

ANNUAL FINANCIAL REPORT
HAMBLLEN COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2016



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
HAMBLEEN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2016

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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State Auditors

This financial report is available at www.comptroller.tn.gov

HAMBLEN COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Hamblen County, Tennessee
For the Year Ended June 30, 2016

Scope

We have audited the basic financial statements of Hamblen County as of and for the year ended June 30, 2016.

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:

OFFICES OF COUNTY MAYOR AND HIGHWAY SUPERINTENDENT

- ◆ Expenditures exceeded appropriations.
-

OFFICE OF HIGHWAY SUPERINTENDENT

- ◆ The office had deficiencies in purchasing procedures.
-

OFFICE OF TRUSTEE

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

OFFICE OF COUNTY CLERK

- ◆ A cash shortage of \$511 existed in the office on February 6, 2016.

INTRODUCTORY SECTION

Hamblen County Officials

June 30, 2016

Officials

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

Board of County Commissioners

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

Board of Highway Commissioners

| | |
|----------------------------|--------------|
| 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 |
| Rick Eldridge | John Smyth |

FINANCIAL SECTION



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, 2016, 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, 2016, 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. 72, *Fair Value Measurement and Application*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68 and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to these matters.

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 14-29 and the schedule of changes in the county's net pension liability and related ratios, schedule of county contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefit plans, on pages 114-121 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an

appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hamblen County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Hamblen County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Hamblen County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 October 12, 2016, on our consideration of Hamblen County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hamblen County's internal control over financial reporting and compliance.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 12, 2016

JPW/sb



**HAMBLEN COUNTY, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016**

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, 2016. In addition, this discussion and analysis includes an overview of the Discretely Presented Component Unit Hamblen County School Department. A separate set of financial statements is not issued for the Hamblen County School Department. The intent of this discussion and analysis is to look at Hamblen County's and the discretely presented Hamblen County School Department's financial performance as a whole. We encourage readers to consider the information presented here in conjunction with the basic financial statements and notes to the financial statements to enhance their understanding of Hamblen County's financial performance, as well as, the discretely presented Hamblen County School Department's financial performance.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Hamblen County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by approximately \$1.8 million (net position). However, it should be noted that the financial statements of Hamblen County included debt totaling approximately \$26.9 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 \$48.3 million at June 30, 2016.
- The primary government's total net position increased by approximately \$2.9 million. The discretely presented Hamblen County School Department's net position increased by approximately \$2.6 million. The increase in the primary government's total net position was due to the retirement of debt, payments to the school system for construction projects and the deferred inflows and outflows related to pensions. The increase of the discretely presented Hamblen County School Department's total net position was attributed mostly to deferred inflows and outflows related to pensions.
- As of the close of the fiscal year, Hamblen County's Governmental funds reported approximately \$13.5 million in total combined fund balances; this is an approximate decrease of \$2.7 million from the previous period. Of this amount, approximately \$5.2 million represents funds that are available for spending (assigned and unassigned). The discretely presented Hamblen County School Department's

governmental funds reported approximately \$15.2 million in total combined fund balances; this is a decrease of approximately \$0.7 million from the previous period.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was approximately \$2.8 million or 15.6 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 \$4.05 million or 5.4 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 \$4.7 million or 12.8 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 funds; all of which are considered major funds. Financial data from the remaining governmental funds are combined into a single, aggregated amount with detail provided in the combining and individual fund financial statements and schedules.

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

Hamblen County adopts an annual budget for its General Fund, all special revenue funds (except the Constitutional Officers – Fees Fund), the General Debt Service Fund, and the Highway Capital Projects Fund. The discretely presented Hamblen County School

Department, with the approval of the county, adopts an annual budget for its General Purpose School Fund and all special revenue funds. Budgetary comparisons have been provided for these funds to demonstrate budgetary compliance.

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. Hamblen County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2016, by \$1,847,408. 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 \$26,936,525. 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, 2016, by \$48,270,981.

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

| | Hamblen County Primary Government Governmental Activities | |
|--------------------------------------|--|---------------|
| | 2015 | 2016 |
| Current and Other Assets | \$ 34,958,778 | \$ 30,593,858 |
| Capital Assets | 20,120,032 | 20,217,679 |
| Total Assets | \$ 55,078,810 | \$ 50,811,537 |
| Total Deferred Outflows of Resources | \$ 1,051,750 | \$ 1,524,500 |
| Long-term Liabilities Outstanding | \$ 37,288,573 | \$ 28,061,146 |
| Other Liabilities | 6,319,487 | 9,289,285 |
| Total Liabilities | \$ 43,608,060 | \$ 37,350,431 |
| Total Deferred Inflows of Resources | \$ 13,534,152 | \$ 13,138,198 |
| Net Position: | | |
| Net Investment in Capital Assets | \$ 14,845,143 | \$ 15,339,354 |
| Restricted | 3,645,847 | 2,729,311 |
| Unrestricted | (19,502,642) | (16,221,257) |
| Total Net Position | \$ (1,011,652) | \$ 1,847,408 |

| | Hamblen County School Department Governmental Activities | |
|-------------------------------------|---|---------------|
| | 2015 | 2016 |
| Current and Other Assets | \$ 32,359,845 | \$ 30,495,300 |
| Capital Assets | 54,183,783 | 54,738,033 |
| Total Assets | \$ 86,543,628 | \$ 85,233,333 |
| Other Deferred Outflows | \$ 4,789,391 | \$ 4,653,501 |
| Long-term Liabilities Outstanding | \$ 16,368,315 | \$ 18,307,917 |
| Other Liabilities | 1,540,175 | 679,013 |
| Total Liabilities | \$ 17,908,490 | \$ 18,986,930 |
| Total Deferred Inflows of Resources | \$ 27,727,791 | \$ 22,609,923 |
| Net Position: | | |
| Net Investment in Capital Assets | \$ 54,183,783 | \$ 54,738,033 |
| Restricted | 6,121,857 | 5,087,072 |
| Unrestricted | (14,608,902) | (11,554,124) |
| Total Net Position | \$ 45,696,738 | \$ 48,270,981 |

By far, the largest portion of Hamblen County’s and the discretely presented Hamblen County School Department’s net position is \$15,339,354 and \$54,738,033, respectively, reflecting their investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. Hamblen County and the discretely presented Hamblen County School Department use these

capital assets to provide services to its citizenry; therefore, these assets are not available to meet any obligations. Although Hamblen County's investment in capital assets is reported net of related debt, resources needed to repay this debt must come from outside resources because the capital assets themselves cannot be liquidated to pay these liabilities.

An additional portion of Hamblen County's and the discretely presented Hamblen County School Department's net position is \$2,729,311 and \$5,087,072, respectively, which is subject to external restrictions on how they may be used.

Hamblen County's unrestricted net position is a negative \$16,221,257. This negative balance represents all unrestricted non-capital related assets net of Hamblen County's debt of \$31,779,185.

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

| | Hamblen County Primary Government Governmental Activities | |
|---|--|---------------|
| | 2015 | 2016 |
| Revenues: | | |
| Program Revenues: | | |
| Charges for Services | \$ 5,868,029 | \$ 5,901,548 |
| Operating Grants and Contributions | 2,474,809 | 2,571,132 |
| Capital Grants and Contributions | 456,054 | 1,046,067 |
| General Revenues: | | |
| Property Taxes | 12,313,832 | 12,750,870 |
| Sales Taxes | 1,166,482 | 799,901 |
| Other Taxes | 2,151,599 | 2,218,456 |
| Grants and Contributions Not Restricted to Specific Programs | 1,969,485 | 2,076,760 |
| Unrestricted Investment Income | 287,030 | 169,304 |
| Miscellaneous | 49,729 | 53,279 |
| Gain on Disposal of Capital Assets | 1,649 | 735 |
| Total Revenues | \$ 26,738,698 | \$ 27,588,052 |
| Expenses: | | |
| General Government | \$ 3,232,023 | \$ 3,492,838 |
| Finance | 2,132,927 | 2,367,234 |
| Administration of Justice | 2,199,543 | 2,469,724 |
| Public Safety | 6,356,494 | 7,373,663 |
| Public Health and Welfare | 3,174,192 | 3,253,581 |
| Social, Cultural, and Recreational Services | 1,049,601 | 990,887 |
| Agriculture and Natural Resources | 175,410 | 182,841 |
| Highways | 3,261,600 | 3,491,696 |

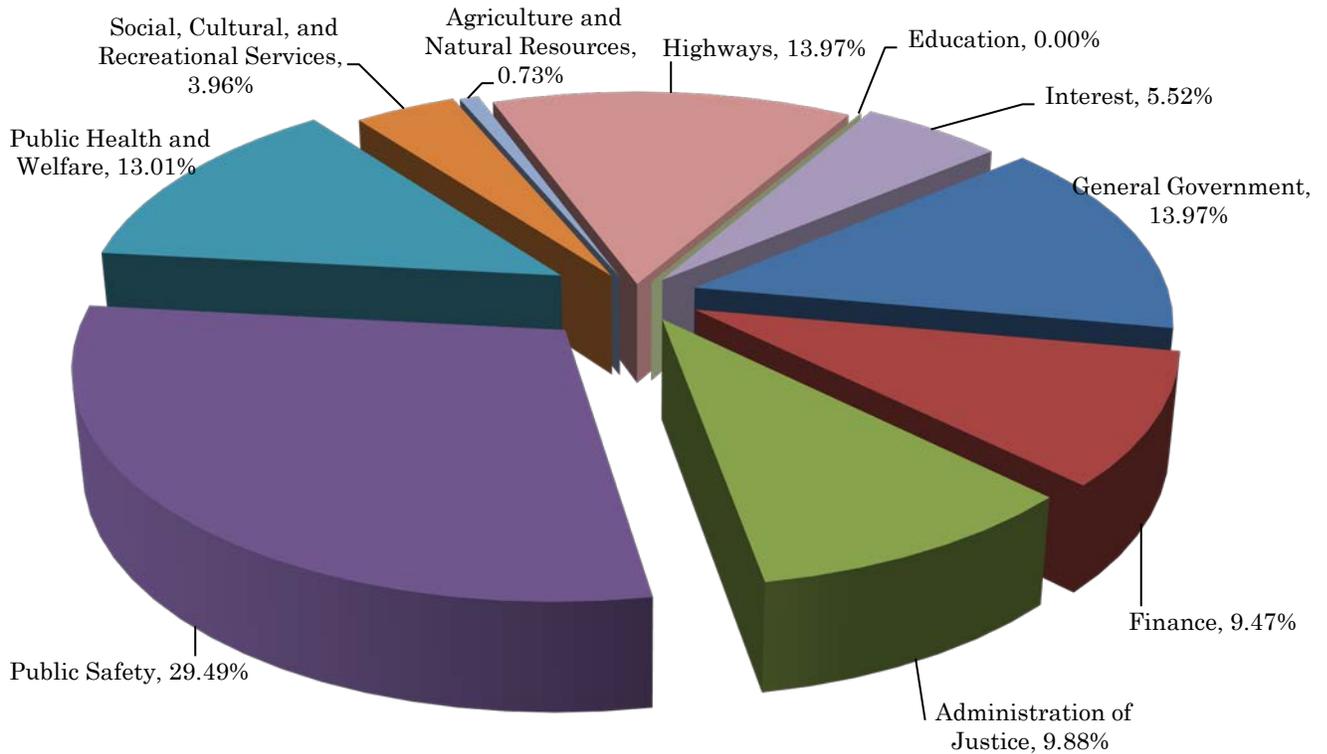
Hamblen County's and the Discretely Presented Hamblen County School Department's Changes in Net Position (Cont.)

| | Hamblen County Primary Government Governmental Activities | |
|---|--|---------------|
| | 2015 | 2016 |
| | | |
| Expenses (Cont.): | | |
| Education | \$ 7,000 | \$ 500 |
| Interest | 1,517,493 | 1,379,255 |
| Total Expenses | \$ 23,106,283 | \$ 25,002,219 |
| Change in Fair Value of Derivatives - Interest Rate Swap | \$ 388,415 | \$ 273,227 |
| Increase (Decrease) in Net Position | \$ 4,020,830 | \$ 2,859,060 |
| Net Position, July 1 | (3,823,332) | (1,011,652) |
| Restatement - Pension Liability | (1,209,150) | 0 |
| Net Position, June 30 | \$ (1,011,652) | \$ 1,847,408 |
| | | |
| | Hamblen County School Department Governmental Activities | |
| | 2015 | 2016 |
| | | |
| Revenues: | | |
| Program Revenues: | | |
| Charges for Services | \$ 1,974,606 | \$ 1,959,292 |
| Operating Grants and Contributions | 9,327,127 | 9,632,767 |
| Capital Grants and Contributions | 120,544 | 204,446 |
| General Revenues: | | |
| Property Taxes | 13,236,445 | 13,687,184 |
| Sales Taxes | 12,005,678 | 12,589,055 |
| Other Taxes | 776,047 | 784,330 |
| Grants and Contributions Not Restricted to Specific Programs | 45,586,658 | 47,449,093 |
| Unrestricted Investment Income | 14,155 | 5,114 |
| Pension Income | 73,111 | 0 |
| Miscellaneous | 47,419 | 94,316 |
| Total Revenues | \$ 83,161,790 | \$ 86,405,597 |
| Expenses: | | |
| Education | \$ 82,233,967 | \$ 83,831,354 |
| Total Expenses | \$ 82,233,967 | \$ 83,831,354 |
| Increase (Decrease) in Net Position | \$ 927,823 | \$ 2,574,243 |
| Net Position, July 1 | 58,294,019 | 45,696,738 |
| Restatement - Pension Liability | (13,525,104) | 0 |
| Net Position, June 30 | \$ 45,696,738 | \$ 48,270,981 |

Governmental Program Expenses

Public Safety expenses of \$7,373,663, General Government expenses of \$3,492,838 and Highways expenses of \$3,491,696 are the largest expenses of Hamblen County, which when combined total \$14,358,197 and are 57.4 percent of total expenses. For additional details, see illustrations below. Note that amounts are rounded to two decimal places in the following chart.

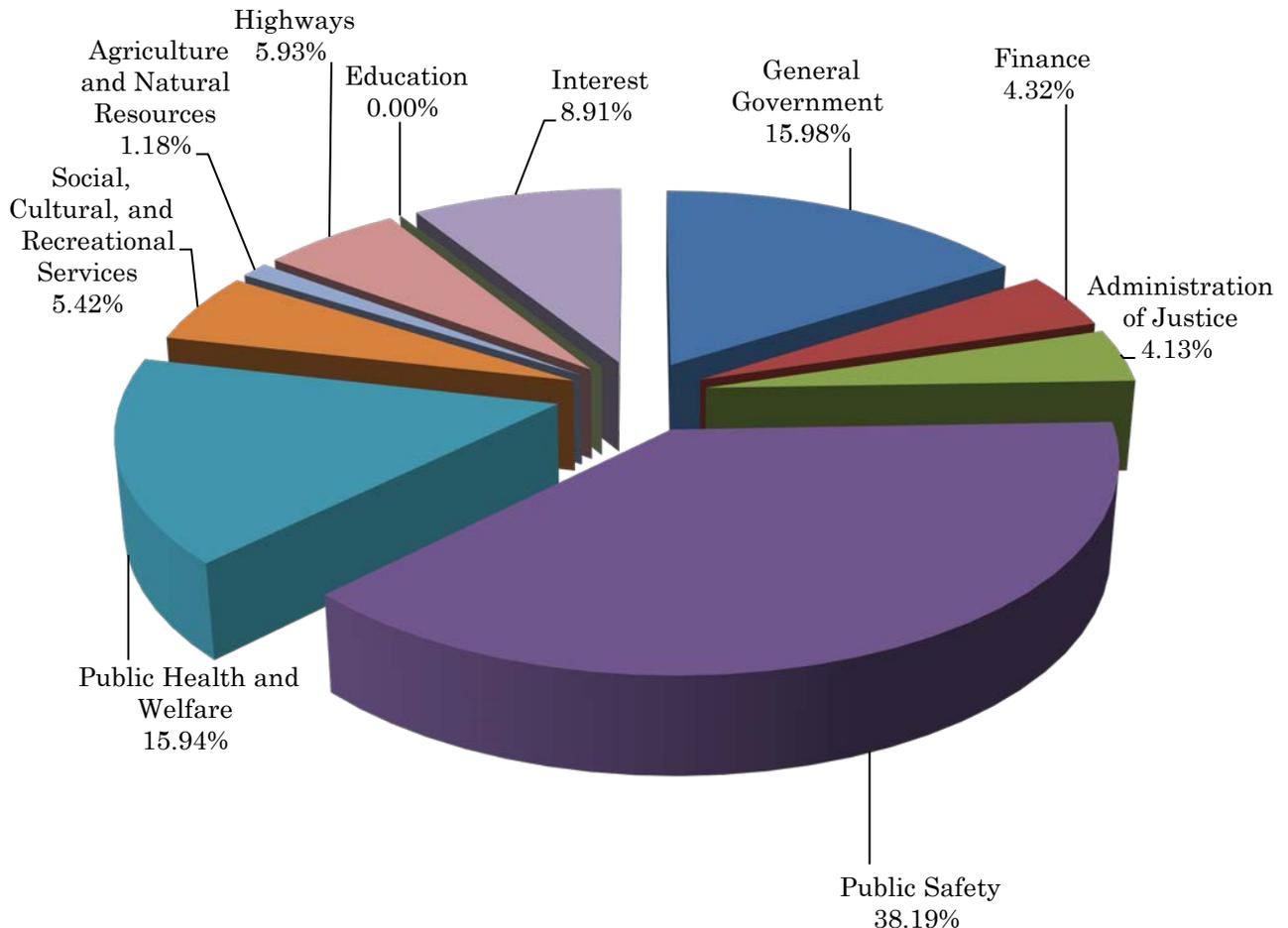
Governmental Program Expenses



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

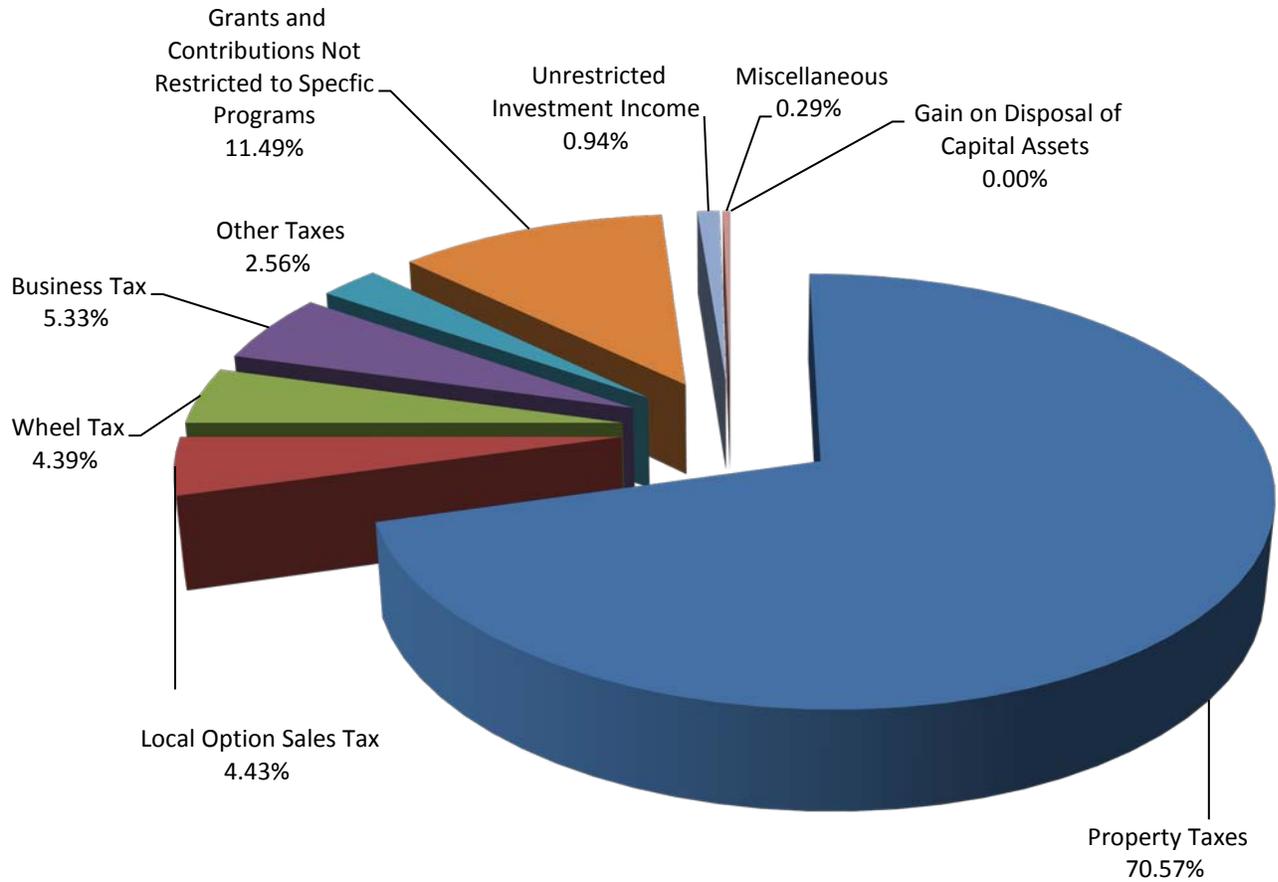


Revenues on the government-wide Statement of Activities are broken into two major categories, program and general revenues.

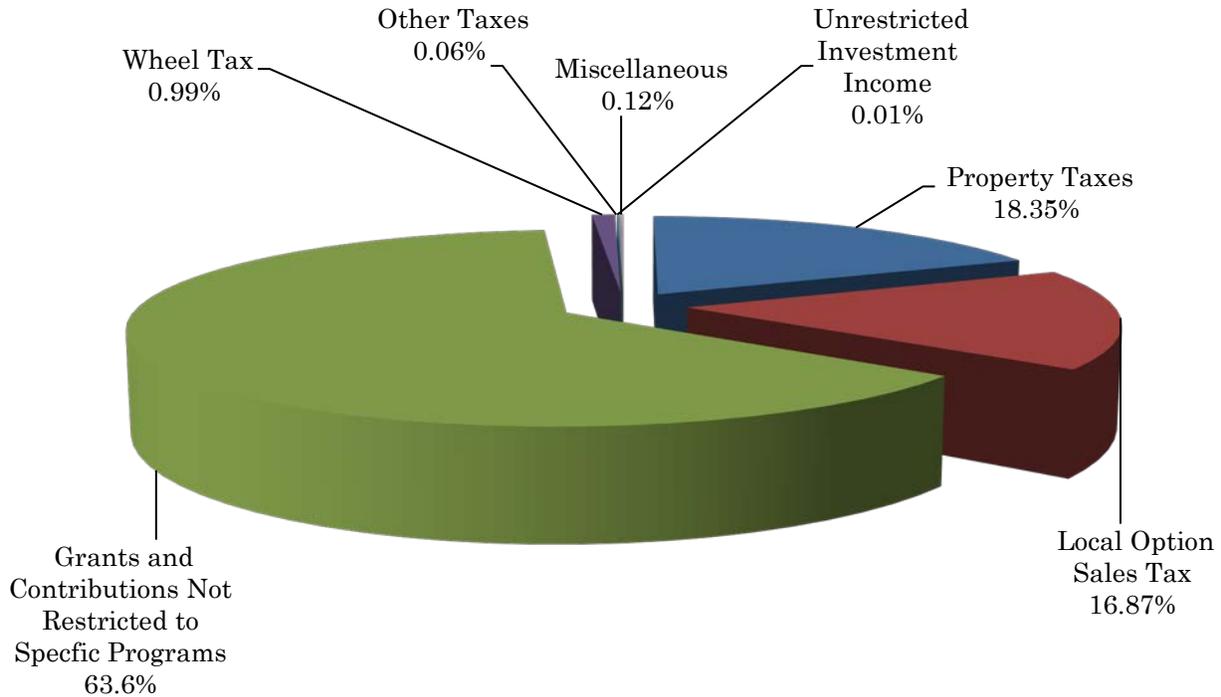
Program revenues are three types: charges for services (arise from charges to customers), operating grants and contributions (restricted for a specific purpose), and capital grants and contributions (restricted for a specific purpose).

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 \$83,954 and \$125,800, 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 \$2,234,972 and \$4,850,389, respectively, includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed Fund Balance** – The committed fund balance reflected in Hamblen County’s and the discretely presented Hamblen County School Department’s governmental funds totaling \$5,937,128 and \$745,962, 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 \$2,431,366 and \$5,386,347, 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 \$2,797,737 and \$4,053,645, respectively, represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds. This is the residual classification for the General and General Purpose School funds.

As of the end of the current fiscal year, Hamblen County’s governmental funds reported fund balances totaling \$13,485,157, a decrease of \$2,655,519. The decrease in the county’s fund balances is attributed to the use of bond proceeds, issued in 2014, for resurfacing projects and the use of fund balance for operating expenditures. The discretely presented Hamblen County School Department’s governmental funds reported fund balances totaling \$15,162,143, a decrease of \$698,606. 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 \$2,815,936, while total fund balance reached \$6,127,556. Total fund balance for the General Fund decreased \$1,276,183. 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 15.55 percent of total General Fund expenditures, while total fund balance represents 33.83 percent of that same amount.

The Solid Waste/Sanitation Fund continues to maintain a stable fund balance. The Solid Waste/Sanitation Fund's fund balance totaled \$2,880,174 at June 30, 2016, a decrease of \$153,313 from the previous year.

The General Debt Service Fund had a total fund balance of \$3,853,085 at June 30, 2016, a decrease of \$875,992.

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 \$4,053,645, while total fund balance increased to \$9,840,674. Total fund balance for the General Purpose School Fund increased \$76,721. 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 5.5 percent of total General Purpose School Fund expenditures, while total fund balance represents 13.2 percent of that same amount.

BUDGETARY HIGHLIGHTS

General Fund Budgetary Highlights

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

| | Original | Amended | Increase (Decrease) |
|---|----------------------|----------------------|------------------------|
| Appropriations: | | | |
| General Government | \$ 2,101,276 | \$ 2,335,125 | \$ 233,849 |
| Finance | 2,432,067 | 2,460,427 | 28,360 |
| Administration of Justice | 2,443,742 | 2,545,064 | 101,322 |
| Public Safety | 7,323,139 | 7,385,824 | 62,685 |
| Public Health and Welfare | 970,663 | 972,663 | 2,000 |
| Social, Cultural, and Recreational Services | 838,758 | 855,780 | 17,022 |
| Agriculture and Natural Resources | 216,672 | 219,967 | 3,295 |
| Other Operations | 1,520,552 | 1,589,044 | 68,492 |
| Education | 500 | 500 | 0 |
| Capital Projects | 420,000 | 1,007,271 | 587,271 |
| Total Appropriations | <u>\$ 18,267,369</u> | <u>\$ 19,371,665</u> | <u>\$ 1,104,296</u> |

The increase in General Government is due to the legal fees associated with the sheriff's salary suit and an increase in part-time expenditures in Planning.

The increase in Finance is attributed to renovations at the new satellite office for the county clerk located at 2415 N Davy Crockett Parkway. The lease for the mall space was not renewed by the lessor and necessitated relocating.

The increase in Administration of Justice is attributed to an increase in overtime expenditures and part-time expenditures in courtroom security directly relating to an increase in transports. The increase is also due to an increase in expenditures related to the holding of juveniles and an increase in the amount needed to finalize the installation of new software for circuit court clerk.

The increase in Public Safety is due to an increase in the inmate medical/dental costs, an increase in food supplies for inmates, an increase in custodial supplies for cleaning that occurs at the jail, and an increase in county coroner expenditures related to an increase in the number of autopsies performed.

The increase in Capital Projects is attributed to the Home Grant received, architectural and planning services for phase I and phase II related to the Justice Center/Jail project, new software for chancery court, and the purchase of a used litter truck for the Sheriff's Department.

At the close of the fiscal year, actual expenditures were \$1,441,203 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 \$1,595,176 compared to the original budget of \$76,796,296. At the close of the fiscal year, actual expenditures were \$3,518,249 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, 2016, totaled \$20,217,679. This investment in capital assets includes land, buildings and improvements, other capital assets (includes vehicles and equipment), and infrastructure (includes roads, highways, and bridges).

| Asset | Historical Value | Accumulated Depreciation | Net Value 6-30-16 |
|----------------------------|------------------|-----------------------------|----------------------|
| Land | \$ 475,551 | \$ 0 | \$ 475,551 |
| Construction in Progress | 323,435 | 0 | 323,435 |
| Buildings and Improvements | 11,683,082 | (4,804,835) | 6,878,247 |
| Other Capital Assets | 7,614,532 | (5,384,580) | 2,229,952 |
| Infrastructure | 16,954,011 | (6,643,517) | 10,310,494 |
| Total | \$ 37,050,611 | \$ (16,832,932) | \$ 20,217,679 |

The discretely presented Hamblen County School Department's investment in capital assets, net of accumulated depreciation, as of June 30, 2016, totaled \$54,738,033. This investment in capital assets includes land, buildings and improvements, and other capital assets (includes vehicles and equipment).

| Asset | Historical Value | Accumulated Depreciation | Net Value 6-30-16 |
|----------------------------|-----------------------|--------------------------|----------------------|
| Land | \$ 3,681,664 | \$ 0 | \$ 3,681,664 |
| Construction in Progress | 866,665 | 0 | 866,665 |
| Buildings and Improvements | 140,114,707 | (97,389,081) | 42,725,626 |
| Other Capital Assets | 18,587,859 | (11,123,781) | 7,464,078 |
| Total | <u>\$ 163,250,895</u> | <u>\$ (108,512,862)</u> | <u>\$ 54,738,033</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 \$31,779,185. Hamblen County made debt payments totaling \$4,653,854 during the year. All of this debt is backed by the full faith and credit of the county. Hamblen County maintains a rating of "Aa3" from Moody's and "A+" from Standard and Poor's for general obligation debt. The county did not have any capital outlay notes outstanding at June 30, 2016. 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 August 18, 2016, Hamblen County adopted a budget for the fiscal year ending June 30, 2017.

The distribution of the 2016 property tax rate is shown below:

| Fund | Inside | Outside |
|------------------------|----------------|----------------|
| 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, 2016, was 5.3 percent. The state's average unemployment rate as of June 30, 2016, was 4.1 percent and the national average was 4.9 percent.

