

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

**FOR THE YEAR ENDED JUNE 30, 2015**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT**  
**HAMBLEEN COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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

*DIVISION OF LOCAL GOVERNMENT AUDIT*  
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*Director*

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*GREG BRUSH, CISA*  
*State Auditors*

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

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# ***Summary of Audit Findings***

Annual Financial Report  
Hamblen County, Tennessee  
For the Year Ended June 30, 2015

## ***Scope***

We have audited the basic financial statements of Hamblen County as of and for the year ended June 30, 2015.

## ***Results***

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

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

## ***Findings***

The following are summaries of the audit findings:

### **OFFICE OF COUNTY MAYOR**

- ◆ Accounting records were not maintained on a current basis.
- ◆ Tennessee Consolidated Retirement System payments were not remitted timely resulting in the assessment of penalties.

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### **OFFICE OF HIGHWAY COMMISSIONER**

- ◆ A county road list was not submitted to the County Commission for approval in compliance with state statute.

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### **OFFICE OF TRUSTEE**

- ◆ Certain accounts maintained by the trustee were not adequately collateralized.

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# INTRODUCTORY SECTION

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# Hamblen County Officials

## June 30, 2015

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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  
Michelle Woods, Finance Director

### **Board of County Commissioners**

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

### **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	James Grigsby
Shahin Assadnia	Janice Haun
Carolyn Clawson	Clyde Kinder
Roger Greene	

### **Audit Committee**

Tim Goins, Chairman	Herbert Harville
Larry Carter	Louis Jarvis
Stancil Ford	John Smyth

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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, 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hamblen County, Tennessee, as of June 30, 2015, 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. 68, Accounting and Financial Reporting for Pensions; GASB Statement No. 69, Government Combinations and Disposals of Government Operations; and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Our opinion is not modified with respect to this matter.

### ***Emphasis of Matter***

We draw attention to Note I.D.9 to the financial statements, which describes a restatement decreasing the beginning Governmental Activities net position of the primary government by \$1,209,150 and the beginning net position of the discretely presented Hamblen County School Department by \$13,525,104. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. 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 on pages 14 through 28 and the schedule of changes in the county's net pension liability and related ratios, schedule of county contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefit(s) plan(s) on pages 108 through 114 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 schedule 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

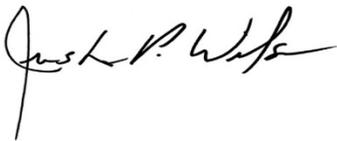
(a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2015, 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,



Justin P. Wilson  
Comptroller of the Treasury

Nashville, Tennessee

November 5, 2015

JPW/kp



**HAMBLEN COUNTY, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2015**

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, 2015. In addition, this discussion and analysis includes an overview of the Discretely Presented Component Unit Hamblen County School Department. A separate set of financial statements is not issued for the Hamblen County School Department. The intent of this discussion and analysis is to look at Hamblen County's and the discretely presented Hamblen County School Department's financial performance as a whole. We encourage readers to consider the information presented here in conjunction with the basic financial statements and notes to the financial statements to enhance their understanding of Hamblen County's financial performance, as well as, the discretely presented Hamblen County School Department's financial performance.

**FINANCIAL HIGHLIGHTS**

- The 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 \$1.01 million (net position). However, it should be noted that the financial statements of Hamblen County included debt totaling approximately \$30.9 million attributed to the Hamblen County Board of Education. The discretely presented Hamblen County School Department's assets and deferred outflows exceeded its liabilities and deferred inflows of resources by approximately \$45.7 million at June 30, 2015.
- The primary government's total net position increased by approximately \$2.8 million. The discretely presented Hamblen County School Department's net position decreased by approximately \$12.6 million. The increase in the primary government's total net position was due to the retirement of debt. The decrease of the discretely presented Hamblen County School Department's total net position was attributed mostly to the recognition of the retirement commitment required by Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*.
- As of the close of the fiscal year, Hamblen County's Governmental funds reported approximately \$16.1 million in total combined fund balances; this is an approximate decrease of \$2.1 million from the previous period. Of this amount, approximately \$6.1 million represents funds that are available for spending (assigned and

unassigned). The discretely presented Hamblen County School Department's governmental funds reported approximately \$15.9 million in total combined fund balances; this is a decrease of approximately \$4 million from the previous period.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was approximately \$3.8 million or 21.5 percent of the General Fund's annual budgetary expenditures (including other uses). The unassigned fund balance of the discretely presented Hamblen County School Department's General Purpose School Fund was approximately \$4.6 million or 6.2 percent of the fund's annual budgetary expenditures (including other uses).
- The total debt (bonds and other loans) of Hamblen County, Tennessee, decreased by approximately \$4.5 million or 11 percent during the current fiscal year due to the retirement of outstanding obligations.

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

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

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

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

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

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

These government-wide financial statements of Hamblen County and the discretely presented Hamblen County School Department distinguish between major functions that are principally supported by taxes and intra-governmental revenues from functions that are intended to recover all, or a significant portion of, their costs from user fees and/or charges – business type activities. The governmental activities of Hamblen County include:

general government; finance; administration of justice; public safety; public health and welfare; social, cultural, and recreational services; agriculture and natural resources; highways; education; and interest on long-term debt. Hamblen County and the discretely presented Hamblen County School Department have no business-type activities.

The government-wide financial statements include not only Hamblen County Government itself (known as the primary government), but also a legally separate school system for which the Hamblen County Government is financially accountable.

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

## **Fund Financial Statements**

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

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

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

Hamblen County maintains ten governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General, Solid Waste/Sanitation, 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 and Central Cafeteria Fund are considered major funds.

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

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

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

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

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Hamblen County’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds (economic resources measurement) except agency funds, which have no measurement focus. The basic fiduciary fund financial statements can be found in Exhibits E-1 through E-2.

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

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning Hamblen County’s and the discretely presented Hamblen County School Department’s obligation to provide pension and OPEB benefits to its employees. A table of contents has been provided to locate this information.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve, over time, as a useful indicator of a government’s financial position. Hamblen County’s liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2015, by \$1,011,652. 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 \$30,874,179. 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, 2015, by \$45,696,738.

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

	Hamblen County Primary Government	
	Governmental Activities	
	2014	2015
Current and Other Assets	\$ 35,049,471	\$ 34,958,778
Capital Assets	20,119,275	20,120,032
Total Assets	\$ 55,168,746	\$ 55,078,810
Total Deferred Outflows of Resources	\$ 429,464	\$ 1,051,750
Long-term Liabilities Outstanding	\$ 41,858,920	\$ 37,288,573
Other Liabilities	5,461,394	6,319,487
Total Liabilities	\$ 47,320,314	\$ 43,608,060
Total Deferred Inflows of Resources	\$ 12,101,228	\$ 13,534,152
Net Position:		
Net Investment in Capital Assets	\$ 15,489,228	\$ 14,845,143
Restricted	4,516,054	3,645,847
Unrestricted	(23,828,614)	(19,502,642)
Total Net Position	\$ (3,823,332)	\$ (1,011,652)
	Hamblen County School Department	
	Governmental Activities	
	2014	2015
Current and Other Assets	\$ 34,163,684	\$ 32,359,845
Capital Assets	51,863,790	54,183,783
Total Assets	\$ 86,027,474	\$ 86,543,628
Other Deferred Outflows	\$ -	\$ 4,789,391
Long-term Liabilities Outstanding	\$ 14,663,006	\$ 16,368,315
Other Liabilities	390,573	1,540,175
Total Liabilities	\$ 15,053,579	\$ 17,908,490
Total Deferred Inflows of Resources	\$ 12,679,876	\$ 27,727,791
Net Position:		
Net Investment in Capital Assets	\$ 51,863,790	\$ 54,183,783
Restricted	6,337,805	6,121,857
Unrestricted	92,424	(14,608,902)
Total Net Position	\$ 58,294,019	\$ 45,696,738

By far, the largest portion of Hamblen County’s and the discretely presented Hamblen County School Department’s net position is \$14,845,143 and \$54,183,783, 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 \$3,645,847 and \$6,121,857, respectively, which is subject to external restrictions on how they may be used.

Hamblen County's unrestricted net position is a negative \$19,502,642. This negative balance represents all unrestricted non-capital related assets net of Hamblen County's debt of \$36,433,039.

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

	Hamblen County Primary Government Governmental Activities	
	2014	2015
Revenues:		
Program Revenues:		
Charges for Services	\$ 5,625,285	\$ 5,868,029
Operating Grants and Contributions	2,459,305	2,474,809
Capital Grants and Contributions	539,315	456,054
General Revenues:		
Property Taxes	12,103,494	12,313,832
Sales Taxes	1,477,426	1,166,482
Other Taxes	2,051,352	2,151,599
Grants and Contributions Not Restricted to Specific Programs	1,889,752	1,969,485
Unrestricted Investment Income	244,547	287,030
Miscellaneous	389,329	49,729
Gain on Disposal of Capital Assets	78,166	1,649
Total Revenues	\$ 26,857,971	\$ 26,738,698
Expenses:		
General Government	\$ 3,584,415	\$ 3,232,023
Finance	2,229,448	2,132,927
Administration of Justice	2,243,767	2,199,543
Public Safety	6,256,457	6,356,494
Public Health and Welfare	3,504,362	3,174,192
Social, Cultural, and Recreational Services	1,071,166	1,049,601
Agriculture and Natural Resources	182,410	175,410
Highways	3,311,201	3,261,600

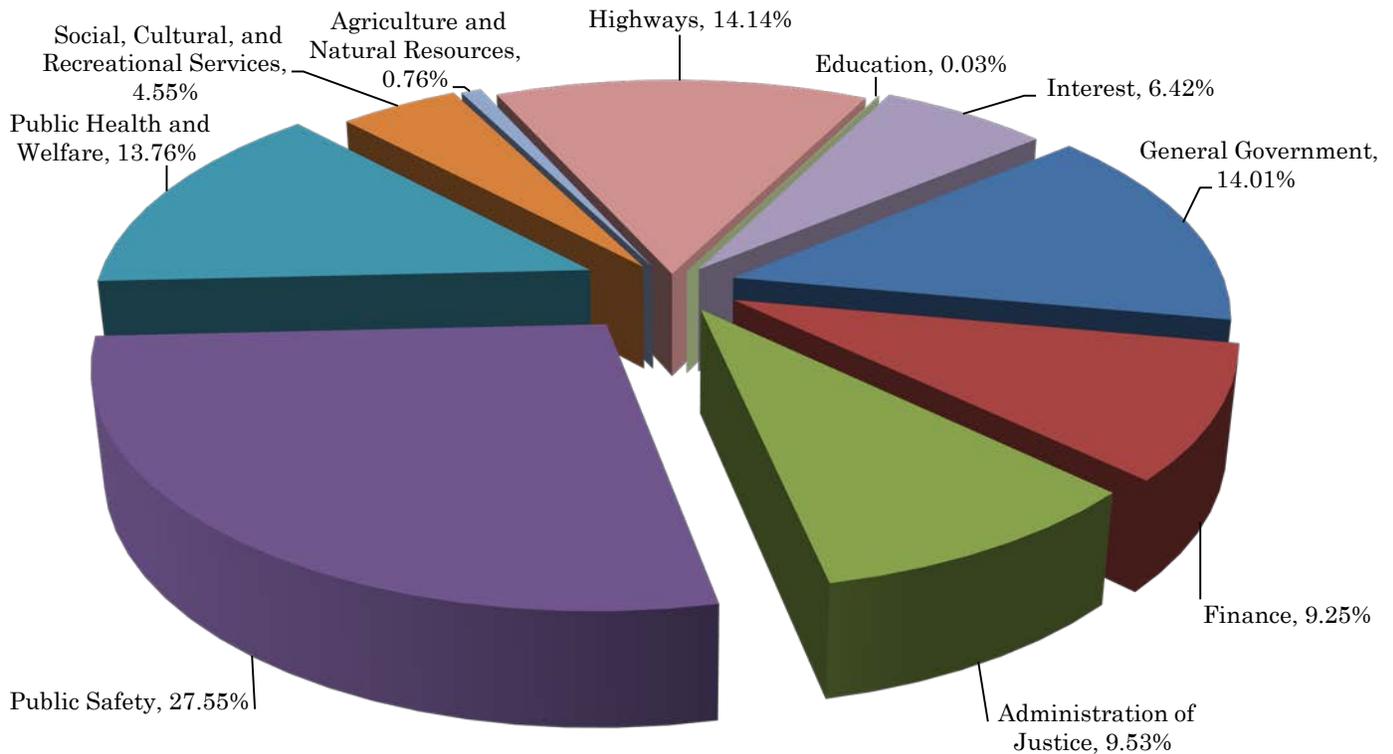
**Hamblen County's and the Discretely Presented Hamblen County School Department's Changes in Net Position (Cont. )**

	Hamblen County Primary Government Governmental Activities	
	2014	2015
Expenses (Cont.):		
Education	\$ 2,540,867	\$ 7,000
Interest	1,639,362	1,517,493
Total Expenses	<u>\$ 26,563,455</u>	<u>\$ 23,106,283</u>
Change in Fair Value of Derivatives -		
Interest Rate Swap	<u>\$ 455,867</u>	<u>\$ 388,415</u>
Increase (Decrease) in Net Position	\$ 750,383	\$ 4,020,830
Net Position, July 1	(4,573,715)	(3,823,332)
Restatement - Pension Liability (See Note I.D.9)	<u>0</u>	<u>(1,209,150)</u>
Net Position, June 30	<u><u>\$ (3,823,332)</u></u>	<u><u>\$ (1,011,652)</u></u>
	Hamblen County School Department Governmental Activities	
	2014	2015
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,972,040	\$ 1,974,606
Operating Grants and Contributions	10,779,376	9,327,127
Capital Grants and Contributions	2,581,640	120,544
General Revenues:		
Property Taxes	13,037,585	13,236,445
Sales Taxes	11,668,398	12,005,678
Other Taxes	726,634	776,047
Grants and Contributions Not Restricted to Specific Programs	45,373,724	45,586,658
Unrestricted Investment Income	17,256	14,155
Pension Income	0	73,111
Miscellaneous	155,244	47,419
Total Revenues	<u>\$ 86,311,897</u>	<u>\$ 83,161,790</u>
Expenses:		
Education	<u>\$ 85,726,966</u>	<u>\$ 82,233,967</u>
Total Expenses	<u>\$ 85,726,966</u>	<u>\$ 82,233,967</u>
Increase (Decrease) in Net Position	\$ 584,931	\$ 927,823
Net Position, July 1	57,709,088	58,294,019
Restatement - Pension Liability (See Note I.D.9)	<u>0</u>	<u>(13,525,104)</u>
Net Position, June 30	<u><u>\$ 58,294,019</u></u>	<u><u>\$ 45,696,738</u></u>

### Governmental Program Expenses

Public Safety expenses of \$6,356,494 and Highways expenses of \$3,261,600 are the largest expenses of Hamblen County, which when combined total \$9,618,094 and are 42 percent of total expenses. For additional details, see illustrations below. Note that amounts are rounded to two decimal places in the following chart.

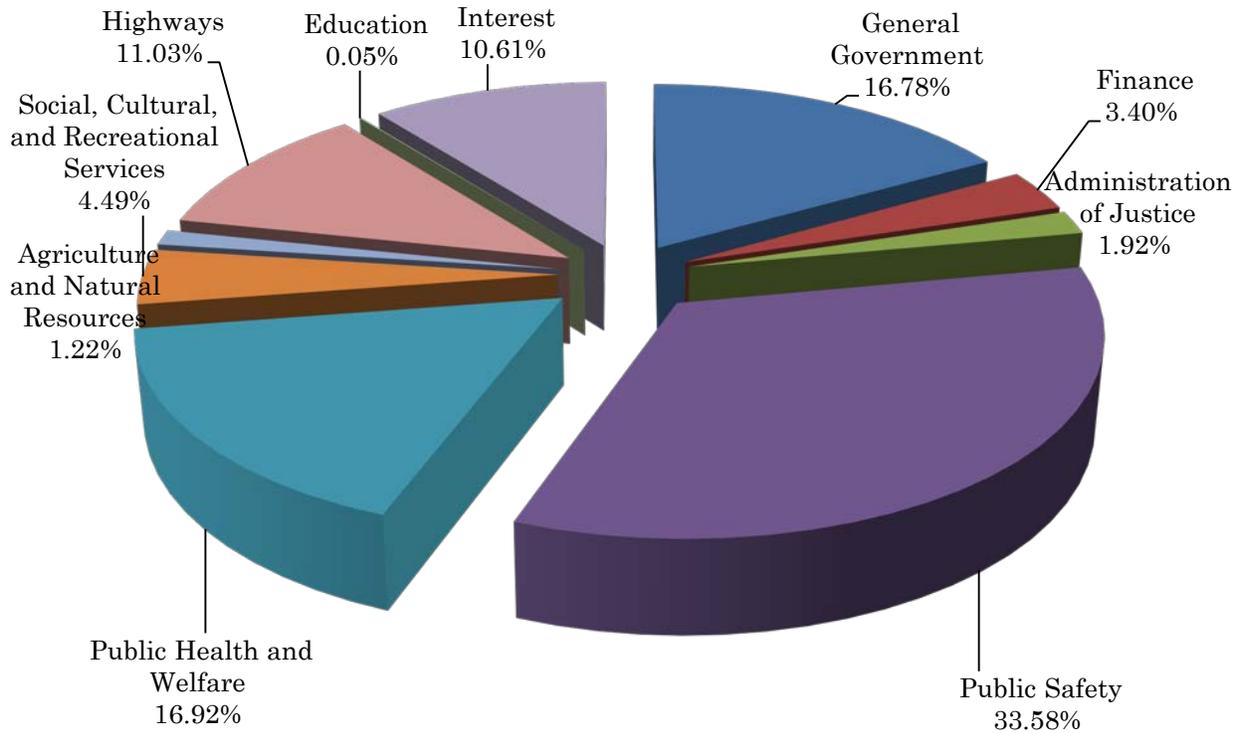
### Governmental Program Expenses



### 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 also shows the impact the program had on the local citizens’ tax base, as a percentage. Net expense is all program expenses less all program revenues. Note all amounts are recorded to two decimal places in the following chart.

## Expenses by Governmental Activities

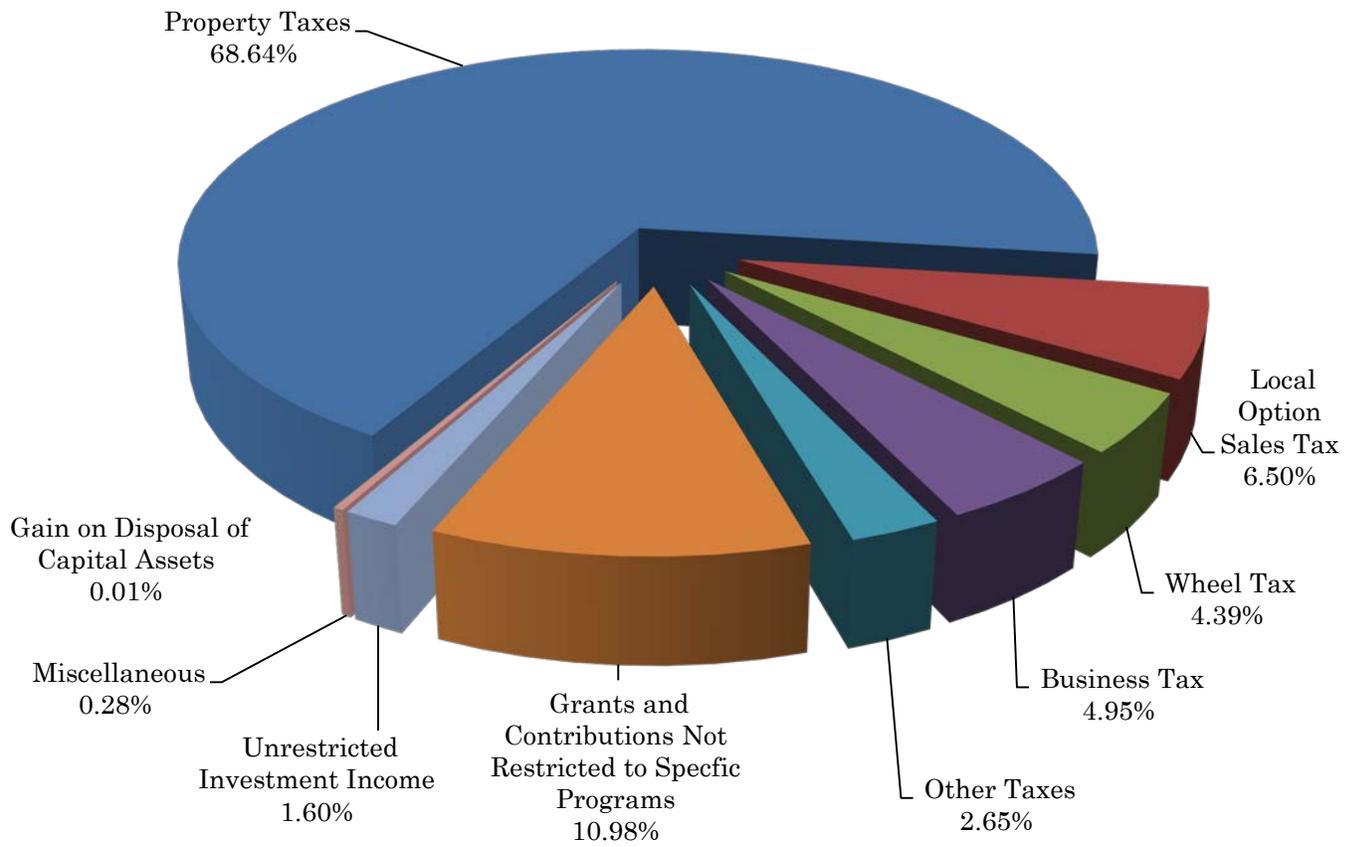


**Revenues** on the government-wide Statement of Activities are broken into two major categories, program and general revenues.

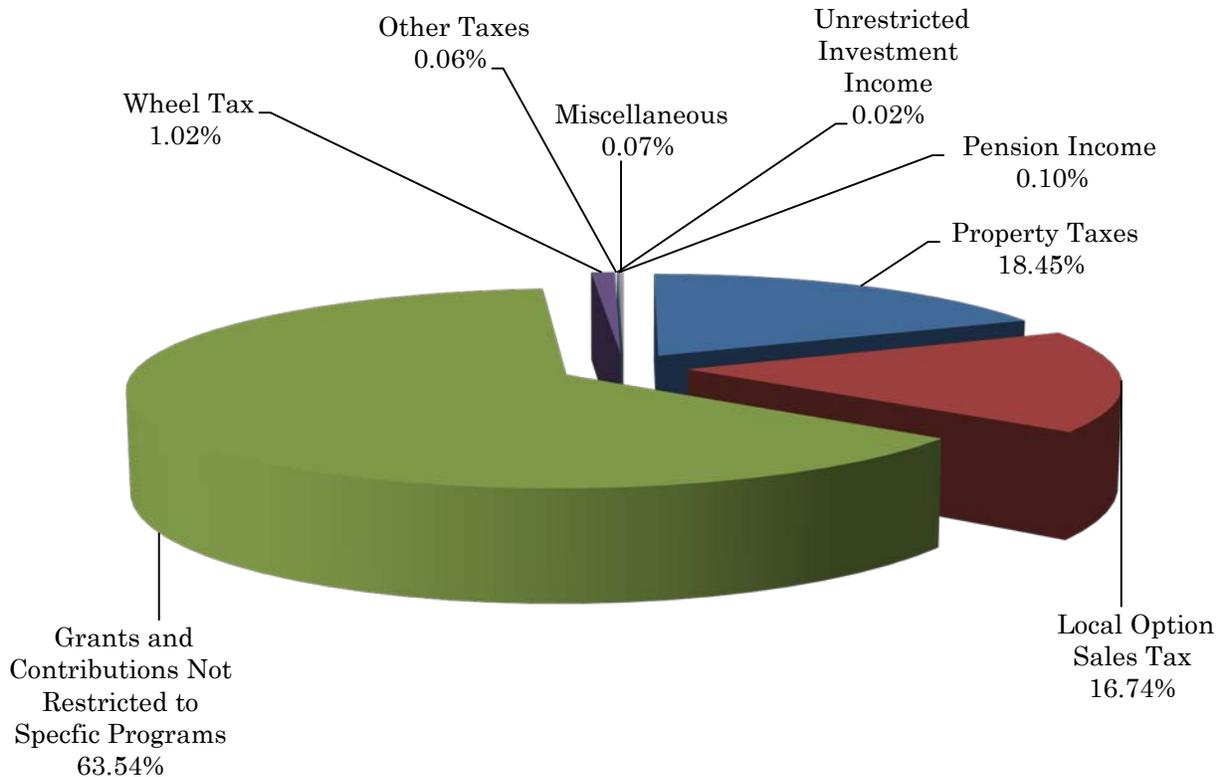
**Program revenues** are three types: charges for services (arise from charges to customers), operating grants and contributions (restricted for a specific purpose), and capital grants and contributions (restricted for a specific purpose).

