
ANNUAL FINANCIAL REPORT HAMBLEN COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2011



ANNUAL FINANCIAL REPORT
HAMBLEEN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2011

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF COUNTY AUDIT
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This financial report is available at www.tn.gov/comptroller

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Audit Highlights
Annual Financial Report
Hamblen County, Tennessee
For the Year Ended June 30, 2011

Scope

We have audited the basic financial statements of Hamblen County as of and for the year ended June 30, 2011.

Results

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

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

Finding and Best Practice

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

OFFICES OF CLERK AND MASTER, REGISTER, AND SHERIFF

- ◆ Multiple employees operated from the same cash drawer.

BEST PRACTICE

Hamblen County does not have a central system of accounting, budgeting, and purchasing. The Division of County 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.

INTRODUCTORY SECTION

Hamblen County Officials

June 30, 2011

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 Jarnigan, Sheriff
Joey Barnard, Finance Director

Board of County Commissioners

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

Board of Highway Commissioners

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

Board of Education

Joe Gibson, Jr., Chairman	Janice Haun
Charles Cross	Carolyn Holt
Roger Greene	Clyde Kinder
James Grigsby	

Audit Committee

Herbert Harville, Chairman	Louis Jarvis
Stancil Ford	Tom Massey
Doyle Fullington	Howard Shipley

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

December 21, 2011

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, 2011, 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 2.2 percent and 1.2 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, 2011, 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 21, 2011, 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.

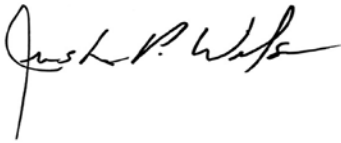
As described in Note V.B., Hamblen County has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 28 and the budgetary comparison, pension, and other postemployment benefits information on pages 91 through 99 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 prominent vertical stroke at the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Bill Brittain
County Mayor



"The People's House"

HAMBLEN COUNTY, TENNESSEE MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2011

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, 2011. 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 component unit.

FINANCIAL HIGHLIGHTS

- The liabilities of Hamblen County exceeded its assets at the close of the fiscal year by approximately \$8.8 million (net assets). However, it should be noted that the financial statements of Hamblen County included debt totaling approximately \$42 million attributed to the Hamblen County Board of Education. The discretely presented Hamblen County School Department's assets exceeded its liabilities by approximately \$59.3 million at June 30, 2011.
- The primary government's total net assets decreased by approximately \$10.2 million. The discretely presented Hamblen County School Department's net assets increased by approximately \$11.3 million. The decrease in the primary government's total net assets coincides with the increase of the discretely presented Hamblen County School Department's total net assets as a result of the contribution of other loan proceeds to the discretely presented Hamblen County School Department for the construction and renovation of school buildings.
- As of the close of the fiscal year, Hamblen County's Governmental Funds reported approximately \$16.8 million in total combined fund balances; this is an approximate

decrease of \$11.8 million from the previous period. Of this amount, approximately \$4.5 million represents funds that are available for spending (assigned and unassigned).

- The discretely presented Hamblen County School Department's governmental funds reported approximately \$23.1 million in total combined fund balances; this is an increase of approximately \$11.2 million from the previous period.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was approximately \$3.9 million or 28.5 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 \$11 million or 16.1 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 \$1.9 million or four 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 11 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, General Debt Service, and Other Capital Projects – QSCB 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 and Other Capital Projects – QSCB funds are considered major funds.

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, 2011, by \$8,819,328. 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 \$42,032,335. 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, 2011, by \$59,334,167.

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

	Hamblen County Primary Government Governmental Activities	
	2010	2011
Current and Other Assets	\$ 47,285,244	\$ 39,705,288
Capital Assets	20,927,297	20,536,028
Total Assets	\$ 68,212,541	\$ 60,241,316
Long-term Liabilities Outstanding	\$ 49,237,925	\$ 47,384,298
Other Liabilities	17,642,519	21,676,346
Total Liabilities	\$ 66,880,444	\$ 69,060,644
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 16,055,616	\$ 15,921,831
Restricted	24,554,916	9,588,392
Unrestricted	(39,278,435)	(34,329,551)
Total Net Assets	\$ 1,332,097	\$ (8,819,328)
	Hamblen County School Department Governmental Activities	
	2010	2011
Current and Other Assets	\$ 30,673,345	\$ 40,372,331
Capital Assets	42,526,894	44,757,267
Total Assets	\$ 73,200,239	\$ 85,129,598
Long-term Liabilities Outstanding	\$ 17,309,376	\$ 10,048,274
Other Liabilities	7,870,385	15,747,157
Total Liabilities	\$ 25,179,761	\$ 25,795,431
Net Assets:		
Invested in Capital Assets	\$ 42,526,894	\$ 44,757,267
Restricted	3,753,523	9,910,002
Unrestricted	1,740,061	4,666,898
Total Net Assets	\$ 48,020,478	\$ 59,334,167

By far, the largest portion of Hamblen County's and the discretely presented Hamblen County School Department's net assets is \$15,921,831 and \$44,757,267, 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 \$9,588,392 and \$9,910,002, respectively, which are subject to external restrictions on how they may be used.

Hamblen County's unrestricted net assets are a negative \$34,329,551. This negative balance represents all unrestricted non-capital related assets net of Hamblen County's debt of \$46,898,455.

Hamblen County's and the discretely presented Hamblen County School Department's Changes in Net Assets

	Hamblen County Primary Government Governmental Activities	
	2010	2011
Revenues:		
Program Revenues:		
Charges for Services	\$ 5,456,197	\$ 4,729,361
Operating Grants and Contributions	2,343,472	2,802,914
Capital Grants and Contributions	1,385,555	578,864
General Revenues:		
Property Taxes	11,520,936	11,936,493
Sales Taxes	765,928	820,975
Other Taxes	1,930,908	2,041,240
Grants and Contributions Not Restricted to Specific Programs	1,972,233	1,952,772
Unrestricted Investment Income	386,868	261,055
Restricted Investment Income	19,455	0
Miscellaneous	338,154	359,579
Gain on Disposal of Capital Assets	0	4,977
Insurance Recovery	15,679	0
Total Revenues	\$ 26,135,385	\$ 25,488,230
Expenses:		
General Government	\$ 1,968,448	\$ 2,096,916
Finance	1,908,553	1,942,275
Administration of Justice	1,983,597	2,021,058
Public Safety	5,542,910	5,845,604
Public Health and Welfare	3,247,412	3,024,465
Social, Cultural, and Recreational Services	854,393	800,379
Agriculture and Natural Resources	166,114	168,278
Other Operations	1,375,543	1,362,348
Highways	2,478,247	2,274,174
Education	681,814	14,255,633
Interest	2,540,850	1,922,212
Other Debt Service	1,789,548	1,295
Total Expenses	\$ 24,537,429	\$ 35,714,637

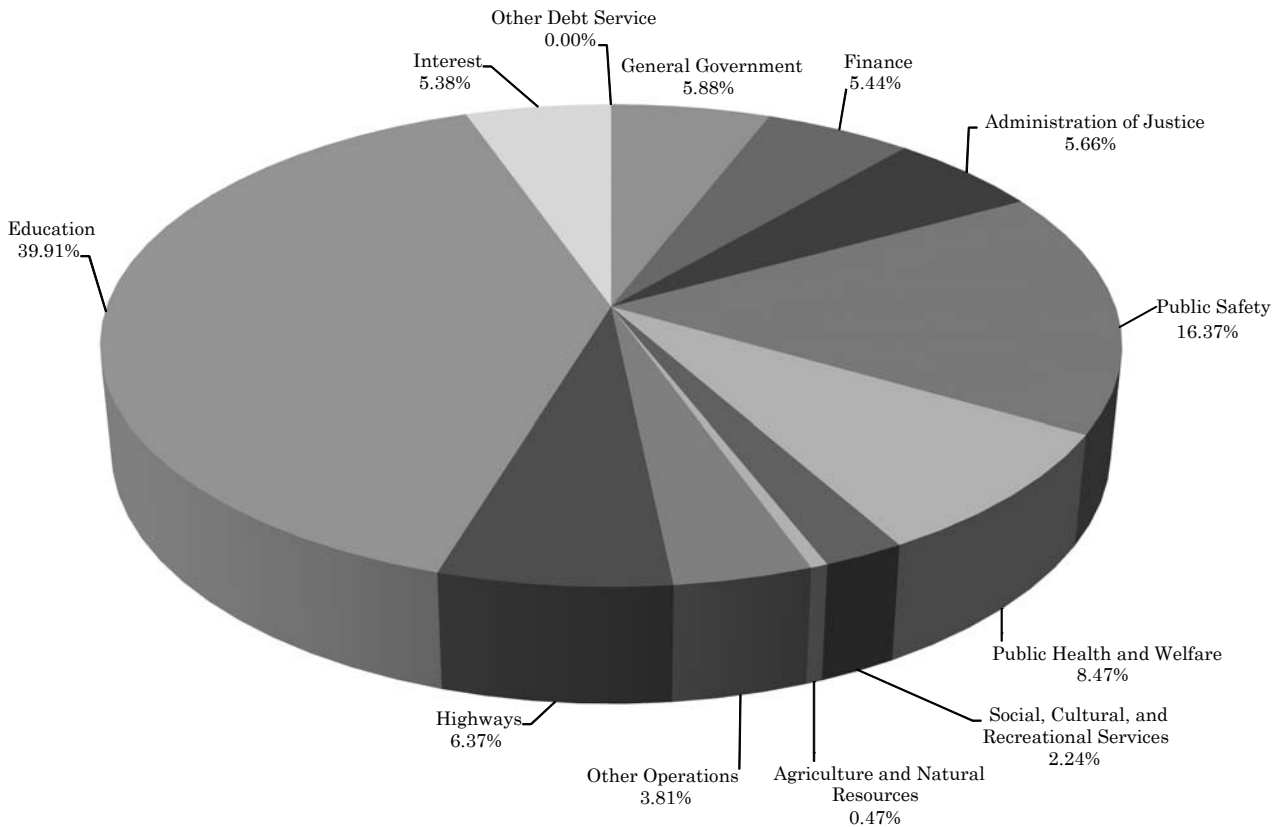
Hamblen County's and the discretely presented Hamblen County School Department's Changes in Net Assets (Cont.)

	Hamblen County Primary Government Governmental Activities	
	2010	2011
Increase (Decrease) in Net Assets	\$ 1,597,956	\$ (10,226,407)
Prior-period Adjustment	(405,854)	74,982
Net Assets, July 1	139,995	1,332,097
Net Assets, June 30	\$ 1,332,097	\$ (8,819,328)
	Hamblen County School Department Governmental Activities	
	2010	2011
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,232,825	\$ 2,142,649
Operating Grants and Contributions	10,429,885	11,279,313
Capital Grants and Contributions	597,218	14,300,210
General Revenues:		
Property Taxes	13,166,386	13,527,921
Sales Taxes	10,319,772	10,745,073
Other Taxes	722,377	715,704
Grants and Contributions Not Restricted to Specific Programs	39,690,171	41,185,805
Unrestricted Investment Income	4,891	1,777
Miscellaneous	42,180	75,138
Total Revenues	\$ 77,205,705	\$ 93,973,590
Expenses:		
General Government	\$ 77,894,433	\$ 82,659,901
Total Expenses	\$ 77,894,433	\$ 82,659,901
Increase (Decrease) in Net Assets	\$ (688,728)	\$ 11,313,689
Net Assets, July 1	48,709,206	48,020,478
Net Assets, June 30	\$ 48,020,478	\$ 59,334,167

Governmental Program Expenses

Education expenses of \$14,255,633 and Public Safety expenses of \$5,845,604 are the largest expenses of Hamblen County, which when combined total \$20,101,237 and are 56 percent of total expenses. Of this amount, \$1,023,065 was recovered by charges for services, \$598,982 from operating grants/contributions, and \$130,775 from capital grants/contributions. For additional details, see illustrations below. Note that amounts are rounded to two decimal places in the following chart.

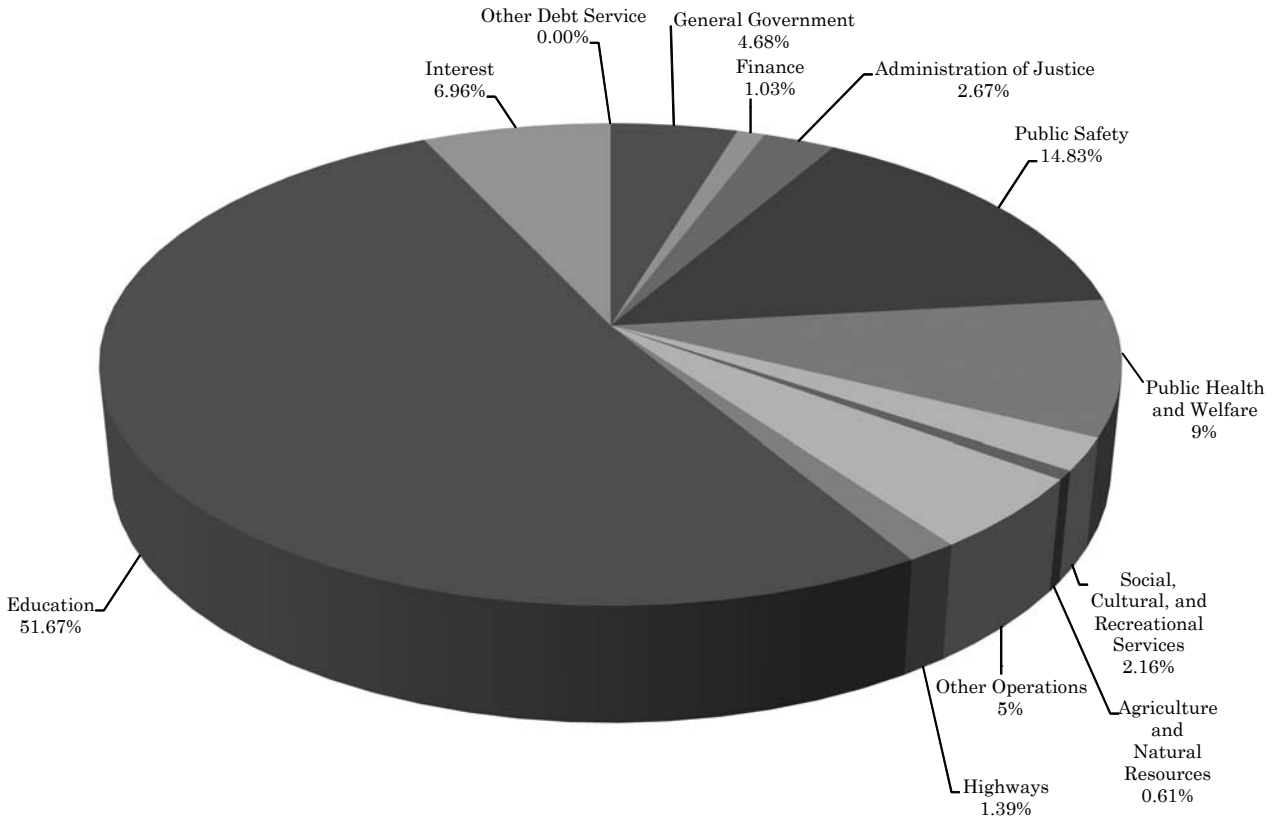
Governmental Program Expenses



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

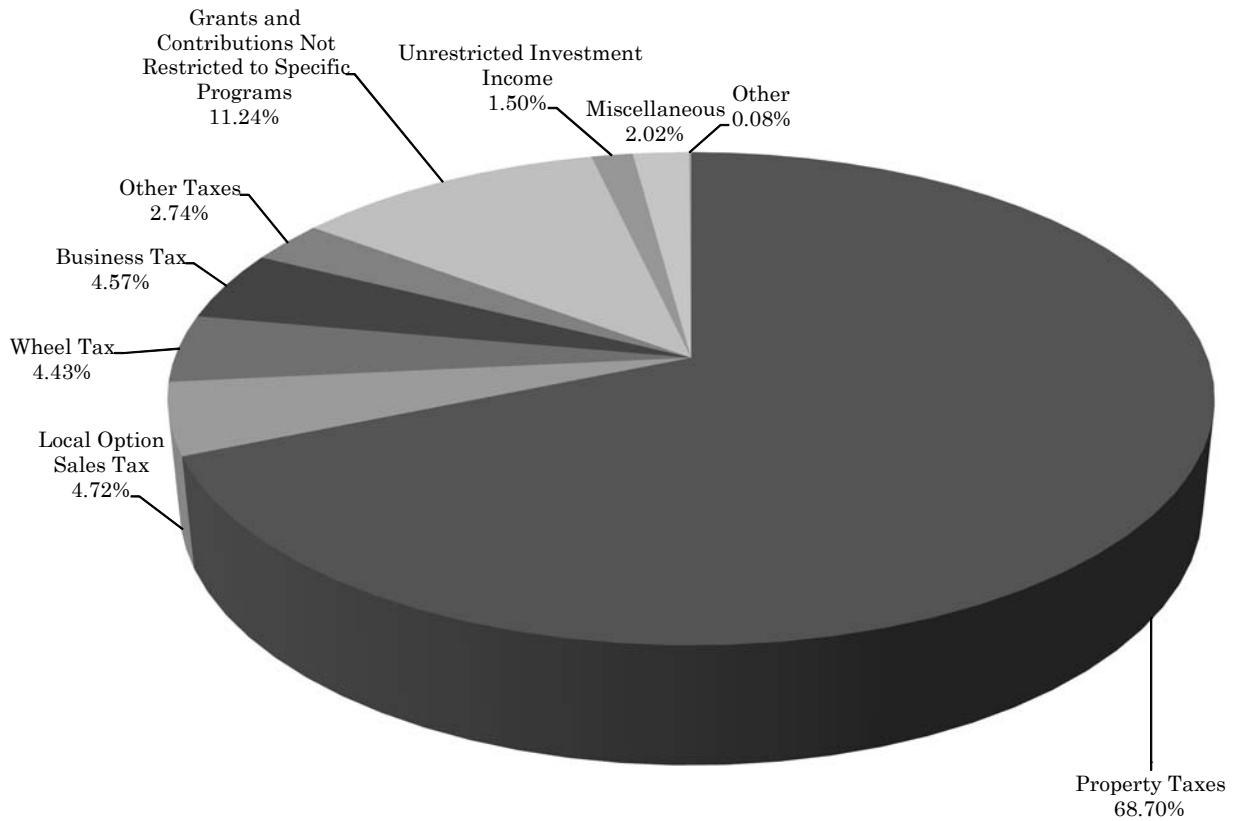


Revenues on the government-wide Statement of Activities are broken into two major categories, program and general revenues.

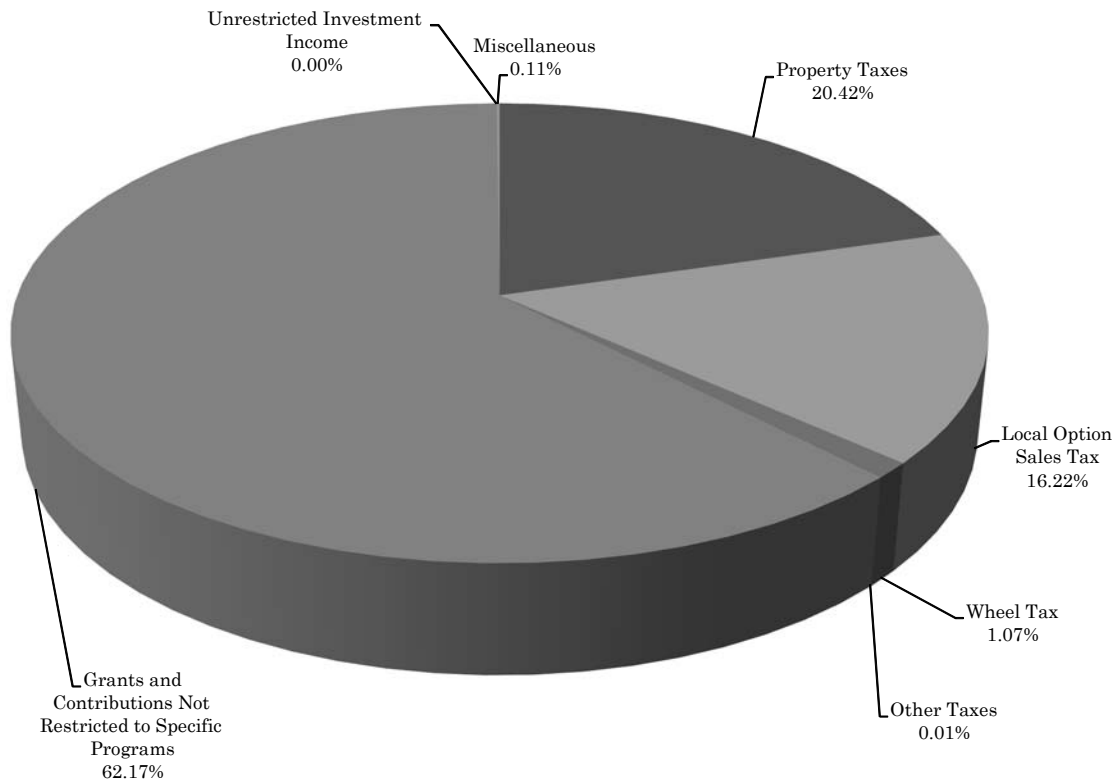
Program revenues are three types: charges for services (arise from charges to customers), operating grants and contributions (restricted for a specific purpose), and capital grants and contributions (restricted for a specific purpose).

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 \$74,870 and \$174,048, 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 \$9,537,009 and \$9,735,954, 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 \$2,646,736 and \$1,353,886, 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 \$585,959 and \$914,366, 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 \$3,946,275 and \$10,948,816, 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 \$16,790,849, a decrease of \$11,796,648. The discretely presented Hamblen County School Department’s governmental funds reported fund balances totaling \$23,127,070, an increase of \$11,231,618. The decrease in Hamblen County’s governmental fund balances coincides with the increase of the discretely presented Hamblen County School Department’s governmental fund balances and is attributed to the contribution of other loan proceeds totaling \$10,623,374 to the discretely presented Hamblen County School Department for school construction.

The General Fund is the chief operating fund of Hamblen County. At the end of the current fiscal year, unassigned fund balance was \$3,946,275, while total fund balance reached \$5,653,971. Total fund balance for the General Fund increased \$2,065,477, of which \$1,032,947 is attributed to the transfer from the Hospital Debt Service Fund for the balance of funds that had been created by enabling legislation. 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 30 percent of total General Fund expenditures, while total fund balance represents 43.1 percent of that same amount.

The Solid Waste/Sanitation Fund continues to increase total 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 \$3,809,178 at June 30, 2011, an increase of \$424,207 from the previous year.

The General Debt Service Fund had a total fund balance of \$5,714,034 at June 30, 2011, a decrease of \$2,406,250.

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 \$10,948,816, while total fund balance reached \$12,818,556. Total fund balance for the General Purpose School Fund increased \$3,046,755. 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 17.2 percent of total General Purpose School Fund expenditures, while total fund balance represents 20.2 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	\$ 1,662,876	\$ 1,785,254	\$ 122,378
Finance	1,095,474	1,099,474	4,000
Administration of Justice	1,649,685	1,699,135	49,450
Public Safety	5,687,540	5,849,020	161,480
Public Health and Welfare	801,942	804,690	2,748
Social, Cultural, and Recreational Services	805,425	823,746	18,321
Agriculture and Natural Resources	169,547	169,843	296
Other Operations	1,464,839	1,399,026	(65,813)
Interest	540	540	0
Capital Projects	45,000	65,000	20,000
Total Appropriations	<u>\$ 13,382,868</u>	<u>\$ 13,695,728</u>	<u>\$ 312,860</u>

The increase in General Government relates to unanticipated attorney's costs and an increase in the county's utilities due to a colder winter than in past years.

