

**ANNUAL FINANCIAL REPORT
HAMBLEN COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2008



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**ANNUAL FINANCIAL REPORT
HAMBLLEN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2008**

***DEPARTMENT OF AUDIT
JUSTIN P. WILSON
Comptroller of the Treasury***

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

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Director***

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Audit Manager***

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Auditor 4***

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GREG BRUSH
State Auditors***

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

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Audit Highlights
Annual Financial Report
Hamblen County, Tennessee
For the Year Ended June 30, 2008

Scope

We have audited the basic financial statements of Hamblen County as of and for the year ended June 30, 2008.

Results

Our report on Hamblen County's financial statements is unqualified.

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

Findings

The following are summaries of the audit findings:

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ The office had deficiencies related to collections by an outside agency.

OFFICE OF SHERIFF

- ◆ The office had accounting deficiencies.
- ◆ The office did not deposit some funds within three days of collection.
- ◆ The office had deficiencies in the administration of drug control funds.

OTHER FINDINGS

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Trustee and Sheriff.

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INTRODUCTORY SECTION

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Hamblen County Officials

June 30, 2008

Officials

David Purkey, County Mayor
Barry Poole, Road Superintendent
Dr. Dale Lynch, Director of Schools
Bill Brittain, Trustee
John Ely, Assessor of Property
Linda Wilder, County Clerk
Kathy Mullins, Circuit and General Sessions Courts Clerk
Kathy Terry, Clerk and Master
Jim Clawson, Register
Esco Jarnigan, Sheriff
Nicole Buchanan, Finance Director

Board of County Commissioners

Stancil Ford, Chairman	Tom Massey
Larry Baker	Frank Parker
John Bruce	Nancy Phillips
Guy Collins	Reece Sexton
Doyle Fullington	Joseph Spooone
Herbert Harville	Joe Swann
Paul LeBel	Dana Wampler

Board of Highway Commissioners

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

Board of Education

Janice Haun, Chairwoman	James Grigsby
Charles Cross	Carolyn Holt
Joe Gibson, Jr.	Clyde Kinder
Roger Greene	

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FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

March 6, 2009

Hamblen County Mayor and
Board of County Commissioners
Hamblen 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 Hamblen County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Hamblen County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hamblen County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hamblen County Emergency Communications District, which represent 1.9 percent and 1.6 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hamblen County Emergency Communications District, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hamblen County, Tennessee, as of June 30, 2008, 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 March 6, 2009, on our consideration of Hamblen 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.

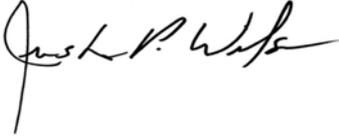
As described in Note V.B., Hamblen County has adopted the provisions of Governmental Accounting Standards Board Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, and Statement No. 50, Pension Disclosures.

The management's discussion and analysis on pages 21 through 29 and the budgetary comparison and pension information on pages 95 through 103 are not required parts of the basic financial statements but they do provide supplementary information required by the Governmental Accounting Standards Board. 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 Hamblen County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Hospital Debt Service funds, combining and individual fund financial statements of the Hamblen County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Hospital Debt Service funds, combining and individual fund financial statements of the Hamblen County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied by us 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 by us 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent initial "J" and "W".

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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HAMBLLEN COUNTY GOVERNMENT

David W. Purkey
County Mayor



"The People's House"

HAMBLLEN COUNTY, TENNESSEE MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2008

This management's discussion and analysis (MD&A) of Hamblen County's financial performance provides an overall view of the county's financial activities for the fiscal year ended June 30, 2008. In addition, this discussion and analysis includes an overall view of the Discretely Presented Component Unit (DPCU) Hamblen County School Department. A separate set of financial statements is not issued for the Hamblen County School Department. The intent of this discussion and analysis is to look at the county's and the DPCU Hamblen County School Department's financial performance as a whole. Readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the county's financial performance as well as the DPCU School Department's financial performance.

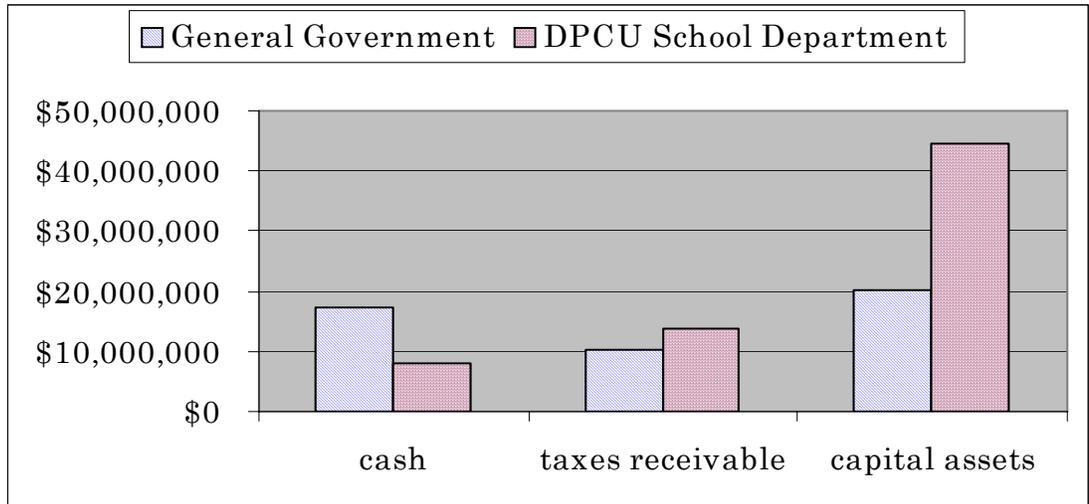
FINANCIAL HIGHLIGHTS FOR FY 2008

Net assets of the Primary Government	(\$3,365,617)
Net assets of the DPCU School Department	\$52,846,677

The net assets of the Primary Government increased by \$3 million. The net assets of the DPCU School Department (SD) increased by \$1 million. The majority of the large discrepancy in the net asset numbers above is related to the fact that school buildings constructed with county debt are recorded as assets for the DPCU SD, but the debt issued to fund those capital assets is recorded as a liability for the Primary Government. All net assets of the Primary Government and the DPCU SD are related to governmental activities.

- General revenues of the Primary Government accounted for \$16.2 million in revenues or 63 percent of all revenues.
- General revenues of the DPCU SD accounted for \$61.3 million or 84 percent of all revenues.
- Program specific revenues of the Primary Government in the form of charges for services and sales, grants, and contributions accounted for \$9.4 million or 37 percent of total governmental activities revenues.
- Total assets of governmental activities of the Primary Government were \$17,463,688 cash, \$10,395,195 taxes receivable (net of allowance), and \$20,275,437 capital assets.

- Total assets of the DPCU SD were \$7,981,798 cash, \$13,746,665 net taxes receivable, and \$44,536,271 capital assets.



Hamblen County reported a total unreserved fund balance for all funds of \$16 million, an increase of \$3.7 million from the prior year. Of this amount, the General Fund’s portion was \$3.2 million or 20 percent.

Total unreserved fund balance for the DPCU SD was \$7.4 million, an increase of \$2.5 million from the prior year. Of this amount, the General Purpose School Fund was \$6.6 million or 89 percent.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT (AFR)

This annual report consists of a series of financial statements and notes to those statements and other supplemental information related to these financial statements. These statements are organized so the reader can understand Hamblen County as a financial whole (and entire operating entity). The statements then proceed to provide an increasingly detailed look at specific financial activities. These fund financial statements look at the county’s most significant funds with all other nonmajor funds presented in total in one column.

First, the Statement of Net Assets and the Statement of Activities present a government-wide view of the county’s finances. The next level is the governmental funds level of detail, and then the individual fund is the most detailed level.

The Hamblen County government adopts an annual appropriated budget for its funds. Budgetary comparison statements are included in the report. Refer to the table of contents for the location of the various funds’ budget statements.

Reporting on the County as a Whole

Statement of Net Assets and the Statement of Activities: These statements provide a broad picture of financial activities during fiscal year-end 2008. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the county's net assets and changes in these assets as well as those of the county's discretely presented component units. This change in assets is important because it tells the reader that the financial position of the county and the discretely presented component units have improved or diminished. The cause of this change may be the result of many factors, some financial, some not. On the Statement of Net Assets and the Statement of Activities, the county reports its activities as governmental activities. The county's programs and services are reported here, including general government; finance; administration of justice; public safety; public health and welfare; social, cultural, and recreational services; agriculture and natural resources; highways; and other operations. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues. The activities of the DPCU SD are reported as governmental revenues including federal and state grants and other shared revenues.

Reporting the County's Most Significant Funds

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Hamblen County and the DPCU SD, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Hamblen County and the DPCU SD can be divided into two categories: governmental funds and fiduciary funds. In the case of Hamblen County, the General Fund is by far the most significant fund. Other major funds include the Solid Waste/Sanitation, General Debt Service, and the Hospital Debt Service funds. In the case of the DPCU SD, the General Purpose School Fund is the only major fund.

Fund financial reports provide detailed information about the county's major funds. The county uses many funds to account for a multitude of financial transactions. However, these statements concentrate on the county's most significant funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the

long-term impact of the government's near-term financing decisions. Both the governmental funds' balance sheets and the governmental funds' statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The county and the DPCU SD maintain a multitude of individual governmental funds. Information is presented separately in the governmental funds' balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for major funds, which were identified earlier. Data from all other governmental funds are combined in a single, aggregated presentation. Individual fund data for each of the nonmajor funds is provided in the form of combining statements in the combining and individual fund financial statements and schedules section of this report. Please refer to the table of contents to locate these statements.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the resources of these funds are not available to support the county's own programs. The accounting used for fiduciary funds is much like that used to report proprietary funds. Please refer to the table of contents to locate statements.

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

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including budgetary statements of the General and major special revenue funds and pension information. Please refer to the table of contents to locate these schedules. Financial statements for the DPCU SD are presented immediately following the fiduciary funds statements. This component unit does not issue separate financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets, over time, may serve as a useful indicator of a government's financial position. In the case of the county, liabilities exceeded assets by \$3.4 million at the close of the most recent fiscal year. For the DPCU SD, assets exceeded liabilities by \$52.8 million at the close of the most recent fiscal year.

A large portion of the county's net assets reflects its investment in capital assets (i.e. land, buildings, infrastructure, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The county uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The same holds true for the DPCU SD. A large portion of its net assets reflects its investment in capital assets as described above. It must be noted that although the Hamblen County government's investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

NET ASSETS

Table 1 provides a summary of the county's net assets for fiscal year 2008, and a comparison to the prior year for the Primary Government and the discretely presented School Department.

Table 1
Hamblen County Government and DPCU School Department Net Assets
Governmental Activities

	<u>Hamblen County Government</u>	
	<u>2008</u>	<u>2007</u>
Current and Other Assets	\$ 59,290,489	\$ 56,636,362
Capital Assets	20,275,437	20,006,320
Total Assets	<u>\$ 79,565,926</u>	<u>\$ 76,642,682</u>
Long-term Liabilities Outstanding	\$ 72,139,355	\$ 72,327,979
Other Liabilities	10,792,188	10,856,117
Total Liabilities	<u>\$ 82,931,543</u>	<u>\$ 83,184,096</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 14,161,024	\$ 13,351,602
Restricted	13,077,764	11,501,422
Unrestricted	<u>(30,604,405)</u>	<u>(31,394,438)</u>
Total Net Assets	<u>\$ (3,365,617)</u>	<u>\$ (6,541,414)</u>
	<u>DPCU School Department</u>	
	<u>2008</u>	<u>2007</u>
Current and Other Assets	\$ 24,787,305	\$ 23,451,965
Capital Assets	44,536,271	45,127,209
Total Assets	<u>\$ 69,323,576</u>	<u>\$ 68,579,174</u>
Long-term Liabilities Outstanding	\$ 1,433,889	\$ 1,518,203
Other Liabilities	15,043,010	15,108,499
Total Liabilities	<u>\$ 16,476,899</u>	<u>\$ 16,626,702</u>

Table 1
Hamblen County Government and DPCU School Department Net Assets
Governmental Activities (Cont.)

	<u>DPCU School Department</u>	
	<u>2008</u>	<u>2007</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 44,404,132	\$ 44,922,239
Restricted	1,541,259	1,618,847
Unrestricted	<u>6,901,286</u>	<u>5,411,386</u>
 Total Net Assets	 <u>\$ 52,846,677</u>	 <u>\$ 51,952,472</u>

CHANGES IN NET ASSETS

Table 2 shows the changes in net assets for fiscal year 2008, and a comparison to the changes in net assets of the prior year for the Primary Government and the discretely presented School Department.

Table 2
Hamblen County Government and DPCU School Department Changes in Net Assets
Governmental Activities

	<u>Hamblen County Government</u>		<u>DPCU School Department</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 6,498,224	\$ 6,988,968	\$ 2,527,902	\$ 2,482,390
Operating Grants and Contributions	2,314,452	2,103,182	8,543,599	7,278,577
Capital Grants and Contributions	657,327	1,315,748	685,398	648,195
General Revenues:				
Property Taxes	10,130,028	9,255,886	13,472,480	13,720,668
Sales Taxes	743,111	605,279	10,309,776	10,282,136
Other Taxes	2,058,624	2,010,475	743,799	802,823
Grants and Contributions Not Restricted to Specific Programs	2,025,096	1,586,495	36,680,271	31,324,532
Unrestricted Investment Income	1,039,131	1,095,862	38,348	37,637
Restricted Investment Income	36,493	227,371	0	0
Miscellaneous	104,954	100,098	69,831	32,114
Insurance Recovery	16,189	0	0	0
Gain on Sale of Capital Assets	0	0	0	38,903
Total Revenues	<u>\$ 25,623,629</u>	<u>\$ 25,289,364</u>	<u>\$ 73,071,404</u>	<u>\$ 66,647,975</u>

Table 2

Hamblen County Government and DPCU School Department Changes in Net Assets
Governmental Activities (Cont.)

	Hamblen County Government		DPCU School Department	
	2008	2007	2008	2007
Expenses:				
General Government	\$ 2,022,495	\$ 2,012,060	\$ 0	\$ 0
Finance	1,857,550	1,795,658	0	0
Administration of Justice	1,858,857	1,620,833	0	0
Public Safety	5,291,149	4,559,102	0	0
Public Health and Welfare	2,738,446	3,491,564	0	0
Social, Cultural, and Recreational Services	872,706	801,836	0	0
Agriculture and Natural Resources	149,903	156,747	0	0
Other Operations	980,962	920,803	0	0
Highways	2,317,164	1,976,303	0	0
Education	684,073	475,000	72,177,199	67,660,289
Interest	3,560,759	3,325,127	0	0
Other Debt Service	113,768	116,075	0	0
Total Expenses	<u>\$ 22,447,832</u>	<u>\$ 21,251,108</u>	<u>\$ 72,177,199</u>	<u>\$ 67,660,289</u>
Increase (Decrease) in Net Assets	\$ 3,175,797	\$ 4,038,256	\$ 894,205	\$ (1,012,314)
Net Assets, July 1	<u>(6,541,414)</u>	<u>(10,579,670)</u>	<u>51,952,472</u>	<u>52,964,786</u>
Net Assets, June 30	<u>\$ (3,365,617)</u>	<u>\$ (6,541,414)</u>	<u>\$ 52,846,677</u>	<u>\$ 51,952,472</u>

FINANCIAL COMPARISON – PRIMARY GOVERNMENT

The General Fund is the chief operating fund of the county. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$3,225,450, while total fund balance reached \$3,581,420, increases of \$901,683 and \$1,084,202, respectively. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately 27.3 percent of total General Fund expenditures, while total fund balance represents 30.3 percent of that same amount.

The General Debt Service Fund had a fund balance of \$9 million at June 30, 2008, an increase of approximately \$1.6 million. The Hospital Debt Service Fund ended with a fund balance of \$518,720 at June 30, 2008.

The Solid Waste/Sanitation Fund has rebounded nicely over the last several years, from a deficit of \$205,578 at June 30, 2003, to a fund balance of \$548,329 at June 30, 2004, and ending June 30, 2008, with a fund balance of \$2,380,662. This turnaround was a result of a 21-cent tax increase levied during the 2004 year.

FINANCIAL COMPARISON – DPCU SD

The General Purpose School Fund (GPSF) is the chief operating fund of the DPCU School Department. At the end of the current fiscal year, unreserved fund balance of the GPSF was \$6.6 million, an increase of approximately \$2.6 million from the prior year. Total fund balance reached \$7.3 million, an increase of approximately \$1.6 million over fund balance a year ago. As a measure of the GPSF's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately 10.6 percent of the GPSF expenditures, while total fund balance represents 11.8 percent of that same amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: The county's investments in capital assets for its governmental activities as of June 30, 2008, totaled \$14,161,024 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and systems, improvements, equipment, roads, highways, and bridges. The DPCU SD's investment in capital assets for its governmental activities as of June 30, 2008, totaled \$44,404,132 (net of accumulated depreciation and related debt).

Note IV.E. (Capital Assets) provides capital assets activity during the 2008 fiscal year.

Long-term Debt: At the end of the 2008 fiscal year, the county had total loan agreements outstanding of \$70 million. Of this amount, all are backed by the full faith and credit of the county. The county's long-term agreements decreased by \$235,000 during the 2008 fiscal year. The county maintains an 'A+' rating for Standard & Poor's for general obligation debt. The county did not have any bonded debt outstanding. The remainder of the Hamblen County Government's debt represents capital outlay notes secured by the taxing power of the county and/or the assets financed.

Note IV.I. discusses details of other long-term debt requirements.

The DPCU SD has a capital lease of \$132,139. Note IV.H. includes details of the DPCU SD's capital lease.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate for the county as of December 2008, was 8.5 percent, significantly higher than the rate a year ago. The state's average unemployment rate is currently 7.9 percent and the national average is 7.2 percent. Inflationary trends in the region compare favorably to national indices. All of these factors were considered in preparing the county's budget for the 2009 fiscal year.

REQUEST FOR INFORMATION

This report is designed to provide a general overview of the county's finances for all those with an interest in the government's finances. For questions concerning any of the information provided in this report, please contact the Finance Department at 511 West Second North Street, Morristown, Tennessee 37814.

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BASIC FINANCIAL STATEMENTS

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Exhibit A

Hamblen County, Tennessee
Statement of Net Assets
June 30, 2008

	Primary Government Governmental Activities	Component Units	
		Hamblen County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash	\$ 267,307	\$ 0	\$ 939,183
Equity in Pooled Cash and Investments	17,196,381	7,981,798	0
Inventories	0	95,576	0
Accounts Receivable	124,392	547	109,897
Due from Other Governments	788,352	2,962,719	0
Due from Component Unit	16,643	0	0
Property Taxes Receivable	10,696,426	14,145,885	0
Allowance for Uncollectible Property Taxes	(301,231)	(399,220)	0
Note Receivable - Current	19,444	0	0
Loan Receivable - Current	239,871	0	0
Capital Lease Receivable	28,750,000	0	0
Note Receivable - Long-term	58,336	0	0
Loan Receivable - Long-term	770,000	0	0
Deferred Charges - Debt Issuance Cost	664,568	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	420,779	2,551,700	0
Construction in Progress	0	119,075	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	7,773,135	38,515,685	209,345
Other Capital Assets	1,250,375	3,349,811	78,235
Infrastructure	10,831,148	0	0
Total Assets	<u>\$ 79,565,926</u>	<u>\$ 69,323,576</u>	<u>\$ 1,336,660</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 260,220	\$ 1,383,708	\$ 13,811
Accrued Payroll	0	24,463	0
Accrued Interest Payable	309,580	0	0
Payroll Deductions Payable	88,848	219,103	4,518
Due to Primary Government	0	16,643	0
Deferred Revenue - Current Property Taxes	10,133,540	13,399,093	0
Noncurrent Liabilities:			
Due Within One Year	4,226,073	465,104	4,109
Due in More than One Year (net of unamortized premium on debt)	67,913,282	968,785	12,326
Total Liabilities	<u>\$ 82,931,543</u>	<u>\$ 16,476,899</u>	<u>\$ 34,764</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Hamblen County School Department	Emergency Communica- tions District
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 14,161,024	\$ 44,404,132	\$ 0
Invested in Capital Assets	0	0	287,580
Restricted for:			
Solid Waste/Sanitation	2,473,236	0	0
Drug Control	131,848	0	0
Highways	781,228	0	0
Debt Service	8,962,609	0	0
Capital Projects	0	279	0
Provisions of Private Act (Hospital)	528,791	0	0
State and Federal Financial Assistance Programs	0	1,540,980	0
Jail Maintenance	50,000	0	0
Health Department Improvements	52,660	0	0
Other Purposes	97,392	0	0
Unrestricted	<u>(30,604,405)</u>	<u>6,901,286</u>	<u>1,014,316</u>
Total Net Assets (Deficit)	<u>\$ (3,365,617)</u>	<u>\$ 52,846,677</u>	<u>\$ 1,301,896</u>

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

Exhibit B

Hamblen County, Tennessee
Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Primary Component Units					Hamblen County School Department				
	Program Revenues		Government			Capital		Total		
Expenses	Charges for Services	Operating Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Governmental Activities	Grants and Contributions	Grants and Contributions	School Department	Emergency Communications District	
Primary Government:										
Governmental Activities:										
General Government	\$ 2,022,495	\$ 877,668	\$ 50,364	\$ 0	\$ (1,094,463)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	1,857,550	1,688,116	18,215	0	(151,219)	0	0	0	0	0
Administration of Justice	1,858,857	1,336,851	158,872	32,722	(330,412)	0	0	0	0	0
Public Safety	5,291,149	964,040	82,721	42,519	(4,201,869)	0	0	0	0	0
Public Health and Welfare	2,738,446	1,597,931	300,879	114,772	(724,864)	0	0	0	0	0
Social, Cultural, and Recreational Services	872,706	33,618	0	45,000	(794,088)	0	0	0	0	0
Agriculture and Natural Resources	149,903	0	0	0	(149,903)	0	0	0	0	0
Other Operations	980,962	0	0	26,623	(954,339)	0	0	0	0	0
Highways	2,317,164	0	1,703,401	395,691	(218,072)	0	0	0	0	0
Education	684,073	0	0	0	(684,073)	0	0	0	0	0
Interest on Long-term Debt	3,560,759	0	0	0	(3,560,759)	0	0	0	0	0
Debt Service	113,768	0	0	0	(113,768)	0	0	0	0	0
Total Primary Government	\$ 22,447,832	\$ 6,498,224	\$ 2,314,452	\$ 657,327	\$ (12,977,829)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:										
Hamblen County School Department	\$ 72,177,199	\$ 2,527,902	\$ 8,543,599	\$ 685,398	\$ 0	\$ (60,420,300)	\$ 0	\$ 0	\$ 0	\$ 0
Emergency Communications District	920,806	800,370	0	0	0	0	0	0	(120,436)	(120,436)
Total Component Units	\$ 73,098,005	\$ 3,328,272	\$ 8,543,599	\$ 685,398	\$ 0	\$ (60,420,300)	\$ 0	\$ 0	\$ (120,436)	\$ (120,436)

(Continued)

Exhibit B

Hamblen County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						
	Primary			Component Units			
	Charges for Services	Program Revenues	Government	Hamblen County	School Department	Emergency Communications	District
	Expenses	Operating Contributions	Capital Grants and Contributions	Total Governmental Activities			
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 6,213,629	\$ 13,472,480	\$	0
Property Taxes Levied for Public Health and Welfare Purposes				1,150,772	0		0
Property Taxes Levied for Debt Purposes				2,765,627	0		0
Local Option Sales Taxes				743,111	10,309,776		0
Hotel/Motel Tax				8,535	0		0
Wheel Tax				797,732	736,368		0
Litigation Taxes				331,073	0		0
Business Tax				810,113	0		0
Wholesale Beer Tax				107,481	0		0
Interstate Telecommunications Tax				3,690	7,431		0
Grants and Contributions Not Restricted to Specific Programs				2,025,096	36,680,271		338,714
Unrestricted Investment Income				1,039,131	38,348		32,867
Investment Income Restricted by Enabling Legislation				36,493	0		0
Miscellaneous				104,954	69,831		1,604
Insurance Recovery				16,189	0		0
Total General Revenues				\$ 16,153,626	\$ 61,314,505	\$	373,185
Change in Net Assets				\$ 3,175,797	\$ 894,205	\$	252,749
Net Assets, July 1, 2007				(6,541,414)	51,952,472		1,049,147
Net Assets, June 30, 2008				\$ (3,365,617)	\$ 52,846,677	\$	1,301,896

