



# **ANNUAL FINANCIAL REPORT HAMBLLEN COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2012**



**ANNUAL FINANCIAL REPORT**  
**HAMBLEEN COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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

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

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***GREG BRUSH***  
***State Auditors***

This financial report is available at **[www.comptroller.tn.gov](http://www.comptroller.tn.gov)**

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## HAMBLEN COUNTY, TENNESSEE

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# ***Audit Highlights***

Annual Financial Report  
Hamblen County, Tennessee  
For the Year Ended June 30, 2012

## ***Scope***

We have audited the basic financial statements of Hamblen County as of and for the year ended June 30, 2012.

## ***Results***

Our report on the financial statements of Hamblen County is unqualified.

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

## ***Findings and Best Practice***

The following are summaries of the audit findings and best practice:

### **OFFICES OF COUNTY MAYOR, TRUSTEE, AND CLERK AND MASTER**

- ◆ The offices had deficiencies in computer system backup procedures.

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### **OFFICES OF TRUSTEE AND CLERK AND MASTER**

- ◆ The accounting software did not identify the user who processed each transaction.

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### **OFFICE OF COUNTY CLERK**

- ◆ Usernames and passwords were shared by employees.

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### **BEST PRACTICE**

Hamblen County does not have a central system of accounting, budgeting, and purchasing. The Division of Local Government Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Hamblen County.

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## INTRODUCTORY SECTION

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# Hamblen County Officials

## June 30, 2012

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### Officials

Bill Brittain, County Mayor  
Barry Poole, Highway Commissioner  
Dr. Dale Lynch, Director of Schools  
John Baskette, Trustee  
John Ely, Assessor of Property  
Linda Wilder, County Clerk  
Teresa West, Circuit and General Sessions Courts Clerk  
Kathy Terry, Clerk and Master  
Jim Clawson, Register  
Esco Jarnagin, Sheriff  
Joey Barnard, Finance Director

### Board of County Commissioners

Stancil Ford, Chairman	Tim Goins
Larry Baker	Herbert Harville
Larry Carter	Louis Jarvis
Tim Dennison	Paul LeBel
Rick Eldridge	Nancy Phillips
Doyle Fullington	Howard Shipley
Tilman Goins	Dana Wampler

### Board of Highway Commissioners

Dr. Arthur Tom Hyde, Chairman	E.C. Long
Charles Anderson	Delbert Nix
Gail Free	Donald Seals
James Hall	

### Board of Education

Joe Gibson, Jr., Chairman	Janice Haun
Dr. Shahin Assadnia	Carolyn Holt
Roger Greene	Clyde Kinder
James Grigsby	

### Audit Committee

Howard Shipley, Chairman	Tim Goins
Stancil Ford	Herbert Harville
Doyle Fullington	Louis Jarvis



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## FINANCIAL SECTION

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

**INDEPENDENT AUDITOR'S REPORT**

December 7, 2012

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

To the County Mayor and Board of County Commissioners:

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 Hamblen County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Hamblen County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hamblen County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hamblen County Emergency Communications District, which represent 2.4 percent and 1.5 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hamblen County Emergency Communications District, is based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hamblen County, Tennessee, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

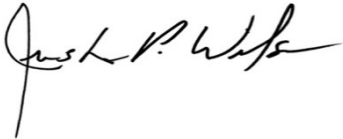
In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2012, on our consideration of Hamblen County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 27 and the budgetary comparison, pension, and other postemployment benefits information on pages 87 through 95 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hamblen County's financial statements as a whole. 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 Hamblen County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the 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 Hamblen County School Department (a discretely presented component unit), and the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and

reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

# HAMBLEN COUNTY GOVERNMENT

Bill Brittain  
County Mayor



*"The People's House"*

## **HAMBLEN COUNTY, TENNESSEE MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2012**

As management for Hamblen County, Tennessee, we offer readers of the financial statements of Hamblen County, Tennessee, this narrative overview and analysis of the financial activities of Hamblen County Government for the fiscal year ended June 30, 2012. In addition, this discussion and analysis includes an overview of the Discretely Presented Component Unit Hamblen County School Department. A separate set of financial statements is not issued for the Hamblen County School Department. The intent of this discussion and analysis is to look at Hamblen County's and the discretely presented Hamblen County School Department's financial performance as a whole. We encourage readers to consider the information presented here in conjunction with the basic financial statements and notes to the financial statements to enhance their understanding of Hamblen County's financial performance, as well as, the discretely presented Hamblen County School Department's financial performance.

The Hamblen County Emergency Communications District is also a discretely presented component unit of the county. Although the district's financial statements are included in this report, readers should also review the separately issued financial statements and management's discussion and analysis for this discretely presented component unit.

### **FINANCIAL HIGHLIGHTS**

- The liabilities of Hamblen County exceeded its assets at the close of the fiscal year by approximately \$5.6 million (net assets). However, it should be noted that the financial statements of Hamblen County included debt totaling approximately \$39 million attributed to the Hamblen County Board of Education. The discretely presented Hamblen County School Department's assets exceeded its liabilities by approximately \$60.8 million at June 30, 2012.
- The primary government's total net assets increased by approximately \$3.3 million. The discretely presented Hamblen County School Department's net assets increased by approximately \$1.4 million. The increase in the primary government's total net assets was due to the retirement of debt. The increase of the discretely presented Hamblen County School Department's total net assets was attributed to construction and renovation of school buildings that were capitalized.
- As of the close of the fiscal year, Hamblen County's Governmental Funds reported approximately \$16.6 million in total combined fund balances; this is an approximate decrease of \$.2 million from the previous period. Of this amount, approximately

\$5.2 million represents funds that are available for spending (assigned and unassigned).

- The discretely presented Hamblen County School Department's governmental funds reported approximately \$19.6 million in total combined fund balances; this is a decrease of approximately \$3.6 million from the previous period.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was approximately \$4 million or 27.6 percent of the General Fund's annual budgetary expenditures. The unassigned fund balance of the discretely presented Hamblen County School Department's General Purpose School Fund was approximately \$8.6 million or 12.9 percent of the fund's annual budgetary expenditures (including other uses).
- The total debt (bonds and other loans) of Hamblen County, Tennessee, decreased by approximately \$3.8 million or eight percent during the current fiscal year.

## **OVERVIEW OF THE ANNUAL FINANCIAL REPORT**

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Hamblen County's and the discretely presented Hamblen County School Department's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-wide Financial Statements**

The government-wide financial statements were created to give readers a broad overview, in a manner similar to a private-sector business, of the county's and school's finances. The government-wide financial statements consist of two statements: the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets presents information on all of Hamblen County's and its discretely presented component units assets and liabilities with the difference reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the county and its discretely presented component units is improving or deteriorating.

The Statement of Activities presents information showing how Hamblen County's and its discretely presented component units net assets changed during the current fiscal year. All changes in net assets are reported on the accrual basis of accounting as soon as the underlying events giving rise to changes occur. Therefore, some revenues and expenses reported in this statement will result in cash flows in future fiscal periods.

These government-wide financial statements of Hamblen County and the discretely presented Hamblen County School Department distinguish between major functions that are principally supported by taxes and intra-governmental revenues from functions that

are intended to recover all, or a significant portion of, their costs from user fees and/or charges – business type activities. The governmental activities of Hamblen County include: general government; finance; administration of justice; public safety; public health and welfare; social, cultural, and recreational services; agriculture and natural resources; other operations; highways; and education. Hamblen County and the discretely presented Hamblen County School Department have no business-type activities.

The government-wide financial statements can be found in Exhibits A and B.

The government-wide financial statements include not only Hamblen County Government itself (known as the primary government), but also a legally separate school system for which the Hamblen County Government is financially accountable. These statements also include a legally separate Hamblen County Emergency Communications District. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Hamblen County and the discretely presented Hamblen County School Department use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Hamblen County and the discretely presented Hamblen County School Department can be divided into two categories: governmental funds and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. In doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds' balance sheets and the governmental funds' statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Hamblen County maintains ten governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General, Solid Waste/Sanitation, and General Debt Service funds; all of which are considered major funds. Financial data from the remaining governmental funds are combined into a single, aggregated amount with detail provided in the combining and individual fund financial statements and schedules.

The discretely presented Hamblen County School Department maintains five individual governmental funds. The General Purpose School Funds is considered a major fund.

Hamblen County adopts an annual budget for its General Fund, all special revenue funds (except the Constitutional Officers – Fees Fund), and its debt service funds. The discretely presented Hamblen County School Department, with the approval of the county, adopts an annual budget for its General Purpose School Fund and all special revenue funds. Budgetary comparisons have been provided for these funds to demonstrate budgetary compliance.

Governmental fund financial statements can be found in the table of contents.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Hamblen County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds (economic resources measurement) except agency funds, which have no measurement focus. The basic fiduciary fund financial statements can be found as Exhibit D-1.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are located in the table of contents.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also contains combining and individual fund statements and schedules for Hamblen County and the discretely presented Hamblen County School Department. A table of contents has been provided to locate this information.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. Hamblen County's liabilities exceeded its assets at June 30, 2012, by \$5,562,861. The Constitution for the State of Tennessee allows only the local legislative body to issue debt. Therefore, whenever the Hamblen County Board of Education requires the issuance of debt to fund major capital projects or equipment purchases, the related debt must be issued by Hamblen County. At the end of the fiscal year, Hamblen County had outstanding debt related to the Hamblen County Board of Education of \$38,861,741. The related assets for this debt are reported on the Statement of Net Assets under component units in the column Hamblen County School Department. The discretely presented Hamblen County School Department's assets exceeded its liabilities at June 30, 2012, by \$60,764,170.



## Hamblen County's and the Discretely Presented Hamblen County School Department's Net Assets

	Hamblen County Primary Government Governmental Activities	
	2011	2012
Current and Other Assets	\$ 39,705,288	\$ 35,111,043
Capital Assets	20,536,028	20,137,958
Total Assets	\$ 60,241,316	\$ 55,249,001
Long-term Liabilities Outstanding	\$ 47,384,298	\$ 43,641,011
Other Liabilities	21,676,346	17,170,851
Total Liabilities	\$ 69,060,644	\$ 60,811,862
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 15,921,831	\$ 15,857,131
Restricted	9,588,392	7,588,424
Unrestricted	(34,329,551)	(29,008,416)
Total Net Assets	\$ (8,819,328)	\$ (5,562,861)

	Hamblen County School Department Governmental Activities	
	2011	2012
Current and Other Assets	\$ 40,372,331	\$ 34,291,464
Capital Assets	44,757,267	51,058,267
Total Assets	\$ 85,129,598	\$ 85,349,731
Long-term Liabilities Outstanding	\$ 10,048,274	\$ 11,324,265
Other Liabilities	15,747,157	13,261,296
Total Liabilities	\$ 25,795,431	\$ 24,585,561
Net Assets:		
Invested in Capital Assets	\$ 44,757,267	\$ 51,058,267
Restricted	9,910,002	4,018,984
Unrestricted	4,666,898	5,686,919
Total Net Assets	\$ 59,334,167	\$ 60,764,170

By far, the largest portion of Hamblen County's and the discretely presented Hamblen County School Department's net assets is \$15,857,131 and \$51,058,267, respectively, reflecting their investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. Hamblen County and the discretely presented Hamblen County School Department use these capital assets to provide services to its citizenry; therefore, these assets are not available to meet any obligations. Although Hamblen County's investment in capital assets is reported net of related debt, resources needed to repay this debt must come from outside resources because the capital assets themselves cannot be liquidated to pay these liabilities.

An additional portion of Hamblen County's and the discretely presented Hamblen County School Department's net assets is \$7,588,424 and \$4,018,984, respectively, which are subject to external restrictions on how they may be used.

Hamblen County's unrestricted net assets are a negative \$29,008,416. This negative balance represents all unrestricted non-capital related assets net of Hamblen County's debt of \$43,129,601.

### **Hamblen County's and the Discretely Presented Hamblen County School Department's Changes in Net Assets**

	Hamblen County Primary Government Governmental Activities	
	2011	2012
Revenues:		
Program Revenues:		
Charges for Services	\$ 4,729,361	\$ 5,457,803
Operating Grants and Contributions	2,802,914	2,559,438
Capital Grants and Contributions	578,864	474,653
General Revenues:		
Property Taxes	11,936,493	11,698,784
Sales Taxes	820,975	997,873
Other Taxes	2,041,240	2,148,124
Grants and Contributions Not Restricted to Specific Programs	1,952,772	1,866,656
Unrestricted Investment Income	261,055	272,328
Miscellaneous	359,579	372,186
Gain on Disposal of Capital Assets	4,977	55,722
Total Revenues	\$ 25,488,230	\$ 25,903,567
Expenses:		
General Government	\$ 2,096,916	\$ 2,175,846
Finance	1,942,275	2,002,601
Administration of Justice	2,021,058	2,100,129
Public Safety	5,845,604	5,942,653
Public Health and Welfare	3,024,465	3,375,782
Social, Cultural, and Recreational Services	800,379	810,646
Agriculture and Natural Resources	168,278	169,110
Other Operations	1,362,348	1,277,557
Highways	2,274,174	2,921,954
Education	14,255,633	3,371
Interest	1,922,212	1,805,206
Other Debt Service	1,295	62,245
Total Expenses	\$ 35,714,637	\$ 22,647,100
Increase (Decrease) in Net Assets	\$ (10,226,407)	\$ 3,256,467
Prior-period Adjustment	74,982	0
Net Assets, July 1	1,332,097	(8,819,328)
Net Assets, June 30	\$ (8,819,328)	\$ (5,562,861)

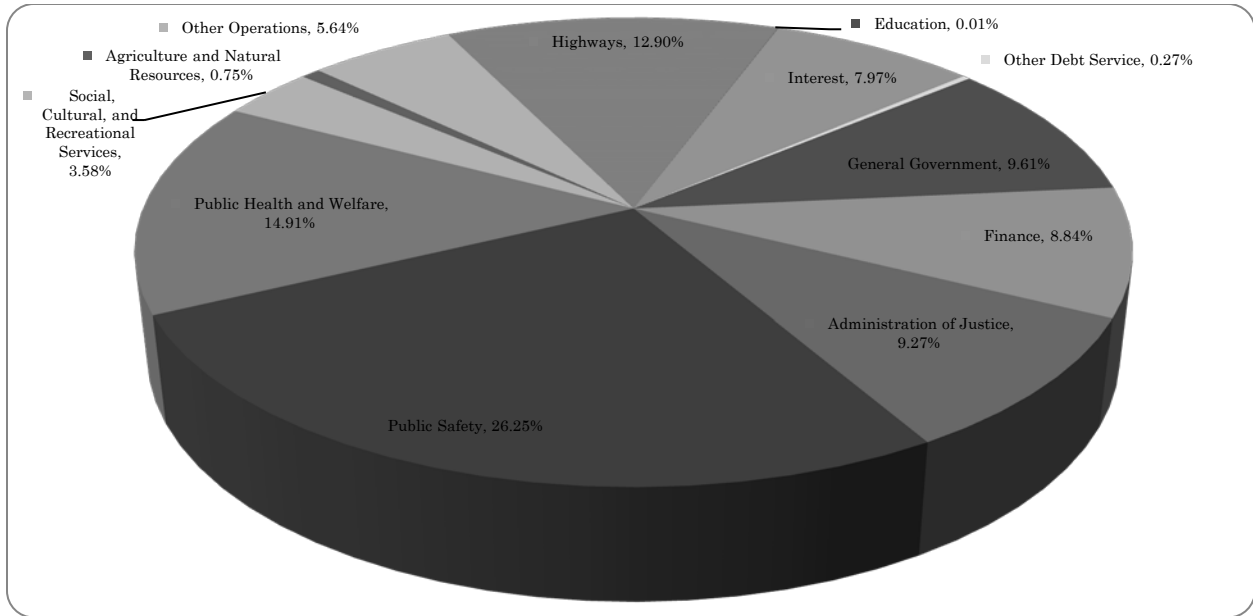
## Hamblen County's and the Discretely Presented Hamblen County School Department's Changes in Net Assets (Cont.)

	Hamblen County School Department Governmental Activities	
	2011	2012
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,142,649	\$ 2,255,051
Operating Grants and Contributions	11,279,313	11,421,530
Capital Grants and Contributions	14,300,210	134,388
General Revenues:		
Property Taxes	13,527,921	13,196,295
Sales Taxes	10,745,073	11,318,560
Other Taxes	715,704	717,879
Grants and Contributions Not Restricted to Specific Programs	41,185,805	41,237,088
Unrestricted Investment Income	1,777	3,870
Miscellaneous	75,138	159,288
Total Revenues	\$ 93,973,590	\$ 80,443,949
Expenses:		
General Government	\$ 82,659,901	\$ 79,013,946
Total Expenses	\$ 82,659,901	\$ 79,013,946
Increase (Decrease) in Net Assets	\$ 11,313,689	\$ 1,430,003
Net Assets, July 1	48,020,478	59,334,167
Net Assets, June 30	\$ 59,334,167	\$ 60,764,170

### Governmental Program Expenses

Public Safety expenses of \$5,942,653 and Public Health and Welfare expenses of \$3,375,782 are the largest expenses of Hamblen County, which when combined total \$9,318,435 and are 41 percent of total expenses. Of this amount, \$1,342,321 was recovered by charges for services, \$726,676 from operating grants/contributions, and \$219,935 from capital grants/contributions. For additional details, see illustrations below. Note that amounts are rounded to two decimal places in the following chart.

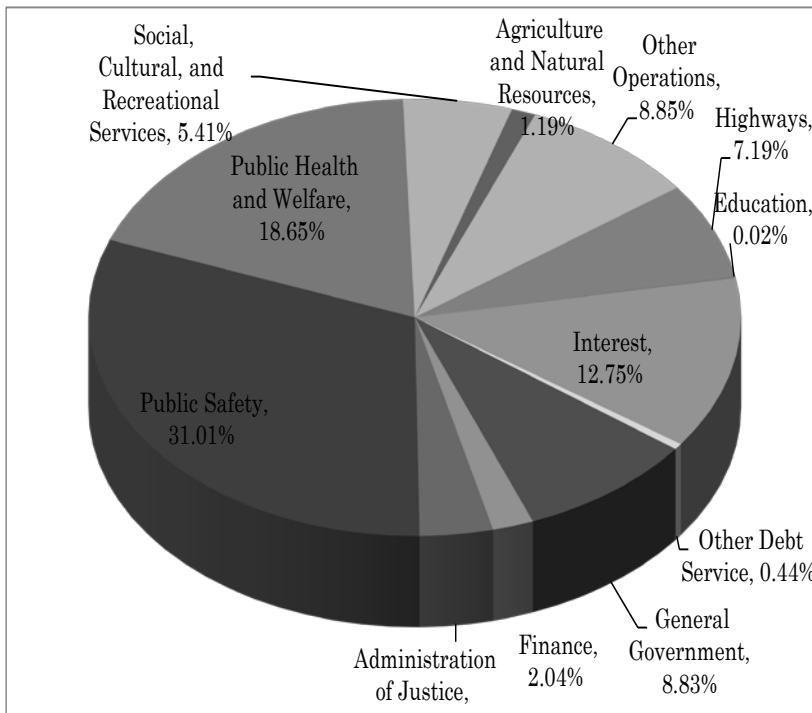
## Governmental Program Expenses



## Expenses by Governmental Activities

The following illustration shows the “net (expenses)” from Exhibit B as a percentage of the total. Unlike the preceding illustration, this one not only shows the percentage of total costs, it shows the impact the program had on the local citizens’ tax base, as a percentage. Net expense is all program expenses less all program revenues. Note all amounts are recorded to two decimal places in the following chart.

## Expenses by Governmental Activities

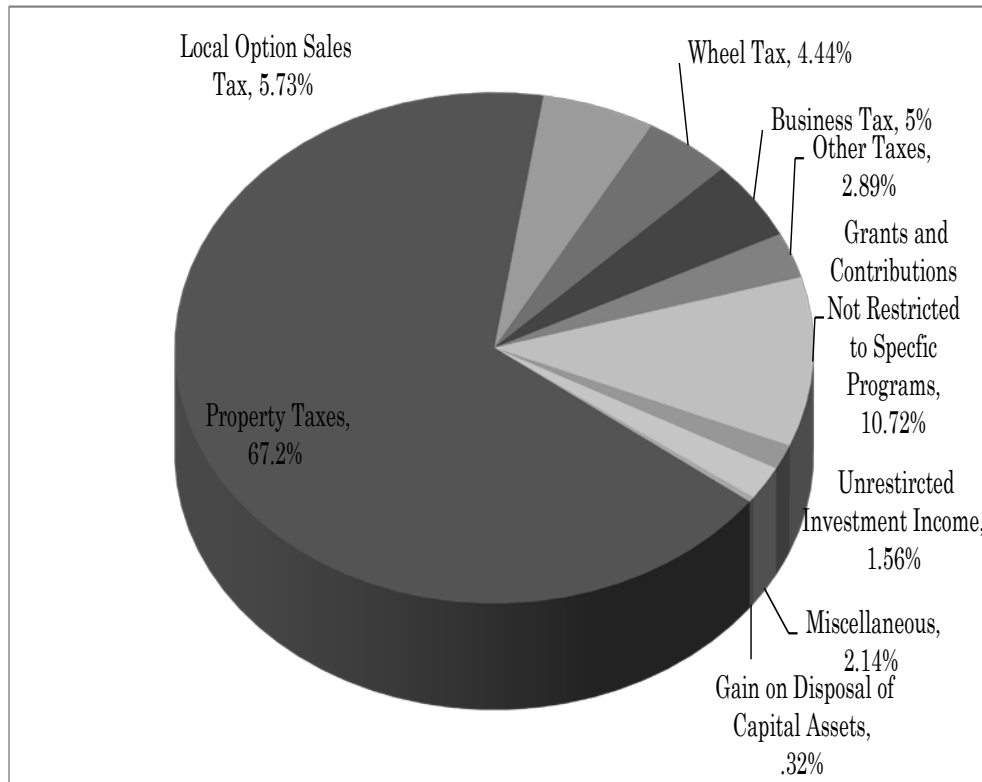


**Revenues** on the government-wide Statement of Activities are broken into two major categories, program and general revenues.

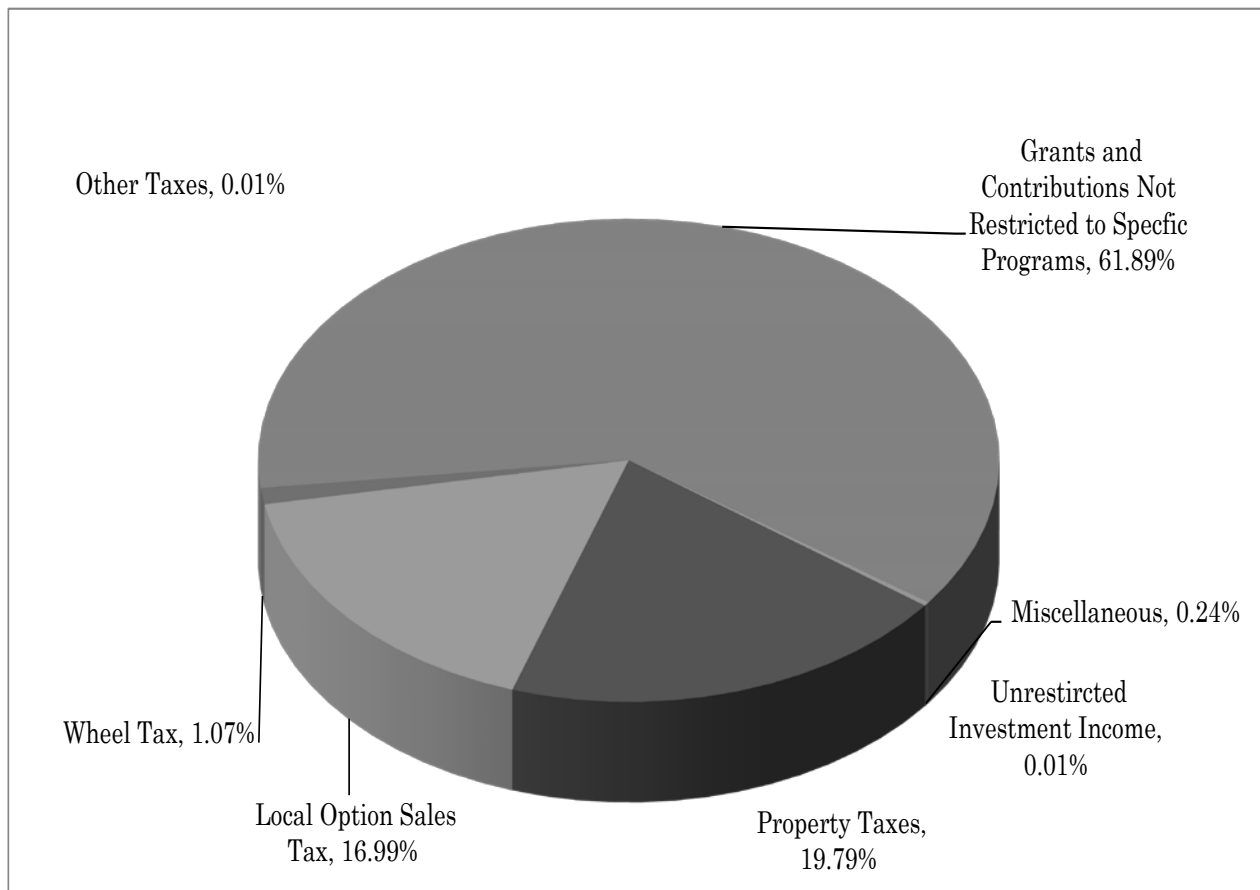
**Program revenues** are three types: charges for services (arise from charges to customers), operating grants and contributions (restricted for a specific purpose), and capital grants and contributions (restricted for a specific purpose).

**General revenues** are all revenues that do not qualify as program revenues and by far are the largest revenue source. The largest single revenue sources within this major category are property taxes for the county and grants and contributions not restricted to specific programs for the discretely presented Hamblen County School Department. Note all amounts are rounded to two decimal places in the following charts.

**Primary Government  
Revenues by Source – Governmental Activities**



**Hamblen County School Department  
Revenues by Source – Governmental Activities**



**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, Hamblen County and the discretely presented Hamblen County School Department use fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of Hamblen County's and the discretely presented Hamblen County School Department's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Hamblen County's and the discretely presented Hamblen County School Department's financing requirements.

In 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, restricted, committed, assigned, or unassigned.

- **Nonspendable Fund Balance** – The nonspendable fund balance reflected in Hamblen County’s and the discretely presented Hamblen County School Department’s governmental funds totaling \$92,410 and \$130,524, respectively, 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** – The restricted fund balance reflected in Hamblen County’s and the discretely presented Hamblen County School Department’s governmental funds totaling \$7,260,646 and \$3,888,460, respectively, 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** – The committed fund balance reflected in Hamblen County’s and the discretely presented Hamblen County School Department’s governmental funds totaling \$3,977,090 and \$1,597,875, respectively, 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.
- **Assigned Fund Balance** – The assigned fund balance reflected in Hamblen County’s and the discretely presented Hamblen County School Department’s governmental funds totaling \$1,242,094 and \$5,344,922, respectively, includes amounts that are constrained by the intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission or the finance director is authorized to make assignments.
- **Unassigned Fund Balance** – The unassigned fund balance reflected in Hamblen County’s and the discretely presented Hamblen County School Department’s governmental funds totaling \$3,976,079 and \$8,609,543, respectively, 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. This is the residual classification for the General and General Purpose School funds.

As of the end of the current fiscal year, Hamblen County’s governmental funds reported fund balances totaling \$16,548,319, a decrease of \$242,530. The discretely presented Hamblen County School Department’s governmental funds reported fund balances totaling \$19,571,324, a decrease of \$3,555,746. The decrease in the discretely presented Hamblen County School Department’s governmental fund balances is attributed to school construction and renovations.

The General Fund is the chief operating fund of Hamblen County. At the end of the current fiscal year, unassigned fund balance was \$3,976,079, while total fund balance reached \$6,486,050. Total fund balance for the General Fund increased \$832,079. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents



approximately 27.7 percent of total General Fund expenditures, while total fund balance represents 45.2 percent of that same amount.