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

Exhibit A

Hamblen County, Tennessee
Statement of Net Position
June 30, 2016

| | <u>Primary Government Governmental Activities</u> | <u>Component Unit Hamblen County School Department</u> |
|---|---|--|
| <u>ASSETS</u> | | |
| Cash | \$ 7,639 | \$ 0 |
| Equity in Pooled Cash and Investments | 16,087,822 | 13,155,651 |
| Inventories | 0 | 125,800 |
| Accounts Receivable | 178,834 | 72,061 |
| Due from Other Governments | 1,352,856 | 2,480,926 |
| Due from Primary Government | 0 | 760,012 |
| Property Taxes Receivable | 13,156,005 | 14,255,773 |
| Allowance for Uncollectible Property Taxes | (428,359) | (465,806) |
| Prepaid Items | 83,954 | 0 |
| Unamortized Discount on Debt | 89,380 | 0 |
| Net Pension Asset - Teacher Hybrid Cost-sharing Plan | 0 | 35,352 |
| Net Pension Asset - Agent Plan | 65,727 | 75,531 |
| Capital Assets: | | |
| Assets Not Depreciated: | | |
| Land | 475,551 | 3,681,664 |
| Construction in Progress | 323,435 | 866,665 |
| Assets Net of Accumulated Depreciation: | | |
| Buildings and Improvements | 6,878,247 | 42,725,626 |
| Other Capital Assets | 2,229,952 | 7,464,078 |
| Infrastructure | 10,310,494 | 0 |
| Total Assets | <u>\$ 50,811,537</u> | <u>\$ 85,233,333</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | |
| Accumulated Decrease in Fair Value of Hedging Derivatives | \$ 495,374 | \$ 0 |
| Deferred Charge on Refunding | 249,883 | 0 |
| Pension Changes in Experience | 0 | 300,230 |
| Pension Other Deferrals | 0 | 275,776 |
| Pension Contributions After Measurement Date | 779,243 | 4,058,495 |
| Total Deferred Outflows of Resources | <u>\$ 1,524,500</u> | <u>\$ 4,634,501</u> |

(Continued)

Exhibit A

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

| | <u>Primary Government Governmental Activities</u> | <u>Component Unit Hamblen County School Department</u> |
|---|---|--|
| <u>LIABILITIES</u> | | |
| Accounts Payable | \$ 1,317,540 | \$ 294,625 |
| Accrued Payroll | 345,764 | 0 |
| Accrued Interest Payable | 93,869 | 0 |
| Payroll Deductions Payable | 62,436 | 0 |
| Contracts Payable | 0 | 67,647 |
| Due to Component Unit | 760,012 | 0 |
| Derivative - Interest Rate Swap | 2,160,810 | 0 |
| Noncurrent Liabilities: | | |
| Due Within One Year | 4,548,854 | 316,741 |
| Due in More Than One Year (net of unamortized premium on debt) | 28,061,146 | 18,307,917 |
| Total Liabilities | <u>\$ 37,350,431</u> | <u>\$ 18,986,930</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | |
| Deferred Current Property Taxes | \$ 12,293,335 | \$ 13,315,832 |
| Pension Changes in Experience | 541,687 | 6,456,885 |
| Net Pension Changes on Investment Earnings | 303,176 | 2,760,834 |
| Pension Other Deferrals | 0 | 76,372 |
| Total Deferred Inflows of Resources | <u>\$ 13,138,198</u> | <u>\$ 22,609,923</u> |
| <u>NET POSITION</u> | | |
| Net Investment in Capital Assets | \$ 15,339,354 | \$ 54,738,033 |
| Restricted for: | | |
| General Government | 57,309 | 0 |
| Finance | 7,330 | 0 |
| Administration of Justice | 61,283 | 0 |
| Public Safety | 261,756 | 0 |
| Public Health and Welfare | 198,966 | 0 |
| Highway/Public Works | 545,279 | 0 |
| Debt Service | 1,453,344 | 0 |
| Capital Projects | 78,317 | 831,292 |
| Education | 0 | 4,255,780 |
| Other Purposes | 65,727 | 0 |
| Unrestricted | <u>(16,221,257)</u> | <u>(11,554,124)</u> |
| Total Net Position | <u>\$ 1,847,408</u> | <u>\$ 48,270,981</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, 2016

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | |
|---|----------------------|-------------------------|--|--|--|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary | Component |
| | | | | | Governmental Total Activities | Unit Hamblen County School Department |
| Primary Government: | | | | | | |
| Governmental Activities: | | | | | | |
| General Government | \$ 3,492,838 | \$ 966,802 | \$ 52,478 | \$ 0 | \$ (2,473,558) | \$ 0 |
| Finance | 2,367,234 | 1,697,702 | 0 | 0 | (669,532) | 0 |
| Administration of Justice | 2,469,724 | 1,743,506 | 86,245 | 0 | (639,973) | 0 |
| Public Safety | 7,373,663 | 1,196,179 | 82,021 | 183,355 | (5,912,108) | 0 |
| Public Health and Welfare | 3,253,581 | 147,766 | 564,773 | 72,415 | (2,468,627) | 0 |
| Social, Cultural, and Recreational Services | 990,887 | 149,588 | 0 | 2,250 | (839,049) | 0 |
| Agriculture and Natural Resources | 182,841 | 0 | 0 | 0 | (182,841) | 0 |
| Highways | 3,491,696 | 5 | 1,785,615 | 788,047 | (918,029) | 0 |
| Education | 500 | 0 | 0 | 0 | (500) | 0 |
| Interest on Long-term Debt | 1,379,255 | 0 | 0 | 0 | (1,379,255) | 0 |
| Total Primary Government | \$ 25,002,219 | \$ 5,901,548 | \$ 2,571,132 | \$ 1,046,067 | \$ (15,483,472) | \$ 0 |
| Component Unit: | | | | | | |
| Hamblen County School Department | \$ 83,831,354 | \$ 1,959,292 | \$ 9,632,767 | \$ 204,446 | \$ 0 | \$ (72,034,849) |
| Total Component Unit | \$ 83,831,354 | \$ 1,959,292 | \$ 9,632,767 | \$ 204,446 | \$ 0 | \$ (72,034,849) |

(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 Activities | Unit Hamblen County School Department |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property Taxes Levied for General Purposes | | | | | \$ 7,100,423 | \$ 13,687,184 |
| Property Taxes Levied for Public Health and Welfare Purposes | | | | | 1,229,874 | 0 |
| Property Taxes Levied for Debt Purposes | | | | | 4,420,573 | 0 |
| Local Option Sales Taxes | | | | | 799,901 | 12,589,055 |
| Hotel/Motel Tax | | | | | 15,496 | 0 |
| Wheel Tax | | | | | 792,574 | 735,962 |
| Litigation Tax - General | | | | | 126,511 | 0 |
| Litigation Tax - Special Purpose | | | | | 56,046 | 0 |
| Litigation Tax - Jail/Workhouse/Courthouse | | | | | 46,833 | 0 |
| Litigation Tax - Courtroom Security | | | | | 52,807 | 0 |
| Business Tax | | | | | 963,885 | 0 |
| Mixed Drink Tax | | | | | 0 | 43,118 |
| Mineral Severance Tax | | | | | 31,787 | 0 |
| Wholesale Beer Tax | | | | | 129,849 | 0 |
| Interstate Telecommunications Tax | | | | | 2,668 | 5,250 |
| Grants and Contributions Not Restricted to Specific Programs | | | | | 2,076,760 | 47,449,093 |
| Unrestricted Investment Income | | | | | 169,304 | 5,114 |
| Miscellaneous | | | | | 53,279 | 94,316 |
| Gain on Disposal of Capital Assets | | | | | 735 | 0 |
| Total General Revenues | | | | | \$ 18,069,305 | \$ 74,609,092 |
| Change in Fair Value of Derivatives - Interest Rate Swap | | | | | \$ 273,227 | \$ 0 |
| Change in Net Position | | | | | \$ 2,859,060 | \$ 2,574,243 |
| Net Position, July 1, 2015 | | | | | (1,011,652) | 45,696,738 |
| Net Position, June 30, 2016 | | | | | \$ 1,847,408 | \$ 48,270,981 |

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, 2016

| | Major Funds | | | Nonmajor Funds | Total Governmental Funds |
|--|---------------|--------------------------------|----------------------------|-------------------------------------|--------------------------------|
| | General | Solid Waste / Sanitation | General Debt Service | Other Govern- mental Funds | |
| <u>ASSETS</u> | | | | | |
| Cash | \$ 100 | \$ 0 | \$ 0 | \$ 7,439 | \$ 7,539 |
| Equity in Pooled Cash and Investments | 6,071,227 | 3,052,384 | 3,779,703 | 2,065,486 | 14,968,800 |
| Accounts Receivable | 128,343 | 15,101 | 0 | 25,283 | 168,727 |
| Due from Other Governments | 943,235 | 4,314 | 0 | 397,929 | 1,345,478 |
| Due from Other Funds | 296,935 | 18,488 | 0 | 0 | 315,423 |
| Property Taxes Receivable | 7,276,384 | 1,276,194 | 4,603,427 | 0 | 13,156,005 |
| Allowance for Uncollectible Property Taxes | (237,756) | (40,186) | (150,417) | 0 | (428,359) |
| Prepaid Items | 16,814 | 0 | 67,140 | 0 | 83,954 |
| Total Assets | \$ 14,495,282 | \$ 4,326,295 | \$ 8,299,853 | \$ 2,496,137 | \$ 29,617,567 |
| <u>LIABILITIES</u> | | | | | |
| Accounts Payable | \$ 424,564 | \$ 163,810 | \$ 0 | \$ 549,052 | \$ 1,137,426 |
| Accrued Payroll | 298,823 | 21,893 | 0 | 25,048 | 345,764 |
| Payroll Deductions Payable | 55,787 | 2,217 | 0 | 4,432 | 62,436 |
| Due to Other Funds | 261,835 | 20,238 | 0 | 313,730 | 595,803 |
| Due to Component Units | 0 | 0 | 0 | 760,012 | 760,012 |
| Total Liabilities | \$ 1,041,009 | \$ 208,158 | \$ 0 | \$ 1,652,274 | \$ 2,901,441 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | |
| Deferred Current Property Taxes | \$ 6,796,622 | \$ 1,196,809 | \$ 4,299,904 | \$ 0 | \$ 12,293,335 |
| Deferred Delinquent Property Taxes | 232,138 | 36,840 | 146,864 | 0 | 415,842 |
| Other Deferred/Unavailable Revenue | 297,957 | 4,314 | 0 | 219,521 | 521,792 |
| Total Deferred Inflows of Resources | \$ 7,326,717 | \$ 1,237,963 | \$ 4,446,768 | \$ 219,521 | \$ 13,230,969 |

(Continued)

Exhibit C-1

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

| | Major Funds | | | Nonmajor | Total |
|--|-------------|--------------------------|----------------------|-----------------------------------|-----------|
| | General | Solid Waste / Sanitation | General Debt Service | Funds Other Governmental Funds | |
| <u>FUND BALANCES</u> | | | | | |
| Nonspendable: | | | | | |
| Prepaid Items | \$ 16,814 | \$ 0 | \$ 67,140 | \$ 0 | \$ 83,954 |
| Restricted: | | | | | |
| Restricted for General Government | 57,309 | 0 | 0 | 0 | 57,309 |
| Restricted for Finance | 7,330 | 0 | 0 | 0 | 7,330 |
| Restricted for Administration of Justice | 61,283 | 0 | 0 | 0 | 61,283 |
| Restricted for Public Safety | 7,316 | 0 | 0 | 165,085 | 172,401 |
| Restricted for Public Health and Welfare | 162,126 | 0 | 0 | 0 | 162,126 |
| Restricted for Highways/Public Works | 0 | 0 | 0 | 389,726 | 389,726 |
| Restricted for Debt Service | 0 | 0 | 1,306,480 | 0 | 1,306,480 |
| Restricted for Capital Projects | 0 | 0 | 0 | 78,317 | 78,317 |
| Committed: | | | | | |
| Committed for Administration of Justice | 44,565 | 0 | 0 | 0 | 44,565 |
| Committed for Public Safety | 147,641 | 0 | 0 | 0 | 147,641 |
| Committed for Public Health and Welfare | 45,627 | 2,880,174 | 0 | 0 | 2,925,801 |
| Committed for Debt Service | 0 | 0 | 2,479,465 | 0 | 2,479,465 |
| Committed for Capital Projects | 330,243 | 0 | 0 | 9,413 | 339,656 |
| Assigned: | | | | | |
| Assigned for General Government | 89,634 | 0 | 0 | 0 | 89,634 |
| Assigned for Finance | 87,274 | 0 | 0 | 0 | 87,274 |
| Assigned for Administration of Justice | 5,186 | 0 | 0 | 0 | 5,186 |
| Assigned for Public Safety | 239,371 | 0 | 0 | 0 | 239,371 |
| Assigned for Public Health and Welfare | 114,748 | 0 | 0 | 0 | 114,748 |
| Assigned for Social, Cultural, and Recreational Services | 2,500 | 0 | 0 | 0 | 2,500 |
| Assigned for Agriculture and Natural Resources | 6,000 | 0 | 0 | 0 | 6,000 |
| Assigned for Other Operations | 100,000 | 0 | 0 | 0 | 100,000 |

(Continued)

Exhibit C-1

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

FUND BALANCES (CONT.)

Assigned (Cont.):

Assigned for Other Purposes

Unassigned

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

| Major Funds | | | Nonmajor Funds | Total |
|----------------------|--------------------------------|----------------------------|-------------------------------------|-----------------------|
| General | Solid Waste / Sanitation | General Debt Service | Other Govern- mental Funds | Governmental Funds |
| \$ 1,786,653 | \$ 0 | \$ 0 | \$ 0 | \$ 1,786,653 |
| 2,815,936 | 0 | 0 | (18,199) | 2,797,737 |
| <u>\$ 6,127,556</u> | <u>\$ 2,880,174</u> | <u>\$ 3,853,085</u> | <u>\$ 624,342</u> | <u>\$ 13,485,157</u> |
| <u>\$ 14,495,282</u> | <u>\$ 4,326,295</u> | <u>\$ 8,299,853</u> | <u>\$ 2,496,137</u> | <u>\$ 29,617,567</u> |

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

Exhibit C-2

Hamblen County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2016

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) | | \$ 13,485,157 |
| (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 | 323,435 | |
| Add: infrastructure net of accumulated depreciation | 10,310,494 | |
| Add: buildings and improvements net of accumulated depreciation | 6,878,247 | |
| Add: other capital assets net of accumulated depreciation | <u>2,229,952</u> | 20,217,679 |
| (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. | | 1,236,873 |
| (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 | \$ (17,634,185) | |
| Less: bonds payable | (14,145,000) | |
| Less: other postemployment benefits liability | (501,115) | |
| Add: deferred amount on refunding | 249,883 | |
| Add: unamortized discount on debt | 89,380 | |
| Less: fair value of investment-type derivative - interest rate swap | (2,160,810) | |
| Add: deferred amount on interest rate swap | 495,374 | |
| Less: accrued interest on bonds and other loans payable | (93,869) | |
| Less: other deferred revenue - premium on debt | <u>(329,700)</u> | (34,030,042) |
| (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 | \$ 779,243 | |
| Less: deferred inflows of resources related to pensions | <u>(844,863)</u> | (65,620) |
| (5) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds. | | 65,727 |
| (6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. | | <u>937,634</u> |
| Net position of governmental activities (Exhibit A) | | <u>\$ 1,847,408</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, 2016

| | Major Funds | | | Nonmajor Funds | Total Governmental Funds |
|---|----------------------|--------------------------------|----------------------------|-------------------------------------|--------------------------------|
| | General | Solid Waste / Sanitation | General Debt Service | Other Govern- mental Funds | |
| <u>Revenues</u> | | | | | |
| Local Taxes | \$ 9,373,445 | \$ 1,979,504 | \$ 4,517,657 | \$ 31,787 | \$ 15,902,393 |
| Licenses and Permits | 511,787 | 1,433 | 0 | 0 | 513,220 |
| Fines, Forfeitures, and Penalties | 262,611 | 0 | 35,105 | 85,882 | 383,598 |
| Charges for Current Services | 242,661 | 0 | 0 | 14,595 | 257,256 |
| Other Local Revenues | 96,568 | 5,042 | 667,270 | 2,875 | 771,755 |
| Fees Received From County Officials | 3,296,362 | 0 | 0 | 0 | 3,296,362 |
| State of Tennessee | 2,853,537 | 18,488 | 0 | 2,567,256 | 5,439,281 |
| Federal Government | 95,559 | 0 | 0 | 333,312 | 428,871 |
| Other Governments and Citizens Groups | 101,739 | 0 | 0 | 21,939 | 123,678 |
| Total Revenues | \$ 16,834,269 | \$ 2,004,467 | \$ 5,220,032 | \$ 3,057,646 | \$ 27,116,414 |
| <u>Expenditures</u> | | | | | |
| Current: | | | | | |
| General Government | \$ 2,182,506 | \$ 0 | \$ 0 | \$ 14,595 | \$ 2,197,101 |
| Finance | 2,182,021 | 0 | 0 | 0 | 2,182,021 |
| Administration of Justice | 2,378,276 | 0 | 0 | 0 | 2,378,276 |
| Public Safety | 7,151,178 | 0 | 0 | 84,241 | 7,235,419 |
| Public Health and Welfare | 832,580 | 2,157,780 | 0 | 0 | 2,990,360 |
| Social, Cultural, and Recreational Services | 823,646 | 0 | 0 | 0 | 823,646 |
| Agriculture and Natural Resources | 184,854 | 0 | 0 | 0 | 184,854 |
| Other Operations | 1,506,992 | 0 | 0 | 0 | 1,506,992 |
| Highways | 0 | 0 | 0 | 2,567,112 | 2,567,112 |
| Operation of Non-instructional Services | 500 | 0 | 0 | 0 | 500 |
| Debt Service: | | | | | |
| Principal on Debt | 0 | 0 | 4,653,854 | 0 | 4,653,854 |
| Interest on Debt | 0 | 0 | 1,342,072 | 0 | 1,342,072 |

(Continued)

Exhibit C-3

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

| | Major Funds | | | Nonmajor | Total |
|--|-----------------------|--------------------------------|----------------------------|--|-----------------------|
| | General | Solid Waste / Sanitation | General Debt Service | Funds Other Govern- mental Funds | |
| <u>Expenditures (Cont.)</u> | | | | | |
| Debt Service (Cont.) | | | | | |
| Other Debt Service | \$ 0 | \$ 0 | \$ 100,098 | \$ 0 | \$ 100,098 |
| Capital Projects | 869,725 | 0 | 0 | 741,729 | 1,611,454 |
| Total Expenditures | <u>\$ 18,112,278</u> | <u>\$ 2,157,780</u> | <u>\$ 6,096,024</u> | <u>\$ 3,407,677</u> | <u>\$ 29,773,759</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (1,278,009)</u> | <u>\$ (153,313)</u> | <u>\$ (875,992)</u> | <u>\$ (350,031)</u> | <u>\$ (2,657,345)</u> |
| <u>Other Financing Sources (Uses)</u> | | | | | |
| Insurance Recovery | \$ 1,826 | \$ 0 | \$ 0 | \$ 0 | \$ 1,826 |
| Total Other Financing Sources (Uses) | <u>\$ 1,826</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 1,826</u> |
| Net Change in Fund Balances | \$ (1,276,183) | \$ (153,313) | \$ (875,992) | \$ (350,031) | \$ (2,655,519) |
| Fund Balance, July 1, 2015 | 7,403,739 | 3,033,487 | 4,729,077 | 974,373 | 16,140,676 |
| Fund Balance, June 30, 2016 | <u>\$ 6,127,556</u> | <u>\$ 2,880,174</u> | <u>\$ 3,853,085</u> | <u>\$ 624,342</u> | <u>\$ 13,485,157</u> |

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, 2016

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) | | \$ (2,655,519) |
| (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 | \$ 1,062,759 | |
| Less: current-year depreciation expense | <u>(1,151,519)</u> | (88,760) |
| (2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position. | | |
| Add: assets donated and capitalized | \$ 186,832 | |
| Less: book value of capital assets disposed | <u>(425)</u> | 186,407 |
| (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, 2016 | \$ 937,634 | |
| Less: deferred delinquent property taxes and other deferred June 30, 2015 | <u>(1,089,688)</u> | (152,054) |
| (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 | 3,678,854 | |
| Add: principal payments on bonds | 975,000 | |
| Less: change in fair value of investment type derivatives - interest rate swap | (224,061) | |
| Add: change in deferred outflows on derivative - interest rate swap | 460,353 | |
| Add: change in deferred inflows on derivative - interest rate swap | 36,935 | |
| Less: change in deferred amount on refunding debt | <u>(38,614)</u> | 4,981,147 |
| (5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. | | |
| Change in accrued interest payable | \$ 8,849 | |
| Change in other postemployment benefits liability | (86,641) | |
| Change in net pension asset | (167,650) | |
| Change in deferred outflows related to pensions | 51,011 | |
| Change in deferred inflows related to pensions | <u>616,910</u> | 422,479 |
| (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>165,360</u> |
| Change in net position of governmental activities (Exhibit B) | | <u>\$ 2,859,060</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, 2016

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2015 | Add: Encumbrances 6/30/2016 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|---------------------------|-----------------------------------|-----------------------------------|---|------------------|---------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 9,373,445 | \$ 0 | \$ 0 | \$ 9,373,445 | \$ 9,315,245 | \$ 9,315,245 | \$ 58,200 |
| Licenses and Permits | 511,787 | 0 | 0 | 511,787 | 460,000 | 460,000 | 51,787 |
| Fines, Forfeitures, and Penalties | 262,611 | 0 | 0 | 262,611 | 324,500 | 324,500 | (61,889) |
| Charges for Current Services | 242,661 | 0 | 0 | 242,661 | 229,500 | 229,500 | 13,161 |
| Other Local Revenues | 96,568 | 0 | 0 | 96,568 | 60,000 | 77,687 | 18,881 |
| Fees Received From County Officials | 3,296,362 | 0 | 0 | 3,296,362 | 3,226,000 | 3,226,000 | 70,362 |
| State of Tennessee | 2,853,537 | 0 | 0 | 2,853,537 | 3,010,548 | 3,013,848 | (160,311) |
| Federal Government | 95,559 | 0 | 0 | 95,559 | 84,818 | 475,818 | (380,259) |
| Other Governments and Citizens Groups | 101,739 | 0 | 0 | 101,739 | 100,000 | 102,000 | (261) |
| Total Revenues | \$ 16,834,269 | \$ 0 | \$ 0 | \$ 16,834,269 | \$ 16,810,611 | \$ 17,224,598 | \$ (390,329) |
| <u>Expenditures</u> | | | | | | | |
| <u>General Government</u> | | | | | | | |
| County Commission | \$ 175,578 | \$ 0 | \$ 0 | \$ 175,578 | \$ 181,877 | \$ 181,877 | \$ 6,299 |
| Board of Equalization | 2,230 | 0 | 0 | 2,230 | 4,800 | 4,800 | 2,570 |
| County Mayor/Executive | 192,906 | 0 | 0 | 192,906 | 207,308 | 202,308 | 9,402 |
| County Attorney | 277,257 | 0 | 0 | 277,257 | 31,293 | 286,079 | 8,822 |
| Election Commission | 240,985 | 0 | 0 | 240,985 | 255,185 | 255,185 | 14,200 |
| Register of Deeds | 277,023 | 0 | 0 | 277,023 | 296,517 | 296,517 | 19,494 |
| Planning | 221,817 | 0 | 0 | 221,817 | 229,638 | 238,038 | 16,221 |
| Geographical Information Systems | 33,180 | 0 | 0 | 33,180 | 50,000 | 40,104 | 6,924 |
| Other Facilities | 742,820 | (384) | 0 | 742,436 | 824,210 | 809,769 | 67,333 |
| Preservation of Records | 18,710 | 0 | 0 | 18,710 | 20,448 | 20,448 | 1,738 |
| <u>Finance</u> | | | | | | | |
| Accounting and Budgeting | 340,578 | 0 | 0 | 340,578 | 342,286 | 342,286 | 1,708 |
| Purchasing | 31,612 | 0 | 0 | 31,612 | 46,391 | 46,391 | 14,779 |
| Property Assessor's Office | 369,511 | 0 | 0 | 369,511 | 392,027 | 392,027 | 22,516 |
| Reappraisal Program | 122,632 | 0 | 0 | 122,632 | 142,825 | 142,825 | 20,193 |
| County Trustee's Office | 338,094 | 0 | 0 | 338,094 | 365,807 | 365,807 | 27,713 |
| County Clerk's Office | 565,654 | 0 | 0 | 565,654 | 703,268 | 700,290 | 134,636 |

(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 7/1/2015 | Add: Encumbrances 6/30/2016 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|------------|--|
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Finance (Cont.)</u> | | | | | | | |
| Data Processing | \$ 106,260 | \$ 0 | \$ 0 | \$ 106,260 | \$ 145,891 | \$ 145,891 | \$ 39,631 |
| Other Finance | 307,680 | 0 | 3,000 | 310,680 | 293,572 | 324,910 | 14,230 |
| <u>Administration of Justice</u> | | | | | | | |
| Circuit Court | 790,754 | (1,566) | 2,221 | 791,409 | 836,003 | 866,764 | 75,355 |
| General Sessions Court | 410,636 | (104) | 0 | 410,532 | 434,788 | 434,788 | 24,256 |
| Drug Court | 133,256 | 0 | 0 | 133,256 | 143,345 | 143,345 | 10,089 |
| Chancery Court | 334,520 | 0 | 0 | 334,520 | 350,951 | 350,951 | 16,431 |
| Juvenile Court | 282,550 | 0 | 0 | 282,550 | 300,298 | 310,898 | 28,348 |
| Courtroom Security | 426,560 | 0 | 3,100 | 429,660 | 378,357 | 438,318 | 8,658 |
| <u>Public Safety</u> | | | | | | | |
| Sheriff's Department | 2,683,914 | 0 | 4,537 | 2,688,451 | 2,882,795 | 2,864,800 | 176,349 |
| Administration of the Sexual Offender Registry | 2,213 | 0 | 0 | 2,213 | 3,360 | 3,360 | 1,147 |
| Jail | 3,619,772 | (2,467) | 25,611 | 3,642,916 | 3,628,453 | 3,646,713 | 3,797 |
| Workhouse | 85,221 | 0 | 0 | 85,221 | 75,921 | 85,393 | 172 |
| Work Release Program | 154,642 | 0 | 0 | 154,642 | 170,272 | 174,451 | 19,809 |
| Fire Prevention and Control | 200,000 | 0 | 0 | 200,000 | 200,000 | 200,000 | 0 |
| Civil Defense | 78,542 | 0 | 4,695 | 83,237 | 91,948 | 91,948 | 8,711 |
| Other Emergency Management | 185,892 | 0 | 0 | 185,892 | 169,793 | 186,242 | 350 |
| Inspection and Regulation | 6,499 | 0 | 0 | 6,499 | 8,597 | 8,597 | 2,098 |
| County Coroner/Medical Examiner | 134,483 | 0 | 0 | 134,483 | 92,000 | 124,320 | (10,163) |
| <u>Public Health and Welfare</u> | | | | | | | |
| Local Health Center | 540,436 | (10,400) | 22,522 | 552,558 | 665,421 | 667,421 | 114,863 |
| 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 | 2,030 | 0 | 0 | 2,030 | 5,000 | 5,000 | 2,970 |
| Crippled Children Services | 6,242 | 0 | 0 | 6,242 | 6,242 | 6,242 | 0 |
| Appropriation to State | 109,592 | 0 | 0 | 109,592 | 110,500 | 110,500 | 908 |
| Aid to Dependent Children | 8,000 | 0 | 0 | 8,000 | 8,000 | 8,000 | 0 |
| Other Local Welfare Services | 30,780 | 0 | 0 | 30,780 | 40,000 | 40,000 | 9,220 |

(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 7/1/2015 | Add: Encumbrances 6/30/2016 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|----------------|--|
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Social, Cultural, and Recreational Services</u> | | | | | | | |
| Adult Activities | \$ 11,600 | \$ 0 | \$ 0 | \$ 11,600 | \$ 11,600 | \$ 11,600 | \$ 0 |
| Senior Citizens Assistance | 6,500 | 0 | 0 | 6,500 | 6,500 | 6,500 | 0 |
| Libraries | 267,250 | 0 | 0 | 267,250 | 267,250 | 267,250 | 0 |
| Parks and Fair Boards | 225,069 | 0 | 2,500 | 227,569 | 260,508 | 260,508 | 32,939 |
| Other Social, Cultural, and Recreational | 313,227 | 0 | 0 | 313,227 | 292,900 | 309,922 | (3,305) |
| <u>Agriculture and Natural Resources</u> | | | | | | | |
| Agricultural Extension Service | 138,234 | 0 | 0 | 138,234 | 138,460 | 141,755 | 3,521 |
| Forest Service | 1,000 | 0 | 0 | 1,000 | 1,000 | 1,000 | 0 |
| Soil Conservation | 44,792 | 0 | 0 | 44,792 | 45,212 | 45,212 | 420 |
| Storm Water Management | 828 | 0 | 6,000 | 6,828 | 32,000 | 32,000 | 25,172 |
| <u>Other Operations</u> | | | | | | | |
| Tourism | 73,517 | 0 | 0 | 73,517 | 70,712 | 81,139 | 7,622 |
| Industrial Development | 259,375 | 0 | 0 | 259,375 | 204,610 | 259,375 | 0 |
| Veterans' Services | 17,175 | 0 | 0 | 17,175 | 19,833 | 19,833 | 2,658 |
| Employee Benefits | 958,438 | 0 | 0 | 958,438 | 991,993 | 995,293 | 36,855 |
| Miscellaneous | 198,487 | 0 | 0 | 198,487 | 233,404 | 233,404 | 34,917 |
| <u>Operation of Non-instructional Services</u> | | | | | | | |
| Community Services | 500 | 0 | 0 | 500 | 500 | 500 | 0 |
| <u>Capital Projects</u> | | | | | | | |
| General Administration Projects | 0 | (70,143) | 70,143 | 0 | 0 | 0 | 0 |
| Administration of Justice Projects | 83,033 | (70,672) | 234 | 12,595 | 0 | 15,601 | 3,006 |
| Public Safety Projects | 786,692 | (551,022) | 380,379 | 616,049 | 420,000 | 616,670 | 621 |
| Public Health and Welfare Projects | 0 | 0 | 0 | 0 | 0 | 375,000 | 375,000 |
| Total Expenditures | \$ 18,112,278 | \$ (706,758) | \$ 524,942 | \$ 17,930,462 | \$ 18,267,369 | \$ 19,371,665 | \$ 1,441,203 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (1,278,009) | \$ 706,758 | \$ (524,942) | \$ (1,096,193) | \$ (1,456,758) | \$ (2,147,067) | \$ 1,050,874 |

(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 7/1/2015 | Add: Encumbrances 6/30/2016 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|---------------------------|-----------------------------------|-----------------------------------|---|------------------|----------------|--|
| | | | | | Original | Final | |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Insurance Recovery | \$ 1,826 | \$ 0 | \$ 0 | \$ 1,826 | \$ 0 | \$ 0 | \$ 1,826 |
| Total Other Financing Sources | \$ 1,826 | \$ 0 | \$ 0 | \$ 1,826 | \$ 0 | \$ 0 | \$ 1,826 |
| Net Change in Fund Balance | \$ (1,276,183) | \$ 706,758 | \$ (524,942) | \$ (1,094,367) | \$ (1,456,758) | \$ (2,147,067) | \$ 1,052,700 |
| Fund Balance, July 1, 2015 | 7,403,739 | (706,758) | 0 | 6,696,981 | 7,607,756 | 7,607,756 | (910,775) |
| Fund Balance, June 30, 2016 | \$ 6,127,556 | \$ 0 | \$ (524,942) | \$ 5,602,614 | \$ 6,150,998 | \$ 5,460,689 | \$ 141,925 |

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

Exhibit C-6

Hamblen County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2016

| | Actual (GAAP Basis) | Add: Encumbrances 6/30/2016 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|---|---------------------|---------------------|--|
| | | | | Original | Final | |
| <u>Revenues</u> | | | | | | |
| Local Taxes | \$ 1,979,504 | \$ 0 | \$ 1,979,504 | \$ 1,976,290 | \$ 1,976,290 | \$ 3,214 |
| Licenses and Permits | 1,433 | 0 | 1,433 | 1,500 | 1,500 | (67) |
| Other Local Revenues | 5,042 | 0 | 5,042 | 0 | 0 | 5,042 |
| State of Tennessee | 18,488 | 0 | 18,488 | 18,000 | 18,000 | 488 |
| Total Revenues | <u>\$ 2,004,467</u> | <u>\$ 0</u> | <u>\$ 2,004,467</u> | <u>\$ 1,995,790</u> | <u>\$ 1,995,790</u> | <u>\$ 8,677</u> |
| <u>Expenditures</u> | | | | | | |
| <u>Public Health and Welfare</u> | | | | | | |
| Sanitation Management | \$ 2,157,780 | \$ 1,450 | \$ 2,159,230 | \$ 2,394,354 | \$ 2,420,378 | \$ 261,148 |
| Total Expenditures | <u>\$ 2,157,780</u> | <u>\$ 1,450</u> | <u>\$ 2,159,230</u> | <u>\$ 2,394,354</u> | <u>\$ 2,420,378</u> | <u>\$ 261,148</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (153,313)</u> | <u>\$ (1,450)</u> | <u>\$ (154,763)</u> | <u>\$ (398,564)</u> | <u>\$ (424,588)</u> | <u>\$ 269,825</u> |
| Net Change in Fund Balance | \$ (153,313) | \$ (1,450) | \$ (154,763) | \$ (398,564) | \$ (424,588) | \$ 269,825 |
| Fund Balance, July 1, 2015 | <u>3,033,487</u> | <u>0</u> | <u>3,033,487</u> | <u>3,106,589</u> | <u>3,106,589</u> | <u>(73,102)</u> |
| Fund Balance, June 30, 2016 | <u>\$ 2,880,174</u> | <u>\$ (1,450)</u> | <u>\$ 2,878,724</u> | <u>\$ 2,708,025</u> | <u>\$ 2,682,001</u> | <u>\$ 196,723</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, 2016

Governmental
 Activities -
 Internal Service
 Fund

 Employee
 Insurance -
 General

ASSETS

| | |
|---------------------------------------|---------------------|
| Current Assets: | |
| Cash | \$ 100 |
| Equity in Pooled Cash and Investments | 1,119,022 |
| Accounts Receivable | 10,107 |
| Due from Other Governments | 7,378 |
| Due from Other Funds | 292,248 |
| Total Assets | <u>\$ 1,428,855</u> |

LIABILITIES

| | |
|----------------------|-------------------|
| Current Liabilities: | |
| Accounts Payable | \$ 180,114 |
| Due to Other Funds | 11,868 |
| Total Liabilities | <u>\$ 191,982</u> |

NET POSITION

| | |
|--------------------|----------------------------|
| Unrestricted | <u>\$ 1,236,873</u> |
| Total Net Position | <u><u>\$ 1,236,873</u></u> |

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

Exhibit D-2

Hamblen County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2016

| | Governmental Activities - Internal Service Fund |
|--|--|
| | Employee Insurance - General |
| <u>Operating Revenues</u> | |
| Self-insurance Premiums/Contributions | \$ 2,813,275 |
| Other Employee Benefit Charges/Contributions | 124,603 |
| Other General Service Charges | 311,481 |
| Other Charges for Services | 36,983 |
| Total Operating Revenues | <u>\$ 3,286,342</u> |
| <u>Operating Expenses</u> | |
| Handling Charges and Administrative Costs | \$ 132,779 |
| Dental and Vision Insurance | 125,370 |
| Bank Charges | 471 |
| Consultants | 31,000 |
| Contracts with Private Agencies | 330,571 |
| Excess Risk Insurance | 255,394 |
| Medical Claims | 1,686,863 |
| Other Self-insured Claims | 653,997 |
| Surcharge | 18,293 |
| Total Operating Expenses | <u>\$ 3,234,738</u> |
| Operating Income | <u>\$ 51,604</u> |
| Nonoperating Revenues (Expenses) | |
| Miscellaneous Refunds | \$ 113,756 |
| Total Nonoperating Revenues (Expenses) | <u>\$ 113,756</u> |
| Change in Net Position | \$ 165,360 |
| Net Position, July 1, 2015 | <u>1,071,513</u> |
| Net Position, June 30, 2016 | <u><u>\$ 1,236,873</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, 2016

| | Governmental Activities - Internal Service Fund <hr/> Employee Insurance - General <hr/> |
|---|---|
| <u>Cash Flows from Operating Activities</u> | |
| Receipts for Self Insurance Premiums | \$ 2,598,376 |
| Receipts for Other Insurance Premiums | 113,955 |
| Receipts for Patient Charges | 222,594 |
| Receipts for Stop-loss Recovery | 257,258 |
| Receipts for Other Charges from Services | 21,214 |
| Payments to Insurers and Consultants | (430,528) |
| Payments for Claims | (2,584,446) |
| Payments to Vendors | (329,839) |
| Payments for Administrative Costs | (132,779) |
| Net Cash Provided By (Used In) Operating Activities | <u>\$ (264,195)</u> |
| <u>Cash Flows from Noncapital Financing Activities</u> | |
| Miscellaneous Refunds | \$ 113,756 |
| Net Cash Provided By (Used In) Noncapital Financing Activities | <u>\$ 113,756</u> |
| Increase (Decrease) in Cash | \$ (150,439) |
| Cash, July 1, 2015 | <u>1,269,561</u> |
| Cash, June 30, 2016 | <u><u>\$ 1,119,122</u></u> |
| <u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u> | |
| Operating Income (Loss) | \$ 51,604 |
| 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 | (3,291) |
| (Increase) Decrease in Due from Other Funds | (292,248) |
| Increase (Decrease) in Accounts Payable | (20,260) |
| Net Cash Provided By (Used In) Operating Activities | <u>\$ (264,195)</u> |
| <u>Reconciliation of Cash With Statement of Net Position</u> | |
| Cash Per Net Position | \$ 100 |
| Equity in Pooled Cash and Investments Per Statement of Net Position | <u>1,119,022</u> |
| Cash, June 30, 2016 | <u><u>\$ 1,119,122</u></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, 2016

| | Other Employee Benefit Trust Fund | Agency Funds |
|--|--|-------------------------|
| | <u>Employee Benefit Trust Fund</u> | <u>Agency Funds</u> |
| <u>ASSETS</u> | | |
| Cash | \$ 0 | \$ 1,930,905 |
| Equity in Pooled Cash and Investments | 5,905 | 0 |
| Accounts Receivable | 20 | 468 |
| Due from Other Governments | 0 | 1,924,618 |
| | <u>0</u> | <u>1,924,618</u> |
| Total Assets | <u>\$ 5,925</u> | <u>\$ 3,855,991</u> |
| <u>LIABILITIES</u> | | |
| Due to Other Taxing Units | \$ 0 | \$ 1,924,618 |
| Due to Litigants, Heirs, and Others | 0 | 1,931,373 |
| | <u>0</u> | <u>1,931,373</u> |
| Total Liabilities | <u>\$ 0</u> | <u>\$ 3,855,991</u> |
| <u>NET POSITION</u> | | |
| Net Position Held in Trust for Employees | <u>\$ 5,925</u> | |
| Net Position | <u>\$ 5,925</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, 2016

| | Other Employee Benefit Trust Fund |
|-----------------------------|---|
| | <u>Employee Benefit Trust Fund</u> |
| <u>ADDITIONS</u> | |
| Plan Member Contributions | \$ 17,679 |
| Total Additions | <u>\$ 17,679</u> |
| <u>DEDUCTIONS</u> | |
| Employee Benefits: | |
| Other Fringe Benefits | \$ 17,896 |
| Total Deductions | <u>\$ 17,896</u> |
| Change in Net Position | \$ (217) |
| Net Position, July 1, 2015 | <u>6,142</u> |
| Net Position, June 30, 2016 | <u><u>\$ 5,925</u></u> |

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

HAMBLEN COUNTY, TENNESSEE
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HAMBLEN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Hamblen County is a public municipal corporation governed by an elected 14-member board. As required by GAAP, these financial statements present Hamblen County (the primary government) and its component units. The financial statements of the Hamblen County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of their omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Hamblen County School Department operates the public school system in the county, and the voters of Hamblen County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Hamblen County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Hamblen County. The Hamblen County Emergency Communications District is governed by an 11-member board of directors, which is appointed by the county mayor and confirmed by the Hamblen County Commission. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Hamblen County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Hamblen County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Hamblen County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

B. Government-wide and Fund Financial Statements

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

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

Hamblen County issues all debt for the discretely presented Hamblen County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2016.