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

## Primary Government Revenues by Source – Governmental Activities



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



### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

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

- Nonspendable Fund Balance – The nonspendable fund balance reflected in Hamblen County's and the discretely presented Hamblen County School Department's governmental funds totaling \$85,903 and \$158,573, 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 \$3,686,910 and \$5,963,284, 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 \$6,283,001 and \$572,741, 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 \$2,337,017 and \$4,612,374, respectively, includes amounts that are constrained by the intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission or the finance director is authorized to make assignments.
- **Unassigned Fund Balance** – The unassigned fund balance reflected in Hamblen County’s and the discretely presented Hamblen County School Department’s governmental funds totaling \$3,747,845 and \$4,553,777, respectively, represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds. This is the residual classification for the General and General Purpose School funds.

As of the end of the current fiscal year, Hamblen County’s governmental funds reported fund balances totaling \$16,140,676, a decrease of \$2,140,342. The decrease in the county’s fund balances is attributed to the use of bond proceeds, issued in the previous year, for resurfacing projects. The discretely presented Hamblen County School Department’s governmental funds reported fund balances totaling \$15,860,749, a decrease of \$3,975,694. The decrease in the discretely presented Hamblen County School Department’s governmental fund balances is attributed to the use of funds 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 \$3,843,753, while total fund balance reached \$7,403,739. Total fund balance for the General Fund increased \$309,774. 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 23.87 percent of total General Fund expenditures, while total fund balance represents 46 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 \$3,033,487 at June 30, 2015, a decrease of \$271,455 from the previous year.

The General Debt Service Fund had a total fund balance of \$4,729,077 at June 30, 2015, a decrease of \$549,267.

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 \$4,553,777, while total fund balance decreased to \$9,763,953. Total fund balance for the General Purpose School Fund decreased \$368,514. 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 13.5 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	\$ 2,237,306	\$ 2,228,008	\$ (9,298)
Finance	2,390,172	2,410,847	20,675
Administration of Justice	2,425,157	2,425,456	299
Public Safety	6,466,975	6,499,779	32,804
Public Health and Welfare	1,064,902	1,064,902	0
Social, Cultural, and Recreational Services	830,294	815,294	(15,000)
Agriculture and Natural Resources	205,064	205,478	414
Other Operations	1,856,001	1,856,211	210
Education	7,000	7,000	0
Capital Projects	427,000	854,521	427,521
Total Appropriations	<u>\$ 17,909,871</u>	<u>\$ 18,367,496</u>	<u>\$ 457,625</u>

The increase in Capital Projects is attributed to the jail door locking project and the purchase of land.

At the close of the fiscal year, actual expenditures were \$1,831,900 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 \$1,059,426 compared to the original budget of \$73,459,422. At the close of the fiscal year, actual expenditures were \$3,451,179 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, 2015, totaled \$20,120,032. 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 6-30-15</u>
Land	\$ 475,551	\$ 0	\$ 475,551
Construction in Progress	54,500	0	54,500
Buildings and Improvements	11,359,908	(4,475,836)	6,884,072
Other Capital Assets	6,999,760	(4,774,027)	2,225,733
Infrastructure	<u>16,954,011</u>	<u>(6,473,835)</u>	<u>10,480,176</u>
Total	<u>\$ 35,843,730</u>	<u>\$ (15,723,698)</u>	<u>\$ 20,120,032</u>

The discretely presented Hamblen County School Department’s investment in capital assets, net of accumulated depreciation, as of June 30, 2015, totaled \$54,183,783. This investment in capital assets includes land, buildings and improvements, and other capital assets (includes vehicles and equipment).

<u>Asset</u>	<u>Historical Value</u>	<u>Accumulated Depreciation</u>	<u>Net Value 6-30-15</u>
Land	\$ 3,362,753	\$ 0	\$ 3,362,753
Construction in Progress	4,068,143	0	4,068,143
Buildings and Improvements	135,377,534	(95,271,340)	40,106,194
Other Capital Assets	<u>16,755,316</u>	<u>(10,108,623)</u>	<u>6,646,693</u>
Total	<u>\$ 159,563,746</u>	<u>\$ (105,379,963)</u>	<u>\$ 54,183,783</u>

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

## Long-term Debt

At the end of the current fiscal year, Hamblen County had long-term debt obligations outstanding of \$36,433,039. Hamblen County made debt payments totaling \$4,498,853 during the year. All of this debt is backed by the full faith and credit of the county. Hamblen County maintains a rating of “Aa3” from Moody’s and “A+” from Standard and Poor’s for general obligation debt. The county did not have any capital outlay notes outstanding at June 30, 2015. Additional information on Hamblen County Government’s long-term debt can be found in Exhibit K-1, Exhibit K-2, Note IV.B, and Note IV.F of this report.

## ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

On July 31, 2015, Hamblen County adopted a budget for the fiscal year ending June 30, 2016.

The property tax rate for tax year 2015 was adopted based on the reappraisal rate. The distribution of the 2015 property tax rate is shown below:

<u>Fund</u>	<u>Inside</u>	<u>Outside</u>
General	\$ 0.49	\$ 0.49
Solid Waste/Sanitation	0.00	0.23
General Purpose School	0.96	0.96
General Debt Service	<u>0.31</u>	<u>0.31</u>
Total	<u>\$ 1.76</u>	<u>\$ 1.99</u>

The unemployment rate for the county as of June 30, 2015, was 6.9 percent, which is greatly improved compared to ten percent a couple of years 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, 2015, was 6.3 percent and the national average was 5.5 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, 2015

	Primary Government <hr/> Governmental Activities	Component Unit <hr/> Hamblen County School Department
<u>ASSETS</u>		
Cash	\$ 49,419	\$ 0
Equity in Pooled Cash and Investments	20,647,754	12,207,965
Inventories	0	158,573
Accounts Receivable	174,812	35,648
Due from Other Governments	1,250,491	3,504,920
Due from Primary Government	0	2,500,000
Property Taxes Receivable	12,835,000	13,882,332
Allowance for Uncollectible Property Taxes	(426,038)	(459,924)
Prepaid Items	85,903	0
Unamortized Discount on Debt	108,060	0
Net Pension Asset - Cost-sharing Plan	0	149,559
Net Pension Asset - Agent Plan	233,377	380,772
Capital Assets:		
Assets Not Depreciated:		
Land	475,551	3,362,753
Construction in Progress	54,500	4,068,143
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	6,884,072	40,106,194
Other Capital Assets	2,225,733	6,646,693
Infrastructure	10,480,176	0
Total Assets	<hr/> \$ 55,078,810	<hr/> \$ 86,543,628
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Accumulated Decrease in Fair Value of Hedging Derivatives	\$ 35,021	\$ 0
Deferred Charge on Refunding	288,497	0
Pension Changes in Experience	0	363,093
Pension Contributions After Measurement Date	728,232	4,095,367
Pension Other Deferrals	0	330,931
Total Deferred Outflows of Resources	<hr/> \$ 1,051,750	<hr/> \$ 4,789,391

(Continued)

Exhibit A

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

	Primary Government <u>Governmental Activities</u>	Component Unit <u>Hamblen County School Department</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 1,393,911	\$ 102,058
Accrued Payroll	327,614	0
Accrued Interest Payable	102,718	0
Payroll Deductions Payable	58,495	0
Contracts Payable	0	1,390,582
Retainage Payable	0	47,535
Due to Component Unit	2,500,000	0
Derivative - Interest Rate Swap	1,936,749	0
Noncurrent Liabilities:		
Due Within One Year	4,653,854	314,040
Due in More Than One Year (net of unamortized premium on debt)	32,634,719	16,054,275
Total Liabilities	<u>\$ 43,608,060</u>	<u>\$ 17,908,490</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Accumulated Increase in Fair Value of Hedging Derivatives	\$ 36,935	\$ 0
Deferred Current Property Taxes	12,035,444	13,020,041
Pension Changes in Experience	133,693	218,130
Pension Changes in Investment Earnings	1,328,080	14,489,620
Total Deferred Inflows of Resources	<u>\$ 13,534,152</u>	<u>\$ 27,727,791</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 14,845,143	\$ 54,183,783
Restricted for:		
General Government	13,504	0
Finance	42,322	0
Administration of Justice	149,261	0
Public Safety	154,715	0
Public Health and Welfare	219,289	0
Highway/Public Works	612,624	0
Debt Service	2,375,815	0
Capital Projects	78,317	2,100,835
Education	0	4,021,022
Unrestricted	<u>(19,502,642)</u>	<u>(14,608,902)</u>
Total Net Position	<u>\$ (1,011,652)</u>	<u>\$ 45,696,738</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, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Total Activities	Unit Hamblen County School Department
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
General Government	\$ 3,232,023	\$ 804,300	\$ 27,509	\$ 0	\$ (2,400,214)	\$ 0
Finance	2,132,927	1,646,799	0	0	(486,128)	0
Administration of Justice	2,199,543	1,790,858	83,950	50,976	(273,759)	0
Public Safety	6,356,494	1,241,428	177,298	132,691	(4,805,077)	0
Public Health and Welfare	3,174,192	178,407	503,306	71,302	(2,421,177)	0
Social, Cultural, and Recreational Services	1,049,601	205,803	0	201,085	(642,713)	0
Agriculture and Natural Resources	175,410	0	0	0	(175,410)	0
Highways	3,261,600	434	1,682,746	0	(1,578,420)	0
Education	7,000	0	0	0	(7,000)	0
Interest on Long-term Debt	1,517,493	0	0	0	(1,517,493)	0
<b>Total Primary Government</b>	<b>\$ 23,106,283</b>	<b>\$ 5,868,029</b>	<b>\$ 2,474,809</b>	<b>\$ 456,054</b>	<b>\$ (14,307,391)</b>	<b>\$ 0</b>
<b>Component Unit:</b>						
Hamblen County School Department	\$ 82,233,967	\$ 1,974,606	\$ 9,327,127	\$ 120,544	\$ 0	\$ (70,811,690)
<b>Total Component Unit</b>	<b>\$ 82,233,967</b>	<b>\$ 1,974,606</b>	<b>\$ 9,327,127</b>	<b>\$ 120,544</b>	<b>\$ 0</b>	<b>\$ (70,811,690)</b>

(Continued)

Exhibit B

Hamblen County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Total	Unit Hamblen County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 6,797,477	\$ 13,236,445	
Property Taxes Levied for Public Health and Welfare Purposes				1,216,805	0	
Property Taxes Levied for Debt Purposes				4,299,550	0	
Local Option Sales Taxes				1,166,482	12,005,678	
Hotel/Motel Tax				10,246	0	
Wheel Tax				787,521	731,269	
Litigation Tax - General				141,459	0	
Litigation Tax - Special Purpose				63,687	0	
Litigation Tax - Jail/Workhouse/Courthouse				51,868	0	
Litigation Tax - Courtroom Security				57,576	0	
Business Tax				887,987	0	
Mixed Drink Tax				0	38,578	
Mineral Severance Tax				43,928	0	
Wholesale Beer Tax				103,903	0	
Interstate Telecommunications Tax				3,424	6,200	
Grants and Contributions Not Restricted to Specific Programs				1,969,485	45,586,658	
Unrestricted Investment Income				287,030	14,155	
Pension Income				0	73,111	
Miscellaneous				49,729	47,419	
Gain on Disposal of Capital Assets				1,649	0	
Total General Revenues				\$ 17,939,806	\$ 71,739,513	
Change in Fair Value of Derivatives - Interest Rate Swap				\$ 388,415	\$ 0	
Change in Net Position				\$ 4,020,830	\$ 927,823	
Net Position, July 1, 2014				(3,823,332)	58,294,019	
Restatement - Pension Liability (See Note I.D.9)				(1,209,150)	(13,525,104)	
Net Position, June 30, 2015				\$ (1,011,652)	\$ 45,696,738	

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, 2015

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Education Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 100	\$ 0	\$ 0	\$ 0	\$ 7,273	\$ 7,373
Equity in Pooled Cash and Investments	7,235,795	3,127,847	4,574,174	2,500,000	1,982,423	19,420,239
Accounts Receivable	120,835	12,471	0	0	30,522	163,828
Due from Other Governments	644,103	84,785	80,606	0	437,787	1,247,281
Due from Other Funds	301,663	0	0	0	0	301,663
Property Taxes Receivable	7,089,832	1,260,486	4,484,682	0	0	12,835,000
Allowance for Uncollectible Property Taxes	(236,221)	(40,633)	(149,184)	0	0	(426,038)
Prepaid Items	17,032	0	68,871	0	0	85,903
<b>Total Assets</b>	<b>\$ 15,173,139</b>	<b>\$ 4,444,956</b>	<b>\$ 9,059,149</b>	<b>\$ 2,500,000</b>	<b>\$ 2,458,005</b>	<b>\$ 33,635,249</b>
<u>LIABILITIES</u>						
Accounts Payable	\$ 226,008	\$ 85,803	\$ 706	\$ 0	\$ 881,020	\$ 1,193,537
Accrued Payroll	276,026	20,525	0	0	31,063	327,614
Payroll Deductions Payable	49,223	3,621	0	0	5,651	58,495
Due to Other Funds	0	0	0	0	289,795	289,795
Due to Component Units	0	0	0	2,500,000	0	2,500,000
<b>Total Liabilities</b>	<b>\$ 551,257</b>	<b>\$ 109,949</b>	<b>\$ 706</b>	<b>\$ 2,500,000</b>	<b>\$ 1,207,529</b>	<b>\$ 4,369,441</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 6,645,646	\$ 1,185,409	\$ 4,204,389	\$ 0	\$ 0	\$ 12,035,444
Deferred Delinquent Property Taxes	198,240	31,326	124,977	0	0	354,543
Other Deferred/Unavailable Revenue	374,257	84,785	0	0	276,103	735,145
<b>Total Deferred Inflows of Resources</b>	<b>\$ 7,218,143</b>	<b>\$ 1,301,520</b>	<b>\$ 4,329,366</b>	<b>\$ 0</b>	<b>\$ 276,103</b>	<b>\$ 13,125,132</b>

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor	Total
	General	Solid Waste / Sanitation	General Debt Service	Education Capital Projects	Funds Other Govern- mental Funds	
<u>FUND BALANCES</u>						
Nonspendable:						
Prepaid Items	\$ 17,032	\$ 0	\$ 68,871	\$ 0	\$ 0	\$ 85,903
Restricted:						
Restricted for General Government	13,504	0	0	0	0	13,504
Restricted for Finance	42,322	0	0	0	0	42,322
Restricted for Administration of Justice	144,761	0	0	0	0	144,761
Restricted for Public Safety	6,719	0	0	0	114,996	121,715
Restricted for Public Health and Welfare	144,498	0	0	0	0	144,498
Restricted for Highways/Public Works	0	0	0	0	462,342	462,342
Restricted for Debt Service	0	0	2,353,556	0	0	2,353,556
Restricted for Capital Projects	0	0	0	0	404,212	404,212
Committed:						
Committed for Public Safety	310,000	0	0	0	0	310,000
Committed for Public Health and Welfare	45,627	3,033,487	0	0	0	3,079,114
Committed for Debt Service	0	0	2,306,650	0	0	2,306,650
Committed for Capital Projects	498,506	0	0	0	88,731	587,237
Assigned:						
Assigned for General Government	135,543	0	0	0	0	135,543
Assigned for Finance	87,826	0	0	0	0	87,826
Assigned for Administration of Justice	4,409	0	0	0	0	4,409
Assigned for Public Safety	262,730	0	0	0	0	262,730
Assigned for Public Health and Welfare	163,840	0	0	0	0	163,840
Assigned for Agriculture and Natural Resources	5,000	0	0	0	0	5,000
Assigned for Other Operations	100,000	0	0	0	0	100,000
Assigned for Other Purposes	1,577,669	0	0	0	0	1,577,669
Unassigned	3,843,753	0	0	0	(95,908)	3,747,845
Total Fund Balances	\$ 7,403,739	\$ 3,033,487	\$ 4,729,077	\$ 0	\$ 974,373	\$ 16,140,676
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,173,139	\$ 4,444,956	\$ 9,059,149	\$ 2,500,000	\$ 2,458,005	\$ 33,635,249

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, 2015

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)		\$ 16,140,676
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 475,551	
Add: construction in progress	54,500	
Add: infrastructure net of accumulated depreciation	10,480,176	
Add: buildings and improvements net of accumulated depreciation	6,884,072	
Add: other capital assets net of accumulated depreciation	<u>2,225,733</u>	20,120,032
(2) An internal service fund is used by management to charge the cost of employee insurance programs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		1,071,513
(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	\$ (21,313,039)	
Less: bonds payable	(15,120,000)	
Less: other postemployment benefits liability	(414,474)	
Add: deferred amount on refunding	288,497	
Add: unamortized discount on debt	108,060	
Less: fair value of investment-type derivative - interest rate swap	(1,938,663)	
Less: accrued interest on bonds and other loans payable	(102,718)	
Less: other deferred revenue - premium on debt	<u>(441,060)</u>	(38,933,397)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		1,089,688
(5) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 728,232	
Less: deferred inflows of resources related to pensions	<u>(1,461,773)</u>	(733,541)
(6) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		<u>233,377</u>
Net position of governmental activities (Exhibit A)		<u>\$ (1,011,652)</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, 2015

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 9,076,073	\$ 1,937,153	\$ 4,699,238	\$ 43,928	\$ 15,756,392
Licenses and Permits	468,379	1,769	0	0	470,148
Fines, Forfeitures, and Penalties	301,053	0	46,679	24,114	371,846
Charges for Current Services	284,487	0	0	36,935	321,422
Other Local Revenues	75,726	3,696	785,827	7,046	872,295
Fees Received from County Officials	3,261,207	0	0	0	3,261,207
State of Tennessee	2,729,732	18,055	0	1,921,193	4,668,980
Federal Government	108,721	0	0	45,678	154,399
Other Governments and Citizens Groups	85,795	0	0	9,250	95,045
Total Revenues	<u>\$ 16,391,173</u>	<u>\$ 1,960,673</u>	<u>\$ 5,531,744</u>	<u>\$ 2,088,144</u>	<u>\$ 25,971,734</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 1,985,629	\$ 0	\$ 0	\$ 168	\$ 1,985,797
Finance	2,199,189	0	0	6,210	2,205,399
Administration of Justice	2,137,542	0	0	30,502	2,168,044
Public Safety	6,219,387	0	0	82,377	6,301,764
Public Health and Welfare	838,287	2,232,128	0	0	3,070,415
Social, Cultural, and Recreational Services	772,895	0	0	0	772,895
Agriculture and Natural Resources	179,879	0	0	0	179,879
Other Operations	1,402,783	0	0	0	1,402,783
Highways	0	0	0	1,676,883	1,676,883
Operation of Non-instructional Services	7,000	0	0	0	7,000
Debt Service:					
Principal on Debt	0	0	4,498,853	0	4,498,853
Interest on Debt	0	0	1,481,611	0	1,481,611

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total
	General	Solid Waste / Sanitation	General Debt Service	Other Govern- mental Funds	Governmental Funds
<u>Expenditures (Cont.)</u>					
Debt Service (Cont.)					
Other Debt Service	\$ 0	\$ 0	\$ 100,547	\$ 0	\$ 100,547
Capital Projects	357,661	0	0	1,936,398	2,294,059
Total Expenditures	<u>\$ 16,100,252</u>	<u>\$ 2,232,128</u>	<u>\$ 6,081,011</u>	<u>\$ 3,732,538</u>	<u>\$ 28,145,929</u>
<u>Excess (Deficiency) of Revenues</u>					
Over Expenditures	<u>\$ 290,921</u>	<u>\$ (271,455)</u>	<u>\$ (549,267)</u>	<u>\$ (1,644,394)</u>	<u>\$ (2,174,195)</u>
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 33,853	\$ 0	\$ 0	\$ 0	\$ 33,853
Transfers In	0	0	0	15,000	15,000
Transfers Out	(15,000)	0	0	0	(15,000)
Total Other Financing Sources (Uses)	<u>\$ 18,853</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,000</u>	<u>\$ 33,853</u>
Net Change in Fund Balances	\$ 309,774	\$ (271,455)	\$ (549,267)	\$ (1,629,394)	\$ (2,140,342)
Fund Balance, July 1, 2014	<u>7,093,965</u>	<u>3,304,942</u>	<u>5,278,344</u>	<u>2,603,767</u>	<u>18,281,018</u>
Fund Balance, June 30, 2015	<u>\$ 7,403,739</u>	<u>\$ 3,033,487</u>	<u>\$ 4,729,077</u>	<u>\$ 974,373</u>	<u>\$ 16,140,676</u>

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

Exhibit C-4

Hamblen County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 2015

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (2,140,342)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,036,926	
Less: current-year depreciation expense	<u>(1,117,988)</u>	(81,062)
(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	\$ (17,872)	
Add: assets donated and capitalized	<u>99,691</u>	81,819
(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, 2015	\$ 1,089,688	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(857,021)</u>	232,667
(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	\$ 111,360	
Less: change in debt discounts	(18,680)	
Add: principal payments on other loans	3,533,854	
Add: principal payments on bonds	965,000	
Add: change in fair value of investment type derivatives - interest rate swap	388,415	
Less: change in deferred amount on refunding debt	<u>(42,181)</u>	4,937,768
(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	\$ 14,165	
Change in other postemployment benefits liability	(39,867)	
Change in net pension liability/asset	1,442,527	
Change in deferred outflows related to pensions	728,232	
Change in deferred inflows related to pensions	<u>(1,461,773)</u>	683,284
(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>306,696</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 4,020,830</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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 9,076,073	\$ 0	\$ 0	\$ 9,076,073	\$ 9,039,540	\$ 9,039,540	\$ 36,533
Licenses and Permits	468,379	0	0	468,379	425,000	425,000	43,379
Fines, Forfeitures, and Penalties	301,053	0	0	301,053	276,500	276,500	24,553
Charges for Current Services	284,487	0	0	284,487	669,295	669,295	(384,808)
Other Local Revenues	75,726	0	0	75,726	104,079	104,079	(28,353)
Fees Received from County Officials	3,261,207	0	0	3,261,207	3,202,930	3,202,930	58,277
State of Tennessee	2,729,732	0	0	2,729,732	3,089,136	3,089,136	(359,404)
Federal Government	108,721	0	0	108,721	84,200	115,200	(6,479)
Other Governments and Citizens Groups	85,795	0	0	85,795	112,500	112,500	(26,705)
<b>Total Revenues</b>	<b>\$ 16,391,173</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 16,391,173</b>	<b>\$ 17,003,180</b>	<b>\$ 17,034,180</b>	<b>\$ (643,007)</b>
<b>Expenditures</b>							
<b>General Government</b>							
County Commission	\$ 175,849	\$ 0	\$ 0	\$ 175,849	\$ 205,968	\$ 205,968	\$ 30,119
Board of Equalization	1,690	0	0	1,690	12,000	12,000	10,310
County Mayor/Executive	191,802	0	0	191,802	205,753	206,052	14,250
County Attorney	17,779	0	0	17,779	51,293	51,293	33,514
Election Commission	294,495	(928)	0	293,567	308,825	308,825	15,258
Register of Deeds	268,309	0	0	268,309	293,369	293,668	25,359
Planning	255,866	(929)	0	254,937	288,666	288,666	33,729
Geographical Information Systems	22,934	0	0	22,934	50,000	40,104	17,170
Other Facilities	737,632	(2,700)	17,848	752,780	801,368	801,368	48,588
Preservation of Records	19,273	(60)	0	19,213	20,064	20,064	851
<b>Finance</b>							
Accounting and Budgeting	338,925	(1,614)	0	337,311	330,929	340,710	3,399
Purchasing	40,497	0	0	40,497	42,236	42,236	1,739
Property Assessor's Office	372,386	0	0	372,386	386,088	387,687	15,301
Reappraisal Program	135,738	0	0	135,738	142,155	142,155	6,417
County Trustee's Office	341,169	(6,228)	0	334,941	385,702	383,698	48,757
County Clerk's Office	571,813	(1,040)	651	571,424	696,129	707,428	136,004
Data Processing	114,742	(17,579)	200	97,363	110,583	110,583	13,220