The increase in Administration of Justice was due largely to the housing of a juvenile inmate in a facility located outside of Hamblen County.

The increase in Public Safety was due largely to receiving an unanticipated Homeland Security Grant.

The decrease in Other Operations is attributed to amending these appropriations to other functions in-lieu-of appropriating additional funds from fund balance.

The increase in Capital Projects resulted from the necessity to purchase a new juvenile transport vehicle. The benefits of purchasing a new juvenile transport vehicle exceeded the cost of repairing the old transport vehicle.

At the close of the fiscal year, actual expenditures were \$644,756 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 \$1,399,735 compared to the original budget of \$66,475,931. The majority of the increased appropriations were funded by an increase in estimated revenues. At the close of the fiscal year, actual expenditures were \$4,169,801 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, 2011, totaled \$20,536,028. This investment in capital assets includes land, buildings and improvements, other capital assets (includes vehicle and equipment), and infrastructure (includes roads, highways, and bridges).

<u>Asset</u>	<u>Historical Value</u>	<u>Accumulated Depreciation</u>	<u>Net Value 6-30-11</u>
Land	\$ 420,779	\$ 0	\$ 420,779
Buildings and Improvements	10,931,648	(3,254,759)	7,676,889
Other Capital Assets	5,135,263	(3,855,805)	1,279,458
Infrastructure	16,954,011	(5,795,109)	11,158,902
Total	<u>\$ 33,441,701</u>	<u>\$ (12,905,673)</u>	<u>\$ 20,536,028</u>

The discretely presented Hamblen County School Department’s investment in capital assets, net of accumulated depreciation, as of June 30, 2011, totaled \$44,757,267. 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 6-30-11
Land	\$ 2,898,244	\$ 0	\$ 2,898,244
Construction in Progress	4,305,892	0	4,305,892
Buildings and Improvements	120,691,099	(87,054,936)	33,636,163
Other Capital Assets	<u>11,362,837</u>	<u>(7,445,869)</u>	<u>3,916,968</u>
Total	<u>\$ 139,258,072</u>	<u>\$ (94,500,805)</u>	<u>\$ 44,757,267</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.F. 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 \$46,898,455. This is a decrease of \$1,936,545 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, 2011. Additional information on Hamblen County Government's long-term debt can be found in Exhibit J-1, Exhibit J-2, and Note IV.I. of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

On June 23, 2011, Hamblen County adopted a budget for the fiscal year ending June 30, 2012. Many factors were considered when adopting this budget: high unemployment rate, recent closing of a large employer, 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 2011 was adopted at the same rate and allocation as the 2010 tax year. The distribution of the 2011 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	0.91	0.91
General Debt Service	<u>0.27</u>	<u>0.27</u>
Total	<u>\$ 1.64</u>	<u>\$ 1.85</u>

The unemployment rate for the county as of June 30, 2011, was 12.3 percent, which is significantly higher than the 10.6 percent a year ago. The state's average unemployment rate as of June 30, 2011, was 10.2 percent and the national average was 9.3 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.

BASIC FINANCIAL STATEMENTS

Exhibit A

Hamblen County, Tennessee
Statement of Net Assets
June 30, 2011

	Primary Government Governmental Activities	Component Units	
		Hamblen County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash	\$ 6,017,897	\$ 191	\$ 1,497,979
Equity in Pooled Cash and Investments	16,837,844	15,300,458	0
Inventories	0	174,048	0
Deferred Outflow - Interest Rate Swap	2,740,671	0	0
Accounts Receivable	59,180	9,097	55,934
Due from Other Governments	1,185,327	4,602,902	0
Due from Primary Government	0	6,923,405	0
Property Taxes Receivable	12,320,434	13,804,369	0
Allowance for Uncollectible Property Taxes	(392,959)	(442,139)	0
Prepaid Items	74,870	0	0
Note Receivable - Current	19,448	0	0
Loan Receivable - Current	264,821	0	0
Unamortized Discount on Debt	165,224	0	0
Deferred Charges - Debt Issuance Cost	412,531	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	420,779	2,898,244	0
Construction in Progress	0	4,305,892	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	7,676,889	33,636,163	252,826
Other Capital Assets	1,279,458	3,916,968	115,265
Infrastructure	11,158,902	0	0
Total Assets	<u>\$ 60,241,316</u>	<u>\$ 85,129,598</u>	<u>\$ 1,922,004</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 414,415	\$ 1,410,586	\$ 6,821
Accrued Interest Payable	130,245	0	0
Payroll Deductions Payable	9,992	281,220	3,291
Contracts Payable	0	983,208	0
Retainage Payable	0	241,022	0
Due to Component Units	6,923,405	0	0
Derivative - Interest Rate Swap	2,740,671	0	0
Deferred Revenue - Current Property Taxes	11,457,618	12,831,121	0
Noncurrent Liabilities:			
Due Within One Year	3,768,854	407,363	7,171
Due in More than One Year (net of deferred amount on refunding and unamortized premium on debt)	43,615,444	9,640,911	21,511
Total Liabilities	<u>\$ 69,060,644</u>	<u>\$ 25,795,431</u>	<u>\$ 38,794</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Hamblen County School Department	Emergency Communica- tions District
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 15,921,831	\$ 0	\$ 0
Invested in Capital Assets	0	44,757,267	368,091
Restricted for:			
General Government	8,296	0	0
Finance	73,756	0	0
Administration of Justice	78,737	0	0
Public Safety	21,229	0	0
Public Health and Welfare	2,747,183	0	0
Highway/Public Works	995,153	0	0
Debt Service	5,480,234	0	0
Capital Projects	183,804	6,885,524	0
Education	0	3,024,478	0
Unrestricted	(34,329,551)	4,666,898	1,515,119
Total Net Assets (Deficit)	<u>\$ (8,819,328)</u>	<u>\$ 59,334,167</u>	<u>\$ 1,883,210</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, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Primary					Component Units				
	Program Revenues					Hamblen County				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	School Department	Emergency Communications District			
Primary Government:										
Governmental Activities:										
General Government	\$ 2,096,916	\$ 736,552	\$ 71,354	\$ 0	\$ (1,289,010)	\$ 0	\$ 0			
Finance	1,942,275	1,658,528	0	0	(283,747)	0	0			
Administration of Justice	2,021,058	1,261,953	21,000	0	(738,105)	0	0			
Public Safety	5,845,604	1,023,065	598,982	130,775	(4,092,782)	0	0			
Public Health and Welfare	3,024,465	12,355	422,555	77,999	(2,511,556)	0	0			
Social, Cultural, and Recreational Services	800,379	35,735	0	168,660	(595,984)	0	0			
Agriculture and Natural Resources	168,278	0	0	0	(168,278)	0	0			
Other Operations	1,362,348	0	0	0	(1,362,348)	0	0			
Highways	2,274,174	1,173	1,689,023	201,430	(382,548)	0	0			
Education	14,255,633	0	0	0	(14,255,633)	0	0			
Interest on Long-term Debt	1,922,212	0	0	0	(1,922,212)	0	0			
Debt Service	1,295	0	0	0	(1,295)	0	0			
Total Primary Government	\$ 35,714,637	\$ 4,729,361	\$ 2,802,914	\$ 578,864	\$ (27,603,498)	\$ 0	\$ 0			
Component Units:										
Hamblen County School Department	\$ 82,659,901	\$ 2,142,649	\$ 11,279,313	\$ 14,300,210	\$ 0	\$ (54,937,729)	\$ 0			
Emergency Communications District	1,052,546	798,094	0	0	0	0	(254,452)			
Total Component Units	\$ 83,712,447	\$ 2,940,743	\$ 11,279,313	\$ 14,300,210	\$ 0	\$ (54,937,729)	\$ (254,452)			

(Continued)

Exhibit B

Hamblen County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets																			
	Program Revenues					Component Units														
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Total Governmental Activities	Hamblen County School Department	Emergency Communications District														
General Revenues:																				
Taxes:																				
Property Taxes Levied for General Purposes				\$ 6,763,421					\$ 13,527,921	\$										0
Property Taxes Levied for Public Health and Welfare Purposes				1,204,006					0											0
Property Taxes Levied for Debt Purposes				3,969,066					0											0
Local Option Sales Taxes				820,975					10,745,073											0
Hotel/Motel Tax				7,936					0											0
Wheel Tax				770,268					711,016											0
Litigation Tax - General				173,810					0											0
Litigation Tax - Special Purpose				68,092					0											0
Litigation Tax - Jail/Workhouse/Courthouse				56,609					0											0
Business Tax				794,759					0											0
Mineral Severance Tax				45,764					0											0
Wholesale Beer Tax				121,817					0											0
Interstate Telecommunications Tax				2,185					4,688											0
Grants and Contributions Not Restricted to Specific Programs				1,952,772					41,185,805											370,500
Unrestricted Investment Income				261,055					1,777											1,842
Miscellaneous				359,579					75,138											1,961
Gain on Disposal of Capital Assets				4,977					0											0
Total General Revenues				\$ 17,377,091					\$ 66,251,418	\$										374,303
Change in Net Assets				\$ (10,226,407)					\$ 11,313,689	\$										119,851
Net Assets, July 1, 2010				1,332,097					48,020,478											1,763,359
Prior-period Adjustment				74,982					0											0
Net Assets (Deficit), June 30, 2011				\$ (8,819,328)					\$ 59,334,167	\$										1,883,210

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

Hamblen County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2011

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Other Capital Projects QSCB	Other Governmental Funds		
Cash	\$ 0	\$ 0	\$ 0	\$ 5,897,399	\$ 120,498	\$ 6,017,897	
Equity in Pooled Cash and Investments	5,289,581	2,620,535	6,809,448	0	2,118,280	16,837,844	
Accounts Receivable	20,808	13,233	0	0	25,139	59,180	
Due from Other Governments	609,801	189,064	0	0	386,462	1,185,327	
Due from Other Funds	22,796	1,185,503	0	0	0	1,208,299	
Property Taxes Receivable	6,978,033	1,246,599	4,095,802	0	0	12,320,434	
Allowance for Uncollectible Property Taxes	(223,498)	(38,277)	(131,184)	0	0	(392,959)	
Prepaid Items	1,862	0	73,008	0	0	74,870	
Notes Receivable - Current	0	0	19,448	0	0	19,448	
Loan Receivable	0	0	0	0	264,821	264,821	
Total Assets	\$ 12,699,383	\$ 5,216,657	\$ 10,866,522	\$ 5,897,399	\$ 2,915,200	\$ 37,595,161	

ASSETS

LIABILITIES AND FUND BALANCES

Liabilities	\$ 207,059	\$ 106,606	\$ 0	\$ 0	\$ 99,932	\$ 413,597
Accounts Payable	7,538	1,331	0	0	1,123	9,992
Payroll Deductions Payable	798	20	1,185,503	0	22,796	1,209,117
Due to Other Funds	0	0	0	5,897,399	1,026,006	6,923,405
Due to Component Units	6,486,062	1,164,520	3,807,036	0	0	11,457,618
Deferred Revenue - Current Property Taxes	239,371	38,123	140,501	0	0	417,995
Deferred Revenue - Delinquent Property Taxes	104,584	96,879	19,448	0	151,677	372,588
Other Deferred Revenues	\$ 7,045,412	\$ 1,407,479	\$ 5,152,488	\$ 5,897,399	\$ 1,301,534	\$ 20,804,312
Total Liabilities						
Fund Balances	\$ 1,862	\$ 0	\$ 73,008	\$ 0	\$ 0	\$ 74,870
Nonspendable:						
Prepaid Items	8,296	0	0	0	0	8,296
Restricted:						
Restricted for General Government						

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Other Capital Projects QSCB	Other Governmental Funds	Governmental Funds	
<u>LIABILITIES AND FUND BALANCES (Cont.)</u>							
<u>Fund Balances (Cont.)</u>							
<u>Restricted (Cont.):</u>							
Restricted for Finance	\$ 6,408	\$ 0	\$ 0	\$ 0	\$ 67,348	\$ 73,756	
Restricted for Administration of Justice	26,835	0	0	0	51,902	78,737	
Restricted for Public Safety	1,975	0	0	0	19,254	21,229	
Restricted for Public Health and Welfare	43,414	2,568,767	0	0	0	2,612,181	
Restricted for Highways/Public Works	0	0	0	0	843,476	843,476	
Restricted for Debt Service	0	0	5,450,530	0	265,000	5,715,530	
Restricted for Capital Projects	0	0	0	0	183,804	183,804	
<u>Committed:</u>							
Committed for Public Health and Welfare	0	1,240,411	0	0	0	1,240,411	
Committed for Debt Service	0	0	190,496	0	0	190,496	
Committed for Capital Projects	1,032,947	0	0	0	182,882	1,215,829	
<u>Assigned:</u>							
Assigned for General Government	114,261	0	0	0	0	114,261	
Assigned for Finance	167,781	0	0	0	0	167,781	
Assigned for Administration of Justice	21,375	0	0	0	0	21,375	
Assigned for Public Safety	12,310	0	0	0	0	12,310	
Assigned for Social, Cultural, and Recreational Services	2,408	0	0	0	0	2,408	
Assigned for Other Purposes	267,824	0	0	0	0	267,824	
Unassigned	3,946,275	0	0	0	0	3,946,275	
<u>Total Fund Balances</u>	\$ 5,653,971	\$ 3,809,178	\$ 5,714,034	\$ 0	\$ 1,613,666	\$ 16,790,849	
<u>Total Liabilities and Fund Balances</u>	\$ 12,699,383	\$ 5,216,657	\$ 10,866,522	\$ 5,897,399	\$ 2,915,200	\$ 37,595,161	

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, 2011

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)		\$ 16,790,849
(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: infrastructure net of accumulated depreciation	11,158,902	
Add: buildings and improvements net of accumulated depreciation	7,676,889	
Add: other capital assets net of accumulated depreciation	<u>1,279,458</u>	20,536,028
(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	\$(34,903,455)	
Less: bonds payable	(11,995,000)	
Less: other postemployment benefits liability	(170,055)	
Add: deferred amount on refunding	476,869	
Add: deferred charges - debt issuance costs	412,531	
Add: unamortized discount on debt	165,224	
Less: accrued interest on bonds and other loans payable	(130,245)	
Less: other deferred revenue - premium on debt	<u>(792,657)</u>	(46,936,788)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>790,583</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ (8,819,328)</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, 2011

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Other Capital Projects QSCB	Other Governmental Funds	Governmental Funds	
<u>Revenues</u>							
Local Taxes	\$ 8,606,748	\$ 2,131,538	\$ 4,043,709	\$ 0	\$ 0	\$ 47,364	\$ 14,829,359
Licenses and Permits	395,782	2,692	0	0	0	0	398,474
Fines, Forfeitures, and Penalties	294,264	0	51,594	0	0	17,109	362,967
Charges for Current Services	429,060	0	0	0	0	1,126,962	1,556,022
Other Local Revenues	145,043	58,776	687,604	19,035	0	54,952	965,410
Fees Received from County Officials	1,669,656	0	0	0	0	0	1,669,656
State of Tennessee	1,827,673	253,246	0	0	0	2,233,790	4,314,709
Federal Government	522,842	0	0	0	0	172,486	695,328
Other Governments and Citizens Groups	238,071	0	0	0	0	9,347	247,418
Total Revenues	\$ 14,129,139	\$ 2,446,252	\$ 4,782,907	\$ 19,035	\$ 0	\$ 3,662,010	\$ 25,039,343
<u>Expenditures</u>							
Current:							
General Government	\$ 1,686,926	\$ 0	\$ 0	\$ 0	\$ 0	\$ 184,746	\$ 1,871,672
Finance	1,041,813	0	0	0	0	900,462	1,942,275
Administration of Justice	1,604,123	0	0	0	0	236,931	1,841,054
Public Safety	5,640,888	0	0	0	0	94,486	5,735,374
Public Health and Welfare	755,115	2,022,293	0	0	0	0	2,777,408
Social, Cultural, and Recreational Services	789,665	0	0	0	0	0	789,665
Agriculture and Natural Resources	168,278	0	0	0	0	0	168,278
Other Operations	1,362,348	0	0	0	0	0	1,362,348
Highways	0	0	0	0	0	1,641,864	1,641,864
Debt Service:							
Principal on Debt	0	0	4,056,545	0	0	255,000	4,311,545
Interest on Debt	540	0	1,854,580	0	0	20,900	1,876,020
Other Debt Service	0	0	91,889	0	0	600	92,489
Capital Projects	64,220	0	1,186,143	10,642,409	0	2,968,535	14,861,307
Total Expenditures	\$ 13,113,916	\$ 2,022,293	\$ 7,189,157	\$ 10,642,409	\$ 0	\$ 6,303,524	\$ 39,271,299
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,015,223	\$ 423,959	\$ (2,406,250)	\$ (10,623,374)	\$ 0	\$ (2,641,514)	\$ (14,231,956)

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Other Capital Projects QSCB	Other Governmental Funds		
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,375,000	\$ 2,375,000	
Premiums on Debt Issued	0	0	0	0	52,081	52,081	
Insurance Recovery	3,502	248	0	0	4,477	8,227	
Transfers In	1,056,752	0	0	0	10,000	1,066,752	
Transfers Out	(10,000)	0	0	0	(1,056,752)	(1,066,752)	
Total Other Financing Sources (Uses)	\$ 1,050,254	\$ 248	\$ 0	\$ 0	\$ 1,384,806	\$ 2,435,308	
Net Change in Fund Balances	\$ 2,065,477	\$ 424,207	\$ (2,406,250)	\$ (10,623,374)	\$ (1,256,708)	\$ (11,796,648)	
Fund Balance, July 1, 2010	3,588,494	3,384,971	8,120,284	10,623,374	2,870,374	28,587,497	
Fund Balance, June 30, 2011	\$ 5,653,971	\$ 3,809,178	\$ 5,714,034	\$ 0	\$ 1,613,666	\$ 16,790,849	

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, 2011

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)		\$ (11,796,648)
(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	\$ 503,992	
Less: current-year depreciation expense	<u>(886,486)</u>	(382,494)
(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		(8,775)
(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, 2011	\$ 790,583	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(673,353)</u>	117,230
(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.		
Less: bond proceeds	\$ (2,375,000)	
Add: change in premium on debt issuances	57,038	
Less: change in deferred debt issuance cost	(8,524)	
Less: change in debt discounts	(9,401)	
Add: principal payments on other loans	3,156,545	
Add: principal payments on bonds	1,155,000	
Less: change in deferred amount on refunding debt	<u>(54,770)</u>	1,920,888
(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	\$ 8,578	
Change in other postemployment benefits liability	<u>(85,186)</u>	(76,608)
Change in net assets of governmental activities (Exhibit B)		<u>\$ (10,226,407)</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, 2011

	Other Employee Benefit Trust Fund	Agency Funds
	<u>Employee Benefit Trust Fund</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$ 0	\$ 1,516,631
Equity in Pooled Cash and Investments	4,066	14,399
Due from Other Governments	0	1,647,353
Due from Other Funds	<u>818</u>	<u>0</u>
Total Assets	<u>\$ 4,884</u>	<u>\$ 3,178,383</u>
<u>LIABILITIES</u>		
Due to Other Taxing Units	\$ 0	\$ 1,658,308
Due to Litigants, Heirs, and Others	0	1,516,631
Due to Joint Ventures	<u>0</u>	<u>3,444</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 3,178,383</u>
<u>NET ASSETS</u>		
Funds Held in Trust for Employees	<u>\$ 4,884</u>	
Net Assets	<u>\$ 4,884</u>	

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, 2011

	Other Employee Benefit Trust Fund
	<u>Employee Benefit Trust Fund</u>
<u>ADDITIONS</u>	
Plan Member Contributions	\$ 9,900
Total Additions	<u>\$ 9,900</u>
<u>DEDUCTIONS</u>	
Employee Benefits:	
Other Fringe Benefits	\$ 9,518
Total Deductions	<u>\$ 9,518</u>
Change in Net Assets	\$ 382
Net Assets, July 1, 2010	<u>4,502</u>
Net Assets, June 30, 2011	<u><u>\$ 4,884</u></u>

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

HAMBLLEN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

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. Net debt issues totaling \$14,206,687 were contributed by the county to the School Department during the year ended June 30, 2011.

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. 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.

Other Capital Projects Fund - QSCB – This fund accounts for the transactions related to the Qualified School Construction Bonds Program.

Additionally, Hamblen County reports the following fund types:

Other Employee Benefit Trust Fund – The Employee Benefit 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 funds:

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

Other Capital Projects Fund - QSCB – This fund is used to account for transactions involving proceeds of Qualified School Construction Bonds contributed by the primary government for construction projects of the School Department.

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

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

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.

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.

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, as 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 1.68 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 \$187,274 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 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, 2011, Hamblen County had \$42,032,335 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.

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.

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 (\$38,144), amounts appropriated for use in the 2011-2012 budget (\$267,824), and various other assignments (\$279,991). Assignments in the School Department's General Purpose School Fund represent amounts assigned for encumbrances totaling \$914,366.

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.

8. Prior-period Adjustment

Beginning net assets of the primary government on the Statement of Activities have been increased by \$74,982 due to the understatement of the remaining unamortized discount on bonds.

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

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, 2011, Hamblen County and the Hamblen County School Department reported the following significant encumbrances:

<u>Funds</u>	<u>Description</u>	<u>Amount</u>
Primary Government:		
Major Fund:		
Solid Waste/Sanitation	Vehicle purchases	\$ 142,207
Nonmajor Fund:		
Highway/Public Works	State Aid project	175,683
School Department:		
Major Fund:		
General Purpose School	Building improvements	293,517
General Purpose School	Textbooks	528,292
Nonmajor Fund:		
School Federal Projects	Special Ed equipment	244,059

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, 2011, 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.

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value or Cost</u>
State Treasurer's Investment Pool	Daily	\$ 1,235,726
U.S. Treasury Bills	8-18-11	<u>999,980</u>
Total		<u>\$ 2,235,706</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, 2011, Hamblen County's investment in the State Treasurer's Investment Pool was unrated.

B. Note Receivable

The General Debt Service Fund had a note receivable totaling \$19,448 at June 30, 2011. This note receivable resulted from Jefferson Federal Savings and Loan and Lakeway Publishers, Inc., entering into an agreement to repay the county the cost of construction of the amphitheater located in Cherokee Park for the naming rights of the amphitheater. This note receivable is expected to be received within one year.

C. Loan Receivable

The Special Debt Service Fund had an intergovernmental long-term loan receivable totaling \$264,821 at June 30, 2011. This loan receivable resulted from the primary government issuing debt on behalf of the Hamblen County-Morristown Solid Waste Disposal System, a joint venture, and

entering into an agreement for the joint venture to repay the county the principal and interest requirements on the debt. This loan receivable is expected to be received within one year.

