

**ANNUAL FINANCIAL REPORT
HAWKINS COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2007



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FOR THE YEAR ENDED JUNE 30, 2007

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
RICHARD V. NORMENT
Assistant to the Comptroller

JAMES R. ARNETTE
Director

CLIFFORD TUCKER, CPA
Audit Manager

MARK TREECE, CPA, CGFM
Auditor 4

JOEY BARNARD, CGFM
DAVID FRAKES, CGFM
DOUG SANDIDGE, CISA, CFE
State Auditors

This financial report is available at www.comptroller.state.tn.us

HAWKINS COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Hawkins County, Tennessee
For the Year Ended June 30, 2007

Scope

We have audited the basic financial statements of Hawkins County as of and for the year ended June 30, 2007.

Results

Our report on Hawkins County's financial statements expresses an adverse opinion on the governmental activities because the infrastructure component of capital assets and the related depreciation on those assets are not included in the government-wide financial statements. Our report on the aggregate discretely presented component units is qualified because one component unit is omitted. Our report on each major fund and the aggregate remaining fund information is unqualified.

Our audit resulted in eight findings and recommendations, which we have reviewed with Hawkins 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:

HAWKINS COUNTY

- ◆ The Highway Department did not identify and determine the historical value of the county's infrastructure (e.g., roads, bridges, and similar assets) and the related depreciation on those assets for the government-wide financial statements, resulting in an adverse opinion.
- ◆ Hawkins County has not completed the steps set forth in the implementation plan for Governmental Accounting Standards Board Statement No. 34 filed with the Comptroller of the Treasury.

OFFICE OF COUNTY MAYOR

- ◆ Some employees of the County Mayor's Office had accumulated compensatory time at June 30, 2007, in excess of amounts allowed by the office's personnel policy.
-

OFFICE OF ROAD SUPERINTENDENT

- ◆ The Highway Department terminated services with the lowest bidder for pipe and failed to solicit new bids or select the next lowest bidder from the original bidders.
 - ◆ The office did not maintain adequate controls over consumable assets.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Federal Projects Fund had a fund deficit (\$36,656) and a cash overdraft (\$269,297) at June 30, 2007.
-

OFFICE OF CLERK AND MASTER

- ◆ The clerk and master did not reconcile the unpaid balance of each years' delinquent tax aggregate on file in Chancery Court with amounts collected and adjusted.
-

OTHER FINDING

- ◆ County officials had not adopted a central system of accounting and budgeting.

INTRODUCTORY SECTION

Hawkins County Officials

June 30, 2007

Officials

Crockett Lee, County Mayor
Lowell Bean, Road Superintendent
Edmund Clayton Armstrong, Director of Schools
Patricia Courtney, Trustee
Don Cinnamon, Assessor of Property
Carroll Jenkins, County Clerk
Holly Jaynes, Circuit and General Sessions Courts Clerk
Shirley Graham, Clerk and Master
Judy Kirkpatrick, Register
Roger Christian, Sheriff

Board of County Commissioners

Crockett Lee, Chairman	Gary Hicks, Jr.
Claude Parrott, Vice-Chairman	Christopher Jones
Danny Alvis	Gorman Lipe
Shane Bailey	Kenneth Long
Phil Barrett	J. Carmel Maddox
Dwight Carter	Virgil Mallett
Hanes Cooper	Fred Montgomery
John Eidson	Charlie Newton
Larry Frost	Robert Palmer
Boyd Goodson	Tim Simpson
Billy Henderson	Charles Thacker

Board of Education

Robert Stidham, Chairman	Glenda Davis
Ella Jo Bradley	Perry Dykes
Tammy Baird	Charles Fuller
Kathy Cradic	

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841**

INDEPENDENT AUDITOR'S REPORT

September 27, 2007

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hawkins County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise Hawkins County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hawkins County's management. 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 auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note I.D.3 to the financial statements, management has not recorded the county's infrastructure assets in the governmental activities and the related depreciation on those assets. Accounting principles generally accepted in the United States of America require the reporting of infrastructure and the related depreciation, which would significantly increase the assets and expenses of the governmental activities. The effect on the financial statements of the governmental activities is not reasonably determinable.

The financial statements of the Hawkins County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component unit's financial statements referred to above do not include amounts for the Hawkins County Emergency Communications District, which should be included to conform with accounting principles generally accepted in the United States of America. The effect on the financial statements of the aggregate discretely presented component units is not reasonably determinable.

In our opinion, because of the effects of not including infrastructure assets and the related depreciation, as discussed in the third paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of Hawkins County, Tennessee, as of June 30, 2007, and the changes in its financial position thereof for the year then ended.

In addition, in our opinion, except for the effects of not including the financial statements of the Hawkins County Emergency Communications District, as discussed in the fourth paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Hawkins County, Tennessee, at June 30, 2007, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Hawkins County, Tennessee, as of June 30, 2007, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 27, 2007, on our consideration of Hawkins County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

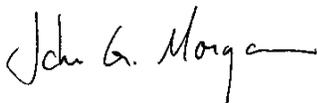
As described in Note V.B., Hawkins County has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. For the first time, the financial statements include the government-wide financial statements.

The management of Hawkins County did not prepare the management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison and pension information on pages 65 through 71 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hawkins County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the debt service funds, combining and individual fund financial statements of the Hawkins 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 debt service funds, combining and individual fund financial statements of the Hawkins County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on it.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Hawkins County, Tennessee
Statement of Net Assets
June 30, 2007

	<u>Primary Government</u>	<u>Component Unit</u>
	Governmental Activities	Hawkins County School Department
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 106,685	\$ 2,508
Equity in Pooled Cash and Investments	13,237,255	12,239,480
Accounts Receivable	166,275	3,764
Due from Other Governments	914,253	1,705,778
Due from Primary Government	0	25,882
Property Taxes Receivable	9,829,601	9,206,387
Allowance for Uncollectible Property Taxes	(261,096)	(244,542)
Deferred Charges - Debt Issuance Cost	453,509	0
Capital Assets		
Assets Not Depreciated:		
Land	1,134,808	1,335,307
Construction in Progress	626,527	395,527
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	4,516,096	33,019,081
Other Capital Assets	1,046,104	2,001,791
Total Assets	<u>\$ 31,770,017</u>	<u>\$ 59,690,963</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 153,122	\$ 50,211
Payroll Deductions Payable	12	0
Accrued Payroll	25,856	1,063
Cash Overdraft	0	269,297
Contracts Payable	0	69,317
Retainage Payable	0	9,831
Accrued Interest Payable	225,969	1,034
Due to Component Units	16,198	0
Due to State of Tennessee	8,551	0
Other Current Liabilities	0	1,052,615
Deferred Revenue - Current Property Taxes	9,200,089	8,616,787
Unamortized Premium on Debt	9,701	0
Noncurrent Liabilities:		
Due Within One Year	2,110,891	654,936
Due in More than One Year (net of deferred amount on refunding)	31,015,960	1,532,028
Total Liabilities	<u>\$ 42,766,349</u>	<u>\$ 12,257,119</u>

(Continued)

Exhibit A

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

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Hawkins County School Department</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 3,606,072	\$ 36,391,143
Restricted for:		
Solid Waste/Sanitation	71,166	0
Drug Control	136,710	0
Highway	1,590,081	0
School Transportation	0	1,029,639
Debt Service	9,834,269	0
Capital Projects	350,691	0
State and Federal Financial Assistance Programs	0	2,316,360
Other Purposes	364,839	0
Unrestricted	<u>(26,950,160)</u>	<u>7,696,702</u>
Total Net Assets (Deficit)	<u>\$ (10,996,332)</u>	<u>\$ 47,433,844</u>

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

Exhibit B

Hawkins County, Tennessee
Statement of Activities
For the Year Ended June 30, 2007

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Government	Unit
					Total	Hawkins County School Department
<u>Primary Government:</u>						
Governmental Activities:						
General Government	\$ 2,060,973	\$ 349,130	\$ 18,380	\$ 5,465	\$ (1,687,998)	\$ 0
Finance	1,272,370	1,110,406	23,126	0	(138,838)	0
Administration of Justice	1,024,104	1,122,826	13,939	0	112,661	0
Public Safety	4,020,473	210,161	105,989	147,849	(3,556,474)	0
Public Health and Welfare	2,034,330	63,987	362,194	193,815	(1,414,334)	0
Social, Cultural, and Recreational Services	412,534	6,485	56,033	0	(350,016)	0
Agricultural and Natural Resources	130,687	0	0	0	(130,687)	0
Other Operations	689,282	0	77,098	0	(612,184)	0
Highways	3,143,422	1,980	2,020,257	155,514	(965,671)	0
Education	499,000	0	0	0	(499,000)	0
Interest on Long-term Debt	1,325,817	0	0	0	(1,325,817)	0
Other Debt Service	180,738	0	0	0	(180,738)	0
Total Primary Government	<u>\$ 16,793,730</u>	<u>\$ 2,864,975</u>	<u>\$ 2,677,016</u>	<u>\$ 502,643</u>	<u>\$ (10,749,096)</u>	<u>\$ 0</u>
<u>Component Unit:</u>						
Hawkins County School Department	<u>\$ 54,051,812</u>	<u>\$ 1,672,711</u>	<u>\$ 6,402,360</u>	<u>\$ 499,000</u>	<u>\$ 0</u>	<u>\$ (45,477,741)</u>
Total Component Unit	<u>\$ 54,051,812</u>	<u>\$ 1,672,711</u>	<u>\$ 6,402,360</u>	<u>\$ 499,000</u>	<u>\$ 0</u>	<u>\$ (45,477,741)</u>

(Continued)

Exhibit B

Hawkins County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental	Unit
				Total	Hawkins County School Department	
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 5,874,125	\$ 7,517,616	
Property Taxes Levied for Highway/Public Works Purposes				1,244,544	0	
Property Taxes Levied for Transportation Purposes				0	1,407,338	
Property Taxes Levied for Debt Service Purposes				2,402,773	0	
Local Option Sales Taxes				719,427	3,577,991	
Other Local Taxes				1,619,930	322,944	
Grants and Contributions Not Restricted to Specific Programs				517,061	33,020,135	
Unrestricted Investment Income				1,275,643	13,769	
Miscellaneous				53,577	111,476	
Insurance Recovery				0	13,009	
Gain (Loss) on Disposal of Capital Assets				1,350	0	
Total General Revenues				<u>\$ 13,708,430</u>	<u>\$ 45,984,278</u>	
Change in Net Assets				\$ 2,959,334	\$ 506,537	
Net Assets , July 1, 2006				<u>(13,955,666)</u>	<u>46,927,307</u>	
Net Assets, June 30, 2007				<u><u>\$ (10,996,332)</u></u>	<u><u>\$ 47,433,844</u></u>	

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

Exhibit C-1

Hawkins County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2007

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Education Debt Service	Other Govern- mental Funds	
ASSETS						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 106,685	\$ 106,685
Equity in Pooled Cash and Investments	1,625,564	1,250,457	2,687,749	5,771,205	1,902,280	13,237,255
Accounts Receivable	30,601	13,293	38,232	74,214	9,935	166,275
Due from Other Governments	458,596	365,124	0	0	90,533	914,253
Due from Other Funds	28,819	0	550,000	0	78,676	657,495
Property Taxes Receivable	6,068,710	1,282,122	769,273	1,709,496	0	9,829,601
Allowance for Uncollectible Property Taxes	(161,199)	(34,056)	(20,433)	(45,408)	0	(261,096)
Total Assets	\$ 8,051,091	\$ 2,876,940	\$ 4,024,821	\$ 7,509,507	\$ 2,188,109	\$ 24,650,468
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	\$ 21,898	\$ 9,179	\$ 0	\$ 0	\$ 122,045	\$ 153,122
Accrued Payroll	25,856	0	0	0	0	25,856
Payroll Deductions Payable	12	0	0	0	0	12
Due to Other Funds	42,574	36,102	0	0	578,819	657,495
Due to Component Units	16,198	0	0	0	0	16,198
Due to State of Tennessee	8,551	0	0	0	0	8,551
Deferred Revenue - Current Property Taxes	5,680,055	1,200,011	720,007	1,600,016	0	9,200,089
Deferred Revenue - Delinquent Property Taxes	205,404	43,396	26,038	57,860	0	332,698
Other Deferred Revenues	310,339	186,153	0	0	1,050	497,542
Total Liabilities	\$ 6,310,887	\$ 1,474,841	\$ 746,045	\$ 1,657,876	\$ 701,914	\$ 10,891,563
Fund Balances						
Reserved for Encumbrances	\$ 122,744	\$ 354,320	\$ 0	\$ 0	\$ 409,976	\$ 887,040
Reserved for Alcohol and Drug Treatment	203,118	0	0	0	0	203,118
Reserved for Sexual Offender Registration	2,265	0	0	0	0	2,265
Reserved for Courtroom Security	447	0	0	0	0	447
Reserved for Computer System - Register	102,754	0	0	0	0	102,754
Reserved for Automation Purposes - Circuit Court	29,109	0	0	0	0	29,109
Reserved for Automation Purposes - Chancery Court	7,009	0	0	0	0	7,009
Reserved for Automation Purposes - Sheriff	20,137	0	0	0	0	20,137

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Education Debt Service	Other Govern- mental Funds	
<u>LIABILITIES AND FUND BALANCES (Cont.)</u>						
<u>Fund Balances (Cont.)</u>						
Reserved for Capital Outlay	\$ 0	\$ 0	\$ 0	\$ 0	\$ 180,384	\$ 180,384
Reserved for Other General Purposes	0	0	550,000	0	0	550,000
Unreserved, Reported In:						
General Fund	1,252,621	0	0	0	0	1,252,621
Special Revenue Funds	0	1,047,779	0	0	286,639	1,334,418
Debt Service Funds	0	0	2,728,776	5,851,631	845,933	9,426,340
Capital Projects Funds (Deficit)	0	0	0	0	(236,737)	(236,737)
Total Fund Balances	<u>\$ 1,740,204</u>	<u>\$ 1,402,099</u>	<u>\$ 3,278,776</u>	<u>\$ 5,851,631</u>	<u>\$ 1,486,195</u>	<u>\$ 13,758,905</u>
Total Liabilities and Fund Balances	<u>\$ 8,051,091</u>	<u>\$ 2,876,940</u>	<u>\$ 4,024,821</u>	<u>\$ 7,509,507</u>	<u>\$ 2,188,109</u>	<u>\$ 24,650,468</u>

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

Hawkins County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2007

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 13,758,905
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,134,808	
Add: construction in progress	626,527	
Add: buildings and improvements net of accumulated depreciation	4,516,096	
Add: other capital assets net of accumulated depreciation	<u>1,046,104</u>	7,323,535
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (2,755,978)	
Less: other loans payable	(18,636,996)	
Less: capital leases payable	(16,124)	
Less: bonds payable	(11,285,000)	
Add: deferred amount on refunding	892	
Add: deferred charges - debt issuance costs	453,509	
Less: compensated absences payable	(433,645)	
Less: other deferred revenue - premium on debt	(9,701)	
Less: accrued interest on bonds, notes, and other loans payable	<u>(225,969)</u>	(32,909,012)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>830,240</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ (10,996,332)</u>

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

Exhibit C-3

Hawkins County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Debt Service	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 7,518,826	\$ 1,342,206	\$ 752,802	\$ 2,010,292	\$ 335,374	\$ 11,959,500
Licenses and Permits	22,037	0	0	0	0	22,037
Fines, Forfeitures, and Penalties	225,238	0	0	0	87,963	313,201
Charges for Current Services	94,850	0	0	0	197,563	292,413
Other Local Revenues	32,240	5,108	446,932	828,711	66,806	1,379,797
Fees Received from County Officials	2,044,281	0	0	0	0	2,044,281
State of Tennessee	804,994	2,169,347	0	0	56,169	3,030,510
Federal Government	588,136	0	0	0	195,511	783,647
Other Governments and Citizens Groups	31,344	0	0	241,682	0	273,026
Total Revenues	\$ 11,361,946	\$ 3,516,661	\$ 1,199,734	\$ 3,080,685	\$ 939,386	\$ 20,098,412
<u>Expenditures</u>						
Current:						
General Government	\$ 2,034,280	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,034,280
Finance	1,264,402	0	0	0	0	1,264,402
Administration of Justice	865,187	0	0	0	145,936	1,011,123
Public Safety	4,040,855	0	0	0	72,734	4,113,589
Public Health and Welfare	664,578	0	0	0	1,105,862	1,770,440
Social, Cultural, and Recreational Services	422,356	0	0	0	0	422,356
Agricultural and Natural Resources	130,475	0	0	0	0	130,475
Other Operations	651,048	0	0	0	0	651,048
Highways	38,147	2,802,412	0	0	0	2,840,559
Capital Outlay	0	0	0	0	499,000	499,000
Debt Service:						
Principal on Debt	160,732	0	333,800	921,392	472,000	1,887,924
Interest on Debt	24,661	0	69,978	1,153,154	68,053	1,315,846
Other Debt Service	0	0	45,553	109,517	4,116	159,186
Capital Projects	0	0	0	0	899,386	899,386
Total Expenditures	\$ 10,296,721	\$ 2,802,412	\$ 449,331	\$ 2,184,063	\$ 3,267,087	\$ 18,999,614
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,065,225	\$ 714,249	\$ 750,403	\$ 896,622	\$ (2,327,701)	\$ 1,098,798

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Debt Service	Other Govern- mental Funds	
<u>Other Financing Sources (Uses) (Cont.)</u>						
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 799,000	\$ 799,000
Transfers In	0	0	0	0	1,692,782	1,692,782
Transfers Out	(930,000)	(212,782)	0	0	(550,000)	(1,692,782)
Total Other Financing Sources (Uses)	\$ (930,000)	\$ (212,782)	\$ 0	\$ 0	\$ 1,941,782	\$ 799,000
Net Change in Fund Balances	\$ 135,225	\$ 501,467	\$ 750,403	\$ 896,622	\$ (385,919)	\$ 1,897,798
Fund Balance, July 1, 2006	1,604,979	900,632	2,528,373	4,955,009	1,872,114	11,861,107
Fund Balance, June 30, 2007	\$ 1,740,204	\$ 1,402,099	\$ 3,278,776	\$ 5,851,631	\$ 1,486,195	\$ 13,758,905

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

Exhibit C-4

Hawkins 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, 2007

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 1,897,798
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 725,384	
Less: current year depreciation expense	<u>(364,873)</u>	360,511
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) had no effect on net assets.</p>		
Add: gain on disposal of capital assets	\$ 1,350	
Less: proceeds received from disposals of capital assets	<u>(1,350)</u>	0
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2007	\$ 830,240	
Less: deferred delinquent property taxes and other deferred June 30, 2006	<u>(1,175,588)</u>	(345,348)
<p>(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, 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 related items:</p>		
Less: other loans proceeds	\$ (799,000)	
Less: change in deferred debt issuance costs	(29,704)	
Add: principal payments on bonds	715,000	
Add: principal payments on notes	957,192	
Add: principal payments on other loans	75,000	
Add: principal payments on capital leases	140,732	
Add: change in premium on debt issuance	8,152	
Less: change in deferred amount on refunding debt	<u>(1,820)</u>	1,065,552
<p>(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.</p>		
Change in accrued interest payable	\$ (8,151)	
Change in compensated absences	<u>(11,028)</u>	(19,179)
Change in net assets of governmental activities (Exhibit B)		<u>\$ 2,959,334</u>

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

Exhibit D

Hawkins County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,332,985
Equity in Pooled Cash and Investments	62,518
Accounts Receivable	1,692
Due from Other Governments	670,296
Property Taxes Receivable	1,136,063
Allowance for Uncollectible Property Taxes	<u>(30,176)</u>
Total Assets	<u>\$ 3,173,378</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 1,838,701
Due to Litigants, Heirs, and Others	<u>1,334,677</u>
Total Liabilities	<u>\$ 3,173,378</u>

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

HAWKINS COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hawkins County's financial statements, with the exception of the governmental activities opinion unit, are presented in accordance with generally accepted accounting principles (GAAP). Hawkins County's financial statements for the governmental activities do not include infrastructure assets and the related depreciation of those assets as required by GAAP. This departure from GAAP results in an incomplete presentation and has caused Hawkins County's auditor to issue an adverse opinion on the financial statements of the governmental activities. 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 Hawkins County:

A. Reporting Entity

Hawkins County is a public municipal corporation governed by an elected 21-member board. As required by GAAP, these financial statements present Hawkins County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Blended Component Units – There are no legally separate component units of Hawkins County that meet the criteria for being reported as part of the primary government by the blending method.

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 Hawkins County School Department operates the public school system in the county, and the voters of Hawkins County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Hawkins County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Hawkins County, and the Hawkins County Commission appoints its governing body. 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 Hawkins County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Hawkins County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Hawkins County School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Hawkins County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Hawkins County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Hawkins County Emergency Communications District
407 East Main Street, Suite B
Rogersville, TN 37857

Related Organization – The Hawkins County Industrial Development Board is a related organization of Hawkins County. The Hawkins County Industrial Development Board nominates and the Hawkins County Commission confirms the board members, but the county's accountability for the organization does not extend beyond making the appointments.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Hawkins 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 Hawkins 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.

Hawkins County issues all debt for the discretely presented Hawkins County School Department. Net debt issues (\$499,000) were contributed by the county to the School Department during the year ended June 30, 2007.

Separate financial statements are provided for governmental funds and fiduciary funds. Fiduciary funds are excluded from the government-wide statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

Fund financial statements of Hawkins County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. However, the county does not have any proprietary funds to report. An emphasis is placed on major funds within the governmental category.

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. Fiduciary funds in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days

after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Hawkins County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

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

Fiduciary fund financial statements are reported using the economic resources measurement focus (except for agency funds which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Hawkins 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.

Highway/Public Works Fund – This fund accounts for transactions of the county's Highway Department.

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

Education Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt issued for the Hawkins County School Department.

Additionally, Hawkins County reports the following fund types:

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

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Hawkins County, and the city school systems’ shares of educational revenues. 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 Hawkins 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.

School Transportation Fund – This fund is used to account for transportation operations of the School Department.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted revenues first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county’s own legally issued bonds or notes; the State Treasurer’s Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Hawkins County School Department. Each fund’s portion of this pool is displayed on the

balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Income from these pooled investments is assigned to the debt service funds. Hawkins County and the Hawkins County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds for unremitted current collections outstanding 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 1.4 percent of total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not

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

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

Most payables are disaggregated on the face of the financial statements. The Other Current Liabilities reflected in the General Purpose School Fund of the discretely presented Hawkins County School Department, represent the remaining balance in the teacher's insurance clearing account.

Retainage payable reflected in the General Purpose School Fund of the discretely presented Hawkins County School Department represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the appropriate governmental fund.

3. 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, and 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 three 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, and equipment 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	40
Building Improvements	7-30
Vehicles and Other Capital Assets	5-12

The Highway Department has not identified and determined the historical value of the county’s infrastructure assets and the related depreciation amounts of these assets. Therefore, infrastructure is not included in the amounts reflected for capital assets of the primary government’s governmental activities. These amounts should be included to comply with accounting standards generally accepted in the United States of America.

4. Compensated Absences

It is the county’s policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave benefits. There is no liability for unpaid accumulated sick leave since Hawkins County does not have a policy to pay any amounts when employees separate from service with the government. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

It is the School Department’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The Hawkins County Board of Education has adopted policies allowing all 12-month employees who declare their intention to retire within the calendar year to be paid their unused vacation benefits as they accrue. Other 12-month employees are allowed to accumulate a limited amount (five days) of earned but unused vacation benefits.

The Hawkins County Board of Education also allows all employees to be paid for any unused sick pay benefits upon retirement or death at a rate of \$10 to \$27 per unused day based on total days accumulated. Otherwise the granting of unused sick leave has no guaranteed payment attached. A liability for these amounts is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirement. Furthermore, all certified employees who are present for all scheduled days on the school calendar except for two days of

personal leave and two days of professional leave shall receive a \$300 bonus on their June 15 payroll check.

5. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt services 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 and special termination benefits are recognized to the extent that the liabilities have matured (come due for payment) each period.

6. Net Assets and Fund Equity

In the government-wide financial statements equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

On the government-wide statement of net assets (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling \$364,839, with the primary restrictions being for computer systems for various offices (\$159,009) and drug control (\$205,830).

As of June 30, 2007, Hawkins County had \$28,761,978 in outstanding debt for capital purposes for the discretely presented Hawkins County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Rogersville School System and the City of Kingsport School System) based on an average daily attendance proration. This debt is a liability of Hawkins County, but the capital assets acquired are reported in the financial statements of the Hawkins County School Department, the City of Rogersville School System, and the City of Kingsport School System. Therefore, Hawkins County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specified purpose. The Reserved for Other General Purposes in the General Debt Service Fund (\$550,000) represents an interfund loan receivable that is not available for appropriation. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2007:

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Sheriff	\$ 25,000
Employees' Vacation Pay	41,980
Repairs	15,000

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

Discretely Presented Hawkins County School Department

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

Primary Government

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

Discretely Presented Hawkins County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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 project funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the State 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, Beer Board, Budget and Finance Committee, 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.

B. Fund Deficit

The General Capital Projects Fund had a deficit of \$207,007 in the unreserved fund balance account as of June 30, 2007. This deficit resulted from the recognition of the unperformed portion of construction contracts totaling \$308,846 being reserved as encumbrances. Funding for these future expenditures is expected to be received from the issuance of other loan proceeds.

Additionally, the Community Development/Industrial Park Fund had a deficit of \$29,730 in the unreserved fund balance account as of June 30, 2007. This deficit resulted from the recognition of the unperformed portion of construction contracts totaling \$29,730 being reserved as encumbrances in the financial statements of this report. Funding for these future expenditures is expected to be received from contributions and state grants.

The School Federal Projects Fund of the discretely presented School Department had a deficit of \$36,656 in the unreserved fund balance account as of June 30, 2007. This deficit resulted from the recognition of encumbrances totaling \$24,874 and grant reimbursements not being requested until July 2007. The deficit was liquidated subsequent to June 30, 2007.

C. Cash Overdraft

The discretely presented School Federal Projects Fund had a cash overdraft of \$269,297 at June 30, 2007. This cash overdraft resulted from issuing warrants that exceeded cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2007.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; 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 director of Local Finance 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 market value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2007.

B. Capital Assets

Capital asset activity for the year ended June 30, 2007, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 1,134,808	\$ 0	\$ 0	\$ 1,134,808
Construction in Progress	370,641	255,886	0	626,527
Total Capital Assets Not Depreciated	\$ 1,505,449	\$ 255,886	\$ 0	\$ 1,761,335
Capital Assets Depreciated:				
Buildings and Improvements	\$ 6,475,276	\$ 192,568	\$ 0	\$ 6,667,844
Other Capital Assets	4,846,969	276,930	10,500	5,113,399
Total Capital Assets Depreciated	\$ 11,322,245	\$ 469,498	\$ 10,500	\$ 11,781,243
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,983,494	\$ 168,254	\$ 0	\$ 2,151,748
Other Capital Assets	3,881,176	196,619	10,500	4,067,295
Total Accumulated Depreciation	\$ 5,864,670	\$ 364,873	\$ 10,500	\$ 6,219,043
Total Capital Assets Depreciated, Net	\$ 5,457,575	\$ 104,625	\$ 0	\$ 5,562,200
Governmental Activities Capital Assets, Net	\$ 6,963,024	\$ 360,511	\$ 0	\$ 7,323,535

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

Governmental Activities:

General Government	\$ 122,139
Public Safety	70,512
Public Health and Welfare	97,775
Social, Cultural, and Recreational Services	2,372
Other Operations	46,735
Highway/Public Works	<u>25,340</u>

Total Depreciation Expense - Governmental Activities	<u><u>\$ 364,873</u></u>
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Discretely Presented Hawkins County School Department

Governmental Activities:

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 1,339,449	\$ 0	\$ 4,142	\$ 1,335,307
Construction in Progress	<u>6,398,703</u>	<u>651,899</u>	<u>6,655,075</u>	<u>395,527</u>
Total Capital Assets Not Depreciated	<u>\$ 7,738,152</u>	<u>\$ 651,899</u>	<u>\$ 6,659,217</u>	<u>\$ 1,730,834</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 48,006,603	\$ 6,812,954	\$ 0	\$ 54,819,557
Other Capital Assets	<u>4,485,117</u>	<u>306,403</u>	<u>0</u>	<u>4,791,520</u>
Total Capital Assets Depreciated	<u>\$ 52,491,720</u>	<u>\$ 7,119,357</u>	<u>\$ 0</u>	<u>\$ 59,611,077</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 20,044,395	\$ 1,756,081	\$ 0	\$ 21,800,476
Other Capital Assets	<u>2,432,927</u>	<u>356,802</u>	<u>0</u>	<u>2,789,729</u>
Total Accumulated Depreciation	<u>\$ 22,477,322</u>	<u>\$ 2,112,883</u>	<u>\$ 0</u>	<u>\$ 24,590,205</u>

Governmental Activities (Cont.):

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Total Capital Assets				
Depreciated, Net	\$ 30,014,398	\$ 5,006,474	\$ 0	\$ 35,020,872
Governmental Activities				
Capital Assets, Net	\$ 37,752,550	\$ 5,658,373	\$ 6,659,217	\$ 36,751,706

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

Governmental Activities:

Instruction	\$ 1,740,622
Support Services	341,079
Operation of Non-Instructional Services	<u>31,182</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,112,883</u>

C. Construction Commitments

At June 30, 2007, the Highway/Public Works Fund had uncompleted construction contracts of approximately \$340,959 for bridge construction and paving. Funding for these future expenditures is expected to be received from state grants.

Additionally, the General Capital Projects Fund had uncompleted construction contracts of approximately \$308,846 for architect fees on the justice center. Funding for these future expenditures is expected to be received from other loan proceeds.

The Community Development/Industrial Park Fund had uncompleted construction contracts of approximately \$29,730 for infrastructure improvements. Funding for these future expenditures is expected to be received from contributions and state grants.

Likewise, the discretely presented General Purpose School Fund had uncompleted construction contracts of approximately \$297,932, for various renovations and construction projects. Funding has been provided for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2007, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 28,819
General Debt Service	Nonmajor governmental	550,000
Nonmajor governmental	General	42,574
Nonmajor governmental	Highway/Public Works	36,102
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	6,880
General Purpose School	School Transportation	321

The amount due to the General Debt Service Fund from the nonmajor governmental funds represents an interfund loan that is to be repaid over three years. The amount of this interfund loan not expected to be liquidated within one year is \$366,000.

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

Due to/from primary government and component unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component unit -		
School Department:	Primary government:	
School Transportation	General	\$ 25,882

A portion of the receivable in the School Transportation Fund (\$9,684) was in transit from the General Fund at June 30, 2007.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2007, consisted of the following amounts:

Primary Government

Transfers Out	<u>Transfers In</u> Nonmajor Governmental Funds
General Fund	\$ 930,000
Highway/Public Works Fund	212,782
Nonmajor governmental funds	<u>550,000</u>
Total	<u>\$ 1,692,782</u>

Discretely Presented Hawkins County School Department

Transfers Out	<u>Transfers In</u> General Purpose School Fund
Nonmajor governmental funds	<u>\$ 6,880</u>
Total	<u>\$ 6,880</u>

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

E. Capital Leases

Primary Government

On December 2, 2005, Hawkins County entered into a five-year lease-purchase agreement for a vehicle for the industrial development board. The terms of the agreement require total lease payments of \$22,597 plus interest of 6.45 percent. Title to the vehicle transfers to Hawkins County at the end of the lease period. The lease payments are made from the General Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2007, were as follows:

Year Ending June 30	Governmental Funds
2008	\$ 5,271
2009	5,271
2010	5,271
2011	<u>2,197</u>
Total Minimum Lease Payments	\$ 18,010
Amount Representing Interest	<u>(1,886)</u>
 Present Value of Minimum Lease Payments	 <u>\$ 16,124</u>

Discretely Presented Hawkins County School Department

The School Department previously entered into a capital lease agreement to finance the acquisition of equipment. The terms of the agreement require total lease payments of \$1,336,907 plus interest of 5.25 percent. The title to the equipment transfers to the School Department at the end of the lease period. The lease payments are made from the General Purpose School Fund.

Future minimum lease payments and the net present value of these lease payments as of June 30, 2007, were as follows:

Year Ending June 30	Governmental Funds
2008	\$ 170,460
2009	170,460
2010	<u>42,614</u>
Total Minimum Lease Payments	\$ 383,534
Amount Representing Interest	<u>(24,005)</u>
 Present Value of Minimum Lease Payments	 <u>\$ 359,529</u>

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities and equipment. In addition, general obligation bonds have been issued to refund other loans. Capital outlay notes have been issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 17 years for bonds, up to ten years for notes, and up to 30 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. All bonds, notes, and other loans included in long-term debt as of June 30, 2007, will be retired from the General Fund, General Debt Service Fund, Special Debt Service Fund, or the Education Debt Service Fund.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds -			
Refunding	3 to 5	% \$ 13,520,000	\$ 11,285,000
Capital Outlay Notes	0 to 4.4	5,992,999	2,755,978
Other Loans - Fixed by Swap	3.533	16,000,000	16,000,000
Other Loans	variable	13,075,000	2,636,996
Capital Leases	6.45	22,597	16,124

In a prior year, Hawkins County entered into a loan agreement with the Sevier County Public Building Authority. Under this loan agreement, the authority loaned \$16,000,000 to Hawkins County for various renovation and construction projects for the county and the discretely presented Hawkins County School Department. Also, in a prior year, Hawkins County entered into a loan agreement with the Blount County Public Building Authority. This loan agreement provided for the authority to make \$13,075,000 available for loan to Hawkins County on an as-needed basis for various renovation and construction projects for the county and the discretely presented Hawkins County School Department. As of June 30, 2007, Hawkins County had borrowed \$2,711,996 of the Blount County Public Building Authority loan. The balance of \$10,363,004 remains available for future draws under the loan agreement. In addition to interest, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans. The following table summarizes the loan agreements outstanding at June 30, 2007, including interest rates and other fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-07	Interest Type	Interest Rate as of 6-30-07	Other Fees on Variable Rate Debt
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Sevier County Public

Building Authority

Series V-B-1	\$ 16,000,000	\$ 16,000,000	Variable fixed - by Swap	3.794 %	0.453 %
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Blount County Public

Building Authority

Series D-5-D	4,175,000	1,498,932 (1)	variable	3.81	0.43
Series D-7-B	8,900,000	1,138,064 (2)	variable	3.81	0.45

(1) \$2,676,068 remains available for future draws under this agreement at June 30, 2007.

(2) \$7,686,936 remains available for future draws under this agreement at June 30, 2007.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2007, including interest payments and other loan fees, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2008	\$ 740,000	\$ 515,181	\$ 942,192	\$ 92,561
2009	775,000	481,881	651,192	60,075
2010	800,000	450,881	497,594	40,435
2011	830,000	416,881	415,000	22,938
2012	865,000	381,606	250,000	7,775
2013-2017	4,950,000	1,282,893	0	0
2018-2019	2,325,000	172,913	0	0
Total	\$ 11,285,000	\$ 3,702,236	\$ 2,755,978	\$ 223,784

Year Ending June 30	Other Loans (\$16,000,000)			Total
	Principal	Interest	Other Fees	
2008	\$ 0	\$ 607,040	\$ 72,556	\$ 679,596
2009	0	607,040	72,556	679,596
2010	0	607,040	72,556	679,596
2011	0	607,040	72,556	679,596
2012	0	607,040	72,556	679,596
2013-2017	0	3,035,200	362,778	3,397,978
2018-2022	4,000,000	2,888,183	345,206	7,233,389
2023-2027	8,150,000	1,688,330	201,795	10,040,125
2028-2029	3,850,000	221,001	26,415	4,097,416
Total	\$ 16,000,000	\$ 10,867,914	\$ 1,298,974	\$ 28,166,888

Year Ending June 30	Other Loans (\$4,175,000)			Total
	Principal	Interest	Other Fees	
2008	\$ 0	\$ 57,109	\$ 17,963	\$ 75,072
2009	0	57,109	17,963	75,072
2010	0	57,109	17,963	75,072
2011	0	57,109	17,963	75,072
2012	0	57,109	17,963	75,072
2013-2017	0	285,547	89,815	375,362
2018-2022	0	285,547	89,815	375,362
2023-2027	0	285,547	89,815	375,362
2028-2032	1,125,000	268,402	84,422	1,477,824
2033-2036	373,932	14,247	4,481	392,660
Total	\$ 1,498,932	\$ 1,424,835	\$ 448,163	\$ 3,371,930

Year Ending June 30	Other Loans (\$8,900,000)			Total
	Principal	Interest	Other Fees	
2008	\$ 100,000	\$ 43,360	\$ 39,617	\$ 182,977
2009	374,000	39,550	36,136	449,686
2010	274,064	25,301	23,117	322,482
2011	65,000	14,859	13,576	93,435
2012	65,000	12,383	11,314	88,697
2013-2016	260,000	24,765	22,626	307,391
Total	\$ 1,138,064	\$ 160,218	\$ 146,386	\$ 1,444,668

There is \$9,426,340 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$211, based on the 2000 federal census. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$610, based on the 2000 federal census.

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee, at the request of the county, entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series V-B-1.

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 \$16 million Series V-B-1 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.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.5325 percent and receives a variable payment computed as 59 percent of the one-month London Interbank Offered Rate (LIBOR) plus 35 basis points. The swap has a notional amount of \$16 million and the associated variable-rate bond has a \$16 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series V-B-1 Bonds. The bonds' variable rates have historically approximated the Bond Market Association Municipal Index™ (BMA). The bonds and the related swap agreement mature on June 1, 2029. As of June 30, 2007, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	3.533 %
Variable payment from counterparty	59% of LIBOR+ 0.35%	<u>-3.489</u>
Net interest rate swap payments		0.044 %
Variable-rate bond coupon payments		<u>3.750</u>
Synthetic interest rate on bonds		<u><u>3.794 %</u></u>

Fair value. As of June 30, 2007, the swap had a negative fair value of \$98,326. 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, 2007, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. To mitigate the potential

for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, who was rated AAA by Standard and Poor’s and Fitch and Aaa by Moody’s Investor Service as of June 30, 2007. If Ambac’s credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

Basis risk. As noted above, the swap exposes the county to basis risk if BMA increases to above 59 percent of LIBOR plus 35 basis points, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 59 percent of LIBOR plus 35 basis points, then the synthetic rate on the bonds will decrease.

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

Swap payments and associated debt. As of June 30, 2007, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term as indicated in the chart below. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2008	\$ 0	\$ 600,000	\$ 7,040	\$ 607,040
2009	0	600,000	7,040	607,040
2010	0	600,000	7,040	607,040
2011	0	600,000	7,040	607,040
2012	0	600,000	7,040	607,040
2013-2017	0	3,000,000	35,200	3,035,200
2018-2022	4,000,000	2,854,688	33,495	6,888,183
2023-2027	8,150,000	1,668,750	19,580	9,838,330
2028-2029	3,850,000	218,438	2,563	4,071,001
Total	\$ 16,000,000	\$ 10,741,876	\$ 126,038	\$ 26,867,914

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

Governmental Activities:

	Bonds	Notes	Capital Leases
Balance, July 1, 2006	\$ 12,000,000	\$ 3,713,170	\$ 156,856
Deductions	(715,000)	(957,192)	(140,732)
Balance, June 30, 2007	<u>\$ 11,285,000</u>	<u>\$ 2,755,978</u>	<u>\$ 16,124</u>
Balance Due Within One Year	<u>\$ 740,000</u>	<u>\$ 942,192</u>	<u>\$ 4,358</u>
		Other Loans	Compensated Absences
Balance, July 1, 2006		\$ 17,912,996	\$ 422,617
Additions		799,000	492,712
Deductions		(75,000)	(481,684)
Balance, June 30, 2007		<u>\$ 18,636,996</u>	<u>\$ 433,645</u>
Balance Due Within One Year		<u>\$ 100,000</u>	<u>\$ 325,233</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 33,127,743
Less: Balance Due Within One Year	(2,110,891)
Less: Deferred Discount on Refunding	<u>(892)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 31,015,960</u>

Compensated absences payable will be paid from the employing funds, primarily the General Fund and the Highway/Public Works Fund. The amount shown for Balance, July 1, 2006, for compensated absences has been adjusted by \$63,552 from amounts shown in the prior year's financial statements. Amounts reflected in the prior year did not include all compensatory time.

Discretely Presented Hawkins County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Hawkins County School Department for the year ended June 30, 2007, was as follows:

Governmental Activities:	Capital Leases	Compensated Absences
	<u> </u>	<u> </u>
Balance, July 1, 2006	\$ 519,059	\$ 1,178,191
Additions	0	290,062
Deductions	<u>(159,530)</u>	<u>(321,729)</u>
Balance, June 30, 2007	<u>\$ 359,529</u>	<u>\$ 1,146,524</u>
Balance Due Within One Year	<u>\$ 154,595</u>	<u>\$ 334,831</u>
	<u>Termination Benefits</u>	
Balance, July 1, 2006	\$ 515,401	
Additions	315,291	
Deductions	<u>(149,781)</u>	
Balance, June 30, 2007	<u>\$ 680,911</u>	
Balance Due Within One Year	<u>\$ 165,510</u>	

Compensated absences will be retired from the employing funds.

In addition to the long-term liabilities shown above, Hawkins County, the primary government, has issued capital outlay notes and other loans to provide funds for the School Department to purchase school buses. The School Department provides funds to retire these debt issues; however, the capital outlay notes and other loans are direct obligations of, and pledge the full faith and credit of, the primary government. Therefore, the notes and other loans are reported as long-term debt of the primary government. The repayment of the debt by the School Department is reflected as a contribution in the School Transportation Fund. For the year ended June 30, 2007, the School Transportation Fund paid \$241,682 on the debt, which consisted of principal (\$201,200), interest (\$40,026), and other charges (\$456). As of June 30, 2007, the balance remaining on the notes and other loans that the School Department plans to retire was \$1,464,000.

G. Internal Financing

In-lieu-of issuing debt with financial institutions, Hawkins County chose to internally finance various projects with idle county funds. The debt was issued from the General Debt Service Fund to the Special Debt Service Fund and will be repaid from the Special Debt Service Fund. The proceeds were then transferred from the Special Debt Service Fund to the Highway Capital Projects Fund. A Due From Other Funds is reflected in the General Debt Service Fund and a Due to Other Funds is reflected in the Special Debt Service Fund.

Internally financed debt is reflected below:

Description	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
Various Projects	\$ 550,000	4 %	6-1-07	6-1-10

Description	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
Various Projects	\$ 0	\$ 550,000	\$ 0	\$ 550,000
Total	\$ 0	\$ 550,000	\$ 0	\$ 550,000

H. Short-term Debt

Hawkins County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund. These notes were necessary because the cash balance was not sufficient to meet current operations. Short-term debt activity for the year ended June 30, 2007, was as follows:

	Balance 7-1-06	Issued	Redeemed	Balance 6-30-07
Tax Anticipation Notes	\$ 0	\$ 1,000,000	\$ 1,000,000	\$ 0

V. OTHER INFORMATION

A. Risk Management

Primary Government

The county is exposed to various risks related to general liability, property, casualty, workers' compensation, health, and accident. The county participates in the Local Government Property and Casualty Fund, the Local Government Workers' Compensation Fund, and the Local Government Group Insurance Program, which are public entity risk pools established to provide insurance coverage to member counties, instead of purchasing commercial insurance for these risks. The county pays monthly or annual premiums to these pools for its insurance coverage. The creation of these pools provides for them to be self-sustaining through member premiums.

Discretely Presented Hawkins County School Department

The School Department is exposed to various risks related to general liability, property, casualty, workers' compensation, and employee health and accident. The School Department decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability, property, casualty, and workers' compensation coverage. The School Department joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by an association of member school districts. The Hawkins County School Department pays annual premiums to the TSB-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TSB-RMT provides for it to be self-sustaining through member premiums.

The School Department joined the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that were established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, Tennessee Code Annotated, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

B. Accounting Change

At the beginning of the year, Hawkins County implemented the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for

State and Local Governments. In the prior year, Hawkins County had elected to implement only the provisions of Statement 34 that related to the fund financial statements.

C. Subsequent Event

Edmund Armstrong resigned as director of schools on June 30, 2007, and was succeeded by Charlotte Britton effective July 1, 2007.

D. Contingent Liabilities

Hawkins County and several other Tennessee counties have been named as defendants in a lawsuit demanding compliance with requirements of the Americans with Disabilities Acts (ADA). This lawsuit applies to the Hawkins County Courthouse. Hawkins County has reached a settlement agreement with the defendant that requires the county to complete alterations to the Hawkins County Courthouse within five years of the effective date of the agreement (February 23, 2010). Hawkins County issued debt to complete the alterations to the courthouse as required by the agreement.

The county is involved in several other pending lawsuits. The county attorney estimates that the potential claims not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

E. Changes in Administration

On August 31, 2006, Ben Jones left the Office of Road Superintendent and was succeeded by Lowell Bean, and Warren Rimer left the Office of Sheriff and was succeeded by Roger Christian.

F. Joint Ventures

The Hawkins County Library System (formerly the H.B. Stamps Memorial Library) is funded by joint contributions from Hawkins County and the towns of Rogersville, Church Hill, and Mount Carmel. The Hawkins County Library System is managed by a seven-member board, of whom three are appointed by the Hawkins County Commission, three are appointed by the respective towns, and one member-at-large is jointly appointed. Hawkins County contributed \$99,000 to the operations of the library during the year ended June 30, 2007.

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. Hawkins County made no contributions to the DTF for the year ended June 30, 2007.

The Upper East Tennessee Juvenile Detention Center was formed through a cooperative agreement between Hawkins County and the counties of Carter, Greene, Johnson, Sullivan, Unicoi, and Washington for the operation of a program to divert youth from commitment to the Department of Correction's facilities. The program is governed by a board of directors designated by the counties. The board of directors has contracted with Universal Health Services, Inc., to undertake the management of this program. Operation costs to the counties are allocated according to percentages based on population. Hawkins County's participation cost percentage is 11.4 percent. The county also pays a daily fee for each individual from their county using the facility.

Hawkins County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for these joint ventures can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Hawkins County Library System
407 East Main Street
Rogersville, TN 37857

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

Upper East Tennessee Regional
Juvenile Detention Center
307 Wesley Street
Johnson City, TN 37601

G. Jointly Governed Organization

Primary Government

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of Tennessee Code Annotated and includes the counties of Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, Washington, and Unicoi. The purpose of the authority is to establish and operate a market for agricultural products of the region through a food distribution center. The authority is governed by a board of directors consisting of the county mayors of each county or the county mayor's designee and one nonvoting member representing each of the

following: the Tennessee Department of Agriculture and the University of Tennessee's Agriculture Extension Service. An executive committee, consisting of the chairman, vice chairman, secretary, and treasurer of the board of directors, along with the center's manager as an ex officio member, is in charge of the daily operation of the center.

Discretely Presented Hawkins County School Department

The Upper East Tennessee Educational Cooperative was established through a contractual agreement between the Boards of Education of Hawkins County, Bristol City, Carter County, Coker County, Elizabethton City, Greeneville City, Greene County, Hamblen County, Hancock County, Johnson City, Johnson County, Kingsport City, Newport City, Rogersville City, Sullivan County, Unicoi County, and Washington County. The cooperative was authorized through Chapter 49 of Tennessee Code Annotated. The cooperative was established to provide the First Tennessee Virginia Development District with educational programs and services of higher quality, greater scope, and greater accessibility. The cooperative is governed by a Board of Control, consisting of one board member and the director of schools from each of the systems. The Executive Committee consists of the chairman and vice chairman of the Board of Control and the member directors. Funding for the cooperative is provided through state grants and member schools' contributions.