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

Exhibit C-1

Hamblen County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2008

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Hospital Debt Service	Other Governmental Funds	Governmental Funds	
ASSETS							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 267,307	\$ 267,307	\$ 267,307
Equity in Pooled Cash and Investments	3,561,995	2,134,844	9,229,583	518,720	1,751,239	17,196,381	17,196,381
Accounts Receivable	2,599	10,099	0	88,196	18,832	119,726	119,726
Due from Other Governments	365,370	135,920	0	0	287,062	788,352	788,352
Due from Other Funds	8,690	255,854	54,000	0	0	318,544	318,544
Due from Component Units	0	0	16,643	0	0	16,643	16,643
Property Taxes Receivable	6,585,153	1,184,538	2,926,735	0	0	10,696,426	10,696,426
Allowance for Uncollectible Property Taxes	(185,843)	(32,791)	(82,597)	0	0	(301,231)	(301,231)
Notes Receivable - Current	0	0	19,444	0	0	19,444	19,444
Loan Receivable	0	0	0	0	1,009,871	1,009,871	1,009,871
Capital Lease Receivable	0	0	0	28,750,000	0	28,750,000	28,750,000
Notes Receivable - Long-term	0	0	58,336	0	0	58,336	58,336
Total Assets	\$ 10,337,964	\$ 3,688,464	\$ 12,222,144	\$ 29,356,916	\$ 3,334,311	\$ 58,939,799	\$ 58,939,799

LIABILITIES AND FUND BALANCES

Liabilities							
Accounts Payable	\$ 147,118	\$ 85,225	\$ 0	\$ 0	\$ 27,877	\$ 260,220	\$ 260,220
Payroll Deductions Payable	73,982	6,198	0	0	8,668	88,848	88,848
Accrued Interest Payable	0	0	16,643	0	0	16,643	16,643
Due to Other Funds	54,000	0	255,854	0	4,024	313,878	313,878
Deferred Revenue - Current Property Taxes	6,237,509	1,123,805	2,772,226	0	0	10,133,540	10,133,540
Deferred Revenue - Delinquent Property Taxes	142,301	22,272	63,245	0	0	227,818	227,818
Other Deferred Revenues	101,634	70,302	77,780	28,838,196	140,399	29,228,311	29,228,311
Total Liabilities	\$ 6,756,544	\$ 1,307,802	\$ 3,185,748	\$ 28,838,196	\$ 180,968	\$ 40,269,258	\$ 40,269,258
Fund Balances							
Reserved for Encumbrances	\$ 127,646	\$ 218,836	\$ 0	\$ 0	\$ 150,518	\$ 497,000	\$ 497,000
Reserved for Alcohol and Drug Treatment	28,272	0	0	0	0	28,272	28,272

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Hospital Debt Service	Other Governmental Funds		
\$	2,745	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,745
	0	0	0	0	770,000	770,000	770,000
	45,000	0	0	0	100,238	145,238	145,238
	0	0	0	0	34,218	34,218	34,218
	152,307	255,854	54,000	528,791	0	990,952	990,952
	3,225,450	0	0	0	0	3,225,450	3,225,450
	0	1,905,972	0	0	962,004	2,867,976	2,867,976
	0	0	8,982,396	(10,071)	240,000	9,212,325	9,212,325
	0	0	0	0	896,365	896,365	896,365
	\$ 3,581,420	\$ 2,380,662	\$ 9,036,396	\$ 518,720	\$ 3,153,343	\$ 18,670,541	\$ 18,670,541
	\$ 10,337,964	\$ 3,688,464	\$ 12,222,144	\$ 29,356,916	\$ 3,334,311	\$ 58,939,799	\$ 58,939,799

LIABILITIES AND FUND BALANCES (Cont.)

<u>Fund Balances (Cont.)</u>
Reserved for Computer System - Register
Reserved for Loan Receivable
Reserved for Capital Outlay
Other Federal Reserves
Reserved for Other General Purposes
Unreserved, Reported In:
General Fund
Special Revenue Funds
Debt Service Funds (Deficit)
Capital Projects Funds
Total Fund Balances

Total Liabilities and Fund Balances

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

Exhibit C-2

Hamblen County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2008

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)		\$ 18,670,541	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 420,779		
Add: infrastructure net of accumulated depreciation	10,831,148		
Add: buildings and improvements net of accumulated depreciation	7,773,135		
Add: other capital assets net of accumulated depreciation	<u>1,250,375</u>	20,275,437	
(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	\$ (2,351,754)		
Less: other loans payable	(69,760,000)		
Add: deferred charges - debt issuance costs	664,568		
Less: accrued interest on notes and other loans payable	(292,937)		
Less: other deferred revenue - premium on debt	<u>(27,601)</u>	(71,767,724)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>29,456,129</u>
Net assets (deficit) of governmental activities (Exhibit A)			<u>\$ (3,365,617)</u>

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

Exhibit C-3

Hamblen County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Hospital Debt Service	Other Governmental Funds		
<u>Revenues</u>							
Local Taxes	\$ 8,156,321	\$ 2,017,197	\$ 2,912,710	\$ 0	\$ 0	\$ 1,600	\$ 13,087,828
Licenses and Permits	454,815	1,567	0	0	0	0	456,382
Fines, Forfeitures, and Penalties	256,967	0	37,333	0	0	27,368	321,668
Charges for Current Services	189,053	0	0	0	0	1,319,213	1,508,266
Other Local Revenues	96,114	97,857	1,772,460	2,189,364	0	90,530	4,246,325
Fees Received from County Officials	1,734,496	0	0	0	0	0	1,734,496
State of Tennessee	1,702,264	665,043	0	0	0	2,115,686	4,482,993
Federal Government	194,495	0	0	0	0	119,694	314,189
Other Governments and Citizens Groups	113,031	0	0	0	0	14,282	127,313
Total Revenues	\$ 12,897,556	\$ 2,781,664	\$ 4,722,503	\$ 2,189,364	\$ 0	\$ 3,688,373	\$ 26,279,460
<u>Expenditures</u>							
Current:							
General Government	\$ 1,564,789	\$ 0	\$ 0	\$ 0	\$ 0	\$ 205,727	\$ 1,770,516
Finance	984,376	0	0	0	0	873,174	1,857,550
Administration of Justice	1,486,829	0	0	0	0	243,061	1,729,890
Public Safety	5,265,898	0	0	0	0	39,354	5,305,252
Public Health and Welfare	571,565	2,345,662	0	0	0	0	2,917,227
Social, Cultural, and Recreational Services	778,691	0	0	0	0	0	778,691
Agriculture and Natural Resources	149,903	0	0	0	0	0	149,903
Other Operations	980,962	0	0	0	0	0	980,962
Highways	0	0	0	0	0	2,047,753	2,047,753
Debt Service:							
Principal on Debt	0	0	734,444	690,000	0	235,000	1,659,444
Interest on Debt	2,160	0	2,051,290	1,511,291	0	42,650	3,607,391
Other Debt Service	0	0	66,390	482	0	600	67,472
Capital Projects	34,168	0	255,854	0	0	1,314,656	1,604,678
Total Expenditures	\$ 11,819,341	\$ 2,345,662	\$ 3,107,978	\$ 2,201,773	\$ 0	\$ 5,001,975	\$ 24,476,729
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,078,215	\$ 436,002	\$ 1,614,525	\$ (12,409)	\$ (1,313,602)	\$ 0	\$ 1,802,731

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Hospital Debt Service	Other Governmental Funds		
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,543,219	\$ 1,543,219	
Insurance Recovery	11,971	0	0	0	4,218	16,189	
Transfers In	19,016	0	0	0	25,000	44,016	
Transfers Out	(25,000)	0	0	0	(19,016)	(44,016)	
Total Other Financing Sources (Uses)	\$ 5,987	\$ 0	\$ 0	\$ 0	\$ 1,553,421	\$ 1,559,408	
Net Change in Fund Balances	\$ 1,084,202	\$ 436,002	\$ 1,614,525	\$ (12,409)	\$ 239,819	\$ 3,362,139	
Fund Balance, July 1, 2007	2,497,218	1,944,660	7,421,871	531,129	2,913,524	15,308,402	
Fund Balance, June 30, 2008	\$ 3,581,420	\$ 2,380,662	\$ 9,036,396	\$ 518,720	\$ 3,153,343	\$ 18,670,541	

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

Exhibit C-4

Hamblen County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2008

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)		\$ 3,362,139
(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	\$ 1,080,848	
Less: current year depreciation expense	<u>(780,596)</u>	300,252
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: assets donated to municipality		(31,135)
(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, 2008	\$ 29,456,129	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(30,128,149)</u>	(672,020)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Less: note proceeds	\$ (1,543,219)	
Add: change in premium on debt issuances	12,056	
Less: change in deferred debt issuance cost	(58,352)	
Add: principal payments on notes	834,444	
Add: principal payments on other loans	235,000	
Add: principal payments on bonds	<u>690,000</u>	169,929
(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		<u>46,632</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 3,175,797</u>

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

Exhibit D-1

Hamblen County, Tennessee
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Other Employee Benefit Trust Fund	
	Employee Benefit Trust Fund	Agency Funds
<u>ASSETS</u>		
Cash	\$ 0	\$ 2,846,053
Equity in Pooled Cash and Investments	6,227	15,105
Accounts Receivable	0	521
Due from Other Governments	437	1,664,102
	<hr/>	<hr/>
Total Assets	\$ 6,664	\$ 4,525,781
	<hr/>	<hr/>
<u>LIABILITIES</u>		
Accounts Payable	\$ 600	\$ 0
Due to Other Funds	0	4,666
Due to Other Taxing Units	0	1,675,763
Due to Litigants, Heirs, and Others	0	2,841,908
Due to Joint Ventures	0	3,444
	<hr/>	<hr/>
Total Liabilities	\$ 600	\$ 4,525,781
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Funds Held in Trust for Employees	\$ 6,064	
	<hr/>	
Net Assets	\$ 6,064	
	<hr/>	

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

Exhibit D-2

Hamblen County, Tennessee
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended June 30, 2008

	Other Employee Benefit Trust Fund
	<u>Employee Benefit Trust Fund</u>
<u>ADDITIONS</u>	
Plan Member Contributions	\$ 13,410
Total Additions	<u>\$ 13,410</u>
<u>DEDUCTIONS</u>	
Employee Benefits:	
Other Fringe Benefits	\$ 5,938
Total Deductions	<u>\$ 5,938</u>
Change in Net Assets	\$ 7,472
Net Assets, July 1, 2007	<u>(1,408)</u>
Net Assets, June 30, 2008	<u><u>\$ 6,064</u></u>

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

HAMBLEN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

Blended Component Units – There are no legally separate component units of Hamblen 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 Hamblen County School Department operates the public school system in the county, and the voters of Hamblen County elect its board. The School Department is fiscally dependent on the county because it may not issue debt 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 Hamblen County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Hamblen County. The Hamblen County Emergency Communications District is governed by a ten-member Board of Directors, which is appointed by the county mayor and confirmed by the Hamblen County Commission. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

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

Administrative Office:

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net 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 Hamblen County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Hamblen County School Department component unit only reports governmental activities in the government-wide financial statements.

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

Hamblen County issues all debt for the discretely presented Hamblen County School Department. Net debt issues (\$428,219) were contributed by the county to the School Department during the year ended June 30, 2008.

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

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

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

Fund financial statements of Hamblen County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. 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. The 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. Hamblen County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Hamblen County reports the following major governmental funds:

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

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

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.

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

Additionally, Hamblen County reports the following fund types:

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

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

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Hamblen County, and assets held in a custodial capacity for a multi-jurisdictional crime unit. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of

operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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.

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

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

Education Capital Projects Fund – This fund is used to account for building construction and renovations 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 Hamblen 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 various funds based on the approved budgets. Hamblen County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit 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.

2. Receivables and Payables

Activity between funds for unremitted current collections or that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as due to/from other funds.

Receivables for notes, loans, and other long-term advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.47 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.

3. Inventories

Inventories of the discretely presented Hamblen County School Department are recorded at the lower of cost or market determined on the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. Capital Assets

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

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

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

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

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

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

5. Compensated Absences

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

Vacation benefits for all 12-month employees of the discretely presented Hamblen County School Department are earned in the current year for use in the subsequent year. Therefore, accrued leave balances payable of \$178,315 recorded as a liability in this report must be used in one year or are lost.

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

6. 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 service expenditures.

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

7. 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.

The government-wide statement of net assets reports \$13,077,764 of restricted net assets, of which \$528,791 is restricted by enabling legislation.

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 \$97,392, with the primary restrictions being for: (1) park improvements (\$45,000) and (2) mapping (\$44,773).

As of June 30, 2008, Hamblen County had \$35,082,420 in outstanding debt for capital purposes for the discretely presented Hamblen County School Department. This debt is a liability of Hamblen County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Hamblen County has incurred a liability significantly decreasing its unrestricted net 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 specific purpose.

On the Balance Sheet – Governmental Funds (Exhibit C-1), the Reserved for Other General Purposes consists of:

<u>Fund/ Reserve</u>	<u>Amount</u>
General Fund:	
Mapping	\$ 44,773
Health Department	52,660
Jail Maintenance	50,000
Archives	4,874
Solid Waste/Sanitation:	
Interfund Loans	255,854
General Debt Service:	
Interfund Loans	54,000
Hospital Debt Service:	
Hospital Lease	528,791

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 Hamblen 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 Hamblen 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 projects 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, County Mayor, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Deficit in Unreserved Fund Balance

The Hospital Debt Service Fund had a deficit in unreserved fund balance of \$10,071 at June 30, 2008. This deficit resulted from the deferral of lease revenues under the county's revenue recognition policy. The deficit was liquidated when these revenues were recognized after June 30, 2008.

C. **Prior Year Cash Shortages**

A former employee of the County Clerk's Office made restitution payments of \$4,238 during 2008. In June 2008, the County Commission approved the write-off of a \$14,326 cash shortage previously reported in the Sheriff's Office since the employee involved was acquitted at trial.

IV. **DETAILED NOTES ON ALL FUNDS**

A. **Deposits and Investments**

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

Investment Balances. As of June 30, 2008, Hamblen County had the following investments carried at fair value or cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Hamblen County and the discretely presented Hamblen County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value or Cost</u>
State Treasurer's Investment Pool	Daily	\$ 5,739,065
Federal Home Loan Bank	10-16-09	<u>200,000</u>
Total		<u><u>\$ 5,939,065</u></u>

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Hamblen County has an investment policy that limits its investment choices to those authorized by state statute, with safety, liquidity, and yield being priorities specified by the policy. As of June 30, 2008, Hamblen County's investment in the State Treasurer's Investment Pool was unrated. Hamblen County's investments in the Federal Home Loan Bank were rated Aaa by Moody's Investor's Service and AAA by Standard and Poor's Ratings.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Hamblen County's investment policy regarding custodial credit risk is the same as state statutes.

B. Note Receivable

The General Debt Service Fund had a long-term note receivable totaling \$77,780 at June 30, 2008. This note receivable resulted from Jefferson Federal Savings and Loan and Lakeway Publishers, Inc., entering into an agreement to repay the county the cost of construction of the amphitheater located in Cherokee Park for the naming rights of the amphitheater. The amount of the note that is not expected to be received within one year is \$58,336.

C. Loan Receivable

The Special Debt Service Fund had an intergovernmental long-term loan receivable totaling \$1,009,871 at June 30, 2008. This loan receivable resulted from the primary government issuing debt on behalf of the Hamblen County-Morristown Solid Waste Disposal System, a joint venture, and entering into an agreement for the joint venture to repay the county the principal and interest requirements on the debt. The amount of the loan not expected to be received within one year is \$770,000.

D. Lease Receivable

The Hospital Debt Service Fund had a lease receivable totaling \$28,750,000 at June 30, 2008. This lease receivable resulted from the primary government issuing debt to fund the purchase and lease-back of hospital facilities used by the Morristown-Hamblen Hospital Association (MHHA). The agreement requires the county to be paid in amounts equal to the principal requirements on the county's outstanding debt at five percent interest. The original term of the lease is ten years with the lessee having options for ten additional terms of ten years each. Lease terms also allow the lessee to buy out the lease at any time for \$30 million less stipulated credits for charitable care service; however, the minimum buyout terms cannot be lower than the remaining outstanding debt. Once the county's debt is retired, the hospital association will regain title to the assets. The county's debt activity upon which the lease payments are determined was as follows for the year:

	Balance 7-1-07	Retired	Balance 6-30-08
Public Building Authority Loan (Series A-2-C)	\$ 10,000,000	\$ 0	\$ 10,000,000
Public Building Authority Loan (Series VI-D-1)	18,750,000	0	18,750,000
Hospital Revenue and Tax Refunding Bonds	690,000	690,000	0
Total	<u>\$ 29,440,000</u>	<u>\$ 690,000</u>	<u>\$ 28,750,000</u>

Annual requirements on these debt issues are presented in Note IV.I. The amount of the lease receivable not expected to be received within one year is \$28,010,000.

E. Capital Assets

Capital assets activity for the year ended June 30, 2008, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 420,779	\$ 0	\$ 0	\$ 420,779
Construction in Progress	627,770	576,127	(1,203,897)	0
Total Capital Assets Not Depreciated	<u>\$ 1,048,549</u>	<u>\$ 576,127</u>	<u>\$ (1,203,897)</u>	<u>\$ 420,779</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 8,960,957	\$ 1,203,897	\$ 0	\$ 10,164,854
Roads and Bridges	16,166,010	0	(37,670)	16,128,340
Other Capital Assets	3,900,927	504,721	0	4,405,648
Total Capital Assets Depreciated	<u>\$ 29,027,894</u>	<u>\$ 1,708,618</u>	<u>\$ (37,670)</u>	<u>\$ 30,698,842</u>

Governmental Activities (Cont.):

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,137,900	\$ 253,819	\$ 0	\$ 2,391,719
Roads and Bridges	5,142,309	161,418	(6,535)	5,297,192
Other Capital Assets	2,789,914	365,359	0	3,155,273
Total Accumulated Depreciation	<u>\$ 10,070,123</u>	<u>\$ 780,596</u>	<u>\$ (6,535)</u>	<u>\$ 10,844,184</u>
Total Capital Assets Depreciated, Net	<u>\$ 18,957,771</u>	<u>\$ 928,022</u>	<u>\$ (31,135)</u>	<u>\$ 19,854,658</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,006,320</u>	<u>\$ 1,504,149</u>	<u>\$ (1,235,032)</u>	<u>\$ 20,275,437</u>

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

Governmental Activities:

General Government	\$ 182,160
Administration of Justice	128,967
Public Safety	99,052
Public Health and Welfare	87,249
Social, Cultural, and Recreational Services	24,161
Highways/Public Works	<u>259,007</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 780,596</u>

Discretely Presented Hamblen County School Department

Governmental Activities:

	Balance			Balance
	7-1-07	Increases	Decreases	6-30-08
	<hr/>			
Capital Assets Not Depreciated:				
Land	\$ 2,542,200	\$ 9,500	\$ 0	\$ 2,551,700
Construction in Progress	112,000	119,075	(112,000)	119,075
	<hr/>			
Total Capital Assets Not Depreciated	\$ 2,654,200	\$ 128,575	\$ (112,000)	\$ 2,670,775
	<hr/>			
Capital Assets Depreciated:				
Buildings and Improvements	\$ 120,127,413	\$ 647,509	\$ 0	\$ 120,774,922
Other Capital Assets	8,059,532	1,166,593	(99,933)	9,126,192
	<hr/>			
Total Capital Assets Depreciated	\$ 128,186,945	\$ 1,814,102	\$ (99,933)	\$ 129,901,114
	<hr/>			
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 80,486,755	\$ 1,772,482	\$ 0	\$ 82,259,237
Other Capital Assets	5,227,181	649,133	(99,933)	5,776,381
	<hr/>			
Total Accumulated Depreciation	\$ 85,713,936	\$ 2,421,615	\$ (99,933)	\$ 88,035,618
	<hr/>			
Total Capital Assets Depreciated, Net	\$ 42,473,009	\$ (607,513)	\$ 0	\$ 41,865,496
	<hr/>			
Governmental Activities Capital Assets, Net	\$ 45,127,209	\$ (478,938)	\$ (112,000)	\$ 44,536,271
	<hr/>			

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

Governmental Activities:

Instruction	\$ 14,150
Support Services	2,273,773
Operation of Non-Instructional Services	<u>133,692</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,421,615</u>

F. Construction Commitments

At June 30, 2008, the General Purpose School Fund had uncompleted construction contracts of approximately \$74,760 for roofing and other building improvement projects. Funding has been received for these future expenditures.

G. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2008, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 4,024
General	Agency	4,666
Solid Waste/Sanitation	General Debt Service	255,854
General Debt Service	General	54,000
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	96,143
Nonmajor governmental	General Purpose School	3,800

The balance of \$255,854 due to the Solid Waste/Sanitation Fund from the General Debt Service Fund resulted from an interfund capital outlay note, the proceeds of which were contributed to the discretely presented Hamblen County School Department for preliminary costs related to the school building program. The note is being repaid from the General Debt Service Fund. The outstanding balance of this interfund loan is expected to be received within one year.

The balance of \$54,000 due to the General Debt Service Fund from the General Fund resulted from an advance to the General Fund for the

installation of a telephone system. The amount of the interfund loan not expected to be received within one year is \$36,000.

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:

Receivable Fund	Payable Fund	Amount
Primary government: General Debt Service	Component unit - School Department: General Purpose School	\$ 16,643

Interfund Transfers:

Interfund transfers for the year ended June 30, 2008, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 25,000
Nonmajor governmental funds	19,016	0
Total	<u>\$ 19,016</u>	<u>\$ 25,000</u>

Discretely Presented Hamblen County School Department

Transfer Out	Transfer In
	General Purpose School Fund
Nonmajor governmental funds	\$ 88,026

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.

H. Capital Lease

On February 14, 2003, the discretely presented Hamblen County School Department entered into a seven-year lease-purchase agreement for heating and air conditioning equipment. The terms of the agreement require total lease payments of \$484,750 plus interest of 4.18 percent. Title to the equipment transfers to the School Department at the end of the lease period. The lease payments are made by the General Purpose School Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2008, were as follows:

Year Ending June 30	Governmental Funds
2009	\$ 80,413
2010	57,472
Total Minimum Lease Payments	\$ 137,885
Amount Representing Interest	(5,746)
Present Value of Minimum Lease Payments	\$ 132,139

I. 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. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also 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. Hamblen County has no outstanding bonds at June 30, 2008. Capital outlay notes and other loans outstanding were issued for original terms of up to three years for notes, and up to 26 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. Notes and other loans included in long-term debt as of June 30, 2008, will be retired from various funds.