The Solid Waste/Sanitation Fund continues to maintain a stable fund balance. In 2003, a deficit of \$205,578 existed and prompted the County Commission to levy a 21-cent tax increase during the 2004 year. The Solid Waste/Sanitation Fund's fund balances totaled \$3,737,530 at June 30, 2012, a decrease of \$71,648 from the previous year.

The General Debt Service Fund had a total fund balance of \$5,163,811 at June 30, 2012, a decrease of \$550,223.

The General Purpose School Fund is the chief operating fund of the discretely presented Hamblen County School Department. At the end of the current fiscal year, unassigned fund balance was \$8,609,543, while total fund balance reached \$15,508,848. Total fund balance for the General Purpose School Fund increased \$2,690,292. As a measure of the General Purpose School Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 13.2 percent of total General Purpose School Fund expenditures, while total fund balance represents 23.8 percent of that same amount.

## **BUDGETARY HIGHLIGHTS**

### **General Fund Budgetary Highlights**

During the fiscal year, appropriations from the original budget were increased. These differences are summarized in the following table:

	Original	Amended	Increase (Decrease)
Appropriations:			
General Government	\$ 2,025,720	\$ 2,106,920	\$ 81,200
Finance	1,896,278	1,966,070	69,792
Administration of Justice	1,690,759	1,814,913	124,154
Public Safety	5,653,128	6,001,818	348,690
Public Health and Welfare	794,142	885,702	91,560
Social, Cultural, and Recreational Services	810,425	819,396	8,971
Agriculture and Natural Resources	170,594	172,369	1,775
Other Operations	1,403,100	1,456,256	53,156
Capital Projects	0	261,590	261,590
Total Appropriations	\$ 14,444,146	\$ 15,485,034	\$ 1,040,888

The increase in Administration of Justice was due to the implementation of a court collections system and the increase in the number of court days requiring additional courtroom security.

The increase in Public Safety was due to inmate medical costs and receiving an unanticipated Homeland Security Grant.

The increase in Capital Projects is attributed to amending these appropriations for the purchase of a computer system for Chancery Court, receiving a Help America Vote Grant, and the purchase of vehicles for the Sheriff's Department.

At the close of the fiscal year, actual expenditures were \$1,081,479 less than budgetary estimates. This is attributed to the conservative management of elected officials and department heads necessitated by the uncertain economy.

### **Discretely Presented Hamblen County School Department – General Purpose Fund Budgetary Highlights**

The differences in the original and the final budget's appropriations increased by \$2,112,987 compared to the original budget of \$68,489,038. The majority of the increased appropriations were funded by an increase in estimated revenues. At the close of the fiscal year, actual expenditures were \$3,784,941 less than budgetary estimates.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

Hamblen County's investment in capital assets, net of accumulated depreciation, as of June 30, 2012, totaled \$20,137,958. This investment in capital assets includes land, buildings and improvements, other capital assets (includes vehicle and equipment), and infrastructure (includes roads, highways, and bridges).

Asset	Historical Value	Accumulated Depreciation	Net Value 6-30-12
Land	\$ 420,779	\$ 0	\$ 420,779
Construction in Progress	112,090	0	112,090
Buildings and Improvements	10,931,648	(3,559,502)	7,372,146
Other Capital Assets	5,192,604	(3,948,881)	1,243,723
Infrastructure	16,954,011	(5,964,791)	10,989,220
Total	<u>\$ 33,611,132</u>	<u>\$ (13,473,174)</u>	<u>\$ 20,137,958</u>

The discretely presented Hamblen County School Department's investment in capital assets, net of accumulated depreciation, as of June 30, 2012, totaled \$51,058,267. This investment in capital assets includes land, buildings and improvements, and other capital assets (includes vehicle and equipment).

Asset	Historical Value	Accumulated Depreciation	Net Value 6-30-12
Land	\$ 2,898,244	\$ 0	\$ 2,898,244
Construction in Progress	4,222,884	0	4,222,884
Buildings and Improvements	128,227,831	(88,855,185)	39,372,646
Other Capital Assets	12,500,160	(7,935,667)	4,564,493
Total	<u>\$ 147,849,119</u>	<u>\$ (96,790,852)</u>	<u>\$ 51,058,267</u>

Additional details about Hamblen County's and the discretely presented Hamblen County School Department's capital assets can be found in the notes to the financial statements Note IV.C. A table of contents has been provided with the specific page number.

### Long-term Debt

At the end of the current fiscal year, Hamblen County had long-term debt obligations outstanding of \$43,129,601. This is a decrease of \$3,768,854 in long-term debt from the previous fiscal year. All of this debt is backed by the full faith and credit of the county. Hamblen County maintains a rating of "Aa3" from Moody's and "A+" from Standard and Poor's for general obligation debt. The county did not have any capital outlay notes outstanding at June 30, 2012. Additional information on Hamblen County Government's long-term debt can be found in Exhibit J-1, Exhibit J-2, and Note IV.F. of this report.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

On July 5, 2012, Hamblen County adopted a budget for the fiscal year ending June 30, 2013. Many factors were considered when adopting this budget: the unemployment rate, closing of a large employer during last fiscal year, limited interest earnings, and a depressed housing market. These factors affect two of Hamblen County's more significant revenues, property and sales taxes.

The property tax rate for tax year 2012 was adopted at the same rate as the 2011 tax year. The distribution of the 2012 property tax rate is shown below:

<u>Fund</u>	<u>Inside</u>	<u>Outside</u>
General	\$ 0.46	\$ 0.46
Solid Waste/Sanitation	0.00	0.21
General Purpose School	0.89	0.89
General Debt Service	<u>0.29</u>	<u>0.29</u>
Total	<u>\$ 1.64</u>	<u>\$ 1.85</u>

The unemployment rate for the county as of June 30, 2012, was 10.1 percent, which is significantly lower than the 12.3 percent a year ago. The state's average unemployment rate as of June 30, 2012, was 8.2 percent and the national average was 8.1 percent.

### **REQUEST FOR INFORMATION**

This report is designed to provide a general overview of the county's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Hamblen County Government, 511 West Second North Street, Morristown, Tennessee 37814.

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## **BASIC FINANCIAL STATEMENTS**

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Exhibit A

Hamblen County, Tennessee  
Statement of Net Assets  
June 30, 2012

	Primary	Component Units	
	Government	Hamblen	Emergency
	Governmental	County	Communica-
	Activities	School	tions
		Department	District
<u>ASSETS</u>			
Cash	\$ 590,098	\$ 100	\$ 1,332,339
Equity in Pooled Cash and Investments	16,460,439	17,621,331	0
Inventories	0	130,524	0
Deferred Outflow - Interest Rate Swap	3,795,763	0	0
Accounts Receivable	189,675	2,998	51,840
Due from Other Governments	1,246,007	2,811,053	0
Due from Primary Government	0	615,917	0
Property Taxes Receivable	12,674,702	13,593,787	0
Allowance for Uncollectible Property Taxes	(440,744)	(484,246)	0
Prepaid Items	92,410	0	0
Unamortized Discount on Debt	148,019	0	0
Deferred Charges - Debt Issuance Cost	354,674	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	420,779	2,898,244	0
Construction in Progress	112,090	4,222,884	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	7,372,146	39,372,646	243,840
Other Capital Assets	1,243,723	4,564,493	428,572
Infrastructure	10,989,220	0	0
Total Assets	\$ 55,249,001	\$ 85,349,731	\$ 2,056,591
<u>LIABILITIES</u>			
Accounts Payable	\$ 413,427	\$ 101,712	\$ 8,946
Accrued Payroll	292,575	0	0
Accrued Interest Payable	132,395	0	0
Payroll Deductions Payable	151,874	172,800	2,111
Contracts Payable	0	395,477	0
Retainage Payable	0	6,813	0
Due to Component Units	615,917	0	0
Derivative - Interest Rate Swap	3,795,763	0	0
Deferred Revenue - Current Property Taxes	11,768,900	12,584,494	0
Noncurrent Liabilities:			
Due Within One Year	3,628,854	335,921	8,148
Due in More than One Year (net of deferred amount on refunding and unamortized premium on debt)	40,012,157	10,988,344	24,446
Total Liabilities	\$ 60,811,862	\$ 24,585,561	\$ 43,651

(Continued)

Exhibit A

Hamblen County, Tennessee  
Statement of Net Assets (Cont.)

		Component Units	
	Primary	Hamblen	Emergency
	Government	County	Communica-
	Governmental	School	tions
	Activities	Department	District
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 15,857,131	\$ 0	\$ 0
Invested in Capital Assets	0	51,058,267	672,412
Restricted for:			
General Government	6,902	0	0
Finance	99,477	0	0
Administration of Justice	75,414	0	0
Public Safety	65,444	0	0
Public Health and Welfare	1,678,661	0	0
Other Operations	10,144		
Highway/Public Works	852,418	0	0
Debt Service	4,646,747	0	0
Capital Projects	153,217	561,608	0
Education	0	3,457,376	0
Unrestricted	(29,008,416)	5,686,919	1,340,528
Total Net Assets (Deficit)	<u>\$ (5,562,861)</u>	<u>\$ 60,764,170</u>	<u>\$ 2,012,940</u>

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

Exhibit B

Hamblen County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2012

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Primary					Component Units				
	Government					Hamblen				
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total Governmental Activities	County School Department	Emergency Communications District			
	Expenses									
Primary Government:										
Governmental Activities:										
General Government	\$ 2,175,846	\$ 811,453	\$ 114,799	\$ 0	\$ (1,249,594)	\$ 0	\$ 0			0
Finance	2,002,601	1,714,539	0	0	(288,062)	0	0			0
Administration of Justice	2,100,129	1,515,709	71,876	0	(512,544)	0	0			0
Public Safety	5,942,653	1,335,697	216,848	0	(4,390,108)	0	0			0
Public Health and Welfare	3,375,782	6,624	509,828	219,935	(2,639,395)	0	0			0
Social, Cultural, and Recreational Services	810,646	45,327	0	0	(765,319)	0	0			0
Agriculture and Natural Resources	169,110	0	0	0	(169,110)	0	0			0
Other Operations	1,277,557	24,700	0	0	(1,252,857)	0	0			0
Highways	2,921,954	3,754	1,646,087	254,718	(1,017,395)	0	0			0
Education	3,371	0	0	0	(3,371)	0	0			0
Interest on Long-term Debt	1,805,206	0	0	0	(1,805,206)	0	0			0
Debt Service	62,245	0	0	0	(62,245)	0	0			0
Total Primary Government	\$ 22,647,100	\$ 5,457,803	\$ 2,559,438	\$ 474,653	\$ (14,155,206)	\$ 0	\$ 0			0
Component Units:										
Hamblen County School Department	\$ 79,013,946	\$ 2,255,051	\$ 11,421,530	\$ 134,388	\$ 0	\$ (65,202,977)	\$ 0			0
Emergency Communications District	1,097,041	855,062	0	0	0	0	(241,979)			
Total Component Units	\$ 80,110,987	\$ 3,110,113	\$ 11,421,530	\$ 134,388	\$ 0	\$ (65,202,977)	\$ (241,979)			

(Continued)

Exhibit B

Hamblen County, Tennessee  
Statement of Activities (Cont.)

		Net (Expense) Revenue and Changes in Net Assets					
Functions/Programs	Expenses	Program Revenues			Component Units		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary		
					Government Total	Hamblen County School Department	Emergency Communications District
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes		\$			6,632,068	\$ 13,196,295	\$ 0
Property Taxes Levied for Public Health and Welfare Purposes					1,198,913	0	0
Property Taxes Levied for Debt Purposes					3,867,803	0	0
Local Option Sales Taxes					997,873	11,318,560	0
Hotel/Motel Tax					8,375	0	0
Wheel Tax					773,925	714,393	0
Litigation Tax - General					137,580	0	0
Litigation Tax - Special Purpose					61,278	0	0
Litigation Tax - Jail/Workhouse/Courthouse					51,481	0	0
Litigation Tax - Courtroom Security					54,687	0	0
Business Tax					871,315	0	0
Mineral Severance Tax					57,248	0	0
Wholesale Beer Tax					130,255	0	0
Interstate Telecommunications Tax					1,980	3,486	0
Grants and Contributions Not Restricted to Specific Programs					1,866,656	41,237,088	368,574
Unrestricted Investment Income					272,328	3,870	1,791
Miscellaneous					372,186	159,288	1,344
Gain on Disposal of Capital Assets					55,722	0	0
Total General Revenues					\$ 17,411,673	\$ 66,632,980	\$ 371,709
Change in Net Assets					\$ 3,256,467	\$ 1,430,003	\$ 129,730
Net Assets (Deficit), July 1, 2011					(8,819,328)	59,334,167	1,883,210
Net Assets (Deficit), June 30, 2012					\$ (5,562,861)	\$ 60,764,170	\$ 2,012,940

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



## Exhibit C-1

Hamblen County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2012

	Major Funds			Nonmajor Funds	Total
	Solid	General		Other	Total
	Waste /	Debt		Govern-	Govern-
	Sanitation	Service		mental	mental
	General			Funds	Funds
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 590,098	\$ 590,098
Equity in Pooled Cash and Investments	6,395,841	2,944,606	5,868,282	1,251,710	16,460,439
Accounts Receivable	149,252	12,280	0	28,143	189,675
Due from Other Governments	722,590	207,085	0	316,332	1,246,007
Due from Other Funds	118,865	790,849	0	0	909,714
Property Taxes Receivable	7,017,254	1,250,453	4,406,995	0	12,674,702
Allowance for Uncollectible Property Taxes	(247,500)	(42,597)	(150,647)	0	(440,744)
Prepaid Items	15,712	0	71,667	5,031	92,410
Total Assets	<u>\$ 14,172,014</u>	<u>\$ 5,162,676</u>	<u>\$ 10,196,297</u>	<u>\$ 2,191,314</u>	<u>\$ 31,722,301</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 227,177	\$ 80,796	\$ 640	\$ 104,814	\$ 413,427
Accrued Payroll	242,499	23,208	0	26,868	292,575
Payroll Deductions Payable	126,415	12,247	0	13,212	151,874
Due to Other Funds	0	0	790,849	118,865	909,714
Due to Component Units	0	0	0	615,917	615,917
Deferred Revenue - Current Property Taxes	6,504,345	1,163,990	4,100,565	0	11,768,900
Deferred Revenue - Delinquent Property Taxes	239,256	40,466	140,432	0	420,154
Other Deferred Revenues	346,272	104,439	0	150,710	601,421
Total Liabilities	<u>\$ 7,685,964</u>	<u>\$ 1,425,146</u>	<u>\$ 5,032,486</u>	<u>\$ 1,030,386</u>	<u>\$ 15,173,982</u>
<u>Fund Balances</u>					
Nonspendable:					
Prepaid Items	\$ 15,712	\$ 0	\$ 71,667	\$ 5,031	\$ 92,410
Restricted:					
Restricted for General Government	6,902	0	0	0	6,902
Restricted for Finance	10,690	0	0	88,787	99,477
Restricted for Administration of Justice	38,234	0	0	37,180	75,414
Restricted for Public Safety	3,772	0	0	61,672	65,444
Restricted for Public Health and Welfare	60,698	1,454,463	0	0	1,515,161
Restricted for Other Operations	9,644	0	0	0	9,644
Restricted for Highways/Public Works	0	0	0	696,677	696,677
Restricted for Debt Service	0	0	4,638,710	0	4,638,710
Restricted for Capital Projects	0	0	0	153,217	153,217
Committed:					
Committed for Public Health and Welfare	88,067	2,283,067	0	0	2,371,134
Committed for Debt Service	0	0	453,434	0	453,434
Committed for Capital Projects	1,034,158	0	0	118,364	1,152,522

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total
	General	Solid Waste / Sanitation	General Debt Service	Other Govern- mental Funds	Govern- mental Funds
<u>LIABILITIES AND FUND BALANCES (CONT.)</u>					
<u>Fund Balances (Cont.)</u>					
Assigned:					
Assigned for General Government	\$ 127,970	\$ 0	\$ 0	\$ 0	\$ 127,970
Assigned for Finance	170,346	0	0	0	170,346
Assigned for Administration of Justice	13,108	0	0	0	13,108
Assigned for Public Safety	36,417	0	0	0	36,417
Assigned for Other Purposes	894,253	0	0	0	894,253
Unassigned	3,976,079	0	0	0	3,976,079
Total Fund Balances	<u>\$ 6,486,050</u>	<u>\$ 3,737,530</u>	<u>\$ 5,163,811</u>	<u>\$ 1,160,928</u>	<u>\$ 16,548,319</u>
Total Liabilities and Fund Balances	<u>\$ 14,172,014</u>	<u>\$ 5,162,676</u>	<u>\$ 10,196,297</u>	<u>\$ 2,191,314</u>	<u>\$ 31,722,301</u>

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

Exhibit C-2

Hamblen County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets  
June 30, 2012

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 16,548,319
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 420,779	
Add: construction in progress	112,090	
Add: infrastructure net of accumulated depreciation	10,989,220	
Add: buildings and improvements net of accumulated depreciation	7,372,146	
Add: other capital assets net of accumulated depreciation	<u>1,243,723</u>	20,137,958
(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	\$ (31,499,601)	
Less: bonds payable	(11,630,000)	
Less: other postemployment benefits liability	(253,085)	
Add: deferred amount on refunding	425,023	
Add: deferred charges - debt issuance costs	354,674	
Add: unamortized discount on debt	148,019	
Less: accrued interest on bonds and other loans payable	(132,395)	
Less: other deferred revenue - premium on debt	<u>(683,348)</u>	(43,270,713)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,021,575</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ (5,562,861)</u>

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

Exhibit C-3

Hamblen County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2012

	Major Funds			Nonmajor Funds	
	General	Solid Waste / Sanitation	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>					
Local Taxes	\$ 8,826,109	\$ 2,113,746	\$ 3,969,975	\$ 58,848	\$ 14,968,678
Licenses and Permits	395,614	1,567	0	0	397,181
Fines, Forfeitures, and Penalties	280,136	0	56,850	38,518	375,504
Charges for Current Services	471,343	0	0	498,064	969,407
Other Local Revenues	125,661	26,497	760,667	90,162	1,002,987
Fees Received from County Officials	2,607,881	0	0	0	2,607,881
State of Tennessee	2,145,870	102,943	0	2,516,728	4,765,541
Federal Government	161,625	0	0	252,592	414,217
Other Governments and Citizens Groups	155,561	0	0	12,511	168,072
Total Revenues	\$ 15,169,800	\$ 2,244,753	\$ 4,787,492	\$ 3,467,423	\$ 25,669,468
<u>Expenditures</u>					
Current:					
General Government	\$ 1,936,977	\$ 0	\$ 0	\$ 19	\$ 1,936,996
Finance	1,761,438	0	0	240,218	2,001,656
Administration of Justice	1,686,579	0	0	251,029	1,937,608
Public Safety	5,700,718	0	0	87,289	5,788,007
Public Health and Welfare	803,070	2,316,401	0	0	3,119,471
Social, Cultural, and Recreational Services	786,961	0	0	0	786,961
Agriculture and Natural Resources	169,110	0	0	0	169,110
Other Operations	1,277,557	0	0	0	1,277,557
Highways	0	0	0	2,135,116	2,135,116
Debt Service:					
Principal on Debt	0	0	3,503,854	265,000	3,768,854
Interest on Debt	0	0	1,737,969	13,241	1,751,210
Other Debt Service	0	0	95,892	600	96,492
Capital Projects	230,434	0	0	933,367	1,163,801
Total Expenditures	\$ 14,352,844	\$ 2,316,401	\$ 5,337,715	\$ 3,925,879	\$ 25,932,839
Excess (Deficiency) of Revenues Over Expenditures	\$ 816,956	\$ (71,648)	\$ (550,223)	\$ (458,456)	\$ (263,371)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 15,123	\$ 0	\$ 0	\$ 5,718	\$ 20,841
Total Other Financing Sources (Uses)	\$ 15,123	\$ 0	\$ 0	\$ 5,718	\$ 20,841
Net Change in Fund Balances	\$ 832,079	\$ (71,648)	\$ (550,223)	\$ (452,738)	\$ (242,530)
Fund Balance, July 1, 2011	5,653,971	3,809,178	5,714,034	1,613,666	16,790,849
Fund Balance, June 30, 2012	\$ 6,486,050	\$ 3,737,530	\$ 5,163,811	\$ 1,160,928	\$ 16,548,319

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

Exhibit C-4

Hamblen 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, 2012

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)		\$	(242,530)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	485,844	
Less: current-year depreciation expense		(866,180)	(380,336)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			
Less: book value of capital assets disposed			(17,734)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$	1,021,575	
Less: deferred delinquent property taxes and other deferred June 30, 2011		(790,583)	230,992
(4) The issuance of long-term debt (e.g., notes, 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 assets. Also, governmental funds report the effect of issuance costs, 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 effect of these differences in the treatment of long-term debt and related items.			
Add: change in premium on debt issuances	\$	109,309	
Less: change in deferred debt issuance cost		(57,857)	
Less: change in debt discounts		(17,205)	
Add: principal payments on other loans		3,403,854	
Add: principal payments on bonds		365,000	
Less: change in deferred amount on refunding debt		(51,846)	3,751,255
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	(2,150)	
Change in other postemployment benefits liability		(83,030)	(85,180)
Change in net assets of governmental activities (Exhibit B)		\$	<u>3,256,467</u>

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

## Exhibit D-1

Hamblen County, Tennessee  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2012

	Other Employee Benefit Trust Fund	Agency Funds
	Employee Benefit Trust Fund	
<u>ASSETS</u>		
Cash	\$ 0	\$ 1,577,030
Equity in Pooled Cash and Investments	5,359	450
Due from Other Governments	0	1,726,268
Total Assets	\$ 5,359	\$ 3,303,748
<u>LIABILITIES</u>		
Due to Other Taxing Units	\$ 0	\$ 1,726,718
Due to Litigants, Heirs, and Others	0	1,577,030
Total Liabilities	\$ 0	\$ 3,303,748
<u>NET ASSETS</u>		
Funds Held in Trust for Employees	\$ 5,359	
Net Assets	\$ 5,359	

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

Exhibit D-2

Hamblen County, Tennessee  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Fund  
For the Year Ended June 30, 2012

	Other Employee Benefit Trust Fund
	<u>Employee Benefit Trust Fund</u>
<u>ADDITIONS</u>	
Plan Member Contributions	\$ 13,551
Total Additions	<u>\$ 13,551</u>
<u>DEDUCTIONS</u>	
Employee Benefits:	
Other Fringe Benefits	\$ 13,076
Total Deductions	<u>\$ 13,076</u>
Change in Net Assets	\$ 475
Net Assets, July 1, 2011	<u>4,884</u>
Net Assets, June 30, 2012	<u>\$ 5,359</u>

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

**HAMBLEN COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2012**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Hamblen 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 Hamblen County:

**A. Reporting Entity**

Hamblen County is a public municipal corporation governed by an elected 14-member board. As required by GAAP, these financial statements present Hamblen County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Hamblen County School Department operates the public school system in the county, and the voters of Hamblen County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, 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 Hamblen County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Hamblen County. The Hamblen County Emergency Communications District is governed by a ten-member board of directors, which is appointed by the county mayor and confirmed by the Hamblen County Commission. 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 Hamblen County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Hamblen County Emergency Communications District can be obtained from its administrative office at the following address:



Administrative Office:

Hamblen County Emergency  
Communications District  
530 North Jackson Street  
Morristown, TN 37814

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets 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 Hamblen 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 Hamblen County School Department component unit only reports 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.

Hamblen County issues all debt for the discretely presented Hamblen County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2012.

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 Hamblen 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, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category.

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. Hamblen 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 debt service funds 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 fund financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Hamblen 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 is used to account for transactions involving 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, Hamblen County reports the following fund types:

**Capital Projects Funds** – These funds are used to account for financial resources to be used in the acquisition or construction of capital assets.

**Other Employee Benefits Trust Fund** – The Employee Benefits Trust Fund is used to account for operations of the flexible benefits program for Hamblen County employees.

**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 Hamblen County, and assets held in a custodial capacity for a multi-jurisdictional crime unit. 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 Hamblen 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 Hamblen County School Department reports the following fund types:

**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.

**Capital Projects Funds** – These funds are used to account for building construction and renovations of the School Department.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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, and Net Assets or Equity**

**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 and the discretely presented Hamblen County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Income from these pooled investments is assigned to the various funds based on the approved budgets. Hamblen County and the School Department 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 and investments in the State Treasurer's Investment Pool are reported at cost with the exception of negotiable certificates of deposits, which are reported at fair value. The State Treasurer's Investment Pool is not

registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. 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 and outstanding loan balances at the end of the fiscal year is referred to as due to/from other funds.

Long-term receivables between funds reported in the Solid Waste/Sanitation Fund financial statements are included in the restricted fund balance.

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.87 percent of total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

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 deferred revenue 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 with offsetting deferred revenue 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.

Retainage payable in the School Department's nonmajor governmental funds represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the nonmajor governmental funds.

### **3. Inventories and Prepaid Items**

Inventories of the discretely presented Hamblen County School Department are recorded at the lower of cost or market 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 the governmental funds.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaids 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 two years. 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 School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Other Capital Assets	3 - 15
Infrastructure	100

## 5. Compensated Absences

Vacation leave benefits for employees of Hamblen County do not vest or accumulate and must be used within the current year or are lost. Therefore, no accrual has been recorded for vacation pay.

Vacation benefits for all 12-month employees of the discretely presented Hamblen County School Department are earned in the current year for use in the subsequent year. Therefore, accrued leave balances payable of \$193,284 recorded as a liability in this report must be used in one year or are lost.

There is no liability for unpaid accumulated sick leave since Hamblen County and the School Department do not have policies to pay any amounts when employees separate from service with the government.

## 6. 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 Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized 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, other postemployment benefits, and special termination benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

## **7. Net Assets and Fund Equity**

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – 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 assets – Consists of net assets 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 assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2012, Hamblen County had \$38,861,741 in outstanding debt for capital purposes for the discretely presented Hamblen County School Department. This debt is a liability of Hamblen County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Hamblen County has incurred a liability significantly decreasing its unrestricted net assets 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 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, county finance director, and the Board of Education are authorized to make assignments. Assigned fund balance in the General Fund includes amounts for encumbrances (\$67,660), amounts appropriated for use in the 2012-13 budget (\$686,319), and various other assignments (\$488,115). Assigned fund balance in the School Department's General Purpose School Fund includes amounts for encumbrances (\$2,492,872) and amounts assigned for capital projects and other uses (\$2,852,050).

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

## **II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

### **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 Assets.

### **Discretely Presented Hamblen 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 Assets.

## **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 assets of governmental activities reported in the government-wide Statement of Activities.

### **Discretely Presented Hamblen 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 assets of governmental activities reported in the government-wide Statement of Activities.

## **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 capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor, 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.

At June 30, 2012, Hamblen County and the Hamblen County School Department reported the following significant encumbrances:

Funds	Description	Amount
Primary Government:		
Major Fund:		
Solid Waste/Sanitation	Vehicle purchase	\$ 142,207
Nonmajor Fund:		
Highway/Public Works	Vehicle purchase	143,599
School Department:		
Major Fund:		
General Purpose School	Building improvements	2,220,966
Nonmajor Fund:		
Central Cafeteria	Cafeteria equipment	147,620

**B. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the General Fund:

Major Category	Amount Overspent
Other Emergency Management	\$ 3,909
County Coroner/Medical Examiner	3,351

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues on the General Fund.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

Hamblen County and the Hamblen County School Department 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 assets as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net assets 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, 2012, Hamblen County had the following investments carried at fair value or cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Hamblen County and the discretely presented Hamblen County School Department since both pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value or Cost
State Treasurer's Investment Pool	6 to 164 days	N/A	\$ 1,070,851
U.S. Treasury Bill	N/A	8-15-12	115,229
"	N/A	11-15-12	115,512
"	N/A	12-15-12	115,490
"	N/A	12-15-13	115,741
"	N/A	1-15-14	116,209
"	N/A	1-31-13	115,292
"	N/A	11-15-13	115,327
"	N/A	2-15-14	111,645
Federal Farm Credit Bank	N/A	10-7-13	120,144
"	N/A	4-26-13	115,120
"	N/A	7-24-13	115,042
Federal Home Loan Bank	N/A	8-28-13	115,275
"	N/A	2-27-13	117,335
"	N/A	1-16-13	115,767
"	N/A	3-20-13	116,123
Federal National Mortgage Association	N/A	7-12-13	119,308
"	N/A	6-26-13	116,412
Total			<u>\$ 3,041,822</u>

**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. Hamblen County has a formal investment policy with the same requirements as state statutes for limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Hamblen County has an investment policy that limits its investment choices to those authorized by state statute, with safety, liquidity, and yield being priorities specified by the policy. As of June 30, 2012, Hamblen County's investment in the State Treasurer's Investment Pool was unrated. Hamblen County's investments in Federal Farm Credit Bank, Federal Home Loan Bank, and Federal National Mortgage Association were rated Aaa by Moody's Investor's Service, AA+ by Standard and Poor's, and AAA by Fitch ratings.