The Upper East Tennessee Educational Cooperative entered into an agreement to establish and operate the Northeast Tennessee Cooperative. The Northeast Tennessee Cooperative 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 operate this service. All members of the Upper East Tennessee Cooperative are members of the Northeast Tennessee Cooperative except Elizabethton City, Hancock County, Kingsport City, Unicoi County and Washington County systems. The cooperative is governed by a Representative Committee, comprising one representative from each of the member districts and an Executive Council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the Representative Committee.

H. Retirement Commitments

Employees

Plan Description

Employees of Hawkins County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability

benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Hawkins County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Hawkins County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2007, was 8.45 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Hawkins County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2007, Hawkins County's annual pension cost of \$1,029,065 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period.

Hawkins County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 12 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$1,029,065	100%	\$0
6-30-06	819,930	100	0
6-30-05	800,560	100	0

School Teachers

Plan Description

The Hawkins County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew

Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Hawkins County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2007, was 6.13 percent of annual covered payroll. The employer contribution requirement for the Hawkins County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2007, 2006, and 2005, were \$1,557,713, \$1,348,115, and \$1,308,208, respectively, equal to the required contributions for each year.

I. Other Post-employment Benefits

Primary Government

In addition to the retirement commitments described above, Hawkins County provides post-retirement health care benefits to general government employees who retire from the county and who meet at least one of the eligibility requirements as set forth by the Local Government Group Insurance Program for Local Government Employees. Currently, eight retirees meet those eligibility requirements. The county pays 65 percent of medical premiums for the retirees until age 65 or until such time as they become Medicare-eligible. Expenditures for post-retirement health care benefits are recognized as premiums are paid. During the year, expenditures totaling \$47,109 (General Fund) and \$2,489 (Highway/Public Works Fund) were recognized for post-employment health care.

Discretely Presented Hawkins County School Department

In addition to the retirement commitments described above, the School Department also provides post-retirement health care benefits, in accordance with contract provisions, to employees who retire with a minimum of 30 years of service or 60 years of age. Currently, 68 retirees meet these eligibility requirements. The benefits are provided until the retiree is eligible to receive Medicare. In the event of the death of a retired employee, the School Department agrees to continue payment for the current health insurance benefits to the surviving spouse until the spouse is eligible to receive Medicare. The School Department reimburses 76 percent of the health insurance premiums. In addition, the School Department pays 100 percent of the premiums for life insurance. During the year, expenditures were recognized for post-employment health care (\$217,983) and life insurance benefits (\$21,514).

J. Termination Benefits

The discretely presented Hawkins County School Department offers a voluntary termination benefits plan to its employees. To be eligible, employees must have 30 years of credible service in the Tennessee Consolidated Retirement System and no less than ten years of service with the Hawkins County School System. Under the plan, employees who accept the benefit shall receive an annual amount equal to a minimum of ten percent of their total compensation based on the highest annual salary of their last three years of employment. Benefits shall begin in July following retirement and continue until they reach the age of 62, or for a maximum of seven years, whichever is less. In the event the employee should die during the term of the agreement, the designated beneficiary shall continue to receive the payments for the remainder of the fiscal year of the employee's death. During the year, 32 employees participated in the program. The estimated cost of the cash payments, reported in the government-wide statement of net assets, by function, is \$632,523. The School Department determined this liability by calculating the total cash payments due over the next seven years. Of the amount reported in the government-wide statement of net assets, \$211,019 is reflected as a current liability in the governmental funds.

K. Purchasing Law

Purchasing procedures for all departments of Hawkins County, including the discretely presented Hawkins County School Department, are governed by provisions of Chapter 256, Private Acts of 1957, as amended. These acts provide for the county mayor to make all purchases and for purchases exceeding \$10,000 (\$2,500 from July 1, 2006, through March 6, 2007; \$5,000 from March 7, 2007, through May 9, 2007; and \$10,000 effective May 10, 2007) to be made after public advertisement and solicitation of competitive bids.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Hawkins County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Fund
 For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 7,518,826	\$ 0	\$ 0	\$ 7,518,826	\$ 7,439,085	\$ 7,439,085	\$ 79,741
Licenses and Permits	22,037	0	0	22,037	26,000	26,000	(3,963)
Fines, Forfeitures, and Penalties	225,238	0	0	225,238	260,150	260,150	(34,912)
Charges for Current Services	94,850	0	0	94,850	104,100	104,100	(9,250)
Other Local Revenues	32,240	0	0	32,240	4,000	10,200	22,040
Fees Received from County Officials	2,044,281	0	0	2,044,281	1,848,000	1,848,000	196,281
State of Tennessee	804,994	0	0	804,994	971,046	986,046	(181,052)
Federal Government	588,136	0	0	588,136	727,804	768,730	(180,594)
Other Governments and Citizens Groups	31,344	0	0	31,344	30,158	30,158	1,186
Total Revenues	\$ 11,361,946	\$ 0	\$ 0	\$ 11,361,946	\$ 11,410,343	\$ 11,472,469	\$ (110,523)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 70,927	\$ 0	\$ 0	\$ 70,927	\$ 95,760	\$ 89,760	\$ 18,833
Board of Equalization	4,389	0	0	4,389	4,825	4,825	436
Beer Board	945	0	0	945	2,865	2,865	1,920
Budget and Finance Committee	4,319	0	0	4,319	5,030	5,030	711
County Mayor/Executive	347,101	(6,920)	8,254	348,435	348,051	355,251	6,816
County Attorney	37,277	0	0	37,277	38,249	38,249	972
Election Commission	585,159	(236,558)	4,445	353,046	375,965	358,147	5,101
Register of Deeds	238,911	(1,810)	3,596	240,697	248,167	249,767	9,070
Planning	13,890	0	0	13,890	16,450	16,450	2,560
County Buildings	354,824	(44,005)	12,660	323,479	437,956	419,175	95,696
Other General Administration	371,970	(3,114)	8,343	377,199	413,349	392,899	15,700
Preservation of Records	4,568	0	0	4,568	4,540	6,600	2,032
<u>Finance</u>							
Property Assessor's Office	343,789	(48)	3,842	347,583	349,687	351,687	4,104

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Reappraisal Program	\$ 139,327	\$ 0	\$ 0	\$ 139,327	\$ 145,554	\$ 143,554	\$ 4,227
County Trustee's Office	222,823	0	0	222,823	226,685	227,420	4,597
County Clerk's Office	558,463	(5,485)	4,703	557,681	583,305	583,305	25,624
<u>Administration of Justice</u>							
Circuit Court Clerk	434,674	(948)	152	433,878	444,063	449,213	15,335
Criminal Court	11,368	0	0	11,368	10,000	13,000	1,632
General Sessions Court	253,226	(426)	32	252,832	253,476	254,901	2,069
Chancery Court	52,366	(955)	434	51,845	68,123	68,123	16,278
Juvenile Court	113,553	0	0	113,553	122,793	122,793	9,240
<u>Public Safety</u>							
Sheriff's Department	2,115,894	(80)	2,611	2,118,425	2,343,779	2,198,335	79,910
Drug Enforcement	7,538	0	0	7,538	7,728	7,728	190
Jail	1,021,613	(11,580)	13,763	1,023,796	1,181,216	1,196,513	172,717
Juvenile Services	155,942	(4,921)	3,828	154,849	190,636	196,758	41,909
Fire Prevention and Control	195,000	0	0	195,000	195,000	195,000	0
Rescue Squad	100,000	0	0	100,000	100,000	100,000	0
Other Emergency Management	328,008	(156)	8,674	336,526	428,080	418,585	82,059
County Coroner/Medical Examiner	49,690	0	3,145	52,835	58,540	58,540	5,705
Other Public Safety	67,170	0	109	67,279	75,914	75,914	8,635
<u>Public Health and Welfare</u>							
Local Health Center	294,479	(18,062)	9,484	285,901	307,274	307,274	21,373
Ambulance/Emergency Medical Services	60,000	0	0	60,000	60,000	60,000	0
Dental Health Program	24,046	0	3,521	27,567	15,000	28,000	433
Other Local Health Services	280,057	0	0	280,057	409,000	409,000	128,943
Aid to Dependent Children	5,996	0	0	5,996	6,500	6,500	504

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	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	\$ 2,000	\$ 0	\$ 0	\$ 2,000	\$ 2,000	\$ 2,000	\$ 0
Senior Citizens Assistance	225,354	0	80	225,434	234,827	239,376	13,942
Libraries	99,000	0	0	99,000	99,000	99,000	0
Parks and Fair Boards	96,002	0	1,100	97,102	136,839	139,255	42,153
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	78,932	0	0	78,932	84,349	84,399	5,467
Forest Service	1,500	0	0	1,500	1,500	1,500	0
Soil Conservation	42,334	0	0	42,334	36,300	42,800	466
Flood Control	0	0	0	0	5,000	0	0
Storm Water Management	7,709	0	16,000	23,709	13,105	24,105	396
<u>Other Operations</u>							
Tourism	1,500	0	0	1,500	1,500	1,500	0
Industrial Development	275,765	(2,089)	3,519	277,195	287,132	294,422	17,227
Airport	7,582	(4,565)	4,530	7,547	48,911	48,911	41,364
Veterans' Services	64,796	(48)	48	64,796	75,365	82,632	17,836
Contributions to Other Agencies	27,500	0	0	27,500	27,500	27,500	0
Employee Benefits	47,100	0	0	47,100	67,525	53,215	6,115
Miscellaneous	226,805	(3,921)	5,871	228,755	245,091	272,591	43,836
<u>Highways</u>							
Litter and Trash Collection	38,147	0	0	38,147	39,115	39,115	968
<u>Principal on Debt</u>							
General Government	160,732	0	0	160,732	0	160,732	0
<u>Interest on Debt</u>							
General Government	24,661	0	0	24,661	0	25,496	835
Total Expenditures	\$ 10,296,721	\$ (345,691)	\$ 122,744	\$ 10,073,774	\$ 10,978,619	\$ 11,049,710	\$ 975,936

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,065,225	\$ 345,691	\$ (122,744)	\$ 1,288,172	\$ 431,724	\$ 422,759	\$ 865,413
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (930,000)	\$ 0	\$ 0	\$ (930,000)	\$ (930,000)	\$ (930,000)	\$ 0
Total Other Financing Sources (Uses)	\$ (930,000)	\$ 0	\$ 0	\$ (930,000)	\$ (930,000)	\$ (930,000)	\$ 0
Net Change in Fund Balance	\$ 135,225	\$ 345,691	\$ (122,744)	\$ 358,172	\$ (498,276)	\$ (507,241)	\$ 865,413
Fund Balance, July 1, 2006	1,604,979	(345,691)	0	1,259,288	1,258,989	1,258,989	299
Fund Balance, June 30, 2007	\$ 1,740,204	\$ 0	\$ (122,744)	\$ 1,617,460	\$ 760,713	\$ 751,748	\$ 865,712

Exhibit E-2

Hawkins 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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,342,206	\$ 0	\$ 0	\$ 1,342,206	\$ 1,325,472	\$ 1,325,472	\$ 16,734
Other Local Revenues	5,108	0	0	5,108	3,400	3,400	1,708
State of Tennessee	2,169,347	0	0	2,169,347	2,354,633	2,354,633	(185,286)
Total Revenues	\$ 3,516,661	\$ 0	\$ 0	\$ 3,516,661	\$ 3,683,505	\$ 3,683,505	\$ (166,844)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 156,546	\$ (1,700)	\$ 0	\$ 154,846	\$ 159,802	\$ 161,417	\$ 6,571
Highway and Bridge Maintenance	1,656,938	0	3,150	1,660,088	2,223,400	2,211,255	551,167
Operation and Maintenance of Equipment	383,525	0	672	384,197	500,028	503,058	118,861
Other Charges	134,483	(1,200)	80	133,363	146,000	146,000	12,637
Employee Benefits	255,303	0	0	255,303	292,400	292,400	37,097
Capital Outlay	215,617	(19,400)	350,418	546,635	617,988	644,888	98,253
Total Expenditures	\$ 2,802,412	\$ (22,300)	\$ 354,320	\$ 3,134,432	\$ 3,939,618	\$ 3,959,018	\$ 824,586
Excess (Deficiency) of Revenues Over Expenditures	\$ 714,249	\$ 22,300	\$ (354,320)	\$ 382,229	\$ (256,113)	\$ (275,513)	\$ 657,742
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (212,782)	\$ 0	\$ 0	\$ (212,782)	\$ (213,000)	\$ (213,000)	\$ 218
Total Other Financing Sources (Uses)	\$ (212,782)	\$ 0	\$ 0	\$ (212,782)	\$ (213,000)	\$ (213,000)	\$ 218
Net Change in Fund Balance	\$ 501,467	\$ 22,300	\$ (354,320)	\$ 169,447	\$ (469,113)	\$ (488,513)	\$ 657,960
Fund Balance, July 1, 2006	900,632	(22,300)	0	878,332	878,335	878,335	(3)
Fund Balance, June 30, 2007	\$ 1,402,099	\$ 0	\$ (354,320)	\$ 1,047,779	\$ 409,222	\$ 389,822	\$ 657,957

Exhibit E-3

Hawkins County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2007

Required Supplementary Information
 Schedule of Funding Progress for Hawkins County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	\$ 30,088	\$ 30,832	\$ 744	97.59 %	\$ 11,614	6.41 %
6-30-03	27,077	27,894	817	97.07	11,146	7.33
6-30-01	24,491	25,428	937	96.32	10,025	9.35

HAWKINS COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2007

BUDGETARY INFORMATION

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 Hawkins 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 State 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, Beer Board, Budget and Finance Committee, etc.). Management may make revisions within major categories, but only the Hawkins County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions involving solid waste collection.

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 transactions of the fee and commission accounts of the trustee, clerks, register, and sheriff. Revenues from fees and commissions earned by these officials are remitted to the county's General Fund.

Debt Service Fund

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

Special Debt Service Fund – The Special Debt Service Fund is used to account for the accumulation of resources for, and the payment of, the Highway Department's long-term debt principal, interest, and related costs.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital projects.

General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county and the issuance of debt on behalf of the Hawkins County School Department.

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for grants to fund infrastructure improvements and capital expansions of local industries.

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

Exhibit F-1

Hawkins County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007

	Special Revenue Funds				Debt Service
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Special Debt Service
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 106,685	\$ 106,685	\$ 0
Equity in Pooled Cash and Investments	51,369	141,589	0	192,958	1,359,831
Accounts Receivable	8,735	0	0	8,735	0
Due from Other Governments	4,199	0	0	4,199	0
Due from Other Funds	42,574	0	0	42,574	36,102
Total Assets	\$ 106,877	\$ 141,589	\$ 106,685	\$ 355,151	\$ 1,395,933
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 35,711	\$ 0	\$ 0	\$ 35,711	\$ 0
Due to Other Funds	0	4,879	23,940	28,819	550,000
Other Deferred Revenues	1,050	0	0	1,050	0
Total Liabilities	\$ 36,761	\$ 4,879	\$ 23,940	\$ 65,580	\$ 550,000
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 2,932	\$ 0	\$ 0	\$ 2,932	\$ 0
Reserved for Capital Outlay	0	0	0	0	0
Unreserved (Deficit)	67,184	136,710	82,745	286,639	845,933
Total Fund Balances	\$ 70,116	\$ 136,710	\$ 82,745	\$ 289,571	\$ 845,933
Total Liabilities and Fund Balances	\$ 106,877	\$ 141,589	\$ 106,685	\$ 355,151	\$ 1,395,933

(Continued)

Exhibit F-1

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

	<u>Capital Projects Funds</u>				Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	Highway Capital Projects	Total	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 106,685
Equity in Pooled Cash and Investments	100,639	0	248,852	349,491	1,902,280
Accounts Receivable	1,200	0	0	1,200	9,935
Due from Other Governments	0	86,334	0	86,334	90,533
Due from Other Funds	0	0	0	0	78,676
Total Assets	<u>\$ 101,839</u>	<u>\$ 86,334</u>	<u>\$ 248,852</u>	<u>\$ 437,025</u>	<u>\$ 2,188,109</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 86,334	\$ 0	\$ 86,334	\$ 122,045
Due to Other Funds	0	0	0	0	578,819
Other Deferred Revenues	0	0	0	0	1,050
Total Liabilities	<u>\$ 0</u>	<u>\$ 86,334</u>	<u>\$ 0</u>	<u>\$ 86,334</u>	<u>\$ 701,914</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 308,846	\$ 29,730	\$ 68,468	\$ 407,044	\$ 409,976
Reserved for Capital Outlay	0	0	180,384	180,384	180,384
Unreserved (Deficit)	(207,007)	(29,730)	0	(236,737)	895,835
Total Fund Balances	<u>\$ 101,839</u>	<u>\$ 0</u>	<u>\$ 248,852</u>	<u>\$ 350,691</u>	<u>\$ 1,486,195</u>
Total Liabilities and Fund Balances	<u>\$ 101,839</u>	<u>\$ 86,334</u>	<u>\$ 248,852</u>	<u>\$ 437,025</u>	<u>\$ 2,188,109</u>

Exhibit F-2

Hawkins County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2007

	Special Revenue Funds				Debt Service Fund
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	Special Debt Service
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 335,374
Fines, Forfeitures, and Penalties	0	87,963	0	87,963	0
Charges for Current Services	1,441	0	196,122	197,563	0
Other Local Revenues	66,806	0	0	66,806	0
State of Tennessee	56,169	0	0	56,169	0
Federal Government	0	1,696	0	1,696	0
Total Revenues	<u>\$ 124,416</u>	<u>\$ 89,659</u>	<u>\$ 196,122</u>	<u>\$ 410,197</u>	<u>\$ 335,374</u>
<u>Expenditures</u>					
Current:					
Administration of Justice	\$ 0	\$ 0	\$ 145,936	\$ 145,936	\$ 0
Public Safety	0	72,544	190	72,734	0
Public Health and Welfare	1,105,862	0	0	1,105,862	0
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal on Debt	0	0	0	0	472,000
Interest on Debt	0	0	0	0	68,053
Other Debt Service	0	0	0	0	4,116
Capital Projects	0	0	0	0	0
Total Expenditures	<u>\$ 1,105,862</u>	<u>\$ 72,544</u>	<u>\$ 146,126</u>	<u>\$ 1,324,532</u>	<u>\$ 544,169</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (981,446)</u>	<u>\$ 17,115</u>	<u>\$ 49,996</u>	<u>\$ (914,335)</u>	<u>\$ (208,795)</u>
<u>Other Financing Sources (Uses)</u>					
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	930,000	0	0	930,000	212,782
Transfers Out	0	0	0	0	(550,000)
Total Other Financing Sources (Uses)	<u>\$ 930,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 930,000</u>	<u>\$ (337,218)</u>
Net Change in Fund Balances	\$ (51,446)	\$ 17,115	\$ 49,996	\$ 15,665	\$ (546,013)
Fund Balance, July 1, 2006	121,562	119,595	32,749	273,906	1,391,946
Fund Balance, June 30, 2007	<u>\$ 70,116</u>	<u>\$ 136,710</u>	<u>\$ 82,745</u>	<u>\$ 289,571</u>	<u>\$ 845,933</u>

(Continued)

Exhibit F-2

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

	Capital Projects Funds				Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	Highway Capital Projects	Total	
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 335,374
Fines, Forfeitures, and Penalties	0	0	0	0	87,963
Charges for Current Services	0	0	0	0	197,563
Other Local Revenues	0	0	0	0	66,806
State of Tennessee	0	0	0	0	56,169
Federal Government	0	193,815	0	193,815	195,511
Total Revenues	\$ 0	\$ 193,815	\$ 0	\$ 193,815	\$ 939,386
<u>Expenditures</u>					
Current:					
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 0	\$ 145,936
Public Safety	0	0	0	0	72,734
Public Health and Welfare	0	0	0	0	1,105,862
Capital Outlay	499,000	0	0	499,000	499,000
Debt Service:					
Principal on Debt	0	0	0	0	472,000
Interest on Debt	0	0	0	0	68,053
Other Debt Service	0	0	0	0	4,116
Capital Projects	374,723	223,515	301,148	899,386	899,386
Total Expenditures	\$ 873,723	\$ 223,515	\$ 301,148	\$ 1,398,386	\$ 3,267,087
Excess (Deficiency) of Revenues Over Expenditures					
	\$ (873,723)	\$ (29,700)	\$ (301,148)	\$ (1,204,571)	\$ (2,327,701)
<u>Other Financing Sources (Uses)</u>					
Other Loans Issued	\$ 799,000	\$ 0	\$ 0	\$ 799,000	\$ 799,000
Transfers In	0	0	550,000	550,000	1,692,782
Transfers Out	0	0	0	0	(550,000)
Total Other Financing Sources (Uses)	\$ 799,000	\$ 0	\$ 550,000	\$ 1,349,000	\$ 1,941,782
Net Change in Fund Balances					
	\$ (74,723)	\$ (29,700)	\$ 248,852	\$ 144,429	\$ (385,919)
Fund Balance, July 1, 2006	176,562	29,700	0	206,262	1,872,114
Fund Balance, June 30, 2007	\$ 101,839	\$ 0	\$ 248,852	\$ 350,691	\$ 1,486,195

Exhibit F-3

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,441	\$ 0	\$ 0	\$ 1,441	\$ 500	\$ 500	\$ 941
Other Local Revenues	66,806	0	0	66,806	55,000	55,000	11,806
State of Tennessee	56,169	0	0	56,169	56,794	56,794	(625)
Total Revenues	\$ 124,416	\$ 0	\$ 0	\$ 124,416	\$ 112,294	\$ 112,294	\$ 12,122
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Management	\$ 7,716	\$ 0	\$ 0	\$ 7,716	\$ 8,836	\$ 8,836	\$ 1,120
Waste Pickup	249,341	(7,286)	0	242,055	261,000	260,402	18,347
Convenience Centers	271,330	(703)	0	270,627	287,987	287,185	16,558
Other Waste Collection	20,846	0	0	20,846	21,951	21,951	1,105
Recycling Center	117,968	0	0	117,968	122,824	124,224	6,256
Landfill Operation and Maintenance	418,479	0	0	418,479	418,500	418,500	21
Other Waste Disposal	20,182	(1,600)	2,932	21,514	20,794	20,794	(720)
Total Expenditures	\$ 1,105,862	\$ (9,589)	\$ 2,932	\$ 1,099,205	\$ 1,141,892	\$ 1,141,892	\$ 42,687
Excess (Deficiency) of Revenues Over Expenditures	\$ (981,446)	\$ 9,589	\$ (2,932)	\$ (974,789)	\$ (1,029,598)	\$ (1,029,598)	\$ 54,809
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 930,000	\$ 0	\$ 0	\$ 930,000	\$ 930,000	\$ 930,000	\$ 0
Total Other Financing Sources (Uses)	\$ 930,000	\$ 0	\$ 0	\$ 930,000	\$ 930,000	\$ 930,000	\$ 0

(Continued)

Exhibit F-3

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ (51,446)	\$ 9,589	\$ (2,932)	\$ (44,789)	\$ (99,598)	\$ (99,598)	\$ 54,809
Fund Balance, July 1, 2006	121,562	(9,589)	0	111,973	111,973	111,973	0
Fund Balance, June 30, 2007	\$ 70,116	\$ 0	\$ (2,932)	\$ 67,184	\$ 12,375	\$ 12,375	\$ 54,809

Exhibit F-4

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 87,963	\$ 75,000	\$ 75,000	\$ 12,963
Federal Government	1,696	0	0	1,696
Total Revenues	<u>\$ 89,659</u>	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 14,659</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 72,544	\$ 106,993	\$ 106,993	\$ 34,449
Total Expenditures	<u>\$ 72,544</u>	<u>\$ 106,993</u>	<u>\$ 106,993</u>	<u>\$ 34,449</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 17,115</u>	<u>\$ (31,993)</u>	<u>\$ (31,993)</u>	<u>\$ 49,108</u>
Net Change in Fund Balance	\$ 17,115	\$ (31,993)	\$ (31,993)	\$ 49,108
Fund Balance, July 1, 2006	119,595	119,594	119,594	1
Fund Balance, June 30, 2007	<u>\$ 136,710</u>	<u>\$ 87,601</u>	<u>\$ 87,601</u>	<u>\$ 49,109</u>

Exhibit F-5

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Special Debt Service Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 335,374	\$ 346,000	\$ 346,000	\$ (10,626)
Total Revenues	\$ 335,374	\$ 346,000	\$ 346,000	\$ (10,626)
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Highways and Streets	\$ 472,000	\$ 472,000	\$ 472,000	\$ 0
<u>Interest on Debt</u>				
Highways and Streets	68,053	68,054	68,054	1
<u>Other Debt Service</u>				
Highways and Streets	4,116	5,000	5,000	884
Total Expenditures	\$ 544,169	\$ 545,054	\$ 545,054	\$ 885
Excess (Deficiency) of Revenues Over Expenditures	\$ (208,795)	\$ (199,054)	\$ (199,054)	\$ (9,741)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 212,782	\$ 213,000	\$ 213,000	\$ (218)
Transfers Out	(550,000)	0	(550,000)	0
Total Other Financing Sources (Uses)	\$ (337,218)	\$ 213,000	\$ (337,000)	\$ (218)
Net Change in Fund Balance	\$ (546,013)	\$ 13,946	\$ (536,054)	\$ (9,959)
Fund Balance, July 1, 2006	1,391,946	1,391,945	1,391,945	1
Fund Balance, June 30, 2007	\$ 845,933	\$ 1,405,891	\$ 855,891	\$ (9,958)

Major Governmental Funds

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs.