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	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	\$ 283,919	\$ (34)	\$ 0	\$ 283,885	\$ 296,350	\$ 296,350	\$ 12,465
<u>Administration of Justice</u>							
Circuit Court	728,891	0	4,699	733,590	836,721	837,020	103,430
General Sessions Court	397,715	0	85	397,800	425,198	425,198	27,398
Drug Court	132,373	(1,728)	0	130,645	140,963	140,963	10,318
Chancery Court	327,458	0	0	327,458	346,539	346,539	19,081
Juvenile Court	256,672	0	0	256,672	313,640	313,640	56,968
Courtroom Security	294,433	(3,586)	0	290,847	362,096	362,096	71,249
<u>Public Safety</u>							
Sheriff's Department	2,578,016	(2,296)	8,533	2,584,253	2,762,013	2,775,312	191,059
Administration of the Sexual Offender Registry	6,780	(450)	0	6,330	3,200	6,705	375
Jail	2,897,880	(1,410)	9,095	2,905,565	2,896,273	2,896,273	(9,292)
Workhouse	27,637	0	0	27,637	78,477	78,477	50,840
Work Release Program	154,954	(1,081)	0	153,873	180,871	180,871	26,998
Fire Prevention and Control	200,000	0	0	200,000	200,000	200,000	0
Civil Defense	79,429	0	0	79,429	84,748	84,748	5,319
Other Emergency Management	181,868	0	2,375	184,243	169,793	185,793	1,550
Inspection and Regulation	5,869	0	0	5,869	8,600	8,600	2,731
County Coroner/Medical Examiner	81,460	(174)	0	81,286	83,000	83,000	1,714
Other Public Safety	5,494	(5,494)	0	0	0	0	0
<u>Public Health and Welfare</u>							
Local Health Center	535,136	0	23,400	558,536	723,160	723,160	164,624
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	4,970	0	0	4,970	5,000	5,000	30
Crippled Children Services	6,242	0	0	6,242	6,242	6,242	0
Appropriation to State	102,349	0	0	102,349	110,500	110,500	8,151
Aid to Dependent Children	8,000	0	0	8,000	8,000	8,000	0
Child Support	0	0	0	0	15,000	15,000	15,000
Other Local Welfare Services	29,590	0	0	29,590	45,000	45,000	15,410

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					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
Other Public Health and Welfare	1,500	0	0	1,500	1,500	1,500	0
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	11,600	0	0	11,600	11,600	11,600	0
Senior Citizens Assistance	6,500	0	0	6,500	6,500	6,500	0
Libraries	260,500	0	0	260,500	260,500	260,500	0
Parks and Fair Boards	204,941	(200)	0	204,741	250,094	235,094	30,353
Other Social, Cultural, and Recreational	289,354	0	0	289,354	301,600	301,600	12,246
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	134,108	0	0	134,108	138,459	138,459	4,351
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	44,016	0	0	44,016	43,605	44,019	3
Storm Water Management	755	0	5,000	5,755	22,000	22,000	16,245
<u>Other Operations</u>							
Tourism	191,433	(49,308)	0	142,125	193,937	193,937	51,812
Industrial Development	103,404	0	0	103,404	130,679	130,679	27,275
Veterans' Services	14,350	0	0	14,350	16,749	16,749	2,399
Employee Benefits	899,230	0	0	899,230	949,844	949,844	50,614
Miscellaneous	194,366	0	0	194,366	564,792	565,002	370,636
<u>Operation of Non-Instructional Services</u>							
Community Services	7,000	0	0	7,000	7,000	7,000	0
<u>Capital Projects</u>							
General Administration Projects	120,089	(169,604)	70,143	20,628	23,000	23,000	2,372
Administration of Justice Projects	0	(70,672)	70,672	0	0	0	0
Public Safety Projects	178,525	0	564,033	742,558	404,000	775,521	32,963
Public Health and Welfare Projects	4,275	(4,275)	0	0	0	0	0
Other General Government Projects	54,772	0	0	54,772	0	56,000	1,228
<b>Total Expenditures</b>	<b>\$ 16,100,252</b>	<b>\$ (341,390)</b>	<b>\$ 776,734</b>	<b>\$ 16,535,596</b>	<b>\$ 17,909,871</b>	<b>\$ 18,367,496</b>	<b>\$ 1,831,900</b>

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 290,921	\$ 341,390	\$ (776,734)	\$ (144,423)	\$ (906,691)	\$ (1,333,316)	\$ 1,188,893
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 33,853	\$ 0	\$ 0	\$ 33,853	\$ 0	\$ 19,521	\$ 14,332
Transfers Out	(15,000)	0	0	(15,000)	0	(15,000)	0
Total Other Financing Sources	\$ 18,853	\$ 0	\$ 0	\$ 18,853	\$ 0	\$ 4,521	\$ 14,332
Net Change in Fund Balance	\$ 309,774	\$ 341,390	\$ (776,734)	\$ (125,570)	\$ (906,691)	\$ (1,328,795)	\$ 1,203,225
Fund Balance, July 1, 2014	7,093,965	(341,390)	0	6,752,575	7,097,902	7,097,902	(345,327)
Fund Balance, June 30, 2015	\$ 7,403,739	\$ 0	\$ (776,734)	\$ 6,627,005	\$ 6,191,211	\$ 5,769,107	\$ 857,898

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,937,153	\$ 1,960,275	\$ 1,960,275	\$ (23,122)
Licenses and Permits	1,769	1,500	1,500	269
Other Local Revenues	3,696	8,614	8,614	(4,918)
State of Tennessee	18,055	18,000	18,000	55
Total Revenues	<u>\$ 1,960,673</u>	<u>\$ 1,988,389</u>	<u>\$ 1,988,389</u>	<u>\$ (27,716)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 2,232,128	\$ 2,691,920	\$ 2,691,920	\$ 459,792
Total Expenditures	<u>\$ 2,232,128</u>	<u>\$ 2,691,920</u>	<u>\$ 2,691,920</u>	<u>\$ 459,792</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (271,455)</u>	<u>\$ (703,531)</u>	<u>\$ (703,531)</u>	<u>\$ 432,076</u>
Net Change in Fund Balance	\$ (271,455)	\$ (703,531)	\$ (703,531)	\$ 432,076
Fund Balance, July 1, 2014	<u>3,304,942</u>	<u>3,279,322</u>	<u>3,279,322</u>	<u>25,620</u>
Fund Balance, June 30, 2015	<u>\$ 3,033,487</u>	<u>\$ 2,575,791</u>	<u>\$ 2,575,791</u>	<u>\$ 457,696</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, 2015

	Governmental Activities - Internal Service Fund
	<u>Employee Insurance - General</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 42,046
Equity in Pooled Cash and Investments	1,227,515
Accounts Receivable	10,984
Due from Other Governments	3,210
Total Assets	<u>\$ 1,283,755</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 200,374
Due to Other Funds	11,868
Total Liabilities	<u>\$ 212,242</u>
<u>NET POSITION</u>	
Unrestricted	<u>\$ 1,071,513</u>
Total Net Position	<u>\$ 1,071,513</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, 2015

	Governmental Activities - Internal Service Fund <hr/> Employee Insurance - General <hr/>
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 2,812,269
Other Employee Benefit Charges/Contributions	116,625
Patient Charges	63,465
Other General Service Charges	224,477
Other Charges for Services	41,291
Total Operating Revenues	<hr/> <u>\$ 3,258,127</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 123,664
Dental and Vision Insurance	115,151
Bank Charges	474
Consultants	15,500
Contracts with Private Agencies	287,287
Excess Risk Insurance	258,107
Medical Claims	1,630,108
Other Self-insured Claims	542,095
Surcharge	12,583
Total Operating Expenses	<hr/> <u>\$ 2,984,969</u>
Operating Income	<hr/> <u>\$ 273,158</u>
Nonoperating Revenues (Expenses)	
Miscellaneous Refunds	<hr/> <u>\$ 33,538</u>
Total Nonoperating Revenues (Expenses)	<hr/> <u>\$ 33,538</u>
Change in Net Position	\$ 306,696
Net Position, July 1, 2014	<hr/> <u>764,817</u>
Net Position, June 30, 2015	<hr/> <u><u>\$ 1,071,513</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, 2015

	Governmental Activities - Internal Service Fund
	Employee Insurance - General
<u>Cash Flows from Operating Activities</u>	
Receipts for Self Insurance Premiums	\$ 2,824,137
Receipts for Other Insurance Premiums	116,625
Receipts for Patient Charges	63,465
Receipts for Other General Service Charges	211,089
Receipts for Other Charges from Services	40,485
Payments to Insurers and Consultants	(401,341)
Payments for Claims	(1,989,492)
Payments to Vendors	(270,098)
Payments for Administrative Costs	(123,664)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 471,206</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Miscellaneous Refunds	\$ 33,538
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 33,538</u>
Increase (Decrease) in Cash	\$ 504,744
Cash, July 1, 2014	<u>764,817</u>
Cash, June 30, 2015	<u>\$ 1,269,561</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 273,158
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
(Increase) Decrease in Current Receivables	(14,194)
Increase (Decrease) in Accounts Payable	200,374
Increase (Decrease) in Due to Other Funds	11,868
Net Cash Provided By (Used In) Operating Activities	<u>\$ 471,206</u>
<u>Reconciliation of Cash With Statement of Net Position</u>	
Cash Per Net Position	\$ 42,046
Equity in Pooled Cash and Investments Per Statement of Net Position	<u>1,227,515</u>
Cash, June 30, 2015	<u>\$ 1,269,561</u>

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

Exhibit E-1

Hamblen County, Tennessee  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015

	Other Employee Benefit Trust Fund	Agency Funds
	<u>Employee Benefit Trust Fund</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$ 0	\$ 1,650,997
Equity in Pooled Cash and Investments	5,935	0
Accounts Receivable	207	494
Due from Other Governments	<u>0</u>	<u>1,941,461</u>
Total Assets	<u>\$ 6,142</u>	<u>\$ 3,592,952</u>
<u>LIABILITIES</u>		
Due to Other Taxing Units	\$ 0	\$ 1,941,461
Due to Litigants, Heirs, and Others	<u>0</u>	<u>1,651,491</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 3,592,952</u>
<u>NET POSITION</u>		
Net Position Held in Trust for Employees	<u>\$ 6,142</u>	
Net Position	<u>\$ 6,142</u>	

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

Exhibit E-2

Hamblen County, Tennessee  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
For the Year Ended June 30, 2015

	Other Employee Benefit Trust Fund
	<u>Employee Benefit Trust Fund</u>
<u>ADDITIONS</u>	
Plan Member Contributions	\$ 19,365
Total Additions	<u>\$ 19,365</u>
<u>DEDUCTIONS</u>	
Employee Benefits:	
Other Fringe Benefits	\$ 19,114
Total Deductions	<u>\$ 19,114</u>
Change in Net Position	\$ 251
Net Position, July 1, 2014	<u>5,891</u>
Net Position, June 30, 2015	<u><u>\$ 6,142</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, 2015**

**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 financial statements of the Hamblen County Emergency Communications District were not available from other auditors in time for inclusion in this report; however, in our opinion, this omission is not material to the component units' opinion unit.

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. Although required by GAAP, the financial statements of the Hamblen County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Hamblen County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

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

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

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

Hamblen County issues all debt for the discretely presented Hamblen County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2015.

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

fund is reported with the governmental activities in the government-wide financial statements, and the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Hamblen County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Hamblen County only reports one proprietary fund, an internal service fund. It has no enterprise funds to report.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The internal service fund and the fiduciary funds in total are reported in single columns by fund type.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Hamblen County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when

amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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

Hamblen County reports the following major governmental funds:

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

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

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

**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. Premiums charged to the various county funds and employee payroll deductions are placed in this fund to pay the claims and insurance premiums of county employees.

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

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Hamblen County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Hamblen County School Department reports the following major governmental funds:

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

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

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

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

**1. Deposits and Investments**

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

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Hamblen County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Income from these pooled investments is assigned to the various funds based on the approved budgets. Hamblen County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost with the exception of negotiable certificates of deposits, which are reported at fair value. Investments in the State Treasurer's Investment Pool are reported at 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 1.75 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.

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

**3. Inventories and Prepaid Items**

Inventories of the discretely presented Hamblen County School Department are recorded at 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. Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are the accumulated decrease in fair value of hedging derivatives, the deferred charge on refunding, pension changes in experience, pension contributions after the measurement date, and pension other deferrals.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue, etc.) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and/or the governmental funds balance sheet. These items are from the following

sources: current and delinquent property taxes, accumulated increase in fair value of hedging derivatives, pension changes in experience, pension changes in investment earnings, 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 \$210,426 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, 2015, Hamblen County had \$30,874,179 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 (\$370,972), amounts appropriated for use in the 2015-16 budget (\$1,456,758), amounts for various insurance premium increases (\$120,911) and various other assignments (\$388,375). Assigned fund balance in the School Department's General Purpose School Fund includes amounts assigned for capital projects (\$3,964,425), textbooks (\$566,035), and other uses (\$81,914).

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.

9. **Restatement**

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a net pension liability in their Statement of Net Position. Therefore, a restatement decreasing Hamblen County's beginning net position has been recognized on the Statement of Activities totaling \$1,209,150. In addition, a restatement decreasing the discretely presented School Department's beginning net position totaling \$13,525,104 has been recognized in the Statement of Activities for liabilities of the pension agent plan (\$1,972,823) and the pension cost-sharing plan (\$11,552,281).

E. **Pension Plans**

**Primary Government**

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

**Discretely Presented Hamblen County School Department**

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

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

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

**Primary Government**

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

**Discretely Presented Hamblen County School Department**

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

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

**Primary Government**

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

**Discretely Presented Hamblen County School Department**

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

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the capital projects funds (excluding the Highway Capital Projects Fund), which adopt project length budgets. All annual appropriations lapse at fiscal year end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be

sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county’s budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2015, Hamblen County and the Hamblen County School Department reported the following significant encumbrances:

Funds	Description	Amount
Primary Government:		
Major Fund:		
General	Software purchases	\$ 183,090
"	Repairs at jail	310,000
"	Vehicle purchases	183,284
School Department:		
Major Fund:		
General Purpose School	Capital outlay	351,646
Central Cafeteria	Cafeteria equipment	29,147

**B. Net Position Deficit/Fund Deficit**

The county’s General Capital Projects Fund had a negative unassigned fund balance of \$95,908 at June 30, 2015. This negative unassigned fund balance resulted from the timing difference between incurring expenditures and receiving grant reimbursement. The negative balance was liquidated when revenues were recognized after June 30, 2015.

**C. The County had Deposits Exposed to Custodial Credit Risk**

As further discussed in the Schedule of Findings and Questioned Costs in the Single Audit Section of this report and in Note IV.A., the county had bank and brokerage balances of \$1,279,544, which were uninsured and

uncollateralized at June 30, 2015. Uninsured and uncollateralized deposits are a violation of state statutes.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

Hamblen County and the Hamblen County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

##### Deposits

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

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

**Custodial Credit Risk.** Custodial credit risk is the risk that in the event of a bank failure, Hamblen County's deposits may not be returned to it. Hamblen County does have a formal policy that limits custodial credit risk for deposits. As of June 30, 2015, bank and brokerage balances of \$1,279,544 were uninsured and uncollateralized. This entire amount was in the pooled bank and brokerage balance. Uninsured and uncollateralized deposits are a violation of state statute.

## Investments

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

**Investment Balances.** As of June 30, 2015, 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	110*	\$ 881,811
Federal Home Loan Banks	Aaa	AA+	7-1-15	2,299,977
Federal Home Loan Banks	Aaa	AA+	7-16-15	1,199,988
Montville Twp, NJ Registered Bonds, 2009	NR	AAA	7-15-15	<u>200,262</u>
Total				<u>\$ 4,582,038</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:

<u>Investments</u>	<u>Percentage</u>
Federal Home Loan Banks	76.4%

**B. Derivative Instruments**

**Primary Government**

At June 30, 2015, Hamblen County had the following derivative instruments outstanding:

<u>Instrument</u>	<u>Type</u>	<u>Objective</u>	<u>Original Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>
\$10M Swap - A	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	\$10,000,000	12-16-10	6-1-17	Pay 4.265% receive 70% of 3-month LIBOR
\$10M Swap - B	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	10,000,000	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, 2015, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2015 financial statements are as follows:

Type	Changes in Fair Values		Fair Value at June 30, 2015		6-30-15
	Classification	Amount	Classi- fication	Amount	Notional Amount
<b>Governmental Activities</b>					
Pay-fixed interest rate swaps:					
\$10M Hybrid Swap A:					\$ 3,295,000
Cash Flow Hedge Portion	Deferred				
	Outflow	\$ 63,765	Debt	\$ (35,021)	
Non-hedge Portion	Investment				
	Earnings	174,777	Debt	(105,711)	
Total \$10M Hybrid Swap A		<u>\$ 238,542</u>		<u>\$ (140,732)</u>	
\$10M Hybrid Swap B:					10,000,000
Cash Flow Hedge Portion	Deferred				
	Inflow	\$ (204,679)	Debt	\$ 36,935	
Non-hedge Portion	Investment				
	Earnings	213,638	Debt	(1,832,952)	
Total \$10M Hybrid Swap B		<u>\$ 8,959</u>		<u>\$ (1,796,017)</u>	
Total		<u>\$ 247,501</u>		<u>\$ (1,936,749)</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, 2015, 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>-1.246%</u>
Net interest rate swap payments		3.019%
Variable-rate bond coupon payments		<u>0.988%</u>
Synthetic interest rate on bonds		<u><u>4.007%</u></u>

**Fair value.** As of June 30, 2015, the swap had a negative fair value of \$140,732. 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, 2015, 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, 2015, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/A by Moody’s, Standard and Poor’s, and Fitch, respectively.

**Basis risk.** As noted above, the swap exposes the county to basis risk should the bond rate increase to above 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, 2015, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate		Total
	Principal	Interest	Swap Payment		
2016	\$ 2,955,000	\$ 32,566	99,476	\$	3,087,042
2017	340,000	3,360	10,265		353,625
Total	\$ 3,295,000	\$ 35,926	\$ 109,741	\$	3,440,667

#### **\$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, 2015, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.390%
Variable payment from counterparty		<u>-0.180%</u>
Net interest rate swap payments		4.210%
Variable-rate bond coupon payments		<u>0.585%</u>
Synthetic interest rate on bonds		<u><u>4.795%</u></u>

**Fair value.** As of June 30, 2015, the swap had a negative fair value of \$1,796,017. 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, 2015, 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, 2015, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/A by Moody's, Standard and Poor's, and Fitch, respectively.

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

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

**Swap payments and associated debt.** As of June 30, 2015, debt service requirements of the variable-rate debt and net swap payments, assuming

current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate		Total
	Principal	Interest	Swap Payment		
2016	\$ 0	\$ 58,496	\$ 421,045	\$	479,541
2017	0	58,496	421,045		479,541
2018	0	58,496	421,045		479,541
2019	0	58,496	421,045		479,541
2020	1,450,000	58,496	421,045		1,929,541
2021-2025	8,550,000	155,449	1,118,928		9,824,377
Total	\$ 10,000,000	\$ 447,929	\$ 3,224,153	\$	13,672,082

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2015, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-14		Increases	Decreases	Balance 6-30-15	
Capital Assets Not Depreciated:						
Land	\$	420,779	\$ 54,772	\$ 0	\$	475,551
Construction in Progress		83,124	0	(28,624)		54,500
Total Capital Assets Not Depreciated	\$	503,903	\$ 54,772	\$ (28,624)	\$	530,051
Capital Assets Depreciated:						
Buildings and Improvements	\$	10,937,888	\$ 422,020	\$ 0	\$	11,359,908
Roads and Bridges		16,954,011	0	0		16,954,011
Other Capital Assets		6,338,808	688,449	(27,497)		6,999,760
Total Capital Assets Depreciated	\$	34,230,707	\$ 1,110,469	\$ (27,497)	\$	35,313,679

**Governmental Activities (Continued)**

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,169,001	\$ 306,835	\$ 0	\$ 4,475,836
Roads and Bridges	6,304,154	169,681	0	6,473,835
Other Capital Assets	4,142,180	641,472	(9,625)	4,774,027
Total Accumulated Depreciation	<u>\$ 14,615,335</u>	<u>\$ 1,117,988</u>	<u>\$ (9,625)</u>	<u>\$ 15,723,698</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,615,372</u>	<u>\$ (7,519)</u>	<u>\$ (17,872)</u>	<u>\$ 19,589,981</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,119,275</u>	<u>\$ 47,253</u>	<u>\$ (46,496)</u>	<u>\$ 20,120,032</u>

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

**Governmental Activities:**

General Government	\$ 93,527
Finance	22,345
Administration of Justice	168,349
Public Safety	183,678
Public Health and Welfare	286,845
Social, Cultural, and Recreational Services	38,421
Highways/Public Works	<u>324,823</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,117,988</u>

**Discretely Presented Hamblen County School Department**

**Governmental Activities:**

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 2,999,016	\$ 363,737	\$ 0	\$ 3,362,753
Construction in Progress	600,741	3,960,497	(493,095)	4,068,143
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 3,599,757</b>	<b>\$ 4,324,234</b>	<b>\$ (493,095)</b>	<b>\$ 7,430,896</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 135,002,162	\$ 454,863	\$ (79,491)	\$ 135,377,534
Other Capital Assets	15,601,741	1,312,928	(159,353)	16,755,316
<b>Total Capital Assets Depreciated</b>	<b>\$ 150,603,903</b>	<b>\$ 1,767,791</b>	<b>\$ (238,844)</b>	<b>\$ 152,132,850</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 92,900,505	\$ 2,370,835	\$ 0	\$ 95,271,340
Other Capital Assets	9,439,365	791,990	(122,732)	10,108,623
<b>Total Accumulated Depreciation</b>	<b>\$ 102,339,870</b>	<b>\$ 3,162,825</b>	<b>\$ (122,732)</b>	<b>\$ 105,379,963</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 48,264,033</b>	<b>\$ (1,395,034)</b>	<b>\$ (116,112)</b>	<b>\$ 46,752,887</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 51,863,790</b>	<b>\$ 2,929,200</b>	<b>\$ (609,207)</b>	<b>\$ 54,183,783</b>

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

**Governmental Activities:**

Instruction	\$ 27,605
Support Services	2,960,670
Operation of Non-instructional Services	<u>174,550</u>
<b>Total Depreciation Expense - Governmental Activities</b>	<b><u><u>\$ 3,162,825</u></u></b>

**D. Construction Commitments**

At June 30, 2015, the General Purpose School Fund and the Education Capital Projects Fund of the discretely presented School Department had uncompleted construction contracts of approximately \$487,904 and \$1,139,156, respectively, for building improvement projects. Funding for these future expenditures has been received.

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

The composition of interfund balances as of June 30, 2015, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Funds</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 289,795
"	Employee Insurance - General	11,868
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	55,794

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

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component Unit:		
School Department:	Primary Government:	
Nonmajor governmental	Education Capital Projects	\$ 2,500,000

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

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2015, consisted of the following amounts:

**Primary Government:**

Transfer Out	Transfer In Nonmajor Governmental Fund
General Fund	\$ 15,000

**Discretely Presented Hamblen County School Department:**

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental fund	\$ 55,794

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, 2015, will be retired from the General Debt Service Fund.

General obligation bonds and other loans outstanding as of June 30, 2015, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation Bonds - Refunding	3 to 5 %	6-1-19	\$ 10,860,000	\$ 10,235,000
General Obligation Bonds	1.446 to 2	6-1-23	7,575,000	4,885,000
Other Loans - Qualified School Construction Bonds	1.515	7-1-26	11,280,000	7,878,039
Other Loans - Refunding	Variable	6-1-25	30,300,000	13,435,000

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, 2015, 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, 2015, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-15	Interest Type	Interest Rates as of 6-30-15	Other Fees on Variable Rate Debt
<u>Sevier County Public</u>					
<u>Building Authority</u>					
Refunding					
(Series VII-C-2)	\$ 20,200,000	\$ 3,335,000	Variable (1)	4.007 %	0.46 %
<u>Blount County Public</u>					
<u>Building Authority</u>					
Refunding					
(Series E-4-A)	10,100,000	<u>10,100,000</u>	Variable (1)	4.795	.25
Total		<u>\$ 13,435,000</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, 2015, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2021-2023	<u>1,595,000</u>	<u>53,145</u>	<u>1,648,145</u>
Total	<u>\$ 15,120,000</u>	<u>\$ 1,737,680</u>	<u>\$ 16,857,680</u>

Year Ending June 30	Other Loans			
	Principal	Interest (*)	Other Fees	Total
2016	\$ 3,678,854	\$ 788,820	\$ 27,016	\$ 4,494,690
2017	1,063,854	669,612	25,352	1,758,818
2018	703,854	655,187	25,352	1,384,393
2019	703,854	655,187	25,352	1,384,393
2020	2,173,854	655,187	21,662	2,850,703
2021-2025	12,149,270	2,139,759	45,622	14,334,651
2026-2027	839,499	185,133	0	1,024,632
Total	\$ 21,313,039	\$ 5,748,885	\$ 170,356	\$ 27,232,280

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

There is \$4,729,077 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and other loans, totaled \$583, based on the 2010 federal census.

#### Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2015, was as follows:

Governmental Activities:	Other		
	Bonds	Loans	Postemployment Benefits
Balance, July 1, 2014	\$ 16,085,000	\$ 24,846,893	\$ 374,607
Additions	0	0	51,514
Reductions	(965,000)	(3,533,854)	(11,647)
Balance, June 30, 2015	\$ 15,120,000	\$ 21,313,039	\$ 414,474
Balance Due Within One Year	\$ 975,000	\$ 3,678,854	\$ 0

#### Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 36,847,513
Less: Balance Due Within One Year	(4,653,854)
Add: Unamortized Premium on Debt	441,060
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 32,634,719

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, 2015, was as follows:

Governmental Activities:

	<u>Other</u>	
	Postemployment Benefits	Compensated Absences
Balance, July 1, 2014	\$ 13,441,907	\$ 205,637
Additions	3,095,850	210,426
Reductions	(1,420,305)	(205,637)
Balance, June 30, 2015	<u>\$ 15,117,452</u>	<u>\$ 210,426</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 210,426</u>

	<u>Retirement</u>	
	Incentive	Honorary
Balance, July 1, 2014	\$ 128,103	\$ 887,359
Additions	60,285	135,671
Reductions	(67,820)	(103,161)
Balance, June 30, 2015	<u>\$ 120,568</u>	<u>\$ 919,869</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, 2015	\$ 16,368,315
Less: Balance Due Within One Year	<u>(314,040)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 16,054,275</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, 2015, the School Department contributed \$500,000 to the primary government for this purpose.