D. Derivative Instruments

Primary Government

At June 30, 2011, Hamblen County had the following derivative instruments outstanding:

<u>Instrument</u>	<u>Type</u>	<u>Objective</u>	<u>Original Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>
\$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, 2011, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2011 financial statements are as follows:

<u>Type</u>	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2011</u>		<u>6-30-11 Notional Amount</u>
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	
Governmental Activities					
Cash Flow Hedges:					
Pay-fixed interest rate swaps:					
\$10M Swap - A	Deferred	\$ 142,013	Debt	\$ (1,193,075)	\$ 10,000,000
	Outflow				
\$10M Swap - B	Deferred	373,568	Debt	(1,547,596)	10,000,000
	Outflow				
Total		<u>\$ 515,581</u>		<u>\$ (2,740,671)</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, 2011, 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>-0.172%</u>
Net interest rate swap payments		4.093%
Variable-rate bond coupon payments		<u>0.924%</u>
 Synthetic interest rate on bonds		 <u><u>5.017%</u></u>

Fair value. As of June 30, 2011, the swap had a negative fair value of \$1,193,075. 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, 2011, 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, 2011, 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, 2011, 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 Swap Payment	Total
	Principal	Interest		
2012	\$ 0	\$ 92,428	\$ 409,297	\$ 501,725
2013	1,225,000	92,428	409,297	1,726,725
2014	2,670,000	81,106	359,159	3,110,265
2015	2,810,000	56,428	249,876	3,116,304
2016	2,955,000	30,455	134,864	3,120,319
2017	340,000	3,143	13,916	357,059
Total	\$ 10,000,000	\$ 355,988	\$ 1,576,409	\$ 11,932,397

\$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, 2011, 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>-1.242%</u>
Net interest rate swap payments		3.148%
Variable-rate bond coupon payments		<u>0.100%</u>
Synthetic interest rate on bonds		<u><u>3.248%</u></u>

Fair value. As of June 30, 2011, the swap had a negative fair value of \$1,547,596. 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, 2011, 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, 2011, 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, 2011, 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 Swap Payment	Total
	Principal	Interest		
2012	\$ 0	\$ 10,000	\$ 314,800	\$ 324,800
2013	0	10,000	314,800	324,800
2014	0	10,000	314,799	324,799
2015	0	10,000	314,799	324,799
2016	0	10,000	314,799	324,799
2017-2021	2,980,000	48,550	1,528,351	4,556,901
2022-2025	7,020,000	18,025	567,426	7,605,451
Total	\$ 10,000,000	\$ 116,575	\$ 3,669,774	\$ 13,786,349

E. Capital Assets

Capital assets activity for the year ended June 30, 2011, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-10		Increases		Decreases		Balance 6-30-11
Capital Assets Not Depreciated:							
Land	\$ 420,779	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 420,779
Construction in Progress	458,088	65,202	(523,290)				0
Total Capital Assets Not Depreciated	\$ 878,867	\$ 65,202	\$ (523,290)	\$	\$	\$	\$ 420,779

Governmental Activities (Cont.):

	Balance			Balance
	7-1-10	Increases	Decreases	6-30-11
Capital Assets Depreciated:				
Buildings and Improvements	\$ 10,434,932	\$ 496,716	\$ 0	\$ 10,931,648
Roads and Bridges	16,752,581	201,430	0	16,954,011
Other Capital Assets	5,261,870	263,934	(390,541)	5,135,263
Total Capital Assets				
Depreciated	\$ 32,449,383	\$ 962,080	\$ (390,541)	\$ 33,020,922
Less Accumulated				
Depreciation For:				
Buildings and Improvements	\$ 2,953,442	\$ 301,317	\$ 0	\$ 3,254,759
Roads and Bridges	5,626,099	169,010	0	5,795,109
Other Capital Assets	3,821,412	416,159	(381,766)	3,855,805
Total Accumulated				
Depreciation	\$ 12,400,953	\$ 886,486	\$ (381,766)	\$ 12,905,673
Total Capital Assets				
Depreciated, Net	\$ 20,048,430	\$ 75,594	\$ (8,775)	\$ 20,115,249
Governmental Activities				
Capital Assets, Net	\$ 20,927,297	\$ 140,796	\$ (532,065)	\$ 20,536,028

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

Governmental Activities:

General Government	\$ 105,683
Administration of Justice	154,489
Public Safety	191,874
Public Health and Welfare	156,081
Social, Cultural, and Recreational Services	37,615
Highways/Public Works	240,744
Total Depreciation Expense - Governmental Activities	<u>\$ 886,486</u>

Discretely Presented Hamblen County School Department

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
	<hr/>			
Capital Assets Not Depreciated:				
Land	\$ 2,848,744	\$ 49,500	\$ 0	\$ 2,898,244
Construction in Progress	320,877	4,305,892	(320,877)	4,305,892
Total Capital Assets Not Depreciated	\$ 3,169,621	\$ 4,355,392	\$ (320,877)	\$ 7,204,136
	<hr/>			
Capital Assets Depreciated:				
Buildings and Improvements	\$ 121,195,116	\$ 71,245	\$ (575,262)	\$ 120,691,099
Other Capital Assets	10,723,819	775,412	(136,394)	11,362,837
Total Capital Assets Depreciated	\$ 131,918,935	\$ 846,657	\$ (711,656)	\$ 132,053,936
	<hr/>			
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 85,696,536	\$ 1,761,367	\$ (402,967)	\$ 87,054,936
Other Capital Assets	6,865,126	710,179	(129,436)	7,445,869
Total Accumulated Depreciation	\$ 92,561,662	\$ 2,471,546	\$ (532,403)	\$ 94,500,805
	<hr/>			
Total Capital Assets Depreciated, Net	\$ 39,357,273	\$ (1,624,889)	\$ (179,253)	\$ 37,553,131
	<hr/>			
Governmental Activities Capital Assets, Net	\$ 42,526,894	\$ 2,730,503	\$ (500,130)	\$ 44,757,267
	<hr/>			

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

Governmental Activities:

Instruction	\$ 24,976
Support Services	2,337,965
Operation of Non-Instructional Services	<u>108,605</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,471,546</u></u>

F. Construction Commitments

At June 30, 2011, the Education Capital Projects and Other Capital Projects – QSCB funds of the discretely presented School Department had uncompleted construction contracts of approximately \$393,760 and \$5,278,561, respectively, for excavating and building improvement projects. Funding is being provided for these future expenditures through debt issued by the primary government and contributed to the School Department.

G. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 22,796
Solid Waste/Sanitation	General Debt Service	1,185,503
Fiduciary	General	798
Fiduciary	Solid Waste/Sanitation	20
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	128,488

The balance of \$1,185,503 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 \$790,849.

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.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2011, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Fund	Nonmajor governmental funds
General Fund	\$ 0	\$ 10,000
Nonmajor governmental funds	1,056,752	0
Total	<u>\$ 1,056,752</u>	<u>\$ 10,000</u>

Discretely Presented Hamblen County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor governmental funds
General Purpose School Fund	\$ 0	\$ 200,000
Nonmajor governmental funds	83,576	0
Total	<u>\$ 83,576</u>	<u>\$ 200,000</u>

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.

H. 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. Hamblen County had no outstanding capital outlay

notes as of June 30, 2011. 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, 2011, will be retired from the General Debt Service and Special Debt Service funds.

General obligation bonds and other loans outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bonds - Refunding	3 to 5 %	\$ 10,860,000	\$ 10,670,000
General Obligation Bonds	2	2,375,000	1,325,000
Other Loans - Qualified School Construction Bonds	1.515	11,280,000	10,693,455
Other Loans - Fixed Rate	2 to 5	2,145,000	265,000
Other Loans - Refunding	Variable	30,300,000	23,945,000

Qualified School Construction Bonds were issued through the Tennessee State School Bond Authority and the proceeds 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, 2011, 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, 2011, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-11	Interest Type	Interest Rates as of 6-30-11	Other Fees on Variable Rate Debt
<u>Sevier County Public</u>					
<u>Building Authority</u>					
Refunding					
(Series VII-C-2)	\$ 20,200,000	\$ 13,845,000	Variable (1)	5.017 %	0.29 %
<u>Blount County Public</u>					
<u>Building Authority</u>					
Refunding					
(Series E-4-A)	10,100,000	<u>10,100,000</u>	Variable (1)	3.248	0.78
Total		<u>\$ 23,945,000</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, 2011, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 365,000	\$ 484,450	\$ 849,450
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
2017-2019	<u>10,125,000</u>	<u>950,600</u>	<u>11,075,600</u>
Total	<u>\$ 11,995,000</u>	<u>\$ 3,288,050</u>	<u>\$ 15,283,050</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2012	\$ 3,403,854	\$ 1,206,794	\$ 118,888	\$ 4,729,536
2013	3,258,854	1,071,380	111,783	4,442,017
2014	3,393,854	943,195	104,327	4,441,376
2015	3,533,854	808,238	96,478	4,438,570
2016	3,678,854	666,257	88,220	4,433,331
2017-2021	6,899,272	2,465,015	382,066	9,746,353
2022-2026	10,668,558	1,444,783	141,239	12,254,580
2027	66,355	14,242	0	80,597
Total	\$ 34,903,455	\$ 8,619,904	\$ 1,043,001	\$ 44,566,360

There is \$5,979,034 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$192, based on the 2010 federal census. Debt per capita, including bonds and other loans, totaled \$750, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

Governmental Activities:	Other		
	Bonds	Loans	Postemployment Benefits
Balance, July 1, 2010	\$ 10,775,000	\$ 38,060,000	\$ 84,869
Additions	2,375,000	0	96,843
Deductions	(1,155,000)	(3,156,545)	(11,657)
Balance, June 30, 2011	\$ 11,995,000	\$ 34,903,455	\$ 170,055
Balance Due Within One Year	\$ 365,000	\$ 3,403,854	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 47,068,510
Less: Balance Due Within One Year	(3,768,854)
Add: Unamortized Premium on Debt	792,657
Less: Deferred Amount on Refunding	(476,869)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 43,615,444

Other postemployment benefits will be retired from the employing funds, primarily the General, Solid Waste/Sanitation, and the 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, 2011, was as follows:

Governmental Activities:

	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2010	\$ 6,543,312	\$ 185,097
Additions	3,585,547	187,274
Deductions	(1,439,091)	(185,097)
Balance, June 30, 2011	<u>\$ 8,689,768</u>	<u>\$ 187,274</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 187,274</u>

	Retirement Incentive	Retirement Honorarium
Balance, July 1, 2010	\$ 149,228	\$ 992,748
Additions	129,586	93,387
Deductions	(67,820)	(125,897)
Balance, June 30, 2011	<u>\$ 210,994</u>	<u>\$ 960,238</u>
Balance Due Within One Year	<u>\$ 94,194</u>	<u>\$ 125,895</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 10,048,274
Less: Balance Due Within One Year	<u>(407,363)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 9,640,911</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 debt service funds. During the year ended June 30, 2011, 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.

I. On-Behalf Payments – 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, 2011, were \$608,799 and \$77,364, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

J. Internal Financing

In-lieu-of issuing debt with financial institutions, Hamblen County chose to internally finance a phone system with idle county funds. In a prior year, debt was issued from the General Debt Service Fund to the General Fund and was repaid from the General Fund. There was no outstanding balance on this loan as of June 30, 2011.

In the current year, 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 current 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, 2011, 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 \$1,185,503.

Internally financed debt is reflected below:

Description	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
Phone System	\$ 90,000	3 %	8-4-05	7-1-10
Morristown Hamblen East and West High Schools	1,185,503	.13	1-19-11	1-19-14
Description	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
Phone System	\$ 18,000	\$ 0	\$ 18,000	\$ 0
Morristown Hamblen East and West High Schools	0	1,185,503	0	1,185,503
Total	\$ 18,000	\$ 1,185,503	\$ 18,000	\$ 1,185,503

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. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. Hamblen County and the Hamblen County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

C. Subsequent Event

In August 2011, the County Commission approved entering into a three-year interlocal cooperation agreement with the City of Morristown to provide health care and population health management services for their collective employees. The agreement includes the establishment of a clinic, the funding for which is to be provided pro rata by each entity based upon their number of employees.

D. 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.

E. Changes in Administration

Finance Director Nicole Buchanan resigned June 30, 2010, and was succeeded by Joey Barnard on November 2, 2010.

The following changes were effective as of August 31, 2010:

- David Purkey left the Office of County Mayor and was succeeded by Bill Brittain
- Bill Brittain left the Office of Trustee and was succeeded by John Baskette
- Kathy Mullins left the Office of Circuit and General Sessions Courts Clerk and was succeeded by Teresa West.

F. 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, 2011.

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 is a joint venture between Hamblen County and the City of Morristown. The joint venture is operated by a three-member board. The board includes the sheriff, chief of police, and one additional person who is appointed jointly by the sheriff and the chief of police. The board meets quarterly and appoints a supervisor over the unit every 12 months. The supervisor reviews all spending for the unit and submits financial reports for review by the board at all quarterly meetings.

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, Morristown-Hamblen Library, and Hamblen County-Morristown Multi-Jurisdictional Crime Unit 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

Hamblen County-Morristown
Multi-Jurisdictional Crime Unit
510 Allison Street
Morristown, TN 37814

G. 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 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 to provide the First Tennessee-Virginia Development District with educational programs and services of higher quality, greater scope, and greater accessibility. The cooperative was governed by a board of control, consisting of one board member and the directors of schools of each of the systems. Funding for the cooperative was provided through state grants and member schools' contributions. Upon dissolution, residual balances of the cooperative were remitted to the participating school districts.

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 of the members' 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. 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.

H. 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. 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 to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 9.58 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, 2011, the county's annual pension cost of \$1,360,879 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 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), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement 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, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$1,360,879	100%	\$0
6-30-10	1,325,101	100	0
6-30-09	1,322,088	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 85.48 percent funded. The actuarial accrued liability for benefits was \$44 million, and the actuarial value of assets was \$38 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$6 million. The covered payroll (annual payroll of active employees covered by the plan) was \$15 million, and the ratio of the UAAL to the covered payroll was 44.07 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 the 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.

SCHOOL TEACHERS

Plan Description

The Hamblen County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available

to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salary 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, 2011, 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, 2011, 2010, and 2009, were \$3,023,836, \$2,115,085, and \$2,091,013, 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.

I. 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, 2011, Hamblen County contributed \$11,657 for other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Commercial Plan	Medicare Supplement Plan
ARC	\$ 18,701	\$ 78,000
Interest on the NPO	405	3,364
Adjustment to the ARC	(441)	(3,186)
Annual OPEB cost	\$ 18,665	\$ 78,178
Amount of contribution	(10,007)	(1,650)
Increase/decrease in NPO	\$ 8,658	\$ 76,528
Net OPEB obligation, 7-1-10	10,119	74,750
Net OPEB obligation, 6-30-11	\$ 18,777	\$ 151,278

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
6-30-10	Medicare Supplement	77,000	3	74,750
6-30-11	"	78,178	2	151,278

* Data only available for two years.

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

	Commercial Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-10	7-1-10
Actuarial accrued liability (AAL)	\$ 129,445	\$ 721,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 129,445	\$ 721,000
Actuarial value of assets as a % of the AAL	0	0
Covered payroll (active plan members)	\$ 6,698,642	\$ 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, 2010, 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 eight percent for fiscal year 2010. The trend will be reduced by decrements to an ultimate rate of five percent by fiscal year 2013. 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. The annual healthcare cost trend for the Medicare Supplement Plan was ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The Medicare Supplement Plan assumptions include a three 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, 2010.

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. In previous years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed, and as a result all members now 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 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, 2011, the discretely presented Hamblen County School Department contributed \$1,439,091 for other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan
ARC	\$ 3,292,000	\$ 278,000
Interest on the NPO	275,804	18,644
Adjustment to the ARC	(261,241)	(17,660)
Annual OPEB cost	\$ 3,306,563	\$ 278,984
Amount of contribution	(1,413,054)	(26,037)
Increase/decrease in NPO	\$ 1,893,509	\$ 252,947
Net OPEB obligation, 7-1-10	6,128,984	414,328
Net OPEB obligation, 6-30-11	\$ 8,022,493	\$ 667,275

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Local Education Group	\$ 3,250,523	34	\$ 4,233,234
6-30-10	"	3,296,059	42	6,128,984
6-30-11	"	3,306,563	43	8,022,493
6-30-09	Medicare Supplement	108,101	23	166,508
6-30-10	"	273,396	9	414,328
6-30-11	"	278,984	9	667,275

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

	Local Education Group Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-10	7-1-10
Actuarial accrued liability (AAL)	\$ 29,380,000	\$ 4,248,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 29,380,000	\$ 4,248,000
Actuarial value of assets as a % of the AAL	0	0
Covered payroll (active plan members)	\$ 44,682,351	\$ 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, 2010, actuarial valuation, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses). The annual healthcare cost trend rate for the Local Education Plan was ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare premium trend rate for the Medicare Supplement Plan was ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates

include a three 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.

J. 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 2010-11 year, 25 employees participated in the program. The estimated cost of these cash payments reported in the government-wide Statement of Net Assets is \$210,994. Of that amount, \$94,194 is due within one year. The governmental funds' financial statements reflect retirement incentive expenditures of \$67,820 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, 2011, 421 employees met the requirements of this benefit. The estimated cost of these cash payments reported in the government-wide Statement of Net Assets is \$960,238. Of that amount, \$125,895 is due within one year. The governmental funds' financial statements reflect retirement honorarium expenditures of \$125,897 in the General Purpose School Fund.

K. 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 road superintendent.

L. 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 HAMBLEN 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* 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 terms of four years. The district is fiscally dependent upon the county as 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 7-1-10	Additions	Balance 6-30-11	Accumulated Depreciation	Net Capital Assets
Capital Assets:					
Building	\$ 351,320	\$ 0	\$ 351,320	\$ 98,494	\$ 252,826
Communications equip.	609,666	10,967	620,633	514,689	105,944
Furniture and fixtures	166,566	0	166,566	164,626	1,940
Office equipment	1,393	0	1,393	1,234	159
Automobile	22,806	0	22,806	15,584	7,222
Construction in progress	0	0	0	0	0
	<u>\$ 1,151,751</u>	<u>\$ 10,967</u>	<u>\$ 1,162,718</u>	<u>\$ 794,627</u>	<u>\$ 368,091</u>

c. The straight-line method of depreciation is used, totaling \$51,583 for 2011. Accumulated depreciation was \$794,627 as of June 30, 2011.

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, 2011, 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 336 hours. Upon termination, employees are reimbursed for their accumulated annual leave. As of June 30, 2011, this liability is \$28,682 of which \$7,171 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 *Tennessee Code Annotated*. 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, 10th 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 their earnable compensation. Hamblen County Emergency Communications District is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 7.27 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Hamblen County Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2011, Hamblen County Emergency Communications District's annual pension cost of \$42,508 to TCRS was equal to Hamblen County Emergency Communications 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 posts retirement 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, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
6-30-11	\$ 42,508	100%	\$ 0
6-30-10	41,760	100	0
6-30-09	41,670	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 76.02 percent funded. The actuarial accrued liability for benefits was \$.7 million, and the actuarial value of assets was \$1 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.2 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.5 million, and the ratio of the UAAL to the covered payroll was 43.84 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 the 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, which must be legally adopted by the 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.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,606,748	\$ 0	\$ 0	\$ 8,606,748	\$ 8,529,611	\$ 8,532,116	\$ 74,632
Licenses and Permits	395,782	0	0	395,782	390,000	390,000	5,782
Fines, Forfeitures, and Penalties	294,264	0	0	294,264	281,050	275,050	19,214
Charges for Current Services	429,060	0	0	429,060	428,729	429,653	(593)
Other Local Revenues	145,043	0	0	145,043	82,000	106,351	38,692
Fees Received from County Officials	1,669,656	0	0	1,669,656	1,498,000	1,660,000	9,656
State of Tennessee	1,827,673	0	0	1,827,673	1,723,817	1,700,755	126,918
Federal Government	522,842	0	0	522,842	247,208	556,474	(33,632)
Other Governments and Citizens Groups	238,071	0	0	238,071	65,500	230,153	7,918
<u>Total Revenues</u>	<u>\$ 14,129,139</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,129,139</u>	<u>\$ 13,245,915</u>	<u>\$ 13,880,552</u>	<u>\$ 248,587</u>
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 173,080	\$ 0	\$ 0	\$ 173,080	\$ 147,534	\$ 174,484	\$ 1,404
Board of Equalization	2,045	0	0	2,045	4,950	4,950	2,905
County Mayor/Executive	146,063	0	0	146,063	153,858	153,723	7,660
County Attorney	122,337	0	0	122,337	86,293	131,293	8,956
Election Commission	253,169	0	1,327	254,496	275,986	275,986	21,490
Register of Deeds	48,857	(1,214)	1,124	48,767	69,640	69,640	20,873
Planning	255,354	(32)	130	255,452	263,803	263,803	8,351
Other Facilities	666,542	(13,437)	1,000	654,105	643,532	691,782	37,677
Preservation of Records	19,479	0	36	19,515	17,280	19,593	78
<u>Finance</u>							
Accounting and Budgeting	182,742	0	0	182,742	188,740	191,240	8,498
Purchasing	100,274	0	0	100,274	101,485	101,485	1,211

(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 7/1/2010	Add: Encumbrances 6/30/2011	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	\$ 346,047	(18)	0	\$ 346,029	\$ 362,609	\$ 362,609	\$ 16,580
Reappraisal Program	118,285	0	0	118,285	137,918	137,918	19,633
County Trustee's Office	59,500	0	140	59,640	62,295	62,295	2,655
County Clerk's Office	158,766	(829)	0	157,937	160,932	163,432	5,495
Data Processing	38,718	0	0	38,718	42,000	41,000	2,282
Other Finance	37,481	(20)	657	38,118	39,495	39,495	1,377
<u>Administration of Justice</u>							
Circuit Court	563,272	(1,093)	318	562,497	571,770	570,544	8,047
General Sessions Court	266,671	(449)	0	266,222	270,107	270,107	3,885
Drug Court	100,560	(2,283)	0	98,277	116,619	119,975	21,698
Chancery Court	48,641	(93)	1,057	49,605	56,014	56,014	6,409
Juvenile Court	429,518	0	0	429,518	428,104	465,424	35,906
Probate Court	145	0	0	145	5,000	5,000	4,855
Probation Services	195,316	(2,500)	0	192,816	202,071	212,071	19,255
<u>Public Safety</u>							
Sheriff's Department	2,496,203	(31,722)	8,194	2,472,675	2,577,649	2,594,388	121,713
Wheel Tax Officer	5,442	0	0	5,442	7,660	7,660	2,218
Drug Enforcement	8,060	0	0	8,060	10,000	10,000	1,940
Administration of the Sexual Offender Registry	2,150	0	0	2,150	3,200	3,200	1,050
Jail	2,274,910	(1,014)	568	2,274,464	2,316,861	2,329,826	55,362
Workhouse	30,234	0	0	30,234	79,179	56,475	26,241
Work Release Program	90,376	(35)	0	90,341	93,435	93,435	3,094
Fire Prevention and Control	180,000	0	0	180,000	180,000	180,000	0
Civil Defense	77,447	(4,599)	586	73,434	85,048	85,048	11,614

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
	\$	0 \$	0 \$	141,436 \$	141,436 \$	141,436 \$	0
<u>Public Safety (Cont.)</u>	233,407	(4,960)	0	228,447	116,872	240,352	11,905
Rescue Squad	101,223	0	0	101,223	76,200	107,200	5,977
Other Emergency Management							
County Coroner/Medical Examiner							
<u>Public Health and Welfare</u>	431,128	(5,919)	0	425,209	466,600	469,348	44,139
Local Health Center	127,400	0	0	127,400	127,400	127,400	0
Rabies and Animal Control	2,000	0	0	2,000	2,000	2,000	0
Nursing Home	6,242	0	0	6,242	6,242	6,242	0
Crippled Children Services	110,500	0	0	110,500	110,500	110,500	0
Appropriation to State	8,000	0	0	8,000	8,000	8,000	0
Aid to Dependent Children	14,620	0	0	14,620	15,000	15,000	380
Child Support	39,025	0	0	39,025	50,000	50,000	10,975
Other Local Welfare Services	15,000	0	0	15,000	15,000	15,000	0
Sanitation Management	1,200	0	0	1,200	1,200	1,200	0
Other Public Health and Welfare							
<u>Social, Cultural, and Recreational Services</u>	11,600	0	0	11,600	11,600	11,600	0
Adult Activities	6,500	0	0	6,500	6,500	6,500	0
Senior Citizens Assistance	243,500	0	0	243,500	243,500	243,500	0
Libraries	241,578	(10,094)	2,408	233,892	247,225	260,546	26,654
Parks and Fair Boards	286,487	0	0	286,487	296,600	301,600	15,113
Other Social, Cultural, and Recreational							
<u>Agriculture and Natural Resources</u>	127,224	0	0	127,224	128,481	128,481	1,257
Agriculture Extension Service	1,000	0	0	1,000	1,000	1,000	0
Forest Service	40,054	0	0	40,054	40,066	40,362	308
Soil Conservation							