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

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

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

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

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

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

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

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

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

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

Hamblen County reports the following major governmental funds:

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

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

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

Additionally, Hamblen County reports the following fund types:

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

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

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

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

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

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

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

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

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

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

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

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

1. Deposits and Investments

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

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Hamblen County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Income from these pooled investments is assigned to the various funds based on the approved budgets. Hamblen County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost with the exception of negotiable certificates of deposits, which are reported at fair value. Investments in the State Treasurer's Investment Pool are reported at 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 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 1.72 percent of total taxes levied.

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

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

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

3. Inventories and Prepaid Items

Inventories of the discretely presented Hamblen County School Department are recorded at cost, determined on the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories are offset in the nonspendable fund balance account in the governmental funds.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. Prepaids are offset in the nonspendable fund balance account in governmental funds.

4. **Capital Assets**

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

5. **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. 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, pension changes in experience, pension changes in investment earnings, pension other deferrals, and various receivables for revenues, which do not meet the availability criteria in governmental funds.

6. Compensated Absences

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

Vacation benefits for all 12-month employees of the discretely presented Hamblen County School Department are earned in the current year for use in the subsequent year. Therefore, accrued leave balances payable of \$218,908 recorded as a liability in this report must be used in one year or are lost.

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

7. Long-term Obligations

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

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

withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

8. Net Position and Fund Balance

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

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

As of June 30, 2016, Hamblen County had \$26,936,525 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 (\$307,213), amounts appropriated for use in the 2016-16 budget (\$1,627,138), amounts for various insurance premium increases (\$159,515) and various other assignments (\$337,500). Assigned fund balance in the School Department's General Purpose School Fund includes amounts assigned for capital projects (\$4,444,393), textbooks (\$566,035), and other uses (\$375,919).

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

to specific purposes within the General and General Purpose School funds.

E. Pension Plans

Primary Government

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

Discretely Presented Hamblen County School Department

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Hamblen County School Department

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

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

Primary Government

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

Discretely Presented Hamblen County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

At June 30, 2016, Hamblen County and the Hamblen County School Department reported the following significant encumbrances:

| Funds | Description | Amount |
|------------------------|------------------------|------------|
| Primary Government: | | |
| Major Fund: | | |
| General | Architectural Services | \$ 126,435 |
| " | Vehicle purchases | 209,248 |
| School Department: | | |
| Major Fund: | | |
| General Purpose School | Capital outlay | 729,888 |

B. Net Position Deficit/Fund Deficit

The county's Highway Capital Projects Fund had a negative unassigned fund balance of \$18,199 at June 30, 2016. This negative unassigned fund balance resulted from the timing difference between incurring expenditures and receiving revenues. The County Commission allocated a portion of sales tax revenues in the 2016-2017 budget to the Highway Capital Projects Fund, which liquidated the deficit.

C. Cash Shortage

The Office of County Clerk had a cash shortage of \$511 as of February 6, 2016. This shortage has been liquidated as of June 30, 2016. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs in the Single Audit section of this report.

D. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the County Coroner/Medical Examiner and Other Social, Cultural and Recreational major appropriation categories (the legal level of control) of the General Fund by \$10,163 and \$3,305, respectively. Expenditures exceeded total appropriations in the Highway Capital Projects Fund by \$21,213. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund

balance in the General Fund and by subsequent year revenues in the Highway Capital Projects Fund.

E. 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., during the fiscal year the county had bank and brokerage balances as high as \$1,222,371, which were uninsured and uncollateralized. No funds were uninsured and uncollateralized at June 30, 2016. Uninsured and uncollateralized deposits are a violation of state statutes.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, Hamblen County’s deposits may not be returned to it. Hamblen County does have a formal policy that limits custodial credit risk for deposits. During the fiscal year, bank and brokerage balances of as high as \$1,222,371 were uninsured and uncollateralized. No funds were uninsured and uncollateralized at June 30, 2016. 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, 2016, Hamblen County had the following investments carried at amortized cost or fair value within the fair value hierarchy established by generally accepted accounting principles. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Hamblen County and the discretely presented Hamblen County School Department since both pool their deposits and investments through the county trustee.

| Investments | Rating | | Maturity | Fair Value or Cost |
|--|--------|------|-----------|-----------------------|
| | Moody | S&P | | |
| Investments at Amortized Cost: | | | | |
| State Treasurer's Investment Pool | NR | NR | 4 to 117* | \$ 883,872 |
| Investments at Fair Value: | | | | |
| Federal Home Loan Banks Discount Notes | P-1 | A-1+ | 8-31-16 | 149,937 |
| Federal Home Loan Banks Discount Notes | P-1 | A-1+ | 9-20-16 | 599,622 |
| Total | | | | <u>\$ 1,633,431</u> |

* Weighted average maturity (days)

The measurement of the fair value of the Federal Home Loan Banks Discount Notes was made using quoted prices in active markets for identical assets (level 1).

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Hamblen County has a formal investment policy with the same requirements as state statutes for limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Hamblen County has an investment policy that limits its investment choices to those authorized by state statute, with safety, liquidity, and yield being priorities specified by the policy. 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 Federal Home Loan Banks Discount Notes. These investments are 45.89 percent of the county’s total investments.

B. Derivative Instruments

Primary Government

At June 30, 2016, 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 4.390% receive 63.4% of 5-year LIBOR |

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2016, classified by type, and the changes in fair value using a pay fixed, receive a percentage of LIBOR pricing model (Level 2 inputs of the GAAP fair value hierarchy) of such derivative instruments for the year then ended as reported in the 2016 financial statements are as follows:

| Type | Changes in Fair Values | | Fair Value at June 30, 2016 | | 6-30-16 |
|--------------------------------|------------------------|---------------------|-----------------------------|-----------------------|--------------------|
| | Classification | Amount | Classi- fication | Amount | Notional Amount |
| Governmental Activities | | | | | |
| Pay-fixed interest rate swaps: | | | | | |
| \$10M Hybrid Swap A: | | | | | \$ 340,000 |
| Cash Flow Hedge Portion | Deferred | | | | |
| | Outflow | \$ 32,024 | Debt | \$ (2,997) | |
| Non-hedge Portion | Investment | | | | |
| | Earnings | 95,870 | Debt | (9,841) | |
| Total \$10M Hybrid Swap A | | <u>\$ 127,894</u> | | <u>\$ (12,838)</u> | |
| \$10M Hybrid Swap B: | | | | | 10,000,000 |
| Cash Flow Hedge Portion | Deferred | | | | |
| | Outflow | \$ (529,312) | Debt | \$ (492,377) | |
| Non-hedge Portion | Investment | | | | |
| | Earnings | 177,357 | Debt | (1,655,595) | |
| Total \$10M Hybrid Swap B | | <u>\$ (351,955)</u> | | <u>\$ (2,147,972)</u> | |
| Total | | <u>\$ (224,061)</u> | | <u>\$ (2,160,810)</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, 2016, rates were as follows:

| | <u>Terms</u> | <u>Rates</u> |
|------------------------------------|--------------|----------------------|
| Interest rate swap: | | |
| Fixed payment to counterparty | Fixed | 4.265% |
| Variable payment from counterparty | | <u>-0.452%</u> |
| Net interest rate swap payments | | 3.813% |
| Variable-rate bond coupon payments | | <u>0.772%</u> |
| Synthetic interest rate on bonds | | <u><u>4.585%</u></u> |

Fair value. As of June 30, 2016, the swap had a negative fair value of \$12,838. 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, 2016, 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, 2016, with its Credit Support Provider, Deutsche Bank, rated Baa2/BBB+/BBB+ 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, 2016, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

| Fiscal Year Ending June 30 | Variable Rate Bonds | | Net Interest Rate Swap Payment | Total |
|-------------------------------|---------------------|----------|-----------------------------------|------------|
| | Principal | Interest | | |
| 2017 | \$ 340,000 | \$ 2,627 | \$ 12,963 | \$ 355,590 |
| Total | \$ 340,000 | \$ 2,627 | \$ 12,963 | \$ 355,590 |

\$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, 2016, 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>-0.621%</u> |
| Net interest rate swap payments | | 3.769% |
| Variable-rate bond coupon payments | | <u>1.166%</u> |
| Synthetic interest rate on bonds | | <u><u>4.935%</u></u> |

Fair value. As of June 30, 2016, the swap had a negative fair value of \$2,147,972. 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, 2016, 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, 2016, with its Credit Support Provider, Deutsche Bank, rated Baa2/BBB+/BBB+ 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, 2016, 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 | |
| 2017 | \$ 0 | \$ 116,605 | \$ 376,868 | \$ 493,473 |
| 2018 | 0 | 116,605 | 376,868 | 493,473 |
| 2019 | 0 | 116,605 | 376,868 | 493,473 |
| 2020 | 1,450,000 | 116,605 | 376,868 | 1,943,473 |
| 2021 | 1,530,000 | 99,698 | 322,222 | 1,951,920 |
| 2022-2025 | 7,020,000 | 210,182 | 679,305 | 7,909,487 |
| Total | \$ 10,000,000 | \$ 776,300 | \$ 2,508,999 | \$ 13,285,299 |

C. Capital Assets

Capital assets activity for the year ended June 30, 2016, was as follows:

Primary Government

Governmental Activities:

| | Balance 7-1-15 | Increases | Decreases | Balance 6-30-16 |
|--|----------------------|---------------------|--------------------|----------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 475,551 | \$ 0 | \$ 0 | \$ 475,551 |
| Construction in Progress | 54,500 | 268,935 | 0 | 323,435 |
| Total Capital Assets Not Depreciated | \$ 530,051 | \$ 268,935 | \$ 0 | \$ 798,986 |
| Capital Assets Depreciated: | | | | |
| Buildings and Improvements | \$ 11,359,908 | \$ 323,174 | \$ 0 | \$ 11,683,082 |
| Roads and Bridges | 16,954,011 | 0 | 0 | 16,954,011 |
| Other Capital Assets | 6,999,760 | 657,482 | (42,710) | 7,614,532 |
| Total Capital Assets Depreciated | \$ 35,313,679 | \$ 980,656 | \$ (42,710) | \$ 36,251,625 |
| Less Accumulated Depreciation For: | | | | |
| Buildings and Improvements | \$ 4,475,836 | \$ 328,999 | \$ 0 | \$ 4,804,835 |
| Roads and Bridges | 6,473,835 | 169,682 | 0 | 6,643,517 |
| Other Capital Assets | 4,774,027 | 652,838 | (42,285) | 5,384,580 |
| Total Accumulated Depreciation | \$ 15,723,698 | \$ 1,151,519 | \$ (42,285) | \$ 16,832,932 |
| Total Capital Assets Depreciated, Net | \$ 19,589,981 | \$ (170,863) | \$ (425) | \$ 19,418,693 |
| Governmental Activities Capital Assets, Net | \$ 20,120,032 | \$ 98,072 | \$ (425) | \$ 20,217,679 |

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

Governmental Activities:

| | |
|---|---------------------|
| General Government | \$ 90,109 |
| Finance | 24,640 |
| Administration of Justice | 182,218 |
| Public Safety | 232,836 |
| Public Health and Welfare | 257,332 |
| Social, Cultural, and Recreational Services | 36,126 |
| Highways/Public Works | 328,258 |
| Total Depreciation Expense - Governmental Activities | \$ 1,151,519 |

Discretely Presented Hamblen County School Department

Governmental Activities:

| | Balance 7-1-15 | Increases | Decreases | Balance 6-30-16 |
|--|-----------------------|---------------------|-----------------------|-----------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 3,362,753 | \$ 318,911 | \$ 0 | \$ 3,681,664 |
| Construction in Progress | 4,068,143 | 1,767,250 | (4,968,728) | 866,665 |
| Total Capital Assets Not Depreciated | \$ 7,430,896 | \$ 2,086,161 | \$ (4,968,728) | \$ 4,548,329 |
| Capital Assets Depreciated: | | | | |
| Buildings and Improvements | \$ 135,377,534 | \$ 4,737,173 | \$ 0 | \$ 140,114,707 |
| Other Capital Assets | 16,755,316 | 1,967,190 | (134,647) | 18,587,859 |
| Total Capital Assets Depreciated | \$ 152,132,850 | \$ 6,704,363 | \$ (134,647) | \$ 158,702,566 |
| Less Accumulated Depreciation For: | | | | |
| Buildings and Improvements | \$ 95,271,340 | \$ 2,117,741 | \$ 0 | \$ 97,389,081 |
| Other Capital Assets | 10,108,623 | 1,120,530 | (105,372) | 11,123,781 |
| Total Accumulated Depreciation | \$ 105,379,963 | \$ 3,238,271 | \$ (105,372) | \$ 108,512,862 |
| Total Capital Assets Depreciated, Net | \$ 46,752,887 | \$ 3,466,092 | \$ (29,275) | \$ 50,189,704 |
| Governmental Activities Capital Assets, Net | \$ 54,183,783 | \$ 5,552,253 | \$ (4,998,003) | \$ 54,738,033 |

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

Governmental Activities:

| | |
|---|----------------------------|
| Instruction | \$ 26,908 |
| Support Services | 3,025,978 |
| Operation of Non-instructional Services | <u>185,385</u> |
| Total Depreciation Expense - Governmental Activities | <u>\$ 3,238,271</u> |

D. Construction Commitments

At June 30, 2016, the General Purpose School Fund and the Education Capital Projects Fund of the discretely presented School Department had uncompleted construction contracts of approximately \$314,400 and \$367,210, 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, 2016, was as follows:

Due to/from Other Funds:

| <u>Receivable Fund</u> | <u>Payable Funds</u> | <u>Amount</u> |
|---|------------------------------|---------------|
| Primary Government: | | |
| General | Nonmajor governmental | \$ 285,067 |
| " | Employee Insurance - General | 11,868 |
| Solid Waste/Sanitation Fund | General | 18,488 |
| Employee Insurance - General | General | 243,347 |
| " | Solid Waste/Sanitation Fund | 20,238 |
| " | Nonmajor governmental | 28,663 |
| Discretely Presented School Department: | | |
| General Purpose School | Nonmajor governmental | 894 |

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

Due to/from Primary Government and Component Units:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-----------------------|---------------|
| Component Unit: | | |
| School Department: | Primary Government: | |
| Nonmajor governmental | Nonmajor governmental | \$ 760,012 |

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, 2016, consisted of the following amounts:

Discretely Presented Hamblen County School Department:

| Transfers Out | Transfers In | |
|-----------------------------|-----------------------------|----------------------------|
| | General Purpose School Fund | Nonmajor Governmental Fund |
| Nonmajor governmental fund | \$ 51,779 | \$ 0 |
| General Purpose School Fund | 0 | 200,000 |
| Total | \$ 51,779 | \$ 200,000 |

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, 2016, will be retired from the General Debt Service Fund.

General obligation bonds and other loans outstanding as of June 30, 2016, for governmental activities are as follows:

| Type | Interest Rate | | Final Maturity | Original Amount of Issue | Balance 6-30-16 |
|---|---------------|--|----------------|--------------------------|-----------------|
| General Obligation Bonds - Refunding | 3 to 5 % | | 6-1-19 | \$ 10,860,000 | \$ 10,125,000 |
| General Obligation Bonds | 1.446 | | 6-1-23 | 5,200,000 | 4,020,000 |
| Other Loans - Qualified School Construction Bonds | 1.515 | | 7-1-26 | 11,280,000 | 7,174,185 |
| Other Loans - Refunding | Variable | | 6-1-25 | 30,300,000 | 10,460,000 |

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, 2016, 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, 2016, including interest rates and other loan fees:

| Description | Original Amount of Loan Agreement | Outstanding Principal 6-30-16 | Interest Type | Interest Rates as of 6-30-16 | Other Fees on Variable Rate Debt |
|-----------------------------|--|-------------------------------------|------------------|---------------------------------------|---|
| <u>Sevier County Public</u> | | | | | |
| <u>Building Authority</u> | | | | | |
| Refunding | | | | | |
| (Series VII-C-2) | \$ 20,200,000 | \$ 360,000 | Variable (1) | 4.585 % | 2.43 % |
| <u>Blount County Public</u> | | | | | |
| <u>Building Authority</u> | | | | | |
| Refunding | | | | | |
| (Series E-4-A) | 10,100,000 | <u>10,100,000</u> | Variable (1) | 4.935 | .25 |
| Total | | <u>\$ 10,460,000</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, 2016, including interest payments and other loan fees, are presented in the following tables:

| Year Ending June 30 | Bonds | | |
|------------------------|----------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 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 | 28,412 | 658,412 |
| 2022-2023 | <u>965,000</u> | <u>24,733</u> | <u>989,733</u> |
| Total | <u>\$ 14,145,000</u> | <u>\$ 1,207,750</u> | <u>\$ 15,352,750</u> |

| Year Ending June 30 | Other Loans | | | |
|------------------------|---------------|--------------|------------|---------------|
| | Principal | Interest (*) | Other Fees | Total |
| 2017 | \$ 1,063,854 | \$ 685,833 | \$ 34,088 | \$ 1,783,775 |
| 2018 | 703,854 | 669,327 | 25,352 | 1,398,533 |
| 2019 | 703,854 | 669,327 | 25,352 | 1,398,533 |
| 2020 | 2,173,854 | 669,327 | 25,352 | 2,868,533 |
| 2021 | 2,253,854 | 596,782 | 21,662 | 2,872,298 |
| 2022-2026 | 10,668,556 | 1,751,397 | 45,621 | 12,465,574 |
| 2027 | 66,359 | 14,241 | 0 | 80,600 |
| Total | \$ 17,634,185 | \$ 5,056,234 | \$ 177,427 | \$ 22,867,846 |

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

There is \$3,853,085 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and other loans, totaled \$508, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2016, was as follows:

| Governmental Activities: | Other | | |
|-----------------------------|---------------|---------------|-------------------------|
| | Bonds | Loans | Postemployment Benefits |
| Balance, July 1, 2015 | \$ 15,120,000 | \$ 21,313,039 | \$ 414,474 |
| Additions | 0 | 0 | 91,785 |
| Reductions | (975,000) | (3,678,854) | (5,144) |
| Balance, June 30, 2016 | \$ 14,145,000 | \$ 17,634,185 | \$ 501,115 |
| Balance Due Within One Year | \$ 3,485,000 | \$ 1,063,854 | \$ 0 |

Analysis of Noncurrent Liabilities Presented on Exhibit A:

| | |
|---|----------------------|
| Total Noncurrent Liabilities, June 30, 2016 | \$ 32,280,300 |
| Less: Balance Due Within One Year | (4,548,854) |
| Add: Unamortized Premium on Debt | 329,700 |
| Noncurrent Liabilities - Due in More Than One Year - Exhibit A | <u>\$ 28,061,146</u> |

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

Discretely Presented Hamblen County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Hamblen County School Department for the year ended June 30, 2016, was as follows:

Governmental Activities:

| | Other Postemployment Benefits | Compensated Absences |
|-----------------------------|-------------------------------------|-------------------------|
| Balance, July 1, 2015 | \$ 15,117,452 | \$ 210,426 |
| Additions | 3,195,678 | 218,908 |
| Reductions | (1,339,678) | (210,426) |
| Balance, June 30, 2016 | <u>\$ 16,973,452</u> | <u>\$ 218,908</u> |
| Balance Due Within One Year | <u>\$ 0</u> | <u>\$ 218,908</u> |

| | Retirement Incentive | Retirement Honorarium | Net Pension Liability - Teacher Legacy Plan* |
|-----------------------------|-------------------------|--------------------------|---|
| Balance, July 1, 2015 | \$ 120,568 | \$ 919,869 | \$ (149,559) |
| Additions | 44,675 | 138,649 | 12,666,333 |
| Reductions | (57,593) | (107,969) | (12,142,675) |
| Balance, June 30, 2016 | <u>\$ 107,650</u> | <u>\$ 950,549</u> | <u>\$ 374,099</u> |
| Balance Due Within One Year | <u>\$ 57,593</u> | <u>\$ 40,240</u> | <u>\$ 0</u> |

* - At July 1, 2105, the teacher legacy retirement plan had a net pension asset balance.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

| | |
|---|----------------------|
| Total Noncurrent Liabilities, June 30, 2016 | \$ 18,624,658 |
| Less: Balance Due Within One Year | <u>(316,741)</u> |
| Noncurrent Liabilities - Due in More Than One Year - Exhibit A | <u>\$ 18,307,917</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, 2016, the School Department contributed \$500,000 to the primary government for this purpose.

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

G. On-Behalf Payments

Primary Government

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Hamblen County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2016, were \$3,300. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

Discretely Presented Hamblen County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hamblen County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2016, were \$406,826 and \$104,513, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

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

The county elected to self-insure employee health and accident claims. The Employee Insurance – General Fund was established for risks associated with the employees' health insurance plan. The Employee Insurance – General Fund is accounted for as an internal service fund where assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$100,000 per claimant in a single year and approximately \$2,960,149 for all claims in any

plan year. Stop/loss commercial insurance has been obtained to cover claims beyond these limits. Group dental and vision insurance premiums paid to a private insurance company are also recorded in this fund as are the costs associated with a health clinic.

All full-time employees of the primary government are eligible to participate. A premium is allocated to each fund that accounts for full-time employees. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$1,236,873 at June 30, 2016, and is reported as net position of the Employee Insurance – General Fund. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Employee Insurance – General Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Claims liabilities include specific, incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

| | Beginning of Fiscal Year Liability | Current Year Claims and Estimates | Payments | Balance at Fiscal Year-end |
|-----------|---|--|----------------|----------------------------------|
| 2014-2015 | \$ 0 | \$ 2,172,203 | \$ (1,989,492) | \$ 182,711 |
| 2015-2016 | 182,711 | \$ 2,563,454 | \$ (2,584,446) | 161,719 |

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. 72, *Fair Value Measurement and Application*; Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68 and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*, Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local*

Governments; and Statement No. 79, *Certain External Investment Pools and Pool Participants* became effective for the year ended June 30, 2016.

GASB Statement No. 72, established general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. This standard supersedes previous statements as they relate to measuring fair value of certain assets and liabilities.

GASB Statement No. 73, established accounting and reporting requirements for pensions that are not administered through a trust account and also addresses changes made to Statements No. 67 and No. 68. The changes to Statements No. 67 and No. 68 require new RSI disclosures concerning plan investments, and address specific payables to defined benefit plans.

GASB Statement No. 76, addresses changes made to the hierarchy of generally accepted accounting principles. This standard supersedes Statement No. 55 and reduces the hierarchy from four to two categories.

GASB Statement No. 79, addresses issues related to certain external investment pools and pool participants because of changes in Security and Exchange rules relative to money market funds. This standard establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost rather than fair value for financial reporting purposes standards.

C. Contingent Liabilities

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

D. Change in Administration

On November 19, 2015, the County Commission appointed Penny Petty to fill the County Clerk vacancy created by the passing of Linda Wilder on October 31, 2015. Ms. Petty was elected to the office in August 2016.

E. Joint Ventures

Primary Government

The Third Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Third Judicial District, Greene, Hamblen, Hancock, and Hawkins counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF

come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Hamblen County made no contributions to the DTF for the year ended June 30, 2016.

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

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

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

Administrative Offices:

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

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

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

Discretely Presented School Department

The discretely presented School Department participates in the Northeast Tennessee Cooperative (NETCO). The cooperative was established through a contractual agreement between the Boards of Education of Hamblen County and various other counties and cities in the upper East Tennessee area. The cooperative was authorized through Chapter 49 of *Tennessee Code Annotated*, and was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Johnson City School System) and a service provider to provide this service. NETCO is governed by a representative committee, including one representative from each of the member districts and an executive council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the representative committee.

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

Administrative Office:

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

F. Jointly Governed Organization

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

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Hamblen County and non-certified employees of the discretely presented Hamblen County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 46.53 percent and the non-certified employees of the discretely presented School Department comprised 53.47 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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, 2015, the following employees were covered by the benefit terms:

| | |
|--|-------------------------|
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 398 |
| Inactive Employees Entitled to But Not Yet Receiving Benefits | 490 |
| Active Employees | 624 |
| Total | <u><u>1,512</u></u> |

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of their salary. Hamblen County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, the Actuarial Determined Contribution (ADC) for Hamblen County was \$1,572,279 based on a rate of 9.30 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Hamblen County’s state shared taxes if required employer contributions are not remitted. The employer’s ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Hamblen County’s net pension liability (asset) was measured as of June 30, 2015, 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, 2015, 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, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best 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 | |
| | | | 100 | % |
| Total | | | 100 | % |

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

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from 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, 2014 | \$ 55,240,285 | \$ 55,854,434 | \$ (614,149) |
| Changes for the Year: | | | |
| Service Cost | \$ 1,541,726 | \$ 0 | \$ 1,541,726 |
| Interest | 4,157,957 | 0 | 4,157,957 |
| Differences Between Expected and Actual Experience | (1,125,375) | 0 | (1,125,375) |
| Contributions-Employer | 0 | 1,572,279 | (1,572,279) |
| Contributions-Employees | 0 | 845,362 | (845,362) |
| Net Investment Income | 0 | 1,715,800 | (1,715,800) |
| Benefit Payments, Including Refunds of Employee Contributions | (2,685,162) | (2,685,162) | 0 |
| Administrative Expense | 0 | (32,024) | 32,024 |
| Other Changes | 0 | 0 | 0 |
| Net Changes | \$ 1,889,146 | \$ 1,416,255 | \$ 472,891 |
| Balance, June 30, 2015 | \$ 57,129,431 | \$ 57,270,689 | \$ (141,258) |

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

| | | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
|--------------------|--------|-------------------------------|--------------------------------------|--|
| Primary Government | 46.53% | \$ 26,582,324 | \$ 26,648,052 | \$ 65,727 |
| School Department | 53.47% | 30,547,107 | 30,622,637 | 75,531 |
| Total | | \$ 57,129,431 | \$ 57,270,689 | \$ 141,258 |

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

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

Net Pension Liability \$ 7,065,135 \$ (141,258) \$ (6,138,985)

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

Pension Expense. For the year ended June 30, 2016, Hamblen County recognized pension expense of \$14,138.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, Hamblen County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference Between Expected and Actual Experience | \$ 0 | \$ 1,164,167 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 1,969,640 | 2,621,210 |
| Contributions Subsequent to the Measurement Date of June 30, 2015 (1) | <u>1,658,221</u> | <u>N/A</u> |
| Total | <u>\$ 3,627,861</u> | <u>\$ 3,785,377</u> |

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2015,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--------------------|--------------------------------------|-------------------------------------|
| Primary Government | \$ 1,695,716 | \$ 1,761,336 |
| School Department | 1,932,145 | 2,024,041 |
| Total | <u>\$ 3,627,861</u> | <u>\$ 3,785,377</u> |

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

| Year Ending June 30 | Amount |
|------------------------|--------------|
| 2017 | \$ (694,357) |
| 2018 | (694,357) |
| 2019 | (694,357) |
| 2020 | 267,335 |
| 2021 | 0 |
| Thereafter | 0 |

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

Discretely Presented Hamblen County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Hamblen County and non-certified employees of the discretely presented Hamblen County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 46.53 percent and the non-certified employees of the discretely presented School Department comprise 53.47 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

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

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2016, to the Teacher Retirement Plan were \$149,971, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2016, the Hamblen County School Department reported an asset of \$35,352 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Hamblen County School Department's proportion of the net pension asset was based on the Hamblen County School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Hamblen County School Department's proportion was .878760 percent.

Pension Expense. For the year ended June 30, 2016, the Hamblen County School Department recognized pension expense of \$46,330.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, the Hamblen County School Department reported deferred outflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference Between Expected and Actual Experience | \$ 0 | \$ 11,506 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 2,858 | 0 |
| LEA's Contributions Subsequent to the Measurement Date of June 30, 2015 | <u>149,971</u> | <u>N/A</u> |
| Total | <u>\$ 152,829</u> | <u>\$ 11,506</u> |

The Hamblen County School Department's employer contributions of \$149,971, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ending June 30, 2017. 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 |
|------------------------|----------|
| 2017 | \$ (244) |
| 2018 | (244) |
| 2019 | (244) |
| 2020 | (244) |
| 2021 | (959) |
| Thereafter | (6,712) |

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

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

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

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

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

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

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

Net Pension Liability \$ 6,269 \$ (35,352) \$ (65,878)

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

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Hamblen County School Department for the year ended June 30, 2016, to the Teacher Legacy Pension Plan were \$3,029,546, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2016, the Hamblen County School Department reported a liability of \$374,099 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Hamblen County School Department's proportion of the net pension liability (asset) was based on the Hamblen County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Hamblen County School Department's proportion was .913250 percent. The proportion measured at June 30, 2014, was .920393 percent.

Negative Pension Expense. For the year ended June 30, 2016, the Hamblen County School Department recognized negative pension expense of \$275,953.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, 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 |
|--|---|--|
| Difference Between Expected and Actual Experience | \$ 300,230 | \$ 5,822,899 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 6,755,048 | 9,170,346 |
| Changes in Proportion of Net Pension Liability (Asset) | 275,776 | 76,372 |
| LEA's Contributions Subsequent to the Measurement Date of June 30, 2015 | <u>3,029,546</u> | <u>N/A</u> |
| Total | <u>\$ 10,360,600</u> | <u>\$ 15,069,617</u> |

The Hamblen County School Department's employer contributions of \$3,029,546 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 ending June 30, 2017. 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 |
|------------------------|----------------|
| 2017 | \$ (2,432,673) |
| 2018 | (2,432,673) |
| 2019 | (2,432,673) |
| 2020 | 624,109 |
| 2021 | (1,064,653) |
| Thereafter | 0 |

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

Actuarial Assumptions. The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

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

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

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

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

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

Net Pension Liability \$ 25,504,778 \$ 374,099 \$ 20,431,141

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

2. Deferred Compensation

Primary Government

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

Discretely Presented Hamblen County School Department

Teachers hired after July 1, 2014, by the discretely presented Hamblen County School Department are required to participate in a hybrid pension plan administered by the Tennessee Consolidated Retirement System. This hybrid pension plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the Hamblen County School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Hamblen County School Department contributed \$186,861 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

H. Other Postemployment Benefits (OPEB)

Primary Government

Plan Description

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

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

Funding Policy

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

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

During the year ended June 30, 2016, Hamblen County contributed \$5,144 for other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

| | Group Plan | Medicare Supplement Plan |
|------------------------------|---------------|--------------------------------|
| ARC | \$ 12,873 | \$ 80,000 |
| Interest on the NOPEBO | 2,933 | 12,794 |
| Adjustment to the ARC | (3,971) | (12,844) |
| Annual OPEB cost | \$ 11,835 | \$ 79,950 |
| Amount of contribution | (1,544) | (3,600) |
| Increase/decrease in NOPEBO | \$ 10,291 | \$ 76,350 |
| Net OPEB obligation, 7-1-15 | 73,335 | 341,139 |
| Net OPEB obligation, 6-30-16 | \$ 83,626 | \$ 417,489 |

| Fiscal Year Ended | Plans | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation at Year End |
|-------------------------|---------------------|------------------------|---|---------------------------------------|
| 6-30-14 | Commercial | \$ 23,103 | 36 % | \$ 57,195 |
| 6-30-15 | Self-Insured | 24,187 | 33 | 73,335 |
| 6-30-16 | " | 11,835 | 13 | 83,626 |
| 6-30-14 | Medicare Supplement | 26,303 | 11 | 317,412 |
| 6-30-15 | " | 27,327 | 13 | 341,139 |
| 6-30-16 | " | 79,950 | 5 | 417,489 |

Funded Status and Funding Progress

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

| | Group Plan | Medicare Supplement Plan |
|---|---------------|--------------------------------|
| Actuarial valuation date | 7-1-15 | 7-1-15 |
| Actuarial accrued liability (AAL) | \$ 100,494 | \$ 768,000 |
| Actuarial value of plan assets | \$ 0 | \$ 0 |
| Unfunded actuarial accrued liability (UAAL) | \$ 100,494 | \$ 768,000 |
| Actuarial value of assets as a % of the AAL | 0% | 0% |
| Covered payroll (active plan members) | \$ 7,564,345 | N/A |
| UAAL as a % of covered payroll | 1% | N/A |

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

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

Actuarial Methods and Assumptions

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

In the July 1, 2015, actuarial valuation for the group plan, the entry age normal actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of nine percent initially. The trend rate will decrease to eight percent in fiscal year 2017, and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2019. The annual health care cost trend rate for the Medicare Supplement Plan was six percent in fiscal year 2016 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. Payroll is assumed to grow at a rate of 2.5 percent.

