
ANNUAL FINANCIAL REPORT HAMBLEN COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2009



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ANNUAL FINANCIAL REPORT
HAMBLEEN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2009

DEPARTMENT OF AUDIT
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Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
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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, 2009

Scope

We have audited the basic financial statements of Hamblen County as of and for the year ended June 30, 2009.

Results

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

Our audit resulted in eight 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 HIGHWAY COMMISSIONER

- ◆ A road improvement project was performed in violation of state statutes and a state attorney general's opinion.
- ◆ The office did not prepare and submit a list of county roads to the County Commission as required by state statute.

OFFICE OF PLANNING AND ZONING

- ◆ The receipting software used by the office did not have adequate application controls.

OFFICE OF DRUG RECOVERY COURT

- ◆ A cash shortage of \$1,205 existed in the Drug Recovery Court as of February 24, 2010.
-

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ A settlement has not been reached regarding unaccounted for collections made by an outside agency.
 - ◆ The office did not review software audit logs.
-

OFFICE OF SHERIFF

- ◆ The office had accounting deficiencies.
-

OTHER FINDING

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

INTRODUCTORY SECTION

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Hamblen County Officials

June 30, 2009

Officials

David Purkey, County Mayor
Barry Poole, Highway Commissioner
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	Louis Jarvis
Dennis Alvis	Paul LeBel
Larry Baker	Tom Massey
John Bruce	Nancy Phillips
Guy Collins	Reece Sexton
Doyle Fullington	Joseph Spooone
Herbert Harville	Dana Wampler

Board of Highway Commissioners

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

Board of Education

Janice Haun, Chairman	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 12, 2010

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, 2009, 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 2.3 percent and 1.7 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 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 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, 2009, 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 12, 2010, 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.

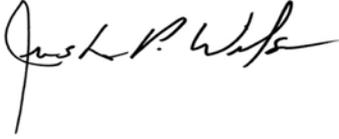
As described in Note V.B., Hamblen County has adopted the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments.

The management's discussion and analysis on pages 21 through 28 and the budgetary comparison, pension, and other postemployment benefits information on pages 95 through 103 are not required parts of the basic financial statements but they do provide supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 in the audit of the basic financial statements and,

in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

A handwritten signature in black ink, 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/sb

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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, 2009

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, 2009. 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.

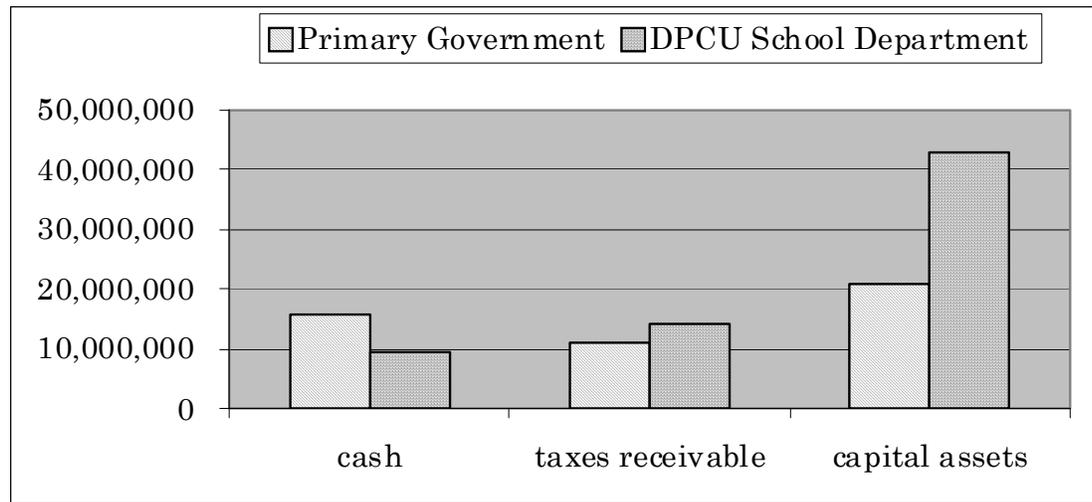
FINANCIAL HIGHLIGHTS FOR FY 2009

Net Assets of the Primary Government	\$139,995
Net Assets of the DPCU School Department	\$48,709,206

The net assets of the Primary Government increased by \$3.5 million. The net assets of the DPCU School Department (SD) decreased by \$4.1 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 \$16.5 million in revenues or 63 percent of all revenues.
- General revenues of the DPCU SD accounted for \$61.9 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 \$9.7 million or 37 percent of total governmental activities revenues.
- Total assets of governmental activities of the Primary Government were \$15,858,736 cash, \$10,850,823 taxes receivable (net of allowance), and \$20,715,006 capital assets.

- Total assets of the DPCU SD were \$9,620,835 cash, \$14,335,588 net taxes receivable, and \$42,984,110 capital assets.



Hamblen County reported a total unreserved fund balance for all funds of \$15.3 million, a decrease of \$.7 million from the prior year. Of this amount, the General Fund’s portion was \$3.6 million or 24 percent.

Total unreserved fund balance for the DPCU SD was \$8 million, an increase of \$.6 million from the prior year. Of this amount, the General Purpose School Fund was \$6.8 million or 85 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 2009. 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 has 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, assets exceeded liabilities by \$139,995 at the close of the most recent fiscal year. For the DPCU SD, assets exceeded liabilities by \$48.7 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 2009, 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

	Hamblen County Government	
	2009	2008
Current and Other Assets	\$ 58,002,470	\$ 59,290,489
Capital Assets	20,715,006	20,275,437
Total Assets	<u>\$ 78,717,476</u>	<u>\$ 79,565,926</u>
Long-term Liabilities Outstanding	\$ 67,642,059	\$ 72,139,355
Other Liabilities	10,935,422	10,792,188
Total Liabilities	<u>\$ 78,577,481</u>	<u>\$ 82,931,543</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 15,521,011	\$ 14,161,024
Restricted	12,701,341	13,077,764
Unrestricted	<u>(28,082,357)</u>	<u>(30,604,405)</u>
Total Net Assets	<u>\$ 139,995</u>	<u>\$ (3,365,617)</u>
	DPCU School Department	
	2009	2008
Current and Other Assets	\$ 26,793,639	\$ 24,787,305
Capital Assets	42,984,110	44,536,271
Total Assets	<u>\$ 69,777,749</u>	<u>\$ 69,323,576</u>
Long-term Liabilities Outstanding	\$ 15,459,196	\$ 1,433,889
Other Liabilities	5,609,347	15,043,010
Total Liabilities	<u>\$ 21,068,543</u>	<u>\$ 16,476,899</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 42,927,906	\$ 44,404,132
Restricted	2,589,289	1,541,259
Unrestricted	<u>3,192,011</u>	<u>6,901,286</u>
Total Net Assets	<u>\$ 48,709,206</u>	<u>\$ 52,846,677</u>

CHANGES IN NET ASSETS

Table 2 shows the changes in net assets for fiscal year 2009, 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

	Hamblen County Government		DPCU School Department	
	2009	2008	2009	2008
Revenues:				
Program Revenues:				
Charges for Services	\$ 7,192,004	\$ 6,498,224	\$ 2,393,082	\$ 2,527,902
Operating Grants and Contributions	2,261,109	2,314,452	9,105,452	8,543,599
Capital Grants and Contributions	269,605	657,327	57,929	685,398
General Revenues:				
Property Taxes	10,552,131	10,130,028	14,061,252	13,472,480
Sales Taxes	728,208	743,111	9,601,856	10,309,776
Other Taxes	1,980,601	2,058,624	724,274	743,799
Grants and Contributions Not Restricted to Specific Programs	2,028,052	2,025,096	37,456,224	36,680,271
Unrestricted Investment Income	775,711	1,039,131	8,344	38,348
Restricted Investment Income	20,603	36,493	0	0
Miscellaneous	330,558	104,954	84,800	69,831
Insurance Recovery	40,986	16,189	0	0
Total Revenues	<u>\$ 26,179,568</u>	<u>\$ 25,623,629</u>	<u>\$ 73,493,213</u>	<u>\$ 73,071,404</u>
Expenses:				
General Government	\$ 2,016,823	\$ 2,022,495	\$ 0	\$ 0
Finance	1,918,353	1,857,550	0	0
Administration of Justice	1,979,854	1,858,857	0	0
Public Safety	5,710,625	5,291,149	0	0
Public Health and Welfare	2,926,336	2,738,446	0	0
Social, Cultural, and Recreational Services	1,257,385	872,706	0	0
Agriculture and Natural Resources	163,005	149,903	0	0
Other Operations	1,271,877	980,962	0	0
Highways	1,696,345	2,317,164	0	0
Education	56,450	684,073	75,447,839	72,177,199
Interest	3,585,034	3,560,759	0	0
Other Debt Service	91,869	113,768	0	0
Total Expenses	<u>\$ 22,673,956</u>	<u>\$ 22,447,832</u>	<u>\$ 75,447,839</u>	<u>\$ 72,177,199</u>
Increase (Decrease) in Net Assets	\$ 3,505,612	\$ 3,175,797	\$ (1,954,626)	\$ 894,205
Prior-period Adjustment	0	0	(2,182,845)	0
Net Assets, July 1	<u>(3,365,617)</u>	<u>(6,541,414)</u>	<u>52,846,677</u>	<u>51,952,472</u>
Net Assets, June 30	<u>\$ 139,995</u>	<u>\$ (3,365,617)</u>	<u>\$ 48,709,206</u>	<u>\$ 52,846,677</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 \$3,638,623, while total fund balance reached \$3,768,063, increases of \$413,173 and \$186,643, 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 27.1 percent of total General Fund expenditures, while total fund balance represents 28.1 percent of that same amount.

The General Debt Service Fund had a fund balance of \$7.7 million at June 30, 2009, a decrease of approximately \$1.3 million. The Hospital Debt Service Fund ended with a fund balance of \$646,523 at June 30, 2009.

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 ended June 30, 2009, with a fund balance of \$2,625,640. 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 \$6.8 million, an increase of approximately \$.2 million from the prior year. Total fund balance reached \$8.3 million, an increase of approximately \$1 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 10.9 percent of the GPSF expenditures, while total fund balance represents 13.3 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, 2009, totaled \$15,521,011 (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, 2009, totaled \$42,927,906 (net of accumulated depreciation and related debt).

Note IV.E. (Capital Assets) provides capital assets activity during the 2009 fiscal year.

Long-term Debt: At the end of the 2009 fiscal year, the county had total loan agreements outstanding of \$67 million. Of this amount, all are backed by the full faith and credit of the county. The county's long-term agreements decreased by \$2,250,000 during the 2009 fiscal year. The county maintains an 'A+' rating for Standard and 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 \$56,204. 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 2009, was 12.5 percent, significantly higher than the rate a year ago. The state's average unemployment rate is currently 10.9 percent and the national average is ten 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 2010 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.

BASIC FINANCIAL STATEMENTS

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Exhibit A

Hamblen County, Tennessee
Statement of Net Assets
June 30, 2009

	Primary Governmental Activities	Component Units	
		Hamblen County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash	\$ 266,124	\$ 3,529	\$ 1,186,865
Equity in Pooled Cash and Investments	15,592,612	9,617,306	0
Inventories	0	193,562	0
Accounts Receivable	701,411	217,290	102,486
Due from Other Governments	858,435	2,426,364	0
Property Taxes Receivable	11,115,902	14,687,232	0
Allowance for Uncollectible Property Taxes	(265,079)	(351,644)	0
Note Receivable - Current	19,444	0	0
Loan Receivable - Current	249,835	0	0
Capital Lease Receivable	28,280,000	0	0
Note Receivable - Long-term	38,892	0	0
Loan Receivable - Long-term	520,000	0	0
Deferred Charges - Debt Issuance Cost	624,894	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	420,779	2,597,275	0
Construction in Progress	66,149	52,814	23,382
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	7,615,395	36,960,792	236,109
Other Capital Assets	1,865,171	3,373,229	91,279
Infrastructure	10,747,512	0	0
Total Assets	<u>\$ 78,717,476</u>	<u>\$ 69,777,749</u>	<u>\$ 1,640,121</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 198,927	\$ 1,353,573	\$ 11,025
Accrued Payroll	0	2,351	0
Accrued Interest Payable	270,950	0	0
Payroll Deductions Payable	4,947	287,635	5,266
Deferred Revenue - Current Property Taxes	10,460,598	13,815,637	0
Noncurrent Liabilities:			
Due Within One Year	3,561,097	398,645	4,810
Due in More than One Year (net of deferred amount on refunding and unamortized premium on debt)	64,080,962	5,210,702	14,431
Total Liabilities	<u>\$ 78,577,481</u>	<u>\$ 21,068,543</u>	<u>\$ 35,532</u>

(Continued)

Exhibit A

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

	Primary Governmental Governmental Activities	Component Units	
		Hamblen County School Department	Emergency Communica- tions District
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 15,521,011	\$ 42,927,906	\$ 0
Invested in Capital Assets	0	0	350,770
Restricted for:			
Solid Waste/Sanitation	2,724,285	0	0
Drug Control	94,007	0	0
Highways	952,932	0	0
Debt Service	8,295,566	0	0
Capital Projects	0	301	0
Provisions of Private Act (Hospital)	546,257	0	0
State and Federal Financial Assistance Programs	0	2,588,988	0
Other Purposes	88,294	0	0
Unrestricted	<u>(28,082,357)</u>	<u>3,192,011</u>	<u>1,253,819</u>
Total Net Assets	<u>\$ 139,995</u>	<u>\$ 48,709,206</u>	<u>\$ 1,604,589</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, 2009

