



**ANNUAL FINANCIAL REPORT  
HAMBLEN COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2014**



**ANNUAL FINANCIAL REPORT**  
**HAMBLEN COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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

*DIVISION OF LOCAL GOVERNMENT AUDIT*  
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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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## HAMBLLEN COUNTY, TENNESSEE

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# ***Summary of Audit Findings***

Annual Financial Report  
Hamblen County, Tennessee  
For the Year Ended June 30, 2014

## ***Scope***

We have audited the basic financial statements of Hamblen County as of and for the year ended June 30, 2014.

## ***Results***

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

Our audit resulted in no findings.

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# INTRODUCTORY SECTION

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# Hamblen County Officials

## June 30, 2014

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### **Officials**

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

### **Board of County Commissioners**

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

### **Board of Highway Commissioners**

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

### **Board of Education**

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

### **Audit Committee**

Tim Goins, Chairman	Doyle Fullington
Larry Carter	Herbert Harville
Stancil Ford	Louis Jarvis

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## FINANCIAL SECTION

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

Independent Auditor's Report

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, 2014, 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 did not audit the financial statements of the Hamblen County Emergency Communications District, which represent 2.9 percent, 4.2 percent, and 1.4 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hamblen County Emergency Communications District, is based solely on the report of the other auditors. 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hamblen County, Tennessee, as of June 30, 2014, 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.

### ***Change in Accounting Principle***

As described in Note V.B., Hamblen County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress – pension plan and other postemployment benefits plan on pages 101 - 103 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.

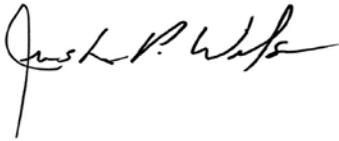
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Hamblen County School Department (a discretely presented component unit), and miscellaneous schedules are 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), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2014, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hamblen County's internal control over financial reporting and compliance.

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

October 10, 2014

JPW/yu

**Bill Brittain**  
County Mayor



*"The People's House"*

## HAMBLEN COUNTY, TENNESSEE MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2014

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, 2014. In addition, this discussion and analysis includes an overview of the Discretely Presented Component Unit Hamblen County School Department. A separate set of financial statements is not issued for the Hamblen County School Department. The intent of this discussion and analysis is to look at Hamblen County's and the discretely presented Hamblen County School Department's financial performance as a whole. We encourage readers to consider the information presented here in conjunction with the basic financial statements and notes to the financial statements to enhance their understanding of Hamblen County's financial performance, as well as, the discretely presented Hamblen County School Department's financial performance.

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

### **FINANCIAL HIGHLIGHTS**

- The liabilities and deferred inflows of resources of Hamblen County exceeded its assets and deferred outflows of resources at the close of the fiscal year by approximately \$3.8 million (net position). However, it should be noted that the financial statements of Hamblen County included debt totaling approximately \$34.7 million attributed to the Hamblen County Board of Education. The discretely presented Hamblen County School Department's assets exceeded its liabilities and deferred inflows of resources by approximately \$58.3 million at June 30, 2014.
- The primary government's total net position increased by approximately \$.75 million. The discretely presented Hamblen County School Department's net position increased by approximately \$.6 million. The increase in the primary government's total net position was due to the retirement of debt. The increase of the discretely presented Hamblen County School Department's total net position was attributed to the contribution of \$2.5 million of bond proceeds from the primary government for construction projects at one of its high schools.
- As of the close of the fiscal year, Hamblen County's Governmental funds reported approximately \$18.3 million in total combined fund balances; this is an approximate

increase of \$1.2 million from the previous period. Of this amount, approximately \$5.8 million represents funds that are available for spending (assigned and unassigned). The discretely presented Hamblen County School Department's governmental funds reported approximately \$19.8 million in total combined fund balances; this is an increase of approximately \$2.1 million from the previous period.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was approximately \$4.3 million or 25.4 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 \$4.5 million or 5.8 percent of the fund's annual budgetary expenditures (including other uses).
- The total debt (bonds and other loans) of Hamblen County, Tennessee, increased by approximately \$1.4 million or 3.6 percent during the current fiscal year with the issuance of bonds for the paving of county roads and for school construction projects.

## **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; and education. 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. These statements also include a legally separate Hamblen County Emergency Communications District. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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, General Debt Service, and Education Capital Projects 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, Central Cafeteria Fund, and Education Capital Projects 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 liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2014, by \$3,823,332. 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 \$34,681,753. 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, 2014, by \$58,294,019.

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

	Hamblen County Primary Government Governmental Activities	
	2013	2014
Current and Other Assets	\$ 30,706,623	\$ 35,049,471
Capital Assets	20,251,038	20,119,275
Total Assets	\$ 50,957,661	\$ 55,168,746
Total Deferred Outflows of Resources	\$ 548,383	\$ 429,464
Long-term Liabilities Outstanding	\$ 40,417,549	\$ 41,858,920
Other Liabilities	3,366,979	5,461,394
Total Liabilities	\$ 43,784,528	\$ 47,320,314
Total Deferred Inflows of Resources	\$ 12,295,231	\$ 12,101,228
Net Position:		
Net Investment in Capital Assets	\$ 16,321,771	\$ 15,489,228
Restricted	5,440,427	4,516,054
Unrestricted	(26,335,913)	(23,828,614)
Total Net Position	\$ (4,573,715)	\$ (3,823,332)
	Hamblen County School Department Governmental Activities	
	2013	2014
Current and Other Assets	\$ 32,306,779	\$ 34,163,684
Capital Assets	51,777,840	51,863,790
Total Assets	\$ 84,084,619	\$ 86,027,474
Long-term Liabilities Outstanding	\$ 13,066,517	\$ 14,663,006
Other Liabilities	625,032	390,573
Total Liabilities	\$ 13,691,549	\$ 15,053,579
Total Deferred Inflows of Resources	\$ 12,683,982	\$ 12,679,876
Net Position:		
Net Investment in Capital Assets	\$ 51,777,840	\$ 51,863,790
Restricted	3,587,436	6,337,805
Unrestricted	2,343,812	92,424
Total Net Position	\$ 57,709,088	\$ 58,294,019

By far, the largest portion of Hamblen County's and the discretely presented Hamblen County School Department's net position is \$15,489,228 and \$51,863,790, 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 \$4,516,054 and \$6,337,805, respectively, which are subject to external restrictions on how they may be used.

Hamblen County's unrestricted net position is a negative \$23,828,614. This negative balance represents all unrestricted non-capital related assets net of Hamblen County's debt of \$40,931,893.

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

	Hamblen County Primary Government Governmental Activities	
	2013	2014
Revenues:		
Program Revenues:		
Charges for Services	\$ 5,517,690	\$ 5,625,285
Operating Grants and Contributions	2,374,782	2,459,305
Capital Grants and Contributions	706,836	539,315
General Revenues:		
Property Taxes	12,249,702	12,103,494
Sales Taxes	1,295,049	1,477,426
Other Taxes	2,166,623	2,051,352
Grants and Contributions Not Restricted to Specific Programs	1,967,774	1,889,752
Unrestricted Investment Income	193,546	244,547
Miscellaneous	379,029	389,329
Gain on Disposal of Capital Assets	82,296	78,166
<b>Total Revenues</b>	<b>\$ 26,933,327</b>	<b>\$ 26,857,971</b>
Expenses:		
General Government	\$ 2,113,797	\$ 3,584,415
Finance	1,873,791	2,229,448
Administration of Justice	2,131,566	2,243,767
Public Safety	6,179,310	6,256,457
Public Health and Welfare	3,502,364	3,504,362
Social, Cultural, and Recreational Services	807,104	1,071,166
Agriculture and Natural Resources	184,843	182,410
Other Operations	1,488,985	0
Highways	2,699,127	3,311,201

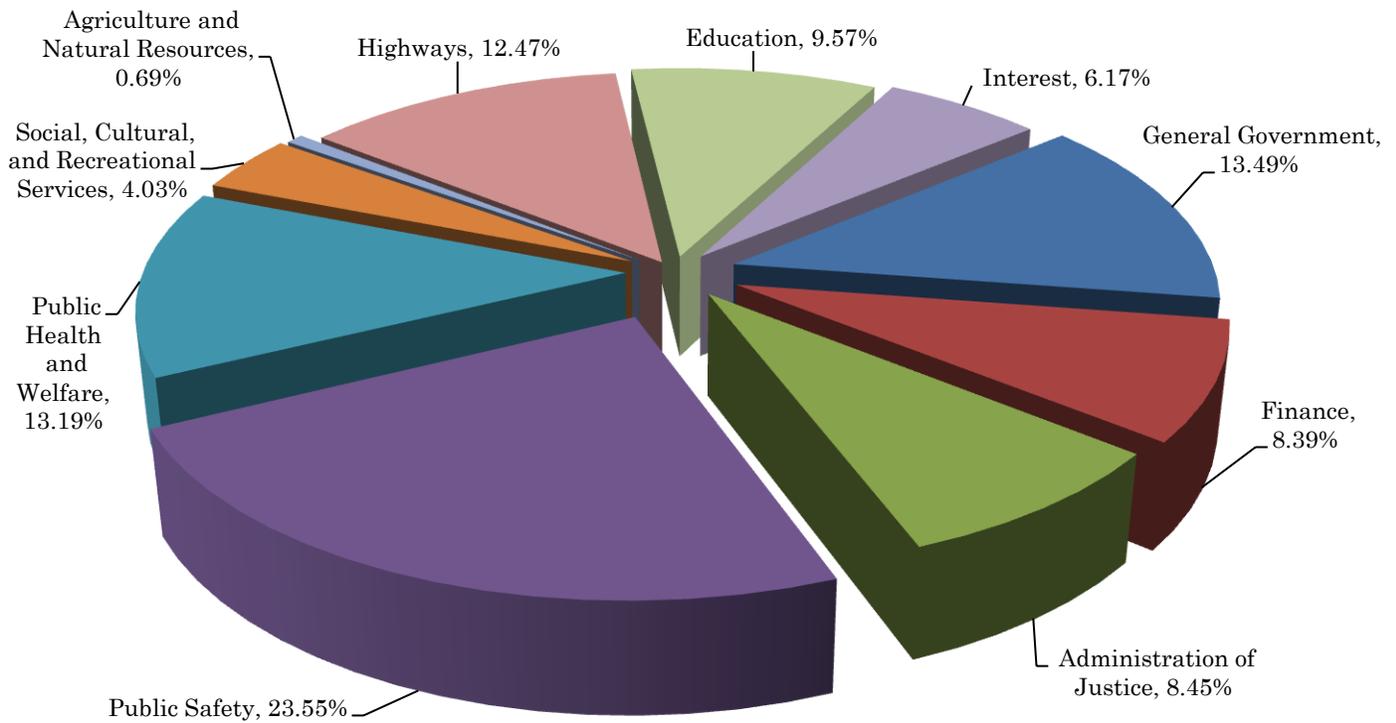
**Hamblen County's and the Discretely Presented Hamblen County School Department's Changes in Net Position (Cont.)**

	Hamblen County Primary Government Governmental Activities	
	2013	2014
Expenses (Cont.):		
Education	\$ 6,786	\$ 2,540,867
Interest	1,804,580	1,639,362
Other Debt Service	14,309	0
Total Expenses	<u>\$ 22,806,562</u>	<u>\$ 26,563,455</u>
Change in Fair Value of Derivatives - Interest Rate Swap	\$ (2,782,945)	\$ 455,867
Increase (Decrease) in Net Position	\$ 1,343,820	\$ 750,383
Prior-period Adjustment	(354,674)	0
Net Position, July 1	<u>(5,562,861)</u>	<u>(4,573,715)</u>
Net Position, June 30	<u>\$ (4,573,715)</u>	<u>\$ (3,823,332)</u>
	Hamblen County School Department Governmental Activities	
	2013	2014
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,055,335	\$ 1,972,040
Operating Grants and Contributions	10,046,326	10,779,376
Capital Grants and Contributions	54,707	2,581,640
General Revenues:		
Property Taxes	13,265,132	13,037,585
Sales Taxes	11,241,951	11,668,398
Other Taxes	711,971	726,634
Grants and Contributions Not Restricted to Specific Programs	43,778,858	45,373,724
Unrestricted Investment Income	47,877	17,256
Miscellaneous	95,018	155,244
Total Revenues	<u>\$ 81,297,175</u>	<u>\$ 86,311,897</u>
Expenses:		
Education	\$ 84,352,257	\$ 85,726,966
Total Expenses	<u>\$ 84,352,257</u>	<u>\$ 85,726,966</u>
Increase (Decrease) in Net Position	\$ (3,055,082)	\$ 584,931
Net Position, July 1	<u>60,764,170</u>	<u>57,709,088</u>
Net Position, June 30	<u>\$ 57,709,088</u>	<u>\$ 58,294,019</u>

### Governmental Program Expenses

Public Safety expenses of \$6,256,457 and General Government expenses of \$3,584,415 are the largest expenses of Hamblen County, which when combined total \$9,840,872 and are 37 percent of total expenses. Of this amount, \$2,109,140 was recovered by charges for services, \$172,004 from operating grants/contributions, and \$318,542 from capital grants/contributions. For additional details, see illustrations below. Note that amounts are rounded to two decimal places in the following chart.

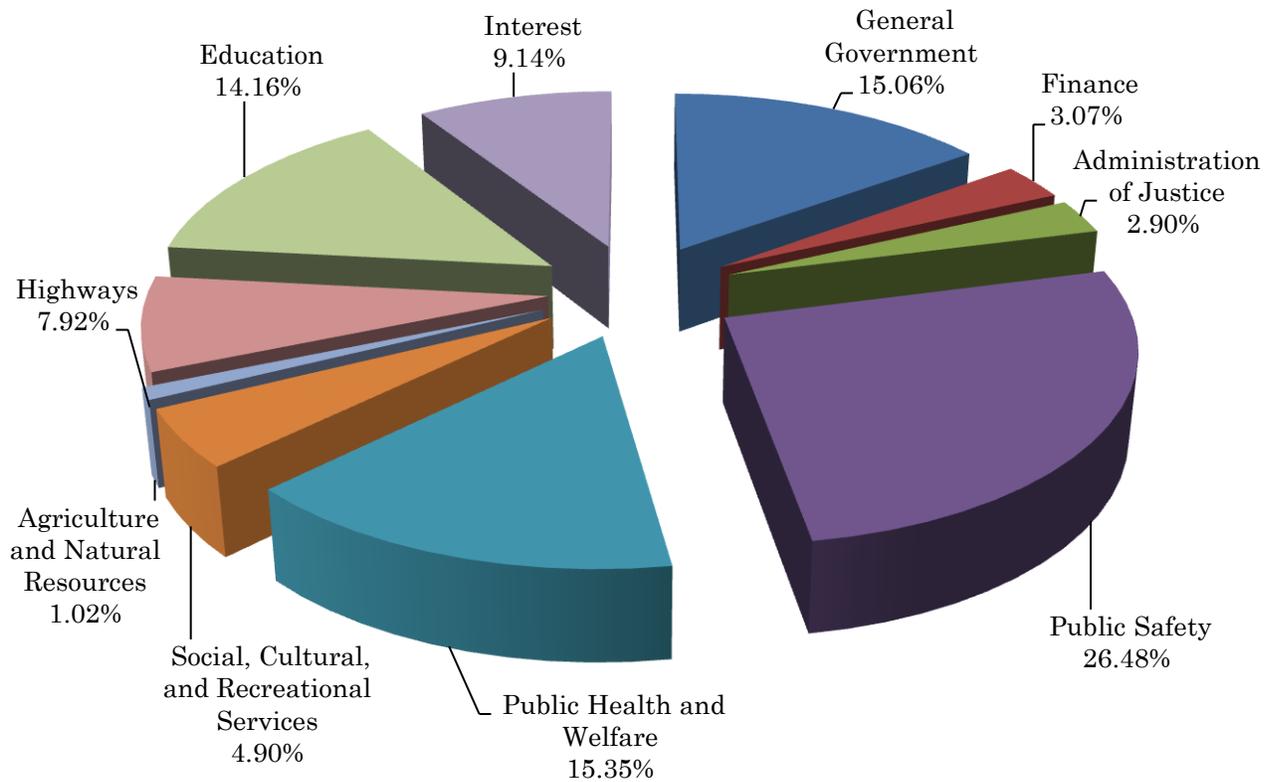
### Governmental Program Expenses



### Expenses by Governmental Activities

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

## Expenses by Governmental Activities

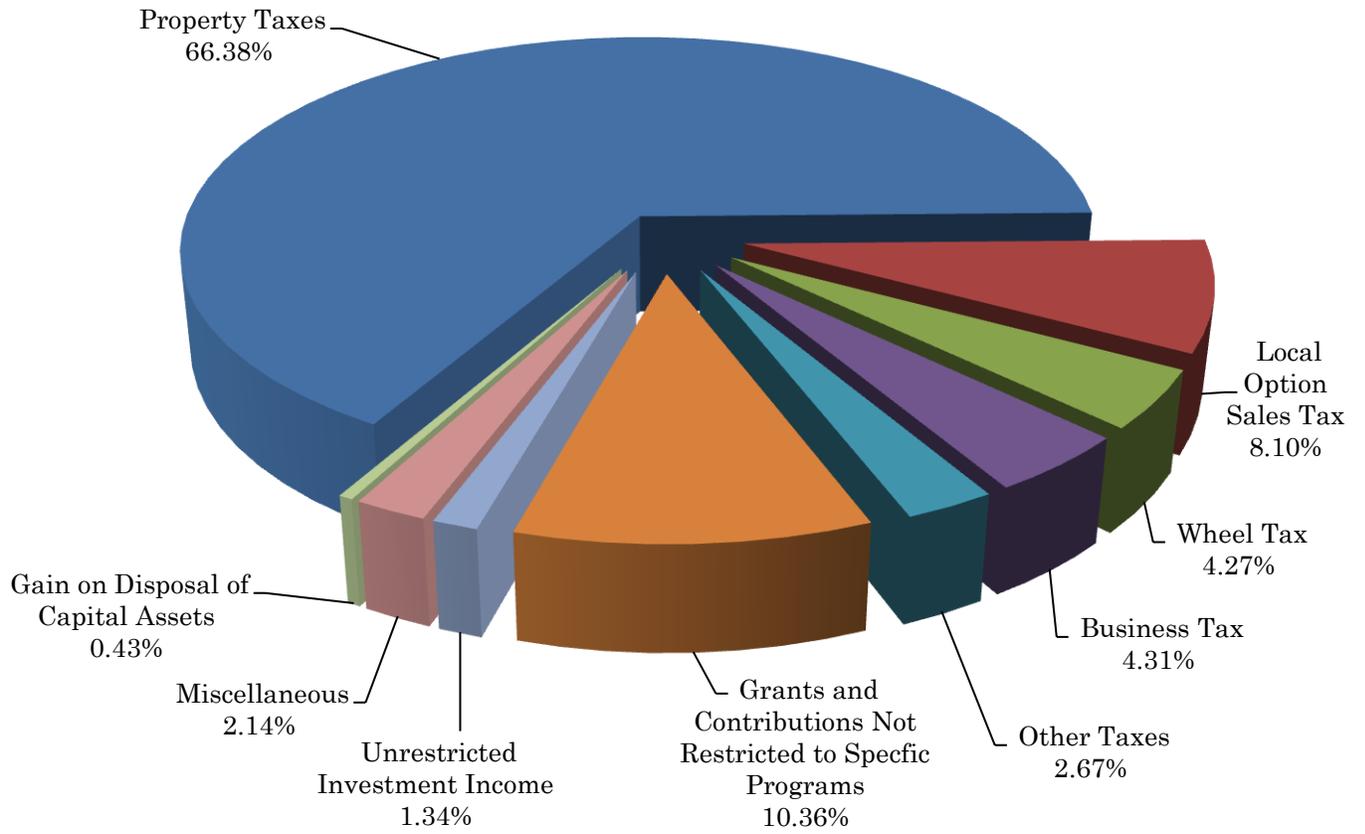


**Revenues** on the government-wide Statement of Activities are broken into two major categories, program and general revenues.

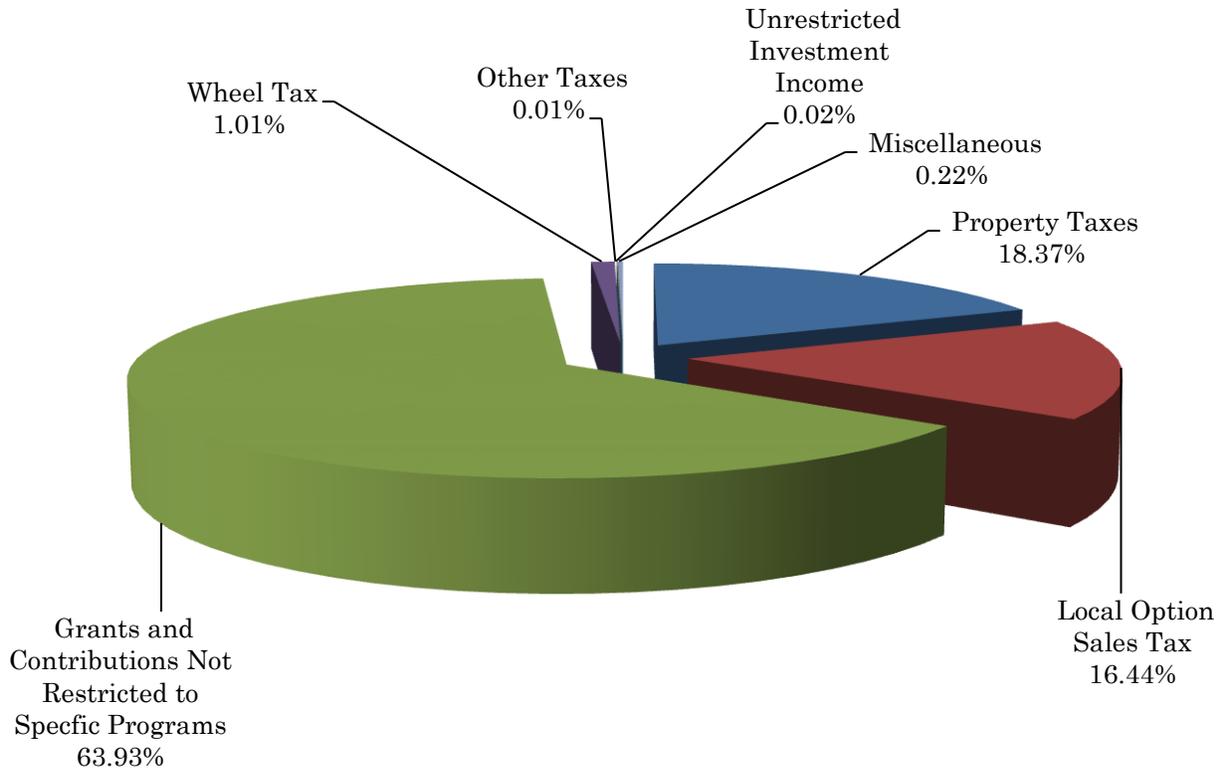
**Program revenues** are three types: charges for services (arise from charges to customers), operating grants and contributions (restricted for a specific purpose), and capital grants and contributions (restricted for a specific purpose).

**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 \$97,037 and \$171,004, 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 \$6,040,131 and \$6,166,801, 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 \$6,315,539 and \$3,963,552, respectively, includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county’s highest level of decision-making authority.
- **Assigned Fund Balance** – The assigned fund balance reflected in Hamblen County’s and the discretely presented Hamblen County School Department’s governmental funds totaling \$1,488,831 and \$4,994,441, 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 \$4,339,480 and \$4,540,645, 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 \$18,281,018, an increase of \$1,161,223. The increase in the county’s fund balances is attributed to the before mentioned issuance of bonds for resurfacing projects. The discretely presented Hamblen County School Department’s governmental funds reported fund balances totaling \$19,836,443, an increase of \$2,131,123. The increase in the discretely presented Hamblen County School Department’s governmental fund balances is attributed to the before mentioned issuance of bonds for school construction and renovations.

The General Fund is the chief operating fund of Hamblen County. At the end of the current fiscal year, unassigned fund balance was \$4,339,480, while total fund balance reached \$7,093,965. Total fund balance for the General Fund decreased \$607,592. 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 26.8 percent of total General Fund expenditures, while total fund balance represents 43.8 percent of that same amount.

The Solid Waste/Sanitation Fund continues to maintain a stable fund balance. In 2003, a deficit of \$205,578 existed and prompted the County Commission to levy a 21-cent tax increase during the 2004 year. The Solid Waste/Sanitation Fund's fund balances totaled \$3,304,942 at June 30, 2014, a decrease of \$370,827 from the previous year.

