

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

**FOR THE YEAR ENDED JUNE 30, 2017**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT**  
**HAMBLEEN COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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

*DIVISION OF LOCAL GOVERNMENT AUDIT*  
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*Director*

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*GREG BRUSH, CISA*  
*State Auditors*

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

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# ***Summary of Audit Findings***

Annual Financial Report  
Hamblen County, Tennessee  
For the Year Ended June 30, 2017

## ***Scope***

We have audited the basic financial statements of Hamblen County as of and for the year ended June 30, 2017.

## ***Results***

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

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

## ***Findings***

The following are summaries of the audit findings:

### **OFFICE OF TRUSTEE**

- ◆ The monthly trustee's report was not always filed in compliance with state statute.
- ◆ Certain accounts maintained by the trustee were not adequately collateralized.

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# INTRODUCTORY SECTION

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# Hamblen County Officials

## June 30, 2017

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### **Officials**

Bill Brittain, County Mayor  
Barry Poole, Highway Superintendent  
Dr. Dale Lynch, Director of Schools  
John Baskette, Trustee  
John Ely, Assessor of Property  
Penny Petty, County Clerk  
Teresa West, Circuit and General Sessions Courts Clerk  
Kathy Terry, Clerk and Master  
Jim Clawson, Register of Deeds  
Esco Jarnagin, Sheriff  
Michelle Woods, Finance Director

### **Board of County Commissioners**

Rick Eldridge, Chairman	Joe Huntsman, Sr,
Larry Carter	Louis Jarvis
Hubert Davis	Howard Shipley
Randy DeBord	John Smyth
Stancil Ford	Johnny Walker
Tim Goins	Dana Wampler
Herbert Harville	Taylor Ward

### **Board of Highway Commissioners**

Dr. Arthur Tom Hyde, Chairman	E.C. Long
Gail Free	Delbert Nix
Dannie Bell	Wayne Pigmon
Charles Anderson	

### **Board of Education**

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

### **Audit Committee**

Tim Goins, Chairman	Herbert Harville
Larry Carter	Louis Jarvis
Rick Eldridge	John Smyth

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## FINANCIAL SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

## Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hamblen County, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hamblen County, Tennessee, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Solid Waste/Sanitation funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13-28 and the schedule of changes in the county's net pension liability and related ratios, schedule of county contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefit plans on pages 109-116 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hamblen County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the 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 basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Hamblen County School Department (a discretely presented component unit), miscellaneous schedules, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the

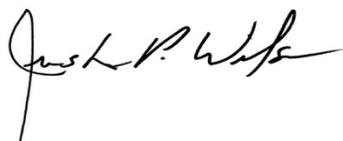
underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2017, on our consideration of Hamblen County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Hamblen County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hamblen County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

November 21, 2017

JPW/kp



**HAMBLEN COUNTY, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017**

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, 2017. 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.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of Hamblen County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by approximately \$5.04 million (net position). However, it should be noted that the financial statements of Hamblen County included debt totaling approximately \$22.8 million attributed to the Hamblen County Board of Education. The discretely presented Hamblen County School Department's assets and deferred outflows exceeded its liabilities and deferred inflows of resources by approximately \$50.5 million at June 30, 2017.
- The primary government's total net position increased by approximately \$3.2 million. The discretely presented Hamblen County School Department's net position increased by approximately \$2.2 million. The increase in the primary government's total net position was due to the retirement of debt, payments to the school system for construction projects and the deferred inflows and outflows related to pensions. The increase of the discretely presented Hamblen County School Department's total net position was attributed mostly to deferred inflows and outflows related to pensions.
- As of the close of the fiscal year, Hamblen County's Governmental funds reported approximately \$11.3 million in total combined fund balances; this is an approximate decrease of \$2.2 million from the previous period. Of this amount, approximately \$3.9 million represents funds that are available for spending (assigned and

unassigned). The discretely presented Hamblen County School Department's governmental funds reported approximately \$16.0 million in total combined fund balances; this is an increase of approximately \$0.8 million from the previous period.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was approximately \$3.3 million or 17.5 percent of the General Fund's annual budgetary expenditures (including other uses). The unassigned fund balance of the discretely presented Hamblen County School Department's General Purpose School Fund was approximately \$3.6 million or 4.6 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 \$4.5 million or 14.3 percent during the current fiscal year due to the retirement of outstanding obligations.

## **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 Position and the Statement of Activities.

The Statement of Net Position presents information on all of Hamblen County's and its discretely presented component units' assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during the current fiscal year. All changes in net position 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; highways; education; and interest on long-term debt. Hamblen County and the discretely presented Hamblen County School Department have no business-type activities.

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.

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

## **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 funds of Hamblen County and the discretely presented Hamblen County School Department can be divided into three broad categories: governmental, proprietary and fiduciary funds.

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

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

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

The discretely presented Hamblen County School Department maintains four individual governmental funds. The General Purpose School Fund and Central Cafeteria Fund are considered major funds.

Hamblen County adopts an annual budget for its General Fund, all special revenue funds (except the Constitutional Officers – Fees Fund), the General Debt Service Fund, and the

Highway Capital Projects Fund. 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.

**Proprietary Funds.** Hamblen County maintains one type of proprietary fund, an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among Hamblen County's various functions. Hamblen County uses an internal service fund to account for the county's self-insured employee health insurance program. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found in Exhibits D-1 through D-3.

**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 in Exhibits E-1 through E-2.

**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 presents required supplementary information concerning Hamblen County's and the discretely presented Hamblen County School Department's obligation to provide pension and OPEB benefits to its employees. A table of contents has been provided to locate this information.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. Hamblen County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2017, by \$5,042,042. 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 the Hamblen County Government. At the end of the current fiscal year, Hamblen County had outstanding debt related to the Hamblen County Board of Education of \$22,803,831.

The related assets for this debt are reported on the Statement of Net Position under component units in the column “Hamblen County School Department.” The discretely presented Hamblen County School Department’s assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2017, by \$50,494,405.

### Hamblen County’s and the Discretely Presented Hamblen County School Department’s Net Position

	Hamblen County Primary Government Governmental Activities	
	2016	2017
Current and Other Assets	\$ 30,593,858	\$ 30,331,559
Capital Assets	20,217,679	20,005,479
Total Assets	\$ 50,811,537	\$ 50,337,038
Total Deferred Outflows of Resources	\$ 1,524,500	\$ 2,123,667
Long-term Liabilities Outstanding	\$ 28,061,146	\$ 23,870,469
Other Liabilities	9,289,285	7,798,294
Total Liabilities	\$ 37,350,431	\$ 31,668,763
Total Deferred Inflows of Resources	\$ 13,138,198	\$ 15,749,900
Net Position:		
Net Investment in Capital Assets	\$ 15,339,354	\$ 15,549,572
Restricted	2,729,311	2,155,519
Unrestricted	(16,221,257)	(12,663,049)
Total Net Position	\$ 1,847,408	\$ 5,042,042
	Hamblen County School Department Governmental Activities	
	2016	2017
Current and Other Assets	\$ 30,495,300	\$ 31,243,773
Capital Assets	54,738,033	54,647,711
Total Assets	\$ 85,233,333	\$ 85,891,484
Other Deferred Outflows	\$ 4,634,501	\$ 12,377,646
Long-term Liabilities Outstanding	\$ 18,307,917	\$ 26,204,804
Other Liabilities	679,013	695,601
Total Liabilities	\$ 18,986,930	\$ 26,900,405
Total Deferred Inflows of Resources	\$ 22,609,923	\$ 20,874,320
Net Position:		
Net Investment in Capital Assets	\$ 54,738,033	\$ 54,647,711
Restricted	5,087,072	5,055,535
Unrestricted	(11,554,124)	(9,208,841)
Total Net Position	\$ 48,270,981	\$ 50,494,405

By far, the largest portion of Hamblen County’s and the discretely presented Hamblen County School Department’s net position is \$15,549,572 and \$54,647,711, 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 position is \$2,155,519 and \$5,055,535 respectively, which is subject to external restrictions on how they may be used.

Hamblen County's unrestricted net position is a negative \$12,663,049. This negative balance represents all unrestricted non-capital related assets net of Hamblen County's debt of \$27,230,331.

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

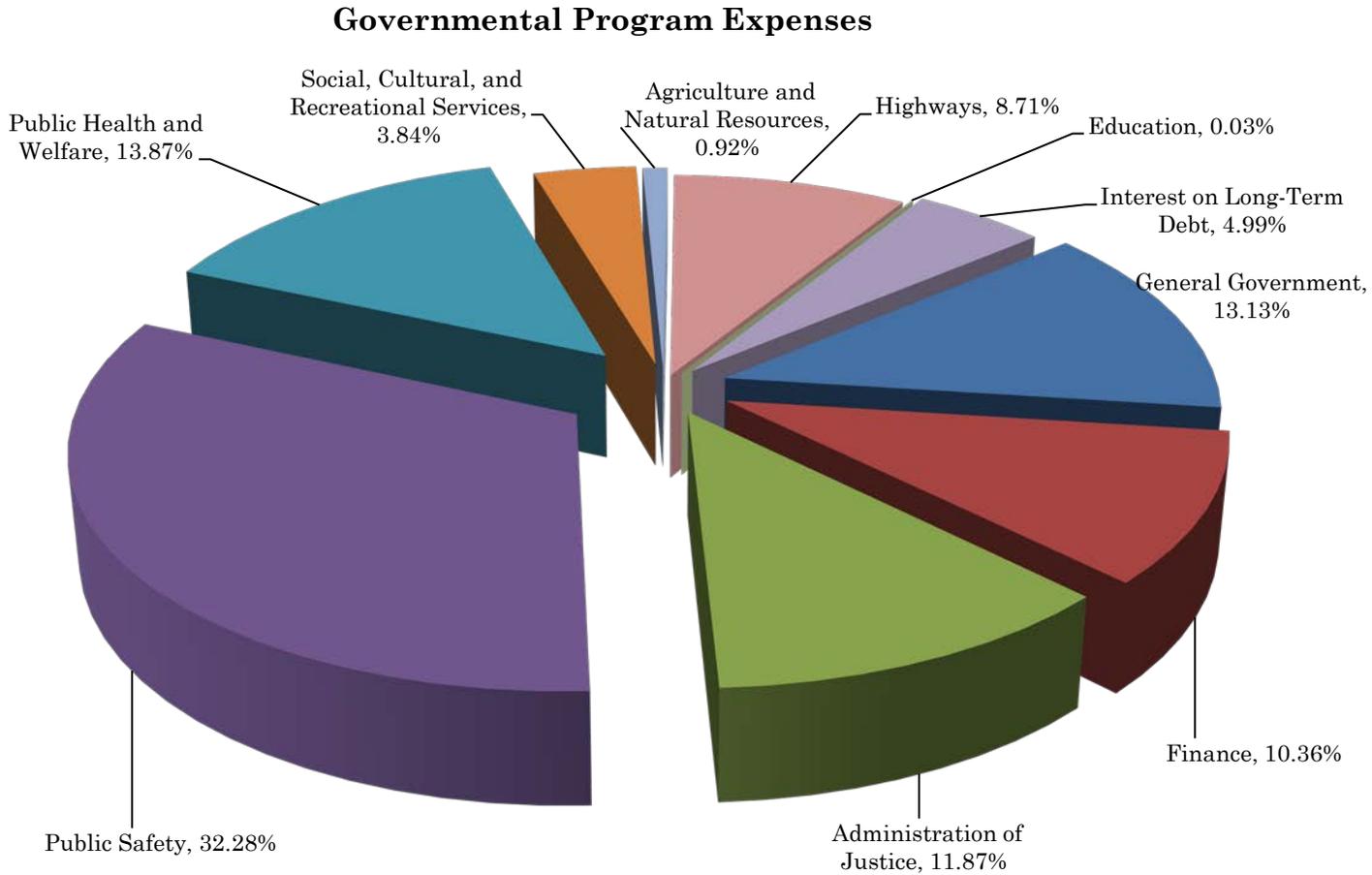
	Hamblen County Primary Government Governmental Activities	
	2016	2017
Revenues:		
Program Revenues:		
Charges for Services	\$ 5,901,548	\$ 5,788,902
Operating Grants and Contributions	2,571,132	2,554,698
Capital Grants and Contributions	1,046,067	220,815
General Revenues:		
Property Taxes	12,750,870	13,185,755
Sales Taxes	799,901	800,337
Other Taxes	2,218,456	3,080,898
Grants and Contributions Not Restricted to Specific Programs	2,076,760	1,946,561
Unrestricted Investment Income	169,304	55,908
Miscellaneous	53,279	45,031
Gain on Disposal of Capital Assets	735	59,951
Total Revenues	\$ 27,588,052	\$ 27,738,856
Expenses:		
General Government	\$ 3,492,838	\$ 3,262,471
Finance	2,367,234	2,573,890
Administration of Justice	2,469,724	2,949,300
Public Safety	7,373,663	8,018,923
Public Health and Welfare	3,253,581	3,446,859
Social, Cultural, and Recreational Services	990,887	954,230
Agriculture and Natural Resources	182,841	229,675
Highways	3,491,696	2,163,192

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

	Hamblen County Primary Government Governmental Activities	
	2016	2017
Expenses (Cont.):		
Education	\$ 500	\$ 5,500
Interest	1,379,255	1,239,546
Total Expenses	\$ 25,002,219	\$ 24,843,586
Change in Fair Value of Derivatives - Interest Rate Swap	\$ 273,227	\$ 299,364
Increase (Decrease) in Net Position Net Position, July 1	\$ 2,859,060 (1,011,652)	\$ 3,194,634 1,847,408
Net Position, June 30	\$ 1,847,408	\$ 5,042,042
	Hamblen County School Department Governmental Activities	
	2016	2017
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,959,292	\$ 2,012,526
Operating Grants and Contributions	9,632,767	10,130,032
Capital Grants and Contributions	204,446	71,497
General Revenues:		
Property Taxes	13,687,184	14,043,182
Sales Taxes	12,589,055	13,238,399
Other Taxes	784,330	49,421
Grants and Contributions Not Restricted to Specific Programs	47,449,093	52,103,157
Unrestricted Investment Income	5,114	6,044
Pension Income	0	0
Miscellaneous	94,316	35,923
Total Revenues	\$ 86,405,597	\$ 91,690,181
Expenses:		
Education	\$ 83,831,354	\$ 89,466,757
Total Expenses	\$ 83,831,354	\$ 89,466,757
Increase (Decrease) in Net Position Net Position, July 1	\$ 2,574,243 45,696,738	\$ 2,223,424 48,270,981
Net Position, June 30	\$ 48,270,981	\$ 50,494,405

### Governmental Program Expenses

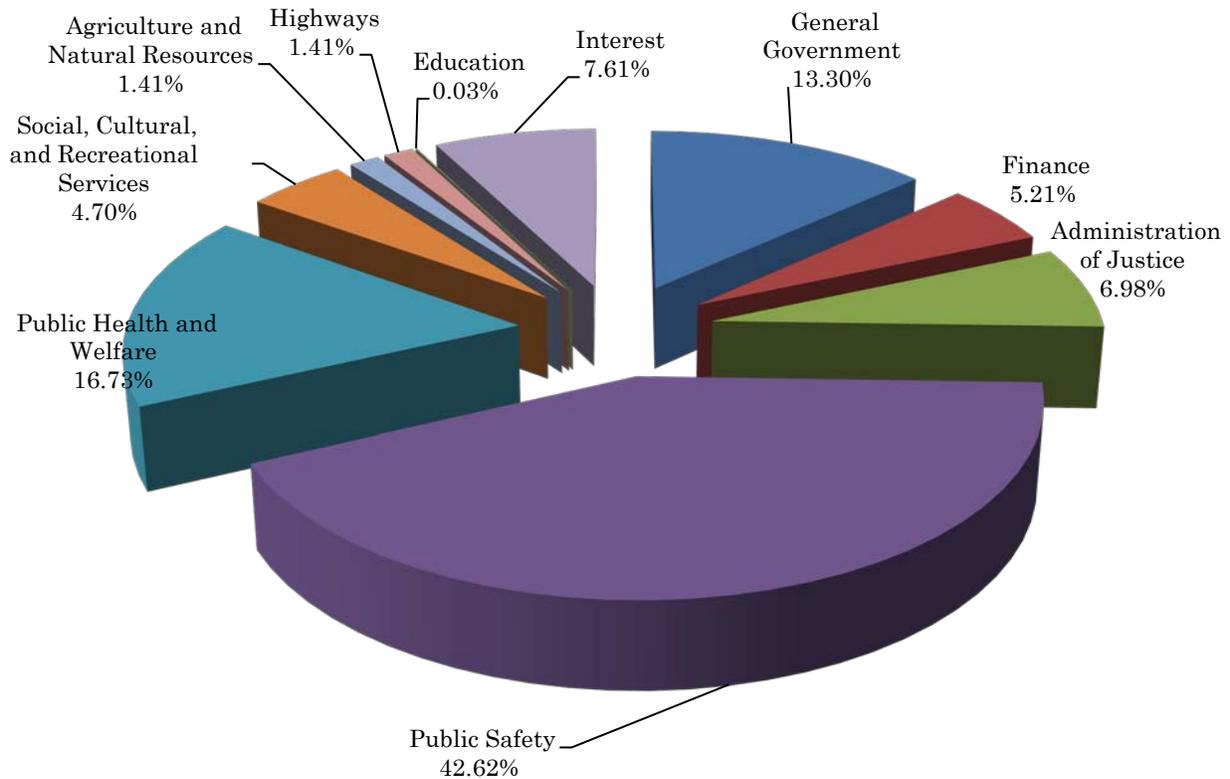
Public Safety expenses of \$8,018,923, Public Health and Welfare expenses of \$3,446,859 and General Government expenses of \$3,262,471 are the largest expenses of Hamblen County, which when combined total \$14,728,253 and are 59.3 percent of total expenses. For additional details, see illustrations below. Note that amounts are rounded to two decimal places in the following chart.



### 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 also 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

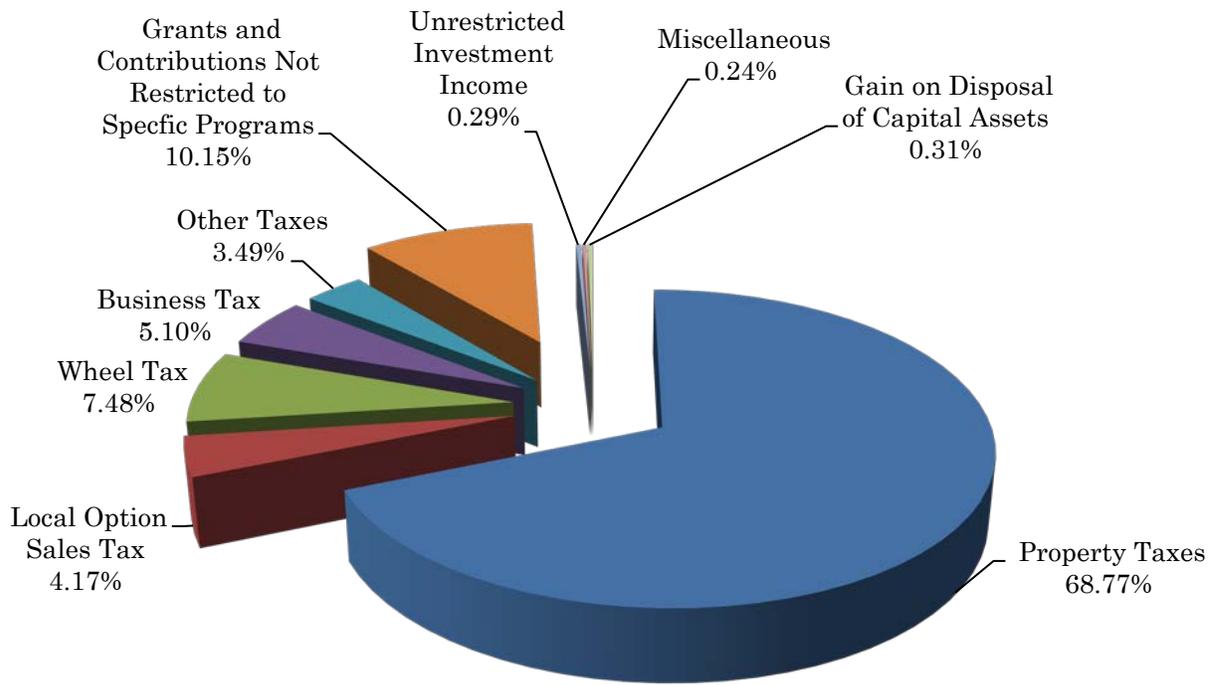


**Revenues** on the government-wide Statement of Activities are broken into two major categories, program and general revenues.

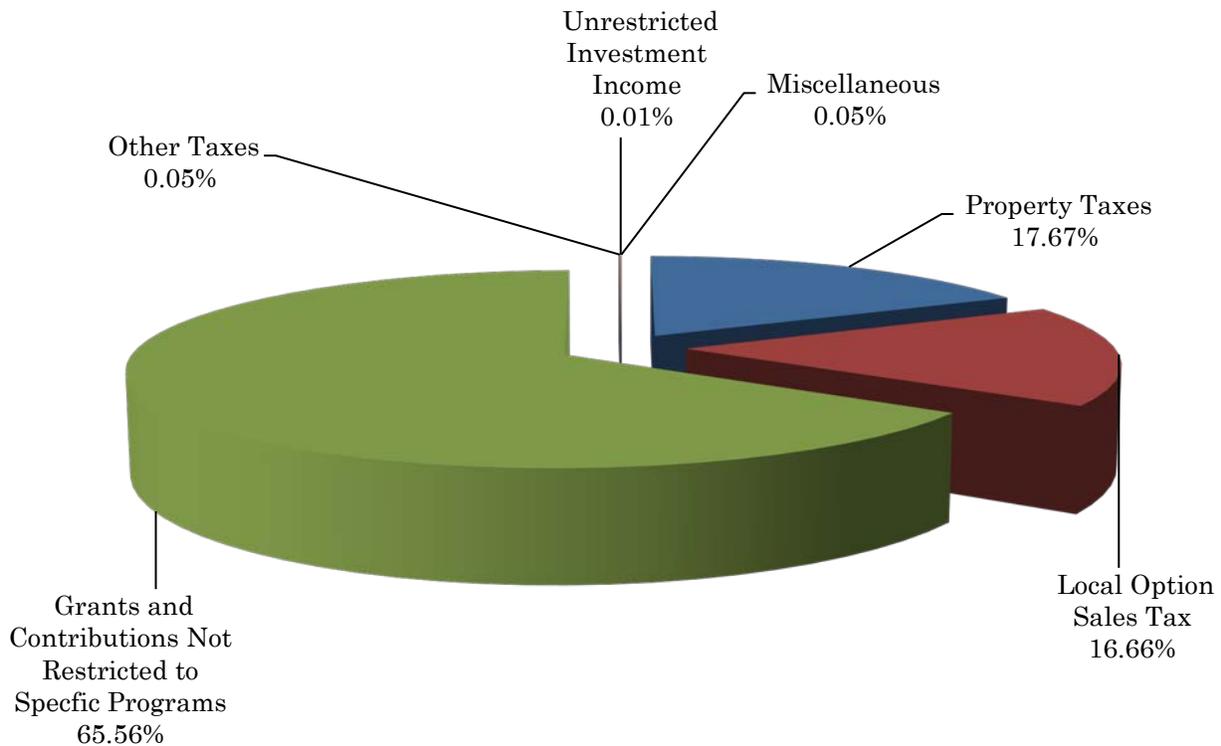
**Program revenues** are three types: charges for services (arise from charges to customers), operating grants and contributions (restricted for a specific purpose), and capital grants and contributions (restricted for a specific purpose).

**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 \$100,803 and \$134,243, 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 \$1,816,262 and \$4,832,689, 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 \$5,485,237 and \$791,252, 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 \$549,535 and \$6,596,392, 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 \$3,309,034 and \$3,627,900, 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 \$11,260,871, a decrease of \$2,224,286. The decrease in the county’s fund balances is attributed to expenditures exceeding revenue collections. The discretely presented Hamblen County School Department’s governmental funds reported fund balances totaling \$15,982,476, an increase of \$820,333. The increase in the discretely presented Hamblen County School Department’s governmental fund balances is attributed to revenue collections exceeding expenditures.

The General Fund is the chief operating fund of Hamblen County. At the end of the current fiscal year, unassigned fund balance was \$3,309,034, while total fund balance reached \$4,368,239. Total fund balance for the General Fund decreased \$1,759,317. 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 17.22 percent of total General Fund expenditures (including other uses), while total fund balance represents 22.73 percent of that same amount.

The Solid Waste/Sanitation Fund’s fund balances totaled \$2,370,714 at June 30, 2017, a decrease of \$509,460 from the previous year.

The General Debt Service Fund had a total fund balance of \$3,254,915 at June 30, 2017, a decrease of \$598,170.

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 \$3,627,900, while total fund balance increased to \$10,686,326. Total fund balance for the General Purpose School Fund increased \$845,652. 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 4.6 percent of total General Purpose School Fund expenditures, while total fund balance represents 13.6 percent of that same amount.

**BUDGETARY HIGHLIGHTS**

**General Fund Budgetary Highlights**

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

	Original	Amended	Increase (Decrease)
Appropriations:			
General Government	\$ 2,184,943	\$ 2,185,763	\$ 820
Finance	2,417,651	2,417,181	(470)
Administration of Justice	2,731,690	2,931,109	199,419
Public Safety	7,857,006	8,439,715	582,709
Public Health and Welfare	991,405	1,080,545	89,140
Social, Cultural, and Recreational Services	851,444	856,376	4,932
Agriculture and Natural Resources	228,408	240,608	12,200
Other Operations	1,403,186	1,643,888	240,702
Education	5,500	5,500	0
Capital Projects	386,000	497,522	111,522
Total Appropriations	<u>\$ 19,057,233</u>	<u>\$ 20,298,207</u>	<u>\$ 1,240,974</u>

The increase in Administration of Justice is attributed to an increase in part-time expenditures and overtime expenditures in the Courtroom Security Budget directly relating to an increase in transports. The increase is also due to an increase in expenditures related to the holding of juveniles.

The increase in Public Safety is due to an increase in the inmate medical/dental costs and an increase in drugs and medical supplies for inmates in the jail, an increase in county coroner expenditures related to an increase in the number of autopsies performed, coroner

calls and transports, an increase to rebuild the transmission for the work release bus and to appropriate funds for the FY2016 Homeland Security Grant that was not included in the original budget.