Capital outlay notes and other loans outstanding as of June 30, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
Capital Outlay Notes	3.27 to 4.24 %	\$ 4,068,219	\$ 2,351,754
Other Loans - Variable Rate	Variable	10,000,000	10,000,000
Other Loans - Fixed Rate	2 to 5	2,145,000	1,010,000
Other Loans - Synthetic Fixed Rate by Swap	Variable	58,750,000	58,750,000

In prior years, Hamblen County entered into loan agreements with the Sevier County Public Building Authority and Blount County Public Authority. Under these loan agreements, the authorities loaned \$48,750,000 and \$22,145,000, respectively, to Hamblen County for various renovation and construction projects for the county and the discretely presented Hamblen County School Department. 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, 2008, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-08	Interest Type	Interest Rates as of 6-30-08	Other Fees on Variable Rate Debt
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Sevier County Public Building Authority

Various (Series III-A-3)	\$ 10,000,000	\$ 10,000,000	Synthetic Fixed by Swap	5.74%	0.43%
Various (Series III-D-2)	10,000,000	10,000,000	Synthetic Fixed by Swap	5.062	0.44
Various (Series IV-B-3)	10,000,000	10,000,000	Variable	2.73	0.47
Hospital (Series VI-D-1)	18,750,000	18,750,000	Synthetic Fixed by Swap	5.78	0.46

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-08	Interest Type	Interest Rates as of 6-30-08	Other Fees on Variable Rate Debt
<u>Blount County Public</u>					
<u>Building Authority</u>					
Various (Series A-2-B)	\$ 10,000,000	\$ 10,000,000	Synthetic Fixed by Swap	6.67%	0.44%
Hospital (Series A-2-C)	10,000,000	10,000,000	Synthetic Fixed by Swap	5.72	0.5
Solid Waste Refunding (Series B-2-A)	2,145,000	<u>1,010,000</u>	Fixed	2 to 5	N/A
Total		<u>\$ 69,760,000</u>			

The annual requirements to amortize all notes and other loans outstanding as of June 30, 2008, including interest payments and other loan fees, are presented in the following table:

Year Ending June 30	Notes		
	Principal	Interest	Total
2009	\$ 1,431,073	\$ 80,321	\$ 1,511,394
2010	549,013	32,738	581,751
2011	<u>371,668</u>	<u>13,343</u>	<u>385,011</u>
Total	<u>\$ 2,351,754</u>	<u>\$ 126,402</u>	<u>\$ 2,478,156</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2009	\$ 2,795,000	\$ 3,711,373	\$ 313,100	\$ 6,819,473
2010	3,220,000	3,612,174	300,946	7,133,120
2011	3,365,000	3,499,685	286,835	7,151,520
2012	3,530,000	3,382,476	272,059	7,184,535
2013	3,445,000	3,254,388	256,544	6,955,932
2014-2018	20,330,000	13,505,646	1,031,860	34,867,506

Year Ending June 30	Other Loans (Cont.)			
	Principal	Interest	Other Fees	Total
2019-2023	\$ 16,725,000	\$ 7,797,541	\$ 582,456	\$ 25,104,997
2024-2028	12,300,000	3,084,338	238,868	15,623,206
2029-2030	4,050,000	353,835	27,963	4,431,798
Total	\$ 69,760,000	\$ 42,201,456	\$ 3,310,631	\$ 115,272,087

There is \$8,972,325 available in the debt service funds to service long-term debt. Debt per capita, including notes and other loans, totaled \$1,241, based on the 2000 federal census.

Swap Agreements

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee, at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series III-A-3.

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 \$10 million Series III-A-3 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 5.74 percent and receives a variable payment computed as 100 percent of the rate paid on the outstanding variable-rate bond associated to the swap. The swap has a notional amount of \$10 million, and the associated variable-rate bond has a \$10 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series III-A-3. The bonds' variable rates have historically approximated the Bond Market Association Municipal Index™. The bonds and the related swap agreement mature on June 1, 2019. As of June 30, 2008, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment to counterparty	Fixed	5.74%
Variable payment from counterparty		-9.00%
Net interest rate swap payments		-3.26%
Variable-rate bond coupon payments		9.00%
Synthetic interest rate on bonds		5.74%

Fair value. As of June 30, 2008, the swap had a negative fair value of \$1,132,747. 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 coupons 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, 2008, 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 for 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, which was rated AA by Standard and Poor's and Aa3 by Moody's Investor Service as of June 30, 2008. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

Basis risk. The variable interest payment the county receives from the counterparty is the same as the variable rate interest paid on the outstanding bonds associated to the swap. Therefore, there is no basis risk.

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, 2008, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate	Total
	Principal	Interest	Swap Payment	
2009	\$ 0	\$ 900,000	\$ (326,000)	\$ 574,000
2010	0	900,000	(326,000)	574,000
2011	0	900,000	(326,000)	574,000
2012	0	900,000	(326,000)	574,000
2013	0	900,000	(326,000)	574,000
2014-18	6,300,000	4,250,250	(1,539,535)	9,010,715
2019	3,700,000	333,000	(120,620)	3,912,380
Total	\$ 10,000,000	\$ 9,083,250	\$ (3,290,155)	\$ 15,793,095

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

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$10 million Series III-D-2 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.265 percent and receives a variable payment computed as 70 percent of the three-month London Interbank Offered Rate (LIBOR). The swap has an outstanding notional amount of \$10 million, and the associated variable-rate bond has a \$10 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series III-D-2. 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, 2017. As of June 30, 2008, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.265%
Variable payment from counterparty	70% of LIBOR	-1.953%
Net interest rate swap payments		2.312%
Variable-rate bond coupon payments		2.750%
Synthetic interest rate on bonds		5.062%

Fair value. As of June 30, 2008, the swap had a negative fair value of \$700,832. 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, 2008, 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, which was rated AA by Standard and Poor's and Aa3 by Moody's Investor Service as of June 30, 2008. 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 should the BMA increase to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 70 percent of LIBOR, 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, 2008, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate	
	Principal	Interest	Swap Payment	Total
2009	\$ 0	\$ 275,000	\$ 231,200	\$ 506,200
2010	0	275,000	231,200	506,200
2011	0	275,000	231,200	506,200
2012	0	275,000	231,200	506,200
2013	1,225,000	275,000	231,200	1,731,200
2014-17	8,775,000	509,163	428,067	9,712,230
Total	\$ 10,000,000	\$ 1,884,163	\$ 1,584,067	\$ 13,468,230

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

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$10 million Series A-2-B variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.39 percent and receives a variable payment computed as 63.4 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has an outstanding notional amount of \$10 million, and the associated variable-rate bond has a \$10 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series A-2-B 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, 2025. As of June 30, 2008, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.39%
Variable payment from counterparty	63.4% of LIBOR	-2.72%
Net interest rate swap payments		1.67%
Variable-rate bond coupon payments		5.00%
Synthetic interest rate on bonds		6.67%

Fair value. As of June 30, 2008, the swap had a negative fair value of \$1,104,073. 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, 2008, 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, which was rated AA by Standard and Poor's and Aa3 by Moody's Investor Service as of June 30, 2008. 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 should BMA increase to above 63.4 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 63.4 percent of LIBOR, 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, 2008, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap Payment	Total
	Principal	Interest		
2009	\$ 0	\$ 500,000	\$ 167,014	\$ 667,014
2010	0	500,000	167,014	667,014
2011	0	500,000	167,014	667,014
2012	0	500,000	167,014	667,014
2013	0	500,000	167,014	667,014
2014-18	0	2,500,000	835,070	3,335,070
2019-23	6,300,000	2,048,750	684,340	9,033,090
2024-25	3,700,000	280,000	93,528	4,073,528
Total	\$ 10,000,000	\$ 7,328,750	\$ 2,448,008	\$ 19,776,758

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

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 \$10 million Series A-2-C 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 3.255 percent and receives a variable payment computed as 59 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has an outstanding notional amount of \$10 million, and the associated variable-rate bond has a \$10 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series A-2-C 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, 2021. As of June 30, 2008, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.26%
Variable payment from counterparty	59% of LIBOR	-2.54%
Net interest rate swap payments		0.72%
Variable-rate bond coupon payments		5.00%
Synthetic interest rate on bonds		5.72%

Fair value. As of June 30, 2008, the swap had a negative fair value of \$157,189. 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, 2008, 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 had a rating of Aa3/AA- at the time of the swap. If the credit rating of Morgan Keegan Financial Products, Inc., 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 should BMA increase to above 59 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 59 percent of LIBOR, 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, 2008, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate		Total
	Principal	Interest	Swap Payment		
2009	\$ 565,000	\$ 500,000	\$ 72,390	\$	1,137,390
2010	595,000	471,750	68,300		1,135,050
2011	620,000	442,000	63,993		1,125,993

Fiscal Year Ending June 30	Variable Rate Bonds (Cont.)		Net Interest Rate		Total
	Principal	Interest	Swap Payment		
2012	\$ 655,000	\$ 411,000	\$ 59,505	\$	1,125,505
2013	685,000	378,250	54,763		1,118,013
2014-18	3,980,000	1,341,500	194,222		5,515,722
2019-21	2,900,000	294,750	42,674		3,237,424
Total	\$ 10,000,000	\$ 3,839,250	\$ 555,847	\$	14,395,097

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee, at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series VI-D-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 \$18.75 million Series VI-D-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 3.308 percent and receives a variable payment computed as 59 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has an outstanding notional amount of \$18.75 million, and the associated variable-rate bond has an \$18.75 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series VI-D-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, 2030. As of June 30, 2008, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.31%
Variable payment from counterparty	59% of LIBOR	-2.53%
Net interest rate swap payments		0.78%
Variable-rate bond coupon payments		5.00%
Synthetic interest rate on bonds		5.78%

Fair value. As of June 30, 2008, the swap had a negative fair value of \$403,063. 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, 2008, the county was not exposed to credit risk because the swap had a negative fair value. However, should 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 had a rating of Aa3/AA- at the time of the swap. If the credit rating of Morgan Keegan Financial Products, Inc., 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 should BMA increase to above 59 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 59 percent of LIBOR, 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, 2008, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate		Total
	Principal	Interest	Swap Payment		
2009	\$ 175,000	\$ 937,500	\$ 145,669	\$	1,258,169
2010	200,000	928,750	144,309		1,273,059
2011	200,000	918,750	142,755		1,261,505
2012	200,000	908,750	141,202		1,249,952

Fiscal Year Ending June 30	Variable Rate Bonds (Cont.)		Net Interest Rate	
	Principal	Interest	Swap Payment	Total
2013	\$ 225,000	\$ 898,750	\$ 139,648	\$ 1,263,398
2014-18	1,275,000	4,316,250	670,659	6,261,909
2019-23	3,825,000	3,907,500	607,147	8,339,647
2024-28	8,600,000	2,346,250	364,560	11,310,810
2029-30	4,050,000	306,250	47,585	4,403,835
Total	\$ 18,750,000	\$ 15,468,750	\$ 2,403,534	\$ 36,622,284

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

Governmental Activities:	Other		
	Bonds	Notes	Loans
Balance, July 1, 2007	\$ 690,000	\$ 1,642,979	\$ 69,995,000
Additions	0	1,543,219	0
Deductions	(690,000)	(834,444)	(235,000)
Balance, June 30, 2008	\$ 0	\$ 2,351,754	\$ 69,760,000
Balance Due Within One Year	\$ 0	\$ 1,431,073	\$ 2,795,000

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 72,111,754
Add: Unamortized Premium on Debt	27,601
Less: Balance Due Within One Year	<u>(4,226,073)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 67,913,282</u>

Discretely Presented Hamblen County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Hamblen County School Department for the year ended June 30, 2008, was as follows:

Governmental Activities:

	Capital Leases	Compensated Absences
Balance, July 1, 2007	\$ 204,970	\$ 168,375
Additions	0	178,316
Deductions	(72,831)	(168,376)
	<u>\$ 132,139</u>	<u>\$ 178,315</u>
Balance, June 30, 2008		
Balance Due Within One Year	<u>\$ 75,934</u>	<u>\$ 178,315</u>
	Retirement Incentive	Retirement Honorarium
Balance, July 1, 2007	\$ 267,510	\$ 877,348
Additions	26,374	132,914
Deductions	(105,496)	(75,215)
	<u>\$ 188,388</u>	<u>\$ 935,047</u>
Balance, June 30, 2008		
Balance Due Within One Year	<u>\$ 135,639</u>	<u>\$ 75,216</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 1,433,889
Less: Balance Due Within One Year	<u>(465,104)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 968,785</u>

In addition to the commitments noted above, the Board of Education appropriates available school funds to be contributed to the primary government each year to help retire school debt, which is being paid from the county's debt service funds. During the year ended June 30, 2008, the School Department contributed \$835,669 to the primary government for this purpose.

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hamblen County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2008, were \$554,004 and \$51,975, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

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

The discretely presented Hamblen County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, Tennessee Code Annotated (TCA), all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures became effective for the year ended June 30, 2008.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions are sales or collateralized borrowings and provides guidance on how to account for sales or pledges of receivables of future revenues. This statement provides additional guidance for sales of receivables and future revenues within the same reporting entity. This statement also requires governments to disclose in the notes to the financial statements the nature of

any receivables or future revenues that have been pledged or sold. Tennessee state statutes do not currently allow counties to sell or pledge receivables or sell future revenue streams. Therefore, those provisions of GASB Statement No. 48 that pertain to the sale or pledge receivables or sale of future revenue will not apply to Hamblen County. GASB Statement No. 48 had no effect on the financial statements of Hamblen County for the year ended June 30, 2008, since the county has not pledged any of its future revenues. However, it is reasonably expected that Hamblen County may pledge a future revenue stream toward the payment of debt in subsequent years.

GASB Statement No. 50 amends previous guidance concerning pension information. This statement closely aligns the financial reporting requirements for pensions with those for other postemployment benefits and enhances the information disclosed in the notes to the financial statements or presented as required supplementary information for pension plans. This statement requires Hamblen County to provide additional and more detailed pension plan note disclosures than in previous years.

C. Subsequent Events

On August 13, 2008, Hamblen County issued \$20,200,000 in other loans to refund the variable rate loans of the Local Government Public Improvement Bonds, Series A-2-B and Local Government Public Improvement Bonds, Series A-2-C.

On October 9, 2008, Hamblen County issued a capital outlay note totaling \$475,000 for the purchase of patrol cars for the Sheriff's Department.

On November 24, 2008, Hamblen County issued \$39,140,000 in other loans to refund the variable rate loans of the Local Government Public Improvement Bonds, Series IV-D-1, Local Government Public Improvement Bonds, Series III-D-2, and Local Government Public Improvement Bonds, Series IV-B-3.

D. Contingent Liabilities

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

E. Joint Ventures

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

drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Hamblen County made no contributions to the DTF for the year ended June 30, 2008.

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

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

The Hamblen County-Morristown Multi-Jurisdictional Crime Unit is a joint venture between Hamblen County and the City of Morristown. The joint venture is operated by a three-member board. The board includes the sheriff, chief of police, and one additional person who is appointed jointly by the sheriff and the chief of police. The board meets quarterly and appoints a supervisor over the unit every 12 months. The supervisor reviews all spending for the unit and submits financial reports for review by the board at all quarterly meetings.

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

Administrative Offices:

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

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

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

Hamblen County-Morristown Multi-Jurisdictional Crime Unit
510 Allison Street
Morristown, TN 37814

F. Jointly Governed Organization

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

The Upper East Tennessee Educational Cooperative was established through a contractual agreement between the Boards of Education of Hamblen County, Bristol City, Carter County, Cocke County, Elizabethton City, Greeneville City, Greene County, Hancock County, Hawkins 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 TCA. 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 directors 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 has 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 of the members' 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 Educational 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 chairman, vice-chairman, secretary, treasurer, and a member-at-large from the Representative Committee.

G. Retirement Commitments

Employees

Plan Description

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

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

Funding Policy

Hamblen 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, 2008, was 8.46 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Hamblen County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2008, Hamblin County’s annual pension cost of \$1,243,173 to TCRS was equal to Hamblin 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 postretirement 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. Hamblin 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 11 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$1,243,173	100%	\$0
6-30-07	1,170,822	100	0
6-30-06	875,449	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 88.25 percent funded. The actuarial accrued liability for benefits was \$40.71 million, and the actuarial value of assets was \$35.93 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$4.78 million. The covered payroll (annual payroll of active employees covered by the plan) was \$13.60 million, and the ratio of the UAAL to the covered payroll was 35.17 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

School Teachers

Plan Description

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

CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

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 Hamblen County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2008, was 6.24 percent of annual covered payroll. The employer contribution requirement for the Hamblen 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, 2008, 2007, and 2006, were \$1,987,625, \$1,843,506, and \$1,554,693, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

In addition to the retirement commitments described above, the discretely presented Hamblen County School Department provides postretirement health and life insurance benefits to employees who retire after attaining age 60 and/or with at least 30 years of service, with at least 15 years of service with Hamblen County and/or the former Morristown City School Department with the last seven years being continuous service. As of June 30, 2008, 193 retirees from the School Department participated in the program. The School Department pays health and life insurance premiums for the qualifying retirees until age 65 with the option to continue dependent coverage at the retiree's expense. During the year, School Department expenditures of \$624,592 and \$21,755 were recognized for postemployment health and life insurance premiums from the General Purpose School and Central Cafeteria funds, respectively. In addition, the School Department provides postretirement Medicare supplement benefits for noncertified retirees who are covered by a supplement offered by the Tennessee Consolidated Retirement System (TCRS), and draw a monthly retirement allowance from TCRS, in accordance with a resolution of the Hamblen County Commission. The School Department provides Medicare supplement benefits to noncertified retirees on a graduated scale, which is based on years of service with TCRS. During the year, expenditures of \$15,480 and \$8,713 were recognized in the General Purpose School and Central Cafeteria funds, respectively.

I. Termination Benefits

The discretely presented Hamblen County School Department offers a voluntary termination benefits plan to its certified employees in accordance with contract provisions. To be eligible, employees must retire in the school year that they become 60 years of age or obtain 30 years of creditable service in the Tennessee Consolidated Retirement System, whichever comes first. Under the terms of the plan, employees can select between receiving \$4,500 for two years or \$3,500 for three years. During the 2007-08 year, 28 employees participated in the program. The estimated cost of these cash payments reported in the government-wide statement of net assets is \$188,388. Of that amount, \$135,639 is due within one year. The governmental funds' financial statements reflect retirement incentive expenditures of \$105,496 in the General Purpose School Fund.

In addition to the previously mentioned retirement incentive, the discretely presented Hamblen County School Department also offers an additional retirement honorarium payment. To be eligible, certified employees must retire with at least ten years of service. Under the terms of the plan, employees receive \$100 for each year of service with Hamblen County and/or the former Morristown City School System. As of June 30, 2008, 409 employees met the requirements of this benefit. The estimated cost of these cash payments reported in the government-wide statement of net assets is \$935,047. Of that amount, \$75,216 is due within one year. The governmental funds' financial statements reflect retirement honorarium expenditures of \$75,215 in the General Purpose School Fund.

J. Central Accounting and Budgeting

Office of Director of Finance

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

K. Purchasing Laws

Office of County Mayor

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

Office of Road Superintendent

Chapter 313 of the Private Acts of 1949, as amended, and Section 54-7-113, TCA (Uniform Road Law), govern purchasing procedures for the Road

Department. These statutes require all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

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

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

A. Nature of the Organization

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

B. Significant Accounting Policies

1. Basis of accounting – accrual. Revenue is recognized when earned, and expenses are recorded when incurred.
2. Fund type – proprietary.
3. For purposes of the statement of cash flows, the district considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.
4. Capital assets and depreciation:
 - a. Capital assets are recorded at cost. Buildings are depreciated over 31.5 years, furniture and equipment over seven years, and communications equipment over five years.
 - b. Capital assets consist of:

Business-type Activities:

	Balance			Balance
	7-1-07	Increases	Decreases	6-30-08
Capital Assets Not Depreciated:				
Construction in Progress	\$ 32,023	\$ 0	\$ (32,023)	\$ 0
Total Capital Assets Not Depreciated	\$ 32,023	\$ 0	\$ (32,023)	\$ 0
Capital Assets Depreciated:				
Buildings and Improvements	\$ 281,245	\$ 1,595	\$ 0	\$ 282,840
Other Capital Assets	623,780	56,997	0	680,777
Total Capital Assets Depreciated	\$ 905,025	\$ 58,592	\$ 0	\$ 963,617
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 66,269	\$ 7,226	\$ 0	\$ 73,495
Other Capital Assets	571,690	30,852	0	602,542
Total Accumulated Depreciation	\$ 637,959	\$ 38,078	\$ 0	\$ 676,037
Total Capital Assets Depreciated, Net	\$ 267,066	\$ 20,514	\$ 0	\$ 287,580
Business-type Activities Capital Assets, Net	\$ 299,089	\$ 20,514	\$ (32,023)	\$ 287,580

- c. The straight-line method of depreciation is used, totaling \$37,998 for June 30, 2008. Accumulated depreciation was \$676,037 as of June 30, 2008.
5. The district has chosen not to follow Financial Accounting Standards Board pronouncements issued subsequent to November 30, 1989. The district follows Governmental Accounting Standards Board guidance after November 30, 1989.
 6. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates. The useful lives of the capital assets of the district are such estimates.

C. Deposits

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

Custodial Credit Risk – Deposits. This is the risk that in the event of a bank failure, the district's deposits may not be returned to it. As of June 30, 2008, the district had no exposure to custodial credit risk as its deposits were either insured by federal depository insurance coverage or collateralized with securities held by the State of Tennessee Bank Collateral Pool.

D. Contributions

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

E. Concentration of Credit Risk

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

F. Compensated Absences

1. Annual leave cannot be accumulated over 28 days or 336 hours.

Upon termination, employees are reimbursed for their accumulated annual leave. As of June 30, 2008, this liability is \$16,435 of which \$4,109 is estimated to be current.

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

G. Pension Plan Information

Plan Description

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

determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service, or at any age with 30 years of service. A reduced retirement benefit is available to vested members at age 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 on or 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 the Hamblen County Emergency Communications District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

The Hamblen County Emergency Communications District requires employees to contribute five percent of earnable compensation. The Hamblen County Emergency Communications District is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2008, was 7.97 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the Hamblen County Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2008, the Hamblen County Emergency Communications District's annual pension cost of \$37,268 to TCRS was equal to the Hamblen County Emergency Communications District'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. The Hamblen County Emergency Communications District's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 15 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$37,268	100%	\$0
6-30-07	35,883	100	0
6-30-05	31,802	100	0

H. Risk Management and Litigation

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

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Exhibit E-1

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less:		Add: 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)		Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2007	Encumbrances 6/30/2008		Original	Final			
							Original	Final	
Revenues									
Local Taxes	\$ 8,156,321	\$ 0	\$ 0	\$ 8,156,321	\$ 8,128,736	\$ 8,128,736	\$ 27,585		
Licenses and Permits	454,815	0	0	454,815	437,500	442,500	12,315		
Fines, Forfeitures, and Penalties	256,967	0	0	256,967	234,300	234,300	22,667		
Charges for Current Services	189,053	0	0	189,053	196,000	196,000	(6,947)		
Other Local Revenues	96,114	0	0	96,114	71,400	69,400	26,714		
Fees Received from County Officials	1,734,496	0	0	1,734,496	1,797,000	1,752,000	(17,504)		
State of Tennessee	1,702,264	0	0	1,702,264	1,245,693	1,348,291	353,973		
Federal Government	194,495	0	0	194,495	24,421	189,421	5,074		
Other Governments and Citizens Groups	113,031	0	0	113,031	36,000	87,500	25,531		
Total Revenues	\$ 12,897,556	\$ 0	\$ 0	\$ 12,897,556	\$ 12,171,050	\$ 12,448,148	\$ 449,408		

	Actual (GAAP Basis)	Less:		Add: 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)		Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2007	Encumbrances 6/30/2008		Original	Final			
							Original	Final	
Expenditures									
General Government									
County Commission	\$ 133,945	\$ 0	\$ 0	\$ 133,945	\$ 127,125	\$ 136,851	\$ 2,906		
Board of Equalization	1,125	0	0	1,125	3,300	3,300	2,175		
County Mayor/Executive	146,228	0	0	146,228	146,197	146,510	282		
County Attorney	100,156	0	0	100,156	86,293	106,293	6,137		
Election Commission	207,035	(2,349)	1,200	205,886	237,641	239,661	33,775		
Register of Deeds	91,981	(2,805)	10,317	99,493	73,933	103,983	4,490		
Planning	307,638	(7,050)	0	300,588	302,762	309,364	8,776		
Other Facilities	559,943	(2,926)	435	557,452	574,169	577,698	20,246		
Preservation of Records	16,738	0	3,091	19,829	16,924	21,924	2,095		
Finance									
Accounting and Budgeting	176,408	0	0	176,408	179,614	179,984	3,576		
Purchasing	95,675	0	0	95,675	96,064	96,503	828		

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Property Assessor's Office	\$ 337,014	\$ 0	\$ 300	\$ 337,314	\$ 342,491	\$ 343,679	\$ 6,365
Reappraisal Program	116,700	(240)	244	116,704	128,682	128,923	12,219
County Trustee's Office	57,283	(5)	3,291	60,569	67,584	62,666	2,097
County Clerk's Office	134,201	(515)	0	133,686	134,410	133,891	205
Data Processing	32,475	0	1,862	34,337	37,500	37,500	3,163
Other Finance	34,620	0	0	34,620	38,395	35,645	1,025
<u>Administration of Justice</u>							
Circuit Court	530,927	(1,046)	1,300	531,181	559,331	566,536	35,355
General Sessions Court	247,457	(51)	0	247,406	252,717	251,916	4,510
Drug Court	140,600	(7,319)	600	133,881	155,937	155,937	22,056
Chancery Court	49,838	(31)	76	49,883	52,824	54,982	5,099
Juvenile Court	405,136	(33)	382	405,485	400,431	412,519	7,034
Probate Court	3,629	0	750	4,379	5,000	5,000	621
Probation Services	109,242	0	0	109,242	41,708	117,621	8,379
<u>Public Safety</u>							
Sheriff's Department	2,508,520	(4,051)	6,455	2,510,924	2,633,930	2,587,807	76,883
Wheel Tax Officer	5,099	(900)	156	4,355	7,660	5,260	905
Drug Enforcement	9,496	0	0	9,496	10,000	10,000	504
Administration of the Sexual Offender Registry	1,746	0	0	1,746	3,200	3,200	1,454
Jail	2,068,665	(3,749)	7,670	2,072,586	2,084,736	2,244,051	171,465
Workhouse	74,010	0	0	74,010	75,833	75,833	1,823
Work Release Program	85,277	0	0	85,277	88,931	89,266	3,989
Fire Prevention and Control	160,000	0	0	160,000	160,000	160,000	0
Civil Defense	69,498	(560)	0	68,938	76,865	76,979	8,041