The General Debt Service Fund had a total fund balance of \$5,278,344 at June 30, 2014, an increase of \$487,310.

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 \$4,540,645, while total fund balance decreased to \$10,132,467. Total fund balance for the General Purpose School Fund decreased \$3,881,845. 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 6.3 percent of total General Purpose School Fund expenditures, while total fund balance represents 14.1 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	\$ 2,126,082	\$ 2,093,082	\$ (33,000)
Finance	2,230,123	2,262,823	32,700
Administration of Justice	2,210,840	2,195,340	(15,500)
Public Safety	6,370,243	6,440,517	70,274
Public Health and Welfare	925,142	1,069,902	144,760
Social, Cultural, and Recreational Services	813,220	836,481	23,261
Agriculture and Natural Resources	203,873	204,373	500
Other Operations	1,760,419	1,889,658	129,239
Education	7,000	7,000	0
Capital Projects	430,800	843,886	413,086
Total Appropriations	<u>\$ 17,077,742</u>	<u>\$ 17,843,062</u>	<u>\$ 765,320</u>

The increase in Public Safety was due to an increase in county coroner expenditures related to the increase in the number of autopsies.

The increase in Public Health and Welfare was attributed to state funds received and corresponding appropriations related to tobacco settlement funds. Additional funds were appropriated for a medical services discount agreement with a local hospital.

The increase in Other Operations was due to an increase in tourism events and an increase in insurance premiums related to liability insurance and workers' compensation insurance.

The increase in Capital Projects is attributed to roofing projects at the Hamblen County Courthouse and Hamblen County Health Department. Additional increases in appropriations totaling \$220,525 to Capital Projects were necessary to address required changes to computer software for the Finance Department and the Circuit and General Sessions Courts. Finally, additional appropriations were necessary to fund a jail feasibility study as the county begins to address the overcrowding and other issues at its current facility.

At the close of the fiscal year, actual expenditures were \$1,448,003 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 \$1,640,876 compared to the original budget of \$74,168,130. The majority of the increased appropriations were funded by an increase in estimated revenues. At the close of the fiscal year, actual expenditures were \$3,538,344 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, 2014, totaled \$20,119,275. This investment in capital assets includes land, buildings and improvements, other capital assets (includes vehicles and equipment), and infrastructure (includes roads, highways, and bridges).

<u>Asset</u>	<u>Historical Value</u>	<u>Accumulated Depreciation</u>	<u>Net Value 6-30-14</u>
Land	\$ 420,779	\$ 0	\$ 420,779
Construction in Progress	83,124	0	83,124
Buildings and Improvements	10,937,888	(4,169,001)	6,768,887
Other Capital Assets	6,338,808	(4,142,180)	2,196,628
Infrastructure	16,954,011	(6,304,154)	10,649,857
Total	<u>\$ 34,734,610</u>	<u>\$ (14,615,335)</u>	<u>\$ 20,119,275</u>

The discretely presented Hamblen County School Department’s investment in capital assets, net of accumulated depreciation, as of June 30, 2014, totaled \$51,863,790. 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 6-30-14
Land	\$ 2,999,016	\$ 0	\$ 2,999,016
Construction in Progress	600,741	0	600,741
Buildings and Improvements	135,002,162	(92,900,505)	42,101,657
Other Capital Assets	15,601,741	(9,439,365)	6,162,376
Total	\$ 154,203,660	\$ (102,339,870)	\$ 51,863,790

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 \$40,931,893. During the year Hamblen County issued \$2.7 million in bonds for resurfacing projects on county roads and \$2.5 million in bonds for construction and renovations at one of the high schools. Hamblen County made debt payments totaling \$3,768,854 during the year. The net of the issuance of bonds and retirement of existing debt resulted in an increase of \$1,431,146 in long-term debt from the previous fiscal year. All of this debt is backed by the full faith and credit of the county. Hamblen County maintains a rating of "Aa3" from Moody's and "A+" from Standard and Poor's for general obligation debt. The county did not have any capital outlay notes outstanding at June 30, 2014. 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 June 20, 2014, Hamblen County adopted a budget for the fiscal year ending June 30, 2015. Many factors were considered when adopting this budget: the unemployment rate, area road construction affecting a major shopping area, development of a major retail store, limited interest earnings, and current housing market. These factors affect two of Hamblen County's more significant revenues, property and sales taxes.

The property tax rate for tax year 2014 was adopted at the same rate as the 2013 tax year. The distribution of the 2014 property tax rate is shown below:

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

The unemployment rate for the county as of June 30, 2014, was 7.7 percent, which is greatly improved compared to ten percent a year ago. This can be attributed to the economic activity that Hamblen County is beginning to see in the form of expansions by current manufacturing companies and several retail developments. The state's average unemployment rate as of June 30, 2014, was 8.4 percent and the national average was 7.5 percent.

### **REQUEST FOR INFORMATION**

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

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# **BASIC FINANCIAL STATEMENTS**

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Exhibit A

Hamblen County, Tennessee  
Statement of Net Position  
June 30, 2014

	Primary Government Governmental Activities	Component Units	
		Hamblen County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash	\$ 5,423	\$ 0	\$ 1,687,174
Equity in Pooled Cash and Investments	21,233,411	15,788,335	0
Inventories	0	171,004	0
Accounts Receivable	158,770	22,178	125,623
Due from Other Governments	1,254,449	2,664,036	0
Due from Primary Government	0	2,500,000	0
Property Taxes Receivable	12,626,771	13,504,406	0
Allowance for Uncollectible Property Taxes	(453,130)	(486,275)	0
Prepaid Items	97,037	0	0
Unamortized Discount on Debt	126,740	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	420,779	2,999,016	0
Construction in Progress	83,124	600,741	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	6,768,887	42,101,657	234,029
Other Capital Assets	2,196,628	6,162,376	522,972
Infrastructure	10,649,857	0	0
Total Assets	<u>\$ 55,168,746</u>	<u>\$ 86,027,474</u>	<u>\$ 2,569,798</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Accumulated Decrease in Fair Value of Hedging Derivatives	\$ 98,786	\$ 0	\$ 0
Deferred Charge on Refunding	330,678	0	0
Total Deferred Outflows of Resources	<u>\$ 429,464</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 282,611	\$ 95,465	\$ 14,077
Accrued Payroll	324,867	0	0
Accrued Interest Payable	116,883	0	0
Payroll Deductions Payable	52,783	232,124	2,196
Contracts Payable	0	62,984	0
Due to Component Unit	2,500,000	0	0
Derivative - Interest Rate Swap	2,184,250	0	0
Noncurrent Liabilities:			
Due Within One Year	4,498,854	309,251	6,382
Due in More Than One Year (net of unamortized premium on debt)	37,360,066	14,353,755	19,147
Total Liabilities	<u>\$ 47,320,314</u>	<u>\$ 15,053,579</u>	<u>\$ 41,802</u>

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Units	
		Hamblen County School Department	Emergency Communica- tions District
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Accumulated Increase in Fair Value of Hedging Derivatives	\$ 241,614	\$ 0	\$ 0
Deferred Current Property Taxes	11,859,614	12,679,876	0
Total Deferred Inflows of Resources	<u>\$ 12,101,228</u>	<u>\$ 12,679,876</u>	<u>\$ 0</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 15,489,228	\$ 51,863,790	\$ 757,001
Restricted for:			
General Government	11,673	0	0
Finance	30,134	0	0
Administration of Justice	100,644	0	0
Public Safety	129,240	0	0
Public Health and Welfare	139,256	0	0
Social, Cultural, and Recreational Services	49,308	0	0
Highway/Public Works	480,178	0	0
Debt Service	3,476,722	0	0
Capital Projects	98,899	2,508,037	0
Education	0	3,829,768	0
Unrestricted	<u>(23,828,614)</u>	<u>92,424</u>	<u>1,770,995</u>
Total Net Position	<u>\$ (3,823,332)</u>	<u>\$ 58,294,019</u>	<u>\$ 2,527,996</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, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Primary					Component Units				
	Program Revenues			Government		Hamblen			Component Units	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	County School Department	Emergency Communications District	County School Department	Emergency Communications District	County School Department	Emergency Communications District
<b>Primary Government:</b>										
<b>Governmental Activities:</b>										
General Government	\$ 3,584,415	\$ 757,932	\$ 15,164	\$ 109,642	\$ (2,701,677)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	2,229,448	1,678,241	0	0	(551,207)	0	0	0	0	0
Administration of Justice	2,243,767	1,635,806	87,760	0	(520,201)	0	0	0	0	0
Public Safety	6,256,457	1,351,208	156,840	0	(4,748,409)	0	0	0	0	0
Public Health and Welfare	3,504,362	10,272	530,755	208,900	(2,754,435)	0	0	0	0	0
Social, Cultural, and Recreational Services	1,071,166	191,287	0	0	(879,879)	0	0	0	0	0
Agriculture and Natural Resources	182,410	0	0	0	(182,410)	0	0	0	0	0
Highways	3,311,201	539	1,668,786	220,773	(1,421,103)	0	0	0	0	0
Education	2,540,867	0	0	0	(2,540,867)	0	0	0	0	0
Interest on Long-term Debt	1,639,362	0	0	0	(1,639,362)	0	0	0	0	0
<b>Total Primary Government</b>	<b>\$ 26,563,455</b>	<b>\$ 5,625,285</b>	<b>\$ 2,459,305</b>	<b>\$ 539,315</b>	<b>\$ (17,939,550)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Component Units:</b>										
Hamblen County School Department	\$ 85,726,966	\$ 1,972,040	\$ 10,779,376	\$ 2,581,640	\$ 0	\$ (70,393,910)	\$ 0	\$ 0	\$ (70,393,910)	\$ 0
Emergency Communications District	1,120,136	705,741	0	0	0	0	0	0	0	(414,395)
<b>Total Component Units</b>	<b>\$ 86,847,102</b>	<b>\$ 2,677,781</b>	<b>\$ 10,779,376</b>	<b>\$ 2,581,640</b>	<b>\$ 0</b>	<b>\$ (70,393,910)</b>	<b>\$ 0</b>	<b>\$ (70,393,910)</b>	<b>\$ 0</b>	<b>\$ (414,395)</b>

(Continued)

Exhibit B

Hamblen County, Tennessee  
Statement of Activities (Cont.)

Net (Expense) Revenue and Changes in Net Position									
Functions/Programs	Program Revenues			Primary Government		Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Hamblen County		Emergency Communications District	
						School Department	Department	School Department	District
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes					\$ 6,698,249	\$ 13,037,585	\$		0
Property Taxes Levied for Public Health and Welfare Purposes					1,212,007	0			0
Property Taxes Levied for Debt Purposes					4,193,238	0			0
Local Option Sales Taxes					1,477,426	11,668,398			0
Hotel/Motel Tax					14,286	0			0
Wheel Tax					778,040	719,780			0
Litigation Tax - General					145,463	0			0
Litigation Tax - Special Purpose					64,965	0			0
Litigation Tax - Jail/Workhouse/Courthouse					53,647	0			0
Litigation Tax - Courtroom Security					58,863	0			0
Business Tax					786,078	0			0
Mineral Severance Tax					37,472	0			0
Wholesale Beer Tax					109,104	0			0
Interstate Telecommunications Tax					3,434	6,854			0
Grants and Contributions Not Restricted to Specific Programs					1,889,752	45,373,724		483,900	
Unrestricted Investment Income					244,547	17,256		1,704	
Miscellaneous					389,329	155,244		1,284	
Gain on Disposal of Capital Assets					78,166	0		0	
Total General Revenues					\$ 18,234,066	\$ 70,978,841	\$	486,888	
Change in Fair Value of Derivatives - Interest Rate Swap					\$ 455,867	\$ 0	\$	0	
Change in Net Position					\$ 750,383	\$ 584,931	\$	72,493	
Net Position, July 1, 2013					(4,573,715)	57,709,088		2,455,503	
Net Position, June 30, 2014					\$ (3,823,332)	\$ 58,294,019	\$	2,527,996	

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, 2014

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Education Capital Projects	Other	Governmental Funds	
<b>ASSETS</b>							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,423	\$ 5,423
Equity in Pooled Cash and Investments	7,020,313	3,411,546	5,040,304	2,500,000	2,496,431	20,468,594	20,468,594
Accounts Receivable	127,106	10,970	0	0	20,694	158,770	158,770
Due from Other Governments	645,915	147,422	142,694	0	318,418	1,254,449	1,254,449
Due from Other Funds	26,035	0	0	0	0	26,035	26,035
Property Taxes Receivable	6,979,805	1,246,654	4,400,312	0	0	12,626,771	12,626,771
Allowance for Uncollectible Property Taxes	(251,333)	(43,348)	(158,449)	0	0	(453,130)	(453,130)
Prepaid Items	27,496	0	69,541	0	0	97,037	97,037
<b>Total Assets</b>	\$ 14,575,337	\$ 4,773,244	\$ 9,494,402	\$ 2,500,000	\$ 2,840,966	\$ 34,183,949	\$ 34,183,949
<b>LIABILITIES</b>							
Accounts Payable	\$ 158,636	\$ 98,643	\$ 706	\$ 0	\$ 24,626	\$ 282,611	\$ 282,611
Accrued Payroll	272,817	21,947	0	0	30,103	324,867	324,867
Payroll Deductions Payable	44,530	3,484	0	0	4,769	52,783	52,783
Due to Other Funds	0	0	0	0	26,035	26,035	26,035
Due to Component Units	0	0	0	2,500,000	0	2,500,000	2,500,000
<b>Total Liabilities</b>	\$ 475,983	\$ 124,074	\$ 706	\$ 2,500,000	\$ 85,533	\$ 3,186,296	\$ 3,186,296
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Current Property Taxes	\$ 6,553,644	\$ 1,174,325	\$ 4,131,645	\$ 0	\$ 0	\$ 11,859,614	\$ 11,859,614
Deferred Delinquent Property Taxes	132,775	22,481	83,707	0	0	238,963	238,963
Other Deferred/Unavailable Revenue	318,970	147,422	0	0	151,666	618,058	618,058
<b>Total Deferred Inflows of Resources</b>	\$ 7,005,389	\$ 1,344,228	\$ 4,215,352	\$ 0	\$ 151,666	\$ 12,716,635	\$ 12,716,635

(Continued)

Exhibit C-1

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Education Capital Projects	Other Governmental Funds	Nonmajor Funds		
						General Debt Service	Education Capital Projects	
<b>FUND BALANCES</b>								
Nonspendable:								
Prepaid Items	\$ 27,496	\$ 0	\$ 69,541	\$ 0	\$ 0	\$ 0	\$ 0	\$ 97,037
Restricted:								
Restricted for General Government	11,673	0	0	0	0	0	0	11,673
Restricted for Finance	30,134	0	0	0	0	0	0	30,134
Restricted for Administration of Justice	100,644	0	0	0	0	0	0	100,644
Restricted for Public Safety	12,953	0	0	0	0	116,287	0	129,240
Restricted for Public Health and Welfare	113,548	0	0	0	0	0	0	113,548
Restricted for Other Operations	49,308	0	0	0	0	0	0	49,308
Restricted for Highways/Public Works	0	0	0	0	0	328,512	0	328,512
Restricted for Debt Service	0	0	3,509,898	0	0	0	0	3,509,898
Restricted for Capital Projects	0	0	0	0	0	1,767,174	0	1,767,174
Committed:								
Committed for Public Health and Welfare	45,627	3,304,942	0	0	0	0	0	3,350,569
Committed for Debt Service	0	0	1,698,905	0	0	0	0	1,698,905
Committed for Capital Projects	874,271	0	0	0	0	391,794	0	1,266,065
Assigned:								
Assigned for General Government	108,901	0	0	0	0	0	0	108,901
Assigned for Finance	187,055	0	0	0	0	0	0	187,055
Assigned for Administration of Justice	5,315	0	0	0	0	0	0	5,315
Assigned for Public Safety	20,146	0	0	0	0	0	0	20,146
Assigned for Public Health and Welfare	50,219	0	0	0	0	0	0	50,219
Assigned for Social, Cultural, and Recreational Services	200	0	0	0	0	0	0	200
Assigned for Other Operations	100,000	0	0	0	0	0	0	100,000
Assigned for Other Purposes	1,016,995	0	0	0	0	0	0	1,016,995
Unassigned	4,339,480	0	0	0	0	0	0	4,339,480
<b>Total Fund Balances</b>	<b>\$ 7,093,965</b>	<b>\$ 3,304,942</b>	<b>\$ 5,278,344</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,603,767</b>	<b>\$ 0</b>	<b>\$ 18,281,018</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 14,575,337</b>	<b>\$ 4,773,244</b>	<b>\$ 9,494,402</b>	<b>\$ 2,500,000</b>	<b>\$ 2,840,966</b>	<b>\$ 34,183,949</b>		

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, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 18,281,018
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 420,779	
Add: construction in progress	83,124	
Add: infrastructure net of accumulated depreciation	10,649,857	
Add: buildings and improvements net of accumulated depreciation	6,768,887	
Add: other capital assets net of accumulated depreciation	<u>2,196,628</u>	20,119,275
(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.		764,817
(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	\$(24,846,893)	
Less: bonds payable	(16,085,000)	
Less: other postemployment benefits liability	(374,607)	
Add: deferred amount on refunding	330,678	
Add: unamortized discount on debt	126,740	
Less: fair value of investment-type derivative - interest rate swap	(2,327,078)	
Less: accrued interest on bonds and other loans payable	(116,883)	
Less: other deferred revenue - premium on debt	<u>(552,420)</u>	(43,845,463)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>857,021</u>
Net position of governmental activities (Exhibit A)		<u>\$ (3,823,332)</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, 2014

	Major Funds						Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Education Capital Projects	Other		Governmental Funds		
					General	Debt Service			
<u>Revenues</u>									
Local Taxes	\$ 8,708,418	\$ 1,953,568	\$ 5,161,888	\$ 0	\$ 0	\$ 37,472	\$ 15,861,346		
Licenses and Permits	429,172	2,125	0	0	0	0	431,297		
Fines, Forfeitures, and Penalties	274,137	0	41,000	0	0	43,679	358,816		
Charges for Current Services	582,865	0	0	0	0	1,751	584,616		
Other Local Revenues	106,087	35,389	742,754	0	0	32,451	916,681		
Fees Received from County Officials	3,193,638	0	0	0	0	0	3,193,638		
State of Tennessee	2,686,451	17,806	0	0	0	2,230,985	4,935,242		
Federal Government	203,283	0	0	0	0	215,650	418,933		
Other Governments and Citizens Groups	98,389	4,003	0	0	0	9,255	111,647		
<b>Total Revenues</b>	<b>\$ 16,282,440</b>	<b>\$ 2,012,891</b>	<b>\$ 5,945,642</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,571,243</b>	<b>\$ 26,812,216</b>		
<u>Expenditures</u>									
Current:									
General Government	\$ 1,933,109	\$ 0	\$ 0	\$ 0	\$ 0	\$ 181	\$ 1,933,290		
Finance	2,065,190	0	0	0	0	53,753	2,118,943		
Administration of Justice	2,003,526	0	0	0	0	34,896	2,038,422		
Public Safety	6,026,663	0	0	0	0	58,907	6,085,570		
Public Health and Welfare	887,626	2,384,505	0	0	0	0	3,272,131		
Social, Cultural, and Recreational Services	801,156	0	0	0	0	0	801,156		
Agriculture and Natural Resources	182,723	0	0	0	0	0	182,723		
Other Operations	1,701,476	0	0	0	0	0	1,701,476		
Highways	0	0	0	0	0	2,132,425	2,132,425		
Operation of Non-instructional Services	7,000	0	0	0	0	0	7,000		
Debt Service:									
Principal on Debt	0	0	3,768,854	0	0	0	3,768,854		
Interest on Debt	0	0	1,591,019	0	0	0	1,591,019		

(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	Education Capital Projects	Other	Governmental Funds	
<u>Expenditures (Cont.)</u>							
Debt Service (Cont.)							
Other Debt Service	\$ 0	\$ 0	\$ 98,459	\$ 0	\$ 0	\$ 0	\$ 98,459
Capital Projects	571,757	0	0	2,540,393	1,418,935	0	4,531,085
Total Expenditures	\$ 16,180,226	\$ 2,384,505	\$ 5,458,332	\$ 2,540,393	\$ 3,699,097	\$ 0	\$ 30,262,553
Excess (Deficiency) of Revenues Over Expenditures	\$ 102,214	\$ (371,614)	\$ 487,310	\$ (2,540,393)	\$ (1,127,854)	\$ 0	\$ (3,450,337)
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 2,500,000	\$ 2,700,000	\$ 0	\$ 5,200,000
Premiums on Debt Issued	0	0	0	40,393	37,083	0	77,476
Insurance Recovery	45,194	787	0	0	18,103	0	64,084
Transfers In	0	0	0	0	25,000	0	25,000
Transfers Out	(755,000)	0	0	0	0	0	(755,000)
Total Other Financing Sources (Uses)	\$ (709,806)	\$ 787	\$ 0	\$ 2,540,393	\$ 2,780,186	\$ 0	\$ 4,611,560
Net Change in Fund Balances	\$ (607,592)	\$ (370,827)	\$ 487,310	\$ 0	\$ 1,652,332	\$ 0	\$ 1,161,223
Fund Balance, July 1, 2013	7,701,557	3,675,769	4,791,034	0	951,435	0	17,119,795
Fund Balance, June 30, 2014	\$ 7,093,965	\$ 3,304,942	\$ 5,278,344	\$ 0	\$ 2,603,767	\$ 0	\$ 18,281,018

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, 2014

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 1,161,223
(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	\$ 937,123	
Less: current-year depreciation expense	<u>(1,067,171)</u>	(130,048)
(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		(1,715)
(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, 2014	\$ 857,021	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(873,636)</u>	(16,615)
(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	\$ 27,989	
Less: change in debt discounts	(4,074)	
Add: principal payments on other loans	375,000	
Add: principal payments on bonds	3,393,854	
Less: bond proceeds	(5,200,000)	
Add: change in fair value of investment type derivatives - interest rate swap	455,867	
Less: change in deferred amount on refunding debt	<u>(45,560)</u>	(996,924)
(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	\$ 7,859	
Change in other postemployment benefits liability	<u>(38,214)</u>	(30,355)
(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>764,817</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 750,383</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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)		Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final			
<u>Revenues</u>								
Local Taxes	\$ 8,708,418	\$ 0	\$ 0	\$ 8,708,418	\$ 8,733,172	\$ 8,733,172	\$ (24,754)	
Licenses and Permits	429,172	0	0	429,172	425,000	425,000	4,172	
Fines, Forfeitures, and Penalties	274,137	0	0	274,137	273,200	273,200	937	
Charges for Current Services	582,865	0	0	582,865	641,295	740,495	(157,630)	
Other Local Revenues	106,087	0	0	106,087	90,910	90,910	15,177	
Fees Received from County Officials	3,193,638	0	0	3,193,638	3,246,103	3,246,103	(52,465)	
State of Tennessee	2,686,451	0	0	2,686,451	2,702,555	2,757,315	(70,864)	
Federal Government	203,283	0	0	203,283	218,400	241,474	(38,191)	
Other Governments and Citizens Groups	98,389	0	0	98,389	122,500	127,500	(29,111)	
Total Revenues	\$ 16,282,440	\$ 0	\$ 0	\$ 16,282,440	\$ 16,453,135	\$ 16,635,169	\$ (352,729)	
<u>Expenditures</u>								
<u>General Government</u>								
County Commission	\$ 189,587	\$ 0	\$ 0	\$ 189,587	\$ 197,036	\$ 197,036	\$ 7,449	
Board of Equalization	2,405	0	0	2,405	7,200	7,200	4,795	
County Mayor/Executive	185,863	0	0	185,863	199,254	200,754	14,891	
County Attorney	17,292	0	0	17,292	51,293	31,293	14,001	
Election Commission	229,334	0	928	230,262	252,597	247,597	17,335	
Register of Deeds	254,920	0	0	254,920	286,769	286,769	31,849	
Planning	276,047	(6,141)	929	270,835	285,721	290,221	19,386	
Geographical Information Systems	2,611	0	0	2,611	25,000	11,000	8,389	
Other Facilities	755,842	(3,325)	2,700	755,217	801,148	801,148	45,931	
Preservation of Records	19,208	(1,550)	60	17,718	20,064	20,064	2,346	
<u>Finance</u>								
Accounting and Budgeting	267,297	(25)	1,614	268,886	261,672	280,672	11,786	
Purchasing	40,930	0	0	40,930	41,643	42,143	1,213	
Property Assessor's Office	359,651	0	0	359,651	380,685	380,685	21,034	
Reappraisal Program	121,492	0	0	121,492	137,200	137,700	16,208	
County Trustee's Office	324,002	0	6,228	330,230	352,778	355,778	25,548	
County Clerk's Office	590,763	0	1,040	591,803	695,629	679,329	87,526	
Data Processing	97,581	(15,419)	17,579	99,741	99,458	106,958	7,217	

