Supervisor/Director	\$	81,661	
Career Ladder Program		1,000	
Clerical Personnel		29,536	
Social Security		8,562	
Pensions		10,406	
Life Insurance		111	
Medical Insurance		13,217	
Dental Insurance		628	
Travel		3,232	
Other Supplies and Materials		298	
In Service/Staff Development		1,466	
Other Charges		106	
Total Vocational Education Program			150,223

Other Programs

On-behalf Payments to OPEB	\$	280,389	
Total Other Programs			280,389

Board of Education

Board and Committee Members Fees	\$	28,800	
Social Security		2,088	
Pensions		1,191	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Medical Insurance	\$	303,377	
Dental Insurance		1,466	
Unemployment Compensation		18,184	
Audit Services		10,500	
Dues and Memberships		15,631	
Legal Services		36,159	
Travel		12,515	
Other Contracted Services		6,505	
Other Supplies and Materials		495	
Premiums on Corporate Surety Bonds		225	
Trustee's Commission		334,428	
Workers' Compensation Insurance		282,601	
Other Charges		3,163	
Total Board of Education			\$ 1,057,328

Director of Schools

County Official/Administrative Officer	\$	115,000	
Secretary(ies)		51,893	
Social Security		12,003	
Pensions		14,429	
Life Insurance		110	
Medical Insurance		22,612	
Dental Insurance		883	
Dues and Memberships		15,041	
Postal Charges		1,713	
Travel		1,733	
Other Contracted Services		7,954	
Office Supplies		1,552	
Other Supplies and Materials		2,802	
Administration Equipment		974	
Total Director of Schools			248,699

Office of the Principal

Principals	\$	860,784	
Career Ladder Program		2,000	
Assistant Principals		786,836	
Secretary(ies)		521,794	
Clerical Personnel		210,456	
Social Security		177,658	
Pensions		220,183	
Life Insurance		3,198	
Medical Insurance		520,472	
Dental Insurance		19,798	
Other Supplies and Materials		7,699	
In Service/Staff Development		9,896	
Total Office of the Principal			3,340,774

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Supervisor/Director	\$	49,415	
Social Security		3,501	
Pensions		4,907	
Life Insurance		44	
Medical Insurance		5,392	
Dental Insurance		314	
Dues and Memberships		355	
Office Supplies		542	
Other Supplies and Materials		300	
In Service/Staff Development		998	
Total Fiscal Services			\$ 65,768

Human Services/Personnel

Supervisor/Director	\$	72,883	
Secretary(ies)		32,802	
Social Security		7,342	
Pensions		9,846	
Life Insurance		104	
Medical Insurance		13,053	
Dental Insurance		602	
Travel		60	
Office Supplies		793	
Other Supplies and Materials		1,980	
In Service/Staff Development		2,636	
Other Charges		4,613	
Total Human Services/Personnel			146,714

Operation of Plant

Custodial Personnel	\$	1,212,473	
Other Salaries and Wages		12,655	
Social Security		92,449	
Pensions		113,001	
Life Insurance		1,979	
Medical Insurance		378,127	
Dental Insurance		18,131	
Communication		95,868	
Janitorial Services		18,859	
Pest Control		9,816	
Disposal Fees		30,794	
Other Contracted Services		84,734	
Custodial Supplies		141,043	
Electricity		1,407,649	
Natural Gas		175,954	
Uniforms		1,194	
Water and Sewer		213,252	
Building and Contents Insurance		396,446	
Plant Operation Equipment		13,094	
Total Operation of Plant			4,417,518

(Continued)

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.)

