

**SOUTH CUMBERLAND UTILITY DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE**

SUPPLEMENTAL INFORMATION

DECEMBER 31, 2011

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE OVER/ (UNDER)</u>
OPERATING REVENUE			
Metered Water Sales (Net of Bad Debt Expense) \$	1,685,100	\$ 1,710,905	\$ 25,805
Penalties	24,000	23,962	(38)
Other Income	35,700	70,862	35,162
Total Operating Revenue	\$ 1,744,800	\$ 1,805,729	\$ 60,929
OPERATING EXPENSES			
Water Purchased	\$ 647,500	\$ 633,853	\$ (13,647)
Wages	306,510	314,204	7,694
Payroll Taxes	26,000	25,751	(249)
Employee Benefits	182,250	179,888	(2,362)
Supplies, Materials and Installation	29,500	24,299	(5,201)
Repairs and Maintenance	35,000	31,799	(3,201)
Office Supplies and Postage	31,900	28,223	(3,677)
Utilities and Telephone	46,700	45,141	(1,559)
Vehicle and Equipment Expense	26,000	31,434	5,434
Advertising, Dues and Fees	11,300	10,583	(717)
Insurance	30,000	25,286	(4,714)
Legal and Professional Fees	10,500	9,417	(1,083)
Meetings, Travel and Education	1,500	1,617	117
Miscellaneous	6,600	7,372	772
Total Operating Expenses	\$ 1,391,260	\$ 1,368,867	\$ (22,393)
OPERATING INCOME BEFORE			
DEPRECIATION AND AMORTIZATION	\$ 353,540	\$ 436,862	\$ 83,322
Depreciation and Amortization	(205,600)	(232,522)	(26,922)
Total Operating Income	\$ 147,940	\$ 204,340	\$ 56,400
NON OPERATING REVENUES (EXPENSES)			
Interest Income	\$ 16,800	\$ 22,259	\$ 5,459
Interest Expense	(149,500)	(151,851)	(2,351)
Tap Fees	66,000	45,100	(20,900)
Total Non Operating Revenues (Expenses)	\$ (66,700)	\$ (84,492)	\$ (17,792)
CHANGE IN NET ASSETS	\$ 81,240	\$ 119,848	\$ 38,608
NET ASSETS, DECEMBER 31, 2010		7,051,777	
NET ASSETS, DECEMBER 31, 2011		\$ 7,171,625	

See independent auditor's report.

<u>GALLONS/SERVICES</u>		<u>RESIDENTIAL RATE</u>	<u>INCREMENT</u>
<i>Commercial and Residential</i>			
0 - 1,000 gallons, per month	\$	15.20	(minimum)
1,001 - 2,000 gallons, per month		7.50	1,000 gal.
Rates have been set by Commissioners to generate sufficient funds to meet bond, reserve, and operating requirements.			
Tap Fee	\$	1,100.00	
Non Refundable Meter Usage Fee		50.00	
Non Refundable Water Reconnect Fee		50.00	
Late Payment Penalty		10% of water charge	
Total Water Customers		4,194	

See independent auditor's report.

(All amounts in gallons)

Water Treated and Purchased:

Water Pumped	0
Water Purchased	218,156,100
Total Water Treated and Purchased	218,156,100

Accounted for Water:

Water Sold	169,440,600
Metered for Consumption	0
Fire Department Usage	25,000
Flushing	628,253
Tank Cleaning/Filling	0
Street Cleaning	0
Bulk Sales	0
Water Bill Adjustments	0
Total Accounted for Water	170,093,853

Unaccounted for Water 48,062,247

Percent Unaccounted for Water 22.03%

Other (explain) None

All amounts included in this schedule are supported by documentation on file at the water system. If no support is on file for a line item or if the line item is not applicable, a "0" is shown.

See independent auditor's report.

<u>COVERAGE</u>	<u>EXPIRATION DATE</u>	<u>POLICY LIMITS</u>	<u>OCCURRENCE</u>
General Liability			
Property Blanket	01/01/12	\$ 4,666,000	\$ 1,000,000
Aggregate		3,000,000	
Inland Marine		63,500	
Employee Dishonesty		250,000	
Automobile			
Liability	01/01/12	1,000,000	1,000,000
Medical		5,000	5,000
Uninsured Motorist		1,000,000	1,000,000
Workman's Compensation	01/01/12	500,000	500,000

See independent auditor's report.

NAME

POSITION

Jesse W. Brown

President

Michael Stone

Vice President

James R. Barnawell

Secretary/Treasurer

See independent auditor's report.