The increase in Public Health and Welfare is due to additional monies received for the Tobacco Cessation Grant and to appropriate monies for the Built Grant. The increase is also attributed to the COLA for the Health Department employees approved by the Hamblen County Legislative Body and the increase in the number of full-time and part-time positions approved by the State of Tennessee for the Health Department.

The increase in other operations is attributed to an increase in litigation involving operations of the jail and an increase in TIFS that were under budgeted.

The increase in Capital Projects is due to the painting and flooring projects at the Health Department and is also attributed to the installation of the Voice Alert Program and additional fire alarm panels and pull downs.

At the close of the fiscal year, actual expenditures were \$1,664,722 less than budgetary estimates. This is attributed to the conservative management of elected officials and department heads.

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

The differences in the original and the final budget’s appropriations increased by \$1,487,381 compared to the original budget of \$80,913,688. At the close of the fiscal year, actual expenditures were \$3,630,351 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, 2017, totaled \$20,005,479. This investment in capital assets includes land, buildings and improvements, other capital assets (includes vehicles and equipment), and infrastructure (includes roads, highways, and bridges).

Asset	Historical Value	Accumulated Depreciation	Net Value 6-30-17
Land	\$ 475,551	\$ 0	\$ 475,551
Construction in Progress	239,870	0	239,870
Buildings and Improvements	11,683,082	(5,142,653)	6,540,429
Other Capital Assets	8,165,462	(5,664,766)	2,500,696
Infrastructure	17,063,224	(6,814,291)	10,248,933
Total	\$ 37,627,189	\$ (17,621,710)	\$ 20,005,479

The discretely presented Hamblen County School Department's investment in capital assets, net of accumulated depreciation, as of June 30, 2017, totaled \$54,647,711. This investment in capital assets includes land, buildings and improvements, and other capital assets (includes vehicles and equipment).

Asset	Historical Value	Accumulated Depreciation	Net Value 6-30-17
Land	\$ 3,767,735	\$ 0	\$ 3,767,735
Construction in Progress	993,217	0	993,217
Buildings and Improvements	141,720,602	(99,586,214)	42,134,388
Other Capital Assets	19,888,898	(12,136,527)	7,752,371
Total	\$ 166,370,452	\$ (111,722,741)	\$ 54,647,711

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

#### Long-term Debt

At the end of the current fiscal year, Hamblen County had long-term debt obligations outstanding of \$27,230,331. Hamblen County made debt payments totaling \$4,548,854 during the 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, 2017. Additional information on Hamblen County Government's long-term debt can be found in Exhibit K-1, Exhibit K-2, Note IV.B, and Note IV.F of this report.

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

On July 10, 2017, Hamblen County adopted a budget for the fiscal year ending June 30, 2018.

The distribution of the 2017 property tax rate is shown below:

Fund	Inside	Outside
General	\$ 0.64	\$ 0.64
Solid Waste/Sanitation	0.00	0.23
General Purpose School	0.92	0.92
General Debt Service	0.34	0.34
Total	\$ 1.90	\$ 2.13

The unemployment rate for the county as of June 30, 2017, was 4.4 percent. The state's average unemployment rate as of June 30, 2017, was 3.6 percent and the national average was 4.4 percent. (Source: Tennessee Department of Labor & Workforce Development).

## **REQUEST FOR INFORMATION**

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

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Hamblen County, Tennessee  
Statement of Net Position  
June 30, 2017

	Primary Government <u>Governmental Activities</u>	Component Unit <u>Hamblen County School Department</u>
<u>ASSETS</u>		
Cash	\$ 7,880	\$ 0
Equity in Pooled Cash and Investments	12,964,921	14,113,776
Inventories	0	134,243
Accounts Receivable	284,648	33,604
Due from Other Governments	1,032,774	2,815,737
Due from Primary Government	0	244,411
Property Taxes Receivable	16,274,294	14,273,206
Allowance for Uncollectible Property Taxes	(475,051)	(459,807)
Prepaid Items	169,936	0
Unamortized Discount on Debt	72,157	0
Net Pension Asset - Teacher Plan	0	88,603
Capital Assets:		
Assets Not Depreciated:		
Land	475,551	3,767,735
Construction in Progress	239,870	993,217
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	6,540,429	42,134,388
Other Capital Assets	2,500,696	7,752,371
Infrastructure	10,248,933	0
Total Assets	<u>\$ 50,337,038</u>	<u>\$ 85,891,484</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Accumulated Decrease in Fair Value of Hedging Derivatives	\$ 149,101	\$ 0
Deferred Charge on Refunding	214,993	0
Pension Changes in Experience	0	253,887
Pension Changes in Investment Earnings	914,441	7,554,186
Pension Other Deferrals	0	368,502
Pension Contributions After Measurement Date	845,132	4,201,071
Total Deferred Outflows of Resources	<u>\$ 2,123,667</u>	<u>\$ 12,377,646</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Hamblen County School Department</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 631,031	\$ 236,412
Accrued Payroll	365,574	0
Accrued Interest Payable	81,132	0
Payroll Deductions Payable	75,619	0
Contracts Payable	0	26,250
Due to Component Unit	244,411	0
Due to State of Tennessee	1,500	0
Other Current Liabilities	0	47,013
Derivative - Interest Rate Swap	1,515,173	0
Noncurrent Liabilities:		
Due Within One Year	4,883,854	385,926
Due in More Than One Year	23,870,469	26,204,804
Total Liabilities	<u>\$ 31,668,763</u>	<u>\$ 26,900,405</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 15,271,071	\$ 13,205,923
Pension Changes in Experience	478,829	7,607,299
Pension Other Deferrals	0	61,098
Total Deferred Inflows of Resources	<u>\$ 15,749,900</u>	<u>\$ 20,874,320</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 15,549,572	\$ 54,647,711
Restricted for:		
General Government	73,020	0
Finance	8,103	0
Administration of Justice	92,304	0
Public Safety	109,135	0
Public Health and Welfare	162,786	0
Highway/Public Works	848,437	0
Debt Service	783,417	0
Capital Projects	78,317	315,660
Education	0	4,651,272
Pensions	0	88,603
Unrestricted	<u>(12,663,049)</u>	<u>(9,208,841)</u>
Total Net Position	<u>\$ 5,042,042</u>	<u>\$ 50,494,405</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, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit Hamblen County School Department
					Total	
Primary Government:						
Governmental Activities:						
General Government	\$ 3,262,471	\$ 1,082,837	\$ 15,164	\$ 0	\$ (2,164,470)	\$ 0
Finance	2,573,890	1,726,398	0	0	(847,492)	0
Administration of Justice	2,949,300	1,723,577	89,000	0	(1,136,723)	0
Public Safety	8,018,923	955,152	116,270	9,952	(6,937,549)	0
Public Health and Welfare	3,446,859	128,863	533,516	60,440	(2,724,040)	0
Social, Cultural, and Recreational Services	954,230	172,075	10,000	6,978	(765,177)	0
Agriculture and Natural Resources	229,675	0	0	0	(229,675)	0
Highways	2,163,192	0	1,790,748	143,445	(228,999)	0
Education	5,500	0	0	0	(5,500)	0
Interest on Long-term Debt	1,239,546	0	0	0	(1,239,546)	0
<b>Total Primary Government</b>	<b>\$ 24,843,586</b>	<b>\$ 5,788,902</b>	<b>\$ 2,554,698</b>	<b>\$ 220,815</b>	<b>\$ (16,279,171)</b>	<b>\$ 0</b>
Component Unit:						
Hamblen County School Department	\$ 89,466,757	\$ 2,012,526	\$ 10,130,032	\$ 71,497	\$ 0	\$ (77,252,702)
<b>Total Component Unit</b>	<b>\$ 89,466,757</b>	<b>\$ 2,012,526</b>	<b>\$ 10,130,032</b>	<b>\$ 71,497</b>	<b>\$ 0</b>	<b>\$ (77,252,702)</b>

(Continued)

Exhibit B

Hamblen County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental	Unit
				Total	Hamblen County School Department	
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 7,412,248	\$ 14,043,182	
Property Taxes Levied for Public Health and Welfare Purposes				1,228,135	0	
Property Taxes Levied for Debt Purposes				4,545,372	0	
Local Option Sales Taxes				800,337	13,238,399	
Hotel/Motel Tax				140,191	0	
Wheel Tax				1,433,960	0	
Litigation Tax - General				162,058	0	
Litigation Tax - Special Purpose				70,067	0	
Litigation Tax - Jail/Workhouse/Courthouse				58,799	0	
Litigation Tax - Courtroom Security				64,982	0	
Business Tax				978,531	0	
Mixed Drink Tax				0	44,212	
Mineral Severance Tax				34,095	0	
Wholesale Beer Tax				135,697	0	
Interstate Telecommunications Tax				2,518	5,209	
Grants and Contributions Not Restricted to Specific Programs				1,946,561	52,103,157	
Unrestricted Investment Income				55,908	6,044	
Miscellaneous				45,031	35,923	
Gain on Disposal of Capital Assets				59,951	0	
<b>Total General Revenues</b>				<b>\$ 19,174,441</b>	<b>\$ 79,476,126</b>	
Change in Fair Value of Derivatives - Interest Rate Swap				\$ 299,364	\$ 0	
Change in Net Position				\$ 3,194,634	\$ 2,223,424	
Net Position, July 1, 2016				1,847,408	48,270,981	
Net Position, June 30, 2017				<b>\$ 5,042,042</b>	<b>\$ 50,494,405</b>	

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

Exhibit C-1

Hamblen County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2017

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 100	\$ 41	\$ 0	\$ 7,600	\$ 7,741
Equity in Pooled Cash and Investments	4,628,709	2,406,691	3,174,527	1,486,196	11,696,123
Accounts Receivable	167,346	61,920	0	43,212	272,478
Due from Other Governments	549,128	67,774	0	408,429	1,025,331
Due from Other Funds	51,947	0	0	0	51,947
Property Taxes Receivable	9,757,986	1,290,369	5,225,939	0	16,274,294
Allowance for Uncollectible Property Taxes	(276,491)	(39,554)	(159,006)	0	(475,051)
Prepaid Items	27,030	0	73,773	0	100,803
Total Assets	<u>\$ 14,905,755</u>	<u>\$ 3,787,241</u>	<u>\$ 8,315,233</u>	<u>\$ 1,945,437</u>	<u>\$ 28,953,666</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 282,811	\$ 108,602	\$ 0	\$ 107,418	\$ 498,831
Accrued Payroll	311,817	24,056	0	29,701	365,574
Payroll Deductions Payable	67,637	6,880	0	1,102	75,619
Due to Other Funds	191,388	25,160	0	68,079	284,627
Due to Component Units	0	0	0	244,411	244,411
Due to State of Tennessee	1,500	0	0	0	1,500
Total Liabilities	<u>\$ 855,153</u>	<u>\$ 164,698</u>	<u>\$ 0</u>	<u>\$ 450,711</u>	<u>\$ 1,470,562</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 9,186,729	\$ 1,203,893	\$ 4,880,449	\$ 0	\$ 15,271,071
Deferred Delinquent Property Taxes	284,291	43,637	179,869	0	507,797
Other Deferred/Unavailable Revenue	211,343	4,299	0	227,723	443,365
Total Deferred Inflows of Resources	<u>\$ 9,682,363</u>	<u>\$ 1,251,829</u>	<u>\$ 5,060,318</u>	<u>\$ 227,723</u>	<u>\$ 16,222,233</u>

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor	Total
	General	Solid Waste / Sanitation	General Debt Service	Funds Other Govern- mental Funds	
<u>FUND BALANCES</u>					
Nonspendable:					
Prepaid Items	\$ 27,030	\$ 0	\$ 73,773	\$ 0	\$ 100,803
Restricted:					
Restricted for General Government	73,020	0	0	0	73,020
Restricted for Finance	8,103	0	0	0	8,103
Restricted for Administration of Justice	92,304	0	0	0	92,304
Restricted for Public Safety	9,320	0	0	99,815	109,135
Restricted for Public Health and Welfare	125,946	0	0	0	125,946
Restricted for Highways/Public Works	0	0	0	692,884	692,884
Restricted for Debt Service	0	0	636,553	0	636,553
Restricted for Capital Projects	0	0	0	78,317	78,317
Committed:					
Committed for Administration of Justice	44,565	0	0	0	44,565
Committed for Public Health and Welfare	0	2,370,714	0	0	2,370,714
Committed for Debt Service	0	0	2,544,589	0	2,544,589
Committed for Capital Projects	129,382	0	0	395,987	525,369
Assigned:					
Assigned for General Government	115,897	0	0	0	115,897
Assigned for Finance	93,091	0	0	0	93,091
Assigned for Administration of Justice	9,306	0	0	0	9,306
Assigned for Public Safety	16,250	0	0	0	16,250
Assigned for Public Health and Welfare	77,537	0	0	0	77,537
Assigned for Social, Cultural, and Recreational Services	15,600	0	0	0	15,600
Assigned for Other Operations	100,603	0	0	0	100,603
Assigned for Other Purposes	121,251	0	0	0	121,251
Unassigned	3,309,034	0	0	0	3,309,034
Total Fund Balances	\$ 4,368,239	\$ 2,370,714	\$ 3,254,915	\$ 1,267,003	\$ 11,260,871
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 14,905,755	\$ 3,787,241	\$ 8,315,233	\$ 1,945,437	\$ 28,953,666

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 Position  
June 30, 2017

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 11,260,871
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 475,551	
Add: construction in progress	239,870	
Add: infrastructure net of accumulated depreciation	10,248,933	
Add: buildings and improvements net of accumulated depreciation	6,540,429	
Add: other capital assets net of accumulated depreciation	<u>2,500,696</u>	20,005,479
(2) An internal service fund is used by management to charge the cost of employee insurance programs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		1,458,163
(3) 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	\$ (16,570,331)	
Less: bonds payable	(10,660,000)	
Less: other postemployment benefits liability	(591,396)	
Add: deferred amount on refunding	214,993	
Add: unamortized discount on debt	72,157	
Less: fair value of derivative - interest rate swap	(1,515,173)	
Add: deferred amount on interest rate swap	149,101	
Less: accrued interest on bonds and other loans payable	(81,132)	
Less: other deferred revenue - premium on debt	(228,215)	
Less: net pension liability of the agent plan	<u>(704,381)</u>	(29,914,377)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 1,759,573	
Less: deferred inflows of resources related to pensions	<u>(478,829)</u>	1,280,744
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>951,162</u>
Net position of governmental activities (Exhibit A)		<u>\$ 5,042,042</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, 2017

	Major Funds			Nonmajor	Total
	General	Solid Waste / Sanitation	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 10,348,884	\$ 1,683,305	\$ 4,648,722	\$ 499,095	\$ 17,180,006
Licenses and Permits	496,290	2,256	0	0	498,546
Fines, Forfeitures, and Penalties	248,621	0	49,839	54,547	353,007
Charges for Current Services	295,312	0	0	26,998	322,310
Other Local Revenues	115,204	54,191	553,778	41,816	764,989
Fees Received From County Officials	3,330,551	0	0	0	3,330,551
State of Tennessee	2,386,571	18,415	0	1,996,110	4,401,096
Federal Government	91,563	0	0	39,794	131,357
Other Governments and Citizens Groups	141,124	0	0	9,818	150,942
<b>Total Revenues</b>	<b>\$ 17,454,120</b>	<b>\$ 1,758,167</b>	<b>\$ 5,252,339</b>	<b>\$ 2,668,178</b>	<b>\$ 27,132,804</b>
<u>Expenditures</u>					
Current:					
General Government	\$ 2,006,200	\$ 0	\$ 0	\$ 26,998	\$ 2,033,198
Finance	2,191,689	0	0	0	2,191,689
Administration of Justice	2,763,913	0	0	0	2,763,913
Public Safety	7,777,313	0	0	135,386	7,912,699
Public Health and Welfare	876,382	2,267,627	0	0	3,144,009
Social, Cultural, and Recreational Services	828,221	0	0	0	828,221
Agriculture and Natural Resources	231,527	0	0	0	231,527
Other Operations	1,595,921	0	0	0	1,595,921
Highways	0	0	0	1,930,801	1,930,801
Operation of Non-Instructional Services	5,500	0	0	0	5,500
Debt Service:					
Principal on Debt	0	0	4,548,854	0	4,548,854
Interest on Debt	0	0	1,198,737	0	1,198,737

(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 Govern- mental Funds	
<u>Expenditures (Cont.)</u>					
Debt Service (Cont.)					
Other Debt Service	\$ 0	\$ 0	\$ 102,918	\$ 0	\$ 102,918
Capital Projects	689,403	0	0	182,332	871,735
Total Expenditures	<u>\$ 18,966,069</u>	<u>\$ 2,267,627</u>	<u>\$ 5,850,509</u>	<u>\$ 2,275,517</u>	<u>\$ 29,359,722</u>
<u>Excess (Deficiency) of Revenues</u>					
Over Expenditures	\$ (1,511,949)	\$ (509,460)	\$ (598,170)	\$ 392,661	\$ (2,226,918)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 2,632	\$ 0	\$ 0	\$ 0	\$ 2,632
Transfers In	0	0	0	250,000	250,000
Transfers Out	(250,000)	0	0	0	(250,000)
Total Other Financing Sources (Uses)	<u>\$ (247,368)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 250,000</u>	<u>\$ 2,632</u>
Net Change in Fund Balances	\$ (1,759,317)	\$ (509,460)	\$ (598,170)	\$ 642,661	\$ (2,224,286)
Fund Balance, July 1, 2016	<u>6,127,556</u>	<u>2,880,174</u>	<u>3,853,085</u>	<u>624,342</u>	<u>13,485,157</u>
Fund Balance, June 30, 2017	<u>\$ 4,368,239</u>	<u>\$ 2,370,714</u>	<u>\$ 3,254,915</u>	<u>\$ 1,267,003</u>	<u>\$ 11,260,871</u>

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, 2017

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)		\$ (2,224,286)
(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	\$ 1,034,479	
Less: current-year depreciation expense	<u>(1,331,609)</u>	(297,130)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Add: assets donated and capitalized	\$ 109,213	
Less: book value of capital assets disposed	<u>(24,283)</u>	84,930
(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, 2017	\$ 951,162	
Less: deferred delinquent property taxes and other deferred June 30, 2016	<u>(937,634)</u>	13,528
(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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Add: change in premium on debt issuances	\$ 101,485	
Less: change in debt discounts	(17,223)	
Add: principal payments on other loans	1,063,854	
Add: principal payments on bonds	3,485,000	
Add: change in fair value of derivatives - interest rate swap	645,637	
Less: change in deferred outflows on derivative - interest rate swap	(346,273)	
Less: change in deferred amount on refunding debt	<u>(34,890)</u>	4,897,590
(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	\$ 12,737	
Change in other postemployment benefits liability	(90,281)	
Change in net pension asset	(770,108)	
Change in deferred outflows related to pensions	980,330	
Change in deferred inflows related to pensions	<u>366,034</u>	498,712
(6) An internal service fund is used by management to charge the cost of employee insurance to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with the governmental activities in the statement of activities.		<u>221,290</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 3,194,634</u>

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

Exhibit C-5

Hamblen County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,348,884	\$ 0	\$ 0	\$ 10,348,884	\$ 9,940,987	\$ 10,119,409	\$ 229,475
Licenses and Permits	496,290	0	0	496,290	480,000	480,000	16,290
Fines, Forfeitures, and Penalties	248,621	0	0	248,621	292,450	292,450	(43,829)
Charges for Current Services	295,312	0	0	295,312	246,200	246,200	49,112
Other Local Revenues	115,204	0	0	115,204	69,000	66,561	48,643
Fees Received From County Officials	3,330,551	0	0	3,330,551	3,250,000	3,250,000	80,551
State of Tennessee	2,386,571	0	0	2,386,571	2,977,140	3,069,712	(683,141)
Federal Government	91,563	0	0	91,563	77,318	97,043	(5,480)
Other Governments and Citizens Groups	141,124	0	0	141,124	97,000	99,000	42,124
<b>Total Revenues</b>	<b>\$ 17,454,120</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 17,454,120</b>	<b>\$ 17,430,095</b>	<b>\$ 17,720,375</b>	<b>\$ (266,255)</b>
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 179,317	\$ 0	\$ 0	\$ 179,317	\$ 183,440	\$ 183,440	\$ 4,123
Board of Equalization	2,125	0	0	2,125	4,800	4,800	2,675
County Mayor/Executive	196,509	0	0	196,509	211,545	211,545	15,036
County Attorney	22,033	0	0	22,033	31,293	31,293	9,260
Election Commission	301,544	0	0	301,544	327,833	327,833	26,289
Register of Deeds	282,629	0	0	282,629	298,692	298,692	16,063
Planning	213,660	0	3,460	217,120	246,818	246,818	29,698
Geographical Information Systems	30,428	0	0	30,428	45,000	45,000	14,572
Other Facilities	746,272	0	325	746,597	802,180	803,000	56,403
Preservation of Records	31,683	0	0	31,683	33,342	33,342	1,659
<u>Finance</u>							
Accounting and Budgeting	315,298	0	0	315,298	354,332	354,332	39,034
Purchasing	48,867	0	0	48,867	53,766	53,766	4,899
Property Assessor's Office	371,578	0	0	371,578	394,688	390,928	19,350
Reappraisal Program	136,831	0	0	136,831	139,232	142,992	6,161
County Trustee's Office	325,314	0	0	325,314	366,492	366,022	40,708
County Clerk's Office	596,172	0	0	596,172	691,645	685,362	89,190

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Data Processing	\$ 101,224	\$ 0	\$ 1,194	\$ 102,418	\$ 124,090	\$ 124,090	\$ 21,672
Other Finance	296,405	(1,815)	0	294,590	293,406	299,689	5,099
<u>Administration of Justice</u>							
Circuit Court	817,170	(2,221)	0	814,949	869,385	869,385	54,436
General Sessions Court	408,941	0	0	408,941	434,814	434,814	25,873
Drug Court	141,129	0	0	141,129	146,910	146,910	5,781
Chancery Court	347,253	0	0	347,253	364,570	364,570	17,317
Juvenile Court	293,412	0	0	293,412	297,757	326,057	32,645
Courtroom Security	756,008	(500)	9,306	764,814	618,254	789,373	24,559
<u>Public Safety</u>							
Sheriff's Department	2,799,379	(4,377)	0	2,795,002	3,034,005	3,037,444	242,442
Administration of the Sexual Offender Registry	2,197	0	0	2,197	3,360	3,360	1,163
Jail	4,117,498	(25,611)	1,418	4,093,305	3,941,130	4,483,100	389,795
Workhouse	91,387	0	0	91,387	91,009	97,812	6,425
Work Release Program	191,269	0	0	191,269	197,730	202,730	11,461
Fire Prevention and Control	200,000	0	0	200,000	200,000	200,000	0
Civil Defense	90,316	(4,695)	517	86,138	94,602	94,602	8,464
Other Emergency Management	172,429	0	0	172,429	169,793	189,518	17,089
Inspection and Regulation	4,706	0	0	4,706	7,377	7,377	2,671
County Coroner/Medical Examiner	108,132	0	0	108,132	118,000	123,772	15,640
<u>Public Health and Welfare</u>							
Local Health Center	587,032	(22,522)	18,172	582,682	686,163	776,570	193,888
Rabies and Animal Control	133,500	0	0	133,500	133,500	133,500	0
Nursing Home	2,000	0	0	2,000	2,000	2,000	0
Alcohol and Drug Programs	1,295	0	0	1,295	5,000	5,000	3,705
Crippled Children Services	6,242	0	0	6,242	6,242	6,242	0
Appropriation to State	109,233	0	0	109,233	110,500	109,233	0
Aid to Dependent Children	8,000	0	0	8,000	8,000	8,000	0
Other Local Welfare Services	29,080	0	0	29,080	40,000	40,000	10,920

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	\$ 11,600	\$ 0	\$ 0	\$ 11,600	\$ 11,600	\$ 11,600	\$ 0
Senior Citizens Assistance	6,500	0	0	6,500	6,500	6,500	0
Libraries	267,250	0	0	267,250	267,250	267,250	0
Parks and Fair Boards	239,264	(2,500)	0	236,764	266,594	266,594	29,830
Other Social, Cultural, and Recreational	303,607	0	0	303,607	299,500	304,432	825
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	149,733	0	0	149,733	153,927	153,927	4,194
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	45,671	0	0	45,671	45,981	45,981	310
Storm Water Management	35,123	(6,000)	6,905	36,028	27,500	39,700	3,672
<u>Other Operations</u>							
Tourism	61,007	0	602	61,609	72,550	72,550	10,941
Industrial Development	432,797	0	0	432,797	254,375	432,797	0
Veterans' Services	17,619	0	0	17,619	19,785	19,785	2,166
Employee Benefits	870,488	0	0	870,488	831,072	893,352	22,864
Miscellaneous	214,010	0	0	214,010	225,404	225,404	11,394
<u>Operation of Non-Instructional Services</u>							
Community Services	5,500	0	0	5,500	5,500	5,500	0
<u>Capital Projects</u>							
General Administration Projects	51,963	(70,143)	101,818	83,638	57,000	84,522	884
Administration of Justice Projects	234	(234)	0	0	0	0	0
Public Safety Projects	553,206	(380,248)	44,565	217,523	329,000	329,000	111,477
Public Health and Welfare Projects	84,000	0	0	84,000	0	84,000	0
Total Expenditures	\$ 18,966,069	\$ (520,866)	\$ 188,282	\$ 18,633,485	\$ 19,057,233	\$ 20,298,207	\$ 1,664,722
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,511,949)	\$ 520,866	\$ (188,282)	\$ (1,179,365)	\$ (1,627,138)	\$ (2,577,832)	\$ 1,398,467

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 2,632	\$ 0	\$ 0	\$ 2,632	\$ 0	\$ 0	2,632
Transfers Out	(250,000)	0	0	(250,000)	0	(250,000)	0
Total Other Financing Sources	<u>\$ (247,368)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (247,368)</u>	<u>\$ 0</u>	<u>\$ (250,000)</u>	<u>\$ 2,632</u>
Net Change in Fund Balance	\$ (1,759,317)	\$ 520,866	\$ (188,282)	\$ (1,426,733)	\$ (1,627,138)	\$ (2,827,832)	1,401,099
Fund Balance, July 1, 2016	<u>6,127,556</u>	<u>(520,866)</u>	<u>0</u>	<u>5,606,690</u>	<u>6,219,809</u>	<u>6,219,809</u>	<u>(613,119)</u>
Fund Balance, June 30, 2017	<u>\$ 4,368,239</u>	<u>\$ 0</u>	<u>\$ (188,282)</u>	<u>\$ 4,179,957</u>	<u>\$ 4,592,671</u>	<u>\$ 3,391,977</u>	<u>\$ 787,980</u>