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Hamblen County places no limit on the amount the county may invest in one issuer. More than five percent of the county's investments are in the Federal Farm Credit Bank (11.52 percent), Federal Home Loan Bank (15.27 percent), and Federal National Mortgage Association (7.75 percent).

## **B. Derivative Instruments**

### **Primary Government**

At June 30, 2012, Hamblen County had the following derivative instruments outstanding:

Instrument	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
\$10M Swap - A	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	\$ 10,000,000	12-16-10	6-1-17	Pay 4.265% receive 70% of 3 month LIBOR
\$10M Swap - B	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	10,000,000	8-13-08	6-1-25	Pay 4.39% receive 63.4% of 5 year LIBOR

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2012, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2012 financial statements are as follows:

Type	Changes in Fair Value		Fair Value at June 30, 2012		6-30-12 Notional
	Classification	Amount	Classification	Amount	Amount
<b>Governmental Activities</b>					
Cash Flow Hedges:					
Pay-fixed interest rate swaps:					
\$10M Swap - A	Deferred	\$ 122,820	Debt	\$ (1,070,255)	\$ 10,000,000
	Outflow				
\$10M Swap - B	Deferred	(1,177,912)	Debt	(2,725,508)	10,000,000
	Outflow				
Total		<u>\$ (1,055,092)</u>		<u>\$ (3,795,763)</u>	<u>\$ 20,000,000</u>

## **Derivative Swap Agreement Detail**

### **\$10M Swap – A**

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee, at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series III-D-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 Series III-D-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 III-D-2 bonds have since been refunded with a portion of the proceeds of the Series VII-C-2 bonds, and the interest rate swap is now associated with the Series VII-C-2 bonds.

**Terms.** Under the swap, the authority pays the counterparty a fixed payment of 4.265 percent and receives a variable payment computed as 70 percent of the three-month London Interbank Offered Rate (LIBOR). The bonds hedged by the interest rate swap agreement had an original outstanding principal amount of \$10 million. The interest rate swap agreement will not exceed the outstanding principal amount on the associated hedged bonds. The variable rates on the bonds have historically approximated the Securities Industry and Financial Markets Association (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2017. As of June 30, 2012, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.265%
Variable payment from counterparty		<u>-0.322%</u>
Net interest rate swap payments		3.943%
Variable-rate bond coupon payments		<u>0.968%</u>
Synthetic interest rate on bonds		<u><u>4.911%</u></u>

**Fair value.** As of June 30, 2012, the swap had a negative fair value of \$1,070,255. 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, 2012, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Morgan Keegan Financial Products was rated A+ by Standard and Poor's as of June 30, 2012, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard and Poor's, and Fitch, respectively.

**Basis risk.** As noted above, the swap exposes the county to basis risk should the bond rate increase to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the bond rate being below 70 percent of LIBOR, then the synthetic rate on the bonds will decrease.

**Termination risk.** The derivative 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, 2012, 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.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate	
	Principal	Interest	Swap Payment	Total
2013	\$ 1,225,000	\$ 96,750	\$ 394,300	\$ 1,716,050
2014	2,670,000	84,898	345,998	3,100,896
2015	2,810,000	59,066	240,720	3,109,786
2016	2,955,000	31,879	129,922	3,116,801
2017	340,000	3,290	13,406	356,696
Total	\$ 10,000,000	\$ 275,883	\$ 1,124,346	\$ 11,400,229

### **\$10M Swap - B**

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

**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 Series A-2-B 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 A-2-B bonds have since been refunded with a portion of the proceeds of the Series E-4-A bonds, and the interest rate swap is now associated with the Series E-4-A bonds.

**Terms.** Under the swap, the authority pays the counterparty a fixed payment of 4.39 percent and receives a variable payment computed as 63.4 percent of the five-year London Interbank Offered Rate (LIBOR). The bonds hedged by the interest rate swap agreement had an original outstanding principal amount of \$10 million. The interest rate swap agreement will not exceed the outstanding principal amount on the associated hedged bonds. The bonds' variable rates have historically approximated the Securities Industry and Financial Markets Association™ (SIFMA). The bonds and the related swap agreement mature on June 1, 2025. As of June 30, 2012, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.390%
Variable payment from counterparty		<u>-0.615%</u>
Net interest rate swap payments		3.775%
Variable-rate bond coupon payments		<u>0.520%</u>
Synthetic interest rate on bonds		<u><u>4.295%</u></u>

**Fair value.** As of June 30, 2012, the swap had a negative fair value of \$2,725,508. 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, 2012, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Morgan Keegan Financial Products was rated A+ by Standard and Poor's as of June 30, 2012, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard and Poor's, and Fitch, respectively.

**Basis risk.** As noted above, the swap exposes the county to basis risk should the bond rate increase to above 63.4 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the bond rate being below 63.4 percent of LIBOR, then the synthetic rate on the bonds will decrease.

**Termination risk.** The derivative 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, 2012, 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.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate		Total
	Principal	Interest	Swap Payment		
2013	\$ 0	\$ 52,000	\$ 377,502	\$	429,502
2014	0	52,000	377,502		429,502
2015	0	52,000	377,502		429,502
2016	0	52,000	377,502		429,502
2017	0	52,000	377,502		429,502
2018-2022	4,595,000	236,964	1,720,277		6,552,241
2023-2025	5,405,000	57,226	415,441		5,877,667
Total	\$ 10,000,000	\$ 554,190	\$ 4,023,228	\$	14,577,418

### C. Capital Assets

Capital assets activity for the year ended June 30, 2012, was as follows:

#### Primary Government

##### **Governmental Activities:**

	Balance 7-1-11		Increases		Decreases		Balance 6-30-12
Capital Assets Not Depreciated:							
Land	\$	420,779	\$	0	\$	0	\$ 420,779
Construction in Progress		0		126,768		(14,678)	112,090
Total Capital Assets Not Depreciated	\$	420,779	\$	126,768	\$	(14,678)	\$ 532,869
Capital Assets Depreciated:							
Buildings and Improvements	\$	10,931,648	\$	0	\$	0	\$ 10,931,648
Roads and Bridges		16,954,011		0		0	16,954,011
Other Capital Assets		5,135,263		373,754		(316,413)	5,192,604
Total Capital Assets Depreciated	\$	33,020,922	\$	373,754	\$	(316,413)	\$ 33,078,263
Less Accumulated Depreciation For:							
Buildings and Improvements	\$	3,254,759	\$	304,743	\$	0	\$ 3,559,502
Roads and Bridges		5,795,109		169,682		0	5,964,791
Other Capital Assets		3,855,805		391,755		(298,679)	3,948,881
Total Accumulated Depreciation	\$	12,905,673	\$	866,180	\$	(298,679)	\$ 13,473,174

**Governmental Activities (Cont.):**

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Total Capital Assets				
Depreciated, Net	\$ 20,115,249	\$ (492,426)	\$ (17,734)	\$ 19,605,089
Governmental Activities				
Capital Assets, Net	\$ 20,536,028	\$ (365,658)	\$ (32,412)	\$ 20,137,958

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

**Governmental Activities:**

General Government	\$ 97,680
Finance	944
Administration of Justice	161,589
Public Safety	154,746
Public Health and Welfare	166,779
Social, Cultural, and Recreational Services	36,474
Highways/Public Works	247,968
Total Depreciation Expense - Governmental Activities	\$ 866,180

**Discretely Presented Hamblen County School Department****Governmental Activities:**

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 2,898,244	\$ 0	\$ 0	\$ 2,898,244
Construction in Progress	4,305,892	4,222,884	(4,305,892)	4,222,884
Total Capital Assets Not Depreciated	\$ 7,204,136	\$ 4,222,884	\$ (4,305,892)	\$ 7,121,128
Capital Assets Depreciated:				
Buildings and Improvements	\$ 120,691,099	\$ 7,536,732	\$ 0	\$ 128,227,831
Other Capital Assets	11,362,837	1,440,779	(303,456)	12,500,160
Total Capital Assets Depreciated	\$ 132,053,936	\$ 8,977,511	\$ (303,456)	\$ 140,727,991

**Governmental Activities (Cont.):**

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Less Accumulated Depreciation For: Buildings and Improvements	\$ 87,054,936	\$ 1,800,249	\$ 0	\$ 88,855,185
Other Capital Assets	7,445,869	784,403	(294,605)	7,935,667
Total Accumulated Depreciation	\$ 94,500,805	\$ 2,584,652	\$ (294,605)	\$ 96,790,852
Total Capital Assets Depreciated, Net	\$ 37,553,131	\$ 6,392,859	\$ (8,851)	\$ 43,937,139
Governmental Activities Capital Assets, Net	\$ 44,757,267	\$ 10,615,743	\$ (4,314,743)	\$ 51,058,267

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

**Governmental Activities:**

Instruction	\$ 34,736
Support Services	2,430,818
Operation of Non-Instructional Services	<u>119,098</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,584,652</u>

**D. Construction Commitments**

At June 30, 2012, the General Purpose School, Education Capital Projects, and Other Capital Projects – QSCB funds of the discretely presented School Department had uncompleted construction contracts of approximately \$2,220,966, \$84,819, and \$65,908, respectively, for building improvement projects. Funding for the future expenditures for construction contracts in the General Purpose School Fund will be from assigned fund balance. Funding for the contracts in the Education Capital Projects and Other Capital Projects - QSCB funds is being provided through debt issued by the primary government and contributed to the School Department.

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2012, was as follows:

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 118,865
Solid Waste/Sanitation	General Debt Service	790,849
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	65,115

The balance of \$790,849 due to the Solid Waste/Sanitation Fund from the General Debt Service Fund resulted from an advance to the Education Capital Projects Fund, which will be repaid from the General Debt Service Fund, for capital projects at the Hamblen County School Department's two high schools. The amount of the interfund loan not expected to be received within one year is \$395,681.

The remaining balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

**Due to/from Primary Government and Component Units:**

Receivable Fund	Payable Fund	Amount
Component Unit:		
Hamblen County School Department	Primary Government: General Capital Projects	\$ 245,709
Hamblen County School Department	Other Capital Projects - QSCB	370,208

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2012, consisted of the following amount:

**Discretely Presented Hamblen County School Department:**

<u>Transfer Out</u>	<u>Transfer In</u> <u>General</u> <u>Purpose</u> <u>School Fund</u>
Nonmajor governmental funds	\$ 235,224

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 and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**F. Long-term Debt**

**Primary Government**

**General Obligation Bonds and Other Loans**

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds and other loans have been issued to refund other debt. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds and other loans outstanding were issued for original terms of up to ten years for bonds and up to 17 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Bonds and other loans included in long-term debt as of June 30, 2012, will be retired from the General Debt Service Fund.

General obligation bonds and other loans outstanding as of June 30, 2012, for governmental activities are as follows:

<u>Type</u>	<u>Interest</u> <u>Rate</u>		<u>Final</u> <u>Maturity</u>	<u>Original</u> <u>Amount</u> <u>of Issue</u>	<u>Balance</u> <u>6-30-12</u>
General Obligation Bonds - Refunding	3 to 5	%	6-1-19	\$ 10,860,000	\$ 10,565,000
General Obligation Bonds	2		6-1-16	2,375,000	1,065,000
Other Loans - Qualified School Construction Bonds	1.515		7-1-26	11,280,000	9,989,601
Other Loans - Refunding	Variable		6-1-25	10,100,000	10,100,000
Other Loans - Refunding	Variable		6-1-17	20,200,000	11,410,000

Qualified School Construction Bonds were issued through the Tennessee State School Bond Authority, and the proceeds were loaned to Hamblen County and various other local governments across Tennessee. The county pays interest of 1.515 percent on its share of the bonds and also pays a monthly administrative fee to the state. The county and the other borrowers of the bond proceeds are required to comply with federal regulations established for the Qualified School Construction Bond program. Failure to comply with those requirements may result in the loss of the tax credit status on the bonds. This would result in further charges to the borrowers including the requirement to pay the tax-credit rate (5.86 percent) in addition to the 1.515 percent for a total rate of 7.375 percent.

Hamblen County has entered into loan agreements with the Blount County Public Building Authority and the Sevier County Public Building Authority (PBAs). The loan agreements provide for the PBAs to make funds available for loan to Hamblen County on an as needed basis to finance various projects for the county and the discretely presented School Department. As of June 30, 2012, Hamblen County had drawn the entire amount available under the agreements. In addition to interest, the county pays various other fees (trustee, letter of credit, debt remarketing, etc.) in connection with the variable rate loans.

The following table summarizes the loan agreements outstanding at June 30, 2012, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-12	Interest Type	Interest Rates as of 6-30-12	Other Fees on Variable Rate Debt
<u>Sevier County Public</u>					
<u>Building Authority</u>					
Refunding					
(Series VII-C-2)	\$ 20,200,000	\$ 11,410,000	Variable (1)	4.911 %	.3 %
<u>Blount County Public</u>					
<u>Building Authority</u>					
Refunding					
(Series E-4-A)	10,100,000	<u>10,100,000</u>	Variable (1)	4.295	1.13
Total		<u>\$ 21,510,000</u>			

- (1) Interest rate swap agreements are associated with these loans. See Note IV.D., Derivative Instruments, for details of these swap agreements. The interest rate shown is the synthetic rate established from the swap agreement.



The annual requirements to amortize all general obligation bonds and other loans outstanding as of June 30, 2012, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 370,000	\$ 476,100	\$ 846,100
2014	375,000	467,600	842,600
2015	380,000	459,000	839,000
2016	380,000	450,300	830,300
2017	2,890,000	441,600	3,331,600
2018-2019	7,235,000	509,000	7,744,000
Total	\$ 11,630,000	\$ 2,803,600	\$ 14,433,600

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2013	\$ 3,258,854	\$ 1,165,032	\$ 148,808	\$ 4,572,694
2014	3,393,854	1,039,556	141,057	4,574,467
2015	3,533,854	907,450	132,897	4,574,201
2016	3,678,854	768,469	124,313	4,571,636
2017	1,063,854	622,367	115,288	1,801,509
2018-2022	8,169,270	2,830,589	520,213	11,520,072
2023-2027	8,401,061	1,174,339	125,447	9,700,847
Total	\$ 31,499,601	\$ 8,507,802	\$ 1,308,023	\$ 41,315,426

There is \$5,163,811 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$186, based on the 2010 federal census. Debt per capita, including bonds and other loans, totaled \$690, based on the 2010 federal census.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

Governmental Activities:	Bonds	Other Loans	Other Postemployment Benefits
Balance, July 1, 2011	\$ 11,995,000	\$ 34,903,455	\$ 170,055
Additions	0	0	91,735
Reductions	(365,000)	(3,403,854)	(8,705)
Balance, June 30, 2012	\$ 11,630,000	\$ 31,499,601	\$ 253,085
Balance Due Within One Year	\$ 370,000	\$ 3,258,854	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 43,382,686
Less: Balance Due Within One Year	(3,628,854)
Add: Unamortized Premium on Debt	683,348
Less: Deferred Amount on Refunding	<u>(425,023)</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 40,012,157</u>
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Other postemployment benefits will be retired from the employing funds, primarily the General, Solid Waste/Sanitation, and Highway/Public Works funds.

**Discretely Presented Hamblen County School Department**

**Changes in Long-term Liabilities**

Long-term liability activity for the discretely presented Hamblen County School Department for the year ended June 30, 2012, was as follows:

Governmental Activities:

	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2011	\$ 8,689,768	\$ 187,274
Additions	3,275,630	193,284
Reductions	<u>(1,861,183)</u>	<u>(187,274)</u>
Balance, June 30, 2012	<u>\$ 10,104,215</u>	<u>\$ 193,284</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 193,284</u>

	Retirement Incentive	Retirement Honorarium
Balance, July 1, 2011	\$ 210,994	\$ 960,238
Additions	67,820	67,281
Reductions	<u>(94,194)</u>	<u>(185,373)</u>
Balance, June 30, 2012	<u>\$ 184,620</u>	<u>\$ 842,146</u>
Balance Due Within One Year	<u>\$ 94,194</u>	<u>\$ 48,443</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 11,324,265
Less: Balance Due Within One Year	<u>(335,921)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 10,988,344</u>

In addition to the commitments noted above, the Board of Education appropriates available school funds to be contributed to the primary government each year to help retire school debt, which is being paid from the county's General Debt Service Fund. During the year ended June 30, 2012, the School Department contributed \$500,000 to the primary government for this purpose.

Compensated absences, retirement incentives, and honorariums will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

**G. On-Behalf Payments – Primary Government and Discretely Presented Hamblen County School Department**

**Primary Government**

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Hamblen 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, 2012, were \$12,742. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

**Discretely Presented Hamblen County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hamblen 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, 2012, were \$560,931 and \$95,957, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

## H. Internal Financing

In-lieu-of issuing debt with financial institutions, Hamblen County chose to internally finance capital improvements to Morristown Hamblen High School East and Morristown Hamblen High School West with idle county funds. In the previous year, an interfund loan was issued from the Solid Waste/Sanitation Fund to the Education Capital Projects Fund and will be repaid from the General Debt Service Fund. At June 30, 2012, Due from Other Funds is reflected in the Solid Waste/Sanitation Fund and Due to Other Funds is reflected in the General Debt Service Fund, for the outstanding balance of the loan totaling \$790,849.

Internally financed debt is reflected below:

Description	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
Morristown Hamblen East and West High Schools	\$ 1,185,503	.13 %	1-19-11	1-19-14

Description	Outstanding 7-1-11	Paid and/or Matured During Period	Outstanding 6-30-12
Morristown Hamblen East and West High Schools	\$ 1,185,503	\$ 394,654	\$ 790,849
Total	\$ 1,185,503	\$ 394,654	\$ 790,849

## V. OTHER INFORMATION

### A. Risk Management

It is the policy of Hamblen County and the discretely presented Hamblen County School Department to purchase commercial insurance for the risks of losses to which they are exposed for general liability, property, casualty, and workers' compensation. Additionally, it is the policy of Hamblen County to purchase commercial insurance for the risks of losses to which it is exposed for employee health and accident. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The discretely presented Hamblen County 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. Subsequent Event**

In June 2012, the School Board awarded a bid totaling \$1,162,343 for the Morristown-Hamblen High School West - Phase I renovation project. A contract for this award was signed in August 2012.

**C. Contingent Liabilities**

The county is involved in pending litigation. Based on letters from attorneys, management believes that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the financial statements of the county.

**D. Joint Ventures**

The Third Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Third Judicial District, Greene, Hamblen, Hancock, and Hawkins counties, and various cities within these counties. 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. Hamblen County made no contributions to the DTF for the year ended June 30, 2012.

The Hamblen County-Morristown Solid Waste Disposal System is a joint venture that is operated by Hamblen County and the City of Morristown. The board of directors of the system is comprised of eight members, three appointed by the Hamblen County Commission and three appointed by the Morristown City Council. The county mayor and city mayor appoint one member each. The board has control, supervision, management, and use of the landfills. Further, any and all real estate purchases are to be titled in the name of the City of Morristown and Hamblen County, each owning an undivided one-half interest, and each having agreed to equally finance the costs of such acquisitions. The board is required to submit its annual budget to the Hamblen County Commission and the Morristown City Council for approval.

The Morristown-Hamblen Library is a joint venture between two equal participants, Hamblen County and the City of Morristown. The library was created to provide public library service to the general public. The board of directors consists of nine members; four appointed by the Hamblen County Commission, three appointed by the Morristown City Council, and two members from the regional library board. Hamblen County has indirect control of the budget through the amount of annual appropriations. The library's operating budget is adopted and controlled by its board without requiring approval of the Hamblen County Commission and the Morristown City Council.

The Hamblen County-Morristown Multi-Jurisdictional Crime Unit was reported as a joint venture in prior years, but was dissolved during the 2011-12 year.

Hamblen County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the Third Judicial District Drug Task Force, Hamblen County-Morristown Solid Waste Disposal System, and Morristown-Hamblen Library can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Office of District Attorney General  
Third Judicial District Drug Task Force  
109 South Main Street, Suite 501  
Greeneville, TN 37743

Hamblen County-Morristown Solid  
Waste Disposal System  
P.O. Box 2108  
Morristown, TN 37816

Morristown-Hamblen Library  
417 West Main Street  
Morristown, TN 37814

**E. Jointly Governed Organization**

**Primary Government**

The East Tennessee Regional AgriBusiness Marketing Authority was established through Title 64 of *Tennessee Code Annotated*, and includes the counties of Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, Washington, and Unicoi. The purpose of the authority is to establish and operate a market for agricultural products of the region through a food distribution center. The authority is governed by a board of directors consisting of the county mayors of each county or the county mayor's designee and one nonvoting member

representing each of the following: the Tennessee Department of Agriculture and the University of Tennessee's Agriculture Extension Service. An executive committee consisting of the chairman, vice chairman, secretary, and treasurer of the board of directors, along with the center's manager as an ex officio member, is in charge of the daily operations of the center.

### **Discretely Presented Hamblen County School Department**

The Upper East Tennessee Educational Cooperative (UETEC) was reported as a jointly governed organization in prior years, but was dissolved during the 2010-2011 year. The cooperative had been established through a contractual agreement between the Boards of Education of Hamblen County and various other counties and cities in the upper East Tennessee area. UETEC entered into an agreement to establish and operate the Northeast Tennessee Cooperative (NETCO) to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. NETCO continues to operate after the dissolution of UETEC. NETCO has contracted with a coordinating district (Johnson City School System) and a service provider to operate this service. The Hamblen County School Department, along with certain other former member districts of UETEC, is also a member of NETCO. NETCO is governed by a representative committee, including one representative from each of the member districts and an executive council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the representative committee.

## **F. Retirement Commitments**

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

#### **Plan Description**

Employees of Hamblen County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits, as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. The county has authorized Mandatory Retirement for its Public Safety Officers. Public Safety Officers can retire at age 55 with five years of service or at any age with 25 years of service and receive a supplemental bridge payment between the mandatory retirement age and 62. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system

after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Hamblen County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

### **Funding Policy**

Hamblen County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 9.84 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2012, Hamblen County's annual pension cost of \$1,523,501 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was seven years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.



### **Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$1,523,501	100%	\$0
6-30-11	1,325,101	100	0
6-30-10	1,360,879	100	0

### **Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the plan was 97.99 percent funded. The actuarial accrued liability for benefits was \$46.75 million, and the actuarial value of assets was \$45.81 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.94 million. The covered payroll (annual payroll of active employees covered by the plan) was \$14.92 million, and the ratio of the UAAL to the covered payroll was 6.31 percent.

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

### **SCHOOL TEACHERS**

#### **Plan Description**

The Hamblen County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in

Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

## **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2012, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2012, 2011, and 2010, were \$3,035,186, \$3,023,836, and \$2,115,085, respectively, equal to the required contributions for each year.

## **2. Deferred Compensation**

Hamblen County offers its employees a deferred compensation plan established pursuant to IRC Section 457. All costs of administering and funding this program are the responsibility of plan participants. The Section 457 plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 457 establishes participation, contribution, and withdrawal provisions for the plan.

## **G. Other Postemployment Benefits (OPEB)**

### **Primary Government**

#### **Plan Description**

Hamblen County provides commercial health insurance benefits for pre-65 retirees and participates in the state-administered Medicare Supplement Plan for post-65 retirees. For accounting purposes, the commercial plan is a single-employer defined benefit OPEB plan and the Medicare Supplement Plan is an agent multiple-employer defined benefit OPEB plan. Benefits of the commercial plan are provided as approved by the County Commission. Benefits for the Medicare Supplement Plan are established and amended by

an insurance committee created by Section 8-27-701, *Tennessee Code Annotated*. Subsequent to age 65, members who are also in the state's retirement system may participate in the state-administered Medicare Supplement Plan that does not include pharmacy. That plan is reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://www.tn.gov/finance/act/cafr.html>.

### Funding Policy

Pre-65 retirees participating in the commercial insurance plan must pay the entire premium for their single coverage insurance. Dependents of retirees are not eligible to participate in the plan.

Premium requirements of Medicare Supplement Plan members are established and may be amended by the insurance committee. The plan is 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 their own contribution policy in terms of subsidizing retired employees' premiums since the committee is not prescriptive on that issue. Hamblen County provides a partial subsidy for post-65 retirees participating in the Medicare Supplement Plan.

During the year ended June 30, 2012, Hamblen County contributed \$8,705 for other postemployment benefits.

### Annual OPEB Cost and Net OPEB Obligation

	Commercial Plan	Medicare Supplement Plan
ARC	\$ 18,201	\$ 74,000
Interest on the NPO	751	6,051
Adjustment to the ARC	(845)	(6,423)
Annual OPEB cost	\$ 18,107	\$ 73,628
Amount of contribution	(6,155)	(2,550)
Increase/decrease in NPO	\$ 11,952	\$ 71,078
Net OPEB obligation, 7-1-11	18,777	151,278
Net OPEB obligation, 6-30-12	\$ 30,729	\$ 222,356

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Commercial	\$ 17,866	43 %	\$ 10,119
6-30-11	"	18,665	54	18,777
6-30-12	"	18,107	34	30,729
6-30-10	Medicare Supplement	77,000	3	74,750
6-30-11	"	78,178	2	151,278
6-30-12	"	73,628	3	222,356

#### Funded Status and Funding Progress

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

	Commercial Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 122,646	\$ 662,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 122,646	\$ 662,000
Actuarial value of assets as a % of the AAL	0	N/A
Covered payroll (active plan members)	\$ 6,727,101	\$ N/A
UAAL as a % of covered payroll	2%	N/A

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

#### Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation for the commercial plan, the entry age normal actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return and an annual healthcare cost trend rate of nine percent for fiscal year 2011. The trend will be reduced by decrements to an ultimate rate of five percent by fiscal year 2015. The assumptions for the commercial plan also include annual salary increases of 3.5 percent and projected annual increases in payroll of 2.5 percent. For the Medicare Supplement Plan, the projected unit credit actuarial cost method was used. The annual healthcare cost trend for the Medicare Supplement Plan was 6.5 percent for fiscal year 2012. The trend will decrease to 6.25 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2018. The Medicare Supplement Plan assumptions include a 2.5 percent inflation rate. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

### **Discretely Presented Hamblen County School Department**

#### **Plan Description**

The School Department participates in the state-administered Local Education Group Insurance Plan and the Medicare Supplement Plan. 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 teachers and Section 8-27-701, *TCA*, for the Medicare Supplement Plan. 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 healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://www.tn.gov/finance/act/cafr.html>.

#### **Funding Policy**

The premium requirements of the health 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 their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides 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, 2012, the discretely presented Hamblen County School Department contributed \$1,861,183 for other postemployment benefits.

### Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan
ARC	\$ 3,000,000	\$ 297,000
Interest on the NPO	320,900	26,691
Adjustment to the ARC	(340,629)	(28,332)
Annual OPEB cost	\$ 2,980,271	\$ 295,359
Amount of contribution	(1,834,820)	(26,363)
Increase/decrease in NPO	\$ 1,145,451	\$ 268,996
Net OPEB obligation, 7-1-11	8,022,493	667,275
Net OPEB obligation, 6-30-12	\$ 9,167,944	\$ 936,271

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Education Group	\$ 3,296,059	42	\$ 6,128,984
6-30-11	"	3,306,563	43	8,022,493
6-30-12	"	2,980,271	62	9,167,944
6-30-10	Medicare Supplement	273,396	9	414,328
6-30-11	"	278,984	9	667,275
6-30-12	"	295,359	9	936,271

### Funded Status and Funding Progress

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

	Local Education Group Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 26,306,000	\$ 4,482,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 26,306,000	\$ 4,482,000
Actuarial value of assets as a % of the AAL	0	0
Covered payroll (active plan members)	\$ 39,989,000	\$ N/A
UAAL as a % of covered payroll	66%	N/A

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about

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

#### Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses). The annual healthcare cost trend rate for the Local Education Plan was 9.25 percent for fiscal year 2012. The trend will decrease to 8.75 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Medicare Supplement Plan was 6.5 percent for fiscal year 2012. The trend will decrease to 6.25 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2018. 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 June 30, 2008.

#### **H. Termination Benefits**

The discretely presented Hamblen County School Department offers a voluntary termination benefits plan to its certified employees in accordance with contract provisions. To be eligible, employees must retire in the school year that they become 60 years of age or obtain 30 years of creditable service in the Tennessee Consolidated Retirement System, whichever comes first. Under the terms of the plan, employees can select between receiving \$4,500 for two years or \$3,500 for three years. During the 2011-12 year, 25 employees participated in the program. The estimated cost of these cash payments reported in the government-wide Statement of Net Assets is \$184,620. Of that amount, \$94,194 is due within one year. The governmental funds' financial statements reflect retirement incentive expenditures of \$94,194 in the General Purpose School Fund.

In addition to the previously mentioned retirement incentive, the discretely presented Hamblen County School Department also offers an additional retirement honorarium payment. To be eligible, certified employees must retire with at least ten years of service. Under the terms of the plan,

employees receive \$100 for each year of service with Hamblen County and/or the former Morristown City School System. As of June 30, 2012, 395 employees met the requirements of this benefit. The estimated cost of these cash payments reported in the government-wide Statement of Net Assets is \$842,146. Of that amount, \$48,443 is due within one year. The governmental funds' financial statements reflect retirement honorarium expenditures of \$185,373 in the General Purpose School Fund.

**I. Central Accounting and Budgeting**

Office of Director of Finance

The Hamblen County Finance Department was established by an agreement between the county mayor and the County Commission. This agreement provides for a finance director who is responsible for maintaining records for funds administered by the county mayor and the highway commissioner.

**J. Purchasing Laws**

Office of County Mayor

Purchasing procedures for the Office of County Mayor are governed by the County Purchasing Law of 1983, Section 5-14-201, et seq., *Tennessee Code Annotated (TCA)*. This act provides for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Highway Commissioner

Chapter 313 of the Private Acts of 1949, as amended, and Section 54-7-113, *TCA* (Uniform Road Law), govern purchasing procedures for the Road Department. These statutes require all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

Purchasing procedures for the discretely presented Hamblen County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000. However, the Board of Education has adopted a more restrictive policy that requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$3,500.



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

**A. Nature of the Organization**

The district was established by the county for the purpose of enhancing “911” and selective routing services under *Tennessee Code Annotated (TCA)* 7-86-101 through 7-86-117 “Emergency Communications District Law.” The district is a component unit of Hamblen County, Tennessee. It is managed by an 11-member Board of Directors appointed by the Hamblen County Commission for a term of four years. The district is fiscally dependent upon the county since it must obtain County Commission approval before the issuance of most debt, and the County Commission has the ability to adjust the district’s service charges.

**B. Significant Accounting Policies**

1. Basis of accounting – accrual. Revenue is recognized when earned, and expenses are recorded when incurred.
2. Fund type – proprietary.
3. For purposes of the Statement of Cash Flows, the district considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.
4. Capital assets and depreciation:
  - a. Capital assets are recorded at cost. Buildings are depreciated over 31.5 years, furniture and equipment over seven years, and communications equipment over five years.
  - b. Capital assets consist of:

	Balance		Balance	Accumulated	Net
	7-1-11	Additions	6-30-12	Depreciation	Capital
					Assets
Capital Assets:					
Building	\$ 351,320	\$ 0	\$ 351,320	\$ 107,480	\$ 243,840
Communications equip.	620,633	362,698	983,331	562,928	420,403
Furniture and fixtures	166,566	2,415	168,981	165,268	3,713
Office equipment	1,393	2,154	3,547	1,752	1,795
Automobile	22,806	0	22,806	20,145	2,661
Total	\$ 1,162,718	\$ 367,267	\$ 1,529,985	\$ 857,573	\$ 672,412

- c. The straight-line method of depreciation is used, totaling \$62,496 for 2012. Accumulated depreciation was \$857,573 as of June 30, 2012.

5. The district has chosen not to follow Financial Accounting Standards Board pronouncements issued subsequent to November 30, 1989. The district follows Governmental Accounting Standards Board guidance after November 30, 1989.
6. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates. The useful lives of the capital assets of the district are such estimates.

**C. Deposits**

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Custodial Credit Risk - Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the district's deposits may not be returned to it. As of June 30, 2012, the district had no exposure to custodial credit risk as its deposits were either insured by the FDIC or collateralized with securities held by the State of Tennessee Bank Collateral Pool.

**D. Contributions from Primary Government**

When the district was formed, the City of Morristown and Hamblen County, Tennessee, each verbally agreed to fund the salaries and benefits of four dispatchers as the district absorbs these employees. The district bills the two entities monthly for these expenses.

**E. Concentration of Credit Risk**

Hamblen County Emergency Communications District was established for the purpose of enhancing "911" and selective routing services in Hamblen County. All fees are collected either through BellSouth/AT&T who bills every telephone customer in Hamblen County or the State Department of Commerce and Insurance of Tennessee who remits ECB wireless revenue monthly.

**F. Compensated Absences**

Annual Leave

Annual leave cannot be accumulated over 28 days or 224 hours. Upon termination, employees are reimbursed for their accumulated annual leave. As of June 30, 2012, this liability is \$32,594, of which \$8,148 is estimated to be current.

### Sick Leave

Sick leave is accumulated at the rate of one day per month without limit. Sick leave may be used to allow an employee early retirement on a day-for-day basis.

## **G. Pension Plan Information**

### Plan Description

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

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

### Funding Policy

Hamblen County Emergency Communications District requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 7.27 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

### Annual Pension Cost

For the year ended June 30, 2012, Hamblen County Emergency Communications District's annual pension cost of \$39,238 to TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. Hamblen County Emergency Communications District's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was 11 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

### **Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
6-30-12	\$ 39,238	100%	\$ 0
6-30-11	41,760	100	0
6-30-10	42,508	100	0

### Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 95.71 percent funded. The actuarial accrued liability for benefits was \$1.07 million, and the actuarial value of assets was \$1.12 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.05 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.56 million, and the ratio of the UAAL to the covered payroll was 8.63 percent.

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

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

**H. Risk Management and Litigation**

The district is exposed to various risks of losses related to torts; theft of, damaged to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district is insured through the State Insurance Group as an ancillary to Hamblen County's insurance. There were no actual or potential claims against the district according to the county attorney; therefore, no provision has been made. There have been no settlements in excess of insurance coverage in any of the prior three fiscal years.

**I. Budgetary Information**

The district must file a budget annually with Hamblen County. The budget is prepared on the accrual basis of accounting. The *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts* has established the legal level of control, which is the level at which management loses the ability to reapply budgeted resources from one use to another without special approval, at the line-item level.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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Exhibit E-1

Hamblen County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,826,109	\$ 0	\$ 0	\$ 8,826,109	\$ 8,679,687	\$ 8,702,194	\$ 123,915
Licenses and Permits	395,614	0	0	395,614	390,000	390,000	5,614
Fines, Forfeitures, and Penalties	280,136	0	0	280,136	279,000	279,000	1,136
Charges for Current Services	471,343	0	0	471,343	448,295	500,295	(28,952)
Other Local Revenues	125,661	0	0	125,661	95,760	124,194	1,467
Fees Received from County Officials	2,607,881	0	0	2,607,881	2,406,000	2,448,650	159,231
State of Tennessee	2,145,870	0	0	2,145,870	1,688,017	2,149,944	(4,074)
Federal Government	161,625	0	0	161,625	62,200	165,029	(3,404)
Other Governments and Citizens Groups	155,561	0	0	155,561	127,363	127,363	28,198
Total Revenues	\$ 15,169,800	\$ 0	\$ 0	\$ 15,169,800	\$ 14,176,322	\$ 14,886,669	\$ 283,131
<u>Expenditures</u>							
General Government							
County Commission	\$ 185,373	\$ 0	\$ 0	\$ 185,373	\$ 190,806	\$ 190,806	\$ 5,433
Board of Equalization	2,690	0	0	2,690	4,950	4,950	2,260
County Mayor/Executive	192,631	(369)	0	192,262	207,627	205,582	13,320
County Attorney	93,733	0	0	93,733	111,293	111,293	17,560
Election Commission	227,229	(1,327)	0	225,902	240,833	247,549	21,647
Register of Deeds	242,071	(1,124)	0	240,947	275,176	284,278	43,331
Planning	257,815	(130)	524	258,209	264,003	273,589	15,380
Other Facilities	716,990	(1,000)	12,823	728,813	711,532	767,091	38,278
Preservation of Records	18,445	(36)	1,352	19,761	19,500	21,782	2,021
Finance							
Accounting and Budgeting	190,674	0	0	190,674	187,332	195,213	4,539
Purchasing	103,100	0	0	103,100	103,933	108,573	5,473

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Property Assessor's Office	\$	0	0	\$ 361,674	\$ 364,909	\$ 379,202	\$ 17,528
Reappraisal Program	117,621	0	0	117,621	137,918	139,906	22,285
County Trustee's Office	64,602	(140)	1,225	65,687	67,795	71,870	6,183
County Clerk's Office	631,744	0	2,137	633,881	701,834	727,940	94,059
Data Processing	66,653	0	0	66,653	89,458	89,517	22,864
Other Finance	225,370	(657)	0	224,713	243,099	253,849	29,136
<u>Administration of Justice</u>							
Circuit Court	601,311	(318)	189	601,182	596,770	643,511	42,329
General Sessions Court	286,544	0	50	286,594	279,181	289,370	2,776
Drug Court	98,390	0	11,500	109,890	116,619	120,721	10,831
Chancery Court	62,835	(1,057)	55	61,833	68,014	70,629	8,796
Juvenile Court	404,813	0	714	405,527	428,104	446,458	40,931
Courtroom Security	232,686	0	600	233,286	202,071	244,224	10,938
<u>Public Safety</u>							
Sheriff's Department	2,504,875	(8,194)	7,254	2,503,935	2,501,899	2,601,175	97,240
Wheel Tax Officer	1,424	0	0	1,424	6,000	3,450	2,026
Drug Enforcement	5,982	0	0	5,982	10,000	10,000	4,018
Administration of the Sexual Offender Registry	1,953	0	0	1,953	3,200	3,200	1,247
Jail	2,509,439	(568)	309	2,509,180	2,469,452	2,651,225	142,045
Workhouse	48,205	0	0	48,205	77,358	79,017	30,812
Work Release Program	95,973	0	0	95,973	93,435	104,713	8,740
Fire Prevention and Control	180,000	0	0	180,000	180,000	180,000	0
Civil Defense	65,250	(586)	0	64,664	85,048	86,613	21,949
Other Emergency Management	190,034	0	0	190,034	141,436	186,125	(3,909)

(Continued)



Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety (Cont.)</u>							
Inspection and Regulation	\$	6,532 \$	0 \$	6,532 \$	8,600 \$	8,600 \$	2,068
County Coroner/Medical Examiner		91,051	0	91,051	76,700	87,700	(3,351)
<u>Public Health and Welfare</u>							
Local Health Center		472,418	0	472,418	458,800	550,360	77,942
Rabies and Animal Control		127,400	0	127,400	127,400	127,400	0
Nursing Home		2,000	0	2,000	2,000	2,000	0
Alcohol and Drug Programs		5,000	0	5,000	5,000	5,000	0
Crippled Children Services		6,242	0	6,242	6,242	6,242	0
Appropriation to State		110,500	0	110,500	110,500	110,500	0
Aid to Dependent Children		8,000	0	8,000	8,000	8,000	0
Child Support		14,500	0	14,500	15,000	15,000	500
Other Local Welfare Services		40,810	0	40,810	45,000	45,000	4,190
Sanitation Management		15,000	0	15,000	15,000	15,000	0
Other Public Health and Welfare		1,200	0	1,200	1,200	1,200	0
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities		11,600	0	11,600	11,600	11,600	0
Senior Citizens Assistance		6,500	0	6,500	6,500	6,500	0
Libraries		243,500	0	243,500	243,500	243,500	0
Parks and Fair Boards		235,318	(2,408)	232,910	247,225	256,196	23,286
Other Social, Cultural, and Recreational		290,043	0	290,043	301,600	301,600	11,557
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service		126,857	0	126,857	128,481	128,481	1,624
Forest Service		1,000	0	1,000	1,000	1,000	0
Soil Conservation		41,253	0	41,253	41,113	42,888	1,635

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations</u>							
Tourism	\$ 62,026	\$ 0	\$ 9,644	\$ 71,670	\$ 22,500	\$ 76,095	\$ 4,425
Industrial Development	84,982	0	0	84,982	64,050	86,557	1,575
Public Transportation	35,000	0	0	35,000	35,000	35,000	0
Veterans' Services	15,142	0	0	15,142	15,137	15,949	807
Other Charges	230	(230)	0	0	0	0	0
Employee Benefits	565,885	0	0	565,885	739,801	716,043	150,158
Miscellaneous	514,292	0	75	514,367	526,612	526,612	12,245
<u>Capital Projects</u>							
General Administration Projects	75,140	0	0	75,140	0	75,140	0
Administration of Justice Projects	18,307	0	11,551	29,858	0	39,250	9,392
Public Safety Projects	131,553	(20,000)	28,853	140,406	0	141,750	1,344
Public Health and Welfare Projects	5,434	0	0	5,434	0	5,450	16
Total Expenditures	\$ 14,352,844	\$ (38,144)	\$ 88,855	\$ 14,403,555	\$ 14,444,146	\$ 15,485,034	\$ 1,081,479
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ 816,956	\$ 38,144	\$ (88,855)	\$ 766,245	\$ (267,824)	\$ (598,365)	\$ 1,364,610
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 15,123	\$ 0	\$ 0	\$ 15,123	\$ 0	\$ 14,679	\$ 444
Total Other Financing Sources (Uses)	\$ 15,123	\$ 0	\$ 0	\$ 15,123	\$ 0	\$ 14,679	\$ 444
Net Change in Fund Balance	\$ 832,079	\$ 38,144	\$ (88,855)	\$ 781,368	\$ (267,824)	\$ (583,686)	\$ 1,365,054
Fund Balance, July 1, 2011	5,653,971	(38,144)	0	5,615,827	5,418,177	5,418,177	197,650
Fund Balance, June 30, 2012	\$ 6,486,050	\$ 0	\$ (88,855)	\$ 6,397,195	\$ 5,150,353	\$ 4,834,491	\$ 1,562,704

Exhibit E-2

Hamblen County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>							
Local Taxes	\$ 2,113,746	\$ 0	\$ 0	\$ 2,113,746	\$ 1,823,661	\$ 1,823,661	\$ 290,085
Licenses and Permits	1,567	0	0	1,567	1,500	1,500	67
Other Local Revenues	26,497	0	0	26,497	40,000	40,000	(13,503)
State of Tennessee	102,943	0	0	102,943	102,522	102,522	421
Total Revenues	\$ 2,244,753	\$ 0	\$ 0	\$ 2,244,753	\$ 1,967,683	\$ 1,967,683	\$ 277,070
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Management	\$ 2,316,401	\$ (142,207)	\$ 142,267	\$ 2,316,461	\$ 2,344,685	\$ 2,402,978	\$ 86,517
Total Expenditures	\$ 2,316,401	\$ (142,207)	\$ 142,267	\$ 2,316,461	\$ 2,344,685	\$ 2,402,978	\$ 86,517
Excess (Deficiency) of Revenues Over Expenditures	\$ (71,648)	\$ 142,207	\$ (142,267)	\$ (71,708)	\$ (377,002)	\$ (435,295)	\$ 363,587
Net Change in Fund Balance	\$ (71,648)	\$ 142,207	\$ (142,267)	\$ (71,708)	\$ (377,002)	\$ (435,295)	\$ 363,587
Fund Balance, July 1, 2011	3,809,178	(142,207)	0	3,666,971	3,643,831	3,643,831	23,140
Fund Balance, June 30, 2012	\$ 3,737,530	\$ 0	\$ (142,267)	\$ 3,595,263	\$ 3,266,829	\$ 3,208,536	\$ 386,727

Exhibit E-3

Hamblen County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Hamblen County School Department  
June 30, 2012

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 45,806	\$ 46,747	\$ 941	97.99 %	\$ 14,918	6.31 %
7-1-09	38,001	39,232	1,231	96.86	14,647	8.41
7-1-07	35,931	37,414	1,483	96.04	13,601	10.9

Exhibit E-4

Hamblen County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Discretely Presented Hamblen County Emergency Communications District  
June 30, 2012

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 1,071	\$ 1,119	\$ 49	95.71	% \$ 556	8.63 %
7-1-09	745	835	89	89.22	536	16.79
7-1-07	606	706	100	85.84	422	23.7

Exhibit E-5

Hamblen County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Hamblen County School Department  
June 30, 2012

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Commercial Plan*	7-1-09	\$	\$	\$	0 %	\$	1.9 %
"	7-1-11	0	129	129	0	6,698	1.8
Medicare Supplement Plan	7-1-09	0	123	123	0	6,727	N/A
"	7-1-10	0	721	721	0	N/A	N/A
"	7-1-11	0	721	721	0	N/A	N/A
		0	662	662	0	N/A	N/A
<u>DISCRETELY PRESENTED HAMBLEN COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-09	0	29,549	29,549	0	43,684	67.6
"	7-1-10	0	29,380	29,380	0	44,682	66.0
"	7-1-11	0	26,306	26,306	0	39,989	65.8
Medicare Supplement Plan	7-1-09	0	4,248	4,248	0	N/A	N/A
"	7-1-10	0	4,248	4,248	0	N/A	N/A
"	7-1-11	0	4,482	4,482	0	N/A	N/A

\*Three actuarial valuations will be presented when data is available.

**HAMBLEN COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2012**

**A. BUDGETARY INFORMATION**

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 Hamblen 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, County Attorney, etc.). Management may make revisions within major categories, but only the Hamblen 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 generally accepted accounting principles (GAAP), except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and the GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2012, Hamblen County reported the following significant encumbrances in the Solid Waste/Sanitation Fund:

**B. EXPENDITURES EXCEEDED APPROPRIATIONS**

Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the General Fund:

<u>Major Category</u>	<u>Amount Overspent</u>
Other Emergency Management	\$ 3,909
County Coroner/Medical Examiner	3,351

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues in the General Fund.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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Special Revenue Funds are used to 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.

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

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

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

## Debt Service Funds

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

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Special Debt Service Fund – The Special Debt Service Fund is used to account for the accumulation of resources for, and the payment of, solid waste debt principal, interest, and related costs.

# Capital Projects Funds

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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.

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General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county and the issuance of debt on behalf of the discretely presented Hamblen County School Department.

Sanitation Projects Fund – The Sanitation Projects Fund is used to account for transactions involving additional costs of an old landfill.

Highway Capital Projects Fund – The Highway Capital Projects Fund is used to account for expenditures related to road repairs.

Other Capital Projects Fund - QSCB – The Other Capital Projects Fund - QSCB is used to account for transactions related to the Qualified School Construction Bonds program.

Hamblen County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2012

	Special Revenue Funds				
	Drug Control	Constitutional - Officers - Fees	Highway / Public Works	Total	
Cash	\$ 0	\$ 219,890	\$ 0	\$ 219,890	
Equity in Pooled Cash and Investments	62,755	0	621,790	684,545	
Accounts Receivable	0	24,942	3,201	28,143	
Due from Other Governments	1,650	0	314,682	316,332	
Prepaid Items	0	0	5,031	5,031	
Total Assets	\$ 64,405	\$ 244,832	\$ 944,704	\$ 1,253,941	
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 2,733	\$ 0	\$ 52,206	\$ 54,939	
Accrued Payroll	0	0	26,868	26,868	
Payroll Deductions Payable	0	0	13,212	13,212	
Due to Other Funds	0	118,865	0	118,865	
Due to Component Units	0	0	0	0	
Other Deferred Revenues	0	0	150,710	150,710	
Total Liabilities	\$ 2,733	\$ 118,865	\$ 242,996	\$ 364,594	
<b>Fund Balances</b>					
Nonspendable:	\$ 0	\$ 0	\$ 5,031	\$ 5,031	
Prepaid Items	0	88,787	0	88,787	
Restricted:	0	37,180	0	37,180	
Restricted for Finance	61,672	0	0	61,672	
Restricted for Administration of Justice	0	0	696,677	696,677	
Restricted for Public Safety	0	0	0	0	
Restricted for Highways/Public Works	0	0	0	0	
Restricted for Capital Projects	0	0	0	0	
Committed:	0	0	0	0	
Committed for Capital Projects	0	0	0	0	
Total Fund Balances	\$ 61,672	\$ 125,967	\$ 701,708	\$ 889,347	
Total Liabilities and Fund Balances	\$ 64,405	\$ 244,832	\$ 944,704	\$ 1,253,941	

(Continued)

Exhibit F-1

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

	Capital Projects Funds					Total Nonmajor Governmental Funds
	General Capital Projects	Sanitation Projects	Highway Capital Projects	Other Capital Projects - QSCB	Total	
<b>ASSETS</b>						
Cash	\$ 0	\$ 0	\$ 0	\$ 370,208	\$ 370,208	\$ 590,098
Equity in Pooled Cash and Investments	423,089	112,404	31,672	0	567,165	1,251,710
Accounts Receivable	0	0	0	0	0	28,143
Due from Other Governments	0	0	0	0	0	316,332
Prepaid Items	0	0	0	0	0	5,031
Total Assets	\$ 423,089	\$ 112,404	\$ 31,672	\$ 370,208	\$ 937,373	\$ 2,191,314
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 21,875	\$ 0	\$ 28,000	\$ 0	\$ 49,875	\$ 104,814
Accrued Payroll	0	0	0	0	0	26,868
Payroll Deductions Payable	0	0	0	0	0	13,212
Due to Other Funds	0	0	0	0	0	118,865
Due to Component Units	245,709	0	0	370,208	615,917	615,917
Other Deferred Revenues	0	0	0	0	0	150,710
Total Liabilities	\$ 267,584	\$ 0	\$ 28,000	\$ 370,208	\$ 665,792	\$ 1,030,386
<b>Fund Balances</b>						
Nonspendable:						
Prepaid Items	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,031
Restricted:						
Restricted for Finance	0	0	0	0	0	88,787
Restricted for Administration of Justice	0	0	0	0	0	37,180
Restricted for Public Safety	0	0	0	0	0	61,672
Restricted for Highways/Public Works	0	0	0	0	0	696,677
Restricted for Capital Projects	40,813	112,404	0	0	153,217	153,217
Committed:						
Committed for Capital Projects	114,692	0	3,672	0	118,364	118,364
Total Fund Balances	\$ 155,505	\$ 112,404	\$ 3,672	\$ 0	\$ 271,581	\$ 1,160,928
Total Liabilities and Fund Balances	\$ 423,089	\$ 112,404	\$ 31,672	\$ 370,208	\$ 937,373	\$ 2,191,314

Hamblen County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2012

	Special Revenue Funds				Debt Service Fund
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Total	
<b>Revenues</b>					
Local Taxes	\$ 0	\$ 0	\$ 58,848	\$ 58,848	\$ 0
Fines, Forfeitures, and Penalties	38,518	0	0	38,518	0
Charges for Current Services	0	498,064	0	498,064	0
Other Local Revenues	48,464	0	24,486	72,950	13,841
State of Tennessee	0	0	1,901,772	1,901,772	0
Federal Government	32,657	0	0	32,657	0
Other Governments and Citizens Groups	9,987	0	2,524	12,511	0
<b>Total Revenues</b>	\$ 129,626	\$ 498,064	\$ 1,987,630	\$ 2,615,320	\$ 13,841
<b>Expenditures</b>					
Current:					
General Government	\$ 0	\$ 19	\$ 0	\$ 19	\$ 0
Finance	0	240,218	0	240,218	0
Administration of Justice	0	251,029	0	251,029	0
Public Safety	87,208	81	0	87,289	0
Highways	0	0	2,135,116	2,135,116	0
Debt Service:					
Principal on Debt	0	0	0	0	265,000
Interest on Debt	0	0	0	0	13,241
Other Debt Service	0	0	0	0	600
Capital Projects	0	0	0	0	0
<b>Total Expenditures</b>	\$ 87,208	\$ 491,347	\$ 2,135,116	\$ 2,713,671	\$ 278,841
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	\$ 42,418	\$ 6,717	\$ (147,486)	\$ (98,351)	\$ (265,000)
<b>Other Financing Sources (Uses)</b>					
Insurance Recovery	\$ 0	\$ 0	\$ 5,718	\$ 5,718	\$ 0
<b>Total Other Financing Sources (Uses)</b>	\$ 0	\$ 0	\$ 5,718	\$ 5,718	\$ 0
<b>Net Change in Fund Balances</b>	\$ 42,418	\$ 6,717	\$ (141,768)	\$ (92,633)	\$ (265,000)
<b>Fund Balance, July 1, 2011</b>	19,254	119,250	843,476	981,980	265,000
<b>Fund Balance, June 30, 2012</b>	\$ 61,672	\$ 125,967	\$ 701,708	\$ 889,347	\$ 0

(Continued)

Exhibit F-2

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

	Capital Projects Funds					Total Nonmajor Governmental Funds
	General Capital Projects	Sanitation Projects	Highway Capital Projects	Other Capital Projects - QSCB	Total	
<u>Revenues</u>						
Local Taxes	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	58,848
Fines, Forfeitures, and Penalties	0	0	0	0	0	38,518
Charges for Current Services	0	0	0	0	0	498,064
Other Local Revenues	0	0	0	3,371	3,371	90,162
State of Tennessee	0	0	614,956	0	614,956	2,516,728
Federal Government	219,935	0	0	0	219,935	252,592
Other Governments and Citizens Groups	0	0	0	0	0	12,511
Total Revenues	\$ 219,935 \$	0 \$	614,956 \$	3,371 \$	838,262 \$	3,467,423
<u>Expenditures</u>						
Current:						
General Government	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	19
Finance	0	0	0	0	0	240,218
Administration of Justice	0	0	0	0	0	251,029
Public Safety	0	0	0	0	0	87,289
Highways	0	0	0	0	0	2,135,116
Debt Service:						
Principal on Debt	0	0	0	0	0	265,000
Interest on Debt	0	0	0	0	0	13,241
Other Debt Service	0	0	0	0	0	600
Capital Projects	250,522	0	679,474	3,371	933,367	933,367
Total Expenditures	\$ 250,522 \$	0 \$	679,474 \$	3,371 \$	933,367 \$	3,925,879
Excess (Deficiency) of Revenues Over Expenditures	\$ (30,587) \$	0 \$	(64,518) \$	0 \$	(95,105) \$	(458,456)
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	5,718
Total Other Financing Sources (Uses)	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	5,718
Net Change in Fund Balances	\$ (30,587) \$	0 \$	(64,518) \$	0 \$	(95,105) \$	(452,738)
Fund Balance, July 1, 2011	186,092	112,404	68,190	0	366,686	1,613,666
Fund Balance, June 30, 2012	\$ 155,505 \$	112,404 \$	3,672 \$	0 \$	271,581 \$	1,160,928