General Debt Service Fund – The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs.

Education Debt Service Fund – The Education Debt Service Fund is used to account for the retirement of bonds, other loans, and most notes issued for the construction and renovations of the county's schools and the purchase of capital assets.

Exhibit G-1

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 752,802	\$ 698,020	\$ 698,020	\$ 54,782
Other Local Revenues	446,932	275,000	275,000	171,932
Total Revenues	<u>\$ 1,199,734</u>	<u>\$ 973,020</u>	<u>\$ 973,020</u>	<u>\$ 226,714</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 333,800	\$ 345,667	\$ 345,667	\$ 11,867
<u>Interest on Debt</u>				
General Government	69,978	689,470	689,470	619,492
<u>Other Debt Service</u>				
General Government	45,553	79,500	79,500	33,947
Total Expenditures	<u>\$ 449,331</u>	<u>\$ 1,114,637</u>	<u>\$ 1,114,637</u>	<u>\$ 665,306</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 750,403</u>	<u>\$ (141,617)</u>	<u>\$ (141,617)</u>	<u>\$ 892,020</u>
Net Change in Fund Balance	\$ 750,403	\$ (141,617)	\$ (141,617)	\$ 892,020
Fund Balance, July 1, 2006	<u>2,528,373</u>	<u>2,528,371</u>	<u>2,528,371</u>	<u>2</u>
Fund Balance, June 30, 2007	<u>\$ 3,278,776</u>	<u>\$ 2,386,754</u>	<u>\$ 2,386,754</u>	<u>\$ 892,022</u>

Exhibit G-2

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education Debt Service Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,010,292	\$ 1,993,744	\$ 1,993,744	\$ 16,548
Other Local Revenues	828,711	600,000	600,000	228,711
Other Governments and Citizens Groups	241,682	0	241,682	0
Total Revenues	<u>\$ 3,080,685</u>	<u>\$ 2,593,744</u>	<u>\$ 2,835,426</u>	<u>\$ 245,259</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 921,392	\$ 720,193	\$ 921,393	\$ 1
<u>Interest on Debt</u>				
Education	1,153,154	1,221,994	1,262,020	108,866
<u>Other Debt Service</u>				
Education	109,517	136,000	136,456	26,939
Total Expenditures	<u>\$ 2,184,063</u>	<u>\$ 2,078,187</u>	<u>\$ 2,319,869</u>	<u>\$ 135,806</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 896,622</u>	<u>\$ 515,557</u>	<u>\$ 515,557</u>	<u>\$ 381,065</u>
Net Change in Fund Balance	\$ 896,622	\$ 515,557	\$ 515,557	\$ 381,065
Fund Balance, July 1, 2006	4,955,009	4,955,009	4,955,009	0
Fund Balance, June 30, 2007	<u>\$ 5,851,631</u>	<u>\$ 5,470,566</u>	<u>\$ 5,470,566</u>	<u>\$ 381,065</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.

City School ADA - Rogersville Fund and City School ADA - Kingsport Fund – These two funds are used to account for the city school systems' shares of education revenues collected by the county that must be apportioned between the various school systems on an average daily attendance basis. These collections are remitted to the city school systems on a monthly basis.

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

Exhibit H-1

Hawkins County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2007

	Agency Funds				Total
	Cities - Sales Tax	City School ADA - Rogersville	City School ADA - Kingsport	Constitu- tional Officers - Agency	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 1,332,985	\$ 1,332,985
Equity in Pooled Cash and Investments	0	34,580	27,938	0	62,518
Accounts Receivable	0	0	0	1,692	1,692
Due from Other Governments	580,392	49,537	40,367	0	670,296
Property Taxes Receivable	0	625,812	510,251	0	1,136,063
Allowance for Uncollectible Property Taxes	0	(16,623)	(13,553)	0	(30,176)
Total Assets	<u>\$ 580,392</u>	<u>\$ 693,306</u>	<u>\$ 565,003</u>	<u>\$ 1,334,677</u>	<u>\$ 3,173,378</u>
<u>LIABILITIES</u>					
Due to Other Taxing Units	\$ 580,392	\$ 693,306	\$ 565,003	\$ 0	\$ 1,838,701
Due to Litigants, Heirs, and Others	0	0	0	1,334,677	1,334,677
Total Liabilities	<u>\$ 580,392</u>	<u>\$ 693,306</u>	<u>\$ 565,003</u>	<u>\$ 1,334,677</u>	<u>\$ 3,173,378</u>

Exhibit H-2

Hawkins County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,291,778	\$ 3,291,778	\$ 0
Due from Other Governments	491,019	580,392	491,019	580,392
Total Assets	\$ 491,019	\$ 3,872,170	\$ 3,782,797	\$ 580,392
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 491,019	\$ 3,872,170	\$ 3,782,797	\$ 580,392
Total Liabilities	\$ 491,019	\$ 3,872,170	\$ 3,782,797	\$ 580,392
<u>City School ADA - Rogersville Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 34,599	\$ 913,073	\$ 913,092	\$ 34,580
Due from Other Governments	46,746	49,537	46,746	49,537
Property Taxes Receivable	661,395	625,812	661,395	625,812
Allowance for Uncollectible Property Taxes	(30,408)	(16,623)	(30,408)	(16,623)
Total Assets	\$ 712,332	\$ 1,571,799	\$ 1,590,825	\$ 693,306
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 712,332	\$ 1,571,799	\$ 1,590,825	\$ 693,306
Total Liabilities	\$ 712,332	\$ 1,571,799	\$ 1,590,825	\$ 693,306
<u>City School ADA - Kingsport Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 25,391	\$ 743,163	\$ 740,616	\$ 27,938
Due from Other Governments	34,220	40,367	34,220	40,367
Property Taxes Receivable	483,904	510,251	483,904	510,251
Allowance for Uncollectible Property Taxes	(22,248)	(13,553)	(22,248)	(13,553)
Total Assets	\$ 521,267	\$ 1,280,228	\$ 1,236,492	\$ 565,003
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 521,267	\$ 1,280,228	\$ 1,236,492	\$ 565,003
Total Liabilities	\$ 521,267	\$ 1,280,228	\$ 1,236,492	\$ 565,003
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 5,692,982	\$ 11,066,049	\$ 15,426,046	\$ 1,332,985
Accounts Receivable	1,156	1,692	1,156	1,692
Total Assets	\$ 5,694,138	\$ 11,067,741	\$ 15,427,202	\$ 1,334,677

(Continued)

Exhibit H-2

Hawkins County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund (Cont.)</u>				
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 5,694,138	\$ 11,067,741	\$ 15,427,202	\$ 1,334,677
Total Liabilities	\$ 5,694,138	\$ 11,067,741	\$ 15,427,202	\$ 1,334,677
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 5,692,982	\$ 11,066,049	\$ 15,426,046	\$ 1,332,985
Equity in Pooled Cash and Investments	59,990	4,948,014	4,945,486	62,518
Account Receivable	1,156	1,692	1,156	1,692
Due from Other Governments	571,985	670,296	571,985	670,296
Property Taxes Receivable	1,145,299	1,136,063	1,145,299	1,136,063
Allowance for Uncollectible Property Taxes	(52,656)	(30,176)	(52,656)	(30,176)
Total Assets	\$ 7,418,756	\$ 17,791,938	\$ 22,037,316	\$ 3,173,378
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,724,618	\$ 6,724,197	\$ 6,610,114	\$ 1,838,701
Due to Litigants, Heirs, and Others	5,694,138	11,067,741	15,427,202	1,334,677
Total Liabilities	\$ 7,418,756	\$ 17,791,938	\$ 22,037,316	\$ 3,173,378

Hawkins County School Department

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

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

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

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

School Transportation Fund – The School Transportation Fund is used to account for transportation operations of the School Department.

Exhibit I-1

Hawkins County, Tennessee
Statement of Activities
Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets Total Governmental Activities
Governmental Activities:					
Instruction	\$ 33,672,842	\$ 0	\$ 4,056,927	\$ 0	\$ (29,615,915)
Support Services	16,484,911	432,425	126,115	499,000	(15,427,371)
Operation of Non-Instructional Services	3,627,046	1,240,286	2,219,318	0	(167,442)
Interest on Long-term Debt	25,331	0	0	0	(25,331)
Other Debt Service	241,682	0	0	0	(241,682)
Total Governmental Activities	\$ 54,051,812	\$ 1,672,711	\$ 6,402,360	\$ 499,000	\$ (45,477,741)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 7,517,616
Property Taxes Levied for Transportation					1,407,338
Local Option Sales Tax					3,577,991
Other Local Taxes					322,944
Grants and Contributions Not Restricted for Specific Programs					33,020,135
Unrestricted Investment Income					13,769
Miscellaneous					111,476
Insurance Recovery					13,009
Total General Revenues					\$ 45,984,278
Change in Net Assets					\$ 506,537
Net Assets, July 1, 2006					46,927,307
Net Assets, June 30, 2007					\$ 47,433,844

Exhibit I-2

Hawkins County, Tennessee
 Balance Sheet - Governmental Funds
 Discretely Presented Hawkins County School Department
 June 30, 2007

	Major Funds		Nonmajor	Total
	General Purpose School	School Transportation	Funds Other Governmental Funds	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 2,508	\$ 2,508
Equity in Pooled Cash and Investments	9,446,713	882,120	1,910,647	12,239,480
Accounts Receivable	2,008	1,756	0	3,764
Due from Other Governments	968,978	66,052	670,748	1,705,778
Due from Other Funds	7,201	0	0	7,201
Due from Primary Government	0	25,882	0	25,882
Property Taxes Receivable	7,753,315	1,453,072	0	9,206,387
Allowance for Uncollectible Property Taxes	(205,945)	(38,597)	0	(244,542)
Total Assets	\$ 17,972,270	\$ 2,390,285	\$ 2,583,903	\$ 22,946,458
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 27,910	\$ 312	\$ 21,989	\$ 50,211
Accrued Payroll	1,063	0	0	1,063
Cash Overdraft	0	0	269,297	269,297
Contracts Payable	69,317	0	0	69,317
Retainage Payable	9,831	0	0	9,831
Termination Benefits Payable - Current	211,019	0	0	211,019
Due to Other Funds	0	321	6,880	7,201
Other Current Liabilities	1,052,615	0	0	1,052,615
Deferred Revenue - Current Property Taxes	7,256,774	1,360,013	0	8,616,787
Deferred Revenue - Delinquent Property Taxes	262,422	49,182	0	311,604
Other Deferred Revenues	306,930	0	0	306,930
Total Liabilities	\$ 9,197,881	\$ 1,409,828	\$ 298,166	\$ 10,905,875
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 407,049	\$ 498,941	\$ 69,421	\$ 975,411
Reserved for Career Ladder - Extended Contract	11,958	0	0	11,958
Reserved for Career Ladder Program	18,665	0	0	18,665
Reserved for Title I Grants to Local Education Agencies	0	0	191,398	191,398
Reserved for Special Education - Grants to States	0	0	28,123	28,123
Unreserved, Reported In:				
General Fund	8,336,717	0	0	8,336,717
Special Revenue Funds	0	481,516	1,996,795	2,478,311
Total Fund Balances	\$ 8,774,389	\$ 980,457	\$ 2,285,737	\$ 12,040,583
Total Liabilities and Fund Balances	\$ 17,972,270	\$ 2,390,285	\$ 2,583,903	\$ 22,946,458

Hawkins County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Hawkins County School Department
June 30, 2007

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 12,040,583
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,335,307	
Add: construction in progress	395,527	
Add: building and improvements net of accumulated depreciation	33,019,081	
Add: other capital assets net of accumulated depreciation	<u>2,001,791</u>	36,751,706
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: capital leases payable	\$ (359,529)	
Less: accrued interest on capital leases	(1,034)	
Less: compensated absences payable	(1,146,524)	
Less: termination benefits payable - noncurrent portion	<u>(469,892)</u>	(1,976,979)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>618,534</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 47,433,844</u>

Exhibit I-4

Hawkins County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2007

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Other</u>	
	<u>Purpose</u>	<u>Transpor -</u>	<u>Govern-</u>	<u>Governmental</u>
	<u>School</u>	<u>tation</u>	<u>mental</u>	<u>Funds</u>
			<u>Funds</u>	<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 11,344,692	\$ 1,541,020	\$ 0	\$ 12,885,712
Licenses and Permits	4,041	0	0	4,041
Charges for Current Services	9,433	87,248	1,311,759	1,408,440
Other Local Revenues	137,804	264,391	69,214	471,409
State of Tennessee	31,728,928	821,681	40,653	32,591,262
Federal Government	506,657	0	5,983,222	6,489,879
Other Governments and Citizens Groups	0	499,000	0	499,000
Total Revenues	\$ 43,731,555	\$ 3,213,340	\$ 7,404,848	\$ 54,349,743
<u>Expenditures</u>				
Current:				
Instruction	\$ 28,627,692	\$ 0	\$ 3,232,416	\$ 31,860,108
Support Services	12,461,118	2,626,866	1,105,953	16,193,937
Operation of Non-Instructional Services	387,981	0	3,116,785	3,504,766
Capital Outlay	958,114	0	0	958,114
Debt Service:				
Principal on Debt	146,738	0	12,792	159,530
Interest on Debt	23,722	0	575	24,297
Other Debt Service	0	241,682	0	241,682
Total Expenditures	\$ 42,605,365	\$ 2,868,548	\$ 7,468,521	\$ 52,942,434
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 1,126,190	\$ 344,792	\$ (63,673)	\$ 1,407,309
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 13,009	\$ 0	\$ 13,009
Transfers In	6,880	0	0	6,880
Transfers Out	0	0	(6,880)	(6,880)
Total Other Financing Sources (Uses)	\$ 6,880	\$ 13,009	\$ (6,880)	\$ 13,009
Net Change in Fund Balances	\$ 1,133,070	\$ 357,801	\$ (70,553)	\$ 1,420,318
Fund Balance, July 1, 2006	7,641,319	622,656	2,356,290	10,620,265
Fund Balance, June 30, 2007	\$ 8,774,389	\$ 980,457	\$ 2,285,737	\$ 12,040,583

Exhibit I-5

Hawkins County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2007

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	1,420,318
(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	\$	1,116,181	
Less: current year depreciation expense		<u>(2,112,883)</u>	(996,702)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			
Less: loss on disposal of capital assets	\$	(2,384)	
Less: proceeds received from disposals of capital assets		<u>(1,758)</u>	(4,142)
(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, 2007	\$	618,534	
Less: deferred delinquent property taxes and other deferred June 30, 2006		<u>(600,918)</u>	17,616
(4) The issuance of long-term debt (e.g., leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.			
Add: principal payments on capital leases			159,530
(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	\$	(1,034)	
Change in compensated absences		31,667	
Change in termination benefits		<u>(120,716)</u>	<u>(90,083)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ 506,537</u>

Exhibit I-6

Hawkins County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Hawkins County School Department
June 30, 2007

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 2,508	\$ 2,508
Equity in Pooled Cash and Investments	0	1,910,647	1,910,647
Due from Other Governments	503,105	167,643	670,748
Total Assets	<u>\$ 503,105</u>	<u>\$ 2,080,798</u>	<u>\$ 2,583,903</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 19,189	\$ 2,800	\$ 21,989
Cash Overdraft	269,297	0	269,297
Due to Other Funds	6,880	0	6,880
Total Liabilities	<u>\$ 295,366</u>	<u>\$ 2,800</u>	<u>\$ 298,166</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 24,874	\$ 44,547	\$ 69,421
Reserved for Title I Grants to Local Education Agencies	191,398	0	191,398
Reserved for Special Education - Grants to States	28,123	0	28,123
Unreserved	(36,656)	2,033,451	1,996,795
Total Fund Balances	<u>\$ 207,739</u>	<u>\$ 2,077,998</u>	<u>\$ 2,285,737</u>
Total Liabilities and Fund Balances	<u>\$ 503,105</u>	<u>\$ 2,080,798</u>	<u>\$ 2,583,903</u>

Exhibit I-7

Hawkins County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2007

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 1,311,759	\$ 1,311,759
Other Local Revenues	0	69,214	69,214
State of Tennessee	0	40,653	40,653
Federal Government	4,038,796	1,944,426	5,983,222
Total Revenues	<u>\$ 4,038,796</u>	<u>\$ 3,366,052</u>	<u>\$ 7,404,848</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 3,232,416	\$ 0	\$ 3,232,416
Support Services	1,105,953	0	1,105,953
Operation of Non-Instructional Services	0	3,116,785	3,116,785
Debt Service:			
Principal on Debt	12,792	0	12,792
Interest on Debt	575	0	575
Total Expenditures	<u>\$ 4,351,736</u>	<u>\$ 3,116,785</u>	<u>\$ 7,468,521</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (312,940)</u>	<u>\$ 249,267</u>	<u>\$ (63,673)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (6,880)	\$ 0	\$ (6,880)
Total Other Financing Sources (Uses)	<u>\$ (6,880)</u>	<u>\$ 0</u>	<u>\$ (6,880)</u>
Net Change in Fund Balances	\$ (319,820)	\$ 249,267	\$ (70,553)
Fund Balance, July 1, 2006	527,559	1,828,731	2,356,290
Fund Balance, June 30, 2007	<u>\$ 207,739</u>	<u>\$ 2,077,998</u>	<u>\$ 2,285,737</u>

Exhibit I-8

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hawkins County School Department
General Purpose School Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 11,344,692	\$ 0	\$ 0	\$ 11,344,692	\$ 11,285,675	\$ 11,313,175	\$ 31,517
Licenses and Permits	4,041	0	0	4,041	4,400	4,400	(359)
Charges for Current Services	9,433	0	0	9,433	14,020	14,020	(4,587)
Other Local Revenues	137,804	0	0	137,804	105,918	188,579	(50,775)
State of Tennessee	31,728,928	0	0	31,728,928	31,374,658	31,720,354	8,574
Federal Government	506,657	0	0	506,657	481,518	523,077	(16,420)
Total Revenues	\$ 43,731,555	\$ 0	\$ 0	\$ 43,731,555	\$ 43,266,189	\$ 43,763,605	\$ (32,050)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 23,404,651	\$ (57,397)	\$ 16,753	\$ 23,364,007	\$ 23,889,062	\$ 24,103,544	\$ 739,537
Alternative Instruction Program	184,130	0	0	184,130	164,578	192,088	7,958
Special Education Program	3,693,004	0	0	3,693,004	3,884,605	3,886,016	193,012
Vocational Education Program	1,200,327	(39,025)	473	1,161,775	1,211,872	1,235,472	73,697
Adult Education Program	145,580	(2,276)	0	143,304	141,510	145,232	1,928
<u>Support Services</u>							
Attendance	166,873	0	300	167,173	179,761	173,941	6,768
Health Services	334,949	(5,061)	0	329,888	347,895	342,895	13,007
Other Student Support	994,426	(71)	0	994,355	1,028,871	1,034,071	39,716
Regular Instruction Program	1,946,723	(1,202)	44,421	1,989,942	1,974,814	2,071,555	81,613
Special Education Program	495,651	0	0	495,651	498,004	521,901	26,250
Vocational Education Program	40,435	0	0	40,435	46,156	46,156	5,721
Adult Programs	63,149	0	0	63,149	76,142	68,372	5,223
Board of Education	1,277,517	(20,000)	20,000	1,277,517	1,243,939	1,363,208	85,691
Director of Schools	425,817	(590)	1,038	426,265	421,101	450,158	23,893
Office of the Principal	2,524,908	0	0	2,524,908	2,513,334	2,567,884	42,976

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 167,938	\$ 0	\$ 2,098	\$ 170,036	\$ 173,233	\$ 173,233	\$ 3,197
Human Services/Personnel	69,730	0	0	69,730	66,138	70,138	408
Operation of Plant	3,200,784	(4,500)	0	3,196,284	3,443,263	3,264,059	67,775
Maintenance of Plant	752,218	(4,251)	1,257	749,224	706,827	774,711	25,487
<u>Operation of Non-Instructional Services</u>							
Food Service	68,144	0	0	68,144	68,752	68,752	608
Early Childhood Education	319,837	0	1,011	320,848	331,526	331,526	10,678
<u>Capital Outlay</u>							
Regular Capital Outlay	958,114	(81,617)	319,698	1,196,195	1,292,743	2,365,574	1,169,379
<u>Principal on Debt</u>							
Education	146,738	0	0	146,738	146,739	146,739	1
<u>Interest on Debt</u>							
Education	23,722	0	0	23,722	23,722	23,722	0
Total Expenditures	\$ 42,605,365	\$ (215,990)	\$ 407,049	\$ 42,796,424	\$ 43,874,587	\$ 45,420,947	\$ 2,624,523
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 1,126,190	\$ 215,990	\$ (407,049)	\$ 935,131	\$ (608,398)	\$ (1,657,342)	\$ 2,592,473
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 6,880	\$ 0	\$ 0	\$ 6,880	\$ 0	\$ 0	\$ 6,880
Total Other Financing Sources (Uses)	\$ 6,880	\$ 0	\$ 0	\$ 6,880	\$ 0	\$ 0	\$ 6,880
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2006	\$ 1,133,070	\$ 215,990	\$ (407,049)	\$ 942,011	\$ (608,398)	\$ (1,657,342)	\$ 2,599,353
	7,641,319	(215,990)	0	7,425,329	7,551,284	7,551,284	(125,955)
Fund Balance, June 30, 2007	\$ 8,774,389	\$ 0	\$ (407,049)	\$ 8,367,340	\$ 6,942,886	\$ 5,893,942	\$ 2,473,398