Maintenance of Plant

Supervisor/Director	\$	36,503	
Secretary(ies)		29,123	
Maintenance Personnel		314,705	
Part-time Personnel		12,542	
Social Security		29,332	
Pensions		36,600	
Life Insurance		396	
Medical Insurance		72,069	
Dental Insurance		3,402	
Communication		1,585	
Maintenance Agreements		9,600	
Maintenance and Repair Services - Buildings		250,000	
Other Contracted Services		38,228	
Equipment and Machinery Parts		27,792	
Fertilizer, Lime, and Seed		10,702	
Drainage Materials		23,488	
Chemicals		2,780	
Other Supplies and Materials		59,509	
In Service/Staff Development		2,629	
Other Charges		5,170	
Heating and Air Conditioning Equipment		97,510	
Total Maintenance of Plant			\$ 1,063,665

Transportation

Supervisor/Director	\$	35,823	
Mechanic(s)		106,008	
Bus Drivers		920,654	
Clerical Personnel		32,092	
Attendants		17,742	
Other Salaries and Wages		25,853	
Social Security		83,737	
Pensions		103,039	
Life Insurance		2,103	
Medical Insurance		435,425	
Dental Insurance		21,957	
Communication		508	
Maintenance and Repair Services - Vehicles		9,808	
Travel		339	
Other Contracted Services		33,316	
Equipment and Machinery Parts		13,844	
Gasoline		207,892	
Lubricants		12,293	
Office Supplies		1,200	
Tires and Tubes		30,357	
Vehicle Parts		119,715	
Other Supplies and Materials		10,000	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

In Service/Staff Development	\$	4,896	
Transportation Equipment		257,502	
Total Transportation			\$ 2,486,103

Central and Other

Supervisor/Director	\$	58,459	
Instructional Computer Personnel		58,879	
Secretary(ies)		23,875	
Social Security		10,868	
Pensions		13,412	
Life Insurance		158	
Medical Insurance		22,314	
Dental Insurance		890	
In Service/Staff Development		9,039	
Total Central and Other			197,894

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	37,896	
Other Salaries and Wages		107,100	
Social Security		10,992	
Pensions		7,632	
Life Insurance		72	
Medical Insurance		13,658	
Dental Insurance		654	
Travel		1,500	
Food Supplies		2,544	
Other Supplies and Materials		2,666	
Fee Waivers		15,499	
Other Charges		1,000	
Total Community Services			201,213

Early Childhood Education

Teachers	\$	561,055	
Educational Assistants		154,309	
Other Salaries and Wages		10,231	
Certified Substitute Teachers		420	
Non-certified Substitute Teachers		12,330	
Social Security		55,661	
Pensions		71,999	
Life Insurance		1,348	
Medical Insurance		197,576	
Dental Insurance		6,726	
Travel		2,771	
Other Supplies and Materials		5,918	
In Service/Staff Development		2,982	
Total Early Childhood Education			1,083,326

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Engineering Services	\$	40,691	
Other Capital Outlay		133,470	
Total Regular Capital Outlay			\$ 174,161

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$	313,536	
Total Education			313,536

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$	50,784	
Total Education			50,784

Total General Purpose School Fund \$ 50,213,705

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	742,079	
Educational Assistants		188,788	
Certified Substitute Teachers		2,735	
Non-certified Substitute Teachers		13,440	
Social Security		64,048	
Pensions		70,907	
Life Insurance		1,686	
Medical Insurance		241,817	
Dental Insurance		8,654	
Unemployment Compensation		2,895	
Other Fringe Benefits		3,839	
Maintenance and Repair Services - Equipment		100,547	
Instructional Supplies and Materials		123,367	
Other Supplies and Materials		5,445	
Other Charges		630	
Regular Instruction Equipment		296,281	
Total Regular Instruction Program			\$ 1,867,158

Special Education Program

Teachers	\$	234,246	
Educational Assistants		545,576	
Speech Pathologist		51,588	
Other Salaries and Wages		4,916	
Certified Substitute Teachers		1,220	
Non-certified Substitute Teachers		11,470	
Social Security		62,162	
Pensions		78,036	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Life Insurance	\$	1,738	
Medical Insurance		277,485	
Dental Insurance		12,536	
Unemployment Compensation		4,200	
Maintenance and Repair Services - Equipment		71	
Other Contracted Services		2,842	
Instructional Supplies and Materials		53,621	
Other Supplies and Materials		5,597	
Other Charges		2,263	
Special Education Equipment		13,404	
Total Special Education Program	\$		1,362,971