(Continued)

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 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Other Finance	\$ 263,474	\$ 0	\$ 34	\$ 263,508	\$ 261,058	\$ 279,558	\$ 16,050
<u>Administration of Justice</u>							
Circuit Court	694,577	(1,642)	0	692,935	792,843	777,843	84,908
General Sessions Court	290,076	0	0	290,076	304,590	301,090	11,014
Drug Court	116,411	(60)	1,728	118,079	139,798	139,798	21,719
Chancery Court	314,893	(565)	0	314,328	334,027	337,027	22,699
Juvenile Court	343,589	(16,470)	0	327,119	371,779	371,779	44,660
Courtroom Security	243,980	(100)	3,586	247,466	267,803	267,803	20,337
<u>Public Safety</u>							
Sheriff's Department	2,592,955	(9,512)	2,296	2,585,739	2,794,948	2,834,948	249,209
Administration of the Sexual Offender Registry	2,050	0	450	2,500	3,200	3,200	700
Jail	2,743,413	(1,820)	1,410	2,743,003	2,871,333	2,821,333	78,330
Workhouse	44,187	0	0	44,187	79,716	79,716	35,529
Work Release Program	105,970	0	1,081	107,051	124,949	136,949	29,898
Fire Prevention and Control	180,000	0	0	180,000	180,000	180,000	0
Civil Defense	74,362	0	0	74,362	83,361	83,561	9,199
Other Emergency Management	141,436	0	0	141,436	141,436	141,436	0
Inspection and Regulation	5,965	0	0	5,965	8,600	8,600	2,635
County Coroner/Medical Examiner	119,193	0	174	119,367	82,700	127,700	8,333
Other Public Safety	17,132	0	5,494	22,626	0	23,074	448
<u>Public Health and Welfare</u>							
Local Health Center	518,652	0	0	518,652	583,400	628,160	109,508
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	5,000	0	0	5,000	5,000	5,000	0
Crippled Children Services	3,121	0	0	3,121	6,242	6,242	3,121
Appropriation to State	63,402	0	0	63,402	110,500	110,500	47,098
Aid to Dependent Children	8,000	0	0	8,000	8,000	8,000	0
Child Support	8,031	0	0	8,031	15,000	15,000	6,969
Other Local Welfare Services	29,420	0	0	29,420	45,000	45,000	15,580

(Continued)

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

	Actual (GAAP Basis)	Less:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		7/1/2013	6/30/2014			Original	Final	
<u>Expenditures (Cont.)</u>								
<u>Public Health and Welfare (Cont.)</u>								
Sanitation Management	\$ 15,000	\$ 0	\$ 0	\$ 15,000	\$ 15,000	\$ 15,000	\$ 0	0
Other Public Health and Welfare	101,500	0	0	101,500	1,500	101,500	0	0
<u>Social, Cultural, and Recreational Services</u>								
Adult Activities	11,600	0	0	11,600	11,600	11,600	0	0
Senior Citizens Assistance	6,500	0	0	6,500	6,500	6,500	0	0
Libraries	261,490	0	0	261,490	257,000	261,500	10	10
Parks and Fair Boards	216,054	(60)	200	216,194	236,520	245,281	29,087	29,087
Other Social, Cultural, and Recreational	305,512	0	0	305,512	301,600	311,600	6,088	6,088
<u>Agriculture and Natural Resources</u>								
Agriculture Extension Service	134,399	0	0	134,399	138,459	138,459	4,060	4,060
Forest Service	1,000	0	0	1,000	1,000	1,000	0	0
Soil Conservation	42,048	0	0	42,048	42,414	42,914	866	866
Storm Water Management	5,276	0	0	5,276	22,000	22,000	16,724	16,724
<u>Other Operations</u>								
Tourism	239,153	(33,485)	49,308	254,976	193,937	303,137	48,161	48,161
Industrial Development	107,906	0	0	107,906	130,679	130,679	22,773	22,773
Public Transportation	7,014	0	0	7,014	35,000	9,139	2,125	2,125
Veterans' Services	16,329	0	0	16,329	15,728	17,128	799	799
Employee Benefits	823,267	0	0	823,267	833,463	877,963	54,696	54,696
Miscellaneous	507,807	0	0	507,807	551,612	551,612	43,805	43,805
<u>Operation of Non-Instructional Services</u>								
Community Services	7,000	0	0	7,000	7,000	7,000	0	0
<u>Capital Projects</u>								
General Administration Projects	209,348	(4,000)	169,604	374,952	170,800	412,433	37,481	37,481
Administration of Justice Projects	54,500	(964)	70,672	124,208	0	125,172	964	964
Public Safety Projects	266,484	(31,419)	0	235,065	230,000	255,281	20,216	20,216
Public Health and Welfare Projects	41,425	0	4,275	45,700	30,000	51,000	5,300	5,300
Total Expenditures	\$ 16,180,226	\$ (126,557)	\$ 341,390	\$ 16,395,059	\$ 17,077,742	\$ 17,843,062	\$ 1,448,003	\$ 1,448,003

(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:		Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		7/1/2013	6/30/2014			Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 102,214 \$	126,557 \$	(341,390) \$	(112,619) \$	(624,607) \$	(1,207,893) \$	1,095,274	
Other Financing Sources (Uses)								
Insurance Recovery	\$ 45,194 \$	0 \$	0 \$	45,194 \$	0 \$	38,475 \$	6,719	
Transfers Out	(755,000)	0	0	(755,000)	(25,000)	(755,000)	0	
Total Other Financing Sources	\$ (709,806) \$	0 \$	0 \$	(709,806) \$	(25,000) \$	(716,525) \$	6,719	
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (607,592) \$	126,557 \$	(341,390) \$	(822,425) \$	(649,607) \$	(1,924,418) \$	1,101,993	
Fund Balance, June 30, 2014	7,701,557	(126,557)	0	7,575,000	6,957,202	6,957,202	617,798	
	\$ 7,093,965 \$	0 \$	(341,390) \$	6,752,575 \$	6,307,595 \$	5,032,784 \$	1,719,791	

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 and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,953,568	\$ 1,950,436	\$ 1,950,436	\$ 3,132
Licenses and Permits	2,125	1,500	1,500	625
Other Local Revenues	35,389	8,614	8,614	26,775
State of Tennessee	17,806	18,000	18,000	(194)
Other Governments and Citizens Groups	4,003	0	0	4,003
Total Revenues	<u>\$ 2,012,891</u>	<u>\$ 1,978,550</u>	<u>\$ 1,978,550</u>	<u>\$ 34,341</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 2,384,505	\$ 2,656,861	\$ 2,656,861	\$ 272,356
Total Expenditures	<u>\$ 2,384,505</u>	<u>\$ 2,656,861</u>	<u>\$ 2,656,861</u>	<u>\$ 272,356</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (371,614)</u>	<u>\$ (678,311)</u>	<u>\$ (678,311)</u>	<u>\$ 306,697</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 787	\$ 0	\$ 0	\$ 787
Total Other Financing Sources	<u>\$ 787</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 787</u>
Net Change in Fund Balance	\$ (370,827)	\$ (678,311)	\$ (678,311)	\$ 307,484
Fund Balance, July 1, 2013	<u>3,675,769</u>	<u>3,613,924</u>	<u>3,613,924</u>	<u>61,845</u>
Fund Balance, June 30, 2014	<u>\$ 3,304,942</u>	<u>\$ 2,935,613</u>	<u>\$ 2,935,613</u>	<u>\$ 369,329</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, 2014

	Governmental Activities - Internal Service Fund
	<u>Employee Insurance - General</u>
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 764,817
Total Assets	<u>\$ 764,817</u>
<u>NET POSITION</u>	
Unrestricted	<u>\$ 764,817</u>
Total Net Position	<u><u>\$ 764,817</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, 2014

	Governmental Activities - Internal Service Fund
	<u>Employee Insurance - General</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 25,573
Other Employee Benefit Charges/Contributions	9,244
Total Operating Revenues	<u>\$ 34,817</u>
Operating Income (Loss) Before Transfers	\$ 34,817
Transfers In (Out)	<u>730,000</u>
Change in Net Position	\$ 764,817
Net Position, July 1, 2013	<u>0</u>
Net Position, June 30, 2014	<u><u>\$ 764,817</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, 2014

	Governmental Activities - Internal Service Fund
	Employee Insurance - General
	<hr/>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self Insurance Premiums	\$ 25,573
Receipts for Other Insurance Premiums	9,244
Net Cash Provided By (Used In) Operating Activities	<hr/> \$ 34,817
 <u>Cash Flows from Noncapital Financing Activities</u>	
Transfers from Other Funds	<hr/> \$ 730,000
Net Cash Provided By (Used In) Noncapital Financing Activities	<hr/> \$ 730,000
 Increase (Decrease) in Cash	\$ 764,817
Cash, July 1, 2013	<hr/> 0
 Cash, June 30, 2014	<hr/> <hr/> \$ 764,817
 <u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	<hr/> \$ 34,817
 Net Cash Provided By (Used In) Operating Activities	<hr/> <hr/> \$ 34,817

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, 2014

	Other Employee Benefit Trust Fund	
	<u>Employee Benefit Trust Fund</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$ 0	\$ 1,494,565
Equity in Pooled Cash and Investments	5,891	300
Accounts Receivable	0	848
Due from Other Governments	0	1,714,413
	<u>0</u>	<u>1,714,413</u>
Total Assets	\$ 5,891	\$ 3,210,126
<u>LIABILITIES</u>		
Due to Other Taxing Units	\$ 0	\$ 1,714,713
Due to Litigants, Heirs, and Others	0	1,495,413
	<u>0</u>	<u>1,495,413</u>
Total Liabilities	\$ 0	\$ 3,210,126
<u>NET POSITION</u>		
Net Position Held in Trust for Employees	\$ 5,891	
Net Position	\$ 5,891	

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, 2014

	Other Employee Benefit Trust Fund
	<u>Employee Benefit Trust Fund</u>
<u>ADDITIONS</u>	
Plan Member Contributions	\$ 26,262
Total Additions	<u>\$ 26,262</u>
<u>DEDUCTIONS</u>	
Employee Benefits:	
Other Fringe Benefits	\$ 26,070
Total Deductions	<u>\$ 26,070</u>
Change in Net Position	\$ 192
Net Position, July 1, 2013	<u>5,699</u>
Net Position, June 30, 2014	<u><u>\$ 5,891</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, 2014**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Hamblen County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Hamblen County:

**A. Reporting Entity**

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

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

The Hamblen County School Department operates the public school system in the county, and the voters of Hamblen County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, 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 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. Net debt issues totaling \$2,500,000 were contributed by the county to the School Department during the year ended June 30, 2014.

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 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.

**Education Capital Projects Fund** – This fund accounts for debt issued by Hamblen County that is subsequently contributed to the discretely presented Hamblen County School Department for construction and renovation projects.

Additionally, Hamblen County reports the following fund types:

**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. Beginning July 1, 2014, premiums charged to the various county funds and employee payroll deductions will be placed in this fund to pay the claims and insurance premiums of county employees. As of June 30, 2014, employee payroll deductions in the month of June that were for July 2014 premiums were placed in this fund.

**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.

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

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. As discussed in Note V.A., the county's one internal service fund was established during the year, but did not begin incurring expenses for the self-insurance program until subsequent to June 30, 2014.

**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 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 fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

## **2. Receivables and Payables**

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.88 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 estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

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

**5. 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 two items that qualify for reporting in this category. They are the accumulated decrease in fair value of hedging derivatives and the deferred charge on refunding. Both of these items are reported in the government-wide Statement of Net Position. Additional information regarding the fair value of hedging derivatives is included in Note IV.B., Derivative Instruments. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 revenues are from the following sources: current and delinquent property taxes, accumulated increase in fair value of hedging derivatives, and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**6. Compensated Absences**

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 \$205,637 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, and special termination benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

**8. Net Position and Fund Balance**

In the government-wide financial statements 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, 2014, Hamblen County had \$34,681,753 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 (\$210,601), amounts appropriated for use in the 2014-15 budget (\$906,691), amounts for various insurance premium increases (\$110,304) and various other assignments (\$261,235). Assigned fund balance in the School Department's General Purpose School Fund includes amounts for encumbrances not related to capital projects (\$248,809) and amounts assigned for capital projects (\$3,714,937), textbooks (\$566,035), and other uses (\$464,660).

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

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

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

**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, 2014, Hamblen County and the Hamblen County School Department reported the following significant encumbrances:

Funds	Description	Amount
Primary Government:		
Major Fund:		
General	Software purchases	\$ 220,525
Nonmajor Fund:		
Highway Capital Projects	Vehicle purchases	149,703
School Department:		
Major Fund:		
General Purpose School	Capital outlay	1,532,137
Central Cafeteria	Cafeteria equipment	85,313
Nonmajor Fund:		
School Federal Projects	Supplies and materials	62,513
"	Instruction equipment	64,455

#### 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.

## 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, 2014, Hamblen County had the following investments carried at fair value or amortized cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Hamblen County and the

discretely presented Hamblen County School Department since both pool their deposits and investments through the county trustee.

Investments	Rating		Maturity	Fair Value or Cost
	Moody	S&P		
State Treasurer's Investment Pool	NR	NR	109*	\$ 911,047
U.S. Treasury Bills	N/A	N/A	7-24-14	299,997
Henry County, GA General Obligation Bonds - 2008B	Aa1	AA	7-1-14	350,000
Metropolitan Government Nashville & Davidson County General Obligation Refunding Bonds - 2010D	Aa2	AA	7-1-14	350,000
Phenix City, ALA General Obligation - 2012A	NR	AA-	4-1-15	176,195
Tennessee Housing Development Agency Residential Program Bonds - 1A	Aa1	AA+	1-1-15	800,000
Palm Springs, CA Unified School District General Obligation Refunding Bonds - 2011	NR	AA-	8-1-14	200,094
Douglas County, NE General Obligation Refunding Bonds - 2011B	Aaa	AAA	12-15-14	202,158
Pierce County, WA School District No 083 General Obligation Bonds - 2006	Aa1	NR	12-1-14	203,386
Rhode Island State & Providence Plantations General Obligation Bonds - 2005E	Aa2	AA-	11-1-14	177,809
Albany County, NY General Obligation Bonds - 2010	Aa3	NR	11-15-14	405,344
Roseland, NJ General Obligation Refunding Bonds - 2013	NR	AA+	11-15-14	201,208
Milwaukee, WI General Obligation Refunding Bonds - 2002A	Aa3	AA	9-1-14	236,976
Pima County, AZ Unified School District No 1 Refunding Bonds - 2010	Aa2	NR	7-1-14	200,000
Bunker Hill Village, TX General Obligation Refunding Bonds - 2014	NR	AAA	4-1-15	151,843
Tennessee Housing Development Agency Residential Program Bonds - 1A	Aa1	AA+	1-1-15	<u>200,000</u>
Total				<u>\$ 5,066,057</u>

\* Weighted average maturity (days)

**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. The ratings of Hamblen County's investments are reflected in the table presented in the "Investment Balances" section of this note.

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Hamblen County places no limit on the amount the county may invest in one issuer. More than five percent of the county's investments are in the following:

Investments	Percentage
U.S. Treasury Bills	5.9%
Henry County, GA General Obligation Bonds-2008B	6.9
Metropolitan Government Nashville & Davidson County General Obligation Refunding Bonds - 2010D	6.9
Tennessee Housing Development Agency Residential Program Bonds - 1A	19.7
Albany County, NY General Obligation Bonds - 2010	8.0

**B. Derivative Instruments**

**Primary Government**

At June 30, 2014, Hamblen County had the following derivative instruments outstanding:

Instrument	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
\$10M Swap - A	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	\$ 10,000,000	12-16-10	6-1-17	Pay 4.265% receive 70% of 3 month LIBOR
\$10M Swap - B	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	10,000,000	5-7-13	6-1-25	Pay 4.39% receive 63.4% of 5 year LIBOR

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2014, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2014 financial statements are as follows:

Type	Changes in Fair Values		Fair Value at June 30, 2014		6-30-14
	Classification	Amount	Classi- fication	Amount	Notional Amount
<b>Governmental Activities</b>					
Pay-fixed interest rate swaps:					
\$10M Hybrid Swap A:					\$ 10,000,000
Cash Flow Hedge Portion	Deferred				
	Outflow	\$ 73,359	Debt	\$ (98,786)	
Non-hedge Portion	Investment				
	Earnings	247,420	Debt	(280,488)	
Total \$10M Hybrid Swap A		<u>\$ 320,779</u>		<u>\$ (379,274)</u>	
\$10M Hybrid Swap B:					6,105,000
Cash Flow Hedge Portion	Deferred				
	Inflow	\$ (192,826)	Debt	\$ 241,614	
Non-hedge Portion	Investment				
	Earnings	208,446	Debt	(2,046,590)	
Total \$10M Hybrid Swap B		<u>\$ 15,620</u>		<u>\$ (1,804,976)</u>	
Total		<u>\$ 336,399</u>		<u>\$ (2,184,250)</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.

### Derivative Swap Agreement Detail

#### \$10M Swap – A

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

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

**Terms.** Under the swap, the authority pays the counterparty a fixed payment of 4.265 percent and receives a variable payment computed as 70 percent of the three-month London Interbank Offered Rate (LIBOR). The bonds hedged by the interest rate swap agreement had an original outstanding principal amount of \$10 million. The interest rate swap agreement will not exceed the outstanding principal amount on the associated hedged bonds. The variable rates on the bonds have historically approximated the Securities Industry and Financial Markets Association (the “SIFMA”). The bonds and the related swap agreement mature on June 1, 2017. As of June 30, 2014, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.265%
Variable payment from counterparty		<u>-0.161%</u>
Net interest rate swap payments		4.104%
Variable-rate bond coupon payments		<u>0.903%</u>
Synthetic interest rate on bonds		<u>5.007%</u>

**Fair value.** As of June 30, 2014, the swap had a negative fair value of \$379,274. 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, 2014, 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, 2014, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody’s, Standard and Poor’s, and Fitch, respectively.

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

**Termination risk.** The 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, 2014, 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		
2015	\$ 2,810,000	\$ 55,188	\$ 250,519	\$ 3,115,707
2016	2,955,000	29,786	135,211	3,119,997
2017	340,000	3,074	13,952	357,026
Total	\$ 6,105,000	\$ 88,048	\$ 399,682	\$ 6,592,730

#### **\$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, 2014, 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>-1.078%</u>
Net interest rate swap payments		3.312%
Variable-rate bond coupon payments		<u>0.969%</u>
Synthetic interest rate on bonds		<u><u>4.281%</u></u>

**Fair value.** As of June 30, 2014, the swap had a negative fair value of \$1,804,976. 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, 2014, 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, 2014, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard and Poor's, and Fitch, respectively.

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

**Termination risk.** The 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, 2014, 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		
2015	\$ 0	\$ 96,848	\$ 331,220	\$ 428,068
2016	0	96,848	331,220	428,068
2017	0	96,848	331,220	428,068
2018	0	96,848	331,220	428,068
2019	0	96,848	331,220	428,068
2020-2024	8,100,000	335,822	1,148,505	9,584,327
2025	1,900,000	18,403	62,932	1,981,335
<b>Total</b>	<b>\$ 10,000,000</b>	<b>\$ 838,465</b>	<b>\$ 2,867,537</b>	<b>\$ 13,706,002</b>

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2014, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-13		Increases		Decreases		Balance 6-30-14	
Capital Assets Not Depreciated:								
Land	\$	420,779	\$	0	\$	0	\$	420,779
Construction in Progress		50,327		85,615		(52,818)		83,124
<b>Total Capital Assets Not Depreciated</b>	<b>\$</b>	<b>471,106</b>	<b>\$</b>	<b>85,615</b>	<b>\$</b>	<b>(52,818)</b>	<b>\$</b>	<b>503,903</b>
Capital Assets Depreciated:								
Buildings and Improvements	\$	10,931,648	\$	6,240	\$	0	\$	10,937,888
Roads and Bridges		16,954,011		0		0		16,954,011
Other Capital Assets		5,939,208		898,086		(498,486)		6,338,808
<b>Total Capital Assets Depreciated</b>	<b>\$</b>	<b>33,824,867</b>	<b>\$</b>	<b>904,326</b>	<b>\$</b>	<b>(498,486)</b>	<b>\$</b>	<b>34,230,707</b>

**Governmental Activities (Cont.):**

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,864,245	\$ 304,756	\$ 0	\$ 4,169,001
Roads and Bridges	6,134,472	169,682	0	6,304,154
Other Capital Assets	4,046,219	592,733	(496,772)	4,142,180
Total Accumulated Depreciation	<u>\$ 14,044,936</u>	<u>\$ 1,067,171</u>	<u>\$ (496,772)</u>	<u>\$ 14,615,335</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,779,932</u>	<u>\$ (162,846)</u>	<u>\$ (1,714)</u>	<u>\$ 19,615,372</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,251,038</u>	<u>\$ (77,231)</u>	<u>\$ (54,532)</u>	<u>\$ 20,119,275</u>

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

**Governmental Activities:**

General Government	\$ 93,451
Finance	13,338
Administration of Justice	169,654
Public Safety	203,935
Public Health and Welfare	279,419
Social, Cultural, and Recreational Services	38,176
Highways/Public Works	<u>269,198</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,067,171</u>

**Discretely Presented Hamblen County School Department**

**Governmental Activities:**

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 2,999,016	\$ 0	\$ 0	\$ 2,999,016
Construction in Progress	2,393,845	600,741	(2,393,845)	600,741
Total Capital Assets Not Depreciated	<u>\$ 5,392,861</u>	<u>\$ 600,741</u>	<u>\$ (2,393,845)</u>	<u>\$ 3,599,757</u>

**Governmental Activities (Cont.):**

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets				
Depreciated:				
Buildings and				
Improvements	\$ 132,179,526	\$ 2,822,636	\$ 0	\$ 135,002,162
Other Capital Assets	13,652,580	2,051,559	(102,398)	15,601,741
<b>Total Capital Assets</b>				
Depreciated	<u>\$ 145,832,106</u>	<u>\$ 4,874,195</u>	<u>\$ (102,398)</u>	<u>\$ 150,603,903</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 90,850,652	\$ 2,049,853	\$ 0	\$ 92,900,505
Other Capital Assets	8,596,475	940,404	(97,514)	9,439,365
<b>Total Accumulated</b>				
Depreciation	<u>\$ 99,447,127</u>	<u>\$ 2,990,257</u>	<u>\$ (97,514)</u>	<u>\$ 102,339,870</u>
<b>Total Capital Assets</b>				
Depreciated, Net	<u>\$ 46,384,979</u>	<u>\$ 1,883,938</u>	<u>\$ (4,884)</u>	<u>\$ 48,264,033</u>
<b>Governmental Activities</b>				
Capital Assets, Net	<u>\$ 51,777,840</u>	<u>\$ 2,484,679</u>	<u>\$ (2,398,729)</u>	<u>\$ 51,863,790</u>

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

**Governmental Activities:**

Instruction	\$ 29,482
Support Services	2,797,389
Operation of Non-instructional Services	<u>163,386</u>
<b>Total Depreciation Expense -</b>	
Governmental Activities	<u><u>\$ 2,990,257</u></u>

**D. Construction Commitments**

At June 30, 2014, the General Purpose School Fund of the discretely presented School Department had uncompleted construction contracts of approximately \$1,532,137 for building improvement projects. Funding for the future expenditures for construction contracts in the General Purpose School Fund has been provided from assigned fund balance.

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

The composition of interfund balances as of June 30, 2014, was as follows:

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 26,035

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

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

Receivable Fund	Payable Fund	Amount
Component Unit:		
School Department:	Primary Government:	
Education Capital Projects	Education Capital Projects	\$ 2,500,000

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

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2014, consisted of the following amounts:

Transfers Out	Transfers In	
	Internal Service Fund	Nonmajor Governmental Fund
General Fund	\$ 730,000	\$ 25,000

**Discretely Presented Hamblen County School Department:**

Transfers Out	Transfers In	
	General Purpose School Fund	Education Capital Projects Fund
General Purpose School Fund	\$ 0	\$ 3,500,000
Nonmajor governmental fund	55,514	0
<b>Total</b>	<b>\$ 55,514</b>	<b>\$ 3,500,000</b>

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, 2014, will be retired from the General Debt Service Fund.