Discretely Presented Hamblen County School Department

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop 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, 2016, the discretely presented Hamblen County School Department contributed \$1,339,678 for other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

| | Local Education Group Plan | Medicare Supplement Plan |
|------------------------------|-------------------------------------|--------------------------------|
| ARC | \$ 2,937,000 | \$ 261,000 |
| Interest on the NOPEBO | 506,411 | 60,494 |
| Adjustment to the ARC | (508,445) | (60,782) |
| Annual OPEB cost | \$ 2,934,966 | \$ 260,712 |
| Amount of contribution | (1,313,628) | (26,050) |
| Increase/decrease in NOPEBO | \$ 1,621,338 | \$ 234,662 |
| Net OPEB obligation, 7-1-15 | 13,504,288 | 1,613,164 |
| Net OPEB obligation, 6-30-16 | \$ 15,125,626 | \$ 1,847,826 |

| Fiscal Year Ended | Plans | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation at Year End |
|-------------------|-----------------------|------------------|--|---------------------------------|
| 6-30-14 | Local Education Group | \$ 2,763,890 | 47 % | \$ 12,034,280 |
| 6-30-15 | " | 2,865,400 | 49 | 13,504,288 |
| 6-30-16 | " | 2,934,966 | 45 | 15,125,626 |
| 6-30-14 | Medicare Supplement | 223,247 | 11 | 1,407,627 |
| 6-30-15 | " | 230,450 | 11 | 1,613,164 |
| 6-30-16 | " | 260,712 | 10 | 1,847,826 |

Funded Status and Funding Progress

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

| | Local Education Group Plan | Medicare Supplement Plan |
|---|-------------------------------------|--------------------------------|
| Actuarial valuation date | 7-1-15 | 7-1-15 |
| Actuarial accrued liability (AAL) | \$ 25,059,000 | \$ 3,714,000 |
| Actuarial value of plan assets | \$ 0 | \$ 0 |
| Unfunded actuarial accrued liability (UAAL) | \$ 25,059,000 | \$ 3,714,000 |
| Actuarial value of assets as a % of the AAL | 0% | 0% |
| Covered payroll (active plan members) | \$ 45,762,579 | \$ N/A |
| UAAL as a % of covered payroll | 55% | N/A |

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

Actuarial Methods and Assumptions

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

In the July 1, 2015, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 6.5 percent initially. The trend rate will decrease to six percent in fiscal year 2016, and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2050. The annual health care cost trend rate for the Medicare Supplement Plan was six percent in fiscal year 2016 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. Payroll is assumed to grow at a rate of three percent.

I. Termination Benefits

The discretely presented Hamblen County School Department offers a voluntary termination benefits plan to its certified employees in accordance with contract provisions. To be eligible, employees must retire in the school year that they become 60 years of age or obtain 30 years of creditable service in the Tennessee Consolidated Retirement System, whichever comes first. Under the terms of the plan, employees can select between receiving \$4,500 for two years or \$3,500 for three years. During the 2015-16 year, 15 employees participated in the program. The estimated cost of these cash payments reported in the government-wide Statement of Net Position is \$107,650. Of that amount, \$57,593 is due within one year. The governmental funds' financial statements reflect retirement incentive expenditures of \$57,593 in the General Purpose School Fund.

In addition to the previously mentioned retirement incentive, the discretely presented Hamblen County School Department also offers an additional retirement honorarium payment. To be eligible, certified employees must retire with at least ten years of service. Under the terms of the plan, employees receive \$100 for each year of service with Hamblen County and/or the former Morristown City School System. As of June 30, 2016, 430 employees met the requirements of this benefit. The estimated cost of these cash payments reported in the government-wide Statement of Net Position is \$950,549. Of that amount, \$40,240 is due within one year. The governmental funds' financial statements reflect retirement honorarium expenditures of \$107,969 in the General Purpose School Fund.

J. Central Accounting and Budgeting

Office of Director of Finance

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

K. Purchasing Laws

Office of County Mayor

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

Office of Highway Superintendent

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

Office of Director of Schools

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

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

| | 2014 | 2015 |
|---|---------------|---------------|
| Total Pension Liability (Asset) | | |
| Service Cost | \$ 1,447,547 | \$ 1,541,726 |
| Interest | 3,977,841 | 4,157,957 |
| Changes in Benefit Terms | 0 | 0 |
| Differences Between Actual and Expected Experience | (439,779) | (1,125,375) |
| Changes in Assumptions | 0 | 0 |
| Benefit Payments, Including Refunds of Employee Contributions | (2,671,318) | (2,685,162) |
| Net Change in Total Pension Liability (Asset) | \$ 2,314,291 | \$ 1,889,146 |
| Total Pension Liability (Asset), Beginning | 52,925,994 | 55,240,285 |
| Total Pension Liability (Asset), Ending (a) | \$ 55,240,285 | \$ 57,129,431 |
| Plan Fiduciary Net Position | | |
| Contributions - Employer | \$ 1,550,676 | \$ 1,572,279 |
| Contributions - Employee | 834,365 | 845,362 |
| Net Investment Income | 7,971,541 | 1,715,800 |
| Benefit Payments, Including Refunds of Employee Contributions | (2,671,318) | (2,685,162) |
| Administrative Expense | (24,175) | (32,024) |
| Net Change in Plan Fiduciary Net Position | \$ 7,661,089 | \$ 1,416,255 |
| Plan Fiduciary Net Position, Beginning | 48,193,345 | 55,854,434 |
| Plan Fiduciary Net Position, Ending (b) | \$ 55,854,434 | \$ 57,270,689 |
| Net Pension Liability (Asset), Ending (a - b) | \$ (614,149) | \$ (141,258) |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 101.11% | 100.25% |
| Covered Payroll | \$ 16,490,699 | \$ 16,906,305 |
| Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll | (3.72%) | (0.84%) |

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

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

Exhibit F-2

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

| | 2014 | 2015 | 2016 |
|---|---------------|---------------|---------------|
| Actuarially Determined Contribution | \$ 1,550,676 | \$ 1,572,279 | \$ 1,658,221 |
| Less Contributions in Relation to the Actuarially Determined Contribution | (1,550,676) | (1,572,279) | (1,658,221) |
| Contribution Deficiency (Excess) | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Covered Payroll | \$ 16,490,699 | \$ 16,906,305 | \$ 17,932,011 |
| Contributions as a Percentage of Covered Payroll | 9.40% | 9.30% | 9.25% |

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

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

Exhibit F-3

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

| | <u>2015</u> | <u>2016</u> |
|---|--------------------|--------------------|
| Contractually Required Contribution | \$ 45,646 | \$ 93,732 |
| Less Contributions in Relation to the Contractually Required Contribution | <u>(73,033)</u> | <u>(149,971)</u> |
| Contribution Deficiency (Excess) | <u>\$ (27,387)</u> | <u>\$ (56,239)</u> |
| Covered Payroll | \$ 1,825,848 | \$ 3,749,275 |
| Contributions as a Percentage of Covered Payroll | 4.00% | 4.00% |

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

Exhibit F-4

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

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|---|--------------------|--------------------|--------------------|
| Contractually Required Contribution | \$ 3,207,929 | \$ 3,090,554 | \$ 3,029,546 |
| Less Contributions in Relation to the Contractually Required Contribution | <u>(3,207,929)</u> | <u>(3,090,554)</u> | <u>(3,029,546)</u> |
| Contribution Deficiency (Excess) | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Covered Payroll | \$ 36,125,331 | \$ 34,187,512 | \$ 33,636,724 |
| Contributions as a Percentage of Covered Payroll | 8.88% | 9.04% | 9.01% |

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

Exhibit F-5

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

| | <u>2016</u> |
|---|--------------|
| School Department's Proportion of the Net Pension Asset | 0.878760% |
| School Department's Proportionate Share of the Net Pension Liability (Asset) | \$ (35,352) |
| Covered Payroll | \$ 1,825,848 |
| School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | (1.94)% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 127.46% |

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

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

Exhibit F-6

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

| | <u>2015</u> | <u>2016</u> |
|---|---------------|---------------|
| School Department's Proportion of the Net Pension Asset | 0.920393% | 0.913250% |
| School Department's Proportionate Share of the Net Pension Liability (Asset) | \$ (149,560) | \$ 374,099 |
| Covered Payroll | \$ 36,125,331 | \$ 34,187,512 |
| School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | (0.41)% | 1.09% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 100.08% | 99.81% |

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

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

Exhibit F-7

Hamblen County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Hamblen County School Department
June 30, 2016

(Dollar amounts in thousands)

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

HAMBLEN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2016 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 |
| 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% |

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

Exhibit G-1

Hamblen County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

| | Special Revenue Funds | | | | Capital Projects Funds | |
|--|-----------------------|--------------------------------|------------------------|---------------------|--------------------------|---------------------|
| | Drug Control | Constitutional Officers - Fees | Highway / Public Works | Total | General Capital Projects | Sanitation Projects |
| <u>ASSETS</u> | | | | | | |
| Cash | \$ 0 | \$ 7,439 | \$ 0 | \$ 7,439 | \$ 0 | \$ 0 |
| Equity in Pooled Cash and Investments | 153,924 | 0 | 771,748 | 925,672 | 259,413 | 78,317 |
| Accounts Receivable | 150 | 25,133 | 0 | 25,283 | 0 | 0 |
| Due from Other Governments | 13,959 | 0 | 383,970 | 397,929 | 0 | 0 |
| Total Assets | \$ 168,033 | \$ 32,572 | \$ 1,155,718 | \$ 1,356,323 | \$ 259,413 | \$ 78,317 |
| <u>LIABILITIES</u> | | | | | | |
| Accounts Payable | \$ 453 | \$ 0 | \$ 488,328 | \$ 488,781 | \$ 0 | \$ 0 |
| Accrued Payroll | 0 | 0 | 25,048 | 25,048 | 0 | 0 |
| Payroll Deductions Payable | 0 | 0 | 4,432 | 4,432 | 0 | 0 |
| Due to Other Funds | 2,495 | 32,572 | 28,663 | 63,730 | 250,000 | 0 |
| Due to Component Units | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Liabilities | \$ 2,948 | \$ 32,572 | \$ 546,471 | \$ 581,991 | \$ 250,000 | \$ 0 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | | |
| Other Deferred/Unavailable Revenue | \$ 0 | \$ 0 | \$ 219,521 | \$ 219,521 | \$ 0 | \$ 0 |
| Total Deferred Inflows of Resources | \$ 0 | \$ 0 | \$ 219,521 | \$ 219,521 | \$ 0 | \$ 0 |
| <u>FUND BALANCES</u> | | | | | | |
| Restricted: | | | | | | |
| Restricted for Public Safety | \$ 165,085 | \$ 0 | \$ 0 | \$ 165,085 | \$ 0 | \$ 0 |

(Continued)

Exhibit G-1

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

| | Special Revenue Funds | | | | Capital Projects Funds | |
|---|-----------------------|--------------------------------|------------------------|---------------------|--------------------------|---------------------|
| | Drug Control | Constitutional Officers - Fees | Highway / Public Works | Total | General Capital Projects | Sanitation Projects |
| <u>FUND BALANCES (CONT.)</u> | | | | | | |
| Restricted (Cont.): | | | | | | |
| Restricted for Highways/Public Works | \$ 0 | \$ 0 | \$ 389,726 | \$ 389,726 | \$ 0 | \$ 0 |
| Restricted for Capital Projects | 0 | 0 | 0 | 0 | 0 | 78,317 |
| Committed: | | | | | | |
| Committed for Capital Projects | 0 | 0 | 0 | 0 | 9,413 | 0 |
| Unassigned | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Fund Balances | <u>\$ 165,085</u> | <u>\$ 0</u> | <u>\$ 389,726</u> | <u>\$ 554,811</u> | <u>\$ 9,413</u> | <u>\$ 78,317</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 168,033</u> | <u>\$ 32,572</u> | <u>\$ 1,155,718</u> | <u>\$ 1,356,323</u> | <u>\$ 259,413</u> | <u>\$ 78,317</u> |

(Continued)

Exhibit G-1

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

| | <u>Capital Projects Funds (Cont.)</u> | | | Total Nonmajor Governmental Funds |
|---------------------------------------|---------------------------------------|----------------------------------|--------------|--|
| | Highway Capital Projects | Education Capital Projects | Total | |
| <u>ASSETS</u> | | | | |
| Cash | \$ 0 | \$ 0 | \$ 0 | 7,439 |
| Equity in Pooled Cash and Investments | 42,072 | 760,012 | 1,139,814 | 2,065,486 |
| Accounts Receivable | 0 | 0 | 0 | 25,283 |
| Due from Other Governments | 0 | 0 | 0 | 397,929 |
| Total Assets | \$ 42,072 | \$ 760,012 | \$ 1,139,814 | \$ 2,496,137 |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | \$ 60,271 | \$ 0 | \$ 60,271 | \$ 549,052 |
| Accrued Payroll | 0 | 0 | 0 | 25,048 |
| Payroll Deductions Payable | 0 | 0 | 0 | 4,432 |
| Due to Other Funds | 0 | 0 | 250,000 | 313,730 |
| Due to Component Units | 0 | 760,012 | 760,012 | 760,012 |
| Total Liabilities | \$ 60,271 | \$ 760,012 | \$ 1,070,283 | \$ 1,652,274 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Other Deferred/Unavailable Revenue | \$ 0 | \$ 0 | \$ 0 | 219,521 |
| Total Deferred Inflows of Resources | \$ 0 | \$ 0 | \$ 0 | 219,521 |
| <u>FUND BALANCES</u> | | | | |
| Restricted: | | | | |
| Restricted for Public Safety | \$ 0 | \$ 0 | \$ 0 | 165,085 |

(Continued)

Exhibit G-1

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

| | <u>Capital Projects Funds (Cont.)</u> | | | Total Nonmajor Governmental Funds |
|---|---------------------------------------|----------------------------------|--------------|--|
| | Highway Capital Projects | Education Capital Projects | Total | |
| <u>FUND BALANCES (CONT.)</u> | | | | |
| Restricted (Cont.): | | | | |
| Restricted for Highways/Public Works | \$ 0 | \$ 0 | \$ 0 | \$ 389,726 |
| Restricted for Capital Projects | 0 | 0 | 78,317 | 78,317 |
| Committed: | | | | |
| Committed for Capital Projects | 0 | 0 | 9,413 | 9,413 |
| Unassigned | (18,199) | 0 | (18,199) | (18,199) |
| Total Fund Balances | \$ (18,199) | \$ 0 | \$ 69,531 | \$ 624,342 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 42,072 | \$ 760,012 | \$ 1,139,814 | \$ 2,496,137 |

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, 2016

| | 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 | \$ 31,787 | \$ 31,787 | \$ 0 | \$ 0 |
| Fines, Forfeitures, and Penalties | 85,882 | 0 | 0 | 85,882 | 0 | 0 |
| Charges for Current Services | 0 | 14,595 | 0 | 14,595 | 0 | 0 |
| Other Local Revenues | 1,903 | 0 | 972 | 2,875 | 0 | 0 |
| State of Tennessee | 29,523 | 0 | 2,444,912 | 2,474,435 | 92,821 | 0 |
| Federal Government | 7,583 | 0 | 16,825 | 24,408 | 2,250 | 0 |
| Other Governments and Citizens Groups | 9,439 | 0 | 0 | 9,439 | 12,500 | 0 |
| Total Revenues | \$ 134,330 | \$ 14,595 | \$ 2,494,496 | \$ 2,643,421 | \$ 107,571 | \$ 0 |
| <u>Expenditures</u> | | | | | | |
| Current: | | | | | | |
| General Government | \$ 0 | \$ 14,595 | \$ 0 | \$ 14,595 | \$ 0 | \$ 0 |
| Public Safety | 84,241 | 0 | 0 | 84,241 | 0 | 0 |
| Highways | 0 | 0 | 2,567,112 | 2,567,112 | 0 | 0 |
| Capital Projects | 0 | 0 | 0 | 0 | 2,250 | 0 |
| Total Expenditures | \$ 84,241 | \$ 14,595 | \$ 2,567,112 | \$ 2,665,948 | \$ 2,250 | \$ 0 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 50,089 | \$ 0 | \$ (72,616) | \$ (22,527) | \$ 105,321 | \$ 0 |
| Net Change in Fund Balances | \$ 50,089 | \$ 0 | \$ (72,616) | \$ (22,527) | \$ 105,321 | \$ 0 |
| Fund Balance, July 1, 2015 | 114,996 | 0 | 462,342 | 577,338 | (95,908) | 78,317 |
| Fund Balance, June 30, 2016 | \$ 165,085 | \$ 0 | \$ 389,726 | \$ 554,811 | \$ 9,413 | \$ 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 |
|--|---------------------------------------|---------------------|-----------------------------------|
| | Highway Capital Projects | Total | Nonmajor Governmental Funds |
| <u>Revenues</u> | | | |
| Local Taxes | \$ 0 | \$ 0 | \$ 31,787 |
| Fines, Forfeitures, and Penalties | 0 | 0 | 85,882 |
| Charges for Current Services | 0 | 0 | 14,595 |
| Other Local Revenues | 0 | 0 | 2,875 |
| State of Tennessee | 0 | 92,821 | 2,567,256 |
| Federal Government | 306,654 | 308,904 | 333,312 |
| Other Governments and Citizens Groups | 0 | 12,500 | 21,939 |
| Total Revenues | <u>\$ 306,654</u> | <u>\$ 414,225</u> | <u>\$ 3,057,646</u> |
| <u>Expenditures</u> | | | |
| Current: | | | |
| General Government | \$ 0 | \$ 0 | \$ 14,595 |
| Public Safety | 0 | 0 | 84,241 |
| Highways | 0 | 0 | 2,567,112 |
| Capital Projects | 739,479 | 741,729 | 741,729 |
| Total Expenditures | <u>\$ 739,479</u> | <u>\$ 741,729</u> | <u>\$ 3,407,677</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (432,825)</u> | <u>\$ (327,504)</u> | <u>\$ (350,031)</u> |
| Net Change in Fund Balances | \$ (432,825) | \$ (327,504) | \$ (350,031) |
| Fund Balance, July 1, 2015 | <u>414,626</u> | <u>397,035</u> | <u>974,373</u> |
| Fund Balance, June 30, 2016 | <u>\$ (18,199)</u> | <u>\$ 69,531</u> | <u>\$ 624,342</u> |

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, 2016

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2015 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|---|------------------|------------------|--|
| | | | | Original | Final | |
| <u>Revenues</u> | | | | | | |
| Fines, Forfeitures, and Penalties | \$ 85,882 | \$ 0 | \$ 85,882 | \$ 26,000 | \$ 26,000 | \$ 59,882 |
| Other Local Revenues | 1,903 | 0 | 1,903 | 250 | 250 | 1,653 |
| State of Tennessee | 29,523 | 0 | 29,523 | 0 | 0 | 29,523 |
| Federal Government | 7,583 | 0 | 7,583 | 0 | 0 | 7,583 |
| Other Governments and Citizens Groups | 9,439 | 0 | 9,439 | 10,000 | 10,000 | (561) |
| Total Revenues | \$ 134,330 | \$ 0 | \$ 134,330 | \$ 36,250 | \$ 36,250 | \$ 98,080 |
| <u>Expenditures</u> | | | | | | |
| <u>Public Safety</u> | | | | | | |
| Drug Enforcement | \$ 84,241 | \$ (770) | \$ 83,471 | \$ 90,806 | \$ 95,051 | \$ 11,580 |
| Total Expenditures | \$ 84,241 | \$ (770) | \$ 83,471 | \$ 90,806 | \$ 95,051 | \$ 11,580 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 50,089 | \$ 770 | \$ 50,859 | \$ (54,556) | \$ (58,801) | \$ 109,660 |
| Net Change in Fund Balance | \$ 50,089 | \$ 770 | \$ 50,859 | \$ (54,556) | \$ (58,801) | \$ 109,660 |
| Fund Balance, July 1, 2015 | 114,996 | (770) | 114,226 | 118,197 | 118,197 | (3,971) |
| Fund Balance, June 30, 2016 | \$ 165,085 | \$ 0 | \$ 165,085 | \$ 63,641 | \$ 59,396 | \$ 105,689 |

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, 2016

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2015 | Add: Encumbrances 6/30/2016 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|---------------------|---------------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 31,787 | \$ 0 | \$ 0 | \$ 31,787 | \$ 55,000 | \$ 55,000 | \$ (23,213) |
| Other Local Revenues | 972 | 0 | 0 | 972 | 5,000 | 5,000 | (4,028) |
| State of Tennessee | 2,444,912 | 0 | 0 | 2,444,912 | 2,370,000 | 2,370,000 | 74,912 |
| Federal Government | 16,825 | 0 | 0 | 16,825 | 0 | 0 | 16,825 |
| Total Revenues | \$ 2,494,496 | \$ 0 | \$ 0 | \$ 2,494,496 | \$ 2,430,000 | \$ 2,430,000 | \$ 64,496 |
| <u>Expenditures</u> | | | | | | | |
| <u>Highways</u> | | | | | | | |
| Administration | \$ 374,622 | \$ 0 | \$ 0 | \$ 374,622 | \$ 393,640 | \$ 393,640 | \$ 19,018 |
| Highway and Bridge Maintenance | 1,129,571 | (100) | 1,100 | 1,130,571 | 1,154,155 | 1,204,155 | 73,584 |
| Operation and Maintenance of Equipment | 256,001 | (1,300) | 0 | 254,701 | 369,049 | 364,449 | 109,748 |
| Employee Benefits | 37,159 | 0 | 0 | 37,159 | 50,540 | 50,540 | 13,381 |
| Capital Outlay | 769,759 | 0 | 68,682 | 838,441 | 840,000 | 844,600 | 6,159 |
| Total Expenditures | \$ 2,567,112 | \$ (1,400) | \$ 69,782 | \$ 2,635,494 | \$ 2,807,384 | \$ 2,857,384 | \$ 221,890 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (72,616) | \$ 1,400 | \$ (69,782) | \$ (140,998) | \$ (377,384) | \$ (427,384) | \$ 286,386 |
| Net Change in Fund Balance | \$ (72,616) | \$ 1,400 | \$ (69,782) | \$ (140,998) | \$ (377,384) | \$ (427,384) | \$ 286,386 |
| Fund Balance, July 1, 2015 | 462,342 | (1,400) | 0 | 460,942 | 494,968 | 494,968 | (34,026) |
| Fund Balance, June 30, 2016 | \$ 389,726 | \$ 0 | \$ (69,782) | \$ 319,944 | \$ 117,584 | \$ 67,584 | \$ 252,360 |

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, 2016

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2015 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|---|------------------|--------------|--|
| | | | | Original | Final | |
| <u>Revenues</u> | | | | | | |
| Federal Government | \$ 306,654 | \$ 0 | \$ 306,654 | \$ 315,252 | \$ 315,252 | \$ (8,598) |
| Total Revenues | \$ 306,654 | \$ 0 | \$ 306,654 | \$ 315,252 | \$ 315,252 | \$ (8,598) |
| <u>Expenditures</u> | | | | | | |
| <u>Capital Projects</u> | | | | | | |
| Highway and Street Capital Projects | \$ 739,479 | \$ (27,395) | \$ 712,084 | \$ 690,871 | \$ 690,871 | \$ (21,213) |
| Total Expenditures | \$ 739,479 | \$ (27,395) | \$ 712,084 | \$ 690,871 | \$ 690,871 | \$ (21,213) |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (432,825) | \$ 27,395 | \$ (405,430) | \$ (375,619) | \$ (375,619) | \$ (29,811) |
| Net Change in Fund Balance | \$ (432,825) | \$ 27,395 | \$ (405,430) | \$ (375,619) | \$ (375,619) | \$ (29,811) |
| Fund Balance, July 1, 2015 | 414,626 | (27,395) | 387,231 | 537,517 | 537,517 | (150,286) |
| Fund Balance, June 30, 2016 | \$ (18,199) | \$ 0 | \$ (18,199) | \$ 161,898 | \$ 161,898 | \$ (180,097) |

Major Governmental Funds

Debt Service Fund

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

Exhibit 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, 2016

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---|---------------------|---------------------|---------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 4,517,657 | \$ 4,730,909 | \$ 4,730,909 | \$ (213,252) |
| Fines, Forfeitures, and Penalties | 35,105 | 47,500 | 47,500 | (12,395) |
| Other Local Revenues | 667,270 | 725,000 | 725,000 | (57,730) |
| Total Revenues | <u>\$ 5,220,032</u> | <u>\$ 5,503,409</u> | <u>\$ 5,503,409</u> | <u>\$ (283,377)</u> |
| <u>Expenditures</u> | | | | |
| <u>Principal on Debt</u> | | | | |
| General Government | \$ 406,800 | \$ 406,800 | \$ 406,800 | \$ 0 |
| Highways and Streets | 290,000 | 308,924 | 290,000 | 0 |
| Education | 3,957,054 | 3,938,130 | 3,957,054 | 0 |
| <u>Interest on Debt</u> | | | | |
| General Government | 149,754 | 156,616 | 156,616 | 6,862 |
| Highways and Streets | 41,726 | 41,344 | 41,726 | 0 |
| Education | 1,150,592 | 1,174,612 | 1,174,230 | 23,638 |
| <u>Other Debt Service</u> | | | | |
| General Government | 87,513 | 90,000 | 88,695 | 1,182 |
| Education | 12,585 | 11,280 | 12,585 | 0 |
| Total Expenditures | <u>\$ 6,096,024</u> | <u>\$ 6,127,706</u> | <u>\$ 6,127,706</u> | <u>\$ 31,682</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (875,992)</u> | <u>\$ (624,297)</u> | <u>\$ (624,297)</u> | <u>\$ (251,695)</u> |
| Net Change in Fund Balance | \$ (875,992) | \$ (624,297) | \$ (624,297) | \$ (251,695) |
| Fund Balance, July 1, 2015 | <u>4,729,077</u> | <u>4,563,731</u> | <u>4,563,731</u> | <u>165,346</u> |
| Fund Balance, June 30, 2016 | <u>\$ 3,853,085</u> | <u>\$ 3,939,434</u> | <u>\$ 3,939,434</u> | <u>\$ (86,349)</u> |

Fiduciary Funds

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

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

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register 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, 2016

| | <u>Agency Funds</u> | | |
|-------------------------------------|--------------------------|---|---------------------|
| | Cities - Sales Tax | Constitu- tional Officers - Agency | Total |
| <u>ASSETS</u> | | | |
| Cash | \$ 0 | \$ 1,930,905 | \$ 1,930,905 |
| Accounts Receivable | 0 | 468 | 468 |
| Due from Other Governments | 1,924,618 | 0 | 1,924,618 |
| Total Assets | <u>\$ 1,924,618</u> | <u>\$ 1,931,373</u> | <u>\$ 3,855,991</u> |
| <u>LIABILITIES</u> | | | |
| Due to Other Taxing Units | \$ 1,924,618 | \$ 0 | \$ 1,924,618 |
| Due to Litigants, Heirs, and Others | 0 | 1,931,373 | 1,931,373 |
| Total Liabilities | <u>\$ 1,924,618</u> | <u>\$ 1,931,373</u> | <u>\$ 3,855,991</u> |

Exhibit I-2

Hamblen County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2016

| | Beginning Balance | Additions | Deductions | Ending Balance |
|--|----------------------|---------------|---------------|-------------------|
| <u>Cities - Sales Tax Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 0 | \$ 11,789,023 | \$ 11,789,023 | \$ 0 |
| Due from Other Governments | 1,941,461 | 1,924,618 | 1,941,461 | 1,924,618 |
| Total Assets | \$ 1,941,461 | \$ 13,713,641 | \$ 13,730,484 | \$ 1,924,618 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 1,941,461 | \$ 13,713,641 | \$ 13,730,484 | \$ 1,924,618 |
| Total Liabilities | \$ 1,941,461 | \$ 13,713,641 | \$ 13,730,484 | \$ 1,924,618 |
| <u>Constitutional Officers - Agency Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 1,650,997 | \$ 11,593,926 | \$ 11,314,018 | \$ 1,930,905 |
| Accounts Receivable | 494 | 0 | 26 | 468 |
| Total Assets | \$ 1,651,491 | \$ 11,593,926 | \$ 11,314,044 | \$ 1,931,373 |
| <u>Liabilities</u> | | | | |
| Due to Litigants, Heirs, and Others | \$ 1,651,491 | \$ 11,593,926 | \$ 11,314,044 | \$ 1,931,373 |
| Total Liabilities | \$ 1,651,491 | \$ 11,593,926 | \$ 11,314,044 | \$ 1,931,373 |
| <u>Totals - All Agency Funds</u> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 1,650,997 | \$ 11,593,926 | \$ 11,314,018 | \$ 1,930,905 |
| Equity in Pooled Cash and Investments | 0 | 11,789,023 | 11,789,023 | 0 |
| Accounts Receivable | 494 | 0 | 26 | 468 |
| Due from Other Governments | 1,941,461 | 1,924,618 | 1,941,461 | 1,924,618 |
| Total Assets | \$ 3,592,952 | \$ 25,307,567 | \$ 25,044,528 | \$ 3,855,991 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 1,941,461 | \$ 13,713,641 | \$ 13,730,484 | \$ 1,924,618 |
| Due to Litigants, Heirs, and Others | 1,651,491 | 11,593,926 | 11,314,044 | 1,931,373 |
| Total Liabilities | \$ 3,592,952 | \$ 25,307,567 | \$ 25,044,528 | \$ 3,855,991 |

Hamblen County School Department

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

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, 2016

| 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 | \$ 50,863,984 | \$ 372,227 | \$ 4,206,986 | \$ 0 | \$ (46,284,771) |
| Support Services | 26,503,695 | 416,964 | 706,303 | 204,446 | (25,175,982) |
| Operation of Non-instructional Services | 6,463,675 | 1,170,101 | 4,719,478 | 0 | (574,096) |
| Total Governmental Activities | <u>\$ 83,831,354</u> | <u>\$ 1,959,292</u> | <u>\$ 9,632,767</u> | <u>\$ 204,446</u> | <u>\$ (72,034,849)</u> |
| General Revenues: | | | | | |
| Taxes: | | | | | |
| Property Taxes Levied for General Purposes | | | | | \$ 13,687,184 |
| Local Option Sales Taxes | | | | | 12,589,055 |
| Wheel Tax | | | | | 735,962 |
| Mixed Drink Tax | | | | | 43,118 |
| Interstate Telecommunications Tax | | | | | 5,250 |
| Grants and Contributions Not Restricted to Specific Programs | | | | | 47,449,093 |
| Unrestricted Investment Income | | | | | 5,114 |
| Miscellaneous | | | | | 94,316 |
| Total General Revenues | | | | | <u>\$ 74,609,092</u> |
| Change in Net Position | | | | | \$ 2,574,243 |
| Net Position, July 1, 2015 | | | | | <u>45,696,738</u> |
| Net Position, June 30, 2016 | | | | | <u>\$ 48,270,981</u> |

Exhibit J-2

Hamblen County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Hamblen County School Department
June 30, 2016

| | Major Funds | | Nonmajor Funds | Total Governmental Funds |
|--|------------------------------|----------------------|-------------------------------------|--------------------------------|
| | General Purpose School | Central Cafeteria | Other Govern- mental Funds | |
| | | | | |
| <u>ASSETS</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 8,870,486 | \$ 3,857,901 | \$ 427,264 | \$ 13,155,651 |
| Inventories | 0 | 125,800 | 0 | 125,800 |
| Accounts Receivable | 9,418 | 62,643 | 0 | 72,061 |
| Due from Other Governments | 2,324,611 | 0 | 156,315 | 2,480,926 |
| Due from Other Funds | 894 | 0 | 0 | 894 |
| Due from Primary Government | 0 | 0 | 760,012 | 760,012 |
| Property Taxes Receivable | 14,255,773 | 0 | 0 | 14,255,773 |
| Allowance for Uncollectible Property Taxes | (465,806) | 0 | 0 | (465,806) |
| Total Assets | <u>\$ 24,995,376</u> | <u>\$ 4,046,344</u> | <u>\$ 1,343,591</u> | <u>\$ 30,385,311</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | \$ 289,649 | \$ 3,900 | \$ 1,076 | \$ 294,625 |
| Contracts Payable | 67,647 | 0 | 0 | 67,647 |
| Due to Other Funds | 0 | 0 | 894 | 894 |
| Total Liabilities | <u>\$ 357,296</u> | <u>\$ 3,900</u> | <u>\$ 1,970</u> | <u>\$ 363,166</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Deferred Current Property Taxes | \$ 13,315,832 | \$ 0 | \$ 0 | \$ 13,315,832 |
| Deferred Delinquent Property Taxes | 454,804 | 0 | 0 | 454,804 |
| Other Deferred/Unavailable Revenue | 1,026,770 | 62,596 | 0 | 1,089,366 |
| Total Deferred Inflows of Resources | <u>\$ 14,797,406</u> | <u>\$ 62,596</u> | <u>\$ 0</u> | <u>\$ 14,860,002</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</u> | <u>Total</u> |
|---|-------------------------------|--------------------------|--|----------------------|
| | <u>General Purpose School</u> | <u>Central Cafeteria</u> | <u>Funds</u> <u>Other Govern-mental Funds</u> | |
| <u>FUND BALANCES</u> | | | | |
| Nonspendable: | | | | |
| Inventory | \$ 0 | \$ 125,800 | \$ 0 | \$ 125,800 |
| Restricted: | | | | |
| Restricted for Education | 154,720 | 3,854,048 | 10,329 | 4,019,097 |
| Restricted for Capital Projects | 0 | 0 | 831,292 | 831,292 |
| Committed: | | | | |
| Committed for Education | 245,962 | 0 | 500,000 | 745,962 |
| Assigned: | | | | |
| Assigned for Education | 941,954 | 0 | 0 | 941,954 |
| Assigned for Capital Projects | 4,444,393 | 0 | 0 | 4,444,393 |
| Unassigned | 4,053,645 | 0 | 0 | 4,053,645 |
| Total Fund Balances | <u>\$ 9,840,674</u> | <u>\$ 3,979,848</u> | <u>\$ 1,341,621</u> | <u>\$ 15,162,143</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 24,995,376</u> | <u>\$ 4,046,344</u> | <u>\$ 1,343,591</u> | <u>\$ 30,385,311</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, 2016