Vocational Education Program

Instructional Supplies and Materials	\$	3,198	
Vocational Instruction Equipment		58,854	
Total Vocational Education Program			62,052

Support Services

Other Student Support

Social Workers	\$	17,757	
Social Security		1,359	
Pensions		1,764	
Travel		22,600	
In Service/Staff Development		22,200	
Other Charges		17,724	
Total Other Student Support			83,404

Regular Instruction Program

Supervisor/Director	\$	82,553	
Secretary(ies)		42,151	
Other Salaries and Wages		93,331	
Social Security		16,385	
Pensions		19,761	
Life Insurance		122	
Medical Insurance		17,784	
Dental Insurance		831	
Unemployment Compensation		314	
Other Fringe Benefits		792	
Maintenance and Repair Services - Equipment		883	
Travel		649	
Other Contracted Services		7,585	
Other Supplies and Materials		2,681	
In Service/Staff Development		102,245	
Other Charges		7,045	
Other Equipment		1,767	
Total Regular Instruction Program			396,879

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program

Other Salaries and Wages	\$	99,254	
Social Security		7,580	
Pensions		8,973	
Life Insurance		142	
Medical Insurance		12,977	
Dental Insurance		628	
Unemployment Compensation		210	
Travel		7,739	
Other Contracted Services		89,858	
Other Supplies and Materials		4,217	
In Service/Staff Development		8,370	
Other Equipment		270	
Total Special Education Program			\$ 240,218

Vocational Education Program

Supervisor/Director	\$	4,660	
Social Security		348	
Pensions		512	
Employer Medicare		80	
Total Vocational Education Program			5,600

Transportation

Bus Drivers	\$	15,497	
Diesel Fuel		2,846	
Total Transportation			18,343

Operation of Non-Instructional Services

Community Services

Teachers	\$	283,379	
Educational Assistants		71,015	
Other Salaries and Wages		24,398	
Social Security		27,613	
Pensions		32,745	
Food Supplies		2,420	
Instructional Supplies and Materials		4,647	
Other Charges		14,415	
Total Community Services			460,632

Total School Federal Projects Fund \$ 4,497,257

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	49,442	
Accountants/Bookkeepers		64,504	
Cafeteria Personnel		1,294,265	

(Continued)

Exhibit K-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Maintenance Personnel	\$	82,796	
Longevity Pay		10,066	
Other Salaries and Wages		18,167	
Social Security		115,355	
Pensions		82,045	
Life Insurance		1,386	
Medical Insurance		251,365	
Dental Insurance		11,973	
Unemployment Compensation		5,612	
Communication		6,771	
Maintenance and Repair Services - Equipment		935	
Maintenance and Repair Services - Office Equipment		2,346	
Pest Control		4,292	
Transportation - Other than Students		1,156	
Travel		4,174	
Disposal Fees		27,113	
Other Contracted Services		16,845	
Equipment and Machinery Parts		38,359	
Food Supplies		2,086,597	
Office Supplies		10,435	
Uniforms		2,905	
Utilities		2,702	
USDA - Commodities		211,828	
Other Supplies and Materials		132,460	
In Service/Staff Development		1,325	
Other Charges		39,858	
Food Service Equipment		99,058	
Total Food Service			<u>\$ 4,676,135</u>

Total Central Cafeteria Fund \$ 4,676,135

Total Governmental Funds - Cumberland County School Department \$ 59,387,097

Exhibit K-10

Cumberland County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Cumberland County Railroad Authority
For the Year Ended June 30, 2016

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

Exhibit K-11

Cumberland County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2016

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 7,909,035
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 7,829,945
Trustee's Commission	79,090
Total Cash Disbursements	<u>\$ 7,909,035</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2015	<u>0</u>
Cash Balance, June 30, 2016	<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
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Independent Auditor's 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, 2016, and the related notes to the financial statements, which collectively comprise Cumberland County's basic financial statements, and have issued our report thereon dated January 13, 2017.