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hamblen County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2015, were \$473,551 and \$98,075, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**V. OTHER INFORMATION**

**A. Risk Management**

It is the policy of Hamblen County and the discretely presented Hamblen County School Department to purchase commercial insurance for the risks of losses to which they are exposed for general liability, property, casualty, and workers' compensation. 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. Beginning in July 2014, the county elected to self-insure employee health and accident claims. In June 2014, the Employee Insurance – General Fund was established for risks associated with the employees' health insurance plan. The Employee Insurance – General Fund is accounted for as an internal service fund where assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$75,000 per claimant in a single year and approximately \$2,402,017 for all claims in any plan year. Stop/loss commercial insurance has been obtained to cover claims beyond these limits. Group dental and vision insurance premiums paid to a private insurance company are also recorded in this fund as are the costs associated with a health clinic. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

All full-time employees of the primary government are eligible to participate. A premium is allocated to each fund that accounts for full-time employees. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$1,071,513 at June 30, 2015, and is reported as net position of the Employee Insurance – General Fund. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Employee Insurance – General Fund establishes claims liabilities based on estimates of the ultimate cost of

claims that have been reported but not settled, and of claims that have been incurred but not reported. Claims liabilities include specific, incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past fiscal year are as follows. Since this is the first year of operation of the self-insurance fund, only one year of data is presented.

Employee Insurance - General Fund

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year-end
2014-2015	\$ 0	\$ 2,172,203	\$ (1,989,492)	\$ 182,711

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. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government

operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to amounts of contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**C. Subsequent Event**

The County Clerk, Linda Wilder, passed away on October 31, 2015. The chief Deputy, Penny Petty, is serving as interim clerk until the county commission makes an appointment to fill the vacancy.

**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.

However, one case involves the Hamblen County Sheriff suing the county for additional operating funds for the fiscal year ending June 30, 2016. Based on the outcome of this litigation, the county's General Fund operating revenues could be significantly impacted.

**E. Changes in Administration**

On February 27, 2015, Joey Barnard left the Office of Finance Director and was succeeded on March 16, 2015, by Michelle Woods.

**F. 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, 2015.

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

**G. Jointly Governed Organization**

The East Tennessee Regional AgriBusiness Marketing Authority was established through Title 64 of *Tennessee Code Annotated*, and includes the counties of Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, Unicoi, and Washington. The purpose of the authority is to establish and operate a market for agricultural products of the region through a food distribution center. The authority is governed by a board of directors consisting of the county mayors of each county or the county mayor's designee and one nonvoting member representing each of the following: the Tennessee Department of Agriculture and the University of Tennessee's Agriculture Extension Service. An executive committee consisting of the chairman, vice chairman, secretary, and treasurer of the board of directors, along with the center's manager as an ex officio member, is in charge of the daily operations of the center.

**H. Retirement Commitments**

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

**Primary Government**

**General Information About the Pension Plan**

*Plan Description.* Employees of Hamblen County and non-certified employees of the discretely presented Hamblen County School Department are provided a defined benefit pension plan through the

Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 38 percent and the non-certified employees of the discretely present School Department comprise 62 percent of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

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

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

*Employees Covered by Benefit Terms.* At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	382
Inactive Employees Entitled to But Not Yet Receiving Benefits	446
Active Employees	614
 Total	 <u>1,442</u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Hamblen County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Hamblen County were \$1,564,918 based on a rate of 12.54 percent of pensionable payroll for public safety officers and 9.04 percent of pensionable payroll for all other employees. By law, employer contributions are required to be paid. The TCRS may intercept Hamblen County’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Net Pension Liability (Asset)**

Hamblen County’s net pension liability (asset) was measured as of June 30, 2014, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 52,925,994	\$ 48,193,345	\$ 4,732,649
Changes for the year:			
Service Cost	\$ 1,447,547	\$ 0	\$ 1,447,547
Interest	3,977,841	0	3,977,841
Differences Between Expected and Actual Experience	(439,779)	0	(439,779)
Contributions-Employer	0	1,550,676	(1,550,676)
Contributions-Employees	0	834,365	(834,365)
Net Investment Income	0	7,971,541	(7,971,541)
Benefit Payments, Including Refunds of Employee Contributions	(2,671,318)	(2,671,318)	0
Administrative Expense	0	(24,175)	24,175
Other Changes	0	0	0
Net Changes	\$ 2,314,291	\$ 7,661,089	\$ (5,346,798)
Balance, June 30, 2014	\$ 55,240,285	\$ 55,854,434	\$ (614,149)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	38.00%	\$ 20,991,308	\$ 21,224,685	\$ (233,377)
School Department	62.00%	34,248,977	34,629,749	(380,772)
Total		<u>\$ 55,240,285</u>	<u>\$ 55,854,434</u>	<u>\$ (614,149)</u>

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

	1% Decrease	Current Discount Rate	1% Increase
Hamblen County	6.5%	7.5%	8.5%

Net Pension Liability      \$ 6,376,491    \$ (614,149)    \$ (6,442,916)

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

*Pension Expense.* For the year ended June 30, 2015, Hamblen County recognized pension expense of \$50,647.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2015, Hamblen County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 351,823
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	3,494,946
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>1,564,918</u>	N/A
Total	<u>\$ 1,564,918</u>	<u>\$ 3,846,769</u>

The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 728,232	\$ 1,461,772
School Department	<u>836,686</u>	<u>2,384,997</u>
Total	<u>\$ 1,564,918</u>	<u>\$ 3,846,769</u>

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

Year Ending June 30	Amount
2016	\$ (961,692)
2017	(961,692)
2018	(961,692)
2019	(961,692)
2020	0
Thereafter	0

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

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

#### **Non-certified Employees**

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

*Plan Description.* As noted above under the primary government, employees of Hamblen County and non-certified employees of the discretely presented Hamblen County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 38 percent and the non-certified employees of the discretely present School Department comprise 62 percent of the plan based on census data.

#### **Certified Employees**

##### **Teacher Retirement Plan**

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

*Plan Description.* Teachers of the Hamblen County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch

of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

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

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$164,900, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs

of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

*Pension Liabilities.* Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception of the Teacher Retirement Plan, there is no net pension liability to report at June 30, 2015.

*Pension Expense.* Since the measurement date is June 30, 2014, the Hamblen County School Department did not recognize any pension expense at June 30, 2015. 101

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2015, the Hamblen County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 164,900	N/A

The Hamblen County School Department’s employer contributions of \$164,900 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ended June 30, 2016.

**Teacher Legacy Pension Plan**

**General Information About the Pension Plan**

*Plan Description.* Teachers of the Hamblen County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was

created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Hamblen County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$3,093,781, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year,

the cost of administration, as well as an amortized portion of any unfunded liability.

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

*Pension Assets.* At June 30, 2015, the Hamblen County School Department reported an asset of \$149,559 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Hamblen County School Department’s proportion of the net pension asset was based on the Hamblen County School Department’s employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, the Hamblen County School Department’s proportion was .920393 percent. The proportion measured as of June 30, 2013, was .896931 percent.

*Pension Income.* For the year ended June 30, 2015, the Hamblen County School Department recognized a pension income of \$73,111.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2015, the Hamblen County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 363,093	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	12,322,753
Changes in Proportion of Net Pension Liability (Asset) LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	330,931	
	<u>3,093,781</u>	<u>N/A</u>
Total	<u>\$ 3,787,805</u>	<u>\$ 12,322,753</u>

The Hamblen County School Department's employer contributions of \$3,093,781 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (2,965,018)
2017	(2,965,018)
2018	(2,965,018)
2019	(2,965,018)
2020	115,671
Thereafter	115,671

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

*Actuarial Assumptions.* The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with

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

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

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

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position

was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 25,224,904	\$ (149,559)	\$ (21,156,864)

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

**2. Deferred Compensation**

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.

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

provisions for the plans. During the year, the Hamblen County School Department contributed \$90,357 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

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

### **Primary Government**

#### **Plan Description**

Beginning July 1, 2014, Hamblen County participates in a self-insured postemployment benefits plan administered by Blue Cross Blue Shield for health insurance benefits for pre-65 retirees. Prior to that, the county provided commercial health insurance benefits for pre-65 retirees. For accounting purposes, the plan is a single-employer defined benefit OPEB plan. Benefits are provided as approved by the County Commission.

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

#### **Funding Policy**

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

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

During the year ended June 30, 2015, Hamblen County contributed \$11,647 for other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Group Plan	Medicare Supplement Plan
ARC	\$ 24,589	\$ 27,000
Interest on the NOPEBO	2,288	12,696
Adjustment to the ARC	(2,690)	(12,369)
Annual OPEB cost	\$ 24,187	\$ 27,327
Amount of contribution	(8,047)	(3,600)
Increase/decrease in NOPEBO	\$ 16,140	\$ 23,727
Net OPEB obligation, 7-1-14	57,195	317,412
Net OPEB obligation, 6-30-15	\$ 73,335	\$ 341,139

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-13	Commercial	\$ 18,964	38	% \$ 42,434
6-30-14	"	23,103	36	57,195
6-30-15	Self-Insured	24,187	33	73,335
6-30-13	Medicare Supplement	74,453	4	293,959
6-30-14	"	26,303	11	317,412
6-30-15	"	27,327	13	341,139

	Group 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 group 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 one percent per annum to an ultimate rate of five percent by fiscal year 2017. The assumptions for the group 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 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 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, 2015, the discretely presented Hamblen County School Department contributed \$1,420,305 for other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan
ARC	\$ 2,853,000	\$ 229,000
Interest on the NOPEBO	481,372	56,305
Adjustment to the ARC	(468,972)	(54,855)
Annual OPEB cost	\$ 2,865,400	\$ 230,450
Amount of contribution	(1,395,392)	(24,913)
Increase/decrease in NOPEBO	\$ 1,470,008	\$ 205,537
Net OPEB obligation, 7-1-14	12,034,280	1,407,627
Net OPEB obligation, 6-30-15	<u>\$ 13,504,288</u>	<u>\$ 1,613,164</u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-13	Local Education Group	\$ 3,007,454	53 %	\$ 10,569,423
6-30-14	"	2,763,890	47	12,034,280
6-30-15	"	2,865,400	49	13,504,288
6-30-13	Medicare Supplement	299,697	9	1,209,880
6-30-14	"	223,247	11	1,407,627
6-30-15	"	230,450	11	1,613,164

#### 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 of seven percent for fiscal year 2015. The trend rate will decrease to 6.5 percent in 2016 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 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.

**J. Termination Benefits**

The discretely presented Hamblen County School Department offers a voluntary termination benefits plan to its certified employees in accordance with contract provisions. To be eligible, employees must retire in the school year that they become 60 years of age or obtain 30 years of creditable service in the Tennessee Consolidated Retirement System, whichever comes first. Under the terms of the plan, employees can select between receiving \$4,500 for two years or \$3,500 for three years. During the 2014-15 year, 17 employees participated in the program. The estimated cost of these cash payments reported in the government-wide Statement of Net Position is \$120,568. 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, 2015, 418 employees met the requirements of this benefit. The estimated cost of these cash payments reported in the government-wide Statement of Net Position is \$919,869. Of that amount, \$35,794 is due within one year. The governmental funds' financial statements reflect retirement honorarium expenditures of \$103,161 in the General Purpose School Fund.

**K. Central Accounting and Budgeting**

Office of Director of Finance

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

**L. Purchasing Laws**

Office of County Mayor

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

Office of Highway Commissioner

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

Office of Director of Schools

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

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

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

	<u>2014</u>
<b>Total Pension Liability (Asset)</b>	
Service Cost	\$ 1,447,547
Interest	3,977,841
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(439,779)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(2,671,318)</u>
Net Change in Total Pension Liability (Asset)	\$ 2,314,291
Total Pension Liability (Asset), Beginning	<u>52,925,994</u>
Total Pension Liability (Asset), Ending (a)	<u>\$ 55,240,285</u>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 1,550,676
Contributions - Employee	834,365
Net Investment Income	7,971,541
Benefit Payments, Including Refunds of Employee Contributions	(2,671,318)
Administrative Expense	<u>(24,175)</u>
Net Change in Plan Fiduciary Net Position	\$ 7,661,089
Plan Fiduciary Net Position, Beginning	<u>48,193,345</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 55,854,434</u>
Net Pension Liability (Asset), Ending (a - b)	<u>\$ (614,149)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.11%
Covered Employee Payroll	\$ 16,490,699
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	3.72%

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

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

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

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 1,550,676	\$ 1,564,918
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(1,550,676)</u>	<u>(1,564,918)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
 Covered Employee Payroll	 \$ 16,490,699	 \$ 19,968,315
 Contributions as a Percentage of Covered Employee Payroll	 9.40%	 7.84%

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

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

Exhibit F-3

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

	<u>2015</u>
Actuarially Determined Contribution	\$ 103,063
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(164,900)</u>
Contribution Deficiency (Excess)	<u>\$ (61,837)</u>
Covered Employee Payroll	\$ 2,231,166
Contributions as a Percentage of Covered Employee Payroll	7.39%

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

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

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 3,207,929	\$ 3,093,781
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(3,207,929)</u>	<u>(3,093,781)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 36,125,339	\$ 34,514,861
Contributions as a Percentage of Covered Employee Payroll	8.88%	8.96%

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

Exhibit F-5

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

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.920393%
School Department's Proportionate Share of the Net Pension Asset	\$ 149,560
Covered Employee Payroll	\$ 36,125,339
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

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

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

Exhibit F-6

Hamblen County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Hamblen County School Department  
June 30, 2015

(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 HAMBLLEN 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

**HAMBLEN COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2015**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	5 Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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

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

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

## Capital Projects Funds

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

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

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

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

Exhibit G-1

Hamblen County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	Special Revenue Funds				Capital Projects Funds	
	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	Total	General Capital Projects	Sanitation Projects
<u>ASSETS</u>						
Cash	\$ 0	\$ 7,273	\$ 0	\$ 7,273	\$ 0	\$ 0
Equity in Pooled Cash and Investments	115,572	0	363,251	478,823	154,092	78,317
Accounts Receivable	0	30,522	0	30,522	0	0
Due from Other Governments	35,399	0	309,567	344,966	92,821	0
Total Assets	<u>\$ 150,971</u>	<u>\$ 37,795</u>	<u>\$ 672,818</u>	<u>\$ 861,584</u>	<u>\$ 246,913</u>	<u>\$ 78,317</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 975	\$ 0	\$ 23,480	\$ 24,455	\$ 0	\$ 0
Accrued Payroll	0	0	31,063	31,063	0	0
Payroll Deductions Payable	0	0	5,651	5,651	0	0
Due to Other Funds	2,000	37,795	0	39,795	250,000	0
Total Liabilities	<u>\$ 2,975</u>	<u>\$ 37,795</u>	<u>\$ 60,194</u>	<u>\$ 100,964</u>	<u>\$ 250,000</u>	<u>\$ 0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Other Deferred/Unavailable Revenue	\$ 33,000	\$ 0	\$ 150,282	\$ 183,282	\$ 92,821	\$ 0
Total Deferred Inflows of Resources	<u>\$ 33,000</u>	<u>\$ 0</u>	<u>\$ 150,282</u>	<u>\$ 183,282</u>	<u>\$ 92,821</u>	<u>\$ 0</u>
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 114,996	\$ 0	\$ 0	\$ 114,996	\$ 0	\$ 0

(Continued)

Exhibit G-1

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

	Special Revenue Funds				Capital Projects Funds	
	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	Total	General Capital Projects	Sanitation Projects
<u>FUND BALANCES (Cont.)</u>						
Restricted (Cont.):						
Restricted for Highways/Public Works	\$ 0	\$ 0	\$ 462,342	\$ 462,342	\$ 0	\$ 0
Restricted for Capital Projects	0	0	0	0	0	78,317
Committed:						
Committed for Capital Projects	0	0	0	0	0	0
Unassigned	0	0	0	0	(95,908)	0
Total Fund Balances	\$ 114,996	\$ 0	\$ 462,342	\$ 577,338	\$ (95,908)	\$ 78,317
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 150,971	\$ 37,795	\$ 672,818	\$ 861,584	\$ 246,913	\$ 78,317

(Continued)

Exhibit G-1

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

	<u>Capital Projects Funds (Cont.)</u>		Total
	Highway Capital Projects	Total	Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 0	\$ 7,273
Equity in Pooled Cash and Investments	1,271,191	1,503,600	1,982,423
Accounts Receivable	0	0	30,522
Due from Other Governments	0	92,821	437,787
Total Assets	<u>\$ 1,271,191</u>	<u>\$ 1,596,421</u>	<u>\$ 2,458,005</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 856,565	\$ 856,565	\$ 881,020
Accrued Payroll	0	0	31,063
Payroll Deductions Payable	0	0	5,651
Due to Other Funds	0	250,000	289,795
Total Liabilities	<u>\$ 856,565</u>	<u>\$ 1,106,565</u>	<u>\$ 1,207,529</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Other Deferred/Unavailable Revenue	\$ 0	\$ 92,821	\$ 276,103
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 92,821</u>	<u>\$ 276,103</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Public Safety	\$ 0	\$ 0	\$ 114,996

(Continued)

Exhibit G-1

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

FUND BALANCES (Cont.)

Restricted (Cont.):

    Restricted for Highways/Public Works  
    Restricted for Capital Projects

Committed:

    Committed for Capital Projects

Unassigned

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

<u>Capital Projects Funds (Cont.)</u>			Total Nonmajor Governmental Funds
Highway Capital Projects	Total		
\$ 0	\$ 0	\$ 462,342	
325,895	404,212	404,212	
88,731	88,731	88,731	
0	(95,908)	(95,908)	
<u>\$ 414,626</u>	<u>\$ 397,035</u>	<u>\$ 974,373</u>	
<u>\$ 1,271,191</u>	<u>\$ 1,596,421</u>	<u>\$ 2,458,005</u>	

Exhibit G-2

Hamblen County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2015

	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	\$ 43,928	\$ 43,928	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	24,114	0	0	24,114	0	0
Charges for Current Services	0	36,935	0	36,935	0	0
Other Local Revenues	3,190	0	3,856	7,046	0	0
State of Tennessee	0	0	1,762,929	1,762,929	108,264	0
Federal Government	44,477	0	0	44,477	0	0
Other Governments and Citizens Groups	9,250	0	0	9,250	0	0
Total Revenues	\$ 81,031	\$ 36,935	\$ 1,810,713	\$ 1,928,679	\$ 108,264	\$ 0
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 168	\$ 0	\$ 168	\$ 0	\$ 0
Finance	0	6,210	0	6,210	0	0
Administration of Justice	0	30,502	0	30,502	0	0
Public Safety	82,322	55	0	82,377	0	0
Highways	0	0	1,676,883	1,676,883	0	0
Capital Projects	0	0	0	0	373,645	20,582
Total Expenditures	\$ 82,322	\$ 36,935	\$ 1,676,883	\$ 1,796,140	\$ 373,645	\$ 20,582
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,291)	\$ 0	\$ 133,830	\$ 132,539	\$ (265,381)	\$ (20,582)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,000	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,000	\$ 0
Net Change in Fund Balances	\$ (1,291)	\$ 0	\$ 133,830	\$ 132,539	\$ (250,381)	\$ (20,582)
Fund Balance, July 1, 2014	116,287	0	328,512	444,799	154,473	98,899
Fund Balance, June 30, 2015	\$ 114,996	\$ 0	\$ 462,342	\$ 577,338	\$ (95,908)	\$ 78,317

(Continued)

Exhibit G-2

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Highway Capital Projects	Total	
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 0	\$ 43,928
Fines, Forfeitures, and Penalties	0	0	24,114
Charges for Current Services	0	0	36,935
Other Local Revenues	0	0	7,046
State of Tennessee	50,000	158,264	1,921,193
Federal Government	1,201	1,201	45,678
Other Governments and Citizens Groups	0	0	9,250
Total Revenues	<u>\$ 51,201</u>	<u>\$ 159,465</u>	<u>\$ 2,088,144</u>
<u>Expenditures</u>			
Current:			
General Government	\$ 0	\$ 0	\$ 168
Finance	0	0	6,210
Administration of Justice	0	0	30,502
Public Safety	0	0	82,377
Highways	0	0	1,676,883
Capital Projects	1,542,171	1,936,398	1,936,398
Total Expenditures	<u>\$ 1,542,171</u>	<u>\$ 1,936,398</u>	<u>\$ 3,732,538</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,490,970)</u>	<u>\$ (1,776,933)</u>	<u>\$ (1,644,394)</u>

(Continued)

Exhibit G-2

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Highway Capital Projects	Total	
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 0	\$ 15,000	\$ 15,000
Total Other Financing Sources (Uses)	\$ 0	\$ 15,000	\$ 15,000
Net Change in Fund Balances	\$ (1,490,970)	\$ (1,761,933)	\$ (1,629,394)
Fund Balance, July 1, 2014	1,905,596	2,158,968	2,603,767
Fund Balance, June 30, 2015	\$ 414,626	\$ 397,035	\$ 974,373

Exhibit G-3

Hamblen County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Drug Control Fund  
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 24,114	\$ 0	\$ 24,114	\$ 27,500	\$ 27,500	\$ (3,386)
Other Local Revenues	3,190	0	3,190	5,250	5,250	(2,060)
Federal Government	44,477	0	44,477	33,000	33,000	11,477
Other Governments and Citizens Groups	9,250	0	9,250	10,000	10,000	(750)
Total Revenues	<u>\$ 81,031</u>	<u>\$ 0</u>	<u>\$ 81,031</u>	<u>\$ 75,750</u>	<u>\$ 75,750</u>	<u>\$ 5,281</u>
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 82,322	\$ 770	\$ 83,092	\$ 118,496	\$ 118,496	\$ 35,404
Total Expenditures	<u>\$ 82,322</u>	<u>\$ 770</u>	<u>\$ 83,092</u>	<u>\$ 118,496</u>	<u>\$ 118,496</u>	<u>\$ 35,404</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,291)</u>	<u>\$ (770)</u>	<u>\$ (2,061)</u>	<u>\$ (42,746)</u>	<u>\$ (42,746)</u>	<u>\$ 40,685</u>
Net Change in Fund Balance	\$ (1,291)	\$ (770)	\$ (2,061)	\$ (42,746)	\$ (42,746)	\$ 40,685
Fund Balance, July 1, 2014	<u>116,287</u>	<u>0</u>	<u>116,287</u>	<u>104,897</u>	<u>104,897</u>	<u>11,390</u>
Fund Balance, June 30, 2015	<u>\$ 114,996</u>	<u>\$ (770)</u>	<u>\$ 114,226</u>	<u>\$ 62,151</u>	<u>\$ 62,151</u>	<u>\$ 52,075</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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 43,928	\$ 0	\$ 0	\$ 43,928	\$ 55,000	\$ 55,000	\$ (11,072)
Other Local Revenues	3,856	0	0	3,856	5,000	5,000	(1,144)
State of Tennessee	1,762,929	0	0	1,762,929	1,965,000	1,965,000	(202,071)
<b>Total Revenues</b>	<b>\$ 1,810,713</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,810,713</b>	<b>\$ 2,025,000</b>	<b>\$ 2,025,000</b>	<b>\$ (214,287)</b>
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 368,050	\$ 0	\$ 0	\$ 368,050	\$ 383,007	\$ 383,342	\$ 15,292
Highway and Bridge Maintenance	967,158	0	100	967,258	1,104,166	1,102,634	135,376
Operation and Maintenance of Equipment	294,853	0	1,300	296,153	385,162	392,713	96,560
Employee Benefits	35,360	(130)	0	35,230	50,540	44,636	9,406
Capital Outlay	11,462	(5,823)	0	5,639	339,000	338,550	332,911
<b>Total Expenditures</b>	<b>\$ 1,676,883</b>	<b>\$ (5,953)</b>	<b>\$ 1,400</b>	<b>\$ 1,672,330</b>	<b>\$ 2,261,875</b>	<b>\$ 2,261,875</b>	<b>\$ 589,545</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 133,830	\$ 5,953	\$ (1,400)	\$ 138,383	\$ (236,875)	\$ (236,875)	\$ 375,258
Net Change in Fund Balance	\$ 133,830	\$ 5,953	\$ (1,400)	\$ 138,383	\$ (236,875)	\$ (236,875)	\$ 375,258
Fund Balance, July 1, 2014	328,512	(5,953)	0	322,559	271,447	271,447	51,112
<b>Fund Balance, June 30, 2015</b>	<b>\$ 462,342</b>	<b>\$ 0</b>	<b>\$ (1,400)</b>	<b>\$ 460,942</b>	<b>\$ 34,572</b>	<b>\$ 34,572</b>	<b>\$ 426,370</b>