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures/ (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations</u>							
Tourism	\$ 22,500	\$ 0	0	\$ 22,500	\$ 22,500	\$ 22,500	0
Industrial Development	44,505	0	0	44,505	42,000	44,505	0
Public Transportation	32,643	0	0	32,643	25,000	40,000	7,357
Veterans' Services	14,961	0	0	14,961	15,087	15,872	911
Other Charges	400,846	(910)	599	400,535	414,950	419,988	19,453
Employee Benefits	797,809	0	0	797,809	877,166	798,356	547
ARRA Grant # 1	49,084	(647)	0	48,437	68,136	57,805	9,368
Interest on Debt							
General Government	540	0	0	540	540	540	0
<u>Capital Projects</u>							
General Administration Projects	45,000	0	0	45,000	0	45,000	0
Administration of Justice Projects	19,220	(19,220)	0	0	0	0	0
Public Safety Projects	0	0	20,000	20,000	45,000	20,000	0
Total Expenditures	\$ 13,113,916	\$ (101,088)	\$ 38,144	\$ 13,050,972	\$ 13,382,868	\$ 13,695,728	\$ 644,756
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 1,015,223	\$ 101,088	\$ (38,144)	\$ 1,078,167	\$ (136,953)	\$ 184,824	\$ 893,343
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 3,502	\$ 0	0	\$ 3,502	0	2,500	1,002
Transfers In	1,056,752	0	0	1,056,752	19,000	1,054,500	2,252
Transfers Out	(10,000)	0	0	(10,000)	0	(10,000)	0
Total Other Financing Sources (Uses)	\$ 1,050,254	\$ 0	0	\$ 1,050,254	\$ 19,000	\$ 1,047,000	\$ 3,254
Net Change in Fund Balance	\$ 2,065,477	\$ 101,088	\$ (38,144)	\$ 2,128,421	\$ (117,953)	\$ 1,231,824	\$ 896,597
Fund Balance, July 1, 2010	3,588,494	(101,088)	0	3,487,406	3,226,928	3,226,928	260,478
Fund Balance, June 30, 2011	\$ 5,653,971	\$ 0	\$ (38,144)	\$ 5,615,827	\$ 3,108,975	\$ 4,458,752	\$ 1,157,075

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,131,538	\$ 0	\$ 0	\$ 2,131,538	\$ 2,013,243	\$ 2,013,243	\$ 118,295
Licenses and Permits	2,692	0	0	2,692	1,500	1,500	1,192
Other Local Revenues	58,776	0	0	58,776	40,000	40,000	18,776
State of Tennessee	253,246	0	0	253,246	252,522	252,522	724
Total Revenues	\$ 2,446,252	\$ 0	\$ 0	\$ 2,446,252	\$ 2,307,265	\$ 2,307,265	\$ 138,987
<u>Expenditures</u>							
Public Health and Welfare							
Sanitation Management	\$ 2,022,293	(656)	142,207	\$ 2,163,844	\$ 2,202,478	\$ 2,344,685	\$ 180,841
Total Expenditures	\$ 2,022,293	(656)	142,207	\$ 2,163,844	\$ 2,202,478	\$ 2,344,685	\$ 180,841
Excess (Deficiency) of Revenues Over Expenditures	\$ 423,959	\$ 656	(142,207)	\$ 282,408	\$ 104,787	\$ (37,420)	\$ 319,828
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 248	\$ 0	\$ 0	\$ 248	\$ 0	\$ 0	\$ 248
Total Other Financing Sources (Uses)	\$ 248	\$ 0	\$ 0	\$ 248	\$ 0	\$ 0	\$ 248
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 424,207	\$ 656	(142,207)	\$ 282,656	\$ 104,787	\$ (37,420)	\$ 320,076
	3,384,971	(656)	0	3,384,315	3,145,295	3,145,295	239,020
Fund Balance, June 30, 2011	\$ 3,809,178	\$ 0	(142,207)	\$ 3,666,971	\$ 3,250,082	\$ 3,107,875	\$ 559,096

Exhibit E-3

Hamblen County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Hamblen County School Department
June 30, 2011

(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)
7-1-09	\$ 38,001	\$ 44,456	\$ 6,455	85.48 %	\$ 14,647	44.07 %
7-1-07	35,931	40,714	4,783	88.25	13,601	35.17

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year of the 2007 actuarial valuation; therefore, only the two most recent actuarial valuations are presented.

Exhibit E-4

Hamblen County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Hamblen County Emergency Communications District
June 30, 2011

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial 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)
7-1-09	\$ 745	\$ 980	\$ 235	76.02 %	\$ 536	43.84 %
7-1-07	606	842	236	71.97	422	55.92

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year of the 2007 actuarial valuation; therefore, only the two most recent actuarial valuations are presented.

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, 2011

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAAL) (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	\$ 129	\$ 129	0 %	\$ 6,698	2 %
Medicare Supplement Plan	7-1-09	0	721	721	0	N/A	N/A
"	7-1-10	0	721	721	0	N/A	N/A
<u>DISCRETELY PRESENTED HAMBLEN COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-07	0	28,236	28,236	0	40,041	70.5
"	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
Medicare Supplement	7-1-07	0	1,248	1,248	0	N/A	N/A
"	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

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

HAMBLLEN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2011

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, 2011, Hamblen County reported the following significant encumbrances in the Solid Waste/Sanitation Fund:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Solid Waste/Sanitation	Vehicle purchases	\$ 142,207

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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.

Hospital Debt Service Fund – The Hospital Debt Service Fund was used to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs issued for the benefit of the hospital. The hospital remitted amounts sufficient to pay the requirements of this fund based on a lease with the county. The hospital debt has been retired, and the fund was closed during the year.

Capital Projects Funds

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

General Capital Projects Fund – The General Capital Projects Fund is used to account for 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.

Hamblen County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Special Revenue Funds				Debt Service Fund
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Total	
\$	0	120,498	0	120,498	0
	17,063	0	708,346	725,409	179
	0	21,548	3,591	25,139	0
	2,248	0	312,866	315,114	0
	0	0	0	0	264,821
\$	19,311	142,046	1,024,803	1,186,160	265,000

ASSETS

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

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable	57	0	0	28,527	28,584	0
Payroll Deductions Payable	0	0	1,123	1,123	0	0
Due to Other Funds	0	22,796	0	22,796	0	0
Due to Component Units	0	0	0	0	0	0
Other Deferred Revenues	0	0	151,677	151,677	0	0
Total Liabilities	57	22,796	181,327	204,180	0	0

Fund Balances

Restricted:	
Restricted for Finance	67,348
Restricted for Administration of Justice	51,902
Restricted for Public Safety	0
Restricted for Highways/Public Works	843,476
Restricted for Debt Service	0
Restricted for Capital Projects	0
Committed:	
Committed for Capital Projects	0
Total Fund Balances	119,254
Total Liabilities and Fund Balances	142,046

(Continued)

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

	Capital Projects Funds				Total
	General Capital Projects	Sanitation Projects	Highway Capital Projects	Nonmajor Governmental Funds	
\$	0	0	0	0	\$
1,212,098	112,404	68,190	1,392,692	2,118,280	
0	0	0	0	25,139	
71,348	0	0	71,348	386,462	
0	0	0	0	264,821	
\$ 1,283,446	\$ 112,404	\$ 68,190	\$ 1,464,040	\$ 2,915,200	

ASSETS

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

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts Payable	
Payroll Deductions Payable	
Due to Other Funds	
Due to Component Units	
Other Deferred Revenues	
Total Liabilities	
Fund Balances	
Restricted:	
Restricted for Finance	
Restricted for Administration of Justice	
Restricted for Public Safety	
Restricted for Highways/Public Works	
Restricted for Debt Service	
Restricted for Capital Projects	
Committed:	
Committed for Capital Projects	
Total Fund Balances	
Total Liabilities and Fund Balances	

\$	71,348	0	0	0	71,348	\$
0	0	0	0	0	0	1,123
0	0	0	0	0	0	22,796
1,026,006	0	0	1,026,006	1,026,006	1,026,006	
0	0	0	0	0	151,677	
\$ 1,097,354	\$ 0	\$ 0	\$ 1,097,354	\$ 1,301,534		
\$	0	0	0	0	0	67,348
0	0	0	0	0	0	51,902
0	0	0	0	0	0	19,254
0	0	0	0	0	0	843,476
0	0	0	0	0	0	265,000
71,400	112,404	0	183,804	183,804	183,804	
114,692	0	68,190	182,882	182,882		
\$ 186,092	\$ 112,404	\$ 68,190	\$ 366,686	\$ 1,613,666		
\$ 1,283,446	\$ 112,404	\$ 68,190	\$ 1,464,040	\$ 2,915,200		

Hamblen County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2011

	Special Revenue Funds				Debt Service Funds		
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Total	Special Debt Service	Hospital Debt Service	Total
Revenues							
Local Taxes	\$ 0	\$ 0	\$ 47,364	\$ 47,364	\$ 0	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	17,109	0	0	17,109	0	0	0
Charges for Current Services	0	1,126,962	0	1,126,962	0	0	0
Other Local Revenues	1,917	0	18,084	20,001	21,500	13,451	34,951
State of Tennessee	0	0	1,681,334	1,681,334	0	0	0
Federal Government	13,327	0	0	13,327	0	0	0
Other Governments and Citizens Groups	9,347	0	0	9,347	0	0	0
Total Revenues	\$ 41,700	\$ 1,126,962	\$ 1,746,782	\$ 2,915,444	\$ 21,500	\$ 13,451	\$ 34,951
Expenditures							
Current:							
General Government	\$ 0	\$ 184,746	\$ 0	\$ 184,746	\$ 0	\$ 0	\$ 0
Finance	0	900,462	0	900,462	0	0	0
Administration of Justice	0	236,931	0	236,931	0	0	0
Public Safety	94,486	0	0	94,486	0	0	0
Highways	0	0	1,641,864	1,641,864	0	0	0
Debt Service:							
Principal on Debt	0	0	0	0	255,000	0	255,000
Interest on Debt	0	0	0	0	20,900	0	20,900
Other Debt Service	0	0	0	0	600	0	600
Capital Projects	0	0	0	0	0	0	0
Total Expenditures	\$ 94,486	\$ 1,322,139	\$ 1,641,864	\$ 3,058,489	\$ 276,500	\$ 0	\$ 276,500
Excess (Deficiency) of Revenues Over Expenditures	\$ (52,786)	\$ (195,177)	\$ 104,918	\$ (143,045)	\$ (255,000)	\$ 13,451	\$ (241,549)
Other Financing Sources (Uses)							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Premiums on Debt Issued	0	0	0	0	0	0	0
Insurance Recovery	0	0	4,477	4,477	0	0	0
Transfers In	0	0	0	0	0	0	0
Transfers Out	0	0	(23,805)	(23,805)	0	(1,032,947)	(1,032,947)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ (19,328)	\$ (19,328)	\$ 0	\$ (1,032,947)	\$ (1,032,947)
Net Change in Fund Balances	\$ (52,786)	\$ (195,177)	\$ 85,590	\$ (162,373)	\$ (255,000)	\$ (1,019,496)	\$ (1,274,496)
Fund Balance, July 1, 2010	72,040	314,427	757,886	1,144,353	520,000	1,019,496	1,539,496
Fund Balance, June 30, 2011	\$ 19,254	\$ 119,250	\$ 843,476	\$ 981,980	\$ 265,000	\$ 0	\$ 265,000

(Continued)

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	Total	
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	47,364
Fines, Forfeitures, and Penalties	0	0	0	0	17,109
Charges for Current Services	0	0	0	0	1,126,962
Other Local Revenues	0	0	0	0	54,952
State of Tennessee	87,500	0	464,956	552,456	2,233,790
Federal Government	159,159	0	0	159,159	172,486
Other Governments and Citizens Groups	0	0	0	0	9,347
Total Revenues	\$ 246,659	\$ 0	\$ 464,956	\$ 711,615	\$ 3,662,010
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 0	\$ 0	184,746
Finance	0	0	0	0	900,462
Administration of Justice	0	0	0	0	236,931
Public Safety	0	0	0	0	94,486
Highways	0	0	0	0	1,641,864
Debt Service:					
Principal on Debt	0	0	0	0	255,000
Interest on Debt	0	0	0	0	20,900
Other Debt Service	0	0	0	0	600
Capital Projects	2,560,149	11,620	396,766	2,968,535	2,968,535
Total Expenditures	\$ 2,560,149	\$ 11,620	\$ 396,766	\$ 2,968,535	\$ 6,303,524
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,313,490)	\$ (11,620)	\$ 68,190	\$ (2,256,920)	\$ (2,641,514)
<u>Other Financing Sources (Uses)</u>					
Bonds Issued	\$ 2,375,000	\$ 0	\$ 0	\$ 2,375,000	\$ 2,375,000
Premiums on Debt Issued	52,081	0	0	52,081	52,081
Insurance Recovery	0	0	0	0	4,477
Transfers In	10,000	0	0	10,000	10,000
Transfers Out	0	0	0	0	(1,056,752)
Total Other Financing Sources (Uses)	\$ 2,437,081	\$ 0	\$ 0	\$ 2,437,081	\$ 1,384,806
Net Change in Fund Balances	\$ 123,591	\$ (11,620)	\$ 68,190	\$ 180,161	\$ (1,256,708)
Fund Balance, July 1, 2010	62,501	124,024	0	186,525	2,870,374
Fund Balance, June 30, 2011	\$ 186,092	\$ 112,404	\$ 68,190	\$ 366,686	\$ 1,613,666

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 17,109 \$	0 \$	17,109 \$	33,000 \$	33,000 \$	(15,891)
Other Local Revenues	1,917	0	1,917	2,500	2,500	(583)
Federal Government	13,327	0	13,327	0	7,140	6,187
Other Governments and Citizens Groups	9,347	0	9,347	0	10,000	(653)
Total Revenues	\$ 41,700 \$	0 \$	41,700 \$	35,500 \$	52,640 \$	(10,940)
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 94,486 \$	(22,355) \$	72,131 \$	58,900 \$	76,040 \$	3,909
Total Expenditures	\$ 94,486 \$	(22,355) \$	72,131 \$	58,900 \$	76,040 \$	3,909
Excess (Deficiency) of Revenues Over Expenditures	\$ (52,786) \$	22,355 \$	(30,431) \$	(23,400) \$	(23,400) \$	(7,031)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0 \$	0 \$	0 \$	10,000 \$	0 \$	0
Total Other Financing Sources (Uses)	\$ 0 \$	0 \$	0 \$	10,000 \$	0 \$	0
Net Change in Fund Balance	\$ (52,786) \$	22,355 \$	(30,431) \$	(13,400) \$	(23,400) \$	(7,031)
Fund Balance, July 1, 2010	72,040	(22,355)	49,685	39,079	39,079	10,606
Fund Balance, June 30, 2011	\$ 19,254 \$	0 \$	19,254 \$	25,679 \$	15,679 \$	3,575

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 47,364	\$ 0	\$ 0	\$ 47,364	\$ 1,600	\$ 1,600	\$ 45,764
Other Local Revenues	18,084	0	0	18,084	17,500	17,500	584
State of Tennessee	1,681,334	0	0	1,681,334	1,845,680	1,845,680	(164,346)
Total Revenues	\$ 1,746,782	\$ 0	\$ 0	\$ 1,746,782	\$ 1,864,780	\$ 1,864,780	\$ (117,998)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 327,829	(179)	258	\$ 327,908	\$ 370,005	\$ 354,095	\$ 26,187
Highway and Bridge Maintenance	1,000,852	(1,339)	22,829	1,022,342	1,018,286	1,076,981	54,639
Operation and Maintenance of Equipment	269,727	(695)	0	269,032	323,966	305,181	36,149
Employee Benefits	30,554	0	0	30,554	65,185	41,185	10,631
Capital Outlay	12,902	0	252,000	264,902	277,665	277,665	12,763
Total Expenditures	\$ 1,641,864	\$ (2,213)	\$ 275,087	\$ 1,914,738	\$ 2,055,107	\$ 2,055,107	\$ 140,369
Excess (Deficiency) of Revenues Over Expenditures	\$ 104,918	\$ 2,213	\$ (275,087)	\$ (167,956)	\$ (190,327)	\$ (190,327)	\$ 22,371
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,000	\$ 150,000	\$ (150,000)
Insurance Recovery	4,477	0	0	4,477	0	0	4,477
Transfers Out	(23,805)	0	0	(23,805)	(24,500)	(24,500)	695
Total Other Financing Sources (Uses)	\$ (19,328)	\$ 0	\$ 0	\$ (19,328)	\$ 125,500	\$ 125,500	\$ (144,828)
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 85,590	\$ 2,213	\$ (275,087)	\$ (187,284)	\$ (64,827)	\$ (64,827)	\$ (122,457)
Fund Balance, June 30, 2011	757,886	(2,213)	0	755,673	526,262	526,262	229,411
Fund Balance, June 30, 2011	\$ 843,476	\$ 0	\$ (275,087)	\$ 568,389	\$ 461,435	\$ 461,435	\$ 106,954

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 21,500	\$ 276,520	\$ 21,498	\$ 2
Total Revenues	\$ 21,500	\$ 276,520	\$ 21,498	\$ 2
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 255,000	\$ 255,000	\$ 255,000	\$ 0
<u>Interest on Debt</u>				
General Government	20,900	20,900	20,900	0
<u>Other Debt Service</u>				
General Government	600	610	610	10
Total Expenditures	\$ 276,500	\$ 276,510	\$ 276,510	\$ 10
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (255,000)	\$ 10	\$ (255,012)	\$ 12
Net Change in Fund Balance				
Fund Balance, July 1, 2010	\$ 520,000	770,003	514,981	5,019
Fund Balance, June 30, 2011	\$ 265,000	\$ 770,013	\$ 259,969	\$ 5,031

Exhibit F-6

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Hospital Debt Service Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 13,451	\$ 2,161,350	\$ 15,000	\$ (1,549)
Total Revenues	\$ 13,451	\$ 2,161,350	\$ 15,000	\$ (1,549)
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 0	\$ 840,000	\$ 0	\$ 0
<u>Interest on Debt</u>				
General Government	0	1,306,350	0	0
Total Expenditures	\$ 0	\$ 2,146,350	\$ 0	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 13,451	\$ 15,000	\$ 15,000	\$ (1,549)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (1,032,947)	\$ 0	\$ (1,035,500)	\$ 2,553
Total Other Financing Sources (Uses)	\$ (1,032,947)	\$ 0	\$ (1,035,500)	\$ 2,553
Net Change in Fund Balance	\$ (1,019,496)	\$ 15,000	\$ (1,020,500)	\$ 1,004
Fund Balance, July 1, 2010	1,019,496	1,269,730	1,269,730	(250,234)
Fund Balance, June 30, 2011	\$ 0	\$ 1,284,730	\$ 249,230	\$ (249,230)

Major Governmental Fund

Debt Service Fund

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

Exhibit G-1

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,043,709	\$ 3,993,356	\$ 3,993,356	\$ 50,353
Fines, Forfeitures, and Penalties	51,594	35,000	35,000	16,594
Other Local Revenues	687,604	854,444	854,444	(166,840)
Total Revenues	<u>\$ 4,782,907</u>	<u>\$ 4,882,800</u>	<u>\$ 4,882,800</u>	<u>\$ (99,893)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 316,940	\$ 4,689,143	\$ 316,940	\$ 0
Education	3,739,605	586,546	3,739,606	1
<u>Interest on Debt</u>				
General Government	219,726	342,586	849,064	629,338
Education	1,634,854	1,714,359	2,344,024	709,170
<u>Other Debt Service</u>				
General Government	81,849	0	83,000	1,151
Education	10,040	18,800	18,800	8,760
<u>Capital Projects</u>				
Education Capital Projects	1,186,143	0	1,186,143	0
Total Expenditures	<u>\$ 7,189,157</u>	<u>\$ 7,351,434</u>	<u>\$ 8,537,577</u>	<u>\$ 1,348,420</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,406,250)</u>	<u>\$ (2,468,634)</u>	<u>\$ (3,654,777)</u>	<u>\$ 1,248,527</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 18,540	\$ 18,540	\$ (18,540)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 18,540</u>	<u>\$ 18,540</u>	<u>\$ (18,540)</u>
Net Change in Fund Balance	\$ (2,406,250)	\$ (2,450,094)	\$ (3,636,237)	\$ 1,229,987
Fund Balance, July 1, 2010	8,120,284	8,198,959	8,198,959	(78,675)
Fund Balance, June 30, 2011	<u>\$ 5,714,034</u>	<u>\$ 5,748,865</u>	<u>\$ 4,562,722</u>	<u>\$ 1,151,312</u>

Fiduciary Funds

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

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

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.

Exhibit H-1

Hamblen County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

	<u>Agency Funds</u>			
	Cities - Sales Tax	Constitu- tional Officers - Agency	Other Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 1,516,631	\$ 0	\$ 1,516,631
Equity in Pooled Cash and Investments	10,955	0	3,444	14,399
Due from Other Governments	1,647,353	0	0	1,647,353
Total Assets	<u>\$ 1,658,308</u>	<u>\$ 1,516,631</u>	<u>\$ 3,444</u>	<u>\$ 3,178,383</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 1,658,308	\$ 0	\$ 0	\$ 1,658,308
Due to Litigants, Heirs, and Others	0	1,516,631	0	1,516,631
Due to Joint Ventures	0	0	3,444	3,444
Total Liabilities	<u>\$ 1,658,308</u>	<u>\$ 1,516,631</u>	<u>\$ 3,444</u>	<u>\$ 3,178,383</u>

Exhibit H-2

Hamblen County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 10,955	\$ 9,871,123	\$ 9,871,123	\$ 10,955
Due from Other Governments	1,699,853	1,647,353	1,699,853	1,647,353
Total Assets	\$ 1,710,808	\$ 11,518,476	\$ 11,570,976	\$ 1,658,308
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,710,808	\$ 11,518,476	\$ 11,570,976	\$ 1,658,308
Total Liabilities	\$ 1,710,808	\$ 11,518,476	\$ 11,570,976	\$ 1,658,308
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,894,675	\$ 10,628,216	\$ 11,006,260	\$ 1,516,631
Total Assets	\$ 1,894,675	\$ 10,628,216	\$ 11,006,260	\$ 1,516,631
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,894,675	\$ 10,628,216	\$ 11,006,260	\$ 1,516,631
Total Liabilities	\$ 1,894,675	\$ 10,628,216	\$ 11,006,260	\$ 1,516,631
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 3,444	\$ 0	\$ 0	\$ 3,444
Total Assets	\$ 3,444	\$ 0	\$ 0	\$ 3,444
<u>Liabilities</u>				
Due to Joint Ventures	\$ 3,444	\$ 0	\$ 0	\$ 3,444
Total Liabilities	\$ 3,444	\$ 0	\$ 0	\$ 3,444

(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	\$ 1,894,675	\$ 10,628,216	\$ 11,006,260	\$ 1,516,631
Equity in Pooled Cash and Investments	14,399	9,871,123	9,871,123	14,399
Due from Other Governments	1,699,853	1,647,353	1,699,853	1,647,353
Total Assets	<u>\$ 3,608,927</u>	<u>\$ 22,146,692</u>	<u>\$ 22,577,236</u>	<u>\$ 3,178,383</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,710,808	\$ 11,518,476	\$ 11,570,976	\$ 1,658,308
Due to Litigants, Heirs, and Others	1,894,675	10,628,216	11,006,260	1,516,631
Due to Joint Ventures	3,444	0	0	3,444
Total Liabilities	<u>\$ 3,608,927</u>	<u>\$ 22,146,692</u>	<u>\$ 22,577,236</u>	<u>\$ 3,178,383</u>

Hamblen County School Department

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.