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: 2016-002.

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 two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2016-001 and 2016-003.

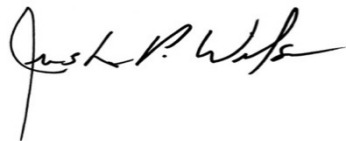
Cumberland County's Responses to the Findings

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

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 13, 2017

JPW/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
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**Independent Auditor's 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 the Uniform Guidance**

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, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

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 the Uniform Guidance, 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.

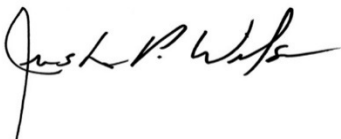
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2016, and the related notes to the financial statements, which collectively comprise Cumberland County's basic financial statements. We issued our report thereon dated January 13, 2017, 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 the Uniform Guidance 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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

January 13, 2017

JPW/yu

Cumberland County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year Ended June 30, 2016

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)	10.555	N/A	\$ 222,439 (4) (6)
Passed-through State Department of Education: Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	1,066,178
National School Lunch Program	10.555	N/A	2,316,476 (4) (7)
State Administrative Expenses for Child Nutrition	10.560	N/A	5,400
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	12,000
Passed-through State Department of Human Services: Summer Food Service Program for Children	10.559	N/A	60,945
Direct Program: Environmental Quality Incentives Program	10.912	N/A	8,055
Total U.S. Department of Agriculture			<u>\$ 3,691,493</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants	14.228	(3)	\$ 127,815
Hurricane Sandy Community Development Block Grant - Disaster Recovery Grants	14.269	(3)	231,375
Total U.S. Department of Housing and Urban Development			<u>\$ 359,190</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation: Alcohol Open Container Requirements	20.607	(5)	<u>\$ 59,553</u>
Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State: Grants to States	45.310	(3)	<u>\$ 1,877</u>
U.S. Department of Education:			
Passed-through State Department of Education: Title I Grant to Local Educational Agencies	84.010	N/A	\$ 1,938,681
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,479,229
Special Education - Preschool Grants	84.173	N/A	43,436
Career and Technical Education - Basic Grants to States	84.048	N/A	113,041
Special Education - Grants for Infants and Families	84.181	N/A	8,212
Education for Homeless Children and Youth	84.196	N/A	66,959
Twenty-first Century Community Learning Centers	84.287	N/A	460,632
Rural Education	84.358	N/A	124,969
English Language Acquisition Grants	84.365	N/A	10,901
Improving Teacher Quality State Grants	84.367	N/A	210,865
Total U.S. Department of Education			<u>\$ 4,456,925</u>

(Continued)

Cumberland County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (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	\$ <u>17,758</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4211-DR-TN	\$ 4,871,239
Emergency Management Performance Grants	97.042	(3)	<u>46,000</u>
Total U.S. Department of Homeland Security			<u>\$ 4,917,239</u>
Total Expenditures of Federal Awards			<u>\$ 13,504,035</u>
<u>State Grants</u>		<u>Contract Number</u>	
State Supplement Juvenile Court Improvement Funds - State Department of Children's Services	N/A	35910-10135	\$ 9,000
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	N/A	(3)	695,891
Litter Program - State Department of Transportation	N/A	(3)	56,970
Local Health Services - State Department of Health	N/A	GG-1645498-00	956,608
Drug Court Program - State Department of Mental Health and Substance Abuse Services	N/A	(3)	57,561
Tennessee Early Intervention System Grant - State Department of Education	N/A	(3)	134,584
Lottery for Education - PreK - State Department of Education	N/A	(3)	1,078,095
Safe Schools Act - State Department of Education	N/A	(3)	32,610
ConnecTenn - State Department of Education	N/A	(3)	19,166
Coordinated School Health - State Department of Education	N/A	(3)	100,000
Family Resource Center - State Department of Education	N/A	(3)	29,584
Recycling Equipment - State Department of Environment and Conservation	N/A	(3)	<u>24,626</u>
Total State Grants			<u>\$ 3,194,695</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) Cumberland County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Total for CFDA No. 10.555 is \$2,538,915.
- (5) Z15GHSO92: \$27,684; Z16GHSO93: \$16,313; Z16GHSO894A: \$15,556.
- (6) Commodities Noncash Assistance - \$211,828; Commodities Rebate - \$10,611.
- (7) National School Lunch Program - \$2,230,198; Afterschool Snack Program - \$86,278.