Exhibit I-9

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hawkins County School Department
School Federal Projects Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 4,038,796	\$ 0	\$ 0	\$ 4,038,796	\$ 4,422,000	\$ 4,650,088	\$ (611,292)
Total Revenues	\$ 4,038,796	\$ 0	\$ 0	\$ 4,038,796	\$ 4,422,000	\$ 4,650,088	\$ (611,292)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,512,911	\$ 0	\$ 1,067	\$ 1,513,978	\$ 1,785,443	\$ 1,793,018	\$ 279,040
Alternative Instruction Program	35,603	0	0	35,603	35,652	47,030	11,427
Special Education Program	1,533,434	0	0	1,533,434	1,515,405	1,721,925	188,491
Vocational Education Program	146,718	(10,219)	14,907	151,406	156,795	154,158	2,752
Adult Education Program	3,750	0	0	3,750	1,200	3,750	0
<u>Support Services</u>							
Health Services	105,025	0	0	105,025	109,239	121,614	16,589
Other Student Support	59,376	0	0	59,376	65,107	64,790	5,414
Regular Instruction Program	591,876	(14,139)	8,900	586,637	523,992	721,070	134,433
Special Education Program	276,524	0	0	276,524	155,867	419,211	142,687
Vocational Education Program	24,627	0	0	24,627	22,000	24,635	8
Adult Programs	48,525	0	0	48,525	49,075	48,750	225
Director of Schools	0	0	0	0	2,225	0	0
<u>Principal on Debt</u>							
Education	12,792	0	0	12,792	0	12,792	0
<u>Interest on Debt</u>							
Education	575	0	0	575	0	575	0
Total Expenditures	\$ 4,351,736	\$ (24,358)	\$ 24,874	\$ 4,352,252	\$ 4,422,000	\$ 5,133,318	\$ 781,066
Excess (Deficiency) of Revenues Over Expenditures	\$ (312,940)	\$ 24,358	\$ (24,874)	\$ (313,456)	\$ 0	\$ (483,230)	\$ 169,774

(Continued)

Exhibit I-9

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (6,880)	\$ 0	\$ 0	\$ (6,880)	\$ 0	\$ 0	\$ (6,880)
Total Other Financing Sources (Uses)	\$ (6,880)	\$ 0	\$ 0	\$ (6,880)	\$ 0	\$ 0	\$ (6,880)
Net Change in Fund Balance	\$ (319,820)	\$ 24,358	\$ (24,874)	\$ (320,336)	\$ 0	\$ (483,230)	\$ 162,894
Fund Balance, July 1, 2006	527,559	(24,358)	0	503,201	0	483,230	19,971
Fund Balance, June 30, 2007	\$ 207,739	\$ 0	\$ (24,874)	\$ 182,865	\$ 0	\$ 0	\$ 182,865

Exhibit I-10

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hawkins County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 1,311,759	\$ 0	\$ 1,311,759	\$ 1,322,775	\$ 1,322,775	\$ (11,016)
Other Local Revenues	69,214	0	69,214	40,000	40,000	29,214
State of Tennessee	40,653	0	40,653	41,000	41,000	(347)
Federal Government	1,944,426	0	1,944,426	1,665,500	1,665,500	278,926
Total Revenues	<u>\$ 3,366,052</u>	<u>\$ 0</u>	<u>\$ 3,366,052</u>	<u>\$ 3,069,275</u>	<u>\$ 3,069,275</u>	<u>\$ 296,777</u>
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 3,116,785	\$ 44,547	\$ 3,161,332	\$ 3,069,275	\$ 3,381,275	\$ 219,943
Total Expenditures	<u>\$ 3,116,785</u>	<u>\$ 44,547</u>	<u>\$ 3,161,332</u>	<u>\$ 3,069,275</u>	<u>\$ 3,381,275</u>	<u>\$ 219,943</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 249,267</u>	<u>\$ (44,547)</u>	<u>\$ 204,720</u>	<u>\$ 0</u>	<u>\$ (312,000)</u>	<u>\$ 516,720</u>
Net Change in Fund Balance	\$ 249,267	\$ (44,547)	\$ 204,720	\$ 0	\$ (312,000)	\$ 516,720
Fund Balance, July 1, 2006	1,828,731	0	1,828,731	1,996,851	1,996,851	(168,120)
Fund Balance, June 30, 2007	<u>\$ 2,077,998</u>	<u>\$ (44,547)</u>	<u>\$ 2,033,451</u>	<u>\$ 1,996,851</u>	<u>\$ 1,684,851</u>	<u>\$ 348,600</u>

Exhibit I-11

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hawkins County School Department
School Transportation Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,541,020	\$ 0	\$ 0	\$ 1,541,020	\$ 1,515,408	\$ 1,515,408	\$ 25,612
Charges for Current Services	87,248	0	0	87,248	80,000	80,000	7,248
Other Local Revenues	264,391	0	0	264,391	182,180	228,880	35,511
State of Tennessee	821,681	0	0	821,681	821,681	821,681	0
Other Governments and Citizens Groups	499,000	0	0	499,000	0	498,941	59
Total Revenues	\$ 3,213,340	\$ 0	\$ 0	\$ 3,213,340	\$ 2,599,269	\$ 3,144,910	\$ 68,430
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 32,903	\$ 0	\$ 0	\$ 32,903	\$ 30,000	\$ 33,500	\$ 597
Transportation	2,593,963	(211,262)	498,941	2,881,642	2,788,356	2,921,606	39,964
<u>Principal on Debt</u>							
Education	0	0	0	0	221,000	0	0
<u>Interest on Debt</u>							
Education	0	0	0	0	43,100	0	0
<u>Other Debt Service</u>							
Education	241,682	0	0	241,682	300	264,556	22,874
Total Expenditures	\$ 2,868,548	\$ (211,262)	\$ 498,941	\$ 3,156,227	\$ 3,082,756	\$ 3,219,662	\$ 63,435
Excess (Deficiency) of Revenues Over Expenditures	\$ 344,792	\$ 211,262	\$ (498,941)	\$ 57,113	\$ (483,487)	\$ (74,752)	\$ 131,865
<u>Other Financing Sources (Uses)</u>							
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 480,000	\$ 0	\$ 0
Insurance Recovery	13,009	0	0	13,009	0	13,009	0
Total Other Financing Sources (Uses)	\$ 13,009	\$ 0	\$ 0	\$ 13,009	\$ 480,000	\$ 13,009	\$ 0
Net Change in Fund Balance	\$ 357,801	\$ 211,262	\$ (498,941)	\$ 70,122	\$ (3,487)	\$ (61,743)	\$ 131,865
Fund Balance, July 1, 2006	622,656	(211,262)	0	411,394	411,393	411,393	1
Fund Balance, June 30, 2007	\$ 980,457	\$ 0	\$ (498,941)	\$ 481,516	\$ 407,906	\$ 349,650	\$ 131,866

MISCELLANEOUS SCHEDULES

Exhibit J-1

Hawkins County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
Primary Government and Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Refunding Note - 2002	\$ 1,290,000	4 %	12-19-02	5-1-08	\$ 475,000	\$ 0	\$ 245,000	\$ 230,000
Sanitation Equipment	250,000	3 to 3.25	5-26-05	5-1-08	170,000	0	85,000	85,000
Total Payable through General Debt Service Fund					<u>\$ 645,000</u>	<u>\$ 0</u>	<u>\$ 330,000</u>	<u>\$ 315,000</u>
<u>Payable through Special Debt Service Fund</u>								
Highway/Road Construction and Repairs	750,000	4.25 to 4.4	7-26-01	8-1-11	\$ 450,000	\$ 0	\$ 75,000	\$ 375,000
Highway/Road Construction and Repairs	1,025,000	2 to 3.5	6-23-04	4-1-11	765,000	0	140,000	625,000
Refunding Note - 2004	570,000	2 to 3.35	6-23-04	4-1-10	380,000	0	90,000	290,000
Highway/Road Construction and Repairs	500,000	3.52	10-3-05	10-1-08	500,000	0	167,000	333,000
Total Payable through Special Debt Service Fund					<u>\$ 2,095,000</u>	<u>\$ 0</u>	<u>\$ 472,000</u>	<u>\$ 1,623,000</u>
<u>Payable through Education Debt Service Fund</u>								
EPA Asbestos Removal	532,999	0	Various	11-30-09	\$ 18,170	\$ 0	\$ 5,192	\$ 12,978
School Buses (1)	360,000	2 to 3	6-23-04	4-1-08	240,000	0	120,000	120,000
School Buses (1)	715,000	3 to 3.5	5-26-05	5-1-12	715,000	0	30,000	685,000
Total Payable through Education Debt Service Fund					<u>\$ 973,170</u>	<u>\$ 0</u>	<u>\$ 155,192</u>	<u>\$ 817,978</u>
Total Notes Payable					<u>\$ 3,713,170</u>	<u>\$ 0</u>	<u>\$ 957,192</u>	<u>\$ 2,755,978</u>
<u>OTHER LOANS PAYABLE</u>								
<u>Public Building Authority Loan Agreements:</u>								
<u>Payable through General Fund</u>								
Voting Machines - Series D-7-B	(3)	Variable	5-10-06	6-1-09	\$ 60,000	\$ 0	\$ 20,000	\$ 40,000
Total Payable through General Fund					<u>\$ 60,000</u>	<u>\$ 0</u>	<u>\$ 20,000</u>	<u>\$ 40,000</u>

(Continued)

Exhibit J-1

Hawkins County, Tennessee

Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds

Primary Government and Discretely Presented Hawkins County School Department (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Matured During Period	Outstanding 6-30-07
<u>PRIMARY GOVERNMENT (Cont.)</u>								
<u>OTHER LOANS PAYABLE (Cont.)</u>								
<u>Payable through General Debt Service Fund</u>								
Justice Center and Courthouse Improvements - Series D-5-D	(2)	Variable %	12-28-05	6-1-36	\$ 1,498,932	\$ 0	\$ 0	\$ 1,498,932
Justice Center and Courthouse Improvements - Series D-7-B	(3)	Variable	5-10-06	6-1-31	142,864	300,000	3,800	439,064
Total Payable through General Debt Service Fund					<u>\$ 1,641,796</u>	<u>\$ 300,000</u>	<u>\$ 3,800</u>	<u>\$ 1,937,996</u>
<u>Payable through Education Debt Service Fund</u>								
School Building Program - Series V-B-1	\$ 16,000,000	(4)	6-4-03	6-1-29	\$ 16,000,000	\$ 0	\$ 0	\$ 16,000,000
School Buses - Series D-7-B (1)	(3)	Variable	5-10-06	6-1-09	211,200	0	51,200	160,000
School Buses - Series D-7-B (1)	(3)	Variable	5-10-06	6-1-16	0	499,000	0	499,000
Total Payable through Education Debt Service Fund					<u>\$ 16,211,200</u>	<u>\$ 499,000</u>	<u>\$ 51,200</u>	<u>\$ 16,659,000</u>
Total Other Loans Payable					<u>\$ 17,912,996</u>	<u>\$ 799,000</u>	<u>\$ 75,000</u>	<u>\$ 18,636,996</u>
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Fund</u>								
Patrol Cars	529,433	4.76	4-8-03	7-1-06	\$ 136,645	\$ 0	\$ 136,645	\$ 0
Automobile - Industrial Development Board	22,597	6.45	12-2-05	11-8-10	20,211	0	4,087	16,124
Total Payable through General Fund					<u>\$ 156,856</u>	<u>\$ 0</u>	<u>\$ 140,732</u>	<u>\$ 16,124</u>
Total Capital Leases Payable					<u>\$ 156,856</u>	<u>\$ 0</u>	<u>\$ 140,732</u>	<u>\$ 16,124</u>
<u>BONDS PAYABLE</u>								
<u>Payable through Education Debt Service Fund</u>								
Refunding	13,520,000	3 to 5	2-26-02	5-19-19	\$ 12,000,000	\$ 0	\$ 715,000	\$ 11,285,000
Total Payable through Education Debt Service Fund					<u>\$ 12,000,000</u>	<u>\$ 0</u>	<u>\$ 715,000</u>	<u>\$ 11,285,000</u>
Total Bonds Payable					<u>\$ 12,000,000</u>	<u>\$ 0</u>	<u>\$ 715,000</u>	<u>\$ 11,285,000</u>

(Continued)

Exhibit J-1

Hawkins County, Tennessee

Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds

Primary Government and Discretely Presented Hawkins County School Department (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Matured During Period	Outstanding 6-30-07
<u>DISCRETELY PRESENTED HAWKINS COUNTY SCHOOL DEPARTMENT</u>								
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
Heating and Cooling System Replacement	\$ 1,336,907	5.25 %	6-22-1999	10-20-09	\$ 506,267	\$ 0	\$ 146,738	\$ 359,529
Total Payable through General Purpose School Fund					\$ 506,267	\$ 0	\$ 146,738	\$ 359,529
<u>Payable through School Federal Projects Fund</u>								
Special Education Bus	38,400	4.32	7-15-04	8-15-06	\$ 12,792	\$ 0	\$ 12,792	\$ 0
Total Payable through School Federal Projects Fund					\$ 12,792	\$ 0	\$ 12,792	\$ 0
Total Capital Leases Payable					\$ 519,059	\$ 0	\$ 159,530	\$ 359,529

- (1) Funding for repayment of these notes and loan agreements is to be provided by the School Transportation Fund.
- (2) The total amount approved for draws under this loan agreement is \$4,175,000, of which \$1,498,932 has been drawn as of June 30, 2007.
- (3) The total amount approved for draws under the D-7-B loan agreement is \$8,900,000, of which \$1,213,064 has been drawn as of June 30, 2007.
- (4) The entire amount of the PBA Loan Series V-B-1 was swapped to a synthetic fixed rate by execution of a swap agreement during the prior year.

Exhibit J-2

Hawkins County, Tennessee
Schedule of Bond and Interest Requirements by Year

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2008	\$ 740,000	\$ 515,181	\$ 1,255,181
2009	775,000	481,881	1,256,881
2010	800,000	450,881	1,250,881
2011	830,000	416,881	1,246,881
2012	865,000	381,606	1,246,606
2013	905,000	342,681	1,247,681
2014	945,000	301,956	1,246,956
2015	985,000	259,431	1,244,431
2016	1,030,000	213,875	1,243,875
2017	1,085,000	164,950	1,249,950
2018	1,135,000	113,413	1,248,413
2019	1,190,000	59,500	1,249,500
Total	<u>\$ 11,285,000</u>	<u>\$ 3,702,236</u>	<u>\$ 14,987,236</u>

Exhibit J-3

Hawkins County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Primary Government</u>			
General	Solid Waste/Sanitation	To provide funds for operations	\$ 930,000
Highway/Public Works	Special Debt Service	To provide funds for debt payments	212,782
Special Debt Service	Highway Capital Projects	To provide funds for capital projects	<u>550,000</u>
Total Transfers Primary Government			<u>\$ 1,692,782</u>
<u>Discretely Presented Hawkins County</u> <u>School Department</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 6,880</u>
Total Transfers Discretely Presented Hawkins County School Department			<u>\$ 6,880</u>

Exhibit J-4

Hawkins County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 75,995	\$ 50,000	Ohio Casualty Insurance Company
Highway Superintendent:				
Ben Jones (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	11,563	100,000	"
Lowell Bean (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	57,813	100,000	"
Director of Schools	State Board of Education and County Board of Education	109,117 (1)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	63,069	1,713,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	63,069	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	63,069	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	63,069	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	77,460 (2)	75,000	"
Register	Section 8-24-102, <u>TCA</u>	63,069	25,000	"
Sheriff:				
Warren Rimer (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u> , and County Commission	12,581 (3)	25,000	"
Roger Christian (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u> , and County Commission	60,313 (4)	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			150,000	Local Government Property and Casualty Fund
Public Employee Dishonesty - School Department			150,000	Tennessee School Boards Risk Management Trust

- (1) Includes chief executive officer's training supplement of \$1,000, vacation and retirement incentive of \$5,731, and unused sick leave retirement incentive of \$10,449.
- (2) Includes special commissioner fees of \$14,391.
- (3) Includes law enforcement training supplement of \$519 and county workhouse supplement of \$500.
- (4) Includes county workhouse supplement of \$2,500.

Exhibit J-5

Hawkins County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2007

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 5,451,754	\$ 0	\$ 0	\$ 0	\$ 1,151,472
Trustee's Collections - Prior Year	272,289	0	0	0	62,836
Circuit/Clerk & Master Collections - Prior Years	91,137	0	0	0	21,032
Interest and Penalty	47,908	0	0	0	10,877
Pick-up Taxes	13,787	0	0	0	2,967
Payments in-Lieu-of Taxes - T.V.A.	1,374	0	0	0	290
Payments in-Lieu-of Taxes - Other	4,274	0	0	0	903
<u>County Local Option Taxes</u>					
Local Option Sales Tax	724,074	0	0	0	0
Wheel Tax	335,375	0	0	0	0
Litigation Tax - General	145,088	0	0	0	0
Business Tax	230,108	0	0	0	0
Mineral Severance Tax	0	0	0	0	82,274
<u>Statutory Local Taxes</u>					
Bank Excise Tax	45,226	0	0	0	9,555
Wholesale Beer Tax	150,954	0	0	0	0
Interstate Telecommunications Tax	5,478	0	0	0	0
Total Local Taxes	\$ 7,518,826	\$ 0	\$ 0	\$ 0	\$ 1,342,206
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 19,797	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>					
Beer Permits	2,240	0	0	0	0
Total Licenses and Permits	\$ 22,037	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 6,251	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	8,569	0	0	0	0
Drug Control Fines	12,694	0	9,167	0	0
Drug Court Fees	561	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Circuit Court (Cont.)</u>					
Jail Fees	\$ 4,668	\$ 0	\$ 0	\$ 0	\$ 0
DUI Treatment Fines	143	0	0	0	0
Data Entry Fee - Circuit Court	2,738	0	0	0	0
Courtroom Security Fee	191	0	0	0	0
<u>General Sessions Court</u>					
Fines	42,047	0	0	0	0
Officers Costs	30,012	0	0	0	0
Game and Fish Fines	2,623	0	0	0	0
Drug Control Fines	17,328	0	16,692	0	0
Drug Court Fees	7,990	0	0	0	0
Jail Fees	45,665	0	0	0	0
DUI Treatment Fines	11,665	0	0	0	0
Data Entry Fee - General Sessions Court	7,755	0	0	0	0
Courtroom Security Fee	208	0	0	0	0
<u>Juvenile Court</u>					
Fines	9,419	0	0	0	0
Officers Costs	9,912	0	0	0	0
Jail Fees	605	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	1,352	0	0	0	0
Data Entry Fee - Chancery Court	2,842	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	62,104	0	0
Total Fines, Forfeitures, and Penalties	\$ 225,238	\$ 0	\$ 87,963	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	\$ 0	\$ 1,441	\$ 0	\$ 0	\$ 0
Work Release Charges for Board	24,296	0	0	0	0
<u>Fees</u>					
Recreation Fees	6,485	0	0	0	0
Copy Fees	12,114	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Telephone Commissions	\$ 23,611	\$ 0	\$ 0	\$ 0	\$ 0
Vending Machine Collections	90	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	196,122	0
Data Processing Fee - Register	22,622	0	0	0	0
Data Processing Fee - Sheriff	5,327	0	0	0	0
Sexual Offender Registration Fees - Sheriff	305	0	0	0	0
Total Charges for Current Services	\$ 94,850	\$ 1,441	\$ 0	\$ 196,122	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	1,500	0	0	0	0
Sale of Gasoline	0	0	0	0	1,980
Sale of Recycled Materials	0	62,546	0	0	0
Miscellaneous Refunds	30,577	4,260	0	0	2,502
<u>Nonrecurring Items</u>					
Sale of Equipment	32	0	0	0	0
Damages Recovered from Individuals	0	0	0	0	626
Contributions & Gifts	100	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	31	0	0	0	0
Total Other Local Revenues	\$ 32,240	\$ 66,806	\$ 0	\$ 0	\$ 5,108
<u>Fees Received from County Officials</u>					
<u>Fees-In-Lieu of Salary</u>					
County Clerk	\$ 457,424	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	294,339	0	0	0	0
General Sessions Court Clerk	320,704	0	0	0	0
Register	290,857	0	0	0	0
Sheriff	27,975	0	0	0	0
Trustee	652,982	0	0	0	0
Total Fees Received from County Officials	\$ 2,044,281	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 13,939	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	4,585	0	0	0	0
Aging Programs	43,780	0	0	0	0
State Reappraisal Grant	23,126	0	0	0	0
Solid Waste Grants	0	56,169	0	0	0
Other General Government Grants	12,253	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	18,673	0	0	0	0
<u>Health and Welfare Grants</u>					
Other Health and Welfare Grants	307,778	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	155,514
Litter Program	41,018	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	60,658	0	0	0	0
Beer Tax	18,753	0	0	0	0
Alcoholic Beverage Tax	67,106	0	0	0	0
Emergency Hospital - Prisoners	4,873	0	0	0	0
Prisoner Transportation	6,705	0	0	0	0
Contracted Prisoner Boarding	163,367	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,970,745
Petroleum Special Tax	0	0	0	0	43,088
Registrar's Salary Supplement	16,380	0	0	0	0
Other State Grants	2,000	0	0	0	0
Total State of Tennessee	\$ 804,994	\$ 56,169	\$ 0	\$ 0	\$ 2,169,347
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Job Training Partnership Act	73,460	0	0	0	0
Civil Defense Reimbursement	12,666	0	0	0	0
Homeland Security Grants	314,545	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
Other Federal through State	\$ 180,465	\$ 0	\$ 0	\$ 0	0
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	7,000	0	1,696	0	0
Total Federal Government	\$ 588,136	\$ 0	\$ 1,696	\$ 0	0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Citizens Groups</u>					
Donations	4,456	0	0	0	0
<u>Other</u>					
Other	26,888	0	0	0	0
Total Other Governments and Citizens Groups	\$ 31,344	\$ 0	\$ 0	\$ 0	0
Total	\$ 11,361,946	\$ 124,416	\$ 89,659	\$ 196,122	\$ 3,516,661

(Continued)

Exhibit J-5

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

	Debt Service Funds			Capital Projects Fund	Total
	General Debt Service	Special Debt Service	Education Debt Service	Community Development/ Industrial Park	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 691,045	\$ 0	\$ 1,535,497	\$ 0	\$ 8,829,768
Trustee's Collections - Prior Year	34,909	0	80,290	0	450,324
Circuit/Clerk & Master Collections - Prior Years	12,519	0	26,873	0	151,561
Interest and Penalty	6,129	0	14,006	0	78,920
Pick-up Taxes	1,751	0	3,921	0	22,426
Payments in-Lieu-of Taxes - T.V.A.	174	0	387	0	2,225
Payments in-Lieu-of Taxes - Other	542	0	1,204	0	6,923
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	724,074
Wheel Tax	0	335,374	335,374	0	1,006,123
Litigation Tax - General	0	0	0	0	145,088
Business Tax	0	0	0	0	230,108
Mineral Severance Tax	0	0	0	0	82,274
<u>Statutory Local Taxes</u>					
Bank Excise Tax	5,733	0	12,740	0	73,254
Wholesale Beer Tax	0	0	0	0	150,954
Interstate Telecommunications Tax	0	0	0	0	5,478
Total Local Taxes	\$ 752,802	\$ 335,374	\$ 2,010,292	\$ 0	\$ 11,959,500
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,797
<u>Permits</u>					
Beer Permits	0	0	0	0	2,240
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,037
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,251
Officers Costs	0	0	0	0	8,569
Drug Control Fines	0	0	0	0	21,861
Drug Court Fees	0	0	0	0	561

(Continued)