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)		Budgeted Amounts		Variance with Final Budget - Positive (Negative)
						Original	Final	
<u>Expenditures (Cont.)</u>								
<u>Public Safety (Cont.)</u>								
Rescue Squad	\$ 141,436	\$ 0	\$ 0	\$ 141,436	\$ 141,436	\$ 141,436	\$ 0	0
Other Emergency Management	42,558	0	0	42,558	0	45,000	2,442	2,442
County Coroner/Medical Examiner	73,198	0	0	73,198	76,200	97,500	24,302	24,302
Other Public Safety	26,395	0	0	26,395	0	31,389	4,994	4,994
<u>Public Health and Welfare</u>								
Local Health Center	318,328	(2,771)	3,600	319,157	241,700	361,000	41,843	41,843
Rabies and Animal Control	127,400	0	0	127,400	127,400	127,400	0	0
Nursing Home	2,000	0	0	2,000	2,000	2,000	0	0
Crippled Children Services	6,242	0	0	6,242	6,242	6,242	0	0
Appropriation to State	0	0	0	0	110,500	0	0	0
Aid to Dependent Children	8,000	0	0	8,000	8,000	8,000	0	0
Child Support	12,420	0	0	12,420	15,000	15,000	2,580	2,580
Other Local Welfare Services	72,975	0	0	72,975	50,000	75,000	2,025	2,025
Sanitation Management	15,000	0	0	15,000	15,000	15,000	0	0
Other Public Health and Welfare	9,200	0	0	9,200	6,200	9,200	0	0
<u>Social, Cultural, and Recreational Services</u>								
Adult Activities	11,600	0	0	11,600	11,600	11,600	0	0
Senior Citizens Assistance	6,500	0	0	6,500	6,500	6,500	0	0
Libraries	238,500	0	0	238,500	238,500	238,500	0	0
Parks and Fair Boards	270,975	(550)	3,105	273,530	304,898	354,145	80,615	80,615
Other Social, Cultural, and Recreational	251,116	0	8,700	259,816	265,463	281,472	21,656	21,656
<u>Agriculture and Natural Resources</u>								
Agriculture Extension Service	111,434	0	0	111,434	125,154	125,154	13,720	13,720
Forest Service	1,000	0	0	1,000	1,000	1,000	0	0

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Agriculture and Natural Resources (Cont.)</u>							
Soil Conservation	\$ 37,469	\$ 0	\$ 0	\$ 37,469	\$ 37,422	\$ 37,726	\$ 257
<u>Other Operations</u>							
Tourism	22,500	0	0	22,500	22,500	22,500	0
Industrial Development	42,000	0	0	42,000	42,000	42,000	0
Public Transportation	9,927	(962)	9,715	18,680	25,000	25,000	6,320
Veterans' Services	14,651	0	0	14,651	14,735	14,735	84
Other Charges	375,523	(10,182)	9,787	375,128	392,050	419,445	44,317
Employee Benefits	516,361	0	3,000	519,361	707,703	557,674	38,313
<u>Interest on Debt</u>							
General Government	2,160	0	0	2,160	2,160	2,160	0
<u>Capital Projects</u>							
Public Health and Welfare Projects	34,168	(20,000)	51,610	65,778	0	110,500	44,722
Total Expenditures	\$ 11,819,341	\$ (68,095)	\$ 127,646	\$ 11,878,892	\$ 12,198,550	\$ 12,665,560	\$ 786,668
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 1,078,215	\$ 68,095	\$ (127,646)	\$ 1,018,664	\$ (27,500)	\$ (217,412)	\$ 1,236,076
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 11,971	\$ 0	\$ 0	\$ 11,971	\$ 0	\$ 7,871	\$ 4,100
Transfers In	19,016	0	0	19,016	28,000	28,000	(8,984)
Transfers Out	(25,000)	0	0	(25,000)	0	(75,000)	50,000
Total Other Financing Sources (Uses)	\$ 5,987	\$ 0	\$ 0	\$ 5,987	\$ 28,000	\$ (39,129)	\$ 45,116
Net Change in Fund Balance	\$ 1,084,202	\$ 68,095	\$ (127,646)	\$ 1,024,651	\$ 500	\$ (256,541)	\$ 1,281,192
Fund Balance, July 1, 2007	2,497,218	(68,095)	0	2,429,123	2,216,205	2,216,205	212,918
Fund Balance, June 30, 2008	\$ 3,581,420	\$ 0	\$ (127,646)	\$ 3,453,774	\$ 2,216,705	\$ 1,959,664	\$ 1,494,110

Exhibit E-2

Hamblen 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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,017,197	\$ 0	\$ 0	\$ 2,017,197	\$ 1,829,766	\$ 1,829,766	\$ 187,431
Licenses and Permits	1,567	0	0	1,567	2,000	2,000	(433)
Other Local Revenues	97,857	0	0	97,857	70,000	70,000	27,857
State of Tennessee	665,043	0	0	665,043	597,000	597,000	68,043
Total Revenues	\$ 2,781,664	\$ 0	\$ 0	\$ 2,781,664	\$ 2,498,766	\$ 2,498,766	\$ 282,898
<u>Expenditures</u>							
Public Health and Welfare	\$ 2,345,662	(209,395)	\$ 218,836	\$ 2,355,103	\$ 2,398,548	\$ 2,618,548	\$ 263,445
Sanitation Management	\$ 2,345,662	(209,395)	\$ 218,836	\$ 2,355,103	\$ 2,398,548	\$ 2,618,548	\$ 263,445
Total Expenditures	\$ 436,002	\$ 209,395	\$ (218,836)	\$ 426,561	\$ 100,218	\$ (119,782)	\$ 546,343
Excess (Deficiency) of Revenues Over Expenditures	\$ 436,002	\$ 209,395	\$ (218,836)	\$ 426,561	\$ 100,218	\$ (119,782)	\$ 546,343
Net Change in Fund Balance Fund Balance, July 1, 2007	1,944,660	(209,395)	0	1,735,265	1,727,524	1,727,524	7,741
Fund Balance, June 30, 2008	\$ 2,380,662	\$ 0	\$ (218,836)	\$ 2,161,826	\$ 1,827,742	\$ 1,607,742	\$ 554,084

Exhibit E-3

Hamblen County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-07	\$ 35,931	\$ 40,714	\$ 4,783	88.25 %	\$ 13,601	35.17 %

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year; therefore, only the most current year is presented.

Exhibit E-4

Hamblen County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Hamblen County Emergency Communications District
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-07	\$ 606	\$ 842	236	71.97 %	\$ 422	55.92 %

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year; therefore, only the most current year is presented.

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HAMBLLEN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2008

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 Hamblen 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, County Mayor, County Attorney, etc.). Management may make revisions within major categories, but only the Hamblen 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.

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

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Exhibit F-1

Hamblen County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2008

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	Drug Control	Constitu- tional Officers - Fees	Highway/ Public Works	Total	Special Debt Service	General Capital Projects	Sanitation Projects	Total	
\$	0	267,307	0	267,307	0	0	0	0	267,307
	104,904	0	510,577	615,481	129	988,225	147,404	1,135,629	1,751,239
	0	18,832	0	18,832	0	0	0	0	18,832
	0	0	287,062	287,062	0	0	0	0	287,062
	0	0	0	0	1,009,871	0	0	0	1,009,871
Total Assets	\$ 104,904	\$ 286,139	\$ 797,639	\$ 1,188,682	\$ 1,010,000	\$ 988,225	\$ 147,404	\$ 1,135,629	\$ 3,334,311

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable
 Payroll Deductions Payable
 Due to Other Funds
 Other Deferred Revenues
 Total Liabilities

Fund Balances

Reserved for Encumbrances
 Reserved for Loan Receivable
 Reserved for Capital Outlay
 Other Federal Reserves
 Unreserved
 Total Fund Balances

Total Liabilities and Fund Balances

\$	1,328	0	7,743	9,071	0	18,806	0	18,806	27,877
	0	0	8,668	8,668	0	0	0	0	8,668
	0	4,024	0	4,024	0	0	0	0	4,024
	0	0	140,399	140,399	0	0	0	0	140,399
Total Liabilities	\$ 1,328	\$ 4,024	\$ 156,810	\$ 162,162	\$ 0	\$ 18,806	\$ 0	\$ 18,806	\$ 180,968
\$	2,069	0	28,229	30,298	0	73,054	47,166	120,220	150,518
	0	0	0	0	770,000	0	0	0	770,000
	0	0	0	0	0	0	100,238	100,238	100,238
	34,218	0	0	34,218	0	0	0	0	34,218
	67,289	282,115	612,600	962,004	240,000	896,365	0	896,365	2,098,369
Total Fund Balances	\$ 103,576	\$ 282,115	\$ 640,829	\$ 1,026,520	\$ 1,010,000	\$ 969,419	\$ 147,404	\$ 1,116,823	\$ 3,153,343
Total Liabilities and Fund Balances	\$ 104,904	\$ 286,139	\$ 797,639	\$ 1,188,682	\$ 1,010,000	\$ 988,225	\$ 147,404	\$ 1,135,629	\$ 3,334,311

Exhibit F-2

Hamblen County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2008

	Special Revenue Funds				Debt Service Fund			Capital Projects Funds			Total Nonmajor Governmental Funds
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Total	Special Debt Service	General Capital Projects	Sanitation Projects	Total			
Revenues											
Local Taxes	\$ 0	\$ 0	\$ 1,600	\$ 1,600	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,600	
Fines, Forfeitures, and Penalties	27,368	0	0	27,368	0	0	0	0	0	27,368	
Charges for Current Services	0	1,319,213	0	1,319,213	0	0	0	0	0	1,319,213	
Other Local Revenues	5,173	0	30,781	35,954	43,250	11,326	0	11,326	0	90,530	
State of Tennessee	0	0	2,115,686	2,115,686	0	0	0	0	0	2,115,686	
Federal Government	4,922	0	0	4,922	0	114,772	0	114,772	0	119,694	
Other Governments and Citizens Groups	14,282	0	0	14,282	0	0	0	0	0	14,282	
Total Revenues	\$ 51,745	\$ 1,319,213	\$ 2,148,067	\$ 3,519,025	\$ 43,250	\$ 126,098	\$ 0	\$ 126,098	\$ 0	\$ 3,688,373	
Expenditures											
Current:											
General Government	\$ 0	\$ 205,727	\$ 0	\$ 205,727	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 205,727	
Finance	0	873,174	0	873,174	0	0	0	0	0	873,174	
Administration of Justice	0	243,061	0	243,061	0	0	0	0	0	243,061	
Public Safety	39,210	144	0	39,354	0	0	0	0	0	39,354	
Highways	0	0	2,047,753	2,047,753	0	0	0	0	0	2,047,753	
Debt Service:											
Principal on Debt	0	0	0	0	235,000	0	0	0	0	235,000	
Interest on Debt	0	0	0	0	42,650	0	0	0	0	42,650	
Other Debt Service	0	0	0	0	600	0	0	0	0	600	
Capital Projects	0	0	0	0	0	1,314,656	0	1,314,656	0	1,314,656	
Total Expenditures	\$ 39,210	\$ 1,322,106	\$ 2,047,753	\$ 3,409,069	\$ 278,250	\$ 1,314,656	\$ 0	\$ 1,314,656	\$ 0	\$ 5,001,975	
Excess (Deficiency) of Revenues Over Expenditures	\$ 12,535	\$ (2,893)	\$ 100,314	\$ 109,956	\$ (235,000)	\$ (1,188,558)	\$ 0	\$ (1,188,558)	\$ 0	\$ (1,313,602)	
Other Financing Sources (Uses)											
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,543,219	\$ 0	\$ 1,543,219	\$ 0	\$ 1,543,219	
Insurance Recovery	0	0	4,218	4,218	0	0	0	0	0	4,218	
Transfers In	0	0	0	0	0	25,000	0	25,000	0	25,000	
Transfers Out	0	0	(19,016)	(19,016)	0	0	0	0	0	(19,016)	
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ (14,798)	\$ (14,798)	\$ 0	\$ 1,568,219	\$ 0	\$ 1,568,219	\$ 0	\$ 1,553,421	
Net Change in Fund Balances	\$ 12,535	\$ (2,893)	\$ 85,516	\$ 95,158	\$ (235,000)	\$ 379,661	\$ 0	\$ 379,661	\$ 0	\$ 239,819	
Fund Balance, July 1, 2007	91,041	285,008	555,313	931,362	1,245,000	589,758	147,404	737,162	147,404	2,913,524	
Fund Balance, June 30, 2008	\$ 103,576	\$ 282,115	\$ 640,829	\$ 1,026,520	\$ 1,010,000	\$ 969,419	\$ 147,404	\$ 1,116,823	\$ 147,404	\$ 3,153,343	

Exhibit F-3

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 27,368 \$	0 \$	27,368 \$	16,500 \$	16,500 \$	10,868
Other Local Revenues	5,173	0	5,173	400	400	4,773
Federal Government	4,922	0	4,922	16,000	41,200	(36,278)
Other Governments and Citizens Groups	14,282	0	14,282	0	14,282	0
Total Revenues	\$ 51,745 \$	0 \$	51,745 \$	32,900 \$	72,382 \$	(20,637)
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 39,210 \$	2,069 \$	41,279 \$	42,900 \$	82,382 \$	41,103
Total Expenditures	\$ 39,210 \$	2,069 \$	41,279 \$	42,900 \$	82,382 \$	41,103
Excess (Deficiency) of Revenues Over Expenditures	\$ 12,535 \$	(2,069) \$	10,466 \$	(10,000) \$	(10,000) \$	20,466
Net Change in Fund Balance	\$ 12,535 \$	(2,069) \$	10,466 \$	(10,000) \$	(10,000) \$	20,466
Fund Balance, July 1, 2007	91,041	0	91,041	90,264	90,264	777
Fund Balance, June 30, 2008	\$ 103,576 \$	(2,069) \$	101,507 \$	80,264 \$	80,264 \$	21,243

Exhibit F-4

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,600	\$ 0	\$ 0	\$ 1,600	\$ 1,600	\$ 1,600	\$ 0
Other Local Revenues	30,781	0	0	30,781	17,500	17,500	13,281
State of Tennessee	2,115,686	0	0	2,115,686	1,979,760	2,092,451	23,235
Total Revenues	\$ 2,148,067	\$ 0	\$ 0	\$ 2,148,067	\$ 1,998,860	\$ 2,111,551	\$ 36,516
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 334,108	(700)	393	333,801	338,475	347,059	13,258
Highway and Bridge Maintenance	901,491	(20,558)	25,414	906,347	1,049,308	968,407	62,060
Operation and Maintenance of Equipment	253,001	(90)	2,422	255,333	292,292	292,292	36,959
Employee Benefits	40,310	0	0	40,310	66,185	66,185	25,875
Capital Outlay	518,843	0	0	518,843	409,704	534,247	15,404
Total Expenditures	\$ 2,047,753	\$ (21,348)	\$ 28,229	\$ 2,054,634	\$ 2,155,964	\$ 2,208,190	\$ 153,556
Excess (Deficiency) of Revenues Over Expenditures	\$ 100,314	\$ 21,348	\$ (28,229)	\$ 93,433	\$ (157,104)	\$ (96,639)	\$ 190,072
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 4,218	\$ 0	\$ 0	\$ 4,218	\$ 0	\$ 0	\$ 4,218
Transfers Out	(19,016)	0	0	(19,016)	(18,500)	(19,016)	0
Total Other Financing Sources (Uses)	\$ (14,798)	\$ 0	\$ 0	\$ (14,798)	\$ (18,500)	\$ (19,016)	\$ 4,218
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 85,516	\$ 21,348	\$ (28,229)	\$ 78,635	\$ (175,604)	\$ (115,655)	\$ 194,290
	555,313	(21,348)	0	533,965	534,665	534,665	(700)
Fund Balance, June 30, 2008	\$ 640,829	\$ 0	\$ (28,229)	\$ 612,600	\$ 359,061	\$ 419,010	\$ 193,590

Exhibit F-5

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Special Debt Service Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 43,250	\$ 278,270	\$ 278,270	\$ (235,020)
Total Revenues	\$ 43,250	\$ 278,270	\$ 278,270	\$ (235,020)
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 235,000	\$ 235,000	\$ 235,000	\$ 0
<u>Interest on Debt</u>				
General Government	42,650	42,650	42,650	0
<u>Other Debt Service</u>				
General Government	600	610	610	10
Total Expenditures	\$ 278,250	\$ 278,260	\$ 278,260	\$ 10
Excess (Deficiency) of Revenues Over Expenditures	\$ (235,000)	\$ 10	\$ 10	\$ (235,010)
Net Change in Fund Balance	\$ (235,000)	\$ 10	\$ 10	\$ (235,010)
Fund Balance, July 1, 2007	1,245,000	1,475,000	1,475,000	(230,000)
Fund Balance, June 30, 2008	\$ 1,010,000	\$ 1,475,010	\$ 1,475,010	\$ (465,010)

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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.

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

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

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

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, solid waste debt principal, interest, and related costs.

Capital Projects Funds

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

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 discretely presented Hamblen County School Department.

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

Major Governmental Funds

Debt Service Funds

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.

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.

Hospital Debt Service Fund – The Hospital Debt Service Fund is used to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs issued for the benefit of the hospital. The hospital remits amounts sufficient to pay the requirements of this fund based on a lease with the county.

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Exhibit G-1

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,912,710	\$ 2,966,981	\$ 2,966,981	\$ (54,271)
Fines, Forfeitures, and Penalties	37,333	70,000	70,000	(32,667)
Other Local Revenues	1,772,460	1,319,444	1,655,113	117,347
Total Revenues	<u>\$ 4,722,503</u>	<u>\$ 4,356,425</u>	<u>\$ 4,692,094</u>	<u>\$ 30,409</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 433,372	\$ 433,375	\$ 433,875	\$ 503
Education	301,072	0	301,072	0
<u>Interest on Debt</u>				
General Government	296,778	349,070	349,070	52,292
Education	1,754,512	1,804,380	1,838,977	84,465
<u>Other Debt Service</u>				
General Government	66,390	70,000	69,500	3,110
<u>Capital Projects</u>				
Education Capital Projects	255,854	1,509,500	255,854	0
Total Expenditures	<u>\$ 3,107,978</u>	<u>\$ 4,166,325</u>	<u>\$ 3,248,348</u>	<u>\$ 140,370</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,614,525</u>	<u>\$ 190,100</u>	<u>\$ 1,443,746</u>	<u>\$ 170,779</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 20,020	\$ 20,020	\$ (20,020)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 20,020</u>	<u>\$ 20,020</u>	<u>\$ (20,020)</u>
Net Change in Fund Balance	\$ 1,614,525	\$ 210,120	\$ 1,463,766	\$ 150,759
Fund Balance, July 1, 2007	<u>7,421,871</u>	<u>7,370,601</u>	<u>7,370,601</u>	<u>51,270</u>
Fund Balance, June 30, 2008	<u><u>\$ 9,036,396</u></u>	<u><u>\$ 7,580,721</u></u>	<u><u>\$ 8,834,367</u></u>	<u><u>\$ 202,029</u></u>

Exhibit G-2

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Hospital Debt Service Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 2,189,364	\$ 2,075,100	\$ 2,181,291	\$ 8,073
Total Revenues	\$ 2,189,364	\$ 2,075,100	\$ 2,181,291	\$ 8,073
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 690,000	\$ 0	\$ 690,000	\$ 0
<u>Interest on Debt</u>				
General Government	1,511,291	1,867,600	1,511,291	0
<u>Other Debt Service</u>				
General Government	482	0	500	18
Total Expenditures	\$ 2,201,773	\$ 1,867,600	\$ 2,201,791	\$ 18
Excess (Deficiency) of Revenues Over Expenditures	\$ (12,409)	\$ 207,500	\$ (20,500)	\$ 8,091
Net Change in Fund Balance	\$ (12,409)	\$ 207,500	\$ (20,500)	\$ 8,091
Fund Balance, July 1, 2007	531,129	531,130	531,130	(1)
Fund Balance, June 30, 2008	\$ 518,720	\$ 738,630	\$ 510,630	\$ 8,090

Fiduciary Funds

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

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

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

Other Agency Fund – The Other Agency Fund is used to account for amounts remitted to the multi-jurisdictional crime unit.