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Primary					Component Units				
	Program Revenues					Hamblen				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	County School Department	Emergency Communications District	Other	Other	Other
Primary Government:										
Governmental Activities:										
General Government	\$ 2,016,823	\$ 805,842	\$ 14,912	\$ 55,000	\$ (1,141,069)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	1,918,353	1,623,279	18,424	0	(276,650)	0	0	0	0	0
Administration of Justice	1,979,854	1,390,885	71,000	0	(517,969)	0	0	0	0	0
Public Safety	5,710,625	928,553	143,509	109,479	(4,529,084)	0	0	0	0	0
Public Health and Welfare	2,926,336	2,396,455	387,024	64,974	(77,883)	0	0	0	0	0
Social, Cultural, and Recreational Services	1,257,385	46,990	0	0	(1,210,395)	0	0	0	0	0
Agriculture and Natural Resources	163,005	0	0	0	(163,005)	0	0	0	0	0
Other Operations	1,271,877	0	0	1,000	(1,270,877)	0	0	0	0	0
Highways	1,696,345	0	1,626,240	39,152	(30,953)	0	0	0	0	0
Education	56,450	0	0	0	(56,450)	0	0	0	0	0
Interest on Long-term Debt	3,585,034	0	0	0	(3,585,034)	0	0	0	0	0
Debt Service	91,869	0	0	0	(91,869)	0	0	0	0	0
Total Primary Government	\$ 22,673,956	\$ 7,192,004	\$ 2,261,109	\$ 269,605	\$ (12,951,238)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:										
Hamblen County School Department	\$ 75,447,839	\$ 2,393,082	\$ 9,105,452	\$ 57,929	\$ 0	\$ (63,891,376)	\$ 0	\$ 0	\$ 0	\$ 0
Emergency Communications District	982,333	741,325	0	0	0	0	0	0	0	(241,008)
Total Component Units	\$ 76,430,172	\$ 3,134,407	\$ 9,105,452	\$ 57,929	\$ 0	\$ (63,891,376)	\$ 0	\$ 0	\$ 0	\$ (241,008)

(Continued)

Exhibit B

Hamblen County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Component Units		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Total	Hamblen County School Department	Emergency Communications District
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes		\$ 6,475,969	\$ 14,061,252	\$ 0	\$ 0	\$ 0
Property Taxes Levied for Public Health and Welfare Purposes		1,198,520	0	0	0	0
Property Taxes Levied for Debt Purposes		2,877,642	0	0	0	0
Local Option Sales Taxes		728,208	9,601,856	0	0	0
Hotel/Motel Tax		7,636	0	0	0	0
Wheel Tax		775,769	716,094	0	0	0
Litigation Taxes		326,606	0	0	0	0
Business Tax		754,534	0	0	0	0
Wholesale Beer Tax		112,285	0	0	0	0
Interstate Telecommunications Tax		3,771	8,180	0	0	0
Grants and Contributions Not Restricted to Specific Programs		2,028,052	37,456,224	530,141	530,141	0
Unrestricted Investment Income		775,711	8,344	12,816	12,816	0
Investment Income Restricted by Enabling Legislation		20,603	0	0	0	0
Miscellaneous		330,558	84,800	744	744	0
Insurance Recovery		40,986	0	0	0	0
Total General Revenues		\$ 16,456,850	\$ 61,936,750	\$ 543,701	\$ 543,701	\$ 0
Change in Net Assets		\$ 3,505,612	\$ (1,954,626)	\$ 302,693	\$ 302,693	\$ 0
Net Assets, July 1, 2008		(3,365,617)	52,846,677	1,301,896	1,301,896	0
Prior-period Adjustment		0	(2,182,845)	0	0	0
Net Assets, June 30, 2009		\$ 139,995	\$ 48,709,206	\$ 1,604,589	\$ 1,604,589	\$ 0

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, 2009

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Hospital Debt Service	Other Governmental Funds		
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 266,124	\$ 266,124
Equity in Pooled Cash and Investments	3,476,027	2,636,081	7,640,922	646,523	1,193,059	15,592,612	15,592,612
Accounts Receivable	29,145	11,441	0	623,415	20,022	684,023	684,023
Due from Other Governments	425,274	124,408	0	0	308,753	858,435	858,435
Due from Other Funds	8,562	0	36,000	0	10,510	55,072	55,072
Property Taxes Receivable	6,837,160	1,240,004	3,038,738	0	0	11,115,902	11,115,902
Allowance for Uncollectible Property Taxes	(163,695)	(28,631)	(72,753)	0	0	(265,079)	(265,079)
Notes Receivable - Current	0	0	19,444	0	0	19,444	19,444
Loan Receivable	0	0	0	0	769,835	769,835	769,835
Capital Lease Receivable	0	0	0	28,280,000	0	28,280,000	28,280,000
Notes Receivable - Long-term	0	0	38,892	0	0	38,892	38,892
Total Assets	\$ 10,612,473	\$ 3,983,303	\$ 10,701,243	\$ 29,549,938	\$ 2,568,303	\$ 57,415,260	\$ 57,415,260

ASSETS

Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 266,124	\$ 266,124
Equity in Pooled Cash and Investments	3,476,027	2,636,081	7,640,922	646,523	1,193,059	15,592,612
Accounts Receivable	29,145	11,441	0	623,415	20,022	684,023
Due from Other Governments	425,274	124,408	0	0	308,753	858,435
Due from Other Funds	8,562	0	36,000	0	10,510	55,072
Property Taxes Receivable	6,837,160	1,240,004	3,038,738	0	0	11,115,902
Allowance for Uncollectible Property Taxes	(163,695)	(28,631)	(72,753)	0	0	(265,079)
Notes Receivable - Current	0	0	19,444	0	0	19,444
Loan Receivable	0	0	0	0	769,835	769,835
Capital Lease Receivable	0	0	0	28,280,000	0	28,280,000
Notes Receivable - Long-term	0	0	38,892	0	0	38,892

LIABILITIES AND FUND BALANCES

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Hospital Debt Service	Other Governmental Funds		
Accounts Payable	\$ 79,173	\$ 88,006	\$ 0	\$ 0	\$ 31,748	\$ 198,927	\$ 198,927
Payroll Deductions Payable	4,318	240	0	0	389	4,947	4,947
Due to Other Funds	36,000	0	0	0	1,684	37,684	37,684
Deferred Revenue - Current Property Taxes	6,431,418	1,170,772	2,858,408	0	0	10,460,598	10,460,598
Deferred Revenue - Delinquent Property Taxes	216,627	35,100	96,279	0	0	348,006	348,006
Other Deferred Revenues	76,874	63,545	58,336	28,903,415	145,015	29,247,185	29,247,185
Total Liabilities	\$ 6,844,410	\$ 1,357,663	\$ 3,013,023	\$ 28,903,415	\$ 178,836	\$ 40,297,347	\$ 40,297,347

(Continued)

Exhibit C-1

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Hospital Debt Service	Other	Governmental Funds	Other	
\$	41,146	10,393	0	0	0	161,581	213,120	
	26,307	0	0	0	0	0	26,307	
	6,958	0	0	0	0	0	6,958	
	715	0	0	0	0	0	715	
	0	0	0	0	0	770,000	770,000	
	0	0	0	0	0	100,238	100,238	
	0	0	0	0	0	34,218	34,218	
	54,314	0	36,000	546,257	0	0	636,571	
	3,638,623	0	0	0	0	0	3,638,623	
	0	2,615,247	0	0	0	1,148,744	3,763,991	
	0	0	7,652,220	100,266	0	0	7,752,486	
	0	0	0	0	0	174,686	174,686	
	\$ 3,768,063	\$ 2,625,640	\$ 7,688,220	\$ 646,523	\$ 2,389,467	\$ 17,117,913		
	\$ 10,612,473	\$ 3,983,303	\$ 10,701,243	\$ 29,549,938	\$ 2,568,303	\$ 57,415,260		

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances
Reserved for Encumbrances
Reserved for Alcohol and Drug Treatment
Reserved for Computer System - Register
Reserved for Automation Purposes - Circuit Court
Reserved for Long-term Notes Receivable
Reserved for Capital Outlay
Other Federal Reserves
Reserved for Other General Purposes
Unreserved, Reported In:
General Fund
Special Revenue Funds
Debt Service Funds
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, 2009

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)		\$ 17,117,913
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 420,779	
Add: construction in progress	66,149	
Add: infrastructure net of accumulated depreciation	10,747,512	
Add: buildings and improvements net of accumulated depreciation	7,615,395	
Add: other capital assets net of accumulated depreciation	<u>1,865,171</u>	20,715,006
(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	\$ (652,347)	
Less: other loans payable	(67,510,000)	
Add: deferred amount on refunding	540,812	
Add: deferred charges - debt issuance costs	624,894	
Less: accrued interest on notes and other loans payable	(270,950)	
Less: other deferred revenue - premium on debt	<u>(20,524)</u>	(67,288,115)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>29,595,191</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ 139,995</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, 2009

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Hospital Debt Service	Other		
					Governmental Funds	Governmental Funds	
<u>Revenues</u>							
Local Taxes	\$ 8,253,559	\$ 2,033,249	\$ 2,965,787	\$ 0	\$ 0	\$ 1,600	\$ 13,254,195
Licenses and Permits	461,953	1,900	0	0	0	0	463,853
Fines, Forfeitures, and Penalties	280,794	0	44,742	0	0	52,813	378,349
Charges for Current Services	445,380	0	0	0	0	1,364,811	1,810,191
Other Local Revenues	78,816	68,141	1,533,241	2,312,311	0	72,595	4,065,104
Fees Received from County Officials	1,576,268	0	0	0	0	0	1,576,268
State of Tennessee	1,551,507	699,555	0	0	0	1,621,624	3,872,686
Federal Government	279,714	0	0	0	0	75,218	354,932
Other Governments and Citizens Groups	175,126	0	0	0	0	48,816	223,942
Total Revenues	\$ 13,103,117	\$ 2,802,845	\$ 4,543,770	\$ 2,312,311	\$ 0	\$ 3,237,477	\$ 25,999,520
<u>Expenditures</u>							
Current:							
General Government	\$ 1,635,963	\$ 0	\$ 0	\$ 0	\$ 0	\$ 186,839	\$ 1,822,802
Finance	1,010,562	0	0	0	0	907,791	1,918,353
Administration of Justice	1,560,882	0	0	0	0	267,432	1,828,314
Public Safety	5,475,670	0	0	0	0	86,164	5,561,834
Public Health and Welfare	778,781	2,557,867	0	0	0	0	3,336,648
Social, Cultural, and Recreational Services	838,823	0	0	0	0	0	838,823
Agriculture and Natural Resources	163,005	0	0	0	0	0	163,005
Other Operations	1,271,877	0	0	0	0	0	1,271,877
Highways	0	0	0	0	0	1,544,520	1,544,520
Debt Service:							
Principal on Debt	0	0	3,681,073	760,000	0	240,000	4,681,073
Interest on Debt	1,620	0	2,090,771	1,424,508	0	35,600	3,552,499
Other Debt Service	0	0	363,652	290,000	0	954	654,606
Capital Projects	670,674	0	56,450	0	0	756,656	1,483,780
Total Expenditures	\$ 13,407,857	\$ 2,557,867	\$ 6,191,946	\$ 2,474,508	\$ 0	\$ 4,025,956	\$ 28,658,134
Excess (Deficiency) of Revenues Over Expenditures	\$ (304,740)	\$ 244,978	\$ (1,648,176)	\$ (162,197)	\$ 0	\$ (788,479)	\$ (2,658,614)

(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	Governmental Funds	
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 475,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 475,000
Refunding Debt Issued	0	0	30,300,000	29,040,000	0	0	59,340,000
Insurance Recovery	2,162	0	0	0	38,824	0	40,986
Transfers In	22,161	0	0	0	7,940	0	30,101
Transfers Out	(7,940)	0	0	0	(22,161)	0	(30,101)
Payments to Refunded Debt Escrow Agent	0	0	(30,000,000)	(28,750,000)	0	0	(58,750,000)
Total Other Financing Sources (Uses)	\$ 491,383	\$ 0	\$ 300,000	\$ 290,000	\$ 24,603	\$ 0	\$ 1,105,986
Net Change in Fund Balances	\$ 186,643	\$ 244,978	\$ (1,348,176)	\$ 127,803	\$ (763,876)	\$ 0	\$ (1,552,628)
Fund Balance, July 1, 2008	3,581,420	2,380,662	9,036,396	518,720	3,153,343	0	18,670,541
Fund Balance, June 30, 2009	\$ 3,768,063	\$ 2,625,640	\$ 7,688,220	\$ 646,523	\$ 2,389,467	\$ 0	\$ 17,117,913

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, 2009

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (1,552,628)
(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	\$ 1,294,010	
Less: current year depreciation expense	<u>(849,956)</u>	444,054
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: book value of capital assets disposed		(4,485)
(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, 2009	\$ 29,595,191	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(29,456,129)</u>	139,062
(4) The issuance of long-term debt (e.g., notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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	\$ (475,000)	
Less: other loan proceeds	(59,340,000)	
Add: change in premium on debt issuances	7,077	
Less: change in deferred debt issuance cost	(39,674)	
Add: principal payments on notes	2,174,407	
Add: principal payments on other loans	2,840,000	
Add: payment to refunding agent	58,750,000	
Add: change in deferred amount on refunding debt	<u>540,812</u>	4,457,622
(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>21,987</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 3,505,612</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, 2009

	Other Employee Benefit Trust Fund	Agency Funds
	<u>Employee Benefit Trust Fund</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$ 0	\$ 2,630,123
Equity in Pooled Cash and Investments	9,917	14,399
Accounts Receivable	0	484
Due from Other Governments	0	1,450,427
	<u>0</u>	<u>1,450,427</u>
Total Assets	<u>\$ 9,917</u>	<u>\$ 4,095,433</u>
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 17,388
Due to Other Taxing Units	0	1,461,382
Due to Litigants, Heirs, and Others	0	2,613,219
Due to Joint Ventures	0	3,444
	<u>0</u>	<u>3,444</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 4,095,433</u>
<u>NET ASSETS</u>		
Funds Held in Trust for Employees	<u>\$ 9,917</u>	
Net Assets	<u>\$ 9,917</u>	

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, 2009

	Other Employee Benefit Trust Fund
	<u>Employee Benefit Trust Fund</u>
<u>ADDITIONS</u>	
Plan Member Contributions	\$ 11,315
Total Additions	<u>\$ 11,315</u>
<u>DEDUCTIONS</u>	
Employee Benefits:	
Other Fringe Benefits	\$ 7,462
Total Deductions	<u>\$ 7,462</u>
Change in Net Assets	\$ 3,853
Net Assets, July 1, 2008	<u>6,064</u>
Net Assets, June 30, 2009	<u><u>\$ 9,917</u></u>

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

HAMBLLEN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

The Hamblen County School Department operates the public school system in the county, and the voters of Hamblen County elect its board. The School Department is fiscally dependent on the county because it may not issue debt 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.