General obligation bonds and other loans outstanding as of June 30, 2014, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bonds - Refunding	3 to 5 %	6-1-19	\$ 10,860,000	\$ 10,345,000
General Obligation Bonds	1.446 to 2	6-1-23	7,575,000	5,740,000
Other Loans - Qualified School Construction Bonds	1.515	7-1-26	11,280,000	8,581,893
Other Loans - Refunding	Variable	6-1-25	30,300,000	16,265,000

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

Hamblen County has entered into loan agreements with the Blount County Public Building Authority and the Sevier County Public Building Authority (PBAs). The loan agreements provide for the PBAs to make funds available for loan to Hamblen County on an as needed basis to finance various projects for the county and the discretely presented School Department. As of June 30, 2014, Hamblen County had drawn the entire amount available under the agreements. In addition to interest, the county pays various other fees (trustee, administrative, reporting, etc.) in connection with the variable rate loans.

The following table summarizes the loan agreements outstanding at June 30, 2014, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-14	Interest Type	Interest Rates as of 6-30-14	Other Fees on Variable Rate Debt
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Sevier County Public Building Authority

Refunding

(Series VII-C-2)	\$ 20,200,000	\$ 6,165,000	Variable (1)	5.007 %	.36 %
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Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-14	Interest Type	Interest Rates as of 6-30-14	Other Fees on Variable Rate Debt
<u>Blount County Public</u>					
<u>Building Authority</u>					
Refunding					
(Series E-4-A)	\$ 10,100,000	<u>\$ 10,100,000</u>	Variable (1)	4.281 %	.25 %
Total		<u><u>\$ 16,265,000</u></u>			

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

The annual requirements to amortize all general obligation bonds and other loans outstanding as of June 30, 2014, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 965,000	\$ 550,330	\$ 1,515,330
2016	975,000	529,930	1,504,930
2017	3,485,000	509,330	3,994,330
2018	4,180,000	381,830	4,561,830
2019	4,270,000	226,730	4,496,730
2020-2023	<u>2,210,000</u>	<u>89,860</u>	<u>2,299,860</u>
Total	<u><u>\$ 16,085,000</u></u>	<u><u>\$ 2,288,010</u></u>	<u><u>\$ 18,373,010</u></u>

Year Ending June 30	Other Loans			
	Principal	Interest (*)	Other Fees	Total
2015	\$ 3,533,854	\$ 911,955	\$ 47,488	\$ 4,493,297
2016	3,678,854	770,256	37,327	4,486,437
2017	1,063,854	621,298	26,645	1,711,797
2018	703,854	603,273	25,352	1,332,479
2019	703,854	603,273	25,352	1,332,479
2020-2024	11,704,270	2,352,382	87,829	14,144,481
2025-2027	<u>3,458,353</u>	<u>438,006</u>	<u>4,805</u>	<u>3,901,164</u>
Total	<u><u>\$ 24,846,893</u></u>	<u><u>\$ 6,300,443</u></u>	<u><u>\$ 254,798</u></u>	<u><u>\$ 31,402,134</u></u>

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

There is \$5,278,344 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and other loans, totaled \$654, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2014, was as follows:

Governmental Activities:	Bonds	Other Loans	Other Postemployment Benefits
Balance, July 1, 2013	\$ 11,260,000	\$ 28,240,747	\$ 336,393
Additions	5,200,000	0	49,406
Reductions	(375,000)	(3,393,854)	(11,192)
Balance, June 30, 2014	<u>\$ 16,085,000</u>	<u>\$ 24,846,893</u>	<u>\$ 374,607</u>
Balance Due Within One Year	<u>\$ 965,000</u>	<u>\$ 3,533,854</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 41,306,500
Less: Balance Due Within One Year	(4,498,854)
Add: Unamortized Premium on Debt	<u>552,420</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 37,360,066</u>

Other postemployment benefits 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, 2014, was as follows:

Governmental Activities:

	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2013	\$ 11,779,303	\$ 202,748
Additions	2,987,137	205,637
Reductions	(1,324,533)	(202,748)
Balance, June 30, 2014	<u>\$ 13,441,907</u>	<u>\$ 205,637</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 205,637</u>

	Retirement Incentive	Retirement Honorarium
Balance, July 1, 2013	\$ 180,852	\$ 903,614
Additions	15,071	123,044
Reductions	(67,820)	(139,299)
Balance, June 30, 2014	<u>\$ 128,103</u>	<u>\$ 887,359</u>
Balance Due Within One Year	<u>\$ 67,820</u>	<u>\$ 35,794</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 14,663,006
Less: Balance Due Within One Year	<u>(309,251)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 14,353,755</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, 2014, the School Department contributed \$500,000 to the primary government for this purpose.

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



## V. OTHER INFORMATION

### A. Risk Management

It is the policy of Hamblen County and the discretely presented Hamblen County School Department to purchase commercial insurance for the risks of losses to which they are exposed for general liability, property, casualty, and workers' compensation. Additionally, it has been the policy of Hamblen County to purchase commercial insurance for the risks of losses to which it is exposed for employee health and accident. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. Beginning in July 2014, the county has elected to self-insure employee health and accident claims up to a specified limit with a stop/loss commercial insurance policy to cover claims beyond this limit. In June 2014, the Employee Insurance – General Fund was established in anticipation of this change in coverage.

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. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

GASB Statement No. 67, replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

GASB Statement No. 70, relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

### C. Subsequent Events

In July 2014, Hamblen County entered into a contract totaling \$366,653 for the construction of a splash pad at Cherokee Park. The contract is being funded through the General Capital Projects Fund with proceeds from a state grant along with county and community group contributions.

In July 2014, the Hamblen County School Department entered into a contract with K&F Construction for the Morristown Hamblen High School West building program for \$4,643,575. This contract is being funded from balances accumulated in the School Department's Education Capital Projects Fund.

**D. Contingent Liabilities**

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

**E. 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, 2014.

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, Washington, and Unicoi. The purpose of the authority is to establish and operate a market for agricultural products of the region through a food distribution center. The authority is governed by a board of directors consisting of the county mayors of each county or the county mayor's designee and one nonvoting member representing each of the following: the Tennessee Department of Agriculture and the University of Tennessee's Agriculture Extension Service. An executive committee consisting of the chairman, vice chairman, secretary, and treasurer of the board of directors, along with the center's manager as an ex officio member, is in charge of the daily operations of the center.

**G. Retirement Commitments**

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

Information for this footnote for the year ended June 30, 2014, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented below is for the fiscal year ended June 30, 2013.

**Plan Description**

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

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

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

### **Funding Policy**

Hamblen County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 9.4 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Hamblen County is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2013, Hamblen County's annual pension cost of \$1,493,029 to TCRS was equal to Hamblen County's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. Hamblen County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was two years. An

actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

**Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$1,493,029	100%	\$0
6-30-12	1,523,501	100	0
6-30-11	1,360,879	100	0

**Funded Status and Funding Progress**

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

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

**SCHOOL TEACHERS**

**Plan Description**

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

joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

## **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2013, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ending June 30, 2013, 2012, and 2011, were \$3,090,239, \$3,035,186, and \$3,023,836, respectively, equal to the required contributions for each year.

## **2. Deferred Compensation**

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

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

### **Primary Government**

#### **Plan Description**

Hamblen County provides commercial health insurance benefits for pre-65 retirees and participates in the state-administered Medicare Supplement Plan for post-65 retirees. For accounting purposes, the commercial plan is a

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

Funding Policy

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

Premium requirements of Medicare Supplement Plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops its own contribution policy in terms of subsidizing retired employees' premiums since the committee is not prescriptive on that issue. Hamblen County provides a partial subsidy for post-65 retirees participating in the Medicare Supplement Plan.

During the year ended June 30, 2014, Hamblen County contributed \$11,192 for other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Commercial Plan	Medicare Supplement Plan
	<hr/>	<hr/>
ARC	\$ 23,357	\$ 26,000
Interest on the NOPEBO	1,697	11,758
Adjustment to the ARC	(1,951)	(11,455)
Annual OPEB cost	<hr/> \$ 23,103	<hr/> \$ 26,303
Amount of contribution	(8,342)	(2,850)
Increase/decrease in NOPEBO	\$ 14,761	\$ 23,453
Net OPEB obligation, 7-1-13	<hr/> 42,434	<hr/> 293,959
Net OPEB obligation, 6-30-14	<hr/> <hr/> \$ 57,195	<hr/> <hr/> \$ 317,412

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Commercial	\$ 18,107	34 %	\$ 30,729
6-30-13	"	18,964	38	42,434
6-30-14	"	23,103	36	57,195
6-30-12	Medicare Supplement	73,628	3	222,356
6-30-13	"	74,453	4	293,959
6-30-14	"	26,303	11	317,412

#### Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

	Commercial Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 184,259	\$ 265,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 184,259	\$ 265,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 7,368,855	\$ N/A
UAAL as a % of covered payroll	3%	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, 2013, actuarial valuation for the commercial plan, the entry age normal actuarial cost method was used. The actuarial assumptions

included a four percent investment rate of return and an annual healthcare cost trend rate of nine percent for fiscal year 2013. The trend will be reduced by decrements to an ultimate rate of five percent by fiscal year 2017. The assumptions for the commercial plan also include annual salary increases of 3.5 percent and projected annual payroll growth rate of 2.5 percent. For the Medicare Supplement Plan, the projected unit credit actuarial cost method was used. The annual healthcare cost trend for the Medicare Supplement Plan was two percent for fiscal year 2014. The trend will increase to six percent in fiscal year 2015 and then will be reduced by decrements to an ultimate rate of 4.2 percent by fiscal year 2044. The Medicare Supplement Plan assumptions include a 2.5 percent inflation rate. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

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

#### **Plan Description**

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

#### **Funding Policy**

The premium requirements of the health plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2014, the discretely presented Hamblen County School Department contributed \$1,324,533 for other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan
ARC	\$ 2,753,000	\$ 222,000
Interest on the NOPEBO	422,777	48,396
Adjustment to the ARC	(411,887)	(47,149)
Annual OPEB cost	\$ 2,763,890	\$ 223,247
Amount of contribution	(1,299,033)	(25,500)
Increase/decrease in NOPEBO	\$ 1,464,857	\$ 197,747
Net OPEB obligation, 7-1-13	10,569,423	1,209,880
Net OPEB obligation, 6-30-14	\$ 12,034,280	\$ 1,407,627

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Local Education Group	\$ 2,980,271	62 %	\$ 9,167,944
6-30-13	"	3,007,454	53	10,569,423
6-30-14	"	2,763,890	47	12,034,280
6-30-12	Medicare Supplement	295,359	9	936,271
6-30-13	"	299,697	9	1,209,880
6-30-14	"	223,247	11	1,407,627

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

	Local Education Group Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 23,786,000	\$ 3,436,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 23,786,000	\$ 3,436,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 43,930,501	\$ N/A
UAAL as a % of covered payroll	54%	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, 2013, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate was 7.5 percent for fiscal year 2014. The trend rate will decrease to seven percent in fiscal year 2015 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. The annual healthcare cost trend rate for the Medicare Supplement Plan was two percent for fiscal year 2014. The trend will increase to six percent in fiscal year 2015 and then will be reduced by decrements to an ultimate rate of 4.2 percent by fiscal year 2044. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

#### **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 2013-14 year, 18 employees participated in the program. The estimated cost of these cash payments reported in the government-wide Statement of Net Position is \$128,103. Of that amount, \$67,820 is due within one year. The governmental funds' financial statements reflect retirement incentive expenditures of \$67,820 in the General Purpose School Fund.

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

employees receive \$100 for each year of service with Hamblen County and/or the former Morristown City School System. As of June 30, 2014, 405 employees met the requirements of this benefit. The estimated cost of these cash payments reported in the government-wide Statement of Net Position is \$887,359. Of that amount, \$35,794 is due within one year. The governmental funds' financial statements reflect retirement honorarium expenditures of \$139,299 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 commissioner.

**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 Commissioner

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

Office of Director of Schools

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

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

**A. Nature of the Organization**

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

**B. Significant Accounting Policies**

1. Basis of accounting – accrual. Revenue is recognized when earned, and expenses are recorded when incurred.
2. Fund type – proprietary.
3. For purposes of the Statement of Cash Flows, the district considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.
4. Capital assets and depreciation:
  - a. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from five to 40 years. The district’s capitalization threshold is set at \$1,000 per unit cost. Interest costs incurred on the financing during the construction or installation period of capital assets are capitalized as part of the cost of the assets. For the year under review, there were no interest costs capitalized.
  - b. Capital assets consist of:

	Balance		Balance		Net
	7-1-13	Additions	6-30-14	Accumulated	Capital
				Depreciation	Assets
Capital Assets:					
Building	\$ 359,695	\$ 0	\$ 359,695	\$ 125,666	\$ 234,029
Communications equip.	1,183,319	55,547	1,238,866	732,541	506,325
Furniture and fixtures	168,981	9,226	178,207	167,438	10,769
Office equipment	5,449	3,647	9,096	3,218	5,878
Automobile	22,806	0	22,806	22,806	0
Total	\$ 1,740,250	\$ 68,420	\$ 1,808,670	\$ 1,051,669	\$ 757,001

- c. The straight-line method of depreciation is used, totaling \$97,118 for 2014. Accumulated depreciation was \$1,051,669 as of June 30, 2014.
5. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates. The useful lives of the capital assets of the district are such estimates.
6. Measurement focus is a term used to describe “which” transactions are recorded within the financial statements. The proprietary fund is accounted for using the “economic resources” measurement focus. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position.

Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are these expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied. Proprietary funds utilize the accrual basis of accounting, whereby revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

**C. Deposits**

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

Custodial Credit Risk - Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the district’s deposits may not be returned to it. As of June 30, 2014, the district had no exposure to custodial credit risk as its deposits were either insured by the FDIC or collateralized with securities held by the State of Tennessee Bank Collateral Pool.

**D. Contributions from Primary Government**

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

**E. Concentration of Credit Risk**

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

**F. Compensated Absences**

Annual Leave

Annual leave cannot be accumulated over 28 days or 224 hours. Upon termination, employees are reimbursed for their accumulated annual leave. As of June 30, 2014, this liability is \$25,529, of which \$6,382 is estimated to be current.

Sick Leave

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

**G. Pension Plan Information**

Information for this footnote for the year ended June 30, 2014, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented below is for the fiscal year ended June 30, 2013.

**Plan Description**

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

statutes are amended by the Tennessee General Assembly. Political subdivisions such as Hamblen County Emergency Communications District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

### **Funding Policy**

Hamblen County Emergency Communications District requires its employees to contribute five percent of their earnable compensation to the plan. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 6.47% percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2013, Hamblen County Emergency Communications District's annual pension cost of \$36,997 to TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The district's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was two years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

As of July 1, 2011, the most recent actuarial valuation date, the plan was 95.65 percent funded. The actuarial accrued liability for benefits was \$1.12 million, and the actuarial value of assets was \$1.07 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.05 million. The covered

payroll (annual payroll of active employees covered by the plan) was \$.56 million, and the ratio of the UAAL to the covered payroll was 8.76 percent.

**Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$36,997	100%	\$0
6-30-12	39,238	100	0
6-30-11	42,508	100	0

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

**H. Risk Management and Litigation**

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

**I. Budgetary Information**

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

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Hamblen County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Hamblen County School Department  
June 30, 2014

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 45,806	\$ 46,747	\$ 941	97.99 %	\$ 14,918	6.31 %
7-1-09	38,001	39,232	1,231	96.86	14,647	8.41
7-1-07	35,931	37,414	1,483	96.04	13,601	10.90

Information for this exhibit for the year ended June 30, 2014, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented above is for the fiscal year ended June 30, 2013.

Exhibit F-2

Hamblen County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Hamblen County School Department  
June 30, 2014

(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	7-1-09	\$ 0	\$ 129	\$ 129	0 %	\$ 6,698	1.9 %
"	7-1-11	0	123	123	0	6,996	1.8
"	7-1-13	0	184	184	0	7,369	2.5
Medicare Supplement Plan	7-1-10	0	721	721	0	N/A	N/A
"	7-1-11	0	662	662	0	N/A	N/A
"	7-1-13	0	265	265	0	N/A	N/A
<u>DISCRETELY PRESENTED HAMBLEN COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-10	0	29,380	29,380	0	44,682	66.0
"	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
Medicare Supplement Plan	7-1-10	0	4,248	4,248	0	N/A	N/A
"	7-1-11	0	4,482	4,482	0	N/A	N/A
"	7-1-13	0	3,436	3,436	0	N/A	N/A

**HAMBLLEN COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2014**

NONE

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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.

Exhibit G-1

Hamblen County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014

	Special Revenue Funds			Capital Projects Funds		
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Total	General Capital Projects	Sanitation Projects
\$	0 \$	5,423 \$	0 \$	5,423 \$	0 \$	0
	115,427	0	223,870	339,297	154,473	100,611
	0	20,612	82	20,694	0	0
	1,720	0	313,152	314,872	0	0
\$	117,147 \$	26,035 \$	537,104 \$	680,286 \$	154,473 \$	100,611

ASSETS

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

LIABILITIES

Accounts Payable  
 Accrued Payroll  
 Payroll Deductions Payable  
 Due to Other Funds  
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Other Deferred/Unavailable Revenue  
 Total Deferred Inflows of Resources

FUND BALANCES

Restricted:  
 Restricted for Public Safety

\$	860 \$	0 \$	22,054 \$	22,914 \$	0 \$	1,712
	0	0	30,103	30,103	0	0
	0	0	4,769	4,769	0	0
	0	26,035	0	26,035	0	0
\$	860 \$	26,035 \$	56,926 \$	83,821 \$	0 \$	1,712

\$	0 \$	0 \$	151,666 \$	151,666 \$	0 \$	0
\$	0 \$	0 \$	151,666 \$	151,666 \$	0 \$	0

\$	116,287 \$	0 \$	0 \$	116,287 \$	0 \$	0
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(Continued)

	Special Revenue Funds			Capital Projects Funds		
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Total	General Capital Projects	Sanitation Projects
Restricted (Cont.):						
Restricted for Highways/Public Works	\$ 0	\$ 0	\$ 328,512	\$ 328,512	\$ 0	\$ 0
Restricted for Capital Projects	0	0	0	0	0	98,899
Committed:						
Committed for Capital Projects	0	0	0	0	154,473	0
Total Fund Balances	\$ 116,287	\$ 0	\$ 328,512	\$ 444,799	\$ 154,473	\$ 98,899
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 117,147	\$ 26,035	\$ 537,104	\$ 680,286	\$ 154,473	\$ 100,611

FUND BALANCES (Cont.)

(Continued)

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

	<u>Capital Projects Funds (Cont.)</u>		<u>Total</u>
	<u>Highway</u>	<u>Capital</u>	<u>Nonmajor</u>
	<u>Projects</u>	<u>Projects</u>	<u>Governmental</u>
		<u>Total</u>	<u>Funds</u>
	\$ 0	\$ 0	\$ 5,423
Cash			
Equity in Pooled Cash and Investments	1,902,050	2,157,134	2,496,431
Accounts Receivable	0	0	20,694
Due from Other Governments	3,546	3,546	318,418
Total Assets	\$ 1,905,596	\$ 2,160,680	\$ 2,840,966
	\$ 0	\$ 1,712	\$ 24,626
Accounts Payable			
Accrued Payroll	0	0	30,103
Payroll Deductions Payable	0	0	4,769
Due to Other Funds	0	0	26,035
Total Liabilities	\$ 0	\$ 1,712	\$ 85,533
	\$ 0	\$ 0	\$ 151,666
Other Deferred/Unavailable Revenue			
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 151,666
Restricted:			
Restricted for Public Safety	\$ 0	\$ 0	\$ 116,287

(Continued)

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

	Capital Projects Funds (Cont.)		Total
	Highway Capital Projects	Total	Nonmajor Governmental Funds
\$	0	0	\$ 328,512
	1,668,275	1,767,174	1,767,174
	237,321	391,794	391,794
\$	1,905,596	2,158,968	\$ 2,603,767
\$	1,905,596	2,160,680	\$ 2,840,966

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	

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, 2014

	Special Revenue Funds				Capital Projects Funds	
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Total	General Capital Projects	Sanitation Projects
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 37,472	\$ 37,472	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	43,679	0	0	43,679	0	0
Charges for Current Services	0	1,751	0	1,751	0	0
Other Local Revenues	14,097	0	15,854	29,951	2,500	0
State of Tennessee	0	0	1,879,164	1,879,164	0	0
Federal Government	43,504	0	0	43,504	168,600	0
Other Governments and Citizens Groups	9,255	0	0	9,255	0	0
Total Revenues	\$ 110,535	\$ 1,751	\$ 1,932,490	\$ 2,044,776	\$ 171,100	\$ 0
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 181	\$ 0	\$ 181	\$ 0	\$ 0
Finance	0	53,753	0	53,753	0	0
Administration of Justice	0	34,896	0	34,896	0	0
Public Safety	58,907	0	0	58,907	0	0
Highways	0	0	2,132,425	2,132,425	0	0
Capital Projects	0	0	0	0	223,687	8,142
Total Expenditures	\$ 58,907	\$ 88,830	\$ 2,132,425	\$ 2,280,162	\$ 223,687	\$ 8,142
Excess (Deficiency) of Revenues Over Expenditures	\$ 51,628	\$ (87,079)	\$ (199,935)	\$ (235,386)	\$ (52,587)	\$ (8,142)

(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	Constitutional Officers - Fees	Highway / Public Works	Total	General Capital Projects	Sanitation Projects	
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Premiums on Debt Issued	0	0	0	0	0	0	0
Insurance Recovery	0	0	18,103	18,103	0	0	0
Transfers In	0	0	0	0	25,000	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 18,103	\$ 18,103	\$ 25,000	\$ 0	0
Net Change in Fund Balances	\$ 51,628	\$ (87,079)	\$ (181,832)	\$ (217,283)	\$ (27,587)	\$ (8,142)	
Fund Balance, July 1, 2013	64,659	87,079	510,344	662,082	182,060	107,041	
Fund Balance, June 30, 2014	\$ 116,287	\$ 0	\$ 328,512	\$ 444,799	\$ 154,473	\$ 98,899	

(Continued)

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
	<u>Highway Capital Projects</u>	<u>Total</u>	
<u>Revenues</u>			
Local Taxes	\$ 0 \$	0 \$	37,472
Fines, Forfeitures, and Penalties	0	0	43,679
Charges for Current Services	0	0	1,751
Other Local Revenues	0	2,500	32,451
State of Tennessee	351,821	351,821	2,230,985
Federal Government	3,546	172,146	215,650
Other Governments and Citizens Groups	0	0	9,255
Total Revenues	\$ 355,367 \$	526,467 \$	2,571,243
<u>Expenditures</u>			
Current:			
General Government	\$ 0 \$	0 \$	181
Finance	0	0	53,753
Administration of Justice	0	0	34,896
Public Safety	0	0	58,907
Highways	0	0	2,132,425
Capital Projects	1,187,106	1,418,935	1,418,935
Total Expenditures	\$ 1,187,106 \$	1,418,935 \$	3,699,097
Excess (Deficiency) of Revenues Over Expenditures	\$ (831,739) \$	(892,468) \$	(1,127,854)

(Continued)

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
	<u>Highway Capital Projects</u>	<u>Total</u>	
<u>Other Financing Sources (Uses)</u>			
Bonds Issued	\$ 2,700,000	\$ 2,700,000	\$ 2,700,000
Premiums on Debt Issued	37,083	37,083	37,083
Insurance Recovery	0	0	18,103
Transfers In	0	25,000	25,000
Total Other Financing Sources (Uses)	\$ 2,737,083	\$ 2,762,083	\$ 2,780,186
Net Change in Fund Balances	\$ 1,905,344	\$ 1,869,615	\$ 1,652,332
Fund Balance, July 1, 2013	252	289,353	951,435
Fund Balance, June 30, 2014	\$ 1,905,596	\$ 2,158,968	\$ 2,603,767