Exhibit F-3

Hamblen County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Drug Control Fund  
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Actual Revenues/ Expenditures (Budgetary Basis)	Add: Encumbrances 6/30/2012	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 38,518	\$ 38,518	0	\$ 27,500	\$ 27,500	\$ 11,018
Other Local Revenues	48,464	48,464	0	500	48,835	(371)
Federal Government	32,657	32,657	0	0	29,736	2,921
Other Governments and Citizens Groups	9,987	9,987	0	10,000	11,000	(1,013)
Total Revenues	\$ 129,626	\$ 129,626	0	\$ 38,000	\$ 117,071	\$ 12,555
<u>Expenditures</u>						
Public Safety						
Drug Enforcement	\$ 87,208	\$ 92,733	5,525	\$ 63,520	\$ 109,520	\$ 16,787
Total Expenditures	\$ 87,208	\$ 92,733	5,525	\$ 63,520	\$ 109,520	\$ 16,787
Excess (Deficiency) of Revenues Over Expenditures	\$ 42,418	\$ 36,893	(5,525)	\$ (25,520)	\$ 7,551	\$ 29,342
Net Change in Fund Balance	\$ 42,418	\$ 36,893	(5,525)	\$ (25,520)	\$ 7,551	\$ 29,342
Fund Balance, July 1, 2011	19,254	19,254	0	25,520	25,520	(6,266)
Fund Balance, June 30, 2012	\$ 61,672	\$ 56,147	(5,525)	0	\$ 33,071	\$ 23,076

Exhibit F-4

Hamblen County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>							
Local Taxes	\$ 58,848	\$ 0	\$ 0	\$ 58,848	\$ 51,600	\$ 51,600	\$ 7,248
Other Local Revenues	24,486	0	0	24,486	10,000	10,000	14,486
State of Tennessee	1,901,772	0	0	1,901,772	2,025,680	1,965,398	(63,626)
Federal Government	0	0	0	0	320,000	0	0
Other Governments and Citizens Groups	2,524	0	0	2,524	0	0	2,524
Total Revenues	\$ 1,987,630	\$ 0	\$ 0	\$ 1,987,630	\$ 2,407,280	\$ 2,026,998	\$ (39,368)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 341,955	(258)	183	\$ 341,880	\$ 352,277	\$ 360,897	\$ 19,017
Highway and Bridge Maintenance	981,178	(22,829)	0	958,349	1,034,392	1,031,484	73,135
Operation and Maintenance of Equipment	291,186	0	0	291,186	309,338	345,133	53,947
Employee Benefits	38,137	0	0	38,137	43,185	43,185	5,048
Capital Outlay	482,660	(252,000)	143,599	374,259	1,017,500	381,411	7,152
Total Expenditures	\$ 2,135,116	\$ (275,087)	\$ 143,782	\$ 2,003,811	\$ 2,756,692	\$ 2,162,110	\$ 158,299
Excess (Deficiency) of Revenues Over Expenditures	\$ (147,486)	\$ 275,087	\$ (143,782)	\$ (16,181)	\$ (349,412)	\$ (135,112)	\$ 118,931
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 5,718	\$ 0	\$ 0	\$ 5,718	\$ 0	\$ 0	\$ 5,718
Total Other Financing Sources (Uses)	\$ 5,718	\$ 0	\$ 0	\$ 5,718	\$ 0	\$ 0	\$ 5,718
Net Change in Fund Balance	\$ (141,768)	\$ 275,087	\$ (143,782)	\$ (10,463)	\$ (349,412)	\$ (135,112)	\$ 124,649
Fund Balance, July 1, 2011	843,476	(275,087)	0	568,389	678,034	678,034	(109,645)
Fund Balance, June 30, 2012	\$ 701,708	\$ 0	\$ (143,782)	\$ 557,926	\$ 328,622	\$ 542,922	\$ 15,004



## Exhibit F-5

Hamblen County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Special Debt Service Fund  
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 13,841	\$ 13,850	\$ 13,850	\$ (9)
Total Revenues	\$ 13,841	\$ 13,850	\$ 13,850	\$ (9)
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 265,000	\$ 265,000	\$ 265,000	\$ 0
<u>Interest on Debt</u>				
General Government	13,241	13,250	13,250	9
<u>Other Debt Service</u>				
General Government	600	600	600	0
Total Expenditures	\$ 278,841	\$ 278,850	\$ 278,850	\$ 9
Excess (Deficiency) of Revenues Over Expenditures	\$ (265,000)	\$ (265,000)	\$ (265,000)	\$ 0
Net Change in Fund Balance	\$ (265,000)	\$ (265,000)	\$ (265,000)	\$ 0
Fund Balance, July 1, 2011	265,000	265,000	265,000	0
Fund Balance, June 30, 2012	\$ 0	\$ 0	\$ 0	\$ 0

# **Major Governmental Fund**

## **Debt Service Fund**

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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.

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Exhibit G

Hamblen County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,969,975	\$ 3,945,925	\$ 3,945,925	\$ 24,050
Fines, Forfeitures, and Penalties	56,850	47,500	47,500	9,350
Other Local Revenues	760,667	719,448	719,448	41,219
Total Revenues	<u>\$ 4,787,492</u>	<u>\$ 4,712,873</u>	<u>\$ 4,712,873</u>	<u>\$ 74,619</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 333,260	\$ 333,260	\$ 333,260	\$ 0
Education	3,170,594	3,170,595	3,170,595	1
<u>Interest on Debt</u>				
General Government	214,264	228,343	228,343	14,079
Education	1,523,705	1,625,791	1,623,291	99,586
<u>Other Debt Service</u>				
General Government	80,192	83,000	83,000	2,808
Education	15,700	14,000	16,500	800
Total Expenditures	<u>\$ 5,337,715</u>	<u>\$ 5,454,989</u>	<u>\$ 5,454,989</u>	<u>\$ 117,274</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (550,223)</u>	<u>\$ (742,116)</u>	<u>\$ (742,116)</u>	<u>\$ 191,893</u>
Net Change in Fund Balance	\$ (550,223)	\$ (742,116)	\$ (742,116)	\$ 191,893
Fund Balance, July 1, 2011	<u>5,714,034</u>	<u>5,612,892</u>	<u>5,612,892</u>	<u>101,142</u>
Fund Balance, June 30, 2012	<u><u>\$ 5,163,811</u></u>	<u><u>\$ 4,870,776</u></u>	<u><u>\$ 4,870,776</u></u>	<u><u>\$ 293,035</u></u>

# Fiduciary Funds

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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.

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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.

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

Other Agency Fund – The Other Agency Fund is used to account for amounts remitted to the multi-jurisdictional crime unit. The multi-jurisdictional crime unit was dissolved during the 2011-12 year.

Exhibit H-1

Hamblen County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2012

	Agency Funds		
	Cities -	Constitu-	
	Sales	tional	
	Tax	Officers -	
		Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,577,030	\$ 1,577,030
Equity in Pooled Cash and Investments	450	0	450
Due from Other Governments	1,726,268	0	1,726,268
Total Assets	<u>\$ 1,726,718</u>	<u>\$ 1,577,030</u>	<u>\$ 3,303,748</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 1,726,718	\$ 0	\$ 1,726,718
Due to Litigants, Heirs, and Others	0	1,577,030	1,577,030
Total Liabilities	<u>\$ 1,726,718</u>	<u>\$ 1,577,030</u>	<u>\$ 3,303,748</u>

## Exhibit H-2

Hamblen County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds  
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 10,955	\$ 10,343,753	\$ 10,354,258	\$ 450
Due from Other Governments	1,647,353	1,726,268	1,647,353	1,726,268
Total Assets	\$ 1,658,308	\$ 12,070,021	\$ 12,001,611	\$ 1,726,718
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,658,308	\$ 12,070,021	\$ 12,001,611	\$ 1,726,718
Total Liabilities	\$ 1,658,308	\$ 12,070,021	\$ 12,001,611	\$ 1,726,718
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,516,631	\$ 12,185,804	\$ 12,125,405	\$ 1,577,030
Total Assets	\$ 1,516,631	\$ 12,185,804	\$ 12,125,405	\$ 1,577,030
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,516,631	\$ 12,185,804	\$ 12,125,405	\$ 1,577,030
Total Liabilities	\$ 1,516,631	\$ 12,185,804	\$ 12,125,405	\$ 1,577,030
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 3,444	\$ 0	\$ 3,444	\$ 0
Total Assets	\$ 3,444	\$ 0	\$ 3,444	\$ 0
<u>Liabilities</u>				
Due to Joint Ventures	\$ 3,444	\$ 0	\$ 3,444	\$ 0
Total Liabilities	\$ 3,444	\$ 0	\$ 3,444	\$ 0

(Continued)

## Exhibit H-2

Hamblen County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,516,631	\$ 12,185,804	\$ 12,125,405	\$ 1,577,030
Equity in Pooled Cash and Investments	14,399	10,343,753	10,357,702	450
Due from Other Governments	1,647,353	1,726,268	1,647,353	1,726,268
	<hr/>			
Total Assets	\$ 3,178,383	\$ 24,255,825	\$ 24,130,460	\$ 3,303,748
	<hr/>			
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,658,308	\$ 12,070,021	\$ 12,001,611	\$ 1,726,718
Due to Litigants, Heirs, and Others	1,516,631	12,185,804	12,125,405	1,577,030
Due to Joint Ventures	3,444	0	3,444	0
	<hr/>			
Total Liabilities	\$ 3,178,383	\$ 24,255,825	\$ 24,130,460	\$ 3,303,748
	<hr/>			

# Hamblen County School Department

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

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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.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the School Department.

Other Capital Projects Fund – QSCB – The Other Capital Projects Fund – QSCB is used to account for transactions related to the Qualified School Construction Bonds Program.



Exhibit I-1

Hamblen County, Tennessee  
Statement of Activities  
Discretely Presented Hamblen County School Department  
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 51,369,607	\$ 382,805	\$ 6,496,903	\$ 0	\$ (44,489,899)
Support Services	21,945,234	347,979	860,190	134,388	(20,602,677)
Operation of Non-Instructional Services	5,199,105	1,524,267	4,064,437	0	389,599
Other Debt Service	500,000	0	0	0	(500,000)
Total Governmental Activities	\$ 79,013,946	\$ 2,255,051	\$ 11,421,530	\$ 134,388	\$ (65,202,977)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 13,196,295
Local Option Sales Taxes					11,318,560
Wheel Tax					714,393
Interstate Telecommunications Tax					3,486
Grants and Contributions Not Restricted to Specific Programs					41,237,088
Unrestricted Investment Income					3,870
Miscellaneous					159,288
Total General Revenues					\$ 66,632,980
Change in Net Assets					\$ 1,430,003
Net Assets, July 1, 2011					59,334,167
Net Assets, June 30, 2012					\$ 60,764,170

## Exhibit I-2

Hamblen County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Hamblen County School Department  
June 30, 2012

	Major Fund	Nonmajor Funds	Total Govern- mental Funds
	General Purpose School	Other Govern- mental Funds	
<u>ASSETS</u>			
Cash	\$ 0	\$ 100	\$ 100
Equity in Pooled Cash and Investments	14,167,796	3,453,535	17,621,331
Inventories	0	130,524	130,524
Accounts Receivable	2,195	803	2,998
Due from Other Governments	2,470,412	340,641	2,811,053
Due from Other Funds	65,115	0	65,115
Due from Primary Government	0	615,917	615,917
Property Taxes Receivable	13,593,787	0	13,593,787
Allowance for Uncollectible Property Taxes	(484,246)	0	(484,246)
Total Assets	\$ 29,815,059	\$ 4,541,520	\$ 34,356,579
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 90,073	\$ 11,639	\$ 101,712
Payroll Deductions Payable	172,800	0	172,800
Contracts Payable	0	395,477	395,477
Retainage Payable	0	6,813	6,813
Due to Other Funds	0	65,115	65,115
Deferred Revenue - Current Property Taxes	12,584,494	0	12,584,494
Deferred Revenue - Delinquent Property Taxes	473,309	0	473,309
Other Deferred Revenues	985,535	0	985,535
Total Liabilities	\$ 14,306,211	\$ 479,044	\$ 14,785,255
<u>Fund Balances</u>			
Nonspendable:			
Inventory	\$ 0	\$ 130,524	\$ 130,524
Restricted:			
Restricted for Education	256,508	3,070,344	3,326,852
Restricted for Capital Projects	0	561,608	561,608
Committed:			
Committed for Education	397,875	300,000	697,875
Committed for Capital Projects	900,000	0	900,000
Assigned:			
Assigned for Education	955,326	0	955,326
Assigned for Capital Projects	4,389,596	0	4,389,596
Unassigned	8,609,543	0	8,609,543
Total Fund Balances	\$ 15,508,848	\$ 4,062,476	\$ 19,571,324
Total Liabilities and Fund Balances	\$ 29,815,059	\$ 4,541,520	\$ 34,356,579

Exhibit I-3

Hamblen County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Assets  
Discretely Presented Hamblen County School Department  
June 30, 2012

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

Total fund balances - balance sheet- governmental funds (Exhibit I-2)		\$ 19,571,324
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,898,244	
Add: construction in progress	4,222,884	
Add: buildings and improvements net of accumulated depreciation	39,372,646	
Add: other capital assets net of accumulated depreciation	<u>4,564,493</u>	51,058,267
(2) Long-term liabilities are not due and payable in the current-period and therefore are not reported in the governmental funds.		
Less: other postemployment benefits liability	\$ (10,104,215)	
Less: compensated absences payable	(193,284)	
Less: retirement incentive	(184,620)	
Less: retirement honorarium	<u>(842,146)</u>	(11,324,265)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,458,844</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 60,764,170</u>

## Exhibit I-4

Hamblen County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Hamblen County School Department  
For the Year Ended June 30, 2012

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 25,282,332	\$ 0	\$ 25,282,332
Charges for Current Services	708,798	1,536,436	2,245,234
Other Local Revenues	300,588	6,775	307,363
State of Tennessee	41,064,447	52,108	41,116,555
Federal Government	312,113	11,219,612	11,531,725
Total Revenues	<u>\$ 67,668,278</u>	<u>\$ 12,814,931</u>	<u>\$ 80,483,209</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 43,752,662	\$ 6,302,362	\$ 50,055,024
Support Services	19,252,160	1,287,892	20,540,052
Operation of Non-Instructional Services	871,636	4,906,744	5,778,380
Capital Outlay	836,752	0	836,752
Debt Service:			
Other Debt Service	500,000	0	500,000
Capital Projects	0	6,328,747	6,328,747
Total Expenditures	<u>\$ 65,213,210</u>	<u>\$ 18,825,745</u>	<u>\$ 84,038,955</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,455,068</u>	<u>\$ (6,010,814)</u>	<u>\$ (3,555,746)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 235,224	\$ 0	\$ 235,224
Transfers Out	0	(235,224)	(235,224)
Total Other Financing Sources (Uses)	<u>\$ 235,224</u>	<u>\$ (235,224)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 2,690,292	\$ (6,246,038)	\$ (3,555,746)
Fund Balance, July 1, 2011	12,818,556	10,308,514	23,127,070
Fund Balance, June 30, 2012	<u>\$ 15,508,848</u>	<u>\$ 4,062,476</u>	<u>\$ 19,571,324</u>

Exhibit I-5

Hamblen County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Discretely Presented Hamblen County School Department  
For the Year Ended June 30, 2012

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)		\$ (3,555,746)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 8,894,503	
Less: current-year depreciation expense	<u>(2,584,652)</u>	6,309,851
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: net book value of disposed assets		(8,851)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$ 1,458,844	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(1,498,104)</u>	(39,260)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ (6,010)	
Change in other postemployment benefits liability	(1,414,447)	
Change in retirement incentive	26,374	
Change in retirement honorarium	<u>118,092</u>	<u>(1,275,991)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,430,003</u>

Hamblen County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Hamblen County School Department  
June 30, 2012

Exhibit I-6

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Other Capital Projects - QSCB	Total	
<b>ASSETS</b>							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 100	\$ 100	100
Equity in Pooled Cash and Investments	478,244	2,627,410	3,105,654	333,147	14,734	347,881	3,453,535
Inventories	0	130,524	130,524	0	0	0	130,524
Accounts Receivable	0	803	803	0	0	0	803
Due from Other Governments	111,518	229,123	340,641	0	0	0	340,641
Due from Primary Government	0	0	0	245,709	370,208	615,917	615,917
Total Assets	\$ 589,762	\$ 2,987,860	\$ 3,577,622	\$ 578,856	\$ 385,042	\$ 963,898	\$ 4,541,520
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts Payable	\$ 6,330	\$ 5,309	\$ 11,639	\$ 0	\$ 0	\$ 0	11,639
Contracts Payable	0	0	0	129,451	266,026	395,477	395,477
Retainage Payable	0	0	0	6,813	0	6,813	6,813
Due to Other Funds	65,115	0	65,115	0	0	0	65,115
Total Liabilities	\$ 71,445	\$ 5,309	\$ 76,754	\$ 136,264	\$ 266,026	\$ 402,290	\$ 479,044
<b>Fund Balances</b>							
Nonspendable:							
Inventory	\$ 0	\$ 130,524	\$ 130,524	\$ 0	\$ 0	\$ 0	130,524
Restricted:							
Restricted for Education	218,317	2,852,027	3,070,344	0	0	0	3,070,344
Restricted for Capital Projects	0	0	0	442,592	119,016	561,608	561,608
Committed:							
Committed for Education	300,000	0	300,000	0	0	0	300,000
Total Fund Balances	\$ 518,317	\$ 2,982,551	\$ 3,500,868	\$ 442,592	\$ 119,016	\$ 561,608	\$ 4,062,476
Total Liabilities and Fund Balances	\$ 589,762	\$ 2,987,860	\$ 3,577,622	\$ 578,856	\$ 385,042	\$ 963,898	\$ 4,541,520

Exhibit I-7

Hamblen County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -

Nonmajor Governmental Funds  
Discretely Presented Hamblen County School Department  
For the Year Ended June 30, 2012

	Special Revenue Funds			Capital Projects Funds				Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Other Capital Projects - QSCB	Total		
<u>Revenues</u>								
Charges for Current Services	\$ 0	\$ 1,536,436	\$ 1,536,436	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,536,436
Other Local Revenues	0	1,944	1,944	1,366	3,465	4,831	0	6,775
State of Tennessee	0	52,108	52,108	0	0	0	0	52,108
Federal Government	7,454,286	3,765,326	11,219,612	0	0	0	0	11,219,612
Total Revenues	\$ 7,454,286	\$ 5,355,814	\$ 12,810,100	\$ 1,366	\$ 3,465	\$ 4,831	\$ 0	\$ 12,814,931
<u>Expenditures</u>								
Current:								
Instruction	\$ 6,302,362	0	\$ 6,302,362	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,302,362
Support Services	1,239,587	48,305	1,287,892	0	0	0	0	1,287,892
Operation of Non-Instructional Services	0	4,906,744	4,906,744	0	0	0	0	4,906,744
Capital Projects	0	0	0	1,278,872	5,049,875	6,328,747	0	6,328,747
Total Expenditures	\$ 7,541,949	\$ 4,955,049	\$ 12,496,998	\$ 1,278,872	\$ 5,049,875	\$ 6,328,747	\$ 0	\$ 18,825,745
Excess (Deficiency) of Revenues Over Expenditures	\$ (87,663)	\$ 400,765	\$ 313,102	\$ (1,277,506)	\$ (5,046,410)	\$ (6,323,916)	\$ (6,010,814)	
<u>Other Financing Sources (Uses)</u>								
Transfers Out	\$ (235,224)	0	\$ (235,224)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (235,224)
Total Other Financing Sources (Uses)	\$ (235,224)	0	\$ (235,224)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (235,224)
Net Change in Fund Balances	\$ (322,887)	\$ 400,765	\$ 77,878	\$ (1,277,506)	\$ (5,046,410)	\$ (6,323,916)	\$ (6,246,038)	
Fund Balance, July 1, 2011	841,204	2,581,786	3,422,990	1,720,098	5,165,426	6,885,524	10,308,514	
Fund Balance, June 30, 2012	\$ 518,317	\$ 2,982,551	\$ 3,500,868	\$ 442,592	\$ 119,016	\$ 561,608	\$ 4,062,476	

Exhibit I-8

Hamblen County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Hamblen County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>							
Local Taxes	\$ 25,282,332	\$ 0	\$ 0	\$ 25,282,332	\$ 25,107,741	\$ 25,107,741	\$ 174,591
Charges for Current Services	708,798	0	0	708,798	470,564	470,564	238,234
Other Local Revenues	300,588	0	0	300,588	20,600	215,766	84,822
State of Tennessee	41,064,447	0	0	41,064,447	40,066,039	40,902,362	162,085
Federal Government	312,113	0	0	312,113	161,402	314,267	(2,154)
Total Revenues	\$ 67,668,278	\$ 0	\$ 0	\$ 67,668,278	\$ 65,826,346	\$ 67,010,700	\$ 657,578
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 35,288,752	\$ (529,755)	94,302	\$ 34,853,299	\$ 35,995,603	\$ 36,102,023	\$ 1,248,724
Special Education Program	5,319,887	(8,377)	5,774	5,317,284	5,550,833	5,672,131	354,847
Vocational Education Program	2,901,533	(612)	1,737	2,902,658	2,965,697	2,964,997	62,339
Student Body Education Program	79,276	0	1,199	80,475	130,640	130,640	50,165
Adult Education Program	103,991	(3,145)	0	100,846	93,191	102,329	1,483
Other	59,223	0	0	59,223	58,608	59,223	0
<u>Support Services</u>							
Attendance	3,757	0	0	3,757	5,850	5,850	2,093
Health Services	541,482	(1,433)	12,349	552,398	571,654	571,654	19,256
Other Student Support	1,094,360	(11,121)	0	1,083,239	1,109,754	1,120,618	37,379
Regular Instruction Program	487,150	(1,715)	80,882	566,317	605,503	631,067	64,750
Special Education Program	224,270	(906)	0	223,364	254,092	278,072	54,708
Vocational Education Program	136,984	0	0	136,984	140,267	140,267	3,283
Adult Programs	82,769	0	0	82,769	90,785	90,827	8,058
Other Programs	656,888	0	0	656,888	0	656,888	0

(Continued)



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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Board of Education	\$ 910,124	\$ (6,339)	2,267	\$ 906,052	\$ 1,050,203	\$ 1,050,203	\$ 144,151
Director of Schools	568,157	(820)	389	567,726	586,716	586,716	18,990
Office of the Principal	3,644,251	0	0	3,644,251	3,782,571	3,782,571	138,320
Fiscal Services	292,517	(310)	85	292,292	306,662	306,662	14,370
Operation of Plant	5,186,144	(10,746)	400	5,175,798	5,887,529	5,887,529	711,731
Maintenance of Plant	1,392,119	(27,917)	9,275	1,373,477	1,396,176	1,396,176	22,699
Transportation	2,764,076	(2,008)	9,864	2,771,932	2,889,585	2,889,585	117,653
Central and Other	1,267,112	(22,160)	73,273	1,318,225	1,134,164	1,367,712	49,487
<u>Operation of Non-Instructional Services</u>							
Community Services	232,164	(521)	42	231,685	302,605	302,605	70,920
Early Childhood Education	639,472	(1,482)	13,954	651,944	635,709	661,039	9,095
<u>Capital Outlay</u>							
Regular Capital Outlay	836,752	(293,517)	2,220,966	2,764,201	2,444,641	3,344,641	580,440
<u>Interest on Debt</u>							
Education	0	0	0	0	500,000	0	0
<u>Other Debt Service</u>							
Education	500,000	0	0	500,000	0	500,000	0
Total Expenditures	\$ 65,213,210	\$ (922,884)	\$ 2,526,758	\$ 66,817,084	\$ 68,489,038	\$ 70,602,025	\$ 3,784,941
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,455,068	\$ 922,884	\$ (2,526,758)	\$ 851,194	\$ (2,662,692)	\$ (3,591,325)	\$ 4,442,519

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,000	\$ 0	\$ 0
Transfers In	235,224	0	0	235,224	39,199	239,199	(3,975)
Transfers Out	0	0	0	0	(28,244)	(28,244)	28,244
Total Other Financing Sources (Uses)	\$ 235,224	\$ 0	\$ 0	\$ 235,224	\$ 20,955	\$ 210,955	\$ 24,269
Net Change in Fund Balance	\$ 2,690,292	\$ 922,884	\$ (2,526,758)	\$ 1,086,418	\$ (2,641,737)	\$ (3,380,370)	\$ 4,466,788
Fund Balance, July 1, 2011	12,818,556	(922,884)	0	11,895,672	10,902,847	10,902,847	992,825
Fund Balance, June 30, 2012	\$ 15,508,848	\$ 0	\$ (2,526,758)	\$ 12,982,090	\$ 8,261,110	\$ 7,522,477	\$ 5,459,613

Exhibit I-9

Hamblen County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Hamblen County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>							
Federal Government	\$ 7,454,286	\$ 0	\$ 0	\$ 7,454,286	\$ 8,296,344	\$ 8,813,594	\$ (1,359,308)
Total Revenues	\$ 7,454,286	\$ 0	\$ 0	\$ 7,454,286	\$ 8,296,344	\$ 8,813,594	\$ (1,359,308)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 3,295,932	\$ (5,066)	\$ 23,873	\$ 3,314,739	\$ 3,079,956	\$ 3,557,339	\$ 242,600
Special Education Program	2,799,546	(264,949)	0	2,534,597	2,929,650	2,897,612	363,015
Vocational Education Program	206,884	0	798	207,682	206,725	207,742	60
<u>Support Services</u>							
Other Student Support	245,584	(8,185)	2,334	239,733	554,937	594,336	354,603
Regular Instruction Program	846,903	(934)	5,270	851,239	1,221,971	1,252,275	401,036
Special Education Program	52,291	(13,558)	11,424	50,157	66,852	99,626	49,469
Vocational Education Program	2,650	(235)	0	2,415	4,000	2,415	0
Board of Education	9,375	0	0	9,375	9,375	9,375	0
Office of the Principal	35,276	0	0	35,276	35,717	35,276	0
Transportation	47,508	0	0	47,508	161,118	176,657	129,149
Total Expenditures	\$ 7,541,949	\$ (292,927)	\$ 43,699	\$ 7,292,721	\$ 8,270,301	\$ 8,832,653	\$ 1,539,932
Excess (Deficiency) of Revenues Over Expenditures	\$ (87,663)	\$ 292,927	\$ (43,699)	\$ 161,565	\$ 26,043	\$ (19,059)	\$ 180,624
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 87,725	\$ 0	\$ 0
Transfers Out	(235,224)	0	0	(235,224)	(162,044)	(244,375)	9,151
Total Other Financing Sources (Uses)	\$ (235,224)	\$ 0	\$ 0	\$ (235,224)	\$ (74,319)	\$ (244,375)	\$ 9,151
Net Change in Fund Balance	\$ (322,887)	\$ 292,927	\$ (43,699)	\$ (73,659)	\$ (48,276)	\$ (263,434)	\$ 189,775
Fund Balance, July 1, 2011	841,204	(292,927)	0	548,277	48,276	263,434	284,843
Fund Balance, June 30, 2012	\$ 518,317	\$ 0	\$ (43,699)	\$ 474,618	\$ 0	\$ 0	\$ 474,618

Exhibit I-10

Hamblen County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Hamblen County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>							
Charges for Current Services	\$ 1,536,436	\$ 0	\$ 0	\$ 1,536,436	\$ 1,664,000	\$ 1,664,000	\$ (127,564)
Other Local Revenues	1,944	0	0	1,944	3,500	3,500	(1,556)
State of Tennessee	52,108	0	0	52,108	55,300	55,300	(3,192)
Federal Government	3,765,326	0	0	3,765,326	3,375,586	3,778,053	(12,727)
Total Revenues	\$ 5,355,814	\$ 0	\$ 0	\$ 5,355,814	\$ 5,098,386	\$ 5,500,853	\$ (145,039)
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 48,305	\$ 0	\$ 0	\$ 48,305	\$ 49,200	\$ 49,200	\$ 895
<u>Operation of Non-Instructional Services</u>							
Food Service	4,906,744	(5,956)	147,793	5,048,581	5,526,533	5,929,000	880,419
Total Expenditures	\$ 4,955,049	\$ (5,956)	\$ 147,793	\$ 5,096,886	\$ 5,575,733	\$ 5,978,200	\$ 881,314
Excess (Deficiency) of Revenues Over Expenditures	\$ 400,765	\$ 5,956	\$ (147,793)	\$ 258,928	\$ (477,347)	\$ (477,347)	\$ 736,275
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 400,765	\$ 5,956	\$ (147,793)	\$ 258,928	\$ (477,347)	\$ (477,347)	\$ 736,275
	2,581,786	(5,956)	0	2,575,830	2,588,455	2,588,455	(12,625)
Fund Balance, June 30, 2012	\$ 2,982,551	\$ 0	\$ (147,793)	\$ 2,834,758	\$ 2,111,108	\$ 2,111,108	\$ 723,650

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

Hamblen County, Tennessee  
Schedule of Changes in Long-term Other Loans and Bonds  
For the Year Ended June 30, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Paid and/or Matured During Period	Outstanding 6-30-12
<u>OTHER LOANS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Local Government Public Improvement Bonds, Series E-4-A - Refunding	\$ 10,100,000	Variable (1)	8-13-08	6-1-25	\$ 10,100,000	\$ 0	\$ 10,100,000
Local Government Public Improvement Bonds, Series VII-C-2 - Refunding	20,200,000	Variable (1)	11-24-08	6-1-17	13,845,000	2,435,000	11,410,000
Qualified School Construction Bonds	11,280,000	1.515 %	12-17-09	7-1-26	10,693,455	703,854	9,989,601
Total Payable through General Debt Service Fund					<u>\$ 34,638,455</u>	<u>\$ 3,138,854</u>	<u>\$ 31,499,601</u>
<u>Payable through Special Debt Service Fund</u>							
Various Purposes (Series B-2-A)	2,145,000	2 to 5	6-30-03	6-1-12	\$ 265,000	\$ 265,000	\$ 0
Total Payable through Special Debt Service Fund					<u>\$ 265,000</u>	<u>\$ 265,000</u>	<u>\$ 0</u>
Total Other Loans Payable					<u>\$ 34,903,455</u>	<u>\$ 3,403,854</u>	<u>\$ 31,499,601</u>
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
General Obligation Refunding Bonds, Series 2009	10,860,000	3 to 5	9-23-09	6-1-19	\$ 10,670,000	\$ 105,000	\$ 10,565,000
General Obligation Bonds, Series 2010	2,375,000	2	8-11-10	6-1-16	1,325,000	260,000	1,065,000
Total Payable through General Debt Service Fund					<u>\$ 11,995,000</u>	<u>\$ 365,000</u>	<u>\$ 11,630,000</u>
Total Bonds Payable					<u>\$ 11,995,000</u>	<u>\$ 365,000</u>	<u>\$ 11,630,000</u>

(1) These issues were swapped to a synthetic fixed rate by execution of swap agreements in prior years.