Exhibit J-5

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

	Debt Service Funds			Capital Projects Fund	Total
	General Debt Service	Special Debt Service	Education Debt Service	Community Development/ Industrial Park	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Circuit Court (Cont.)</u>					
Jail Fees	\$ 0	\$ 0	\$ 0	\$ 0	4,668
DUI Treatment Fines	0	0	0	0	143
Data Entry Fee - Circuit Court	0	0	0	0	2,738
Courtroom Security Fee	0	0	0	0	191
<u>General Sessions Court</u>					
Fines	0	0	0	0	42,047
Officers Costs	0	0	0	0	30,012
Game and Fish Fines	0	0	0	0	2,623
Drug Control Fines	0	0	0	0	34,020
Drug Court Fees	0	0	0	0	7,990
Jail Fees	0	0	0	0	45,665
DUI Treatment Fines	0	0	0	0	11,665
Data Entry Fee - General Sessions Court	0	0	0	0	7,755
Courtroom Security Fee	0	0	0	0	208
<u>Juvenile Court</u>					
Fines	0	0	0	0	9,419
Officers Costs	0	0	0	0	9,912
Jail Fees	0	0	0	0	605
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	1,352
Data Entry Fee - Chancery Court	0	0	0	0	2,842
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	62,104
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	313,201
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	1,441
Work Release Charges for Board	0	0	0	0	24,296
<u>Fees</u>					
Recreation Fees	0	0	0	0	6,485
Copy Fees	0	0	0	0	12,114

(Continued)

Exhibit J-5

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

	Debt Service Funds			Capital Projects Fund	Total
	General Debt Service	Special Debt Service	Education Debt Service	Community Development/ Industrial Park	
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Telephone Commissions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,611
Vending Machine Collections	0	0	0	0	90
Constitutional Officers' Fees and Commissions	0	0	0	0	196,122
Data Processing Fee - Register	0	0	0	0	22,622
Data Processing Fee - Sheriff	0	0	0	0	5,327
Sexual Offender Registration Fees - Sheriff	0	0	0	0	305
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 292,413
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 446,932	\$ 0	\$ 828,711	\$ 0	\$ 1,275,643
Lease/Rentals	0	0	0	0	1,500
Sale of Gasoline	0	0	0	0	1,980
Sale of Recycled Materials	0	0	0	0	62,546
Miscellaneous Refunds	0	0	0	0	37,339
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0	0	32
Damages Recovered from Individuals	0	0	0	0	626
Contributions & Gifts	0	0	0	0	100
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	0	31
Total Other Local Revenues	\$ 446,932	\$ 0	\$ 828,711	\$ 0	\$ 1,379,797
<u>Fees Received from County Officials</u>					
<u>Fees-In-Lieu of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 457,424
Circuit Court Clerk	0	0	0	0	294,339
General Sessions Court Clerk	0	0	0	0	320,704
Register	0	0	0	0	290,857
Sheriff	0	0	0	0	27,975
Trustee	0	0	0	0	652,982
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,044,281

(Continued)

Exhibit J-5

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

	Debt Service Funds			Capital Projects Fund	Total
	General Debt Service	Special Debt Service	Education Debt Service	Community Development/ Industrial Park	
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	13,939
Airport Maintenance Program	0	0	0	0	4,585
Aging Programs	0	0	0	0	43,780
State Reappraisal Grant	0	0	0	0	23,126
Solid Waste Grants	0	0	0	0	56,169
Other General Government Grants	0	0	0	0	12,253
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	18,673
<u>Health and Welfare Grants</u>					
Other Health and Welfare Grants	0	0	0	0	307,778
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	155,514
Litter Program	0	0	0	0	41,018
<u>Other State Revenues</u>					
Income Tax	0	0	0	0	60,658
Beer Tax	0	0	0	0	18,753
Alcoholic Beverage Tax	0	0	0	0	67,106
Emergency Hospital - Prisoners	0	0	0	0	4,873
Prisoner Transportation	0	0	0	0	6,705
Contracted Prisoner Boarding	0	0	0	0	163,367
Gasoline and Motor Fuel Tax	0	0	0	0	1,970,745
Petroleum Special Tax	0	0	0	0	43,088
Registrar's Salary Supplement	0	0	0	0	16,380
Other State Grants	0	0	0	0	2,000
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 0	3,030,510
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	193,815	\$ 193,815
Job Training Partnership Act	0	0	0	0	73,460
Civil Defense Reimbursement	0	0	0	0	12,666
Homeland Security Grants	0	0	0	0	314,545

(Continued)

Exhibit J-5

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

	Debt Service Funds			Capital Projects Fund	Total
	General Debt Service	Special Debt Service	Education Debt Service	Community Development/ Industrial Park	
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
Other Federal through State	\$ 0	\$ 0	\$ 0	\$ 0	180,465
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	0	0	0	0	8,696
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 193,815	\$ 783,647
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	241,682	\$ 0	241,682
<u>Citizens Groups</u>					
Donations	0	0	0	0	4,456
<u>Other</u>					
Other	0	0	0	0	26,888
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 241,682	\$ 0	\$ 273,026
Total	\$ 1,199,734	\$ 335,374	\$ 3,080,685	\$ 193,815	\$ 20,098,412

Exhibit J-6

Hawkins County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2007

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor- tation	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 6,985,677	\$ 0	\$ 0	\$ 1,309,127	\$ 8,294,804
Trustee's Collections - Prior Year	344,128	0	0	62,484	406,612
Circuit/Clerk & Master Collections - Prior Years	122,644	0	0	22,304	144,948
Interest and Penalty	63,673	0	0	11,632	75,305
Pick-up Taxes	17,772	0	0	3,313	21,085
Payments in-Lieu-of Taxes - T.V.A.	2,013	0	0	329	2,342
Payments in-Lieu-of Taxes - Other	5,461	0	0	1,023	6,484
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,542,442	0	0	0	3,542,442
Wheel Tax	195,362	0	0	119,979	315,341
<u>Statutory Local Taxes</u>					
Bank Excise Tax	57,784	0	0	10,829	68,613
Interstate Telecommunications Tax	7,736	0	0	0	7,736
Total Local Taxes	\$ 11,344,692	\$ 0	\$ 0	\$ 1,541,020	\$ 12,885,712
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 4,041	\$ 0	\$ 0	\$ 0	\$ 4,041
Total Licenses and Permits	\$ 4,041	\$ 0	\$ 0	\$ 0	\$ 4,041
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 871,240	\$ 0	\$ 871,240
Lunch Payments - Adults	0	0	110,999	0	110,999
Income from Breakfast	0	0	86,244	0	86,244
A la carte Sales	0	0	171,803	0	171,803
Transportation - Other State Systems	0	0	0	52,723	52,723
Receipts from Individual Schools	2,433	0	0	34,525	36,958
<u>Other Charges for Services</u>					
Other Charges for Services	7,000	0	71,473	0	78,473
Total Charges for Current Services	\$ 9,433	\$ 0	\$ 1,311,759	\$ 87,248	\$ 1,408,440
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 69,027	\$ 0	\$ 69,027
Sale of Gasoline	0	0	0	264,271	264,271
Miscellaneous Refunds	76,366	0	0	20	76,386
<u>Nonrecurring Items</u>					
Sale of Property	32,506	0	0	0	32,506
Damages Recovered from Individuals	2,484	0	0	100	2,584
Contributions & Gifts	20,350	0	0	0	20,350
<u>Other Local Revenues</u>					
Other Local Revenues	6,098	0	187	0	6,285
Total Other Local Revenues	\$ 137,804	\$ 0	\$ 69,214	\$ 264,391	\$ 471,409
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 29,469,007	\$ 0	\$ 0	\$ 821,681	\$ 30,290,688

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor- tation	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Early Childhood Education	\$ 257,611	\$ 0	\$ 0	\$ 0	\$ 257,611
School Food Service	0	0	40,653	0	40,653
Driver Education	19,454	0	0	0	19,454
Other State Education Funds	272,300	0	0	0	272,300
Career Ladder Program	435,553	0	0	0	435,553
Career Ladder - Extended Contract	183,391	0	0	0	183,391
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	935,449	0	0	0	935,449
Other State Grants	33,300	0	0	0	33,300
Other State Revenues	122,863	0	0	0	122,863
Total State of Tennessee	\$ 31,728,928	\$ 0	\$ 40,653	\$ 821,681	\$ 32,591,262
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,464,754	\$ 0	\$ 1,464,754
Breakfast	0	0	475,518	0	475,518
USDA - Other	0	0	4,154	0	4,154
Adult Education State Grant Program	85,375	0	0	0	85,375
Vocational Education - Basic Grants to States	0	147,087	0	0	147,087
Title I Grants to Local Education Agencies	0	1,599,877	0	0	1,599,877
Innovative Education Program Strategies	0	106,356	0	0	106,356
Special Education - Grants to States	0	1,635,819	0	0	1,635,819
Special Education Preschool Grants	0	20,025	0	0	20,025
Eisenhower Professional Development State Grants	0	291,747	0	0	291,747
Other Federal through State	324,977	237,885	0	0	562,862
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	96,305	0	0	0	96,305
Total Federal Government	\$ 506,657	\$ 4,038,796	\$ 1,944,426	\$ 0	\$ 6,489,879
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 499,000	\$ 499,000
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 499,000	\$ 499,000
Total	\$ 43,731,555	\$ 4,038,796	\$ 3,366,052	\$ 3,213,340	\$ 54,349,743

Exhibit J-7

Hawkins County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2007

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	26,400	
Other Per Diem & Fees		10,588	
Social Security		2,850	
State Retirement		2,149	
Medical Insurance		5,320	
Audit Services		12,132	
Printing, Stationery, and Forms		231	
Travel		10,657	
Tuition		600	
Total County Commission			\$ 70,927

Board of Equalization

Board and Committee Members Fees	\$	3,890	
Social Security		304	
Travel		195	
Total Board of Equalization			4,389

Beer Board

Board and Committee Members Fees	\$	850	
Social Security		65	
State Retirement		30	
Total Beer Board			945

Budget and Finance Committee

Board and Committee Members Fees	\$	3,700	
Social Security		283	
State Retirement		190	
Other Supplies and Materials		146	
Total Budget and Finance Committee			4,319

County Mayor/Executive

County Official/Administrative Officer	\$	75,995	
Accountants/Bookkeepers		166,026	
Overtime Pay		7,116	
Social Security		17,697	
State Retirement		21,040	
Life Insurance		356	
Medical Insurance		25,706	
Unemployment Compensation		336	
Communication		1,970	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Maintenance Agreements	\$	10,125	
Rentals		4,555	
Travel		2,274	
Office Supplies		8,595	
Data Processing Equipment		283	
Office Equipment		5,027	
Total County Mayor/Executive			\$ 347,101

County Attorney

County Official/Administrative Officer	\$	24,106	
Social Security		1,442	
State Retirement		2,036	
Life Insurance		55	
Medical Insurance		9,582	
Unemployment Compensation		56	
Total County Attorney			37,277

Election Commission

Supervisor/Director	\$	56,762	
Deputy(ies)		73,445	
Overtime Pay		8,441	
Election Commission		11,340	
Election Workers		69,481	
Social Security		12,126	
State Retirement		11,709	
Life Insurance		184	
Medical Insurance		32,368	
Unemployment Compensation		225	
Communication		3,990	
Dues and Memberships		250	
Operating Lease Payments		6,797	
Legal Notices, Recording, and Court Costs		9,952	
Maintenance & Repair Services - Office Equipment		10,043	
Postal Charges		19	
Rentals		1,666	
Travel		11,555	
Other Contracted Services		12,549	
Office Supplies		12,762	
Other Charges		86	
Voting Machines		231,955	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Other Equipment	\$ 7,454	
Total Election Commission		\$ 585,159

Register of Deeds

County Official/Administrative Officer	\$ 63,069	
Deputy(ies)	96,193	
Part-time Personnel	5,130	
Social Security	11,888	
State Retirement	13,450	
Life Insurance	257	
Medical Insurance	17,258	
Unemployment Compensation	265	
Communication	3,249	
Dues and Memberships	135	
Rentals	2,701	
Other Contracted Services	20,466	
Office Supplies	4,521	
Office Equipment	329	
Total Register of Deeds		238,911

Planning

Board and Committee Members Fees	\$ 2,220	
Social Security	170	
Contracts with Government Agencies	11,500	
Total Planning		13,890

County Buildings

Supervisor/Director	\$ 24,588
Custodial Personnel	58,945
Part-time Personnel	5,010
Social Security	6,183
State Retirement	7,055
Life Insurance	276
Medical Insurance	17,075
Unemployment Compensation	378
Communication	816
Contracts with Government Agencies	16,776
Janitorial Services	4,381
Laundry Service	1,957
Maintenance & Repair Services - Buildings	7,054

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Maintenance & Repair Services - Equipment	\$	2,415	
Maintenance & Repair Services - Office Equipment		481	
Maintenance & Repair Services - Vehicles		326	
Pest Control		2,362	
Rentals		13,377	
Other Contracted Services		9,341	
Custodial Supplies		8,708	
Gasoline		1,340	
Small Tools		856	
Utilities		134,359	
Other Supplies and Materials		5,140	
Other Charges		270	
Building Improvements		23,821	
Other Equipment		1,534	
Total County Buildings			\$ 354,824

Other General Administration

Dues and Memberships	\$	11,152	
Legal Notices, Recording, and Court Costs		2,196	
Maintenance Agreements		6,708	
Postal Charges		41,543	
Other Contracted Services		1,998	
Duplicating Supplies		5,144	
Building and Contents Insurance		2,665	
Liability Insurance		199,756	
Premiums on Corporate Surety Bonds		3,224	
Workers' Compensation Insurance		94,892	
Liability Claims		2,232	
Other Charges		165	
Other Capital Outlay		295	
Total Other General Administration			371,970

Preservation of Records

Communication	\$	568	
Other Supplies and Materials		4,000	
Total Preservation of Records			4,568

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	63,069	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Deputy(ies)	\$	160,288	
Social Security		16,100	
State Retirement		18,862	
Life Insurance		367	
Medical Insurance		17,564	
Unemployment Compensation		336	
Communication		1,956	
Data Processing Services		19,504	
Dues and Memberships		210	
Legal Notices, Recording, and Court Costs		66	
Maintenance Agreements		1,483	
Maintenance & Repair Services - Office Equipment		447	
Maintenance & Repair Services - Vehicles		2,331	
Rentals		1,992	
Travel		4,375	
Other Contracted Services		29,250	
Gasoline		3,105	
Office Supplies		1,851	
Tires and Tubes		441	
Other Supplies and Materials		192	
Total Property Assessor's Office			\$ 343,789

Reappraisal Program

Supervisor/Director	\$	34,600	
Deputy(ies)		51,139	
Social Security		5,711	
State Retirement		7,241	
Life Insurance		166	
Medical Insurance		19,163	
Unemployment Compensation		168	
Data Processing Services		7,160	
Maintenance Agreements		8,045	
Postal Charges		1,133	
Office Supplies		1,000	
Other Capital Outlay		3,801	
Total Reappraisal Program			139,327

County Trustee's Office

County Official/Administrative Officer	\$	63,069	
Deputy(ies)		75,100	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Temporary Personnel	\$	28,506	
Social Security		12,752	
State Retirement		12,450	
Life Insurance		221	
Medical Insurance		3,797	
Unemployment Compensation		331	
Communication		4,792	
Dues and Memberships		10	
Legal Notices, Recording, and Court Costs		273	
Maintenance & Repair Services - Office Equipment		7,942	
Rentals		851	
Travel		2,921	
Tuition		300	
Permits		175	
Office Supplies		5,362	
Other Capital Outlay		3,971	
Total County Trustee's Office			\$ 222,823

County Clerk's Office

County Official/Administrative Officer	\$	63,069	
Deputy(ies)		318,276	
Part-time Personnel		8,627	
Other Per Diem & Fees		200	
Social Security		27,725	
State Retirement		31,747	
Life Insurance		699	
Medical Insurance		58,373	
Unemployment Compensation		703	
Communication		9,789	
Dues and Memberships		150	
Legal Notices, Recording, and Court Costs		91	
Maintenance & Repair Services - Office Equipment		18,469	
Rentals		3,644	
Travel		2,795	
Tuition		300	
Office Supplies		8,018	
Office Equipment		5,788	
Total County Clerk's Office			558,463

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court Clerk

County Official/Administrative Officer	\$	63,069	
Deputy(ies)		207,911	
Part-time Personnel		16,170	
Jury and Witness Fees		3,525	
Social Security		19,714	
State Retirement		22,884	
Life Insurance		533	
Medical Insurance		50,588	
Unemployment Compensation		608	
Communication		7,321	
Dues and Memberships		120	
Legal Notices, Recording, and Court Costs		670	
Maintenance Agreements		8,717	
Maintenance & Repair Services - Office Equipment		193	
Rentals		3,873	
Travel		1,615	
Tuition		300	
Office Supplies		15,242	
Other Supplies and Materials		2,937	
Other Charges		1,125	
Data Processing Equipment		6,265	
Office Equipment		1,294	
Total Circuit Court Clerk			\$ 434,674

Criminal Court

Jury and Witness Fees	\$	11,368	
Total Criminal Court			11,368

General Sessions Court

Judge(s)	\$	128,206
Secretary(ies)		29,947
Clerical Personnel		26,921
Social Security		12,314
State Retirement		15,630
Life Insurance		146
Medical Insurance		20,502
Unemployment Compensation		112
Communication		1,143
Dues and Memberships		50
Rentals		1,641

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Travel	\$	1,529	
Office Supplies		227	
Other Supplies and Materials		2,873	
Other Charges		8,565	
Other Capital Outlay		3,420	
Total General Sessions Court			\$ 253,226

Chancery Court

Jury and Witness Fees	\$	600	
Social Security		8,725	
State Retirement		10,088	
Life Insurance		146	
Medical Insurance		22,798	
Unemployment Compensation		224	
Communication		1,550	
Maintenance & Repair Services - Office Equipment		94	
Rentals		2,925	
Office Supplies		4,277	
Office Equipment		939	
Total Chancery Court			52,366

Juvenile Court

Judge(s)	\$	27,419	
Secretary(ies)		25,147	
Clerical Personnel		24,482	
In-Service Training		1,656	
Social Security		5,106	
State Retirement		6,507	
Life Insurance		161	
Medical Insurance		20,673	
Unemployment Compensation		112	
Dues and Memberships		478	
Travel		1,522	
Other Supplies and Materials		290	
Total Juvenile Court			113,553

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	69,376	
Deputy(ies)		740,023	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Detective(s)	\$	185,285	
Captain(s)		24,307	
Lieutenant(s)		117,964	
Sergeant(s)		184,125	
Salary Supplements		24,600	
Secretary(ies)		35,424	
Overtime Pay		74,234	
Other Salaries & Wages		5,714	
In-Service Training		10,536	
Social Security		104,216	
State Retirement		122,988	
Life Insurance		2,259	
Medical Insurance		185,148	
Unemployment Compensation		2,265	
Communication		20,112	
Dues and Memberships		375	
Maintenance Agreements		2,938	
Maintenance & Repair Services - Equipment		495	
Maintenance & Repair Services - Vehicles		54,111	
Rentals		3,831	
Tow-in Services		1,435	
Travel		514	
Animal Food and Supplies		973	
Gasoline		98,531	
Law Enforcement Supplies		615	
Office Supplies		3,600	
Tires and Tubes		10,876	
Uniforms		9,866	
Other Supplies and Materials		1,323	
Medical Claims		75	
Refunds		1,037	
Other Charges		208	
Office Equipment		1,403	
Other Equipment		5,000	
Other Capital Outlay		10,112	
Total Sheriff's Department			\$ 2,115,894

Drug Enforcement

Salary Supplements	\$	6,600
Social Security		380

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

State Retirement	\$ 558	
Total Drug Enforcement		\$ 7,538

Jail

Medical Personnel	\$ 21,355	
Guards	336,676	
Cafeteria Personnel	38,091	
Part-time Personnel	18,428	
Overtime Pay	28,245	
Other Salaries & Wages	4,805	
In-Service Training	384	
Social Security	31,755	
State Retirement	33,485	
Life Insurance	925	
Medical Insurance	57,790	
Unemployment Compensation	1,264	
Communication	2,429	
Evaluation and Testing	400	
Maintenance Agreements	3,038	
Maintenance & Repair Services - Buildings	15,172	
Maintenance & Repair Services - Equipment	270	
Medical and Dental Services	35,000	
Postal Charges	759	
Travel	134	
Custodial Supplies	9,861	
Drugs and Medical Supplies	62,675	
Food Preparation Supplies	4,851	
Food Supplies	69,539	
Office Supplies	2,313	
Prisoners Clothing	2,031	
Uniforms	1,667	
Utilities	32,847	
Other Supplies and Materials	10,407	
Liability Insurance	98	
Medical Claims	190,971	
Other Charges	385	
Other Capital Outlay	3,563	
Total Jail		1,021,613

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services

Supervisor/Director	\$	21,155	
Youth Service Officer(s)		34,890	
Salary Supplements		9,000	
Other Salaries & Wages		6,122	
Social Security		5,224	
State Retirement		5,492	
Life Insurance		138	
Medical Insurance		5,030	
Unemployment Compensation		151	
Communication		5,062	
Contracts with Other Public Agencies		55,528	
Maintenance & Repair Services - Office Equipment		1,658	
Travel		687	
Office Supplies		2,285	
Other Supplies and Materials		1,433	
Office Equipment		<u>2,087</u>	
Total Juvenile Services	\$		155,942

Fire Prevention and Control

Contributions	\$	<u>195,000</u>	
Total Fire Prevention and Control			195,000

Rescue Squad

Contributions	\$	<u>100,000</u>	
Total Rescue Squad			100,000

Other Emergency Management

Overtime Pay	\$	946	
Social Security		25	
State Retirement		27	
Contributions		170,000	
Maintenance Agreements		81	
Travel		425	
Other Contracted Services		2,760	
Gasoline		277	
Office Supplies		26	
Other Supplies and Materials		171	
Other Charges		27	
Other Equipment		<u>153,243</u>	
Total Other Emergency Management			328,008

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Other Per Diem & Fees	\$	11,175	
Contracts with Government Agencies		27,040	
Other Charges		11,475	
Total County Coroner/Medical Examiner			\$ 49,690

Other Public Safety

Supervisor/Director	\$	32,002	
Overtime Pay		1,130	
Social Security		2,151	
State Retirement		3,769	
Life Insurance		109	
Medical Insurance		9,582	
Unemployment Compensation		110	
Communication		1,038	
Maintenance & Repair Services - Vehicles		513	
Gasoline		12,145	
Office Supplies		205	
Tires and Tubes		400	
Other Supplies and Materials		2,113	
Workers' Compensation Insurance		1,903	
Total Other Public Safety			67,170

Public Health and Welfare

Local Health Center

Salary Supplements	\$	22,210	
Other Salaries & Wages		126,848	
Social Security		10,361	
State Retirement		12,632	
Life Insurance		285	
Medical Insurance		23,945	
Unemployment Compensation		383	
Communication		15,995	
Dues and Memberships		250	
Operating Lease Payments		7,060	
Maintenance & Repair Services - Buildings		1,796	
Maintenance & Repair Services - Equipment		1,811	
Pest Control		1,078	
Postal Charges		8,707	
Travel		4,008	
Other Contracted Services		2,937	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Custodial Supplies	\$	5,828	
Drugs and Medical Supplies		3,461	
Office Supplies		8,649	
Other Supplies and Materials		2,430	
Liability Insurance		196	
Workers' Compensation Insurance		1,523	
Other Charges		1,274	
Other Capital Outlay		30,812	
Total Local Health Center			\$ 294,479

Ambulance/Emergency Medical Services

Contributions	\$	60,000	
Total Ambulance/Emergency Medical Services			60,000

Dental Health Program

Other Salaries & Wages	\$	19,129	
Social Security		1,463	
State Retirement		1,616	
Life Insurance		31	
Medical Insurance		1,254	
Unemployment Compensation		104	
Workers' Compensation Insurance		79	
Other Capital Outlay		370	
Total Dental Health Program			24,046

Other Local Health Services

Other Salaries & Wages	\$	216,652	
Social Security		15,951	
State Retirement		15,650	
Life Insurance		373	
Medical Insurance		21,099	
Unemployment Compensation		524	
Travel		7,294	
Other Supplies and Materials		595	
Liability Insurance		1,021	
Workers' Compensation Insurance		898	
Total Other Local Health Services			280,057

Aid to Dependent Children

Other Charges	\$	5,996	
Total Aid to Dependent Children			5,996

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Adult Activities

Contributions	\$ 2,000	
Total Adult Activities		\$ 2,000

Senior Citizens Assistance

Supervisor/Director	\$ 22,784	
Social Workers	12,915	
Bus Drivers	19,305	
Secretary(ies)	19,709	
Other Salaries & Wages	11,846	
Social Security	5,931	
State Retirement	7,156	
Life Insurance	229	
Medical Insurance	25,686	
Unemployment Compensation	228	
Communication	2,577	
Contracts with Government Agencies	33,578	
Contributions	40,000	
Maintenance & Repair Services - Vehicles	114	
Rentals	3,596	
Transportation - Other than Students	4,708	
Travel	2,329	
Other Contracted Services	3,085	
Custodial Supplies	700	
Gasoline	453	
Office Supplies	525	
Utilities	6,203	
Other Supplies and Materials	514	
Workers' Compensation Insurance	1,045	
Other Charges	138	
Total Senior Citizens Assistance		225,354

Libraries

Contributions	\$ 99,000	
Total Libraries		99,000

Parks and Fair Boards

Supervisor/Director	\$ 15,673
Custodial Personnel	15,143
Temporary Personnel	21,601
Other Salaries & Wages	2,415

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Social Security	\$	4,195	
State Retirement		980	
Life Insurance		86	
Unemployment Compensation		280	
Communication		1,103	
Maintenance & Repair Services - Buildings		80	
Maintenance & Repair Services - Equipment		801	
Rentals		1,904	
Travel		681	
Custodial Supplies		1,322	
Electricity		3,907	
Gasoline		1,831	
Office Supplies		122	
Water and Sewer		197	
Other Supplies and Materials		7,262	
Workers' Compensation Insurance		1,268	
Other Charges		17	
Motor Vehicles		9,995	
Office Equipment		2,519	
Other Capital Outlay		2,620	
Total Parks and Fair Boards			\$ 96,002

Agriculture & Natural Resources

Agriculture Extension Service

Assistant(s)	\$	6,941	
Salary Supplements		56,584	
Part-time Personnel		5,800	
Social Security		975	
Unemployment Compensation		101	
Communication		2,952	
Rentals		1,871	
Travel		973	
Workers' Compensation Insurance		535	
Other Charges		2,200	
Total Agriculture Extension Service			78,932

Forest Service

Contracts with Other Public Agencies	\$	1,500	
Total Forest Service			1,500

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Soil Conservation

Clerical Personnel	\$	21,385	
Part-time Personnel		7,239	
Social Security		1,994	
State Retirement		1,806	
Life Insurance		55	
Medical Insurance		6,242	
Unemployment Compensation		113	
Contracts with Other Public Agencies		3,500	
Total Soil Conservation			\$ 42,334

Storm Water Management

Part-time Personnel	\$	4,200	
Social Security		321	
Unemployment Compensation		34	
Travel		264	
Permits		2,500	
Other Supplies and Materials		50	
Workers' Compensation Insurance		340	
Total Storm Water Management			7,709

Other Operations

Tourism

Other Charges	\$	1,500	
Total Tourism			1,500

Industrial Development

Supervisor/Director	\$	52,591	
Secretary(ies)		24,703	
Part-time Personnel		12,875	
Other Salaries & Wages		61,385	
Social Security		11,436	
State Retirement		9,683	
Life Insurance		166	
Medical Insurance		7,526	
Unemployment Compensation		432	
Accounting Services		2,530	
Advertising		250	
Communication		5,876	
Contributions		62,000	
Dues and Memberships		1,505	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development (Cont.)