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) | | \$ | 15,162,143 |
| (1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. | | | |
| Add: land | \$ | 3,681,664 | |
| Add: construction in progress | | 866,665 | |
| Add: buildings and improvements net of accumulated depreciation | | 42,725,626 | |
| Add: other capital assets net of accumulated depreciation | | <u>7,464,078</u> | 54,738,033 |
| (2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. | | | 1,544,170 |
| (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 | \$ | (16,973,452) | |
| Less: compensated absences payable | | (218,908) | |
| Less: retirement incentive | | (107,650) | |
| Less: retirement honorarium | | (950,549) | |
| Less: net pension liability - Teacher Legacy Cost-sharing Plan | | <u>(374,099)</u> | (18,624,658) |
| (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 | \$ | 4,634,501 | |
| Less: deferred inflows of resources related to pensions | | <u>(9,294,091)</u> | (4,659,590) |
| (5) Net pensions assets of the agent plan and the teacher retirement-plan are not current financial resources and therefore are not reported in the governmental funds | | | |
| Add: agent plan | | 35,352 | |
| Add: teacher retirement plan | | <u>75,531</u> | <u>110,883</u> |
| Net position of governmental activities (Exhibit A) | | | <u>\$ 48,270,981</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, 2016

| | Major Funds | | Nonmajor Funds | Total Governmental Funds |
|--|------------------------------|----------------------|-------------------------------------|--------------------------------|
| | General Purpose School | Central Cafeteria | Other Govern- mental Funds | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 27,010,960 | \$ 0 | \$ 0 | \$ 27,010,960 |
| Charges for Current Services | 759,737 | 1,188,692 | 0 | 1,948,429 |
| Other Local Revenues | 164,574 | 5,114 | 0 | 169,688 |
| State of Tennessee | 46,434,522 | 55,813 | 0 | 46,490,335 |
| Federal Government | 219,319 | 4,564,939 | 5,742,506 | 10,526,764 |
| Total Revenues | <u>\$ 74,589,112</u> | <u>\$ 5,814,558</u> | <u>\$ 5,742,506</u> | <u>\$ 86,146,176</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Instruction | \$ 47,634,723 | \$ 0 | \$ 4,722,268 | \$ 52,356,991 |
| Support Services | 22,939,195 | 65,555 | 972,691 | 23,977,441 |
| Operation of Non-instructional Services | 1,038,120 | 5,450,555 | 0 | 6,488,675 |
| Capital Outlay | 2,252,132 | 0 | 0 | 2,252,132 |
| Debt Service: | | | | |
| Other Debt Service | 500,000 | 0 | 0 | 500,000 |
| Capital Projects | 0 | 0 | 1,269,543 | 1,269,543 |
| Total Expenditures | <u>\$ 74,364,170</u> | <u>\$ 5,516,110</u> | <u>\$ 6,964,502</u> | <u>\$ 86,844,782</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 224,942</u> | <u>\$ 298,448</u> | <u>\$ (1,221,996)</u> | <u>\$ (698,606)</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers In | \$ 51,779 | \$ 0 | \$ 200,000 | \$ 251,779 |
| Transfers Out | (200,000) | 0 | (51,779) | (251,779) |
| Total Other Financing Sources (Uses) | <u>\$ (148,221)</u> | <u>\$ 0</u> | <u>\$ 148,221</u> | <u>\$ 0</u> |
| Net Change in Fund Balances | \$ 76,721 | \$ 298,448 | \$ (1,073,775) | \$ (698,606) |
| Fund Balance, July 1, 2015 | <u>9,763,953</u> | <u>3,681,400</u> | <u>2,415,396</u> | <u>15,860,749</u> |
| Fund Balance, June 30, 2016 | <u>\$ 9,840,674</u> | <u>\$ 3,979,848</u> | <u>\$ 1,341,621</u> | <u>\$ 15,162,143</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, 2016

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) | | \$ (698,606) |
| (1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows: | | |
| Add: capital assets purchased in the current period | \$ 3,697,996 | |
| Less: current-year depreciation expense | <u>(3,238,271)</u> | 459,725 |
| (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 | \$ (29,275) | |
| Add: assets donated and capitalized | <u>123,800</u> | 94,525 |
| (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, 2016 | \$ 1,544,170 | |
| Less: deferred delinquent property taxes and other deferred June 30, 2015 | <u>(1,408,549)</u> | 135,621 |
| (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 | \$ (8,482) | |
| Change in other postemployment benefits liability | (1,856,000) | |
| Change in retirement incentive | 12,918 | |
| Change in retirement honorarium | (30,680) | |
| Change in net pension asset - agent plan | (305,241) | |
| Change in net pension asset - teacher retirement plan | 35,352 | |
| Change in net pension liability - teacher legacy retirement plan | (523,658) | |
| Change in deferred outflows related to pensions | (154,890) | |
| Change in deferred inflows related to pensions | <u>5,413,659</u> | <u>2,582,978</u> |
| Change in net position of governmental activities (Exhibit B) | | <u>\$ 2,574,243</u> |

Exhibit J-6

Hamblen County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Hamblen County School Department
June 30, 2016

| | 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 | \$ 355,984 | \$ 71,280 | \$ 427,264 |
| Due from Other Governments | 156,315 | 0 | 156,315 |
| Due from Primary Government | 0 | 760,012 | 760,012 |
| | | | |
| Total Assets | \$ 512,299 | \$ 831,292 | \$ 1,343,591 |
| <u>LIABILITIES</u> | | | |
| Accounts Payable | \$ 1,076 | \$ 0 | \$ 1,076 |
| Due to Other Funds | 894 | 0 | 894 |
| Total Liabilities | \$ 1,970 | \$ 0 | \$ 1,970 |
| <u>FUND BALANCES</u> | | | |
| Restricted: | | | |
| Restricted for Education | \$ 10,329 | \$ 0 | \$ 10,329 |
| Restricted for Capital Projects | 0 | 831,292 | 831,292 |
| Committed: | | | |
| Committed for Education | 500,000 | 0 | 500,000 |
| Total Fund Balances | \$ 510,329 | \$ 831,292 | \$ 1,341,621 |
| | | | |
| Total Liabilities and Fund Balances | \$ 512,299 | \$ 831,292 | \$ 1,343,591 |

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, 2016

| | Special Revenue Fund | Capital Projects Fund | Total Nonmajor Governmental Funds |
|--|-------------------------------|----------------------------------|--|
| | School Federal Projects | Education Capital Projects | |
| <u>Revenues</u> | | | |
| Federal Government | \$ 5,742,506 | \$ 0 | \$ 5,742,506 |
| Total Revenues | <u>\$ 5,742,506</u> | <u>\$ 0</u> | <u>\$ 5,742,506</u> |
| <u>Expenditures</u> | | | |
| Current: | | | |
| Instruction | \$ 4,722,268 | \$ 0 | \$ 4,722,268 |
| Support Services | 972,691 | 0 | 972,691 |
| Capital Projects | 0 | 1,269,543 | 1,269,543 |
| Total Expenditures | <u>\$ 5,694,959</u> | <u>\$ 1,269,543</u> | <u>\$ 6,964,502</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 47,547</u> | <u>\$ (1,269,543)</u> | <u>\$ (1,221,996)</u> |
| <u>Other Financing Sources (Uses)</u> | | | |
| Transfers In | \$ 200,000 | \$ 0 | \$ 200,000 |
| Transfers Out | (51,779) | 0 | (51,779) |
| Total Other Financing Sources (Uses) | <u>\$ 148,221</u> | <u>\$ 0</u> | <u>\$ 148,221</u> |
| Net Change in Fund Balances | \$ 195,768 | \$ (1,269,543) | \$ (1,073,775) |
| Fund Balance, July 1, 2015 | <u>314,561</u> | <u>2,100,835</u> | <u>2,415,396</u> |
| Fund Balance, June 30, 2016 | <u>\$ 510,329</u> | <u>\$ 831,292</u> | <u>\$ 1,341,621</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, 2016

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2015 | Add: Encumbrances 6/30/2016 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--------------------------------|---------------------------|-----------------------------------|-----------------------------------|---|------------------|---------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 27,010,960 | \$ 0 | \$ 0 | \$ 27,010,960 | \$ 26,267,727 | \$ 26,267,727 | \$ 743,233 |
| Charges for Current Services | 759,737 | 0 | 0 | 759,737 | 504,480 | 504,480 | 255,257 |
| Other Local Revenues | 164,574 | 0 | 0 | 164,574 | 20,600 | 118,105 | 46,469 |
| State of Tennessee | 46,434,522 | 0 | 0 | 46,434,522 | 45,955,435 | 46,504,540 | (70,018) |
| Federal Government | 219,319 | 0 | 0 | 219,319 | 49,341 | 223,113 | (3,794) |
| Total Revenues | \$ 74,589,112 | \$ 0 | \$ 0 | \$ 74,589,112 | \$ 72,797,583 | \$ 73,617,965 | \$ 971,147 |
| <u>Expenditures</u> | | | | | | | |
| <u>Instruction</u> | | | | | | | |
| Regular Instruction Program | \$ 38,917,858 | \$ (19,905) | \$ 140,342 | \$ 39,038,295 | \$ 39,633,713 | \$ 40,315,606 | \$ 1,277,311 |
| Special Education Program | 5,347,819 | (314) | 1,706 | 5,349,211 | 5,647,182 | 5,665,182 | 315,971 |
| Vocational Education Program | 3,173,472 | (2,467) | 6,251 | 3,177,256 | 3,233,067 | 3,245,067 | 67,811 |
| Student Body Education Program | 136,351 | 0 | 950 | 137,301 | 184,302 | 184,302 | 47,001 |
| Other | 59,223 | 0 | 0 | 59,223 | 59,223 | 59,223 | 0 |
| <u>Support Services</u> | | | | | | | |
| Attendance | 2,635 | 0 | 0 | 2,635 | 5,850 | 5,850 | 3,215 |
| Health Services | 673,755 | 0 | 91 | 673,846 | 671,745 | 677,944 | 4,098 |
| Other Student Support | 1,319,297 | (319) | 311 | 1,319,289 | 1,377,696 | 1,377,696 | 58,407 |
| Regular Instruction Program | 652,989 | (343) | 19,958 | 672,604 | 677,514 | 737,704 | 65,100 |
| Special Education Program | 895,088 | (150) | 100 | 895,038 | 788,555 | 944,327 | 49,289 |
| Vocational Education Program | 205,101 | 0 | 0 | 205,101 | 215,414 | 218,414 | 13,313 |
| Other Programs | 511,339 | 0 | 0 | 511,339 | 0 | 511,339 | 0 |
| Board of Education | 1,055,752 | (125) | 149 | 1,055,776 | 1,151,072 | 1,151,072 | 95,296 |
| Director of Schools | 597,576 | (1,931) | 3,190 | 598,835 | 639,412 | 639,412 | 40,577 |
| Office of the Principal | 4,280,731 | 0 | 7 | 4,280,738 | 4,354,357 | 4,359,051 | 78,313 |
| Fiscal Services | 403,309 | 0 | 5,467 | 408,776 | 421,398 | 421,398 | 12,622 |
| Operation of Plant | 5,601,262 | (400) | 925 | 5,601,787 | 6,248,693 | 6,248,693 | 646,906 |
| Maintenance of Plant | 1,471,008 | (2,341) | 3,193 | 1,471,860 | 1,522,419 | 1,522,419 | 50,559 |
| Transportation | 2,849,399 | (2,030) | 10,705 | 2,858,074 | 3,214,006 | 3,214,006 | 355,932 |

(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 7/1/2015 | Add: Encumbrances 6/30/2016 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|----------------|--|
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Support Services (Cont.)</u> | | | | | | | |
| Central and Other | \$ 2,419,954 | \$ (26,704) | \$ 81,547 | \$ 2,474,797 | \$ 2,382,770 | \$ 2,524,859 | \$ 50,062 |
| <u>Operation of Non-instructional Services</u> | | | | | | | |
| Community Services | 236,487 | (113) | 1,639 | 238,013 | 315,648 | 315,648 | 77,635 |
| Early Childhood Education | 801,633 | (674) | 1,378 | 802,337 | 810,734 | 810,734 | 8,397 |
| <u>Capital Outlay</u> | | | | | | | |
| Regular Capital Outlay | 2,252,132 | (440,928) | 729,888 | 2,541,092 | 2,741,526 | 2,741,526 | 200,434 |
| <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 | \$ 74,364,170 | \$ (498,744) | \$ 1,007,797 | \$ 74,873,223 | \$ 76,796,296 | \$ 78,391,472 | \$ 3,518,249 |
| <u>Excess (Deficiency) of Revenues</u> | | | | | | | |
| Over Expenditures | \$ 224,942 | \$ 498,744 | \$ (1,007,797) | \$ (284,111) | \$ (3,998,713) | \$ (4,773,507) | \$ 4,489,396 |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Insurance Recovery | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 10,000 | \$ 10,000 | \$ (10,000) |
| Transfers In | 51,779 | 0 | 0 | 51,779 | 42,000 | 42,000 | 9,779 |
| Transfers Out | (200,000) | 0 | 0 | (200,000) | (28,244) | (228,244) | 28,244 |
| Total Other Financing Sources | \$ (148,221) | \$ 0 | \$ 0 | \$ (148,221) | \$ 23,756 | \$ (176,244) | \$ 28,023 |
| <u>Net Change in Fund Balance</u> | | | | | | | |
| Fund Balance, July 1, 2015 | \$ 9,763,953 | \$ (498,744) | \$ 0 | \$ 9,265,209 | \$ 7,058,486 | \$ 7,058,486 | \$ 2,206,723 |
| Fund Balance, June 30, 2016 | \$ 9,840,674 | \$ 0 | \$ (1,007,797) | \$ 8,832,877 | \$ 3,083,529 | \$ 2,108,735 | \$ 6,724,142 |

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, 2016

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2015 | Add: Encumbrances 6/30/2016 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|---------------------|---------------------|--|
| | | | | | Original | Final | |
| Revenues | | | | | | | |
| Federal Government | \$ 5,742,506 | \$ 0 | \$ 0 | \$ 5,742,506 | \$ 5,728,523 | \$ 6,182,754 | \$ (440,248) |
| Total Revenues | \$ 5,742,506 | \$ 0 | \$ 0 | \$ 5,742,506 | \$ 5,728,523 | \$ 6,182,754 | \$ (440,248) |
| Expenditures | | | | | | | |
| Instruction | | | | | | | |
| Regular Instruction Program | \$ 2,280,888 | \$ (774) | \$ 0 | \$ 2,280,114 | \$ 2,193,957 | \$ 2,385,706 | \$ 105,592 |
| Special Education Program | 2,333,191 | 0 | 200 | 2,333,391 | 2,287,563 | 2,439,475 | 106,084 |
| Vocational Education Program | 108,189 | 0 | 7,766 | 115,955 | 111,244 | 121,905 | 5,950 |
| Support Services | | | | | | | |
| Other Student Support | 196,494 | (3,587) | 2,362 | 195,269 | 183,521 | 208,087 | 12,818 |
| Regular Instruction Program | 759,646 | (3,287) | 0 | 756,359 | 902,737 | 962,951 | 206,592 |
| Special Education Program | 9,198 | 0 | 0 | 9,198 | 0 | 9,198 | 0 |
| Vocational Education Program | 3,255 | 0 | 0 | 3,255 | 4,500 | 3,255 | 0 |
| Transportation | 4,098 | 0 | 0 | 4,098 | 0 | 4,098 | 0 |
| Total Expenditures | \$ 5,694,959 | \$ (7,648) | \$ 10,328 | \$ 5,697,639 | \$ 5,683,522 | \$ 6,134,675 | \$ 437,036 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 47,547 | \$ 7,648 | \$ (10,328) | \$ 44,867 | \$ 45,001 | \$ 48,079 | \$ (3,212) |
| Other Financing Sources (Uses) | | | | | | | |
| Transfers In | \$ 200,000 | \$ 0 | \$ 0 | \$ 200,000 | \$ 0 | \$ 0 | \$ 200,000 |
| Transfers Out | (51,779) | 0 | 0 | (51,779) | (51,914) | (54,992) | 3,213 |
| Total Other Financing Sources | \$ 148,221 | \$ 0 | \$ 0 | \$ 148,221 | \$ (51,914) | \$ (54,992) | \$ 203,213 |
| Net Change in Fund Balance | \$ 195,768 | \$ 7,648 | \$ (10,328) | \$ 193,088 | \$ (6,913) | \$ (6,913) | \$ 200,001 |
| Fund Balance, July 1, 2015 | 314,561 | (7,648) | 0 | 306,913 | 6,913 | 6,913 | 300,000 |
| Fund Balance, June 30, 2016 | \$ 510,329 | \$ 0 | \$ (10,328) | \$ 500,001 | \$ 0 | \$ 0 | \$ 500,001 |

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, 2016

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2015 | Add: Encumbrances 6/30/2016 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|---------------------|---------------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Charges for Current Services | \$ 1,188,692 | \$ 0 | \$ 0 | \$ 1,188,692 | \$ 1,085,589 | \$ 1,085,589 | \$ 103,103 |
| Other Local Revenues | 5,114 | 0 | 0 | 5,114 | 7,000 | 7,000 | (1,886) |
| State of Tennessee | 55,813 | 0 | 0 | 55,813 | 56,000 | 56,000 | (187) |
| Federal Government | 4,564,939 | 0 | 0 | 4,564,939 | 4,535,494 | 4,543,144 | 21,795 |
| Total Revenues | \$ 5,814,558 | \$ 0 | \$ 0 | \$ 5,814,558 | \$ 5,684,083 | \$ 5,691,733 | \$ 122,825 |
| <u>Expenditures</u> | | | | | | | |
| <u>Support Services</u> | | | | | | | |
| Board of Education | \$ 65,555 | \$ 0 | \$ 0 | \$ 65,555 | \$ 69,000 | \$ 69,000 | \$ 3,445 |
| <u>Operation of Non-instructional Services</u> | | | | | | | |
| Food Service | 5,450,555 | (46,827) | 24,835 | 5,428,563 | 6,373,616 | 6,381,266 | 952,703 |
| Total Expenditures | \$ 5,516,110 | \$ (46,827) | \$ 24,835 | \$ 5,494,118 | \$ 6,442,616 | \$ 6,450,266 | \$ 956,148 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 298,448 | \$ 46,827 | \$ (24,835) | \$ 320,440 | \$ (758,533) | \$ (758,533) | \$ 1,078,973 |
| Net Change in Fund Balance | \$ 298,448 | \$ 46,827 | \$ (24,835) | \$ 320,440 | \$ (758,533) | \$ (758,533) | \$ 1,078,973 |
| Fund Balance, July 1, 2015 | 3,681,400 | (46,827) | 0 | 3,634,573 | 2,420,978 | 2,420,978 | 1,213,595 |
| Fund Balance, June 30, 2016 | \$ 3,979,848 | \$ 0 | \$ (24,835) | \$ 3,955,013 | \$ 1,662,445 | \$ 1,662,445 | \$ 2,292,568 |

MISCELLANEOUS SCHEDULES

Exhibit K-1

Hamblen County, Tennessee
Schedule of Changes in Long-term Other Loans and Bonds
For the Year Ended June 30, 2016

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 7-1-15 | Paid and/or Matured During Period | Outstanding 6-30-16 |
|--|--------------------------------|------------------|---------------------|--------------------------|-----------------------|--|------------------------|
| <u>OTHER LOANS PAYABLE</u> | | | | | | | |
| <u>Payable through General Debt Service Fund</u> | | | | | | | |
| Local Government Public Improvement Bonds, Series E-4-A - Refunding | \$ 10,100,000 | Variable (1) | 8-13-08 | 6-1-25 | \$ 10,100,000 | \$ 0 | \$ 10,100,000 |
| Local Government Public Improvement Bonds, Series VII-C-2 - Refunding | 20,200,000 | Variable (1) | 11-24-08 | 6-1-17 | 3,335,000 | 2,975,000 | 360,000 |
| Qualified School Construction Bonds | 11,280,000 | 1.515 % | 12-17-09 | 7-1-26 | 7,878,039 | 703,854 | 7,174,185 |
| Total Payable through General Debt Service Fund | | | | | <u>\$ 21,313,039</u> | <u>\$ 3,678,854</u> | <u>\$ 17,634,185</u> |
| Total Other Loans Payable | | | | | <u>\$ 21,313,039</u> | <u>\$ 3,678,854</u> | <u>\$ 17,634,185</u> |
| <u>BONDS PAYABLE</u> | | | | | | | |
| <u>Payable through General Debt Service Fund</u> | | | | | | | |
| General Obligation Refunding Bonds, Series 2009 | 10,860,000 | 3 to 5 | 9-23-09 | 6-1-19 | \$ 10,235,000 | \$ 110,000 | \$ 10,125,000 |
| General Obligation Bonds, Series 2010 | 2,375,000 | 2 | 8-11-10 | 6-1-16 | 270,000 | 270,000 | 0 |
| General Obligation Bonds, Series 2014 | 5,200,000 | 1.446 | 3-28-14 | 6-1-23 | 4,615,000 | 595,000 | 4,020,000 |
| Total Payable through General Debt Service Fund | | | | | <u>\$ 15,120,000</u> | <u>\$ 975,000</u> | <u>\$ 14,145,000</u> |
| Total Bonds Payable | | | | | <u>\$ 15,120,000</u> | <u>\$ 975,000</u> | <u>\$ 14,145,000</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 | |
| 2017 | \$ 1,063,854 | \$ 685,833 | \$ 34,088 | \$ 1,783,775 |
| 2018 | 703,854 | 669,327 | 25,352 | 1,398,533 |
| 2019 | 703,854 | 669,327 | 25,352 | 1,398,533 |
| 2020 | 2,173,854 | 669,327 | 25,352 | 2,868,533 |
| 2021 | 2,253,854 | 596,782 | 21,662 | 2,872,298 |
| 2022 | 2,333,854 | 520,290 | 17,772 | 2,871,916 |
| 2023 | 2,423,854 | 439,850 | 13,680 | 2,877,384 |
| 2024 | 2,518,854 | 354,968 | 9,363 | 2,883,185 |
| 2025 | 2,618,854 | 265,397 | 4,806 | 2,889,057 |
| 2026 | 773,140 | 170,892 | 0 | 944,032 |
| 2027 | 66,359 | 14,241 | 0 | 80,600 |
| Total | \$ 17,634,185 | \$ 5,056,234 | \$ 177,427 | \$ 22,867,846 |

| Year Ending June 30 | Bonds | | Total |
|---------------------------|---------------|--------------|---------------|
| | Principal | Interest | |
| 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 | 28,412 | 658,412 |
| 2022 | 645,000 | 18,333 | 663,333 |
| 2023 | 320,000 | 6,400 | 326,400 |
| Total | \$ 14,145,000 | \$ 1,207,750 | \$ 15,352,750 |

Exhibit K-3

Hamblen County, Tennessee
Schedule of Transfers
Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2016

| <u>From Fund</u> | <u>To Fund</u> | <u>Purpose</u> | <u>Amount</u> |
|--|-------------------------|----------------|-------------------|
| School Federal Projects | General Purpose School | Indirect costs | \$ 51,779 |
| General Purpose School | School Federal Projects | Cash flow | <u>200,000</u> |
| Total Transfers Discretely Presented Hamblen County School Department | | | <u>\$ 251,779</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, 2016

| 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 Superintendent | 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 | 136,286 (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> | 78,345 (2) | 50,000 | RLI Insurance Company |
| Finance Director | County Commission | 73,396 (3) | 100,000 | The Cincinnati Insurance Company |
| County Clerk | | | | |
| Linda Wilder (7-1-15 through 10-31-15) | Section 8-24-102, <i>TCA</i> | 25,438 | 100,000 | " |
| Penny Petty (11-19-15 through 6-30-16) | Section 8-24-102, <i>TCA</i> | 46,863 | 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 Indemnity Company |

- (1) Includes a chief executive officer training supplement of \$1,000 and a travel allowance of \$12,000.
Does not include a 403(b) contribution of \$7,200 and life insurance premiums of \$384.
- (2) Includes a travel related supplement of \$2,032.
- (3) Includes payments for compensatory time of \$19,008.
- (4) Does not include special commissioner fees of \$12,608.
- (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, 2016

| | 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 | \$ 6,485,953 | \$ 1,154,224 | \$ 0 | \$ 0 | \$ 0 | 4,157,946 |
| Discount on Property Taxes | 198,731 | 0 | 0 | 0 | 0 | 0 |
| Trustee's Collections - Prior Year | 202,095 | 37,952 | 0 | 0 | 0 | 127,407 |
| Trustee's Collections - Bankruptcy | 774 | 253 | 0 | 0 | 0 | 486 |
| Circuit Clerk/Clerk and Master Collections - Prior Years | 102,354 | 17,872 | 0 | 0 | 0 | 64,528 |
| Interest and Penalty | 76,618 | 14,059 | 0 | 0 | 0 | 48,319 |
| Payments in-Lieu-of Taxes - T.V.A. | 629 | 295 | 0 | 0 | 0 | 398 |
| Payments in-Lieu-of Taxes - Local Utilities | 99,079 | 0 | 0 | 0 | 0 | 62,683 |
| Payments in-Lieu-of Taxes - Other | 5,550 | 0 | 0 | 0 | 0 | 3,511 |
| <u>County Local Option Taxes</u> | | | | | | |
| Local Option Sales Tax | 191,539 | 625,000 | 0 | 0 | 0 | 0 |
| Hotel/Motel Tax | 15,496 | 0 | 0 | 0 | 0 | 0 |
| Wheel Tax | 792,574 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - General | 126,511 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - Special Purpose | 56,046 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - Jail, Workhouse, or Courthouse | 0 | 0 | 0 | 0 | 0 | 46,833 |
| Litigation Tax - Courthouse Security | 52,807 | 0 | 0 | 0 | 0 | 0 |
| Business Tax | 963,885 | 0 | 0 | 0 | 0 | 0 |
| Mineral Severance Tax | 0 | 0 | 0 | 0 | 31,787 | 0 |
| <u>Statutory Local Taxes</u> | | | | | | |
| Bank Excise Tax | 0 | 0 | 0 | 0 | 0 | 5,546 |
| Wholesale Beer Tax | 0 | 129,849 | 0 | 0 | 0 | 0 |
| Interstate Telecommunications Tax | 2,804 | 0 | 0 | 0 | 0 | 0 |
| Total Local Taxes | \$ 9,373,445 | \$ 1,979,504 | \$ 0 | \$ 0 | \$ 31,787 | \$ 4,517,657 |

(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 | \$ 5,776 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Cable TV Franchise | 388,312 | 0 | 0 | 0 | 0 | 0 |
| <u>Permits</u> | | | | | | |
| Beer Permits | 0 | 1,433 | 0 | 0 | 0 | 0 |
| Building Permits | 117,699 | 0 | 0 | 0 | 0 | 0 |
| Total Licenses and Permits | <u>\$ 511,787</u> | <u>\$ 1,433</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| <u>Fines, Forfeitures, and Penalties</u> | | | | | | |
| <u>Circuit Court</u> | | | | | | |
| Fines | \$ 2,015 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Officers Costs | 17,495 | 0 | 0 | 0 | 0 | 0 |
| Drug Control Fines | 6,423 | 0 | 12,987 | 0 | 0 | 0 |
| Drug Court Fees | 1,371 | 0 | 0 | 0 | 0 | 0 |
| Jail Fees | 2,743 | 0 | 0 | 0 | 0 | 1,069 |
| DUI Treatment Fines | 644 | 0 | 0 | 0 | 0 | 0 |
| Data Entry Fee - Circuit Court | 4,940 | 0 | 0 | 0 | 0 | 0 |
| <u>General Sessions Court</u> | | | | | | |
| Fines | 36,926 | 0 | 0 | 0 | 0 | 0 |
| Fines for Littering | 62 | 0 | 0 | 0 | 0 | 0 |
| Officers Costs | 54,883 | 0 | 0 | 0 | 0 | 0 |
| Game and Fish Fines | 74 | 0 | 0 | 0 | 0 | 0 |
| Drug Control Fines | 4,918 | 0 | 6,115 | 0 | 0 | 0 |
| Drug Court Fees | 5,298 | 0 | 0 | 0 | 0 | 0 |
| Jail Fees | 58,761 | 0 | 0 | 0 | 0 | 34,036 |
| Interpreter Fee | 404 | 0 | 0 | 0 | 0 | 0 |

(Continued)

Exhibit K-5

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

| | Special Revenue Funds | | | | | Debt Service Fund |
|--|-----------------------|--------------------------|------------------|--------------------------------|------------------------|----------------------|
| | General | Solid Waste / Sanitation | Drug Control | Constitutional Officers - Fees | Highway / Public Works | General Debt Service |
| <u>Fines, Forfeitures, and Penalties (Cont.)</u> | | | | | | |
| <u>General Sessions Court (Cont.)</u> | | | | | | |
| DUI Treatment Fines | \$ 8,513 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Data Entry Fee - General Sessions Court | 25,418 | 0 | 0 | 0 | 0 | 0 |
| Courtroom Security Fee | 3,323 | 0 | 0 | 0 | 0 | 0 |
| <u>Juvenile Court</u> | | | | | | |
| Fines | 6,537 | 0 | 0 | 0 | 0 | 0 |
| Officers Costs | 10,347 | 0 | 0 | 0 | 0 | 0 |
| Data Entry Fee - Juvenile Court | 3,690 | 0 | 0 | 0 | 0 | 0 |
| <u>Chancery Court</u> | | | | | | |
| Data Entry Fee - Chancery Court | 6,644 | 0 | 0 | 0 | 0 | 0 |
| <u>Other Courts - In-county</u> | | | | | | |
| Drug Court Fees | 880 | 0 | 0 | 0 | 0 | 0 |
| <u>Other Fines, Forfeitures, and Penalties</u> | | | | | | |
| Proceeds from Confiscated Property | 0 | 0 | 66,780 | 0 | 0 | 0 |
| Other Fines, Forfeitures, and Penalties | 302 | 0 | 0 | 0 | 0 | 0 |
| Total Fines, Forfeitures, and Penalties | <u>\$ 262,611</u> | <u>\$ 0</u> | <u>\$ 85,882</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>35,105</u> |
| <u>Charges for Current Services</u> | | | | | | |
| <u>General Service Charges</u> | | | | | | |
| Patient Charges | \$ 4,302 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Work Release Charges for Board | 8,551 | 0 | 0 | 0 | 0 | 0 |
| <u>Fees</u> | | | | | | |
| Recreation Fees | 97,844 | 0 | 0 | 0 | 0 | 0 |
| Copy Fees | 9,388 | 0 | 0 | 0 | 0 | 0 |
| Telephone Commissions | 44,225 | 0 | 0 | 0 | 0 | 0 |
| Vending Machine Collections | 182 | 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> | | | | | | |
| Tourism Fees | \$ 27,382 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Constitutional Officers' Fees and Commissions | 0 | 0 | 0 | 1,987 | 0 | 0 |
| Special Commissioner Fees/Special Master Fees | 0 | 0 | 0 | 12,608 | 0 | 0 |
| Data Processing Fee - Register | 18,886 | 0 | 0 | 0 | 0 | 0 |
| Probation Fees | 2,202 | 0 | 0 | 0 | 0 | 0 |
| Data Processing Fee - Sheriff | 11,386 | 0 | 0 | 0 | 0 | 0 |
| Sexual Offender Registration Fee - Sheriff | 4,200 | 0 | 0 | 0 | 0 | 0 |
| Data Processing Fee - County Clerk | 7,701 | 0 | 0 | 0 | 0 | 0 |
| <u>Education Charges</u> | | | | | | |
| Community Service Fees - Adults | 6,412 | 0 | 0 | 0 | 0 | 0 |
| Total Charges for Current Services | \$ 242,661 | \$ 0 | \$ 0 | \$ 14,595 | \$ 0 | \$ 0 |
| <u>Other Local Revenues</u> | | | | | | |
| <u>Recurring Items</u> | | | | | | |
| Investment Income | \$ 1,807 | \$ 0 | \$ 227 | \$ 0 | \$ 0 | \$ 167,270 |
| Lease/Rentals | 31,406 | 0 | 0 | 0 | 0 | 0 |
| Sale of Materials and Supplies | 0 | 3,677 | 0 | 0 | 5 | 0 |
| Commissary Sales | 14,280 | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous Refunds | 43,076 | 526 | 0 | 0 | 528 | 0 |
| Expenditure Credits | 4,369 | 839 | 0 | 0 | 25 | 0 |
| <u>Nonrecurring Items</u> | | | | | | |
| Sale of Equipment | 1,160 | 0 | 0 | 0 | 303 | 0 |
| Damages Recovered from Individuals | 0 | 0 | 1,676 | 0 | 111 | 0 |
| <u>Other Local Revenues</u> | | | | | | |
| Other Local Revenues | 470 | 0 | 0 | 0 | 0 | 500,000 |
| Total Other Local Revenues | \$ 96,568 | \$ 5,042 | \$ 1,903 | \$ 0 | \$ 972 | \$ 667,270 |