Cumberland County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2016

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Cumberland County, Tennessee, for the year ended June 30, 2016

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
2015	188	2015-001	The Sheriff's Department had a Cash Shortage of \$1,402	N/A	Corrected
2015	188	2015-002	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	N/A	Not Corrected - See Explanation on Corrective Action Plan

Prior-year Federal Awards Findings

There were no prior-year federal award findings to report.

CUMBERLAND COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Cumberland County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs: **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Number: 97.036 Disaster Grants - Public Assistance
(Presidentially Declared Disasters)
8. Dollar threshold used to distinguish between Type A and Type B Programs: **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit and the annual monitoring report performed by the state Division of Property Assessments for assessors of property, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses are paraphrased and presented following each finding and recommendation. The clerk and master, circuit and general sessions courts clerk, register of deeds, and assessor of property provided corrective action plans, which are paraphrased and presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report.

Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

OFFICE OF CLERK AND MASTER

FINDING 2016-001

SPECIAL COMMISSIONER FEES EXCEEDED THE PERCENTAGE AUTHORIZED BY STATE STATUTE (Noncompliance Under *Government Auditing Standards*)

In September 2015, the clerk and master received fees exceeding the percentage authorized by state statute for serving as special commissioner on a court case involving the sale of property. Effective July 1, 2014, Section 8-21-401(i)(7), *Tennessee Code Annotated*, provides that a clerk may receive "for selling real or personal property under decree of court, and receiving, collecting, and paying out the proceeds, a commission not to exceed three percent on the amount of sales." The property sale totaled \$20,250, which would calculate to a maximum of \$608 in special commissioner fees at three percent. The clerk and master actually received special commissioner fees of \$1,000, which resulted in an overpayment of \$392. The amount received by the clerk and master was approved by a court order signed by the probate and family court judge.

RECOMMENDATION

Special commissioner fees should not exceed three percent of the sale price as provided by the statute noted above, nor should the probate and family court judge approve them in excess of this amount.

MANAGEMENT'S RESPONSE - CLERK AND MASTER

I disagree with this finding. Due to family members' concerns over the original sale of the property in question, the judge ordered the property to be re-advertised and sold again at public auction. Due to the fact that I spent extra time in preparing for and conducting two sales, the attorney requested additional compensation for the special commissioner with all parties in agreement. The judge approved the extra compensation and commented that equity dictated it. I at no time requested extra compensation nor was I even present at the hearing to confirm the sale.

AUDITOR'S REBUTTAL

We do not question the facts of this sale or the extra effort expended by the clerk; however, the state statute cited above does not make provision for special commissions exceeding three percent, even in special circumstances.

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

FINDING 2016-002

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 the 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. This finding is repeated as a result of the officials failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Officials should assign each employee their own cash drawer.

MANAGEMENT'S RESPONSE - CLERK AND MASTER

I concur with the finding.

MANAGEMENT'S RESPONSE - REGISTER OF DEEDS

I concur with the finding.