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

Exhibit C-6

Hamblen County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,683,305	\$ 0	\$ 1,683,305	\$ 1,665,290	\$ 1,665,290	\$ 18,015
Licenses and Permits	2,256	0	2,256	1,500	1,500	756
Other Local Revenues	54,191	0	54,191	0	0	54,191
State of Tennessee	18,415	0	18,415	18,000	18,000	415
Total Revenues	<u>\$ 1,758,167</u>	<u>\$ 0</u>	<u>\$ 1,758,167</u>	<u>\$ 1,684,790</u>	<u>\$ 1,684,790</u>	<u>\$ 73,377</u>
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Sanitation Management	\$ 2,267,627	\$ (1,450)	\$ 2,266,177	\$ 2,300,438	\$ 2,344,773	\$ 78,596
Total Expenditures	<u>\$ 2,267,627</u>	<u>\$ (1,450)</u>	<u>\$ 2,266,177</u>	<u>\$ 2,300,438</u>	<u>\$ 2,344,773</u>	<u>\$ 78,596</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (509,460)</u>	<u>\$ 1,450</u>	<u>\$ (508,010)</u>	<u>\$ (615,648)</u>	<u>\$ (659,983)</u>	<u>\$ 151,973</u>
Net Change in Fund Balance	\$ (509,460)	\$ 1,450	\$ (508,010)	\$ (615,648)	\$ (659,983)	\$ 151,973
Fund Balance, July 1, 2016	<u>2,880,174</u>	<u>(1,450)</u>	<u>2,878,724</u>	<u>2,939,219</u>	<u>2,939,219</u>	<u>(60,495)</u>
Fund Balance, June 30, 2017	<u>\$ 2,370,714</u>	<u>\$ 0</u>	<u>\$ 2,370,714</u>	<u>\$ 2,323,571</u>	<u>\$ 2,279,236</u>	<u>\$ 91,478</u>

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

Exhibit D-1

Hamblen County, Tennessee  
Statement of Net Position  
Proprietary Fund  
June 30, 2017

Governmental  
 Activities -  
 Internal Service  
 Fund  


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 Employee  
 Insurance -  
 General  


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ASSETS

Current Assets:	
Cash	\$ 139
Equity in Pooled Cash and Investments	1,268,798
Accounts Receivable	12,170
Due from Other Governments	7,443
Due from Other Funds	244,547
Prepaid Items	69,133
Total Assets	<u>\$ 1,602,230</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 132,200
Due to Other Funds	11,867
Total Liabilities	<u>\$ 144,067</u>

NET POSITION

Unrestricted	<u>\$ 1,458,163</u>
Total Net Position	<u><u>\$ 1,458,163</u></u>

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

Exhibit D-2

Hamblen County, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Fund  
For the Year Ended June 30, 2017

	Governmental Activities - Internal Service Fund
	Employee Insurance - General
<u>Operating Revenues</u>	
Self-insurance Premiums/Contributions	\$ 2,957,668
Other Employee Benefit Charges/Contributions	136,347
Other General Service Charges	177,830
Other Charges for Services	26,738
Total Operating Revenues	<u>\$ 3,298,583</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 133,359
Dental and Vision Insurance	138,958
Bank Charges	411
Consultants	31,000
Contracts with Private Agencies	375,124
Excess Risk Insurance	281,831
Medical Claims	1,528,970
Other Self-insured Claims	751,057
Surcharge	11,576
Total Operating Expenses	<u>\$ 3,252,286</u>
Operating Income	<u>\$ 46,297</u>
Nonoperating Revenues (Expenses)	
Miscellaneous Refunds	\$ 174,993
Total Nonoperating Revenues (Expenses)	<u>\$ 174,993</u>
Change in Net Position	\$ 221,290
Net Position, July 1, 2016	<u>1,236,873</u>
Net Position, June 30, 2017	<u><u>\$ 1,458,163</u></u>

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

Exhibit D-3

Hamblen County, Tennessee  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2017

	Governmental Activities - Internal Service Fund Employee Insurance - General
<u>Cash Flows from Operating Activities</u>	
Receipts for Self Insurance Premiums	\$ 2,950,526
Receipts for Other Insurance Premiums	135,875
Receipts for Patient Charges	215,846
Receipts for Stop-loss Recovery	424,773
Receipts for Other Charges from Services	41,909
Payments to Insurers and Consultants	(512,124)
Payments for Claims	(2,761,070)
Payments to Vendors	(387,554)
Payments for Administrative Costs	(133,359)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (25,178)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Miscellaneous Refunds	\$ 174,993
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 174,993</u>
Increase (Decrease) in Cash	\$ 149,815
Cash, July 1, 2016	<u>1,119,122</u>
Cash, June 30, 2017	<u>\$ 1,268,937</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 46,297
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
(Increase) Decrease in Current Receivables	45,573
(Increase) Decrease in Prepaid Items	(69,133)
Increase (Decrease) in Accounts Payable	(47,914)
Increase (Decrease) in Due to Other Funds	(1)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (25,178)</u>
<u>Reconciliation of Cash With Statement of Net Position</u>	
Cash Per Net Position	\$ 139
Equity in Pooled Cash and Investments Per Statement of Net Position	<u>1,268,798</u>
Cash, June 30, 2017	<u>\$ 1,268,937</u>

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

Exhibit E-1

Hamblen County, Tennessee  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2017

	Other Employee Benefit Trust Fund	
	<u>Employee Benefit Trust Fund</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$ 0	\$ 2,712,187
Equity in Pooled Cash and Investments	5,006	0
Accounts Receivable	20	1,571
Due from Other Governments	0	2,004,418
	<u>0</u>	<u>2,004,418</u>
Total Assets	\$ 5,026	\$ 4,718,176
	<u>5,026</u>	<u>4,718,176</u>
<u>LIABILITIES</u>		
Due to Other Taxing Units	\$ 0	\$ 2,004,418
Due to Litigants, Heirs, and Others	0	2,713,758
	<u>0</u>	<u>2,713,758</u>
Total Liabilities	\$ 0	\$ 4,718,176
	<u>0</u>	<u>4,718,176</u>
<u>NET POSITION</u>		
Net Position Held in Trust for Employees	\$ 5,026	
	<u>5,026</u>	
Net Position	\$ 5,026	
	<u>5,026</u>	

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

Exhibit E-2

Hamblen County, Tennessee  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
For the Year Ended June 30, 2017

	Other Employee Benefit Trust Fund
	<u>Employee Benefit Trust Fund</u>
<u>ADDITIONS</u>	
Plan Member Contributions	\$ 20,127
Total Additions	<u>\$ 20,127</u>
<u>DEDUCTIONS</u>	
Employee Benefits:	
Other Fringe Benefits	<u>\$ 21,026</u>
Total Deductions	<u>\$ 21,026</u>
Change in Net Position	\$ (899)
Net Position, July 1, 2016	<u>5,925</u>
Net Position, June 30, 2017	<u><u>\$ 5,026</u></u>

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

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## HAMBLEN COUNTY, TENNESSEE

### Index of Notes to the Financial Statements

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**HAMBLEN COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**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 financial statements of the Hamblen County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of its omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The 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, 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 an 11-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 financial statements of the Hamblen County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Hamblen County issues all debt for the discretely presented Hamblen County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2017.

Separate financial statements are provided for governmental funds, proprietary funds (internal service), and fiduciary funds. The internal service

fund is reported with the governmental activities in the government-wide financial statements, and 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 proprietary fund and 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, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Hamblen County only reports one proprietary fund, an internal service fund. It has no enterprise funds to report.

Separate financial statements are provided for governmental funds, proprietary 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 internal service fund and the fiduciary funds in total are reported in single columns by fund type.

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 General Debt Service Fund for payments to be made early in the following year.

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

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

Hamblen County reports the following major governmental funds:

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

**Solid Waste/Sanitation Fund** – This special revenue fund is used to account for transactions involving solid waste collection. Local taxes are the foundational revenues of this fund.

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

Additionally, Hamblen County reports the following fund types:

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

**Internal Service Fund** – The Employee Insurance - General Fund is used to account for the county’s self-insured health and fully insured dental and vision programs. Premiums charged to the various county funds and employee payroll deductions are placed in this fund to pay the claims and insurance premiums of county employees.

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

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Hamblen County. 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.

**Central Cafeteria Fund** – This special revenue fund is used to account for cafeteria operations in each of the schools. Service charges and federal grants are the foundational revenues of this fund.

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

**Capital Projects Fund** – The Education Capital Projects Fund is used to account for the receipt of debt issued by Hamblen County and contributed to the School Department for building construction and renovations.

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund, an internal service fund, used to account for the employees' health insurance program. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the county's internal service fund are charges for services. Operating expenses for the internal service fund include administrative expenses and employee benefits.

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

**1. Deposits and Investments**

For purposes of the Statement of Cash Flows, cash includes demand deposits and cash on deposit with the county trustee.

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 position 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 are reported at cost with the exception of negotiable certificates of deposits, which are reported at fair value. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

## **2. Receivables and Payables**

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

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.

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the

balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

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

Inventories of the discretely presented Hamblen County School Department are recorded at cost, determined on the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories are offset in the nonspendable fund balance account in 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. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. 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 acquisition 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. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are the accumulated decrease in fair value of hedging derivatives, the deferred charge on refunding, pension changes in experience, pension changes in investment earnings, pension other deferrals, and pension contributions after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and/or the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience, pension other deferrals, and various receivables for revenues, which do not meet the availability criteria in governmental funds.

**6. 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 \$214,801 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.

**7. Long-term Obligations**

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, other postemployment benefits, special termination benefits, and pension liability are recognized to the extent that the liabilities have matured (come due for payment) each period.

**8. Net Position and Fund Balance**

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2017, Hamblen County had \$22,803,831 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 position with no corresponding increase in the county's capital assets.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. However, in the School Department's Education Capital Projects Fund, the county commission has required that committed funds provided by transfer from the General Purpose School Fund be expended before restricted funds provided through the issuance of debt. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or

laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the county commission, the county’s highest level of decision-making authority and the Board of Education, the School Department’s highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county commission has by resolution authorized the county finance director to make assignments for the general government. The Board of Education makes assignments for the School Department. Assigned fund balance in the General Fund includes amounts for encumbrances (\$126,136), amounts for various insurance premium increases (\$121,251) and various other assignments (\$302,148). Assigned fund balance in the School Department’s General Purpose School Fund includes amounts assigned for capital projects (\$5,742,475), textbooks (\$566,035), and other uses (\$287,882).

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.

**E. Pension Plans**

**Primary Government**

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

**Discretely Presented Hamblen County School Department**

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

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

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

**Primary Government**

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

**Discretely Presented Hamblen County School Department**

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

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

**Primary Government**

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

**Discretely Presented Hamblen County School Department**

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

### III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the capital projects funds (excluding the Highway Capital Projects Fund), 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, 2017, 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:		
General	Courthouse security	\$ 36,357
"	Software purchases	114,196
Non-major Fund:		
Highway/Public Works	State-aid projects	472,522
School Department:		
Major Fund:		
General Purpose School	Capital outlay	1,265,254

**B. The County Had Deposits Exposed to Custodial Credit Risk**

As further discussed in the Note IV.A., during the fiscal year the county had bank and brokerage balances as high as \$13,241, which were uninsured and uncollateralized. No funds were uninsured and uncollateralized at June 30, 2017. Uninsured and uncollateralized deposits are a violation of state statutes.

**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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

**Deposits**

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

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

**Custodial Credit Risk.** Custodial credit risk is the risk that in the event of a bank failure, Hamblen County's deposits may not be returned to it. Hamblen County does have a formal policy that limits custodial credit risk for deposits. During the fiscal year, bank and brokerage balances of as high as \$13,241 were uninsured and uncollateralized. No funds were uninsured

and uncollateralized at June 30, 2017. This entire amount was in the pooled bank and brokerage balance. Uninsured and uncollateralized deposits are a violation of state statute.

**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, 2017, Hamblen County had the following investments carried at amortized cost using a Stable Net Asset Value or fair value within the fair value hierarchy established by generally accepted accounting principles. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Hamblen County and the discretely presented Hamblen County School Department since both pool their deposits and investments through the county trustee.

Investments	Weighted Average Maturity (days)	Maturities	Fair Value or Amortized Cost
Investments at Amortized Cost:			
State Treasurer's Investment Pool	3 to 80	N/A	\$ 136,309
Investments at Fair Value:			
U.S. Treasury Bills	N/A	7-17-17	<u>199,890</u>
Total			<u><u>\$ 336,199</u></u>

The measurement of the fair value of the U.S. Treasury Bills was made using quoted prices in active markets for identical assets (Level 1).

**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, 2017, Hamblen County's investment in the State Treasurer's Investment Pool was unrated.

**B. Derivative Instruments**

**Primary Government**

At June 30, 2017, Hamblen County had the following derivative instrument 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 - B	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	\$10,000,000	5-7-13	6-1-25	Pay 4.39% receive 63.4% of 5-year LIBOR

The fair value balance and notional amount of derivative instruments outstanding during the year ended June 30, 2017, classified by type, and the change in fair value using a pay fixed, receive a percentage of LIBOR pricing model (Level 2 inputs of the GAAP fair value hierarchy) of such derivative instruments for the year then ended as reported in the 2017 financial statements are as follows:

Type	Changes in Fair Values		Classi- fication	Fair Value at June 30, 2017		6-30-17
	Classification	Amount		Amount	Amount	Notional Amount
<b>Governmental Activities</b>						
Pay-fixed interest rate swaps:						
\$10M Hybrid Swap A:						
Cash Flow Hedge Portion	Deferred					\$ -
	Outflow	\$ 2,997	Debt	\$ -		
Non-hedge Portion	Investment					
	Earnings	9,841	Debt	-		
Total \$10M Hybrid Swap A		<u>\$ 12,838</u>		<u>\$ -</u>		
\$10M Hybrid Swap B:						
Cash Flow Hedge Portion	Deferred					10,000,000
	Outflow	\$ 343,276	Debt	\$ (149,101)		
Non-hedge Portion	Investment					
	Earnings	289,523	Debt	(1,366,072)		
Total \$10M Hybrid Swap B		<u>\$ 632,799</u>		<u>\$ (1,515,173)</u>		
Total		<u>\$ 645,637</u>		<u>\$ (1,515,173)</u>		

In prior years, Hamblen County amended its variable rate debt instruments associated with these swap agreements. As a result, the county has recognized a termination of the original hedging relationships and recognized new hedging relationships between the swap agreements and the amended debt instruments. Investment earnings or losses have been recognized for the portion of the swaps' values that are not attributable to the current hedge relationship. Changes in the portion of the swaps' fair values that are attributable to the current hedging relationship are deferred since they meet effectiveness criteria of Governmental Accounting Standards Board Statement No. 53.

The \$10M Hybrid Swap-A Agreement expired June 1, 2017.

### **Derivative Swap Agreement Detail**

#### **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, 2017, 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>-1.241%</u>
Net interest rate swap payments		3.149%
Variable-rate bond coupon payments		<u>1.646%</u>
Synthetic interest rate on bonds		<u><u>4.795%</u></u>

**Fair value.** As of June 30, 2017, the swap had a negative fair value of \$1,515,173. 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, 2017, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty, Morgan Keegan Financial Products, was rated A+ by Standard and Poor's as of June 30, 2017, with its Credit Support Provider, Deutsche Bank, rated Baa2/A-/A- by Moody's, Standard and Poor's, and Fitch, respectively.

**Basis risk.** As noted above, the swap exposes the county to basis risk should the 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 swap contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an additional termination provision. The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

**Swap payments and associated debt.** As of June 30, 2017, 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		
2018	\$ 0	164,663	\$ 314,863	\$ 479,526
2019	0	164,663	314,863	479,526
2020	1,450,000	164,663	314,863	1,929,526
2021	1,530,000	140,787	269,208	1,939,995
2022	1,615,000	115,594	221,034	1,951,628
2023-2025	5,405,000	181,212	346,507	5,932,719
Total	\$ 10,000,000	\$ 931,582	\$ 1,781,338	\$ 12,712,920

### C. Capital Assets

Capital assets activity for the year ended June 30, 2017, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-16	Increases	Decreases	Balance 6-30-17
Capital Assets Not Depreciated:				
Land	\$ 475,551	\$ 0	\$ 0	\$ 475,551
Construction in Progress	323,435	126,435	(210,000)	239,870
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 798,986</b>	<b>\$ 126,435</b>	<b>\$ (210,000)</b>	<b>\$ 715,421</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 11,683,082	\$ 0	\$ 0	\$ 11,683,082
Roads and Bridges	16,954,011	109,213	0	17,063,224
Other Capital Assets	7,614,532	1,118,044	(567,114)	8,165,462
<b>Total Capital Assets Depreciated</b>	<b>\$ 36,251,625</b>	<b>\$ 1,227,257</b>	<b>\$ (567,114)</b>	<b>\$ 36,911,768</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,804,835	\$ 337,818	\$ 0	\$ 5,142,653
Roads and Bridges	6,643,517	170,774	0	6,814,291
Other Capital Assets	5,384,580	823,017	(542,831)	5,664,766
<b>Total Accumulated Depreciation</b>	<b>\$ 16,832,932</b>	<b>\$ 1,331,609</b>	<b>\$ (542,831)</b>	<b>\$ 17,621,710</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 19,418,693</b>	<b>\$ (104,352)</b>	<b>\$ (24,283)</b>	<b>\$ 19,290,058</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 20,217,679</b>	<b>\$ 22,083</b>	<b>\$ (234,283)</b>	<b>\$ 20,005,479</b>

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

**Governmental Activities:**

General Government	\$ 88,375
Finance	24,942
Administration of Justice	208,542
Public Safety	378,740
Public Health and Welfare	247,382
Social, Cultural, and Recreational Services	38,464
Highways/Public Works	345,164
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 1,331,609</b>

**Discretely Presented Hamblen County School Department**

**Governmental Activities:**

	Balance 7-1-16	Increases	Decreases	Balance 6-30-17
Capital Assets Not Depreciated:				
Land	\$ 3,681,664	\$ 86,071	\$ 0	\$ 3,767,735
Construction in Progress	866,665	1,013,838	(887,286)	993,217
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 4,548,329</b>	<b>\$ 1,099,909</b>	<b>\$ (887,286)</b>	<b>\$ 4,760,952</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 140,114,707	\$ 1,617,918	\$ (12,023)	\$ 141,720,602
Other Capital Assets	18,587,859	1,561,243	(260,204)	19,888,898
<b>Total Capital Assets Depreciated</b>	<b>\$ 158,702,566</b>	<b>\$ 3,179,161</b>	<b>\$ (272,227)</b>	<b>\$ 161,609,500</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 97,389,081	\$ 2,200,889	\$ (3,756)	\$ 99,586,214
Other Capital Assets	11,123,781	1,272,950	(260,204)	12,136,527
<b>Total Accumulated Depreciation</b>	<b>\$ 108,512,862</b>	<b>\$ 3,473,839</b>	<b>\$ (263,960)</b>	<b>\$ 111,722,741</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 50,189,704</b>	<b>\$ (294,678)</b>	<b>\$ (8,267)</b>	<b>\$ 49,886,759</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 54,738,033</b>	<b>\$ 805,231</b>	<b>\$ (895,553)</b>	<b>\$ 54,647,711</b>

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

**Governmental Activities:**

Instruction	\$ 30,497
Support Services	3,276,265
Operation of Non-instructional Services	<u>167,077</u>
<b>Total Depreciation Expense - Governmental Activities</b>	<b><u>\$ 3,473,839</u></b>

**D. Construction Commitments**

At June 30, 2017, the General Purpose School Fund and the Education Capital Projects Fund of the discretely presented School Department had uncompleted construction contracts of approximately \$865,480 and \$248,850, respectively, for building improvement projects. Funding for these future expenditures has been received.

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

The composition of interfund balances as of June 30, 2017, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Funds</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 40,080
"	Employee Insurance - General	11,867
Employee Insurance - General	General	191,388
"	Solid Waste/Sanitation Fund	25,160
"	Nonmajor governmental	27,999
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	46,991

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

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component Unit:		
School Department:	Primary Government:	
Nonmajor governmental	Nonmajor governmental	\$ 244,411

This balance represents proceeds of debt issued by the primary government, which is being contributed to the School Department.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2017, consisted of the following amounts:

**Primery Government:**

Transfer Out	<div style="text-align: center;"> <u>Transfer In</u>                      Nonmajor                      Governmental                      Fund                 </div>	Purpose
General Fund	\$ 250,000	Cash flow and grant match

**Discretely Presented Hamblen County School Department:**

Transfer Out	<div style="text-align: center;"> <u>Transfer In</u>                      General                      Purpose                      School Fund                 </div>
Nonmajor governmental fund	\$ 46,991

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**F. Long-term Obligations**

**Primary Government**

**General Obligation Bonds and Other Loans**

Hamblen County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds and other loans have been issued to refund other debt.

General obligation bonds and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds and other loans outstanding were issued for original terms of up to ten years for bonds and up to 17 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Bonds and other loans included in long-term debt as of June 30, 2017, will be retired from the General Debt Service Fund.

General obligation bonds and other loans outstanding as of June 30, 2017, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-17
General Obligation Bonds - Refunding	3 to 5 %	6-1-19	\$ 10,860,000	\$ 7,235,000
General Obligation Bonds	1.446	6-1-23	5,200,000	3,425,000
Other Loans - Qualified School Construction Bonds	1.515	7-1-26	11,280,000	6,470,331
Other Loans - Refunding	Variable	6-1-25	10,100,000	10,100,000

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

Hamblen County has entered into a loan agreement with the Blount County Public Building Authority (PBA). The loan agreement provides for the PBA 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, 2017, Hamblen County had drawn the entire amount available under the agreement. In addition to interest, the county pays various other fees (trustee, administrative, reporting, etc.) in connection with the variable rate loan.

The following table summarizes the loan agreement outstanding at June 30, 2017, including the interest rate and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-17	Interest Type	Interest Rates as of 6-30-17	Other Fees on Variable Rate Debt
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Blount County Public Building Authority

Refunding (Series E-4-A)	10,100,000	10,100,000	Variable (1)	4.795	.25
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(1) An interest rate swap agreement is associated with this loan. See Note IV.B., Derivative Instruments, for details of this swap agreement. 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, 2017, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2018	\$ 4,180,000	\$ 381,830	\$ 4,561,830
2019	4,270,000	226,730	4,496,730
2020	615,000	36,715	651,715
2021	630,000	28,412	658,412
2022	645,000	18,333	663,333
2023	320,000	6,400	326,400
Total	\$ 10,660,000	\$ 698,420	\$ 11,358,420

Year Ending June 30	Other Loans			
	Principal	Interest (*)	Other Fees	Total
2018	\$ 703,854	\$ 655,187	\$ 25,352	\$ 1,384,393
2019	703,854	655,187	25,352	1,384,393
2020	2,173,854	655,187	25,352	2,854,393
2021	2,253,854	584,701	21,662	2,860,217
2022	2,333,854	510,378	17,772	2,862,004
2023-2027	8,401,061	1,229,814	27,849	9,658,724
Total	\$ 16,570,331	\$ 4,290,454	\$ 143,339	\$ 21,004,124

\*Includes estimated swap payments. See Note IV.B. Derivative Investments.

There is \$3,254,915 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$170, based on the 2010 federal census. Total debt per capita, including bonds, other loans, and unamortized premium on debt, totaled \$439, based on the 2010 federal census.

#### Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2017, was as follows:

Governmental Activities:

	Bonds	Other Loans
Balance, July 1, 2016	\$ 14,145,000	\$ 17,634,185
Additions	0	0
Reductions	(3,485,000)	(1,063,854)
Balance, June 30, 2017	<u>\$ 10,660,000</u>	<u>\$ 16,570,331</u>
Balance Due Within One Year	<u>\$ 4,180,000</u>	<u>\$ 703,854</u>

	Other Postemployment Benefits	Net Pension Liability Agent Plan*
Balance, July 1, 2016	\$ 501,115	\$ (65,727)
Additions	95,351	2,142,486
Reductions	(5,070)	(1,372,378)
Balance, June 30, 2017	<u>\$ 591,396</u>	<u>\$ 704,381</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

\* At July 1, 2016, the agent plan had a net pension asset balance.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2017	\$ 28,526,108
Less: Balance Due Within One Year	(4,883,854)
Add: Unamortized Premium on Debt	<u>228,215</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 23,870,469</u>

Other postemployment benefits and net pension liability will be paid from the employing funds, primarily the General, Solid Waste/Sanitation, and Highway/Public Works funds.

**Discretely Presented Hamblen County School Department**

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Hamblen County School Department for the year ended June 30, 2017, was as follows:

Governmental Activities:

	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2016	\$ 16,973,452	\$ 218,908
Additions	3,304,391	214,801
Reductions	<u>(1,500,133)</u>	<u>(218,908)</u>
Balance, June 30, 2017	<u>\$ 18,777,710</u>	<u>\$ 214,801</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 214,801</u>

	Retirement Incentive	Retirement Honorarium	Net Pension Liability - Teacher Legacy and Agent Plans*
Balance, July 1, 2016	\$ 107,650	\$ 950,549	\$ 298,568
Additions	56,516	10,975	17,355,814
Reductions	<u>(57,593)</u>	<u>(93,435)</u>	<u>(11,030,825)</u>
Balance, June 30, 2017	<u>\$ 106,573</u>	<u>\$ 868,089</u>	<u>\$ 6,623,557</u>
Balance Due Within One Year	<u>\$ 53,825</u>	<u>\$ 117,300</u>	<u>\$ 0</u>

\* At July 1, 2016, the agent retirement plan had a net pension asset balance of (\$75,531) and the teacher legacy plan had a net pension liability balance of \$374,099.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2017	\$ 26,590,730
Less: Balance Due Within One Year	<u>(385,926)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 26,204,804</u>

In addition to the commitments noted above, the Board of Education appropriates available school funds to be contributed to the primary government each year to help retire school debt, which is being paid from the county's General Debt Service Fund. During the year ended June 30, 2017, the School Department contributed \$500,000 to the primary government for this purpose.

Long-term liabilities of the School Department will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

**G. 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, 2017, were \$393,148 and \$109,063, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**V. OTHER INFORMATION**

**A. Risk Management**

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. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

The county elected to self-insure employee health and accident claims. The Employee Insurance – General Fund was established for risks associated with the employees' health insurance plan. The Employee Insurance – General Fund is accounted for as an internal service fund where assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$100,000 per claimant in a single year and approximately \$3,123,080 for all claims in any plan year. Stop/loss commercial insurance has been obtained to cover claims beyond these limits. Group dental and vision insurance premiums paid to a private insurance company are also recorded in this fund as are the costs associated with a health clinic.