(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>Fees Received From County Officials</u> | | | | | | |
| <u>Fees In-Lieu-of Salary</u> | | | | | | |
| County Clerk | \$ 746,237 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Circuit Court Clerk | 358,356 | 0 | 0 | 0 | 0 | 0 |
| General Sessions Court Clerk | 641,645 | 0 | 0 | 0 | 0 | 0 |
| Clerk and Master | 268,656 | 0 | 0 | 0 | 0 | 0 |
| Juvenile Court Clerk | 74,698 | 0 | 0 | 0 | 0 | 0 |
| Register | 245,876 | 0 | 0 | 0 | 0 | 0 |
| Sheriff | 22,953 | 0 | 0 | 0 | 0 | 0 |
| Trustee | 937,941 | 0 | 0 | 0 | 0 | 0 |
| Total Fees Received From County Officials | \$ 3,296,362 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| <u>State of Tennessee</u> | | | | | | |
| <u>General Government Grants</u> | | | | | | |
| Juvenile Services Program | \$ 13,500 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Solid Waste Grants | 71,174 | 0 | 0 | 0 | 0 | 0 |
| On-behalf Contributions for OPEB | 3,300 | 0 | 0 | 0 | 0 | 0 |
| <u>Public Safety Grants</u> | | | | | | |
| Law Enforcement Training Programs | 19,799 | 0 | 0 | 0 | 0 | 0 |
| <u>Health and Welfare Grants</u> | | | | | | |
| Health Department Programs | 487,232 | 0 | 0 | 0 | 0 | 0 |
| <u>Public Works Grants</u> | | | | | | |
| State Aid Program | 0 | 0 | 0 | 0 | 481,393 | 0 |
| Litter Program | 38,849 | 0 | 0 | 0 | 0 | 0 |
| <u>Other State Revenues</u> | | | | | | |
| Income Tax | 224,139 | 0 | 0 | 0 | 0 | 0 |
| Beer Tax | 0 | 18,488 | 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 (Cont.)</u> | | | | | | |
| Vehicle Certificate of Title Fees | \$ 11,510 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Alcoholic Beverage Tax | 85,659 | 0 | 0 | 0 | 0 | 0 |
| State Revenue Sharing - T.V.A. | 716,902 | 0 | 0 | 0 | 200,000 | 0 |
| Contracted Prisoner Boarding | 1,018,869 | 0 | 0 | 0 | 0 | 0 |
| Gasoline and Motor Fuel Tax | 0 | 0 | 0 | 0 | 1,716,906 | 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 | 29,523 | 0 | 1,485 | 0 |
| Other State Revenues | 77,440 | 0 | 0 | 0 | 0 | 0 |
| Total State of Tennessee | \$ 2,853,537 | \$ 18,488 | \$ 29,523 | \$ 0 | \$ 2,444,912 | \$ 0 |
| <u>Federal Government</u> | | | | | | |
| <u>Federal Through State</u> | | | | | | |
| Civil Defense Reimbursement | \$ 29,200 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Disaster Relief | 0 | 0 | 0 | 0 | 16,825 | 0 |
| Homeland Security Grants | 16,000 | 0 | 0 | 0 | 0 | 0 |
| Other Federal through State | 7,245 | 0 | 0 | 0 | 0 | 0 |
| <u>Direct Federal Revenue</u> | | | | | | |
| Asset Forfeiture Funds | 0 | 0 | 7,583 | 0 | 0 | 0 |
| Other Direct Federal Revenue | 43,114 | 0 | 0 | 0 | 0 | 0 |
| Total Federal Government | \$ 95,559 | \$ 0 | \$ 7,583 | \$ 0 | \$ 16,825 | \$ 0 |
| <u>Other Governments and Citizens Groups</u> | | | | | | |
| <u>Other Governments</u> | | | | | | |
| Contributions | \$ 0 | \$ 0 | \$ 9,439 | \$ 0 | \$ 0 | \$ 0 |
| Contracted Services | 96,002 | 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>Other Governments and Citizens Groups (Cont.)</u> | | | | | | |
| <u>Citizens Groups</u> | | | | | | |
| Donations | \$ 5,737 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Total Other Governments and Citizens Groups | \$ 101,739 | \$ 0 | \$ 9,439 | \$ 0 | \$ 0 | \$ 0 |
| | | | | | | |
| Total | \$ 16,834,269 | \$ 2,004,467 | \$ 134,330 | \$ 14,595 | \$ 2,494,496 | \$ 5,220,032 |

(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 | \$ 11,798,123 |
| Discount on Property Taxes | 0 | 0 | 198,731 |
| Trustee's Collections - Prior Year | 0 | 0 | 367,454 |
| Trustee's Collections - Bankruptcy | 0 | 0 | 1,513 |
| Circuit Clerk/Clerk and Master Collections - Prior Years | 0 | 0 | 184,754 |
| Interest and Penalty | 0 | 0 | 138,996 |
| Payments in-Lieu-of Taxes - T.V.A. | 0 | 0 | 1,322 |
| Payments in-Lieu-of Taxes - Local Utilities | 0 | 0 | 161,762 |
| Payments in-Lieu-of Taxes - Other | 0 | 0 | 9,061 |
| <u>County Local Option Taxes</u> | | | |
| Local Option Sales Tax | 0 | 0 | 816,539 |
| Hotel/Motel Tax | 0 | 0 | 15,496 |
| Wheel Tax | 0 | 0 | 792,574 |
| Litigation Tax - General | 0 | 0 | 126,511 |
| Litigation Tax - Special Purpose | 0 | 0 | 56,046 |
| Litigation Tax - Jail, Workhouse, or Courthouse | 0 | 0 | 46,833 |
| Litigation Tax - Courthouse Security | 0 | 0 | 52,807 |
| Business Tax | 0 | 0 | 963,885 |
| Mineral Severance Tax | 0 | 0 | 31,787 |
| <u>Statutory Local Taxes</u> | | | |
| Bank Excise Tax | 0 | 0 | 5,546 |
| Wholesale Beer Tax | 0 | 0 | 129,849 |
| Interstate Telecommunications Tax | 0 | 0 | 2,804 |
| Total Local Taxes | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 15,902,393</u> |

(Continued)

Exhibit K-5

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

| | <u>Capital Projects Funds</u> | | Total |
|--|--------------------------------|--------------------------------|-------------------|
| | General Capital Projects | Highway Capital Projects | |
| <u>Licenses and Permits</u> | | | |
| <u>Licenses</u> | | | |
| Marriage Licenses | \$ 0 | \$ 0 | \$ 5,776 |
| Cable TV Franchise | 0 | 0 | 388,312 |
| <u>Permits</u> | | | |
| Beer Permits | 0 | 0 | 1,433 |
| Building Permits | 0 | 0 | 117,699 |
| Total Licenses and Permits | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 513,220</u> |
| <u>Fines, Forfeitures, and Penalties</u> | | | |
| <u>Circuit Court</u> | | | |
| Fines | \$ 0 | \$ 0 | \$ 2,015 |
| Officers Costs | 0 | 0 | 17,495 |
| Drug Control Fines | 0 | 0 | 19,410 |
| Drug Court Fees | 0 | 0 | 1,371 |
| Jail Fees | 0 | 0 | 3,812 |
| DUI Treatment Fines | 0 | 0 | 644 |
| Data Entry Fee - Circuit Court | 0 | 0 | 4,940 |
| <u>General Sessions Court</u> | | | |
| Fines | 0 | 0 | 36,926 |
| Fines for Littering | 0 | 0 | 62 |
| Officers Costs | 0 | 0 | 54,883 |
| Game and Fish Fines | 0 | 0 | 74 |
| Drug Control Fines | 0 | 0 | 11,033 |
| Drug Court Fees | 0 | 0 | 5,298 |
| Jail Fees | 0 | 0 | 92,797 |
| Interpreter Fee | 0 | 0 | 404 |

(Continued)

Exhibit K-5

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

| | <u>Capital Projects Funds</u> | | Total |
|--|--------------------------------|--------------------------------|-------------------|
| | General Capital Projects | Highway Capital Projects | |
| <u>Fines, Forfeitures, and Penalties (Cont.)</u> | | | |
| <u>General Sessions Court (Cont.)</u> | | | |
| DUI Treatment Fines | \$ 0 | \$ 0 | \$ 8,513 |
| Data Entry Fee - General Sessions Court | 0 | 0 | 25,418 |
| Courtroom Security Fee | 0 | 0 | 3,323 |
| <u>Juvenile Court</u> | | | |
| Fines | 0 | 0 | 6,537 |
| Officers Costs | 0 | 0 | 10,347 |
| Data Entry Fee - Juvenile Court | 0 | 0 | 3,690 |
| <u>Chancery Court</u> | | | |
| Data Entry Fee - Chancery Court | 0 | 0 | 6,644 |
| <u>Other Courts - In-county</u> | | | |
| Drug Court Fees | 0 | 0 | 880 |
| <u>Other Fines, Forfeitures, and Penalties</u> | | | |
| Proceeds from Confiscated Property | 0 | 0 | 66,780 |
| Other Fines, Forfeitures, and Penalties | 0 | 0 | 302 |
| Total Fines, Forfeitures, and Penalties | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 383,598</u> |
| <u>Charges for Current Services</u> | | | |
| <u>General Service Charges</u> | | | |
| Patient Charges | \$ 0 | \$ 0 | \$ 4,302 |
| Work Release Charges for Board | 0 | 0 | 8,551 |
| <u>Fees</u> | | | |
| Recreation Fees | 0 | 0 | 97,844 |
| Copy Fees | 0 | 0 | 9,388 |
| Telephone Commissions | 0 | 0 | 44,225 |
| Vending Machine Collections | 0 | 0 | 182 |

(Continued)

Exhibit K-5

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

| | <u>Capital Projects Funds</u> | | Total |
|---|--------------------------------|--------------------------------|-------------------|
| | General Capital Projects | Highway Capital Projects | |
| <u>Charges for Current Services (Cont.)</u> | | | |
| <u>Fees (Cont.)</u> | | | |
| Tourism Fees | \$ 0 | \$ 0 | \$ 27,382 |
| Constitutional Officers' Fees and Commissions | 0 | 0 | 1,987 |
| Special Commissioner Fees/Special Master Fees | 0 | 0 | 12,608 |
| Data Processing Fee - Register | 0 | 0 | 18,886 |
| Probation Fees | 0 | 0 | 2,202 |
| Data Processing Fee - Sheriff | 0 | 0 | 11,386 |
| Sexual Offender Registration Fee - Sheriff | 0 | 0 | 4,200 |
| Data Processing Fee - County Clerk | 0 | 0 | 7,701 |
| <u>Education Charges</u> | | | |
| Community Service Fees - Adults | 0 | 0 | 6,412 |
| Total Charges for Current Services | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 257,256</u> |
| <u>Other Local Revenues</u> | | | |
| <u>Recurring Items</u> | | | |
| Investment Income | \$ 0 | \$ 0 | \$ 169,304 |
| Lease/Rentals | 0 | 0 | 31,406 |
| Sale of Materials and Supplies | 0 | 0 | 3,682 |
| Commissary Sales | 0 | 0 | 14,280 |
| Miscellaneous Refunds | 0 | 0 | 44,130 |
| Expenditure Credits | 0 | 0 | 5,233 |
| <u>Nonrecurring Items</u> | | | |
| Sale of Equipment | 0 | 0 | 1,463 |
| Damages Recovered from Individuals | 0 | 0 | 1,787 |
| <u>Other Local Revenues</u> | | | |
| Other Local Revenues | 0 | 0 | 500,470 |
| Total Other Local Revenues | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 771,755</u> |

(Continued)

Exhibit K-5

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

| | <u>Capital Projects Funds</u> | | Total |
|--|--------------------------------|--------------------------------|---------------------|
| | General Capital Projects | Highway Capital Projects | |
| <u>Fees Received From County Officials</u> | | | |
| <u>Fees In-Lieu-of Salary</u> | | | |
| County Clerk | \$ 0 | \$ 0 | \$ 746,237 |
| Circuit Court Clerk | 0 | 0 | 358,356 |
| General Sessions Court Clerk | 0 | 0 | 641,645 |
| Clerk and Master | 0 | 0 | 268,656 |
| Juvenile Court Clerk | 0 | 0 | 74,698 |
| Register | 0 | 0 | 245,876 |
| Sheriff | 0 | 0 | 22,953 |
| Trustee | 0 | 0 | 937,941 |
| Total Fees Received From County Officials | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 3,296,362</u> |
| <u>State of Tennessee</u> | | | |
| <u>General Government Grants</u> | | | |
| Juvenile Services Program | \$ 0 | \$ 0 | \$ 13,500 |
| Solid Waste Grants | 0 | 0 | 71,174 |
| On-behalf Contributions for OPEB | 0 | 0 | 3,300 |
| <u>Public Safety Grants</u> | | | |
| Law Enforcement Training Programs | 0 | 0 | 19,799 |
| <u>Health and Welfare Grants</u> | | | |
| Health Department Programs | 0 | 0 | 487,232 |
| <u>Public Works Grants</u> | | | |
| State Aid Program | 0 | 0 | 481,393 |
| Litter Program | 0 | 0 | 38,849 |
| <u>Other State Revenues</u> | | | |
| Income Tax | 0 | 0 | 224,139 |
| Beer Tax | 0 | 0 | 18,488 |

(Continued)

Exhibit K-5

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

| | Capital Projects Funds | | Total |
|--|--------------------------------|--------------------------------|--------------|
| | General Capital Projects | Highway Capital Projects | |
| <u>State of Tennessee (Cont.)</u> | | | |
| <u>Other State Revenues (Cont.)</u> | | | |
| Vehicle Certificate of Title Fees | \$ 0 | \$ 0 | \$ 11,510 |
| Alcoholic Beverage Tax | 0 | 0 | 85,659 |
| State Revenue Sharing - T.V.A. | 0 | 0 | 916,902 |
| Contracted Prisoner Boarding | 0 | 0 | 1,018,869 |
| Gasoline and Motor Fuel Tax | 0 | 0 | 1,716,906 |
| Petroleum Special Tax | 0 | 0 | 45,128 |
| Registrar's Salary Supplement | 0 | 0 | 15,164 |
| Other State Grants | 92,821 | 0 | 193,829 |
| Other State Revenues | 0 | 0 | 77,440 |
| Total State of Tennessee | \$ 92,821 | \$ 0 | \$ 5,439,281 |
| <u>Federal Government</u> | | | |
| <u>Federal Through State</u> | | | |
| Civil Defense Reimbursement | \$ 0 | \$ 0 | \$ 29,200 |
| Disaster Relief | 0 | 0 | 16,825 |
| Homeland Security Grants | 0 | 0 | 16,000 |
| Other Federal through State | 2,250 | 306,654 | 316,149 |
| <u>Direct Federal Revenue</u> | | | |
| Asset Forfeiture Funds | 0 | 0 | 7,583 |
| Other Direct Federal Revenue | 0 | 0 | 43,114 |
| Total Federal Government | \$ 2,250 | \$ 306,654 | \$ 428,871 |
| <u>Other Governments and Citizens Groups</u> | | | |
| <u>Other Governments</u> | | | |
| Contributions | \$ 0 | \$ 0 | \$ 9,439 |
| Contracted Services | 0 | 0 | 96,002 |

(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>Other Governments and Citizens Groups (Cont.)</u> | | | |
| <u>Citizens Groups</u> | | | |
| Donations | \$ 12,500 | \$ 0 | \$ 18,237 |
| Total Other Governments and Citizens Groups | \$ 12,500 | \$ 0 | \$ 123,678 |
| Total | \$ 107,571 | \$ 306,654 | \$ 27,116,414 |

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, 2016

| | <u>Special Revenue Funds</u> | | | | Total |
|--|------------------------------|-------------------------------|----------------------|--|----------------------|
| | General Purpose School | School Federal Projects | Central Cafeteria | | |
| <u>Local Taxes</u> | | | | | |
| <u>County Property Taxes</u> | | | | | |
| Current Property Tax | \$ 12,707,159 | \$ 0 | \$ 0 | | \$ 12,707,159 |
| Trustee's Collections - Prior Year | 389,661 | 0 | 0 | | 389,661 |
| Trustee's Collections - Bankruptcy | 1,519 | 0 | 0 | | 1,519 |
| Circuit Clerk/Clerk and Master Collections - Prior Years | 166,863 | 0 | 0 | | 166,863 |
| Interest and Penalty | 145,739 | 0 | 0 | | 145,739 |
| Payments in-Lieu-of Taxes - T.V.A. | 1,233 | 0 | 0 | | 1,233 |
| Payments in-Lieu-of Taxes - Local Utilities | 194,114 | 0 | 0 | | 194,114 |
| Payments in-Lieu-of Taxes - Other | 10,874 | 0 | 0 | | 10,874 |
| <u>County Local Option Taxes</u> | | | | | |
| Local Option Sales Tax | 12,587,285 | 0 | 0 | | 12,587,285 |
| Wheel Tax | 735,962 | 0 | 0 | | 735,962 |
| Mixed Drink Tax | 43,118 | 0 | 0 | | 43,118 |
| <u>Statutory Local Taxes</u> | | | | | |
| Bank Excise Tax | 22,183 | 0 | 0 | | 22,183 |
| Interstate Telecommunications Tax | 5,250 | 0 | 0 | | 5,250 |
| Total Local Taxes | <u>\$ 27,010,960</u> | <u>\$ 0</u> | <u>\$ 0</u> | | <u>\$ 27,010,960</u> |
| <u>Charges for Current Services</u> | | | | | |
| <u>Education Charges</u> | | | | | |
| Tuition - Regular Day Students | \$ 123,365 | \$ 0 | \$ 0 | | \$ 123,365 |
| Tuition - Other | 248,862 | 0 | 0 | | 248,862 |
| Lunch Payments - Children | 0 | 0 | 919,227 | | 919,227 |
| Lunch Payments - Adults | 0 | 0 | 100,402 | | 100,402 |
| A la Carte Sales | 0 | 0 | 139,609 | | 139,609 |

(Continued)

Exhibit K-6

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

| | <u>Special Revenue Funds</u> | | | Total |
|---|------------------------------|-------------------------------|----------------------|---------------------|
| | General Purpose School | School Federal Projects | Central Cafeteria | |
| <u>Charges for Current Services (Cont.)</u> | | | | |
| <u>Education Charges (Cont.)</u> | | | | |
| Receipts from Individual Schools | \$ 197,351 | \$ 0 | \$ 0 | \$ 197,351 |
| Other Charges for Services | 190,159 | 0 | 29,454 | 219,613 |
| Total Charges for Current Services | \$ 759,737 | \$ 0 | \$ 1,188,692 | \$ 1,948,429 |
| <u>Other Local Revenues</u> | | | | |
| <u>Recurring Items</u> | | | | |
| Investment Income | \$ 0 | \$ 0 | \$ 5,114 | \$ 5,114 |
| Lease/Rentals | 10,863 | 0 | 0 | 10,863 |
| Sale of Materials and Supplies | 2,546 | 0 | 0 | 2,546 |
| E-Rate Funding | 38,799 | 0 | 0 | 38,799 |
| Miscellaneous Refunds | 25,490 | 0 | 0 | 25,490 |
| <u>Nonrecurring Items</u> | | | | |
| Sale of Equipment | 2,685 | 0 | 0 | 2,685 |
| Damages Recovered from Individuals | 2,445 | 0 | 0 | 2,445 |
| Contributions and Gifts | 80,646 | 0 | 0 | 80,646 |
| <u>Other Local Revenues</u> | | | | |
| Other Local Revenues | 1,100 | 0 | 0 | 1,100 |
| Total Other Local Revenues | \$ 164,574 | \$ 0 | \$ 5,114 | \$ 169,688 |
| <u>State of Tennessee</u> | | | | |
| <u>General Government Grants</u> | | | | |
| On-behalf Contributions for OPEB | \$ 511,339 | \$ 0 | \$ 0 | \$ 511,339 |
| <u>State Education Funds</u> | | | | |
| Basic Education Program | 44,777,000 | 0 | 0 | 44,777,000 |

(Continued)

Exhibit K-6

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

| | <u>Special Revenue Funds</u> | | | |
|--|------------------------------|-------------------------------|----------------------|----------------------|
| | General Purpose School | School Federal Projects | Central Cafeteria | Total |
| <u>State of Tennessee (Cont.)</u> | | | | |
| <u>State Education Funds (Cont.)</u> | | | | |
| Early Childhood Education | \$ 627,050 | \$ 0 | \$ 0 | \$ 627,050 |
| School Food Service | 0 | 0 | 55,813 | 55,813 |
| Other State Education Funds | 44,509 | 0 | 0 | 44,509 |
| Career Ladder Program | 224,315 | 0 | 0 | 224,315 |
| <u>Other State Revenues</u> | | | | |
| Other State Grants | 250,309 | 0 | 0 | 250,309 |
| Total State of Tennessee | <u>\$ 46,434,522</u> | <u>\$ 0</u> | <u>\$ 55,813</u> | <u>\$ 46,490,335</u> |
| <u>Federal Government</u> | | | | |
| <u>Federal Through State</u> | | | | |
| USDA School Lunch Program | \$ 0 | \$ 0 | \$ 3,137,861 | \$ 3,137,861 |
| USDA - Commodities | 0 | 0 | 296,113 | 296,113 |
| Breakfast | 0 | 0 | 1,111,946 | 1,111,946 |
| USDA - Other | 0 | 0 | 11,369 | 11,369 |
| Vocational Education - Basic Grants to States | 0 | 156,223 | 0 | 156,223 |
| Other Vocational | 45,547 | 0 | 0 | 45,547 |
| Title I Grants to Local Education Agencies | 0 | 2,607,332 | 0 | 2,607,332 |
| Special Education - Grants to States | 173,772 | 2,228,616 | 0 | 2,402,388 |
| Special Education Preschool Grants | 0 | 107,060 | 0 | 107,060 |
| English Language Acquisition Grants | 0 | 134,510 | 0 | 134,510 |
| Education for Homeless Children and Youth | 0 | 60,914 | 0 | 60,914 |
| Eisenhower Professional Development State Grants | 0 | 447,851 | 0 | 447,851 |
| Other Federal through State | 0 | 0 | 7,650 | 7,650 |
| Total Federal Government | <u>\$ 219,319</u> | <u>\$ 5,742,506</u> | <u>\$ 4,564,939</u> | <u>\$ 10,526,764</u> |
| Total | <u>\$ 74,589,112</u> | <u>\$ 5,742,506</u> | <u>\$ 5,814,558</u> | <u>\$ 86,146,176</u> |

Exhibit K-7

Hamblen County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2016

General Fund

General Government

County Commission

| | | | |
|----------------------------------|----|--------|------------|
| Board and Committee Members Fees | \$ | 70,403 | |
| Pensions | | 3,741 | |
| Life Insurance | | 213 | |
| Medical Insurance | | 70,437 | |
| Employer Medicare | | 824 | |
| Audit Services | | 18,763 | |
| Contracts with Private Agencies | | 625 | |
| Dues and Memberships | | 1,800 | |
| Pauper Burials | | 500 | |
| Other Contracted Services | | 5,500 | |
| Office Supplies | | 721 | |
| Other Charges | | 2,051 | |
| Total County Commission | | | \$ 175,578 |

Board of Equalization

| | | | |
|----------------------------------|----|-------|-------|
| Board and Committee Members Fees | \$ | 2,230 | |
| Total Board of Equalization | | | 2,230 |

County Mayor/Executive

| | | | |
|--|----|--------|---------|
| County Official/Administrative Officer | \$ | 91,017 | |
| Assistant(s) | | 30,468 | |
| Social Security | | 7,120 | |
| Pensions | | 10,983 | |
| Life Insurance | | 31 | |
| Medical Insurance | | 20,464 | |
| Employer Medicare | | 1,665 | |
| Communication | | 2,626 | |
| Dues and Memberships | | 3,184 | |
| Postal Charges | | 4,017 | |
| Printing, Stationery, and Forms | | 1,365 | |
| Rentals | | 5,423 | |
| Travel | | 3,242 | |
| Office Supplies | | 3,003 | |
| Other Charges | | 8,298 | |
| Total County Mayor/Executive | | | 192,906 |

County Attorney

| | | | |
|--------------------------|----|---------|---------|
| Other Salaries and Wages | \$ | 1,200 | |
| Social Security | | 74 | |
| Employer Medicare | | 18 | |
| Legal Services | | 275,965 | |
| Total County Attorney | | | 277,257 |

Election Commission

| | | | |
|--|----|--------|--|
| County Official/Administrative Officer | \$ | 68,376 | |
| Deputy(ies) | | 53,408 | |
| Election Commission | | 11,000 | |

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

| | | | |
|---|----|--------|------------|
| Election Workers | \$ | 18,908 | |
| Social Security | | 7,974 | |
| Pensions | | 11,058 | |
| Life Insurance | | 46 | |
| Medical Insurance | | 21,994 | |
| Employer Medicare | | 1,865 | |
| Communication | | 247 | |
| Contracts with Private Agencies | | 8,450 | |
| Dues and Memberships | | 250 | |
| Legal Notices, Recording, and Court Costs | | 7,885 | |
| Maintenance Agreements | | 12,900 | |
| Postal Charges | | 3,848 | |
| Printing, Stationery, and Forms | | 1,274 | |
| Rentals | | 1,530 | |
| Travel | | 6,611 | |
| Office Supplies | | 3,361 | |
| Total Election Commission | | | \$ 240,985 |

Register of Deeds

| | | | |
|--|----|--------|---------|
| County Official/Administrative Officer | \$ | 76,313 | |
| Deputy(ies) | | 89,576 | |
| Part-time Personnel | | 25,945 | |
| Social Security | | 11,573 | |
| Pensions | | 15,005 | |
| Life Insurance | | 61 | |
| Medical Insurance | | 29,450 | |
| Employer Medicare | | 2,707 | |
| Communication | | 19 | |
| Dues and Memberships | | 744 | |
| Postal Charges | | 298 | |
| Travel | | 50 | |
| Office Supplies | | 8,646 | |
| Data Processing Equipment | | 16,636 | |
| Total Register of Deeds | | | 277,023 |

Planning

| | | | |
|--|----|--------|--|
| County Official/Administrative Officer | \$ | 41,377 | |
| Deputy(ies) | | 32,160 | |
| Secretary(ies) | | 30,900 | |
| Part-time Personnel | | 20,000 | |
| Board and Committee Members Fees | | 16,200 | |
| Social Security | | 8,307 | |
| Pensions | | 9,498 | |
| Life Insurance | | 46 | |
| Medical Insurance | | 32,335 | |
| Employer Medicare | | 1,943 | |
| Communication | | 788 | |

(Continued)

Exhibit K-7

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

General Fund (Cont.)General Government (Cont.)Planning (Cont.)

| | | | |
|--|----|--------|------------|
| Contracts with Government Agencies | \$ | 3,460 | |
| Contracts with Private Agencies | | 13,475 | |
| Dues and Memberships | | 155 | |
| Legal Services | | 452 | |
| Legal Notices, Recording, and Court Costs | | 421 | |
| Maintenance and Repair Services - Vehicles | | 121 | |
| Postal Charges | | 671 | |
| Printing, Stationery, and Forms | | 25 | |
| Rentals | | 1,530 | |
| Travel | | 1,547 | |
| Gasoline | | 1,034 | |
| Office Supplies | | 1,872 | |
| Refunds | | 460 | |
| In Service/Staff Development | | 2,475 | |
| Data Processing Equipment | | 565 | |
| Total Planning | | | \$ 221,817 |

Geographical Information Systems

| | | | |
|--|----|--------|--------|
| Contracts with Government Agencies | \$ | 32,450 | |
| Other Contracted Services | | 730 | |
| Total Geographical Information Systems | | | 33,180 |

Other Facilities

| | | | |
|---|----|---------|---------|
| Supervisor/Director | \$ | 33,859 | |
| Custodial Personnel | | 60,881 | |
| Maintenance Personnel | | 66,910 | |
| Part-time Personnel | | 20,257 | |
| Overtime Pay | | 8,453 | |
| Social Security | | 10,875 | |
| Pensions | | 14,406 | |
| Life Insurance | | 85 | |
| Medical Insurance | | 58,282 | |
| Employer Medicare | | 2,543 | |
| Communication | | 23,871 | |
| Maintenance Agreements | | 43,791 | |
| Maintenance and Repair Services - Buildings | | 79,786 | |
| Maintenance and Repair Services - Equipment | | 1,060 | |
| Maintenance and Repair Services - Vehicles | | 2,536 | |
| Pest Control | | 3,592 | |
| Other Contracted Services | | 846 | |
| Custodial Supplies | | 21,113 | |
| Electricity | | 262,201 | |
| Gasoline | | 2,703 | |
| Natural Gas | | 19,503 | |
| Uniforms | | 3,706 | |
| Maintenance Equipment | | 1,561 | |
| Total Other Facilities | | | 742,820 |

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records

| | | | |
|-------------------------------|----|--------|-----------|
| Supervisor/Director | \$ | 12,285 | |
| Social Security | | 762 | |
| Employer Medicare | | 178 | |
| Postal Charges | | 11 | |
| Rentals | | 1,669 | |
| Office Supplies | | 3,805 | |
| Total Preservation of Records | | | \$ 18,710 |

Finance

Accounting and Budgeting

| | | | |
|--|----|---------|---------|
| County Official/Administrative Officer | \$ | 54,388 | |
| Accountants/Bookkeepers | | 142,276 | |
| Overtime Pay | | 27,322 | |
| Social Security | | 12,850 | |
| Pensions | | 20,255 | |
| Life Insurance | | 75 | |
| Medical Insurance | | 62,214 | |
| Employer Medicare | | 3,005 | |
| Dues and Memberships | | 895 | |
| Printing, Stationery, and Forms | | 1,533 | |
| Travel | | 2,150 | |
| Office Supplies | | 6,901 | |
| In Service/Staff Development | | 1,335 | |
| Fines, Assessments, and Penalties | | 5,379 | |
| Total Accounting and Budgeting | | | 340,578 |

Purchasing

| | | | |
|---------------------------------|----|--------|--------|
| Purchasing Personnel | \$ | 21,135 | |
| Social Security | | 1,196 | |
| Pensions | | 1,911 | |
| Life Insurance | | 13 | |
| Medical Insurance | | 5,209 | |
| Employer Medicare | | 280 | |
| Advertising | | 998 | |
| Printing, Stationery, and Forms | | 670 | |
| Office Supplies | | 200 | |
| Total Purchasing | | | 31,612 |

Property Assessor's Office

| | | | |
|--|----|---------|--|
| County Official/Administrative Officer | \$ | 78,345 | |
| Deputy(ies) | | 134,436 | |
| Data Processing Personnel | | 38,525 | |
| Social Security | | 14,713 | |
| Pensions | | 22,752 | |
| Life Insurance | | 92 | |
| Medical Insurance | | 54,469 | |
| Employer Medicare | | 3,441 | |

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

| | | | |
|--|----|--------|------------|
| Communication | \$ | 30 | |
| Contracts with Government Agencies | | 16,108 | |
| Dues and Memberships | | 1,300 | |
| Maintenance and Repair Services - Vehicles | | 246 | |
| Postal Charges | | 1,724 | |
| Printing, Stationery, and Forms | | 338 | |
| Data Processing Supplies | | 177 | |
| Gasoline | | 1,581 | |
| Office Supplies | | 961 | |
| Premiums on Corporate Surety Bonds | | 105 | |
| Data Processing Equipment | | 168 | |
| Total Property Assessor's Office | | | \$ 369,511 |

Reappraisal Program

| | | | |
|------------------------------------|----|--------|---------|
| Deputy(ies) | \$ | 30,638 | |
| Social Security | | 1,735 | |
| Pensions | | 2,792 | |
| Life Insurance | | 15 | |
| Medical Insurance | | 10,697 | |
| Employer Medicare | | 406 | |
| Contracts with Government Agencies | | 5,763 | |
| Contracts with Private Agencies | | 67,155 | |
| Postal Charges | | 1,258 | |
| Rentals | | 1,086 | |
| Other Contracted Services | | 420 | |
| Office Supplies | | 126 | |
| Other Supplies and Materials | | 149 | |
| Office Equipment | | 392 | |
| Total Reappraisal Program | | | 122,632 |

County Trustee's Office

| | | | |
|--|----|---------|--|
| County Official/Administrative Officer | \$ | 76,313 | |
| Deputy(ies) | | 109,718 | |
| Part-time Personnel | | 19,425 | |
| Overtime Pay | | 11,239 | |
| Social Security | | 12,839 | |
| Pensions | | 17,836 | |
| Life Insurance | | 75 | |
| Medical Insurance | | 43,296 | |
| Employer Medicare | | 3,003 | |
| Communication | | 3 | |
| Dues and Memberships | | 594 | |
| Maintenance Agreements | | 15,056 | |
| Postal Charges | | 9,403 | |
| Printing, Stationery, and Forms | | 12,541 | |
| Rentals | | 1,669 | |
| Travel | | 2,504 | |

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

| | | | |
|-------------------------------|----|-------|------------|
| Office Supplies | \$ | 676 | |
| In Service/Staff Development | | 300 | |
| Office Equipment | | 1,604 | |
| Total County Trustee's Office | | | \$ 338,094 |

County Clerk's Office

| | | | |
|--|----|---------|---------|
| County Official/Administrative Officer | \$ | 72,301 | |
| Deputy(ies) | | 274,420 | |
| Part-time Personnel | | 12,228 | |
| Social Security | | 20,993 | |
| Pensions | | 31,387 | |
| Life Insurance | | 164 | |
| Medical Insurance | | 85,985 | |
| Employer Medicare | | 4,910 | |
| Communication | | 1,050 | |
| Dues and Memberships | | 1,384 | |
| Maintenance Agreements | | 20,691 | |
| Maintenance and Repair Services - Office Equipment | | 350 | |
| Postal Charges | | 20,902 | |
| Printing, Stationery, and Forms | | 1,185 | |
| Rentals | | 1,859 | |
| Travel | | 1,246 | |
| Office Supplies | | 6,927 | |
| Data Processing Equipment | | 2,951 | |
| Office Equipment | | 4,721 | |
| Total County Clerk's Office | | | 565,654 |

Data Processing

| | | | |
|---------------------------------|----|--------|---------|
| Supervisor/Director | \$ | 36,160 | |
| Other Salaries and Wages | | 149 | |
| Social Security | | 1,962 | |
| Pensions | | 3,283 | |
| Life Insurance | | 14 | |
| Medical Insurance | | 15,148 | |
| Employer Medicare | | 459 | |
| Communication | | 600 | |
| Contracts with Private Agencies | | 6,927 | |
| Data Processing Services | | 5,380 | |
| Maintenance Agreements | | 7,904 | |
| Travel | | 43 | |
| Data Processing Supplies | | 1,978 | |
| In Service/Staff Development | | 1,974 | |
| Data Processing Equipment | | 24,279 | |
| Total Data Processing | | | 106,260 |

Other Finance

| | | | |
|-------------|----|---------|--|
| Deputy(ies) | \$ | 163,313 | |
|-------------|----|---------|--|

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Other Finance (Cont.)

| | | | |
|---|----|--------|------------|
| Maintenance Personnel | \$ | 1,141 | |
| Social Security | | 9,309 | |
| Pensions | | 14,765 | |
| Life Insurance | | 92 | |
| Medical Insurance | | 55,333 | |
| Employer Medicare | | 2,177 | |
| Communication | | 3,340 | |
| Operating Lease Payments | | 27,973 | |
| Maintenance and Repair Services - Buildings | | 17,436 | |
| Rentals | | 741 | |
| Office Supplies | | 2,248 | |
| Data Processing Equipment | | 9,398 | |
| Office Equipment | | 414 | |
| Total Other Finance | | | \$ 307,680 |