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 projects.

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; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Hamblen County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net 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 with the exception of negotiable certificates of deposits, which are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. 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 and outstanding loan balances 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.

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.26 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 \$180,568 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 is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and

expenditures for other long-term obligations, including compensated absences, other postemployment benefits, and special termination benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

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 \$12,701,341 of restricted net assets, of which \$546,257 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 \$88,294, with the primary restrictions being for: (1) alcohol and drug treatment, \$26,307 and (2) mapping, \$47,898.

As of June 30, 2009, Hamblen County had \$33,435,587 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 account Reserved for Other General Purposes consists of:

<u>Fund/Reserve</u>	<u>Amount</u>
General Fund:	
Mapping	\$ 47,898
Archives	6,416
General Debt Service:	
Interfund Loans	36,000
Hospital Debt Service:	
Hospital Lease	546,257

8. Prior-period Adjustment

Beginning net assets of the discretely presented Hamblen County School Department on the Statement of Activities have been reduced by \$2,182,845 due to recognizing a prior-period liability for other postemployment benefits. See Note V.H. for a discussion of other postemployment benefits liability.

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

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

B. Cash Shortage

A cash shortage of \$1,205 existed in the Drug Recovery Court as of February 24, 2010. This shortage is discussed in the Schedule of Findings and Questioned Costs in the Single Audit section of this report.

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; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase

agreements. Repurchase agreements must be approved by the state 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, 2009, Hamblen County had the following investments carried at 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>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 5,915,224

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, 2009, Hamblen County's investment in the State Treasurer's Investment Pool was unrated.

B. Note Receivable

The General Debt Service Fund had a long-term note receivable totaling \$58,336 at June 30, 2009. 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 \$38,892.

C. Loan Receivable

The Special Debt Service Fund had an intergovernmental long-term loan receivable totaling \$769,835 at June 30, 2009. 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 \$520,000.

D. Lease Receivable

The Hospital Debt Service Fund had a lease receivable totaling \$28,280,000 at June 30, 2009. 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 plus interest and fees. According to the executed lease agreement, MHHS is responsible for paying all fees (i.e., remarketing fees, liquidity fees, etc.) in addition to five percent of the outstanding principal balance. Also, the lease calls for the hospital to pay any interest cost above five percent. 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 7-1-08	Issued	Paid	Refunded	Balance 6-30-09
Public Building Authority Loan (Series A-2-C)	\$ 10,000,000	\$ 0	\$ 0	\$ 10,000,000	0
Public Building Authority Loan (Series VI-D-1)	18,750,000	0	0	18,750,000	0
Public Building Authority Loan (Series E-4-B)	0	10,100,000	575,000	0	9,525,000
Public Building Authority Loan (Series VII-C-1)	0	18,940,000	185,000	0	18,755,000
Total	<u>\$ 28,750,000</u>	<u>\$ 29,040,000</u>	<u>\$ 760,000</u>	<u>\$ 28,750,000</u>	<u>\$ 28,280,000</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 \$27,465,000.

E. Capital Assets

Capital assets activity for the year ended June 30, 2009, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 420,779	\$ 0	\$ 0	\$ 420,779
Construction in Progress	0	66,149	0	66,149
Total Capital Assets Not Depreciated	<u>\$ 420,779</u>	<u>\$ 66,149</u>	<u>\$ 0</u>	<u>\$ 486,928</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 10,164,854	\$ 119,377	\$ 0	\$ 10,284,231
Roads and Bridges	16,128,340	78,304	0	16,206,644
Other Capital Assets	4,405,648	1,030,180	(33,488)	5,402,340
Total Capital Assets Depreciated	<u>\$ 30,698,842</u>	<u>\$ 1,227,861</u>	<u>\$ (33,488)</u>	<u>\$ 31,893,215</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,391,719	\$ 277,117	\$ 0	\$ 2,668,836
Roads and Bridges	5,297,192	161,940	0	5,459,132
Other Capital Assets	3,155,273	410,899	(29,003)	3,537,169
Total Accumulated Depreciation	<u>\$ 10,844,184</u>	<u>\$ 849,956</u>	<u>\$ (29,003)</u>	<u>\$ 11,665,137</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,854,658</u>	<u>\$ 377,905</u>	<u>\$ (4,485)</u>	<u>\$ 20,228,078</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,275,437</u>	<u>\$ 444,054</u>	<u>\$ (4,485)</u>	<u>\$ 20,715,006</u>

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

Governmental Activities:

General Government	\$ 124,132
Administration of Justice	151,540
Public Safety	148,471
Public Health and Welfare	160,567
Social, Cultural, and Recreational Services	21,277
Highways/Public Works	<u>243,969</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 849,956</u>

Discretely Presented Hamblen County School Department

Governmental Activities:

	Balance				Balance
	7-1-08	Increases	Decreases		6-30-09
	<hr/>				
Capital Assets Not Depreciated:					
Land	\$ 2,551,700	\$ 60,000	\$ (14,425)		\$ 2,597,275
Construction in Progress	119,075	52,814	(119,075)		52,814
	<hr/>				
Total Capital Assets Not Depreciated	\$ 2,670,775	\$ 112,814	\$ (133,500)		\$ 2,650,089
	<hr/>				
Capital Assets Depreciated:					
Buildings and Improvements	\$ 120,774,922	\$ 189,868	\$ 0		\$ 120,964,790
Other Capital Assets	9,126,192	731,336	(124,883)		9,732,645
	<hr/>				
Total Capital Assets Depreciated	\$ 129,901,114	\$ 921,204	\$ (124,883)		\$ 130,697,435
	<hr/>				
Less Accumulated Depreciation For:					
Buildings and Improvements	\$ 82,259,237	\$ 1,744,761	\$ 0		\$ 84,003,998
Other Capital Assets	5,776,381	707,918	(124,883)		6,359,416
	<hr/>				
Total Accumulated Depreciation	\$ 88,035,618	\$ 2,452,679	\$ (124,883)		\$ 90,363,414
	<hr/>				
Total Capital Assets Depreciated, Net	\$ 41,865,496	\$ (1,531,475)	\$ 0		\$ 40,334,021
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Governmental Activities Capital Assets, Net	\$ 44,536,271	\$ (1,418,661)	\$ (133,500)		\$ 42,984,110
	<hr/>				

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

Governmental Activities:

Instruction	\$ 19,961
Support Services	2,296,065
Operation of Non-Instructional Services	<u>136,653</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,452,679</u>

F. Construction Commitments

At June 30, 2009, the General Purpose School Fund had uncompleted construction contracts of approximately \$373,559 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, 2009, is as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 1,684
General	Agency	6,878
General Debt Service	General	36,000
Nonmajor governmental	Agency	10,510
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	110,152

The balance of \$36,000 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 \$18,000.

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.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2009, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Fund	Nonmajor governmental funds
General Fund	\$ 0	\$ 7,940
Nonmajor governmental funds	22,161	0
Total	<u>\$ 22,161</u>	<u>\$ 7,940</u>

Discretely Presented Hamblen County School Department

Transfer Out	Transfer In
	General Purpose School Fund
Nonmajor governmental funds	\$ 98,007

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, 2009, were as follows:

Year Ending June 30	Governmental Funds
2010	\$ 57,472
Total Minimum Lease Payments	\$ 57,472
Less: Amount Representing Interest	<u>(1,268)</u>
Present Value of Minimum Lease Payments	<u>\$ 56,204</u>

I. Long-term Debt

Primary Government

Notes and Other Loans

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

Capital outlay notes and other loans are direct obligations and pledge the full faith and credit of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to four years for notes and up to 24 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, 2009, will be retired from various funds.

Capital outlay notes and other loans outstanding as of June 30, 2009, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
Capital Outlay Notes	3.96 to 5.16 %	\$ 1,378,219	\$ 652,347
Other Loans - Variable Rate	Variable	10,000,000	10,000,000
Other Loans - Fixed Rate	2 to 5	2,145,000	770,000
Other Loans - Refunding	Variable	59,340,000	56,740,000

Hamblen County has entered into loan agreements with the Blount County Public Building Authority and the Sevier County Public Building Authority (PBAs). The loan agreements provide for the PBAs to make funds available for loan to Hamblen County on an as needed basis to finance various projects for the county and the discretely presented School Department. As of June 30, 2009, Hamblen County had drawn the entire amount available under the agreements.

In addition to interest, the county pays various other fees (trustee, letter of credit, debt remarketing, etc.) in connection with the variable rate loans. The following table summarizes the loan agreements outstanding at June 30, 2009, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-09	Interest Type	Interest Rates as of 6-30-09	Other Fees on Variable Rate Debt
<u>Sevier County Public</u>					
<u>Building Authority</u>					
Various					
(Series III-A-3)	\$ 10,000,000	\$ 10,000,000	Variable (1)	5.74%	1.173%
Hospital Refunding					
(Series VII-C-1)	18,940,000	18,755,000	Variable (1)	1.958	1.099
Refunding					
(Series VII-C-2)	20,200,000	18,360,000	Variable (1)	4.188	1.105
<u>Blount County Public</u>					
<u>Building Authority</u>					
Refunding					
(Series E-4-A)	10,100,000	10,100,000	Variable (1)	2.83	.742
Hospital Refunding					
(Series E-4-B)	10,100,000	9,525,000	Variable (1)	1.825	.787
Solid Waste Refunding					
(Series B-2-A)	2,145,000	<u>770,000</u>	Fixed	2 to 5	N/A
Total		<u>\$ 67,510,000</u>			

(1) See the section of this note captioned "Swap Agreement."

The annual requirements to amortize all notes and other loans outstanding as of June 30, 2009, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 296,097	\$ 32,521	\$ 328,618
2011	118,750	18,823	137,573
2012	118,750	12,549	131,299
2013	118,750	6,274	125,024
Total	\$ 652,347	\$ 70,167	\$ 722,514

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2010	\$ 3,265,000	\$ 2,198,201	\$ 676,208	\$ 6,139,409
2011	3,410,000	2,083,412	644,831	6,138,243
2012	3,575,000	1,963,200	611,986	6,150,186
2013	3,485,000	1,831,725	577,540	5,894,265
2014	3,655,000	1,707,436	541,257	5,903,693
2015-2019	21,775,000	6,286,615	2,085,419	30,147,034
2020-2024	15,300,000	2,506,306	1,103,501	18,909,807
2025-2029	10,965,000	806,557	436,507	12,208,064
2030	2,080,000	40,726	22,859	2,143,585
Total	\$ 67,510,000	\$ 19,424,178	\$ 6,700,108	\$ 93,634,286

There is \$7,752,486 available in the debt service funds to service long-term debt. Debt per capita, including notes and other loans, totaled \$1,173, 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

with 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 Securities Industry and Financial Markets Association™ (SIFMA). The bonds and the related swap agreement mature on June 1, 2019. As of June 30, 2009, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	5.74%
Variable payment from counterparty		<u>-8.50%</u>
Net interest rate swap payments		-2.76%
Variable-rate bond coupon payments		<u>8.50%</u>
Synthetic interest rate on bonds		<u><u>5.74%</u></u>

Fair value. As of June 30, 2009, the swap had a negative fair value of \$1,292,492. 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, 2009, 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 AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service at the time the interest rate swap agreement was entered into. As of June 30, 2009, Ambac's credit rating had been severely downgraded and was rated BBB by Standard and Poor's and Ba3 by Moody's Investor Service. The counterparty has posted all collateral requirements 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, 2009, 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	
2010	\$ 0	\$ 850,000	\$ (276,000)	\$ 574,000
2011	0	850,000	(276,000)	574,000
2012	0	850,000	(276,000)	574,000
2013	0	850,000	(276,000)	574,000
2014	0	850,000	(276,000)	574,000
2015-19	10,000,000	3,478,625	(1,129,530)	12,349,095
Total	\$ 10,000,000	\$ 7,728,625	\$ (2,509,530)	\$ 15,219,095

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. The Series III-D-2 bonds have since been refunded with a portion of the proceeds of the Series VII-C-2 bonds and the interest rate swap is now associated with the Series VII-C-2.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.265 percent and receives a variable payment computed as 70 percent of the three-month London Interbank Offered Rate (LIBOR). The bonds hedged by the interest rate swap agreement had an original outstanding principal amount of \$10 million. The interest rate swap agreement will not exceed the outstanding principal amount on the associated hedged bonds. The variable rates on the bonds have historically

approximated SIFMA. The bonds and the related swap agreement mature on June 1, 2017. As of June 30, 2009, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.265%
Variable payment from counterparty		<u>-0.467%</u>
Net interest rate swap payments		3.798%
Variable-rate bond coupon payments		<u>0.390%</u>
 Synthetic interest rate on bonds		 <u><u>4.188%</u></u>