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, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 50,635,352	\$ 0	\$ 5,855,318	\$ (44,778,900)
Support Services	25,903,181	0	736,239	(10,867,866)
Operation of Non-Instructional Services	5,621,368	2,142,649	4,687,756	1,209,037
Other Debt Service	500,000	0	0	(500,000)
Total Governmental Activities	\$ 82,659,901	\$ 2,142,649	\$ 11,279,313	\$ (54,937,729)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 13,527,921
Local Option Sales Taxes				10,745,073
Wheel Tax				711,016
Interstate Telecommunications Tax				4,688
Grants and Contributions Not Restricted to Specific Programs				41,185,805
Unrestricted Investment Income				1,777
Miscellaneous				75,138
Total General Revenues				\$ 66,251,418
Change in Net Assets				\$ 11,313,689
Net Assets, July 1, 2010				48,020,478
Net Assets, June 30, 2011				\$ 59,334,167

Exhibit I-2

Hamblen County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Hamblen County School Department
June 30, 2011

	Major Funds		Nonmajor Funds	Total
	General Purpose School	Other Capital Projects - QSCB	Other Governmental Funds	Governmental Funds
<u>ASSETS</u>				
Cash	\$ 0	\$ 100	\$ 91	\$ 191
Equity in Pooled Cash and Investments	11,914,335	158	3,385,965	15,300,458
Inventories	0	0	174,048	174,048
Accounts Receivable	6,900	0	2,197	9,097
Due from Other Governments	3,293,547	0	1,309,355	4,602,902
Due from Other Funds	128,488	0	0	128,488
Due from Primary Government	0	5,897,399	1,026,006	6,923,405
Property Taxes Receivable	13,804,369	0	0	13,804,369
Allowance for Uncollectible Property Taxes	(442,139)	0	0	(442,139)
Total Assets	\$ 28,705,500	\$ 5,897,657	\$ 5,897,662	\$ 40,500,819
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 1,367,088	\$ 0	\$ 43,498	\$ 1,410,586
Payroll Deductions Payable	190,631	0	90,589	281,220
Contracts Payable	0	517,708	465,500	983,208
Retainage Payable	0	214,523	26,499	241,022
Due to Other Funds	0	0	128,488	128,488
Deferred Revenue - Current Property Taxes	12,831,121	0	0	12,831,121
Deferred Revenue - Delinquent Property Taxes	473,538	0	0	473,538
Other Deferred Revenues	1,024,566	0	0	1,024,566
Total Liabilities	\$ 15,886,944	\$ 732,231	\$ 754,574	\$ 17,373,749
<u>Fund Balances</u>				
Nonspendable:				
Inventory	\$ 0	\$ 0	\$ 174,048	\$ 174,048
Restricted:				
Restricted for Education	101,488	0	2,748,942	2,850,430
Restricted for Capital Projects	0	5,165,426	1,720,098	6,885,524
Committed:				
Committed for Education	853,886	0	500,000	1,353,886
Assigned:				
Assigned for Education	620,848	0	0	620,848
Assigned for Capital Projects	293,518	0	0	293,518
Unassigned	10,948,816	0	0	10,948,816
Total Fund Balances	\$ 12,818,556	\$ 5,165,426	\$ 5,143,088	\$ 23,127,070
Total Liabilities and Fund Balances	\$ 28,705,500	\$ 5,897,657	\$ 5,897,662	\$ 40,500,819

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, 2011

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)		\$ 23,127,070
(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	4,305,892	
Add: buildings and improvements net of accumulated depreciation	33,636,163	
Add: other capital assets net of accumulated depreciation	<u>3,916,968</u>	44,757,267
(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	\$ (8,689,768)	
Less: compensated absences payable	(187,274)	
Less: retirement incentive	(210,994)	
Less: retirement honorarium	<u>(960,238)</u>	(10,048,274)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,498,104</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 59,334,167</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, 2011

	Major Funds		Nonmajor	Total
	General Purpose School	Other Capital Projects - QSCB	Funds Other Governmental Funds	
<u>Revenues</u>				
Local Taxes	\$ 24,856,602	\$ 0	\$ 0	\$ 24,856,602
Charges for Current Services	610,330	0	1,521,394	2,131,724
Other Local Revenues	243,950	10,642,457	3,565,746	14,452,153
State of Tennessee	40,301,623	0	52,856	40,354,479
Federal Government	381,875	0	11,775,306	12,157,181
Total Revenues	\$ 66,394,380	\$ 10,642,457	\$ 16,915,302	\$ 93,952,139
<u>Expenditures</u>				
Current:				
Instruction	\$ 42,574,546	\$ 0	\$ 5,858,121	\$ 48,432,667
Support Services	18,375,324	0	1,976,609	20,351,933
Operation of Non-Instructional Services	916,559	0	4,596,204	5,512,763
Capital Outlay	864,772	0	0	864,772
Debt Service:				
Other Debt Service	500,000	0	0	500,000
Capital Projects	0	5,213,364	1,845,022	7,058,386
Total Expenditures	\$ 63,231,201	\$ 5,213,364	\$ 14,275,956	\$ 82,720,521
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 3,163,179	\$ 5,429,093	\$ 2,639,346	\$ 11,231,618
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 83,576	\$ 0	\$ 200,000	\$ 283,576
Transfers Out	(200,000)	0	(83,576)	(283,576)
Total Other Financing Sources (Uses)	\$ (116,424)	\$ 0	\$ 116,424	\$ 0
Net Change in Fund Balances	\$ 3,046,755	\$ 5,429,093	\$ 2,755,770	\$ 11,231,618
Fund Balance, July 1, 2010	9,771,801	(263,667)	2,387,318	11,895,452
Fund Balance, June 30, 2011	\$ 12,818,556	\$ 5,165,426	\$ 5,143,088	\$ 23,127,070

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, 2011

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)		\$ 11,231,618
(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	\$ 4,881,172	
Less: current-year depreciation expense	<u>(2,471,546)</u>	2,409,626
(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		(179,253)
(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, 2011	\$ 1,498,104	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(1,468,517)</u>	29,587
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ (2,177)	
Change in other postemployment benefits liability	(2,146,456)	
Change in retirement incentive	(61,766)	
Change in retirement honorarium	<u>32,510</u>	<u>(2,177,889)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 11,313,689</u>

Exhibit I-6

Hamblen County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Hamblen County School Department
June 30, 2011

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>ASSETS</u>					
Cash	\$ 0	\$ 91	\$ 91	\$ 0	\$ 91
Equity in Pooled Cash and Investments	29,034	2,170,840	2,199,874	1,186,091	3,385,965
Inventories	0	174,048	174,048	0	174,048
Accounts Receivable	2,197	0	2,197	0	2,197
Due from Other Governments	1,067,685	241,670	1,309,355	0	1,309,355
Due from Primary Government	0	0	0	1,026,006	1,026,006
Total Assets	\$ 1,098,916	\$ 2,586,649	\$ 3,685,565	\$ 2,212,097	\$ 5,897,662
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 38,635	\$ 4,863	\$ 43,498	\$ 0	\$ 43,498
Payroll Deductions Payable	90,589	0	90,589	0	90,589
Contracts Payable	0	0	0	465,500	465,500
Retainage Payable	0	0	0	26,499	26,499
Due to Other Funds	128,488	0	128,488	0	128,488
Total Liabilities	\$ 257,712	\$ 4,863	\$ 262,575	\$ 491,999	\$ 754,574
<u>Fund Balances</u>					
<u>Nonspendable:</u>					
Inventory	\$ 0	\$ 174,048	\$ 174,048	\$ 0	\$ 174,048
<u>Restricted:</u>					
Restricted for Education	341,204	2,407,738	2,748,942	0	2,748,942
Restricted for Capital Projects	0	0	0	1,720,098	1,720,098
<u>Committed:</u>					
Committed for Education	500,000	0	500,000	0	500,000
Total Fund Balances	\$ 841,204	\$ 2,581,786	\$ 3,422,990	\$ 1,720,098	\$ 5,143,088
Total Liabilities and Fund Balances	\$ 1,098,916	\$ 2,586,649	\$ 3,685,565	\$ 2,212,097	\$ 5,897,662

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, 2011

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 1,521,394	\$ 1,521,394	\$ 0	\$ 1,521,394
Other Local Revenues	0	945	945	3,564,801	3,565,746
State of Tennessee	0	52,856	52,856	0	52,856
Federal Government	8,017,136	3,758,170	11,775,306	0	11,775,306
Total Revenues	\$ 8,017,136	\$ 5,333,365	\$ 13,350,501	\$ 3,564,801	\$ 16,915,302
<u>Expenditures</u>					
Current:					
Instruction	\$ 5,858,121	\$ 0	\$ 5,858,121	\$ 0	\$ 5,858,121
Support Services	1,934,034	42,575	1,976,609	0	1,976,609
Operation of Non-Instructional Services	0	4,596,204	4,596,204	0	4,596,204
Capital Projects	0	0	0	1,845,022	1,845,022
Total Expenditures	\$ 7,792,155	\$ 4,638,779	\$ 12,430,934	\$ 1,845,022	\$ 14,275,956
Excess (Deficiency) of Revenues Over Expenditures	\$ 224,981	\$ 694,586	\$ 919,567	\$ 1,719,779	\$ 2,639,346
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 200,000	\$ 0	\$ 200,000	\$ 0	\$ 200,000
Transfers Out	(83,576)	0	(83,576)	0	(83,576)
Total Other Financing Sources (Uses)	\$ 116,424	\$ 0	\$ 116,424	\$ 0	\$ 116,424
Net Change in Fund Balances	\$ 341,405	\$ 694,586	\$ 1,035,991	\$ 1,719,779	\$ 2,755,770
Fund Balance, July 1, 2010	499,799	1,887,200	2,386,999	319	2,387,318
Fund Balance, June 30, 2011	\$ 841,204	\$ 2,581,786	\$ 3,422,990	\$ 1,720,098	\$ 5,143,088

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 24,856,602	\$ 0	\$ 0	\$ 24,856,602	\$ 25,099,264	\$ 25,099,264	\$ (242,662)
Charges for Current Services	610,330	0	0	610,330	505,354	500,754	109,576
Other Local Revenues	243,950	0	0	243,950	16,000	176,842	67,108
State of Tennessee	40,301,623	0	0	40,301,623	39,574,471	40,500,022	(198,399)
Federal Government	381,875	0	0	381,875	188,979	419,966	(38,091)
Total Revenues	\$ 66,394,380	\$ 0	\$ 0	\$ 66,394,380	\$ 65,384,068	\$ 66,696,848	\$ (302,468)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 34,250,085	\$ (197,023)	\$ 529,755	\$ 34,582,817	\$ 35,236,806	\$ 35,504,448	\$ 921,631
Special Education Program	5,233,865	(10,693)	8,377	5,231,549	5,414,045	5,524,566	293,017
Vocational Education Program	2,871,594	(1,263)	612	2,870,943	2,927,216	2,944,716	73,773
Student Body Education Program	44,674	0	0	44,674	130,640	130,640	85,966
Adult Education Program	107,728	(178)	3,145	110,695	111,072	133,784	23,089
Other	66,600	0	0	66,600	66,600	66,600	0
<u>Support Services</u>							
Attendance	3,102	0	0	3,102	5,850	5,850	2,748
Health Services	558,738	(10,996)	1,433	549,175	566,866	566,866	17,691
Other Student Support	998,814	0	11,121	1,009,935	1,077,635	1,088,168	78,233
Regular Instruction Program	521,133	(20,404)	1,715	502,444	502,779	573,054	70,610
Special Education Program	253,149	0	906	254,055	251,850	265,850	11,795
Vocational Education Program	133,178	0	0	133,178	133,823	133,823	645
Adult Programs	84,138	0	0	84,138	93,734	93,764	9,626
Other Programs	686,163	0	0	686,163	0	686,163	0

(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 7/1/2010	Add: Encumbrances 6/30/2011	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	\$ 932,955	\$ (162)	\$ 6,339	\$ 939,132	\$ 1,010,186	\$ 1,010,186	\$ 71,054
Director of Schools	555,632	(196)	820	556,256	569,703	569,703	13,447
Office of the Principal	3,518,412	0	0	3,518,412	3,678,438	3,678,438	160,026
Fiscal Services	283,141	(3,413)	310	280,038	291,801	291,801	11,763
Operation of Plant	5,011,710	(485)	10,746	5,021,971	5,680,345	5,680,345	658,374
Maintenance of Plant	1,330,844	(6,560)	27,917	1,352,201	1,376,848	1,376,848	24,647
Transportation	2,349,236	(3,451)	2,008	2,347,793	3,392,691	3,392,691	1,044,898
Central and Other	1,154,979	(30,138)	22,160	1,147,001	1,110,680	1,294,480	147,479
<u>Operation of Non-Instructional Services</u>							
Community Services	231,777	0	521	232,298	301,519	301,519	69,221
Early Childhood Education	684,782	(927)	1,482	685,337	703,564	720,123	34,786
<u>Capital Outlay</u>							
Regular Capital Outlay	864,772	(162,331)	293,517	995,958	1,341,240	1,341,240	345,282
<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	\$ 63,231,201	\$ (448,220)	\$ 922,884	\$ 63,705,865	\$ 66,475,931	\$ 67,875,666	\$ 4,169,801
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,163,179	\$ 448,220	\$ (922,884)	\$ 2,688,515	\$ (1,091,863)	\$ (1,178,818)	\$ 3,867,333

(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 7/1/2010	Add: Encumbrances 6/30/2011	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	83,576	0	0	83,576	80,500	80,500	3,076
Transfers Out	(200,000)	0	0	(200,000)	(28,244)	(228,244)	28,244
Total Other Financing Sources (Uses)	\$ (116,424)	\$ 0	\$ 0	\$ (116,424)	\$ 62,256	\$ (147,744)	\$ 31,320
Net Change in Fund Balance	\$ 3,046,755	\$ 448,220	\$ (922,884)	\$ 2,572,091	\$ (1,029,607)	\$ (1,326,562)	\$ 3,898,653
Fund Balance, July 1, 2010	9,771,801	(448,220)	0	9,323,581	9,392,703	9,392,703	(69,122)
Fund Balance, June 30, 2011	\$ 12,818,556	\$ 0	\$ (922,884)	\$ 11,895,672	\$ 8,363,096	\$ 8,066,141	\$ 3,829,531

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, 2011

	Actual (GAAP Basis)	Less:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2010	Encumbrances 6/30/2011			Original	Final	
<u>Revenues</u>								
Federal Government	\$ 8,017,136 \$	0 \$	0 \$	0 \$	8,017,136 \$	8,428,222 \$	10,812,365 \$	(2,795,229)
Total Revenues	\$ 8,017,136 \$	0 \$	0 \$	0 \$	8,017,136 \$	8,428,222 \$	10,812,365 \$	(2,795,229)
<u>Expenditures</u>								
<u>Instruction</u>								
Regular Instruction Program	\$ 2,965,647 \$	(13,451) \$	5,066 \$	2,957,262 \$	3,245,647 \$	4,695,028 \$	1,737,766	
Special Education Program	2,754,698	(7,229)	264,949	3,012,418	3,024,713	3,402,921	390,503	
Vocational Education Program	137,776	(5,035)	0	132,741	133,937	132,741	0	
<u>Support Services</u>								
Other Student Support	298,077	(11,066)	8,185	295,196	209,907	301,694	6,498	
Regular Instruction Program	1,545,769	(6,664)	934	1,540,039	1,504,104	2,149,227	609,188	
Special Education Program	63,421	0	13,558	76,979	263,455	109,752	32,773	
Vocational Education Program	2,665	0	235	2,900	4,500	2,900	0	
Board of Education	9,000	0	0	9,000	11,550	11,550	2,550	
Transportation	15,102	0	0	15,102	79,275	70,075	54,973	
Total Expenditures	\$ 7,792,155 \$	(43,445) \$	292,927 \$	8,041,637 \$	8,477,088 \$	10,875,888 \$	2,834,251	
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	\$ 224,981 \$	43,445 \$	(292,927) \$	(24,501) \$	(48,866) \$	(63,523) \$	39,022	
<u>Other Financing Sources (Uses)</u>								
Transfers In	\$ 200,000 \$	0 \$	0 \$	200,000 \$	247,036 \$	200,000 \$	0	
Transfers Out	(83,576)	0	0	(83,576)	(354,524)	(92,962)	9,386	
Total Other Financing Sources (Uses)	\$ 116,424 \$	0 \$	0 \$	116,424 \$	(107,488) \$	107,038 \$	9,386	
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 341,405 \$	43,445 \$	(292,927) \$	91,923 \$	(156,354) \$	43,515 \$	48,408	
Fund Balance, June 30, 2011	499,799	(43,445)	0	456,354	156,354	156,354	300,000	
Fund Balance, June 30, 2011	\$ 841,204 \$	0 \$	(292,927) \$	548,277 \$	0 \$	199,869 \$	348,408	

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,521,394	\$ 0	\$ 0	\$ 1,521,394	\$ 1,676,800	\$ 1,676,800	\$ (155,406)
Other Local Revenues	945	0	0	945	8,000	8,000	(7,055)
State of Tennessee	52,856	0	0	52,856	55,300	55,300	(2,444)
Federal Government	3,758,170	0	0	3,758,170	3,136,900	3,704,131	54,039
Total Revenues	\$ 5,333,365	\$ 0	\$ 0	\$ 5,333,365	\$ 4,877,000	\$ 5,444,231	\$ (110,866)
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 42,575	\$ 0	\$ 0	\$ 42,575	\$ 42,800	\$ 42,800	\$ 225
<u>Operation of Non-Instructional Services</u>							
Food Service	4,596,204	(174)	5,956	4,601,986	4,978,598	5,545,829	943,843
Total Expenditures	\$ 4,638,779	\$ (174)	\$ 5,956	\$ 4,644,561	\$ 5,021,398	\$ 5,588,629	\$ 944,068
Excess (Deficiency) of Revenues Over Expenditures	\$ 694,586	\$ 174	\$ (5,956)	\$ 688,804	\$ (144,398)	\$ (144,398)	\$ 833,202
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 694,586	\$ 174	\$ (5,956)	\$ 688,804	\$ (144,398)	\$ (144,398)	\$ 833,202
	1,887,200	(174)	0	1,887,026	1,690,302	1,690,302	196,724
Fund Balance, June 30, 2011	\$ 2,581,786	\$ 0	\$ (5,956)	\$ 2,575,830	\$ 1,545,904	\$ 1,545,904	\$ 1,029,926

MISCELLANEOUS SCHEDULES

Exhibit J-1

Hamblen County, Tennessee
Schedule of Changes in Long-term Other Loans and Bonds
For the Year Ended June 30, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
OTHER LOANS PAYABLE								
<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	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	16,160,000	0	2,315,000	13,845,000
Qualified School Construction Bonds	11,280,000	1.515 %	12-17-09	7-1-26	11,280,000	0	586,545	10,693,455
Total Payable through General Debt Service Fund					\$ 37,540,000	0	2,901,545	\$ 34,638,455
<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	\$ 520,000	0	255,000	\$ 265,000
Total Payable through Special Debt Service Fund					\$ 520,000	0	255,000	\$ 265,000
Total Other Loans Payable					\$ 38,060,000	0	3,156,545	\$ 34,903,455
BONDS PAYABLE								
<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	\$ 10,775,000	0	105,000	\$ 10,670,000
General Obligation Bonds, Series 2010	2,375,000	2	8-11-10	6-1-16	0	2,375,000	1,050,000	1,325,000
Total Payable through General Debt Service Fund					\$ 10,775,000	2,375,000	1,155,000	\$ 11,995,000
Total Bonds Payable					\$ 10,775,000	2,375,000	1,155,000	\$ 11,995,000

(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			Total
	Principal	Interest	Other Fees	
2012	\$ 3,403,854	\$ 1,206,794	\$ 118,888	\$ 4,729,536
2013	3,258,854	1,071,380	111,783	4,442,017
2014	3,393,854	943,195	104,327	4,441,376
2015	3,533,854	808,238	96,478	4,438,570
2016	3,678,854	666,257	88,220	4,433,331
2017	1,063,854	517,001	79,538	1,660,393
2018	703,854	498,940	78,488	1,281,282
2019	703,854	498,940	78,488	1,281,282
2020	2,173,854	498,940	78,488	2,751,282
2021	2,253,854	451,194	67,064	2,772,112
2022	2,333,854	400,850	55,019	2,789,723
2023	2,423,854	347,908	42,352	2,814,114
2024	2,518,854	292,042	28,986	2,839,882
2025	2,618,854	233,091	14,882	2,866,827
2026	773,140	170,892	0	944,032
2027	66,359	14,242	0	80,601
Total	\$ 34,903,455	\$ 8,619,904	\$ 1,043,001	\$ 44,566,360

Year Ending June 30	Bonds		Total
	Principal	Interest	
2012	\$ 365,000	\$ 484,450	\$ 849,450
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	\$ 11,995,000	\$ 3,288,050	\$ 15,283,050

Exhibit J-3

Hamblen County, Tennessee
Schedule of Notes and Loans Receivable
June 30, 2011

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-11
<u>Notes Receivable:</u>						
<u>General Debt Service Fund</u>						
Capital Outlay Note	Jefferson Federal Savings and Loan and Lakeway Publishers, Inc.	\$ 175,000	12-26-02	9-1-12	0%	\$ 19,448
<u>Loans Receivable:</u>						
<u>Special Debt Service Fund</u>						
Loans	Hamblen County - Morrison Solid Waste Disposal System	2,145,000	6-30-03	6-1-12	2 to 5	264,821

Exhibit J-4

Hamblen County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2011

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Capital Projects	Renovations	\$ 10,000
Hospital Debt Service	General	Close fund	1,032,947
Highway/Public Works	General	Salaries	<u>23,805</u>
Total Transfers Primary Government			<u>\$ 1,066,752</u>
<u>DISCRETELY PRESENTED HAMBLEN</u>			
<u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash flow	\$ 200,000
School Federal Projects	General Purpose School	Indirect costs	<u>83,576</u>
Total Transfers Discretely Presented Hamblen County School Department			<u>\$ 283,576</u>

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, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
David Purkey (7-1-10 through 8-31-10)	Section 8-24-102, TCA	\$ 18,933	\$ 50,000	Ohio Casualty Insurance Company
Bill Brittain (9-1-10 through 6-30-11)	Section 8-24-102, TCA	66,244	50,000	RLI Insurance Company
Highway Commissioner	Section 8-24-102, TCA	76,407	100,000	"
Director of Schools	State Board of Education and County Board of Education	109,992 (1)	50,000	Ohio Casualty Insurance Company
Trustee:				
Bill Brittain (7-1-10 through 8-31-10)	Section 8-24-102, TCA	11,577	1,905,000	"
John Baskette (9-1-10 through 6-30-11)	Section 8-24-102, TCA	57,884	2,262,100	"
Assessor of Property	Section 8-24-102, TCA	69,461 (2)	10,000	RLI Insurance Company
Finance Director:				
Sharee Long (7-1-10 through 11-1-10, interim)	County Commission	2,912	50,000	Ohio Casualty Insurance Company
Nicole Buchanan (resigned 6-30-10, interim contract)	County Commission	4,924	50,000	"
Joey Barnard (11-2-10 through 6-30-11)	County Commission	42,500	50,000	RLI Insurance Company
County Clerk	Section 8-24-102, TCA	69,461	50,000	"
Circuit and General Sessions Courts Clerk:				
Kathy Mullins (7-1-10 through 8-31-10)	Section 8-24-102, TCA	11,577	50,000	Ohio Casualty Insurance Company
Teresa West (9-1-10 through 6-30-11)	Section 8-24-102, TCA	57,884	50,000	RLI Insurance Company
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	69,461 (3)	50,000	Ohio Casualty Insurance Company
Register	Section 8-24-102, TCA	69,461	25,000	RLI Insurance Company
Sheriff	Section 8-24-102, TCA, and County Commission	79,746 (4)	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			250,000	Travelers Indemnity Company
Public Employee Dishonesty - School Department			100,000	Montgomery Mutual Insurance Company