All full-time employees of the primary government are eligible to participate. A premium is allocated to each fund that accounts for full-time employees. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$1,458,163 at June 30, 2017, and is reported as net position of the Employee Insurance – General Fund. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Employee Insurance – General Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been

incurred but not reported. Claims liabilities include specific, incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

		Beginning of Fiscal Year Liability		Current Year Claims and Estimates		Payments		Balance at Fiscal Year-end
2015-2016	\$	182,711	\$	2,563,454	\$	(2,584,446)	\$	161,719
2015-2016		161,719	\$	2,704,800	\$	(2,761,070)		105,449

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. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; Statement No. 77, *Tax Abatement Disclosures*; Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; Statement No. 80, *Blending Requirements for Certain Component Units*; and Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*, became effective for the year ended June 30, 2017.

GASB Statement No. 74, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose external financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 43 and No. 57. It also includes requirements for defined contribution OPEB plans that replace the requirements in Statements No. 25, No. 43, and No. 50. The scope of this statement includes OPEB plans, both defined benefit and defined contribution, administered through trusts meeting the necessary criteria as well as reporting assets accumulated through OPEB plans that are not administered through trusts that meet the specified criteria.

GASB Statement No. 77, established reporting requirements for tax abatements. This standard requires the disclosure of information about the nature and magnitude of tax abatement agreements entered into by state and local governments that reduce the government's tax revenues.

GASB Statement No. 78, amends Statement No. 68 to exclude certain pensions provided to employees of state or local governments through a cost-sharing multiple-employer pension plans that are not state or local plans and meet specific other criteria. This statement establishes recognition, measurement, and reporting criteria for these plans.

GASB Statement No. 80, amends the blending requirements of paragraph 53 of Statement No. 14. This standard adds additional blending criterion, which requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

GASB Statement No. 82 amends Statements No. 67, No. 68, and No. 73. This standard establishes covered payroll as the payroll on which contributions to a pension plan are based in the Required Supplementary Information. In addition, this standard clarifies that employer paid member contributions should be considered plan member contributions for purposes of applying Statement No. 67, and employee contributions for the purposes of applying Statement No. 68. This standard further states that an employer's expense and expenditures for employer paid member contributions should be recognized in the period for which the contribution is assessed and classified in the same manner that the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

**C. Contingent Liabilities**

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

**D. Change in Administration**

On June 30, 2017, Dr. Dale Lynch left as Director of Schools. The School Board named Hugh Clement to serve as Interim Director of Schools.

**E. Joint Ventures**

**Primary Government**

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, 2017.

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.

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

Administrative Offices:

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

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

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

**Discretely Presented School Department**

The discretely presented School Department participates in the Northeast Tennessee Cooperative (NETCO). The cooperative was 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. The cooperative was authorized through Chapter 49 of *Tennessee Code Annotated*, and was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Johnson City School System) and a service provider to provide this service. 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.

Complete financial statements for NETCO can be obtained from its administrative office at the following address:

Administrative Office:

Northeast Tennessee Cooperative  
100 East Maple Street  
P.O. Box 1517  
Johnson City, TN 37605

**F. Jointly Governed Organization**

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, Unicoi, and Washington. 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.

**G. Retirement Commitments**

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

**Primary Government**

**General Information About the Pension Plan**

*Plan Description.* Employees of Hamblen County and non-certified employees of the discretely presented Hamblen County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 46.99 percent and the non-certified employees of the discretely presented School Department comprised 53.01 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

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

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

if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions plus any accumulated interest.

*Employees Covered by Benefit Terms.* At the measurement date of June 30, 2016, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	409
Inactive Employees Entitled to But Not Yet Receiving Benefits	521
Active Employees	642
 Total	 <u><u>1,572</u></u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of their salary. Hamblen County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2017, the employer contribution for Hamblen County was \$1,744,926 based on a rate of 9.30 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Hamblen County’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Net Pension Liability (Asset)**

Hamblen County’s net pension liability (asset) was measured as of June 30, 2016, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability as of the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2016, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

### Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2015	\$ 57,129,431	\$ 57,270,689	\$ (141,258)
Changes for the Year:			
Service Cost	\$ 1,579,621	\$ 0	\$ 1,579,621
Interest	4,300,049	0	4,300,049
Differences Between Expected and Actual Experience	(209,832)	0	(209,832)
Contributions-Employer	0	1,662,880	(1,662,880)
Contributions-Employees	0	894,033	(894,033)
Net Investment Income	0	1,516,080	(1,516,080)
Benefit Payments, Including Refunds of Employee Contributions	(2,750,139)	(2,750,139)	0
Administrative Expense	0	(48,287)	48,287
Other Changes	0	4,872	(4,872)
Net Changes	\$ 2,919,699	\$ 1,279,439	\$ 1,640,260
Balance, June 30, 2016	\$ 60,049,130	\$ 58,550,128	\$ 1,499,002

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	46.99%	\$ 28,217,086	\$ 27,512,705	\$ 704,381
School Department	53.01%	31,832,044	31,037,423	794,621
Total		\$ 60,049,130	\$ 58,550,128	\$ 1,499,002

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

	1% Decrease	Current Discount Rate	1% Increase
<u>Hamblen County</u>	6.5%	7.5%	8.5%

Net Pension Liability    \$ 9,044,317    \$ 1,499,002    \$ (4,796,511)

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

*Pension Expense.* For the year ended June 30, 2017, Hamblen County recognized pension expense of \$560,371.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2017, Hamblen County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 1,019,002
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,946,034	0
Contributions Subsequent to the Measurement Date of June 30, 2016 (1)	1,744,926	N/A
Total	<u>\$ 3,690,960</u>	<u>\$ 1,019,002</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2016,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 1,759,573	\$ 478,829
School Department	1,931,387	540,173
Total	<u>\$ 3,690,960</u>	<u>\$ 1,019,002</u>

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

Year Ending June 30	Amount
2018	\$ (182,253)
2019	(182,253)
2020	779,439
2021	512,104
2022	0
Thereafter	0

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

**Discretely Presented Hamblen County School Department**

**Non-certified Employees**

**General Information About the Pension Plan**

*Plan Description.* As noted above under the primary government, employees of Hamblen County and non-certified employees of the discretely presented Hamblen County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 46.99 percent and the non-certified employees of the discretely presented School Department comprise 53.01 percent of the plan based on contribution data.

## **Certified Employees**

### **Teacher Retirement Plan**

#### **General Information About the Pension Plan**

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

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus

any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2017, to the Teacher Retirement Plan were \$210,452, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

*Pension Liabilities (Assets).* At June 30, 2017, the Hamblen County School Department reported an asset of \$88,603 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Hamblen County School Department's proportion of the net pension asset was based on the Hamblen County School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2016, the Hamblen County School Department's proportion was .851112 percent. The revised proportion measured at June 30, 2015, was .860622 percent.

*Pension Expense.* For the year ended June 30, 2017, the Hamblen County School Department recognized pension expense of \$74,203.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2017, the Hamblen County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 8,585	\$ 10,216
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	14,507	0
Changes in Proportion of Net Pension Liability (Asset)	267	
LEA's Contributions Subsequent to the Measurement Date of June 30, 2016	<u>210,452</u>	N/A
Total	<u>\$ 233,811</u>	<u>\$ 10,216</u>

The Hamblen County School Department's employer contributions of \$210,452, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2018	\$ 3,609
2019	3,609
2020	3,609
2021	2,917
2022	(191)
Thereafter	(409)

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

*Actuarial Assumptions.* The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2016, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability      \$      41,840      \$      (88,603)      \$      (184,714)

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

**Teacher Legacy Pension Plan**

**General Information About the Pension Plan**

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

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

adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Hamblen County School Department for the year ended June 30, 2017, to the Teacher Legacy Pension Plan were \$3,090,825, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

*Pension Liability (Assets).* At June 30, 2017, the Hamblen County School Department reported a liability of \$5,828,936 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Hamblen County School Department's proportion of the net pension liability (asset) was based on the Hamblen County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2016, the Hamblen County School Department's proportion was .932712 percent. The proportion measured at June 30, 2015, was .913250 percent.

*Pension Expense.* For the year ended June 30, 2017, the Hamblen County School Department recognized pension expense of \$756,339.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2017, the Hamblen County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>Resources</u>	<u>Resources</u>
Difference Between Expected and Actual Experience	\$ 245,302	\$ 7,056,910
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	6,508,086	0
Changes in Proportion of Net Pension Liability (Asset)	368,235	61,098
LEA's Contributions Subsequent to the Measurement Date of June 30, 2016	<u>3,090,825</u>	<u>N/A</u>
Total	<u>\$ 10,212,448</u>	<u>\$ 7,118,008</u>

The Hamblen County School Department's employer contributions of \$3,090,825 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	<u>Amount</u>
2018	\$ (1,021,286)
2019	(1,021,286)
2020	2,100,639
2021	375,888
2022	(430,341)
Thereafter	0

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

*Actuarial Assumptions.* The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease	Current Discount Rate	1% Increase
	6.5%	7.5%	8.5%

Net Pension Liability    \$ 32,007,691    \$ 5,828,936    \$ (15,856,364)

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

**2. Deferred Compensation**

Primary Government

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 established participation, contribution, and withdrawal provisions for the plan.

Discretely Presented Hamblen County School Department

Teachers hired after July 1, 2014, by the discretely presented Hamblen County School Department are required to participate in a hybrid pension plan administered by the Tennessee Consolidated Retirement System. This hybrid pension plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the Hamblen County School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Hamblen County School Department contributed \$262,810 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

## H. Other Postemployment Benefits (OPEB)

### Primary Government

#### Plan Description

Hamblen County participates in a self-insured postemployment benefits plan administered by Blue Cross Blue Shield for health insurance benefits for pre-65 retirees. For accounting purposes, the plan is a single-employer defined benefit OPEB plan. Benefits are provided as approved by the county commission.

Hamblen County also participates in the state-administered Medicare Supplement Plan for post-65 retirees. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-701, *Tennessee Code Annotated (TCA)*. 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. 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://tennessee.gov/finance/article/fa-acffin-cafr>.

#### Funding Policy

Pre-65 retirees participating in the self-insured plan must pay the entire premium for their single coverage insurance. Dependents of retirees are not eligible to participate in the plan. The plan is financed on a pay-as-you-go basis. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The county develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums.

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 the plan develop a 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, 2017, Hamblen County contributed \$5,070 for other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Group Plan	Medicare Supplement Plan
ARC	\$ 13,658	\$ 83,000
Interest on the NOPEBO	3,346	15,656
Adjustment to the ARC	(4,590)	(15,719)
Annual OPEB cost	\$ 12,414	\$ 82,937
Amount of contribution	(2,520)	(2,550)
Increase/decrease in NOPEBO	\$ 9,894	\$ 80,387
Net OPEB obligation, 7-1-16	83,626	417,489
Net OPEB obligation, 6-30-17	\$ 93,520	\$ 497,876

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-15	Self-Insured	\$ 24,187	33	% \$ 73,335
6-30-16	"	11,835	13	83,626
6-30-17	"	12,414	20	93,520
6-30-15	Medicare Supplement	27,327	13	341,139
6-30-16	"	79,950	5	417,489
6-30-17	"	82,937	3	497,876

Funded Status and Funding Progress

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

	Group Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-15	7-1-15
Actuarial accrued liability (AAL)	\$ 100,494	\$ 768,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 100,494	\$ 768,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 7,564,345	\$ N/A
UAAL as a % of covered payroll	1%	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, 2015, actuarial valuation for the group plan, the entry age normal actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of nine percent initially. The trend rate will decrease to eight percent in fiscal year 2017, and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2019. Payroll is assumed to grow at a rate of 2.5 percent. The annual health care cost trend rate for the Medicare Supplement Plan was six percent in fiscal year 2017 and then will be reduced by decrements to an ultimate rate of 4.345 percent by fiscal year 2050. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 35-year period beginning with July 1, 2007. Payroll is assumed to grow at a rate of three percent.

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

#### Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan and the Medicare Supplement Plan. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for teachers and Section 8-27-701, *TCA*, for the Medicare Supplement Plan. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/article/fa-acffin-cafr>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state 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, 2017, the discretely presented Hamblen County School Department contributed \$1,500,133 for other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan
ARC	\$ 3,038,000	\$ 269,000
Interest on the NOPEBO	567,211	69,293
Adjustment to the ARC	(569,489)	(69,624)
Annual OPEB cost	\$ 3,035,722	\$ 268,669
Amount of contribution	(1,475,557)	(24,576)
Increase/decrease in NOPEBO	\$ 1,560,165	\$ 244,093
Net OPEB obligation, 7-1-16	15,125,626	1,847,826
Net OPEB obligation, 6-30-17	\$ 16,685,791	\$ 2,091,919

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-15	Local Education Group	\$ 2,865,400	49 %	\$ 13,504,288
6-30-16	"	2,934,966	45	15,125,626
6-30-17	"	3,035,722	49	16,685,791
6-30-15	Medicare Supplement	230,450	11	1,613,164
6-30-16	"	260,712	10	1,847,826
6-30-17	"	268,669	9	2,091,919

### Funded Status and Funding Progress

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

	Local Education Group Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-15	7-1-15
Actuarial accrued liability (AAL)	\$ 25,059,000	\$ 3,714,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 25,059,000	\$ 3,714,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 45,762,579	\$ N/A
UAAL as a % of covered payroll	55%	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, 2015, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of six percent in fiscal year 2017, and then be reduced by decrements to an ultimate rate of 4.645 percent by fiscal year 2050. The annual health care cost trend rate for the Medicare Supplement Plan was six percent in fiscal year 2017 and then will be reduced by decrements to an ultimate rate of 4.345 percent by fiscal year 2050. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 35-year period beginning with July 1, 2007. Payroll is assumed to grow at a rate of three percent.

**I. 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 2016-17 year, 14 employees participated in the program. The estimated cost of these cash payments reported in the government-wide Statement of Net Position is \$106,573. Of that amount, \$53,825 is due within one year. The governmental funds' financial statements reflect retirement incentive expenditures of \$57,593 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, 2017, 403 employees met the requirements of this benefit. The estimated cost of these cash payments reported in the government-wide Statement of Net Position is \$868,089. Of that amount, \$117,300 is due within one year. The governmental funds' financial statements reflect retirement honorarium expenditures of \$93,435 in the General Purpose School Fund.

**J. Central Accounting and Budgeting**

Office of Director of Finance

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

**K. 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 Superintendent

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.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

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

	2014	2015	2016
<b>Total Pension Liability (Asset)</b>			
Service Cost	\$ 1,447,547	\$ 1,541,726	\$ 1,579,621
Interest	3,977,841	4,157,957	4,300,049
Changes in Benefit Terms	0	0	0
Differences Between Actual and Expected Experience	(439,779)	(1,125,375)	(209,832)
Changes in Assumptions	0	0	0
Benefit Payments, Including Refunds of Employee Contributions	(2,671,318)	(2,685,162)	(2,750,139)
Net Change in Total Pension Liability (Asset)	\$ 2,314,291	\$ 1,889,146	\$ 2,919,699
Total Pension Liability (Asset), Beginning	52,925,994	55,240,285	57,129,431
Total Pension Liability (Asset), Ending (a)	\$ 55,240,285	\$ 57,129,431	\$ 60,049,130
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 1,550,676	\$ 1,572,279	1,662,880
Contributions - Employee	834,365	845,362	894,033
Net Investment Income	7,971,541	1,715,800	1,516,080
Benefit Payments, Including Refunds of Employee Contributions	(2,671,318)	(2,685,162)	(2,750,139)
Administrative Expense	(24,175)	(32,024)	(48,287)
Other	0	0	4,872
Net Change in Plan Fiduciary Net Position	\$ 7,661,089	\$ 1,416,255	\$ 1,279,439
Plan Fiduciary Net Position, Beginning	48,193,345	55,854,434	57,270,689
Plan Fiduciary Net Position, Ending (b)	\$ 55,854,434	\$ 57,270,689	\$ 58,550,128
Net Pension Liability (Asset), Ending (a - b)	\$ (614,149)	\$ (141,258)	\$ 1,499,002
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.11%	100.25%	97.50%
Covered Payroll	\$ 16,490,699	\$ 16,906,305	17,876,001
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(3.72%)	(0.84%)	8.39%

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

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

Exhibit F-2

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

	2014	2015	2016	2017
Actuarially Determined Contribution	\$ 1,550,676	\$ 1,572,279	\$ 1,662,880	\$ 1,744,926
Less Contributions in Relation to the Actuarially Determined Contribution	(1,550,676)	(1,572,279)	(1,662,880)	(1,744,926)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 16,490,699	\$ 16,906,305	\$ 17,876,001	\$ 18,671,982
Contributions as a Percentage of Covered Payroll	9.40%	9.30%	9.30%	9.30%

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

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

Exhibit F-3

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually Required Contribution	\$ 73,033	\$ 149,797	\$ 210,452
Less Contributions in Relation to the Contractually Required Contribution	<u>(73,033)</u>	<u>(149,797)</u>	<u>(210,452)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 1,825,848	\$ 3,744,929	\$ 5,261,300
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%

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

Exhibit F-4

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

	2014	2015	2016	2017
Contractually Required Contribution	\$ 3,207,929	\$ 3,090,554	\$ 3,043,681	\$ 3,090,825
Less Contributions in Relation to the Contractually Required Contribution	(3,207,929)	(3,090,554)	(3,043,681)	(3,090,825)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 36,125,331	\$ 34,187,512	\$ 33,669,025	\$ 34,219,472
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.03%

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

Exhibit F-5

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

	<u>2016</u>	<u>2017</u>
School Department's Proportion of the Net Pension Asset	0.860622%	0.851112%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (35,352)	\$ (88,603)
Covered Payroll	\$ 1,825,848	\$ 3,744,929
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%

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

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

Exhibit F-6

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

	2015	2016	2017
School Department's Proportion of the Net Pension Liability (Asset)	0.920393%	0.913250%	0.932712%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (149,560)	\$ 374,099	\$ 5,828,936
Covered Payroll	\$ 36,125,331	\$ 34,187,512	\$ 33,669,025
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.09%	17.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%

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

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

Exhibit F-7

Hamblen County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Hamblen County School Department  
June 30, 2017

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (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	7-1-11	\$ 0	\$ 123	\$ 123	0 %	\$ 6,996	1.8 %
"	7-1-13	0	184	184	0	7,369	2.5
Self-Insured	7-1-15	0	100	100	0	7,564	1.3
Medicare Supplement Plan	7-1-11	0	662	662	0	N/A	N/A
"	7-1-13	0	265	265	0	N/A	N/A
"	7-1-15	0	768	768	0	N/A	N/A
<u>DISCRETELY PRESENTED HAMBLLEN COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-11	0	26,306	26,306	0	41,684	63.1
"	7-1-13	0	23,786	23,786	0	43,930	54.1
"	7-1-15	0	25,059	25,059	0	45,763	54.8
Medicare Supplement Plan	7-1-11	0	4,482	4,482	0	N/A	N/A
"	7-1-13	0	3,436	3,436	0	N/A	N/A
"	7-1-15	0	3,714	3,714	0	N/A	N/A

**HAMBLEN COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2017**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for 2017 were calculated based on the July 1, 2015, actuarial valuation.

Methods and assumptions used to determine contribution rates:

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

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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

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

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

## Capital Projects Funds

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

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General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

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.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for proceeds of debt issued for the benefit of the School Department.

Exhibit G-1

Hamblen County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017

	Special Revenue Funds				Capital Projects Funds	
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Total	General Capital Projects	Sanitation Projects
<u>ASSETS</u>						
Cash	\$ 0	\$ 7,600	\$ 0	\$ 7,600	\$ 0	\$ 0
Equity in Pooled Cash and Investments	98,568	0	661,615	760,183	250,913	78,317
Accounts Receivable	0	32,480	10,732	43,212	0	0
Due from Other Governments	1,854	0	355,272	357,126	22,828	0
<b>Total Assets</b>	<b>\$ 100,422</b>	<b>\$ 40,080</b>	<b>\$ 1,027,619</b>	<b>\$ 1,168,121</b>	<b>\$ 273,741</b>	<b>\$ 78,317</b>
<u>LIABILITIES</u>						
Accounts Payable	\$ 607	\$ 0	\$ 90,742	\$ 91,349	\$ 16,069	\$ 0
Accrued Payroll	0	0	29,701	29,701	0	0
Payroll Deductions Payable	0	0	1,102	1,102	0	0
Due to Other Funds	0	40,080	27,999	68,079	0	0
Due to Component Units	0	0	0	0	0	0
<b>Total Liabilities</b>	<b>\$ 607</b>	<b>\$ 40,080</b>	<b>\$ 149,544</b>	<b>\$ 190,231</b>	<b>\$ 16,069</b>	<b>\$ 0</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Other Deferred/Unavailable Revenue	\$ 0	\$ 0	\$ 185,191	\$ 185,191	\$ 14,057	\$ 0
<b>Total Deferred Inflows of Resources</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 185,191</b>	<b>\$ 185,191</b>	<b>\$ 14,057</b>	<b>\$ 0</b>
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 99,815	\$ 0	\$ 0	\$ 99,815	\$ 0	\$ 0

(Continued)

Exhibit G-1

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

	Special Revenue Funds				Capital Projects Funds	
	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	Total	General Capital Projects	Sanitation Projects
<u>FUND BALANCES (Cont.)</u>						
Restricted (Cont.):						
Restricted for Highways/Public Works	\$ 0	\$ 0	\$ 692,884	\$ 692,884	\$ 0	\$ 0
Restricted for Capital Projects	0	0	0	0	0	78,317
Committed:						
Committed for Capital Projects	0	0	0	0	243,615	0
Total Fund Balances	\$ 99,815	\$ 0	\$ 692,884	\$ 792,699	\$ 243,615	\$ 78,317
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 100,422	\$ 40,080	\$ 1,027,619	\$ 1,168,121	\$ 273,741	\$ 78,317

(Continued)

Exhibit G-1

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

	<u>Capital Projects Funds (Cont.)</u>			Total
	Highway Capital Projects	Education Capital Projects	Total	Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 0	\$ 7,600
Equity in Pooled Cash and Investments	152,372	244,411	726,013	1,486,196
Accounts Receivable	0	0	0	43,212
Due from Other Governments	28,475	0	51,303	408,429
Total Assets	\$ 180,847	\$ 244,411	\$ 777,316	\$ 1,945,437
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 0	\$ 16,069	\$ 107,418
Accrued Payroll	0	0	0	29,701
Payroll Deductions Payable	0	0	0	1,102
Due to Other Funds	0	0	0	68,079
Due to Component Units	0	244,411	244,411	244,411
Total Liabilities	\$ 0	\$ 244,411	\$ 260,480	\$ 450,711
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Other Deferred/Unavailable Revenue	\$ 28,475	\$ 0	\$ 42,532	\$ 227,723
Total Deferred Inflows of Resources	\$ 28,475	\$ 0	\$ 42,532	\$ 227,723
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Public Safety	\$ 0	\$ 0	\$ 0	\$ 99,815

(Continued)

Exhibit G-1

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

FUND BALANCES (Cont.)