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Exhibit H-1

Hamblen County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2008

	<u>Agency Funds</u>				
	Cities - Sales Tax	Constitu- tional Officers - Agency	Other Agency	Total	
	\$ 0	\$ 2,846,053	\$ 0	\$ 2,846,053	
	11,661	0	3,444	15,105	
	0	521	0	521	
	1,664,102	0	0	1,664,102	
	<u>\$ 1,675,763</u>	<u>\$ 2,846,574</u>	<u>\$ 3,444</u>	<u>\$ 4,525,781</u>	
<u>ASSETS</u>					
Cash					
Equity in Pooled Cash and Investments					
Accounts Receivable					
Due from Other Governments					
Total Assets					
	\$ 0	\$ 4,666	\$ 0	\$ 4,666	
Due to Other Funds	1,675,763	0	0	1,675,763	
Due to Other Taxing Units	0	2,841,908	0	2,841,908	
Due to Litigants, Heirs, and Others	0	0	3,444	3,444	
Due to Joint Ventures					
Total Liabilities	<u>\$ 1,675,763</u>	<u>\$ 2,846,574</u>	<u>\$ 3,444</u>	<u>\$ 4,525,781</u>	

Exhibit H-2

Hamblen County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2008

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 10,955	\$ 9,551,670	\$ 9,550,964	\$ 11,661
Due from Other Governments	1,668,603	1,664,102	1,668,603	1,664,102
Total Assets	<u>\$ 1,679,558</u>	<u>\$ 11,215,772</u>	<u>\$ 11,219,567</u>	<u>\$ 1,675,763</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,679,558	\$ 11,215,772	\$ 11,219,567	\$ 1,675,763
Total Liabilities	<u>\$ 1,679,558</u>	<u>\$ 11,215,772</u>	<u>\$ 11,219,567</u>	<u>\$ 1,675,763</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,333,654	\$ 13,784,650	\$ 13,272,251	\$ 2,846,053
Accounts Receivable	391	521	391	521
Prior Year Cash Shortages	18,564	0	18,564	0
Total Assets	<u>\$ 2,352,609</u>	<u>\$ 13,785,171</u>	<u>\$ 13,291,206</u>	<u>\$ 2,846,574</u>
<u>Liabilities</u>				
Due to Other Funds	\$ 22,400	\$ 0	\$ 17,734	\$ 4,666
Due to Litigants, Heirs, and Others	2,330,209	13,785,171	13,273,472	2,841,908
Total Liabilities	<u>\$ 2,352,609</u>	<u>\$ 13,785,171</u>	<u>\$ 13,291,206</u>	<u>\$ 2,846,574</u>
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 28,653	\$ 3,812	\$ 29,021	\$ 3,444
Total Assets	<u>\$ 28,653</u>	<u>\$ 3,812</u>	<u>\$ 29,021</u>	<u>\$ 3,444</u>
<u>Liabilities</u>				
Due to Joint Ventures	\$ 28,653	\$ 3,812	\$ 29,021	\$ 3,444
Total Liabilities	<u>\$ 28,653</u>	<u>\$ 3,812</u>	<u>\$ 29,021</u>	<u>\$ 3,444</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,333,654	\$ 13,784,650	\$ 13,272,251	\$ 2,846,053
Equity in Pooled Cash and Investments	39,608	9,555,482	9,579,985	15,105
Accounts Receivable	391	521	391	521
Due from Other Governments	1,668,603	1,664,102	1,668,603	1,664,102
Prior Year Cash Shortages	18,564	0	18,564	0
Total Assets	<u>\$ 4,060,820</u>	<u>\$ 25,004,755</u>	<u>\$ 24,539,794</u>	<u>\$ 4,525,781</u>

(Continued)

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds (Cont.)</u>				
<u>Liabilities</u>				
Due to Other Funds	\$ 22,400	\$ 0	\$ 17,734	\$ 4,666
Due to Other Taxing Units	1,679,558	11,215,772	11,219,567	1,675,763
Due to Litigants, Heirs, and Others	2,330,209	13,785,171	13,273,472	2,841,908
Due to Joint Ventures	28,653	3,812	29,021	3,444
Total Liabilities	<u>\$ 4,060,820</u>	<u>\$ 25,004,755</u>	<u>\$ 24,539,794</u>	<u>\$ 4,525,781</u>

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Hamblen County School Department

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

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

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

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

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

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Exhibit I-1

Hamblen County, Tennessee
Statement of Activities
Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2008

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:				
Instruction	\$ 44,306,062	\$ 0	\$ 1,325	\$ (40,430,290)
Support Services	21,167,784	0	684,073	(19,832,974)
Operation of Non-Instructional Services	5,860,102	2,527,902	0	686,215
Interest on Long-term Debt	7,582	0	0	(7,582)
Other Debt Service	835,669	0	0	(835,669)
Total Governmental Activities	\$ 72,177,199	\$ 2,527,902	\$ 685,398	\$ (60,420,300)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 13,472,480
Local Option Sales Taxes				10,309,776
Wheel Tax				736,368
Interstate Telecommunications Tax				7,431
Grants and Contributions Not Restricted to Specific Programs				36,680,271
Unrestricted Investment Income				38,348
Miscellaneous				69,831
Total General Revenues				\$ 61,314,505
Change in Net Assets				\$ 894,205
Net Assets, July 1, 2007				51,952,472
Net Assets, June 30, 2008				\$ 52,846,677

Exhibit I-2

Hamblen County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Hamblen County School Department
June 30, 2008

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total Govern- mental Funds</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 7,525,277	\$ 456,521	\$ 7,981,798
Inventories	0	95,576	95,576
Accounts Receivable	194	353	547
Due from Other Governments	2,156,329	806,390	2,962,719
Due from Other Funds	96,143	3,800	99,943
Property Taxes Receivable	14,145,885	0	14,145,885
Allowance for Uncollectible Property Taxes	(399,220)	0	(399,220)
Total Assets	\$ 23,524,608	\$ 1,362,640	\$ 24,887,248
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 1,379,772	\$ 3,936	\$ 1,383,708
Accrued Payroll	6,252	18,211	24,463
Payroll Deductions Payable	196,860	22,243	219,103
Due to Other Funds	3,800	96,143	99,943
Due to Primary Government	16,643	0	16,643
Deferred Revenue - Current Property Taxes	13,399,093	0	13,399,093
Deferred Revenue - Delinquent Property Taxes	305,683	0	305,683
Other Deferred Revenues	924,897	0	924,897
Total Liabilities	\$ 16,233,000	\$ 140,533	\$ 16,373,533
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 401,761	\$ 31,937	\$ 433,698
Reserved for Inventory	0	95,576	95,576
Reserved for Vocational Projects	9,473	0	9,473
Reserved for Career Ladder - Extended Contract	287,225	0	287,225
Reserved for Career Ladder Program	18,902	0	18,902
Other State Education Reserves	3,552	0	3,552
Reserved for Title I Grants to Local Education Agencies	0	78,612	78,612
Reserved for Innovative Education Program Strategies	0	45,743	45,743
Reserved for Special Education - Grants to States	0	64,118	64,118
Other Federal Reserves	0	92,009	92,009
Unreserved, Reported In:			
General Fund	6,570,695	0	6,570,695
Special Revenue Funds	0	813,833	813,833
Capital Projects Funds	0	279	279
Total Fund Balances	\$ 7,291,608	\$ 1,222,107	\$ 8,513,715
Total Liabilities and Fund Balances	\$ 23,524,608	\$ 1,362,640	\$ 24,887,248

Exhibit I-3

Hamblen County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Hamblen County School Department
June 30, 2008

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)		\$	8,513,715
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	2,551,700	
Add: construction in progress		119,075	
Add: buildings and improvements net of accumulated depreciation		38,515,685	
Add: other capital assets net of accumulated depreciation		<u>3,349,811</u>	44,536,271
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: capital lease payable	\$	(132,139)	
Less: compensated absences payable		(178,315)	
Less: retirement incentive		(188,388)	
Less: retirement honorarium		<u>(935,047)</u>	(1,433,889)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>1,230,580</u>
Net assets of governmental activities (Exhibit A)		\$	<u>52,846,677</u>

Exhibit I-4

Hamblen County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2008

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 24,704,196	\$ 0	\$ 24,704,196
Charges for Current Services	774,478	1,736,989	2,511,467
Other Local Revenues	185,914	32,739	218,653
State of Tennessee	37,006,954	56,423	37,063,377
Federal Government	169,891	7,423,444	7,593,335
Other Governments and Citizens Groups	428,219	255,854	684,073
Total Revenues	<u>\$ 63,269,652</u>	<u>\$ 9,505,449</u>	<u>\$ 72,775,101</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 40,141,764	\$ 4,160,410	\$ 44,302,174
Support Services	18,016,468	659,070	18,675,538
Operation of Non-Instructional Services	928,489	4,413,166	5,341,655
Capital Outlay	1,794,517	255,854	2,050,371
Debt Service:			
Principal on Debt	72,831	0	72,831
Interest on Debt	7,582	0	7,582
Other Debt Service	835,669	0	835,669
Total Expenditures	<u>\$ 61,797,320</u>	<u>\$ 9,488,500</u>	<u>\$ 71,285,820</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,472,332</u>	<u>\$ 16,949</u>	<u>\$ 1,489,281</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 88,026	\$ 0	\$ 88,026
Transfers Out	0	(88,026)	(88,026)
Total Other Financing Sources (Uses)	<u>\$ 88,026</u>	<u>\$ (88,026)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 1,560,358	\$ (71,077)	\$ 1,489,281
Fund Balance, July 1, 2007	<u>5,731,250</u>	<u>1,293,184</u>	<u>7,024,434</u>
Fund Balance, June 30, 2008	<u>\$ 7,291,608</u>	<u>\$ 1,222,107</u>	<u>\$ 8,513,715</u>

Exhibit I-5

Hamblen County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2008

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)		\$ 1,489,281
(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	\$ 1,830,677	
Less: current year depreciation expense	<u>(2,421,615)</u>	(590,938)
(2) 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/other deferred June 30, 2008	\$ 1,230,580	
Less: deferred delinquent property taxes/other deferred June 30, 2007	<u>(1,319,032)</u>	(88,452)
(3) The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, these transactions have no effect on net assets.		
Add: principal payments on lease		72,831
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ (9,940)	
Change in retirement incentive	79,122	
Change in retirement honorarium	<u>(57,699)</u>	<u>11,483</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 894,205</u>

Hamblen County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Hamblen County School Department
June 30, 2008

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects		
	\$ 125,207	\$ 331,035	\$ 456,242	\$ 279	\$ 456,521	
0	95,576	95,576	0	95,576		
0	353	353	0	353		
320,442	485,948	806,390	0	806,390		
3,800	0	3,800	0	3,800		
\$ 449,449	\$ 912,912	\$ 1,362,361	\$ 279	\$ 1,362,640		

ASSETS

Equity in Pooled Cash and Investments	
Inventories	
Accounts Receivable	
Due from Other Governments	
Due from Other Funds	

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable	433	3,936	0	3,936
Accrued Payroll	18,211	0	0	18,211
Payroll Deductions Payable	22,243	0	0	22,243
Due to Other Funds	96,143	0	0	96,143
Total Liabilities	137,030	3,503	0	140,533

Fund Balances

Reserved for Encumbrances	31,937	0	0	31,937
Reserved for Inventory	0	95,576	0	95,576
Reserved for Title I Grants to Local Education Agencies	78,612	0	0	78,612
Reserved for Innovative Education Program Strategies	45,743	0	0	45,743
Reserved for Special Education - Grants to States	64,118	0	0	64,118
Other Federal Reserves	92,009	0	0	92,009
Unreserved	0	813,833	279	814,112
Total Fund Balances	312,419	909,409	1,221,828	1,222,107

Total Liabilities and Fund Balances

\$ 449,449	\$ 912,912	\$ 1,362,361	\$ 279	\$ 1,362,640
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Hamblen County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2008

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects		
<u>Revenues</u>						
Charges for Current Services	\$ 0	\$ 1,736,989	\$ 1,736,989	\$ 0	\$ 0	\$ 1,736,989
Other Local Revenues	0	32,460	32,460	279		32,739
State of Tennessee	0	56,423	56,423	0		56,423
Federal Government	4,904,794	2,518,650	7,423,444	0		7,423,444
Other Governments and Citizens Groups	0	0	0	255,854		255,854
Total Revenues	\$ 4,904,794	\$ 4,344,522	\$ 9,249,316	\$ 256,133	\$ 0	\$ 9,505,449
<u>Expenditures</u>						
Current:						
Instruction	\$ 4,160,410	0	\$ 4,160,410	0	\$ 0	\$ 4,160,410
Support Services	609,739	49,331	659,070	0		659,070
Operation of Non-Instructional Services	0	4,413,166	4,413,166	0		4,413,166
Capital Outlay	0	0	0	255,854		255,854
Total Expenditures	\$ 4,770,149	\$ 4,462,497	\$ 9,232,646	\$ 255,854	\$ 0	\$ 9,488,500
Excess (Deficiency) of Revenues Over Expenditures	\$ 134,645	\$ (117,975)	\$ 16,670	\$ 279	\$ 0	\$ 16,949
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (88,026)	0	\$ (88,026)	0	\$ 0	\$ (88,026)
Total Other Financing Sources (Uses)	\$ (88,026)	0	\$ (88,026)	0	\$ 0	\$ (88,026)
Net Change in Fund Balances	\$ 46,619	\$ (117,975)	\$ (71,356)	\$ 279	\$ 0	\$ (71,077)
Fund Balance, July 1, 2007	265,800	1,027,384	1,293,184	0		1,293,184
Fund Balance, June 30, 2008	\$ 312,419	\$ 909,409	\$ 1,221,828	\$ 279	\$ 0	\$ 1,222,107

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hamblen County School Department
General Purpose School Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 24,704,196	\$ 0	\$ 0	\$ 24,704,196	\$ 24,825,107	\$ 24,825,107	\$ (120,911)
Charges for Current Services	774,478	0	0	774,478	498,254	500,820	273,658
Other Local Revenues	185,914	0	0	185,914	50,076	143,226	42,688
State of Tennessee	37,006,954	0	0	37,006,954	34,775,036	37,157,163	(150,209)
Federal Government	169,891	0	0	169,891	162,609	225,356	(55,465)
Other Governments and Citizens Groups	428,219	0	0	428,219	0	430,000	(1,781)
Total Revenues	\$ 63,269,652	\$ 0	\$ 0	\$ 63,269,652	\$ 60,311,082	\$ 63,281,672	\$ (12,020)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 32,017,132	\$ (45,815)	\$ 89,393	\$ 32,060,710	\$ 32,651,185	\$ 33,134,818	\$ 1,074,108
Special Education Program	5,181,837	(1,231)	1,495	5,182,101	5,283,923	5,337,120	155,019
Vocational Education Program	2,733,636	(1,933)	6,593	2,738,296	2,807,732	2,840,383	102,087
Student Body Education Program	41,659	0	0	41,659	105,400	105,400	63,741
Adult Education Program	100,900	(1,511)	0	99,389	111,458	117,722	18,333
Other	66,600	0	0	66,600	66,600	66,600	0
<u>Support Services</u>							
Attendance	25,102	0	0	25,102	31,615	36,123	11,021
Health Services	205,370	0	10,358	215,728	61,102	234,758	19,030
Other Student Support	929,313	0	0	929,313	992,629	1,006,530	77,217
Regular Instruction Program	305,836	(8,335)	885	298,386	298,948	401,144	102,758
Special Education Program	236,064	0	0	236,064	257,844	278,750	42,686
Vocational Education Program	124,116	0	0	124,116	128,194	129,149	5,033
Adult Programs	72,112	0	0	72,112	75,204	75,582	3,470

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Other Programs	\$ 605,979	\$ 0	\$ 0	\$ 605,979	\$ 0	\$ 605,979	\$ 0
Board of Education	895,948	0	0	895,948	1,020,058	1,020,114	124,166
Director of Schools	526,696	0	1,079	527,775	541,294	547,668	19,893
Office of the Principal	3,430,311	0	0	3,430,311	3,499,738	3,513,331	83,020
Fiscal Services	936,870	(1,850)	5,640	940,660	944,858	994,535	53,875
Operation of Plant	4,683,440	0	329	4,683,769	5,019,168	5,016,534	332,765
Maintenance of Plant	1,273,766	(9,117)	13,835	1,278,484	1,290,270	1,292,497	14,013
Transportation	2,580,951	(27,349)	765	2,554,367	2,865,711	2,603,213	48,846
Central and Other	1,184,594	(115,397)	37,053	1,106,250	1,015,163	1,135,363	29,113
<u>Operation of Non-Instructional Services</u>							
Community Services	255,322	(309)	1,717	256,730	277,729	277,737	21,007
Early Childhood Education	673,167	0	1,570	674,737	446,902	707,715	32,978
<u>Capital Outlay</u>							
Regular Capital Outlay	1,794,517	(1,232,307)	231,049	793,259	492,867	1,079,992	286,733
<u>Principal on Debt</u>							
Education	72,831	0	0	72,831	73,172	72,918	87
<u>Interest on Debt</u>							
Education	7,582	0	0	7,582	507,328	7,582	0
<u>Other Debt Service</u>							
Education	835,669	0	0	835,669	0	835,669	0
Total Expenditures	\$ 61,797,320	\$ (1,445,154)	\$ 401,761	\$ 60,753,927	\$ 60,866,092	\$ 63,474,926	\$ 2,720,999
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,472,332	\$ 1,445,154	\$ (401,761)	\$ 2,515,725	\$ (555,010)	\$ (193,254)	\$ 2,708,979

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 430,000	\$ 0	\$ 0
Transfers In	88,026	0	0	88,026	78,000	78,000	10,026
Transfers Out	0	0	0	0	(28,244)	0	0
Total Other Financing Sources (Uses)	\$ 88,026	\$ 0	\$ 0	\$ 88,026	\$ 479,756	\$ 78,000	\$ 10,026
Net Change in Fund Balance	\$ 1,560,358	\$ 1,445,154	\$ (401,761)	\$ 2,603,751	\$ (75,254)	\$ (115,254)	\$ 2,719,005
Fund Balance, July 1, 2007	5,731,250	(1,445,154)	0	4,286,096	4,298,373	4,298,373	(12,277)
Fund Balance, June 30, 2008	\$ 7,291,608	\$ 0	\$ (401,761)	\$ 6,889,847	\$ 4,223,119	\$ 4,183,119	\$ 2,706,728

Exhibit I-9

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hamblen County School Department
School Federal Projects Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 4,904,794	\$ 0	\$ 0	\$ 4,904,794	\$ 4,924,135	\$ 5,190,534	\$ (285,740)
Total Revenues	\$ 4,904,794	\$ 0	\$ 0	\$ 4,904,794	\$ 4,924,135	\$ 5,190,534	\$ (285,740)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,050,952	\$ (21,175)	\$ 17,182	\$ 2,046,959	\$ 2,023,033	\$ 2,293,231	\$ 246,272
Special Education Program	1,927,356	0	0	1,927,356	1,986,657	1,986,646	59,290
Vocational Education Program	182,102	(28,455)	0	153,647	144,047	153,658	11
<u>Support Services</u>							
Health Services	179,567	(700)	0	178,867	149,167	184,177	5,310
Other Student Support	41,847	0	4,153	46,000	40,938	56,418	10,418
Regular Instruction Program	346,371	(5,073)	10,602	351,900	532,756	552,458	200,558
Vocational Education Program	2,366	0	0	2,366	4,450	2,366	0
Board of Education	8,764	0	0	8,764	8,733	8,832	68
Transportation	30,824	0	0	30,824	4,000	67,340	36,516
Total Expenditures	\$ 4,770,149	\$ (55,403)	\$ 31,937	\$ 4,746,683	\$ 4,893,781	\$ 5,305,126	\$ 558,443
Excess (Deficiency) of Revenues Over Expenditures	\$ 134,645	\$ 55,403	\$ (31,937)	\$ 158,111	\$ 30,354	\$ (114,592)	\$ 272,703
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (88,026)	\$ 0	\$ 0	\$ (88,026)	\$ (245,180)	\$ (100,234)	\$ 12,208
Total Other Financing Sources (Uses)	\$ (88,026)	\$ 0	\$ 0	\$ (88,026)	\$ (245,180)	\$ (100,234)	\$ 12,208
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 46,619	\$ 55,403	\$ (31,937)	\$ 70,085	\$ (214,826)	\$ (214,826)	\$ 284,911
Fund Balance, July 1, 2007	265,800	(55,403)	0	210,397	214,826	214,826	(4,429)
Fund Balance, June 30, 2008	\$ 312,419	\$ 0	\$ (31,937)	\$ 280,482	\$ 0	\$ 0	\$ 280,482

Exhibit I-10

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Hamblen County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,736,989	\$ 1,807,973	\$ 1,807,973	\$ (70,984)
Other Local Revenues	32,460	35,000	35,000	(2,540)
State of Tennessee	56,423	58,463	58,463	(2,040)
Federal Government	2,518,650	2,527,478	2,527,478	(8,828)
Total Revenues	<u>\$ 4,344,522</u>	<u>\$ 4,428,914</u>	<u>\$ 4,428,914</u>	<u>\$ (84,392)</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 49,331	\$ 0	\$ 49,331	\$ 0
<u>Operation of Non-Instructional Services</u>				
Food Service	4,413,166	4,546,754	4,497,423	84,257
Total Expenditures	<u>\$ 4,462,497</u>	<u>\$ 4,546,754</u>	<u>\$ 4,546,754</u>	<u>\$ 84,257</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (117,975)</u>	<u>\$ (117,840)</u>	<u>\$ (117,840)</u>	<u>\$ (135)</u>
Net Change in Fund Balance	\$ (117,975)	\$ (117,840)	\$ (117,840)	\$ (135)
Fund Balance, July 1, 2007	<u>1,027,384</u>	<u>1,027,384</u>	<u>1,027,384</u>	<u>0</u>
Fund Balance, June 30, 2008	<u>\$ 909,409</u>	<u>\$ 909,544</u>	<u>\$ 909,544</u>	<u>\$ (135)</u>

MISCELLANEOUS SCHEDULES

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Exhibit J-1

Hamblen County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Lease, and Bonds
Primary Government and Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2008

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-08
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Fund</u>								
Sheriff Patrol Fleet	\$ 400,000	2.74 %	6-30-04	6-30-08	\$ 100,000	\$ 0	\$ 100,000	\$ 0
Total Payable through General Fund					\$ 100,000	\$ 0	\$ 100,000	\$ 0
<u>Payable through Solid Waste/Sanitation Fund</u>								
Nebhitt Landfill Site Capital Outlay Note, Series 2005	1,000,000	3.27	9-23-05	9-23-08	\$ 333,334	\$ 0	\$ 0	\$ 333,334
Total Payable through Solid Waste/Sanitation Fund					\$ 333,334	\$ 0	\$ 0	\$ 333,334
<u>Payable through General Debt Service Fund</u>								
Energy Loan	53,725	3	2-28-01	2-29-08	\$ 8,372	\$ 0	\$ 8,372	\$ 0
Jail Annex Second Floor Completion	1,050,000	3.97	3-24-06	3-30-09	850,000	0	425,000	425,000
School Buses 2006	475,000	3.96	10-26-06	10-26-09	351,273	0	158,333	192,940
School Transportation 2007	428,219	4.24	7-30-07	6-30-10	0	428,219	142,739	285,480
2007 Third Capital Plan	1,115,000	3.59	1-10-08	1-10-11	0	1,115,000	0	1,115,000
Total Payable through General Debt Service Fund					\$ 1,209,645	\$ 1,543,219	\$ 734,444	\$ 2,018,420
Total Notes Payable					\$ 1,642,979	\$ 1,543,219	\$ 834,444	\$ 2,351,754

OTHER LOANS PAYABLE

<u>Payable through General Debt Service Fund</u>								
Various Purposes (Series III-A-3)	10,000,000	Variable (1)	3-19-1998	6-1-19	\$ 10,000,000	\$ 0	\$ 0	\$ 10,000,000
Various Purposes (Series III-D-2)	10,000,000	Variable (1)	1-1-1999	6-1-17	10,000,000	0	0	10,000,000
Various Purposes (Series IV-B-3)	10,000,000	Variable	1-1-00	6-1-13	10,000,000	0	0	10,000,000
Various Purposes (Series A-2-B)	10,000,000	Variable (1)	6-1-01	6-1-25	10,000,000	0	0	10,000,000
Total Payable through General Debt Service Fund					\$ 40,000,000	\$ 0	\$ 0	\$ 40,000,000

(Continued)

Exhibit J-1

Hamblen County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Lease, and Bonds
Primary Government and Discretely Presented Hamblen County School Department (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-08
<u>PRIMARY GOVERNMENT (Cont.)</u>								
<u>OTHER LOANS PAYABLE (Cont.)</u>								
<u>Pavable through Special Debt Service Fund</u>								
Solid Waste (Series B-2-A)	\$ 2,145,000	2 to 5 %	6-30-03	6-1-12	\$ 1,245,000	\$ 0	\$ 235,000	\$ 1,010,000
Total Payable through Special Debt Service Fund					\$ 1,245,000	\$ 0	\$ 235,000	\$ 1,010,000
<u>Pavable through Hospital Debt Service Fund</u>								
Hospital (Series A-2-C)	10,000,000	Variable (2)	6-1-00	6-1-21	\$ 10,000,000	\$ 0	\$ 0	\$ 10,000,000
Hospital (Series VI-D-1)	18,750,000	Variable (2)	12-1-04	6-1-30	18,750,000	0	0	18,750,000
Total Payable through Hospital Debt Service Fund					\$ 28,750,000	\$ 0	\$ 0	\$ 28,750,000
Total Other Loans Payable					\$ 69,995,000	\$ 0	\$ 235,000	\$ 69,760,000
<u>BONDS PAYABLE</u>								
<u>Pavable through Hospital Debt Service Fund</u>								
Hospital Revenue and Tax Refunding Bonds, Series 2002	3,825,000	4	3-12-02	5-1-08	\$ 690,000	\$ 0	\$ 690,000	\$ 0
Total Payable through Hospital Debt Service Fund					\$ 690,000	\$ 0	\$ 690,000	\$ 0
Total Bonds Payable					\$ 690,000	\$ 0	\$ 690,000	\$ 0
<u>DISCRETELY PRESENTED HAMBLEEN COUNTY SCHOOL DEPARTMENT</u>								
<u>CAPITAL LEASE PAYABLE</u>								
Pavable through General Purpose School Fund	484,750	4.18	2-14-03	4-1-10	\$ 204,970	\$ 0	\$ 72,831	\$ 132,139
HVAC System								
Total Capital Lease Payable					\$ 204,970	\$ 0	\$ 72,831	\$ 132,139

(1) These issues were swapped to a synthetic fixed rate by execution of swap agreements during the year ended June 30, 2002.

(2) These issues were swapped to a synthetic fixed rate by execution of swap agreements during the year ended June 30, 2006.