- (1) Includes a chief executive officer training supplement of \$1,000. Does not include a travel allowance of \$10,500; and a 403(b) contribution of \$1,174.
- (2) Does not include a travel related supplement of \$2,032.
- (3) Does not include special commissioner fees of \$4,671.
- (4) Includes \$2,739 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, 2011

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 6,354,233	\$ 1,129,958	\$ 0	\$ 0	\$ 0
Discount on Property Taxes	2,505	0	0	0	0
Trustee's Collections - Prior Year	197,649	38,493	0	0	0
Trustee's Collections - Bankruptcy	1,162	559	0	0	0
Circuit/Clerk & Master Collections - Prior Years	84,185	14,220	0	0	0
Interest and Penalty	73,832	13,748	0	0	0
Pick-up Taxes	71	33	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	637	286	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	62,889	0	0	0	0
Payments in-Lieu-of Taxes - Other	10,057	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	4,078	812,424	0	0	0
Hotel/Motel Tax	7,936	0	0	0	0
Wheel Tax	770,268	0	0	0	0
Litigation Tax - General	173,810	0	0	0	0
Litigation Tax - Special Purpose	68,092	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0
Business Tax	793,159	0	0	0	1,600
Mineral Severance Tax	0	0	0	0	45,764
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0	0	0
Wholesale Beer Tax	0	121,817	0	0	0
Interstate Telecommunications Tax	2,185	0	0	0	0
Total Local Taxes	\$ 8,606,748	\$ 2,131,538	\$ 0	\$ 0	\$ 47,364
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 6,237	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	317,888	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>					
<u>Permits</u>					
Beer Permits	0 \$	2,692 \$	0 \$	0 \$	0
Building Permits	71,657	0	0	0	0
Total Licenses and Permits	\$ 395,782	\$ 2,692	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	3,066	0	0	0	0
Officers Costs	15,892	0	0	0	0
Drug Control Fines	1,503	0	1,123	0	0
Drug Court Fees	1,953	0	0	0	0
Jail Fees	881	0	0	0	0
DUI Treatment Fines	2,611	0	0	0	0
Data Entry Fee - Circuit Court	1,169	0	0	0	0
Courtroom Security Fee	3,837	0	0	0	0
<u>Criminal Court</u>					
Drug Control Fines	0	0	2,486	0	0
<u>General Sessions Court</u>					
Fines	59,795	0	0	0	0
Fines for Littering	9	0	0	0	0
Officers Costs	78,613	0	0	0	0
Game and Fish Fines	1,366	0	0	0	0
Drug Control Fines	6,885	0	6,523	0	0
Drug Court Fees	9,151	0	0	0	0
Jail Fees	33,667	0	0	0	0
Interpreter Fees	142	0	0	0	0
DUI Treatment Fines	16,395	0	0	0	0
Data Entry Fee - General Sessions Court	14,788	0	0	0	0
Courtroom Security Fee	31,099	0	0	0	0
<u>Juvenile Court</u>					
Fines	5,367	0	0	0	0

(Continued)

Hambly 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	18 \$	0 \$	0 \$	0 \$	0
Data Entry Fee - Juvenile Court	3,185	0	0	0	0
<u>Chancery Court</u>					
Data Entry Fee - Chancery Court	1,624	0	0	0	0
<u>Other Courts - In-county</u>					
Drug Court Fees	1,160	0	0	0	0
<u>Judicial District Drug Program</u>					
Courtroom Security Fee	88	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	6,977	0	0
Total Fines, Forfeitures, and Penalties	\$ 294,264 \$	0 \$	17,109 \$	0 \$	0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Other Employee Benefit Charges/Contributions	253,924 \$	0 \$	0 \$	0 \$	0
Patient Charges	4,347	0	0	0	0
Work Release Charges for Board Fees	5,185	0	0	0	0
Recreation Fees	35,735	0	0	0	0
Copy Fees	10,714	0	0	0	0
Telephone Commissions	62,136	0	0	0	0
Vending Machine Collections	2,307	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	1,126,962	0
Data Processing Fee - Register	17,856	0	0	0	0
Data Processing Fee - Sheriff	26,323	0	0	0	0
Sexual Offender Registration Fees - Sheriff	4,125	0	0	0	0
Data Processing Fee - County Clerk	6,408	0	0	0	0
Total Charges for Current Services	\$ 429,060 \$	0 \$	0 \$	1,126,962 \$	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>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 50,232	\$ 518	\$ 0	\$ 9,647
Lease/Rentals	30,529	0	0	0	0
Sale of Materials and Supplies	0	8,008	0	0	1,173
Commissary Sales	11,344	0	0	0	0
Sale of Maps	1,153	0	0	0	0
Sale of Recycled Materials	34	0	0	0	0
Retirees' Insurance Payments	14,825	0	0	0	0
Cobra Insurance Payments	5,318	0	0	0	0
Miscellaneous Refunds	68,086	536	1,399	0	7,264
<u>Nonrecurring Items</u>					
Sale of Equipment	13,752	0	0	0	0
Contributions and Gifts	2	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	0	0
Total Other Local Revenues	\$ 145,043	\$ 58,776	\$ 1,917	\$ 0	\$ 18,084
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
County Clerk	\$ 238,766	\$ 0	\$ 0	\$ 0	\$ 0
Clerk and Master	36,698	0	0	0	0
Register	82,423	0	0	0	0
Trustee	661,000	0	0	0	0
<u>Fees in-Lieu-of-Salary</u>					
Circuit Court Clerk	176,332	0	0	0	0
General Sessions Court Clerk	442,274	0	0	0	0
Sheriff	32,163	0	0	0	0
Total Fees Received from County Officials	\$ 1,669,656	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Hambly 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	21,000	0	0	0	0
Solid Waste Grants	55,483	0	0	0	0
On-Behalf Contributions for OPEB	11,190	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	19,200	0	0	0	0
Health and Welfare Grants					
Health Department Programs	367,072	0	0	0	0
Public Works Grants					
Litter Program	33,551	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	100,379	0	0	0	0
Beer Tax	0	18,724	0	0	0
Alcoholic Beverage Tax	62,562	0	0	0	0
State Revenue Sharing - T.V.A.	152,432	234,522	0	0	0
Contracted Prisoner Boarding	943,925	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	1,634,651
Registrar's Salary Supplement	15,164	0	0	0	46,683
Other State Grants	45,715	0	0	0	0
Total State of Tennessee	\$ 1,827,673	\$ 253,246	\$ 0	\$ 0	\$ 1,681,334
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	0	0	0	0	0
Civil Defense Reimbursement	5,258	0	0	0	0
Homeland Security Grants	376,208	0	0	0	0
ARRA Grant # 1	52,441	0	0	0	0
Other Federal through State	47,218	0	0	0	0
<u>Direct Federal Revenue</u>					
Asset Forfeiture Funds	0	0	4,033	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>Federal Government (Cont.)</u>					
<u>Direct Federal Revenue (Cont.)</u>					
Other Direct Federal Revenue	\$ 41,717	\$ 0	\$ 9,294	\$ 0	\$ 0
Total Federal Government	\$ 522,842	\$ 0	\$ 13,327	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 9,347	\$ 0	\$ 0
Contracted Services	235,121	0	0	0	0
Citizens Groups					
Donations	2,950	0	0	0	0
Total Other Governments and Citizens Groups	\$ 238,071	\$ 0	\$ 9,347	\$ 0	\$ 0
<u>Total</u>	\$ 14,129,139	\$ 2,446,252	\$ 41,700	\$ 1,126,962	\$ 1,746,782

(Continued)

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	Hospital Debt Service	General Capital Projects	Highway Capital Projects	Other Capital Projects	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 3,729,658	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,213,849
Discount on Property Taxes	0	0	0	0	0	0	2,505
Trustee's Collections - Prior Year	117,125	0	0	0	0	0	353,267
Trustee's Collections - Bankruptcy	537	0	0	0	0	0	2,258
Circuit/Clerk & Master Collections - Prior Years	49,887	0	0	0	0	0	148,292
Interest and Penalty	43,664	0	0	0	0	0	131,244
Pick-up Taxes	41	0	0	0	0	0	145
Payments in-Lieu-of Taxes - T.V.A.	380	0	0	0	0	0	1,303
Payments in-Lieu-of Taxes - Local Utilities	37,025	0	0	0	0	0	99,914
Payments in-Lieu-of Taxes - Other	5,891	0	0	0	0	0	15,948
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	0	0	816,502
Hotel/Motel Tax	0	0	0	0	0	0	7,936
Wheel Tax	0	0	0	0	0	0	770,268
Litigation Tax - General	0	0	0	0	0	0	173,810
Litigation Tax - Special Purpose	0	0	0	0	0	0	68,092
Litigation Tax - Jail, Workhouse, or Courthouse	56,609	0	0	0	0	0	56,609
Business Tax	0	0	0	0	0	0	794,759
Mineral Severance Tax	0	0	0	0	0	0	45,764
<u>Statutory Local Taxes</u>							
Bank Excise Tax	2,892	0	0	0	0	0	2,892
Wholesale Beer Tax	0	0	0	0	0	0	121,817
Interstate Telecommunications Tax	0	0	0	0	0	0	2,185
Total Local Taxes	\$ 4,043,709	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,829,359
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,237
Cable TV Franchise	0	0	0	0	0	0	317,888

(Continued)

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

	<u>Debt Service Funds</u>			<u>Capital Projects Funds</u>			<u>Total</u>
	<u>General Debt Service</u>	<u>Special Debt Service</u>	<u>Hospital Debt Service</u>	<u>General Capital Projects</u>	<u>Highway Capital Projects</u>	<u>Other Capital Projects</u>	
<u>Licenses and Permits (Cont.)</u>							
<u>Permits</u>							
Beer Permits	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	2,692
Building Permits	0	0	0	0	0	0	71,657
<u>Total Licenses and Permits</u>	<u>0 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>398,474</u>
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	3,066
Officers Costs	0	0	0	0	0	0	15,892
Drug Control Fines	0	0	0	0	0	0	2,626
Drug Court Fees	0	0	0	0	0	0	1,953
Jail Fees	4,694	0	0	0	0	0	5,575
DUI Treatment Fines	0	0	0	0	0	0	2,611
Data Entry Fee - Circuit Court	0	0	0	0	0	0	1,169
Courtroom Security Fee	0	0	0	0	0	0	3,837
<u>Criminal Court</u>							
Drug Control Fines	0	0	0	0	0	0	2,486
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	59,795
Fines for Littering	0	0	0	0	0	0	9
Officers Costs	0	0	0	0	0	0	78,613
Game and Fish Fines	0	0	0	0	0	0	1,366
Drug Control Fines	0	0	0	0	0	0	13,408
Drug Court Fees	0	0	0	0	0	0	9,151
Jail Fees	46,900	0	0	0	0	0	80,567
Interpreter Fees	0	0	0	0	0	0	142
DUI Treatment Fines	0	0	0	0	0	0	16,395
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	14,788
Courtroom Security Fee	0	0	0	0	0	0	31,099
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	0	5,367

(Continued)

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	Hospital Debt Service	General Capital Projects	Highway Capital Projects	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Juvenile Court (Cont.)</u>							
Interpreter Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	18
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	3,185
<u>Chancery Court</u>							
Data Entry Fee - Chancery Court	0	0	0	0	0	0	1,624
<u>Other Courts - In-county</u>							
Drug Court Fees	0	0	0	0	0	0	1,160
<u>Judicial District Drug Program</u>							
Courtroom Security Fee	0	0	0	0	0	0	88
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	6,977
<u>Total Fines, Forfeitures, and Penalties</u>	\$ 51,594	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 362,967
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Other Employee Benefit Charges/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	253,924
Patient Charges	0	0	0	0	0	0	4,347
Work Release Charges for Board Fees	0	0	0	0	0	0	5,185
Recreation Fees	0	0	0	0	0	0	35,735
Copy Fees	0	0	0	0	0	0	10,714
Telephone Commissions	0	0	0	0	0	0	62,136
Vending Machine Collections	0	0	0	0	0	0	2,307
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	1,126,962
Data Processing Fee - Register	0	0	0	0	0	0	17,856
Data Processing Fee - Sheriff	0	0	0	0	0	0	26,323
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	4,125
Data Processing Fee - County Clerk	0	0	0	0	0	0	6,408
<u>Total Charges for Current Services</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,556,022

(Continued)

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	Hospital Debt Service	General Capital Projects	Highway Capital Projects	Other Capital Projects	
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 168,160	\$ 12	\$ 13,451	\$ 0	\$ 0	\$ 19,035	\$ 261,055
Lease/Rentals	19,444	0	0	0	0	0	49,973
Sale of Materials and Supplies	0	0	0	0	0	0	9,181
Commissary Sales	0	0	0	0	0	0	11,344
Sale of Maps	0	0	0	0	0	0	1,153
Sale of Recycled Materials	0	0	0	0	0	0	34
Retirees' Insurance Payments	0	0	0	0	0	0	14,825
Cobra Insurance Payments	0	0	0	0	0	0	5,318
Miscellaneous Refunds	0	0	0	0	0	0	77,285
<u>Nonrecurring Items</u>							
Sale of Equipment	0	0	0	0	0	0	13,752
Contributions and Gifts	0	0	0	0	0	0	2
<u>Other Local Revenues</u>							
Other Local Revenues	500,000	21,488	0	0	0	0	521,488
Total Other Local Revenues	\$ 687,604	\$ 21,500	\$ 13,451	\$ 0	\$ 0	\$ 19,035	\$ 965,410
<u>Fees Received from County Officials</u>							
<u>Excess Fees</u>							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 238,766
Clerk and Master	0	0	0	0	0	0	36,698
Register	0	0	0	0	0	0	82,423
Trustee	0	0	0	0	0	0	661,000
<u>Fees in-Lieu-of Salary</u>							
Circuit Court Clerk	0	0	0	0	0	0	176,332
General Sessions Court Clerk	0	0	0	0	0	0	442,274
Sheriff	0	0	0	0	0	0	32,163
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,669,656

(Continued)

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

	Debt Service Funds			Capital Projects Funds			Total
	General Debt Service	Special Debt Service	Hospital 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	21,000
Solid Waste Grants	0	0	0	0	0	0	55,483
On-Behalf Contributions for OPEB	0	0	0	0	0	0	11,190
Public Safety Grants							
Law Enforcement Training Programs	0	0	0	0	0	0	19,200
Health and Welfare Grants							
Health Department Programs	0	0	0	0	0	0	367,072
Public Works Grants							
Litter Program	0	0	0	0	0	0	33,551
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	100,379
Beer Tax	0	0	0	0	0	0	18,724
Alcoholic Beverage Tax	0	0	0	0	0	0	62,562
State Revenue Sharing - T.V.A.	0	0	0	0	464,956	0	851,910
Contracted Prisoner Boarding	0	0	0	0	0	0	943,925
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,634,651
Petroleum Special Tax	0	0	0	0	0	0	46,683
Registrar's Salary Supplement	0	0	0	0	0	0	15,164
Other State Grants	0	0	0	87,500	0	0	133,215
Total State of Tennessee	0	0	0	87,500	464,956	0	4,314,709
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development	0	0	0	6,651	0	0	6,651
Civil Defense Reimbursement	0	0	0	0	0	0	5,258
Homeland Security Grants	0	0	0	0	0	0	376,208
ARRA Grant # 1	0	0	0	0	0	0	52,441
Other Federal through State	0	0	0	152,508	0	0	199,726
Direct Federal Revenue							
Asset Forfeiture Funds	0	0	0	0	0	0	4,033

(Continued)

Exhibit J-6

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	Hospital Debt Service	General Capital Projects	Highway Capital Projects	Other Capital Projects	
<u>Federal Government (Cont.)</u>							
<u>Direct Federal Revenue (Cont.)</u>							
Other Direct Federal Revenue	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	51,011
Total Federal Government	\$ 0 \$	0 \$	0 \$	159,159 \$	0 \$	0 \$	695,328
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	9,347
Contracted Services	0	0	0	0	0	0	235,121
<u>Citizens Groups</u>							
Donations	0	0	0	0	0	0	2,950
Total Other Governments and Citizens Groups	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	247,418
Total	\$ 4,782,907 \$	21,500 \$	13,451 \$	246,659 \$	464,956 \$	19,035 \$	25,039,343

Hamblen County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Discretely Presented Hamblen County School Department
 For the Year Ended June 30, 2011

	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	\$ 12,570,331	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,570,331
Trustee's Collections - Prior Year	395,298	0	0	0	0	395,298
Trustee's Collections - Bankruptcy	2,388	0	0	0	0	2,388
Circuit/Clerk & Master Collections - Prior Years	168,475	0	0	0	0	168,475
Interest and Penalty	148,942	0	0	0	0	148,942
Pick-up Taxes	141	0	0	0	0	141
Payments in-Lieu-of Taxes - T.V.A.	1,240	0	0	0	0	1,240
Payments in-Lieu-of Taxes - Local Utilities	125,779	0	0	0	0	125,779
Payments in-Lieu-of Taxes - Other	20,960	0	0	0	0	20,960
<u>County Local Option Taxes</u>						
Local Option Sales Tax	10,695,775	0	0	0	0	10,695,775
Wheel Tax	711,016	0	0	0	0	711,016
<u>Statutory Local Taxes</u>						
Bank Excise Tax	11,569	0	0	0	0	11,569
Interstate Telecommunications Tax	4,688	0	0	0	0	4,688
Total Local Taxes	\$ 24,856,602	\$ 0	\$ 0	\$ 0	\$ 0	\$ 24,856,602
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Regular Day Students	\$ 85,590	\$ 0	\$ 0	\$ 0	\$ 0	\$ 85,590
Tuition - Other	217,506	0	0	0	0	217,506
Lunch Payments - Children	0	0	961,057	0	0	961,057
Lunch Payments - Adults	0	0	130,838	0	0	130,838
Income from Breakfast	0	0	213,822	0	0	213,822
A la carte Sales	0	0	209,456	0	0	209,456
Receipts from Individual Schools	162,019	0	0	0	0	162,019
<u>Other Charges for Services</u>						
Other Charges for Services	145,215	0	6,221	0	0	151,436
Total Charges for Current Services	\$ 610,330	\$ 0	\$ 1,521,394	\$ 0	\$ 0	\$ 2,131,724
<u>Other Local Revenues</u>						
Recurring Items	\$ 261	\$ 0	\$ 945	\$ 523	\$ 48	\$ 1,777
Investment Income						

(Continued)

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 (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Lease/Rentals	\$ 7,014	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,014
Sale of Materials and Supplies	3,911	0	0	0	0	3,911
Refund of Telecommunication & Internet Fees (E-Rate)	55,967	0	0	0	0	55,967
Miscellaneous Refunds	73,044	0	0	0	0	73,044
<u>Nonrecurring Items</u>						
Sale of Equipment	8,136	0	0	0	0	8,136
Damages Recovered from Individuals	2,094	0	0	0	0	2,094
Contributions and Gifts	92,389	0	0	3,564,278	10,642,409	14,299,076
<u>Other Local Revenues</u>						
Other Local Revenues	1,134	0	0	0	0	1,134
Total Other Local Revenues	\$ 243,950	\$ 0	\$ 945	\$ 3,564,801	\$ 10,642,457	\$ 14,452,153
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-Behalf Contributions for OPEB	\$ 686,163	\$ 0	\$ 0	\$ 0	\$ 0	\$ 686,163
<u>State Education Funds</u>						
Basic Education Program	34,445,210	0	0	0	0	34,445,210
Basic Education Program - ARRA	3,667,790	0	0	0	0	3,667,790
Early Childhood Education	572,839	0	0	0	0	572,839
School Food Service	0	0	52,856	0	0	52,856
Driver Education	18,615	0	0	0	0	18,615
Other State Education Funds	15,932	0	0	0	0	15,932
Coordinated School Health - ARRA	99,066	0	0	0	0	99,066
Internet Connectivity - ARRA	29,434	0	0	0	0	29,434
Family Resource Centers - ARRA	66,600	0	0	0	0	66,600
Career Ladder Program	333,837	0	0	0	0	333,837
Career Ladder - Extended Contract - ARRA	121,668	0	0	0	0	121,668
<u>Other State Revenues</u>						
Mixed Drink Tax	37,424	0	0	0	0	37,424
Other State Grants	168,609	0	0	0	0	168,609
Safe Schools - ARRA	38,436	0	0	0	0	38,436
Total State of Tennessee	\$ 40,301,623	\$ 0	\$ 52,856	\$ 0	\$ 0	\$ 40,354,479

(Continued)

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	2,375,436	0	0	2,375,436
USDA - Commodities	0	0	567,231	0	0	567,231
Breakfast	0	0	806,063	0	0	806,063
USDA - Other	0	0	9,440	0	0	9,440
Adult Education State Grant Program	112,723	0	0	0	0	112,723
Vocational Education - Basic Grants to States	0	174,627	0	0	0	174,627
Other Vocational	40,462	0	0	0	0	40,462
Title I Grants to Local Education Agencies	0	3,023,812	0	0	0	3,023,812
Special Education - Grants to States	127,521	3,059,140	0	0	0	3,186,661
Special Education Preschool Grants	0	65,189	0	0	0	65,189
English Language Acquisition Grants	0	136,956	0	0	0	136,956
Safe and Drug-free Schools - State Grants	0	7,364	0	0	0	7,364
Education for Homeless Children and Youth	0	104,060	0	0	0	104,060
Eisenhower Professional Development State Grants	0	484,322	0	0	0	484,322
ARRA Grant # 1	24,826	0	0	0	0	24,826
Race to the Top - ARRA	0	488,545	0	0	0	488,545
Other Federal through State	76,343	473,121	0	0	0	549,464
Total Federal Government	\$ 381,875	\$ 8,017,136	\$ 3,758,170	\$ 0	\$ 0	\$ 12,157,181
Total	\$ 66,394,380	\$ 8,017,136	\$ 5,333,365	\$ 3,564,801	\$ 10,642,457	\$ 93,952,139

Exhibit J-8

Hamblen County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	71,200	
Social Security		3,528	
State Retirement		3,487	
Life Insurance		355	
Medical Insurance		67,847	
Employer Medicare		825	
Audit Services		17,438	
Contracts with Private Agencies		1,100	
Dues and Memberships		1,800	
Other Contracted Services		5,500	
Total County Commission			\$ 173,080

Board of Equalization

Board and Committee Members Fees	\$	2,045	
Total Board of Equalization			2,045

County Mayor/Executive

County Official/Administrative Officer	\$	85,177	
Assistant(s)		29,183	
Social Security		6,831	
State Retirement		10,956	
Life Insurance		52	
Medical Insurance		11,225	
Employer Medicare		1,598	
Travel		1,041	
Total County Mayor/Executive			146,063

County Attorney

Other Salaries and Wages	\$	1,200	
Social Security		74	
Employer Medicare		17	
Legal Services		121,046	
Total County Attorney			122,337

Election Commission

County Official/Administrative Officer	\$	62,515	
Deputy(ies)		51,448	
Overtime Pay		2,379	
Election Commission		12,000	
Election Workers		39,349	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Social Security	\$	7,719	
State Retirement		11,124	
Life Insurance		86	
Medical Insurance		20,448	
Employer Medicare		1,805	
Communication		317	
Contracts with Private Agencies		25,005	
Dues and Memberships		250	
Legal Notices, Recording, and Court Costs		7,030	
Maintenance and Repair Services - Buildings		277	
Printing, Stationery, and Forms		2,323	
Rentals		2,736	
Travel		2,486	
Office Supplies		3,372	
Office Equipment		500	
Total Election Commission			\$ 253,169

Register of Deeds

Other Salaries and Wages	\$	825	
Social Security		50	
State Retirement		67	
Life Insurance		115	
Medical Insurance		22,285	
Employer Medicare		12	
Communication		93	
Dues and Memberships		516	
Travel		64	
Office Supplies		6,026	
Data Processing Equipment		18,804	
Total Register of Deeds			48,857

Planning

County Official/Administrative Officer	\$	54,235
Assistant(s)		30,613
Deputy(ies)		36,989
Secretary(ies)		27,384
Board and Committee Members Fees		16,400
Social Security		9,695
State Retirement		14,295
Life Insurance		115