<u>FINANCIAL INSTITUTION</u>	<u>ACCOUNT TYPE</u>	<u>BALANCE DECEMBER 31, 2010</u>
CASH		
Cash on Hand	-	\$ 403
Cumberland County Bank	Checking Account	1,458,052
Cumberland County Bank	Checking Account	18,617
Cumberland County Bank	Checking Account	237,745
Cumberland County Bank	Checking Account - Restricted Asset	<u>340,514</u>
TOTAL CASH		<u>\$ 2,055,331</u>
INVESTMENTS		
Cumberland County Bank	Certificate of Deposit - 12 months - Restricted Asset	\$ 1,000,370
Progressive Bank	Certificate of Deposit - 12 months	52,073
Regions Bank	Certificate of Deposit - 42 months	111,883
Morgan Keegan	Cash & Certificates of Deposit - Restricted Asset	<u>298,103</u>
TOTAL INVESTMENTS		<u>\$ 1,462,429</u>
TOTAL CASH AND INVESTMENTS		<u><u>\$ 3,517,760</u></u>

See independent auditor's report.

5% REVENUE BONDS DATE AUGUST 17, 2000

<u>YEAR ENDED JUNE 30,</u>	<u>PRINCIPAL PAYMENTS</u>	<u>INTEREST PAYMENTS</u>	<u>TOTAL PAYMENTS</u>
2012	\$ 3,620	\$ 9,640	\$ 13,260
2013	3,806	9,454	13,260
2014	4,000	9,260	13,260
2015	4,205	9,055	13,260
2016	4,420	8,840	13,260
2017	4,646	8,614	13,260
2018	4,884	8,376	13,260
2019	5,134	8,126	13,260
2020	5,397	7,863	13,260
2021	5,673	7,587	13,260
2022	5,963	7,297	13,260
2023	6,268	6,992	13,260
2024	6,589	6,671	13,260
2025	6,926	6,334	13,260
2026	7,280	5,980	13,260
2027	7,653	5,607	13,260
2028	8,044	5,216	13,260
2029	8,456	4,804	13,260
2030	8,888	4,372	13,260
2031	9,343	3,917	13,260
2032	9,821	3,439	13,260
2033	10,323	2,937	13,260
2034	10,852	2,408	13,260
2035	11,407	1,853	13,260
2036	11,990	1,270	13,260
2037	12,604	656	13,260
2038	6,171	71	6,242
TOTALS	\$ <u>194,363</u>	\$ <u>156,639</u>	\$ <u>351,002</u>

See independent auditor's report.

REVENUE BOND DATE 2003

<u>YEAR ENDED MAY 31,</u>	<u>PRINCIPAL PAYMENTS</u>	<u>INTEREST PAYMENTS</u>	<u>TOTAL PAYMENTS</u>
2012	\$ 80,000	\$ 136,879	\$ 216,879
2013	80,000	134,019	214,019
2014	85,000	130,925	215,925
2015	85,000	127,738	212,738
2016	90,000	124,344	214,344
2017	95,000	120,644	215,644
2018	100,000	116,744	216,744
2019	105,000	112,381	217,381
2020	105,000	107,656	212,656
2021	110,000	102,819	212,819
2022	115,000	97,756	212,756
2023	125,000	92,356	217,356
2024	130,000	86,456	216,456
2025	135,000	80,163	215,163
2026	140,000	73,631	213,631
2027	150,000	66,744	216,744
2028	155,000	59,500	214,500
2029	165,000	51,797	216,797
2030	170,000	43,631	213,631
2031	180,000	35,100	215,100
2032	190,000	26,081	216,081
2033	215,000	16,209	231,209
2034	225,000	5,484	230,484
TOTALS	\$ <u>3,030,000</u>	\$ <u>1,949,057</u>	\$ <u>4,979,057</u>

See independent auditor's report.

**SOUTH CUMBERLAND UTILITY DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE**

**INTERNAL CONTROL AND COMPLIANCE
SECTION**

DECEMBER 31, 2011 AND 2010

**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**

The Commissioners of South Cumberland Utility District
of Crossville, Tennessee

We have audited the financial statements of South Cumberland Utility District of Cumberland County, Tennessee, as of and for the year ended December 31, 2011, and have issued our report thereon dated May 23, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered South Cumberland Utility District of Cumberland County, Tennessee's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Cumberland Utility District of Cumberland County, Tennessee's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the South Cumberland Utility District of Cumberland County, Tennessee's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Cumberland Utility District of Cumberland County, Tennessee's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Parsons + Wright

Parsons & Wright
Certified Public Accountants
Kingston, Tennessee

May 23, 2012