Exhibit J-2

Hamblen County, Tennessee

Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2013	\$ 3,258,854	\$ 1,165,032	\$ 148,808	\$ 4,572,694
2014	3,393,854	1,039,556	141,057	4,574,467
2015	3,533,854	907,450	132,897	4,574,201
2016	3,678,854	768,469	124,313	4,571,636
2017	1,063,854	622,367	115,288	1,801,509
2018	703,854	604,687	114,196	1,422,737
2019	703,854	604,687	114,196	1,422,737
2020	2,173,854	604,687	114,196	2,892,737
2021	2,253,854	541,550	97,575	2,892,979
2022	2,333,854	474,978	80,050	2,888,882
2023	2,423,854	404,970	61,621	2,890,445
2024	2,518,854	331,095	42,173	2,892,122
2025	2,618,854	253,141	21,653	2,893,648
2026	773,140	170,892	0	944,032
2027	66,359	14,241	0	80,600
Total	\$ 31,499,601	\$ 8,507,802	\$ 1,308,023	\$ 41,315,426

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 370,000	\$ 476,100	\$ 846,100
2014	375,000	467,600	842,600
2015	380,000	459,000	839,000
2016	380,000	450,300	830,300
2017	2,890,000	441,600	3,331,600
2018	3,575,000	326,000	3,901,000
2019	3,660,000	183,000	3,843,000
Total	\$ 11,630,000	\$ 2,803,600	\$ 14,433,600

Exhibit J-3

Hamblen County, Tennessee  
Schedule of Transfers  
Discretely Presented Hamblen County School Department  
For the Year Ended June 30, 2012

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>DISCRETELY PRESENTED HAMBLEN</u>			
<u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Cash flow repayment	\$ 200,000
"	"	Indirect costs	<u>35,224</u>
Total Transfers Discretely Presented			
Hamblen County School Department			<u>\$ 235,224</u>



Exhibit J-4

Hamblen County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Hamblen County School Department  
For the Year Ended June 30, 2012

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	86,543	50,000	RLI Insurance Company
Highway Commissioner	Section 8-24-102, TCA	79,591	100,000	"
Director of Schools	State Board of Education and County Board of Education	112,172	50,000	Ohio Casualty Insurance Company
Trustee	Section 8-24-102, TCA	72,355	2,262,100	"
Assessor of Property	Section 8-24-102, TCA	74,472	10,000	RLI Insurance Company
Finance Director	County Commission	71,333	50,000	"
County Clerk	Section 8-24-102, TCA	72,355	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	72,355	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	72,355	50,000	Ohio Casualty Insurance Company
Register	Section 8-24-102, TCA	72,355	25,000	RLI Insurance Company
Sheriff	Section 8-24-102, TCA, and County Commission	83,044	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			250,000	Travelers Indemnity Company
Public Employee Dishonesty - School Department			250,000	Great American Insurance Company

- (1) Includes a chief executive officer training supplement of \$1,000. Does not include a travel allowance of \$10,200; a 403(b) contribution of \$7,200; and life insurance premiums of \$162.
- (2) Includes a travel related supplement of \$2,117.
- (3) Does not include special commissioner fees of \$14,952.
- (4) Includes \$2,854 for serving as workhouse superintendent and \$600 for a law enforcement training supplement.

Hamblen County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2012

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>					
County Property Taxes					
Current Property Tax	\$ 6,241,437	\$ 1,125,543	\$ 0	\$ 0	0
Discount on Property Taxes	42,982	0	0	0	0
Trustee's Collections - Prior Year	177,352	33,085	0	0	0
Trustee's Collections - Bankruptcy	1,478	351	0	0	0
Circuit/Clerk & Master Collections - Prior Years	89,079	20,596	0	0	0
Interest and Penalty	79,842	16,989	0	0	0
Pick-up Taxes	13	6	0	0	0
Payments in-Lieu-of-Taxes - T.V.A.	639	281	0	0	0
Payments in-Lieu-of-Taxes - Local Utilities	72,955	0	0	0	0
Payments in-Lieu-of-Taxes - Other	8,771	0	0	0	0
County Local Option Taxes					
Local Option Sales Tax	203,942	786,640	0	0	0
Hotel/Motel Tax	8,375	0	0	0	0
Wheel Tax	773,925	0	0	0	0
Litigation Tax - General	137,580	0	0	0	0
Litigation Tax - Special Purpose	61,278	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0
Litigation Tax - Courtroom Security	54,687	0	0	0	0
Business Tax	869,715	0	0	0	1,600
Mineral Severance Tax	0	0	0	0	57,248
Statutory Local Taxes					
Bank Excise Tax	0	0	0	0	0
Wholesale Beer Tax	0	130,255	0	0	0
Interstate Telecommunications Tax	2,059	0	0	0	0
Total Local Taxes	\$ 8,826,109	\$ 2,113,746	\$ 0	\$ 0	\$ 58,848
<u>Licenses and Permits</u>					
Licenses					
Marriage Licenses	\$ 5,548	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	336,841	0	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits (Cont.)</u>					
Permits					
Beer Permits	\$ 0 \$	1,567 \$	0 \$	0 \$	0
Building Permits	53,225	0	0	0	0
Total Licenses and Permits	\$ 395,614 \$	1,567 \$	0 \$	0 \$	0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 3,010 \$	0 \$	0 \$	0 \$	0
Officers Costs	23,705	0	0	0	0
Drug Control Fines	2,814	0	762	0	0
Drug Court Fees	2,391	0	0	0	0
Jail Fees	3,441	0	0	0	0
DUI Treatment Fines	1,284	0	0	0	0
Data Entry Fee - Circuit Court	3,796	0	0	0	0
Courtroom Security Fee	374	0	0	0	0
<u>Criminal Court</u>					
Drug Control Fines	0	0	4,201	0	0
<u>General Sessions Court</u>					
Fines	61,155	0	0	0	0
Fines for Littering	1,189	0	0	0	0
Officers Costs	80,361	0	0	0	0
Game and Fish Fines	458	0	0	0	0
Drug Control Fines	10,603	0	11,213	0	0
Drug Court Fees	10,980	0	0	0	0
Jail Fees	32,754	0	0	0	0
Interpreter Fees	48	0	0	0	0
DUI Treatment Fines	16,000	0	0	0	0
Data Entry Fee - General Sessions Court	14,190	0	0	0	0
Courtroom Security Fee	1,434	0	0	0	0
<u>Juvenile Court</u>					
Fines	3,216	0	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Juvenile Court (Cont.)</u>					
Interpreter Fees					
Data Entry Fee - Juvenile Court	148 \$	0 \$	0 \$	0 \$	0
Courtroom Security Fee	3,194	0	0	0	0
Chancery Court	2	0	0	0	0
Data Entry Fee - Chancery Court	1,403	0	0	0	0
Courtroom Security Fee	52	0	0	0	0
Other Courts - In-county					
Drug Court Fees	2,130	0	0	0	0
Judicial District Drug Program					
Courtroom Security Fee	4	0	0	0	0
Other Fines, Forfeitures, and Penalties					
Proceeds from Confiscated Property	0	0	22,342	0	0
Total Fines, Forfeitures, and Penalties	\$ 280,136	\$ 0	\$ 38,518	\$ 0	\$ 0

<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Other Employee Benefit Charges/Contributions	273,359 \$	0 \$	0 \$	0 \$	0
Patient Charges	4,733	0	0	0	0
Work Release Charges for Board Fees	7,110	0	0	0	0
Recreation Fees					
Copy Fees	45,327	0	0	0	0
Telephone Commissions	10,302	0	0	0	0
Vending Machine Collections	68,761	0	0	0	0
Tourism Fees	361	0	0	0	0
Constitutional Officers' Fees and Commissions	24,200	0	0	0	0
Data Processing Fee - Register	0	0	0	498,064	0
Data Processing Fee - Sheriff	18,748	0	0	0	0
Sexual Offender Registration Fees - Sheriff	10,370	0	0	0	0
Data Processing Fee - County Clerk	3,750	0	0	0	0
	4,282	0	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
Charges for Current Services (Cont.)					
Other Charges for Services					
Other Charges for Services	\$ 40	\$ 0	\$ 0	\$ 0	\$ 0
Total Charges for Current Services	\$ 471,343	\$ 0	\$ 0	\$ 498,064	\$ 0
Other Local Revenues					
Recurring Items					
Investment Income	\$ 1,492	\$ 21,251	\$ 247	\$ 0	\$ 4,748
Lease/Rentals	29,349	0	0	0	0
Sale of Materials and Supplies	0	1,891	0	0	3,754
Commissary Sales	14,415	0	0	0	0
Sale of Maps	29	0	0	0	0
Retirees' Insurance Payments	9,067	0	0	0	0
Cobra Insurance Payments	1,108	0	0	0	0
Miscellaneous Refunds	47,940	0	2,582	0	11,974
Nonrecurring Items					
Sale of Equipment	22,261	3,355	45,555	0	2,285
Damages Recovered from Individuals	0	0	80	0	1,725
Other Local Revenues	0	0	0	0	0
Total Other Local Revenues	\$ 125,661	\$ 26,497	\$ 48,464	\$ 0	\$ 24,486
Fees Received from County Officials					
Excess Fees					
Clerk and Master	\$ 50,740	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	664,800	0	0	0	0
Fees in-Lieu-of Salary					
County Clerk	778,252	0	0	0	0
Circuit Court Clerk	346,789	0	0	0	0
General Sessions Court Clerk	506,369	0	0	0	0
Register	230,224	0	0	0	0
Sheriff	30,707	0	0	0	0
Total Fees Received from County Officials	\$ 2,607,881	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 20,000	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	25,326	0	0	0	0
On-Behalf Contributions for OPEB	12,742	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	19,800	0	0	0	0
Health and Welfare Grants					
<u>Health Department Programs</u>					
Public Works Grants	372,405	0	0	0	0
State Aid Program	0	0	0	0	254,718
Litter Program	47,657	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	113,604	0	0	0	0
Beer Tax	0	18,421	0	0	0
Alcoholic Beverage Tax	70,759	0	0	0	0
State Revenue Sharing - T.V.A.	196,516	84,522	0	0	0
Contracted Prisoner Boarding	1,077,766	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,601,926
Petroleum Special Tax	0	0	0	0	45,128
Registrar's Salary Supplement	14,984	0	0	0	0
Other State Grants	51,876	0	0	0	0
Other State Revenues	122,435	0	0	0	0
Total State of Tennessee	\$ 2,145,870	\$ 102,943	\$ 0	\$ 0	\$ 1,901,772

<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	27,200	0	0	0	0
Homeland Security Grants	36,812	0	0	0	0
Other Federal through State	58,469	0	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
Federal Government (Cont.)					
Direct Federal Revenue					
Asset Forfeiture Funds	\$ 0 \$	0 \$	32,657 \$	0 \$	0
Other Direct Federal Revenue	39,144	0	0	0	0
Total Federal Government	\$ 161,625 \$	0 \$	32,657 \$	0 \$	0
Other Governments and Citizens Groups					
Other Governments					
Paving and Maintenance	\$ 0 \$	0 \$	0 \$	0 \$	2,524
Contributions	0	0	9,987	0	0
Contracted Services	153,458	0	0	0	0
Citizens Groups					
Donations	2,103	0	0	0	0
Total Other Governments and Citizens Groups	\$ 155,561 \$	0 \$	9,987 \$	0 \$	2,524
Total	\$ 15,169,800 \$	2,244,753 \$	129,626 \$	498,064 \$	1,987,630

(Continued)

Exhibit J-5

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

	Debt Service Funds		Capital Projects Funds				Total
	General Debt Service	Special Debt Service	General Capital Projects	Highway Capital Projects	Other Capital Projects		
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 3,663,453	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,030,433	
Discount on Property Taxes	0	0	0	0	0	42,982	
Trustee's Collections - Prior Year	104,099	0	0	0	0	314,536	
Trustee's Collections - Bankruptcy	853	0	0	0	0	2,682	
Circuit/Clerk & Master Collections - Prior Years	52,394	0	0	0	0	162,069	
Interest and Penalty	47,065	0	0	0	0	143,896	
Pick-up Taxes	8	0	0	0	0	27	
Payments in-Lieu-of Taxes - T.V.A.	383	0	0	0	0	1,303	
Payments in-Lieu-of Taxes - Local Utilities	42,819	0	0	0	0	115,774	
Payments in-Lieu-of Taxes - Other	5,148	0	0	0	0	13,919	
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	0	990,582	
Hotel/Motel Tax	0	0	0	0	0	8,375	
Wheel Tax	0	0	0	0	0	773,925	
Litigation Tax - General	0	0	0	0	0	137,580	
Litigation Tax - Special Purpose	0	0	0	0	0	61,278	
Litigation Tax - Jail, Workhouse, or Courthouse	51,481	0	0	0	0	51,481	
Litigation Tax - Courtroom Security	0	0	0	0	0	54,687	
Business Tax	0	0	0	0	0	871,315	
Mineral Severance Tax	0	0	0	0	0	57,248	
<u>Statutory Local Taxes</u>							
Bank Excise Tax	2,272	0	0	0	0	2,272	
Wholesale Beer Tax	0	0	0	0	0	130,255	
Interstate Telecommunications Tax	0	0	0	0	0	2,059	
Total Local Taxes	\$ 3,969,975	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,968,678	
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,548	
Cable TV Franchise	0	0	0	0	0	336,841	

(Continued)



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

	Debt Service Funds		Capital Projects Funds				
	General Debt Service	Special Debt Service	General Capital Projects	Highway Capital Projects	Other Capital Projects	Total	
<u>Licenses and Permits (Cont.)</u>							
<u>Permits</u>							
Beer Permits	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	1,567	
Building Permits	0	0	0	0	0	53,225	
Total Licenses and Permits	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	397,181	
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	3,010	
Officers Costs	0	0	0	0	0	23,705	
Drug Control Fines	0	0	0	0	0	3,576	
Drug Court Fees	0	0	0	0	0	2,391	
Jail Fees	428	0	0	0	0	3,869	
DUI Treatment Fines	0	0	0	0	0	1,284	
Data Entry Fee - Circuit Court	0	0	0	0	0	3,796	
Courtroom Security Fee	0	0	0	0	0	374	
<u>Criminal Court</u>							
Drug Control Fines	0	0	0	0	0	4,201	
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	61,155	
Fines for Littering	0	0	0	0	0	1,189	
Officers Costs	0	0	0	0	0	80,361	
Game and Fish Fines	0	0	0	0	0	458	
Drug Control Fines	0	0	0	0	0	21,816	
Drug Court Fees	0	0	0	0	0	10,980	
Jail Fees	56,422	0	0	0	0	89,176	
Interpreter Fees	0	0	0	0	0	48	
DUI Treatment Fines	0	0	0	0	0	16,000	
Data Entry Fee - General Sessions Court	0	0	0	0	0	14,190	
Courtroom Security Fee	0	0	0	0	0	1,434	
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	3,216	

(Continued)

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

	Debt Service Funds		Capital Projects Funds				
	General Debt Service	Special Debt Service	General Capital Projects	Highway Capital Projects	Other Capital Projects	Total	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Juvenile Court (Cont.)</u>							
Interpreter Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 148	
Data Entry Fee - Juvenile Court	0	0	0	0	0	3,194	
Courtroom Security Fee	0	0	0	0	0	2	
<u>Chancery Court</u>							
Data Entry Fee - Chancery Court	0	0	0	0	0	1,403	
Courtroom Security Fee	0	0	0	0	0	52	
<u>Other Courts - In-county</u>							
Drug Court Fees	0	0	0	0	0	2,130	
<u>Judicial District Drug Program</u>							
Courtroom Security Fee	0	0	0	0	0	4	
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	22,342	
Total Fines, Forfeitures, and Penalties	\$ 56,850	\$ 0	\$ 0	\$ 0	\$ 0	\$ 375,504	
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Other Employee Benefit Charges/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 273,359	
Patient Charges	0	0	0	0	0	4,733	
Work Release Charges for Board	0	0	0	0	0	7,110	
<u>Fees</u>							
Recreation Fees	0	0	0	0	0	45,327	
Copy Fees	0	0	0	0	0	10,302	
Telephone Commissions	0	0	0	0	0	68,761	
Vending Machine Collections	0	0	0	0	0	361	
Tourism Fees	0	0	0	0	0	24,200	
Constitutional Officers' Fees and Commissions	0	0	0	0	0	498,064	
Data Processing Fee - Register	0	0	0	0	0	18,748	
Data Processing Fee - Sheriff	0	0	0	0	0	10,370	
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	3,750	
Data Processing Fee - County Clerk	0	0	0	0	0	4,282	

(Continued)

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

	Debt Service Funds		Capital Projects Funds				
	General Debt Service	Special Debt Service	General Capital Projects	Highway Capital Projects	Other Capital Projects	Total	
<u>Charges for Current Services (Cont.)</u>							
<u>Other Charges for Services</u>							
Other Charges for Services	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	40	
Total Charges for Current Services	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	969,407	
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 241,219 \$	0 \$	0 \$	0 \$	3,371 \$	272,328	
Lease/Rentals	19,448	0	0	0	0	48,797	
Sale of Materials and Supplies	0	0	0	0	0	5,645	
Commissary Sales	0	0	0	0	0	14,415	
Sale of Maps	0	0	0	0	0	29	
Retirees' Insurance Payments	0	0	0	0	0	9,067	
Cobra Insurance Payments	0	0	0	0	0	1,108	
Miscellaneous Refunds	0	0	0	0	0	62,496	
<u>Nonrecurring Items</u>							
Sale of Equipment	0	0	0	0	0	73,456	
Damages Recovered from Individuals	0	0	0	0	0	1,805	
<u>Other Local Revenues</u>							
Other Local Revenues	500,000	13,841	0	0	0	513,841	
Total Other Local Revenues	\$ 760,667 \$	13,841 \$	0 \$	0 \$	3,371 \$	1,002,987	
<u>Fees Received from County Officials</u>							
<u>Excess Fees</u>							
Clerk and Master	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	50,740	
Trustee	0	0	0	0	0	664,800	
<u>Fees in-Lieu-of Salary</u>							
County Clerk	0	0	0	0	0	778,252	
Circuit Court Clerk	0	0	0	0	0	346,789	
General Sessions Court Clerk	0	0	0	0	0	506,369	
Register	0	0	0	0	0	230,224	
Sheriff	0	0	0	0	0	30,707	
Total Fees Received from County Officials	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	2,607,881	

(Continued)

Exhibit J-5

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

	Debt Service Funds		Capital Projects Funds				Total
	General Debt Service	Special Debt Service	General Capital Projects	Highway Capital Projects	Other Capital Projects		
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0	\$ 0	0	\$ 0	0	\$ 0	20,000
Solid Waste Grants	0	0	0	0	0	0	25,326
On-Behalf Contributions for OPEB	0	0	0	0	0	0	12,742
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	0	0	0	0	0	0	19,800
<u>Health and Welfare Grants</u>							
Health Department Programs	0	0	0	0	0	0	372,405
<u>Public Works Grants</u>							
State Aid Program	0	0	0	0	0	0	254,718
Litter Program	0	0	0	0	0	0	47,657
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	113,604
Beer Tax	0	0	0	0	0	0	18,421
Alcoholic Beverage Tax	0	0	0	0	0	0	70,759
State Revenue Sharing - T.V.A.	0	0	0	614,956	0	0	895,994
Contracted Prisoner Boarding	0	0	0	0	0	0	1,077,766
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,601,926
Petroleum Special Tax	0	0	0	0	0	0	45,128
Registrar's Salary Supplement	0	0	0	0	0	0	14,984
Other State Grants	0	0	0	0	0	0	51,876
Other State Revenues	0	0	0	0	0	0	122,435
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 614,956	\$ 0	\$ 0	\$ 4,765,541
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development	\$ 0	\$ 0	0	\$ 4,746	\$ 0	\$ 0	4,746
Civil Defense Reimbursement	0	0	0	0	0	0	27,200
Homeland Security Grants	0	0	0	0	0	0	36,812
Other Federal through State	0	0	0	215,189	0	0	273,658

(Continued)

Exhibit J-5

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

	Debt Service Funds		Capital Projects Funds				
	General Debt Service	Special Debt Service	General Capital Projects	Highway Capital Projects	Other Capital Projects	Total	
<u>Federal Government (Cont.)</u>							
<u>Direct Federal Revenue</u>							
Asset Forfeiture Funds	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	32,657
Other Direct Federal Revenue	0	0	0	0	0	0	39,144
Total Federal Government	\$ 0 \$	0 \$	219,935 \$	0 \$	0 \$	0 \$	414,217
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Paving and Maintenance	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	2,524
Contributions	0	0	0	0	0	0	9,987
Contracted Services	0	0	0	0	0	0	153,458
<u>Citizens Groups</u>							
Donations	0	0	0	0	0	0	2,103
Total Other Governments and Citizens Groups	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	168,072
Total	\$ 4,787,492 \$	13,841 \$	219,935 \$	614,956 \$	3,371 \$	\$ 25,669,468	

Exhibit J-6

Hamblen County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Hamblen County School Department  
For the Year Ended June 30, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Other Capital Projects - QSCB	Total
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 12,346,493	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,346,493
Trustee's Collections - Prior Year	350,850	0	0	0	0	350,850
Trustee's Collections - Bankruptcy	3,724	0	0	0	0	3,724
Circuit/Clerk & Master Collections - Prior Years	175,151	0	0	0	0	175,151
Interest and Penalty	158,603	0	0	0	0	158,603
Pick-up Taxes	27	0	0	0	0	27
Payments in-Lieu-of Taxes - T.V.A.	1,252	0	0	0	0	1,252
Payments in-Lieu-of Taxes - Local Utilities	144,324	0	0	0	0	144,324
Payments in-Lieu-of Taxes - Other	17,352	0	0	0	0	17,352
<u>County Local Option Taxes</u>						
Local Option Sales Tax	11,357,591	0	0	0	0	11,357,591
Wheel Tax	714,393	0	0	0	0	714,393
<u>Statutory Local Taxes</u>						
Bank Excise Tax	9,086	0	0	0	0	9,086
Interstate Telecommunications Tax	3,486	0	0	0	0	3,486
Total Local Taxes	\$ 25,282,332	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,282,332
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Regular Day Students	\$ 123,261	\$ 0	\$ 0	\$ 0	\$ 0	\$ 123,261
Tuition - Other	259,544	0	0	0	0	259,544
Lunch Payments - Children	0	0	954,701	0	0	954,701
Lunch Payments - Adults	0	0	120,618	0	0	120,618
Income from Breakfast	0	0	249,509	0	0	249,509
A la carte Sales	0	0	199,439	0	0	199,439
Receipts from Individual Schools	174,217	0	0	0	0	174,217
<u>Other Charges for Services</u>						
Other Charges for Services	151,776	0	12,169	0	0	163,945
Total Charges for Current Services	\$ 708,798	\$ 0	\$ 1,536,436	\$ 0	\$ 0	\$ 2,245,234

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Other Capital Projects - QSCB	Total
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 467	\$ 0	\$ 1,944	\$ 1,366	\$ 93	\$ 3,870
Lease/Rentals	5,671	0	0	0	0	5,671
Sale of Materials and Supplies	4,146	0	0	0	0	4,146
Refund of Telecommunication and Internet Fees (E-Rate)	56,166	0	0	0	0	56,166
Miscellaneous Refunds	81,619	0	0	0	0	81,619
<u>Nonrecurring Items</u>						
Sale of Equipment	19,163	0	0	0	0	19,163
Damages Recovered from Individuals	1,289	0	0	0	0	1,289
Contributions and Gifts	131,016	0	0	0	3,372	134,388
<u>Other Local Revenues</u>						
Other Local Revenues	1,051	0	0	0	0	1,051
Total Other Local Revenues	\$ 300,588	\$ 0	\$ 1,944	\$ 1,366	\$ 3,465	\$ 307,363
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-Behalf Contributions for OPEB	\$ 656,888	\$ 0	\$ 0	\$ 0	\$ 0	\$ 656,888
<u>State Education Funds</u>						
Basic Education Program	38,942,131	0	0	0	0	38,942,131
Early Childhood Education	614,193	0	0	0	0	614,193
School Food Service	0	0	52,108	0	0	52,108
Driver Education	18,395	0	0	0	0	18,395
Other State Education Funds	45,476	0	0	0	0	45,476
Career Ladder Program	307,480	0	0	0	0	307,480
Career Ladder - Extended Contract	154,120	0	0	0	0	154,120
<u>Other State Revenues</u>						
Mixed Drink Tax	26,238	0	0	0	0	26,238
Other State Grants	286,273	0	0	0	0	286,273
Safe Schools - ARRA	9,064	0	0	0	0	9,064
Other State Revenues	4,189	0	0	0	0	4,189
Total State of Tennessee	\$ 41,064,447	\$ 0	\$ 52,108	\$ 0	\$ 0	\$ 41,116,555

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Other Capital Projects - QSCB	Total
Federal Government						
Federal Through State						
USDA School Lunch Program	\$ 0	\$ 0	\$ 2,616,868	\$ 0	\$ 0	\$ 2,616,868
USDA - Commodities	0	0	231,721	0	0	231,721
Breakfast	0	0	908,746	0	0	908,746
USDA - Other	0	0	7,991	0	0	7,991
Adult Education State Grant Program	122,284	0	0	0	0	122,284
Vocational Education - Basic Grants to States	0	241,844	0	0	0	241,844
Other Vocational	40,849	0	0	0	0	40,849
Title I Grants to Local Education Agencies	0	2,258,381	0	0	0	2,258,381
Special Education - Grants to States	148,980	2,272,366	0	0	0	2,421,346
Special Education Preschool Grants	0	66,232	0	0	0	66,232
English Language Acquisition Grants	0	114,756	0	0	0	114,756
Education for Homeless Children and Youth	0	64,468	0	0	0	64,468
Eisenhower Professional Development State Grants	0	448,536	0	0	0	448,536
Race-to-the-Top - ARRA	0	407,835	0	0	0	407,835
Other Federal through State	0	1,579,868	0	0	0	1,579,868
Total Federal Government	\$ 312,113	\$ 7,454,286	\$ 3,765,326	\$ 0	\$ 0	\$ 11,531,725
Total	\$ 67,668,278	\$ 7,454,286	\$ 5,355,814	\$ 1,366	\$ 3,465	\$ 80,483,209



## Exhibit J-7

Hamblen County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2012

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	71,200	
Social Security		3,080	
State Retirement		4,081	
Life Insurance		362	
Medical Insurance		78,287	
Employer Medicare		720	
Audit Services		18,763	
Contracts with Private Agencies		1,100	
Dues and Memberships		1,800	
Maintenance Agreements		480	
Other Contracted Services		5,500	
Total County Commission			\$ 185,373

Board of Equalization

Board and Committee Members Fees	\$	2,690	
Total Board of Equalization			2,690

County Mayor/Executive

County Official/Administrative Officer	\$	86,543	
Assistant(s)		36,958	
Social Security		7,248	
State Retirement		11,784	
Life Insurance		67	
Medical Insurance		14,091	
Employer Medicare		1,695	
Communication		1,882	
Dues and Memberships		2,834	
Postal Charges		2,881	
Printing, Stationery, and Forms		2,069	
Rentals		3,264	
Travel		4,922	
Other Contracted Services		2,500	
Office Supplies		3,399	
Other Charges		9,822	
Data Processing Equipment		672	
Total County Mayor/Executive			192,631

County Attorney

Other Salaries and Wages	\$	1,250	
Social Security		78	

(Continued)

## Exhibit J-7

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

General Fund (Cont.)General Government (Cont.)County Attorney (Cont.)