Fair value. As of June 30, 2009, the swap had a negative fair value of \$1,132,964. 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, 2009, 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 AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service at the time the interest rate swap agreement was entered into. As of June 30, 2009, Ambac's credit rating had been severely downgraded and was rated BBB by Standard and Poor's and Ba3 by Moody's Investor Service. The counterparty has posted all collateral requirements 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, 2009, 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		
2010	\$ 0	\$ 39,000	\$ 379,775	\$ 418,775
2011	0	39,000	379,775	418,775
2012	0	39,000	379,775	418,775
2013	1,225,000	39,000	379,775	1,643,775
2014	2,670,000	34,223	333,253	3,037,476
2015-19	6,105,000	37,986	369,901	6,512,887
Total	\$ 10,000,000	\$ 228,209	\$ 2,222,254	\$ 12,450,463

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. The Series A-2-B bonds have since been refunded with a portion of the proceeds of the Series E-4-A bonds and the interest rate swap is now associated with the Series E-4-A bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.39 percent and receives a variable payment computed as 63.4 percent of the five-year London Interbank Offered Rate (LIBOR). The bonds hedged by the interest rate swap agreement had an original outstanding principal amount of \$10 million. The interest rate swap agreement will not exceed the outstanding principal amount on the associated hedged bonds. The bonds' variable rates have historically approximated the Securities Industry and Financial Markets Association™ (SIFMA). The bonds and the related swap agreement mature on

June 1, 2025. As of June 30, 2009, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.39%
Variable payment from counterparty		<u>-1.87%</u>
Net interest rate swap payments		2.52%
Variable-rate bond coupon payments		<u>0.31%</u>
Synthetic interest rate on bonds		<u><u>2.83%</u></u>

Fair value. As of June 30, 2009, the swap had a negative fair value of \$1,495,919. 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, 2009, 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 AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service at the time the interest rate swap agreement was entered into. As of June 30, 2009, Ambac's credit rating had been severely downgraded and was rated BBB by Standard and Poor's and Ba3 by Moody's Investor Service. The counterparty has posted all collateral requirements 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, 2009, 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		
2010	\$ 0	\$ 31,000	\$ 252,033	\$ 283,033
2011	0	31,000	252,033	283,033
2012	0	31,000	252,033	283,033
2013	0	31,000	252,033	283,033
2014	0	31,000	252,033	283,033
2015-19	0	155,000	1,260,167	1,415,167
2020-24	8,100,000	107,493	873,926	9,081,419
2025	1,900,000	5,890	47,886	1,953,776
Total	\$ 10,000,000	\$ 423,383	\$ 3,442,144	\$ 13,865,527

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 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. The Series A-2-C bonds have since been refunded with a portion of the proceeds of the Series E-4-B bonds and the interest rate swap is now associated with the Series E-4-B bonds.

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 LIBOR. The bonds hedged by the interest rate swap agreement had an original outstanding principal amount of \$10 million. The interest rate swap agreement will not exceed the outstanding principal amount on the associated hedged bonds. The bonds' variable rates have historically approximated SIFMA. The bonds and the related swap agreement mature on June 1, 2021. As of June 30, 2009, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.255%
Variable payment from counterparty		<u>-1.740%</u>
Net interest rate swap payments		1.515%
Variable-rate bond coupon payments		<u>0.310%</u>
Synthetic interest rate on bonds		<u><u>1.825%</u></u>

Fair value. As of June 30, 2009, the swap had a negative fair value of \$351,937. 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, 2009, 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 by Moody's and Fitch, respectively. As of June 30, 2009, the counterparty's rating was an A+ by Standard and Poor's. If Morgan Keegan Financial Products, Inc.'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 bond rate increase to above 59 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the bond rate being 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, 2009, 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		
2010	\$ 595,000	\$ 29,249	\$ 142,949	\$	767,198
2011	620,000	27,404	133,934		781,338
2012	655,000	25,482	124,540		805,022
2013	685,000	23,452	114,617		823,069
2014	720,000	21,328	104,238		845,566
2015-19	4,180,000	70,835	346,198		4,597,033
2020-21	1,980,000	9,285	45,377		2,034,662
Total	\$ 9,435,000	\$ 207,035	\$ 1,011,853	\$	10,653,888

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 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. The Series VI-D-1 bonds have since been refunded with a portion of the proceeds of the Series VII-C-1 bonds and the interest rate swap is now associated with the Series VII-C-1 bonds.

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 LIBOR. The bonds hedged by the interest rate swap agreement had an original outstanding principal amount of \$18.75 million. The interest rate swap agreement will not exceed the outstanding principal amount on the associated hedged bonds. The bonds' variable rates have historically approximated SIFMA. The bonds and the related swap agreement mature on June 1, 2030. As of June 30, 2009, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.308%
Variable payment from counterparty		<u>-1.740%</u>
Net interest rate swap payments		1.568%
Variable-rate bond coupon payments		<u>0.390%</u>
Synthetic interest rate on bonds		<u><u>1.958%</u></u>

Fair value. As of June 30, 2009, the swap had a negative fair value of \$1,152,380. 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, 2009, 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 by Moody's and Fitch, respectively. As of June 30, 2009, the counterparty's rating was an A+ by Standard and Poor's. If Morgan Keegan Financial Products, Inc.'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 bond rate increase to above 59 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the bond rate being 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, 2009, 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		
2010	\$ 200,000	\$ 72,443	\$ 291,273	\$ 563,716
2011	200,000	71,663	288,137	559,800
2012	200,000	70,883	285,000	555,883
2013	225,000	70,103	281,864	576,967
2014	225,000	69,225	278,336	572,561
2015-19	1,350,000	331,695	1,333,661	3,015,356
2020-24	5,075,000	289,868	1,165,483	6,530,351
2025-29	9,025,000	149,468	600,970	9,775,438
2030	2,075,000	8,093	32,538	2,115,631
Total	\$ 18,575,000	\$ 1,133,441	\$ 4,557,262	\$ 24,265,703

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

Governmental Activities:	Notes	Other Loans
Balance, July 1, 2008	\$ 2,351,754	\$ 69,760,000
Additions	475,000	59,340,000
Deductions	(2,174,407)	(61,590,000)
Balance, June 30, 2009	\$ 652,347	\$ 67,510,000
Balance Due Within One Year	\$ 296,097	\$ 3,265,000

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 68,162,347
Less: Balance Due Within One Year	(3,561,097)
Add: Unamortized Premium on Debt	20,524
Less: Deferred Amount on Refunding	(540,812)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 64,080,962

Current Refunding

During the year, Hamblen County issued four refunding loan agreements, Series E-4-A, Series E-4-B, Series VII-C-1, and Series VII-C-2 totaling \$59,340,000 of variable rate debt to provide resources for the current refunding of five variable rate loan agreements. As a result, the refunded loans were redeemed, and the liability has been removed from the governmental activities column of the Statement of Net Assets. The reacquisition price exceeded the net carrying amount of the old debt by \$70,416 for Series E-4-A, \$79,857 for Series E-4-B, \$360,125 for Series VII-C-1, and \$84,936 for Series VII-C-2. These amounts are netted against the new debt and amortized over the remaining life of either the new debt or the old debt, whichever is shorter. The county's financial advisors were not able to determine the cumulative savings or economic gain from the refunding transactions due to the variable rate debt instruments involved.

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, 2009, was as follows:

Governmental Activities:

	Capital Leases	Compensated Absences
Balance, July 1, 2008	\$ 132,139	\$ 178,315
Additions	0	180,568
Deductions	(75,935)	(178,315)
Balance, June 30, 2009	<u>\$ 56,204</u>	<u>\$ 180,568</u>
Balance Due Within One Year	<u>\$ 56,204</u>	<u>\$ 180,568</u>
	Retirement Incentive	Retirement Honorarium
Balance, July 1, 2008	\$ 188,388	\$ 935,047
Additions	67,820	0
Deductions	(105,498)	(112,924)
Balance, June 30, 2009	<u>\$ 150,710</u>	<u>\$ 822,123</u>
Balance Due Within One Year	<u>\$ 86,658</u>	<u>\$ 75,215</u>

	Other Postemployment Benefits
Balance, July 1, 2008 (1)	\$ 2,182,845
Additions	3,454,228
Deductions	<u>(1,237,331)</u>
Balance, June 30, 2009	<u>\$ 4,399,742</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 5,609,347
Less: Balance Due Within One Year	<u>(398,645)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 5,210,702</u>

(1) The balance at July 1, 2008, for other postemployment benefits was recorded with a prior-period adjustment due to the implementation of Governmental Accounting Standards Board Statement No. 45 as discussed in Notes I.D.8. and V.B.

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, 2009, the School Department contributed \$820,818 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, 2009, were \$578,471 and \$69,922, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

K. Internal Financing

In-lieu-of issuing debt with financial institutions, Hamblen County chose to internally finance various projects with idle county funds. In the current year, debt was issued from the Solid Waste Sanitation Fund and repaid from the General Debt Service Fund for the planning phase of school construction. In the prior year, debt was issued from the General Debt Service Fund to the General Fund and will be repaid from the General Fund. At June 30, 2009, Due from Other Funds is reflected in the General Debt Service Fund and Due to Other Funds is reflected in the General Fund, for the outstanding balance of the loan (\$36,000).

Internally financed debt is reflected below:

Description	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
Phone System	\$ 90,000	3 %	8-4-05	7-1-10
School Planning	1,509,500	3	3-22-07	3-22-10

Description	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-09
Phone System	\$ 54,000	\$ 0	\$ 18,000	\$ 36,000
School Planning	255,854	56,450	312,304	0
Total	\$ 309,854	\$ 56,450	\$ 330,304	\$ 36,000

V. OTHER INFORMATION

A. Risk Management

It is the policy of Hamblen County and the discretely presented Hamblen County School Department to purchase commercial insurance for the risks of losses to which they are exposed for general liability, property, casualty, and workers' compensation. Additionally, it 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 (for active employees only). 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. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments became effective for the year ended June 30, 2009.

GASB Statement No. 45 establishes reporting requirements for Other Postemployment Benefits (OPEB). OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the county's financial statements. GASB Statement No. 45 had no effect on the financial statements of the primary government for the year ended June 30, 2009, since the county does not currently provide any postemployment benefits to its employees. However, it is reasonably expected that the primary government may provide OPEB benefits in subsequent years. In previous years, Hamblen County School Department had only recognized the current year cost (expense) of these benefits. GASB Statement No. 45 was implemented by the School Department by restating net assets July 1, 2008, to recognize a liability for one previous year OPEB obligation to coincide with the state provided actuarial study of the School Department's OPEB plan.

GASB Statement No. 49 requires county governments to measure and report their pollution remediation liabilities. A county has a pollution remediation problem if one of five obligating events occurs. The statement requires governments to restate beginning net assets in government-wide and proprietary fund financial statements for pollution remediation liabilities that existed as of July 1, 2008. Previous to Statement No. 49, counties were not required to measure and record pollution remediation liabilities. GASB Statement No. 49 had no effect on the financial statements of Hamblen County for the year ended June 30, 2009, since the county had none of the obligating events. However, it is reasonably expected that Hamblen County could have pollution remediation liabilities in subsequent years.

GASB Statement No. 52 requires endowments to report land and other real estate investments at fair value. Previous to Statement No. 52, land and other real estate held by endowments were reported at historical cost. Changes in fair value between years will be reported as investment income (loss). GASB Statement No. 52 had no effect on the financial statements of Hamblen County for the year ended June 30, 2009, since the county had no endowment investments. However, it is reasonably expected that Hamblen County could have endowment investments in subsequent years.

C. Subsequent Events

On September 23, 2009, Hamblen County issued \$10,860,000 in general obligation refunding bonds. General Obligation Refunding Bonds, Series 2009, were issued to refund the outstanding principal and terminate the associated interest rate swap agreement of Local Government Public Improvement Bonds, Series III-A-3.

Additionally, on September 23, 2009, Hamblen County executed the novation (substitution of a new legal obligation for an old one) of the interest rate swap agreements associated with Local Government Public Improvement Bonds, Series A-2-B and Series III-D-2 as discussed in Note IV.I., with Morgan Keegan Financial Products, Inc., and Deutsche Bank being counterparties to the agreements. The swap agreements were originally entered into with Ambac Financial Services and were insured by Ambac Assurance Corporation.

On December 17, 2009, Hamblen County issued \$11,280,000 in other loans with the Tennessee State School Bond Authority for Qualified School Construction Bonds, which is a funding source created by the American Recovery and Reinvestment Act of 2009.

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, 2009.

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

Primary Government

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.