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 43,679	\$ 27,500	\$ 42,500	\$ 1,179
Other Local Revenues	14,097	5,250	250	13,847
Federal Government	43,504	0	40,000	3,504
Other Governments and Citizens Groups	9,255	10,000	10,000	(745)
Total Revenues	<u>\$ 110,535</u>	<u>\$ 42,750</u>	<u>\$ 92,750</u>	<u>\$ 17,785</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 58,907	\$ 74,496	\$ 92,696	\$ 33,789
Total Expenditures	<u>\$ 58,907</u>	<u>\$ 74,496</u>	<u>\$ 92,696</u>	<u>\$ 33,789</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 51,628</u>	<u>\$ (31,746)</u>	<u>\$ 54</u>	<u>\$ 51,574</u>
Net Change in Fund Balance	\$ 51,628	\$ (31,746)	\$ 54	\$ 51,574
Fund Balance, July 1, 2013	<u>64,659</u>	<u>56,143</u>	<u>56,143</u>	<u>8,516</u>
Fund Balance, June 30, 2014	<u>\$ 116,287</u>	<u>\$ 24,397</u>	<u>\$ 56,197</u>	<u>\$ 60,090</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, 2014

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 37,472 \$	0 \$	37,472 \$	55,000 \$	55,000 \$	(17,528)
Other Local Revenues	15,854	0	15,854	5,000	5,000	10,854
State of Tennessee	1,879,164	0	1,879,164	1,933,000	1,933,000	(53,836)
Total Revenues	\$ 1,932,490 \$	0 \$	1,932,490 \$	1,993,000 \$	1,993,000 \$	(60,510)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 347,725 \$	0 \$	347,725 \$	360,250 \$	374,450 \$	26,725
Highway and Bridge Maintenance	979,605	0	979,605	1,072,067	1,074,067	94,462
Operation and Maintenance of Equipment	333,808	0	333,808	407,370	431,703	97,895
Employee Benefits	36,561	130	36,691	62,553	43,123	6,432
Capital Outlay	434,726	5,823	440,549	394,500	541,203	100,654
Total Expenditures	\$ 2,132,425 \$	5,953 \$	2,138,378 \$	2,296,740 \$	2,464,546 \$	326,168
Excess (Deficiency) of Revenues Over Expenditures	\$ (199,935) \$	(5,953) \$	(205,888) \$	(303,740) \$	(471,546) \$	265,658
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 18,103 \$	0 \$	18,103 \$	0 \$	18,103 \$	0
Total Other Financing Sources	\$ 18,103 \$	0 \$	18,103 \$	0 \$	18,103 \$	0
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (181,832) \$	(5,953) \$	(187,785) \$	(303,740) \$	(453,443) \$	265,658
Fund Balance, July 1, 2013	510,344	0	510,344	485,167	485,167	25,177
Fund Balance, June 30, 2014	\$ 328,512 \$	(5,953) \$	322,559 \$	181,427 \$	31,724 \$	290,835

Exhibit G-5

Hamblen County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway Capital Projects Fund  
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
State of Tennessee	\$ 351,821	0	\$ 351,821	\$ 351,821	\$ 351,821	0
Federal Government	3,546	0	3,546	320,000	320,000	(316,454)
Total Revenues	\$ 355,367	0	\$ 355,367	\$ 671,821	\$ 671,821	(316,454)
<u>Expenditures</u>						
<u>Capital Projects</u>						
Highway and Street Capital Projects	\$ 1,187,106	172,067	\$ 1,359,173	\$ 3,371,821	\$ 3,408,905	2,049,732
Total Expenditures	\$ 1,187,106	172,067	\$ 1,359,173	\$ 3,371,821	\$ 3,408,905	2,049,732
Excess (Deficiency) of Revenues Over Expenditures	\$ (831,739)	(172,067)	\$ (1,003,806)	\$ (2,700,000)	\$ (2,737,084)	1,733,278
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 2,700,000	0	\$ 2,700,000	0	\$ 2,700,000	0
Notes Issued	0	0	0	2,700,000	0	0
Premiums on Debt Issued	37,083	0	37,083	0	37,084	(1)
Total Other Financing Sources	\$ 2,737,083	0	\$ 2,737,083	\$ 2,700,000	\$ 2,737,084	(1)
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 1,905,344	(172,067)	\$ 1,733,277	0	0	\$ 1,733,277
	252	0	252	0	0	252
Fund Balance, June 30, 2014	\$ 1,905,596	(172,067)	\$ 1,733,529	0	0	\$ 1,733,529

# 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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,161,888	\$ 4,631,219	\$ 4,631,219	\$ 530,669
Fines, Forfeitures, and Penalties	41,000	47,500	47,500	(6,500)
Other Local Revenues	742,754	725,000	725,000	17,754
Total Revenues	<u>\$ 5,945,642</u>	<u>\$ 5,403,719</u>	<u>\$ 5,403,719</u>	<u>\$ 541,923</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 368,040	\$ 368,040	\$ 368,040	\$ 0
Education	3,400,814	3,400,814	3,400,814	0
<u>Interest on Debt</u>				
General Government	188,247	194,282	194,282	6,035
Highways and Streets	8,366	0	8,367	1
Education	1,394,406	1,442,475	1,450,092	55,686
<u>Other Debt Service</u>				
General Government	85,808	88,250	88,250	2,442
Education	12,651	14,980	14,980	2,329
Total Expenditures	<u>\$ 5,458,332</u>	<u>\$ 5,508,841</u>	<u>\$ 5,524,825</u>	<u>\$ 66,493</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 487,310</u>	<u>\$ (105,122)</u>	<u>\$ (121,106)</u>	<u>\$ 608,416</u>
Net Change in Fund Balance	\$ 487,310	\$ (105,122)	\$ (121,106)	\$ 608,416
Fund Balance, July 1, 2013	<u>4,791,034</u>	<u>4,802,660</u>	<u>4,802,660</u>	<u>(11,626)</u>
Fund Balance, June 30, 2014	<u>\$ 5,278,344</u>	<u>\$ 4,697,538</u>	<u>\$ 4,681,554</u>	<u>\$ 596,790</u>

# Fiduciary Funds

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

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

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register 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, 2014

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,494,565	\$ 1,494,565
Equity in Pooled Cash and Investments	300	0	300
Accounts Receivable	0	848	848
Due from Other Governments	1,714,413	0	1,714,413
Total Assets	<u>\$ 1,714,713</u>	<u>\$ 1,495,413</u>	<u>\$ 3,210,126</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 1,714,713	\$ 0	\$ 1,714,713
Due to Litigants, Heirs, and Others	0	1,495,413	1,495,413
Total Liabilities	<u>\$ 1,714,713</u>	<u>\$ 1,495,413</u>	<u>\$ 3,210,126</u>

## Exhibit I-2

Hamblen County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds  
For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 300	\$ 10,125,918	\$ 10,125,918	\$ 300
Due from Other Governments	1,639,504	1,714,413	1,639,504	1,714,413
Total Assets	\$ 1,639,804	\$ 11,840,331	\$ 11,765,422	\$ 1,714,713
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,639,804	\$ 11,840,331	\$ 11,765,422	\$ 1,714,713
Total Liabilities	\$ 1,639,804	\$ 11,840,331	\$ 11,765,422	\$ 1,714,713
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,701,310	\$ 11,148,244	\$ 11,354,989	\$ 1,494,565
Accounts Receivable	265	583	0	848
Total Assets	\$ 1,701,575	\$ 11,148,827	\$ 11,354,989	\$ 1,495,413
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,701,575	\$ 11,148,827	\$ 11,354,989	\$ 1,495,413
Total Liabilities	\$ 1,701,575	\$ 11,148,827	\$ 11,354,989	\$ 1,495,413
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,701,310	\$ 11,148,244	\$ 11,354,989	\$ 1,494,565
Equity in Pooled Cash and Investments	300	10,125,918	10,125,918	300
Accounts Receivable	265	583	0	848
Due from Other Governments	1,639,504	1,714,413	1,639,504	1,714,413
Total Assets	\$ 3,341,379	\$ 22,989,158	\$ 23,120,411	\$ 3,210,126
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,639,804	\$ 11,840,331	\$ 11,765,422	\$ 1,714,713
Due to Litigants, Heirs, and Others	1,701,575	11,148,827	11,354,989	1,495,413
Total Liabilities	\$ 3,341,379	\$ 22,989,158	\$ 23,120,411	\$ 3,210,126

# 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, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 54,116,429	\$ 353,137	\$ 4,765,798	\$ (46,497,494)
Support Services	25,363,456	372,092	774,127	(24,135,597)
Operation of Non-instructional Services	6,247,081	1,246,811	5,239,451	239,181
Total Governmental Activities	\$ 85,726,966	\$ 1,972,040	\$ 10,779,376	\$ (70,393,910)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 13,037,585
Local Option Sales Taxes				11,668,398
Wheel Tax				719,780
Interstate Telecommunications Tax				6,854
Grants and Contributions Not Restricted to Specific Programs				45,373,724
Unrestricted Investment Income				17,256
Miscellaneous				155,244
Total General Revenues				\$ 70,978,841
Change in Net Position				\$ 584,931
Net Position, July 1, 2013				57,709,088
Net Position, June 30, 2014				\$ 58,294,019

Hamblen County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Hamblen County School Department  
June 30, 2014

	Major Funds			Nonmajor Fund		Total Governmental Funds
	General Purpose School	Central Cafeteria	Education Capital Projects	Fund		
				School	Federal Projects	
\$	9,006,540	3,285,671	3,363,902	132,222	\$	15,788,335
	0	171,004	0	0		171,004
	22,122	0	0	56		22,178
	2,336,919	0	0	327,117		2,664,036
	0	0	2,500,000	0		2,500,000
	13,504,406	0	0	0		13,504,406
	(486,275)	0	0	0		(486,275)
\$	24,383,712	3,456,675	5,863,902	459,395	\$	34,163,684
<u>ASSETS</u>						
	Equity in Pooled Cash and Investments					
	Inventories					
	Accounts Receivable					
	Due from Other Governments					
	Due from Primary Government					
	Property Taxes Receivable					
	Allowance for Uncollectible Property Taxes					
	Total Assets					
	<u>LIABILITIES</u>					
	Accounts Payable					
	Payroll Deductions Payable					
	Contracts Payable					
	Total Liabilities					
\$	82,453	5,221	0	7,791	\$	95,465
	232,124	0	0	0		232,124
	0	0	62,984	0		62,984
\$	314,577	5,221	62,984	7,791	\$	390,573
<u>DEFERRED INFLOWS OF RESOURCES</u>						
	Deferred Current Property Taxes					
	Deferred Delinquent Property Taxes					
	Other Deferred/Unavailable Revenue					
	Total Deferred Inflows of Resources					
\$	12,679,876	0	0	0	\$	12,679,876
	256,891	0	0	0		256,891
	999,901	0	0	0		999,901
\$	13,936,668	0	0	0	\$	13,936,668

(Continued)

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

	Major Funds			Nonmajor Fund		Total Governmental Funds
	General Purpose School	Central Cafeteria	Education Capital Projects	School Federal Projects		
Nonspendable:						
Inventory	\$ 0	\$ 171,004	\$ 0	\$ 0	\$ 0	\$ 171,004
Restricted:						
Restricted for Education	226,710	3,280,450	0	151,604	0	3,658,764
Restricted for Capital Projects	0	0	2,508,037	0	0	2,508,037
Committed:						
Committed for Education	370,671	0	0	300,000	0	670,671
Committed for Capital Projects	0	0	3,292,881	0	0	3,292,881
Assigned:						
Assigned for Education	1,279,504	0	0	0	0	1,279,504
Assigned for Capital Projects	3,714,937	0	0	0	0	3,714,937
Unassigned	4,540,645	0	0	0	0	4,540,645
Total Fund Balances	\$ 10,132,467	\$ 3,451,454	\$ 5,800,918	\$ 451,604	\$ 0	\$ 19,836,443
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 24,383,712	\$ 3,456,675	\$ 5,863,902	\$ 459,395	\$ 0	\$ 34,163,684

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, 2014

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)		\$	19,836,443
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	2,999,016	
Add: construction in progress		600,741	
Add: buildings and improvements net of accumulated depreciation		42,101,657	
Add: other capital assets net of accumulated depreciation		<u>6,162,376</u>	51,863,790
(2) Long-term liabilities are not due and payable in the current-period and therefore are not reported in the governmental funds.			
Less: other postemployment benefits liability	\$	(13,441,907)	
Less: compensated absences payable		(205,637)	
Less: retirement incentive		(128,103)	
Less: retirement honorarium		<u>(887,359)</u>	(14,663,006)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>1,256,792</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>58,294,019</u></u>

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, 2014

	Major Funds			Nonmajor Fund		Total Governmental Funds
	General Purpose School	Central Cafeteria	Education Capital Projects	School Federal Projects		
<u>Revenues</u>						
Local Taxes	\$ 25,483,541	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,483,541
Charges for Current Services	707,417	1,257,538	0	0	0	1,964,955
Other Local Revenues	244,167	13,255	3,803	0	0	261,225
State of Tennessee	45,000,452	56,471	0	0	0	45,056,923
Federal Government	210,457	4,240,977	0	6,629,472	0	11,080,906
Other Governments and Citizens Groups	0	0	2,500,000	0	0	2,500,000
Total Revenues	\$ 71,646,034	\$ 5,568,241	\$ 2,503,803	\$ 6,629,472	\$ 0	\$ 86,347,550
<u>Expenditures</u>						
Current:						
Instruction	\$ 47,056,829	\$ 0	\$ 0	\$ 5,456,151	\$ 0	\$ 52,512,980
Support Services	20,975,987	58,090	0	1,087,719	0	22,121,796
Operation of Non-instructional Services	995,513	5,324,074	0	0	0	6,319,587
Capital Outlay	2,630,931	0	0	0	0	2,630,931
Debt Service:						
Other Debt Service	500,000	0	0	0	0	500,000
Capital Projects	0	0	207,000	0	0	207,000
Total Expenditures	\$ 72,159,260	\$ 5,382,164	\$ 207,000	\$ 6,543,870	\$ 0	\$ 84,292,294
Excess (Deficiency) of Revenues Over Expenditures	\$ (513,226)	\$ 186,077	\$ 2,296,803	\$ 85,602	\$ 0	\$ 2,055,256
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 75,867	\$ 0	\$ 0	\$ 0	\$ 0	\$ 75,867
Transfers In	55,514	0	3,500,000	0	0	3,555,514
Transfers Out	(3,500,000)	0	0	(55,514)	0	(3,555,514)
Total Other Financing Sources (Uses)	\$ (3,368,619)	\$ 0	\$ 3,500,000	\$ (55,514)	\$ 0	\$ 75,867
Net Change in Fund Balances	\$ (3,881,845)	\$ 186,077	\$ 5,796,803	\$ 30,088	\$ 0	\$ 2,131,123
Fund Balance, July 1, 2013	14,014,312	3,265,377	4,115	421,516	0	17,705,320
Fund Balance, June 30, 2014	\$ 10,132,467	\$ 3,451,454	\$ 5,800,918	\$ 451,604	\$ 0	\$ 19,836,443

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, 2014

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)		\$ 2,131,123
(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	\$ 3,081,091	
Less: current-year depreciation expense	<u>(2,990,257)</u>	90,834
(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		(4,884)
(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, 2014	\$ 1,256,792	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(1,292,445)</u>	(35,653)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ (2,889)	
Change in other postemployment benefits liability	(1,662,604)	
Change in retirement incentive	52,749	
Change in retirement honorarium	<u>16,255</u>	<u>(1,596,489)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 584,931</u>

Exhibit J-6

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 25,483,541	\$ 0	\$ 0	\$ 25,483,541	\$ 25,486,740	\$ 25,486,740	\$ (3,199)
Charges for Current Services	707,417	0	0	707,417	504,480	504,480	202,937
Other Local Revenues	244,167	0	0	244,167	20,600	193,157	51,010
State of Tennessee	45,000,452	0	0	45,000,452	44,014,694	45,133,095	(132,643)
Federal Government	210,457	0	0	210,457	46,482	210,488	(31)
<b>Total Revenues</b>	<b>\$ 71,646,034</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 71,646,034</b>	<b>\$ 70,072,996</b>	<b>\$ 71,527,960</b>	<b>\$ 118,074</b>
<b>Expenditures</b>							
<u>Instruction</u>							
Regular Instruction Program	\$ 38,084,231	\$ (280,326)	\$ 106,283	\$ 37,910,188	\$ 38,472,216	\$ 39,117,287	\$ 1,207,099
Special Education Program	5,715,051	(2,796)	27,793	5,740,048	5,942,873	6,086,227	346,179
Vocational Education Program	3,038,892	(6,162)	2,938	3,035,668	3,118,877	3,118,877	83,209
Student Body Education Program	159,432	0	7,500	166,932	184,570	184,570	17,638
Other	59,223	0	0	59,223	59,224	59,223	0
<u>Support Services</u>							
Attendance	3,152	0	0	3,152	5,850	5,850	2,698
Health Services	596,259	(386)	15,621	611,494	610,883	628,882	17,388
Other Student Support	1,293,872	(23,774)	0	1,270,098	1,302,584	1,314,897	44,799
Regular Instruction Program	594,593	(13,322)	4,883	586,154	654,227	689,600	103,446
Special Education Program	270,551	(214)	90	270,407	265,041	285,693	15,286
Vocational Education Program	147,420	0	0	147,420	147,826	147,826	406
Other Programs	569,594	0	0	569,594	0	569,594	0
Board of Education	979,926	(6,127)	0	973,799	1,104,312	1,104,312	130,513
Director of Schools	610,476	(2,145)	1,183	609,514	626,332	626,332	16,818
Office of the Principal	4,155,058	0	0	4,155,058	4,242,854	4,244,696	89,638
Fiscal Services	388,452	(4,784)	2,759	386,427	409,131	409,131	22,704
Operation of Plant	5,454,394	(7,120)	900	5,448,174	6,142,287	6,142,287	694,113
Maintenance of Plant	1,451,107	(48,246)	38,117	1,440,978	1,475,357	1,475,357	34,379
Transportation	2,970,014	(14,145)	3,334	2,959,203	3,182,840	3,182,840	223,637
Central and Other	1,491,139	(18,937)	54,154	1,526,356	1,463,840	1,599,000	72,644

(Continued)

Exhibit J-6

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 7/1/2013	Add: Encumbrances 6/30/2014	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	\$ 236,928	\$ (2,866)	\$ 95	\$ 234,157	\$ 310,240	\$ 310,240	\$ 76,083
Early Childhood Education	758,585	(1,880)	50	756,755	757,766	761,361	4,606
<u>Capital Outlay</u>							
Regular Capital Outlay	2,630,931	(1,253,205)	1,532,137	2,909,863	3,189,000	3,244,924	335,061
<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
<u>Total Expenditures</u>	<u>\$ 72,159,260</u>	<u>\$ (1,686,435)</u>	<u>\$ 1,797,837</u>	<u>\$ 72,270,662</u>	<u>\$ 74,168,130</u>	<u>\$ 75,809,006</u>	<u>\$ 3,538,344</u>
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	<u>\$ (513,226)</u>	<u>\$ 1,686,435</u>	<u>\$ (1,797,837)</u>	<u>\$ (624,628)</u>	<u>\$ (4,095,134)</u>	<u>\$ (4,281,046)</u>	<u>\$ 3,656,418</u>
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 75,867	\$ 0	\$ 0	\$ 75,867	\$ 10,000	\$ 65,925	\$ 9,942
Transfers In	55,514	0	0	55,514	75,000	75,000	(19,486)
Transfers Out	(3,500,000)	0	0	(3,500,000)	(3,561,244)	(3,561,244)	61,244
<u>Total Other Financing Sources</u>	<u>\$ (3,368,619)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (3,368,619)</u>	<u>\$ (3,476,244)</u>	<u>\$ (3,420,319)</u>	<u>\$ 51,700</u>
<u>Net Change in Fund Balance</u> <u>Fund Balance, July 1, 2013</u>	<u>\$ (3,881,845)</u>	<u>\$ 1,686,435</u>	<u>\$ (1,797,837)</u>	<u>\$ (3,993,247)</u>	<u>\$ (7,571,378)</u>	<u>\$ (7,701,365)</u>	<u>\$ 3,708,118</u>
	<u>14,014,312</u>	<u>(1,686,435)</u>	<u>0</u>	<u>12,327,877</u>	<u>13,536,399</u>	<u>13,536,399</u>	<u>(1,208,522)</u>
<u>Fund Balance, June 30, 2014</u>	<u>\$ 10,132,467</u>	<u>\$ 0</u>	<u>\$ (1,797,837)</u>	<u>\$ 8,334,630</u>	<u>\$ 5,965,021</u>	<u>\$ 5,835,034</u>	<u>\$ 2,499,596</u>

Exhibit J-7

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Federal Government	\$ 6,629,472	\$ 0	\$ 0	\$ 6,629,472	\$ 6,752,633	\$ 7,134,150	\$ (504,678)
Total Revenues	\$ 6,629,472	\$ 0	\$ 0	\$ 6,629,472	\$ 6,752,633	\$ 7,134,150	\$ (504,678)
<b>Expenditures</b>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,951,272	\$ (3,720)	\$ 135,026	\$ 3,082,578	\$ 3,055,226	\$ 3,239,607	\$ 157,029
Special Education Program	2,299,533	(3,991)	0	2,295,542	2,349,946	2,365,192	69,650
Vocational Education Program	205,346	0	322	205,668	132,005	205,670	2
<u>Support Services</u>							
Other Student Support	153,056	(5,297)	3,408	151,167	148,500	154,261	3,094
Regular Instruction Program	889,374	(696)	198	888,876	1,279,077	1,366,621	477,745
Special Education Program	2,009	(2,009)	0	0	0	0	0
Vocational Education Program	2,606	0	0	2,606	4,500	2,606	0
Transportation	40,674	0	0	40,674	6,000	43,500	2,826
Total Expenditures	\$ 6,543,870	\$ (15,713)	\$ 138,954	\$ 6,667,111	\$ 6,975,254	\$ 7,377,457	\$ 710,346
Excess (Deficiency) of Revenues Over Expenditures	\$ 85,602	\$ 15,713	\$ (138,954)	\$ (37,639)	\$ (222,621)	\$ (243,307)	\$ 205,668
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 139,752	\$ 0	\$ 0
Transfers Out	(55,514)	0	0	(55,514)	(219,464)	(59,026)	3,512
Total Other Financing Sources	\$ (55,514)	\$ 0	\$ 0	\$ (55,514)	\$ (79,712)	\$ (59,026)	\$ 3,512
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 30,088	\$ 15,713	\$ (138,954)	\$ (93,153)	\$ (302,333)	\$ (302,333)	\$ 209,180
Fund Balance, July 1, 2013	421,516	(15,713)	0	405,803	302,333	302,333	103,470
Fund Balance, June 30, 2014	\$ 451,604	\$ 0	\$ (138,954)	\$ 312,650	\$ 0	\$ 0	\$ 312,650

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  
Central Cafeteria Fund  
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,257,538	\$ 0	\$ 0	\$ 1,257,538	\$ 1,316,000	\$ 1,316,000	\$ (58,462)
Other Local Revenues	13,255	0	0	13,255	15,000	15,000	(1,745)
State of Tennessee	56,471	0	0	56,471	55,000	55,000	1,471
Federal Government	4,240,977	0	0	4,240,977	4,190,000	4,190,000	50,977
<b>Total Revenues</b>	<b>\$ 5,568,241</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 5,568,241</b>	<b>\$ 5,576,000</b>	<b>\$ 5,576,000</b>	<b>\$ (7,759)</b>
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 58,090	\$ 0	\$ 0	\$ 58,090	\$ 59,250	\$ 59,250	\$ 1,160
Operation of Non-instructional Services							
Food Service	5,324,074	(197,444)	86,284	5,212,914	6,170,332	6,170,332	957,418
<b>Total Expenditures</b>	<b>\$ 5,382,164</b>	<b>\$ (197,444)</b>	<b>\$ 86,284</b>	<b>\$ 5,271,004</b>	<b>\$ 6,229,582</b>	<b>\$ 6,229,582</b>	<b>\$ 958,578</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 186,077	\$ 197,444	\$ (86,284)	\$ 297,237	\$ (653,582)	\$ (653,582)	\$ 950,819
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,000	\$ 33,000	\$ (33,000)
Transfers Out	0	0	0	0	(33,000)	(33,000)	33,000
<b>Total Other Financing Sources</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
Net Change in Fund Balance	\$ 186,077	\$ 197,444	\$ (86,284)	\$ 297,237	\$ (653,582)	\$ (653,582)	\$ 950,819
Fund Balance, July 1, 2013	3,265,377	(197,444)	0	3,067,933	653,582	653,582	2,414,351
<b>Fund Balance, June 30, 2014</b>	<b>\$ 3,451,454</b>	<b>\$ 0</b>	<b>\$ (86,284)</b>	<b>\$ 3,365,170</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,365,170</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, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-14
<b>OTHER LOANS PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Local Government Public Improvement Bonds, Series E-4-A - Refunding	\$ 10,100,000	Variable (1)	8-13-08	6-1-25	\$ 10,100,000	\$ 0	\$ 0	\$ 10,100,000
Local Government Public Improvement Bonds, Series VII-C-2 - Refunding	20,200,000	Variable (1)	11-24-08	6-1-17	8,855,000	0	2,690,000	6,165,000
Qualified School Construction Bonds	11,280,000	1.515 %	12-17-09	7-1-26	9,285,747	0	703,854	8,581,893
Total Payable through General Debt Service Fund					\$ 28,240,747	\$ 0	\$ 3,393,854	\$ 24,846,893
Total Other Loans Payable					\$ 28,240,747	\$ 0	\$ 3,393,854	\$ 24,846,893
<b>BONDS PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Refunding Bonds, Series 2009	10,860,000	3 to 5	9-23-09	6-1-19	\$ 10,455,000	\$ 0	\$ 110,000	\$ 10,345,000
General Obligation Bonds, Series 2010	2,375,000	2	8-11-10	6-1-16	805,000	0	265,000	540,000
General Obligation Bonds, Series 2014	5,200,000	1.446	3-28-14	6-1-23	0	5,200,000	0	5,200,000
Total Payable through General Debt Service Fund					\$ 11,260,000	\$ 5,200,000	\$ 375,000	\$ 16,085,000
Total Bonds Payable					\$ 11,260,000	\$ 5,200,000	\$ 375,000	\$ 16,085,000