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Medical Insurance	\$	36,000	
Employer Medicare		2,267	
Communication		1,335	
Contracts with Government Agencies		16,960	
Dues and Memberships		285	
Legal Notices, Recording, and Court Costs		390	
Maintenance Agreements		1,588	
Maintenance and Repair Services - Vehicles		1,229	
Printing, Stationery, and Forms		260	
Rentals		198	
Travel		451	
Gasoline		1,579	
Office Supplies		1,697	
Refunds		150	
In Service/Staff Development		1,239	
Total Planning			\$ 255,354

Other Facilities

Assistant(s)	\$	63,956	
Supervisor/Director		31,897	
Custodial Personnel		72,481	
Part-time Personnel		12,688	
Social Security		10,367	
State Retirement		16,127	
Life Insurance		173	
Medical Insurance		51,362	
Employer Medicare		2,425	
Communication		3,153	
Maintenance Agreements		34,274	
Maintenance and Repair Services - Buildings		69,104	
Maintenance and Repair Services - Equipment		1,123	
Maintenance and Repair Services - Vehicles		826	
Pest Control		3,592	
Other Contracted Services		5,780	
Custodial Supplies		19,858	
Electricity		225,428	
Gasoline		4,505	
Natural Gas		33,170	
Uniforms		4,253	
Total Other Facilities			666,542

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records

Supervisor/Director	\$	11,533	
Social Security		715	
Employer Medicare		167	
Office Supplies		4,887	
Office Equipment		2,177	
Total Preservation of Records			\$ 19,479

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	50,336	
Assistant(s)		31,251	
Accountants/Bookkeepers		27,530	
Part-time Personnel		17,284	
Social Security		7,358	
State Retirement		11,960	
Life Insurance		108	
Medical Insurance		24,103	
Employer Medicare		1,721	
Communication		4,121	
Contracts with Private Agencies		1,007	
Dues and Memberships		328	
Legal Notices, Recording, and Court Costs		939	
Travel		2,098	
Office Supplies		2,054	
In Service/Staff Development		544	
Total Accounting and Budgeting			182,742

Purchasing

County Official/Administrative Officer	\$	43,896	
Purchasing Personnel		27,568	
Social Security		3,917	
State Retirement		6,846	
Life Insurance		58	
Medical Insurance		16,225	
Employer Medicare		916	
Advertising		458	
Communication		5	
Office Supplies		385	
Total Purchasing			100,274

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office

County Official/Administrative Officer	\$	71,493	
Deputy(ies)		126,119	
Data Processing Personnel		36,220	
Social Security		13,519	
State Retirement		22,401	
Life Insurance		170	
Medical Insurance		46,074	
Employer Medicare		3,161	
Communication		196	
Contracts with Government Agencies		16,076	
Data Processing Services		3,000	
Dues and Memberships		1,298	
Maintenance Agreements		300	
Maintenance and Repair Services - Vehicles		681	
Printing, Stationery, and Forms		84	
Travel		161	
Gasoline		3,399	
Office Supplies		1,695	
Total Property Assessor's Office			\$ 346,047

Reappraisal Program

Deputy(ies)	\$	28,925	
Social Security		1,652	
State Retirement		2,771	
Life Insurance		29	
Medical Insurance		8,241	
Employer Medicare		386	
Contracts with Government Agencies		5,744	
Contracts with Private Agencies		65,655	
Postal Charges		748	
Other Contracted Services		3,410	
Office Supplies		724	
Total Reappraisal Program			118,285

County Trustee's Office

Other Salaries and Wages	\$	1,000	
Social Security		59	
State Retirement		96	
Life Insurance		139	
Medical Insurance		29,747	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Employer Medicare	\$	14	
Communication		38	
Legal Notices, Recording, and Court Costs		480	
Postal Charges		6,849	
Printing, Stationery, and Forms		14,088	
Travel		572	
Office Supplies		2,842	
Premiums on Corporate Surety Bonds		150	
Data Processing Equipment		2,103	
Office Equipment		1,323	
Total County Trustee's Office			\$ 59,500

County Clerk's Office

Other Salaries and Wages	\$	4,250	
Social Security		250	
State Retirement		407	
Life Insurance		519	
Medical Insurance		120,067	
Employer Medicare		58	
Communication		1,488	
Maintenance Agreements		19,188	
Printing, Stationery, and Forms		3,504	
Rentals		1,980	
Office Supplies		3,158	
Data Processing Equipment		2,453	
Office Equipment		1,444	
Total County Clerk's Office			158,766

Data Processing

Data Processing Services	\$	3,826	
Maintenance Agreements		23,849	
Data Processing Supplies		1,019	
Data Processing Equipment		10,024	
Total Data Processing			38,718

Other Finance

Maintenance Personnel	\$	1,564	
Social Security		97	
Employer Medicare		23	
Communication		3,903	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

Other Finance (Cont.)

Operating Lease Payments	\$	28,810	
Office Supplies		2,576	
Office Equipment		508	
Total Other Finance			\$ 37,481

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	69,461	
Deputy(ies)		249,659	
Part-time Personnel		50,632	
Other Salaries and Wages		23,933	
Jury and Witness Expense		23,427	
Social Security		24,109	
State Retirement		29,719	
Life Insurance		293	
Medical Insurance		58,145	
Employer Medicare		5,639	
Communication		1,888	
Legal Notices, Recording, and Court Costs		172	
Maintenance Agreements		1,096	
Maintenance and Repair Services - Office Equipment		175	
Printing, Stationery, and Forms		6,999	
Rentals		4,435	
Travel		1,176	
Office Supplies		10,091	
Office Equipment		2,223	
Total Circuit Court			563,272

General Sessions Court

Judge(s)	\$	145,993
Teachers		1,100
Part-time Personnel		72,997
Social Security		11,146
State Retirement		13,986
Life Insurance		29
Medical Insurance		8,241
Employer Medicare		3,132
Communication		235
Travel		1,906
Other Contracted Services		6,061

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Office Supplies	\$	1,171	
Data Processing Equipment		674	
Total General Sessions Court			\$ 266,671

Drug Court

Supervisor/Director	\$	25,715	
Social Security		1,479	
State Retirement		2,089	
Life Insurance		24	
Medical Insurance		8,116	
Employer Medicare		346	
Communication		2,551	
Evaluation and Testing		8,257	
Postal Charges		16	
Printing, Stationery, and Forms		463	
Rentals		1,620	
Travel		8,593	
Drug Treatment		39,615	
Office Supplies		1,676	
Total Drug Court			100,560

Chancery Court

Other Salaries and Wages	\$	1,250	
Social Security		74	
State Retirement		120	
Life Insurance		161	
Medical Insurance		35,641	
Employer Medicare		17	
Communication		905	
Maintenance and Repair Services - Buildings		2,379	
Printing, Stationery, and Forms		2,363	
Rentals		2,256	
Office Supplies		3,475	
Total Chancery Court			48,641

Juvenile Court

Judge(s)	\$	31,237	
Assistant(s)		33,308	
Probation Officer(s)		33,414	
Youth Service Officer(s)		43,896	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Guidance Personnel	\$	10,608	
Educational Assistants		30,308	
Attendants		98,720	
Part-time Personnel		1,683	
In-Service Training		825	
Other Per Diem and Fees		9,949	
Social Security		17,083	
State Retirement		10,300	
Life Insurance		115	
Medical Insurance		26,806	
Employer Medicare		3,995	
Communication		2,835	
Consultants		10,400	
Contracts with Government Agencies		47,245	
Dues and Memberships		70	
Evaluation and Testing		3,915	
Maintenance and Repair Services - Vehicles		241	
Rentals		2,394	
Travel		1,997	
Other Contracted Services		1,487	
Food Supplies		2,814	
Gasoline		298	
Office Supplies		3,575	
Total Juvenile Court			\$ 429,518

Probate Court

Office Supplies	\$	145	
Total Probate Court			145

Probation Services

Other Salaries and Wages	\$	156,173	
Social Security		9,579	
State Retirement		5,101	
Life Insurance		58	
Medical Insurance		9,363	
Employer Medicare		2,240	
Contracts with Government Agencies		600	
Uniforms		3,505	
Law Enforcement Equipment		8,697	
Total Probation Services			195,316

(Continued)

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	79,746	
Supervisor/Director		49,551	
Deputy(ies)		508,884	
Captain(s)		46,215	
Lieutenant(s)		217,949	
Sergeant(s)		360,648	
Salary Supplements		18,600	
Clerical Personnel		122,295	
Overtime Pay		81,613	
Other Salaries and Wages		49,323	
Board and Committee Members Fees		3,600	
In-Service Training		24,217	
Social Security		90,352	
State Retirement		160,993	
Life Insurance		1,143	
Medical Insurance		282,809	
Employer Medicare		21,129	
Advertising		1,198	
Communication		26,545	
Dues and Memberships		2,800	
Evaluation and Testing		3,968	
Maintenance Agreements		6,441	
Maintenance and Repair Services - Equipment		1,571	
Maintenance and Repair Services - Vehicles		49,074	
Printing, Stationery, and Forms		4,715	
Rentals		2,790	
Tow-in Services		810	
Travel		13,599	
Other Contracted Services		2,620	
Gasoline		153,399	
Law Enforcement Supplies		9,974	
Lubricants		6,297	
Office Supplies		14,465	
Tires and Tubes		12,996	
Uniforms		640	
Other Charges		20,229	
Law Enforcement Equipment		18,681	
Motor Vehicles		24,324	
Total Sheriff's Department			\$ 2,496,203

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Wheel Tax Officer

Communication	\$	643	
Maintenance and Repair Services - Buildings		600	
Travel		1,688	
Office Supplies		2,511	
Total Wheel Tax Officer			\$ 5,442

Drug Enforcement

Law Enforcement Supplies	\$	8,060	
Total Drug Enforcement			8,060

Administration of the Sexual Offender Registry

Contracts with Government Agencies	\$	1,300	
Office Supplies		850	
Total Administration of the Sexual Offender Registry			2,150

Jail

Captain(s)	\$	41,564	
Lieutenant(s)		18,607	
Sergeant(s)		119,430	
Guards		748,787	
Cafeteria Personnel		20,811	
Overtime Pay		51,175	
In-Service Training		1,941	
Social Security		58,344	
State Retirement		95,384	
Life Insurance		1,102	
Medical Insurance		298,246	
Employer Medicare		13,645	
Advertising		346	
Maintenance Agreements		24,763	
Maintenance and Repair Services - Buildings		13,982	
Maintenance and Repair Services - Equipment		4,913	
Medical and Dental Services		350,673	
Rentals		2,398	
Custodial Supplies		40,205	
Drugs and Medical Supplies		14,402	
Food Supplies		322,744	
Office Supplies		4,943	
Prisoners Clothing		7,975	
Other Charges		10,350	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Law Enforcement Equipment	\$ 8,180	
Total Jail		\$ 2,274,910

Workhouse

Guards	\$ 24,253	
Social Security	1,355	
State Retirement	2,340	
Life Insurance	29	
Medical Insurance	1,940	
Employer Medicare	317	
Total Workhouse		30,234

Work Release Program

Supervisor/Director	\$ 36,527	
Secretary(ies)	27,525	
In-Service Training	300	
Social Security	3,668	
State Retirement	6,136	
Life Insurance	58	
Medical Insurance	11,704	
Employer Medicare	858	
Communication	462	
Maintenance and Repair Services - Vehicles	196	
Printing, Stationery, and Forms	482	
Gasoline	1,568	
Office Supplies	892	
Total Work Release Program		90,376

Fire Prevention and Control

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

Civil Defense

Supervisor/Director	\$ 38,128	
Part-time Personnel	5,105	
Social Security	2,642	
State Retirement	3,653	
Life Insurance	29	
Medical Insurance	4,682	
Employer Medicare	618	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Communication	\$	665	
Maintenance and Repair Services - Vehicles		3,780	
Travel		1,229	
Gasoline		5,553	
Office Supplies		1,826	
Uniforms		269	
Liability Insurance		1,125	
Other Charges		1,916	
Communication Equipment		6,227	
Total Civil Defense			\$ 77,447

Rescue Squad

Contracts with Government Agencies	\$	141,436	
Total Rescue Squad			141,436

Other Emergency Management

Other Equipment	\$	233,407	
Total Other Emergency Management			233,407

County Coroner/Medical Examiner

Assistant(s)	\$	4,710	
Other Salaries and Wages		89,059	
Other Contracted Services		7,200	
Office Supplies		254	
Total County Coroner/Medical Examiner			101,223

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	251,410	
Social Security		14,286	
State Retirement		21,520	
Life Insurance		242	
Medical Insurance		67,238	
Employer Medicare		3,341	
Contracts with Government Agencies		64,590	
Travel		4,215	
Drugs and Medical Supplies		3,419	
Office Supplies		104	
Office Equipment		763	
Total Local Health Center			431,128

(Continued)

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

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	\$ 14,620	
Total Child Support		14,620

Other Local Welfare Services

Contributions	\$ 39,025	
Total Other Local Welfare Services		39,025

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

Social, Cultural, and Recreational Services

Adult Activities

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

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

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	\$ 3,250	
Maintenance Personnel	58,359	
Overtime Pay	18,346	
Other Salaries and Wages	5,064	
Social Security	5,254	
State Retirement	7,660	
Life Insurance	58	
Medical Insurance	9,363	
Employer Medicare	1,229	
Advertising	9,009	
Communication	5,207	
Maintenance Agreements	142	
Maintenance and Repair Services - Equipment	3,085	
Maintenance and Repair Services - Vehicles	2,160	
Custodial Supplies	6,788	
Diesel Fuel	1,098	
Electricity	28,404	
Gasoline	5,634	
Office Supplies	130	
Uniforms	827	
Water and Sewer	18,790	
Other Supplies and Materials	4,470	
Liability Insurance	5,160	
Refunds	185	
Workers' Compensation Insurance	1,658	
Other Charges	1,103	
Motor Vehicles	14,013	
Other Equipment	12,900	
Other Construction	12,232	
Total Parks and Fair Boards		241,578

(Continued)

Exhibit J-8

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	\$ 51,987	
Contributions	234,500	
Total Other Social, Cultural, and Recreational		\$ 286,487

Agriculture and Natural Resources

Agriculture Extension Service

Contributions	\$ 127,224	
Total Agriculture Extension Service		127,224

Forest Service

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

Soil Conservation

Secretary(ies)	\$ 24,552	
Social Security	1,279	
State Retirement	2,352	
Life Insurance	29	
Medical Insurance	11,543	
Employer Medicare	299	
Total Soil Conservation		40,054

Other Operations

Tourism

Contributions	\$ 22,500	
Total Tourism		22,500

Industrial Development

Contributions	\$ 42,000	
Contracts for Development Costs	2,505	
Total Industrial Development		44,505

Public Transportation

Contributions	\$ 32,643	
Total Public Transportation		32,643

Veterans' Services

County Official/Administrative Officer	\$ 12,185	
Social Security	755	
Employer Medicare	177	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Communication	\$	36	
Dues and Memberships		25	
Maintenance Agreements		450	
Travel		888	
Office Supplies		355	
Office Equipment		90	
Total Veterans' Services			\$ 14,961

Other Charges

Communication	\$	36,304	
Contracts with Private Agencies		34,491	
Dues and Memberships		19,735	
Legal Notices, Recording, and Court Costs		811	
Maintenance Agreements		10,227	
Postal Charges		40,349	
Printing, Stationery, and Forms		2,360	
Rentals		3,264	
Other Contracted Services		10,500	
Data Processing Supplies		454	
Office Supplies		4,777	
Premiums on Corporate Surety Bonds		5,194	
Trustee's Commission		182,214	
Other Charges		22,935	
Data Processing Equipment		27,231	
Total Other Charges			400,846

Employee Benefits

Handling Charges and Administrative Costs	\$	690	
Medical Insurance		322,038	
Unemployment Compensation		55,010	
On-Behalf Payments to OPEB		11,190	
Other Fringe Benefits		1,650	
Other Contracted Services		7,491	
Liability Insurance		285,344	
Workers' Compensation Insurance		114,396	
Total Employee Benefits			797,809

ARRA Grant # 1

Part-time Personnel	\$	28,670	
Social Security		1,777	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

ARRA Grant # 1 (Cont.)

Employer Medicare	\$	416	
Communication		1,199	
Operating Lease Payments		11,400	
Printing, Stationery, and Forms		590	
Electricity		1,533	
Office Supplies		3,499	
Total ARRA Grant # 1			\$ 49,084

Interest on Debt

General Government

Interest on Notes	\$	540	
Total General Government			540

Capital Projects

General Administration Projects

Voting Machines	\$	45,000	
Total General Administration Projects			45,000

Administration of Justice Projects

Other Equipment	\$	19,220	
Total Administration of Justice Projects			19,220

Total General Fund \$ 13,113,916

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Foremen	\$	36,280	
Mechanic(s)		23,236	
Equipment Operators - Heavy		115,232	
Truck Drivers		222,587	
Laborers		107,426	
Overtime Pay		12,370	
Social Security		29,819	
Handling Charges and Administrative Costs		30	
State Retirement		48,636	
Life Insurance		598	
Medical Insurance		164,177	
Unemployment Compensation		2,677	
Employer Medicare		6,974	

(Continued)

Exhibit J-8

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.)

Advertising	\$	4,504	
Contracts with Private Agencies		60,980	
Maintenance and Repair Services - Equipment		93,671	
Disposal Fees		763,238	
Diesel Fuel		142,182	
Gasoline		3,319	
Lubricants		9,598	
Office Supplies		279	
Tires and Tubes		14,202	
Uniforms		5,130	
Other Supplies and Materials		19,446	
Liability Insurance		33,310	
Trustee's Commission		35,869	
Workers' Compensation Insurance		49,738	
Solid Waste Equipment		16,785	
Total Sanitation Management			<u>\$ 2,022,293</u>

Total Solid Waste/Sanitation Fund \$ 2,022,293

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	20,000	
Dues and Memberships		105	
Rentals		12,000	
Travel		1,510	
Veterinary Services		237	
Other Contracted Services		2,218	
Animal Food and Supplies		1,286	
Electricity		6,832	
Law Enforcement Supplies		8,869	
Trustee's Commission		177	
Law Enforcement Equipment		41,252	
Total Drug Enforcement			<u>\$ 94,486</u>

Total Drug Control Fund 94,486

(Continued)

Exhibit J-8

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

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$ 184,746	
Total Register of Deeds		\$ 184,746

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 244,062	
Total County Trustee's Office		244,062

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 656,400	
Total County Clerk's Office		656,400

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 236,931	
Total Chancery Court		<u>236,931</u>

Total Constitutional Officers - Fees Fund		\$ 1,322,139
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 76,407
Assistant(s)	44,294
Accountants/Bookkeepers	32,250
Overtime Pay	953
Board and Committee Members Fees	18,600
Social Security	10,386
State Retirement	11,099
Life Insurance	86
Medical Insurance	18,887
Employer Medicare	2,429
Communication	5,542
Dues and Memberships	2,971
Legal Services	567
Postal Charges	227
Travel	22
Electricity	14,262
Office Supplies	1,319
Propane Gas	7,151

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Water and Sewer	\$	1,198	
Liability Insurance		25,979	
Trustee's Commission		17,342	
Vehicle and Equipment Insurance		20,405	
Other Charges		15,453	
Total Administration			\$ 327,829

Highway and Bridge Maintenance

Foremen	\$	42,071	
Equipment Operators		189,048	
Truck Drivers		156,532	
Laborers		78,377	
Overtime Pay		25,612	
Other Salaries and Wages		2,419	
Social Security		29,897	
State Retirement		46,444	
Life Insurance		439	
Medical Insurance		110,545	
Employer Medicare		6,788	
Contracts with Private Agencies		57,171	
Rentals		6,917	
Asphalt - Cold Mix		1,123	
Asphalt - Hot Mix		90,095	
Concrete		2,725	
Crushed Stone		75,329	
General Construction Materials		1,933	
Other Road Supplies		3,827	
Pipe - Metal		1,149	
Road Signs		3,746	
Salt		45,220	
Small Tools		13	
Uniforms		4,232	
Fencing		19,200	
Total Highway and Bridge Maintenance			1,000,852

Operation and Maintenance of Equipment

Mechanic(s)	\$	51,296	
Overtime Pay		4,067	
Social Security		3,391	
State Retirement		5,046	

(Continued)

Exhibit J-8

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.)

Life Insurance	\$	55	
Medical Insurance		5,891	
Employer Medicare		793	
Diesel Fuel		48,418	
Equipment Parts - Heavy		80,155	
Garage Supplies		5,159	
Gasoline		31,246	
Lubricants		4,710	
Small Tools		953	
Tires and Tubes		22,616	
Other Supplies and Materials		5,931	
Total Operation and Maintenance of Equipment			\$ 269,727

Employee Benefits

Other Fringe Benefits	\$	450	
Workers' Compensation Insurance		30,104	
Total Employee Benefits			30,554

Capital Outlay

Bridge Construction	\$	191	
Motor Vehicles		5,200	
Office Equipment		7,511	
Total Capital Outlay			12,902

Total Highway/Public Works Fund \$ 1,641,864

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	2,100	
Principal on Other Loans		314,840	
Total General Government			\$ 316,940

Education

Principal on Bonds	\$	1,152,900	
Principal on Other Loans		2,586,705	
Total Education			3,739,605

(Continued)

Exhibit J-8

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 9,222	
Interest on Other Loans	210,504	
Total General Government	<u>219,726</u>	\$ 219,726

Education

Interest on Bonds	\$ 490,144	
Interest on Other Loans	1,144,710	
Total Education	<u>1,634,854</u>	1,634,854

Other Debt Service

General Government

Trustee's Commission	\$ 81,849	
Total General Government	<u>81,849</u>	81,849

Education

Other Debt Service	\$ 10,040	
Total Education	<u>10,040</u>	10,040

Capital Projects

Education Capital Projects

Contributions	\$ 1,186,143	
Total Education Capital Projects	<u>1,186,143</u>	1,186,143

Total General Debt Service Fund \$ 7,189,157

Special Debt Service Fund

Principal on Debt

General Government

Principal on Other Loans	\$ 255,000	
Total General Government	<u>255,000</u>	\$ 255,000

Interest on Debt

General Government

Interest on Other Loans	\$ 20,900	
Total General Government	<u>20,900</u>	20,900

Other Debt Service

General Government

Other Debt Service	\$ 600	
Total General Government	<u>600</u>	600

Total Special Debt Service Fund 276,500

(Continued)

Exhibit J-8

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

General Capital Projects Fund

Capital Projects

General Administration Projects

Architects	\$ 1,440	
Total General Administration Projects		\$ 1,440

Administration of Justice Projects

Building Improvements	\$ 41,466	
Total Administration of Justice Projects		41,466

Public Health and Welfare Projects

Advertising	\$ 183	
Consultants	1,950	
Engineering Services	5,400	
Permits	475	
Building Improvements	71,348	
Total Public Health and Welfare Projects		79,356

Social, Cultural, and Recreation Projects

Architects	\$ 1,350	
Other Construction	9,456	
Total Social, Cultural, and Recreation Projects		10,806

Education Capital Projects

Contributions	\$ 2,378,135	
Underwriter's Discount	7,671	
Other Debt Issuance Charges	41,275	
Total Education Capital Projects		<u>2,427,081</u>

Total General Capital Projects Fund		\$ 2,560,149
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Sanitation Projects Fund

Capital Projects

Public Health and Welfare Projects

Architects	\$ 11,620	
Total Public Health and Welfare Projects		<u>\$ 11,620</u>

Total Sanitation Projects Fund		11,620
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Highway Capital Projects Fund

Capital Projects

Highway and Street Capital Projects

Trustee's Commission	\$ 4,650	
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(Continued)

Exhibit J-8

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

<u>Highway Capital Projects Fund (Cont.)</u>			
<u>Capital Projects (Cont.)</u>			
<u>Highway and Street Capital Projects (Cont.)</u>			
Highway Construction	\$	<u>392,116</u>	
Total Highway and Street Capital Projects	\$		<u>396,766</u>
Total Highway Capital Projects Fund			\$ 396,766
<u>Other Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Contributions	\$	<u>10,642,409</u>	
Total Education Capital Projects	\$		<u>10,642,409</u>
Total Other Capital Projects Fund			<u>10,642,409</u>
Total Governmental Funds - Primary Government			<u>\$ 39,271,299</u>

Exhibit J-9

Hamblen County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 22,279,365	
Career Ladder Program	198,058	
Career Ladder Extended Contracts	96,823	
Salary Supplements	423,400	
Educational Assistants	996,669	
Other Salaries and Wages	6,046	
Certified Substitute Teachers	119,995	
Non-certified Substitute Teachers	246,210	
Social Security	1,421,126	
State Retirement	2,124,105	
Life Insurance	33,198	
Medical Insurance	4,090,234	
Unemployment Compensation	20,835	
Employer Medicare	341,150	
Other Fringe Benefits	681,592	
Other Contracted Services	111,584	
Instructional Supplies and Materials	452,422	
Textbooks	330,659	
Other Supplies and Materials	11,402	
Other Charges	116,950	
Regular Instruction Equipment	148,262	
Total Regular Instruction Program		\$ 34,250,085

Special Education Program

Teachers	\$ 2,730,446
Career Ladder Program	33,000
Career Ladder Extended Contracts	4,200
Educational Assistants	364,340
Speech Pathologist	210,208
Certified Substitute Teachers	7,768
Non-certified Substitute Teachers	24,895
Social Security	201,755
State Retirement	300,720
Life Insurance	5,102
Medical Insurance	628,936
Unemployment Compensation	3,200
Employer Medicare	47,628
Other Contracted Services	559,248
Instructional Supplies and Materials	38,900

(Continued)

Exhibit J-9

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.)