Employer Medicare	\$	18	
Legal Services		92,387	
Total County Attorney			\$ 93,733

Election Commission

County Official/Administrative Officer	\$	65,120	
Deputy(ies)		54,071	
Overtime Pay		325	
Election Commission		11,800	
Election Workers		14,830	
Social Security		7,688	
State Retirement		11,334	
Life Insurance		86	
Medical Insurance		16,554	
Employer Medicare		1,798	
Communication		217	
Contracts with Private Agencies		7,540	
Dues and Memberships		250	
Legal Notices, Recording, and Court Costs		7,373	
Maintenance Agreements		11,452	
Maintenance and Repair Services - Buildings		1,817	
Postal Charges		3,069	
Printing, Stationery, and Forms		1,287	
Rentals		2,736	
Travel		1,394	
Office Supplies		2,871	
Office Equipment		3,617	
Total Election Commission			227,229

Register of Deeds

County Official/Administrative Officer	\$	72,355
Deputy(ies)		88,263
Part-time Personnel		5,918
Social Security		10,111
State Retirement		15,253
Life Insurance		106
Medical Insurance		20,168
Employer Medicare		2,365
Communication		30
Dues and Memberships		676

(Continued)

## Exhibit J-7

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

General Fund (Cont.)General Government (Cont.)Register of Deeds (Cont.)

Postal Charges	\$	578	
Travel		17	
Office Supplies		7,212	
Data Processing Equipment		19,019	
Total Register of Deeds			\$ 242,071

Planning

County Official/Administrative Officer	\$	56,734	
Assistant(s)		32,328	
Deputy(ies)		38,770	
Secretary(ies)		28,765	
Board and Committee Members Fees		16,600	
Social Security		10,039	
State Retirement		14,810	
Life Insurance		115	
Medical Insurance		36,420	
Employer Medicare		2,348	
Communication		1,370	
Contracts with Government Agencies		3,460	
Contracts with Private Agencies		3,943	
Dues and Memberships		185	
Legal Notices, Recording, and Court Costs		679	
Maintenance Agreements		1,125	
Maintenance and Repair Services - Vehicles		610	
Postal Charges		247	
Printing, Stationery, and Forms		366	
Rentals		1,669	
Travel		87	
Gasoline		2,024	
Office Supplies		1,816	
Refunds		2,500	
In Service/Staff Development		805	
Total Planning			257,815

Other Facilities

Supervisor/Director	\$	35,561	
Custodial Personnel		76,804	
Maintenance Personnel		82,355	
Part-time Personnel		5,112	
Social Security		11,551	

(Continued)

## Exhibit J-7

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

General Fund (Cont.)General Government (Cont.)Other Facilities (Cont.)

State Retirement	\$	18,321	
Life Insurance		173	
Medical Insurance		56,314	
Employer Medicare		2,661	
Communication		49,774	
Maintenance Agreements		33,977	
Maintenance and Repair Services - Buildings		25,787	
Maintenance and Repair Services - Equipment		2,261	
Maintenance and Repair Services - Vehicles		1,456	
Pest Control		3,592	
Other Contracted Services		6,354	
Custodial Supplies		17,961	
Electricity		235,615	
Gasoline		6,012	
Natural Gas		30,501	
Uniforms		4,764	
Heating and Air Conditioning Equipment		9,108	
Maintenance Equipment		976	
Total Other Facilities			\$ 716,990

Preservation of Records

Supervisor/Director	\$	12,133	
Social Security		752	
Employer Medicare		176	
Postal Charges		17	
Rentals		1,629	
Office Supplies		3,738	
Total Preservation of Records			18,445

FinanceAccounting and Budgeting

County Official/Administrative Officer	\$	71,333	
Accountants/Bookkeepers		60,720	
Social Security		7,379	
State Retirement		12,508	
Life Insurance		86	
Medical Insurance		27,727	
Employer Medicare		1,726	
Communication		550	
Dues and Memberships		328	

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Finance (Cont.)Accounting and Budgeting (Cont.)

Printing, Stationery, and Forms	\$	1,093	
Travel		323	
Office Supplies		5,261	
In Service/Staff Development		1,640	
Total Accounting and Budgeting			\$ 190,674

Purchasing

County Official/Administrative Officer	\$	45,965	
Purchasing Personnel		28,957	
Social Security		4,155	
State Retirement		7,082	
Life Insurance		58	
Medical Insurance		14,188	
Employer Medicare		972	
Advertising		527	
Communication		5	
Printing, Stationery, and Forms		308	
Office Supplies		883	
Total Purchasing			103,100

Property Assessor's Office

County Official/Administrative Officer	\$	74,472	
Deputy(ies)		132,332	
Data Processing Personnel		37,968	
Social Security		14,128	
State Retirement		23,210	
Life Insurance		144	
Medical Insurance		46,159	
Employer Medicare		3,304	
Communication		30	
Contracts with Government Agencies		16,055	
Data Processing Services		3,000	
Dues and Memberships		1,300	
Maintenance and Repair Services - Vehicles		1,587	
Postal Charges		1,587	
Printing, Stationery, and Forms		158	
Travel		243	
Gasoline		3,972	
Office Supplies		1,769	
Office Equipment		256	
Total Property Assessor's Office			361,674

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Finance (Cont.)Reappraisal Program

Deputy(ies)	\$	30,370	
Social Security		1,713	
State Retirement		2,862	
Life Insurance		29	
Medical Insurance		8,150	
Employer Medicare		401	
Contracts with Government Agencies		5,752	
Contracts with Private Agencies		66,810	
Postal Charges		874	
Office Supplies		115	
Other Supplies and Materials		545	
Total Reappraisal Program			\$ 117,621

County Trustee's Office

Other Salaries and Wages	\$	1,300	
Social Security		76	
Life Insurance		118	
Medical Insurance		32,387	
Employer Medicare		18	
Communication		24	
Data Processing Services		2,500	
Legal Notices, Recording, and Court Costs		480	
Postal Charges		8,976	
Printing, Stationery, and Forms		10,194	
Travel		208	
Office Supplies		2,640	
Premiums on Corporate Surety Bonds		4,003	
In Service/Staff Development		600	
Office Equipment		1,078	
Total County Trustee's Office			64,602

County Clerk's Office

County Official/Administrative Officer	\$	72,355	
Deputy(ies)		352,857	
Social Security		24,879	
State Retirement		39,155	
Life Insurance		360	
Medical Insurance		86,900	
Employer Medicare		5,819	

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Finance (Cont.)County Clerk's Office (Cont.)

Communication	\$	1,029	
Dues and Memberships		1,066	
Maintenance Agreements		18,704	
Postal Charges		17,982	
Printing, Stationery, and Forms		1,576	
Rentals		1,980	
Travel		1,455	
Office Supplies		<u>5,627</u>	
Total County Clerk's Office			\$ 631,744

Data Processing

Other Salaries and Wages	\$	1,250	
Social Security		67	
State Retirement		118	
Employer Medicare		16	
Contracts with Private Agencies		33,565	
Data Processing Services		1,605	
Maintenance Agreements		13,560	
Data Processing Supplies		286	
Data Processing Equipment		<u>16,186</u>	
Total Data Processing			66,653

Other Finance

Deputy(ies)	\$	120,776	
Maintenance Personnel		1,373	
Part-time Personnel		15,997	
Social Security		8,206	
State Retirement		10,512	
Life Insurance		115	
Medical Insurance		24,061	
Employer Medicare		1,919	
Communication		4,422	
Operating Lease Payments		29,730	
Maintenance and Repair Services - Buildings		5,330	
Office Supplies		2,132	
Office Equipment		<u>797</u>	
Total Other Finance			225,370

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	72,355	
Deputy(ies)		259,662	
Part-time Personnel		48,432	
Other Salaries and Wages		25,657	
Jury and Witness Expense		17,846	
Social Security		24,511	
State Retirement		31,063	
Life Insurance		288	
Medical Insurance		61,031	
Employer Medicare		5,733	
Communication		1,691	
Legal Notices, Recording, and Court Costs		229	
Maintenance Agreements		11,704	
Postal Charges		6,963	
Printing, Stationery, and Forms		8,316	
Rentals		5,434	
Travel		2,472	
Office Supplies		9,089	
Data Processing Equipment		8,735	
Office Equipment		100	
Total Circuit Court			\$ 601,311

General Sessions Court

Judge(s)	\$	154,511	
Part-time Personnel		77,255	
Other Salaries and Wages		7,500	
Social Security		12,321	
State Retirement		15,512	
Life Insurance		29	
Medical Insurance		8,752	
Employer Medicare		3,422	
Communication		236	
Dues and Memberships		306	
Travel		2,290	
Other Contracted Services		3,140	
Office Supplies		1,270	
Total General Sessions Court			286,544

Drug Court

Supervisor/Director	\$	31,750	
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(Continued)



## Exhibit J-7

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

General Fund (Cont.)Administration of Justice (Cont.)Drug Court (Cont.)

Clerical Personnel	\$	27,353	
Social Security		3,418	
State Retirement		2,994	
Life Insurance		29	
Medical Insurance		11,726	
Employer Medicare		799	
Communication		3,410	
Dues and Memberships		1,080	
Evaluation and Testing		2,056	
Postal Charges		4	
Printing, Stationery, and Forms		108	
Rentals		1,661	
Travel		7,644	
Drug Treatment		920	
Office Supplies		3,438	
Total Drug Court			\$ 98,390

Chancery Court

Other Salaries and Wages	\$	2,250	
Social Security		111	
Life Insurance		154	
Medical Insurance		40,844	
Employer Medicare		31	
Communication		267	
Postal Charges		5,215	
Printing, Stationery, and Forms		1,951	
Rentals		2,256	
Office Supplies		9,756	
Total Chancery Court			62,835

Juvenile Court

Judge(s)	\$	42,014	
Assistant(s)		34,935	
Probation Officer(s)		34,687	
Youth Service Officer(s)		45,965	
Guidance Personnel		11,940	
Educational Assistants		31,810	
Attendants		109,934	
Other Salaries and Wages		10,339	
Social Security		19,318	

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Administration of Justice (Cont.)Juvenile Court (Cont.)

State Retirement	\$	10,654	
Life Insurance		115	
Medical Insurance		26,937	
Employer Medicare		4,518	
Communication		2,010	
Contracts with Government Agencies		2,233	
Dues and Memberships		165	
Evaluation and Testing		4,826	
Maintenance and Repair Services - Vehicles		118	
Postal Charges		318	
Rentals		1,821	
Travel		907	
Other Contracted Services		1,623	
Food Supplies		3,150	
Gasoline		179	
Office Supplies		3,657	
In Service/Staff Development		640	
Total Juvenile Court			\$ 404,813

Courtroom Security

Guards	\$	60,244	
Part-time Personnel		129,752	
Overtime Pay		166	
Social Security		11,665	
State Retirement		5,692	
Life Insurance		58	
Medical Insurance		9,729	
Employer Medicare		2,728	
Maintenance Agreements		2,600	
Uniforms		2,149	
Law Enforcement Equipment		7,903	
Total Courtroom Security			232,686

Public SafetySheriff's Department

County Official/Administrative Officer	\$	83,044	
Supervisor/Director		51,834	
Deputy(ies)		511,686	
Captain(s)		48,360	
Lieutenant(s)		275,174	

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Sheriff's Department (Cont.)

Sergeant(s)	\$	333,772	
Salary Supplements		19,200	
Clerical Personnel		130,751	
Overtime Pay		84,675	
Social Security		89,533	
State Retirement		171,077	
Life Insurance		1,116	
Medical Insurance		301,859	
Employer Medicare		20,939	
Advertising		1,203	
Communication		24,858	
Dues and Memberships		2,840	
Evaluation and Testing		1,371	
Maintenance Agreements		6,053	
Maintenance and Repair Services - Buildings		1,292	
Maintenance and Repair Services - Equipment		2,444	
Maintenance and Repair Services - Vehicles		46,435	
Postal Charges		2,278	
Printing, Stationery, and Forms		3,973	
Rentals		3,867	
Tow-in Services		2,165	
Travel		15,397	
Other Contracted Services		1,265	
Gasoline		164,868	
Law Enforcement Supplies		8,793	
Lubricants		5,773	
Office Supplies		10,192	
Tires and Tubes		16,767	
Uniforms		2,103	
In Service/Staff Development		17,421	
Other Charges		23,041	
Law Enforcement Equipment		17,456	
Total Sheriff's Department			\$ 2,504,875

Wheel Tax Officer

Communication	\$	95	
Postal Charges		752	
Travel		99	
Office Supplies		478	
Total Wheel Tax Officer			1,424

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Drug Enforcement

Law Enforcement Supplies	\$	5,982	
Total Drug Enforcement			\$ 5,982

Administration of the Sexual Offender Registry

Contracts with Government Agencies	\$	1,150	
Travel		77	
Office Supplies		726	
Total Administration of the Sexual Offender Registry			1,953

Jail

Captain(s)	\$	37,584	
Lieutenant(s)		13,333	
Sergeant(s)		140,328	
Guards		849,974	
Cafeteria Personnel		16,873	
Overtime Pay		55,221	
Social Security		64,106	
State Retirement		104,160	
Life Insurance		1,229	
Medical Insurance		258,667	
Employer Medicare		14,992	
Maintenance Agreements		24,416	
Maintenance and Repair Services - Buildings		26,427	
Maintenance and Repair Services - Equipment		14,831	
Medical and Dental Services		438,607	
Rentals		2,220	
Custodial Supplies		35,224	
Drugs and Medical Supplies		20,539	
Food Supplies		351,409	
Office Supplies		5,687	
Prisoners Clothing		8,253	
In Service/Staff Development		5,015	
Other Charges		7,145	
Law Enforcement Equipment		8,580	
Other Equipment		4,619	
Total Jail			2,509,439

Workhouse

Guards	\$	30,948	
Social Security		1,643	

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Workhouse (Cont.)

State Retirement	\$	2,917	
Life Insurance		29	
Medical Insurance		12,284	
Employer Medicare		384	
Total Workhouse			\$ 48,205

Work Release Program

Supervisor/Director	\$	38,289	
Secretary(ies)		28,911	
Other Salaries and Wages		333	
Social Security		3,887	
State Retirement		6,374	
Life Insurance		58	
Medical Insurance		11,900	
Employer Medicare		909	
Communication		479	
Maintenance and Repair Services - Vehicles		579	
Postal Charges		3	
Printing, Stationery, and Forms		382	
Gasoline		1,829	
Office Supplies		635	
Testing		1,105	
In Service/Staff Development		300	
Total Work Release Program			95,973

Fire Prevention and Control

Contributions	\$	180,000	
Total Fire Prevention and Control			180,000

Civil Defense

Supervisor/Director	\$	30,753	
Part-time Personnel		5,084	
Social Security		2,208	
State Retirement		2,800	
Life Insurance		22	
Medical Insurance		3,645	
Employer Medicare		517	
Communication		500	
Maintenance and Repair Services - Vehicles		5,548	
Postal Charges		16	

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Civil Defense (Cont.)

Printing, Stationery, and Forms	\$	32	
Travel		1,246	
Gasoline		6,652	
Office Supplies		1,426	
Uniforms		1,336	
Liability Insurance		350	
Other Charges		1,934	
Communication Equipment		1,181	
Total Civil Defense			\$ 65,250

Other Emergency Management

Contributions	\$	153,222	
Other Equipment		36,812	
Total Other Emergency Management			190,034

Inspection and Regulation

Board and Committee Members Fees	\$	3,600	
Social Security		223	
Employer Medicare		52	
Evaluation and Testing		2,657	
Total Inspection and Regulation			6,532

County Coroner/Medical Examiner

Assistant(s)	\$	5,370	
Other Salaries and Wages		78,383	
Other Contracted Services		7,200	
Office Supplies		98	
Total County Coroner/Medical Examiner			91,051

Public Health and WelfareLocal Health Center

Clerical Personnel	\$	305,546	
Social Security		17,490	
State Retirement		22,587	
Life Insurance		254	
Medical Insurance		63,505	
Employer Medicare		4,090	
Contracts with Government Agencies		53,379	
Travel		5,567	
Total Local Health Center			472,418

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Rabies and Animal Control

Contributions	\$ 127,400	
Total Rabies and Animal Control		\$ 127,400

Nursing Home

Contributions	\$ 2,000	
Total Nursing Home		2,000

Alcohol and Drug Programs

Contributions	\$ 5,000	
Total Alcohol and Drug Programs		5,000

Crippled Children Services

Contributions	\$ 6,242	
Total Crippled Children Services		6,242

Appropriation to State

Contributions	\$ 110,500	
Total Appropriation to State		110,500

Aid to Dependent Children

Contributions	\$ 8,000	
Total Aid to Dependent Children		8,000

Child Support

Contributions	\$ 14,500	
Total Child Support		14,500

Other Local Welfare Services

Contributions	\$ 40,810	
Total Other Local Welfare Services		40,810

Sanitation Management

Contributions	\$ 15,000	
Total Sanitation Management		15,000

Other Public Health and Welfare

Contributions	\$ 1,200	
Total Other Public Health and Welfare		1,200

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Social, Cultural, and Recreational ServicesAdult Activities

Contributions	\$ 11,600	
Total Adult Activities		\$ 11,600

Senior Citizens Assistance

Contributions	\$ 6,500	
Total Senior Citizens Assistance		6,500

Libraries

Contributions	\$ 243,500	
Total Libraries		243,500

Parks and Fair Boards

Supervisor/Director	\$ 38,433	
Maintenance Personnel	26,918	
Part-time Personnel	1,056	
Overtime Pay	18,393	
Social Security	5,314	
State Retirement	7,927	
Life Insurance	58	
Medical Insurance	9,626	
Employer Medicare	1,301	
Advertising	1,358	
Communication	6,097	
Maintenance and Repair Services - Equipment	3,006	
Maintenance and Repair Services - Vehicles	1,834	
Custodial Supplies	9,922	
Diesel Fuel	2,926	
Electricity	32,821	
Gasoline	6,732	
Office Supplies	15	
Uniforms	838	
Water and Sewer	19,738	
Other Supplies and Materials	2,845	
Liability Insurance	4,472	
Refunds	245	
Workers' Compensation Insurance	1,795	
Other Charges	1,946	
Other Equipment	16,788	
Other Construction	12,914	
Total Parks and Fair Boards		235,318

(Continued)



## Exhibit J-7

Hamblen 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 Government Agencies	\$	55,543	
Contributions		234,500	
Total Other Social, Cultural, and Recreational			\$ 290,043

Agriculture and Natural ResourcesAgriculture Extension Service

Salary Supplements	\$	125,407	
Communication		233	
Travel		921	
Office Supplies		296	
Total Agriculture Extension Service			126,857

Forest Service

Contributions	\$	1,000	
Total Forest Service			1,000

Soil Conservation

Secretary(ies)	\$	25,814	
Social Security		1,324	
State Retirement		2,425	
Life Insurance		29	
Medical Insurance		11,351	
Employer Medicare		310	
Total Soil Conservation			41,253

Other OperationsTourism

Advertising	\$	6,233	
Contributions		22,500	
Rentals		2,000	
Other Contracted Services		31,293	
Total Tourism			62,026

Industrial Development

Contributions	\$	42,000	
Contracts for Development Costs		42,982	
Total Industrial Development			84,982

Public Transportation

Contributions	\$	35,000	
Total Public Transportation			35,000

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Other Operations (Cont.)Veterans' Services

County Official/Administrative Officer	\$	12,813	
Social Security		794	
Employer Medicare		186	
Communication		7	
Dues and Memberships		25	
Postal Charges		44	
Printing, Stationery, and Forms		48	
Travel		892	
Office Supplies		333	
Total Veterans' Services			\$ 15,142

Other Charges

Office Supplies	\$	19	
Other Charges		211	
Total Other Charges			230

Employee Benefits

Handling Charges and Administrative Costs	\$	630	
Medical Insurance		10,790	
Unemployment Compensation		23,556	
On-Behalf Payments to OPEB		12,742	
Other Fringe Benefits		1,725	
Contracts with Private Agencies		93,669	
Other Contracted Services		7,491	
Liability Insurance		308,267	
Workers' Compensation Insurance		107,015	
Total Employee Benefits			565,885

Miscellaneous

Medical Insurance	\$	314,606	
Contracts with Other Public Agencies		14,450	
Premiums on Corporate Surety Bonds		1,136	
Trustee's Commission		184,100	
Total Miscellaneous			514,292

Capital ProjectsGeneral Administration Projects

Data Processing Equipment	\$	17,000	
Voting Machines		58,140	
Total General Administration Projects			75,140

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Capital Projects (Cont.)Administration of Justice Projects

Data Processing Equipment	\$ 18,307	
Total Administration of Justice Projects		\$ 18,307

Public Safety Projects

Motor Vehicles	\$ 131,553	
Total Public Safety Projects		131,553

Public Health and Welfare Projects

Communication	\$ 5,434	
Total Public Health and Welfare Projects		<u>5,434</u>

Total General Fund		\$ 14,352,844
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Solid Waste/Sanitation FundPublic Health and WelfareSanitation Management

Foremen	\$ 38,031
Mechanic(s)	34,941
Equipment Operators - Heavy	132,231
Truck Drivers	233,535
Laborers	131,469
Overtime Pay	17,346
Social Security	34,198
Handling Charges and Administrative Costs	90
State Retirement	55,239
Life Insurance	605
Medical Insurance	153,133
Unemployment Compensation	668
Employer Medicare	7,999
Advertising	4,730
Contracts with Private Agencies	57,212
Maintenance and Repair Services - Equipment	115,614
Disposal Fees	760,553
Diesel Fuel	181,634
Gasoline	3,681
Lubricants	9,195
Office Supplies	394
Tires and Tubes	35,100
Uniforms	5,591
Other Supplies and Materials	21,765

(Continued)

## Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)Public Health and Welfare (Cont.)Sanitation Management (Cont.)

Liability Insurance	\$	37,743	
Trustee's Commission		33,995	
Workers' Compensation Insurance		50,529	
Motor Vehicles		146,312	
Solid Waste Equipment		10,986	
Other Construction		1,882	
Total Sanitation Management			\$ 2,316,401

Total Solid Waste/Sanitation Fund \$ 2,316,401

Drug Control FundPublic SafetyDrug Enforcement

Salary Supplements	\$	4,800	
Social Security		265	
State Retirement		628	
Employer Medicare		62	
Confidential Drug Enforcement Payments		30,000	
Dues and Memberships		55	
Rentals		12,000	
Travel		2,142	
Veterinary Services		302	
Remittance of Revenue Collected		5,129	
Other Contracted Services		4,299	
Animal Food and Supplies		574	
Electricity		6,464	
Law Enforcement Supplies		7,188	
Trustee's Commission		435	
Law Enforcement Equipment		8,365	
Motor Vehicles		4,500	
Total Drug Enforcement			\$ 87,208

Total Drug Control Fund 87,208

Constitutional Officers - Fees FundGeneral GovernmentRegister of Deeds

Constitutional Officers' Operating Expenses	\$	19	
Total Register of Deeds			\$ 19

(Continued)

## Exhibit J-7

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

Constitutional Officers - Fees Fund (Cont.)FinanceCounty Trustee's Office

Constitutional Officers' Operating Expenses	\$ 240,218	
Total County Trustee's Office		\$ 240,218

Administration of JusticeCircuit Court

Constitutional Officers' Operating Expenses	\$ 270	
Total Circuit Court		270

General Sessions Court

Constitutional Officers' Operating Expenses	\$ 536	
Total General Sessions Court		536

Chancery Court

Constitutional Officers' Operating Expenses	\$ 250,223	
Total Chancery Court		250,223

Public SafetySheriff's Department

Constitutional Officers' Operating Expenses	\$ 81	
Total Sheriff's Department		81

Total Constitutional Officers - Fees Fund		\$ 491,347
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Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$ 79,591
Assistant(s)	46,379
Accountants/Bookkeepers	33,833
Board and Committee Members Fees	18,600
Social Security	10,765
State Retirement	11,623
Life Insurance	86
Medical Insurance	18,014
Employer Medicare	2,516
Communication	5,654
Dues and Memberships	2,971
Legal Services	7,313
Postal Charges	277
Travel	348

(Continued)

## Exhibit J-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Administration (Cont.)

Electricity	\$	13,684	
Office Supplies		1,379	
Propane Gas		10,318	
Water and Sewer		1,140	
Liability Insurance		24,420	
Trustee's Commission		19,659	
Vehicle and Equipment Insurance		14,940	
Other Charges		18,445	
Total Administration			\$ 341,955

Highway and Bridge Maintenance

Foremen	\$	44,064	
Equipment Operators		148,611	
Truck Drivers		142,382	
Laborers		125,741	
Overtime Pay		7,487	
Other Salaries and Wages		1,944	
Social Security		27,855	
State Retirement		43,987	
Life Insurance		487	
Medical Insurance		105,797	
Employer Medicare		6,523	
Contracts with Private Agencies		86,335	
Rentals		8,066	
Asphalt - Cold Mix		4,986	
Asphalt - Hot Mix		129,121	
Concrete		2,261	
Crushed Stone		50,972	
General Construction Materials		1,098	
Other Road Supplies		3,028	
Pipe - Metal		7,667	
Road Signs		10,099	
Small Tools		1,658	
Uniforms		4,534	
Fencing		16,475	
Total Highway and Bridge Maintenance			981,178

Operation and Maintenance of Equipment

Mechanic(s)	\$	45,187
Overtime Pay		719

(Continued)

## Exhibit J-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Operation and Maintenance of Equipment (Cont.)

Social Security	\$	2,756	
State Retirement		4,302	
Life Insurance		53	
Medical Insurance		8,917	
Employer Medicare		644	
Maintenance and Repair Services - Buildings		4,481	
Diesel Fuel		53,606	
Equipment Parts - Heavy		90,695	
Garage Supplies		7,141	
Gasoline		31,937	
Lubricants		7,714	
Small Tools		1,855	
Tires and Tubes		18,083	
Other Supplies and Materials		13,096	
Total Operation and Maintenance of Equipment			\$ 291,186

Employee Benefits

Other Fringe Benefits	\$	450	
Workers' Compensation Insurance		37,687	
Total Employee Benefits			38,137

Capital Outlay

Highway Construction	\$	3,950	
Highway Equipment		123,378	
Motor Vehicles		22,353	
Office Equipment		1,256	
State Aid Projects		329,832	
Other Construction		1,891	
Total Capital Outlay			482,660

Total Highway/Public Works Fund \$ 2,135,116

General Debt Service FundPrincipal on DebtGeneral Government

Principal on Bonds	\$	2,100	
Principal on Other Loans		331,160	
Total General Government			\$ 333,260

(Continued)

## Exhibit J-7

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

General Debt Service Fund (Cont.)Principal on Debt (Cont.)Education

Principal on Bonds	\$ 362,900	
Principal on Other Loans	<u>2,807,694</u>	
Total Education		\$ 3,170,594

Interest on DebtGeneral Government

Interest on Bonds	\$ 9,159	
Interest on Other Loans	<u>205,105</u>	
Total General Government		214,264

Education

Interest on Bonds	\$ 475,289	
Interest on Notes	1,541	
Interest on Other Loans	<u>1,046,875</u>	
Total Education		1,523,705

Other Debt ServiceGeneral Government

Trustee's Commission	\$ 80,192	
Total General Government		80,192

Education

Other Debt Service	\$ 15,700	
Total Education		<u>15,700</u>

Total General Debt Service Fund \$ 5,337,715

Special Debt Service FundPrincipal on DebtGeneral Government

Principal on Other Loans	\$ 265,000	
Total General Government		\$ 265,000

Interest on DebtGeneral Government

Interest on Other Loans	\$ 13,241	
Total General Government		13,241

(Continued)



## Exhibit J-7

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

<u>Special Debt Service Fund (Cont.)</u>			
<u>Other Debt Service</u>			
<u>General Government</u>			
Other Debt Service	\$	600	
Total General Government			\$ 600
Total Special Debt Service Fund			\$ 278,841
<u>General Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Public Health and Welfare Projects</u>			
Engineering Services	\$	21,750	
Building Improvements		140,330	
Other Construction		73,764	
Total Public Health and Welfare Projects			\$ 235,844
<u>Social, Cultural, and Recreation Projects</u>			
Contracts with Private Agencies	\$	4,095	
Other Equipment		10,583	
Total Social, Cultural, and Recreation Projects			14,678
Total General Capital Projects Fund			250,522
<u>Highway Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Highway and Street Capital Projects</u>			
Trustee's Commission	\$	6,150	
Highway Construction		673,324	
Total Highway and Street Capital Projects			\$ 679,474
Total Highway Capital Projects Fund			679,474
<u>Other Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Contributions	\$	3,371	
Total Education Capital Projects			\$ 3,371
Total Other Capital Projects Fund			3,371
Total Governmental Funds - Primary Government			\$ 25,932,839

## Exhibit J-8

Hamblen County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Hamblen County School Department  
For the Year Ended June 30, 2012

General Purpose School FundInstructionRegular Instruction Program

Teachers	\$ 22,047,642	
Career Ladder Program	172,897	
Career Ladder Extended Contracts	93,600	
Salary Supplements	432,259	
Educational Assistants	1,015,520	
Other Salaries and Wages	7,700	
Certified Substitute Teachers	137,108	
Non-certified Substitute Teachers	253,492	
Social Security	1,415,491	
State Retirement	2,094,482	
Life Insurance	33,324	
Medical Insurance	4,207,653	
Unemployment Compensation	24,276	
Employer Medicare	340,537	
Other Fringe Benefits	666,276	
Other Contracted Services	121,608	
Instructional Supplies and Materials	366,524	
Textbooks	846,119	
Other Supplies and Materials	14,886	
Other Charges	172,200	
Regular Instruction Equipment	825,158	
Total Regular Instruction Program		\$ 35,288,752

Special Education Program

Teachers	\$ 2,786,708
Career Ladder Program	27,485
Career Ladder Extended Contracts	3,600
Educational Assistants	375,956
Speech Pathologist	212,280
Certified Substitute Teachers	13,348
Non-certified Substitute Teachers	28,415
Social Security	205,648
State Retirement	305,918
Life Insurance	5,189
Medical Insurance	674,699
Unemployment Compensation	3,779
Employer Medicare	48,467
Other Contracted Services	512,027
Instructional Supplies and Materials	28,277

(Continued)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Instruction (Cont.)Special Education Program (Cont.)