Administration of Justice

Circuit Court

| | | | |
|---|----|---------|---------|
| County Official/Administrative Officer | \$ | 76,313 | |
| Deputy(ies) | | 364,640 | |
| Part-time Personnel | | 47,606 | |
| Other Salaries and Wages | | 24,720 | |
| Jury and Witness Expense | | 10,117 | |
| Social Security | | 30,694 | |
| Pensions | | 39,945 | |
| Life Insurance | | 210 | |
| Medical Insurance | | 103,544 | |
| Employer Medicare | | 7,179 | |
| Communication | | 1,393 | |
| Dues and Memberships | | 844 | |
| Legal Notices, Recording, and Court Costs | | 367 | |
| Maintenance Agreements | | 4,079 | |
| Postal Charges | | 4,803 | |
| Printing, Stationery, and Forms | | 7,955 | |
| Rentals | | 6,923 | |
| Other Contracted Services | | 3,864 | |
| Office Supplies | | 13,453 | |
| Data Processing Equipment | | 39,173 | |
| Office Equipment | | 2,932 | |
| Total Circuit Court | | | 790,754 |

General Sessions Court

| | | | |
|--------------------------|----|---------|--|
| Judge(s) | \$ | 322,341 | |
| Other Salaries and Wages | | 3,704 | |
| Social Security | | 15,080 | |
| Pensions | | 29,478 | |
| Life Insurance | | 31 | |
| Medical Insurance | | 21,356 | |

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

| | | | |
|------------------------------|----|-------|------------|
| Employer Medicare | \$ | 4,657 | |
| Communication | | 276 | |
| Dues and Memberships | | 2,444 | |
| Travel | | 3,911 | |
| Other Contracted Services | | 1,847 | |
| Office Supplies | | 5,431 | |
| In Service/Staff Development | | 80 | |
| Total General Sessions Court | | | \$ 410,636 |

Drug Court

| | | | |
|--|----|--------|---------|
| Supervisor/Director | \$ | 32,297 | |
| Deputy(ies) | | 23,220 | |
| Part-time Personnel | | 27,214 | |
| Social Security | | 4,866 | |
| Pensions | | 5,020 | |
| Life Insurance | | 32 | |
| Medical Insurance | | 14,646 | |
| Employer Medicare | | 1,138 | |
| Communication | | 2,966 | |
| Dues and Memberships | | 655 | |
| Evaluation and Testing | | 8,085 | |
| Maintenance Agreements | | 2,750 | |
| Maintenance and Repair Services - Vehicles | | 427 | |
| Rentals | | 1,669 | |
| Travel | | 4,104 | |
| Drug Treatment | | 490 | |
| Gasoline | | 221 | |
| Office Supplies | | 2,456 | |
| Other Supplies and Materials | | 1,000 | |
| Total Drug Court | | | 133,256 |

Chancery Court

| | | | |
|--|----|---------|--|
| County Official/Administrative Officer | \$ | 76,313 | |
| Deputy(ies) | | 120,787 | |
| Part-time Personnel | | 17,642 | |
| Social Security | | 12,391 | |
| Pensions | | 17,856 | |
| Life Insurance | | 76 | |
| Medical Insurance | | 55,279 | |
| Employer Medicare | | 2,898 | |
| Communication | | 292 | |
| Dues and Memberships | | 984 | |
| Maintenance Agreements | | 9,360 | |
| Postal Charges | | 7,340 | |
| Printing, Stationery, and Forms | | 810 | |
| Rentals | | 2,256 | |
| Travel | | 1,334 | |

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

| | | | |
|------------------------------------|----|-------|------------|
| Office Supplies | \$ | 7,486 | |
| Premiums on Corporate Surety Bonds | | 228 | |
| In Service/Staff Development | | 1,188 | |
| Total Chancery Court | | | \$ 334,520 |

Juvenile Court

| | | | |
|--|----|--------|---------|
| Assistant(s) | \$ | 35,599 | |
| Supervisor/Director | | 46,908 | |
| Probation Officer(s) | | 35,713 | |
| Educational Assistants | | 32,178 | |
| Attendants | | 28,560 | |
| Social Security | | 10,606 | |
| Pensions | | 13,623 | |
| Life Insurance | | 61 | |
| Medical Insurance | | 32,020 | |
| Employer Medicare | | 2,480 | |
| Communication | | 519 | |
| Contracts with Government Agencies | | 28,350 | |
| Evaluation and Testing | | 3,469 | |
| Maintenance and Repair Services - Vehicles | | 134 | |
| Postal Charges | | 255 | |
| Rentals | | 1,669 | |
| Travel | | 1,779 | |
| Other Contracted Services | | 2,860 | |
| Food Supplies | | 793 | |
| Gasoline | | 220 | |
| Office Supplies | | 3,981 | |
| In Service/Staff Development | | 773 | |
| Total Juvenile Court | | | 282,550 |

Courtroom Security

| | | | |
|------------------------------|----|---------|---------|
| Guards | \$ | 117,009 | |
| Part-time Personnel | | 208,600 | |
| Overtime Pay | | 17,949 | |
| Social Security | | 21,248 | |
| Pensions | | 13,864 | |
| Life Insurance | | 61 | |
| Medical Insurance | | 24,111 | |
| Employer Medicare | | 4,969 | |
| Evaluation and Testing | | 1,125 | |
| Travel | | 2,950 | |
| Uniforms | | 5,170 | |
| In Service/Staff Development | | 2,722 | |
| Law Enforcement Equipment | | 6,782 | |
| Total Courtroom Security | | | 426,560 |

(Continued)

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

General Fund (Cont.)

Public Safety

Sheriff's Department

| | | | |
|---|----|---------|--------------|
| County Official/Administrative Officer | \$ | 86,683 | |
| Supervisor/Director | | 53,062 | |
| Deputy(ies) | | 517,859 | |
| Captain(s) | | 49,463 | |
| Lieutenant(s) | | 243,666 | |
| Sergeant(s) | | 372,092 | |
| Salary Supplements | | 21,000 | |
| Clerical Personnel | | 131,856 | |
| Overtime Pay | | 125,973 | |
| Social Security | | 93,488 | |
| Pensions | | 173,980 | |
| Life Insurance | | 620 | |
| Medical Insurance | | 394,828 | |
| Employer Medicare | | 21,864 | |
| Advertising | | 658 | |
| Communication | | 37,769 | |
| Dues and Memberships | | 2,840 | |
| Evaluation and Testing | | 918 | |
| Maintenance and Repair Services - Equipment | | 315 | |
| Maintenance and Repair Services - Vehicles | | 63,569 | |
| Postal Charges | | 4,902 | |
| Printing, Stationery, and Forms | | 2,755 | |
| Rentals | | 3,768 | |
| Towing Services | | 3,564 | |
| Travel | | 33,094 | |
| Other Contracted Services | | 3,071 | |
| Gasoline | | 83,503 | |
| Law Enforcement Supplies | | 8,952 | |
| Lubricants | | 6,674 | |
| Office Supplies | | 11,123 | |
| Tires and Tubes | | 18,220 | |
| Uniforms | | 3,951 | |
| Other Supplies and Materials | | 9,571 | |
| In Service/Staff Development | | 20,072 | |
| Other Charges | | 5,836 | |
| Law Enforcement Equipment | | 72,355 | |
| Total Sheriff's Department | | | \$ 2,683,914 |

Administration of the Sexual Offender Registry

| | | | |
|--|----|-------|-------|
| Contracts with Government Agencies | \$ | 1,500 | |
| Maintenance Agreements | | 359 | |
| Office Supplies | | 354 | |
| Total Administration of the Sexual Offender Registry | | | 2,213 |

Jail

| | | | |
|---------------|----|--------|--|
| Captain(s) | \$ | 40,113 | |
| Lieutenant(s) | | 36,533 | |

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

| | | | |
|---|----|-----------|--------------|
| Sergeant(s) | \$ | 127,887 | |
| Guards | | 1,118,110 | |
| Cafeteria Personnel | | 65,425 | |
| Part-time Personnel | | 2,196 | |
| Overtime Pay | | 70,587 | |
| Other Salaries and Wages | | 2,189 | |
| Social Security | | 85,958 | |
| Pensions | | 130,931 | |
| Life Insurance | | 765 | |
| Medical Insurance | | 413,411 | |
| Employer Medicare | | 20,103 | |
| Evaluation and Testing | | 2,625 | |
| Maintenance Agreements | | 19,120 | |
| Maintenance and Repair Services - Buildings | | 54,606 | |
| Maintenance and Repair Services - Equipment | | 18,086 | |
| Medical and Dental Services | | 858,604 | |
| Rentals | | 2,212 | |
| Travel | | 5,829 | |
| Custodial Supplies | | 54,587 | |
| Drugs and Medical Supplies | | 44,522 | |
| Food Supplies | | 387,055 | |
| Office Supplies | | 6,566 | |
| Prisoners Clothing | | 9,938 | |
| In Service/Staff Development | | 2,178 | |
| Other Charges | | 9,177 | |
| Food Service Equipment | | 7,453 | |
| Law Enforcement Equipment | | 13,229 | |
| Other Equipment | | 9,777 | |
| Total Jail | | | \$ 3,619,772 |

Workhouse

| | | | |
|-------------------|----|--------|--------|
| Guards | \$ | 53,154 | |
| Social Security | | 2,896 | |
| Pensions | | 4,752 | |
| Life Insurance | | 31 | |
| Medical Insurance | | 23,711 | |
| Employer Medicare | | 677 | |
| Total Workhouse | | | 85,221 |

Work Release Program

| | | | |
|--------------------------|----|--------|--|
| Supervisor/Director | \$ | 39,042 | |
| Laborers | | 33,103 | |
| Secretary(ies) | | 29,226 | |
| Other Salaries and Wages | | 1,029 | |
| Social Security | | 5,922 | |
| Pensions | | 9,335 | |
| Life Insurance | | 52 | |

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Work Release Program (Cont.)

| | | | |
|--|----|--------|------------|
| Medical Insurance | \$ | 31,287 | |
| Employer Medicare | | 1,385 | |
| Communication | | 885 | |
| Maintenance and Repair Services - Vehicles | | 536 | |
| Postal Charges | | 16 | |
| Printing, Stationery, and Forms | | 414 | |
| Gasoline | | 1,680 | |
| Office Supplies | | 480 | |
| Testing | | 250 | |
| Total Work Release Program | | | \$ 154,642 |

Fire Prevention and Control

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

Civil Defense

| | | | |
|--|----|--------|--------|
| Supervisor/Director | \$ | 37,420 | |
| Part-time Personnel | | 15,319 | |
| Social Security | | 3,267 | |
| Pensions | | 3,383 | |
| Life Insurance | | 15 | |
| Medical Insurance | | 5,973 | |
| Employer Medicare | | 764 | |
| Communication | | 600 | |
| Maintenance and Repair Services - Vehicles | | 2,234 | |
| Postal Charges | | 85 | |
| Travel | | 507 | |
| Gasoline | | 3,428 | |
| Office Supplies | | 1,001 | |
| Uniforms | | 127 | |
| Liability Insurance | | 300 | |
| Other Charges | | 2,161 | |
| Communication Equipment | | 1,958 | |
| Total Civil Defense | | | 78,542 |

Other Emergency Management

| | | | |
|----------------------------------|----|---------|---------|
| Contributions | \$ | 169,793 | |
| Other Equipment | | 16,099 | |
| Total Other Emergency Management | | | 185,892 |

Inspection and Regulation

| | | | |
|----------------------------------|----|-------|-------|
| Board and Committee Members Fees | \$ | 3,600 | |
| Social Security | | 223 | |
| Employer Medicare | | 52 | |
| Evaluation and Testing | | 2,624 | |
| Total Inspection and Regulation | | | 6,499 |

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

| | | | |
|---------------------------------------|----|--------------|---------|
| Contracts with Private Agencies | \$ | 123,925 | |
| Other Contracted Services | | 9,000 | |
| Office Supplies | | <u>1,558</u> | |
| Total County Coroner/Medical Examiner | \$ | | 134,483 |

Public Health and Welfare

Local Health Center

| | | | |
|--------------------------------------|----|------------|---------|
| Clerical Personnel | \$ | 305,382 | |
| Social Security | | 17,087 | |
| Pensions | | 24,308 | |
| Life Insurance | | 153 | |
| Medical Insurance | | 95,698 | |
| Employer Medicare | | 3,996 | |
| Contracts with Government Agencies | | 65,098 | |
| Contracts with Other Public Agencies | | 763 | |
| Travel | | 3,598 | |
| Other Contracted Services | | 23,642 | |
| Other Supplies and Materials | | <u>711</u> | |
| Total Local Health Center | | | 540,436 |

Rabies and Animal Control

| | | | |
|---------------------------------|----|----------------|---------|
| Contributions | \$ | <u>133,500</u> | |
| Total Rabies and Animal Control | | | 133,500 |

Nursing Home

| | | | |
|--------------------|----|--------------|-------|
| Contributions | \$ | <u>2,000</u> | |
| Total Nursing Home | | | 2,000 |

Alcohol and Drug Programs

| | | | |
|---------------------------------|----|--------------|-------|
| Contributions | \$ | <u>2,030</u> | |
| Total Alcohol and Drug Programs | | | 2,030 |

Crippled Children Services

| | | | |
|----------------------------------|----|--------------|-------|
| Contributions | \$ | <u>6,242</u> | |
| Total Crippled Children Services | | | 6,242 |

Appropriation to State

| | | | |
|------------------------------|----|----------------|---------|
| Contributions | \$ | <u>109,592</u> | |
| Total Appropriation to State | | | 109,592 |

Aid to Dependent Children

| | | | |
|---------------------------------|----|--------------|-------|
| Contributions | \$ | <u>8,000</u> | |
| Total Aid to Dependent Children | | | 8,000 |

Other Local Welfare Services

| | | | |
|------------------------------------|----|---------------|--------|
| Contributions | \$ | <u>30,780</u> | |
| Total Other Local Welfare Services | | | 30,780 |

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Adult Activities

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

Senior Citizens Assistance

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

Libraries

| | | |
|-----------------|------------|---------|
| Contributions | \$ 267,250 | |
| Total Libraries | | 267,250 |

Parks and Fair Boards

| | | |
|---|-----------|---------|
| Supervisor/Director | \$ 39,860 | |
| Maintenance Personnel | 29,404 | |
| Overtime Pay | 25,712 | |
| Social Security | 5,865 | |
| Pensions | 8,607 | |
| Life Insurance | 31 | |
| Medical Insurance | 11,807 | |
| Employer Medicare | 1,372 | |
| Communication | 2,008 | |
| Maintenance and Repair Services - Equipment | 3,536 | |
| Maintenance and Repair Services - Vehicles | 1,187 | |
| Other Contracted Services | 2,450 | |
| Custodial Supplies | 6,253 | |
| Diesel Fuel | 1,809 | |
| Electricity | 34,809 | |
| Gasoline | 3,520 | |
| Office Supplies | 266 | |
| Uniforms | 659 | |
| Water and Sewer | 17,459 | |
| Other Supplies and Materials | 2,414 | |
| Liability Insurance | 10,590 | |
| Workers' Compensation Insurance | 4,611 | |
| Other Charges | 6,980 | |
| Office Equipment | 200 | |
| Other Construction | 3,660 | |
| Total Parks and Fair Boards | | 225,069 |

Other Social, Cultural, and Recreational

| | | |
|--|-----------|---------|
| Contracts with Government Agencies | \$ 78,727 | |
| Contributions | 234,500 | |
| Total Other Social, Cultural, and Recreational | | 313,227 |

Agriculture and Natural Resources

Agricultural Extension Service

| | | |
|--------------------|------------|--|
| Salary Supplements | \$ 127,025 | |
|--------------------|------------|--|

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agricultural Extension Service (Cont.)

| | | | |
|--------------------------------------|----|--------|------------|
| Communication | \$ | 54 | |
| Travel | | 821 | |
| Office Supplies | | 10,334 | |
| Total Agricultural Extension Service | | | \$ 138,234 |

Forest Service

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

Soil Conservation

| | | | |
|-------------------------|----|--------|--------|
| Secretary(ies) | \$ | 26,067 | |
| Social Security | | 1,376 | |
| Pensions | | 2,366 | |
| Life Insurance | | 15 | |
| Medical Insurance | | 14,646 | |
| Employer Medicare | | 322 | |
| Total Soil Conservation | | | 44,792 |

Storm Water Management

| | | | |
|--------------------------------------|----|-----|-----|
| Instructional Supplies and Materials | \$ | 828 | |
| Total Storm Water Management | | | 828 |

Other Operations

Tourism

| | | | |
|------------------------------|----|--------|--------|
| Supervisor/Director | \$ | 139 | |
| Other Salaries and Wages | | 5,000 | |
| Social Security | | 9 | |
| Pensions | | 13 | |
| Medical Insurance | | 619 | |
| Employer Medicare | | 2 | |
| Advertising | | 771 | |
| Communication | | 125 | |
| Contributions | | 22,500 | |
| Rentals | | 18 | |
| Travel | | 1,137 | |
| Other Contracted Services | | 42,683 | |
| Other Supplies and Materials | | 501 | |
| Total Tourism | | | 73,517 |

Industrial Development

| | | | |
|---------------------------------|----|---------|---------|
| Contributions | \$ | 62,000 | |
| Contracts for Development Costs | | 197,375 | |
| Total Industrial Development | | | 259,375 |

Veterans' Services

| | | | |
|--|----|--------|--|
| County Official/Administrative Officer | \$ | 14,925 | |
| Social Security | | 925 | |

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

| | | | |
|---------------------------------|----|-----|-----------|
| Employer Medicare | \$ | 216 | |
| Communication | | 38 | |
| Maintenance Agreements | | 399 | |
| Postal Charges | | 15 | |
| Printing, Stationery, and Forms | | 55 | |
| Office Supplies | | 602 | |
| Total Veterans' Services | | | \$ 17,175 |

Employee Benefits

| | | | |
|---|----|---------|---------|
| Handling Charges and Administrative Costs | \$ | 930 | |
| Dental Insurance | | 113 | |
| Unemployment Compensation | | 3,836 | |
| On-behalf Payments to OPEB | | 3,300 | |
| Other Fringe Benefits | | 2,850 | |
| Contracts with Private Agencies | | 211,529 | |
| Liability Insurance | | 515,544 | |
| Workers' Compensation Insurance | | 148,911 | |
| Liability Claims | | 55,393 | |
| Surcharge | | 16,032 | |
| Total Employee Benefits | | | 958,438 |

Miscellaneous

| | | | |
|--------------------------------------|----|---------|---------|
| Contracts with Other Public Agencies | \$ | 15,404 | |
| Other Contracted Services | | 2,891 | |
| Trustee's Commission | | 180,192 | |
| Total Miscellaneous | | | 198,487 |

Operation of Non-instructional Services

Community Services

| | | | |
|--------------------------|----|-----|-----|
| Contributions | \$ | 500 | |
| Total Community Services | | | 500 |

Capital Projects

Administration of Justice Projects

| | | | |
|--|----|--------|--------|
| Data Processing Equipment | \$ | 83,033 | |
| Total Administration of Justice Projects | | | 83,033 |

Public Safety Projects

| | | | |
|------------------------------|----|---------|---------|
| Architects | \$ | 100,935 | |
| Building Improvements | | 281,174 | |
| Data Processing Equipment | | 210,000 | |
| Motor Vehicles | | 194,583 | |
| Total Public Safety Projects | | | 786,692 |

Total General Fund \$ 18,112,278

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

| | | | |
|---|----|---------|--------------|
| Mechanic(s) | \$ | 53,444 | |
| Equipment Operators - Heavy | | 79,404 | |
| Truck Drivers | | 224,769 | |
| Laborers | | 164,248 | |
| Overtime Pay | | 12,980 | |
| Social Security | | 31,460 | |
| Pensions | | 44,576 | |
| Life Insurance | | 282 | |
| Medical Insurance | | 168,828 | |
| Employer Medicare | | 6,994 | |
| Advertising | | 5,381 | |
| Contracts with Private Agencies | | 67,411 | |
| Maintenance and Repair Services - Equipment | | 107,527 | |
| Towing Services | | 925 | |
| Disposal Fees | | 766,778 | |
| Diesel Fuel | | 87,065 | |
| Gasoline | | 2,781 | |
| Lubricants | | 11,190 | |
| Office Supplies | | 448 | |
| Small Tools | | 4,705 | |
| Tires and Tubes | | 33,077 | |
| Uniforms | | 6,371 | |
| Other Supplies and Materials | | 14,081 | |
| Liability Insurance | | 55,460 | |
| Trustee's Commission | | 32,447 | |
| Workers' Compensation Insurance | | 62,977 | |
| Heating and Air Conditioning Equipment | | 11,407 | |
| Motor Vehicles | | 89,196 | |
| Solid Waste Equipment | | 11,568 | |
| Total Sanitation Management | | | \$ 2,157,780 |

Total Solid Waste/Sanitation Fund \$ 2,157,780

Drug Control Fund

Public Safety

Drug Enforcement

| | | | |
|--|----|--------|--|
| Salary Supplements | \$ | 4,938 | |
| Social Security | | 306 | |
| Pensions | | 619 | |
| Employer Medicare | | 72 | |
| Confidential Drug Enforcement Payments | | 30,000 | |
| Dues and Memberships | | 1,250 | |
| Rentals | | 12,000 | |
| Travel | | 2,640 | |
| Veterinary Services | | 1,024 | |
| Other Contracted Services | | 517 | |
| Animal Food and Supplies | | 512 | |

(Continued)

Exhibit K-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

| | | | |
|---------------------------|----|--------|-----------|
| Electricity | \$ | 7,522 | |
| Law Enforcement Supplies | | 1,732 | |
| Trustee's Commission | | 815 | |
| Law Enforcement Equipment | | 11,452 | |
| Motor Vehicles | | 8,842 | |
| Total Drug Enforcement | | | \$ 84,241 |

Total Drug Control Fund \$ 84,241

Constitutional Officers - Fees Fund

General Government

Other General Administration

| | | | |
|---|----|--------|-----------|
| Constitutional Officers' Operating Expenses | \$ | 14,595 | |
| Total Other General Administration | | | \$ 14,595 |

Total Constitutional Officers - Fees Fund 14,595

Highway/Public Works Fund

Highways

Administration

| | | | |
|--|----|--------|------------|
| County Official/Administrative Officer | \$ | 83,944 | |
| Assistant(s) | | 35,489 | |
| Accountants/Bookkeepers | | 36,714 | |
| Board and Committee Members Fees | | 18,325 | |
| Social Security | | 10,072 | |
| Pensions | | 10,887 | |
| Life Insurance | | 46 | |
| Medical Insurance | | 23,497 | |
| Employer Medicare | | 2,356 | |
| Communication | | 4,337 | |
| Data Processing Services | | 1,598 | |
| Dues and Memberships | | 2,971 | |
| Legal Services | | 5,375 | |
| Postal Charges | | 330 | |
| Electricity | | 11,966 | |
| Office Supplies | | 1,452 | |
| Propane Gas | | 5,423 | |
| Water and Sewer | | 957 | |
| Liability Insurance | | 54,235 | |
| Premiums on Corporate Surety Bonds | | 210 | |
| Trustee's Commission | | 19,887 | |
| Vehicle and Equipment Insurance | | 28,040 | |
| Other Charges | | 16,511 | |
| Total Administration | | | \$ 374,622 |

Highway and Bridge Maintenance

| | | | |
|---------|----|--------|--|
| Foremen | \$ | 44,925 | |
|---------|----|--------|--|

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

| | | | |
|--------------------------------------|----|---------|--------------|
| Equipment Operators | \$ | 153,583 | |
| Truck Drivers | | 165,493 | |
| Laborers | | 104,723 | |
| Overtime Pay | | 25,790 | |
| Social Security | | 27,302 | |
| Pensions | | 42,593 | |
| Life Insurance | | 239 | |
| Medical Insurance | | 155,384 | |
| Employer Medicare | | 6,385 | |
| Contracts with Private Agencies | | 56,544 | |
| Rentals | | 7,126 | |
| Asphalt - Cold Mix | | 2,598 | |
| Asphalt - Hot Mix | | 123,234 | |
| Concrete | | 3,042 | |
| Crushed Stone | | 70,162 | |
| General Construction Materials | | 3,477 | |
| Other Road Materials | | 4,407 | |
| Pipe - Metal | | 7,034 | |
| Road Signs | | 9,028 | |
| Salt | | 89,983 | |
| Uniforms | | 5,664 | |
| Fencing | | 20,855 | |
| Total Highway and Bridge Maintenance | | | \$ 1,129,571 |

Operation and Maintenance of Equipment

| | | | |
|--|----|--------|---------|
| Mechanic(s) | \$ | 72,577 | |
| Overtime Pay | | 5,511 | |
| Social Security | | 3,939 | |
| Pensions | | 6,772 | |
| Life Insurance | | 41 | |
| Medical Insurance | | 33,458 | |
| Employer Medicare | | 921 | |
| Diesel Fuel | | 27,989 | |
| Equipment Parts - Heavy | | 55,400 | |
| Garage Supplies | | 1,052 | |
| Gasoline | | 15,585 | |
| Lubricants | | 8,855 | |
| Small Tools | | 2,485 | |
| Tires and Tubes | | 17,637 | |
| Other Supplies and Materials | | 3,779 | |
| Total Operation and Maintenance of Equipment | | | 256,001 |

Employee Benefits

| | | | |
|---------------------------------|----|--------|--------|
| Unemployment Compensation | \$ | 1,736 | |
| Other Fringe Benefits | | 488 | |
| Workers' Compensation Insurance | | 32,880 | |
| Liability Claims | | 2,055 | |
| Total Employee Benefits | | | 37,159 |

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

| | | | |
|------------------------|----|---------|------------|
| Bridge Construction | \$ | 128,817 | |
| Building Improvements | | 3,187 | |
| Furniture and Fixtures | | 188 | |
| Highway Equipment | | 93,718 | |
| Office Equipment | | 1,648 | |
| State Aid Projects | | 542,201 | |
| Total Capital Outlay | | | \$ 769,759 |

Total Highway/Public Works Fund \$ 2,567,112

General Debt Service Fund

Principal on Debt

General Government

| | | | |
|--------------------------|----|---------|------------|
| Principal on Bonds | \$ | 2,200 | |
| Principal on Other Loans | | 404,600 | |
| Total General Government | | | \$ 406,800 |

Highways and Streets

| | | | |
|----------------------------|----|---------|---------|
| Principal on Bonds | \$ | 290,000 | |
| Total Highways and Streets | | | 290,000 |

Education

| | | | |
|--------------------------|----|-----------|-----------|
| Principal on Bonds | \$ | 682,800 | |
| Principal on Other Loans | | 3,274,254 | |
| Total Education | | | 3,957,054 |

Interest on Debt

General Government

| | | | |
|--------------------------|----|---------|---------|
| Interest on Bonds | \$ | 8,898 | |
| Interest on Other Loans | | 140,856 | |
| Total General Government | | | 149,754 |

Highways and Streets

| | | | |
|----------------------------|----|--------|--------|
| Interest on Bonds | \$ | 41,726 | |
| Total Highways and Streets | | | 41,726 |

Education

| | | | |
|-------------------------|----|---------|-----------|
| Interest on Bonds | \$ | 479,306 | |
| Interest on Other Loans | | 671,286 | |
| Total Education | | | 1,150,592 |

Other Debt Service

General Government

| | | | |
|--------------------------|----|--------|--------|
| Trustee's Commission | \$ | 87,513 | |
| Total General Government | | | 87,513 |

(Continued)

Exhibit K-7

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

| | | | |
|---|----|----------------|----------------------|
| <u>General Debt Service Fund (Cont.)</u> | | | |
| <u>Other Debt Service (Cont.)</u> | | | |
| <u>Education</u> | | | |
| Other Debt Service | \$ | 12,585 | |
| Total Education | | | \$ 12,585 |
| Total General Debt Service Fund | | | \$ 6,096,024 |
| <u>General Capital Projects Fund</u> | | | |
| <u>Capital Projects</u> | | | |
| <u>Public Health and Welfare Projects</u> | | | |
| Other Construction | \$ | 2,250 | |
| Total Public Health and Welfare Projects | | | \$ 2,250 |
| Total General Capital Projects Fund | | | 2,250 |
| <u>Highway Capital Projects Fund</u> | | | |
| <u>Capital Projects</u> | | | |
| <u>Highway and Street Capital Projects</u> | | | |
| Engineering Services | \$ | 12,091 | |
| Highway Construction | | <u>727,388</u> | |
| Total Highway and Street Capital Projects | | | \$ 739,479 |
| Total Highway Capital Projects Fund | | | <u>739,479</u> |
| Total Governmental Funds - Primary Government | | | <u>\$ 29,773,759</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, 2016

General Purpose School Fund

Instruction

Regular Instruction Program

| | | |
|--------------------------------------|---------------|---------------|
| Teachers | \$ 25,308,046 | |
| Career Ladder Program | 138,230 | |
| Career Ladder Extended Contracts | 41,157 | |
| Salary Supplements | 480,713 | |
| Educational Assistants | 1,111,952 | |
| Certified Substitute Teachers | 136,725 | |
| Non-certified Substitute Teachers | 296,595 | |
| Social Security | 1,605,120 | |
| Pensions | 2,417,529 | |
| Life Insurance | 31,013 | |
| Medical Insurance | 4,849,386 | |
| Unemployment Compensation | 21,545 | |
| Employer Medicare | 384,476 | |
| Other Fringe Benefits | 611,698 | |
| Other Contracted Services | 102,004 | |
| Instructional Supplies and Materials | 369,617 | |
| Textbooks | 228,534 | |
| Other Supplies and Materials | 41,553 | |
| Other Charges | 100,296 | |
| Regular Instruction Equipment | 641,669 | |
| Total Regular Instruction Program | | \$ 38,917,858 |

Special Education Program

| | | |
|--------------------------------------|--------------|-----------|
| Teachers | \$ 2,903,348 | |
| Career Ladder Program | 12,032 | |
| Educational Assistants | 508,559 | |
| Speech Pathologist | 418,402 | |
| Certified Substitute Teachers | 4,305 | |
| Non-certified Substitute Teachers | 19,802 | |
| Social Security | 232,336 | |
| Pensions | 347,125 | |
| Life Insurance | 4,931 | |
| Medical Insurance | 725,094 | |
| Unemployment Compensation | 3,478 | |
| Employer Medicare | 54,223 | |
| Instructional Supplies and Materials | 53,731 | |
| Other Charges | 13,314 | |
| Special Education Equipment | 47,139 | |
| Total Special Education Program | | 5,347,819 |

Vocational Education Program

| | |
|-----------------------------------|--------------|
| Teachers | \$ 2,280,896 |
| Career Ladder Program | 13,000 |
| Certified Substitute Teachers | 10,270 |
| Non-certified Substitute Teachers | 20,810 |
| Social Security | 136,916 |

(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.)

| | | | |
|--------------------------------------|----|---------|--------------|
| Pensions | \$ | 202,819 | |
| Life Insurance | | 2,350 | |
| Medical Insurance | | 377,669 | |
| Unemployment Compensation | | 1,668 | |
| Employer Medicare | | 32,361 | |
| Instructional Supplies and Materials | | 55,529 | |
| Other Supplies and Materials | | 17,011 | |
| Other Charges | | 11,745 | |
| Vocational Instruction Equipment | | 10,428 | |
| Total Vocational Education Program | | | \$ 3,173,472 |

Student Body Education Program

| | | | |
|--------------------------------------|----|--------|---------|
| Other Contracted Services | \$ | 25,216 | |
| Other Supplies and Materials | | 88,986 | |
| Other Charges | | 22,149 | |
| Total Student Body Education Program | | | 136,351 |

Other

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

Support Services

Attendance

| | | | |
|------------------|----|-------|-------|
| Travel | \$ | 2,635 | |
| Total Attendance | | | 2,635 |

Health Services

| | | | |
|------------------------------|----|---------|---------|
| Medical Personnel | \$ | 429,814 | |
| Other Salaries and Wages | | 4,569 | |
| Social Security | | 25,251 | |
| Pensions | | 38,832 | |
| Life Insurance | | 780 | |
| Medical Insurance | | 143,281 | |
| Unemployment Compensation | | 568 | |
| Employer Medicare | | 5,905 | |
| Travel | | 9,219 | |
| Drugs and Medical Supplies | | 5,501 | |
| Other Supplies and Materials | | 9,773 | |
| In Service/Staff Development | | 262 | |
| Total Health Services | | | 673,755 |

Other Student Support

| | | | |
|--------------------------|----|---------|--|
| Career Ladder Program | \$ | 3,500 | |
| Guidance Personnel | | 973,222 | |
| Other Salaries and Wages | | 8,550 | |
| Social Security | | 54,047 | |

(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 | \$ | 82,222 | |
| Life Insurance | | 876 | |
| Medical Insurance | | 149,530 | |
| Unemployment Compensation | | 781 | |
| Employer Medicare | | 13,561 | |
| Evaluation and Testing | | 33,008 | |
| Total Other Student Support | \$ | | 1,319,297 |

Regular Instruction Program

| | | | |
|-----------------------------------|----|---------|---------|
| Supervisor/Director | \$ | 35,710 | |
| Career Ladder Program | | 1,000 | |
| Secretary(ies) | | 153,253 | |
| Other Salaries and Wages | | 100,007 | |
| In-service Training | | 46,529 | |
| Social Security | | 18,308 | |
| Pensions | | 17,948 | |
| Life Insurance | | 290 | |
| Medical Insurance | | 40,033 | |
| Unemployment Compensation | | 220 | |
| Employer Medicare | | 4,282 | |
| Travel | | 22,653 | |
| Other Contracted Services | | 105,900 | |
| Library Books/Media | | 25,231 | |
| Other Supplies and Materials | | 20,021 | |
| Other Charges | | 57,539 | |
| Other Equipment | | 4,065 | |
| Total Regular Instruction Program | | | 652,989 |

Special Education Program

| | | | |
|---|----|---------|---------|
| Supervisor/Director | \$ | 64,978 | |
| Career Ladder Program | | 1,000 | |
| Secretary(ies) | | 65,490 | |
| Clerical Personnel | | 23,630 | |
| Social Security | | 10,750 | |
| Pensions | | 15,323 | |
| Life Insurance | | 153 | |
| Medical Insurance | | 28,829 | |
| Unemployment Compensation | | 135 | |
| Employer Medicare | | 2,514 | |
| Maintenance and Repair Services - Equipment | | 377 | |
| Travel | | 13,306 | |
| Other Contracted Services | | 628,284 | |
| Other Supplies and Materials | | 4,427 | |
| In Service/Staff Development | | 11,828 | |
| Other Charges | | 14,091 | |
| Other Equipment | | 9,973 | |
| Total Special Education Program | | | 895,088 |