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
State of Tennessee	\$ 50,000	\$ 0	\$ 0	\$ 50,000	\$ 50,000	\$ 50,000	\$ 0
Federal Government	1,201	0	0	1,201	316,453	316,453	(315,252)
<b>Total Revenues</b>	<b>\$ 51,201</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 51,201</b>	<b>\$ 366,453</b>	<b>\$ 366,453</b>	<b>\$ (315,252)</b>
<u>Expenditures</u>							
<u>Capital Projects</u>							
Highway and Street Capital Projects	\$ 1,542,171	\$ (172,067)	\$ 27,395	\$ 1,397,499	\$ 2,201,533	\$ 2,201,533	\$ 804,034
<b>Total Expenditures</b>	<b>\$ 1,542,171</b>	<b>\$ (172,067)</b>	<b>\$ 27,395</b>	<b>\$ 1,397,499</b>	<b>\$ 2,201,533</b>	<b>\$ 2,201,533</b>	<b>\$ 804,034</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,490,970)	\$ 172,067	\$ (27,395)	\$ (1,346,298)	\$ (1,835,080)	\$ (1,835,080)	\$ 488,782
Net Change in Fund Balance	\$ (1,490,970)	\$ 172,067	\$ (27,395)	\$ (1,346,298)	\$ (1,835,080)	\$ (1,835,080)	\$ 488,782
Fund Balance, July 1, 2014	1,905,596	(172,067)	0	1,733,529	1,835,080	1,835,080	(101,551)
<b>Fund Balance, June 30, 2015</b>	<b>\$ 414,626</b>	<b>\$ 0</b>	<b>\$ (27,395)</b>	<b>\$ 387,231</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 387,231</b>

# 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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,699,238	\$ 4,666,451	\$ 4,666,451	\$ 32,787
Fines, Forfeitures, and Penalties	46,679	47,500	47,500	(821)
Other Local Revenues	785,827	725,000	725,000	60,827
Total Revenues	<u>\$ 5,531,744</u>	<u>\$ 5,438,951</u>	<u>\$ 5,438,951</u>	<u>\$ 92,793</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 387,080	\$ 387,080	\$ 387,080	0
Highways and Streets	303,732	285,000	303,732	0
Education	3,808,041	3,826,774	3,808,042	1
<u>Interest on Debt</u>				
General Government	163,622	175,924	175,924	12,302
Highways and Streets	47,613	47,808	47,808	195
Education	1,270,376	1,360,740	1,360,740	90,364
<u>Other Debt Service</u>				
General Government	87,256	90,015	89,924	2,668
Education	13,291	13,200	13,291	0
Total Expenditures	<u>\$ 6,081,011</u>	<u>\$ 6,186,541</u>	<u>\$ 6,186,541</u>	<u>\$ 105,530</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (549,267)</u>	<u>\$ (747,590)</u>	<u>\$ (747,590)</u>	<u>\$ 198,323</u>
Net Change in Fund Balance	<u>\$ (549,267)</u>	<u>\$ (747,590)</u>	<u>\$ (747,590)</u>	<u>\$ 198,323</u>
Fund Balance, July 1, 2014	<u>5,278,344</u>	<u>5,102,173</u>	<u>5,102,173</u>	<u>176,171</u>
Fund Balance, June 30, 2015	<u>\$ 4,729,077</u>	<u>\$ 4,354,583</u>	<u>\$ 4,354,583</u>	<u>\$ 374,494</u>

# Fiduciary Funds

---

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

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

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

Exhibit I-1

Hamblen County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2015

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,650,997	\$ 1,650,997
Accounts Receivable	0	494	494
Due from Other Governments	1,941,461	0	1,941,461
Total Assets	<u>\$ 1,941,461</u>	<u>\$ 1,651,491</u>	<u>\$ 3,592,952</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 1,941,461	\$ 0	\$ 1,941,461
Due to Litigants, Heirs, and Others	0	1,651,491	1,651,491
Total Liabilities	<u>\$ 1,941,461</u>	<u>\$ 1,651,491</u>	<u>\$ 3,592,952</u>

Exhibit I-2

Hamblen County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds  
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 300	\$ 10,648,039	\$ 10,648,339	\$ 0
Due from Other Governments	1,714,413	1,941,461	1,714,413	1,941,461
Total Assets	\$ 1,714,713	\$ 12,589,500	\$ 12,362,752	\$ 1,941,461
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,714,713	\$ 12,589,500	\$ 12,362,752	\$ 1,941,461
Total Liabilities	\$ 1,714,713	\$ 12,589,500	\$ 12,362,752	\$ 1,941,461
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,494,565	\$ 12,281,367	\$ 12,124,935	\$ 1,650,997
Accounts Receivable	848	0	354	494
Total Assets	\$ 1,495,413	\$ 12,281,367	\$ 12,125,289	\$ 1,651,491
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,495,413	\$ 12,281,367	\$ 12,125,289	\$ 1,651,491
Total Liabilities	\$ 1,495,413	\$ 12,281,367	\$ 12,125,289	\$ 1,651,491
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,494,565	\$ 12,281,367	\$ 12,124,935	\$ 1,650,997
Equity in Pooled Cash and Investments	300	10,648,039	10,648,339	0
Accounts Receivable	848	0	354	494
Due from Other Governments	1,714,413	1,941,461	1,714,413	1,941,461
Total Assets	\$ 3,210,126	\$ 24,870,867	\$ 24,488,041	\$ 3,592,952
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,714,713	\$ 12,589,500	\$ 12,362,752	\$ 1,941,461
Due to Litigants, Heirs, and Others	1,495,413	12,281,367	12,125,289	1,651,491
Total Liabilities	\$ 3,210,126	\$ 24,870,867	\$ 24,488,041	\$ 3,592,952

# 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, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:					
Instruction	\$ 50,580,677	\$ 343,696	\$ 4,110,769	\$ 0	\$ (46,126,212)
Support Services	25,411,619	433,545	769,493	120,544	(24,088,037)
Operation of Non-instructional Services	6,241,671	1,197,365	4,446,865	0	(597,441)
Total Governmental Activities	<u>\$ 82,233,967</u>	<u>\$ 1,974,606</u>	<u>\$ 9,327,127</u>	<u>\$ 120,544</u>	<u>\$ (70,811,690)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 13,236,445
Local Option Sales Taxes					12,005,678
Wheel Tax					731,269
Mixed Drink Tax					38,578
Interstate Telecommunications Tax					6,200
Grants and Contributions Not Restricted to Specific Programs					45,586,658
Unrestricted Investment Income					14,155
Pension Income					73,111
Miscellaneous					47,419
Total General Revenues					<u>\$ 71,739,513</u>
Change in Net Position					\$ 927,823
Net Position, July 1, 2014					58,294,019
Restatement - Pension Liability (See Note I.D.9.)					<u>(13,525,104)</u>
Net Position, June 30, 2015					<u>\$ 45,696,738</u>

Exhibit J-2

Hamblen County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Hamblen County School Department  
June 30, 2015

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General Purpose School</u>	<u>Central Cafeteria</u>	<u>Funds</u> <u>Other Govern-mental Funds</u>	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 7,824,655	\$ 3,522,576	\$ 860,734	\$ 12,207,965
Inventories	0	158,573	0	158,573
Accounts Receivable	35,057	591	0	35,648
Due from Other Governments	3,368,301	0	136,619	3,504,920
Due from Other Funds	55,794	0	0	55,794
Due from Primary Government	0	0	2,500,000	2,500,000
Property Taxes Receivable	13,882,332	0	0	13,882,332
Allowance for Uncollectible Property Taxes	(459,924)	0	0	(459,924)
Total Assets	<u>\$ 24,706,215</u>	<u>\$ 3,681,740</u>	<u>\$ 3,497,353</u>	<u>\$ 31,885,308</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 89,248	\$ 340	\$ 12,470	\$ 102,058
Contracts Payable	424,424	0	966,158	1,390,582
Retainage Payable	0	0	47,535	47,535
Due to Other Funds	0	0	55,794	55,794
Total Liabilities	<u>\$ 513,672</u>	<u>\$ 340</u>	<u>\$ 1,081,957</u>	<u>\$ 1,595,969</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 13,020,041	\$ 0	\$ 0	\$ 13,020,041
Deferred Delinquent Property Taxes	383,549	0	0	383,549
Other Deferred/Unavailable Revenue	1,025,000	0	0	1,025,000
Total Deferred Inflows of Resources	<u>\$ 14,428,590</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,428,590</u>

(Continued)

Exhibit J-2

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

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General Purpose School</u>	<u>Central Cafeteria</u>	<u>Other Governmental Funds</u>	
<u>FUND BALANCES</u>				
Nonspendable:				
Inventory	\$ 0	\$ 158,573	\$ 0	\$ 158,573
Restricted:				
Restricted for Education	325,061	3,522,827	14,561	3,862,449
Restricted for Capital Projects	0	0	2,100,835	2,100,835
Committed:				
Committed for Education	272,741	0	300,000	572,741
Assigned:				
Assigned for Education	647,949	0	0	647,949
Assigned for Capital Projects	3,964,425	0	0	3,964,425
Unassigned	4,553,777	0	0	4,553,777
Total Fund Balances	<u>\$ 9,763,953</u>	<u>\$ 3,681,400</u>	<u>\$ 2,415,396</u>	<u>\$ 15,860,749</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 24,706,215</u>	<u>\$ 3,681,740</u>	<u>\$ 3,497,353</u>	<u>\$ 31,885,308</u>

Exhibit J-3

Hamblen County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Position  
Discretely Presented Hamblen County School Department  
June 30, 2015

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

Total fund balances - balance sheet- governmental funds (Exhibit J-2)		\$	15,860,749
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	3,362,753	
Add: construction in progress		4,068,143	
Add: buildings and improvements net of accumulated depreciation		40,106,194	
Add: other capital assets net of accumulated depreciation		<u>6,646,693</u>	54,183,783
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			1,408,549
(3) Long-term liabilities are not due and payable in the current-period and therefore are not reported in the governmental funds.			
Less: other postemployment benefits liability	\$	(15,117,452)	
Less: compensated absences payable		(210,426)	
Less: retirement incentive		(120,568)	
Less: retirement honorarium		<u>(919,869)</u>	(16,368,315)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	4,789,391	
Less: deferred inflows of resources related to pensions		<u>(14,707,750)</u>	(9,918,359)
(5) Net pensions assets are not current financial resources and therefore are not reported in the governmental funds			<u>530,331</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>45,696,738</u></u>

Exhibit J-4

Hamblen County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Hamblen County School Department  
For the Year Ended June 30, 2015

	Major Funds		Nonmajor	Total
	General Purpose School	Central Cafeteria	Other Governmental Funds	
<u>Revenues</u>				
Local Taxes	\$ 25,880,447	\$ 0	\$ 0	\$ 25,880,447
Charges for Current Services	739,973	1,222,596	0	1,962,569
Other Local Revenues	318,939	10,040	4,115	333,094
State of Tennessee	44,471,071	57,863	0	44,528,934
Federal Government	198,807	4,267,203	5,822,463	10,288,473
Total Revenues	<u>\$ 71,609,237</u>	<u>\$ 5,557,702</u>	<u>\$ 5,826,578</u>	<u>\$ 82,993,517</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 46,973,636	\$ 0	\$ 4,934,158	\$ 51,907,794
Support Services	20,921,629	62,350	969,554	21,953,533
Operation of Non-instructional Services	1,013,583	5,265,406	0	6,278,989
Capital Outlay	2,662,709	0	0	2,662,709
Debt Service:				
Other Debt Service	500,000	0	0	500,000
Capital Projects	0	0	3,704,198	3,704,198
Total Expenditures	<u>\$ 72,071,557</u>	<u>\$ 5,327,756</u>	<u>\$ 9,607,910</u>	<u>\$ 87,007,223</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (462,320)</u>	<u>\$ 229,946</u>	<u>\$ (3,781,332)</u>	<u>\$ (4,013,706)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 38,012	\$ 0	\$ 0	\$ 38,012
Transfers In	55,794	0	0	55,794
Transfers Out	0	0	(55,794)	(55,794)
Total Other Financing Sources (Uses)	<u>\$ 93,806</u>	<u>\$ 0</u>	<u>\$ (55,794)</u>	<u>\$ 38,012</u>
Net Change in Fund Balances	\$ (368,514)	\$ 229,946	\$ (3,837,126)	\$ (3,975,694)
Fund Balance, July 1, 2014	<u>10,132,467</u>	<u>3,451,454</u>	<u>6,252,522</u>	<u>19,836,443</u>
Fund Balance, June 30, 2015	<u>\$ 9,763,953</u>	<u>\$ 3,681,400</u>	<u>\$ 2,415,396</u>	<u>\$ 15,860,749</u>

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, 2015

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)		\$ (3,975,694)
(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	\$ 5,598,930	
Less: current-year depreciation expense	<u>(3,162,825)</u>	2,436,105
(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		(116,112)
(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, 2015	\$ 1,408,549	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(1,256,792)</u>	151,757
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ (4,789)	
Change in other postemployment benefits liability	(1,675,545)	
Change in retirement incentive	7,535	
Change in retirement honorarium	(32,510)	
Change in net pension liability/asset	14,055,435	
Change in deferred outflows related to pensions	4,789,391	
Change in deferred inflows related to pensions	<u>(14,707,750)</u>	<u>2,431,767</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 927,823</u>

Exhibit J-6

Hamblen County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Hamblen County School Department  
June 30, 2015

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Education Capital Projects	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 246,206	\$ 614,528	\$ 860,734
Due from Other Governments	136,619	0	136,619
Due from Primary Government	0	2,500,000	2,500,000
Total Assets	<u>\$ 382,825</u>	<u>\$ 3,114,528</u>	<u>\$ 3,497,353</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 12,470	\$ 0	\$ 12,470
Contracts Payable	0	966,158	966,158
Retainage Payable	0	47,535	47,535
Due to Other Funds	55,794	0	55,794
Total Liabilities	<u>\$ 68,264</u>	<u>\$ 1,013,693</u>	<u>\$ 1,081,957</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 14,561	\$ 0	\$ 14,561
Restricted for Capital Projects	0	2,100,835	2,100,835
Committed:			
Committed for Education	300,000	0	300,000
Total Fund Balances	<u>\$ 314,561</u>	<u>\$ 2,100,835</u>	<u>\$ 2,415,396</u>
Total Liabilities and Fund Balances	<u>\$ 382,825</u>	<u>\$ 3,114,528</u>	<u>\$ 3,497,353</u>

Exhibit J-7

Hamblen County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Hamblen County School Department  
For the Year Ended June 30, 2015

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Education Capital Projects	
<u>Revenues</u>			
Other Local Revenues	\$ 0	\$ 4,115	\$ 4,115
Federal Government	5,822,463	0	5,822,463
Total Revenues	<u>\$ 5,822,463</u>	<u>\$ 4,115</u>	<u>\$ 5,826,578</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 4,934,158	\$ 0	\$ 4,934,158
Support Services	969,554	0	969,554
Capital Projects	0	3,704,198	3,704,198
Total Expenditures	<u>\$ 5,903,712</u>	<u>\$ 3,704,198</u>	<u>\$ 9,607,910</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (81,249)</u>	<u>\$ (3,700,083)</u>	<u>\$ (3,781,332)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (55,794)	\$ 0	\$ (55,794)
Total Other Financing Sources (Uses)	<u>\$ (55,794)</u>	<u>\$ 0</u>	<u>\$ (55,794)</u>
Net Change in Fund Balances	\$ (137,043)	\$ (3,700,083)	\$ (3,837,126)
Fund Balance, July 1, 2014	451,604	5,800,918	6,252,522
Fund Balance, June 30, 2015	<u>\$ 314,561</u>	<u>\$ 2,100,835</u>	<u>\$ 2,415,396</u>

Exhibit J-8

Hamblen County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Hamblen County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 25,880,447	\$ 0	\$ 0	\$ 25,880,447	\$ 25,751,740	\$ 25,751,740	\$ 128,707
Charges for Current Services	739,973	0	0	739,973	504,480	504,480	235,493
Other Local Revenues	318,939	0	0	318,939	20,600	185,392	133,547
State of Tennessee	44,471,071	0	0	44,471,071	44,152,262	44,755,265	(284,194)
Federal Government	198,807	0	0	198,807	48,632	202,993	(4,186)
<b>Total Revenues</b>	<b>\$ 71,609,237</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 71,609,237</b>	<b>\$ 70,477,714</b>	<b>\$ 71,399,870</b>	<b>\$ 209,367</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 37,873,837	\$ (106,110)	\$ 19,905	\$ 37,787,632	\$ 38,665,594	\$ 38,843,202	\$ 1,055,570
Special Education Program	5,930,888	(27,626)	314	5,903,576	6,116,759	6,181,138	277,562
Vocational Education Program	2,959,344	(2,572)	2,467	2,959,239	3,140,193	3,140,193	180,954
Student Body Education Program	150,344	(7,500)	0	142,844	184,570	184,570	41,726
Other	59,223	0	0	59,223	59,223	59,223	0
<u>Support Services</u>							
Attendance	1,586	0	0	1,586	5,850	5,850	4,264
Health Services	654,139	(15,271)	0	638,868	647,006	659,486	20,618
Other Student Support	1,258,699	0	319	1,259,018	1,331,722	1,331,722	72,704
Regular Instruction Program	605,995	(1,713)	343	604,625	661,602	708,718	104,093
Special Education Program	267,544	0	150	267,694	270,212	277,211	9,517
Vocational Education Program	148,216	0	0	148,216	148,918	148,918	702
Other Programs	571,626	0	0	571,626	0	571,626	0
Board of Education	1,005,156	0	125	1,005,281	1,122,454	1,122,454	117,173
Director of Schools	588,880	(698)	1,931	590,113	616,194	616,194	26,081
Office of the Principal	4,182,013	0	0	4,182,013	4,281,861	4,283,888	101,875
Fiscal Services	400,074	(2,550)	0	397,524	411,751	411,751	14,227
Operation of Plant	5,500,767	0	400	5,501,167	6,156,262	6,156,262	655,095
Maintenance of Plant	1,464,995	(28,050)	2,341	1,439,286	1,483,264	1,483,264	43,978
Transportation	2,934,386	(2,285)	2,030	2,934,131	3,052,785	3,135,767	201,636
Central and Other	1,337,553	(50,108)	26,704	1,314,149	1,322,609	1,393,202	79,053

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	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	\$ 236,597	\$ (95)	\$ 113	\$ 236,615	\$ 310,856	\$ 310,856	\$ 74,241
Early Childhood Education	776,986	(7)	674	777,653	781,937	781,937	4,284
<u>Capital Outlay</u>							
Regular Capital Outlay	2,662,709	(1,258,047)	440,928	1,845,590	2,187,800	2,211,416	365,826
<u>Interest on Debt</u>							
Education	0	0	0	0	500,000	0	0
<u>Other Debt Service</u>							
Education	500,000	0	0	500,000	0	500,000	0
Total Expenditures	<u>\$ 72,071,557</u>	<u>\$ (1,502,632)</u>	<u>\$ 498,744</u>	<u>\$ 71,067,669</u>	<u>\$ 73,459,422</u>	<u>\$ 74,518,848</u>	<u>\$ 3,451,179</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (462,320)	\$ 1,502,632	\$ (498,744)	\$ 541,568	\$ (2,981,708)	\$ (3,118,978)	\$ 3,660,546
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 38,012	\$ 0	\$ 0	\$ 38,012	\$ 10,000	\$ 33,616	\$ 4,396
Transfers In	55,794	0	0	55,794	42,000	42,000	13,794
Transfers Out	0	0	0	0	(28,244)	(28,244)	28,244
Total Other Financing Sources	<u>\$ 93,806</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 93,806</u>	<u>\$ 23,756</u>	<u>\$ 47,372</u>	<u>\$ 46,434</u>
Net Change in Fund Balance	\$ (368,514)	\$ 1,502,632	\$ (498,744)	\$ 635,374	\$ (2,957,952)	\$ (3,071,606)	\$ 3,706,980
Fund Balance, July 1, 2014	10,132,467	(1,502,632)	0	8,629,835	8,370,714	8,370,714	259,121
Fund Balance, June 30, 2015	<u>\$ 9,763,953</u>	<u>\$ 0</u>	<u>\$ (498,744)</u>	<u>\$ 9,265,209</u>	<u>\$ 5,412,762</u>	<u>\$ 5,299,108</u>	<u>\$ 3,966,101</u>

Exhibit J-9

Hamblen County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Hamblen County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 5,822,463	\$ 0	\$ 0	\$ 5,822,463	\$ 5,555,301	\$ 6,343,512	\$ (521,049)
<b>Total Revenues</b>	<b>\$ 5,822,463</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 5,822,463</b>	<b>\$ 5,555,301</b>	<b>\$ 6,343,512</b>	<b>\$ (521,049)</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,569,546	\$ (135,026)	\$ 774	\$ 2,435,294	\$ 2,032,160	\$ 2,514,918	\$ 79,624
Special Education Program	2,232,469	0	0	2,232,469	2,214,041	2,348,198	115,729
Vocational Education Program	132,143	(322)	0	131,821	138,421	131,821	0
<u>Support Services</u>							
Other Student Support	198,265	(3,408)	3,587	198,444	167,312	216,810	18,366
Regular Instruction Program	763,629	(198)	3,287	766,718	940,864	1,080,326	313,608
Special Education Program	782	0	0	782	0	782	0
Vocational Education Program	3,488	0	0	3,488	4,500	3,488	0
Transportation	3,390	0	0	3,390	6,000	3,390	0
<b>Total Expenditures</b>	<b>\$ 5,903,712</b>	<b>\$ (138,954)</b>	<b>\$ 7,648</b>	<b>\$ 5,772,406</b>	<b>\$ 5,503,298</b>	<b>\$ 6,299,733</b>	<b>\$ 527,327</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (81,249)	\$ 138,954	\$ (7,648)	\$ 50,057	\$ 52,003	\$ 43,779	\$ 6,278
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (55,794)	\$ 0	\$ 0	\$ (55,794)	\$ (52,003)	\$ (56,426)	\$ 632
<b>Total Other Financing Sources</b>	<b>\$ (55,794)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (55,794)</b>	<b>\$ (52,003)</b>	<b>\$ (56,426)</b>	<b>\$ 632</b>
Net Change in Fund Balance	\$ (137,043)	\$ 138,954	\$ (7,648)	\$ (5,737)	\$ 0	\$ (12,647)	\$ 6,910
Fund Balance, July 1, 2014	451,604	(138,954)	0	312,650	446,071	446,071	(133,421)
<b>Fund Balance, June 30, 2015</b>	<b>\$ 314,561</b>	<b>\$ 0</b>	<b>\$ (7,648)</b>	<b>\$ 306,913</b>	<b>\$ 446,071</b>	<b>\$ 433,424</b>	<b>\$ (126,511)</b>

Exhibit J-10

Hamblen County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Hamblen County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,222,596	\$ 0	\$ 0	\$ 1,222,596	\$ 1,171,876	\$ 1,171,876	\$ 50,720
Other Local Revenues	10,040	0	0	10,040	15,000	15,000	(4,960)
State of Tennessee	57,863	0	0	57,863	56,000	56,000	1,863
Federal Government	4,267,203	0	0	4,267,203	4,297,365	4,297,365	(30,162)
Total Revenues	\$ 5,557,702	\$ 0	\$ 0	\$ 5,557,702	\$ 5,540,241	\$ 5,540,241	\$ 17,461
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 62,350	\$ 0	\$ 0	\$ 62,350	\$ 66,000	\$ 66,000	\$ 3,650
<u>Operation of Non-Instructional Services</u>							
Food Service	5,265,406	(85,779)	46,827	5,226,454	6,221,892	6,221,892	995,438
Total Expenditures	\$ 5,327,756	\$ (85,779)	\$ 46,827	\$ 5,288,804	\$ 6,287,892	\$ 6,287,892	\$ 999,088
Excess (Deficiency) of Revenues Over Expenditures	\$ 229,946	\$ 85,779	\$ (46,827)	\$ 268,898	\$ (747,651)	\$ (747,651)	\$ 1,016,549
Net Change in Fund Balance	\$ 229,946	\$ 85,779	\$ (46,827)	\$ 268,898	\$ (747,651)	\$ (747,651)	\$ 1,016,549
Fund Balance, July 1, 2014	3,451,454	(85,779)	0	3,365,675	3,452,218	3,452,218	(86,543)
Fund Balance, June 30, 2015	\$ 3,681,400	\$ 0	\$ (46,827)	\$ 3,634,573	\$ 2,704,567	\$ 2,704,567	\$ 930,006