Textbooks	\$	907	
Other Charges		40,874	
Special Education Equipment		46,310	
Total Special Education Program			\$ 5,319,887

Vocational Education Program

Teachers	\$	2,078,399	
Career Ladder Program		22,325	
Certified Substitute Teachers		12,675	
Non-certified Substitute Teachers		19,855	
Social Security		126,452	
State Retirement		190,115	
Life Insurance		2,717	
Medical Insurance		347,206	
Unemployment Compensation		1,931	
Employer Medicare		29,593	
Instructional Supplies and Materials		47,069	
Other Supplies and Materials		12,659	
Vocational Instruction Equipment		10,537	
Total Vocational Education Program			2,901,533

Student Body Education Program

Other Contracted Services	\$	23,857	
Other Supplies and Materials		39,261	
Other Charges		16,158	
Total Student Body Education Program			79,276

Adult Education Program

Teachers	\$	63,191	
Social Security		3,885	
State Retirement		5,180	
Life Insurance		58	
Medical Insurance		9,328	
Unemployment Compensation		41	
Employer Medicare		909	
Instructional Supplies and Materials		21,399	
Total Adult Education Program			103,991

(Continued)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Instruction (Cont.)Other

Other Charges	\$ 59,223	
Total Other		\$ 59,223

Support ServicesAttendance

Travel	\$ 3,757	
Total Attendance		3,757

Health Services

Medical Personnel	\$ 351,693	
Other Salaries and Wages	2,887	
Social Security	20,754	
State Retirement	30,920	
Life Insurance	869	
Medical Insurance	113,437	
Unemployment Compensation	616	
Employer Medicare	4,854	
Travel	5,203	
Drugs and Medical Supplies	3,394	
Other Supplies and Materials	6,722	
In Service/Staff Development	133	
Total Health Services		541,482

Other Student Support

Career Ladder Program	\$ 4,590	
Guidance Personnel	793,759	
Other Salaries and Wages	8,932	
Social Security	45,723	
State Retirement	69,856	
Life Insurance	806	
Medical Insurance	130,246	
Unemployment Compensation	822	
Employer Medicare	11,098	
Evaluation and Testing	28,528	
Total Other Student Support		1,094,360

Regular Instruction Program

Supervisor/Director	\$ 32,283
Career Ladder Program	1,000

(Continued)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Regular Instruction Program (Cont.)

Secretary(ies)	\$	129,494	
Other Salaries and Wages		83,982	
In-Service Training		25,437	
Social Security		15,215	
State Retirement		15,418	
Life Insurance		306	
Medical Insurance		31,669	
Unemployment Compensation		329	
Employer Medicare		3,558	
Travel		17,190	
Other Contracted Services		30,093	
Library Books/Media		24,339	
Other Supplies and Materials		22,256	
In Service/Staff Development		10,039	
Other Charges		31,286	
Other Equipment		13,256	
Total Regular Instruction Program			\$ 487,150

Special Education Program

Supervisor/Director	\$	58,752	
Career Ladder Program		1,000	
Secretary(ies)		60,847	
Clerical Personnel		21,782	
Social Security		8,711	
State Retirement		13,323	
Life Insurance		219	
Medical Insurance		21,790	
Unemployment Compensation		153	
Employer Medicare		2,037	
Maintenance and Repair Services - Equipment		579	
Travel		5,354	
Other Contracted Services		2,974	
Other Supplies and Materials		1,885	
Other Charges		24,864	
Total Special Education Program			224,270

Vocational Education Program

Supervisor/Director	\$	67,136	
Career Ladder Program		1,000	

(Continued)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Vocational Education Program (Cont.)

Secretary(ies)	\$	30,186	
Social Security		5,702	
State Retirement		9,058	
Life Insurance		115	
Medical Insurance		18,656	
Unemployment Compensation		83	
Employer Medicare		1,334	
Travel		3,714	
Total Vocational Education Program			\$ 136,984

Adult Programs

Supervisor/Director	\$	54,492	
Other Salaries and Wages		10,960	
Social Security		4,058	
State Retirement		4,932	
Life Insurance		58	
Medical Insurance		5,747	
Unemployment Compensation		82	
Employer Medicare		949	
Travel		149	
In Service/Staff Development		1,342	
Total Adult Programs			82,769

Other Programs

On-Behalf Payments to OPEB	\$	656,888	
Total Other Programs			656,888

Board of Education

Board and Committee Members Fees	\$	36,800	
Social Security		2,282	
State Retirement		2,606	
Life Insurance		336	
Employer Medicare		534	
Audit Services		24,790	
Dues and Memberships		11,841	
Legal Services		9,128	
Travel		21,488	
Liability Insurance		143,590	
Premiums on Corporate Surety Bonds		1,739	

(Continued)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Board of Education (Cont.)

Trustee's Commission	\$	479,212	
Workers' Compensation Insurance		159,846	
Other Charges		15,932	
Total Board of Education			\$ 910,124

Director of Schools

County Official/Administrative Officer	\$	111,172	
Assistant(s)		177,154	
Career Ladder Program		3,000	
Secretary(ies)		86,459	
Social Security		23,063	
State Retirement		42,742	
Life Insurance		662	
Medical Insurance		39,667	
Unemployment Compensation		206	
Employer Medicare		5,690	
Communication		20,271	
Postal Charges		13,500	
Travel		16,293	
Other Contracted Services		5,250	
Office Supplies		13,052	
Other Charges		9,976	
Total Director of Schools			568,157

Office of the Principal

Principals	\$	1,198,085	
Career Ladder Program		27,500	
Assistant Principals		819,108	
Secretary(ies)		636,707	
Social Security		160,573	
State Retirement		246,041	
Life Insurance		3,039	
Medical Insurance		425,796	
Unemployment Compensation		2,424	
Employer Medicare		37,553	
Communication		87,425	
Total Office of the Principal			3,644,251

(Continued)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Fiscal Services

Supervisor/Director	\$	72,862	
Accountants/Bookkeepers		115,854	
Social Security		11,496	
State Retirement		18,079	
Life Insurance		233	
Medical Insurance		26,256	
Unemployment Compensation		206	
Employer Medicare		2,689	
Maintenance and Repair Services - Equipment		11,778	
Travel		4,357	
Other Contracted Services		4,109	
Data Processing Supplies		5,289	
Office Supplies		4,647	
Administration Equipment		14,662	
Total Fiscal Services			\$ 292,517

Operation of Plant

Custodial Personnel	\$	1,574,423	
Other Salaries and Wages		37,364	
Social Security		95,834	
State Retirement		139,837	
Life Insurance		2,797	
Medical Insurance		364,611	
Unemployment Compensation		2,465	
Employer Medicare		22,711	
Other Contracted Services		229,139	
Custodial Supplies		181,211	
Electricity		1,868,562	
Natural Gas		249,656	
Water and Sewer		372,869	
Other Supplies and Materials		17,000	
Other Charges		4,300	
Plant Operation Equipment		23,365	
Total Operation of Plant			5,186,144

Maintenance of Plant

Supervisor/Director	\$	50,184	
Maintenance Personnel		584,704	
Social Security		38,306	

(Continued)



## Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Maintenance of Plant (Cont.)

State Retirement	\$	60,823	
Life Insurance		1,037	
Medical Insurance		126,922	
Unemployment Compensation		740	
Employer Medicare		8,959	
Maintenance and Repair Services - Buildings		324,266	
Maintenance and Repair Services - Equipment		70,254	
Equipment and Machinery Parts		89,385	
Uniforms		7,038	
Other Charges		911	
Maintenance Equipment		28,590	
Total Maintenance of Plant			\$ 1,392,119

Transportation

Supervisor/Director	\$	42,206	
Mechanic(s)		169,284	
Bus Drivers		767,294	
Clerical Personnel		33,816	
Social Security		58,608	
State Retirement		91,841	
Life Insurance		3,193	
Medical Insurance		403,307	
Unemployment Compensation		2,383	
Employer Medicare		13,707	
Maintenance and Repair Services - Vehicles		29,568	
Medical and Dental Services		6,500	
Travel		1,636	
Diesel Fuel		430,547	
Garage Supplies		1,970	
Gasoline		61,935	
Lubricants		19,266	
Tires and Tubes		58,043	
Uniforms		2,736	
Vehicle Parts		92,299	
Other Supplies and Materials		8,703	
Vehicle and Equipment Insurance		46,765	
Other Charges		25,506	
Transportation Equipment		392,963	
Total Transportation			2,764,076

(Continued)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Central and Other

Supervisor/Director	\$	68,542	
Computer Programmer(s)		40,998	
Secretary(ies)		29,743	
Other Salaries and Wages		375,473	
Social Security		30,985	
State Retirement		49,314	
Life Insurance		691	
Medical Insurance		94,181	
Unemployment Compensation		576	
Employer Medicare		7,246	
Communication		10,766	
Consultants		6,098	
Travel		6,686	
Other Contracted Services		118,541	
Office Supplies		10,233	
Uniforms		5,737	
In Service/Staff Development		2,000	
Data Processing Equipment		409,302	
Total Central and Other			\$ 1,267,112

Operation of Non-Instructional ServicesCommunity Services

Supervisor/Director	\$	27,013	
Other Salaries and Wages		156,253	
Social Security		11,363	
State Retirement		2,760	
Life Insurance		48	
Medical Insurance		5,747	
Unemployment Compensation		581	
Employer Medicare		2,657	
Travel		480	
Other Contracted Services		185	
Other Supplies and Materials		267	
Other Charges		24,255	
Other Equipment		555	
Total Community Services			232,164

Early Childhood Education

Teachers	\$	276,500	
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(Continued)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Operation of Non-Instructional Services (Cont.)Early Childhood Education (Cont.)

Career Ladder Program	\$	1,000	
Educational Assistants		194,674	
Non-certified Substitute Teachers		7,508	
Social Security		27,914	
State Retirement		26,970	
Life Insurance		461	
Medical Insurance		53,612	
Unemployment Compensation		902	
Employer Medicare		6,720	
Instructional Supplies and Materials		31,569	
In Service/Staff Development		2,911	
Other Charges		3,348	
Other Equipment		5,383	
Total Early Childhood Education			\$ 639,472

Capital OutlayRegular Capital Outlay

Building Improvements	\$	836,752	
Total Regular Capital Outlay			836,752

Other Debt ServiceEducation

Other Debt Service	\$	500,000	
Total Education			500,000

Total General Purpose School Fund \$ 65,213,210

School Federal Projects FundInstructionRegular Instruction Program

Teachers	\$	1,756,121	
Educational Assistants		282,975	
Certified Substitute Teachers		2,952	
Non-certified Substitute Teachers		9,048	
Social Security		120,818	
State Retirement		173,961	
Life Insurance		1,911	
Medical Insurance		358,046	
Unemployment Compensation		2,284	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Employer Medicare	\$	29,310	
Instructional Supplies and Materials		502,357	
Other Supplies and Materials		56,149	
Total Regular Instruction Program			\$ 3,295,932

Special Education Program

Teachers	\$	178,041	
Educational Assistants		1,439,873	
Certified Substitute Teachers		130	
Non-certified Substitute Teachers		24,130	
Social Security		96,210	
State Retirement		142,239	
Life Insurance		4,132	
Medical Insurance		491,894	
Unemployment Compensation		3,718	
Employer Medicare		22,810	
Other Contracted Services		72,278	
Instructional Supplies and Materials		43,491	
Other Supplies and Materials		949	
Special Education Equipment		279,651	
Total Special Education Program			2,799,546

Vocational Education Program

Other Salaries and Wages	\$	1,200	
Social Security		74	
State Retirement		109	
Employer Medicare		17	
Instructional Supplies and Materials		61,133	
Vocational Instruction Equipment		144,351	
Total Vocational Education Program			206,884

Support Services

Other Student Support

Guidance Personnel	\$	139,236	
Other Salaries and Wages		1,635	
Social Security		7,554	
State Retirement		10,441	
Life Insurance		144	
Medical Insurance		23,302	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Unemployment Compensation	\$	90	
Employer Medicare		1,982	
Travel		25,993	
Other Supplies and Materials		21,699	
Other Charges		13,508	
Total Other Student Support			\$ 245,584

Regular Instruction Program

Supervisor/Director	\$	52,785	
Other Salaries and Wages		489,956	
Certified Substitute Teachers		6,760	
Non-certified Substitute Teachers		19,168	
Social Security		28,891	
State Retirement		41,475	
Life Insurance		427	
Medical Insurance		55,364	
Unemployment Compensation		962	
Employer Medicare		8,216	
Travel		53,259	
Other Contracted Services		250	
Other Supplies and Materials		19,591	
In Service/Staff Development		69,799	
Total Regular Instruction Program			846,903

Special Education Program

Travel	\$	19,676	
Other Supplies and Materials		4,178	
In Service/Staff Development		25,364	
Other Charges		3,073	
Total Special Education Program			52,291

Vocational Education Program

Travel	\$	2,650	
Total Vocational Education Program			2,650

Board of Education

Workers' Compensation Insurance	\$	9,375	
Total Board of Education			9,375

(Continued)

## Exhibit J-8

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

School Federal Projects Fund (Cont.)Support Services (Cont.)Office of the Principal

Assistant Principals	\$	27,772	
Social Security		1,705	
State Retirement		2,513	
Life Insurance		29	
Medical Insurance		2,813	
Unemployment Compensation		45	
Employer Medicare		399	
Total Office of the Principal			\$ 35,276

Transportation

Other Charges	\$	47,508	
Total Transportation			47,508

Total School Federal Projects Fund \$ 7,541,949

Central Cafeteria FundSupport ServicesBoard of Education

Audit Services	\$	3,305	
Workers' Compensation Insurance		45,000	
Total Board of Education			\$ 48,305

Operation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	45,919	
Accountants/Bookkeepers		32,561	
Clerical Personnel		29,374	
Cafeteria Personnel		1,439,875	
Other Salaries and Wages		54,938	
In-Service Training		34,963	
Social Security		98,052	
State Retirement		75,016	
Life Insurance		2,603	
Medical Insurance		329,998	
Unemployment Compensation		4,915	
Employer Medicare		23,069	
Maintenance and Repair Services - Equipment		45,815	
Travel		2,786	
Other Contracted Services		251,146	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Food Supplies	\$ 1,842,592	
Office Supplies	3,453	
USDA - Commodities	231,721	
Other Supplies and Materials	183,853	
In Service/Staff Development	941	
Other Charges	21,970	
Food Service Equipment	<u>151,184</u>	
Total Food Service		<u>\$ 4,906,744</u>

Total Central Cafeteria Fund \$ 4,955,049

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Improvements	\$ 1,278,872	
Total Education Capital Projects		<u>\$ 1,278,872</u>

Total Education Capital Projects Fund 1,278,872

Other Capital Projects - QSCB

Capital Projects

Education Capital Projects

Architects	\$ 58,724	
Engineering Services	2,025	
Building Construction	4,733,317	
Furniture and Fixtures	160,961	
Regular Instruction Equipment	<u>94,848</u>	
Total Education Capital Projects		<u>\$ 5,049,875</u>

Total Other Capital Projects - QSCB 5,049,875

Total Governmental Funds - Hamblen County School Department \$ 84,038,955

Exhibit J-9

Hamblen County, Tennessee  
Schedule of Detailed Receipts, Disbursements, and Changes  
in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2012

	Cities - Sales Tax Fund
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 10,343,753
Total Cash Receipts	<u>\$ 10,343,753</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 10,250,820
Trustee's Commission	103,438
Total Cash Disbursements	<u>\$ 10,354,258</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ (10,505)
Cash Balance, July 1, 2011	<u>10,955</u>
Cash Balance, June 30, 2012	<u><u>\$ 450</u></u>



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## **SINGLE AUDIT SECTION**

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

REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

December 7, 2012

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

To the County Mayor and Board of County Commissioners:

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 Hamblen County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Hamblen County's basic financial statements and have issued our report thereon dated December 7, 2012. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Hamblen County Emergency Communications District as described in our report on Hamblen County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

The management of Hamblen County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Hamblen County'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 Hamblen County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hamblen County'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 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: 12.02 and 12.03. 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.

#### Compliance and Other Matters

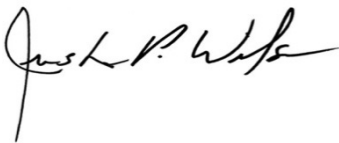
As part of obtaining reasonable assurance about whether Hamblen County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 12.01.

We noted certain matters that we reported to management of Hamblen County in separate communications.

Hamblen County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Hamblen County's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the county mayor, highway commissioner, director of schools, County Commission, Board of Highway Commissioners, Board of Education, others within Hamblen County, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long, sweeping underline.

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb



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

REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditor's Report

December 7, 2012

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Hamblen County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Hamblen County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Hamblen County's management. Our responsibility is to express an opinion on Hamblen County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test

basis, evidence about Hamblen 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. Our audit does not provide a legal determination of Hamblen County's compliance with those requirements.

In our opinion, Hamblen County complied, in all material respects, with the 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, 2012.

#### Internal Control Over Compliance

The management of Hamblen County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Hamblen County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hamblen 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of Federal Awards

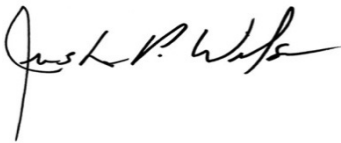
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hamblen County as of and for the year ended June 30, 2012, and have issued our report thereon dated December 7, 2012. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the

audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hamblen County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Hamblen County's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the county mayor, highway commissioner, director of schools, County Commission, Board of Highway Commissioners, Board of Education, others within Hamblen County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical line extending from the bottom of the "n" in "Wilson".

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

Hamblen County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2012

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 908,746
National School Lunch Program	10.555	N/A	2,616,868 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	231,721 (3)
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	N/A	7,991
Total U.S. Department of Agriculture			<u>\$ 3,765,326</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant/State's Program	14.228	GG-09-27471-00	\$ 21,750
Home Investment Partnerships Program	14.239	(4)	215,189
Total U.S. Department of Housing and Urban Development			<u>\$ 236,939</u>
U.S. Department of Justice:			
Direct Program:			
State Criminal Alien Assistance Program	16.606	N/A	\$ 6,369
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	11984	9,570
Passed-through Tennessee Bureau of Investigation:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	(2)	329
Total U.S. Department of Justice			<u>\$ 16,268</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 2,050,803
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	43,774
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,350,569
Special Education - Preschool Grants	84.173	N/A	60,060
Special Education - Grants to States, Recovery Act	84.391	N/A	285,350
Special Education - Preschool Grants, Recovery Act	84.392	N/A	2,663
Career and Technical Education - Basic Grants to States	84.048	N/A	241,281

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	\$ 240
Education for Homeless Children and Youth Cluster:			
Education for Homeless Children and Youth	84.196	(2)	64,468
Education for Homeless Children and Youth, Recovery Act	84.387	(2)	2,797
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	30,202
Education Technology State Grants, Recovery Act	84.386	(2)	2,505
English Language Acquisition Grants	84.365	N/A	108,727
Improving Teacher Quality State Grants	84.367	N/A	387,286
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	9,064
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	385,006
Education Jobs Fund	84.410	N/A	1,579,868
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	122,284
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	(2)	40,849
Total U.S. Department of Education			<u>\$ 7,767,796</u>
U.S. Department of Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	30029	\$ 58,140
Total U.S. Department of Election Assistance Commission			<u>\$ 58,140</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	N/A	\$ 27,200
Homeland Security Preparedness Technical Assistance Program	97.007	(5)	36,812
Total U.S. Department of Homeland Security			<u>\$ 64,012</u>
Total Expenditures of Federal Awards			<u>\$ 11,908,481</u>

(Continued)



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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Juvenile Service Program - State Commission on Children and Youth	N/A	11984	\$ 10,430
Litter Program - State Department of Transportation	N/A	Z-12-LIT032	47,657
Health Department Program - State Department of Health	N/A	Z-12-43797-00	372,405
Waste Tire Grant - State Department of Environment and Conservation	N/A	Z-08-213010-00	25,326
Internet Connectivity Grant - State Department of Education	N/A	(2)	34,613
Early Childhood Education Pilot Program - State Department of Education	N/A	(2)	614,193
Adult Basic Education Grant - State Department of Labor and Workforce Development	N/A	(2)	41,372
Family Resource Center Grant - State Department of Education	N/A	(2)	59,223
Safe Schools Act Grant - State Department of Education	N/A	(2)	39,980
Coordinated School Health - State Department of Education	N/A	(2)	99,341
High Schools That Work Grant - State Department of Education	N/A	(2)	6,243
Drug Court Recovery - State Office of Criminal Justice Programs	N/A	(2)	49,882
ACT/Explore - State Department of Education	N/A	(2)	10,864
Drivers Education - State Department of Education	N/A	(2)	18,395
After School Program - State Department of Human Services	N/A	(2)	36,321
Total State Grants			<u>\$ 1,466,245</u>

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

- (1) - Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.  
(2) - Information not available.  
(3) - Total for CFDA No. 10.555 is \$2,848,589.  
(4) - HN-08-17: \$141,182; HN-10-20: \$74,007.  
(5) - 34101-0000002590: \$6,134; 34101-0000009367: \$30,678.

Hamblen County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2012

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. There were no uncorrected findings from the Annual Financial Report for Hamblen County, Tennessee, for the year ended June 30, 2011.

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**HAMBLEN COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2012**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

1. Our report on the financial statements of Hamblen County is unqualified.
2. The audit of the financial statements of Hamblen County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Hamblen County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. Our audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555); the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); Improving Teacher Quality State Grants (CFDA No. 84.367); State Fiscal Stabilization Funds – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395); and Education Jobs Fund (CFDA No. 84.410) were determined to be major programs.
8. A \$357,254 threshold was used to distinguish between Type A and Type B federal programs.
9. Hamblen County did not qualify as a low-risk auditee.

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

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

### **OFFICES OF COUNTY MAYOR, TRUSTEE, AND CLERK AND MASTER**

#### **FINDING 12.01      **THE OFFICES HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES****

(Noncompliance Under *Government Auditing Standards*)

System backups were not regularly stored off-site. Section 10-7-121, *Tennessee Code Annotated*, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied daily to storage media, and media more than one week old be stored at an off-site location. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Proper system backup procedures were implemented in December 2011.

#### **RECOMMENDATION**

Management should ensure backups are rotated off-site on a routine basis.

#### **MANAGEMENT'S RESPONSE – COUNTY MAYOR**

I fully understand the importance of internal controls, and my staff works diligently to ensure that strict internal controls are in place to protect the assets of Hamblen County. As stated in the finding, this was immediately corrected in December 2011, when it was brought to my attention.

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### **OFFICES OF TRUSTEE AND CLERK AND MASTER**

#### **FINDING 12.02      **THE ACCOUNTING SOFTWARE DID NOT IDENTIFY THE USER WHO PROCESSED EACH TRANSACTION****

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

Although each employee had been assigned a unique username and password for accessing the offices' accounting software, the software did not record the user who processed each transaction. Since the vendor did not design the system with these controls, the employee responsible for this activity would not be easily identified if inappropriate activity were to

occur. Sound business practices dictate that each transaction be identified with the individual creating the transaction. The trustee's deficiency was corrected in April 2012, and the clerk and master's deficiency was corrected in July 2012, when the offices changed to a new software.

#### RECOMMENDATION

Management should ensure the software records the user who processed each transaction.

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#### OFFICE OF COUNTY CLERK

**FINDING 12.03      USERNAMES AND PASSWORDS WERE SHARED BY EMPLOYEES**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

One employee had not been assigned a unique username and password for accessing the office's accounting software and as a result shared a username and password with another employee. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because employees shared this username and password. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight. Proper controls were implemented in January 2012.

#### RECOMMENDATION

Each employee should access the application using his or her unique username and password to ensure transactions are properly identified to that employee.

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#### BEST PRACTICE

##### **HAMBLÉN COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

Hamblen County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Hamblen County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting and purchasing covering all county departments.

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

There were no findings and questioned costs for federal programs.

**HAMBLLEN COUNTY, TENNESSEE**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2012**

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