Restricted (Cont.):

    Restricted for Highways/Public Works

    Restricted for Capital Projects

Committed:

    Committed for Capital Projects

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

<u>Capital Projects Funds (Cont.)</u>			<u>Total Nonmajor Governmental Funds</u>
<u>Highway Capital Projects</u>	<u>Education Capital Projects</u>	<u>Total</u>	
\$ 0	\$ 0	\$ 0	\$ 692,884
0	0	78,317	78,317
152,372	0	395,987	395,987
<u>\$ 152,372</u>	<u>\$ 0</u>	<u>\$ 474,304</u>	<u>\$ 1,267,003</u>
<u>\$ 180,847</u>	<u>\$ 244,411</u>	<u>\$ 777,316</u>	<u>\$ 1,945,437</u>

Exhibit G-2

Hamblen County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2017

	Special Revenue Funds				Capital Projects Funds	
	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	Total	General Capital Projects	Sanitation Projects
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 199,095	\$ 199,095	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	54,547	0	0	54,547	0	0
Charges for Current Services	0	26,998	0	26,998	0	0
Other Local Revenues	3,062	0	38,754	41,816	0	0
State of Tennessee	0	0	1,996,110	1,996,110	0	0
Federal Government	2,689	0	0	2,689	9,952	0
Other Governments and Citizens Groups	9,818	0	0	9,818	0	0
Total Revenues	<u>\$ 70,116</u>	<u>\$ 26,998</u>	<u>\$ 2,233,959</u>	<u>\$ 2,331,073</u>	<u>\$ 9,952</u>	<u>\$ 0</u>
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 26,998	\$ 0	\$ 26,998	\$ 0	\$ 0
Public Safety	135,386	0	0	135,386	0	0
Highways	0	0	1,930,801	1,930,801	0	0
Capital Projects	0	0	0	0	25,750	0
Total Expenditures	<u>\$ 135,386</u>	<u>\$ 26,998</u>	<u>\$ 1,930,801</u>	<u>\$ 2,093,185</u>	<u>\$ 25,750</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (65,270)</u>	<u>\$ 0</u>	<u>\$ 303,158</u>	<u>\$ 237,888</u>	<u>\$ (15,798)</u>	<u>\$ 0</u>
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 250,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 250,000</u>	<u>\$ 0</u>

(Continued)

Exhibit G-2

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

	Special Revenue Funds				Capital Projects Funds	
	Drug Control	Constitu - tional - Officers - Fees	Highway / Public Works	Total	General Capital Projects	Sanitation Projects
Net Change in Fund Balances	\$ (65,270)	\$ 0	\$ 303,158	\$ 237,888	\$ 234,202	\$ 0
Fund Balance, July 1, 2016	165,085	0	389,726	554,811	9,413	78,317
Fund Balance, June 30, 2017	\$ 99,815	\$ 0	\$ 692,884	\$ 792,699	\$ 243,615	\$ 78,317

(Continued)

Exhibit G-2

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Highway Capital Projects	Total	
<u>Revenues</u>			
Local Taxes	\$ 300,000	\$ 300,000	\$ 499,095
Fines, Forfeitures, and Penalties	0	0	54,547
Charges for Current Services	0	0	26,998
Other Local Revenues	0	0	41,816
State of Tennessee	0	0	1,996,110
Federal Government	27,153	37,105	39,794
Other Governments and Citizens Groups	0	0	9,818
Total Revenues	<u>\$ 327,153</u>	<u>\$ 337,105</u>	<u>\$ 2,668,178</u>
<u>Expenditures</u>			
Current:			
General Government	\$ 0	\$ 0	\$ 26,998
Public Safety	0	0	135,386
Highways	0	0	1,930,801
Capital Projects	156,582	182,332	182,332
Total Expenditures	<u>\$ 156,582</u>	<u>\$ 182,332</u>	<u>\$ 2,275,517</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 170,571</u>	<u>\$ 154,773</u>	<u>\$ 392,661</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 0	\$ 250,000	\$ 250,000
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 250,000</u>	<u>\$ 250,000</u>

(Continued)

Exhibit G-2

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Highway Capital Projects	Total	
Net Change in Fund Balances	\$ 170,571	\$ 404,773	\$ 642,661
Fund Balance, July 1, 2016	(18,199)	69,531	624,342
Fund Balance, June 30, 2017	\$ 152,372	\$ 474,304	\$ 1,267,003

Exhibit G-3

Hamblen County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 54,547	\$ 26,000	\$ 26,000	\$ 28,547
Other Local Revenues	3,062	250	250	2,812
Federal Government	2,689	0	0	2,689
Other Governments and Citizens Groups	9,818	10,000	10,000	(182)
Total Revenues	<u>\$ 70,116</u>	<u>\$ 36,250</u>	<u>\$ 36,250</u>	<u>\$ 33,866</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 135,386	\$ 166,076	\$ 166,076	\$ 30,690
Total Expenditures	<u>\$ 135,386</u>	<u>\$ 166,076</u>	<u>\$ 166,076</u>	<u>\$ 30,690</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (65,270)</u>	<u>\$ (129,826)</u>	<u>\$ (129,826)</u>	<u>\$ 64,556</u>
Net Change in Fund Balance	\$ (65,270)	\$ (129,826)	\$ (129,826)	\$ 64,556
Fund Balance, July 1, 2016	<u>165,085</u>	<u>151,060</u>	<u>151,060</u>	<u>14,025</u>
Fund Balance, June 30, 2017	<u><u>\$ 99,815</u></u>	<u><u>\$ 21,234</u></u>	<u><u>\$ 21,234</u></u>	<u><u>\$ 78,581</u></u>

Exhibit G-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, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 199,095	\$ 0	\$ 0	\$ 199,095	\$ 220,000	\$ 220,000	\$ (20,905)
Other Local Revenues	38,754	0	0	38,754	5,000	5,000	33,754
State of Tennessee	1,996,110	0	0	1,996,110	2,424,800	2,424,800	(428,690)
<b>Total Revenues</b>	<b>\$ 2,233,959</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,233,959</b>	<b>\$ 2,649,800</b>	<b>\$ 2,649,800</b>	<b>\$ (415,841)</b>
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 392,549	\$ 0	\$ 0	\$ 392,549	\$ 425,853	\$ 425,853	\$ 33,304
Highway and Bridge Maintenance	981,958	(1,100)	12,274	993,132	1,148,745	1,183,745	190,613
Operation and Maintenance of Equipment	283,755	0	1,000	284,755	326,167	342,265	57,510
Employee Benefits	28,767	0	0	28,767	43,540	43,540	14,773
Capital Outlay	243,772	(68,682)	472,522	647,612	750,800	734,702	87,090
<b>Total Expenditures</b>	<b>\$ 1,930,801</b>	<b>\$ (69,782)</b>	<b>\$ 485,796</b>	<b>\$ 2,346,815</b>	<b>\$ 2,695,105</b>	<b>\$ 2,730,105</b>	<b>\$ 383,290</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 303,158</b>	<b>\$ 69,782</b>	<b>\$ (485,796)</b>	<b>\$ (112,856)</b>	<b>\$ (45,305)</b>	<b>\$ (80,305)</b>	<b>\$ (32,551)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 303,158</b>	<b>\$ 69,782</b>	<b>\$ (485,796)</b>	<b>\$ (112,856)</b>	<b>\$ (45,305)</b>	<b>\$ (80,305)</b>	<b>\$ (32,551)</b>
Fund Balance, July 1, 2016	389,726	(69,782)	0	319,944	348,523	348,523	(28,579)
<b>Fund Balance, June 30, 2017</b>	<b>\$ 692,884</b>	<b>\$ 0</b>	<b>\$ (485,796)</b>	<b>\$ 207,088</b>	<b>\$ 303,218</b>	<b>\$ 268,218</b>	<b>\$ (61,130)</b>

Exhibit G-5

Hamblen County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway Capital Projects Fund  
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 300,000	\$ 300,000	\$ 300,000	\$ 0
Federal Government	27,153	0	8,490	18,663
Total Revenues	<u>\$ 327,153</u>	<u>\$ 300,000</u>	<u>\$ 308,490</u>	<u>\$ 18,663</u>
<u>Expenditures</u>				
<u>Capital Projects</u>				
Highway and Street Capital Projects	\$ 156,582	\$ 300,000	\$ 308,490	\$ 151,908
Total Expenditures	<u>\$ 156,582</u>	<u>\$ 300,000</u>	<u>\$ 308,490</u>	<u>\$ 151,908</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 170,571</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 170,571</u>
Net Change in Fund Balance	\$ 170,571	\$ 0	\$ 0	\$ 170,571
Fund Balance, July 1, 2016	<u>(18,199)</u>	<u>29,815</u>	<u>29,815</u>	<u>(48,014)</u>
Fund Balance, June 30, 2017	<u><u>\$ 152,372</u></u>	<u><u>\$ 29,815</u></u>	<u><u>\$ 29,815</u></u>	<u><u>\$ 122,557</u></u>

# Major Governmental Funds

## Debt Service Fund

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

Exhibit H

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, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,648,722	\$ 4,588,034	\$ 4,588,034	\$ 60,688
Fines, Forfeitures, and Penalties	49,839	47,000	47,000	2,839
Other Local Revenues	553,778	725,000	725,000	(171,222)
Total Revenues	<u>\$ 5,252,339</u>	<u>\$ 5,360,034</u>	<u>\$ 5,360,034</u>	<u>\$ (107,695)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 106,760	\$ 106,760	\$ 106,760	\$ 0
Highways and Streets	308,924	308,924	308,924	0
Education	4,133,170	4,133,170	4,133,170	0
<u>Interest on Debt</u>				
General Government	135,020	136,320	136,320	1,300
Highways and Streets	35,165	35,166	35,166	1
Education	1,028,552	1,031,741	1,029,623	1,071
<u>Other Debt Service</u>				
General Government	89,520	90,000	90,000	480
Education	13,398	11,280	13,398	0
Total Expenditures	<u>\$ 5,850,509</u>	<u>\$ 5,853,361</u>	<u>\$ 5,853,361</u>	<u>\$ 2,852</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (598,170)</u>	<u>\$ (493,327)</u>	<u>\$ (493,327)</u>	<u>\$ (104,843)</u>
Net Change in Fund Balance	\$ (598,170)	\$ (493,327)	\$ (493,327)	\$ (104,843)
Fund Balance, July 1, 2016	3,853,085	3,887,053	3,887,053	(33,968)
Fund Balance, June 30, 2017	<u>\$ 3,254,915</u>	<u>\$ 3,393,726</u>	<u>\$ 3,393,726</u>	<u>\$ (138,811)</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.

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

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

Exhibit I-1

Hamblen County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2017

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 2,712,187	\$ 2,712,187
Accounts Receivable	0	1,571	1,571
Due from Other Governments	2,004,418	0	2,004,418
Total Assets	<u>\$ 2,004,418</u>	<u>\$ 2,713,758</u>	<u>\$ 4,718,176</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 2,004,418	\$ 0	\$ 2,004,418
Due to Litigants, Heirs, and Others	0	2,713,758	2,713,758
Total Liabilities	<u>\$ 2,004,418</u>	<u>\$ 2,713,758</u>	<u>\$ 4,718,176</u>

## Exhibit I-2

Hamblen County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds  
For the Year Ended June 30, 2017

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 12,299,735	\$ 12,299,735	\$ 0
Due from Other Governments	1,924,618	2,004,418	1,924,618	2,004,418
Total Assets	<u>\$ 1,924,618</u>	<u>\$ 14,304,153</u>	<u>\$ 14,224,353</u>	<u>\$ 2,004,418</u>
<u>Liabilities</u>				
Due to Other Taxing Units	<u>\$ 1,924,618</u>	<u>\$ 14,304,153</u>	<u>\$ 14,224,353</u>	<u>\$ 2,004,418</u>
Total Liabilities	<u>\$ 1,924,618</u>	<u>\$ 14,304,153</u>	<u>\$ 14,224,353</u>	<u>\$ 2,004,418</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,930,905	\$ 12,936,690	\$ 12,155,408	\$ 2,712,187
Accounts Receivable	468	1,103	0	1,571
Total Assets	<u>\$ 1,931,373</u>	<u>\$ 12,937,793</u>	<u>\$ 12,155,408</u>	<u>\$ 2,713,758</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	<u>\$ 1,931,373</u>	<u>\$ 12,937,793</u>	<u>\$ 12,155,408</u>	<u>\$ 2,713,758</u>
Total Liabilities	<u>\$ 1,931,373</u>	<u>\$ 12,937,793</u>	<u>\$ 12,155,408</u>	<u>\$ 2,713,758</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,930,905	\$ 12,936,690	\$ 12,155,408	\$ 2,712,187
Equity in Pooled Cash and Investments	0	12,299,735	12,299,735	0
Accounts Receivable	468	1,103	0	1,571
Due from Other Governments	1,924,618	2,004,418	1,924,618	2,004,418
Total Assets	<u>\$ 3,855,991</u>	<u>\$ 27,241,946</u>	<u>\$ 26,379,761</u>	<u>\$ 4,718,176</u>
<u>Liabilities</u>				
Due to Other Taxing Units	<u>\$ 1,924,618</u>	<u>\$ 14,304,153</u>	<u>\$ 14,224,353</u>	<u>\$ 2,004,418</u>
Due to Litigants, Heirs, and Others	<u>1,931,373</u>	<u>12,937,793</u>	<u>12,155,408</u>	<u>2,713,758</u>
Total Liabilities	<u>\$ 3,855,991</u>	<u>\$ 27,241,946</u>	<u>\$ 26,379,761</u>	<u>\$ 4,718,176</u>

# Hamblen County School Department

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

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General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the School Department.

School Federal Projects Fund – The School Federal Projects Fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.

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

Exhibit J-1

Hamblen County, Tennessee  
Statement of Activities  
Discretely Presented Hamblen County School Department  
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Governmental Activities:					
Instruction	\$ 55,046,940	\$ 401,603	\$ 4,178,578	\$ 0	\$ (50,466,759)
Support Services	27,483,373	450,507	696,800	71,497	(26,264,569)
Operation of Non-instructional Services	6,936,444	1,160,416	5,254,654	0	(521,374)
<b>Total Governmental Activities</b>	<b>\$ 89,466,757</b>	<b>\$ 2,012,526</b>	<b>\$ 10,130,032</b>	<b>\$ 71,497</b>	<b>\$ (77,252,702)</b>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 14,043,182
Local Option Sales Taxes					13,238,399
Mixed Drink Tax					44,212
Interstate Telecommunications Tax					5,209
Grants and Contributions Not Restricted to Specific Programs					52,103,157
Unrestricted Investment Income					6,044
Miscellaneous					35,923
<b>Total General Revenues</b>					<b>\$ 79,476,126</b>
Change in Net Position					\$ 2,223,424
Net Position, July 1, 2016					48,270,981
<b>Net Position, June 30, 2017</b>					<b>\$ 50,494,405</b>

Exhibit J-2

Hamblen County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Hamblen County School Department  
June 30, 2017

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Central</u>	<u>Other</u>	
	<u>Purpose</u>	<u>Cafeteria</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>School</u>		<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 9,419,535	\$ 4,378,765	\$ 315,476	\$ 14,113,776
Inventories	0	134,243	0	134,243
Accounts Receivable	28,118	5,486	0	33,604
Due from Other Governments	2,498,578	0	317,159	2,815,737
Due from Other Funds	46,991	0	0	46,991
Due from Primary Government	0	0	244,411	244,411
Property Taxes Receivable	14,273,206	0	0	14,273,206
Allowance for Uncollectible Property Taxes	(459,807)	0	0	(459,807)
Total Assets	<u>\$ 25,806,621</u>	<u>\$ 4,518,494</u>	<u>\$ 877,046</u>	<u>\$ 31,202,161</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 231,026	\$ 4,629	\$ 757	\$ 236,412
Contracts Payable	26,250	0	0	26,250
Due to Other Funds	0	0	46,991	46,991
Other Current Liabilities	0	47,013	0	47,013
Total Liabilities	<u>\$ 257,276</u>	<u>\$ 51,642</u>	<u>\$ 47,748</u>	<u>\$ 356,666</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 13,205,923	\$ 0	\$ 0	\$ 13,205,923
Deferred Delinquent Property Taxes	556,975	0	0	556,975
Other Deferred/Unavailable Revenue	1,100,121	0	0	1,100,121
Total Deferred Inflows of Resources	<u>\$ 14,863,019</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,863,019</u>

(Continued)

Exhibit J-2

Hamblen County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Hamblen County School Department (Cont.)

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General Purpose School</u>	<u>Central Cafeteria</u>	<u>Other Governmental Funds</u>	
<u>FUND BALANCES</u>				
Nonspendable:				
Inventory	\$ 0	\$ 134,243	\$ 0	\$ 134,243
Restricted:				
Restricted for Education	170,782	4,332,609	13,638	4,517,029
Restricted for Capital Projects	0	0	315,660	315,660
Committed:				
Committed for Education	291,252	0	500,000	791,252
Assigned:				
Assigned for Education	853,917	0	0	853,917
Assigned for Capital Projects	5,742,475	0	0	5,742,475
Unassigned	3,627,900	0	0	3,627,900
Total Fund Balances	<u>\$ 10,686,326</u>	<u>\$ 4,466,852</u>	<u>\$ 829,298</u>	<u>\$ 15,982,476</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 25,806,621</u>	<u>\$ 4,518,494</u>	<u>\$ 877,046</u>	<u>\$ 31,202,161</u>

Exhibit J-3

Hamblen County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Position  
Discretely Presented Hamblen County School Department  
June 30, 2017

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

Total fund balances - balance sheet- governmental funds (Exhibit J-2)		\$	15,982,476
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	3,767,735	
Add: construction in progress		993,217	
Add: buildings and improvements net of accumulated depreciation		42,134,388	
Add: other capital assets net of accumulated depreciation		<u>7,752,371</u>	54,647,711
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			1,657,096
(3) 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	\$	(18,777,710)	
Less: compensated absences payable		(214,801)	
Less: retirement incentive		(106,573)	
Less: retirement honorarium		(868,089)	
Less: net pension liability of the agent plan		(794,621)	
Less: net pension liability - Teacher Legacy Plan		<u>(5,828,936)</u>	(26,590,730)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	12,377,646	
Less: deferred inflows of resources related to pensions		<u>(7,668,397)</u>	4,709,249
(5) Net pensions assets of the Teacher Plan are not current financial resources and therefore are not reported in the governmental funds			<u>88,603</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>50,494,405</u></u>

Exhibit J-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, 2017

	Major Funds		Nonmajor	Total
	General Purpose School	Central Cafeteria	Funds	
			Other Govern- mental Funds	
				Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 27,202,097	\$ 0	\$ 0	\$ 27,202,097
Charges for Current Services	818,683	1,250,610	0	2,069,293
Other Local Revenues	163,874	6,044	0	169,918
State of Tennessee	50,774,533	55,444	0	50,829,977
Federal Government	242,934	5,106,748	5,949,897	11,299,579
<b>Total Revenues</b>	<b>\$ 79,202,121</b>	<b>\$ 6,418,846</b>	<b>\$ 5,949,897</b>	<b>\$ 91,570,864</b>
<u>Expenditures</u>				
Current:				
Instruction	\$ 50,732,505	\$ 0	\$ 4,935,671	\$ 55,668,176
Support Services	23,159,594	59,853	963,926	24,183,373
Operation of Non-Instructional Services	1,082,505	5,871,989	0	6,954,494
Capital Outlay	2,935,247	0	0	2,935,247
Debt Service:				
Other Debt Service	500,000	0	0	500,000
Capital Projects	0	0	515,632	515,632
<b>Total Expenditures</b>	<b>\$ 78,409,851</b>	<b>\$ 5,931,842</b>	<b>\$ 6,415,229</b>	<b>\$ 90,756,922</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 792,270	\$ 487,004	\$ (465,332)	\$ 813,942
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 6,391	\$ 0	\$ 0	\$ 6,391
Transfers In	46,991	0	0	46,991
Transfers Out	0	0	(46,991)	(46,991)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 53,382</b>	<b>\$ 0</b>	<b>\$ (46,991)</b>	<b>\$ 6,391</b>

(Continued)

Exhibit J-4

Hamblen County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Hamblen County School Department (Cont.)

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Central Cafeteria	Other Govern- mental Funds	
Net Change in Fund Balances	\$ 845,652	\$ 487,004	\$ (512,323)	\$ 820,333
Fund Balance, July 1, 2016	9,840,674	3,979,848	1,341,621	15,162,143
Fund Balance, June 30, 2017	\$ 10,686,326	\$ 4,466,852	\$ 829,298	\$ 15,982,476

Exhibit J-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, 2017

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ 820,333
(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	\$ 3,391,784	
Less: current-year depreciation expense	<u>(3,473,839)</u>	(82,055)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of capital assets disposed		(8,267)
(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, 2017	\$ 1,657,096	
Less: deferred delinquent property taxes and other deferred June 30, 2016	<u>(1,544,170)</u>	112,926
(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	\$ 4,107	
Change in other postemployment benefits liability	(1,804,258)	
Change in retirement incentive	1,077	
Change in retirement honorarium	82,460	
Change in net pension asset - teacher retirement plan	13,072	
Change in net pension liability - teacher legacy plan	(5,454,837)	
Change in net pension liability - agent plan	(829,973)	
Change in deferred outflows related to pensions	7,743,145	
Change in deferred inflows related to pensions	<u>1,625,694</u>	<u>1,380,487</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 2,223,424</u>

Exhibit J-6

Hamblen County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Hamblen County School Department  
June 30, 2017

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Education Capital Projects	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 244,227	\$ 71,249	\$ 315,476
Due from Other Governments	317,159	0	317,159
Due from Primary Government	0	244,411	244,411
Total Assets	\$ 561,386	\$ 315,660	\$ 877,046
<u>LIABILITIES</u>			
Accounts Payable	\$ 757	\$ 0	\$ 757
Due to Other Funds	46,991	0	46,991
Total Liabilities	\$ 47,748	\$ 0	\$ 47,748
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 13,638	\$ 0	\$ 13,638
Restricted for Capital Projects	0	315,660	315,660
Committed:			
Committed for Education	500,000	0	500,000
Total Fund Balances	\$ 513,638	\$ 315,660	\$ 829,298
Total Liabilities and Fund Balances	\$ 561,386	\$ 315,660	\$ 877,046

Exhibit J-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, 2017

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Education Capital Projects	
<u>Revenues</u>			
Federal Government	\$ 5,949,897	\$ 0	\$ 5,949,897
Total Revenues	<u>\$ 5,949,897</u>	<u>\$ 0</u>	<u>\$ 5,949,897</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 4,935,671	\$ 0	\$ 4,935,671
Support Services	963,926	0	963,926
Capital Projects	0	515,632	515,632
Total Expenditures	<u>\$ 5,899,597</u>	<u>\$ 515,632</u>	<u>\$ 6,415,229</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 50,300</u>	<u>\$ (515,632)</u>	<u>\$ (465,332)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (46,991)	\$ 0	\$ (46,991)
Total Other Financing Sources (Uses)	<u>\$ (46,991)</u>	<u>\$ 0</u>	<u>\$ (46,991)</u>
Net Change in Fund Balances	\$ 3,309	\$ (515,632)	\$ (512,323)
Fund Balance, July 1, 2016	<u>510,329</u>	<u>831,292</u>	<u>1,341,621</u>
Fund Balance, June 30, 2017	<u>\$ 513,638</u>	<u>\$ 315,660</u>	<u>\$ 829,298</u>

Exhibit J-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, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 27,202,097	\$ 0	\$ 0	\$ 27,202,097	\$ 26,478,732	\$ 26,478,732	\$ 723,365
Charges for Current Services	818,683	0	0	818,683	534,480	534,480	284,203
Other Local Revenues	163,874	0	0	163,874	20,600	163,235	639
State of Tennessee	50,774,533	0	0	50,774,533	49,863,435	50,439,518	335,015
Federal Government	242,934	0	0	242,934	47,357	218,113	24,821
<b>Total Revenues</b>	<b>\$ 79,202,121</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 79,202,121</b>	<b>\$ 76,944,604</b>	<b>\$ 77,834,078</b>	<b>\$ 1,368,043</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 41,709,236	\$ (140,342)	\$ 12,489	\$ 41,581,383	\$ 42,397,826	\$ 42,559,119	\$ 977,736
Special Education Program	5,582,572	(513)	740	5,582,799	5,850,443	5,850,443	267,644
Career and Technical Education Program	3,300,673	(6,251)	4,411	3,298,833	3,341,421	3,358,676	59,843
Student Body Education Program	140,024	(950)	440	139,514	184,302	184,302	44,788
<u>Support Services</u>							
Attendance	2,448	0	0	2,448	5,850	5,850	3,402
Health Services	733,544	(91)	1,889	735,342	740,419	749,241	13,899
Other Student Support	1,402,251	(311)	0	1,401,940	1,428,870	1,428,870	26,930
Regular Instruction Program	719,485	(19,958)	5,201	704,728	735,208	816,669	111,941
Special Education Program	987,620	(100)	0	987,520	826,162	996,918	9,398
Career and Technical Education Program	200,989	0	0	200,989	219,767	222,767	21,778
Technology	1,553,377	(79,725)	36,813	1,510,465	1,533,265	1,608,175	97,710
Other Programs	502,211	0	0	502,211	0	502,211	0
Board of Education	1,010,810	(149)	377	1,011,038	1,151,072	1,151,072	140,034
Director of Schools	616,575	(3,190)	2,796	616,181	645,211	645,211	29,030
Office of the Principal	4,509,323	0	0	4,509,323	4,554,454	4,554,454	45,131
Fiscal Services	426,686	(5,467)	1,133	422,352	435,304	435,304	12,952
Operation of Plant	5,761,839	(925)	4,548	5,765,462	6,329,992	6,329,992	564,530
Maintenance of Plant	1,533,979	(3,193)	7,625	1,538,411	1,548,224	1,548,224	9,813
Transportation	3,198,457	(10,705)	19,814	3,207,566	3,553,399	3,553,399	345,833

(Continued)

Exhibit J-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 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-Instructional Services</u>							
Community Services	\$ 242,529	\$ (1,639)	\$ 1,829	\$ 242,719	\$ 318,209	\$ 318,209	\$ 75,490
Early Childhood Education	839,976	(1,378)	283	838,881	848,006	848,006	9,125
<u>Capital Outlay</u>							
Regular Capital Outlay	2,935,247	(729,888)	1,265,254	3,470,613	3,766,284	4,233,957	763,344
<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	\$ 78,409,851	\$ (1,004,775)	\$ 1,365,642	\$ 78,770,718	\$ 80,913,688	\$ 82,401,069	\$ 3,630,351
Excess (Deficiency) of Revenues Over Expenditures	\$ 792,270	\$ 1,004,775	\$ (1,365,642)	\$ 431,403	\$ (3,969,084)	\$ (4,566,991)	\$ 4,998,394
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 6,391	\$ 0	\$ 0	\$ 6,391	\$ 10,000	\$ 10,000	\$ (3,609)
Transfers In	46,991	0	0	46,991	42,000	42,000	4,991
Transfers Out	0	0	0	0	(87,467)	0	0
Total Other Financing Sources	\$ 53,382	\$ 0	\$ 0	\$ 53,382	\$ (35,467)	\$ 52,000	\$ 1,382
Net Change in Fund Balance	\$ 845,652	\$ 1,004,775	\$ (1,365,642)	\$ 484,785	\$ (4,004,551)	\$ (4,514,991)	\$ 4,999,776
Fund Balance, July 1, 2016	9,840,674	(1,004,775)	0	8,835,899	8,935,685	8,935,685	(99,786)
Fund Balance, June 30, 2017	\$ 10,686,326	\$ 0	\$ (1,365,642)	\$ 9,320,684	\$ 4,931,134	\$ 4,420,694	\$ 4,899,990

Exhibit J-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, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 5,949,897	\$ 0	\$ 0	\$ 5,949,897	\$ 6,034,839	\$ 6,617,378	\$ (667,481)
Total Revenues	\$ 5,949,897	\$ 0	\$ 0	\$ 5,949,897	\$ 6,034,839	\$ 6,617,378	\$ (667,481)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,368,061	\$ 0	\$ 0	\$ 2,368,061	\$ 2,182,321	\$ 2,531,106	\$ 163,045
Special Education Program	2,413,851	(200)	0	2,413,651	2,370,101	2,532,206	118,555
Career and Technical Education Program	153,759	(7,766)	11,679	157,672	151,525	157,672	0
<u>Support Services</u>							
Other Student Support	204,258	(2,362)	1,680	203,576	210,393	212,730	9,154
Regular Instruction Program	739,668	0	0	739,668	1,062,294	1,101,315	361,647
Special Education Program	9,395	0	0	9,395	0	9,601	206
Career and Technical Education Program	3,052	0	0	3,052	4,500	3,052	0
Transportation	7,553	0	0	7,553	10,000	16,153	8,600
Total Expenditures	\$ 5,899,597	\$ (10,328)	\$ 13,359	\$ 5,902,628	\$ 5,991,134	\$ 6,563,835	\$ 661,207
Excess (Deficiency) of Revenues Over Expenditures	\$ 50,300	\$ 10,328	\$ (13,359)	\$ 47,269	\$ 43,705	\$ 53,543	\$ (6,274)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (46,991)	\$ 0	\$ 0	\$ (46,991)	\$ (43,705)	\$ (53,543)	\$ 6,552
Total Other Financing Sources	\$ (46,991)	\$ 0	\$ 0	\$ (46,991)	\$ (43,705)	\$ (53,543)	\$ 6,552
Net Change in Fund Balance	\$ 3,309	\$ 10,328	\$ (13,359)	\$ 278	\$ 0	\$ 0	\$ 278
Fund Balance, July 1, 2016	510,329	(10,328)	0	500,001	0	0	500,001
Fund Balance, June 30, 2017	\$ 513,638	\$ 0	\$ (13,359)	\$ 500,279	\$ 0	\$ 0	\$ 500,279