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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, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Paid and/or Matured During Period	Outstanding 6-30-15
<b><u>OTHER LOANS PAYABLE</u></b>							
<b><u>Payable through General Debt Service Fund</u></b>							
Local Government Public Improvement Bonds, Series E-4-A - Refunding	\$ 10,100,000	Variable (1)	8-13-08	6-1-25	\$ 10,100,000	\$ 0	\$ 10,100,000
Local Government Public Improvement Bonds, Series VII-C-2 - Refunding	20,200,000	Variable (1)	11-24-08	6-1-17	6,165,000	2,830,000	3,335,000
Qualified School Construction Bonds	11,280,000	1.515 %	12-17-09	7-1-26	8,581,893	703,854	7,878,039
Total Payable through General Debt Service Fund					<u>\$ 24,846,893</u>	<u>\$ 3,533,854</u>	<u>\$ 21,313,039</u>
Total Other Loans Payable					<u>\$ 24,846,893</u>	<u>\$ 3,533,854</u>	<u>\$ 21,313,039</u>
<b><u>BONDS PAYABLE</u></b>							
<b><u>Payable through General Debt Service Fund</u></b>							
General Obligation Refunding Bonds, Series 2009	10,860,000	3 to 5	9-23-09	6-1-19	\$ 10,345,000	\$ 110,000	\$ 10,235,000
General Obligation Bonds, Series 2010	2,375,000	2	8-11-10	6-1-16	540,000	270,000	270,000
General Obligation Bonds, Series 2014	5,200,000	1.446	3-28-14	6-1-23	5,200,000	585,000	4,615,000
Total Payable through General Debt Service Fund					<u>\$ 16,085,000</u>	<u>\$ 965,000</u>	<u>\$ 15,120,000</u>
Total Bonds Payable					<u>\$ 16,085,000</u>	<u>\$ 965,000</u>	<u>\$ 15,120,000</u>

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

Exhibit K-2

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

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2016	\$ 3,678,854	\$ 788,820	\$ 27,016	\$ 4,494,690
2017	1,063,854	669,612	25,352	1,758,818
2018	703,854	655,187	25,352	1,384,393
2019	703,854	655,187	25,352	1,384,393
2020	2,173,854	655,187	21,662	2,850,703
2021	2,253,854	584,700	17,772	2,856,326
2022	2,333,854	510,378	13,680	2,857,912
2023	2,423,854	432,220	9,363	2,865,437
2024	2,518,854	349,745	4,807	2,873,406
2025	2,618,854	262,716	0	2,881,570
2026	773,140	170,892	0	944,032
2027	66,359	14,241	0	80,600
Total	\$ 21,313,039	\$ 5,748,885	\$ 170,356	\$ 27,232,280

Year Ending June 30	Bonds		Total
	Principal	Interest	
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
Total	\$ 15,120,000	\$ 1,737,680	\$ 16,857,680

Exhibit K-3

Hamblen County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Hamblen County School Department  
For the Year Ended June 30, 2015

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Capital Projects	Funds to complete project	\$ <u>15,000</u>
Total Transfers Primary Government			\$ <u><u>15,000</u></u>
<u>DISCRETELY PRESENTED HAMBLEN COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ <u>55,794</u>
Total Transfers Discretely Presented Hamblen County School Department			\$ <u><u>55,794</u></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, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 91,017	\$ 100,000	The Cincinnati Insurance Company
Highway Commissioner	Section 8-24-102, <i>TCA</i>	83,944	100,000	RLI Insurance Company
Director of Schools	State Board of Education and County Board of Education	119,544 (1)	50,000	Ohio Casualty Insurance Company
Trustee	Section 8-24-102, <i>TCA</i>	76,313	2,464,079	The Cincinnati Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	76,313 (2)	50,000	RLI Insurance Company
Finance Director				
Joey Barnard (7-1-14 through 2-27-15)	County Commission	64,891 (3)	100,000	The Cincinnati Insurance Company
Michelle Woods (3-16-15 through 6-30-15)	County Commission	14,831	100,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	76,313	100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	76,313	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	76,313 (4)	100,000	Ohio Casualty Insurance Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	76,313	100,000	The Cincinnati Insurance Company
Sheriff	Section 8-24-102, <i>TCA</i> , and County Commission	87,283 (5)	100,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			500,000	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 \$384.
- (2) Does not include a travel related supplement of \$2,032.
- (3) Includes a payment for compensatory time of \$14,213 and unused vacation time of \$3,281.
- (4) Does not include special commissioner fees of \$29,863.
- (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, 2015

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 6,365,423	\$ 1,139,903	\$ 0	\$ 0	\$ 0	\$ 4,063,563
Discount on Property Taxes	57,719	0	0	0	0	0
Trustee's Collections - Prior Year	138,797	28,201	0	0	0	87,505
Trustee's Collections - Bankruptcy	1,370	425	0	0	0	856
Circuit/Clerk and Master Collections - Prior Years	99,704	23,796	0	0	0	62,857
Interest and Penalty	68,999	15,635	0	0	0	43,499
Payments in-Lieu-of Taxes - T.V.A.	636	290	0	0	0	401
Payments in-Lieu-of Taxes - Local Utilities	94,216	0	0	0	0	59,397
Payments in-Lieu-of Taxes - Other	12,567	0	0	0	0	7,376
<u>County Local Option Taxes</u>						
Local Option Sales Tax	284,855	625,000	0	0	0	318,715
Hotel/Motel Tax	10,246	0	0	0	0	0
Wheel Tax	787,521	0	0	0	0	0
Litigation Tax - General	141,459	0	0	0	0	0
Litigation Tax - Special Purpose	63,687	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	51,868
Litigation Tax - Courthouse Security	57,576	0	0	0	0	0
Business Tax	887,987	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	43,928	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	0	3,201
Wholesale Beer Tax	0	103,903	0	0	0	0
Interstate Telecommunications Tax	3,311	0	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 9,076,073</b>	<b>\$ 1,937,153</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 43,928</b>	<b>\$ 4,699,238</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	General Debt Service
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 5,244	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	372,469	0	0	0	0	0
<u>Permits</u>						
Beer Permits	0	1,769	0	0	0	0
Building Permits	90,666	0	0	0	0	0
Total Licenses and Permits	\$ 468,379	\$ 1,769	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 1,671	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	14,495	0	0	0	0	0
Drug Control Fines	4,958	0	8,406	0	0	0
Drug Court Fees	2,341	0	0	0	0	0
Jail Fees	2,271	0	0	0	0	1,846
DUI Treatment Fines	831	0	0	0	0	0
Data Entry Fee - Circuit Court	3,614	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	42,996	0	0	0	0	0
Fines for Littering	10	0	0	0	0	0
Officers Costs	67,179	0	0	0	0	0
Game and Fish Fines	506	0	0	0	0	0
Drug Control Fines	5,272	0	5,221	0	0	0
Drug Court Fees	5,452	0	0	0	0	0
Jail Fees	71,905	0	0	0	0	44,833
Interpreter Fee	47	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
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
DUI Treatment Fines	\$ 9,213	\$ 0	\$ 0	\$ 0	\$ 0	0
Data Entry Fee - General Sessions Court	31,030	0	0	0	0	0
Courtroom Security Fee	1,621	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	10,598	0	0	0	0	0
Officers Costs	10,522	0	0	0	0	0
Data Entry Fee - Juvenile Court	3,330	0	0	0	0	0
Courtroom Security Fee	2	0	0	0	0	0
<u>Chancery Court</u>						
Data Entry Fee - Chancery Court	6,804	0	0	0	0	0
<u>Other Courts - In-county</u>						
Drug Court Fees	2,380	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	1,478	0	10,487	0	0	0
Other Fines, Forfeitures, and Penalties	527	0	0	0	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 301,053</b>	<b>\$ 0</b>	<b>\$ 24,114</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>46,679</b>
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 4,055	\$ 0	\$ 0	\$ 0	\$ 0	0
Work Release Charges for Board	15,030	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	69,010	0	0	0	0	0
Copy Fees	8,169	0	0	0	0	0
Greenbelt Late Application Fee	150	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Telephone Commissions	\$ 52,798	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Vending Machine Collections	179	0	0	0	0	0
Tourism Fees	83,315	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	7,072	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	29,863	0	0
Data Processing Fee - Register	17,756	0	0	0	0	0
Probation Fees	1,551	0	0	0	0	0
Data Processing Fee - Sheriff	12,115	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	4,650	0	0	0	0	0
Data Processing Fee - County Clerk	7,758	0	0	0	0	0
<u>Education Charges</u>						
Community Service Fees - Adults	7,951	0	0	0	0	0
<b>Total Charges for Current Services</b>	<b>\$ 284,487</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 36,935</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 756	\$ 0	\$ 447	\$ 0	\$ 0	\$ 285,827
Lease/Rentals	30,675	0	0	0	0	0
Sale of Materials and Supplies	253	2,197	0	0	434	0
Commissary Sales	16,084	0	0	0	0	0
Sale of Maps	90	0	0	0	0	0
Miscellaneous Refunds	27,733	1,499	0	0	749	0
<u>Nonrecurring Items</u>						
Damages Recovered from Individuals	0	0	2,743	0	2,673	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>						
Other Local Revenues	\$ 135	\$ 0	\$ 0	\$ 0	\$ 0	\$ 500,000
Total Other Local Revenues	\$ 75,726	\$ 3,696	\$ 3,190	\$ 0	\$ 3,856	\$ 785,827
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 732,311	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	325,149	0	0	0	0	0
General Sessions Court Clerk	698,020	0	0	0	0	0
Clerk and Master	278,027	0	0	0	0	0
Juvenile Court Clerk	85,763	0	0	0	0	0
Register	225,564	0	0	0	0	0
Sheriff	21,097	0	0	0	0	0
Trustee	895,276	0	0	0	0	0
Total Fees Received from County Officials	\$ 3,261,207	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	58,081	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	19,800	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	411,705	0	0	0	0	0
<u>Public Works Grants</u>						
Litter Program	24,300	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues</u>						
Income Tax	\$ 171,388	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Beer Tax	0	18,055	0	0	0	0
Vehicle Certificate of Title Fees	18,753	0	0	0	0	0
Alcoholic Beverage Tax	82,933	0	0	0	0	0
State Revenue Sharing - T.V.A.	773,504	0	0	0	80,000	0
Contracted Prisoner Boarding	988,344	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,637,801	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	91,260	0	0	0	0	0
<b>Total State of Tennessee</b>	<b>\$ 2,729,732</b>	<b>\$ 18,055</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,762,929</b>	<b>\$ 0</b>
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 29,200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	14,909	0	0	0	0	0
Other Federal through State	19,950	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Asset Forfeiture Funds	0	0	44,477	0	0	0
Other Direct Federal Revenue	44,662	0	0	0	0	0
<b>Total Federal Government</b>	<b>\$ 108,721</b>	<b>\$ 0</b>	<b>\$ 44,477</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 9,250	\$ 0	\$ 0	\$ 0
Contracted Services	80,041	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	5,754	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 85,795</u>	<u>\$ 0</u>	<u>\$ 9,250</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 16,391,173</u>	<u>\$ 1,960,673</u>	<u>\$ 81,031</u>	<u>\$ 36,935</u>	<u>\$ 1,810,713</u>	<u>\$ 5,531,744</u>

(Continued)

Exhibit K-5

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

	<u>Capital Projects Funds</u>		
	General Capital Projects	Highway Capital Projects	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 0	\$ 0	\$ 11,568,889
Discount on Property Taxes	0	0	57,719
Trustee's Collections - Prior Year	0	0	254,503
Trustee's Collections - Bankruptcy	0	0	2,651
Circuit/Clerk and Master Collections - Prior Years	0	0	186,357
Interest and Penalty	0	0	128,133
Payments in-Lieu-of Taxes - T.V.A.	0	0	1,327
Payments in-Lieu-of Taxes - Local Utilities	0	0	153,613
Payments in-Lieu-of Taxes - Other	0	0	19,943
<u>County Local Option Taxes</u>			
Local Option Sales Tax	0	0	1,228,570
Hotel/Motel Tax	0	0	10,246
Wheel Tax	0	0	787,521
Litigation Tax - General	0	0	141,459
Litigation Tax - Special Purpose	0	0	63,687
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	51,868
Litigation Tax - Courthouse Security	0	0	57,576
Business Tax	0	0	887,987
Mineral Severance Tax	0	0	43,928
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0	0	3,201
Wholesale Beer Tax	0	0	103,903
Interstate Telecommunications Tax	0	0	3,311
Total Local Taxes	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,756,392</u>

(Continued)

Exhibit K-5

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

	<u>Capital Projects Funds</u>		
	<u>General Capital Projects</u>	<u>Highway Capital Projects</u>	<u>Total</u>
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 0	\$ 0	\$ 5,244
Cable TV Franchise	0	0	372,469
<u>Permits</u>			
Beer Permits	0	0	1,769
Building Permits	0	0	90,666
<b>Total Licenses and Permits</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 470,148</b>
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$ 0	\$ 0	\$ 1,671
Officers Costs	0	0	14,495
Drug Control Fines	0	0	13,364
Drug Court Fees	0	0	2,341
Jail Fees	0	0	4,117
DUI Treatment Fines	0	0	831
Data Entry Fee - Circuit Court	0	0	3,614
<u>General Sessions Court</u>			
Fines	0	0	42,996
Fines for Littering	0	0	10
Officers Costs	0	0	67,179
Game and Fish Fines	0	0	506
Drug Control Fines	0	0	10,493
Drug Court Fees	0	0	5,452
Jail Fees	0	0	116,738
Interpreter Fee	0	0	47

(Continued)

Exhibit K-5

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

	<u>Capital Projects Funds</u>		
	<u>General Capital Projects</u>	<u>Highway Capital Projects</u>	<u>Total</u>
<u>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>General Sessions Court (Cont.)</u>			
DUI Treatment Fines	\$ 0	\$ 0	\$ 9,213
Data Entry Fee - General Sessions Court	0	0	31,030
Courtroom Security Fee	0	0	1,621
<u>Juvenile Court</u>			
Fines	0	0	10,598
Officers Costs	0	0	10,522
Data Entry Fee - Juvenile Court	0	0	3,330
Courtroom Security Fee	0	0	2
<u>Chancery Court</u>			
Data Entry Fee - Chancery Court	0	0	6,804
<u>Other Courts - In-county</u>			
Drug Court Fees	0	0	2,380
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property	0	0	11,965
Other Fines, Forfeitures, and Penalties	0	0	527
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 371,846
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Patient Charges	\$ 0	\$ 0	\$ 4,055
Work Release Charges for Board	0	0	15,030
<u>Fees</u>			
Recreation Fees	0	0	69,010
Copy Fees	0	0	8,169
Greenbelt Late Application Fee	0	0	150

(Continued)

Exhibit K-5

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

	<u>Capital Projects Funds</u>		
	<u>General Capital Projects</u>	<u>Highway Capital Projects</u>	<u>Total</u>
<u>Charges for Current Services (Cont.)</u>			
<u>Fees (Cont.)</u>			
Telephone Commissions	\$ 0	\$ 0	\$ 52,798
Vending Machine Collections	0	0	179
Tourism Fees	0	0	83,315
Constitutional Officers' Fees and Commissions	0	0	7,072
Special Commissioner Fees/Special Master Fees	0	0	29,863
Data Processing Fee - Register	0	0	17,756
Probation Fees	0	0	1,551
Data Processing Fee - Sheriff	0	0	12,115
Sexual Offender Registration Fee - Sheriff	0	0	4,650
Data Processing Fee - County Clerk	0	0	7,758
<u>Education Charges</u>			
Community Service Fees - Adults	0	0	7,951
<b>Total Charges for Current Services</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 321,422</b>
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 0	\$ 0	\$ 287,030
Lease/Rentals	0	0	30,675
Sale of Materials and Supplies	0	0	2,884
Commissary Sales	0	0	16,084
Sale of Maps	0	0	90
Miscellaneous Refunds	0	0	29,981
<u>Nonrecurring Items</u>			
Damages Recovered from Individuals	0	0	5,416

(Continued)

Exhibit K-5

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

	<u>Capital Projects Funds</u>		
	General Capital Projects	Highway Capital Projects	Total
<u>Other Local Revenues (Cont.)</u>			
<u>Other Local Revenues</u>			
Other Local Revenues	\$ 0	\$ 0	\$ 500,135
Total Other Local Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 872,295</u>
<u>Fees Received from County Officials</u>			
<u>Fees in-Lieu-of Salary</u>			
County Clerk	\$ 0	\$ 0	\$ 732,311
Circuit Court Clerk	0	0	325,149
General Sessions Court Clerk	0	0	698,020
Clerk and Master	0	0	278,027
Juvenile Court Clerk	0	0	85,763
Register	0	0	225,564
Sheriff	0	0	21,097
Trustee	0	0	895,276
Total Fees Received from County Officials	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,261,207</u>
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	\$ 0	\$ 0	\$ 4,500
Solid Waste Grants	0	0	58,081
<u>Public Safety Grants</u>			
Law Enforcement Training Programs	0	0	19,800
<u>Health and Welfare Grants</u>			
Health Department Programs	0	0	411,705
<u>Public Works Grants</u>			
Litter Program	0	0	24,300

(Continued)

Exhibit K-5

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

	<u>Capital Projects Funds</u>		
	<u>General Capital Projects</u>	<u>Highway Capital Projects</u>	<u>Total</u>
<u>State of Tennessee (Cont.)</u>			
<u>Other State Revenues</u>			
Income Tax	\$ 0	\$ 0	\$ 171,388
Beer Tax	0	0	18,055
Vehicle Certificate of Title Fees	0	0	18,753
Alcoholic Beverage Tax	0	0	82,933
State Revenue Sharing - T.V.A.	0	50,000	903,504
Contracted Prisoner Boarding	0	0	988,344
Gasoline and Motor Fuel Tax	0	0	1,637,801
Petroleum Special Tax	0	0	45,128
Registrar's Salary Supplement	0	0	15,164
Other State Grants	108,264	0	178,264
Other State Revenues	0	0	91,260
Total State of Tennessee	<u>\$ 108,264</u>	<u>\$ 50,000</u>	<u>\$ 4,668,980</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 29,200
Homeland Security Grants	0	0	14,909
Other Federal through State	0	1,201	21,151
<u>Direct Federal Revenue</u>			
Asset Forfeiture Funds	0	0	44,477
Other Direct Federal Revenue	0	0	44,662
Total Federal Government	<u>\$ 0</u>	<u>\$ 1,201</u>	<u>\$ 154,399</u>

(Continued)

Exhibit K-5

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

	<u>Capital Projects Funds</u>		
	<u>General Capital Projects</u>	<u>Highway Capital Projects</u>	<u>Total</u>
<hr/>			
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$ 0	\$ 0	\$ 9,250
Contracted Services	0	0	80,041
<u>Citizens Groups</u>			
Donations	0	0	5,754
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 95,045</u>
Total	<u>\$ 108,264</u>	<u>\$ 51,201</u>	<u>\$ 25,971,734</u>

Exhibit K-6

Hamblen County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Hamblen County School Department  
For the Year Ended June 30, 2015

	General Purpose School	Special Revenue Funds			Capital Projects Fund	Total
		School Federal Projects	Central Cafeteria	Education Capital Projects		
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 12,315,512	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,315,512
Trustee's Collections - Prior Year	268,734	0	0	0	0	268,734
Trustee's Collections - Bankruptcy	2,647	0	0	0	0	2,647
Circuit/Clerk and Master Collections - Prior Years	187,264	0	0	0	0	187,264
Interest and Penalty	128,482	0	0	0	0	128,482
Payments in-Lieu-of Taxes - T.V.A.	1,230	0	0	0	0	1,230
Payments in-Lieu-of Taxes - Local Utilities	182,287	0	0	0	0	182,287
Payments in-Lieu-of Taxes - Other	24,861	0	0	0	0	24,861
<u>County Local Option Taxes</u>						
Local Option Sales Tax	11,980,579	0	0	0	0	11,980,579
Wheel Tax	731,269	0	0	0	0	731,269
Mixed Drink Tax	38,578	0	0	0	0	38,578
<u>Statutory Local Taxes</u>						
Bank Excise Tax	12,804	0	0	0	0	12,804
Interstate Telecommunications Tax	6,200	0	0	0	0	6,200
Total Local Taxes	\$ 25,880,447	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,880,447
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Regular Day Students	\$ 109,450	\$ 0	\$ 0	\$ 0	\$ 0	\$ 109,450
Tuition - Other	234,246	0	0	0	0	234,246
Lunch Payments - Children	0	0	941,210	0	0	941,210
Lunch Payments - Adults	0	0	97,467	0	0	97,467
A la carte Sales	0	0	146,651	0	0	146,651
Receipts from Individual Schools	209,216	0	0	0	0	209,216

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>General Purpose School</u>	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Projects Fund Education Capital Projects</u>	
<u>Charges for Current Services (Cont.)</u>					
<u>Other Charges for Services</u>					
Other Charges for Services	\$ 187,061	\$ 0	\$ 37,268	\$ 0	\$ 224,329
Total Charges for Current Services	\$ 739,973	\$ 0	\$ 1,222,596	\$ 0	\$ 1,962,569
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 10,040	\$ 4,115	\$ 14,155
Lease/Rentals	12,037	0	0	0	12,037
Sale of Materials and Supplies	994	0	0	0	994
E-Rate Funding	81,350	0	0	0	81,350
Miscellaneous Refunds	6,140	0	0	0	6,140
<u>Nonrecurring Items</u>					
Sale of Equipment	14,958	0	0	0	14,958
Sale of Property	79,649	0	0	0	79,649
Damages Recovered from Individuals	2,484	0	0	0	2,484
Contributions and Gifts	120,544	0	0	0	120,544
<u>Other Local Revenues</u>					
Other Local Revenues	783	0	0	0	783
Total Other Local Revenues	\$ 318,939	\$ 0	\$ 10,040	\$ 4,115	\$ 333,094
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 571,626	\$ 0	\$ 0	\$ 0	\$ 571,626
<u>State Education Funds</u>					
Basic Education Program	42,678,999	0	0	0	42,678,999

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>General Purpose School</u>	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Projects Fund Education Capital Projects</u>	
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Early Childhood Education	\$ 634,815	\$ 0	\$ 0	\$ 0	\$ 634,815
School Food Service	0	0	57,863	0	57,863
Other State Education Funds	43,990	0	0	0	43,990
Career Ladder Program	243,160	0	0	0	243,160
Career Ladder - Extended Contract	60,220	0	0	0	60,220
<u>Other State Revenues</u>					
Other State Grants	238,261	0	0	0	238,261
Total State of Tennessee	\$ 44,471,071	\$ 0	\$ 57,863	\$ 0	\$ 44,528,934
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 2,942,444	\$ 0	\$ 2,942,444
USDA - Commodities	0	0	277,165	0	277,165
Breakfast	0	0	1,036,156	0	1,036,156
USDA - Other	0	0	11,438	0	11,438
Vocational Education - Basic Grants to States	0	175,083	0	0	175,083
Other Vocational	44,446	0	0	0	44,446
Title I Grants to Local Education Agencies	0	2,811,281	0	0	2,811,281
Special Education - Grants to States	154,361	2,126,719	0	0	2,281,080
Special Education Preschool Grants	0	100,795	0	0	100,795
English Language Acquisition Grants	0	119,020	0	0	119,020
Education for Homeless Children and Youth	0	69,303	0	0	69,303
Eisenhower Professional Development State Grants	0	420,262	0	0	420,262
Total Federal Government	\$ 198,807	\$ 5,822,463	\$ 4,267,203	\$ 0	\$ 10,288,473
Total	\$ 71,609,237	\$ 5,822,463	\$ 5,557,702	\$ 4,115	\$ 82,993,517

Hamblen County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2015

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	71,400	
Pensions		3,471	
Life Insurance		366	
Medical Insurance		72,658	
Employer Medicare		838	
Audit Services		18,763	
Contracts with Private Agencies		1,100	
Dues and Memberships		1,800	
Pauper Burials		500	
Travel		884	
Office Supplies		329	
Other Charges		3,740	
Total County Commission			\$ 175,849

Board of Equalization

Board and Committee Members Fees	\$	1,690	
Total Board of Equalization			1,690

County Mayor/Executive

County Official/Administrative Officer	\$	91,017	
Assistant(s)		29,580	
Social Security		7,017	
Pensions		10,902	
Life Insurance		52	
Medical Insurance		20,319	
Employer Medicare		1,641	
Communication		2,159	
Dues and Memberships		3,084	
Postal Charges		4,997	
Printing, Stationery, and Forms		572	
Rentals		3,361	
Travel		3,502	
Office Supplies		4,497	
Premiums on Corporate Surety Bonds		799	
Other Charges		7,542	
Office Equipment		761	
Total County Mayor/Executive			191,802

County Attorney

Other Salaries and Wages	\$	1,150	
Social Security		71	
Employer Medicare		17	
Legal Services		16,541	
Total County Attorney			17,779

Election Commission

County Official/Administrative Officer	\$	68,682	
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(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Deputy(ies)	\$	51,983	
Overtime Pay		483	
Election Commission		12,000	
Election Workers		49,764	
Social Security		8,353	
Pensions		10,912	
Life Insurance		79	
Medical Insurance		21,309	
Employer Medicare		1,954	
Communication		208	
Contracts with Private Agencies		21,020	
Dues and Memberships		250	
Legal Notices, Recording, and Court Costs		11,173	
Maintenance Agreements		12,900	
Postal Charges		3,105	
Printing, Stationery, and Forms		1,056	
Rentals		1,808	
Travel		6,878	
Office Supplies		2,944	
Office Equipment		7,634	
Total Election Commission			\$ 294,495

Register of Deeds

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		87,239	
Part-time Personnel		19,232	
Social Security		11,021	
Pensions		14,767	
Life Insurance		105	
Medical Insurance		29,283	
Employer Medicare		2,578	
Communication		27	
Dues and Memberships		687	
Postal Charges		762	
Travel		170	
Office Supplies		8,621	
Premiums on Corporate Surety Bonds		799	
Data Processing Equipment		16,705	
Total Register of Deeds			268,309

Planning

County Official/Administrative Officer	\$	55,840	
Assistant(s)		24,008	
Deputy(ies)		34,550	
Secretary(ies)		28,776	
Board and Committee Members Fees		16,200	
Social Security		9,158	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Pensions	\$	12,174	
Life Insurance		93	
Medical Insurance		50,129	
Employer Medicare		2,142	
Communication		1,304	
Contracts with Government Agencies		3,460	
Contracts with Private Agencies		3,369	
Dues and Memberships		214	
Legal Services		2,416	
Legal Notices, Recording, and Court Costs		943	
Maintenance and Repair Services - Vehicles		199	
Postal Charges		306	
Printing, Stationery, and Forms		216	
Rentals		1,808	
Gasoline		1,307	
Office Supplies		4,818	
Refunds		150	
In Service/Staff Development		1,357	
Data Processing Equipment		929	
Total Planning			\$ 255,866

Geographical Information Systems

Contracts with Government Agencies	\$	22,934	
Total Geographical Information Systems			22,934

Other Facilities

Supervisor/Director	\$	35,581	
Custodial Personnel		58,484	
Maintenance Personnel		59,989	
Part-time Personnel		21,733	
Overtime Pay		8,228	
Social Security		10,501	
Pensions		14,171	
Life Insurance		154	
Medical Insurance		62,072	
Employer Medicare		2,456	
Communication		34,774	
Maintenance Agreements		41,217	
Maintenance and Repair Services - Buildings		44,818	
Maintenance and Repair Services - Equipment		2,106	
Maintenance and Repair Services - Vehicles		888	
Pest Control		3,592	
Other Contracted Services		655	
Custodial Supplies		22,812	
Electricity		269,365	
Gasoline		3,484	
Natural Gas		28,673	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Other Facilities (Cont.)