Exhibit J-2

Hamblen County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Hamblen County School Department

PRIMARY GOVERNMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 1,431,073	\$ 80,321	\$ 1,511,394
2010	549,013	32,738	581,751
2011	371,668	13,343	385,011
Total	<u>\$ 2,351,754</u>	<u>\$ 126,402</u>	<u>\$ 2,478,156</u>

Year Ending June 30	Other Loan Principal	Other Loan Interest	Other Loan Fees	Total Other Loan Requirements
2009	\$ 2,795,000	\$ 3,711,373	\$ 313,100	\$ 6,819,473
2010	3,220,000	3,612,174	300,946	7,133,120
2011	3,365,000	3,499,685	286,835	7,151,520
2012	3,530,000	3,382,476	272,059	7,184,535
2013	3,445,000	3,254,388	256,544	6,955,932
2014	3,615,000	3,104,409	240,606	6,960,015
2015	3,815,000	2,915,043	224,364	6,954,407
2016	4,000,000	2,715,143	207,224	6,922,367
2017	4,225,000	2,505,614	189,254	6,919,868
2018	4,675,000	2,265,437	170,412	7,110,849
2019	4,920,000	1,997,131	149,624	7,066,755
2020	2,740,000	1,714,761	127,744	4,582,505
2021	2,870,000	1,544,033	115,056	4,529,089
2022	3,015,000	1,365,108	101,765	4,481,873
2023	3,180,000	1,176,508	88,267	4,444,775
2024	3,350,000	977,573	74,031	4,401,604
2025	3,525,000	767,969	59,035	4,352,004
2026	1,725,000	547,361	43,257	2,315,618
2027	1,800,000	447,710	35,381	2,283,091
2028	1,900,000	343,725	27,164	2,270,889
2029	1,975,000	233,964	18,490	2,227,454
2030	2,075,000	119,871	9,473	2,204,344
Total	<u>\$ 69,760,000</u>	<u>\$ 42,201,456</u>	<u>\$ 3,310,631</u>	<u>\$ 115,272,087</u>

(Continued)

Exhibit J-2

Hamblen County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Hamblen County School Department (Cont.)

DISCRETELY PRESENTED HAMBLEN
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Capital Lease Requirements
2009	\$ 75,934	\$ 4,479	\$ 80,413
2010	56,205	1,267	57,472
Total	<u>\$ 132,139</u>	<u>\$ 5,746</u>	<u>\$ 137,885</u>

Exhibit J-3

Hamblen County, Tennessee
Schedule of Notes Receivable
June 30, 2008

<u>Description</u>	<u>Debtor</u>	<u>Original Amount of Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance 6-30-08</u>
<u>General Debt Service Fund</u>						
Capital Outlay Note	Jefferson Federal Savings and Loan and Lakeway Publishers, Inc.	\$ 175,000	12-26-02	9-1-12	0%	\$ 77,780
Total Notes Receivable						\$ 77,780

Exhibit J-4

Hamblen County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2008

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General Highway/Public Works	General Capital Projects General	Capital project Salaries	\$ 25,000 19,016
Total Transfers Primary Government			\$ 44,016
<u>DISCRETELY PRESENTED</u>			
<u>HAMBLEN COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 88,026

Exhibit J-5

Hamblen County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2008

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 87,222	50,000	Ohio Casualty Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	72,845	100,000	Cincinnati Insurance Company
Director of Schools	State Board of Education and County Board of Education	108,744 (1)	50,000	Ohio Casualty Insurance Company
Trustee	Section 8-24-102, <u>TCA</u>	66,222	1,905,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	66,222	10,000	Cincinnati Insurance Company
Finance Director	County Commission	50,856	50,000	Ohio Casualty Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u>	66,222	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	66,222	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	66,222 (2)	50,000	"
Register	Section 8-24-102, <u>TCA</u>	66,222	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u> , and County Commission	72,845 (3)	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			250,000	St. Paul Fire and Marine Insurance Company
Public Employee Dishonesty - School Department			100,000	RLI Insurance Company

(1) Includes chief executive officer training supplement of \$1,900. Does not include a travel allowance of \$9,000.

(2) Does not include special commissioner fees of \$2,250.

(3) Does not include \$2,659 for serving as workhouse superintendent and \$600 for a law enforcement training supplement.

Hamblen County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2008

	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	\$ 6,022,434	\$ 1,127,744	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	117,683	27,048	0	0	0
Trustee's Collections - Bankruptcy	2,370	466	0	0	0
Circuit/Clerk & Master Collections - Prior Years	42,818	9,597	0	0	0
Interest and Penalty	45,784	9,297	0	0	0
Pick-up Taxes	9	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	537	307	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	49,087	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	735,257	0	0	0
Hotel/Motel Tax	8,535	0	0	0	0
Wheel Tax	797,732	0	0	0	0
Litigation Tax - General	170,124	0	0	0	0
Litigation Tax - Special Purpose	86,320	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	741	0	0	0	0
Business Tax	808,513	0	0	0	1,600
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0	0	0
Wholesale Beer Tax	0	107,481	0	0	0
Interstate Telecommunications Tax	3,634	0	0	0	0
Total Local Taxes	\$ 8,156,321	\$ 2,017,197	\$ 0	\$ 0	\$ 1,600
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 5,681	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	182,347	0	0	0	0
<u>Permits</u>					
Beer Permits	0	1,567	0	0	0
Building Permits	266,787	0	0	0	0
Total Licenses and Permits	\$ 454,815	\$ 1,567	\$ 0	\$ 0	\$ 0

(Continued)

Hamblen 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</u>					
<u>Circuit Court</u>					
Fines	\$ 3,867	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	15,504	0	0	0	0
Drug Control Fines	1,675	0	2,854	0	0
Drug Court Fees	1,617	0	0	0	0
Jail Fees	1,094	0	0	0	0
DUI Treatment Fines	2,954	0	0	0	0
Data Entry Fee - Circuit Court	938	0	0	0	0
<u>Criminal Court</u>					
Drug Control Fines	0	0	2,039	0	0
<u>General Sessions Court</u>					
Fines	35,451	0	0	0	0
Fines for Littering	48	0	0	0	0
Officers Costs	86,582	0	0	0	0
Game and Fish Fines	1,839	0	0	0	0
Drug Control Fines	13,954	0	13,103	0	0
Drug Court Fees	15,806	0	0	0	0
Jail Fees	26,207	0	0	0	0
Interpreter Fees	48	0	0	0	0
DUI Treatment Fines	10,706	0	0	0	0
Data Entry Fee - General Sessions Court	25,909	0	0	0	0
Courtroom Security Fee	859	0	0	0	0
<u>Juvenile Court</u>					
Fines	9,790	0	0	0	0
Courtroom Security Fee	70	0	0	0	0
<u>Chancery Court</u>					
Data Entry Fee - Chancery Court	1,838	0	0	0	0
Other Courts - In-county	105	0	0	0	0
Drug Court Fees					
<u>Judicial District Drug Program</u>					
Courtroom Security Fee	106	0	0	0	0

(Continued)

Hamblen 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>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	\$ 0	\$ 0	\$ 9,372	\$ 0	\$ 0
Total Fines, Forfeitures, and Penalties	\$ 256,967	\$ 0	\$ 27,368	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Other Employee Benefit Charges/Contributions	\$ 47,498	\$ 0	\$ 0	\$ 0	\$ 0
Work Release Charges for Board	6,304	0	0	0	0
Other General Service Charges	575	0	0	0	0
<u>Fees</u>					
Recreation Fees	33,618	0	0	0	0
Copy Fees	7,493	0	0	0	0
Telephone Commissions	65,853	0	0	0	0
Vending Machine Collections	360	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	1,319,213	0
Data Processing Fee - Register	25,252	0	0	0	0
Sexual Offender Registration Fees - Sheriff	2,100	0	0	0	0
Total Charges for Current Services	\$ 189,053	\$ 0	\$ 0	\$ 1,319,213	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 93,962	\$ 5,133	\$ 0	\$ 22,683
Lease/Rentals	56,832	0	0	0	0
Sale of Materials and Supplies	0	3,620	0	0	0
Sale of Maps	1,565	0	0	0	0
Retirees' Insurance Payments	8,543	0	0	0	0
Miscellaneous Refunds	29,174	275	40	0	8,098
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	0	0
Total Other Local Revenues	\$ 96,114	\$ 97,857	\$ 5,173	\$ 0	\$ 30,781

(Continued)

Hamblen 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>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
County Clerk	\$ 132,556	\$ 0	\$ 0	\$ 0	\$ 0
Clerk and Master	41,861	0	0	0	0
Register	132,680	0	0	0	0
Trustee	668,343	0	0	0	0
<u>Fees in-Lieu-of Salary</u>					
Circuit Court Clerk	207,091	0	0	0	0
General Sessions Court Clerk	531,268	0	0	0	0
Sheriff	20,697	0	0	0	0
Total Fees Received from County Officials	\$ 1,734,496	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 21,000	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	18,215	0	0	0	0
Solid Waste Grants	36,644	0	0	0	0
Other General Government Grants	58,966	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	34,800	0	0	0	0
Other Public Safety Grants	23,756	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	264,235	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	395,691
Litter Program	30,668	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	181,047	0	0	0	0
Beer Tax	0	13,836	0	0	0
Alcoholic Beverage Tax	71,744	0	0	0	0
State Revenue Sharing - T.V.A.	49,016	651,207	0	0	0
Contracted Prisoner Boarding	868,582	0	0	0	0

(Continued)

Hamblen 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 (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Gasoline and Motor Fuel Tax	\$ 0 \$	0 \$	0 \$	0 \$	1,673,312
Petroleum Special Tax	0	0	0	0	46,683
Registrar's Salary Supplement	16,380	0	0	0	0
Other State Revenues	27,211	0	0	0	0
Total State of Tennessee	\$ 1,702,264 \$	665,043 \$	0 \$	0 \$	2,115,686
<u>Federal Government</u>					
<u>Federal Through State</u>					
Civil Defense Reimbursement	\$ 3,233 \$	0 \$	0 \$	0 \$	0
Homeland Security Grants	42,519	0	0	0	0
Other Federal through State	142,143	0	0	0	0
<u>Direct Federal Revenue</u>					
Asset Forfeiture Funds	0	0	4,922	0	0
Other Direct Federal Revenue	6,600	0	0	0	0
Total Federal Government	\$ 194,495 \$	0 \$	4,922 \$	0 \$	0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 12,341 \$	0 \$	14,282 \$	0 \$	0
Contracted Services	95,068	0	0	0	0
<u>Citizens Groups</u>					
Donations	5,622	0	0	0	0
Total Other Governments and Citizens Groups	\$ 113,031 \$	0 \$	14,282 \$	0 \$	0
Total	\$ 12,897,556 \$	2,781,664 \$	51,745 \$	1,319,213 \$	2,148,067

(Continued)

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

	Debt Service Funds			Capital Projects Fund		Total
	General Debt Service	Special Debt Service	Hospital Debt Service	Capital Projects		
				General Capital	Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 2,676,638	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,826,816
Trustee's Collections - Prior Year	64,191	0	0	0	0	208,922
Trustee's Collections - Bankruptcy	1,293	0	0	0	0	4,129
Circuit/Clerk & Master Collections - Prior Years	23,356	0	0	0	0	75,771
Interest and Penalty	24,049	0	0	0	0	79,130
Pick-up Taxes	3	0	0	0	0	12
Payments in-Lieu-of Taxes - T.V.A.	281	0	0	0	0	1,125
Payments in-Lieu-of Taxes - Local Utilities	26,589	0	0	0	0	75,676
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	735,257
Hotel/Motel Tax	0	0	0	0	0	8,535
Wheel Tax	0	0	0	0	0	797,732
Litigation Tax - General	0	0	0	0	0	170,124
Litigation Tax - Special Purpose	0	0	0	0	0	86,320
Litigation Tax - Jail, Workhouse, or Courthouse	73,888	0	0	0	0	74,629
Business Tax	0	0	0	0	0	810,113
<u>Statutory Local Taxes</u>						
Bank Excise Tax	22,422	0	0	0	0	22,422
Wholesale Beer Tax	0	0	0	0	0	107,481
Interstate Telecommunications Tax	0	0	0	0	0	3,634
Total Local Taxes	\$ 2,912,710	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,087,828
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	0	0	0	0	0	5,681
Cable TV Franchise	0	0	0	0	0	182,347
<u>Permits</u>						
Beer Permits	0	0	0	0	0	1,567
Building Permits	0	0	0	0	0	266,787
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 456,382

(Continued)

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

	Debt Service Funds				Capital Projects Fund		Total
	General Debt Service	Special Debt Service	Hospital Debt Service	Capital Projects			
				General	Capital		
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,867
Officers Costs	0	0	0	0	0	0	15,504
Drug Control Fines	0	0	0	0	0	0	4,529
Drug Court Fees	0	0	0	0	0	0	1,617
Jail Fees	1,534	0	0	0	0	0	2,628
DUI Treatment Fines	0	0	0	0	0	0	2,954
Data Entry Fee - Circuit Court	0	0	0	0	0	0	938
<u>Criminal Court</u>							
Drug Control Fines	0	0	0	0	0	0	2,039
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	35,451
Fines for Littering	0	0	0	0	0	0	48
Officers Costs	0	0	0	0	0	0	86,582
Game and Fish Fines	0	0	0	0	0	0	1,839
Drug Control Fines	0	0	0	0	0	0	27,057
Drug Court Fees	0	0	0	0	0	0	15,806
Jail Fees	35,799	0	0	0	0	0	62,006
Interpreter Fees	0	0	0	0	0	0	48
DUI Treatment Fines	0	0	0	0	0	0	10,706
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	25,909
Courtroom Security Fee	0	0	0	0	0	0	859
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	0	9,790
Courtroom Security Fee	0	0	0	0	0	0	70
<u>Chancery Court</u>							
Data Entry Fee - Chancery Court	0	0	0	0	0	0	1,838
<u>Other Courts - In-county</u>							
Drug Court Fees	0	0	0	0	0	0	105
<u>Judicial District Drug Program</u>							
Courtroom Security Fee	0	0	0	0	0	0	106

(Continued)

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

	Debt Service Funds			Capital Projects Fund		Total
	General Debt Service	Special Debt Service	Hospital Debt Service	General Capital Projects	Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,372
Total Fines, Forfeitures, and Penalties	\$ 37,333	\$ 0	\$ 0	\$ 0	\$ 0	\$ 321,668
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Other Employee Benefit Charges/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 47,498
Work Release Charges for Board	0	0	0	0	0	6,304
Other General Service Charges	0	0	0	0	0	575
<u>Fees</u>						
Recreation Fees	0	0	0	0	0	33,618
Copy Fees	0	0	0	0	0	7,493
Telephone Commissions	0	0	0	0	0	65,853
Vending Machine Collections	0	0	0	0	0	360
Constitutional Officers' Fees and Commissions	0	0	0	0	0	1,319,213
Data Processing Fee - Register	0	0	0	0	0	25,252
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	2,100
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,508,266
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 917,347	\$ 6	\$ 36,493	\$ 0	\$ 0	\$ 1,075,624
Lease/Rentals	19,444	0	2,152,871	0	0	2,229,147
Sale of Materials and Supplies	0	0	0	0	0	3,620
Sale of Maps	0	0	0	0	0	1,565
Retirees' Insurance Payments	0	0	0	0	0	8,543
Miscellaneous Refunds	0	0	0	11,326	0	48,913
<u>Other Local Revenues</u>						
Other Local Revenues	835,669	43,244	0	0	0	878,913
Total Other Local Revenues	\$ 1,772,460	\$ 43,250	\$ 2,189,364	\$ 11,326	\$ 0	\$ 4,246,325

(Continued)

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

	Debt Service Funds			Capital Projects Fund		Total
	General Debt Service	Special Debt Service	Hospital Debt Service	General Capital Projects	Capital Projects	
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	132,556
Clerk and Master	0	0	0	0	0	41,861
Register	0	0	0	0	0	132,680
Trustee	0	0	0	0	0	668,343
<u>Fees in-Lieu-of Salary</u>						
Circuit Court Clerk	0	0	0	0	0	207,091
General Sessions Court Clerk	0	0	0	0	0	531,268
Sheriff	0	0	0	0	0	20,697
Total Fees Received from County Officials	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	1,734,496
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	21,000
State Reappraisal Grant	0	0	0	0	0	18,215
Solid Waste Grants	0	0	0	0	0	36,644
Other General Government Grants	0	0	0	0	0	58,966
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	34,800
Other Public Safety Grants	0	0	0	0	0	23,756
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	264,235
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	395,691
Litter Program	0	0	0	0	0	30,668
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	181,047
Beer Tax	0	0	0	0	0	13,836
Alcoholic Beverage Tax	0	0	0	0	0	71,744
State Revenue Sharing - T.V.A.	0	0	0	0	0	700,223
Contracted Prisoner Boarding	0	0	0	0	0	868,582

(Continued)

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

	Debt Service Funds			Capital Projects Fund		Total
	General Debt Service	Special Debt Service	Hospital Debt Service	General Capital Projects	Capital Projects	
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Gasoline and Motor Fuel Tax	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	1,673,312
Petroleum Special Tax	0	0	0	0	0	46,683
Registrar's Salary Supplement	0	0	0	0	0	16,380
Other State Revenues	0	0	0	0	0	27,211
Total State of Tennessee	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	4,482,993
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	3,233
Homeland Security Grants	0	0	0	0	0	42,519
Other Federal through State	0	0	0	114,772	0	256,915
<u>Direct Federal Revenue</u>						
Asset Forfeiture Funds	0	0	0	0	0	4,922
Other Direct Federal Revenue	0	0	0	0	0	6,600
Total Federal Government	\$ 0 \$	0 \$	0 \$	114,772 \$	0 \$	314,189
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	26,623
Contracted Services	0	0	0	0	0	95,068
<u>Citizens Groups</u>						
Donations	0	0	0	0	0	5,622
Total Other Governments and Citizens Groups	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	127,313
Total	\$ 4,722,503 \$	43,250 \$	2,189,364 \$	126,098 \$	0 \$	26,279,460

Exhibit J-7

Hamblen County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2008

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 12,937,081	\$ 0	\$ 0	\$ 0	\$ 12,937,081
Trustee's Collections - Prior Year	310,255	0	0	0	310,255
Trustee's Collections - Bankruptcy	6,373	0	0	0	6,373
Circuit/Clerk & Master Collections - Prior Years	93,419	0	0	0	93,419
Interest and Penalty	110,580	0	0	0	110,580
Pick-up Taxes	19	0	0	0	19
Payments in-Lieu-of Taxes - T.V.A.	1,431	0	0	0	1,431
Payments in-Lieu-of Taxes - Local Utilities	128,853	0	0	0	128,853
<u>County Local Option Taxes</u>					
Local Option Sales Tax	10,282,697	0	0	0	10,282,697
Wheel Tax	736,368	0	0	0	736,368
<u>Statutory Local Taxes</u>					
Bank Excise Tax	89,689	0	0	0	89,689
Interstate Telecommunications Tax	7,431	0	0	0	7,431
Total Local Taxes	\$ 24,704,196	\$ 0	\$ 0	\$ 0	\$ 24,704,196
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Regular Day Students	\$ 143,612	\$ 0	\$ 0	\$ 0	\$ 143,612
Tuition - Other	314,319	0	0	0	314,319
Lunch Payments - Children	0	0	1,025,004	0	1,025,004
Lunch Payments - Adults	0	0	150,557	0	150,557
Income from Breakfast	0	0	260,939	0	260,939
A la carte Sales	0	0	277,135	0	277,135
Receipts from Individual Schools	176,960	0	0	0	176,960
TBI Criminal Background Fees	572	0	0	0	572
<u>Other Charges for Services</u>					
Other Charges for Services	139,015	0	23,354	0	162,369
Total Charges for Current Services	\$ 774,478	\$ 0	\$ 1,736,989	\$ 0	\$ 2,511,467
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 5,609	\$ 0	\$ 32,460	\$ 279	\$ 38,348
Lease/Rentals	14,112	0	0	0	14,112
Sale of Materials and Supplies	2,323	0	0	0	2,323
Refund of Telecommunication & Internet Fees (E-Rate)	35,650	0	0	0	35,650
Miscellaneous Refunds	60,058	0	0	0	60,058
<u>Nonrecurring Items</u>					
Sale of Equipment	3,338	0	0	0	3,338
Damages Recovered from Individuals	6,435	0	0	0	6,435
Contributions and Gifts	57,064	0	0	0	57,064
<u>Other Local Revenues</u>					
Other Local Revenues	1,325	0	0	0	1,325
Total Other Local Revenues	\$ 185,914	\$ 0	\$ 32,460	\$ 279	\$ 218,653
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 605,979	\$ 0	\$ 0	\$ 0	\$ 605,979

(Continued)

Exhibit J-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 34,680,000	\$ 0	\$ 0	\$ 0	\$ 34,680,000
Early Childhood Education	554,815	0	0	0	554,815
School Food Service	0	0	56,423	0	56,423
Driver Education	28,015	0	0	0	28,015
Other State Education Funds	129,402	0	0	0	129,402
Career Ladder Program	425,348	0	0	0	425,348
Career Ladder - Extended Contract	194,451	0	0	0	194,451
<u>Other State Revenues</u>					
Mixed Drink Tax	14,574	0	0	0	14,574
Other State Grants	374,370	0	0	0	374,370
Total State of Tennessee	\$ 37,006,954	\$ 0	\$ 56,423	\$ 0	\$ 37,063,377
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,876,037	\$ 0	\$ 1,876,037
Breakfast	0	0	632,225	0	632,225
USDA - Other	0	0	10,388	0	10,388
Adult Education State Grant Program	97,810	0	0	0	97,810
Vocational Education - Basic Grants to States	0	179,375	0	0	179,375
Other Vocational	49,338	0	0	0	49,338
Title I Grants to Local Education Agencies	0	1,896,008	0	0	1,896,008
Innovative Education Program Strategies	0	14,106	0	0	14,106
Special Education - Grants to States	22,743	2,057,007	0	0	2,079,750
Special Education Preschool Grants	0	63,780	0	0	63,780
English Language Acquisition Grants	0	176,338	0	0	176,338
Safe and Drug-Free Schools - State Grants	0	42,000	0	0	42,000
Education for Homeless Children and Youth	0	68,835	0	0	68,835
Eisenhower Professional Development State Grants	0	407,345	0	0	407,345
Total Federal Government	\$ 169,891	\$ 4,904,794	\$ 2,518,650	\$ 0	\$ 7,593,335
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 428,219	\$ 0	\$ 0	\$ 255,854	\$ 684,073
Total Other Governments and Citizens Groups	\$ 428,219	\$ 0	\$ 0	\$ 255,854	\$ 684,073
Total	\$ 63,269,652	\$ 4,904,794	\$ 4,344,522	\$ 256,133	\$ 72,775,101

Exhibit J-8

Hamblen County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2008

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	71,200	
Social Security		3,959	
State Retirement		2,420	
Life Insurance		500	
Medical Insurance		38,930	
Employer Medicare		926	
Audit Services		13,103	
Contracts with Private Agencies		1,107	
Dues and Memberships		1,800	
Total County Commission			\$ 133,945

Board of Equalization

Board and Committee Members Fees	\$	1,125	
Total Board of Equalization			1,125

County Mayor/Executive

County Official/Administrative Officer	\$	87,222	
Assistant(s)		29,881	
Social Security		7,033	
State Retirement		9,907	
Life Insurance		90	
Medical Insurance		10,450	
Employer Medicare		1,645	
Total County Mayor/Executive			146,228

County Attorney

Other Salaries and Wages	\$	1,200	
Social Security		74	
Employer Medicare		17	
Legal Services		98,865	
Total County Attorney			100,156

Election Commission

County Official/Administrative Officer	\$	59,600	
Deputy(ies)		49,464	
Overtime Pay		1,648	
Election Commission		11,800	
Election Workers		21,903	
Social Security		7,688	
State Retirement		9,362	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Life Insurance	\$	122	
Medical Insurance		8,227	
Employer Medicare		1,798	
Communication		282	
Contracts with Private Agencies		12,425	
Dues and Memberships		250	
Legal Notices, Recording, and Court Costs		8,752	
Maintenance Agreements		1,906	
Printing, Stationery, and Forms		2,208	
Travel		3,019	
Office Supplies		6,581	
Total Election Commission			\$ 207,035

Register of Deeds

Life Insurance	\$	218	
Medical Insurance		25,329	
Communication		100	
Dues and Memberships		644	
Travel		1,083	
Maintenance and Repair Services - Records		28,770	
Office Supplies		13,260	
Data Processing Equipment		22,577	
Total Register of Deeds			91,981

Planning

County Official/Administrative Officer	\$	48,335	
Assistant(s)		29,479	
Deputy(ies)		71,969	
Secretary(ies)		26,799	
Board and Committee Members Fees		16,200	
Other Per Diem and Fees		4,200	
Social Security		11,753	
State Retirement		14,939	
Life Insurance		189	
Medical Insurance		38,984	
Employer Medicare		2,749	
Communication		1,525	
Contracts with Government Agencies		16,000	
Dues and Memberships		250	
Legal Notices, Recording, and Court Costs		608	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Maintenance Agreements	\$	1,634	
Maintenance and Repair Services - Vehicles		1,498	
Printing, Stationery, and Forms		232	
Travel		284	
Gasoline		3,561	
Office Supplies		2,495	
Refunds		3,918	
In Service/Staff Development		1,725	
Office Equipment		8,312	
Total Planning			\$ 307,638