(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 | \$ | 74,299 | |
| Career Ladder Program | | 1,000 | |
| Secretary(ies) | | 33,146 | |
| Other Salaries and Wages | | 40,062 | |
| Social Security | | 8,839 | |
| Pensions | | 13,409 | |
| Life Insurance | | 126 | |
| Medical Insurance | | 27,381 | |
| Unemployment Compensation | | 106 | |
| Employer Medicare | | 2,067 | |
| Travel | | 4,666 | |
| Total Vocational Education Program | | | \$ 205,101 |

Other Programs

| | | | |
|----------------------------|----|---------|---------|
| On-behalf Payments to OPEB | \$ | 511,339 | |
| Total Other Programs | | | 511,339 |

Board of Education

| | | | |
|------------------------------------|----|---------|-----------|
| Board and Committee Members Fees | \$ | 37,200 | |
| Social Security | | 2,182 | |
| Pensions | | 2,495 | |
| Life Insurance | | 297 | |
| Employer Medicare | | 510 | |
| Audit Services | | 25,725 | |
| Dues and Memberships | | 16,894 | |
| Legal Services | | 8,066 | |
| Travel | | 29,206 | |
| Liability Insurance | | 193,983 | |
| Premiums on Corporate Surety Bonds | | 182 | |
| Trustee's Commission | | 499,218 | |
| Workers' Compensation Insurance | | 228,343 | |
| Other Charges | | 11,451 | |
| Total Board of Education | | | 1,055,752 |

Director of Schools

| | | | |
|--|----|---------|--|
| County Official/Administrative Officer | \$ | 123,286 | |
| Assistant(s) | | 196,792 | |
| Career Ladder Program | | 2,500 | |
| Secretary(ies) | | 92,597 | |
| Social Security | | 25,356 | |
| Pensions | | 45,772 | |
| Life Insurance | | 641 | |
| Medical Insurance | | 33,411 | |
| Unemployment Compensation | | 177 | |
| Employer Medicare | | 6,122 | |
| Communication | | 7,568 | |

(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.)

| | | | |
|---------------------------|----|--------|------------|
| Postal Charges | \$ | 13,010 | |
| Travel | | 20,456 | |
| Other Contracted Services | | 7,628 | |
| Office Supplies | | 11,397 | |
| Other Charges | | 10,863 | |
| Total Director of Schools | | | \$ 597,576 |

Office of the Principal

| | | | |
|-------------------------------|----|-----------|-----------|
| Principals | \$ | 1,406,058 | |
| Career Ladder Program | | 23,100 | |
| Assistant Principals | | 1,032,147 | |
| Secretary(ies) | | 697,740 | |
| Social Security | | 186,681 | |
| Pensions | | 282,764 | |
| Life Insurance | | 3,157 | |
| Medical Insurance | | 486,292 | |
| Unemployment Compensation | | 2,236 | |
| Employer Medicare | | 44,113 | |
| Communication | | 112,249 | |
| Other Charges | | 4,194 | |
| Total Office of the Principal | | | 4,280,731 |

Fiscal Services

| | | | |
|---|----|---------|---------|
| Supervisor/Director | \$ | 81,792 | |
| Accountants/Bookkeepers | | 147,192 | |
| Social Security | | 12,761 | |
| Pensions | | 19,226 | |
| Life Insurance | | 209 | |
| Medical Insurance | | 29,490 | |
| Unemployment Compensation | | 177 | |
| Employer Medicare | | 3,221 | |
| Maintenance and Repair Services - Equipment | | 4,898 | |
| Travel | | 6,715 | |
| Other Contracted Services | | 12,059 | |
| Data Processing Supplies | | 5,844 | |
| Office Supplies | | 4,316 | |
| Administration Equipment | | 75,409 | |
| Total Fiscal Services | | | 403,309 |

Operation of Plant

| | | | |
|--------------------------|----|-----------|--|
| Custodial Personnel | \$ | 1,785,800 | |
| Other Salaries and Wages | | 34,010 | |
| Social Security | | 107,922 | |
| Pensions | | 153,293 | |
| Life Insurance | | 2,683 | |
| Medical Insurance | | 411,840 | |

(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 | \$ | 2,165 | |
| Employer Medicare | | 25,546 | |
| Other Contracted Services | | 318,571 | |
| Custodial Supplies | | 178,232 | |
| Electricity | | 1,981,123 | |
| Natural Gas | | 196,123 | |
| Water and Sewer | | 367,320 | |
| Other Supplies and Materials | | 16,279 | |
| Other Charges | | 1,310 | |
| Plant Operation Equipment | | 19,045 | |
| Total Operation of Plant | | | \$ 5,601,262 |

Maintenance of Plant

| | | | |
|---|----|---------|-----------|
| Supervisor/Director | \$ | 55,650 | |
| Maintenance Personnel | | 626,117 | |
| Social Security | | 40,836 | |
| Pensions | | 61,632 | |
| Life Insurance | | 911 | |
| Medical Insurance | | 132,380 | |
| Unemployment Compensation | | 639 | |
| Employer Medicare | | 9,550 | |
| Maintenance and Repair Services - Buildings | | 330,959 | |
| Maintenance and Repair Services - Equipment | | 82,668 | |
| Equipment and Machinery Parts | | 90,511 | |
| Uniforms | | 7,660 | |
| Other Charges | | 992 | |
| Maintenance Equipment | | 30,503 | |
| Total Maintenance of Plant | | | 1,471,008 |

Transportation

| | | | |
|--|----|---------|--|
| Supervisor/Director | \$ | 46,709 | |
| Mechanic(s) | | 193,451 | |
| Bus Drivers | | 940,925 | |
| Clerical Personnel | | 35,729 | |
| Social Security | | 68,324 | |
| Pensions | | 106,488 | |
| Life Insurance | | 2,827 | |
| Medical Insurance | | 437,550 | |
| Unemployment Compensation | | 2,165 | |
| Employer Medicare | | 16,186 | |
| Contracts with Parents | | 3,108 | |
| Maintenance and Repair Services - Vehicles | | 25,806 | |
| Medical and Dental Services | | 7,787 | |
| Travel | | 1,114 | |
| Diesel Fuel | | 179,018 | |
| Garage Supplies | | 3,711 | |

(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.)

| | | | |
|---------------------------------|----|---------|--------------|
| Gasoline | \$ | 51,396 | |
| Lubricants | | 21,426 | |
| Tires and Tubes | | 60,710 | |
| Uniforms | | 2,333 | |
| Vehicle Parts | | 203,883 | |
| Other Supplies and Materials | | 7,659 | |
| Vehicle and Equipment Insurance | | 74,545 | |
| Other Charges | | 113,138 | |
| Transportation Equipment | | 243,411 | |
| Total Transportation | | | \$ 2,849,399 |

Central and Other

| | | | |
|------------------------------|----|-----------|-----------|
| Supervisor/Director | \$ | 77,840 | |
| Computer Programmer(s) | | 47,259 | |
| Secretary(ies) | | 32,664 | |
| Other Salaries and Wages | | 471,201 | |
| Social Security | | 34,467 | |
| Pensions | | 53,612 | |
| Life Insurance | | 680 | |
| Medical Insurance | | 102,148 | |
| Unemployment Compensation | | 532 | |
| Employer Medicare | | 8,582 | |
| Communication | | 47,000 | |
| Consultants | | 6,050 | |
| Travel | | 8,304 | |
| Other Contracted Services | | 133,301 | |
| Office Supplies | | 9,742 | |
| Uniforms | | 8,825 | |
| In Service/Staff Development | | 2,000 | |
| Data Processing Equipment | | 1,375,747 | |
| Total Central and Other | | | 2,419,954 |

Operation of Non-instructional Services

Community Services

| | | | |
|---------------------------|----|---------|---------|
| Supervisor/Director | \$ | 37,273 | |
| Other Salaries and Wages | | 146,455 | |
| Social Security | | 11,334 | |
| Pensions | | 3,375 | |
| Life Insurance | | 52 | |
| Medical Insurance | | 9,664 | |
| Unemployment Compensation | | 923 | |
| Employer Medicare | | 2,651 | |
| Travel | | 652 | |
| Other Contracted Services | | 1,178 | |
| Other Charges | | 22,930 | |
| Total Community Services | | | 236,487 |

(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 | \$ | 381,473 | |
| Educational Assistants | | 240,025 | |
| Certified Substitute Teachers | | 1,250 | |
| Non-certified Substitute Teachers | | 8,730 | |
| Social Security | | 36,867 | |
| Pensions | | 36,350 | |
| Life Insurance | | 476 | |
| Medical Insurance | | 75,895 | |
| Unemployment Compensation | | 887 | |
| Employer Medicare | | 8,840 | |
| Instructional Supplies and Materials | | 5,826 | |
| In Service/Staff Development | | 2,422 | |
| Other Charges | | 2,592 | |
| Total Early Childhood Education | | | \$ 801,633 |

Capital Outlay

Regular Capital Outlay

| | | | |
|------------------------------|----|-----------|-----------|
| Building Improvements | \$ | 2,252,132 | |
| Total Regular Capital Outlay | | | 2,252,132 |

Other Debt Service

Education

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

Total General Purpose School Fund \$ 74,364,170

School Federal Projects Fund

Instruction

Regular Instruction Program

| | | | |
|--------------------------------------|----|-----------|--------------|
| Teachers | \$ | 1,118,698 | |
| Educational Assistants | | 303,482 | |
| Certified Substitute Teachers | | 4,075 | |
| Non-certified Substitute Teachers | | 7,895 | |
| Social Security | | 78,519 | |
| Pensions | | 113,160 | |
| Life Insurance | | 1,592 | |
| Medical Insurance | | 254,733 | |
| Unemployment Compensation | | 1,440 | |
| Employer Medicare | | 20,751 | |
| Other Fringe Benefits | | 9,000 | |
| Instructional Supplies and Materials | | 367,543 | |
| Total Regular Instruction Program | | | \$ 2,280,888 |

Special Education Program

| | | | |
|----------|----|---------|--|
| Teachers | \$ | 108,164 | |
|----------|----|---------|--|

(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 (Cont.)

| | | | |
|--------------------------------------|----|-----------|-----------|
| Educational Assistants | \$ | 1,449,483 | |
| Certified Substitute Teachers | | 1,550 | |
| Non-certified Substitute Teachers | | 31,768 | |
| Social Security | | 92,924 | |
| Pensions | | 128,772 | |
| Life Insurance | | 3,392 | |
| Medical Insurance | | 485,189 | |
| Unemployment Compensation | | 2,449 | |
| Employer Medicare | | 21,923 | |
| Instructional Supplies and Materials | | 205 | |
| Special Education Equipment | | 7,372 | |
| Total Special Education Program | \$ | | 2,333,191 |

Vocational Education Program

| | | | |
|--------------------------------------|----|--------|---------|
| Instructional Supplies and Materials | \$ | 11,112 | |
| Other Supplies and Materials | | 500 | |
| Vocational Instruction Equipment | | 96,577 | |
| Total Vocational Education Program | | | 108,189 |

Support Services

Other Student Support

| | | | |
|------------------------------|----|--------|---------|
| Guidance Personnel | \$ | 77,721 | |
| Other Salaries and Wages | | 17,400 | |
| Social Security | | 5,687 | |
| Pensions | | 8,214 | |
| Life Insurance | | 100 | |
| Medical Insurance | | 16,446 | |
| Unemployment Compensation | | 121 | |
| Employer Medicare | | 1,330 | |
| Other Fringe Benefits | | 600 | |
| Travel | | 20,131 | |
| Other Supplies and Materials | | 31,434 | |
| In Service/Staff Development | | 17,310 | |
| Total Other Student Support | | | 196,494 |

Regular Instruction Program

| | | | |
|-----------------------------------|----|---------|--|
| Supervisor/Director | \$ | 58,397 | |
| Other Salaries and Wages | | 434,276 | |
| Certified Substitute Teachers | | 4,220 | |
| In-service Training | | 24,200 | |
| Non-certified Substitute Teachers | | 8,690 | |
| Social Security | | 30,911 | |
| Pensions | | 46,716 | |
| Life Insurance | | 445 | |
| Medical Insurance | | 65,719 | |
| Unemployment Compensation | | 213 | |

(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.)

| | | | |
|-----------------------------------|----|--------|------------|
| Employer Medicare | \$ | 7,229 | |
| Other Fringe Benefits | | 676 | |
| Travel | | 4,326 | |
| Other Supplies and Materials | | 11,591 | |
| In Service/Staff Development | | 62,037 | |
| Total Regular Instruction Program | | | \$ 759,646 |

Special Education Program

| | | | |
|---------------------------------|----|-------|-------|
| Other Supplies and Materials | \$ | 4,232 | |
| In Service/Staff Development | | 4,966 | |
| Total Special Education Program | | | 9,198 |

Vocational Education Program

| | | | |
|------------------------------------|----|-------|-------|
| Travel | \$ | 3,255 | |
| Total Vocational Education Program | | | 3,255 |

Transportation

| | | | |
|----------------------|----|-------|-------|
| Other Charges | \$ | 4,098 | |
| Total Transportation | | | 4,098 |

Total School Federal Projects Fund \$ 5,694,959

Central Cafeteria Fund

Support Services

Board of Education

| | | | |
|---------------------------------|----|--------|-----------|
| Audit Services | \$ | 3,555 | |
| Workers' Compensation Insurance | | 62,000 | |
| Total Board of Education | | | \$ 65,555 |

Operation of Non-instructional Services

Food Service

| | | | |
|---|----|-----------|--|
| Supervisor/Director | \$ | 52,276 | |
| Accountants/Bookkeepers | | 35,729 | |
| Clerical Personnel | | 32,264 | |
| Cafeteria Personnel | | 1,596,683 | |
| Other Salaries and Wages | | 69,533 | |
| In-service Training | | 34,939 | |
| Social Security | | 109,442 | |
| Pensions | | 81,684 | |
| Life Insurance | | 2,525 | |
| Medical Insurance | | 355,542 | |
| Unemployment Compensation | | 4,863 | |
| Employer Medicare | | 25,680 | |
| Maintenance and Repair Services - Equipment | | 34,735 | |
| Travel | | 5,041 | |
| Other Contracted Services | | 307,046 | |

(Continued)

Exhibit K-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Food Service (Cont.)

| | | |
|------------------------------|--------------|--------------|
| Food Supplies | \$ 2,070,207 | |
| Office Supplies | 3,954 | |
| USDA - Commodities | 296,113 | |
| Other Supplies and Materials | 152,189 | |
| In Service/Staff Development | 1,800 | |
| Other Charges | 36,580 | |
| Food Service Equipment | 141,730 | |
| Total Food Service | | \$ 5,450,555 |

Total Central Cafeteria Fund \$ 5,516,110

Education Capital Projects Fund

Capital Projects

Education Capital Projects

| | | |
|----------------------------------|--------------|--------------|
| Building Improvements | \$ 1,269,543 | |
| Total Education Capital Projects | | \$ 1,269,543 |

Total Education Capital Projects Fund 1,269,543

Total Governmental Funds - Hamblen County School Department \$ 86,844,782

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, 2016

| | Cities - Sales Tax Fund |
|--|-------------------------------|
| <hr/> | |
| <u>Cash Receipts</u> | |
| Local Option Sales Tax | \$ 11,789,023 |
| Total Cash Receipts | <u>\$ 11,789,023</u> |
| <u>Cash Disbursements</u> | |
| Remittance of Revenues Collected | \$ 11,671,133 |
| Trustee's Commission | 117,890 |
| Total Cash Disbursements | <u>\$ 11,789,023</u> |
| Excess of Cash Receipts Over (Under) | |
| Cash Disbursements | \$ 0 |
| Cash Balance, July 1, 2015 | <u>0</u> |
| Cash Balance, June 30, 2016 | <u><u>\$ 0</u></u> |

SINGLE AUDIT SECTION



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

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hamblen County, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Hamblen County's basic financial statements, and have issued our report thereon dated October 12, 2016.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency: 2016-002.

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: 2016-001, 2016-003, and 2016-004.

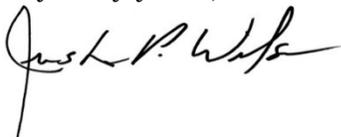
Hamblen County's Responses to Findings

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 responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 12, 2016

JPW/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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**Independent Auditor's 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 Uniform Guidance**

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Hamblen County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hamblen County's major federal programs for the year ended June 30, 2016. Hamblen County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Hamblen County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether

noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hamblen County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Hamblen County's compliance.

Opinion on Each Major Federal Program

In our opinion, Hamblen County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Hamblen County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hamblen County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hamblen County's internal control over compliance.

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

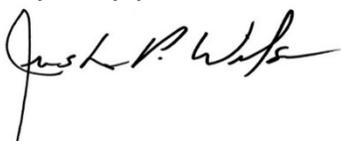
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hamblen County, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Hamblen County's basic financial statements. We issued our report thereon dated October 12, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 12, 2016

JPW/sb

Hamblen County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year-Ended June 30, 2016

| 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 | \$ 1,111,946 |
| National School Lunch Program | 10.555 | N/A | 3,137,861 (4) |
| Passed-through State Department of Agriculture: | | | |
| Child Nutrition Cluster: | | | |
| National School Lunch Program (Commodities - Noncash Assistance) | 10.555 | N/A | 296,113 (4) |
| Healthy, Hunger-free Kids Act of 2010 Childhood Hunger Research and Demonstration Projects | 10.592 | N/A | 7,650 |
| Passed-through State Department of Health: | | | |
| Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 | GG-16-45174-00 | 72,485 |
| Passed-through State Department of Human Services: | | | |
| Child and Adult Care Food Program | 10.558 | (3) | 11,369 |
| Total U.S. Department of Agriculture | | | <u>\$ 4,637,424</u> |
| U.S. Department of Military: | | | |
| Passed-through State Department of General Services: | | | |
| Section 1033 Excess Property Program (Noncash Assistance) | 12.U01 | N/A | \$ 290,834 (5) |
| Total U.S. Department of Military | | | <u>\$ 290,834</u> |
| U.S. Department of Housing and Urban Development: | | | |
| Passed-through Tennessee Housing Development Agency: | | | |
| HOME Investment Partnerships Program | 14.239 | 31620-00299 | \$ 2,250 |
| Total U.S. Department of Housing and Urban Development | | | <u>\$ 2,250</u> |
| U.S. Department of Justice: | | | |
| Direct Programs: | | | |
| State Criminal Alien Assistance Program | 16.606 | N/A | \$ 8,428 |
| Equitable Sharing Program | 16.922 | N/A | 7,583 |
| Passed-through Tennessee Commission on Children and Youth: | | | |
| Juvenile Justice and Delinquency Prevention - Allocation to States | 16.540 | 45949 | 7,245 |
| Total U.S. Department of Justice | | | <u>\$ 23,256</u> |
| U.S. Department of Transportation: | | | |
| Passed-through State Department of Transportation: | | | |
| Highway Planning and Construction | 20.205 | (3) | \$ 306,654 |
| Total U.S. Department of Transportation | | | <u>\$ 306,654</u> |
| U.S. Department of Education: | | | |
| Passed-through State Department of Education: | | | |
| Title I Grants to Local Educational Agencies | 84.010 | N/A | \$ 2,611,618 |
| Special Education Cluster: | | | |
| Special Education - Grants to States | 84.027 | N/A | 2,409,301 |
| Special Education - Preschool Grants | 84.173 | N/A | 106,860 |
| Career and Technical Education - Basic Grants to States | 84.048 | N/A | 149,397 |
| Rehabilitation Services - Vocational Rehabilitation Grants to States | 84.126 | N/A | 45,547 |
| Education for Homeless Children and Youth | 84.196 | N/A | 60,914 |
| English Language Acquisition Grants | 84.365 | N/A | 134,832 |
| Improving Teacher Quality State Grants | 84.367 | N/A | 447,587 |
| Total U.S. Department of Education | | | <u>\$ 5,966,056</u> |

(Continued)

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

| Federal/Pass-Through Agency/State Grantor Program Title | Federal CFDA Number | Pass-through Entity Identifying Number | Expenditures |
|---|---------------------------|--|----------------------|
| U.S. Department of Health and Human Services: | | | |
| Passed-through State Department of Health: | | | |
| Family Planning Services | 93.217 | GG-16-45174-00 | \$ 19,680 |
| HIV Prevention Activities - Health Department Based | 93.940 | GG-16-45174-00 | 2,825 |
| Medical Assistance Program | 93.778 | GG-16-45174-00 | 38,776 |
| Maternal and Child Health Services Block Grant to the States | 93.994 | GG-16-45174-00 | 21,205 |
| Total U.S. Department of Health and Human Services | | | <u>\$ 82,486</u> |
| U.S. Department of Homeland Security: | | | |
| Passed-through State Department of Military: | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | 46227-18989 | \$ 16,825 |
| Emergency Management Performance Grants | 97.042 | (3) | 29,200 |
| Homeland Security Grant Program | 97.067 | 44094-17246 | 16,000 |
| Total U.S. Department of Homeland Security | | | <u>\$ 62,025</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 11,370,985</u> |
| Contract | | | |
| Number | | | |
| State Grants | | | |
| Health Department Programs - State Department of Health | N/A | GG-16-45174-00 | \$ 332,261 |
| Juvenile Justice - State Commission on Children and Youth | N/A | 39532 | 13,500 |
| Disaster Assistance - Tennessee Emergency Management Agency | N/A | 46227-18989 | 1,485 |
| Litter Program - State Department of Transportation | N/A | (3) | 38,849 |
| RES Grant - Local Park and Recreation Fund - State Department of Environment and Conservation | N/A | (3) | 92,821 |
| Solid Waste Grant - State Department of Environment and Conservation | N/A | (3) | 71,174 |
| Drug Court Recovery - State Office of Criminal Justice Programs | N/A | (3) | 70,000 |
| Coordinated School Health - State Department of Education | N/A | (3) | 99,851 |
| ACT Explore - State Department of Education | N/A | (3) | 17,438 |
| Student Ticket Subsidy - Tennessee Arts Commission through State Department of Education | N/A | (3) | 3,983 |
| Family Resource Center - State Department of Education | N/A | (3) | 59,223 |
| Safe Schools Act of 1998 - State Department of Education | N/A | (3) | 50,289 |
| Early Childhood Education - State Department of Education | N/A | (3) | 627,050 |
| Total State Grants | | | <u>\$ 1,477,924</u> |

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Hamblen County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Total for CFDA No. 10.555 is \$3,433,974.
- (5) During the year ended June 30, 2016, Hamblen County received excess military equipment from the U.S. Department of Military valued at \$290,834.

Hamblen County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2016

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or uncorrected. Presented below are financial statement findings along with their current status from the Annual Financial Report for Hamblen County, Tennessee, for the year ended June 30, 2015.

Prior-year Financial Statement Findings

| Fiscal Year | Page Number | Finding Number | Title of Finding | CFDA Number | Current Status |
|-------------|-------------|----------------|---|-------------|---|
| 2015 | 212 | 2015-001 | Accounting Records were not Maintained on a Current Basis in the Office of County Mayor | N/A | Corrected |
| 2015 | 213 | 2015-002 | Tennessee Consolidated Retirement System Payments were not Remitted Timely Resulting in the Assessment of Penalties in the Office of County Mayor | N/A | Corrected |
| 2015 | 213 | 2015-003 | A County Road List was not Submitted to the County Commission for Approval in Compliance with State Statute in the Office of Highway Superintendent | N/A | Corrected |
| 2015 | 214 | 2015-004 | Certain Accounts Maintained by the Trustee were not Adequately Collateralized | N/A | Not Corrected - See Explanation on Corrective Action Plan |

Prior-year Federal Award Findings

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

HAMBLLEN COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Hamblen County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs: **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Numbers: 10.553 and 10.555 Nutrition Cluster: School Breakfast Program, and National School Lunch Program
8. Dollar threshold used to distinguish between Type A and Type B Programs: **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit of the financial statements of Hamblen County, Tennessee, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. The county mayor, highway superintendent, trustee, and county clerk provided corrective action plans, which are paraphrased in the Management's Corrective Action Plan section of this report.

OFFICES OF COUNTY MAYOR AND HIGHWAY SUPERINTENDENT

FINDING 2016-001

EXPENDITURES EXCEEDED APPROPRIATIONS (Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded total appropriations approved by the County Commission in the Highway Capital Projects Fund by \$21,213. These expenditures in excess of appropriations resulted in a negative unassigned fund balance of \$18,199 as of June 30, 2016.

Expenditures exceeded appropriations approved by the County Commission in the County Coroner/Medical Examiner and the Other Social, Cultural, and Recreational major categories (the legal level of control) of the General Fund by \$10,163 and \$3,305, respectively.

Section 5-9-401, *Tennessee Code Annotated*, states that "All funds from whatever source derived, including, but not limited to taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies." These deficiencies exist because management failed to stay within the spending limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Hamblen County concurs with the finding. The finance department fully understands the importance of insuring that expenditures do not exceed appropriations and will follow the corrective action plan.

MANAGEMENT'S RESPONSE – HIGHWAY SUPERINTENDENT

These appropriations were for the resurfacing of various county roads. At the rate of \$130,000 per mile, resurfacing was done 0.16 miles too far. Calculations will be done more precisely in the future. We concur with this finding.

OFFICE OF HIGHWAY SUPERINTENDENT

FINDING 2016-002

THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES

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

As part of our audit procedures for determining whether the purchasing process was operating as designed at the Highway Department, we selected a sample of 20 disbursements totaling \$243,197 from a population of 906 vendor checks totaling approximately \$4,182,037. Our examination revealed the following deficiencies, which are the result of lack of management oversight:

- A. Our sample revealed that in nine of 20 instances, the purchase order amounts were significantly amended after the date of the purchase and/or the purchase order was issued after the date the work was performed. The practice of amending or issuing a purchase order after the purchase has been made defeats the purpose of the purchase order and makes the purchase order an approval for payment rather than an approval of the purchase.
- B. In one of 20 items sampled, a purchase order had not been issued. Purchase orders are necessary to control who has purchasing authority for the county and to document purchase commitments. The failure to issue purchase orders increases the risks of unauthorized purchases.

These deficiencies contributed to the negative unassigned fund balance and expenditures exceeding appropriations in Highway Capital Projects Fund noted in Finding 2016-001.

RECOMMENDATION

Purchase orders should reflect accurate estimates of the total amounts to be purchased to quantify purchasing commitments. The office should issue purchase orders for all applicable purchases before purchases are made to strengthen internal controls over purchasing procedures and to document purchasing commitments.

MANAGEMENT'S RESPONSE – HIGHWAY SUPERINTENDENT

- A. In those instances, whereby the purchase order amounts were significantly amended, the vendor and nature of service or materials purchased were exactly the same. The line item appropriations were sufficient for the amended purchase order amounts. Ten (10) of the twelve (12) months of the fiscal year included the establishment of a monthly purchase order for asphalt to patch country roads. A monthly purchase order was not established for February and March of 2016 due to an oversight. We concur with this finding.
- B. A bridge was constructed on a county road subject to the direction, inspection, and oversight of a professional engineering firm. Once the bridge was accepted/approved by the engineering firm and recommended to the county, as an acceptable purchase,

a "check request" was initiated instead of a purchase order. We concur with this finding.

OFFICE OF TRUSTEE

FINDING 2016-003

CERTAIN ACCOUNTS MAINTAINED BY THE TRUSTEE WERE NOT ADEQUATELY COLLATERALIZED (Noncompliance Under *Government Auditing Standards*)

The trustee maintains various accounts with brokers and financial institutions. Various state statutes govern the investment of idle funds maintained by local governments. We noted instances where idle county funds invested by the trustee were not adequately secured. Two brokerage accounts maintained by the trustee using the same federal tax identification number had cash balances transferred into interest bearing deposit accounts at one or more banks. These deposit accounts were insured solely by FDIC insurance. However, at the end of 11 months during the year ended June 30, 2016, funds were transferred from these two brokerage accounts into some of the same banks and, consequently, the FDIC insurance limits were exceeded in those months. The FDIC insurance limit was exceeded by \$1,222,371 at August 31, 2015, and \$37,683 at December 31, 2015; however, the insurance limit was not exceeded as of June 30, 2016. The trustee and the broker handling both accounts were made aware of these deficiencies and have indicated they will take steps to rectify the problems. This deficiency is the result of a lack of management oversight, and the trustee's failure to correct the finding noted in the prior-year audit report. The failure to adequately collateralize funds could result in a loss for the county.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – TRUSTEE

We concur with this finding in the Hamblen County Trustee's Office. We have made the corrective action necessary to prevent this occurrence in the future. The actions put into place will be discussed in the corrective action plan.

OFFICE OF COUNTY CLERK

FINDING 2016-004

A CASH SHORTAGE OF \$511 EXISTED IN THE OFFICE ON FEBRUARY 6, 2016

(Noncompliance Under *Government Auditing Standards*)

The County Clerk's Office collects property taxes at a satellite office under an agreement with the county trustee, and these collections are remitted to the county trustee daily. On February 10, 2016, the county clerk filed a Fraud Reporting Form with the Comptroller of the Treasury indicating that the actual property tax collections for February 6, 2016, were \$511 less than the property tax collections noted in a computer generated report. The county clerk immediately investigated the discrepancy on February 6 and reviewed all of the documentation again on February 8. This shortage appeared to be related to various transactions involving one particular taxpayer who paid cash on multiple parcels in several different denominations.

On March 18 and March 25, auditors from the Division of Local Government Audit and the Division of Financial and Compliance Investigations visited the office. The auditor and investigator were unable to determine whether collections on February 6 were miscounted, taken back by the customer, or taken by one of the employees.

To reimburse the county, the county clerk liquidated the cash shortage from her personal funds. This deficiency is the result of inadequate controls over the property tax collection process.

RECOMMENDATION

The county clerk should ensure adequate controls over the property tax collection process are in place.

MANAGEMENT'S RESPONSE – COUNTY CLERK

We concur with the finding of inadequate controls over property tax collections. Steps were taken immediately to investigate the discrepancy and adequate controls were put into place to correct the situation from occurring again.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2016.

**Hamblen County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2016**

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

Corrective Action - Financial Statement Findings

OFFICES OF COUNTY MAYOR AND HIGHWAY SUPERINTENDENT

FINDING 2016-001 **EXPENDITURES EXCEEDED APPROPRIATIONS**

| | |
|--|---|
| Response and Corrective Action Plan Prepared by: | Bill Brittain, County Mayor, Barry Poole, Highway Superintendent, Hamblen County, Tennessee |
| Person Responsible for Implementing the Corrective Action: | Michelle Woods, Finance Director |
| Anticipated Completion Date of Corrective Action: | July 1, 2016 |
| Repeat Finding: | No |
| Reason Why Corrective Action was Not Taken – PY | N/A |

Planned Corrective Action:

County Mayor:

No purchase order request or check request will be approved if doing so will cause a line item to be overspent until a budget amendment is prepared, approved, and posted to the general ledger. A monthly review of all accounts will be performed to ensure that the above process is being followed and no line items are overspent. If the need for a budget amendment arises, this shall be done in a timely manner.

Highway Superintendent:

Heightened awareness of the daily fund balance by the administrative team will be observed to control the amount of the expenditures. The administrative team includes the Hamblen County Highway Superintendent, the Special Projects Manager, and the Administrative Assistant to the Superintendent.

OFFICE OF HIGHWAY SUPERINTENDENT

FINDING 2016-002

THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES

Response and Corrective Action Plan Prepared by: Barry Poole, Highway Superintendent, Hamblen County, Tennessee

Person Responsible for Implementing the Corrective Action: Sharon Elkins, Administrative Assistant to the Superintendent

Anticipated Completion Date of Corrective Action: July 1, 2016

Repeat Finding: No

Reason Why Corrective Action was Not Taken – PY N/A

Planned Corrective Action:

- A. Either a new purchase order will be established for the amended amounts to the purchase orders or the purchase orders will be revised to cover the amended amounts. In those cases, whereby the purchase order was issued after the purchase, new purchase orders will be issued before the purchase is made in the future.
 - B. In the future, a purchase order will be issued for the professional engineering firm as well as the awarded contractor for the project. The issuance will occur after the engineering firm is awarded the design responsibility and after the awarded contractor is established.
-

OFFICE OF TRUSTEE

FINDING 2016-003

CERTAIN ACCOUNTS MAINTAINED BY THE TRUSTEE WERE NOT ADEQUATELY COLLATERALIZED

Response and Corrective Action Plan Prepared by: John Baskette, Trustee, Hamblen County, Tennessee

Persons Responsible for Implementing the Corrective Action: John Baskette, Trustee, Kendall Lawson and Jill Margelowsky

Anticipated Completion Date of Corrective Action: September 26, 2016

Repeat Finding: Yes

Reason Why Corrective Action was Not Taken – PY See corrective action plan for explanation.

Planned Corrective Action:

The Hamblen County Trustee's Office maintains bond funds through an account at Raymond James for both Highway and School Capital Projects. John Baskette and Kendall Lawson oversee the investment of the idle funds. Jill Margelowsky prepares the monthly reports. By implementing this segregation of duties we hope to eliminate the opportunity for Raymond James to invest idle funds in the same institutions during the same period. I have also spoken with our financial advisor at Raymond James and explained in detail how these funds need to be invested. 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 institution and employees to maintain compliance.

OFFICE OF COUNTY CLERK

FINDING 2016-004

**A CASH SHORTAGE OF \$511 EXISTED IN THE OFFICE
ON FEBRUARY 6, 2016**

| | |
|--|--|
| Response and Corrective Action Plan Prepared by: | Penny Petty, County Clerk, Hamblen County, Tennessee |
| Person Responsible for Implementing the Corrective Action: | same |
| Anticipated Completion Date of Corrective Action: | Immediately |
| Repeat Finding: | No |
| Reason Why Corrective Action was Not Taken – PY | N/A |

Planned Corrective Action:

I have told each clerk that if they are involved in taking large amounts of cash from a customer who is very talkative, to ask for assistance from a second clerk to carry on the conversation with the customer and to move to another calculator to count the money and make a tape of the count. If still not sure the amount is correct, ask the second deputy clerk to count the money and to run a tape also.

Corrective Action - Federal Award Findings

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

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.