Discretely Presented Hamblen County School Department

The Upper East Tennessee Educational Cooperative was established through a contractual agreement between the Boards of Education of Hamblen County and various other counties and cities in the Upper East Tennessee area. The cooperative was authorized through Chapter 49 of 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. The Hamblen County Board of Education, along with certain other members of the Upper East Tennessee Educational Cooperative are also members of the Northeast Tennessee Cooperative. 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 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, 2009, was 8.75 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, 2009, Hamblen County's annual pension cost of \$1,322,088 to TCRS was equal to Hamblen County's required and actual contributions. The required contribution was determined as part of the July 1, 2007, 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. Hamblen County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was nine 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
6-30-09	\$1,322,088	100%	\$0
6-30-08	1,243,173	100	0
6-30-07	1,170,822	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 \$13.6 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 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, 2009, was 6.42 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, 2009, 2008, and 2007, were \$2,091,013, \$1,987,625, and \$1,843,506, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Discretely Presented Hamblen County School Department

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using

actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2009, the discretely presented Hamblen County School Department contributed \$1,141,127 for other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan
ARC	\$ 3,248,000	\$ 108,000
Interest on the NPO	94,457	3,771
Adjustment to the ARC	(91,934)	(3,671)
Annual OPEB cost	\$ 3,250,523	\$ 108,101
Amount of contribution	(1,116,327)	(25,400)
Increase/decrease in NPO	\$ 2,134,196	\$ 82,701
Net OPEB obligation, 7-1-08	2,099,038	83,807
Net OPEB obligation, 6-30-09	\$ 4,233,234	\$ 166,508

Fiscal Year Ended*	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	\$ 3,248,000	35 %	\$ 2,099,038
6-30-09	"	3,250,523	34	4,233,234
6-30-08	Medicare Supplement	108,000	22	83,807
6-30-09	"	108,101	23	166,508

* Data only available for two years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows:

	Local Education Group Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-07	7-1-07
Actuarial accrued liability (AAL)	\$ 28,236,000	\$ 1,248,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 28,236,000	\$ 1,248,000
Actuarial value of assets as a % of the AAL	0	0
Covered payroll (active plan members)	\$ 39,642,163	N/A
UAAL as a % of covered payroll	71%	N/A

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

Actuarial Methods and Assumptions

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

In the July 1, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

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 2008-09 year, 23 employees participated in the program. The estimated cost of these cash payments reported in the government-wide Statement of Net Assets is \$150,710. Of that amount, \$86,658 is due within one year. The governmental funds' financial statements reflect retirement incentive expenditures of \$105,497 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, 2009, 370 employees met the requirements of this benefit. The estimated cost of these cash payments reported in the government-wide Statement of Net Assets is \$822,123. Of that amount, \$75,215 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 to enhance “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 terms of four years. 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:

	Balance 7-1-08	Additions	Balance 6-30-09	Accumulated Depreciation	Net Capital Assets
Capital Assets:					
Building	\$ 282,840	\$ 34,068	\$ 316,908	\$ 80,798	\$ 236,110
Communications equip.	473,517	40,701	514,218	443,742	70,476
Furniture and fixtures	166,224	0	166,224	162,482	3,742
Office equipment	1,393	0	1,393	677	716
Automobile	39,643	(16,837)	22,806	6,462	16,344
Construction in progress	0	23,382	23,382	0	23,382
	<u>\$ 963,617</u>	<u>\$ 81,314</u>	<u>\$ 1,044,931</u>	<u>\$ 694,161</u>	<u>\$ 350,770</u>

c. The straight-line method of depreciation is used, totaling \$34,960 for 2009. Accumulated depreciation was \$694,161 as of June 30, 2009.

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 – In the case of deposits, this is the risk that in the event of a bank failure, the district's deposits may not be returned to it. As of June 30, 2009, the district had no exposure to custodial credit risk as its deposits were either insured by the FDIC or collateralized with securities held by the State of Tennessee Bank Collateral Pool.

D. Contributions from Primary Government

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

E. Concentration of Credit Risk

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

F. Compensated Absences

Annual leave

Annual leave cannot be accumulated over 28 days or 336 hours. Upon termination, employees are reimbursed for their accumulated annual leave. As of June 30, 2009, this liability is \$19,242 of which \$4,810 is estimated to be current.

Sick leave

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

G. Pension Plan Information

Plan Description

Employees of the 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 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 www.tn.gov/treasury/tcrs.

Funding Policy

The district requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2009, was 7.97 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2009, the district’s annual pension cost of \$41,675 to TCRS was equal to the district’s required and actual contributions. The required contribution was determined as part of the July 1, 2007, 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. The district’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, 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
6-30-06	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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 8,253,559	\$ 0	\$ 0	\$ 8,253,559	\$ 8,264,747	\$ 8,264,747	\$ (11,188)
Licenses and Permits	461,953	0	0	461,953	445,000	445,000	16,953
Fines, Forfeitures, and Penalties	280,794	0	0	280,794	219,850	220,350	60,444
Charges for Current Services	445,380	0	0	445,380	203,500	452,768	(7,388)
Other Local Revenues	78,816	0	0	78,816	69,500	71,500	7,316
Fees Received from County Officials	1,576,268	0	0	1,576,268	1,730,000	1,680,500	(104,232)
State of Tennessee	1,551,507	0	0	1,551,507	1,629,306	1,805,406	(253,899)
Federal Government	279,714	0	0	279,714	27,621	244,080	35,634
Other Governments and Citizens Groups	175,126	0	0	175,126	44,000	137,857	37,269
Total Revenues	\$ 13,103,117	\$ 0	\$ 0	\$ 13,103,117	\$ 12,633,524	\$ 13,322,208	\$ (219,091)
Expenditures							
General Government							
County Commission	\$ 142,051	\$ 0	\$ 0	\$ 142,051	\$ 142,791	\$ 142,791	\$ 740
Board of Equalization	2,445	0	0	2,445	3,300	3,300	855
County Mayor/Executive	151,580	0	0	151,580	152,445	152,445	865
County Attorney	135,837	0	0	135,837	86,293	136,293	456
Election Commission	258,752	(1,200)	0	257,552	253,664	263,724	6,172
Register of Deeds	60,216	(10,317)	2,229	52,128	75,591	75,591	23,463
Planning	280,831	0	77	280,908	313,887	313,887	32,979
Other Facilities	589,578	(435)	2,422	591,565	606,568	606,568	15,003
Preservation of Records	14,673	(3,091)	0	11,582	17,280	19,621	8,039
Finance							
Accounting and Budgeting	179,994	0	0	179,994	185,724	185,724	5,730
Purchasing	98,694	0	0	98,694	99,506	99,506	812

(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 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Property Assessor's Office	\$ 340,651	\$ (300)	\$ 0	\$ 340,351	\$ 356,889	\$ 356,889	\$ 16,538
Reappraisal Program	121,017	(244)	0	120,773	130,193	130,193	9,420
County Trustee's Office	56,625	(3,291)	1,050	54,384	60,275	60,275	5,891
County Clerk's Office	146,896	0	0	146,896	152,214	154,514	7,618
Data Processing	32,206	(1,862)	4,750	35,094	42,000	42,000	6,906
Other Finance	34,479	0	0	34,479	39,495	39,495	5,016
<u>Administration of Justice</u>							
Circuit Court	533,905	(1,300)	0	532,605	565,666	565,666	33,061
General Sessions Court	255,102	0	0	255,102	259,088	259,088	3,986
Drug Court	94,694	(600)	1,445	95,539	116,815	116,815	21,276
Chancery Court	50,314	(76)	0	50,238	57,081	57,081	6,843
Juvenile Court	435,991	(382)	600	436,209	421,663	449,777	13,568
Probate Court	2,364	(750)	0	1,614	5,000	5,000	3,386
Probation Services	188,512	0	0	188,512	151,394	196,394	7,882
<u>Public Safety</u>							
Sheriff's Department	2,410,654	(6,455)	4,556	2,408,755	2,547,456	2,560,622	151,867
Wheel Tax Officer	6,126	(156)	0	5,970	7,660	7,660	1,690
Drug Enforcement	10,068	0	0	10,068	10,000	10,500	432
Administration of the Sexual Offender Registry	3,215	0	0	3,215	3,200	3,700	485
Jail	2,297,715	(7,670)	5,527	2,295,572	2,149,875	2,383,109	87,537
Workhouse	70,342	0	0	70,342	70,750	70,750	408
Work Release Program	87,947	0	6	87,953	91,898	91,898	3,945
Fire Prevention and Control	180,000	0	0	180,000	180,000	180,000	0
Civil Defense	72,879	0	213	73,092	84,245	84,245	11,153

(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 7/1/2008	Add: Encumbrances 6/30/2009	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
Other Emergency Management	91,132	0	0	91,132	0	94,000	2,868
County Coroner/Medical Examiner	95,111	0	0	95,111	76,200	97,700	2,589
Other Public Safety	9,045	0	0	9,045	0	9,459	414
<u>Public Health and Welfare</u>							
Local Health Center	436,495	(3,600)	61	432,956	362,500	447,216	14,260
Rabies and Animal Control	127,400	0	0	127,400	127,400	127,400	0
Nursing Home	2,000	0	0	2,000	2,000	2,000	0
Crippled Children Services	6,242	0	0	6,242	6,242	6,242	0
Appropriation to State	110,500	0	0	110,500	110,500	110,500	0
Aid to Dependent Children	8,000	0	0	8,000	8,000	8,000	0
Child Support	14,929	0	0	14,929	15,000	15,000	71
Other Local Welfare Services	57,015	0	0	57,015	50,000	66,000	8,985
Sanitation Management	15,000	0	0	15,000	15,000	15,000	0
Other Public Health and Welfare	1,200	0	0	1,200	1,200	1,200	0
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	11,600	0	0	11,600	11,600	11,600	0
Senior Citizens Assistance	6,500	0	0	6,500	6,500	6,500	0
Libraries	243,500	0	0	243,500	243,500	243,500	0
Parks and Fair Boards	285,141	(3,105)	2,074	284,110	314,870	314,870	30,760
Other Social, Cultural, and Recreational	292,082	(8,700)	0	283,382	298,200	298,200	14,818
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	123,401	0	0	123,401	128,481	128,481	5,080
Forest Service	1,000	0	0	1,000	1,000	1,000	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 7/1/2008	Add: Encumbrances 6/30/2009	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	\$ 38,604	\$ 0	\$ 0	\$ 38,604	\$ 38,878	\$ 38,878	\$ 274
<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	28,599	(9,715)	4,812	23,696	25,000	25,000	1,304
Veterans' Services	14,961	0	0	14,961	15,087	15,087	126
Other Charges	377,000	(9,787)	11,324	378,537	410,450	410,450	31,913
Employee Benefits	786,817	(3,000)	0	783,817	737,452	803,846	20,029
Interest on Debt							
General Government	1,620	0	0	1,620	1,620	1,620	0
<u>Capital Projects</u>							
General Administration Projects	64,130	0	0	64,130	0	356,150	292,020
Public Safety Projects	525,920	0	0	525,920	0	529,000	3,080
Public Health and Welfare Projects	80,624	(51,610)	0	29,014	0	44,720	15,706
Total Expenditures	\$ 13,407,857	\$ (127,646)	\$ 41,146	\$ 13,321,357	\$ 12,652,522	\$ 14,259,676	\$ 938,319
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (304,740)	\$ 127,646	\$ (41,146)	\$ (218,240)	\$ (18,998)	\$ (937,468)	\$ 719,228
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 475,000	\$ 0	\$ 0	\$ 475,000	\$ 0	\$ 475,000	\$ 0
Insurance Recovery	2,162	0	0	2,162	0	5,000	(2,838)
Transfers In	22,161	0	0	22,161	19,000	36,000	(13,839)
Transfers Out	(7,940)	0	0	(7,940)	0	(7,940)	0
Total Other Financing Sources (Uses)	\$ 491,383	\$ 0	\$ 0	\$ 491,383	\$ 19,000	\$ 508,060	\$ (16,677)
Net Change in Fund Balance	\$ 186,643	\$ 127,646	\$ (41,146)	\$ 273,143	\$ 2	\$ (429,408)	\$ 702,551
Fund Balance, July 1, 2008	3,581,420	(127,646)	0	3,453,774	3,045,545	3,045,545	408,229
Fund Balance, June 30, 2009	\$ 3,768,063	\$ 0	\$ (41,146)	\$ 3,726,917	\$ 3,045,547	\$ 2,616,137	\$ 1,110,780

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,033,249	\$ 0	\$ 0	\$ 2,033,249	\$ 1,862,807	\$ 1,862,807	\$ 170,442
Licenses and Permits	1,900	0	0	1,900	1,750	1,750	150
Other Local Revenues	68,141	0	0	68,141	80,000	80,000	(11,859)
State of Tennessee	699,555	0	0	699,555	694,000	694,000	5,555
Total Revenues	\$ 2,802,845	\$ 0	\$ 0	\$ 2,802,845	\$ 2,638,557	\$ 2,638,557	\$ 164,288
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Management	\$ 2,557,867	(218,836)	10,393	\$ 2,349,424	\$ 2,348,318	\$ 2,514,985	\$ 165,561
Total Expenditures	\$ 2,557,867	(218,836)	10,393	\$ 2,349,424	\$ 2,348,318	\$ 2,514,985	\$ 165,561
Excess (Deficiency) of Revenues Over Expenditures	\$ 244,978	218,836	(10,393)	453,421	290,239	123,572	329,849
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	0	0	0	248,680	248,680	(248,680)
Total Other Financing Sources (Uses)	\$ 0	0	0	0	248,680	248,680	(248,680)
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 244,978	218,836	(10,393)	453,421	538,919	372,252	81,169
Fund Balance, July 1, 2008	2,380,662	(218,836)	0	2,161,826	2,351,009	2,351,009	(189,183)
Fund Balance, June 30, 2009	\$ 2,625,640	0	(10,393)	\$ 2,615,247	\$ 2,889,928	\$ 2,723,261	\$ (108,014)

Exhibit E-3

Hamblen County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Hamblen County School Department
June 30, 2009

(Dollar amounts in thousands)

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-09	7-1-07	\$ 35,931	\$ 40,714	\$ 4,783	88.25 %	\$ 13,601	35.17 %
6-30-08	7-1-07	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 2007-08 year; therefore, only two years of data are presented.

Exhibit E-4

Hamblen County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Hamblen County Emergency Communications District
June 30, 2009

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-07	\$ 607	\$ 706	\$ 99	85.98 %	\$ 423	23.40 %
7-1-05	435	543	108	80.16	349	30.92
7-1-03	326	442	116	73.76	292	39.73

Exhibit E-5

Hamblen County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Discretely Presented Hamblen County School Department
June 30, 2009

(Dollar amounts in thousands)

Plans	Fiscal Year Ended*	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	6-30-08	7-1-07	\$ 0	\$ 28,236	\$ 28,236	0 %	\$ 40,041	70.5 %
"	6-30-09	7-1-07	0	28,236	28,236	0	40,041	70.5
Medicare Supplement	6-30-08	7-1-07	0	1,248	1,248	0	N/A	N/A
"	6-30-09	7-1-07	0	1,248	1,248	0	N/A	N/A

*Data only available for two years.