Other Facilities

Assistant(s)	\$	52,205	
Supervisor/Director		30,854	
Custodial Personnel		70,362	
Part-time Personnel		7,419	
Social Security		9,354	
State Retirement		12,980	
Life Insurance		264	
Medical Insurance		46,497	
Employer Medicare		2,188	
Communication		2,619	
Maintenance Agreements		31,127	
Maintenance and Repair Services - Buildings		54,757	
Maintenance and Repair Services - Equipment		2,484	
Maintenance and Repair Services - Vehicles		2,274	
Pest Control		3,592	
Other Contracted Services		4,550	
Custodial Supplies		21,506	
Electricity		164,749	
Natural Gas		36,974	
Uniforms		3,188	
Total Other Facilities			559,943

Preservation of Records

Supervisor/Director	\$	10,614	
Social Security		658	
Employer Medicare		154	
Office Supplies		3,873	
Office Equipment		1,439	
Total Preservation of Records			16,738

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	50,856	
Assistant(s)		29,184	
Accountants/Bookkeepers		26,523	
Part-time Personnel		17,405	
Social Security		7,411	
State Retirement		9,018	
Life Insurance		132	
Medical Insurance		22,358	
Employer Medicare		1,733	
Communication		2,865	
Dues and Memberships		1,062	
Legal Notices, Recording, and Court Costs		900	
Travel		3,856	
Office Supplies		2,485	
In Service/Staff Development		620	
Total Accounting and Budgeting			\$ 176,408

Purchasing

County Official/Administrative Officer	\$	42,375	
Purchasing Personnel		26,523	
Social Security		3,938	
State Retirement		5,829	
Life Insurance		109	
Medical Insurance		14,387	
Employer Medicare		921	
Advertising		509	
Communication		5	
Dues and Memberships		75	
Printing, Stationery, and Forms		190	
Travel		222	
Office Supplies		412	
In Service/Staff Development		180	
Total Purchasing			95,675

Property Assessor's Office

County Official/Administrative Officer	\$	66,222	
Deputy(ies)		118,861	
Data Processing Personnel		34,922	
Other Per Diem and Fees		4,724	
Social Security		13,124	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

State Retirement	\$	18,612	
Life Insurance		278	
Medical Insurance		42,678	
Employer Medicare		3,069	
Communication		165	
Contracts with Government Agencies		14,644	
Data Processing Services		7,635	
Dues and Memberships		1,298	
Maintenance and Repair Services - Vehicles		3,097	
Printing, Stationery, and Forms		204	
Travel		773	
Gasoline		3,916	
Office Supplies		1,102	
Office Equipment		1,690	
Total Property Assessor's Office			\$ 337,014

Reappraisal Program

Deputy(ies)	\$	27,840	
Social Security		1,616	
State Retirement		2,355	
Life Insurance		55	
Medical Insurance		7,490	
Employer Medicare		378	
Contracts with Government Agencies		5,793	
Contracts with Private Agencies		61,680	
Postal Charges		1,024	
Other Contracted Services		7,914	
Office Supplies		233	
Office Equipment		322	
Total Reappraisal Program			116,700

County Trustee's Office

Life Insurance	\$	252	
Medical Insurance		31,772	
Communication		85	
Legal Notices, Recording, and Court Costs		100	
Postal Charges		7,688	
Printing, Stationery, and Forms		13,246	
Office Supplies		2,214	
Office Equipment		1,926	
Total County Trustee's Office			57,283

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

Life Insurance	\$	816	
Medical Insurance		102,894	
Communication		1,129	
Maintenance Agreements		18,378	
Maintenance and Repair Services - Office Equipment		515	
Printing, Stationery, and Forms		4,469	
Rentals		2,394	
Office Supplies		3,606	
Total County Clerk's Office			\$ 134,201

Data Processing

Data Processing Services	\$	4,589	
Maintenance Agreements		16,733	
Data Processing Equipment		11,153	
Total Data Processing			32,475

Other Finance

Maintenance Personnel	\$	2,738	
Social Security		170	
Employer Medicare		40	
Communication		3,359	
Operating Lease Payments		26,127	
Maintenance and Repair Services - Buildings		117	
Office Supplies		1,682	
Office Equipment		387	
Total Other Finance			34,620

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	66,222	
Deputy(ies)		221,986	
Part-time Personnel		49,648	
Other Salaries and Wages		23,926	
Board and Committee Members Fees		550	
Jury and Witness Fees		24,416	
Other Per Diem and Fees		604	
Social Security		22,021	
State Retirement		24,587	
Life Insurance		439	
Medical Insurance		46,933	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Employer Medicare	\$	5,150	
Communication		854	
Legal Notices, Recording, and Court Costs		36	
Maintenance Agreements		646	
Printing, Stationery, and Forms		9,699	
Rentals		3,241	
Travel		490	
Office Supplies		11,904	
Office Equipment		17,575	
Total Circuit Court			\$ 530,927

General Sessions Court

Judge(s)	\$	136,818	
Part-time Personnel		68,409	
Social Security		10,389	
State Retirement		11,575	
Life Insurance		55	
Medical Insurance		7,484	
Employer Medicare		2,947	
Communication		235	
Dues and Memberships		400	
Travel		1,508	
Other Contracted Services		7,066	
Office Supplies		571	
Total General Sessions Court			247,457

Drug Court

Supervisor/Director	\$	18,348	
Clerical Personnel		23,237	
Social Security		2,486	
State Retirement		3,273	
Life Insurance		50	
Medical Insurance		6,868	
Employer Medicare		581	
Communication		7	
Evaluation and Testing		13,112	
Postal Charges		41	
Printing, Stationery, and Forms		562	
Rentals		3,671	
Travel		18,892	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court (Cont.)

Drug Treatment	\$	48,023	
Office Supplies		1,449	
Total Drug Court			\$ 140,600

Chancery Court

Life Insurance	\$	223	
Medical Insurance		38,644	
Communication		631	
Printing, Stationery, and Forms		1,989	
Rentals		2,394	
Office Supplies		5,957	
Total Chancery Court			49,838

Juvenile Court

Judge(s)	\$	30,328	
Assistant(s)		32,095	
Probation Officer(s)		25,837	
Youth Service Officer(s)		42,375	
Guidance Personnel		10,300	
Educational Assistants		29,183	
Attendants		111,952	
Other Salaries and Wages		1,395	
In-Service Training		650	
Other Per Diem and Fees		9,949	
Social Security		17,073	
State Retirement		10,955	
Life Insurance		155	
Medical Insurance		33,613	
Employer Medicare		3,993	
Communication		3,177	
Consultants		10,399	
Contracts with Government Agencies		13,055	
Dues and Memberships		230	
Evaluation and Testing		5,294	
Maintenance Agreements		158	
Rentals		2,137	
Travel		2,446	
Other Contracted Services		1,892	
Food Supplies		2,301	
Gasoline		180	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Office Supplies	\$ 4,014	
Total Juvenile Court		\$ 405,136

Probate Court

Office Supplies	\$ 3,629	
Total Probate Court		3,629

Probation Services

Overtime Pay	\$ 917	
Other Salaries and Wages	91,310	
Social Security	5,465	
State Retirement	2,842	
Life Insurance	22	
Medical Insurance	4,241	
Employer Medicare	1,278	
Uniforms	3,167	
Total Probation Services		109,242

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 76,104
Supervisor/Director	47,880
Deputy(ies)	491,080
Captain(s)	87,779
Lieutenant(s)	206,719
Sergeant(s)	358,631
Salary Supplements	16,200
Clerical Personnel	112,975
Part-time Personnel	11,637
Overtime Pay	71,980
Other Salaries and Wages	80,114
Board and Committee Members Fees	3,450
In-Service Training	25,258
Social Security	93,449
State Retirement	114,074
Life Insurance	1,518
Medical Insurance	242,161
Employer Medicare	21,856
Advertising	867
Communication	17,510

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Dues and Memberships	\$	1,825	
Evaluation and Testing		9,040	
Maintenance Agreements		4,467	
Maintenance and Repair Services - Equipment		1,513	
Maintenance and Repair Services - Vehicles		63,429	
Printing, Stationery, and Forms		1,706	
Rentals		2,790	
Tow-in Services		1,278	
Travel		11,488	
Other Contracted Services		84	
Gasoline		153,821	
Law Enforcement Supplies		9,330	
Lubricants		5,002	
Office Supplies		14,696	
Tires and Tubes		10,819	
Uniforms		1,471	
Other Charges		9,932	
Principal on Notes		100,000	
Interest on Notes		2,786	
Law Enforcement Equipment		21,801	
Total Sheriff's Department			\$ 2,508,520

Wheel Tax Officer

Communication	\$	564	
Travel		2,945	
Office Supplies		690	
Office Equipment		900	
Total Wheel Tax Officer			5,099

Drug Enforcement

Law Enforcement Supplies	\$	9,496	
Total Drug Enforcement			9,496

Administration of the Sexual Offender Registry

Office Supplies	\$	1,746	
Total Administration of the Sexual Offender Registry			1,746

Jail

Captain(s)	\$	39,545	
Guards		785,550	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Clerical Personnel	\$	25,554	
Cafeteria Personnel		20,960	
Overtime Pay		38,936	
In-Service Training		1,279	
Social Security		54,831	
State Retirement		76,919	
Life Insurance		1,204	
Medical Insurance		188,590	
Employer Medicare		12,823	
Maintenance Agreements		7,483	
Maintenance and Repair Services - Buildings		5,250	
Maintenance and Repair Services - Equipment		21,425	
Medical and Dental Services		363,220	
Custodial Supplies		48,350	
Drugs and Medical Supplies		16,969	
Food Supplies		302,714	
Prisoners Clothing		8,814	
Other Charges		10,585	
Furniture and Fixtures		23,960	
Law Enforcement Equipment		5,497	
Other Equipment		8,207	
Total Jail			\$ 2,068,665

Workhouse

Guards	\$	49,021	
Social Security		2,846	
State Retirement		4,147	
Life Insurance		67	
Medical Insurance		17,263	
Employer Medicare		666	
Total Workhouse			74,010

Work Release Program

Supervisor/Director	\$	35,220
Secretary(ies)		26,481
In-Service Training		250
Social Security		3,528
State Retirement		5,220
Life Insurance		88
Medical Insurance		10,457

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Work Release Program (Cont.)

Employer Medicare	\$	825	
Communication		9	
Maintenance and Repair Services - Vehicles		274	
Printing, Stationery, and Forms		220	
Gasoline		1,777	
Office Supplies		928	
Total Work Release Program			\$ 85,277

Fire Prevention and Control

Contributions	\$	160,000	
Total Fire Prevention and Control			160,000

Civil Defense

Supervisor/Director	\$	35,318	
Part-time Personnel		10,323	
Social Security		2,791	
State Retirement		2,988	
Life Insurance		34	
Medical Insurance		4,113	
Employer Medicare		653	
Communication		803	
Maintenance and Repair Services - Vehicles		1,134	
Printing, Stationery, and Forms		60	
Travel		302	
Gasoline		4,100	
Office Supplies		1,201	
Uniforms		1,578	
Liability Insurance		1,325	
Other Charges		1,575	
Communication Equipment		1,200	
Total Civil Defense			69,498

Rescue Squad

Contracts with Government Agencies	\$	141,436	
Total Rescue Squad			141,436

Other Emergency Management

In Service/Staff Development	\$	13,607	
Other Equipment		28,951	
Total Other Emergency Management			42,558

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Assistant(s)	\$	4,410	
Other Salaries and Wages		61,588	
Other Contracted Services		<u>7,200</u>	
Total County Coroner/Medical Examiner			\$ 73,198

Other Public Safety

Other Equipment	\$	<u>26,395</u>	
Total Other Public Safety			26,395

Public Health and Welfare

Local Health Center

Supervisor/Director	\$	1,213	
Clerical Personnel		179,884	
Social Security		10,387	
State Retirement		13,150	
Life Insurance		217	
Medical Insurance		45,238	
Employer Medicare		2,429	
Contracts with Government Agencies		60,107	
Travel		2,256	
Other Contracted Services		<u>3,447</u>	
Total Local Health Center			318,328

Rabies and Animal Control

Contributions	\$	<u>127,400</u>	
Total Rabies and Animal Control			127,400

Nursing Home

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

Crippled Children Services

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

Aid to Dependent Children

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

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Child Support

Contributions	\$ 12,420	
Total Child Support		\$ 12,420

Other Local Welfare Services

Contributions	\$ 72,975	
Total Other Local Welfare Services		72,975

Sanitation Management

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

Other Public Health and Welfare

Contributions	\$ 9,200	
Total Other Public Health and Welfare		9,200

Social, Cultural, and Recreational Services

Adult Activities

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

Senior Citizens Assistance

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

Libraries

Contributions	\$ 238,500	
Total Libraries		238,500

Parks and Fair Boards

County Official/Administrative Officer	\$ 40,284
Supervisor/Director	32,041
Maintenance Personnel	25,617
Overtime Pay	20,930
Other Salaries and Wages	16,411
Social Security	8,354
State Retirement	10,038
Life Insurance	102
Medical Insurance	13,376
Employer Medicare	1,954
Advertising	6,810

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Bank Charges	\$	798	
Communication		4,954	
Maintenance Agreements		240	
Maintenance and Repair Services - Equipment		4,180	
Maintenance and Repair Services - Vehicles		317	
Custodial Supplies		7,813	
Diesel Fuel		1,926	
Electricity		17,091	
Gasoline		4,557	
Office Supplies		63	
Water and Sewer		16,826	
Other Supplies and Materials		4,849	
Liability Insurance		5,149	
Refunds		30	
Workers' Compensation Insurance		4,516	
Other Charges		2,283	
Office Equipment		321	
Other Construction		19,145	
Total Parks and Fair Boards			\$ 270,975

Other Social, Cultural, and Recreational

Contracts with Government Agencies	\$	36,644	
Contributions		214,472	
Total Other Social, Cultural, and Recreational			251,116

Agriculture and Natural Resources

Agriculture Extension Service

Contributions	\$	111,434	
Total Agriculture Extension Service			111,434

Forest Service

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

Soil Conservation

Secretary(ies)	\$	23,594	
Social Security		1,257	
State Retirement		1,996	
Life Insurance		55	
Medical Insurance		10,273	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

Employer Medicare	\$ 294	
Total Soil Conservation		\$ 37,469

Other Operations

Tourism

Contributions	\$ 22,500	
Total Tourism		22,500

Industrial Development

Contributions	\$ 42,000	
Total Industrial Development		42,000

Public Transportation

Contributions	\$ 9,927	
Total Public Transportation		9,927

Veterans' Services

County Official/Administrative Officer	\$ 12,437	
Social Security	771	
Employer Medicare	180	
Communication	13	
Maintenance Agreements	450	
Printing, Stationery, and Forms	60	
Travel	464	
Office Supplies	213	
Office Equipment	63	
Total Veterans' Services		14,651

Other Charges

Communication	\$ 37,366
Contracts with Private Agencies	34,948
Dues and Memberships	19,453
Legal Notices, Recording, and Court Costs	159
Maintenance Agreements	13,242
Postal Charges	44,726
Printing, Stationery, and Forms	1,960
Duplicating Supplies	2,124
Office Supplies	4,096
Premiums on Corporate Surety Bonds	2,850
Refunds	35

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges (Cont.)

Trustee's Commission	\$	175,243	
Other Charges		21,933	
Interest on Notes		311	
Data Processing Equipment		16,298	
Office Equipment		779	
Total Other Charges			\$ 375,523

Employee Benefits

Handling Charges and Administrative Costs	\$	1,611	
Medical Insurance		108,327	
Unemployment Compensation		5,180	
Other Fringe Benefits		3,738	
Liability Insurance		244,746	
Workers' Compensation Insurance		152,759	
Total Employee Benefits			516,361

Interest on Debt

General Government

Interest on Notes	\$	2,160	
Total General Government			2,160

Capital Projects

Public Health and Welfare Projects

Building Improvements	\$	20,000	
Other Construction		14,168	
Total Public Health and Welfare Projects			34,168

Total General Fund \$ 11,819,341

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Foremen	\$	35,730	
Mechanic(s)		14,468	
Equipment Operators - Heavy		99,930	
Truck Drivers		209,821	
Laborers		106,916	
Overtime Pay		19,290	
Social Security		28,160	
State Retirement		40,569	

(Continued)

Exhibit J-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Life Insurance	\$	811	
Medical Insurance		143,791	
Unemployment Compensation		243	
Employer Medicare		6,586	
Advertising		2,895	
Contracts with Private Agencies		67,697	
Legal Services		860	
Maintenance and Repair Services - Equipment		68,157	
Disposal Fees		747,554	
Diesel Fuel		146,727	
Gasoline		3,371	
Lubricants		1,373	
Office Supplies		345	
Tires and Tubes		11,802	
Uniforms		5,023	
Other Supplies and Materials		12,612	
Liability Insurance		24,566	
Trustee's Commission		39,311	
Workers' Compensation Insurance		60,495	
Interest on Notes		13,898	
Motor Vehicles		414,656	
Solid Waste Equipment		18,005	
Total Sanitation Management			\$ 2,345,662

Total Solid Waste/Sanitation Fund \$ 2,345,662

Drug Control Fund

Public Safety

Drug Enforcement

Dues and Memberships	\$	610	
Maintenance and Repair Services - Vehicles		25	
Rentals		600	
Travel		867	
Veterinary Services		872	
Other Contracted Services		6,414	
Animal Food and Supplies		1,005	
Law Enforcement Supplies		6,073	
Trustee's Commission		341	
Law Enforcement Equipment		22,403	
Total Drug Enforcement			\$ 39,210

Total Drug Control Fund 39,210

(Continued)

Exhibit J-8

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

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$ 205,727	
Total Register of Deeds		\$ 205,727

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 226,944	
Total County Trustee's Office		226,944

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 646,230	
Total County Clerk's Office		646,230

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$ 9	
Total Circuit Court		9

General Sessions Court

Constitutional Officers' Operating Expenses	\$ 126	
Total General Sessions Court		126

Chancery Court

Constitutional Officers' Operating Expenses	\$ 242,926	
Total Chancery Court		242,926

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$ 144	
Total Sheriff's Department		<u>144</u>

Total Constitutional Officers - Fees Fund		\$ 1,322,106
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 72,845
Assistant(s)	43,511
Accountants/Bookkeepers	33,037
Overtime Pay	463
Board and Committee Members Fees	18,400

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Social Security	\$	10,089	
State Retirement		10,100	
Life Insurance		162	
Medical Insurance		18,289	
Employer Medicare		2,359	
Communication		6,127	
Dues and Memberships		2,971	
Legal Services		4,883	
Postal Charges		295	
Travel		125	
Electricity		10,788	
Office Supplies		1,244	
Propane Gas		15,665	
Water and Sewer		983	
Liability Insurance		23,365	
Trustee's Commission		21,380	
Vehicle and Equipment Insurance		20,582	
Other Charges		16,445	
Total Administration			\$ 334,108

Highway and Bridge Maintenance

Foremen	\$	41,353
Equipment Operators		189,347
Truck Drivers		177,037
Laborers		70,232
Overtime Pay		13,020
Social Security		28,941
State Retirement		40,445
Life Insurance		719
Medical Insurance		113,108
Employer Medicare		6,769
Contracts with Private Agencies		57,123
Rentals		1,334
Asphalt - Cold Mix		1,656
Asphalt - Hot Mix		69,844
Concrete		608
Crushed Stone		45,654
General Construction Materials		422
Other Road Supplies		4,499
Pipe - Metal		1,302

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Road Signs	\$	10,419	
Salt		4,344	
Small Tools		823	
Uniforms		4,248	
Fencing		18,244	
Total Highway and Bridge Maintenance			\$ 901,491

Operation and Maintenance of Equipment

Mechanic(s)	\$	47,097	
Overtime Pay		3,708	
Social Security		3,140	
State Retirement		4,127	
Life Insurance		55	
Medical Insurance		2,780	
Employer Medicare		734	
Diesel Fuel		42,844	
Equipment Parts - Heavy		74,200	
Garage Supplies		11,941	
Gasoline		26,226	
Lubricants		6,712	
Small Tools		1,141	
Tires and Tubes		16,244	
Other Supplies and Materials		12,052	
Total Operation and Maintenance of Equipment			253,001

Employee Benefits

Other Fringe Benefits	\$	900	
Workers' Compensation Insurance		39,410	
Total Employee Benefits			40,310

Capital Outlay

Highway Equipment	\$	5,092	
Motor Vehicles		20,731	
Office Equipment		2,138	
State Aid Projects		490,882	
Total Capital Outlay			518,843

Total Highway/Public Works Fund \$ 2,047,753

(Continued)

Exhibit J-8

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

<u>General Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>General Government</u>		
Principal on Notes	\$ 433,372	
Total General Government		\$ 433,372
<u>Education</u>		
Principal on Notes	\$ 301,072	
Total Education		301,072
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Notes	\$ 29,503	
Interest on Other Loans	267,275	
Total General Government		296,778
<u>Education</u>		
Interest on Notes	\$ 34,597	
Interest on Other Loans	1,719,915	
Total Education		1,754,512
<u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 66,390	
Total General Government		66,390
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Contributions	\$ 255,854	
Total Education Capital Projects		255,854
Total General Debt Service Fund		\$ 3,107,978
<u>Special Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>General Government</u>		
Principal on Other Loans	\$ 235,000	
Total General Government		\$ 235,000
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Other Loans	\$ 42,650	
Total General Government		42,650

(Continued)

Exhibit J-8

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

Special Debt Service Fund (Cont.)