(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	
2015	\$ 3,533,854	\$ 911,955	\$ 47,488	\$ 4,493,297
2016	3,678,854	770,256	37,327	4,486,437
2017	1,063,854	621,298	26,645	1,711,797
2018	703,854	603,273	25,352	1,332,479
2019	703,854	603,273	25,352	1,332,479
2020	2,173,854	603,273	25,352	2,802,479
2021	2,253,854	540,342	21,662	2,815,858
2022	2,333,854	473,987	17,772	2,825,613
2023	2,423,854	404,207	13,680	2,841,741
2024	2,518,854	330,573	9,363	2,858,790
2025	2,618,854	252,873	4,805	2,876,532
2026	773,140	170,892	0	944,032
2027	66,359	14,241	0	80,600
<b>Total</b>	<b>\$ 24,846,893</b>	<b>\$ 6,300,443</b>	<b>\$ 254,798</b>	<b>\$ 31,402,134</b>

Year Ending June 30	Bonds		Total
	Principal	Interest	
2015	\$ 965,000	\$ 550,330	\$ 1,515,330
2016	975,000	529,930	1,504,930
2017	3,485,000	509,330	3,994,330
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	28,413	658,413
2022	645,000	18,332	663,332
2023	320,000	6,400	326,400
<b>Total</b>	<b>\$ 16,085,000</b>	<b>\$ 2,288,010</b>	<b>\$ 18,373,010</b>

Exhibit K-3

Hamblen County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Hamblen County School Department  
For the Year Ended June 30, 2014

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Capital Projects	Matching funds for grant	\$ 25,000
"	Employee Insurance - General	Establish fund	730,000
Total Transfers Primary Government			<u>\$ 755,000</u>
<u>DISCRETELY PRESENTED HAMBLEN COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Education Capital Projects	Capital projects	\$ 3,500,000
School Federal Projects	General Purpose School	Indirect costs	55,514
Total Transfers Discretely Presented Hamblen County School Department			<u>\$ 3,555,514</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, 2014

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 88,144	\$ 50,000	RLI Insurance Company
Highway Commissioner	Section 8-24-102, TCA	81,208	100,000	"
Director of Schools	State Board of Education and County Board of Education	118,370 (1)	50,000	Ohio Casualty Insurance Company
Trustee	Section 8-24-102, TCA	73,825	2,262,100	"
Assessor of Property	Section 8-24-102, TCA	73,825 (2)	10,000	RLI Insurance Company
Finance Director	County Commission	83,951 (3)	50,000	"
County Clerk	Section 8-24-102, TCA	73,825	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	73,825	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	73,825 (4)	50,000	Ohio Casualty Insurance Company
Register of Deeds	Section 8-24-102, TCA	73,825	25,000	RLI Insurance Company
Sheriff	Section 8-24-102, TCA, and County Commission	84,546 (5)	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			250,000	Travelers Property Casualty Company
Public Employee Dishonesty - School Department			250,000	Catlin Insurance Company

- (1) Includes a chief executive officer training supplement of \$1,000. Does not include a travel allowance of \$10,200; a 403(b) contribution of \$7,200; and life insurance premiums of \$162.
- (2) Does not include a travel related supplement of \$2,032.
- (3) Includes a payment for compensatory time of \$12,857.
- (4) Does not include special commissioner fees of \$15,990.
- (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, 2014

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 6,388,150	\$ 1,156,063	\$ 0	\$ 0	\$ 0	\$ 4,033,445
Discount on Property Taxes	55,906	0	0	0	0	0
Trustee's Collections - Prior Year	163,302	36,411	0	0	0	103,156
Trustee's Collections - Bankruptcy	1,715	272	0	0	0	1,054
Circuit/Clerk & Master Collections - Prior Years	75,346	13,680	0	0	0	47,280
Interest and Penalty	64,612	12,757	0	0	0	40,317
Payments in-Lieu-of Taxes - T.V.A.	639	281	0	0	0	409
Payments in-Lieu-of Taxes - Local Utilities	85,652	0	0	0	0	53,989
Payments in-Lieu-of Taxes - Other	12,142	0	0	0	0	7,655
<u>County Local Option Taxes</u>						
Local Option Sales Tax	9,855	625,000	0	0	0	817,425
Hotel/Motel Tax	14,286	0	0	0	0	0
Wheel Tax	778,040	0	0	0	0	0
Litigation Tax - General	145,463	0	0	0	0	0
Litigation Tax - Special Purpose	64,965	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	53,647
Litigation Tax - Courthouse Security	58,863	0	0	0	0	0
Business Tax	786,078	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	37,472	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	0	3,511
Wholesale Beer Tax	0	109,104	0	0	0	0
Interstate Telecommunications Tax	3,404	0	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 8,708,418</b>	<b>\$ 1,953,568</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 37,472</b>	<b>\$ 5,161,888</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	Constitutional Officers - Fees	Highway / Public Works	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	5,728 \$	0 \$	0 \$	0 \$	0 \$	0
Cable TV Franchise	354,947	0	0	0	0	0
<u>Permits</u>						
Beer Permits	0	2,125	0	0	0	0
Building Permits	68,497	0	0	0	0	0
<b>Total Licenses and Permits</b>	<b>429,172 \$</b>	<b>2,125 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0</b>

Fines, Forfeitures, and Penalties

<u>Circuit Court</u>						
Fines	4,399 \$	0 \$	0 \$	0 \$	0 \$	0
Officers Costs	13,925	0	0	0	0	0
Drug Control Fines	5,359	0	7,502	0	0	0
Drug Court Fees	2,100	0	0	0	0	0
Jail Fees	10,413	0	0	0	0	4,776
DUI Treatment Fines	862	0	0	0	0	0
Data Entry Fee - Circuit Court	3,179	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	40,225	0	0	0	0	0
Fines for Littering	95	0	0	0	0	0
Officers Costs	73,280	0	0	0	0	0
Game and Fish Fines	295	0	0	0	0	0
Drug Control Fines	6,146	0	6,528	0	0	0
Drug Court Fees	7,099	0	0	0	0	0
Jail Fees	31,511	0	0	0	0	36,224
Interpreter Fees	59	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	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
DUI Treatment Fines	\$ 11,972	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Entry Fee - General Sessions Court	30,985	0	0	0	0	0
Courtroom Security Fee	1,579	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	9,501	0	0	0	0	0
Officers Costs	7,645	0	0	0	0	0
Data Entry Fee - Juvenile Court	3,033	0	0	0	0	0
Courtroom Security Fee	4	0	0	0	0	0
<u>Chancery Court</u>						
Data Entry Fee - Chancery Court	6,964	0	0	0	0	0
<u>Other Courts - In-county</u>						
Drug Court Fees	3,026	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	29,649	0	0	0
Other Fines, Forfeitures, and Penalties	481	0	0	0	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 274,137</b>	<b>\$ 0</b>	<b>\$ 43,679</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 41,000</b>
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Other Employee Benefit Charges/Contributions	\$ 280,667	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	7,953	0	0	0	0	0
Work Release Charges for Board Fees	4,410	0	0	0	0	0
Recreation Fees	67,189	0	0	0	0	0
Copy Fees	6,948	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	
<b>Charges for Current Services (Cont.)</b>						
<b>Fees (Cont.)</b>						
Greenbelt Late Application Fee	\$ 50	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Telephone Commissions	44,570	0	0	0	0	0
Vending Machine Collections	95	0	0	0	0	0
Tourism Fees	129,098	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	1,751	0	0
Data Processing Fee - Register	18,180	0	0	0	0	0
Data Processing Fee - Sheriff	12,323	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	4,050	0	0	0	0	0
Data Processing Fee - County Clerk	7,332	0	0	0	0	0
<b>Total Charges for Current Services</b>	<b>\$ 582,865</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,751</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Other Local Revenues</b>						
<b>Recurring Items</b>						
Investment Income	\$ 883	\$ 514	\$ 396	\$ 0	\$ 0	\$ 242,754
Lease/Rentals	31,953	0	0	0	0	0
Sale of Materials and Supplies	52	2,319	0	0	539	0
Commissary Sales	12,783	0	0	0	0	0
Sale of Maps	30	0	0	0	0	0
Retirees' Insurance Payments	17,086	0	0	0	0	0
Miscellaneous Refunds	32,301	6,099	485	0	5,997	0
<b>Nonrecurring Items</b>						
Sale of Equipment	10,999	26,457	11,678	0	9,318	0
Damages Recovered from Individuals	0	0	1,538	0	0	0
<b>Other Local Revenues</b>						
Other Local Revenues	0	0	0	0	0	500,000
<b>Total Other Local Revenues</b>	<b>\$ 106,087</b>	<b>\$ 35,389</b>	<b>\$ 14,097</b>	<b>\$ 0</b>	<b>\$ 15,854</b>	<b>\$ 742,754</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	Constitutional Officers - Fees	Highway / Public Works	
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 732,436	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	266,763	0	0	0	0	0
General Sessions Court Clerk	634,665	0	0	0	0	0
Clerk and Master	292,125	0	0	0	0	0
Juvenile Court Clerk	82,187	0	0	0	0	0
Register	222,741	0	0	0	0	0
Sheriff	30,296	0	0	0	0	0
Trustee	932,425	0	0	0	0	0
<b>Total Fees Received from County Officials</b>	<b>\$ 3,193,638</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 13,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	54,631	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	19,200	0	0	0	0	0
Health and Welfare Grants						
Health Department Programs	436,770	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	217,227	0
Litter Program	40,300	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	150,203	0	0	0	0	0
Beer Tax	0	17,806	0	0	0	0
Vehicle Certificate of Title Fees	11,292	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	
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Alcoholic Beverage Tax	\$ 76,286	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Revenue Sharing - T.V.A.	509,997	0	0	0	0	0
Contracted Prisoner Boarding	1,244,348	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,616,809	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	70,000	0	0	0	0	0
Other State Revenues	44,760	0	0	0	0	0
Total State of Tennessee	\$ 2,686,451	\$ 17,806	\$ 0	\$ 0	\$ 1,879,164	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	27,200	0	0	0	0	0
Homeland Security Grants	7,716	0	0	0	0	0
Other Federal through State	118,668	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Asset Forfeiture Funds	0	0	43,504	0	0	0
Other Direct Federal Revenue	49,699	0	0	0	0	0
Total Federal Government	\$ 203,283	\$ 0	\$ 43,504	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 9,255	\$ 0	\$ 0	\$ 0
Contracted Services	90,279	4,003	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	
Other Governments and Citizens Groups (Cont.)						
Citizens Groups						
Donations	\$ 8,110	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 98,389	\$ 4,003	\$ 9,255	\$ 0	\$ 0	\$ 0
Total	\$ 16,282,440	\$ 2,012,891	\$ 110,535	\$ 1,751	\$ 1,932,490	\$ 5,945,642

(Continued)

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

	Capital Projects Funds		Total
	General Capital Projects	Highway Capital Projects	
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$	0 \$	11,577,658
Discount on Property Taxes		0	55,906
Trustee's Collections - Prior Year		0	302,869
Trustee's Collections - Bankruptcy		0	3,041
Circuit/Clerk & Master Collections - Prior Years		0	136,306
Interest and Penalty		0	117,686
Payments in-Lieu-of Taxes - T. V.A.		0	1,329
Payments in-Lieu-of Taxes - Local Utilities		0	139,641
Payments in-Lieu-of Taxes - Other		0	19,797
<u>County Local Option Taxes</u>			
Local Option Sales Tax		0	1,452,280
Hotel/Motel Tax		0	14,286
Wheel Tax		0	778,040
Litigation Tax - General		0	145,463
Litigation Tax - Special Purpose		0	64,965
Litigation Tax - Jail, Workhouse, or Courthouse		0	53,647
Litigation Tax - Courthouse Security		0	58,863
Business Tax		0	786,078
Mineral Severance Tax		0	37,472
<u>Statutory Local Taxes</u>			
Bank Excise Tax		0	3,511
Wholesale Beer Tax		0	109,104
Interstate Telecommunications Tax		0	3,404
Total Local Taxes	\$	0 \$	15,861,346

(Continued)

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

	Capital Projects Funds		Total
	General Capital Projects	Highway Capital Projects	
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	0 \$	0 \$	5,728
Cable TV Franchise Permits	0	0	354,947
<u>Permits</u>			
Beer Permits	0	0	2,125
Building Permits	0	0	68,497
Total Licenses and Permits	0 \$	0 \$	431,297
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	0 \$	0 \$	4,399
Officers Costs	0	0	13,925
Drug Control Fines	0	0	12,861
Drug Court Fees	0	0	2,100
Jail Fees	0	0	15,189
DUI Treatment Fines	0	0	862
Data Entry Fee - Circuit Court	0	0	3,179
<u>General Sessions Court</u>			
Fines	0	0	40,225
Fines for Littering	0	0	95
Officers Costs	0	0	73,280
Game and Fish Fines	0	0	295
Drug Control Fines	0	0	12,674
Drug Court Fees	0	0	7,099
Jail Fees	0	0	67,735
Interpreter Fees	0	0	59

(Continued)

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

	Capital Projects Funds		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	11,972
Data Entry Fee - General Sessions Court	0	0	30,985
Courtroom Security Fee	0	0	1,579
<u>Juvenile Court</u>			
Fines	0	0	9,501
Officers Costs	0	0	7,645
Data Entry Fee - Juvenile Court	0	0	3,033
Courtroom Security Fee	0	0	4
<u>Chancery Court</u>			
Data Entry Fee - Chancery Court	0	0	6,964
<u>Other Courts - In-county</u>			
Drug Court Fees	0	0	3,026
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property	0	0	29,649
Other Fines, Forfeitures, and Penalties	0	0	481
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 358,816</b>
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Other Employee Benefit Charges/Contributions	\$ 0	\$ 0	280,667
Patient Charges	0	0	7,953
Work Release Charges for Board	0	0	4,410
<u>Fees</u>			
Recreation Fees	0	0	67,189
Copy Fees	0	0	6,948

(Continued)

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

	Capital Projects Funds		Total
	General Capital Projects	Highway Capital Projects	
<u>Charges for Current Services (Cont.)</u>			
<u>Fees (Cont.)</u>			
Greenbelt Late Application Fee	\$ 0	\$ 0	\$ 50
Telephone Commissions	0	0	44,570
Vending Machine Collections	0	0	95
Tourism Fees	0	0	129,098
Constitutional Officers' Fees and Commissions	0	0	1,751
Data Processing Fee - Register	0	0	18,180
Data Processing Fee - Sheriff	0	0	12,323
Sexual Offender Registration Fees - Sheriff	0	0	4,050
Data Processing Fee - County Clerk	0	0	7,332
Total Charges for Current Services	\$ 0	\$ 0	\$ 584,616
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 0	\$ 0	\$ 244,547
Lease/Rentals	0	0	31,953
Sale of Materials and Supplies	0	0	2,910
Commissary Sales	0	0	12,783
Sale of Maps	0	0	30
Retirees' Insurance Payments	0	0	17,086
Miscellaneous Refunds	2,500	0	47,382
<u>Nonrecurring Items</u>			
Sale of Equipment	0	0	58,452
Damages Recovered from Individuals	0	0	1,538
<u>Other Local Revenues</u>			
Other Local Revenues	0	0	500,000
Total Other Local Revenues	\$ 2,500	\$ 0	\$ 916,681

(Continued)

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

	Capital Projects Funds		Total
	General Capital Projects	Highway Capital Projects	
<u>Fees Received from County Officials</u>			
<u>Fees in-Lieu-of Salary</u>			
County Clerk	\$ 0	\$ 0	732,436
Circuit Court Clerk	0	0	266,763
General Sessions Court Clerk	0	0	634,665
Clerk and Master	0	0	292,125
Juvenile Court Clerk	0	0	82,187
Register	0	0	222,741
Sheriff	0	0	30,296
Trustee	0	0	932,425
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 3,193,638
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	\$ 0	\$ 0	13,500
Solid Waste Grants	0	0	54,631
Public Safety Grants	0	0	19,200
Law Enforcement Training Programs	0	0	436,770
Health and Welfare Grants	0	0	217,227
Health Department Programs	0	0	40,300
Public Works Grants	0	0	150,203
State Aid Program	0	0	17,806
Litter Program	0	0	11,292
Other State Revenues	0	0	
Income Tax	0	0	
Beer Tax	0	0	
Vehicle Certificate of Title Fees	0	0	

(Continued)

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 (Cont.)</u>				
Alcoholic Beverage Tax	\$ 0	\$ 0	\$ 0	76,286
State Revenue Sharing - T.V.A.	0	351,821	0	861,818
Contracted Prisoner Boarding	0	0	0	1,244,348
Gasoline and Motor Fuel Tax	0	0	0	1,616,809
Petroleum Special Tax	0	0	0	45,128
Registrar's Salary Supplement	0	0	0	15,164
Other State Grants	0	0	0	70,000
Other State Revenues	0	0	0	44,760
Total State of Tennessee	\$ 0	\$ 351,821	\$ 0	\$ 4,935,242
<u>Federal Government</u>				
<u>Federal Through State</u>				
Community Development	\$ 168,600	\$ 0	\$ 0	168,600
Civil Defense Reimbursement	0	0	0	27,200
Homeland Security Grants	0	0	0	7,716
Other Federal through State	0	3,546	0	122,214
<u>Direct Federal Revenue</u>				
Asset Forfeiture Funds	0	0	0	43,504
Other Direct Federal Revenue	0	0	0	49,699
Total Federal Government	\$ 168,600	\$ 3,546	\$ 0	\$ 418,933
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 0	\$ 0	\$ 0	9,255
Contracted Services	0	0	0	94,282

(Continued)

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

	<u>Capital Projects Funds</u>		Total
	<u>General</u> <u>Capital</u> <u>Projects</u>	<u>Highway</u> <u>Capital</u> <u>Projects</u>	
<u>Other Governments and Citizens Groups (Cont.)</u>			
<u>Citizens Groups</u>			
Donations	\$ 0	\$ 0	\$ 8,110
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 111,647
Total	\$ 171,100	\$ 355,367	\$ 26,812,216

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, 2014

	Special Revenue Funds			Capital Projects Fund		Total
	General Purpose School	School Federal Projects		Education Capital Projects		
			Central Cafeteria			
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 12,359,589	\$ 0	\$ 0	\$ 0	\$ 0	12,359,589
Trustee's Collections - Prior Year	315,749	0	0	0	0	315,749
Trustee's Collections - Bankruptcy	3,337	0	0	0	0	3,337
Circuit/Clerk & Master Collections - Prior Years	139,586	0	0	0	0	139,586
Interest and Penalty	128,368	0	0	0	0	128,368
Payments in-Lieu-of Taxes - T. V.A.	1,227	0	0	0	0	1,227
Payments in-Lieu-of Taxes - Local Utilities	165,717	0	0	0	0	165,717
Payments in-Lieu-of Taxes - Other	23,493	0	0	0	0	23,493
<u>County Local Option Taxes</u>						
Local Option Sales Tax	11,605,797	0	0	0	0	11,605,797
Wheel Tax	719,780	0	0	0	0	719,780
<u>Statutory Local Taxes</u>						
Bank Excise Tax	14,044	0	0	0	0	14,044
Interstate Telecommunications Tax	6,854	0	0	0	0	6,854
Total Local Taxes	\$ 25,483,541	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,483,541
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Regular Day Students	\$ 127,942	\$ 0	\$ 0	\$ 0	\$ 0	127,942
Tuition - Other	225,195	0	0	0	0	225,195
Lunch Payments - Children	0	0	793,052	0	0	793,052
Lunch Payments - Adults	0	0	98,090	0	0	98,090
Income from Breakfast	0	0	159,734	0	0	159,734
A la carte Sales	0	0	189,873	0	0	189,873
Receipts from Individual Schools	201,912	0	0	0	0	201,912

(Continued)

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

	Special Revenue Funds			Capital Projects Fund		Total
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects		
<u>Charges for Current Services (Cont.)</u>						
<u>Other Charges for Services</u>						
Other Charges for Services	\$ 152,368	\$ 0	\$ 16,789	\$ 0	\$ 0	\$ 169,157
Total Charges for Current Services	\$ 707,417	\$ 0	\$ 1,257,538	\$ 0	\$ 0	\$ 1,964,955
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 198	\$ 0	\$ 13,255	\$ 3,803	\$ 0	\$ 17,256
Lease/Rentals	6,062	0	0	0	0	6,062
Sale of Materials and Supplies	1,023	0	0	0	0	1,023
Refund of Telecommunication & Internet Fees (E-Rate)	97,489	0	0	0	0	97,489
Miscellaneous Refunds	46,870	0	0	0	0	46,870
<u>Nonrecurring Items</u>						
Sale of Equipment	7,507	0	0	0	0	7,507
Sale of Property	1,131	0	0	0	0	1,131
Damages Recovered from Individuals	1,182	0	0	0	0	1,182
Contributions and Gifts	81,640	0	0	0	0	81,640
<u>Other Local Revenues</u>						
Other Local Revenues	1,065	0	0	0	0	1,065
Total Other Local Revenues	\$ 244,167	\$ 0	\$ 13,255	\$ 3,803	\$ 0	\$ 261,225
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-behalf Contributions for OPEB	\$ 569,594	\$ 0	\$ 0	\$ 0	\$ 0	\$ 569,594
<u>State Education Funds</u>						
Basic Education Program	42,585,001	0	0	0	0	42,585,001

(Continued)

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

	Special Revenue Funds		Capital Projects Fund		Total
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Early Childhood Education	\$ 630,886	0	0	0	630,886
School Food Service	0	0	56,471	0	56,471
Driver Education	7,605	0	0	0	7,605
Other State Education Funds	565,687	0	0	0	565,687
Career Ladder Program	251,713	0	0	0	251,713
Career Ladder - Extended Contract	60,220	0	0	0	60,220
<u>Other State Revenues</u>					
Mixed Drink Tax	67,649	0	0	0	67,649
Other State Grants	262,997	0	0	0	262,997
<b>Total State of Tennessee</b>	<b>\$ 45,000,452</b>	<b>\$ 0</b>	<b>\$ 56,471</b>	<b>\$ 0</b>	<b>\$ 45,056,923</b>
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	0	2,842,604	0	2,842,604
USDA - Commodities	0	0	351,444	0	351,444
Breakfast	0	0	1,034,622	0	1,034,622
USDA - Other	0	0	12,307	0	12,307
Vocational Education - Basic Grants to States	0	144,390	0	0	144,390
Other Vocational	44,103	99,998	0	0	144,101
Title I Grants to Local Education Agencies	0	2,705,803	0	0	2,705,803
Special Education - Grants to States	166,354	2,131,319	0	0	2,297,673
Special Education Preschool Grants	0	62,953	0	0	62,953
English Language Acquisition Grants	0	102,122	0	0	102,122
Education for Homeless Children and Youth	0	65,528	0	0	65,528