HAMBLLEN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2009

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

Exhibit F-1

Hamblen County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds	
	Debt Service Fund		Total		General Capital Projects		Sanitation Projects			Total
	Drug Control	Constituti- onal Officers - Fees	Highway / Public Works	Total	Special Debt Service	General Capital Projects	Sanitation Projects	Total		
\$	0 \$	266,124 \$	0 \$	266,124 \$	0 \$	0 \$	0 \$	0 \$	0 \$	266,124
	69,335	0	686,438	755,773	165	289,717	147,404	437,121		1,193,059
	0	20,022	0	20,022	0	0	0	0	0	20,022
	14,208	0	294,545	308,753	0	0	0	0	0	308,753
	10,510	0	0	10,510	0	0	0	0	0	10,510
	0	0	0	0	769,835	0	0	0	0	769,835
\$	94,053 \$	286,146 \$	980,983 \$	1,361,182 \$	770,000 \$	289,717 \$	147,404 \$	437,121 \$		2,568,303

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

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

\$	46 \$	0 \$	27,662 \$	27,708 \$	0 \$	4,040 \$	0 \$	4,040 \$		31,748
	0	0	389	389	0	0	0	0	0	389
	0	1,684	0	1,684	0	0	0	0	0	1,684
	0	0	145,015	145,015	0	0	0	0	0	145,015
\$	46 \$	1,684 \$	173,066 \$	174,796 \$	0 \$	4,040 \$	0 \$	4,040 \$		178,836

Fund Balances

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

\$	0 \$	0 \$	3,424 \$	3,424 \$	0 \$	110,991 \$	47,166 \$	158,157 \$		161,581
	0	0	0	0	770,000	0	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	0	34,218
	59,789	284,462	804,493	1,148,744	0	174,686	0	174,686		1,323,430
\$	94,007 \$	284,462 \$	807,917 \$	1,186,386 \$	770,000 \$	285,677 \$	147,404 \$	433,081 \$		2,389,467

Total Liabilities and Fund Balances

\$	94,053 \$	286,146 \$	980,983 \$	1,361,182 \$	770,000 \$	289,717 \$	147,404 \$	437,121 \$		2,568,303
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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, 2009

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds	
	Constituti- onal			Highway / Public Works	General Capital Projects			Sanitation Projects		Total
	Drug Control	Officers - Fees	Special Debt Service		Special Debt Service	General Capital Projects	Sanitation Projects			
Revenues										
Local Taxes	\$ 0	\$ 0	\$ 1,600	\$ 1,600	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,600
Fines, Forfeitures, and Penalties Charges for Current Services	52,813	0	0	52,813	0	0	0	0	0	52,813
Other Local Revenues	3,472	0	32,569	36,041	36,554	0	0	0	0	1,364,811
State of Tennessee	0	0	1,621,624	1,621,624	0	0	0	0	0	72,595
Federal Government	10,244	0	0	10,244	0	64,974	0	64,974	0	1,621,624
Other Governments and Citizens Groups	9,664	0	39,152	48,816	0	0	0	0	0	75,218
Total Revenues	\$ 76,193	\$ 1,364,811	\$ 1,694,945	\$ 3,135,945	\$ 36,554	\$ 64,974	\$ 0	\$ 64,974	\$ 0	\$ 48,816
Expenditures										
Current:										
General Government	\$ 0	\$ 186,839	\$ 0	\$ 186,839	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 186,839
Finance	0	907,791	0	907,791	0	0	0	0	0	907,791
Administration of Justice	0	267,432	0	267,432	0	0	0	0	0	267,432
Public Safety	85,762	402	0	86,164	0	0	0	0	0	86,164
Highways	0	0	1,544,520	1,544,520	0	0	0	0	0	1,544,520
Debt Service:										
Principal on Debt	0	0	0	0	240,000	0	0	0	0	240,000
Interest on Debt	0	0	0	0	35,600	0	0	0	0	35,600
Other Debt Service	0	0	0	0	954	0	0	0	0	954
Capital Projects	0	0	0	0	756,656	0	756,656	0	756,656	756,656
Total Expenditures	\$ 85,762	\$ 1,362,464	\$ 1,544,520	\$ 2,992,746	\$ 276,554	\$ 756,656	\$ 0	\$ 756,656	\$ 0	\$ 4,025,956
Excess (Deficiency) of Revenues Over Expenditures	\$ (9,569)	\$ 2,347	\$ 150,425	\$ 143,203	\$ (240,000)	\$ (691,682)	\$ 0	\$ (691,682)	\$ (788,479)	\$ (788,479)
Other Financing Sources (Uses)										
Insurance Recovery	\$ 0	\$ 0	\$ 38,824	\$ 38,824	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,824
Transfers In	0	0	0	0	7,940	0	7,940	0	7,940	7,940
Transfers Out	0	0	(22,161)	(22,161)	0	0	0	0	0	(22,161)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 16,663	\$ 16,663	\$ 0	\$ 7,940	\$ 0	\$ 7,940	\$ 0	\$ 24,603
Net Change in Fund Balances Fund Balance, July 1, 2008	\$ (9,569)	\$ 2,347	\$ 167,088	\$ 159,866	\$ (240,000)	\$ (683,742)	\$ 0	\$ (683,742)	\$ (763,876)	\$ (763,876)
Fund Balance, June 30, 2009	103,576	282,115	640,829	1,026,520	1,010,000	969,419	147,404	1,116,823	433,081	3,153,343
Fund Balance, June 30, 2009	\$ 94,007	\$ 284,462	\$ 807,917	\$ 1,186,386	\$ 770,000	\$ 285,677	\$ 147,404	\$ 433,081	\$ 2,389,467	\$ 2,389,467

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 52,813	0	\$ 52,813	\$ 16,500	\$ 16,500	\$ 36,313
Other Local Revenues	3,472	0	3,472	4,000	4,000	(528)
Federal Government	10,244	0	10,244	5,000	30,000	(19,756)
Other Governments and Citizens Groups	9,664	0	9,664	0	8,200	1,464
Total Revenues	\$ 76,193	0	\$ 76,193	\$ 25,500	\$ 58,700	\$ 17,493
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 85,762	(2,069)	\$ 83,693	\$ 42,700	\$ 100,550	\$ 16,857
Total Expenditures	\$ 85,762	(2,069)	\$ 83,693	\$ 42,700	\$ 100,550	\$ 16,857
Excess (Deficiency) of Revenues Over Expenditures	\$ (9,569)	2,069	\$ (7,500)	\$ (17,200)	\$ (41,850)	\$ 34,350
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ (9,569)	2,069	\$ (7,500)	\$ (17,200)	\$ (41,850)	\$ 34,350
	103,576	(2,069)	101,507	101,507	101,507	0
Fund Balance, June 30, 2009	\$ 94,007	0	\$ 94,007	\$ 84,307	\$ 59,657	\$ 34,350

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	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	32,569	0	0	32,569	17,500	17,500	15,069
State of Tennessee	1,621,624	0	0	1,621,624	1,696,760	1,696,760	(75,136)
Other Governments and Citizens Groups	39,152	0	0	39,152	0	0	39,152
Total Revenues	\$ 1,694,945	\$ 0	\$ 0	\$ 1,694,945	\$ 1,715,860	\$ 1,715,860	\$ (20,915)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 330,321	\$ (393)	\$ 0	\$ 329,928	\$ 351,568	\$ 351,568	\$ 21,640
Highway and Bridge Maintenance	923,829	(25,414)	0	898,415	1,017,561	1,017,561	119,146
Operation and Maintenance of Equipment	232,677	(2,422)	3,424	233,679	330,081	330,081	96,402
Employee Benefits	34,028	0	0	34,028	68,485	68,485	34,457
Capital Outlay	23,665	0	0	23,665	207,665	207,665	184,000
Total Expenditures	\$ 1,544,520	\$ (28,229)	\$ 3,424	\$ 1,519,715	\$ 1,975,360	\$ 1,975,360	\$ 455,645
Excess (Deficiency) of Revenues Over Expenditures	\$ 150,425	\$ 28,229	\$ (3,424)	\$ 175,230	\$ (259,500)	\$ (259,500)	\$ 434,730
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 38,824	\$ 0	\$ 0	\$ 38,824	\$ 0	\$ 0	\$ 38,824
Transfers Out	(22,161)	0	0	(22,161)	(24,500)	(24,500)	2,339
Total Other Financing Sources (Uses)	\$ 16,663	\$ 0	\$ 0	\$ 16,663	\$ (24,500)	\$ (24,500)	\$ 41,163
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 167,088	\$ 28,229	\$ (3,424)	\$ 191,893	\$ (284,000)	\$ (284,000)	\$ 475,893
Fund Balance, July 1, 2008	640,829	(28,229)	0	612,600	595,874	595,874	16,726
Fund Balance, June 30, 2009	\$ 807,917	\$ 0	\$ (3,424)	\$ 804,493	\$ 311,874	\$ 311,874	\$ 492,619

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 36,554	\$ 276,215	\$ 276,560	\$ (240,006)
Total Revenues	\$ 36,554	\$ 276,215	\$ 276,560	\$ (240,006)
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 240,000	\$ 240,000	\$ 240,000	\$ 0
<u>Interest on Debt</u>				
General Government	35,600	35,600	35,600	0
<u>Other Debt Service</u>				
General Government	954	610	955	1
Total Expenditures	\$ 276,554	\$ 276,210	\$ 276,555	\$ 1
Excess (Deficiency) of Revenues Over Expenditures	\$ (240,000)	\$ 5	\$ 5	\$ (240,005)
Net Change in Fund Balance	\$ (240,000)	\$ 5	\$ 5	\$ (240,005)
Fund Balance, July 1, 2008	1,010,000	1,245,006	1,245,006	(235,006)
Fund Balance, June 30, 2009	\$ 770,000	\$ 1,245,011	\$ 1,245,011	\$ (475,011)

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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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,965,787	\$ 2,956,481	\$ 2,956,481	\$ 9,306
Fines, Forfeitures, and Penalties	44,742	70,000	70,000	(25,258)
Other Local Revenues	1,533,241	1,219,444	1,557,206	(23,965)
Total Revenues	<u>\$ 4,543,770</u>	<u>\$ 4,245,925</u>	<u>\$ 4,583,687</u>	<u>\$ (39,917)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,790,240	\$ 4,813,500	\$ 3,143,740	\$ 1,353,500
Education	1,890,833	0	1,907,477	16,644
<u>Interest on Debt</u>				
General Government	312,817	377,120	377,120	64,303
Education	1,777,954	1,804,380	1,824,425	46,471
<u>Other Debt Service</u>				
General Government	115,612	0	131,960	16,348
Education	248,040	0	248,040	0
<u>Capital Projects</u>				
Education Capital Projects	56,450	0	56,450	0
Total Expenditures	<u>\$ 6,191,946</u>	<u>\$ 6,995,000</u>	<u>\$ 7,689,212</u>	<u>\$ 1,497,266</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,648,176)</u>	<u>\$ (2,749,075)</u>	<u>\$ (3,105,525)</u>	<u>\$ 1,457,349</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 30,300,000	\$ 0	\$ 30,300,000	\$ 0
Transfers In	0	19,620	19,620	(19,620)
Payments to Refunded Debt Escrow Agent	(30,000,000)	0	(30,000,000)	0
Total Other Financing Sources (Uses)	<u>\$ 300,000</u>	<u>\$ 19,620</u>	<u>\$ 319,620</u>	<u>\$ (19,620)</u>
Net Change in Fund Balance	\$ (1,348,176)	\$ (2,729,455)	\$ (2,785,905)	\$ 1,437,729
Fund Balance, July 1, 2008	9,036,396	9,262,088	9,262,088	(225,692)
Fund Balance, June 30, 2009	<u>\$ 7,688,220</u>	<u>\$ 6,532,633</u>	<u>\$ 6,476,183</u>	<u>\$ 1,212,037</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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 2,312,311	\$ 2,205,500	\$ 2,245,500	\$ 66,811
Total Revenues	\$ 2,312,311	\$ 2,205,500	\$ 2,245,500	\$ 66,811
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 760,000	\$ 740,000	\$ 760,000	\$ 0
<u>Interest on Debt</u>				
General Government	1,424,508	1,437,500	1,457,500	32,992
<u>Other Debt Service</u>				
General Government	290,000	0	290,000	0
Total Expenditures	\$ 2,474,508	\$ 2,177,500	\$ 2,507,500	\$ 32,992
Excess (Deficiency) of Revenues Over Expenditures	\$ (162,197)	\$ 28,000	\$ (262,000)	\$ 99,803
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 29,040,000	\$ 0	\$ 29,040,000	\$ 0
Payments to Refunded Debt Escrow Agent	(28,750,000)	0	(28,750,000)	0
Total Other Financing Sources (Uses)	\$ 290,000	\$ 0	\$ 290,000	\$ 0
Net Change in Fund Balance	\$ 127,803	\$ 28,000	\$ 28,000	\$ 99,803
Fund Balance, July 1, 2008	518,720	606,614	606,614	(87,894)
Fund Balance, June 30, 2009	\$ 646,523	\$ 634,614	\$ 634,614	\$ 11,909

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, 2009

	<u>Agency Funds</u>			
	Cities - Sales Tax	Constitu- tional Officers - Agency	Other Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 2,630,123	\$ 0	\$ 2,630,123
Equity in Pooled Cash and Investments	10,955	0	3,444	14,399
Accounts Receivable	0	484	0	484
Due from Other Governments	1,450,427	0	0	1,450,427
Total Assets	<u>\$ 1,461,382</u>	<u>\$ 2,630,607</u>	<u>\$ 3,444</u>	<u>\$ 4,095,433</u>
<u>LIABILITIES</u>				
Due to Other Funds	\$ 0	\$ 17,388	\$ 0	\$ 17,388
Due to Other Taxing Units	1,461,382	0	0	1,461,382
Due to Litigants, Heirs, and Others	0	2,613,219	0	2,613,219
Due to Joint Ventures	0	0	3,444	3,444
Total Liabilities	<u>\$ 1,461,382</u>	<u>\$ 2,630,607</u>	<u>\$ 3,444</u>	<u>\$ 4,095,433</u>