Exhibit J-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, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,250,610	\$ 0	\$ 0	\$ 1,250,610	\$ 1,065,000	\$ 1,060,900	\$ 189,710
Other Local Revenues	6,044	0	0	6,044	4,000	4,000	2,044
State of Tennessee	55,444	0	0	55,444	56,000	56,000	(556)
Federal Government	5,106,748	0	0	5,106,748	4,686,014	4,690,114	416,634
<b>Total Revenues</b>	<b>\$ 6,418,846</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 6,418,846</b>	<b>\$ 5,811,014</b>	<b>\$ 5,811,014</b>	<b>\$ 607,832</b>
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 59,853	\$ 0	\$ 0	\$ 59,853	\$ 69,000	\$ 69,000	\$ 9,147
<u>Operation of Non-Instructional Services</u>							
Food Service	5,871,989	(24,835)	63,344	5,910,498	6,685,119	6,685,119	774,621
<b>Total Expenditures</b>	<b>\$ 5,931,842</b>	<b>\$ (24,835)</b>	<b>\$ 63,344</b>	<b>\$ 5,970,351</b>	<b>\$ 6,754,119</b>	<b>\$ 6,754,119</b>	<b>\$ 783,768</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 487,004</b>	<b>\$ 24,835</b>	<b>\$ (63,344)</b>	<b>\$ 448,495</b>	<b>\$ (943,105)</b>	<b>\$ (943,105)</b>	<b>\$ 1,391,600</b>
<b>Net Change in Fund Balance</b>	<b>\$ 487,004</b>	<b>\$ 24,835</b>	<b>\$ (63,344)</b>	<b>\$ 448,495</b>	<b>\$ (943,105)</b>	<b>\$ (943,105)</b>	<b>\$ 1,391,600</b>
Fund Balance, July 1, 2016	3,979,848	(24,835)	0	3,955,013	4,097,799	4,097,799	(142,786)
<b>Fund Balance, June 30, 2017</b>	<b>\$ 4,466,852</b>	<b>\$ 0</b>	<b>\$ (63,344)</b>	<b>\$ 4,403,508</b>	<b>\$ 3,154,694</b>	<b>\$ 3,154,694</b>	<b>\$ 1,248,814</b>

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Hamblen County, Tennessee  
Schedule of Changes in Long-term Other Loans and Bonds  
For the Year Ended June 30, 2017

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-16	Paid and/or Matured During Period	Outstanding 6-30-17
<b><u>OTHER LOANS PAYABLE</u></b>							
<b><u>Payable through General Debt Service Fund</u></b>							
Local Government Public Improvement Bonds, Series E-4-A - Refunding	\$ 10,100,000	Variable (1)	8-13-08	6-1-25	\$ 10,100,000	\$ 0	\$ 10,100,000
Local Government Public Improvement Bonds, Series VII-C-2 - Refunding	20,200,000	Variable (1)	11-24-08	6-1-17	360,000	360,000	0
Qualified School Construction Bonds	11,280,000	1.515 %	12-17-09	7-1-26	7,174,185	703,854	6,470,331
Total Payable through General Debt Service Fund					<u>\$ 17,634,185</u>	<u>\$ 1,063,854</u>	<u>\$ 16,570,331</u>
Total Other Loans Payable					<u>\$ 17,634,185</u>	<u>\$ 1,063,854</u>	<u>\$ 16,570,331</u>
<b><u>BONDS PAYABLE</u></b>							
<b><u>Payable through General Debt Service Fund</u></b>							
General Obligation Refunding Bonds, Series 2009	10,860,000	3 to 5	9-23-09	6-1-19	\$ 10,125,000	\$ 2,890,000	\$ 7,235,000
General Obligation Bonds, Series 2014	5,200,000	1.446	3-28-14	6-1-23	4,020,000	595,000	3,425,000
Total Payable through General Debt Service Fund					<u>\$ 14,145,000</u>	<u>\$ 3,485,000</u>	<u>\$ 10,660,000</u>
Total Bonds Payable					<u>\$ 14,145,000</u>	<u>\$ 3,485,000</u>	<u>\$ 10,660,000</u>

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

Exhibit K-2

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

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2018	\$ 703,854	\$ 655,187	\$ 25,352	\$ 1,384,393
2019	703,854	655,187	25,352	1,384,393
2020	2,173,854	655,187	25,352	2,854,393
2021	2,253,854	584,701	21,662	2,860,217
2022	2,333,854	510,378	17,772	2,862,004
2023	2,423,854	432,220	13,680	2,869,754
2024	2,518,854	349,745	9,363	2,877,962
2025	2,618,854	262,716	4,806	2,886,376
2026	773,140	170,892	0	944,032
2027	66,359	14,241	0	80,600
Total	\$ 16,570,331	\$ 4,290,454	\$ 143,339	\$ 21,004,124

Year Ending June 30	Bonds		Total
	Principal	Interest	
2018	\$ 4,180,000	\$ 381,830	\$ 4,561,830
2019	4,270,000	226,730	4,496,730
2020	615,000	36,715	651,715
2021	630,000	28,412	658,412
2022	645,000	18,333	663,333
2023	320,000	6,400	326,400
Total	\$ 10,660,000	\$ 698,420	\$ 11,358,420

Exhibit K-3

Hamblen County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Hamblen County School Department  
For the Year Ended June 30, 2017

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Capital Projects	Cash flow and grant match	\$ 250,000
Total Transfers Primary Government			<u>\$ 250,000</u>
<u>DISCRETELY PRESENTED HAMBLEN COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 46,991
Total Transfers Discretely Presented Hamblen County School Department			<u>\$ 46,991</u>

Exhibit K-4

Hamblen County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Hamblen County School Department  
For the Year Ended June 30, 2017

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 92,807	\$ 100,000	The Cincinnati Insurance Company
Highway Superintendent	Section 8-24-102, <i>TCA</i>	85,649	100,000	RLI Insurance Company
Director of Schools	State Board of Education and County Board of Education	143,683 (1)	100,000	Ohio Casualty Insurance Company
Trustee	Section 8-24-102, <i>TCA</i>	77,863	2,464,079	The Cincinnati Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	79,895 (2)	50,000	RLI Insurance Company
Finance Director	County Commission	65,683 (3)	100,000	The Cincinnati Insurance Company
County Clerk	Section 8-24-102, <i>TCA</i>	77,863	100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	77,863	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	77,863 (4)	100,000	Ohio Casualty Insurance Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	77,863	100,000	The Cincinnati Insurance Company
Sheriff	Section 8-24-102, <i>TCA</i> , and County Commission	88,988 (5)	100,000	"
<b>Employee Blanket Bonds</b>				
	Public Employee Dishonesty - County Departments		500,000	Travelers Property Casualty Company
	Public Employee Dishonesty - School Department		250,000	Liberty Mutual Insurance Company

- (1) Includes a chief executive officer training supplement of \$1,000 and a travel allowance of \$12,000. Does not include a 403(b) contribution of \$7,200.
- (2) Includes a travel related supplement of \$2,032.
- (3) Includes payments for compensatory time of \$8,790.
- (4) Does not include special commissioner fees of \$14,551.
- (5) Includes \$2,739 for serving as workhouse superintendent and \$600 for a law enforcement training supplement.

Exhibit K-5

Hamblen County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2017

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 6,532,074	\$ 1,156,692	\$ 0	\$ 0	\$ 0	4,230,175
Discount on Property Taxes	375,798	0	0	0	0	0
Trustee's Collections - Prior Year	242,089	39,636	0	0	0	153,158
Trustee's Collections - Bankruptcy	64,041	106	0	0	0	40,374
Circuit Clerk/Clerk and Master Collections - Prior Years	74,990	12,695	0	0	0	47,442
Interest and Penalty	71,103	12,209	0	0	0	41,218
Payments in-Lieu-of Taxes - T.V.A.	629	295	0	0	0	398
Payments in-Lieu-of Taxes - Local Utilities	104,026	0	0	0	0	65,812
Payments in-Lieu-of Taxes - Other	21,708	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	9,855	325,975	0	0	165,000	0
Hotel/Motel Tax	140,191	0	0	0	0	0
Wheel Tax	1,433,960	0	0	0	0	0
Litigation Tax - General	162,058	0	0	0	0	0
Litigation Tax - Special Purpose	70,067	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	58,799
Litigation Tax - Courthouse Security	64,982	0	0	0	0	0
Business Tax	978,531	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	34,095	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	0	11,346
Wholesale Beer Tax	0	135,697	0	0	0	0
Interstate Telecommunications Tax	2,782	0	0	0	0	0
Total Local Taxes	\$ 10,348,884	\$ 1,683,305	\$ 0	\$ 0	\$ 199,095	\$ 4,648,722

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 5,728	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	370,842	0	0	0	0	0
<u>Permits</u>						
Beer Permits	0	2,256	0	0	0	0
Building Permits	119,720	0	0	0	0	0
Total Licenses and Permits	\$ 496,290	\$ 2,256	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 1,932	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	18,809	0	0	0	0	0
Drug Control Fines	11,010	0	9,798	0	0	0
Drug Court Fees	1,767	0	0	0	0	0
Jail Fees	1,598	0	0	0	0	5,776
DUI Treatment Fines	1,225	0	0	0	0	0
Data Entry Fee - Circuit Court	5,126	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	33,313	0	0	0	0	0
Fines for Littering	95	0	0	0	0	0
Officers Costs	62,084	0	0	0	0	0
Game and Fish Fines	151	0	0	0	0	0
Drug Control Fines	0	0	6,667	0	0	0
Drug Court Fees	8,144	0	0	0	0	0
Jail Fees	43,483	0	0	0	0	44,063
Interpreter Fee	24	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
DUI Treatment Fines	\$ 7,939	\$ 0	\$ 0	\$ 0	\$ 0	0
Data Entry Fee - General Sessions Court	25,376	0	0	0	0	0
Courtroom Security Fee	1,358	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	3,092	0	0	0	0	0
Officers Costs	6,069	0	0	0	0	0
Drug Control Fines	4,888	0	0	0	0	0
Data Entry Fee - Juvenile Court	2,922	0	0	0	0	0
<u>Chancery Court</u>						
Data Entry Fee - Chancery Court	5,511	0	0	0	0	0
<u>Other Courts - In-county</u>						
Drug Court Fees	1,760	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	820	0	38,075	0	0	0
Other Fines, Forfeitures, and Penalties	125	0	7	0	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 248,621</b>	<b>\$ 0</b>	<b>\$ 54,547</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>49,839</b>
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 5,079	\$ 0	\$ 0	\$ 0	\$ 0	0
Work Release Charges for Board	7,850	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	100,215	0	0	0	0	0
Copy Fees	9,789	0	0	0	0	0
Telephone Commissions	72,314	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Vending Machine Collections	\$ 128	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Tourism Fees	47,725	0	0	0	0	0
Electronic Citation Fee	4	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	12,447	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	14,551	0	0
Data Processing Fee - Register	18,226	0	0	0	0	0
Probation Fees	950	0	0	0	0	0
Data Processing Fee - Sheriff	14,071	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	4,200	0	0	0	0	0
Data Processing Fee - County Clerk	7,002	0	0	0	0	0
<u>Education Charges</u>						
Community Service Fees - Adults	7,759	0	0	0	0	0
<b>Total Charges for Current Services</b>	<b>\$ 295,312</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 26,998</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 1,942	\$ 0	\$ 188	\$ 0	\$ 0	\$ 53,778
Lease/Rentals	57,822	0	0	0	0	0
Sale of Materials and Supplies	543	4,645	0	0	0	0
Commissary Sales	16,432	0	0	0	0	0
Miscellaneous Refunds	22,296	167	0	0	9,721	0
Expenditure Credits	2,494	323	0	0	209	0
<u>Nonrecurring Items</u>						
Sale of Equipment	10,669	49,056	0	0	28,824	0
Damages Recovered from Individuals	0	0	2,874	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>						
Other Local Revenues	\$ 3,006	\$ 0	\$ 0	\$ 0	\$ 0	\$ 500,000
Total Other Local Revenues	\$ 115,204	\$ 54,191	\$ 3,062	\$ 0	\$ 38,754	\$ 553,778
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 751,883	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	335,076	0	0	0	0	0
General Sessions Court Clerk	652,419	0	0	0	0	0
Clerk and Master	303,070	0	0	0	0	0
Juvenile Court Clerk	62,818	0	0	0	0	0
Register	249,356	0	0	0	0	0
Sheriff	24,149	0	0	0	0	0
Trustee	951,780	0	0	0	0	0
Total Fees Received From County Officials	\$ 3,330,551	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	68,859	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	22,200	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	464,657	0	0	0	0	0
<u>Public Works Grants</u>						
Litter Program	35,705	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues</u>						
Income Tax	\$ 130,090	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Beer Tax	0	18,415	0	0	0	0
Vehicle Certificate of Title Fees	16,668	0	0	0	0	0
Alcoholic Beverage Tax	91,306	0	0	0	0	0
State Revenue Sharing - T.V.A.	689,305	0	0	0	200,000	0
Contracted Prisoner Boarding	742,889	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,750,982	0
Petroleum Special Tax	0	0	0	0	45,128	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	80,000	0	0	0	0	0
Other State Revenues	20,728	0	0	0	0	0
<b>Total State of Tennessee</b>	<b>\$ 2,386,571</b>	<b>\$ 18,415</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,996,110</b>	<b>\$ 0</b>
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 29,200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	15,902	0	0	0	0	0
Other Federal through State	10,000	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Asset Forfeiture Funds	0	0	2,689	0	0	0
Other Direct Federal Revenue	36,461	0	0	0	0	0
<b>Total Federal Government</b>	<b>\$ 91,563</b>	<b>\$ 0</b>	<b>\$ 2,689</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 9,818	\$ 0	\$ 0	0
Contracted Services	139,109	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	1,015	0	0	0	0	0
<u>Other</u>						
Other	1,000	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 141,124</u>	<u>\$ 0</u>	<u>\$ 9,818</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
Total	<u>\$ 17,454,120</u>	<u>\$ 1,758,167</u>	<u>\$ 70,116</u>	<u>\$ 26,998</u>	<u>\$ 2,233,959</u>	<u>\$ 5,252,339</u>

(Continued)

Exhibit K-5

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

	<u>Capital Projects Funds</u>		Total
	General Capital Projects	Highway Capital Projects	
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 0	\$ 0	\$ 11,918,941
Discount on Property Taxes	0	0	375,798
Trustee's Collections - Prior Year	0	0	434,883
Trustee's Collections - Bankruptcy	0	0	104,521
Circuit Clerk/Clerk and Master Collections - Prior Years	0	0	135,127
Interest and Penalty	0	0	124,530
Payments in-Lieu-of Taxes - T.V.A.	0	0	1,322
Payments in-Lieu-of Taxes - Local Utilities	0	0	169,838
Payments in-Lieu-of Taxes - Other	0	0	21,708
<u>County Local Option Taxes</u>			
Local Option Sales Tax	0	300,000	800,830
Hotel/Motel Tax	0	0	140,191
Wheel Tax	0	0	1,433,960
Litigation Tax - General	0	0	162,058
Litigation Tax - Special Purpose	0	0	70,067
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	58,799
Litigation Tax - Courthouse Security	0	0	64,982
Business Tax	0	0	978,531
Mineral Severance Tax	0	0	34,095
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0	0	11,346
Wholesale Beer Tax	0	0	135,697
Interstate Telecommunications Tax	0	0	2,782
Total Local Taxes	<u>\$ 0</u>	<u>\$ 300,000</u>	<u>\$ 17,180,006</u>

(Continued)

Exhibit K-5

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

	<u>Capital Projects Funds</u>		Total
	General Capital Projects	Highway Capital Projects	
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 0	\$ 0	\$ 5,728
Cable TV Franchise	0	0	370,842
<u>Permits</u>			
Beer Permits	0	0	2,256
Building Permits	0	0	119,720
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 498,546</u>
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$ 0	\$ 0	1,932
Officers Costs	0	0	18,809
Drug Control Fines	0	0	20,808
Drug Court Fees	0	0	1,767
Jail Fees	0	0	7,374
DUI Treatment Fines	0	0	1,225
Data Entry Fee - Circuit Court	0	0	5,126
<u>General Sessions Court</u>			
Fines	0	0	33,313
Fines for Littering	0	0	95
Officers Costs	0	0	62,084
Game and Fish Fines	0	0	151
Drug Control Fines	0	0	6,667
Drug Court Fees	0	0	8,144
Jail Fees	0	0	87,546
Interpreter Fee	0	0	24

(Continued)

Exhibit K-5

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

	<u>Capital Projects Funds</u>		Total
	General Capital Projects	Highway Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>General Sessions Court (Cont.)</u>			
DUI Treatment Fines	\$ 0	\$ 0	\$ 7,939
Data Entry Fee - General Sessions Court	0	0	25,376
Courtroom Security Fee	0	0	1,358
<u>Juvenile Court</u>			
Fines	0	0	3,092
Officers Costs	0	0	6,069
Drug Control Fines	0	0	4,888
Data Entry Fee - Juvenile Court	0	0	2,922
<u>Chancery Court</u>			
Data Entry Fee - Chancery Court	0	0	5,511
<u>Other Courts - In-county</u>			
Drug Court Fees	0	0	1,760
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property	0	0	38,895
Other Fines, Forfeitures, and Penalties	0	0	132
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 353,007</u>
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Patient Charges	\$ 0	\$ 0	\$ 5,079
Work Release Charges for Board	0	0	7,850
<u>Fees</u>			
Recreation Fees	0	0	100,215
Copy Fees	0	0	9,789
Telephone Commissions	0	0	72,314

(Continued)

Exhibit K-5

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

	<u>Capital Projects Funds</u>		Total
	General Capital Projects	Highway Capital Projects	
<u>Charges for Current Services (Cont.)</u>			
<u>Fees (Cont.)</u>			
Vending Machine Collections	\$ 0	\$ 0	\$ 128
Tourism Fees	0	0	47,725
Electronic Citation Fee	0	0	4
Constitutional Officers' Fees and Commissions	0	0	12,447
Special Commissioner Fees/Special Master Fees	0	0	14,551
Data Processing Fee - Register	0	0	18,226
Probation Fees	0	0	950
Data Processing Fee - Sheriff	0	0	14,071
Sexual Offender Registration Fee - Sheriff	0	0	4,200
Data Processing Fee - County Clerk	0	0	7,002
<u>Education Charges</u>			
Community Service Fees - Adults	0	0	7,759
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 322,310</u>
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 0	\$ 0	\$ 55,908
Lease/Rentals	0	0	57,822
Sale of Materials and Supplies	0	0	5,188
Commissary Sales	0	0	16,432
Miscellaneous Refunds	0	0	32,184
Expenditure Credits	0	0	3,026
<u>Nonrecurring Items</u>			
Sale of Equipment	0	0	88,549
Damages Recovered from Individuals	0	0	2,874

(Continued)

Exhibit K-5

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

	<u>Capital Projects Funds</u>		Total
	General Capital Projects	Highway Capital Projects	
<u>Other Local Revenues (Cont.)</u>			
<u>Other Local Revenues</u>			
Other Local Revenues	\$ 0	\$ 0	\$ 503,006
Total Other Local Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 764,989</u>
<u>Fees Received From County Officials</u>			
<u>Fees In-Lieu-of Salary</u>			
County Clerk	\$ 0	\$ 0	\$ 751,883
Circuit Court Clerk	0	0	335,076
General Sessions Court Clerk	0	0	652,419
Clerk and Master	0	0	303,070
Juvenile Court Clerk	0	0	62,818
Register	0	0	249,356
Sheriff	0	0	24,149
Trustee	0	0	951,780
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,330,551</u>
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	\$ 0	\$ 0	\$ 9,000
Solid Waste Grants	0	0	68,859
<u>Public Safety Grants</u>			
Law Enforcement Training Programs	0	0	22,200
<u>Health and Welfare Grants</u>			
Health Department Programs	0	0	464,657
<u>Public Works Grants</u>			
Litter Program	0	0	35,705

(Continued)

Exhibit K-5

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

	Capital Projects Funds		Total
	General Capital Projects	Highway Capital Projects	
<u>State of Tennessee (Cont.)</u>			
<u>Other State Revenues</u>			
Income Tax	\$ 0	\$ 0	\$ 130,090
Beer Tax	0	0	18,415
Vehicle Certificate of Title Fees	0	0	16,668
Alcoholic Beverage Tax	0	0	91,306
State Revenue Sharing - T.V.A.	0	0	889,305
Contracted Prisoner Boarding	0	0	742,889
Gasoline and Motor Fuel Tax	0	0	1,750,982
Petroleum Special Tax	0	0	45,128
Registrar's Salary Supplement	0	0	15,164
Other State Grants	0	0	80,000
Other State Revenues	0	0	20,728
Total State of Tennessee	\$ 0	\$ 0	\$ 4,401,096
<u>Federal Government</u>			
<u>Federal Through State</u>			
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 29,200
Homeland Security Grants	0	0	15,902
Other Federal through State	9,952	27,153	47,105
<u>Direct Federal Revenue</u>			
Asset Forfeiture Funds	0	0	2,689
Other Direct Federal Revenue	0	0	36,461
Total Federal Government	\$ 9,952	\$ 27,153	\$ 131,357

(Continued)

Exhibit K-5

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

	<u>Capital Projects Funds</u>		
	General Capital Projects	Highway Capital Projects	Total
<hr/>			
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$ 0	\$ 0	\$ 9,818
Contracted Services	0	0	139,109
<u>Citizens Groups</u>			
Donations	0	0	1,015
<u>Other</u>			
Other	0	0	1,000
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 150,942</u>
Total	<u>\$ 9,952</u>	<u>\$ 327,153</u>	<u>\$ 27,132,804</u>

Exhibit K-6

Hamblen County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Hamblen County School Department  
For the Year Ended June 30, 2017

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 12,846,836	\$ 0	\$ 0	\$ 12,846,836
Trustee's Collections - Prior Year	454,965	0	0	454,965
Trustee's Collections - Bankruptcy	123,885	0	0	123,885
Circuit Clerk/Clerk and Master Collections - Prior Years	179,591	0	0	179,591
Interest and Penalty	131,927	0	0	131,927
Payments in-Lieu-of Taxes - T.V.A.	1,233	0	0	1,233
Payments in-Lieu-of Taxes - Local Utilities	203,807	0	0	203,807
<u>County Local Option Taxes</u>				
Local Option Sales Tax	13,165,048	0	0	13,165,048
Mixed Drink Tax	44,212	0	0	44,212
<u>Statutory Local Taxes</u>				
Bank Excise Tax	45,384	0	0	45,384
Interstate Telecommunications Tax	5,209	0	0	5,209
Total Local Taxes	<u>\$ 27,202,097</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 27,202,097</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 119,823	\$ 0	\$ 0	\$ 119,823
Tuition - Other	281,780	0	0	281,780
Lunch Payments - Children	0	0	905,208	905,208
Lunch Payments - Adults	0	0	99,266	99,266
A la Carte Sales	0	0	150,113	150,113
Receipts from Individual Schools	227,605	0	0	227,605
Other Charges for Services	189,475	0	96,023	285,498
Total Charges for Current Services	<u>\$ 818,683</u>	<u>\$ 0</u>	<u>\$ 1,250,610</u>	<u>\$ 2,069,293</u>

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>			Total
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 6,044	\$ 6,044
Lease/Rentals	5,829	0	0	5,829
Sale of Materials and Supplies	983	0	0	983
E-Rate Funding	56,033	0	0	56,033
Miscellaneous Refunds	20,902	0	0	20,902
<u>Nonrecurring Items</u>				
Sale of Equipment	5,937	0	0	5,937
Damages Recovered from Individuals	1,522	0	0	1,522
Contributions and Gifts	71,497	0	0	71,497
<u>Other Local Revenues</u>				
Other Local Revenues	1,171	0	0	1,171
Total Other Local Revenues	<u>\$ 163,874</u>	<u>\$ 0</u>	<u>\$ 6,044</u>	<u>\$ 169,918</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 502,211	\$ 0	\$ 0	\$ 502,211
<u>State Education Funds</u>				
Basic Education Program	49,156,000	0	0	49,156,000
Early Childhood Education	633,331	0	0	633,331
School Food Service	0	0	55,444	55,444
Other State Education Funds	27,100	0	0	27,100
Career Ladder Program	221,035	0	0	221,035
<u>Other State Revenues</u>				
Other State Grants	233,457	0	0	233,457

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues (Cont.)</u>				
Other State Revenues	\$ 1,399	\$ 0	\$ 0	\$ 1,399
Total State of Tennessee	<u>\$ 50,774,533</u>	<u>\$ 0</u>	<u>\$ 55,444</u>	<u>\$ 50,829,977</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 3,341,853	\$ 3,341,853
USDA - Commodities	0	0	484,596	484,596
Breakfast	0	0	1,244,830	1,244,830
USDA - Other	0	0	31,369	31,369
Vocational Education - Basic Grants to States	0	201,060	0	201,060
Other Vocational	37,197	0	0	37,197
Title I Grants to Local Education Agencies	0	2,843,524	0	2,843,524
Special Education - Grants to States	170,756	2,305,647	0	2,476,403
Special Education Preschool Grants	0	117,679	0	117,679
English Language Acquisition Grants	0	136,650	0	136,650
Education for Homeless Children and Youth	0	66,555	0	66,555
Eisenhower Professional Development State Grants	0	278,782	0	278,782
Other Federal through State	34,981	0	4,100	39,081
Total Federal Government	<u>\$ 242,934</u>	<u>\$ 5,949,897</u>	<u>\$ 5,106,748</u>	<u>\$ 11,299,579</u>
Total	<u>\$ 79,202,121</u>	<u>\$ 5,949,897</u>	<u>\$ 6,418,846</u>	<u>\$ 91,570,864</u>

Exhibit K-7

Hamblen County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2017

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	71,400	
Pensions		3,860	
Life Insurance		366	
Medical Insurance		72,605	
Employer Medicare		813	
Audit Services		22,516	
Contracts with Private Agencies		1,300	
Dues and Memberships		4,244	
Travel		97	
Office Supplies		377	
Other Charges		1,739	
Total County Commission			\$ 179,317

Board of Equalization

Board and Committee Members Fees	\$	2,125	
Total Board of Equalization			2,125

County Mayor/Executive

County Official/Administrative Officer	\$	92,807	
Assistant(s)		31,229	
Social Security		7,300	
Pensions		11,237	
Life Insurance		52	
Medical Insurance		20,428	
Employer Medicare		1,705	
Communication		2,353	
Dues and Memberships		2,004	
Postal Charges		3,909	
Printing, Stationery, and Forms		1,790	
Rentals		5,998	
Travel		3,249	
Office Supplies		3,891	
Other Charges		8,557	
Total County Mayor/Executive			196,509