Other Charges	\$ 33,586	
Special Education Equipment	39,933	
Total Special Education Program		\$ 5,233,865

Vocational Education Program

Teachers	\$ 2,041,513	
Career Ladder Program	28,600	
Certified Substitute Teachers	9,132	
Non-certified Substitute Teachers	19,162	
Social Security	124,389	
State Retirement	187,471	
Life Insurance	2,702	
Medical Insurance	331,821	
Unemployment Compensation	1,602	
Employer Medicare	29,115	
Instructional Supplies and Materials	50,198	
Other Supplies and Materials	16,021	
Vocational Instruction Equipment	29,868	
Total Vocational Education Program		2,871,594

Student Body Education Program

Other Contracted Services	\$ 7,913	
Other Supplies and Materials	31,646	
Other Charges	5,115	
Total Student Body Education Program		44,674

Adult Education Program

Teachers	\$ 66,671	
Social Security	4,107	
State Retirement	5,126	
Life Insurance	58	
Medical Insurance	5,892	
Unemployment Compensation	127	
Employer Medicare	961	
Instructional Supplies and Materials	24,786	
Total Adult Education Program		107,728

Other

Other Charges	\$ 66,600	
Total Other		66,600

(Continued)

Exhibit J-9

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

Attendance

Travel	\$	3,102	
Total Attendance			\$ 3,102

Health Services

Medical Personnel	\$	350,257	
Other Salaries and Wages		3,019	
Social Security		20,685	
State Retirement		31,274	
Life Insurance		859	
Medical Insurance		104,900	
Unemployment Compensation		443	
Employer Medicare		4,837	
Travel		6,013	
Drugs and Medical Supplies		5,789	
Other Supplies and Materials		29,571	
In Service/Staff Development		1,091	
Total Health Services			558,738

Other Student Support

Career Ladder Program	\$	5,000	
Guidance Personnel		722,909	
Other Salaries and Wages		7,935	
Social Security		42,625	
State Retirement		63,870	
Life Insurance		816	
Medical Insurance		120,296	
Unemployment Compensation		696	
Employer Medicare		10,255	
Evaluation and Testing		24,412	
Total Other Student Support			998,814

Regular Instruction Program

Supervisor/Director	\$	31,630	
Career Ladder Program		1,000	
Secretary(ies)		123,346	
Other Salaries and Wages		5,478	
In-Service Training		24,425	
Social Security		9,644	
State Retirement		14,780	

(Continued)

Exhibit J-9

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.)

Life Insurance	\$	274	
Medical Insurance		27,415	
Unemployment Compensation		253	
Employer Medicare		2,330	
Travel		15,799	
Other Contracted Services		118,044	
Library Books/Media		24,115	
Other Supplies and Materials		25,078	
In Service/Staff Development		12,000	
Other Charges		33,090	
Other Equipment		52,432	
Total Regular Instruction Program			\$ 521,133

Special Education Program

Supervisor/Director	\$	57,563	
Career Ladder Program		1,000	
Secretary(ies)		60,183	
Clerical Personnel		21,304	
Social Security		8,585	
State Retirement		13,112	
Life Insurance		230	
Medical Insurance		22,269	
Unemployment Compensation		127	
Employer Medicare		2,008	
Maintenance and Repair Services - Equipment		270	
Travel		22,245	
Other Contracted Services		1,236	
Other Supplies and Materials		11,578	
In Service/Staff Development		2,648	
Other Charges		28,791	
Total Special Education Program			253,149

Vocational Education Program

Supervisor/Director	\$	65,774
Career Ladder Program		1,000
Secretary(ies)		29,522
Social Security		5,478
State Retirement		8,871
Life Insurance		115

(Continued)

Exhibit J-9

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.)

Medical Insurance	\$	14,600	
Unemployment Compensation		63	
Employer Medicare		1,281	
Travel		6,474	
Total Vocational Education Program			\$ 133,178

Adult Programs

Supervisor/Director	\$	53,032	
Other Salaries and Wages		10,359	
Social Security		3,930	
State Retirement		4,799	
Life Insurance		58	
Medical Insurance		5,747	
Unemployment Compensation		63	
Employer Medicare		919	
Travel		139	
In Service/Staff Development		5,092	
Total Adult Programs			84,138

Other Programs

On-Behalf Payments to OPEB	\$	686,163	
Total Other Programs			686,163

Board of Education

Board and Committee Members Fees	\$	37,200	
Social Security		2,306	
State Retirement		2,644	
Life Insurance		346	
Employer Medicare		539	
Audit Services		25,330	
Dues and Memberships		11,807	
Legal Services		19,816	
Travel		26,743	
Liability Insurance		146,400	
Premiums on Corporate Surety Bonds		1,739	
Trustee's Commission		503,400	
Workers' Compensation Insurance		142,719	
Other Charges		11,966	
Total Board of Education			932,955

(Continued)

Exhibit J-9

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.)

Director of Schools

County Official/Administrative Officer	\$	108,992	
Assistant(s)		172,840	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		1,000	
Secretary(ies)		89,267	
Social Security		22,833	
State Retirement		42,364	
Life Insurance		672	
Medical Insurance		36,100	
Unemployment Compensation		158	
Employer Medicare		5,605	
Communication		16,365	
Postal Charges		13,000	
Travel		14,099	
Other Contracted Services		7,102	
Office Supplies		13,450	
Other Charges		9,785	
Total Director of Schools			\$ 555,632

Office of the Principal

Principals	\$	1,169,123	
Career Ladder Program		35,652	
Assistant Principals		778,030	
Secretary(ies)		625,163	
Social Security		155,428	
State Retirement		239,335	
Life Insurance		2,957	
Medical Insurance		408,027	
Unemployment Compensation		1,867	
Employer Medicare		36,350	
Communication		66,480	
Total Office of the Principal			3,518,412

Fiscal Services

Supervisor/Director	\$	70,855	
Accountants/Bookkeepers		109,018	
Social Security		10,983	
State Retirement		17,232	
Life Insurance		230	

(Continued)

Exhibit J-9

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 (Cont.)

Medical Insurance	\$	21,895	
Unemployment Compensation		158	
Employer Medicare		2,568	
Maintenance and Repair Services - Equipment		10,912	
Travel		3,606	
Other Contracted Services		7,952	
Data Processing Supplies		4,828	
Office Supplies		4,729	
Administration Equipment		18,175	
Total Fiscal Services			\$ 283,141

Operation of Plant

Custodial Personnel	\$	1,485,965	
Other Salaries and Wages		36,846	
Social Security		89,470	
State Retirement		131,045	
Life Insurance		2,750	
Medical Insurance		339,785	
Unemployment Compensation		2,089	
Employer Medicare		21,197	
Other Contracted Services		219,883	
Custodial Supplies		172,511	
Electricity		1,881,305	
Natural Gas		296,828	
Water and Sewer		295,782	
Other Supplies and Materials		16,940	
Other Charges		4,300	
Plant Operation Equipment		15,014	
Total Operation of Plant			5,011,710

Maintenance of Plant

Supervisor/Director	\$	49,200	
Maintenance Personnel		570,617	
Social Security		36,708	
State Retirement		59,378	
Life Insurance		1,018	
Medical Insurance		123,111	
Unemployment Compensation		570	
Employer Medicare		8,585	

(Continued)

Exhibit J-9

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.)

Maintenance and Repair Services - Buildings	\$	291,504	
Maintenance and Repair Services - Equipment		70,408	
Equipment and Machinery Parts		88,326	
Uniforms		6,975	
Other Charges		956	
Maintenance Equipment		23,488	
Total Maintenance of Plant			\$ 1,330,844

Transportation

Supervisor/Director	\$	41,195	
Mechanic(s)		168,687	
Bus Drivers		719,755	
Clerical Personnel		33,153	
Social Security		55,269	
State Retirement		89,543	
Life Insurance		3,148	
Medical Insurance		385,913	
Unemployment Compensation		1,899	
Employer Medicare		12,926	
Maintenance and Repair Services - Vehicles		28,156	
Medical and Dental Services		6,413	
Travel		386	
Diesel Fuel		340,370	
Garage Supplies		2,064	
Gasoline		46,813	
Lubricants		13,926	
Tires and Tubes		31,373	
Uniforms		2,473	
Vehicle Parts		87,940	
Other Supplies and Materials		5,931	
Vehicle and Equipment Insurance		66,605	
Other Charges		17,379	
Transportation Equipment		187,919	
Total Transportation			2,349,236

Central and Other

Supervisor/Director	\$	66,595	
Computer Programmer(s)		39,590	
Secretary(ies)		29,088	

(Continued)

Exhibit J-9

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 (Cont.)

Other Salaries and Wages	\$	373,506	
Social Security		30,057	
State Retirement		48,654	
Life Insurance		730	
Medical Insurance		93,417	
Unemployment Compensation		443	
Employer Medicare		7,029	
Communication		13,309	
Consultants		1,550	
Travel		8,380	
Other Contracted Services		101,921	
Office Supplies		999	
Uniforms		5,058	
In Service/Staff Development		1,596	
Data Processing Equipment		333,057	
Total Central and Other			\$ 1,154,979

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	33,261	
Other Salaries and Wages		151,982	
Social Security		11,485	
State Retirement		3,186	
Life Insurance		58	
Medical Insurance		5,670	
Unemployment Compensation		696	
Employer Medicare		2,686	
Travel		552	
Other Contracted Services		440	
Other Supplies and Materials		638	
Other Charges		20,918	
Other Equipment		205	
Total Community Services			231,777

Early Childhood Education

Teachers	\$	301,100
Career Ladder Program		1,000
Educational Assistants		215,913
Certified Substitute Teachers		95

(Continued)

Exhibit J-9

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.)

Non-certified Substitute Teachers	\$	6,500	
Social Security		30,329	
State Retirement		29,165	
Life Insurance		519	
Medical Insurance		67,043	
Unemployment Compensation		852	
Employer Medicare		7,275	
Instructional Supplies and Materials		16,412	
In Service/Staff Development		2,680	
Other Charges		1,706	
Other Equipment		4,193	
Total Early Childhood Education			\$ 684,782

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	815,272	
Land		49,500	
Total Regular Capital Outlay			864,772

Other Debt Service

Education

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

Total General Purpose School Fund \$ 63,231,201

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,027,088	
Educational Assistants		243,407	
Other Salaries and Wages		2,545	
Certified Substitute Teachers		2,025	
Non-certified Substitute Teachers		10,148	
Social Security		73,658	
State Retirement		104,261	
Life Insurance		1,709	
Medical Insurance		221,188	
Unemployment Compensation		1,405	

(Continued)

Exhibit J-9

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	\$	18,728	
Instructional Supplies and Materials		871,036	
Other Supplies and Materials		7,097	
Regular Instruction Equipment		381,352	
Total Regular Instruction Program			\$ 2,965,647

Special Education Program

Teachers	\$	220,918	
Educational Assistants		1,389,918	
Certified Substitute Teachers		812	
Non-certified Substitute Teachers		28,540	
Social Security		95,703	
State Retirement		138,644	
Life Insurance		4,090	
Medical Insurance		475,148	
Unemployment Compensation		2,920	
Employer Medicare		22,603	
Other Contracted Services		49,468	
Instructional Supplies and Materials		122,809	
Other Supplies and Materials		8,778	
Special Education Equipment		194,347	
Total Special Education Program			2,754,698

Vocational Education Program

Educational Assistants	\$	19,097	
Social Security		1,177	
State Retirement		1,728	
Life Insurance		58	
Medical Insurance		5,747	
Unemployment Compensation		32	
Employer Medicare		275	
Instructional Supplies and Materials		29,916	
Vocational Instruction Equipment		79,746	
Total Vocational Education Program			137,776

Support Services

Other Student Support

Guidance Personnel	\$	159,793	
Other Salaries and Wages		1,899	

(Continued)

Exhibit J-9

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.)

Social Security	\$	6,652	
State Retirement		10,255	
Life Insurance		144	
Medical Insurance		22,991	
Unemployment Compensation		32	
Employer Medicare		1,556	
Travel		33,584	
Other Contracted Services		20,015	
Other Supplies and Materials		8,486	
Other Charges		32,670	
Total Other Student Support			\$ 298,077

Regular Instruction Program

Supervisor/Director	\$	51,716	
Other Salaries and Wages		1,045,389	
Certified Substitute Teachers		4,855	
In-Service Training		6,549	
Non-certified Substitute Teachers		18,185	
Social Security		60,812	
State Retirement		84,101	
Life Insurance		671	
Medical Insurance		81,947	
Unemployment Compensation		404	
Employer Medicare		16,246	
Travel		49,459	
Other Contracted Services		30	
Other Supplies and Materials		33,853	
In Service/Staff Development		90,142	
Other Charges		1,410	
Total Regular Instruction Program			1,545,769

Special Education Program

Clerical Personnel	\$	5,091	
Unemployment Compensation		32	
Employer Medicare		74	
Travel		17,925	
Other Supplies and Materials		5,080	
In Service/Staff Development		28,734	
Other Equipment		6,485	
Total Special Education Program			63,421

(Continued)

Exhibit J-9

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.)

Vocational Education Program

Travel	\$ 2,665	
Total Vocational Education Program		\$ 2,665

Board of Education

Workers' Compensation Insurance	\$ 9,000	
Total Board of Education		9,000

Transportation

Other Charges	\$ 15,102	
Total Transportation		<u>15,102</u>

Total School Federal Projects Fund		\$ 7,792,155
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Central Cafeteria Fund

Support Services

Board of Education

Audit Services	\$ 3,575	
Workers' Compensation Insurance	39,000	
Total Board of Education		\$ 42,575

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 42,335
Accountants/Bookkeepers	31,850
Clerical Personnel	28,024
Cafeteria Personnel	1,326,574
Other Salaries and Wages	48,368
In-Service Training	32,815
Social Security	89,937
State Retirement	68,304
Life Insurance	2,416
Medical Insurance	314,320
Unemployment Compensation	4,310
Employer Medicare	21,162
Maintenance and Repair Services - Equipment	28,887
Travel	2,793
Other Contracted Services	336,460
Food Supplies	1,458,356
Office Supplies	3,454

(Continued)

Exhibit J-9

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.)

USDA - Commodities	\$	567,231	
Other Supplies and Materials		159,248	
In Service/Staff Development		1,639	
Other Charges		19,217	
Food Service Equipment		8,504	
Total Food Service			<u>\$ 4,596,204</u>

Total Central Cafeteria Fund \$ 4,638,779

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Improvements	\$	1,845,022	
Total Education Capital Projects			<u>\$ 1,845,022</u>

Total Education Capital Projects Fund 1,845,022

Other Capital Projects QSCB Fund

Capital Projects

Education Capital Projects

Architects	\$	265,278	
Engineering Services		13,658	
Building Construction		4,498,305	
Site Development		436,123	
Total Education Capital Projects			<u>\$ 5,213,364</u>

Total Other Capital Projects QSCB Fund 5,213,364

Total Governmental Funds - Hamblen County School Department \$ 82,720,521

Exhibit J-10

Hamblen County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes
in Cash Balance - City Agency Fund
For the Year Ended June 30, 2011

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 9,871,123
Total Cash Receipts	<u>\$ 9,871,123</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 9,772,412
Trustee's Commission	98,711
Total Cash Disbursements	<u>\$ 9,871,123</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2010	<u>10,955</u>
 Cash Balance, June 30, 2011	<u><u>\$ 10,955</u></u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY 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 21, 2011

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, 2011, which collectively comprise Hamblen County's basic financial statements and have issued our report thereon dated December 21, 2011. 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

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 a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency in internal control over financial reporting: 11.01. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

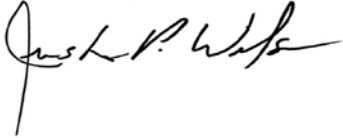
We also noted certain matters that we reported to management of Hamblen County in separate communications.

Hamblen County's response to the finding 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 prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
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NASHVILLE, TENNESSEE 37243-1402
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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

December 21, 2011

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Hamblen County 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, 2011. 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, 2011.

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 in order 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

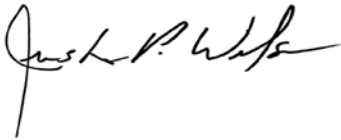
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hamblen County as of and for the year ended June 30, 2011, and have issued our report thereon dated December 21, 2011. 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 finding 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 stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Hamblen County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2011

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	\$ 806,063
National School Lunch Program	10.555	N/A	2,375,436 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	567,231 (3)
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	N/A	9,440
Total U.S. Department of Agriculture			<u>\$ 3,758,170</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant/States Program	14.228	GG-09-27471-00	\$ 6,651
Home Investment Partnerships Program	14.239	HM-08-17	71,348
Total U.S. Department of Housing and Urban Development			<u>\$ 77,999</u>
U.S. Department of Justice:			
Direct Program:			
State Criminal Alien Assistance Program	16.606	N/A	\$ 9,907
Passed-through State Office of Criminal Justice Programs:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	Z-99-088464-00	52,441
Passed-through Tennessee Bureau of Investigation:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	2007-DD-BX-0663	2,218
Total U.S. Department of Justice			<u>\$ 64,566</u>
U.S. Department of Labor			
Passed-through State Department of Labor and Workforce Development:			
WIA Dislocated Workers, Recovery Act	17.260	Z-09-219687-00	\$ 24,826
Total U.S. Department of Labor			<u>\$ 24,826</u>
U.S. Department of Transportation:			
Passed-through State Department of Environment and Conservation:			
Recreational Trails Program	20.219	GG-09-2533-00	\$ 81,160
Total U.S. Department of Transportation			<u>\$ 81,160</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	\$ 2,296,831
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	741,967
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,231,710
Special Education - Preschool Grants	84.173	N/A	52,139
Special Education - Grants to States, Recovery Act	84.391	N/A	734,892
Special Education - Preschool Grants, Recovery Act	84.392	N/A	19,734
Career and Technical Education - Basic Grants to States	84.048	N/A	180,257

(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)	\$ 106,539
Education for Homeless Children and Youth Cluster:			
Education for Homeless Children and Youth	84.196	(2)	68,746
Education for Homeless Children and Youth, Recovery Act	84.387	(2)	35,715
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	34,436
Education Technology State Grants, Recovery Act	84.386	(2)	21,517
English Language Acquisition Grants	84.365	N/A	142,788
Improving Teacher Quality State Grants	84.367	N/A	384,497
State Fiscal Stabilization Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	3,667,790
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	355,204
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	488,545
Education Jobs Fund	84.410	N/A	473,121
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	112,723
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	(2)	<u>40,462</u>
Total U.S. Department of Education			<u>\$ 12,189,613</u>
U.S. Department of Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	<u>45,000</u>
Total U.S. Department of Election Assistance Commission			<u>\$ 45,000</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
Temporary Assistance for Needy Families, Recovery Act	93.558	(2)	<u>76,343</u>
Total U.S. Department of Health and Human Services			<u>\$ 76,343</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	34101-000000-3809	\$ 5,259
Homeland Security Preparedness Technical Assistance Program	97.007	(4)	<u>376,208</u>
Total U.S. Department of Homeland Security			<u>\$ 381,467</u>
Total Expenditures of Federal Awards			<u>\$ 16,699,144</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	(2)	\$ 21,000
Litter Program - State Department of Transportation	N/A	(2)	33,551
Health Department Program - State Department of Health	N/A	(2)	367,072
Waste Tire Grant - State Department of Environment and Conservation	N/A	Z-08-213010-00	55,483
RES Grant - Local Park and Recreation Fund - State Department of Environment and Conservation	N/A	GG-09-26707-00	87,500
Early Childhood Education Pilot Program - State Department of Education	N/A	(2)	572,839
Adult Basic Education Grant - State Department of Labor and Workforce Development	N/A	(2)	37,574
Highschools That Work Grant - State Department of Education	N/A	(2)	12,000
Drug Court Recovery - State Office of Criminal Justice Programs	N/A	(2)	45,715
ACT/Explore - State Department of Education	N/A	(2)	10,533
Drivers Education - State Department of Education	N/A	(2)	18,615
After School Program - State Department of Human Services	N/A	(2)	27,479
Energy Efficient Schools Initiative Incentive Grant - State Department of Education	N/A	(2)	91,555
Total State Grants			\$ 1,380,916

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 \$2,942,667.
- (4) - 34101-0000000419: \$147,761; 34101-0000002590: \$110,685; 34101-0000005682: \$117,762.

Hamblen County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2011

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, 2010.

HAMBLEN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

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 a significant deficiency in internal control. This deficiency was not considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that 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); and the State Fiscal Stabilization Cluster: State Fiscal Stabilization Fund – Education State Grants, Recovery Act and State Fiscal Stabilization Fund – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397) were determined to be major programs.
8. A \$500,974 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 sheriff provided a written response, which is paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICES OF CLERK AND MASTER, REGISTER, AND SHERIFF

FINDING 11.01 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**

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

Multiple employees operated from the same cash drawer in the Offices of Clerk and Master, Register, and Sheriff. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the officials resulting in a loss of control over assets. After we brought this deficiency to the attention of the register, he obtained a separate cash drawer for himself and each employee.

RECOMMENDATION

The clerk and master and the sheriff should assign each employee their own cash drawer.

MANAGEMENT'S RESPONSE – SHERIFF

A second cash drawer has been placed in the Office of Sheriff with a fixed cash amount of \$20. This will enable the other employee to operate out of a separate cash drawer.

BEST PRACTICE

HAMBLLEN 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 County 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, 2011

There were audit findings relative to federal awards presented in the prior-year's Schedule of Findings and Questioned Costs. There were no audit findings relative to federal awards presented in the current-year's Schedule of Findings and Questioned Costs.

Office of Director of Schools – Summary Schedule of Prior-Year's Findings

FINDINGS 10.01 and 10.03

Hamblen County Schools' administration has ensured that 100 percent of all special education funds are spent on special education students. All expenditures determined by the State of Tennessee, Division of Special Education to be non-special education expenditures have been reimbursed to the appropriate programs and future expenditures have been budgeted and expended from regular education General Purpose School funds. The corrective action was approved by the State Department of Education on March 21, 2011.