Exhibit H-2

Hamblen County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2009

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 11,661	\$ 9,087,578	\$ 9,088,284	\$ 10,955
Due from Other Governments	1,664,102	1,450,427	1,664,102	1,450,427
Total Assets	\$ 1,675,763	\$ 10,538,005	\$ 10,752,386	\$ 1,461,382
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,675,763	\$ 10,538,005	\$ 10,752,386	\$ 1,461,382
Total Liabilities	\$ 1,675,763	\$ 10,538,005	\$ 10,752,386	\$ 1,461,382
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,846,053	\$ 12,660,012	\$ 12,875,942	\$ 2,630,123
Accounts Receivable	521	484	521	484
Total Assets	\$ 2,846,574	\$ 12,660,496	\$ 12,876,463	\$ 2,630,607
<u>Liabilities</u>				
Due to Other Funds	\$ 4,666	\$ 17,388	\$ 4,666	\$ 17,388
Due to Litigants, Heirs, and Others	2,841,908	12,643,108	12,871,797	2,613,219
Total Liabilities	\$ 2,846,574	\$ 12,660,496	\$ 12,876,463	\$ 2,630,607
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 3,444	\$ 0	\$ 0	\$ 3,444
Total Assets	\$ 3,444	\$ 0	\$ 0	\$ 3,444
<u>Liabilities</u>				
Due to Joint Ventures	\$ 3,444	\$ 0	\$ 0	\$ 3,444
Total Liabilities	\$ 3,444	\$ 0	\$ 0	\$ 3,444

(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</u>				
<u>Assets</u>				
Cash	\$ 2,846,053	\$ 12,660,012	\$ 12,875,942	\$ 2,630,123
Equity in Pooled Cash and Investments	15,105	9,087,578	9,088,284	14,399
Accounts Receivable	521	484	521	484
Due from Other Governments	1,664,102	1,450,427	1,664,102	1,450,427
Total Assets	<u>\$ 4,525,781</u>	<u>\$ 23,198,501</u>	<u>\$ 23,628,849</u>	<u>\$ 4,095,433</u>
<u>Liabilities</u>				
Due to Other Funds	\$ 4,666	\$ 17,388	\$ 4,666	\$ 17,388
Due to Other Taxing Units	1,675,763	10,538,005	10,752,386	1,461,382
Due to Litigants, Heirs, and Others	2,841,908	12,643,108	12,871,797	2,613,219
Due to Joint Ventures	3,444	0	0	3,444
Total Liabilities	<u>\$ 4,525,781</u>	<u>\$ 23,198,501</u>	<u>\$ 23,628,849</u>	<u>\$ 4,095,433</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, 2009

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 47,195,486	\$ 0	\$ 3,761,324	\$ 1,479
Support Services	21,660,276	0	738,337	56,450
Operation of Non-Instructional Services	5,766,781	2,393,082	4,605,791	0
Interest on Long-term Debt	4,478	0	0	0
Other Debt Service	820,818	0	0	0
Total Governmental Activities	\$ 75,447,839	\$ 2,393,082	\$ 9,105,452	\$ 57,929
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 14,061,252
Local Option Sales Taxes				9,601,856
Wheel Tax				716,094
Interstate Telecommunications Tax				8,180
Grants and Contributions Not Restricted to Specific Programs				37,456,224
Unrestricted Investment Income				8,344
Miscellaneous				84,800
Total General Revenues				\$ 61,936,750
Change in Net Assets				\$ (1,954,626)
Net Assets, July 1, 2008				52,846,677
Prior-period Adjustment				(2,182,845)
Net Assets, June 30, 2009				\$ 48,709,206

Exhibit I-2

Hamblen County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Hamblen County School Department
June 30, 2009

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 3,529	\$ 3,529
Equity in Pooled Cash and Investments	8,599,339	1,017,967	9,617,306
Inventories	0	193,562	193,562
Accounts Receivable	4,281	213,009	217,290
Due from Other Governments	1,931,762	494,602	2,426,364
Due from Other Funds	110,152	0	110,152
Property Taxes Receivable	14,687,232	0	14,687,232
Allowance for Uncollectible Property Taxes	(351,644)	0	(351,644)
Total Assets	<u>\$ 24,981,122</u>	<u>\$ 1,922,669</u>	<u>\$ 26,903,791</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 1,334,262	\$ 19,311	\$ 1,353,573
Accrued Payroll	0	2,351	2,351
Payroll Deductions Payable	268,696	18,939	287,635
Due to Other Funds	0	110,152	110,152
Deferred Revenue - Current Property Taxes	13,815,637	0	13,815,637
Deferred Revenue - Delinquent Property Taxes	465,346	0	465,346
Other Deferred Revenues	818,785	64,101	882,886
Total Liabilities	<u>\$ 16,702,726</u>	<u>\$ 214,854</u>	<u>\$ 16,917,580</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 630,549	\$ 59,947	\$ 690,496
Reserved for Inventory	0	193,562	193,562
Other Local Education Reserves	29,835	0	29,835
Reserved for Career Ladder - Extended Contract	132,732	0	132,732
Reserved for Career Ladder Program	5,945	0	5,945
Reserved for Technology	34,027	0	34,027
Reserved for Basic Education Program	678,935	0	678,935
Reserved for Title I Grants to Local Education Agencies	0	64,724	64,724
Reserved for Innovative Education Program Strategies	0	67,001	67,001
Reserved for Special Education - Grants to States	0	79,046	79,046
Other Federal Reserves	0	46,676	46,676
Unreserved, Reported In:			
General Fund	6,766,373	0	6,766,373
Special Revenue Funds	0	1,196,558	1,196,558
Capital Projects Funds	0	301	301
Total Fund Balances	<u>\$ 8,278,396</u>	<u>\$ 1,707,815</u>	<u>\$ 9,986,211</u>
Total Liabilities and Fund Balances	<u>\$ 24,981,122</u>	<u>\$ 1,922,669</u>	<u>\$ 26,903,791</u>

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, 2009

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)		\$	9,986,211
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	2,597,275	
Add: construction in progress		52,814	
Add: buildings and improvements net of accumulated depreciation		36,960,792	
Add: other capital assets net of accumulated depreciation		<u>3,373,229</u>	42,984,110
(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	\$	(56,204)	
Less: other postemployment benefits liability		(4,399,742)	
Less: compensated absences payable		(180,568)	
Less: retirement incentive		(150,710)	
Less: retirement honorarium		<u>(822,123)</u>	(5,609,347)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>1,348,232</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>48,709,206</u></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, 2009

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	
	Purpose	Govern-	Total
	School	mental	Governmental
		Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 24,400,123	\$ 0	\$ 24,400,123
Charges for Current Services	609,678	1,765,014	2,374,692
Other Local Revenues	271,890	6,110	278,000
State of Tennessee	37,729,673	53,362	37,783,035
Federal Government	176,834	7,744,992	7,921,826
Other Governments and Citizens Groups	0	56,450	56,450
Total Revenues	<u>\$ 63,188,198</u>	<u>\$ 9,625,928</u>	<u>\$ 72,814,126</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 40,939,603	\$ 4,164,435	\$ 45,104,038
Support Services	18,537,455	703,925	19,241,380
Operation of Non-Instructional Services	951,289	4,117,403	5,068,692
Capital Outlay	969,839	56,450	1,026,289
Debt Service:			
Principal on Debt	75,935	0	75,935
Interest on Debt	4,478	0	4,478
Other Debt Service	820,818	0	820,818
Total Expenditures	<u>\$ 62,299,417</u>	<u>\$ 9,042,213</u>	<u>\$ 71,341,630</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 888,781</u>	<u>\$ 583,715</u>	<u>\$ 1,472,496</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 98,007	\$ 0	\$ 98,007
Transfers Out	0	(98,007)	(98,007)
Total Other Financing Sources (Uses)	<u>\$ 98,007</u>	<u>\$ (98,007)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 986,788	\$ 485,708	\$ 1,472,496
Fund Balance, July 1, 2008	7,291,608	1,222,107	8,513,715
Fund Balance, June 30, 2009	<u>\$ 8,278,396</u>	<u>\$ 1,707,815</u>	<u>\$ 9,986,211</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, 2009

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)		\$ 1,472,496
(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	\$ 914,943	
Less: current year depreciation expense	(2,452,679)	
Less: book value of assets disposed	<u>(14,425)</u>	(1,552,161)
(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 and other deferred June 30, 2009	\$ 1,348,232	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(1,230,580)</u>	117,652
(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		75,935
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ (2,253)	
Change in other postemployment benefits liability	(2,216,897)	
Change in retirement incentive	37,678	
Change in retirement honorarium	<u>112,924</u>	<u>(2,068,548)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (1,954,626)</u>

Exhibit I-6

Hamblen County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Hamblen County School Department
June 30, 2009

	<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Education Capital Projects</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 3,529	\$ 0	\$ 3,529
Equity in Pooled Cash and Investments	308,236	709,430	301	1,017,967
Inventories	0	193,562	0	193,562
Accounts Receivable	212,973	36	0	213,009
Due from Other Governments	0	494,602	0	494,602
Total Assets	\$ 521,209	\$ 1,401,159	\$ 301	\$ 1,922,669
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 8,272	\$ 11,039	\$ 0	\$ 19,311
Accrued Payroll	2,351	0	0	2,351
Payroll Deductions Payable	18,939	0	0	18,939
Due to Other Funds	110,152	0	0	110,152
Other Deferred Revenues	64,101	0	0	64,101
Total Liabilities	\$ 203,815	\$ 11,039	\$ 0	\$ 214,854
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 59,947	\$ 0	\$ 0	\$ 59,947
Reserved for Inventory	0	193,562	0	193,562
Reserved for Title I Grants to Local Education Agencies	64,724	0	0	64,724
Reserved for Innovative Education Program Strategies	67,001	0	0	67,001
Reserved for Special Education - Grants to States	79,046	0	0	79,046
Other Federal Reserves	46,676	0	0	46,676
Unreserved	0	1,196,558	301	1,196,859
Total Fund Balances	\$ 317,394	\$ 1,390,120	\$ 301	\$ 1,707,815
Total Liabilities and Fund Balances	\$ 521,209	\$ 1,401,159	\$ 301	\$ 1,922,669

Exhibit I-7

Hamblen County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2009

	<u>Special Revenue Funds</u>		<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>School</u> <u>Federal</u> <u>Projects</u>	<u>Central</u> <u>Cafeteria</u>	<u>Education</u> <u>Capital</u> <u>Projects</u>	
<u>Revenues</u>				
Charges for Current Services	\$ 0	\$ 1,765,014	\$ 0	\$ 1,765,014
Other Local Revenues	0	6,088	22	6,110
State of Tennessee	0	53,362	0	53,362
Federal Government	4,922,642	2,822,350	0	7,744,992
Other Governments and Citizens Groups	0	0	56,450	56,450
Total Revenues	<u>\$ 4,922,642</u>	<u>\$ 4,646,814</u>	<u>\$ 56,472</u>	<u>\$ 9,625,928</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 4,164,435	\$ 0	\$ 0	\$ 4,164,435
Support Services	655,225	48,700	0	703,925
Operation of Non-Instructional Services	0	4,117,403	0	4,117,403
Capital Outlay	0	0	56,450	56,450
Total Expenditures	<u>\$ 4,819,660</u>	<u>\$ 4,166,103</u>	<u>\$ 56,450</u>	<u>\$ 9,042,213</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 102,982</u>	<u>\$ 480,711</u>	<u>\$ 22</u>	<u>\$ 583,715</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (98,007)	\$ 0	\$ 0	\$ (98,007)
Total Other Financing Sources (Uses)	<u>\$ (98,007)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (98,007)</u>
Net Change in Fund Balances	\$ 4,975	\$ 480,711	\$ 22	\$ 485,708
Fund Balance, July 1, 2008	<u>312,419</u>	<u>909,409</u>	<u>279</u>	<u>1,222,107</u>
Fund Balance, June 30, 2009	<u>\$ 317,394</u>	<u>\$ 1,390,120</u>	<u>\$ 301</u>	<u>\$ 1,707,815</u>

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
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 24,400,123	\$ 0	\$ 0	\$ 24,400,123	\$ 25,048,231	\$ 25,048,231	\$ (648,108)
Charges for Current Services	609,678	0	0	609,678	508,254	508,254	101,424
Other Local Revenues	271,890	0	0	271,890	16,000	107,538	164,352
State of Tennessee	37,729,673	0	0	37,729,673	36,674,077	37,700,015	29,658
Federal Government	176,834	0	0	176,834	163,427	212,287	(35,453)
Total Revenues	\$ 63,188,198	\$ 0	\$ 0	\$ 63,188,198	\$ 62,409,989	\$ 63,576,325	\$ (388,127)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 32,755,857	\$ (89,393)	\$ 159,982	\$ 32,826,446	\$ 33,468,818	\$ 34,000,363	\$ 1,173,917
Special Education Program	5,261,517	(1,495)	2,404	5,262,426	5,383,265	5,407,942	145,516
Vocational Education Program	2,729,886	(6,593)	585	2,723,878	2,852,866	2,852,866	128,988
Student Body Education Program	36,221	0	2,880	39,101	47,900	47,900	8,799
Adult Education Program	89,522	0	1,468	90,990	104,952	123,924	32,934
Other	66,600	0	0	66,600	66,600	66,600	0
<u>Support Services</u>							
Attendance	3,083	0	0	3,083	5,850	5,850	2,767
Health Services	305,452	(10,358)	178	295,272	314,415	314,415	19,143
Other Student Support	950,305	0	0	950,305	1,023,099	1,032,924	82,619
Regular Instruction Program	402,218	(885)	825	402,158	451,129	485,229	83,071
Special Education Program	278,292	0	0	278,292	268,695	301,695	23,403
Vocational Education Program	129,265	0	0	129,265	130,516	130,516	1,251
Adult Programs	78,989	0	0	78,989	78,114	80,719	1,730
Other Programs	648,393	0	0	648,393	0	648,393	0