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Capital Projects Fund		Total
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects		
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
Eisenhower Professional Development State Grants	\$ 0	\$ 267,779	\$ 0	\$ 0	\$ 0	\$ 267,779
Race-to-the-Top - ARRA	0	1,049,580	0	0	0	1,049,580
<u>Total Federal Government</u>	<u>\$ 210,457</u>	<u>\$ 6,629,472</u>	<u>\$ 4,240,977</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,080,906</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>	\$ 0	\$ 0	\$ 0	\$ 2,500,000	\$ 0	\$ 2,500,000
Contributions	0	0	0	0	2,500,000	2,500,000
<u>Total Other Governments and Citizens Groups</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,500,000</u>	<u>\$ 0</u>	<u>\$ 2,500,000</u>
<u>Total</u>	<u>\$ 71,646,034</u>	<u>\$ 6,629,472</u>	<u>\$ 5,568,241</u>	<u>\$ 2,503,803</u>	<u>\$ 0</u>	<u>\$ 86,347,550</u>

Exhibit K-7

Hamblen County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2014

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	71,400	
State Retirement		3,510	
Life Insurance		366	
Medical Insurance		83,684	
Employer Medicare		812	
Audit Services		18,763	
Contracts with Private Agencies		1,150	
Dues and Memberships		1,800	
Pauper Burials		1,000	
Other Contracted Services		5,500	
Office Supplies		526	
Other Charges		1,076	
Total County Commission			\$ 189,587

Board of Equalization

Board and Committee Members Fees	\$	2,405	
Total Board of Equalization			2,405

County Mayor/Executive

County Official/Administrative Officer	\$	88,144	
Assistant(s)		29,310	
Social Security		6,879	
State Retirement		10,730	
Life Insurance		52	
Medical Insurance		17,341	
Employer Medicare		1,609	
Communication		2,448	
Dues and Memberships		2,834	
Postal Charges		4,467	
Printing, Stationery, and Forms		1,249	
Rentals		3,264	
Travel		3,929	
Office Supplies		3,802	
Other Charges		9,399	
Office Equipment		406	
Total County Mayor/Executive			185,863

County Attorney

Other Salaries and Wages	\$	1,200	
Social Security		74	
Employer Medicare		17	
Legal Services		16,001	
Total County Attorney			17,292

Election Commission

County Official/Administrative Officer	\$	66,443	
Deputy(ies)		51,983	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Overtime Pay	\$	596	
Election Commission		12,000	
Election Workers		17,406	
Social Security		7,824	
State Retirement		10,824	
Life Insurance		100	
Medical Insurance		17,543	
Employer Medicare		1,830	
Communication		200	
Contracts with Private Agencies		8,260	
Dues and Memberships		250	
Legal Notices, Recording, and Court Costs		5,626	
Maintenance Agreements		12,900	
Postal Charges		1,858	
Printing, Stationery, and Forms		620	
Rentals		2,253	
Travel		5,040	
Office Supplies		2,957	
Office Equipment		2,821	
Total Election Commission			\$ 229,334

Register of Deeds

County Official/Administrative Officer	\$	73,825	
Deputy(ies)		87,239	
Part-time Personnel		20,145	
Social Security		11,009	
State Retirement		14,696	
Life Insurance		105	
Medical Insurance		22,997	
Employer Medicare		2,575	
Communication		25	
Dues and Memberships		552	
Postal Charges		611	
Travel		172	
Office Supplies		5,382	
Data Processing Equipment		15,587	
Total Register of Deeds			254,920

Planning

County Official/Administrative Officer	\$	56,441	
Assistant(s)		31,945	
Deputy(ies)		38,411	
Secretary(ies)		28,369	
Board and Committee Members Fees		16,000	
Social Security		9,680	
State Retirement		14,157	
Life Insurance		105	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Medical Insurance	\$	47,883	
Employer Medicare		2,264	
Communication		1,278	
Contracts with Government Agencies		3,460	
Contracts with Private Agencies		9,712	
Dues and Memberships		213	
Legal Services		6,078	
Legal Notices, Recording, and Court Costs		638	
Maintenance Agreements		400	
Maintenance and Repair Services - Vehicles		885	
Postal Charges		226	
Printing, Stationery, and Forms		381	
Rentals		1,669	
Travel		174	
Gasoline		1,800	
Office Supplies		3,045	
In Service/Staff Development		833	
Total Planning	\$		276,047

Geographical Information Systems

Contracts with Government Agencies	\$	2,611	
Total Geographical Information Systems			2,611

Other Facilities

Supervisor/Director	\$	36,593	
Custodial Personnel		66,400	
Maintenance Personnel		78,843	
Part-time Personnel		21,882	
Overtime Pay		3,559	
Social Security		12,262	
State Retirement		16,849	
Life Insurance		183	
Medical Insurance		60,803	
Employer Medicare		2,868	
Communication		43,821	
Maintenance Agreements		36,841	
Maintenance and Repair Services - Buildings		37,838	
Maintenance and Repair Services - Equipment		2,283	
Maintenance and Repair Services - Vehicles		2,048	
Pest Control		3,592	
Other Contracted Services		309	
Custodial Supplies		18,593	
Electricity		263,403	
Gasoline		5,855	
Natural Gas		32,727	
Uniforms		5,206	
Maintenance Equipment		3,084	
Total Other Facilities			755,842

(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	\$	11,927	
Social Security		739	
Employer Medicare		173	
Postal Charges		17	
Rentals		1,669	
Office Supplies		3,072	
Office Equipment		1,611	
Total Preservation of Records			\$ 19,208

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	71,094	
Accountants/Bookkeepers		100,618	
Overtime Pay		12,857	
Social Security		9,940	
State Retirement		16,842	
Life Insurance		107	
Medical Insurance		46,111	
Employer Medicare		2,325	
Contracts with Private Agencies		1,750	
Dues and Memberships		977	
Printing, Stationery, and Forms		800	
Travel		892	
Office Supplies		2,246	
In Service/Staff Development		738	
Total Accounting and Budgeting			267,297

Purchasing

Purchasing Personnel	\$	28,561	
Social Security		1,657	
State Retirement		2,609	
Life Insurance		26	
Medical Insurance		5,746	
Employer Medicare		387	
Advertising		700	
Printing, Stationery, and Forms		272	
Office Supplies		972	
Total Purchasing			40,930

Property Assessor's Office

County Official/Administrative Officer	\$	75,857	
Deputy(ies)		130,812	
Data Processing Personnel		37,606	
Social Security		14,179	
State Retirement		22,317	
Life Insurance		157	
Medical Insurance		47,897	

(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	\$	3,316	
Communication		59	
Contracts with Government Agencies		16,082	
Data Processing Services		3,000	
Dues and Memberships		1,300	
Maintenance and Repair Services - Vehicles		540	
Postal Charges		1,712	
Printing, Stationery, and Forms		150	
Travel		287	
Gasoline		3,215	
Office Supplies		1,165	
Total Property Assessor's Office	\$		359,651

Reappraisal Program

Deputy(ies)	\$	29,980	
Social Security		1,679	
State Retirement		2,739	
Life Insurance		26	
Medical Insurance		9,239	
Employer Medicare		393	
Contracts with Government Agencies		5,437	
Contracts with Private Agencies		65,530	
Legal Services		14	
Postal Charges		1,089	
Other Contracted Services		4,855	
Office Supplies		511	
Total Reappraisal Program			121,492

County Trustee's Office

County Official/Administrative Officer	\$	73,825	
Deputy(ies)		109,518	
Part-time Personnel		16,922	
Overtime Pay		5,017	
Social Security		11,942	
State Retirement		16,655	
Life Insurance		122	
Medical Insurance		41,588	
Employer Medicare		2,793	
Communication		3	
Legal Notices, Recording, and Court Costs		940	
Maintenance Agreements		13,955	
Postal Charges		8,436	
Printing, Stationery, and Forms		9,707	
Rentals		1,669	
Travel		3,483	
Office Supplies		2,573	
Premiums on Corporate Surety Bonds		4,002	

(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.)

In Service/Staff Development	\$	525	
Office Equipment		327	
Total County Trustee's Office			\$ 324,002

County Clerk's Office

County Official/Administrative Officer	\$	73,825	
Deputy(ies)		307,969	
Part-time Personnel		1,972	
Social Security		22,581	
State Retirement		34,976	
Life Insurance		303	
Medical Insurance		88,191	
Employer Medicare		5,245	
Communication		1,015	
Dues and Memberships		747	
Maintenance Agreements		16,523	
Postal Charges		19,001	
Printing, Stationery, and Forms		1,415	
Rentals		1,980	
Travel		1,114	
Office Supplies		11,008	
Data Processing Equipment		1,040	
Office Equipment		1,858	
Total County Clerk's Office			590,763

Data Processing

Other Salaries and Wages	\$	1,200	
Social Security		65	
State Retirement		110	
Employer Medicare		15	
Contracts with Private Agencies		46,297	
Data Processing Services		5,106	
Maintenance Agreements		16,633	
Data Processing Supplies		651	
Data Processing Equipment		27,504	
Total Data Processing			97,581

Other Finance

Deputy(ies)	\$	146,683	
Maintenance Personnel		1,408	
Part-time Personnel		7,237	
Social Security		8,869	
State Retirement		11,079	
Life Insurance		131	
Medical Insurance		46,701	
Employer Medicare		2,074	
Communication		3,068	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Other Finance (Cont.)

Operating Lease Payments	\$	31,412	
Maintenance and Repair Services - Buildings		285	
Rentals		756	
Office Supplies		2,253	
Data Processing Equipment		1,040	
Office Equipment		478	
Total Other Finance			\$ 263,474

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	73,825	
Deputy(ies)		309,987	
Part-time Personnel		65,470	
Other Salaries and Wages		25,345	
Jury and Witness Expense		16,905	
Social Security		28,552	
State Retirement		32,794	
Life Insurance		279	
Medical Insurance		74,800	
Employer Medicare		6,677	
Communication		3,051	
Dues and Memberships		816	
Legal Notices, Recording, and Court Costs		351	
Maintenance Agreements		15,268	
Postal Charges		4,809	
Printing, Stationery, and Forms		9,503	
Rentals		7,774	
Travel		378	
Other Contracted Services		1,873	
Office Supplies		14,163	
Office Equipment		1,957	
Total Circuit Court			694,577

General Sessions Court

Judge(s)	\$	234,438	
Other Salaries and Wages		5,280	
Social Security		12,276	
State Retirement		14,756	
Life Insurance		26	
Medical Insurance		9,998	
Employer Medicare		3,434	
Communication		218	
Dues and Memberships		1,394	
Travel		2,590	
Other Contracted Services		2,250	
Office Supplies		3,416	
Total General Sessions Court			290,076

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court

Supervisor/Director	\$	31,365	
Deputy(ies)		19,223	
Part-time Personnel		18,896	
Overtime Pay		968	
Social Security		4,110	
State Retirement		2,954	
Life Insurance		26	
Medical Insurance		12,364	
Employer Medicare		961	
Communication		2,349	
Dues and Memberships		400	
Evaluation and Testing		8,078	
Maintenance Agreements		2,500	
Maintenance and Repair Services - Vehicles		1,082	
Postal Charges		58	
Printing, Stationery, and Forms		118	
Rentals		1,669	
Travel		5,957	
Drug Treatment		490	
Office Supplies		1,871	
Other Supplies and Materials		972	
Total Drug Court			\$ 116,411

Chancery Court

County Official/Administrative Officer	\$	73,825	
Deputy(ies)		117,672	
Part-time Personnel		14,602	
Social Security		11,845	
State Retirement		17,458	
Life Insurance		131	
Medical Insurance		49,401	
Employer Medicare		2,770	
Communication		583	
Dues and Memberships		822	
Maintenance Agreements		7,961	
Postal Charges		5,854	
Printing, Stationery, and Forms		616	
Rentals		2,256	
Travel		1,755	
Office Supplies		7,342	
Total Chancery Court			314,893

Juvenile Court

Judge(s)	\$	42,168
Assistant(s)		34,562
Probation Officer(s)		34,273
Youth Service Officer(s)		45,632

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Guidance Personnel	\$	11,984	
Educational Assistants		31,425	
Attendants		29,402	
Overtime Pay		1,756	
Other Salaries and Wages		10,745	
Social Security		14,273	
State Retirement		10,311	
Life Insurance		105	
Medical Insurance		32,190	
Employer Medicare		3,338	
Communication		1,081	
Contracts with Government Agencies		11,785	
Dues and Memberships		140	
Evaluation and Testing		4,313	
Postal Charges		414	
Rentals		1,669	
Travel		1,666	
Other Contracted Services		1,980	
Food Supplies		876	
Gasoline		471	
Office Supplies		1,391	
In Service/Staff Development		834	
Communication Equipment		14,805	
Total Juvenile Court			\$ 343,589

Courtroom Security

Guards	\$	55,661	
Part-time Personnel		138,718	
Overtime Pay		2,236	
Social Security		11,908	
State Retirement		5,310	
Life Insurance		52	
Medical Insurance		16,993	
Employer Medicare		2,785	
Evaluation and Testing		250	
Maintenance Agreements		2,600	
Travel		462	
Uniforms		1,525	
In Service/Staff Development		390	
Law Enforcement Equipment		5,090	
Total Courtroom Security			243,980

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	84,546	
Supervisor/Director		51,521	
Deputy(ies)		513,000	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Captain(s)	\$	48,034	
Lieutenant(s)		261,550	
Sergeant(s)		321,009	
Salary Supplements		19,500	
Clerical Personnel		126,390	
Overtime Pay		121,486	
Social Security		89,691	
State Retirement		169,882	
Life Insurance		1,073	
Medical Insurance		343,490	
Employer Medicare		20,977	
Advertising		312	
Communication		26,001	
Dues and Memberships		2,875	
Evaluation and Testing		1,600	
Maintenance Agreements		6,513	
Maintenance and Repair Services - Buildings		5,287	
Maintenance and Repair Services - Equipment		3,962	
Maintenance and Repair Services - Vehicles		67,356	
Postal Charges		2,499	
Printing, Stationery, and Forms		7,308	
Rentals		4,371	
Towing Services		985	
Travel		24,801	
Other Contracted Services		3,283	
Gasoline		154,140	
Law Enforcement Supplies		15,973	
Lubricants		6,085	
Office Supplies		10,749	
Tires and Tubes		11,704	
Uniforms		5,179	
Other Supplies and Materials		5,458	
In Service/Staff Development		19,690	
Other Charges		5,294	
Furniture and Fixtures		3,008	
Law Enforcement Equipment		26,373	
Total Sheriff's Department			\$ 2,592,955

Administration of the Sexual Offender Registry

Contracts with Government Agencies	\$	1,300	
Office Supplies		750	
Total Administration of the Sexual Offender Registry			2,050

Jail

Captain(s)	\$	37,220
Lieutenant(s)		33,863
Sergeant(s)		144,651

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Guards	\$	895,464	
Cafeteria Personnel		20,840	
Overtime Pay		74,305	
Social Security		71,380	
State Retirement		110,151	
Life Insurance		1,101	
Medical Insurance		276,007	
Employer Medicare		16,693	
Advertising		1,377	
Evaluation and Testing		2,287	
Maintenance Agreements		26,453	
Maintenance and Repair Services - Buildings		54,397	
Maintenance and Repair Services - Equipment		18,808	
Medical and Dental Services		500,942	
Rentals		2,212	
Travel		6,004	
Custodial Supplies		44,677	
Drugs and Medical Supplies		26,216	
Food Supplies		323,409	
Office Supplies		6,905	
Prisoners Clothing		11,778	
In Service/Staff Development		900	
Other Charges		10,197	
Food Service Equipment		9,297	
Furniture and Fixtures		3,985	
Law Enforcement Equipment		6,226	
Other Equipment		5,668	
Total Jail			\$ 2,743,413

Workhouse

Guards	\$	30,331	
Social Security		1,755	
State Retirement		2,771	
Life Insurance		31	
Medical Insurance		8,889	
Employer Medicare		410	
Total Workhouse			44,187

Work Release Program

Supervisor/Director	\$	37,928	
Secretary(ies)		28,516	
Other Salaries and Wages		1,000	
Social Security		3,584	
State Retirement		6,162	
Life Insurance		52	
Medical Insurance		23,748	
Employer Medicare		838	

(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.)

Communication	\$	532	
Maintenance and Repair Services - Vehicles		156	
Postal Charges		9	
Gasoline		1,879	
Office Supplies		681	
Testing		535	
In Service/Staff Development		350	
Total Work Release Program			\$ 105,970

Fire Prevention and Control

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

Civil Defense

Supervisor/Director	\$	36,019	
Part-time Personnel		10,836	
Social Security		2,905	
State Retirement		3,291	
Life Insurance		26	
Medical Insurance		5,417	
Employer Medicare		679	
Communication		550	
Evaluation and Testing		515	
Maintenance and Repair Services - Vehicles		2,927	
Postal Charges		98	
Travel		448	
Gasoline		4,569	
Office Supplies		1,738	
Uniforms		729	
Liability Insurance		300	
Other Charges		3,266	
Communication Equipment		49	
Total Civil Defense			74,362

Other Emergency Management

Contributions	\$	141,436	
Total Other Emergency Management			141,436

Inspection and Regulation

Board and Committee Members Fees	\$	3,600	
Social Security		223	
Employer Medicare		52	
Evaluation and Testing		2,090	
Total Inspection and Regulation			5,965

County Coroner/Medical Examiner

Other Salaries and Wages	\$	111,720	
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(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 (Cont.)

Other Contracted Services	\$	7,200	
Office Supplies		273	
Total County Coroner/Medical Examiner			\$ 119,193

Other Public Safety

Other Equipment	\$	17,132	
Total Other Public Safety			17,132

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	312,021	
Social Security		17,874	
State Retirement		23,397	
Life Insurance		262	
Medical Insurance		75,030	
Employer Medicare		4,180	
Contracts with Government Agencies		53,950	
Travel		7,449	
Other Contracted Services		23,000	
Other Supplies and Materials		1,489	
Total Local Health Center			518,652

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

Crippled Children Services

Contributions	\$	3,121	
Total Crippled Children Services			3,121

Appropriation to State

Contributions	\$	63,402	
Total Appropriation to State			63,402

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.)

Child Support

Contributions	\$ 8,031	
Total Child Support		\$ 8,031

Other Local Welfare Services

Contributions	\$ 29,420	
Total Other Local Welfare Services		29,420

Sanitation Management

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

Other Public Health and Welfare

Contributions	\$ 101,500	
Total Other Public Health and Welfare		101,500

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	\$ 261,490	
Total Libraries		261,490

Parks and Fair Boards

Supervisor/Director	\$ 38,352
Maintenance Personnel	26,463
Part-time Personnel	6,114
Overtime Pay	25,328
Social Security	5,946
State Retirement	8,233
Life Insurance	52
Medical Insurance	10,147
Employer Medicare	1,391
Communication	1,555
Maintenance and Repair Services - Equipment	7,238
Maintenance and Repair Services - Vehicles	157
Custodial Supplies	6,753
Diesel Fuel	2,942
Electricity	29,703
Gasoline	5,073
Uniforms	575
Water and Sewer	13,054

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Other Supplies and Materials	\$	6,921	
Liability Insurance		8,856	
Refunds		325	
Workers' Compensation Insurance		2,480	
Other Charges		2,056	
Other Construction		6,340	
Total Parks and Fair Boards			\$ 216,054

Other Social, Cultural, and Recreational

Contracts with Government Agencies	\$	71,212	
Contributions		234,300	
Total Other Social, Cultural, and Recreational			305,512

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	130,221	
Communication		48	
Travel		811	
Office Supplies		3,319	
Total Agriculture Extension Service			134,399

Forest Service

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

Soil Conservation

Secretary(ies)	\$	25,407	
Social Security		1,323	
State Retirement		2,321	
Life Insurance		26	
Medical Insurance		12,661	
Employer Medicare		310	
Total Soil Conservation			42,048

Storm Water Management

Engineering Services	\$	4,076	
Instructional Supplies and Materials		1,200	
Total Storm Water Management			5,276

Other Operations

Tourism

Supervisor/Director	\$	37,740	
Other Salaries and Wages		1,470	
Social Security		2,056	
State Retirement		3,582	
Life Insurance		26	
Medical Insurance		13,333	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Tourism (Cont.)

Employer Medicare	\$	481	
Advertising		14,764	
Communication		780	
Contributions		32,500	
Postal Charges		7	
Printing, Stationery, and Forms		187	
Rentals		1,570	
Travel		4,669	
Other Contracted Services		122,662	
Other Supplies and Materials		2,771	
Other Charges		555	
Total Tourism			\$ 239,153

Industrial Development

Contributions	\$	52,000	
Contracts for Development Costs		55,906	
Total Industrial Development			107,906

Public Transportation

Contributions	\$	7,014	
Total Public Transportation			7,014

Veterans' Services

County Official/Administrative Officer	\$	12,609	
Social Security		781	
Employer Medicare		183	
Communication		6	
Dues and Memberships		25	
Maintenance Agreements		399	
Postal Charges		24	
Travel		2,130	
Office Supplies		172	
Total Veterans' Services			16,329

Employee Benefits

Handling Charges and Administrative Costs	\$	840	
Medical Insurance		37,052	
Unemployment Compensation		8,834	
Other Fringe Benefits		2,400	
Contracts with Private Agencies		188,269	
Liability Insurance		440,681	
Workers' Compensation Insurance		129,186	
Liability Claims		16,005	
Total Employee Benefits			823,267

Miscellaneous

Medical Insurance	\$	314,721	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous (Cont.)

Contracts with Other Public Agencies	\$	15,404	
Premiums on Corporate Surety Bonds		1,373	
Trustee's Commission		176,309	
Total Miscellaneous			\$ 507,807

Operation of Non-Instructional Services

Community Services

Contributions	\$	7,000	
Total Community Services			7,000

Capital Projects

General Administration Projects

Architects	\$	4,000	
Building Improvements		72,641	
Motor Vehicles		23,065	
Voting Machines		109,642	
Total General Administration Projects			209,348

Administration of Justice Projects

Consultants	\$	45,000	
Engineering Services		9,500	
Total Administration of Justice Projects			54,500

Public Safety Projects

Building Improvements	\$	2,591	
Communication Equipment		27,132	
Motor Vehicles		236,761	
Total Public Safety Projects			266,484

Public Health and Welfare Projects

Building Improvements	\$	41,000	
Solid Waste Equipment		425	
Total Public Health and Welfare Projects			41,425

Total General Fund \$ 16,180,226

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Foremen	\$	37,669	
Mechanic(s)		45,240	
Equipment Operators - Heavy		123,494	
Truck Drivers		201,811	
Laborers		121,802	
Overtime Pay		16,649	
Social Security		31,725	
Handling Charges and Administrative Costs		60	

(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.)