County Attorney

Other Salaries and Wages	\$	1,200	
Social Security		74	
Employer Medicare		18	
Legal Services		20,741	
Total County Attorney			22,033

Election Commission

County Official/Administrative Officer	\$	70,077	
Deputy(ies)		55,684	
Overtime Pay		146	
Election Commission		10,563	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Election Workers	\$	54,426	
Social Security		8,696	
Pensions		11,419	
Life Insurance		78	
Medical Insurance		21,943	
Employer Medicare		2,031	
Communication		248	
Contracts with Private Agencies		22,890	
Dues and Memberships		250	
Legal Notices, Recording, and Court Costs		10,910	
Maintenance Agreements		16,150	
Postal Charges		3,027	
Printing, Stationery, and Forms		790	
Rentals		1,591	
Travel		6,549	
Office Supplies		2,796	
Office Equipment		1,280	
Total Election Commission			\$ 301,544

Register of Deeds

County Official/Administrative Officer	\$	77,863	
Deputy(ies)		92,340	
Part-time Personnel		26,774	
Social Security		11,884	
Pensions		15,404	
Life Insurance		105	
Medical Insurance		29,866	
Employer Medicare		2,768	
Communication		17	
Dues and Memberships		860	
Postal Charges		512	
Travel		453	
Office Supplies		4,600	
Data Processing Equipment		19,183	
Total Register of Deeds			282,629

Planning

County Official/Administrative Officer	\$	42,563	
Deputy(ies)		34,159	
Secretary(ies)		34,000	
Part-time Personnel		7,000	
Board and Committee Members Fees		16,600	
Social Security		7,875	
Pensions		10,031	
Life Insurance		78	
Medical Insurance		33,772	
Employer Medicare		1,851	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Communication	\$	1,478	
Contracts with Private Agencies		14,595	
Dues and Memberships		160	
Legal Services		1,748	
Legal Notices, Recording, and Court Costs		757	
Maintenance and Repair Services - Vehicles		410	
Postal Charges		277	
Printing, Stationery, and Forms		473	
Rentals		1,266	
Travel		36	
Gasoline		970	
Office Supplies		2,214	
Refunds		44	
In Service/Staff Development		1,017	
Data Processing Equipment		286	
Total Planning			\$ 213,660

Geographical Information Systems

Contracts with Government Agencies	\$	30,388	
Other Contracted Services		40	
Total Geographical Information Systems			30,428

Other Facilities

Supervisor/Director	\$	35,713	
Custodial Personnel		72,847	
Maintenance Personnel		55,588	
Part-time Personnel		21,008	
Overtime Pay		8,965	
Social Security		11,289	
Pensions		15,593	
Life Insurance		156	
Medical Insurance		59,568	
Employer Medicare		2,634	
Communication		24,938	
Maintenance Agreements		33,804	
Maintenance and Repair Services - Buildings		27,325	
Maintenance and Repair Services - Equipment		2,231	
Maintenance and Repair Services - Vehicles		2,017	
Pest Control		3,774	
Other Contracted Services		590	
Custodial Supplies		32,230	
Electricity		305,526	
Gasoline		2,901	
Natural Gas		21,367	
Uniforms		4,679	
Maintenance Equipment		1,529	
Total Other Facilities			746,272

(Continued)

## Exhibit K-7

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

General Fund (Cont.)General Government (Cont.)Preservation of Records

Supervisor/Director	\$	12,592	
Social Security		781	
Employer Medicare		182	
Postal Charges		5	
Rentals		1,591	
Office Supplies		3,996	
Data Processing Equipment		12,536	
Total Preservation of Records			\$ 31,683

FinanceAccounting and Budgeting

County Official/Administrative Officer	\$	56,893	
Accountants/Bookkeepers		131,754	
Overtime Pay		8,790	
Social Security		11,479	
Pensions		17,887	
Life Insurance		128	
Medical Insurance		51,974	
Employer Medicare		2,681	
Contracts with Private Agencies		10,438	
Dues and Memberships		1,269	
Maintenance Agreements		12,712	
Printing, Stationery, and Forms		569	
Travel		1,700	
Office Supplies		3,876	
In Service/Staff Development		3,148	
Total Accounting and Budgeting			315,298

Purchasing

Purchasing Personnel	\$	34,426	
Social Security		2,007	
Pensions		3,120	
Life Insurance		26	
Medical Insurance		6,251	
Employer Medicare		469	
Advertising		2,197	
Office Supplies		371	
Total Purchasing			48,867

Property Assessor's Office

County Official/Administrative Officer	\$	79,895	
Deputy(ies)		140,015	
Data Processing Personnel		33,695	
Social Security		14,821	
Pensions		22,827	
Life Insurance		157	
Medical Insurance		49,882	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Employer Medicare	\$	3,472	
Communication		27	
Contracts with Government Agencies		16,209	
Dues and Memberships		1,300	
Maintenance and Repair Services - Vehicles		1,089	
Postal Charges		1,749	
Printing, Stationery, and Forms		272	
Travel		964	
Data Processing Supplies		206	
Gasoline		1,733	
Office Supplies		2,294	
Premiums on Corporate Surety Bonds		453	
Data Processing Equipment		518	
Total Property Assessor's Office	\$		371,578

Reappraisal Program

Deputy(ies)	\$	31,652	
Part-time Personnel		240	
Social Security		1,799	
Pensions		2,867	
Life Insurance		26	
Medical Insurance		11,113	
Employer Medicare		418	
Contracts with Government Agencies		5,800	
Contracts with Private Agencies		74,510	
Legal Services		149	
Postal Charges		1,190	
Rentals		1,303	
Other Contracted Services		5,750	
Other Supplies and Materials		14	
Total Reappraisal Program			136,831

County Trustee's Office

County Official/Administrative Officer	\$	77,863	
Deputy(ies)		119,510	
Part-time Personnel		3,716	
Overtime Pay		3,469	
Social Security		11,945	
Pensions		18,121	
Life Insurance		130	
Medical Insurance		47,895	
Employer Medicare		2,795	
Communication		3	
Dues and Memberships		935	
Maintenance Agreements		15,357	
Maintenance and Repair Services - Buildings		150	
Postal Charges		9,071	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Printing, Stationery, and Forms	\$	8,035	
Rentals		1,591	
Travel		2,629	
Office Supplies		1,449	
In Service/Staff Development		650	
Total County Trustee's Office			\$ 325,314

County Clerk's Office

County Official/Administrative Officer	\$	77,863	
Deputy(ies)		305,390	
Social Security		22,488	
Pensions		34,401	
Life Insurance		288	
Medical Insurance		87,313	
Employer Medicare		5,246	
Communication		993	
Dues and Memberships		900	
Maintenance Agreements		21,869	
Maintenance and Repair Services - Office Equipment		200	
Postal Charges		18,473	
Printing, Stationery, and Forms		1,247	
Rentals		1,773	
Travel		4,245	
Office Supplies		7,631	
Premiums on Corporate Surety Bonds		347	
Data Processing Equipment		4,148	
Office Equipment		1,357	
Total County Clerk's Office			596,172

Data Processing

Supervisor/Director	\$	36,983	
Social Security		2,014	
Pensions		3,351	
Life Insurance		26	
Medical Insurance		15,429	
Employer Medicare		468	
Communication		600	
Contracts with Private Agencies		3,359	
Data Processing Services		10,954	
Maintenance Agreements		4,555	
Travel		415	
Data Processing Supplies		597	
In Service/Staff Development		123	
Data Processing Equipment		22,350	
Total Data Processing			101,224

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Other Finance

Deputy(ies)	\$	170,888	
Social Security		9,729	
Pensions		15,482	
Life Insurance		157	
Medical Insurance		60,977	
Employer Medicare		2,267	
Communication		5,102	
Operating Lease Payments		26,580	
Maintenance and Repair Services - Buildings		464	
Rentals		703	
Office Supplies		1,916	
Data Processing Equipment		1,815	
Office Equipment		325	
Total Other Finance			\$ 296,405

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	77,863	
Deputy(ies)		369,088	
Part-time Personnel		58,625	
Overtime Pay		1,237	
Other Salaries and Wages		22,494	
Jury and Witness Expense		18,896	
Social Security		31,666	
Pensions		40,534	
Life Insurance		361	
Medical Insurance		105,512	
Employer Medicare		7,406	
Communication		1,356	
Dues and Memberships		820	
Legal Notices, Recording, and Court Costs		306	
Maintenance Agreements		33,114	
Postal Charges		5,022	
Printing, Stationery, and Forms		12,131	
Rentals		7,034	
Travel		27	
Other Contracted Services		2,611	
Office Supplies		13,153	
Office Equipment		7,914	
Total Circuit Court			817,170

General Sessions Court

Judge(s)	\$	322,672	
Other Salaries and Wages		6,578	
Social Security		14,808	
Pensions		29,597	
Life Insurance		52	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Medical Insurance	\$	21,642	
Employer Medicare		4,650	
Communication		280	
Dues and Memberships		2,044	
Travel		2,515	
Other Contracted Services		1,316	
Office Supplies		2,482	
In Service/Staff Development		305	
Total General Sessions Court			\$ 408,941

Drug Court

Supervisor/Director	\$	33,716	
Deputy(ies)		35,311	
Part-time Personnel		13,923	
Social Security		5,139	
Pensions		6,464	
Life Insurance		69	
Medical Insurance		18,293	
Employer Medicare		1,137	
Communication		2,837	
Dues and Memberships		355	
Evaluation and Testing		10,124	
Maintenance Agreements		2,750	
Maintenance and Repair Services - Vehicles		447	
Printing, Stationery, and Forms		68	
Rentals		1,591	
Travel		4,593	
Drug Treatment		140	
Gasoline		226	
Office Supplies		2,222	
Other Supplies and Materials		1,724	
Total Drug Court			141,129

Chancery Court

County Official/Administrative Officer	\$	77,863	
Deputy(ies)		124,478	
Part-time Personnel		15,274	
Social Security		12,446	
Pensions		18,332	
Life Insurance		131	
Medical Insurance		60,733	
Employer Medicare		2,910	
Communication		301	
Dues and Memberships		720	
Maintenance Agreements		14,843	
Postal Charges		9,137	
Printing, Stationery, and Forms		776	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Rentals	\$	2,042	
Travel		1,690	
Office Supplies		4,414	
Premiums on Corporate Surety Bonds		228	
In Service/Staff Development		935	
Total Chancery Court			\$ 347,253

Juvenile Court

Assistant(s)	\$	36,489	
Supervisor/Director		48,778	
Probation Officer(s)		37,208	
Educational Assistants		33,177	
Attendants		54,599	
Social Security		12,584	
Pensions		14,101	
Life Insurance		105	
Medical Insurance		29,693	
Employer Medicare		2,931	
Communication		547	
Contracts with Government Agencies		7,045	
Dues and Memberships		35	
Evaluation and Testing		2,224	
Maintenance and Repair Services - Vehicles		60	
Postal Charges		212	
Rentals		1,591	
Travel		1,654	
Other Contracted Services		3,504	
Food Supplies		1,096	
Gasoline		210	
Office Supplies		4,574	
In Service/Staff Development		995	
Total Juvenile Court			293,412

Courtroom Security

Guards	\$	255,637	
Part-time Personnel		206,974	
Overtime Pay		77,493	
Social Security		32,861	
Pensions		36,453	
Life Insurance		206	
Medical Insurance		64,150	
Employer Medicare		7,608	
Evaluation and Testing		1,710	
Travel		1,899	
Uniforms		6,819	
In Service/Staff Development		17,790	
Law Enforcement Equipment		46,408	
Total Courtroom Security			756,008

(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	\$	88,988	
Supervisor/Director		55,374	
Deputy(ies)		585,627	
Captain(s)		52,937	
Lieutenant(s)		273,675	
Sergeant(s)		366,093	
Salary Supplements		22,200	
Clerical Personnel		140,149	
Overtime Pay		134,243	
Social Security		100,779	
Pensions		189,353	
Life Insurance		1,052	
Medical Insurance		381,211	
Employer Medicare		23,601	
Advertising		185	
Communication		39,125	
Dues and Memberships		2,540	
Maintenance Agreements		900	
Maintenance and Repair Services - Equipment		5,451	
Maintenance and Repair Services - Vehicles		67,014	
Postal Charges		3,398	
Printing, Stationery, and Forms		3,304	
Rentals		3,776	
Towing Services		905	
Travel		38,294	
Other Contracted Services		3,181	
Gasoline		92,316	
Law Enforcement Supplies		9,931	
Lubricants		5,473	
Office Supplies		13,515	
Tires and Tubes		17,341	
Uniforms		7,853	
Other Supplies and Materials		8,898	
In Service/Staff Development		15,076	
Other Charges		10,901	
Law Enforcement Equipment		34,720	
Total Sheriff's Department			\$ 2,799,379

Administration of the Sexual Offender Registry

Contracts with Government Agencies	\$	1,350	
Data Processing Services		102	
Maintenance Agreements		359	
Office Supplies		56	
Data Processing Equipment		330	
Total Administration of the Sexual Offender Registry			2,197

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Captain(s)	\$	42,113	
Lieutenant(s)		37,964	
Sergeant(s)		130,586	
Guards		1,251,363	
Cafeteria Personnel		81,083	
Overtime Pay		58,185	
Social Security		94,302	
Pensions		143,287	
Life Insurance		1,340	
Medical Insurance		432,485	
Employer Medicare		21,930	
Evaluation and Testing		2,500	
Maintenance Agreements		19,120	
Maintenance and Repair Services - Buildings		70,423	
Maintenance and Repair Services - Equipment		6,132	
Medical and Dental Services		1,019,347	
Rentals		2,030	
Travel		5,704	
Custodial Supplies		58,288	
Drugs and Medical Supplies		99,184	
Food Supplies		444,030	
Office Supplies		4,780	
Prisoners Clothing		9,921	
In Service/Staff Development		800	
Other Charges		8,572	
Food Service Equipment		19,867	
Law Enforcement Equipment		20,523	
Other Equipment		31,639	
Total Jail			\$ 4,117,498

Workhouse

Guards	\$	53,706	
Social Security		2,858	
Pensions		4,812	
Life Insurance		52	
Medical Insurance		29,292	
Employer Medicare		667	
Total Workhouse			91,387

Work Release Program

Supervisor/Director	\$	40,644	
Laborers		49,898	
Secretary(ies)		30,354	
Other Salaries and Wages		1,056	
Social Security		7,018	
Pensions		11,048	
Life Insurance		103	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Work Release Program (Cont.)

Medical Insurance	\$	35,990	
Employer Medicare		1,627	
Communication		1,267	
Maintenance and Repair Services - Vehicles		3,818	
Postal Charges		19	
Printing, Stationery, and Forms		540	
Other Contracted Services		2,730	
Gasoline		2,498	
Office Supplies		1,253	
Testing		245	
Other Supplies and Materials		1,161	
Total Work Release Program			\$ 191,269

Fire Prevention and Control

Contributions	\$	200,000	
Total Fire Prevention and Control			200,000

Civil Defense

Supervisor/Director	\$	38,958	
Part-time Personnel		16,583	
Social Security		3,437	
Pensions		3,671	
Life Insurance		26	
Medical Insurance		5,993	
Employer Medicare		805	
Communication		600	
Evaluation and Testing		50	
Maintenance and Repair Services - Vehicles		2,463	
Postal Charges		32	
Travel		774	
Gasoline		3,759	
Office Supplies		653	
Uniforms		1,055	
Liability Insurance		300	
Other Charges		8,720	
Communication Equipment		2,437	
Total Civil Defense			90,316

Other Emergency Management

Contributions	\$	169,793	
Other Equipment		2,636	
Total Other Emergency Management			172,429

Inspection and Regulation

Board and Committee Members Fees	\$	3,600	
Social Security		223	
Employer Medicare		52	
Evaluation and Testing		831	
Total Inspection and Regulation			4,706

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Contracts with Private Agencies	\$	96,780	
Other Contracted Services		9,000	
Office Supplies		1,980	
Premiums on Corporate Surety Bonds		372	
Total County Coroner/Medical Examiner	\$		108,132

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	311,780	
Social Security		17,330	
Pensions		26,491	
Life Insurance		275	
Medical Insurance		101,924	
Employer Medicare		4,059	
Contracts with Government Agencies		65,655	
Contracts with Other Public Agencies		1,161	
Travel		2,379	
Other Contracted Services		37,081	
Other Supplies and Materials		9,253	
Other Charges		9,644	
Total Local Health Center			587,032

Rabies and Animal Control

Contributions	\$	133,500	
Total Rabies and Animal Control			133,500

Nursing Home

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

Alcohol and Drug Programs

Contributions	\$	1,295	
Total Alcohol and Drug Programs			1,295

Crippled Children Services

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

Appropriation to State

Contributions	\$	109,233	
Total Appropriation to State			109,233

Aid to Dependent Children

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

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Welfare Services

Contributions	\$ 29,080	
Total Other Local Welfare Services		\$ 29,080

Social, Cultural, and Recreational Services

Adult Activities

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

Senior Citizens Assistance

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

Libraries

Contributions	\$ 267,250	
Total Libraries		267,250

Parks and Fair Boards

Supervisor/Director	\$ 40,592	
Maintenance Personnel	28,171	
Overtime Pay	29,977	
Social Security	6,143	
Pensions	8,959	
Life Insurance	52	
Medical Insurance	11,868	
Employer Medicare	1,429	
Communication	2,268	
Maintenance and Repair Services - Equipment	3,105	
Maintenance and Repair Services - Vehicles	533	
Other Contracted Services	4,474	
Custodial Supplies	6,665	
Diesel Fuel	1,502	
Electricity	37,767	
Gasoline	3,285	
Uniforms	942	
Water and Sewer	20,704	
Other Supplies and Materials	899	
Liability Insurance	10,668	
Refunds	125	
Workers' Compensation Insurance	4,462	
Other Charges	4,442	
Other Construction	10,232	
Total Parks and Fair Boards		239,264

Other Social, Cultural, and Recreational

Contracts with Government Agencies	\$ 74,107	
Contributions	229,500	
Total Other Social, Cultural, and Recreational		303,607

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	144,369	
Communication		73	
Travel		1,157	
Office Supplies		4,134	
Total Agricultural Extension Service	\$		149,733

Forest Service

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

Soil Conservation

Secretary(ies)	\$	26,824	
Social Security		1,413	
Pensions		2,432	
Life Insurance		26	
Medical Insurance		14,646	
Employer Medicare		330	
Total Soil Conservation			45,671

Storm Water Management

Engineering Services	\$	7,595	
Other Contracted Services		27,365	
Instructional Supplies and Materials		163	
Total Storm Water Management			35,123

Other Operations

Tourism

Contributions	\$	22,500	
Travel		8	
Other Contracted Services		38,499	
Total Tourism			61,007

Industrial Development

Contributions	\$	57,000	
Contracts for Development Costs		375,797	
Total Industrial Development			432,797

Veterans' Services

County Official/Administrative Officer	\$	15,700	
Social Security		932	
Employer Medicare		228	
Communication		33	
Maintenance Agreements		399	
Postal Charges		15	
Printing, Stationery, and Forms		45	
Office Supplies		267	
Total Veterans' Services			17,619

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

Handling Charges and Administrative Costs	\$	930	
Unemployment Compensation		17,288	
Other Fringe Benefits		2,800	
Contracts with Private Agencies		60,868	
Liability Insurance		528,427	
Workers' Compensation Insurance		158,892	
Liability Claims		90,279	
Surcharge		11,004	
Total Employee Benefits			\$ 870,488

Miscellaneous

Contracts with Other Public Agencies	\$	15,404	
Other Contracted Services		10,691	
Trustee's Commission		187,915	
Total Miscellaneous			214,010

Operation of Non-Instructional Services

Community Services

Contributions	\$	5,500	
Total Community Services			5,500

Capital Projects

General Administration Projects

Data Processing Equipment	\$	32,845	
Motor Vehicles		19,118	
Total General Administration Projects			51,963

Administration of Justice Projects

Data Processing Equipment	\$	234	
Total Administration of Justice Projects			234

Public Safety Projects

Architects	\$	126,435	
Motor Vehicles		426,771	
Total Public Safety Projects			553,206

Public Health and Welfare Projects

Building Improvements	\$	84,000	
Total Public Health and Welfare Projects			84,000

Total General Fund \$ 18,966,069

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Mechanic(s)	\$	54,789	
Equipment Operators - Heavy		138,535	

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Truck Drivers	\$	209,586	
Laborers		150,982	
Overtime Pay		11,149	
Social Security		33,777	
Handling Charges and Administrative Costs		41	
Pensions		49,163	
Life Insurance		537	
Medical Insurance		194,239	
Employer Medicare		8,264	
Advertising		6,632	
Contracts with Private Agencies		42,726	
Maintenance and Repair Services - Equipment		99,826	
Towing Services		475	
Disposal Fees		788,995	
Other Contracted Services		27,769	
Diesel Fuel		103,889	
Gasoline		2,846	
Lubricants		10,665	
Office Supplies		332	
Small Tools		5,072	
Tires and Tubes		30,779	
Uniforms		9,086	
Other Supplies and Materials		14,792	
Liability Insurance		55,284	
Trustee's Commission		28,720	
Workers' Compensation Insurance		70,477	
Motor Vehicles		91,250	
Solid Waste Equipment		26,950	
Total Sanitation Management			\$ 2,267,627

Total Solid Waste/Sanitation Fund \$ 2,267,627

Drug Control Fund

Public Safety

Drug Enforcement

Salary Supplements	\$	7,912	
Social Security		491	
Pensions		994	
Employer Medicare		115	
Confidential Drug Enforcement Payments		20,000	
Dues and Memberships		1,500	
Rentals		12,000	
Travel		5,149	
Electricity		7,546	
Law Enforcement Supplies		2,821	
Trustee's Commission		605	
Law Enforcement Equipment		10,253	
Motor Vehicles		66,000	
Total Drug Enforcement			\$ 135,386

Total Drug Control Fund 135,386

(Continued)

Exhibit K-7

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

Constitutional Officers - Fees Fund

General Government

Other General Administration

Constitutional Officers' Operating Expenses	\$ 26,998	
Total Other General Administration		\$ 26,998

Total Constitutional Officers - Fees Fund \$ 26,998

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 85,649	
Assistant(s)	36,455	
Accountants/Bookkeepers	32,653	
Overtime Pay	24	
Board and Committee Members Fees	18,500	
Social Security	10,344	
Pensions	11,391	
Life Insurance	81	
Medical Insurance	22,875	
Employer Medicare	2,419	
Advertising	485	
Communication	3,636	
Data Processing Services	1,899	
Dues and Memberships	2,971	
Legal Services	442	
Other Contracted Services	24,796	
Electricity	10,002	
Office Supplies	781	
Propane Gas	6,031	
Water and Sewer	900	
Liability Insurance	52,996	
Premiums on Corporate Surety Bonds	1,344	
Trustee's Commission	21,965	
Vehicle and Equipment Insurance	29,329	
Fines, Assessments, and Penalties	178	
Other Charges	14,403	
Total Administration		\$ 392,549

Highway and Bridge Maintenance

Foremen	\$ 46,158
Equipment Operators	183,443
Truck Drivers	158,438
Laborers	60,577
Overtime Pay	11,278
Social Security	26,131
Pensions	41,664
Life Insurance	420
Medical Insurance	167,502
Employer Medicare	6,086

(Continued)

## Exhibit K-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Highway and Bridge Maintenance (Cont.)

Contracts with Private Agencies	\$	46,246	
Rentals		1,181	
Asphalt - Cold Mix		5,372	
Asphalt - Hot Mix		121,625	
Concrete		161	
Crushed Stone		36,680	
General Construction Materials		930	
Other Road Materials		4,047	
Pipe - Metal		4,555	
Road Signs		13,244	
Salt		16,120	
Small Tools		400	
Uniforms		5,812	
Fencing		23,888	
Total Highway and Bridge Maintenance			\$ 981,958

Operation and Maintenance of Equipment

Mechanic(s)	\$	73,478	
Overtime Pay		5,088	
Social Security		4,270	
Pensions		7,106	
Life Insurance		52	
Medical Insurance		32,699	
Employer Medicare		999	
Diesel Fuel		33,235	
Equipment Parts - Heavy		78,181	
Garage Supplies		2,886	
Gasoline		13,679	
Lubricants		2,751	
Tires and Tubes		24,480	
Other Supplies and Materials		4,851	
Total Operation and Maintenance of Equipment			283,755

Employee Benefits

Unemployment Compensation	\$	66	
Other Fringe Benefits		188	
Workers' Compensation Insurance		28,513	
Total Employee Benefits			28,767

Capital Outlay

Building Improvements	\$	1,261	
Highway Equipment		242,083	
Office Equipment		428	
Total Capital Outlay			243,772

Total Highway/Public Works Fund \$ 1,930,801

(Continued)

Exhibit K-7

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 57,800	
Principal on Other Loans	48,960	
Total General Government	<u>106,760</u>	\$ 106,760

Highways and Streets

Principal on Bonds	\$ 308,924	
Total Highways and Streets		308,924

Education

Principal on Bonds	\$ 3,118,276	
Principal on Other Loans	1,014,894	
Total Education		4,133,170

Interest on Debt

General Government

Interest on Bonds	\$ 8,832	
Interest on Other Loans	126,188	
Total General Government		135,020

Highways and Streets

Interest on Bonds	\$ 35,165	
Total Highways and Streets		35,165

Education

Interest on Bonds	\$ 465,333	
Interest on Other Loans	563,219	
Total Education		1,028,552

Other Debt Service

General Government

Trustee's Commission	\$ 89,520	
Total General Government		89,520

Education

Other Debt Service	\$ 13,398	
Total Education		<u>13,398</u>

Total General Debt Service Fund \$ 5,850,509

General Capital Projects Fund

Capital Projects

Public Health and Welfare Projects

Contracts with Other Public Agencies	\$ 9,575	
Other Equipment	491	
Total Public Health and Welfare Projects		\$ 10,066

(Continued)

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

<u>General Capital Projects Fund (Cont.)</u>			
<u>Capital Projects (Cont.)</u>			
<u>Social, Cultural, and Recreation Projects</u>			
Other Equipment	\$	<u>8,605</u>	
Total Social, Cultural, and Recreation Projects	\$		8,605
 <u>Education Capital Projects</u>			
Engineering Services	\$	<u>7,079</u>	
Total Education Capital Projects			<u>7,079</u>
Total General Capital Projects Fund			\$ 25,750
 <u>Highway Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Highway and Street Capital Projects</u>			
Asphalt - Hot Mix	\$	8,490	
Highway Construction		<u>148,092</u>	
Total Highway and Street Capital Projects	\$		<u>156,582</u>
Total Highway Capital Projects Fund			<u>156,582</u>
Total Governmental Funds - Primary Government			<u>\$ 29,359,722</u>

Exhibit K-8

Hamblen County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Hamblen County School Department  
For the Year Ended June 30, 2017

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 26,979,279	
Career Ladder Program	132,027	
Career Ladder Extended Contracts	20,650	
Salary Supplements	513,828	
Educational Assistants	1,186,615	
Other Salaries and Wages	12,077	
Certified Substitute Teachers	181,430	
Non-certified Substitute Teachers	299,242	
Social Security	1,708,482	
Pensions	2,556,846	
Life Insurance	31,569	
Medical Insurance	4,940,786	
Unemployment Compensation	17,368	
Employer Medicare	407,468	
Other Fringe Benefits	559,758	
Other Contracted Services	103,016	
Instructional Supplies and Materials	425,470	
Textbooks - Electronic	197,849	
Textbooks - Bound	179,024	
Other Supplies and Materials	80,229	
Other Charges	86,795	
Regular Instruction Equipment	1,089,428	
Total Regular Instruction Program		\$ 41,709,236

Special Education Program

Teachers	\$ 3,106,700	
Career Ladder Program	9,000	
Educational Assistants	560,553	
Speech Pathologist	335,158	
Certified Substitute Teachers	5,240	
Non-certified Substitute Teachers	19,950	
Social Security	241,618	
Pensions	364,158	
Life Insurance	4,857	
Medical Insurance	771,824	
Unemployment Compensation	2,844	
Employer Medicare	56,551	
Instructional Supplies and Materials	44,156	
Other Charges	23,233	
Special Education Equipment	36,730	
Total Special Education Program		5,582,572

Career and Technical Education Program

Teachers	\$ 2,397,202	
Career Ladder Program	13,000	
Certified Substitute Teachers	10,515	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Career and Technical Education Program (Cont.)