Other Debt Service

General Government

Other Debt Service	\$ 600	
Total General Government		\$ 600

Total Special Debt Service Fund \$ 278,250

Hospital Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 690,000	
Total General Government		\$ 690,000

Interest on Debt

General Government

Interest on Bonds	\$ 27,600	
Interest on Other Loans	1,483,691	
Total General Government		1,511,291

Other Debt Service

General Government

Other Debt Service	\$ 482	
Total General Government		482

Total Hospital Debt Service Fund 2,201,773

General Capital Projects Fund

Capital Projects

General Administration Projects

Architects	\$ 8,675	
Building Improvements	51,277	
Maintenance Equipment	49,108	
Motor Vehicles	17,908	
Total General Administration Projects		\$ 126,968

Public Safety Projects

Architects	\$ 9,060	
Building Improvements	567,581	
Furniture and Fixtures	5,774	
Total Public Safety Projects		582,415

(Continued)

Exhibit J-8

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

<u>General Capital Projects Fund (Cont.)</u>		
<u>Capital Projects (Cont.)</u>		
<u>Public Health and Welfare Projects</u>		
Building Improvements	<u>\$ 114,458</u>	
Total Public Health and Welfare Projects		\$ 114,458
 <u>Social, Cultural, and Recreation Projects</u>		
Other Capital Outlay	<u>\$ 62,596</u>	
Total Social, Cultural, and Recreation Projects		62,596
 <u>Education Capital Projects</u>		
Contributions	<u>\$ 428,219</u>	
Total Education Capital Projects		<u>428,219</u>
 Total General Capital Projects Fund		 <u>\$ 1,314,656</u>
 Total Governmental Funds - Primary Government		 <u><u>\$ 24,476,729</u></u>

Exhibit J-9

Hamblen County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2008

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 21,442,176	
Career Ladder Program	265,964	
Career Ladder Extended Contracts	158,700	
Salary Supplements	374,836	
Educational Assistants	995,851	
Certified Substitute Teachers	116,452	
Non-certified Substitute Teachers	239,450	
Social Security	1,376,347	
State Retirement	1,436,873	
Life Insurance	30,901	
Medical Insurance	3,798,485	
Unemployment Compensation	8,511	
Employer Medicare	331,214	
Other Contracted Services	107,575	
Instructional Supplies and Materials	371,973	
Textbooks	600,577	
Other Supplies and Materials	10,190	
Other Charges	205,700	
Regular Instruction Equipment	145,357	
Total Regular Instruction Program		\$ 32,017,132

Special Education Program

Teachers	\$ 2,861,838
Career Ladder Program	41,145
Career Ladder Extended Contracts	11,400
Educational Assistants	362,142
Speech Pathologist	215,242
Certified Substitute Teachers	7,345
Non-certified Substitute Teachers	29,260
Social Security	208,536
State Retirement	223,156
Life Insurance	4,648
Medical Insurance	595,356
Unemployment Compensation	1,360
Employer Medicare	49,908
Other Contracted Services	466,064
Instructional Supplies and Materials	47,127
Textbooks	511
Other Supplies and Materials	1,947

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Charges	\$	18,458	
Special Education Equipment		36,394	
Total Special Education Program			\$ 5,181,837

Vocational Education Program

Teachers	\$	1,992,810	
Career Ladder Program		30,000	
Career Ladder Extended Contracts		10,000	
Certified Substitute Teachers		7,735	
Non-certified Substitute Teachers		13,575	
Social Security		121,637	
State Retirement		126,847	
Life Insurance		2,401	
Medical Insurance		320,491	
Unemployment Compensation		655	
Employer Medicare		28,505	
Instructional Supplies and Materials		47,065	
Other Supplies and Materials		14,095	
Other Charges		527	
Vocational Instruction Equipment		17,293	
Total Vocational Education Program			2,733,636

Student Body Education Program

Other Fringe Benefits	\$	900	
Other Contracted Services		7,932	
Other Supplies and Materials		18,843	
Other Charges		13,984	
Total Student Body Education Program			41,659

Adult Education Program

Teachers	\$	77,317	
Social Security		4,767	
State Retirement		4,022	
Life Insurance		53	
Medical Insurance		5,370	
Unemployment Compensation		67	
Employer Medicare		1,115	
Instructional Supplies and Materials		6,678	
Other Equipment		1,511	
Total Adult Education Program			100,900

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Other

Other Charges	\$ 66,600	
Total Other		\$ 66,600

Support Services

Attendance

Clerical Personnel	\$ 15,453	
Social Security	958	
State Retirement	499	
Life Insurance	60	
Medical Insurance	4,449	
Unemployment Compensation	19	
Employer Medicare	224	
Travel	3,440	
Total Attendance		25,102

Health Services

Medical Personnel	\$ 110,999	
Social Security	6,431	
State Retirement	6,926	
Life Insurance	248	
Medical Insurance	36,531	
Unemployment Compensation	72	
Employer Medicare	1,504	
Travel	2,119	
Drugs and Medical Supplies	3,894	
Other Supplies and Materials	23,895	
In Service/Staff Development	889	
Other Charges	11,862	
Total Health Services		205,370

Other Student Support

Career Ladder Program	\$ 4,000	
Guidance Personnel	687,243	
Other Salaries and Wages	5,612	
Social Security	40,251	
State Retirement	41,872	
Life Insurance	904	
Medical Insurance	109,063	
Unemployment Compensation	255	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Employer Medicare	\$	9,722	
Evaluation and Testing		30,391	
Total Other Student Support			\$ 929,313

Regular Instruction Program

Supervisor/Director	\$	5,282	
Career Ladder Program		1,000	
Secretary(ies)		59,024	
Other Salaries and Wages		5,646	
In-Service Training		46,239	
Social Security		4,373	
State Retirement		5,385	
Life Insurance		98	
Medical Insurance		10,769	
Unemployment Compensation		43	
Employer Medicare		1,023	
Travel		11,837	
Other Contracted Services		58,758	
Library Books/Media		20,647	
Office Supplies		28	
Other Supplies and Materials		24,971	
Other Charges		39,113	
Other Equipment		11,600	
Total Regular Instruction Program			305,836

Special Education Program

Supervisor/Director	\$	68,472	
Career Ladder Program		1,000	
Secretary(ies)		57,807	
Clerical Personnel		20,735	
Social Security		9,087	
State Retirement		10,990	
Life Insurance		247	
Medical Insurance		23,562	
Unemployment Compensation		58	
Employer Medicare		2,125	
Maintenance and Repair Services - Equipment		876	
Travel		36,290	
Other Contracted Services		1,208	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Other Supplies and Materials	\$	3,516	
Other Charges		91	
Total Special Education Program			\$ 236,064

Vocational Education Program

Supervisor/Director	\$	64,430	
Career Ladder Program		1,000	
Secretary(ies)		28,727	
Social Security		5,289	
State Retirement		6,513	
Life Insurance		106	
Medical Insurance		14,308	
Unemployment Compensation		27	
Employer Medicare		1,237	
Travel		2,479	
Total Vocational Education Program			124,116

Adult Programs

Supervisor/Director	\$	49,566	
Other Salaries and Wages		8,256	
Social Security		3,585	
State Retirement		3,176	
Life Insurance		53	
Medical Insurance		5,370	
Unemployment Compensation		29	
Employer Medicare		838	
Travel		364	
In Service/Staff Development		875	
Total Adult Programs			72,112

Other Programs

On-Behalf Payments to OPEB	\$	605,979	
Total Other Programs			605,979

Board of Education

Board and Committee Members Fees	\$	37,200	
Social Security		2,306	
State Retirement		2,335	
Life Insurance		319	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Employer Medicare	\$	539	
Audit Services		19,000	
Dues and Memberships		16,314	
Legal Services		15,734	
Travel		20,575	
Liability Insurance		137,309	
Premiums on Corporate Surety Bonds		1,739	
Trustee's Commission		481,444	
Workers' Compensation Insurance		157,635	
Other Charges		3,499	
Total Board of Education			\$ 895,948

Director of Schools

County Official/Administrative Officer	\$	117,744	
Assistant(s)		166,106	
Career Ladder Program		1,000	
Secretary(ies)		85,949	
Social Security		21,818	
State Retirement		32,246	
Life Insurance		372	
Medical Insurance		31,130	
Unemployment Compensation		67	
Employer Medicare		5,269	
Communication		20,934	
Postal Charges		5,978	
Travel		6,364	
Other Contracted Services		8,885	
Office Supplies		13,037	
Criminal Investigation of Applicants - TBI		528	
Other Charges		9,269	
Total Director of Schools			526,696

Office of the Principal

Principals	\$	1,164,916	
Career Ladder Program		34,858	
Assistant Principals		784,422	
Secretary(ies)		612,399	
Social Security		152,651	
State Retirement		173,649	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Life Insurance	\$	2,699	
Medical Insurance		367,241	
Unemployment Compensation		758	
Employer Medicare		36,110	
Communication		100,608	
Total Office of the Principal			\$ 3,430,311

Fiscal Services

Supervisor/Director	\$	67,761	
Accountants/Bookkeepers		102,241	
Social Security		10,270	
State Retirement		14,269	
Life Insurance		204	
Medical Insurance		25,676	
Unemployment Compensation		56	
Employer Medicare		2,402	
Other Fringe Benefits		671,639	
Maintenance and Repair Services - Equipment		6,409	
Travel		4,347	
Other Contracted Services		5,832	
Data Processing Supplies		5,100	
Office Supplies		1,989	
Administration Equipment		18,675	
Total Fiscal Services			936,870

Operation of Plant

Custodial Personnel	\$	1,411,924	
Other Salaries and Wages		30,700	
Social Security		85,369	
State Retirement		111,247	
Life Insurance		2,737	
Medical Insurance		333,053	
Unemployment Compensation		882	
Employer Medicare		20,050	
Other Contracted Services		168,222	
Custodial Supplies		168,663	
Electricity		1,658,034	
Natural Gas		424,916	
Water and Sewer		218,143	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Other Supplies and Materials	\$	17,287	
Other Charges		12,530	
Plant Operation Equipment		19,683	
Total Operation of Plant			\$ 4,683,440

Maintenance of Plant

Supervisor/Director	\$	48,231	
Maintenance Personnel		535,698	
Social Security		34,330	
State Retirement		49,258	
Life Insurance		949	
Medical Insurance		121,906	
Unemployment Compensation		246	
Employer Medicare		8,089	
Laundry Service		5,862	
Maintenance and Repair Services - Buildings		295,723	
Maintenance and Repair Services - Equipment		67,188	
Equipment and Machinery Parts		81,592	
Other Charges		1,937	
Maintenance Equipment		22,757	
Total Maintenance of Plant			1,273,766

Transportation

Supervisor/Director	\$	39,843	
Mechanic(s)		169,574	
Bus Drivers		749,161	
Clerical Personnel		32,503	
Social Security		56,703	
State Retirement		80,769	
Life Insurance		2,836	
Medical Insurance		359,601	
Unemployment Compensation		761	
Employer Medicare		13,261	
Maintenance and Repair Services - Vehicles		20,199	
Medical and Dental Services		6,821	
Rentals		2,405	
Travel		514	
Diesel Fuel		338,742	
Garage Supplies		1,429	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Gasoline	\$	56,461	
Lubricants		9,290	
Tires and Tubes		28,356	
Vehicle Parts		85,053	
Other Supplies and Materials		7,167	
Vehicle and Equipment Insurance		50,778	
Other Charges		17,169	
Transportation Equipment		451,555	
Total Transportation			\$ 2,580,951

Central and Other

Supervisor/Director	\$	68,141	
Computer Programmer(s)		50,098	
Secretary(ies)		28,302	
Other Salaries and Wages		348,735	
Social Security		29,225	
State Retirement		41,901	
Life Insurance		692	
Medical Insurance		88,866	
Unemployment Compensation		173	
Employer Medicare		6,835	
Communication		13,097	
Consultants		3,277	
Travel		4,107	
Other Contracted Services		133,536	
Office Supplies		166	
In Service/Staff Development		2,000	
Data Processing Equipment		365,443	
Total Central and Other			1,184,594

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	32,258	
Other Salaries and Wages		164,766	
Social Security		12,215	
State Retirement		2,732	
Life Insurance		53	
Medical Insurance		5,249	
Unemployment Compensation		300	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Employer Medicare	\$	2,857	
Travel		670	
Other Contracted Services		416	
Other Supplies and Materials		3,953	
Other Charges		26,627	
Other Equipment		<u>3,226</u>	
Total Community Services	\$		255,322

Early Childhood Education

Teachers	\$	291,666	
Career Ladder Program		1,000	
Educational Assistants		211,722	
Social Security		30,591	
State Retirement		19,766	
Life Insurance		400	
Medical Insurance		55,873	
Unemployment Compensation		373	
Employer Medicare		7,155	
Instructional Supplies and Materials		46,517	
In Service/Staff Development		2,675	
Other Equipment		<u>5,429</u>	
Total Early Childhood Education			673,167

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	1,374,763	
Other Capital Outlay		<u>419,754</u>	
Total Regular Capital Outlay			1,794,517

Principal on Debt

Education

Principal on Capital Leases	\$	<u>72,831</u>	
Total Education			72,831

Interest on Debt

Education

Interest on Capital Leases	\$	<u>7,582</u>	
Total Education			7,582

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Other Debt Service

Education

Other Debt Service	\$ 835,669	
Total Education		\$ 835,669

Total General Purpose School Fund \$ 61,797,320

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 969,995	
Educational Assistants	224,238	
Other Salaries and Wages	51,033	
Certified Substitute Teachers	4,502	
Non-certified Substitute Teachers	15,870	
Social Security	73,350	
State Retirement	76,107	
Life Insurance	1,670	
Medical Insurance	218,768	
Unemployment Compensation	605	
Employer Medicare	17,815	
Other Contracted Services	19,572	
Instructional Supplies and Materials	190,547	
Other Supplies and Materials	98	
Regular Instruction Equipment	<u>186,782</u>	
Total Regular Instruction Program		\$ 2,050,952

Special Education Program

Teachers	\$ 165,618	
Educational Assistants	1,113,290	
Non-certified Substitute Teachers	32,575	
Social Security	74,866	
State Retirement	98,942	
Life Insurance	3,431	
Medical Insurance	419,133	
Unemployment Compensation	979	
Employer Medicare	17,892	
Other Contracted Services	130	
Instructional Supplies and Materials	<u>500</u>	
Total Special Education Program		1,927,356

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Educational Assistants	\$	18,218	
Social Security		1,123	
State Retirement		1,160	
Life Insurance		53	
Medical Insurance		5,370	
Unemployment Compensation		15	
Employer Medicare		263	
Travel		10,965	
Instructional Supplies and Materials		85,782	
Vocational Instruction Equipment		59,153	
Total Vocational Education Program			\$ 182,102

Support Services

Health Services

Medical Personnel	\$	124,926	
Social Security		7,229	
State Retirement		7,818	
Life Insurance		246	
Medical Insurance		36,874	
Unemployment Compensation		84	
Employer Medicare		1,690	
Evaluation and Testing		700	
Total Health Services			179,567

Other Student Support

Travel	\$	3,055	
In Service/Staff Development		15,497	
Other Charges		23,295	
Total Other Student Support			41,847

Regular Instruction Program

Supervisor/Director	\$	60,740	
Other Salaries and Wages		120,531	
Social Security		10,823	
State Retirement		12,092	
Life Insurance		195	
Medical Insurance		23,472	
Unemployment Compensation		60	
Employer Medicare		2,531	

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Travel	\$	2,589	
Other Supplies and Materials		3,083	
In Service/Staff Development		107,003	
Other Equipment		<u>3,252</u>	
Total Regular Instruction Program	\$		346,371

Vocational Education Program

Travel	\$	<u>2,366</u>	
Total Vocational Education Program			2,366

Board of Education

Workers' Compensation Insurance	\$	<u>8,764</u>	
Total Board of Education			8,764

Transportation

Bus Drivers	\$	7,348	
Social Security		456	
State Retirement		621	
Unemployment Compensation		14	
Employer Medicare		107	
Diesel Fuel		4,005	
Gasoline		440	
Other Charges		<u>17,833</u>	
Total Transportation			<u>30,824</u>

Total School Federal Projects Fund \$ 4,770,149

Central Cafeteria Fund

Support Services

Board of Education

Audit Services	\$	4,225	
Workers' Compensation Insurance		<u>45,106</u>	
Total Board of Education	\$		49,331

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	52,219	
Accountants/Bookkeepers		33,645	
Clerical Personnel		28,849	

(Continued)

Exhibit J-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Cafeteria Personnel	\$ 1,340,976	
Other Salaries and Wages	63,623	
In-Service Training	1,380	
Social Security	92,863	
State Retirement	68,311	
Life Insurance	2,831	
Medical Insurance	324,770	
Unemployment Compensation	1,785	
Employer Medicare	21,735	
Maintenance and Repair Services - Equipment	26,007	
Travel	4,101	
Other Contracted Services	217,581	
Food Supplies	1,855,567	
Office Supplies	5,281	
Other Supplies and Materials	151,044	
In Service/Staff Development	30,714	
Other Charges	6,204	
Food Service Equipment	83,680	
Total Food Service		\$ 4,413,166

Total Central Cafeteria Fund \$ 4,462,497

Education Capital Projects Fund

Capital Outlay

Regular Capital Outlay

Architects	\$ 255,854	
Total Regular Capital Outlay		\$ 255,854

Total Education Capital Projects Fund 255,854

Total Governmental Funds - Hamblen County School Department \$ 71,285,820

Exhibit J-10

Hamblen County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes
in Cash Balance - City Agency Fund
For the Year Ended June 30, 2008

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 9,551,670
Total Cash Receipts	<u>\$ 9,551,670</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 9,455,447
Trustee's Commission	95,517
Total Cash Disbursements	<u>\$ 9,550,964</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 706
Cash Balance, July 1, 2007	<u>10,955</u>
 Cash Balance, June 30, 2008	<u><u>\$ 11,661</u></u>

SINGLE AUDIT SECTION

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 372431402
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

March 6, 2009

Hamblen County Mayor and
Board of County Commissioners
Hamblen 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 Hamblen County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Hamblen County's basic financial statements and have issued our report thereon dated March 6, 2009. Our report was modified to include a reference to other auditors. 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. Other auditors audited the financial statements of the Hamblen County Emergency Communications District as described in our report on Hamblen County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hamblen 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 Hamblen County's internal control over financial

reporting. Accordingly, we do not express an opinion on the effectiveness of Hamblen 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: 08.01, 08.02, and 08.06.

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 Hamblen 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, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

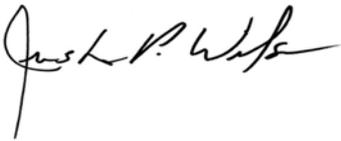
As part of obtaining reasonable assurance about whether Hamblen County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 08.03 and 08.04.

We consider item 08.05 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations. We also noted certain matters that we reported to the management of Hamblen County in separate communications.

Hamblen 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 Hamblen 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, Audit Committee, Board of Education, others within Hamblen 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke at the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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

March 6, 2009

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Hamblen 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, 2008. Hamblen County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Hamblen County's management. Our responsibility is to express an opinion on Hamblen 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 Hamblen County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We

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

In our opinion, Hamblen 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, 2008.

Internal Control Over Compliance

The management of Hamblen 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 Hamblen 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 Hamblen 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

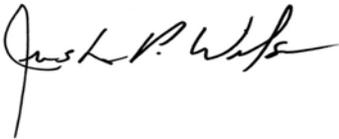
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hamblen County as of and for the year ended June 30, 2008, and have issued our report thereon dated March 6, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Hamblen 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.

Hamblen 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 Hamblen 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, Audit Committee, Board of Education, others within Hamblen 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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Hamblen County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2008

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 Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 384,755 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	632,225
National School Lunch Program	10.555	N/A	1,876,037 (3)
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	N/A	10,388
Total U.S. Department of Agriculture			\$ 2,903,405
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
HOME Investment Partnerships Program	14.239	HM-06-23	\$ 114,772
Total U.S. Department of Housing and Urban Development			\$ 114,772
U.S. Department of Justice:			
Passed-through City of Chattanooga:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	(2)	\$ 2,498
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial Formula Grant Program	16.579	Z-99-088464-00	116,511
Drug Court Discretionary Grant Program	16.585	Z-05-025520-00	21,362
Total U.S. Department of Justice			\$ 140,371
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,948,178
Special Education Cluster:			
Special Education Grants to States	84.027	N/A	2,030,004
Special Education - Preschool Grants	84.173	N/A	61,177
Vocational Education - Basic Grants to States	84.048	N/A	228,713
Safe and Drug Free Schools and Communities - State Grants	84.186	(2)	76,370
Education for Homeless Children and Youth	84.196	(2)	68,835
Education Technology State Grants	84.318	(2)	18,780
English Language Acquisition Grants	84.365	N/A	170,700
Improving Teacher Quality State Grants	84.367	N/A	203,989
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(2)	97,810
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	(2)	100,046
Total U.S. Department of Education			\$ 5,004,602

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	N/A	\$ 1,773
Total U.S. Election Assistance Commission			<u>\$ 1,773</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Cluster:			
Homeland Security Grant Program	97.067	GG-07-21371-00	\$ 42,519
Total U.S. Department of Homeland Security			<u>\$ 42,519</u>
Total Expenditures of Federal Awards			<u>\$ 8,207,442</u>

State Grants

	<u>Contract Number</u>		
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	\$ 21,000
Litter Program - State Department of Transportation	N/A	(2)	30,668
State Reappraisal - Comptroller of the Treasury	N/A	(2)	18,215
Health Department Program - State Department of Health	N/A	(2)	264,235
Waste Tire Grant - State Department of Environment and Conservation	N/A	Z-08-020222-00	36,644
Early Childhood Education Pilot Program - State Department of Education	N/A	(2)	554,815
Adult Basic Education Grant - State Department of Labor and Workforce Development	N/A	(2)	55,199
Coordinated School Health	N/A	(2)	98,347
Safe Schools Act Grant - State Department of Education	N/A	(2)	50,054
Child Care Assistance Program - State Department of Human Services	N/A	(2)	65,542
Family Resource Center Grant - State Department of Education	N/A	(2)	<u>66,600</u>
Total State Grants			<u>\$ 1,261,319</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not applicable

(1) - Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.

(2) - Information not available.

(3) - Total for CFDA No. 10.555 is \$2,260,792.

Hamblen County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2008

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 Hamblen County, Tennessee, for the year ended June 30, 2007, which have not been corrected.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.01	206	The office had deficiencies related to collections by an outside agency

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.03(A,B,C)	207	The office had accounting deficiencies
07.05(A)	208	Collections were not deposited properly

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.07	209	A central system of accounting, budgeting, and purchasing had not been adopted
07.08	209	Duties were not segregated adequately in the Offices of Trustee and Sheriff

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HAMBLEN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2008

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Hamblen County is unqualified.
2. The audit of the financial statements of Hamblen County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Hamblen County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An 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 National School Lunch Program (CFDA Nos. 10.553 and 10.555), and the Special Education Cluster: Special Education – Grants to States and the 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. Hamblen County qualified as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the sheriff 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.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 08.01 **THE OFFICE HAD DEFICIENCIES RELATED TO COLLECTIONS BY AN OUTSIDE AGENCY**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The East Tennessee Human Resources Agency (ETHRA) provides probation services and collects probation fees on behalf of the Circuit and General Sessions Courts. However, the clerk's office did not have a written contract with this outside agency documenting the responsibilities and liabilities of each party. The clerk stated that she was notified by ETHRA of potential problems in accounting for collections made by the agency on behalf of the courts. The clerk then reviewed collection records provided by ETHRA and identified funds that appeared to have been collected by ETHRA on behalf of the courts but had not been remitted to the courts. Subsequent to year-end, the courts began collecting their own probation fees.

RECOMMENDATION

The county should pursue settlement with the ETHRA to ensure that all funds collected on behalf of the courts have been accounted for and remitted to the courts.

OFFICE OF SHERIFF

FINDING 08.02 **THE OFFICE HAD ACCOUNTING DEFICIENCIES**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Our examination of the accounting records of the Sheriff's Office revealed the following deficiencies. These deficiencies can be attributed to the failure of management to correct audit findings noted in prior reports.

- A. Accounting activity was not maintained on an official cash journal. Instead, a computerized spreadsheet was maintained to summarize receipts and checks issued for the Records Department. This spreadsheet was not a double entry record as required by generally accepted accounting principles. Also, transactions of the work release and sex offender programs were not included on the spreadsheet.

- B. Formal bank reconciliations were not performed; therefore, errors were not discovered and corrected timely.
- C. Receipts did not always identify payments received by type (i.e. cash, check, or money order).

Maintaining formal accounting records and implementing related controls is necessary to properly account for all transactions of the office.

RECOMMENDATION

A double-entry cash journal should be maintained to record all financial activity of the office. Bank statements should be reconciled with the general ledger, and any errors discovered should be corrected promptly. Receipts should identify payments received by type.

MANAGEMENT'S RESPONSE – SHERIFF

A cash journal has been ordered, formal bank reconciliations will be performed, and receipts will be issued in all instances reflecting cash, check, or money order.

FINDING 08.03 **THE OFFICE DID NOT DEPOSIT SOME FUNDS WITHIN THREE DAYS OF COLLECTION**
(Noncompliance Under Government Auditing Standards)

In some instances, the Sheriff's Department did not deposit funds within three days of collection. Section 5-8-207, Tennessee Code Annotated requires county officials to deposit public funds to the office bank account within three days of collection of the funds. This deficiency can be attributed to the failure of management to correct a previously communicated audit finding. The delay in depositing the funds resulted in a loss of investment earnings and increased the risks of fraud and misappropriation.

RECOMMENDATION

The sheriff should ensure that all funds are deposited to the office bank account within three days of collection as required by state statute.

MANAGEMENT'S RESPONSE – SHERIFF

Bank deposits will be made within three days.

FINDING 08.04 THE OFFICE HAD DEFICIENCIES IN THE ADMINISTRATION OF DRUG CONTROL FUNDS
(Noncompliance Under Government Auditing Standards)

Forms and reports required by the Office of the Comptroller of the Treasury to account for investigative funds were not completed or properly prepared. These forms and reports are necessary to document the administration of confidential funds and to account for cash transactions related to undercover investigative operations. Also, the supervisor of drug control operations had not affixed his signature to forms that documented agents' use of undercover funds. This signature represents evidence of supervisory review and approval. Furthermore, we noted some instances where the drug agents had not affixed their signature to certain forms attesting to the accuracy of forms.

RECOMMENDATION

The sheriff should ensure that the officers complete all forms and reports required by the Office of the Comptroller of the Treasury to document undercover investigative operations. These forms and reports should be signed by the agents preparing the forms and reports to attest to their accuracy and by supervisors as evidence of review and approval.

MANAGEMENT'S RESPONSE – SHERIFF

The supervisor and drug agents will ensure their signatures are in place as required.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 08.05 A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED
(Internal Control – Control Deficiency Under Government Auditing Standards)

County officials had not adopted a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort.

RECOMMENDATION

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

FINDING 08.06

DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF TRUSTEE AND SHERIFF

(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of Trustee and Sheriff. Employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

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

There were no findings and questioned costs for federal programs.

**HAMBLLEN COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2008**

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