State Retirement	\$	49,240	
Life Insurance		571	
Medical Insurance		163,018	
Employer Medicare		7,420	
Advertising		5,539	
Contracts with Private Agencies		53,860	
Maintenance Agreements		7,650	
Maintenance and Repair Services - Equipment		115,623	
Disposal Fees		734,161	
Other Contracted Services		2,076	
Diesel Fuel		174,767	
Gasoline		3,472	
Lubricants		4,393	
Office Supplies		399	
Small Tools		5,150	
Tires and Tubes		31,474	
Uniforms		7,187	
Other Supplies and Materials		12,577	
Liability Insurance		57,101	
Trustee's Commission		31,580	
Workers' Compensation Insurance		53,548	
Liability Claims		1,235	
Communication Equipment		4,602	
Motor Vehicles		269,194	
Solid Waste Equipment		10,218	
Total Sanitation Management			<u>\$ 2,384,505</u>

Total Solid Waste/Sanitation Fund \$ 2,384,505

Drug Control Fund

Public Safety

Drug Enforcement

Salary Supplements	\$	4,800	
Social Security		267	
State Retirement		598	
Employer Medicare		63	
Confidential Drug Enforcement Payments		20,000	
Dues and Memberships		55	
Rentals		12,000	
Travel		1,446	
Veterinary Services		131	
Other Contracted Services		2,123	
Animal Food and Supplies		575	
Electricity		6,510	
Law Enforcement Supplies		4,156	
Trustee's Commission		434	
Law Enforcement Equipment		5,749	
Total Drug Enforcement			<u>\$ 58,907</u>

Total Drug Control Fund 58,907

(Continued)

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

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$ 181	
Total Register of Deeds		\$ 181

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 53,541	
Total County Trustee's Office		53,541

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 212	
Total County Clerk's Office		212

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$ 296	
Total Circuit Court		296

General Sessions Court

Constitutional Officers' Operating Expenses	\$ 875	
Total General Sessions Court		875

Chancery Court

Constitutional Officers' Operating Expenses	\$ 33,646	
Total Chancery Court		33,646

Juvenile Court

Constitutional Officers' Operating Expenses	\$ 79	
Total Juvenile Court		<u>79</u>

Total Constitutional Officers - Fees Fund \$ 88,830

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 81,208
Assistant(s)	34,536
Accountants/Bookkeepers	33,456
Board and Committee Members Fees	18,600
Social Security	10,114
State Retirement	10,915
Life Insurance	78
Medical Insurance	20,049
Employer Medicare	2,365
Communication	7,091
Dues and Memberships	2,821
Legal Services	2,078
Postal Charges	243

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Travel	\$	318	
Other Contracted Services		655	
Electricity		11,622	
Office Supplies		1,481	
Propane Gas		11,892	
Water and Sewer		1,009	
Liability Insurance		49,367	
Trustee's Commission		16,920	
Vehicle and Equipment Insurance		15,286	
Other Charges		15,621	
Total Administration			\$ 347,725

Highway and Bridge Maintenance

Foremen	\$	43,724	
Equipment Operators		170,561	
Truck Drivers		133,398	
Laborers		116,504	
Overtime Pay		17,557	
Other Salaries and Wages		2,713	
Social Security		28,751	
State Retirement		43,973	
Life Insurance		418	
Medical Insurance		127,056	
Employer Medicare		6,724	
Contracts with Private Agencies		27,202	
Rentals		5,636	
Asphalt - Cold Mix		2,874	
Asphalt - Hot Mix		111,477	
Concrete		508	
Crushed Stone		56,989	
General Construction Materials		1,289	
Other Road Supplies		2,968	
Pipe - Metal		7,942	
Road Signs		13,055	
Salt		22,894	
Small Tools		461	
Uniforms		6,117	
Fencing		28,814	
Total Highway and Bridge Maintenance			979,605

Operation and Maintenance of Equipment

Mechanic(s)	\$	65,097	
Overtime Pay		4,811	
Social Security		3,803	
State Retirement		6,387	
Life Insurance		33	
Medical Insurance		19,307	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Employer Medicare	\$	890	
Diesel Fuel		50,931	
Equipment Parts - Heavy		109,234	
Garage Supplies		3,292	
Gasoline		29,226	
Lubricants		8,450	
Small Tools		6,410	
Tires and Tubes		20,913	
Other Supplies and Materials		5,024	
Total Operation and Maintenance of Equipment	\$		333,808

Employee Benefits

Other Fringe Benefits	\$	412	
Workers' Compensation Insurance		35,285	
Liability Claims		864	
Total Employee Benefits			36,561

Capital Outlay

Building Improvements	\$	3,514	
Highway Equipment		7,982	
Motor Vehicles		149,703	
Office Equipment		326	
State Aid Projects		273,201	
Total Capital Outlay			434,726

Total Highway/Public Works Fund \$ 2,132,425

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	2,200	
Principal on Other Loans		365,840	
Total General Government	\$		368,040

Education

Principal on Bonds	\$	372,800	
Principal on Other Loans		3,028,014	
Total Education			3,400,814

Interest on Debt

General Government

Interest on Bonds	\$	9,030	
Interest on Other Loans		179,217	
Total General Government			188,247

Highways and Streets

Interest on Bonds	\$	8,366	
Total Highways and Streets			8,366

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)

Interest on Debt (Cont.)

Education

Interest on Bonds	\$ 466,186	
Interest on Notes	515	
Interest on Other Loans	927,705	
Total Education		\$ 1,394,406

Other Debt Service

General Government

Trustee's Commission	\$ 85,808	
Total General Government		85,808

Education

Other Debt Service	\$ 12,651	
Total Education		12,651

Total General Debt Service Fund \$ 5,458,332

General Capital Projects Fund

Capital Projects

Public Health and Welfare Projects

Advertising	\$ 42	
Engineering Services	7,000	
Water and Sewer	365	
Refunds	2,500	
Access Fees	60,000	
Other Construction	125,256	
Total Public Health and Welfare Projects		\$ 195,163

Social, Cultural, and Recreation Projects

Architects	\$ 26,274	
Engineering Services	2,250	
Total Social, Cultural, and Recreation Projects		28,524

Total General Capital Projects Fund 223,687

Sanitation Projects Fund

Capital Projects

Public Health and Welfare Projects

Advertising	\$ 400	
Engineering Services	2,947	
Landfill Closure/Postclosure Care Costs	4,795	
Total Public Health and Welfare Projects		\$ 8,142

Total Sanitation Projects Fund 8,142

(Continued)

Exhibit K-7

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

<u>Highway Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Highway and Street Capital Projects</u>		
Engineering Services	\$	5,362
Trustee's Commission		3,518
Underwriter's Discount		7,048
Other Debt Issuance Charges		25,783
Highway Construction		1,035,977
Highway Equipment		81,668
Motor Vehicles		27,750
Total Highway and Street Capital Projects		<u>\$ 1,187,106</u>
Total Highway Capital Projects Fund		\$ 1,187,106
<u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Contributions	\$	2,500,000
Underwriter's Discount		6,526
Other Debt Issuance Charges		33,867
Total Education Capital Projects		<u>\$ 2,540,393</u>
Total Education Capital Projects Fund		<u>2,540,393</u>
Total Governmental Funds - Primary Government		<u><u>\$ 30,262,553</u></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, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 24,254,541	
Career Ladder Program	160,222	
Career Ladder Extended Contracts	66,633	
Salary Supplements	460,272	
Educational Assistants	1,075,630	
Certified Substitute Teachers	164,365	
Non-certified Substitute Teachers	229,142	
Social Security	1,544,151	
State Retirement	2,269,800	
Life Insurance	30,450	
Medical Insurance	4,774,798	
Unemployment Compensation	23,231	
Employer Medicare	367,670	
Other Fringe Benefits	705,517	
Other Contracted Services	104,498	
Instructional Supplies and Materials	373,841	
Textbooks	646,538	
Other Supplies and Materials	35,335	
Other Charges	129,400	
Regular Instruction Equipment	668,197	
Total Regular Instruction Program		\$ 38,084,231

Special Education Program

Teachers	\$ 3,050,962	
Career Ladder Program	17,375	
Educational Assistants	410,296	
Speech Pathologist	195,449	
Certified Substitute Teachers	5,832	
Non-certified Substitute Teachers	16,202	
Social Security	218,750	
State Retirement	324,855	
Life Insurance	4,517	
Medical Insurance	711,288	
Unemployment Compensation	3,640	
Employer Medicare	51,850	
Other Contracted Services	602,350	
Instructional Supplies and Materials	30,935	
Textbooks	1,228	
Other Charges	35,940	
Special Education Equipment	33,582	
Total Special Education Program		5,715,051

Vocational Education Program

Teachers	\$ 2,165,632
Career Ladder Program	13,000
Certified Substitute Teachers	7,118

(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.)

Vocational Education Program (Cont.)

Non-certified Substitute Teachers	\$	16,612	
Social Security		130,041	
State Retirement		193,733	
Life Insurance		2,293	
Medical Insurance		383,504	
Unemployment Compensation		1,809	
Employer Medicare		30,433	
Instructional Supplies and Materials		55,830	
Other Supplies and Materials		19,860	
Vocational Instruction Equipment		19,027	
Total Vocational Education Program			\$ 3,038,892

Student Body Education Program

Other Contracted Services	\$	56,860	
Other Supplies and Materials		88,890	
Other Charges		13,682	
Total Student Body Education Program			159,432

Other

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

Support Services

Attendance

Travel	\$	3,152	
Total Attendance			3,152

Health Services

Medical Personnel	\$	384,547	
Other Salaries and Wages		5,501	
Social Security		22,053	
State Retirement		34,137	
Life Insurance		759	
Medical Insurance		126,388	
Unemployment Compensation		581	
Employer Medicare		5,157	
Travel		5,442	
Drugs and Medical Supplies		5,416	
Other Supplies and Materials		4,258	
In Service/Staff Development		2,020	
Total Health Services			596,259

Other Student Support

Career Ladder Program	\$	3,500	
Guidance Personnel		929,622	
Other Salaries and Wages		4,968	

(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.)

Social Security	\$	52,006	
State Retirement		78,954	
Life Insurance		885	
Medical Insurance		149,469	
Unemployment Compensation		852	
Employer Medicare		12,816	
Evaluation and Testing		60,800	
Total Other Student Support			\$ 1,293,872

Regular Instruction Program

Supervisor/Director	\$	34,328	
Career Ladder Program		1,000	
Secretary(ies)		144,173	
Other Salaries and Wages		94,585	
In-Service Training		34,091	
Social Security		16,858	
State Retirement		16,315	
Life Insurance		234	
Medical Insurance		34,912	
Unemployment Compensation		271	
Employer Medicare		3,943	
Travel		23,021	
Other Contracted Services		109,341	
Library Books/Media		24,672	
Other Supplies and Materials		11,437	
Other Charges		33,252	
Other Equipment		12,160	
Total Regular Instruction Program			594,593

Special Education Program

Supervisor/Director	\$	62,459	
Career Ladder Program		1,000	
Secretary(ies)		62,991	
Clerical Personnel		23,110	
Social Security		9,082	
State Retirement		13,505	
Life Insurance		208	
Medical Insurance		27,126	
Unemployment Compensation		155	
Employer Medicare		2,124	
Maintenance and Repair Services - Equipment		577	
Travel		29,922	
Other Contracted Services		7,734	
Other Supplies and Materials		4,153	
Other Charges		26,385	
Total Special Education Program			270,531

(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.)

Vocational Education Program

Supervisor/Director	\$	71,421	
Career Ladder Program		1,000	
Secretary(ies)		32,024	
Social Security		6,161	
State Retirement		9,358	
Life Insurance		105	
Medical Insurance		19,328	
Unemployment Compensation		77	
Employer Medicare		1,441	
Travel		6,505	
Total Vocational Education Program			\$ 147,420

Other Programs

On-behalf Payments to OPEB	\$	569,594	
Total Other Programs			569,594

Board of Education

Board and Committee Members Fees	\$	37,200	
Social Security		2,306	
State Retirement		2,523	
Life Insurance		323	
Employer Medicare		539	
Audit Services		29,975	
Dues and Memberships		12,905	
Legal Services		13,082	
Travel		29,047	
Liability Insurance		171,501	
Premiums on Corporate Surety Bonds		1,739	
Trustee's Commission		473,728	
Workers' Compensation Insurance		193,323	
Other Charges		11,735	
Total Board of Education			979,926

Director of Schools

County Official/Administrative Officer	\$	117,370	
Assistant(s)		188,744	
Career Ladder Program		3,000	
Secretary(ies)		94,685	
Social Security		24,579	
State Retirement		44,248	
Life Insurance		632	
Medical Insurance		40,729	
Unemployment Compensation		194	
Employer Medicare		6,039	
Communication		23,877	
Postal Charges		13,968	

(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.)

Director of Schools (Cont.)

Travel	\$	19,990	
Other Contracted Services		9,916	
Office Supplies		13,933	
Other Charges		8,572	
Total Director of Schools			\$ 610,476

Office of the Principal

Principals	\$	1,368,048	
Career Ladder Program		24,000	
Assistant Principals		985,649	
Secretary(ies)		677,170	
Social Security		182,365	
State Retirement		275,372	
Life Insurance		3,074	
Medical Insurance		508,456	
Unemployment Compensation		2,440	
Employer Medicare		42,702	
Communication		84,096	
Other Charges		1,686	
Total Office of the Principal			4,155,058

Fiscal Services

Supervisor/Director	\$	78,167	
Accountants/Bookkeepers		141,465	
Social Security		12,304	
State Retirement		18,387	
Life Insurance		209	
Medical Insurance		29,333	
Unemployment Compensation		194	
Employer Medicare		3,119	
Maintenance and Repair Services - Equipment		7,420	
Travel		4,793	
Other Contracted Services		10,231	
Data Processing Supplies		4,412	
Office Supplies		4,721	
Administration Equipment		73,697	
Total Fiscal Services			388,452

Operation of Plant

Custodial Personnel	\$	1,708,514	
Other Salaries and Wages		40,660	
Social Security		102,500	
State Retirement		147,011	
Life Insurance		2,611	
Medical Insurance		409,693	
Unemployment Compensation		2,362	

(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.)

Operation of Plant (Cont.)

Employer Medicare	\$	24,480	
Other Contracted Services		295,747	
Custodial Supplies		188,454	
Electricity		1,860,355	
Natural Gas		308,157	
Water and Sewer		329,952	
Other Supplies and Materials		13,381	
Other Charges		4,063	
Plant Operation Equipment		16,454	
Total Operation of Plant			\$ 5,454,394

Maintenance of Plant

Supervisor/Director	\$	53,495	
Maintenance Personnel		621,979	
Social Security		40,461	
State Retirement		61,738	
Life Insurance		925	
Medical Insurance		138,902	
Unemployment Compensation		697	
Employer Medicare		9,463	
Maintenance and Repair Services - Buildings		317,405	
Maintenance and Repair Services - Equipment		78,824	
Travel		4,972	
Equipment and Machinery Parts		90,367	
Uniforms		7,445	
Other Charges		947	
Maintenance Equipment		23,487	
Total Maintenance of Plant			1,451,107

Transportation

Supervisor/Director	\$	44,953	
Mechanic(s)		173,932	
Bus Drivers		807,593	
Clerical Personnel		38,140	
Social Security		60,808	
State Retirement		92,872	
Life Insurance		2,788	
Medical Insurance		442,096	
Unemployment Compensation		2,285	
Employer Medicare		14,221	
Maintenance and Repair Services - Vehicles		28,816	
Medical and Dental Services		6,689	
Travel		1,132	
Diesel Fuel		428,841	
Garage Supplies		4,097	
Gasoline		66,485	

(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.)

Transportation (Cont.)

Lubricants	\$	21,102	
Tires and Tubes		50,217	
Uniforms		2,893	
Vehicle Parts		129,137	
Other Supplies and Materials		9,384	
Vehicle and Equipment Insurance		64,713	
Other Charges		23,479	
Transportation Equipment		453,341	
Total Transportation			\$ 2,970,014

Central and Other

Supervisor/Director	\$	73,666	
Computer Programmer(s)		44,582	
Secretary(ies)		31,557	
Other Salaries and Wages		403,798	
Social Security		32,417	
State Retirement		50,599	
Life Insurance		680	
Medical Insurance		101,164	
Unemployment Compensation		503	
Employer Medicare		7,581	
Communication		20,808	
Consultants		3,950	
Travel		7,552	
Other Contracted Services		115,969	
Office Supplies		11,585	
Uniforms		6,829	
In Service/Staff Development		2,000	
Data Processing Equipment		575,899	
Total Central and Other			1,491,139

Operation of Non-instructional Services

Community Services

Supervisor/Director	\$	36,024	
Other Salaries and Wages		149,020	
Social Security		11,473	
State Retirement		3,482	
Life Insurance		52	
Medical Insurance		6,556	
Unemployment Compensation		1,007	
Employer Medicare		2,683	
Travel		38	
Other Contracted Services		977	
Other Supplies and Materials		43	
Other Charges		25,573	
Total Community Services			236,928

(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	\$	352,321	
Educational Assistants		236,423	
Certified Substitute Teachers		868	
Non-certified Substitute Teachers		5,198	
Social Security		33,756	
State Retirement		33,143	
Life Insurance		493	
Medical Insurance		72,900	
Unemployment Compensation		968	
Employer Medicare		8,321	
Instructional Supplies and Materials		7,053	
In Service/Staff Development		3,217	
Other Charges		1,945	
Other Equipment		1,979	
Total Early Childhood Education			\$ 758,585

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	2,630,931	
Total Regular Capital Outlay			2,630,931

Other Debt Service

Education

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

Total General Purpose School Fund \$ 72,159,260

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,081,917	
Educational Assistants		253,956	
Other Salaries and Wages		1,270	
Certified Substitute Teachers		3,575	
Non-certified Substitute Teachers		5,775	
Social Security		78,015	
State Retirement		112,968	
Life Insurance		1,589	
Medical Insurance		242,774	
Unemployment Compensation		2,217	
Employer Medicare		19,518	
Instructional Supplies and Materials		456,592	
Other Supplies and Materials		58,594	
Regular Instruction Equipment		632,512	
Total Regular Instruction Program			\$ 2,951,272

(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	\$	103,188	
Educational Assistants		1,397,962	
Certified Substitute Teachers		200	
Non-certified Substitute Teachers		21,362	
Social Security		86,424	
State Retirement		127,532	
Life Insurance		3,574	
Medical Insurance		529,440	
Unemployment Compensation		2,788	
Employer Medicare		20,366	
Instructional Supplies and Materials		2,402	
Other Supplies and Materials		1,589	
Other Charges		2,706	
Total Special Education Program			\$ 2,299,533

Vocational Education Program

Other Salaries and Wages	\$	79,364	
Social Security		4,921	
State Retirement		7,048	
Unemployment Compensation		378	
Employer Medicare		1,151	
Instructional Supplies and Materials		14,561	
Other Supplies and Materials		2,036	
Vocational Instruction Equipment		95,887	
Total Vocational Education Program			205,346

Support Services

Other Student Support

Guidance Personnel	\$	73,140	
Social Security		4,314	
State Retirement		6,514	
Life Insurance		105	
Medical Insurance		13,651	
Employer Medicare		1,009	
Travel		28,146	
Other Supplies and Materials		26,177	
Total Other Student Support			153,056

Regular Instruction Program

Supervisor/Director	\$	56,135	
Other Salaries and Wages		553,946	
Certified Substitute Teachers		4,732	
Non-certified Substitute Teachers		9,168	
Social Security		35,161	
State Retirement		52,279	
Life Insurance		528	

(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.)

Medical Insurance	\$	66,863	
Unemployment Compensation		270	
Employer Medicare		8,613	
Travel		45,359	
Other Supplies and Materials		12,016	
In Service/Staff Development		33,328	
Other Charges		10,976	
Total Regular Instruction Program			\$ 889,374

Special Education Program

Travel	\$	70	
Other Supplies and Materials		1,089	
In Service/Staff Development		850	
Total Special Education Program			2,009

Vocational Education Program

Travel	\$	2,606	
Total Vocational Education Program			2,606

Transportation

Other Charges	\$	40,674	
Total Transportation			40,674

Total School Federal Projects Fund \$ 6,543,870

Central Cafeteria Fund

Support Services

Board of Education

Audit Services	\$	4,590	
Workers' Compensation Insurance		53,500	
Total Board of Education			\$ 58,090

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	49,315	
Accountants/Bookkeepers		34,532	
Clerical Personnel		31,168	
Cafeteria Personnel		1,513,800	
Other Salaries and Wages		55,913	
Social Security		100,505	
State Retirement		71,801	
Life Insurance		2,272	
Medical Insurance		344,856	
Unemployment Compensation		5,267	
Employer Medicare		23,646	
Maintenance and Repair Services - Equipment		35,533	

(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.)

Travel	\$	4,055	
Other Contracted Services		366,268	
Food Supplies		1,902,200	
Office Supplies		3,276	
USDA - Commodities		351,444	
Other Supplies and Materials		156,169	
In Service/Staff Development		1,118	
Other Charges		25,262	
Food Service Equipment		245,674	
Total Food Service			\$ 5,324,074

Total Central Cafeteria Fund \$ 5,382,164

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Improvements	\$	207,000	
Total Education Capital Projects			\$ 207,000

Total Education Capital Projects Fund 207,000

Total Governmental Funds - Hamblen County School Department \$ 84,292,294

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, 2014

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 10,125,918
Total Cash Receipts	<u>\$ 10,125,918</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 10,024,659
Trustee's Commission	<u>101,259</u>
Total Cash Disbursements	<u>\$ 10,125,918</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2013	<u>300</u>
 Cash Balance, June 30, 2014	<u><u>\$ 300</u></u>

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## **SINGLE AUDIT SECTION**

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

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

Independent Auditor's Report

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, 2014, and the related notes to the financial statements, which collectively comprise Hamblen County's basic financial statements, and have issued our report thereon dated October 10, 2014. Our report includes a reference to other auditors who audited the financial statements of the Hamblen County Emergency Communications District, as described in our report on Hamblen County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit 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.

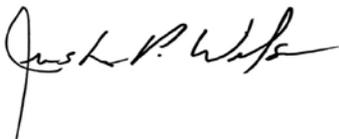
### **Compliance and Other Matters**

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

October 10, 2014

JPW/yu



STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF LOCAL GOVERNMENT AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-1402  
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**Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

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 Compliance for Each Major Federal Program**

We have audited Hamblen County's compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2014. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hamblen County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion 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, 2014.

### **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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hamblen County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *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

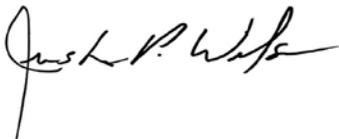
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

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, 2014, and the related notes to the financial statements, which collectively comprise Hamblen County's basic financial statements. We issued our report thereon dated October 10, 2014, 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 OMB Circular A-133 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 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

October 10, 2014

JPW/yu

Hamblen County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2014

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 1,034,622
National School Lunch Program	10.555	N/A	2,842,604 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	351,444 (3)
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	N/A	12,307
Total U.S. Department of Agriculture			<u>\$ 4,240,977</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant/State's Program	14.228	GG-0927471	\$ 168,601
Total U.S. Department of Housing and Urban Development			<u>\$ 168,601</u>
U.S. Department of Justice:			
Direct Program:			
State Criminal Alien Assistance Program	16.606	N/A	\$ 11,577
Bulletproof Vest Partnership Program	16.607	N/A	12,036
Equitable Sharing Program	16.922	N/A	43,504
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	DGA 35838	8,760
Passed-through Tennessee Bureau of Investigation:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	(2)	266
Total U.S. Department of Justice			<u>\$ 76,143</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	N/A	\$ 3,547
Total U.S. Department of Transportation			<u>\$ 3,547</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 2,621,074
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,441,126
Special Education - Preschool Grants	84.173	N/A	64,270
Career and Technical Education - Basic Grants to States	84.048	N/A	143,908

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
Education for Homeless Children and Youth	84.196	(2)	\$ 58,215
English Language Acquisition Grants	84.365	N/A	708
Improving Teacher Quality State Grants	84.367	N/A	352,153
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	984,497
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	(2)	44,103
Total U.S. Department of Education			\$ 6,710,054
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 109,642
Total U.S. Election Assistance Commission			\$ 109,642
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	34113-8557414346	\$ 27,200
Homeland Security Grant Program	97.067	(2)	7,716
Total U.S. Department of Homeland Security			\$ 34,916
Total Expenditures of Federal Awards			\$ 11,343,880

Contract  
Number

State Grants

Juvenile Service Program - State Commission on Children and Youth	N/A	(4)	\$ 13,500
Litter Program - State Department of Transportation	N/A	Z-14-LIT032	40,300
Health Department Program - State Department of Health	N/A	GG-1437481-01	436,771
Waste Tire Grant - State Department of Environment and Conservation	N/A	30046	54,631
RES Grant - Local Park and Recreation Fund - State Department of Environment and Conservation	N/A	(2)	28,524
Internet Connectivity Grant - State Department of Education	N/A	(2)	29,141
Early Childhood Education Pilot Program - State Department of Education	N/A	(2)	630,886
Family Resource Center Grant - State Department of Education	N/A	(2)	67,910

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants (Cont.)</u>			
Safe Schools Act Grant - State Department of Education	N/A	(2)	\$ 69,463
Coordinated School Health - State Department of Education	N/A	(2)	100,000
High Schools That Work Grant - State Department of Education	N/A	(2)	2,137
Drug Court Recovery - State Office of Criminal Justice Programs	N/A	38145	70,000
ACT/Explore - State Department of Education	N/A	(2)	18,167
Drivers Education - State Department of Education	N/A	(2)	7,605
After School Program - State Department of Human Services	N/A	(2)	<u>20,746</u>
 Total State Grants			 <u>\$ 1,589,781</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) - Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) - Information not available.
- (3) - Total for CFDA No. 10.555 is \$3,194,048.
- (4) - GG-1029754: \$4,500; GG-1029755: \$9,000.

Hamblen County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2014

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. There were no uncorrected findings from the Annual Financial Report for Hamblen County, Tennessee, for the year ended June 30, 2013.

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**HAMBLLEN COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2014**

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

1. Our report on the financial statements of Hamblen County is unmodified.
2. The audit of the financial statements of Hamblen County disclosed no significant deficiencies in internal control.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Hamblen County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. Our audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), Title I Grants to Local Educational Agencies (CFDA No. 84.010), and State Fiscal Stabilization Fund – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$340,316 threshold was used to distinguish between Type A and Type B federal programs.
9. Hamblen County qualified as a low-risk auditee.

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

There were no findings as a result of our examination.

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

There were no findings and questioned costs for federal programs.

## **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.

**HAMBLLEN COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2014**

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