Non-certified Substitute Teachers	\$	19,790	
Social Security		144,072	
Pensions		217,800	
Life Insurance		2,372	
Medical Insurance		367,112	
Unemployment Compensation		1,350	
Employer Medicare		33,769	
Instructional Supplies and Materials		50,132	
Other Supplies and Materials		20,750	
Other Charges		15,379	
Vocational Instruction Equipment		7,430	
Total Career and Technical Education Program			\$ 3,300,673

Student Body Education Program

Other Contracted Services	\$	45,228	
Other Supplies and Materials		76,747	
Other Charges		18,049	
Total Student Body Education Program			140,024

Support Services

Attendance

Travel	\$	2,448	
Total Attendance			2,448

Health Services

Supervisor/Director	\$	48,320	
Medical Personnel		409,488	
Other Salaries and Wages		26,709	
Social Security		27,705	
Pensions		43,346	
Life Insurance		846	
Medical Insurance		150,977	
Unemployment Compensation		488	
Employer Medicare		6,479	
Travel		5,757	
Drugs and Medical Supplies		5,815	
Other Supplies and Materials		7,464	
In Service/Staff Development		150	
Total Health Services			733,544

Other Student Support

Career Ladder Program	\$	3,500	
Guidance Personnel		1,046,708	
Other Salaries and Wages		6,265	
Social Security		58,140	
Pensions		89,737	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Life Insurance	\$	869	
Medical Insurance		148,701	
Unemployment Compensation		546	
Employer Medicare		14,466	
Evaluation and Testing		33,319	
Total Other Student Support			\$ 1,402,251

Regular Instruction Program

Supervisor/Director	\$	37,140	
Career Ladder Program		1,000	
Secretary(ies)		159,655	
Other Salaries and Wages		146,361	
In-service Training		13,010	
Social Security		22,210	
Pensions		23,879	
Life Insurance		520	
Medical Insurance		43,417	
Unemployment Compensation		167	
Employer Medicare		5,191	
Travel		21,576	
Other Contracted Services		80,000	
Food Supplies		222	
Library Books/Media		25,220	
Other Supplies and Materials		23,481	
In Service/Staff Development		35,463	
Other Charges		67,946	
Other Equipment		13,027	
Total Regular Instruction Program			719,485

Special Education Program

Supervisor/Director	\$	67,576	
Career Ladder Program		1,000	
Secretary(ies)		68,276	
Clerical Personnel		24,634	
Social Security		8,979	
Pensions		13,104	
Life Insurance		170	
Medical Insurance		28,435	
Unemployment Compensation		109	
Employer Medicare		2,100	
Maintenance and Repair Services - Equipment		154	
Travel		12,672	
Other Contracted Services		741,439	
Other Supplies and Materials		4,334	
In Service/Staff Development		14,279	
Other Charges		359	
Total Special Education Program			987,620

(Continued)

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.)

Career and Technical Education Program

Supervisor/Director	\$	64,873	
Career Ladder Program		980	
Secretary(ies)		34,555	
Other Salaries and Wages		44,861	
Social Security		8,163	
Pensions		12,502	
Life Insurance		144	
Medical Insurance		26,323	
Unemployment Compensation		86	
Employer Medicare		2,008	
Travel		6,494	
Total Career and Technical Education Program			\$ 200,989

Technology

Supervisor/Director	\$	80,954	
Computer Programmer(s)		49,845	
Secretary(ies)		34,055	
Other Salaries and Wages		498,055	
Social Security		36,509	
Pensions		56,633	
Life Insurance		680	
Medical Insurance		102,852	
Unemployment Compensation		386	
Employer Medicare		9,087	
Communication		71,546	
Consultants		3,950	
Internet Connectivity		124,512	
Travel		8,314	
Other Contracted Services		19,019	
Office Supplies		11,000	
Uniforms		5,620	
Cabling		5,000	
Software		199,650	
In Service/Staff Development		1,942	
Data Processing Equipment		233,768	
Total Technology			1,553,377

Other Programs

On-behalf Payments to OPEB	\$	502,211	
Total Other Programs			502,211

Board of Education

Board and Committee Members Fees	\$	37,200	
Social Security		2,232	
Pensions		2,501	
Life Insurance		297	

(Continued)

Exhibit K-8

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

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

Board of Education (Cont.)

Employer Medicare	\$	522	
Audit Services		25,925	
Dues and Memberships		8,901	
Legal Services		12,544	
Travel		27,430	
Liability Insurance		154,028	
Premiums on Corporate Surety Bonds		1,739	
Trustee's Commission		510,037	
Workers' Compensation Insurance		217,943	
Other Charges		9,511	
Total Board of Education			\$ 1,010,810

Director of Schools

County Official/Administrative Officer	\$	130,683	
Assistant(s)		204,664	
Career Ladder Program		2,500	
Secretary(ies)		96,738	
Social Security		25,881	
Pensions		47,545	
Life Insurance		646	
Medical Insurance		35,674	
Unemployment Compensation		144	
Employer Medicare		6,443	
Communication		12,745	
Postal Charges		9,082	
Travel		17,081	
Other Contracted Services		7,074	
Office Supplies		12,854	
Other Charges		6,821	
Total Director of Schools			616,575

Office of the Principal

Principals	\$	1,483,091	
Career Ladder Program		22,000	
Assistant Principals		1,085,883	
Secretary(ies)		754,942	
Social Security		198,905	
Pensions		302,622	
Life Insurance		2,981	
Medical Insurance		494,945	
Unemployment Compensation		1,766	
Employer Medicare		46,362	
Communication		115,826	
Total Office of the Principal			4,509,323

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Supervisor/Director	\$	85,730	
Accountants/Bookkeepers		155,212	
Social Security		13,341	
Pensions		20,197	
Life Insurance		212	
Medical Insurance		29,915	
Unemployment Compensation		130	
Employer Medicare		3,388	
Maintenance and Repair Services - Equipment		10,104	
Travel		5,325	
Other Contracted Services		12,828	
Data Processing Supplies		5,077	
Office Supplies		4,044	
Administration Equipment		81,183	
Total Fiscal Services			\$ 426,686

Operation of Plant

Custodial Personnel	\$	1,855,518	
Other Salaries and Wages		38,869	
Social Security		112,828	
Pensions		159,389	
Life Insurance		2,711	
Medical Insurance		414,540	
Unemployment Compensation		1,666	
Employer Medicare		26,664	
Other Contracted Services		304,494	
Custodial Supplies		178,482	
Electricity		1,991,460	
Natural Gas		217,686	
Water and Sewer		417,938	
Other Supplies and Materials		16,998	
Other Charges		2,597	
Plant Operation Equipment		19,999	
Total Operation of Plant			5,761,839

Maintenance of Plant

Supervisor/Director	\$	57,877
Maintenance Personnel		661,832
Social Security		43,273
Pensions		65,206
Life Insurance		862
Medical Insurance		135,440
Unemployment Compensation		517
Employer Medicare		10,120
Maintenance and Repair Services - Buildings		339,773
Maintenance and Repair Services - Equipment		85,042

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Equipment and Machinery Parts	\$	94,416	
Uniforms		9,462	
Other Charges		595	
Maintenance Equipment		29,564	
Total Maintenance of Plant			\$ 1,533,979

Transportation

Supervisor/Director	\$	48,789	
Mechanic(s)		189,770	
Bus Drivers		996,571	
Clerical Personnel		37,241	
Social Security		72,066	
Pensions		112,534	
Life Insurance		2,735	
Medical Insurance		421,039	
Unemployment Compensation		1,781	
Employer Medicare		16,912	
Contracts with Parents		1,998	
Maintenance and Repair Services - Vehicles		27,699	
Medical and Dental Services		8,933	
Travel		1,566	
Diesel Fuel		228,657	
Garage Supplies		2,417	
Gasoline		44,468	
Lubricants		22,238	
Tires and Tubes		49,069	
Uniforms		3,420	
Vehicle Parts		210,952	
Other Supplies and Materials		8,101	
Vehicle and Equipment Insurance		78,514	
Other Charges		117,209	
Transportation Equipment		493,778	
Total Transportation			3,198,457

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	38,852	
Other Salaries and Wages		156,666	
Social Security		11,932	
Pensions		3,520	
Life Insurance		52	
Medical Insurance		9,664	
Unemployment Compensation		747	
Employer Medicare		2,790	
Travel		1,140	
Other Contracted Services		507	
Other Charges		16,659	
Total Community Services			242,529

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education

Teachers	\$	405,496	
Educational Assistants		248,405	
Certified Substitute Teachers		750	
Non-certified Substitute Teachers		11,790	
Social Security		39,271	
Pensions		38,653	
Life Insurance		480	
Medical Insurance		72,315	
Unemployment Compensation		566	
Employer Medicare		9,376	
Instructional Supplies and Materials		7,569	
In Service/Staff Development		2,583	
Other Charges		2,722	
Total Early Childhood Education			\$ 839,976

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	2,935,247	
Total Regular Capital Outlay			2,935,247

Other Debt Service

Education

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

Total General Purpose School Fund \$ 78,409,851

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,051,408	
Educational Assistants		311,300	
Other Salaries and Wages		5,699	
Certified Substitute Teachers		1,955	
Non-certified Substitute Teachers		9,947	
Social Security		73,428	
Pensions		107,966	
Life Insurance		1,522	
Medical Insurance		241,169	
Unemployment Compensation		1,025	
Employer Medicare		19,969	
Other Fringe Benefits		7,924	
Instructional Supplies and Materials		534,749	
Total Regular Instruction Program			\$ 2,368,061

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	88,708	
Educational Assistants		1,523,579	
Certified Substitute Teachers		730	
Non-certified Substitute Teachers		25,008	
Social Security		95,400	
Pensions		137,523	
Life Insurance		3,527	
Medical Insurance		510,679	
Unemployment Compensation		2,020	
Employer Medicare		22,522	
Instructional Supplies and Materials		3,368	
Special Education Equipment		787	
Total Special Education Program			\$ 2,413,851

Career and Technical Education Program

Instructional Supplies and Materials	\$	7,749	
Vocational Instruction Equipment		146,010	
Total Career and Technical Education Program			153,759

Support Services

Other Student Support

Guidance Personnel	\$	81,424	
Other Salaries and Wages		17,560	
Social Security		6,029	
Pensions		8,952	
Life Insurance		106	
Medical Insurance		17,265	
Unemployment Compensation		62	
Employer Medicare		1,435	
Other Fringe Benefits		600	
Travel		21,350	
Other Supplies and Materials		32,464	
In Service/Staff Development		17,011	
Total Other Student Support			204,258

Regular Instruction Program

Supervisor/Director	\$	60,734	
Other Salaries and Wages		440,368	
Certified Substitute Teachers		2,680	
Non-certified Substitute Teachers		7,600	
Social Security		29,889	
Pensions		45,279	
Life Insurance		498	
Medical Insurance		73,528	
Unemployment Compensation		254	
Employer Medicare		7,182	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Fringe Benefits	\$	676	
Travel		3,471	
Other Supplies and Materials		8,730	
In Service/Staff Development		58,779	
Total Regular Instruction Program			\$ 739,668

Special Education Program

Other Supplies and Materials	\$	4,248	
In Service/Staff Development		5,147	
Total Special Education Program			9,395

Career and Technical Education Program

Travel	\$	156	
In Service/Staff Development		2,896	
Total Career and Technical Education Program			3,052

Transportation

Other Charges	\$	7,553	
Total Transportation			7,553

Total School Federal Projects Fund \$ 5,899,597

Central Cafeteria Fund

Support Services

Board of Education

Audit Services	\$	4,345	
Workers' Compensation Insurance		55,508	
Total Board of Education			\$ 59,853

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	55,205	
Accountants/Bookkeepers		37,241	
Clerical Personnel		33,637	
Cafeteria Personnel		1,671,159	
Other Salaries and Wages		60,511	
In-service Training		36,131	
Social Security		112,881	
Pensions		83,123	
Life Insurance		2,248	
Medical Insurance		347,602	
Unemployment Compensation		3,935	
Employer Medicare		26,737	
Maintenance and Repair Services - Equipment		28,813	
Travel		3,982	
Other Contracted Services		426,923	

(Continued)

Exhibit K-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Food Preparation Supplies	\$	4,046	
Food Supplies		2,083,201	
Office Supplies		4,240	
Uniforms		10,872	
USDA - Commodities		484,596	
Other Supplies and Materials		164,355	
In Service/Staff Development		3,946	
Other Charges		17,392	
Food Service Equipment		169,213	
Total Food Service			<u>\$ 5,871,989</u>

Total Central Cafeteria Fund \$ 5,931,842

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Improvements	\$	515,632	
Total Education Capital Projects			<u>\$ 515,632</u>

Total Education Capital Projects Fund 515,632

Total Governmental Funds - Hamblen County School Department \$ 90,756,922

Exhibit K-9

Hamblen County, Tennessee  
Schedule of Detailed Receipts, Disbursements, and Changes  
in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2017

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 12,299,735
Total Cash Receipts	<u>\$ 12,299,735</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 12,176,738
Trustee's Commission	122,997
Total Cash Disbursements	<u>\$ 12,299,735</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2016	<u>0</u>
 Cash Balance, June 30, 2017	<u><u>\$ 0</u></u>

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## SINGLE AUDIT SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

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

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hamblen County, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Hamblen County's basic financial statements, and have issued our report thereon dated November 21, 2017.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during

our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Hamblen County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items: 2017-001 and 2017-002.

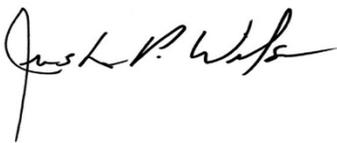
### **Hamblen County's Response to Findings**

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

### **Purpose of this Report**

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

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

November 21, 2017

JPW/kp



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Hamblen County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hamblen County's major federal programs for the year ended June 30, 2017. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Hamblen County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Hamblen County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Hamblen County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

Management of Hamblen County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hamblen County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

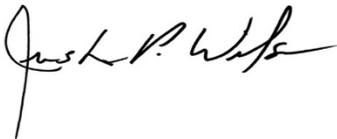
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hamblen County, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Hamblen County's basic financial statements. We issued our report thereon dated November 21, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

November 21, 2017

JPW/kp

Hamblen County, Tennessee, and the Hamblen County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2)  
For the Year-Ended June 30, 2017

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: (4)			
School Breakfast Program	10.553	N/A	\$ 1,244,830
National School Lunch Program	10.555	N/A	3,371,886 (5)
Summer Food Service Program for Children	10.559	N/A	1,336
Healthy, Hunger-free Kids Act of 2010 Hunger Research and Demonstration Projects	10.592	N/A	4,100
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	484,596 (5)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-17-50694-00	150,307
Total U.S. Department of Agriculture			<u>\$ 5,257,055</u>
U.S. Department of Military:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program (Noncash Assistance)	12.U01	N/A	\$ 96,495 (6)
Total U.S. Department of Military			<u>\$ 96,495</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(3)	\$ 9,952
Total U.S. Department of Housing and Urban Development			<u>\$ 9,952</u>
U.S. Department of Justice:			
Direct Program:			
Equitable Sharing Program	16.922	N/A	\$ 2,689
State Criminal Alien Assistance Program	16.606	N/A	5,546
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(3)	10,000
Total U.S. Department of Justice			<u>\$ 18,235</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(3)	\$ 27,153
Total U.S. Department of Transportation			<u>\$ 27,153</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 2,845,623
Special Education Cluster: (4)			
Special Education-Grants to States	84.027	N/A	2,476,124
Special Education - Preschool Grants	84.173	N/A	117,879
Career and Technical Education - Basic Grants to States	84.048	N/A	195,731
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	N/A	37,197
Education for Homeless Children & Youth	84.196	N/A	66,555
English Language Acquisition State Grants	84.365	N/A	136,650
Improving Teacher Quality State Grants	84.367	N/A	278,782
Total U.S. Department of Education			<u>\$ 6,154,541</u>

(Continued)

Hamblen County, Tennessee, and the Hamblen County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
Child Care and Development Block Grant	93.575	N/A	\$ 34,981
Passed-through State Department of Health:			
Family Planning Services	93.217	GG-17-50694-00	30,539
Medical Assistance Program	93.778	GG-17-50694-00	35,369
HIV Prevention Activities - Health Department Based	93.940	GG-17-50694-00	4,081
Preventative Health Services - Sexually Transmitted Diseases Control Grants	93.977	GG-17-50694-00	1,660
Maternal and Child Health Services Block Grant to the States	93.994	GG-17-50694-00	31,002
Total U.S. Department of Health and Human Services			<u>\$ 137,632</u>
U.S. Office of National Drug Control Policy:			
Passed-through Laurel County, Kentucky Fiscal Court:			
High Intensity Drug Trafficking Areas Program	95.001	N/A	\$ 14,841
Total U.S. Office of National Drug Control Policy			<u>\$ 14,841</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	52021-22322	\$ 29,200
Homeland Security Grant Program	97.067	N/A	15,903
Total U.S. Department of Homeland Security			<u>\$ 45,103</u>
Total Expenditures of Federal Grants			<u>\$ 11,761,007</u>
Contract			
Number			
State Grants			
Health Department Programs - State Department of Health	N/A	GG-17-50694-00	\$ 211,699
Litter Program - State Department of Transportation	N/A	(3)	35,705
Solid Waste Grant - State Department of Environment and Conservation	N/A	(3)	68,859
Drug Court Recovery - State Office of Criminal Justice Programs	N/A	(3)	70,000
Law Enforcement Training - State Department of Safety	N/A	(3)	22,200
Coordinated School Health - State Department of Education	N/A	(3)	100,000
Family Resource Center - State Department of Education	N/A	(3)	59,223
Safe Schools Act of 1998 - State Department of Education	N/A	(3)	51,831
Early Childhood Education - State Department of Education	N/A	(3)	633,331
Ready to Read - State Department of Education	N/A	(3)	4,772
Internet Connectivity - State Department of Education	N/A	(3)	27,100
Total State Grants			<u>\$ 1,284,720</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Hamblen County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Child Nutrition Cluster total \$5,102,648; Special Education Cluster total \$2,594,003.
- (5) Total for CFDA No. 10.555 is \$3,856,482.
- (6) During the year ended June 30, 2017, Hamblen County received excess military equipment from the U.S. Department of Military valued at \$96,495.

Hamblen County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2017

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

***Prior-year Financial Statement Findings***

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
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**OFFICES OF COUNTY MAYOR AND HIGHWAY SUPERINTENDENT**

2016	217	2016-001	Expenditures Exceeded Appropriations	N/A	Corrected
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**OFFICE OF HIGHWAY SUPERINTENDENT**

2016	218	2016-002	The Office had Deficiencies in Purchasing Procedures	N/A	Corrected
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**OFFICE OF TRUSTEE**

2016	219	2016-003	Certain Accounts Maintained by the Trustee were not Adequately Collateralized	N/A	Not Corrected - See Explanation on Corrective Action Plan
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**OFFICE OF COUNTY CLERK**

2016	220	2016-004	A Cash Shortage of \$511 Existed in the Office on February 6, 2016	N/A	Corrected
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***Prior-year Federal Awards Findings***

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

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**HAMBLEN COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2017**

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

**Financial Statements:**

- |  |                      |
|--|----------------------|
| 1. Our report on the financial statements of Hamblen County is unmodified. |                      |
| 2. Internal Control Over Financial Reporting:                              |                      |
| * Material weakness identified?  | <b>NO</b>            |
| * Significant deficiency identified?                                       | <b>NONE REPORTED</b> |
| 3. Noncompliance material to the financial statements noted?               | <b>NO</b>            |

**Federal Awards:**

- |   |  |
|---|--|
| 4. Internal Control Over Major Federal Programs:  |  |
| * Material weakness identified?   | <b>NO</b>                                    |
| * Significant deficiency identified?  | <b>NONE REPORTED</b>                         |
| 5. Type of report auditor issued on compliance for major programs.                                    | <b>UNMODIFIED</b>                            |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | <b>NO</b>                                    |
| 7. Identification of Major Federal Programs:  |  |
| * CFDA Numbers: 84.010  | Title I Grants to Local Educational Agencies |
| 8. Dollar threshold used to distinguish between Type A and Type B Programs.                           | <b>\$750,000</b>                             |
| 9. Auditee qualified as low-risk auditee?   | <b>YES</b>                                   |

## PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. Management's corrective action plan, whether related to the financial statements or federal awards, is presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report.

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

### OFFICE OF TRUSTEE

#### FINDING 2017-001

#### **THE MONTHLY TRUSTEE'S REPORT WAS NOT ALWAYS FILED IN COMPLIANCE WITH STATE STATUTE**

(Noncompliance Under *Government Auditing Standards*)

The Trustee's Office did not always file the monthly trustee's report with the finance director in compliance with state statute. Section 67-5-1902, *Tennessee Code Annotated*, states that on or before the tenth day in each month the trustee shall report and make settlement for all taxes collected during the preceding month. We noted several months between July 2016 and May 2017, where the monthly trustee's report was not filed with the finance director until as many as 31 days after the close of the month. The failure to file the monthly trustee's report timely delays the posting of financial information by the finance director, which delays the dissemination of the information to the county commission and the public. This deficiency is due to the failure of management to comply with state statute.

#### RECOMMENDATION

The trustee should file the monthly trustee's report with the finance director in compliance with state statute.

#### MANAGEMENT'S RESPONSE – TRUSTEE (PARAPHRASED)

We concur with this finding. We have made the corrective action necessary to prevent this occurrence in the future. The actions put into place are discussed in the corrective action plan section.

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#### FINDING 2017-002

#### **CERTAIN ACCOUNTS MAINTAINED BY THE TRUSTEE WERE NOT ADEQUATELY COLLATERALIZED**

(Noncompliance Under *Government Auditing Standards*)

The trustee maintains various accounts with brokers and financial institutions. Various state statutes govern the investment of idle funds maintained by local governments. We noted instances where idle county funds invested by the trustee were not adequately secured. Two brokerage accounts maintained by the trustee using the same federal tax identification number had cash balances transferred into interest bearing deposit accounts at one or more

banks. These deposit accounts were insured solely by FDIC insurance. However, at the end of four months during the period from July 1, 2016 through May 31, 2017, funds were transferred from these two brokerage accounts into the same bank and, consequently, the FDIC insurance limits were exceeded by as much as \$13,241 in those months. This deficiency is the result of lack of management oversight, the trustee's failure to correct the finding noted in the prior-year audit report, and the failure to implement their corrective action plan. The failure to adequately collateralize funds could result in a loss for the county.

#### RECOMMENDATION

The trustee should monitor all accounts to ensure idle county funds are adequately secured in compliance with state statutes.

#### MANAGEMENT'S RESPONSE – TRUSTEE (PARAPHRASED)

We concur with this finding. We have made the corrective action necessary to prevent this occurrence in the future. The actions put into place are discussed in the corrective action plan section.

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

There were no findings and questioned costs related to federal awards for the year ended June 30, 2017.

**Hamblen County, Tennessee**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2017**

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

Finding Number	Title of Finding	Corrective Action Plan Page Number
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**OFFICE OF TRUSTEE**

2017-001	The Monthly Trustee's Report was not Always Filed in Compliance with State Statute	219
2017-002	Certain Accounts Maintained by the Trustee were not Adequately Collateralized	219



Hamblen County Courthouse  
511 West Second North Street  
Morristown, Tennessee 37814  
(423) 586-6290

*Corrective Action Plan*

**FINDING:** THE MONTHLY TRUSTEE'S REPORT WAS NOT ALWAYS FILED IN COMPLIANCE WITH STATE STATUTE

**Response and Corrective Action Plan Prepared by:**  
John Baskette, Trustee

**Person Responsible for Implementing the Corrective Action:**  
John Baskette, Trustee

**Anticipated Completion Date of Corrective Action:**  
Date 11/13/2017

**Repeat Finding:**  
No

**Planned Corrective Action:**  
A new policy has been implemented for how we close our month end that should enable us to comply with state statute.

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**FINDING:** CERTAIN ACCOUNTS MAINTAINED BY THE TRUSTEE WERE NOT ADEQUATELY COLLATERALIZED

**Response and Corrective Action Plan Prepared by:**  
John Baskette, Trustee

**Person Responsible for Implementing the Corrective Action:**  
John Baskette, Trustee

**Anticipated Completion Date of Corrective Action:**  
11/13/2017

**Repeat Finding:**  
Yes

**Reason Corrective Action was Not Taken in the Prior Year:**



Hamblen County Courthouse  
511 West Second North Street  
Morristown, Tennessee 37814  
(423) 586-6290

I explained to the financial institution the problem with the collateralization of the funds. I was under the impression we had an agreement for handling of the funds. However, it was discovered that the funds rolled again into the same depository.

**Planned Corrective Action:**

Money has now been moved from the financial institution in which the instance occurred.

Signature: \_\_\_\_\_

## **BEST PRACTICE**

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below 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.

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

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