MANAGEMENT'S RESPONSE - CIRCUIT AND GENERAL SESSIONS COURTS CLERK

I disagree with this finding. I acknowledge that this needs to be addressed in offices in which multiple employees do not have complete responsibility for any transactions that they might make; however, in this office each employee accepts responsibility for any transactions they make on a daily basis and all work is checked at the end of each shift. I do agree that checks and balances are good for any office; therefore, I will be correcting this situation.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 2016-003

THE ASSESSOR OF PROPERTY HAD NOT FORMALLY DOCUMENTED INTERNAL CONTROLS

(Noncompliance Under *Government Auditing Standards*)

Section 9-18-102(a), *Tennessee Code Annotated (TCA)*, requires each county government to establish and maintain internal controls to provide reasonable assurance for compliance with applicable laws, the safeguarding of assets, and proper accountability for the preparation of accurate and reliable financial records and reports. These provisions became effective for the fiscal year ended June 30, 2016. The assessor of property had not formally documented internal controls for office operations to verify compliance with the above-noted statute. Formal documentation could be in the form of printed or digital policies and procedures for the maintenance of controls, including the segregation of employee duties. Failure to implement and maintain internal controls could put public assets at risk of loss, misuse, or abuse.

RECOMMENDATION

The assessor of property should formally document and maintain internal controls for office operations as required by Section 9-18-102(a), *TCA*.

MANAGEMENT'S RESPONSE – ASSESSOR OF PROPERTY

I do not fully understand how this requirement affects the assessor because no money exchange is performed in my office. However, I humbly apologize for not meeting the deadline assigned to this project. I have now completed the questionnaire and provided a copy to the auditors.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2016.

**Cumberland County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2016**

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented below:

Corrective Action - Financial Statement Findings

OFFICE OF CLERK AND MASTER

**FINDING 2016-001 **SPECIAL COMMISSIONER FEES EXCEEDED THE
PERCENTAGE AUTHORIZED BY STATE STATUTE****

Response and Corrective Action Plan Prepared by:	N/A
Person Responsible for Implementing the Corrective Action:	N/A
Anticipated Completion Date of Corrective Action:	N/A
Repeat Finding:	No
Reason Why Corrective Action was not Taken – PY:	N/A

Planned Corrective Action:

Management did not submit a corrective action plan.

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

**FINDING 2016-002 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME
CASH DRAWER****

Circuit and General Sessions Courts Clerk:

Response and Corrective Action Plan Prepared by:	Larry Sherrill, Circuit and General Sessions Courts Clerk, Cumberland County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	March 30, 2017
Repeat Finding:	Yes
Reason Why Corrective Action was not Taken – PY:	Management decision

Planned Corrective Action:

I plan to develop a list of employees responsible for receipting money. Those employees will have a private cash drawer to reconcile each day along with the employee that performs the end of day checkout.

Clerk and Master:

Response and Corrective Action Plan Prepared by: Sue Tollett, Clerk and Master, Cumberland County, Tennessee
Person Responsible for Implementing the Corrective Action: Same
Anticipated Completion Date of Corrective Action: October 5, 2016
Repeat Finding: Yes
Reason Why Corrective Action was Not Taken – PY: Management decision

Planned Corrective Action:

We plan for each receipting person to have a separate cash drawer.

Register of Deeds:

Response and Corrective Action Plan Prepared by: Judy Graham Swallows, Register of Deeds, Cumberland County, Tennessee
Person Responsible for Implementing the Corrective Action: Same
Anticipated Completion Date of Corrective Action: June 30, 2017
Repeat Finding: Yes
Reason Why Corrective Action was not Taken – PY: Management decision

Planned Corrective Action:

We will have individual cash drawers for each employee who issues receipts.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 2016-003 **THE ASSESSOR OF PROPERTY HAD NOT FORMALLY DOCUMENTED INTERNAL CONTROLS**

Response and Corrective Action Plan Prepared by: David Simcox, Assessor of Property, Cumberland County, Tennessee
Person Responsible for Implementing the Corrective Action: Same
Anticipated Completion Date of Corrective Action: December 22, 2016
Repeat Finding: No
Reason Why Corrective Action was not Taken – PY: N/A

Planned Corrective Action:

I will prepare written internal controls.