Engineering Services	\$	2,800	
Maintenance & Repair Services - Equipment		1,208	
Maintenance & Repair Services - Vehicles		117	
Rentals		1,081	
Travel		705	
Other Contracted Services		2,500	
Electricity		8,298	
Gasoline		1,884	
Office Supplies		680	
Tires and Tubes		269	
Other Supplies and Materials		278	
Workers' Compensation Insurance		1,116	
Other Charges		51	
Maintenance Equipment		87	
Office Equipment		1,733	
Total Industrial Development			\$ 275,765

Airport

Maintenance & Repair Services - Equipment	\$	4,415	
Permits		335	
Other Contracted Services		1,644	
Other Supplies and Materials		468	
Other Capital Outlay		720	
Total Airport			7,582

Veterans' Services

Supervisor/Director	\$	18,663	
Secretary(ies)		16,214	
Part-time Personnel		4,999	
Other Salaries & Wages		7,267	
Social Security		3,460	
State Retirement		2,127	
Life Insurance		66	
Medical Insurance		3,112	
Unemployment Compensation		145	
Communication		1,739	
Dues and Memberships		25	
Maintenance & Repair Services - Office Equipment		50	
Rentals		581	
Travel		1,461	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Office Supplies	\$	873	
Data Processing Equipment		3,989	
Office Equipment		25	
Total Veterans' Services			\$ 64,796

Contributions to Other Agencies

Contributions	\$	27,500	
Total Contributions to Other Agencies			27,500

Employee Benefits

Medical Insurance	\$	47,100	
Total Employee Benefits			47,100

Miscellaneous

Contracts with Other Public Agencies	\$	5,341	
Contributions		22,000	
Operating Lease Payments		750	
Other Contracted Services		3,666	
Other Supplies and Materials		598	
Trustee's Commission		167,344	
Other Charges		1,646	
Right-of-Way		25,000	
Other Capital Outlay		460	
Total Miscellaneous			226,805

Highways

Litter and Trash Collection

Other Salaries & Wages	\$	25,341	
Social Security		1,910	
State Retirement		1,169	
Contracts with Other Public Agencies		8,000	
Other Supplies and Materials		1,727	
Total Litter and Trash Collection			38,147

Principal on Debt

General Government

Principal on Capital Leases	\$	140,732	
Principal on Other Loans		20,000	
Total General Government			160,732

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Interest on Debt

General Government

Interest on Notes	\$	14,520	
Interest on Capital Leases		7,690	
Interest on Other Loans		2,451	
Total General Government			\$ 24,661

Total General Fund \$ 10,296,721

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	6,000	
Other Fringe Benefits		896	
Communication		261	
Travel		43	
Uniforms		30	
Workers' Compensation Insurance		486	
Total Sanitation Management			\$ 7,716

Waste Pickup

Truck Drivers	\$	87,420	
Overtime Pay		8,459	
Other Fringe Benefits		26,956	
Communication		47	
Maintenance & Repair Services - Vehicles		17,046	
Equipment and Machinery Parts		1,782	
Gasoline		57,746	
Lubricants		2,663	
Tires and Tubes		22,158	
Uniforms		470	
Vehicle Parts		11,446	
Other Supplies and Materials		5,937	
Workers' Compensation Insurance		7,111	
Other Charges		100	
Total Waste Pickup			249,341

Convenience Centers

Laborers	\$	178,403	
Overtime Pay		4,758	
Other Fringe Benefits		43,831	
Communication		5,214	

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Operating Lease Payments	\$	4,567	
Maintenance & Repair Services - Equipment		2,953	
Rentals		5,888	
Crushed Stone		209	
Uniforms		135	
Utilities		5,790	
Other Supplies and Materials		2,270	
Workers' Compensation Insurance		14,431	
Other Construction		850	
Other Capital Outlay		2,031	
Total Convenience Centers			\$ 271,330

Other Waste Collection

Overtime Pay	\$	467	
Other Salaries & Wages		16,245	
Other Fringe Benefits		2,801	
Communication		21	
Workers' Compensation Insurance		1,312	
Total Other Waste Collection			20,846

Recycling Center

Laborers	\$	14,893	
Overtime Pay		1,008	
Other Salaries & Wages		19,565	
Other Fringe Benefits		5,797	
Advertising		183	
Communication		586	
Maintenance & Repair Services - Vehicles		747	
Gasoline		114	
Office Supplies		96	
Uniforms		190	
Utilities		4,153	
Other Supplies and Materials		2,532	
Workers' Compensation Insurance		2,706	
Other Charges		17	
Other Construction		65,381	
Total Recycling Center			117,968

Landfill Operation and Maintenance

Contracts for Landfill Facilities	\$	388,493	
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(Continued)

Exhibit J-7

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

<u>Solid Waste/Sanitation Fund (Cont.)</u>		
<u>Public Health and Welfare (Cont.)</u>		
<u>Landfill Operation and Maintenance (Cont.)</u>		
Surcharge	\$ 29,986	
Total Landfill Operation and Maintenance		\$ 418,479
<u>Other Waste Disposal</u>		
Disposal Fees	\$ 20,182	
Total Other Waste Disposal		<u>20,182</u>
Total Solid Waste/Sanitation Fund		\$ 1,105,862
<u>Drug Control Fund</u>		
<u>Public Safety</u>		
<u>Drug Enforcement</u>		
Overtime Pay	\$ 24,291	
In-Service Training	550	
Other Fringe Benefits	4,573	
Communication	1,705	
Confidential Drug Enforcement Payments	10,000	
Maintenance & Repair Services - Vehicles	215	
Rentals	1,430	
Electricity	1,955	
Uniforms	165	
Other Supplies and Materials	4,604	
Liability Insurance	9,030	
Trustee's Commission	906	
Other Charges	870	
Other Capital Outlay	<u>12,250</u>	
Total Drug Enforcement		<u>\$ 72,544</u>
Total Drug Control Fund		72,544
<u>Constitutional Officers - Fees Fund</u>		
<u>Administration of Justice</u>		
<u>Chancery Court</u>		
Constitutional Officers' Operating Expenses	\$ 145,936	
Total Chancery Court		\$ 145,936
<u>Public Safety</u>		
<u>Sheriff's Department</u>		
Constitutional Officers' Operating Expenses	\$ 190	
Total Sheriff's Department		<u>190</u>
Total Constitutional Officers - Fees Fund		146,126

(Continued)

Exhibit J-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	69,376	
Secretary(ies)		51,146	
Communication		3,514	
Dues and Memberships		3,373	
Laundry Service		2,243	
Legal Notices, Recording, and Court Costs		284	
Maintenance Agreements		2,737	
Maintenance & Repair Services - Equipment		210	
Pest Control		376	
Printing, Stationery, and Forms		232	
Rentals		2,951	
Travel		1,969	
Tuition		300	
Custodial Supplies		925	
Drugs and Medical Supplies		116	
Electricity		7,573	
Natural Gas		4,578	
Office Supplies		2,289	
Water and Sewer		425	
Other Charges		142	
Office Equipment		1,737	
Other Equipment		50	
Total Administration			\$ 156,546

Highway and Bridge Maintenance

Foremen	\$	35,528
Equipment Operators		261,272
Truck Drivers		244,026
Laborers		284,758
Overtime Pay		10,278
Laundry Service		10,493
Rentals		7,421
Other Contracted Services		279,081
Asphalt - Hot Mix		34,221
Asphalt - Liquid		237,077
Concrete		1,729
Crushed Stone		173,561
Pipe - Metal		53,983
Road Signs		9,661
Salt		5,415

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Structural Steel	\$	1,584	
Other Supplies and Materials		5,994	
Other Equipment		856	
Total Highway and Bridge Maintenance			\$ 1,656,938

Operation and Maintenance of Equipment

Foremen	\$	32,864	
Mechanic(s)		78,439	
Laborers		26,211	
Overtime Pay		2,223	
Laundry Service		2,819	
Maintenance & Repair Services - Buildings		11	
Maintenance & Repair Services - Equipment		1,860	
Maintenance & Repair Services - Vehicles		6,562	
Rentals		918	
Diesel Fuel		72,312	
Equipment and Machinery Parts		72,974	
Garage Supplies		1,135	
Gasoline		45,576	
Lubricants		8,772	
Tires and Tubes		24,769	
Other Supplies and Materials		5,763	
Other Charges		10	
Other Equipment		307	
Total Operation and Maintenance of Equipment			383,525

Other Charges

Evaluation and Testing	\$	4,840	
Trustee's Commission		49,393	
Workers' Compensation Insurance		79,549	
Other Charges		701	
Total Other Charges			134,483

Employee Benefits

Social Security	\$	82,105	
State Retirement		75,899	
Life Insurance		1,919	
Medical Insurance		85,069	
Unemployment Compensation		10,311	
Total Employee Benefits			255,303

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Engineering Services	\$	4,154	
Bridge Construction		179,409	
Communication Equipment		1,827	
Motor Vehicles		26,530	
Other Capital Outlay		3,697	
Total Capital Outlay			\$ 215,617

Total Highway/Public Works Fund \$ 2,802,412

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$	330,000	
Principal on Other Loans		3,800	
Total General Government			\$ 333,800

Interest on Debt

General Government

Interest on Notes	\$	24,312	
Interest on Other Loans		45,666	
Total General Government			69,978

Other Debt Service

General Government

Fiscal Agent Charges	\$	608	
Trustee's Commission		18,919	
Other Debt Service		26,026	
Total General Government			45,553

Total General Debt Service Fund 449,331

Special Debt Service Fund

Principal on Debt

Highways and Streets

Principal on Notes	\$	472,000	
Total Highways and Streets			\$ 472,000

Interest on Debt

Highways and Streets

Interest on Notes	\$	68,053	
Total Highways and Streets			68,053

(Continued)

Exhibit J-7

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

Special Debt Service Fund (Cont.)

Other Debt Service

Highways and Streets

Fiscal Agent Charges	\$	755	
Trustee's Commission		3,361	
Total Highways and Streets			\$ 4,116

Total Special Debt Service Fund \$ 544,169

Education Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$	715,000	
Principal on Notes		155,192	
Principal on Other Loans		51,200	
Total Education			\$ 921,392

Interest on Debt

Education

Interest on Bonds	\$	541,994	
Interest on Notes		31,400	
Interest on Other Loans		579,760	
Total Education			1,153,154

Other Debt Service

Education

Fiscal Agent Charges	\$	482	
Trustee's Commission		44,408	
Other Debt Service		64,627	
Total Education			109,517

Total Education Debt Service Fund 2,184,063

General Capital Projects Fund

Capital Outlay

Regular Capital Outlay

Contributions	\$	499,000	
Total Regular Capital Outlay			\$ 499,000

Capital Projects

General Administration Projects

Architects	\$	9,615	
Building Improvements		117,572	
Total General Administration Projects			127,187

(Continued)

Exhibit J-7

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Public Safety Projects

Architects	\$	232,062	
Engineering Services		3,250	
Other Contracted Services		500	
Other Charges		9,980	
Other Construction		1,744	
Total Public Safety Projects			\$ 247,536

Total General Capital Projects Fund \$ 873,723

Community Development/Industrial Park Fund

Capital Projects

Public Utility Projects

Other Contracted Services	\$	196,015	
Total Public Utility Projects			\$ 196,015

Other General Government Projects

Engineering Services	\$	4,230	
Other Contracted Services		3,000	
Other Construction		20,270	
Total Other General Government Projects			27,500

Total Community Development/Industrial Park Fund 223,515

Highway Capital Projects Fund

Capital Projects

Highway & Street Capital Projects

Bridge Construction	\$	301,148	
Total Highway & Street Capital Projects			\$ 301,148

Total Highway Capital Projects Fund 301,148

Total Governmental Funds - Primary Government \$ 18,999,614

Exhibit J-8

Hawkins County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2007

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 16,306,602	
Career Ladder Program	240,535	
Career Ladder Extended Contracts	85,570	
Homebound Teachers	130,990	
Educational Assistants	657,448	
Other Salaries & Wages	19,253	
Certified Substitute Teachers	19,200	
Non-certified Substitute Teachers	178,191	
Social Security	1,040,991	
State Retirement	1,062,070	
Life Insurance	69,486	
Medical Insurance	2,322,819	
Unemployment Compensation	19,267	
Employer Medicare	243,439	
Other Contracted Services	30,571	
Instructional Supplies and Materials	270,651	
Textbooks	409,109	
Other Supplies and Materials	6,065	
Fee Waivers	64,825	
Other Charges	126,270	
Regular Instruction Equipment	101,299	
Total Regular Instruction Program		\$ 23,404,651

Alternative Instruction Program

Teachers	\$ 112,801	
Educational Assistants	25,973	
Non-certified Substitute Teachers	384	
Social Security	8,193	
State Retirement	8,899	
Life Insurance	726	
Medical Insurance	18,563	
Unemployment Compensation	207	
Employer Medicare	1,916	
Instructional Supplies and Materials	3,378	
Textbooks	2,063	
Other Equipment	1,027	
Total Alternative Instruction Program		184,130

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	1,875,441	
Career Ladder Program		36,455	
Career Ladder Extended Contracts		5,000	
Homebound Teachers		82,301	
Educational Assistants		373,263	
Speech Pathologist		357,378	
Other Salaries & Wages		19,492	
Certified Substitute Teachers		1,660	
Non-certified Substitute Teachers		64,072	
Social Security		165,053	
State Retirement		172,459	
Life Insurance		14,170	
Medical Insurance		446,671	
Unemployment Compensation		4,145	
Employer Medicare		38,601	
Contracts with Private Agencies		1,080	
Evaluation and Testing		8,660	
Maintenance & Repair Services - Equipment		661	
Instructional Supplies and Materials		15,331	
Other Supplies and Materials		6,849	
Special Education Equipment		4,262	
Total Special Education Program			\$ 3,693,004

Vocational Education Program

Teachers	\$	870,742	
Career Ladder Program		16,980	
Career Ladder Extended Contracts		12,000	
Certified Substitute Teachers		140	
Non-certified Substitute Teachers		12,580	
Social Security		54,098	
State Retirement		54,080	
Life Insurance		3,084	
Medical Insurance		103,574	
Unemployment Compensation		912	
Employer Medicare		12,654	
Instructional Supplies and Materials		10,847	
T&I Construction Materials		14,261	
Vocational Instruction Equipment		34,375	
Total Vocational Education Program			1,200,327

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program

Teachers	\$	96,024	
Social Security		5,703	
State Retirement		4,012	
Life Insurance		322	
Medical Insurance		13,512	
Unemployment Compensation		139	
Employer Medicare		1,334	
Instructional Supplies and Materials		10,879	
Other Supplies and Materials		2,276	
Other Charges		1,000	
Other Equipment		10,379	
Total Adult Education Program			\$ 145,580

Support Services

Attendance

Supervisor/Director	\$	64,456	
Career Ladder Program		1,000	
Other Salaries & Wages		54,320	
Social Security		7,208	
State Retirement		8,560	
Life Insurance		413	
Medical Insurance		13,025	
Unemployment Compensation		102	
Employer Medicare		1,686	
Travel		7,756	
Other Charges		4,489	
Attendance Equipment		3,858	
Total Attendance			166,873

Health Services

Medical Personnel	\$	140,814	
Other Salaries & Wages		56,736	
Social Security		11,668	
State Retirement		14,505	
Life Insurance		1,008	
Medical Insurance		34,655	
Unemployment Compensation		245	
Employer Medicare		2,729	
Travel		12,702	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Other Contracted Services	\$	3,380	
Drugs and Medical Supplies		10,624	
Other Supplies and Materials		20,537	
In Service/Staff Development		1,680	
Other Charges		22,167	
Health Equipment		1,499	
Total Health Services			\$ 334,949

Other Student Support

Career Ladder Program	\$	6,000	
Guidance Personnel		701,638	
Career Ladder Extended Contracts		3,240	
Secretary(ies)		56,261	
Social Security		45,670	
State Retirement		48,315	
Life Insurance		2,851	
Medical Insurance		78,426	
Unemployment Compensation		730	
Employer Medicare		10,690	
Evaluation and Testing		23,078	
Other Supplies and Materials		15,966	
Other Charges		1,561	
Total Other Student Support			994,426

Regular Instruction Program

Supervisor/Director	\$	287,120	
Career Ladder Program		23,880	
Career Ladder Extended Contracts		21,500	
Librarians		707,945	
Educational Assistants		30,248	
Other Salaries & Wages		142,273	
Social Security		71,979	
State Retirement		76,651	
Life Insurance		3,863	
Medical Insurance		134,669	
Unemployment Compensation		1,006	
Employer Medicare		16,839	
Travel		50,958	
Library Books/Media		47,066	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

In Service/Staff Development	\$	19,702	
Other Charges		152,462	
Other Equipment		158,562	
Total Regular Instruction Program			\$ 1,946,723

Special Education Program

Supervisor/Director	\$	123,869	
Career Ladder Program		6,500	
Psychological Personnel		91,365	
Assessment Personnel		43,685	
Secretary(ies)		46,534	
Other Salaries & Wages		16,450	
Social Security		19,757	
State Retirement		21,589	
Life Insurance		1,040	
Medical Insurance		24,950	
Unemployment Compensation		262	
Employer Medicare		4,621	
Travel		28,572	
Other Contracted Services		6,265	
Other Supplies and Materials		43,526	
In Service/Staff Development		14,326	
Other Charges		2,340	
Total Special Education Program			495,651

Vocational Education Program

Supervisor/Director	\$	30,605	
Social Security		1,888	
State Retirement		1,876	
Life Insurance		68	
Unemployment Compensation		18	
Employer Medicare		442	
Travel		5,538	
Total Vocational Education Program			40,435

Adult Programs

Supervisor/Director	\$	47,990	
Other Salaries & Wages		1,197	
Social Security		2,932	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

State Retirement	\$	3,043	
Life Insurance		152	
Medical Insurance		4,315	
Unemployment Compensation		40	
Employer Medicare		686	
Travel		2,349	
In Service/Staff Development		445	
Total Adult Programs			\$ 63,149

Board of Education

Other Salaries & Wages	\$	8,900	
Social Security		552	
State Retirement		515	
Life Insurance		22,665	
Medical Insurance		217,943	
Unemployment Compensation		30	
Employer Medicare		129	
Audit Services		19,125	
Dues and Memberships		6,890	
Legal Services		314	
Travel		14,598	
Liability Insurance		407,844	
Trustee's Commission		274,665	
Workers' Compensation Insurance		294,541	
Criminal Investigation of Applicants - TBI		5,410	
Other Charges		3,396	
Total Board of Education			1,277,517

Director of Schools

County Official/Administrative Officer	\$	109,117	
Secretary(ies)		128,100	
Other Salaries & Wages		8,983	
Social Security		14,654	
State Retirement		17,044	
Life Insurance		863	
Medical Insurance		25,093	
Unemployment Compensation		234	
Employer Medicare		3,427	
Communication		29,804	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Dues and Memberships	\$	17,295	
Postal Charges		8,000	
Travel		7,698	
Other Contracted Services		17,956	
Office Supplies		11,427	
Other Charges		26,122	
Total Director of Schools			\$ 425,817

Office of the Principal

Principals	\$	984,187	
Career Ladder Program		29,995	
Career Ladder Extended Contracts		31,000	
Assistant Principals		512,466	
Secretary(ies)		416,862	
Social Security		112,985	
State Retirement		129,376	
Life Insurance		7,233	
Medical Insurance		272,621	
Unemployment Compensation		1,758	
Employer Medicare		26,425	
Total Office of the Principal			2,524,908

Fiscal Services

Accountants/Bookkeepers	\$	113,395	
Social Security		6,440	
State Retirement		9,576	
Life Insurance		576	
Medical Insurance		25,488	
Unemployment Compensation		140	
Employer Medicare		1,506	
Other Contracted Services		7,585	
Office Supplies		3,232	
Total Fiscal Services			167,938

Human Services/Personnel

Supervisor/Director	\$	33,296	
Secretary(ies)		23,920	
Social Security		3,533	
State Retirement		4,061	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Human Services/Personnel (Cont.)