Uniforms	\$	4,407	
Heating and Air Conditioning Equipment		5,830	
Maintenance Equipment		1,642	
Total Other Facilities			\$ 737,632

Preservation of Records

Supervisor/Director	\$	11,927	
Social Security		739	
Employer Medicare		173	
Postal Charges		6	
Rentals		1,669	
Office Supplies		4,759	
Total Preservation of Records			19,273

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	65,509	
Accountants/Bookkeepers		129,473	
Part-time Personnel		3,315	
Overtime Pay		18,854	
Social Security		12,066	
Pensions		19,034	
Life Insurance		120	
Medical Insurance		64,940	
Employer Medicare		2,822	
Contracts with Private Agencies		5,893	
Dues and Memberships		725	
Printing, Stationery, and Forms		597	
Travel		2,076	
Office Supplies		5,714	
Premiums on Corporate Surety Bonds		1,495	
In Service/Staff Development		1,254	
Fines, Assessments, and Penalties		5,038	
Total Accounting and Budgeting			338,925

Purchasing

Purchasing Personnel	\$	28,562	
Social Security		1,653	
Pensions		2,582	
Life Insurance		26	
Medical Insurance		6,251	
Employer Medicare		387	
Advertising		51	
Printing, Stationery, and Forms		754	
Office Supplies		231	
Total Purchasing			40,497

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office

County Official/Administrative Officer	\$	78,345	
Deputy(ies)		130,812	
Data Processing Personnel		37,606	
Social Security		14,317	
Pensions		22,308	
Life Insurance		157	
Medical Insurance		57,694	
Employer Medicare		3,348	
Communication		70	
Contracts with Government Agencies		16,097	
Dues and Memberships		1,300	
Maintenance and Repair Services - Vehicles		348	
Postal Charges		2,399	
Printing, Stationery, and Forms		292	
Travel		187	
Data Processing Supplies		144	
Gasoline		1,723	
Office Supplies		2,113	
Premiums on Corporate Surety Bonds		105	
Data Processing Equipment		1,422	
Office Equipment		1,599	
Total Property Assessor's Office			\$ 372,386

Reappraisal Program

Deputy(ies)	\$	29,980	
Part-time Personnel		4,715	
Social Security		1,971	
Pensions		2,710	
Life Insurance		26	
Medical Insurance		10,530	
Employer Medicare		461	
Contracts with Government Agencies		5,765	
Contracts with Private Agencies		66,820	
Legal Services		149	
Postal Charges		11,525	
Rentals		1,086	
Total Reappraisal Program			135,738

County Trustee's Office

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		106,740	
Part-time Personnel		13,935	
Overtime Pay		1,700	
Social Security		11,658	
Pensions		16,702	
Life Insurance		123	
Medical Insurance		50,497	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Employer Medicare	\$	2,727	
Communication		98	
Dues and Memberships		360	
Legal Notices, Recording, and Court Costs		737	
Maintenance Agreements		14,556	
Maintenance and Repair Services - Buildings		7,756	
Postal Charges		8,058	
Printing, Stationery, and Forms		8,926	
Rentals		1,669	
Travel		3,031	
Office Supplies		2,562	
Premiums on Corporate Surety Bonds		12,194	
In Service/Staff Development		827	
Total County Trustee's Office			\$ 341,169

County Clerk's Office

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		279,366	
Social Security		20,714	
Pensions		32,135	
Life Insurance		286	
Medical Insurance		92,655	
Employer Medicare		4,844	
Communication		1,067	
Dues and Memberships		1,277	
Maintenance Agreements		18,134	
Postal Charges		18,720	
Printing, Stationery, and Forms		386	
Rentals		1,980	
Travel		989	
Office Supplies		7,931	
Premiums on Corporate Surety Bonds		799	
Data Processing Equipment		13,283	
Office Equipment		934	
Total County Clerk's Office			571,813

Data Processing

Other Salaries and Wages	\$	1,200	
Social Security		71	
Pensions		108	
Employer Medicare		16	
Contracts with Private Agencies		40,348	
Data Processing Services		3,091	
Maintenance Agreements		17,847	
Data Processing Supplies		1,314	
Data Processing Equipment		50,747	
Total Data Processing			114,742

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Other Finance

Deputy(ies)	\$	158,672	
Maintenance Personnel		1,412	
Part-time Personnel		5,519	
Social Security		9,463	
Pensions		13,292	
Life Insurance		142	
Medical Insurance		55,544	
Employer Medicare		2,214	
Communication		2,716	
Operating Lease Payments		31,389	
Maintenance and Repair Services - Buildings		572	
Rentals		703	
Office Supplies		1,906	
Office Equipment		375	
Total Other Finance			\$ 283,919

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		350,064	
Part-time Personnel		43,107	
Other Salaries and Wages		23,144	
Jury and Witness Expense		17,966	
Social Security		29,508	
Pensions		37,999	
Life Insurance		312	
Medical Insurance		97,605	
Employer Medicare		6,907	
Communication		1,473	
Dues and Memberships		661	
Legal Notices, Recording, and Court Costs		304	
Maintenance Agreements		4,118	
Postal Charges		5,278	
Printing, Stationery, and Forms		9,384	
Rentals		7,443	
Travel		47	
Other Contracted Services		6,642	
Office Supplies		9,157	
Premiums on Corporate Surety Bonds		799	
Office Equipment		660	
Total Circuit Court			728,891

General Sessions Court

Judge(s)	\$	304,054	
Other Salaries and Wages		13,973	
Social Security		17,125	
Pensions		27,290	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Life Insurance	\$	48	
Medical Insurance		22,057	
Employer Medicare		4,544	
Communication		237	
Dues and Memberships		1,844	
Travel		2,646	
Other Contracted Services		1,411	
Office Supplies		2,346	
In Service/Staff Development		140	
Total General Sessions Court			\$ 397,715

Drug Court

Supervisor/Director	\$	31,365	
Deputy(ies)		19,500	
Part-time Personnel		29,605	
Social Security		4,687	
Pensions		4,451	
Life Insurance		52	
Medical Insurance		14,646	
Employer Medicare		1,096	
Communication		2,785	
Dues and Memberships		550	
Evaluation and Testing		9,520	
Maintenance Agreements		2,750	
Rentals		1,669	
Travel		4,500	
Drug Treatment		595	
Gasoline		317	
Office Supplies		1,872	
Other Supplies and Materials		1,484	
Data Processing Equipment		929	
Total Drug Court			132,373

Chancery Court

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		117,673	
Part-time Personnel		14,250	
Social Security		11,950	
Pensions		17,500	
Life Insurance		131	
Medical Insurance		57,574	
Employer Medicare		2,795	
Communication		244	
Dues and Memberships		847	
Maintenance Agreements		8,775	
Postal Charges		7,194	
Printing, Stationery, and Forms		494	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Rentals	\$	2,256	
Travel		2,374	
Office Supplies		4,620	
Premiums on Corporate Surety Bonds		228	
Furniture and Fixtures		2,240	
Total Chancery Court			\$ 327,458

Juvenile Court

Judge(s)	\$	7,028	
Assistant(s)		34,562	
Supervisor/Director		45,632	
Probation Officer(s)		34,673	
Guidance Personnel		1,997	
Educational Assistants		31,425	
Attendants		24,754	
Social Security		10,550	
Pensions		11,788	
Life Insurance		105	
Medical Insurance		35,045	
Employer Medicare		2,467	
Communication		536	
Contracts with Government Agencies		2,025	
Dues and Memberships		25	
Evaluation and Testing		930	
Maintenance and Repair Services - Vehicles		74	
Postal Charges		293	
Rentals		1,669	
Travel		1,535	
Other Contracted Services		1,855	
Food Supplies		988	
Gasoline		173	
Office Supplies		5,578	
In Service/Staff Development		965	
Total Juvenile Court			256,672

Courtroom Security

Guards	\$	95,817	
Part-time Personnel		132,869	
Overtime Pay		2,568	
Social Security		14,190	
Pensions		8,948	
Life Insurance		50	
Medical Insurance		20,862	
Employer Medicare		3,319	
Maintenance Agreements		2,600	
Travel		331	
Uniforms		3,536	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Courtroom Security (Cont.)

Furniture and Fixtures	\$	3,429	
Law Enforcement Equipment		5,914	
Total Courtroom Security			\$ 294,433

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	87,283	
Supervisor/Director		51,521	
Deputy(ies)		472,397	
Captain(s)		48,034	
Lieutenant(s)		267,219	
Sergeant(s)		317,576	
Salary Supplements		20,400	
Clerical Personnel		128,775	
Overtime Pay		113,081	
Social Security		87,613	
Pensions		163,301	
Life Insurance		1,068	
Medical Insurance		412,844	
Employer Medicare		20,490	
Advertising		669	
Communication		26,776	
Dues and Memberships		2,800	
Evaluation and Testing		2,148	
Maintenance Agreements		6,681	
Maintenance and Repair Services - Equipment		1,991	
Maintenance and Repair Services - Vehicles		68,322	
Postal Charges		3,098	
Printing, Stationery, and Forms		2,461	
Rentals		3,762	
Towing Services		1,345	
Travel		30,693	
Other Contracted Services		2,980	
Gasoline		110,135	
Law Enforcement Supplies		8,929	
Lubricants		6,682	
Office Supplies		14,299	
Tires and Tubes		16,557	
Uniforms		6,095	
Other Supplies and Materials		4,643	
Premiums on Corporate Surety Bonds		799	
In Service/Staff Development		16,914	
Other Charges		8,019	
Law Enforcement Equipment		39,616	
Total Sheriff's Department			2,578,016

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Administration of the Sexual Offender Registry

Contracts with Government Agencies	\$	1,400	
Other Contracted Services		450	
Data Processing Equipment		4,930	
Total Administration of the Sexual Offender Registry	\$		6,780

Jail

Captain(s)	\$	37,220	
Lieutenant(s)		33,863	
Sergeant(s)		139,861	
Guards		920,136	
Cafeteria Personnel		20,840	
Part-time Personnel		11,069	
Overtime Pay		70,223	
Social Security		73,163	
Pensions		109,477	
Life Insurance		1,175	
Medical Insurance		356,715	
Employer Medicare		17,115	
Advertising		2,006	
Evaluation and Testing		2,275	
Maintenance Agreements		23,380	
Maintenance and Repair Services - Buildings		50,212	
Maintenance and Repair Services - Equipment		14,516	
Medical and Dental Services		486,478	
Rentals		2,212	
Travel		2,353	
Custodial Supplies		53,966	
Drugs and Medical Supplies		47,253	
Food Supplies		369,424	
Office Supplies		4,686	
Prisoners Clothing		5,849	
In Service/Staff Development		1,384	
Other Charges		13,332	
Food Service Equipment		10,495	
Law Enforcement Equipment		12,116	
Other Equipment		5,086	
Total Jail			2,897,880

Workhouse

Guards	\$	16,817	
Social Security		900	
Pensions		1,520	
Life Insurance		17	
Medical Insurance		8,173	
Employer Medicare		210	
Total Workhouse			27,637

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Work Release Program

Supervisor/Director	\$	37,928	
Laborers		31,816	
Secretary(ies)		28,516	
Other Salaries and Wages		1,000	
Social Security		5,639	
Pensions		8,912	
Life Insurance		76	
Medical Insurance		31,122	
Employer Medicare		1,319	
Communication		1,610	
Maintenance and Repair Services - Vehicles		806	
Postal Charges		18	
Printing, Stationery, and Forms		867	
Gasoline		2,130	
Office Supplies		1,828	
Testing		245	
Other Supplies and Materials		772	
In Service/Staff Development		350	
Total Work Release Program			\$ 154,954

Fire Prevention and Control

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

Civil Defense

Supervisor/Director	\$	36,019	
Part-time Personnel		13,901	
Social Security		3,095	
Pensions		3,256	
Life Insurance		26	
Medical Insurance		6,251	
Employer Medicare		724	
Communication		600	
Maintenance and Repair Services - Vehicles		2,408	
Postal Charges		118	
Travel		691	
Gasoline		5,161	
Office Supplies		1,252	
Uniforms		1,005	
Liability Insurance		300	
Other Charges		2,487	
Communication Equipment		2,135	
Total Civil Defense			79,429

Other Emergency Management

Contributions	\$	169,793	
Other Equipment		12,075	
Total Other Emergency Management			181,868

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Inspection and Regulation

Board and Committee Members Fees	\$	3,400	
Social Security		211	
Employer Medicare		49	
Evaluation and Testing		2,209	
Total Inspection and Regulation			\$ 5,869

County Coroner/Medical Examiner

Contracts with Private Agencies	\$	73,475	
Other Contracted Services		7,200	
Office Supplies		545	
Premiums on Corporate Surety Bonds		240	
Total County Coroner/Medical Examiner			81,460

Other Public Safety

Other Equipment	\$	5,494	
Total Other Public Safety			5,494

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	299,780	
Social Security		16,875	
Pensions		23,593	
Life Insurance		246	
Medical Insurance		98,778	
Employer Medicare		3,947	
Contracts with Government Agencies		60,224	
Travel		5,031	
Other Contracted Services		11,980	
Other Supplies and Materials		2,347	
Other Charges		12,335	
Total Local Health Center			535,136

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	\$	4,970	
Total Alcohol and Drug Programs			4,970

Crippled Children Services

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

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Appropriation to State

Contributions	\$ 102,349	
Total Appropriation to State		\$ 102,349

Aid to Dependent Children

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

Other Local Welfare Services

Contributions	\$ 29,590	
Total Other Local Welfare Services		29,590

Sanitation Management

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

Other Public Health and Welfare

Contributions	\$ 1,500	
Total Other Public Health and Welfare		1,500

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	\$ 260,500	
Total Libraries		260,500

Parks and Fair Boards

Supervisor/Director	\$ 38,351
Maintenance Personnel	27,001
Part-time Personnel	824
Overtime Pay	26,639
Social Security	5,733
Pensions	8,316
Life Insurance	52
Medical Insurance	11,828
Employer Medicare	1,341
Communication	1,818
Maintenance and Repair Services - Equipment	3,176
Maintenance and Repair Services - Vehicles	1,081
Custodial Supplies	4,793
Diesel Fuel	2,364

(Continued)

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.)

Electricity	\$	29,991	
Gasoline		3,236	
Office Supplies		35	
Uniforms		816	
Water and Sewer		14,994	
Other Supplies and Materials		2,696	
Liability Insurance		9,225	
Workers' Compensation Insurance		5,893	
Other Charges		1,282	
Other Construction		3,456	
Total Parks and Fair Boards	\$		204,941

Other Social, Cultural, and Recreational

Contracts with Government Agencies	\$	54,854	
Contributions		234,500	
Total Other Social, Cultural, and Recreational			289,354

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	130,059	
Communication		58	
Travel		1,062	
Office Supplies		2,929	
Total Agricultural Extension Service			134,108

Forest Service

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

Soil Conservation

Secretary(ies)	\$	25,407	
Social Security		1,329	
Pensions		2,297	
Life Insurance		26	
Medical Insurance		14,646	
Employer Medicare		311	
Total Soil Conservation			44,016

Storm Water Management

Other Contracted Services	\$	530	
Instructional Supplies and Materials		225	
Total Storm Water Management			755

Other Operations

Tourism

Supervisor/Director	\$	32,740	
Other Salaries and Wages		1,071	

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Tourism (Cont.)

Social Security	\$	1,864	
Pensions		3,057	
Life Insurance		25	
Medical Insurance		15,420	
Employer Medicare		436	
Advertising		15,490	
Communication		780	
Contributions		22,500	
Postal Charges		28	
Printing, Stationery, and Forms		1,964	
Rentals		1,332	
Travel		3,430	
Other Contracted Services		87,729	
Other Supplies and Materials		3,292	
Other Charges		275	
Total Tourism			\$ 191,433

Industrial Development

Contributions	\$	52,000	
Contracts for Development Costs		51,404	
Total Industrial Development			103,404

Veterans' Services

County Official/Administrative Officer	\$	11,897	
Social Security		738	
Employer Medicare		173	
Communication		10	
Maintenance Agreements		399	
Postal Charges		35	
Printing, Stationery, and Forms		48	
Travel		616	
Office Supplies		434	
Total Veterans' Services			14,350

Employee Benefits

Handling Charges and Administrative Costs	\$	930	
Unemployment Compensation		8,490	
Other Fringe Benefits		2,925	
Contracts with Private Agencies		214,198	
Liability Insurance		482,668	
Workers' Compensation Insurance		164,953	
Liability Claims		8,304	
Surcharge		16,762	
Total Employee Benefits			899,230

Miscellaneous

Contracts with Other Public Agencies	\$	15,404	
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(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous (Cont.)

Other Contracted Services	\$	837	
Premiums on Corporate Surety Bonds		210	
Trustee's Commission		177,915	
Total Miscellaneous			\$ 194,366

Operation of Non-Instructional Services

Community Services

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

Capital Projects

General Administration Projects

Data Processing Equipment	\$	79,710	
Heating and Air Conditioning Equipment		19,751	
Motor Vehicles		20,628	
Total General Administration Projects			120,089

Public Safety Projects

Architects	\$	11,750	
Communication Equipment		99,445	
Motor Vehicles		67,330	
Total Public Safety Projects			178,525

Public Health and Welfare Projects

Solid Waste Equipment	\$	4,275	
Total Public Health and Welfare Projects			4,275

Other General Government Projects

Land	\$	54,772	
Total Other General Government Projects			54,772

Total General Fund \$ 16,100,252

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Foremen	\$	26,954	
Mechanic(s)		47,608	
Equipment Operators - Heavy		80,305	
Truck Drivers		213,084	
Laborers		139,918	
Overtime Pay		23,555	
Social Security		31,392	
Pensions		44,839	
Life Insurance		545	
Medical Insurance		158,700	
Employer Medicare		7,342	

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Advertising	\$	5,489	
Contracts with Private Agencies		46,016	
Maintenance and Repair Services - Equipment		92,615	
Towing Services		875	
Disposal Fees		716,614	
Diesel Fuel		129,225	
Gasoline		2,064	
Lubricants		2,562	
Office Supplies		800	
Small Tools		2,167	
Tires and Tubes		27,691	
Uniforms		6,533	
Other Supplies and Materials		8,955	
Liability Insurance		61,206	
Trustee's Commission		31,094	
Workers' Compensation Insurance		57,283	
Motor Vehicles		252,954	
Solid Waste Equipment		13,743	
Total Sanitation Management			\$ 2,232,128

Total Solid Waste/Sanitation Fund \$ 2,232,128

Drug Control Fund

Public Safety

Drug Enforcement

Salary Supplements	\$	4,800	
Social Security		283	
Pensions		596	
Employer Medicare		66	
Confidential Drug Enforcement Payments		20,000	
Rentals		12,000	
Travel		1,903	
Veterinary Services		250	
Other Contracted Services		216	
Animal Food and Supplies		530	
Electricity		6,500	
Law Enforcement Supplies		1,701	
Trustee's Commission		250	
Law Enforcement Equipment		2,854	
Other Equipment		30,373	
Total Drug Enforcement			\$ 82,322

Total Drug Control Fund 82,322

(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	\$ 168	
Total Register of Deeds		\$ 168

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 6,203	
Total County Trustee's Office		6,203

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 7	
Total County Clerk's Office		7

Administration of Justice

General Sessions Court

Constitutional Officers' Operating Expenses	\$ 609	
Total General Sessions Court		609

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 29,863	
Constitutional Officers' Operating Expenses	30	
Total Chancery Court		29,893

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$ 55	
Total Sheriff's Department		55

Total Constitutional Officers - Fees Fund		\$ 36,935
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 83,944
Assistant(s)	34,536
Accountants/Bookkeepers	34,149
Board and Committee Members Fees	18,500
Social Security	10,565
Pensions	11,096
Life Insurance	78
Medical Insurance	24,047
Employer Medicare	2,471
Communication	4,735
Dues and Memberships	2,971
Legal Services	1,145
Postal Charges	280
Travel	41
Electricity	12,646

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Office Supplies	\$	1,223	
Propane Gas		8,428	
Water and Sewer		966	
Liability Insurance		50,990	
Trustee's Commission		18,091	
Vehicle and Equipment Insurance		25,603	
Other Charges		21,545	
Total Administration			\$ 368,050

Highway and Bridge Maintenance

Foremen	\$	43,724	
Equipment Operators		176,965	
Truck Drivers		145,623	
Laborers		99,660	
Overtime Pay		27,220	
Other Salaries and Wages		2,468	
Social Security		28,917	
Pensions		44,663	
Life Insurance		446	
Medical Insurance		160,598	
Employer Medicare		6,763	
Contracts with Private Agencies		28,630	
Rentals		5,584	
Asphalt - Cold Mix		3,517	
Asphalt - Hot Mix		78,356	
Concrete		505	
Crushed Stone		36,896	
General Construction Materials		2,587	
Other Road Materials		2,354	
Pipe - Metal		2,024	
Road Signs		13,930	
Salt		41,404	
Small Tools		69	
Uniforms		6,142	
Fencing		8,113	
Total Highway and Bridge Maintenance			967,158

Operation and Maintenance of Equipment

Mechanic(s)	\$	68,172	
Overtime Pay		6,546	
Social Security		3,914	
Pensions		6,755	
Life Insurance		37	
Medical Insurance		31,295	
Employer Medicare		915	
Diesel Fuel		52,771	
Equipment Parts - Heavy		72,603	

(Continued)

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.)