Life Insurance	\$	213	
Medical Insurance		3,829	
Unemployment Compensation		52	
Employer Medicare		826	
Total Human Services/Personnel			\$ 69,730

Operation of Plant

Custodial Personnel	\$	932,148	
Social Security		53,671	
State Retirement		69,058	
Life Insurance		7,517	
Medical Insurance		209,265	
Unemployment Compensation		2,331	
Employer Medicare		12,552	
Travel		130	
Other Contracted Services		54,395	
Coal		7,307	
Custodial Supplies		97,493	
Electricity		1,181,182	
Fuel Oil		20,376	
Natural Gas		384,834	
Water and Sewer		118,151	
Other Supplies and Materials		15,824	
Other Charges		21,201	
Plant Operation Equipment		13,349	
Total Operation of Plant			3,200,784

Maintenance of Plant

Supervisor/Director	\$	34,780
Secretary(ies)		20,907
Maintenance Personnel		397,189
Social Security		26,692
State Retirement		35,143
Life Insurance		2,448
Medical Insurance		65,918
Unemployment Compensation		724
Employer Medicare		6,242
Maintenance & Repair Services - Buildings		6,482
Maintenance & Repair Services - Equipment		9,087

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Other Contracted Services	\$	24,405	
Equipment and Machinery Parts		4,512	
Other Supplies and Materials		31,248	
Other Charges		32,091	
Maintenance Equipment		54,350	
Total Maintenance of Plant			\$ 752,218

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	56,626	
Career Ladder Program		1,000	
Social Security		3,573	
State Retirement		3,532	
Life Insurance		139	
Unemployment Compensation		35	
Employer Medicare		836	
Travel		2,403	
Total Food Service			68,144

Early Childhood Education

Supervisor/Director	\$	9,261	
Teachers		134,478	
Educational Assistants		32,247	
Other Salaries & Wages		9,601	
Social Security		11,101	
State Retirement		12,134	
Life Insurance		1,147	
Medical Insurance		19,362	
Unemployment Compensation		296	
Employer Medicare		2,598	
Travel		6,602	
Instructional Supplies and Materials		19,946	
Other Supplies and Materials		32,564	
In Service/Staff Development		483	
Other Charges		259	
Other Equipment		27,758	
Total Early Childhood Education			319,837

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Architects	\$	95,621	
Building Improvements		823,947	
Site Development		20,517	
Other Capital Outlay		<u>18,029</u>	
Total Regular Capital Outlay	\$		958,114

Principal on Debt

Education

Principal on Capital Leases	\$	<u>146,738</u>	
Total Education			146,738

Interest on Debt

Education

Interest on Capital Leases	\$	<u>23,722</u>	
Total Education			<u>23,722</u>

Total General Purpose School Fund \$ 42,605,365

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	638,711	
Educational Assistants		271,801	
Other Salaries & Wages		96,973	
Certified Substitute Teachers		360	
Non-certified Substitute Teachers		5,620	
Social Security		59,701	
State Retirement		67,278	
Life Insurance		6,564	
Medical Insurance		143,554	
Unemployment Compensation		1,787	
Employer Medicare		13,962	
Maintenance & Repair Services - Equipment		4,483	
Other Contracted Services		18,355	
Instructional Supplies and Materials		44,972	
Other Supplies and Materials		16,062	
Other Charges		74,283	
Regular Instruction Equipment		<u>48,445</u>	
Total Regular Instruction Program	\$		1,512,911

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Alternative Instruction Program

Teachers	\$	31,172	
Social Security		1,897	
State Retirement		1,911	
Life Insurance		144	
Unemployment Compensation		35	
Employer Medicare		444	
Total Alternative Instruction Program			\$ 35,603

Special Education Program

Teachers	\$	352,403	
Educational Assistants		598,297	
Other Salaries & Wages		93,933	
Social Security		60,692	
State Retirement		75,600	
Life Insurance		10,325	
Medical Insurance		215,511	
Unemployment Compensation		2,745	
Employer Medicare		14,194	
Contracts with Private Agencies		29,585	
Instructional Supplies and Materials		61,268	
Other Supplies and Materials		18,881	
Total Special Education Program			1,533,434

Vocational Education Program

Instructional Supplies and Materials	\$	74,565	
Other Supplies and Materials		350	
Vocational Instruction Equipment		71,803	
Total Vocational Education Program			146,718

Adult Education Program

Other Contracted Services	\$	3,750	
Total Adult Education Program			3,750

Support Services

Health Services

Medical Personnel	\$	44,810	
Social Security		2,363	
State Retirement		3,785	
Life Insurance		288	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Medical Insurance	\$	18,885	
Unemployment Compensation		70	
Employer Medicare		553	
Travel		3,974	
Other Supplies and Materials		28,887	
Other Charges		1,410	
Total Health Services			\$ 105,025

Other Student Support

Other Salaries & Wages	\$	5,758	
Social Security		341	
State Retirement		378	
Employer Medicare		80	
Evaluation and Testing		2,855	
Other Charges		49,964	
Total Other Student Support			59,376

Regular Instruction Program

Supervisor/Director	\$	56,207	
Other Salaries & Wages		139,360	
Social Security		11,969	
State Retirement		12,660	
Life Insurance		426	
Medical Insurance		7,827	
Unemployment Compensation		105	
Employer Medicare		2,799	
Consultants		2,340	
Travel		34,698	
Other Contracted Services		6,375	
Library Books/Media		8,381	
Other Supplies and Materials		5,722	
In Service/Staff Development		273,190	
Other Charges		4,385	
Other Equipment		25,432	
Total Regular Instruction Program			591,876

Special Education Program

Assessment Personnel	\$	100,897	
Social Security		6,066	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

State Retirement	\$	6,185	
Life Insurance		288	
Medical Insurance		9,915	
Unemployment Compensation		70	
Employer Medicare		1,419	
Travel		17,273	
Other Contracted Services		24,110	
Other Supplies and Materials		64,675	
In Service/Staff Development		45,626	
Total Special Education Program			\$ 276,524

Vocational Education Program

Travel	\$	24,086	
In Service/Staff Development		541	
Total Vocational Education Program			24,627

Adult Programs

Supervisor/Director	\$	31,525	
Social Security		1,936	
State Retirement		2,663	
Life Insurance		137	
Unemployment Compensation		35	
Employer Medicare		453	
Communication		2,225	
Travel		1,052	
Other Supplies and Materials		1,410	
Other Charges		7,089	
Total Adult Programs			48,525

Principal on Debt

Education

Principal on Capital Leases	\$	12,792	
Total Education			12,792

Interest on Debt

Education

Interest on Capital Leases	\$	575	
Total Education			575

Total School Federal Projects Fund \$ 4,351,736

(Continued)

Exhibit J-8

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Accountants/Bookkeepers	\$	25,486	
Clerical Personnel		36,930	
Cafeteria Personnel		986,770	
Social Security		60,897	
State Retirement		76,635	
Life Insurance		15,952	
Medical Insurance		211,346	
Unemployment Compensation		15,622	
Employer Medicare		14,242	
Communication		5,355	
Maintenance & Repair Services - Equipment		43,679	
Travel		97	
Other Contracted Services		139,644	
Food Preparation Supplies		113,433	
Food Supplies		1,260,490	
Office Supplies		17,772	
Uniforms		5,136	
Other Charges		3,505	
Food Service Equipment		83,794	
Total Food Service			\$ 3,116,785

Total Central Cafeteria Fund \$ 3,116,785

School Transportation Fund

Support Services

Board of Education

Trustee's Commission	\$	32,903	
Total Board of Education			\$ 32,903

Transportation

Supervisor/Director	\$	34,780	
Mechanic(s)		144,709	
Bus Drivers		897,373	
Clerical Personnel		33,400	
Social Security		64,442	
State Retirement		83,393	
Life Insurance		11,707	
Medical Insurance		255,931	
Unemployment Compensation		3,196	

(Continued)

Exhibit J-8

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

School Transportation Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Employer Medicare	\$	15,071	
Communication		4,008	
Contracts with Parents		12,871	
Contracts with Vehicle Owners		3,610	
Medical and Dental Services		4,960	
Other Contracted Services		8,321	
Gasoline		596,788	
Lubricants		9,081	
Tires and Tubes		35,451	
Vehicle Parts		137,436	
Other Supplies and Materials		1,038	
Other Charges		25,225	
Transportation Equipment		<u>211,172</u>	
Total Transportation			\$ 2,593,963

Other Debt Service

Education

Contributions	\$	<u>241,682</u>	
Total Education			<u>241,682</u>

Total School Transportation Fund \$ 2,868,548

Total Governmental Funds - Hawkins County School Department \$ 52,942,434

Exhibit J-9

Hawkins County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes
in Cash Balances - City Agency Funds
For the Year Ended June 30, 2007

	Cities - Sales Tax Fund	City School ADA - Rogersville Fund	City School ADA - Kingsport Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 561,456	\$ 457,515	\$ 1,018,971
Trustee's Collections - Prior Years	0	29,804	23,851	53,655
Circuit/Clerk and Master Collections - Prior Year	0	10,285	7,910	18,195
Interest and Penalty	0	5,202	4,154	9,356
Pick-up Taxes	0	1,459	1,170	2,629
Payments in-Lieu-of Taxes - Other	0	441	359	800
Local Option Sales Tax	3,291,778	282,999	230,608	3,805,385
Wheel Tax	0	15,666	12,898	28,564
Bank Excise Tax	0	4,663	3,800	8,463
Interstate Telecommunications Tax	0	635	517	1,152
Marriage Licenses	0	323	267	590
Other Local Revenues	0	140	114	254
Total Cash Receipts	\$ 3,291,778	\$ 913,073	\$ 743,163	\$ 4,948,014
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 3,258,860	\$ 896,379	\$ 729,182	\$ 4,884,421
Trustee's Commissions	32,918	16,713	11,434	61,065
Total Cash Disbursements	\$ 3,291,778	\$ 913,092	\$ 740,616	\$ 4,945,486
Excess of Cash Receipts Over (Under)				
Cash Disbursements	\$ 0	\$ (19)	\$ 2,547	\$ 2,528
Cash Balance, July 1, 2006	0	34,599	25,391	59,990
Cash Balance, June 30, 2007	\$ 0	\$ 34,580	\$ 27,938	\$ 62,518

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

September 27, 2007

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hawkins County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise Hawkins County's basic financial statements and have issued our report thereon dated September 27, 2007. Our report expresses an adverse opinion on the financial statements of the governmental activities of Hawkins County, Tennessee, because of the omission of the infrastructure assets and the related depreciation of those assets. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Hawkins County Emergency Communications District, a discretely presented component unit, which were not available from other auditors as of the date of this report. Our report on each major fund and the aggregate remaining fund information was unqualified. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hawkins County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of

expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hawkins County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hawkins County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 07.05, 07.06, and 07.07.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Hawkins County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 07.06 to be a material weakness.

Compliance and Other Matters

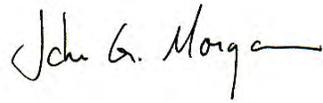
As part of obtaining reasonable assurance about whether Hawkins County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 07.01, 07.02, 07.03, and 07.04.

We consider item 07.08 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations. We also noted certain other matters that we reported to management of Hawkins County in separate communications.

Hawkins County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Hawkins County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, County Commission, Board of Education, others within Hawkins County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

September 27, 2007

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Hawkins County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. Hawkins County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Hawkins County's management. Our responsibility is to express an opinion on Hawkins County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hawkins County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We

believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Hawkins County's compliance with those requirements.

In our opinion, Hawkins County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Hawkins County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Hawkins County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Hawkins County's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

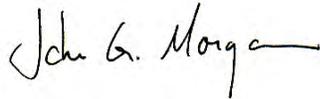
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hawkins County as of and for the year ended June 30, 2007, and have issued our report thereon dated September 27, 2007. Our report expresses an adverse opinion on the financial statements of the governmental activities of Hawkins County, Tennessee, because of the omission of infrastructure assets and the related depreciation of those assets. Our report on the aggregate discretely presented component unit's financial statements was qualified due to not including the financial statements of the Hawkins County

Emergency Communications District, a discretely presented component unit, which were not available from other auditors as of the date of this report. Our report on each major fund and the aggregate remaining fund information was unqualified. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Hawkins County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Hawkins County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Hawkins County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, County Commission, Board of Education, others within Hawkins County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal stroke at the end.

John G. Morgan
Comptroller of the Treasury

JGM/yu

Hawkins County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2007

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	\$ 475,518
National School Lunch Program	10.555	N/A	1,464,754
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	196,020
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	N/A	4,154
Total U.S. Department of Agriculture			<u>\$ 2,140,446</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-06-12271-00	\$ 193,815
Total U.S. Department of Housing and Urban Development			<u>\$ 193,815</u>
U.S. Department of Labor:			
Passed-through Walters State Community College:			
WIA Youth Activities	17.259	332.96-05-85P	\$ 73,460
Total U.S. Department of Labor			<u>\$ 73,460</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,611,659
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,825,575
Special Education - Preschool Grants	84.173	N/A	21,782
Vocational Education - Basic Grants to States	84.048	N/A	176,130
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	34,535
Even Start - State Educational Agencies	84.213	N/A	115,690
Twenty-First Century Community Learning Centers	84.287	(2)	132,931
State Grants for Innovative Programs	84.298	N/A	107,175
Education Technology State Grants	84.318	(2)	18,059
Reading First State Grants	84.357	GG-04-11033-00	200,185
Improving Teacher Quality State Grants	84.367	N/A	382,770
Hurricane Education Recovery	84.938	N/A	19,647
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z-07-033699-00	85,375
Passed-through Greeneville City School Department:			
English Language Acquisition Grants	84.365	N/A	6,958
Total U.S. Department of Education			<u>\$ 4,738,471</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(3)	\$ 180,465
Total U.S. Election Assistance Commission			<u>\$ 180,465</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Labor and Workforce Development:			
Temporary Assistance for Needy Families	93.558	Z-07-034226-00	\$ 30,189
Total U.S. Department of Health and Human Services			<u>\$ 30,189</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z-04-022451-02	\$ 44,369
Emergency Management Performance Grants	97.042	(4)	9,662
Total U.S. Department of Homeland Security			<u>\$ 54,031</u>
Total Expenditures of Federal Awards			<u>\$ 7,410,877</u>
<u>State Grants</u>			
		<u>Contract Number</u>	
Juvenile Services Program - State Commission on Children and Youth	N/A	(2)	\$ 13,939
Airport Maintenance Program - State Department of Transportation	N/A	(2)	4,585
Aging Program - First Tennessee Development District	N/A	(2)	43,780
State Reappraisal - Comptroller of the Treasury	N/A	(2)	23,126
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	56,169
Parks Grant - State Department of Environment and Conservation	N/A	(2)	12,253
Health Department Program - State Department of Health	N/A	(2)	307,778
Bridge Program - State Department of Transportation	N/A	(2)	155,514
Litter Program - State Department of Transportation	N/A	(2)	41,018
Library Archive Grant - State Archives	N/A	(2)	2,000
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	257,611
Safe Schools Act - State Department of Education	N/A	(2)	43,382
Adult Basic Education - State Department of Education	N/A	(2)	28,458
Families First Grant - State Department of Education	N/A	(2)	16,255
Family Resource Center Grant - State Department of Education	N/A	(2)	<u>33,300</u>
Total State Grants			<u>\$ 1,039,168</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Z-06-032952-00: \$175,000; Z-07-037467-00: \$5,465.
- (4) Z-06-032876-00: \$1,308; Z-07-020641-00: \$8,354.

Hawkins County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2007

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Hawkins County, Tennessee, for the year ended June 30, 2006, which have not been corrected.

HAWKINS COUNTY

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.01	12	Government-wide financial statements were not presented in accordance with generally accepted accounting principles

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.03	13	A central system of accounting and budgeting had not been adopted

HAWKINS COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

PART I, SUMMARY OF AUDITOR'S RESULTS

1. An adverse opinion was issued on the governmental activities of Hawkins County. A qualified opinion was issued on the aggregate discretely presented component units, and an unqualified opinion was issued on each major fund and on the aggregate remaining fund information of Hawkins County.
2. The audit of the financial statements of Hawkins County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed two instance of noncompliance that are material to the financial statements of Hawkins County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555) and the Special Education Cluster: Special Education - Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Hawkins County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the county mayor, director of schools, and clerk and master are paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

HAWKINS COUNTY

FINDING 07.01 **INFRASTRUCTURE WAS NOT PRESENTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (Material Noncompliance Under Government Auditing Standards)**

The Highway Department did not identify and determine the historical value of the county's infrastructure (e.g., roads, bridges, and similar items) and the related depreciation amounts of these assets. This information is necessary to present government-wide financial statements for all of the county's activities, as required by Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. As a result of this omission, the primary government's governmental activities included in the government-wide financial statements are not presented in accordance with generally accepted accounting principles; thus, we have issued an adverse opinion on the governmental activities opinion unit.

RECOMMENDATION

The Highway Department should compile and maintain records that properly account for infrastructure. These records should document the historical costs of the infrastructure and the related depreciation amounts of these assets. This information is necessary to present the financial statements in accordance with generally accepted accounting principles.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The County Mayor's Office will continue to work with the Highway Department to determine the historical costs of the county's infrastructure and the related depreciation amounts for these assets to ensure that Hawkins County will be in compliance with GASB Statement No. 34 by June 30, 2008.

FINDING 07.02 HAWKINS COUNTY HAS NOT COMPLETED THE STEPS SET FORTH IN THE IMPLEMENTATION PLAN FOR GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 34 FILED WITH THE COMPTROLLER OF THE TREASURY
(Material Noncompliance Under Government Auditing Standards)

As noted in finding 07.01, Hawkins County has not taken the necessary steps to present its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34. To encourage local governments to comply with GASB Statement No. 34, the Tennessee General Assembly passed legislation (Sections 9-3-401 through 9-3-405, Tennessee Code Annotated), requiring local governments that were not in compliance with GASB Statement No. 34, to file an implementation plan with the Comptroller of the Treasury showing the steps and the timeline local governments would follow to implement the standard no later than June 30, 2008. An examination of the plan Hawkins County filed with the Comptroller's Office shows that the county has failed to perform the steps in accordance with the timeline set forth in their plan. If Hawkins County does not comply with GASB Statement No. 34 by June 30, 2008, the statutes further provide that the state may withhold certain state funds from the county.

RECOMMENDATION

Hawkins County should take the necessary steps to ensure compliance with GASB Statement No. 34 by June 30, 2008.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The County Mayor's Office will continue to work with the Highway Department to determine historical costs of the county's infrastructure and the related depreciation amounts for these assets to ensure that Hawkins County will be in compliance with GASB Statement No. 34 by June 30, 2008.

OFFICE OF COUNTY MAYOR

FINDING 07.03 THE OFFICE DID NOT COMPLY WITH ITS PERSONNEL POLICY REGARDING ACCUMULATION OF COMPENSATORY TIME
(Noncompliance Under Government Auditing Standards)

The office's personnel policy permits employees to accumulate a maximum of 240 hours of compensatory time. We noted that at June 30, 2007, some employees of the office had accumulated compensatory time in excess of the amount allowed by this policy.

RECOMMENDATION

The office should comply with its personnel policy regarding the accumulation of compensatory time.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The County Mayor's Office will make every effort to reduce the need for compensatory time and comply with its personnel policy regarding the accumulation of compensatory time. We will make efforts to reduce the current accumulation of hours.

OFFICE OF ROAD SUPERINTENDENT

FINDING 07.04 **THE OFFICE DID NOT ALWAYS PURCHASE FROM THE LOWEST BIDDER** (Noncompliance Under Government Auditing Standards)

The Highway Department solicited and received bids for pipe as required by Chapter 256, Private Act of 1957, and the Uniform Road Law, Section 54-7-113, Tennessee Code Annotated; however, the department quit purchasing pipe from the low bidder because officials with the Highway Department stated that the low bidder wanted to increase the bid price due to increases in the cost of pipe. Highway officials also stated that there had been problems with the delivery of pipe. The county did not solicit new bids or purchase from the next lowest original bidder. Instead, the road superintendent stated that he selected another vendor from the original bidders because the vendor was located within the county and the difference in the bids was not significant.

In the case, Owen of Georgia, Inc., versus Shelby County, 442F. Supp. 314 (w.b. Tenn. 1977), the court stated that "to reject the bid of the lowest bidder there must be such evidence of the irresponsibility of the bidder as would cause fair-minded and reasonable men to believe that it was not for the best interest of the municipality to award the contract to the lowest bidder."

RECOMMENDATION

The county should have purchased from the next lowest bidder of the original bidders or solicited new bids.

FINDING 07.05 **THE OFFICE DID NOT MAINTAIN ADEQUATE CONTROLS OVER CONSUMABLE ASSETS** (Internal Control – Significant Deficiency Under Government Auditing Standards)

The Highway Department did not maintain inventory records documenting the receipt, usage, and storage of consumable assets, such as pipe.

RECOMMENDATION

The Highway Department should maintain inventory records for consumable assets.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 07.06 **DEFICIENCIES WERE NOTED IN THE ADMINISTRATION OF THE SCHOOL FEDERAL PROJECTS FUND** (Internal Control – Material Weakness Under Government Auditing Standards)

Our audit revealed the following deficiencies in the School Federal Projects Fund:

- A. The School Federal Projects Fund had a fund deficit of \$36,656 at June 30, 2007. This fund deficit occurred because School Department personnel had not requested reimbursements for grant funds on a timely basis.
- B. The School Federal Projects Fund had a cash overdraft of \$269,297 at June 30, 2007. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. This cash overdraft was liquidated subsequent to June 30, 2007.

RECOMMENDATION

Management should liquidate the fund deficit in the School Federal Projects Fund. Requests for reimbursements of grant funds should be filed on a timely basis. Also, management should not issue warrants that exceed cash on deposit with the county trustee.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

- A. The fund deficit occurred because purchase orders were encumbered and the recording of indirect costs for which requests had not been processed when the books were closed. According to the State Department of Education, the funds must be spent within three days of receipt. Because of the inability to know when the purchase order items would be received, the funds had not been requested at year-end. The requests were done on a timely basis in proceeding months.
- B. The cash overdraft is due to processing two months of payroll at year-end and the liabilities incurred for these payrolls; however, the payroll was not released until after July 5, 2007. The trustee did not have a cash overdraft for School Federal Projects at June 30, 2007. We feel that federal project requests are processed timely due to the fact that most were requested on June 30, the exceptions being the encumbered purchase orders and indirect costs discussed previously. The release of the funds requested is determined by the State Department of Education.

AUDITOR'S REBUTTAL

Writing payroll checks for the months of July and August in June created a cash overdraft in the accounting records of the School Federal Projects Fund that could have been avoided if the July and August payrolls had been posted as liabilities and the payroll checks written subsequent to June 30 when the funds were received.

OFFICE OF CLERK AND MASTER

FINDING 07.07 **DELINQUENT TAX AGGREGATES WERE NOT RECONCILED**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The clerk and master did not reconcile the unpaid balance of each years' delinquent tax aggregate on file in Chancery Court with amounts collected and adjusted. As a result, internal controls over delinquent property tax collections were weakened.

RECOMMENDATION

To strengthen internal controls over delinquent property tax collections, the clerk and master should reconcile each years' delinquent tax aggregate on file in Chancery Court.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

The Clerk and Master's Office recently purchased a delinquent tax computer software program. This was the first fiscal year we were on that program. The task of entering the prior years' uncollected taxes for Hawkins County and the six cities within the county was overwhelming. We expected and had some time-consuming typing and computer errors; however, all reports of collections were timely made to the county trustee and all cities. Reconciling the tax aggregates should have been timely prepared and will be in the future.

OTHER FINDING AND RECOMMENDATION

FINDING 07.08 **A CENTRAL SYSTEM OF ACCOUNTING AND BUDGETING HAD NOT BEEN ADOPTED**
(Internal Control – Control Finding Under Government Auditing Standards)

County officials had not adopted a central system of accounting and budgeting. Establishing a central system would significantly improve controls over the accounting and budgeting processes.

RECOMMENDATION

County officials should consider adopting either the County Financial Management System of 1981 or a private act which would provide for a central system of accounting and budgeting covering all county departments.

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

There were no findings and questioned costs for federal programs.

**HAWKINS COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2007**

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