Garage Supplies	\$	2,497	
Gasoline		18,593	
Lubricants		4,268	
Small Tools		433	
Tires and Tubes		21,492	
Other Supplies and Materials		4,562	
Total Operation and Maintenance of Equipment	\$		294,853

Employee Benefits

Other Fringe Benefits	\$	488	
Workers' Compensation Insurance		32,911	
Liability Claims		1,961	
Total Employee Benefits			35,360

Capital Outlay

Building Improvements	\$	10,412	
Office Equipment		1,050	
Total Capital Outlay			11,462

Total Highway/Public Works Fund \$ 1,676,883

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	2,200	
Principal on Other Loans		384,880	
Total General Government	\$		387,080

Highways and Streets

Principal on Bonds	\$	303,732	
Total Highways and Streets			303,732

Education

Principal on Bonds	\$	659,068	
Principal on Other Loans		3,148,973	
Total Education			3,808,041

Interest on Debt

General Government

Interest on Bonds	\$	8,964	
Interest on Other Loans		154,658	
Total General Government			163,622

Highways and Streets

Interest on Bonds	\$	47,613	
Total Highways and Streets			47,613

(Continued)

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Interest on Debt (Cont.)</u>			
<u>Education</u>			
Interest on Bonds	\$	493,753	
Interest on Other Loans		<u>776,623</u>	
Total Education	\$		1,270,376
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$	<u>87,256</u>	
Total General Government			87,256
<u>Education</u>			
Other Debt Service	\$	<u>13,291</u>	
Total Education			<u>13,291</u>
Total General Debt Service Fund			\$ 6,081,011
<u>General Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Social, Cultural, and Recreation Projects</u>			
Architects	\$	6,500	
Other Capital Outlay		<u>367,145</u>	
Total Social, Cultural, and Recreation Projects			<u>\$ 373,645</u>
Total General Capital Projects Fund			373,645
<u>Sanitation Projects Fund</u>			
<u>Capital Projects</u>			
<u>Public Health and Welfare Projects</u>			
Engineering Services	\$	2,568	
Contracts for Postclosure Care Costs		16,889	
Landfill Closure/Postclosure Care Costs		<u>1,125</u>	
Total Public Health and Welfare Projects			<u>\$ 20,582</u>
Total Sanitation Projects Fund			20,582
<u>Highway Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Highway and Street Capital Projects</u>			
Engineering Services	\$	12,175	
Trustee's Commission		500	
Highway Construction		1,331,405	
Motor Vehicles		<u>198,091</u>	
Total Highway and Street Capital Projects			<u>\$ 1,542,171</u>
Total Highway Capital Projects Fund			<u>1,542,171</u>
Total Governmental Funds - Primary Government			<u>\$ 28,145,929</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, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 24,560,451	
Career Ladder Program	147,876	
Career Ladder Extended Contracts	50,109	
Salary Supplements	457,320	
Educational Assistants	1,076,380	
Certified Substitute Teachers	146,750	
Non-certified Substitute Teachers	251,752	
Social Security	1,555,678	
Pensions	2,319,037	
Life Insurance	30,141	
Medical Insurance	4,830,330	
Unemployment Compensation	23,661	
Employer Medicare	370,519	
Other Fringe Benefits	682,849	
Other Contracted Services	90,246	
Instructional Supplies and Materials	357,147	
Textbooks	646,071	
Other Supplies and Materials	28,193	
Other Charges	95,830	
Regular Instruction Equipment	153,497	
Total Regular Instruction Program		\$ 37,873,837

Special Education Program

Teachers	\$ 2,872,565	
Career Ladder Program	14,000	
Educational Assistants	516,066	
Speech Pathologist	356,492	
Certified Substitute Teachers	10,208	
Non-certified Substitute Teachers	18,535	
Social Security	226,837	
Pensions	340,051	
Life Insurance	4,818	
Medical Insurance	734,568	
Unemployment Compensation	3,831	
Employer Medicare	53,127	
Other Contracted Services	653,091	
Instructional Supplies and Materials	54,532	
Other Charges	27,362	
Special Education Equipment	44,805	
Total Special Education Program		5,930,888

Vocational Education Program

Teachers	\$ 2,118,785
Career Ladder Program	13,000
Certified Substitute Teachers	5,752
Non-certified Substitute Teachers	18,975

(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.)

Social Security	\$	125,694	
Pensions		190,339	
Life Insurance		2,306	
Medical Insurance		380,545	
Unemployment Compensation		1,838	
Employer Medicare		29,788	
Instructional Supplies and Materials		36,664	
Other Supplies and Materials		19,043	
Vocational Instruction Equipment		16,615	
Total Vocational Education Program	\$		2,959,344

Student Body Education Program

Other Contracted Services	\$	41,262	
Other Supplies and Materials		87,438	
Other Charges		21,644	
Total Student Body Education Program			150,344

Other

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

Support Services

Attendance

Travel	\$	1,586	
Total Attendance			1,586

Health Services

Medical Personnel	\$	405,833	
Other Salaries and Wages		4,180	
Social Security		23,263	
Pensions		36,318	
Life Insurance		807	
Medical Insurance		141,603	
Unemployment Compensation		626	
Employer Medicare		5,441	
Travel		5,637	
Drugs and Medical Supplies		6,027	
Other Supplies and Materials		21,914	
In Service/Staff Development		2,490	
Total Health Services			654,139

Other Student Support

Career Ladder Program	\$	3,500	
Guidance Personnel		932,544	
Other Salaries and Wages		3,815	
Social Security		51,157	

(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.)

Pensions	\$	79,743	
Life Insurance		855	
Medical Insurance		140,770	
Unemployment Compensation		861	
Employer Medicare		12,773	
Evaluation and Testing		32,681	
Total Other Student Support			\$ 1,258,699

Regular Instruction Program

Supervisor/Director	\$	34,672	
Career Ladder Program		1,000	
Secretary(ies)		147,922	
Other Salaries and Wages		97,833	
In-service Training		17,644	
Social Security		17,274	
Pensions		16,611	
Life Insurance		323	
Medical Insurance		38,380	
Unemployment Compensation		274	
Employer Medicare		4,040	
Travel		20,648	
Other Contracted Services		120,472	
Library Books/Media		25,011	
Other Supplies and Materials		23,105	
Other Charges		34,690	
Other Equipment		6,096	
Total Regular Instruction Program			605,995

Special Education Program

Supervisor/Director	\$	63,084	
Career Ladder Program		1,000	
Secretary(ies)		63,426	
Clerical Personnel		22,887	
Social Security		9,101	
Pensions		13,609	
Life Insurance		161	
Medical Insurance		29,069	
Unemployment Compensation		156	
Employer Medicare		2,128	
Maintenance and Repair Services - Equipment		69	
Travel		23,266	
Other Contracted Services		7,745	
Other Supplies and Materials		4,335	
Other Charges		27,508	
Total Special Education Program			267,544

(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	\$	72,135	
Career Ladder Program		1,000	
Secretary(ies)		32,102	
Social Security		6,171	
Pensions		9,520	
Life Insurance		105	
Medical Insurance		19,328	
Unemployment Compensation		78	
Employer Medicare		1,443	
Travel		6,334	
Total Vocational Education Program	\$		148,216

Other Programs

On-behalf Payments to OPEB	\$	571,626	
Total Other Programs			571,626

Board of Education

Board and Committee Members Fees	\$	37,200	
Social Security		2,262	
Pensions		2,501	
Life Insurance		323	
Employer Medicare		529	
Audit Services		29,625	
Dues and Memberships		13,381	
Legal Services		5,870	
Travel		20,980	
Liability Insurance		183,563	
Premiums on Corporate Surety Bonds		1,739	
Trustee's Commission		479,589	
Workers' Compensation Insurance		216,562	
Other Charges		11,032	
Total Board of Education			1,005,156

Director of Schools

County Official/Administrative Officer	\$	118,544	
Assistant(s)		191,060	
Career Ladder Program		3,000	
Secretary(ies)		88,518	
Social Security		24,574	
Pensions		44,593	
Life Insurance		646	
Medical Insurance		40,760	
Unemployment Compensation		196	
Employer Medicare		6,132	
Communication		8,548	
Postal Charges		14,000	

(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	\$	15,680	
Other Contracted Services		9,605	
Office Supplies		12,957	
Other Charges		10,067	
Total Director of Schools			\$ 588,880

Office of the Principal

Principals	\$	1,369,801	
Career Ladder Program		24,000	
Assistant Principals		997,250	
Secretary(ies)		678,789	
Social Security		182,079	
Pensions		277,505	
Life Insurance		3,143	
Medical Insurance		498,055	
Unemployment Compensation		2,464	
Employer Medicare		42,582	
Communication		104,536	
Other Charges		1,809	
Total Office of the Principal			4,182,013

Fiscal Services

Supervisor/Director	\$	78,788	
Accountants/Bookkeepers		143,014	
Social Security		12,385	
Pensions		18,577	
Life Insurance		209	
Medical Insurance		29,850	
Unemployment Compensation		196	
Employer Medicare		3,140	
Operating Lease Payments		2,270	
Maintenance and Repair Services - Equipment		8,363	
Travel		4,566	
Other Contracted Services		11,046	
Data Processing Supplies		5,150	
Office Supplies		4,625	
Administration Equipment		77,895	
Total Fiscal Services			400,074

Operation of Plant

Custodial Personnel	\$	1,712,883	
Other Salaries and Wages		33,672	
Social Security		102,128	
Pensions		146,903	
Life Insurance		2,685	
Medical Insurance		407,277	

(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.)

Unemployment Compensation	\$	2,386	
Employer Medicare		24,348	
Other Contracted Services		295,837	
Custodial Supplies		179,832	
Electricity		1,900,019	
Natural Gas		299,753	
Water and Sewer		352,459	
Other Supplies and Materials		16,528	
Other Charges		4,068	
Plant Operation Equipment		19,989	
Total Operation of Plant			\$ 5,500,767

Maintenance of Plant

Supervisor/Director	\$	54,030	
Maintenance Personnel		616,119	
Social Security		40,065	
Pensions		60,716	
Life Insurance		903	
Medical Insurance		131,071	
Unemployment Compensation		704	
Employer Medicare		9,370	
Maintenance and Repair Services - Buildings		329,720	
Maintenance and Repair Services - Equipment		84,683	
Equipment and Machinery Parts		89,689	
Uniforms		7,523	
Other Charges		1,000	
Maintenance Equipment		39,402	
Total Maintenance of Plant			1,464,995

Transportation

Supervisor/Director	\$	45,151	
Mechanic(s)		184,618	
Bus Drivers		857,446	
Clerical Personnel		34,610	
Social Security		63,392	
Pensions		98,083	
Life Insurance		2,810	
Medical Insurance		450,552	
Unemployment Compensation		2,308	
Employer Medicare		14,825	
Maintenance and Repair Services - Vehicles		28,742	
Medical and Dental Services		6,950	
Travel		1,033	
Diesel Fuel		310,039	
Garage Supplies		3,786	
Gasoline		46,365	

(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	\$	17,041	
Tires and Tubes		50,975	
Uniforms		2,026	
Vehicle Parts		168,323	
Other Supplies and Materials		9,272	
Vehicle and Equipment Insurance		65,566	
Other Charges		106,437	
Transportation Equipment		364,036	
Total Transportation			\$ 2,934,386

Central and Other

Supervisor/Director	\$	74,312	
Computer Programmer(s)		45,232	
Secretary(ies)		31,635	
Other Salaries and Wages		412,180	
Social Security		32,515	
Pensions		51,045	
Life Insurance		669	
Medical Insurance		102,568	
Unemployment Compensation		508	
Employer Medicare		7,604	
Communication		28,725	
Consultants		1,136	
Travel		8,496	
Other Contracted Services		132,494	
Office Supplies		10,799	
Uniforms		2,292	
In Service/Staff Development		1,854	
Data Processing Equipment		393,489	
Total Central and Other			1,337,553

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	36,106	
Other Salaries and Wages		150,456	
Social Security		11,567	
Pensions		3,272	
Life Insurance		52	
Medical Insurance		6,973	
Unemployment Compensation		1,010	
Employer Medicare		2,705	
Travel		476	
Other Contracted Services		995	
Other Charges		22,985	
Total Community Services			236,597

(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	\$	366,780	
Educational Assistants		235,658	
Certified Substitute Teachers		1,238	
Non-certified Substitute Teachers		6,325	
Social Security		34,535	
Pensions		35,006	
Life Insurance		480	
Medical Insurance		75,684	
Unemployment Compensation		978	
Employer Medicare		8,510	
Instructional Supplies and Materials		7,550	
In Service/Staff Development		2,439	
Other Charges		1,803	
Total Early Childhood Education			\$ 776,986

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	2,662,709	
Total Regular Capital Outlay			2,662,709

Other Debt Service

Education

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

Total General Purpose School Fund \$ 72,071,557

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,097,906	
Educational Assistants		271,409	
Certified Substitute Teachers		8,900	
Non-certified Substitute Teachers		8,305	
Social Security		80,043	
Pensions		115,113	
Life Insurance		1,641	
Medical Insurance		250,935	
Unemployment Compensation		1,900	
Employer Medicare		19,921	
Other Fringe Benefits		9,000	
Instructional Supplies and Materials		580,875	
Other Supplies and Materials		59,143	
Regular Instruction Equipment		64,455	
Total Regular Instruction Program			\$ 2,569,546

(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	\$	104,246	
Educational Assistants		1,362,684	
Non-certified Substitute Teachers		23,320	
Social Security		84,372	
Pensions		120,362	
Life Insurance		3,370	
Medical Insurance		503,124	
Unemployment Compensation		3,147	
Employer Medicare		19,967	
Instructional Supplies and Materials		695	
Special Education Equipment		7,182	
Total Special Education Program			\$ 2,232,469

Vocational Education Program

Instructional Supplies and Materials	\$	12,210	
Other Supplies and Materials		90	
Vocational Instruction Equipment		119,843	
Total Vocational Education Program			132,143

Support Services

Other Student Support

Guidance Personnel	\$	74,694	
Other Salaries and Wages		16,305	
Social Security		5,386	
Pensions		8,237	
Life Insurance		145	
Medical Insurance		24,832	
Unemployment Compensation		197	
Employer Medicare		1,259	
Other Fringe Benefits		600	
Travel		38,505	
Other Supplies and Materials		28,035	
In Service/Staff Development		70	
Total Other Student Support			198,265

Regular Instruction Program

Supervisor/Director	\$	56,696	
Other Salaries and Wages		426,576	
Certified Substitute Teachers		4,106	
Non-certified Substitute Teachers		8,414	
Social Security		28,909	
Pensions		43,705	
Life Insurance		541	
Medical Insurance		76,344	
Unemployment Compensation		912	
Employer Medicare		6,761	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Fringe Benefits	\$	650	
Travel		28,572	
Other Supplies and Materials		11,817	
In Service/Staff Development		69,626	
Total Regular Instruction Program			\$ 763,629

Special Education Program

Travel	\$	782	
Total Special Education Program			782

Vocational Education Program

Travel	\$	3,488	
Total Vocational Education Program			3,488

Transportation

Other Charges	\$	3,390	
Total Transportation			3,390

Total School Federal Projects Fund \$ 5,903,712

Central Cafeteria Fund

Support Services

Board of Education

Audit Services	\$	3,350	
Workers' Compensation Insurance		59,000	
Total Board of Education			\$ 62,350

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	49,994	
Accountants/Bookkeepers		34,610	
Clerical Personnel		31,246	
Cafeteria Personnel		1,524,896	
Other Salaries and Wages		79,099	
Social Security		103,018	
Pensions		72,572	
Life Insurance		2,325	
Medical Insurance		341,843	
Unemployment Compensation		5,114	
Employer Medicare		24,148	
Maintenance and Repair Services - Equipment		30,515	
Travel		3,865	
Other Contracted Services		300,047	
Food Supplies		2,025,833	
Office Supplies		3,170	
USDA - Commodities		277,165	

(Continued)

Exhibit K-8

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

<u>Central Cafeteria Fund (Cont.)</u>		
<u>Operation of Non-Instructional Services (Cont.)</u>		
<u>Food Service (Cont.)</u>		
Other Supplies and Materials	\$ 140,881	
In Service/Staff Development	1,232	
Other Charges	24,323	
Food Service Equipment	189,510	
Total Food Service		<u>\$ 5,265,406</u>
Total Central Cafeteria Fund		\$ 5,327,756
<u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Building Improvements	\$ 3,704,198	
Total Education Capital Projects		<u>\$ 3,704,198</u>
Total Education Capital Projects Fund		<u>3,704,198</u>
Total Governmental Funds - Hamblen County School Department		<u>\$ 87,007,223</u>

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, 2015

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 10,648,039
Total Cash Receipts	<u>\$ 10,648,039</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 10,541,856
Trustee's Commission	106,483
Total Cash Disbursements	<u>\$ 10,648,339</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ (300)
Cash Balance, July 1, 2014	<u>300</u>
 Cash Balance, June 30, 2015	<u><u>\$ 0</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, 2015, and the related notes to the financial statements, which collectively comprise Hamblen County's basic financial statements, and have issued our report thereon dated November 5, 2015.

**Internal Control Over Financial Reporting**

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

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

a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Hamblen County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2015-001, 2015-002, 2015-003, and 2015-004.

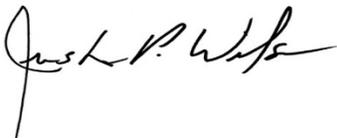
### **Hamblen County's Responses to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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

November 5, 2015

JPW/kp



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

**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 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, 2015. 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, 2015.

### **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

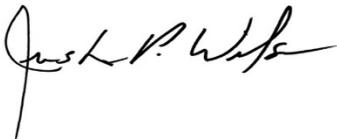
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2015, and the related notes to the financial statements, which collectively comprise Hamblen County's basic financial statements. We issued our report thereon dated November 5, 2015, 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury

Nashville, Tennessee

November 5, 2015

JPW/kp

Hamblen County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2015

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	\$ 1,036,156
National School Lunch Program	10.555	N/A	2,942,444 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	277,165 (3)
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	N/A	<u>11,438</u>
Total U.S. Department of Agriculture			<u>\$ 4,267,203</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program	12.UNKNOWN	(2)	\$ 111,815
Total U.S. Department of Defense			<u>\$ 111,815</u>
U.S. Department of Justice:			
Direct Program:			
State Criminal Alien Assistance Program	16.606	N/A	\$ 7,920
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	15,000
Equitable Sharing Program	16.922	N/A	44,477
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	DGA 35838	<u>4,950</u>
Total U.S. Department of Justice			<u>\$ 72,347</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	N/A	<u>\$ 1,201</u>
Total U.S. Department of Transportation			<u>\$ 1,201</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 2,812,168
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,323,020
Special Education - Preschool Grants	84.173	N/A	64,592
Career and Technical Education - Basic Grants to States	84.048	N/A	174,715

(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)	\$ 76,616
Education Technology State Grants	84.318	N/A	76
English Language Acquisition Grants	84.365	N/A	242,296
Improving Teacher Quality State Grants	84.367	N/A	420,384
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	(2)	<u>44,446</u>
Total U.S. Department of Education			<u>\$ 6,158,313</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	34113-8557414346	\$ 29,200
Homeland Security Grant Program	97.067	(2)	<u>14,909</u>
Total U.S. Department of Homeland Security			<u>\$ 44,109</u>
Total Expenditures of Federal Awards			<u>\$ 10,654,988</u>

Contract  
Number

State Grants

Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	\$ 4,500
Litter Program - State Department of Transportation	N/A	(2)	24,300
Health Department Program - State Department of Health	N/A	(2)	411,705
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	58,081
RES Grant - Local Park and Recreation Fund - State Department of Environment and Conservation	N/A	(2)	79,740
Internet Connectivity Grant - State Department of Education	N/A	(2)	29,110
Early Childhood Education Pilot Program - State Department of Education	N/A	(2)	634,815
Family Resource Center Grant - State Department of Education	N/A	(2)	59,223
Safe Schools Act Grant - State Department of Education	N/A	(2)	\$ 53,865
Coordinated School Health - State Department of Education	N/A	(2)	99,738
Drug Court Recovery - State Office of Criminal Justice Programs	N/A	38145	70,000
ACT/Explore - State Department of Education	N/A	(2)	14,880
After School Program - State Department of Human Services	N/A	(2)	<u>23,943</u>
Total State Grants			<u>\$ 1,563,900</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 \$3,219,609.

Hamblen County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2015

*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, 2014.

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**HAMBLEN COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2015**

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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 reported 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 reported 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 Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), and Improving Teacher Quality State Grants (CFDA No. 84.367) were determined to be major programs.
8. A \$319,650 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**

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

### **OFFICE OF COUNTY MAYOR**

**FINDING 2015-001**                      **ACCOUNTING RECORDS WERE NOT MAINTAINED ON A CURRENT BASIS**  
(Noncompliance Under *Government Auditing Standards*)

Accounting records were not maintained on a current basis. The following deficiencies were noted during the year under audit and subsequent to June 30, 2015:

- A.     The office did not reconcile the general ledger cash accounts with the county trustee reports for the period March 31, 2015, through June 30, 2015, on a timely basis. Section 9-2-138, *Tennessee Code Annotated*, requires officials to reconcile their respective fund accounts with the trustee's reports monthly.
  
- B.     The office did not post revenues to the general ledgers for the months of July 2015 and August 2015 until October 2015. Consequently, reconciliations of the funds' cash balances with the trustee's reports were not performed timely. In addition, the posting delays made it impossible for officials to know whether adequate funds were available to meet current obligations.

The failure to post receipts and reconcile the general ledger cash accounts with the county trustee's reports currently are weaknesses that could result in posting errors not being discovered and corrected in a timely manner. These deficiencies are the result of the office implementing a new accounting system during the year and new personnel in various accounting positions.

### **RECOMMENDATION**

The office should reconcile general ledger cash accounts with county trustee reports monthly as required by state statute. Likewise, revenues should be recorded in the general ledgers monthly to provide officials with current funding information.

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

Hamblen County concurs with the finding. The Finance Department fully understands the importance of internal controls and timely reconciliations. These deficiencies were the result of the implementation of new finance software and new personnel in various accounting positions. Going forward, revenues will be posted to the general ledger cash accounts monthly, and the trustee's reports will be reconciled timely.

FINDING 2015-002

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM  
PAYMENTS WERE NOT REMITTED TIMELY  
RESULTING IN THE ASSESSMENT OF PENALTIES**  
(Noncompliance Under *Government Auditing Standards*)

Retirement contributions for the month of May 2015 were not remitted to the Tennessee Consolidated Retirement System (TCRS) timely as required by Section 8-35-206(g), *Tennessee Code Annotated*. Failure to remit the funds timely resulted in the TCRS assessing the county penalties of \$5,038. This assessment was the result of the County Mayor's Office inadvertently depositing the county's retirement contribution for May 2015 to the wrong clearing account.

RECOMMENDATION:

Retirement contributions should be remitted to the Tennessee Consolidated Retirement System in a timely manner as required by state statute.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Hamblen County concurs with the finding. The transfer of TCRS contributions for May 2015 was late because of human error. The TCRS deposit was made to the wrong clearing account when the wrong account number was used in the transfer request to the Trustee's Office. When TCRS electronically attempted to withdraw the money, there was an insufficient balance. The error was corrected and the proper deposit was made with TCRS. The finance director has put into place controls to ensure that this error is not repeated.

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OFFICE OF HIGHWAY COMMISSIONER

FINDING 2015.003

**A COUNTY ROAD LIST WAS NOT SUBMITTED TO THE  
COUNTY COMMISSION FOR APPROVAL IN  
COMPLIANCE WITH STATE STATUTE**  
(Noncompliance Under *Government Auditing Standards*)

The highway commissioner did not prepare and submit a list of county roads to the County Commission as required by state statute. Section 54-10-103, *Tennessee Code Annotated*, requires the highway commissioner to submit a list of county roads to the County Commission for its approval at the January session each year. This list must include the classification, width and distance of each county-maintained road, as well as a summary of changes from the prior year that provides the road name, date the change was approved by the County Commission, and the reason for the change. Highway Department officials need a current approved list of county roads to determine which roads the department is authorized to work.

## RECOMMENDATION

The highway commissioner should submit to the County Commission a list of county roads that includes the classification, width and distance of each road, and a summary of changes as required by state statute.

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## OFFICE OF TRUSTEE

### FINDING 2015-004

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

(Noncompliance Under *Government Auditing Standards*)

The trustee maintains various accounts with brokers and financial institutions. Various state statutes govern the investment of idle funds maintained by local governments. We noted the following instance where idle county funds invested by the trustee were not adequately secured:

- A. One brokerage account maintained by the trustee had a cash balance in excess of \$1,034,000 for the months of May 2015 and June 2015, and as much as \$1,529,000 as of July 31, 2015. The balance of the account was transferred to a local depository in August 2015. We requested documentation from the trustee to determine if the funds were adequately secured during this period. However, we were not provided any documentation; therefore, we were unable to determine if the funds were secured in compliance with state statutes.
- B. The trustee had two certificates of deposit at one financial institution at June 30, 2015. The balance of these certificates of deposit totaled \$495,544, which exceeds FDIC coverage by \$245,544. One of the certificates was held in an Insured Cash Sweep account maintained by the trustee. Section 9-1-118, *Tennessee Code Annotated (TCA)*, authorizes investments in Insured Cash Sweep accounts. Sections 9-1-118 (a)(2) and (a)(3), *TCA*, require the government entity making the deposit to provide the selected depository with written notification of the names of all banks and savings and loan associations holding funds and requires the selected depository to arrange for the deposit of monies with any bank or savings and loan association not listed in the notification provided by the government entity. The trustee provided the depository with the list; however, the depository purchased certificates of deposits in a listed financial institution anyway, and the trustee did not monitor the report to determine compliance.

These deficiencies are the result of a lack of management oversight. The failure to adequately collateralize funds could result in a loss for the county.

## RECOMMENDATION

The trustee should maintain adequate documentation for all accounts and should monitor all accounts to ensure that idle county funds are adequately secured in compliance with state statutes.

## MANAGEMENT'S RESPONSE – TRUSTEE

The Hamblen County Trustee's Office began to withdraw certain investments and reinvest them into state collateralized banks and other financial institutions. The full conversion will be completed by the fiscal year ending June 30, 2016. During this period, several investments were being, and will continue to be, redeemed and then reinvested. We are working diligently to ensure we maintain the best practices in this office to be in compliance with state statutes. These errors have since been corrected and discussed with the financial institutions to maintain compliance.

**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, 2015**

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