(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 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Board of Education	\$ 903,045	\$ 0	\$ 0	\$ 903,045	\$ 1,044,809	\$ 1,044,809	\$ 141,764
Director of Schools	535,366	(1,079)	0	534,287	563,015	563,415	29,128
Office of the Principal	3,469,504	0	0	3,469,504	3,589,023	3,589,023	119,519
Fiscal Services	970,254	(5,640)	0	964,614	1,016,863	1,016,863	52,249
Operation of Plant	5,005,077	(329)	2,648	5,007,396	5,437,857	5,437,857	430,461
Maintenance of Plant	1,306,515	(13,835)	6,569	1,299,249	1,344,554	1,344,554	45,305
Transportation	2,453,688	(765)	6,246	2,459,169	3,070,217	2,763,301	304,132
Central and Other	1,098,009	(37,053)	27,701	1,088,657	1,087,188	1,181,971	93,314
<u>Operation of Non-Instructional Services</u>							
Community Services	258,272	(1,717)	2,609	259,164	295,050	295,050	35,886
Early Childhood Education	693,017	(1,570)	310	691,757	714,732	736,091	44,334
<u>Capital Outlay</u>							
Regular Capital Outlay	969,839	(231,049)	416,144	1,154,934	1,167,800	1,167,800	12,866
<u>Principal on Debt</u>							
Education	75,935	0	0	75,935	73,172	75,935	0
<u>Interest on Debt</u>							
Education	4,478	0	0	4,478	507,328	4,565	87
<u>Other Debt Service</u>							
Education	820,818	0	0	820,818	0	820,818	0
Total Expenditures	\$ 62,299,417	\$ (401,761)	\$ 630,549	\$ 62,528,205	\$ 64,107,827	\$ 65,541,388	\$ 3,013,183
Excess (Deficiency) of Revenues Over Expenditures	\$ 888,781	\$ 401,761	\$ (630,549)	\$ 659,993	\$ (1,697,838)	\$ (1,965,063)	\$ 2,625,056

(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 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,000	\$ 0	\$ 0
Transfers In	98,007	0	0	98,007	96,000	96,000	2,007
Transfers Out	0	0	0	0	(28,244)	(28,244)	28,244
Total Other Financing Sources (Uses)	\$ 98,007	\$ 0	\$ 0	\$ 98,007	\$ 87,756	\$ 67,756	\$ 30,251
Net Change in Fund Balance	\$ 986,788	\$ 401,761	\$ (630,549)	\$ 758,000	\$ (1,610,082)	\$ (1,897,307)	\$ 2,655,307
Fund Balance, July 1, 2008	7,291,608	(401,761)	0	6,889,847	5,250,000	5,250,000	1,639,847
Fund Balance, June 30, 2009	\$ 8,278,396	\$ 0	\$ (630,549)	\$ 7,647,847	\$ 3,639,918	\$ 3,352,693	\$ 4,295,154

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 4,922,642 \$	0 \$	0 \$	4,922,642 \$	5,269,107 \$	5,480,541 \$	(557,899)
Total Revenues	\$ 4,922,642 \$	0 \$	0 \$	4,922,642 \$	5,269,107 \$	5,480,541 \$	(557,899)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,062,134 \$	(17,182) \$	13,451 \$	2,058,403 \$	2,155,460 \$	2,208,646 \$	150,243
Special Education Program	1,950,083	0	0	1,950,083	2,008,302	2,020,181	70,098
Vocational Education Program	152,218	0	34,655	186,873	180,124	190,497	3,624
Support Services							
Health Services	175,172	0	0	175,172	190,413	191,413	16,241
Other Student Support	57,998	(4,153)	10,091	63,936	79,321	77,064	13,128
Regular Instruction Program	383,784	(10,602)	1,750	374,932	651,210	753,690	378,758
Vocational Education Program	3,058	0	0	3,058	5,000	3,058	0
Board of Education	9,146	0	0	9,146	9,450	9,850	704
Transportation	26,067	0	0	26,067	137,759	195,273	169,206
Total Expenditures	\$ 4,819,660 \$	(31,937) \$	59,947 \$	4,847,670 \$	5,417,039 \$	5,649,672 \$	802,002
Excess (Deficiency) of Revenues Over Expenditures	\$ 102,982 \$	31,937 \$	(59,947) \$	74,972 \$	(147,932) \$	(169,131) \$	244,103
<u>Other Financing Sources (Uses)</u>							
Transfers In	0 \$	0 \$	0 \$	0 \$	265,513 \$	0 \$	0
Transfers Out	(98,007)	0	0	(98,007)	(382,062)	(111,348)	13,341
Total Other Financing Sources (Uses)	\$ (98,007) \$	0 \$	0 \$	(98,007) \$	(116,549) \$	(111,348) \$	13,341
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 4,975 \$	31,937 \$	(59,947) \$	(23,035) \$	(264,481) \$	(280,479) \$	257,444
	312,419	(31,937)	0	280,482	264,481	280,479	3
Fund Balance, June 30, 2009	\$ 317,394 \$	0 \$	(59,947) \$	257,447 \$	0 \$	0 \$	257,447

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,765,014	\$ 2,028,286	\$ 2,028,286	\$ (263,272)
Other Local Revenues	6,088	30,000	30,000	(23,912)
State of Tennessee	53,362	55,300	55,300	(1,938)
Federal Government	2,822,350	2,720,340	2,720,340	102,010
Total Revenues	<u>\$ 4,646,814</u>	<u>\$ 4,833,926</u>	<u>\$ 4,833,926</u>	<u>\$ (187,112)</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 48,700	\$ 49,500	\$ 49,500	\$ 800
<u>Operation of Non-Instructional Services</u>				
Food Service	4,117,403	4,799,051	4,832,101	714,698
Total Expenditures	<u>\$ 4,166,103</u>	<u>\$ 4,848,551</u>	<u>\$ 4,881,601</u>	<u>\$ 715,498</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 480,711</u>	<u>\$ (14,625)</u>	<u>\$ (47,675)</u>	<u>\$ 528,386</u>
Net Change in Fund Balance	\$ 480,711	\$ (14,625)	\$ (47,675)	\$ 528,386
Fund Balance, July 1, 2008	909,409	939,440	939,440	(30,031)
Fund Balance, June 30, 2009	<u>\$ 1,390,120</u>	<u>\$ 924,815</u>	<u>\$ 891,765</u>	<u>\$ 498,355</u>

MISCELLANEOUS SCHEDULES

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Exhibit J-1

Hamblen County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Capital Lease
Primary Government and Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2009

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-09
PRIMARY GOVERNMENT									
NOTES PAYABLE									
<u>Payable through Solid Waste/Sanitation Fund</u>									
Nebitt Landfill Site Capital Outlay Note, Series 2005	\$ 1,000,000	3.27	% 9-23-05	9-23-08	\$ 333,334	\$ 0	\$ 333,334	\$ 0	\$ 0
Total Payable through Solid Waste/Sanitation Fund					\$ 333,334	\$ 0	\$ 333,334	\$ 0	\$ 0
<u>Payable through General Debt Service Fund</u>									
Jail Annex Second Floor Completion	1,050,000	3.97	3-24-06	3-30-09	\$ 425,000	\$ 0	\$ 425,000	\$ 0	\$ 0
School Buses 2006	475,000	3.96	10-26-06	10-26-09	192,940	0	158,333	0	34,607
School Transportation 2007	428,219	4.24	7-30-07	6-30-10	285,480	0	142,740	0	142,740
2007 Third Capital Plan	1,115,000	3.59	1-10-08	1-10-11	1,115,000	0	1,115,000	0	0
2008 Sheriff's Fleet	475,000	5.16	10-9-08	10-9-12	0	475,000	0	0	475,000
Total Payable through General Debt Service Fund					\$ 2,018,420	\$ 475,000	\$ 1,841,073	\$ 0	\$ 652,347
Total Notes Payable					\$ 2,351,754	\$ 475,000	\$ 2,174,407	\$ 0	\$ 652,347
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	\$ 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	0
Various Purposes (Series IV-B-3)	10,000,000	Variable	1-1-00	6-1-13	10,000,000	0	0	10,000,000	0
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	0
Local Government Public Improvement Bonds, Series E-4-A - Refunding	10,100,000	Variable (2)	8-13-08	6-1-25	0	10,100,000	0	0	10,100,000
Local Government Public Improvement Bonds, Series VII-C-2 - Refunding	20,200,000	Variable (3)	11-24-08	6-1-17	0	20,200,000	1,840,000	0	18,360,000
Total Payable through General Debt Service Fund					\$ 40,000,000	\$ 30,300,000	\$ 1,840,000	\$ 30,000,000	\$ 38,460,000
<u>Payable through Special Debt Service Fund</u>									
Solid Waste (Series B-2-A)	2,145,000	2 to 5	6-30-03	6-1-12	\$ 1,010,000	\$ 0	\$ 240,000	\$ 0	\$ 770,000
Total Payable through Special Debt Service Fund					\$ 1,010,000	\$ 0	\$ 240,000	\$ 0	\$ 770,000

(Continued)

Exhibit J-1

Hamblen County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Capital Lease
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 7-1-08	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-09
<u>PRIMARY GOVERNMENT (Cont.)</u>									
<u>OTHER LOANS PAYABLE (Cont.)</u>									
<u>Payable through Hospital Debt Service Fund</u>									
Hospital (Series A-2-C)	\$ 10,000,000	Variable (4)	6-1-00	6-1-21	\$ 10,000,000	0	0	\$ 10,000,000	0
Hospital (Series VI-D-1)	18,750,000	Variable (4)	12-1-04	6-1-30	18,750,000	0	0	18,750,000	0
Local Government Public Improvement Bonds, Series E-4-B - Refunding	10,100,000	Variable (5)	8-13-08	6-1-21	0	10,100,000	575,000	0	9,525,000
Local Government Public Improvement Bonds, Series VII-C-1 - Refunding	18,940,000	Variable (6)	11-24-08	6-1-30	0	18,940,000	185,000	0	18,755,000
Total Payable through Hospital Debt Service Fund					<u>\$ 28,750,000</u>	<u>\$ 29,040,000</u>	<u>\$ 760,000</u>	<u>\$ 28,750,000</u>	<u>\$ 28,280,000</u>
Total Other Loans Payable					<u>\$ 69,760,000</u>	<u>\$ 59,340,000</u>	<u>\$ 2,840,000</u>	<u>\$ 58,750,000</u>	<u>\$ 67,510,000</u>
<u>DISCRETELY PRESENTED HAMBLEEN COUNTY SCHOOL DEPARTMENT</u>									
<u>CAPITAL LEASE PAYABLE</u>									
Payable through General Purpose School Fund HVAC System	484,750	4.18 %	2-14-03	4-1-10	\$ 132,139	0	75,935	0	56,204
Total Capital Lease Payable					<u>\$ 132,139</u>	<u>\$ 0</u>	<u>\$ 75,935</u>	<u>\$ 0</u>	<u>\$ 56,204</u>

- (1) These issues were swapped to a synthetic fixed rate by execution of swap agreements during the year ended June 30, 2002.
- (2) This loan agreement refunded outstanding principal of \$10,000,000 on Series A-2-B, which was swapped from variable to a synthetic fixed rate by execution of a swap agreement during the year ended June 30, 2002. The swap agreement has been retained.
- (3) This loan agreement refunded outstanding principal of \$10,000,000 on Series III-D-2, and outstanding principal of \$10,000,000 on Series IV-B-3. The Series III-D-2 was swapped from variable to a synthetic fixed rate by execution of a swap agreement during the year ended June 30, 2002. The swap agreement has been retained.
- (4) These issues were swapped to a synthetic fixed rate by execution of swap agreements during the year ended June 30, 2006.
- (5) This loan agreement refunded outstanding principal of \$10,000,000 on Series A-2-C, which was swapped from variable to a synthetic fixed rate by execution of a swap agreement during the year ended June 30, 2006. The swap agreement has been retained.
- (6) This loan agreement refunded outstanding principal of \$18,750,000 on Series VI-D-1, which was swapped from variable to a synthetic fixed rate by execution of a swap agreement during the year ended June 30, 2006. The swap agreement has been retained.

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	Interest	Total
2010	\$ 296,097	\$ 32,521	\$ 328,618
2011	118,750	18,823	137,573
2012	118,750	12,549	131,299
2013	118,750	6,274	125,024
Total	\$ 652,347	\$ 70,167	\$ 722,514

Year Ending June 30	Other Loan		
	Principal	Interest	Other Fees
2010	\$ 3,265,000	\$ 2,198,201	\$ 676,208
2011	3,410,000	2,083,412	644,831
2012	3,575,000	1,963,200	611,986
2013	3,485,000	1,831,725	577,540
2014	3,655,000	1,707,436	541,257
2015	3,855,000	1,576,855	503,208
2016	4,035,000	1,439,283	463,061
2017	4,260,000	1,294,999	421,036
2018	4,690,000	1,099,727	374,762
2019	4,935,000	875,751	323,352
2020	2,775,000	640,420	269,261
2021	2,905,000	574,558	247,036
2022	3,040,000	505,518	223,825
2023	3,205,000	431,781	196,232
2024	3,375,000	354,029	167,147
2025	3,545,000	272,120	136,532
2026	1,730,000	186,010	104,406
2027	1,805,000	152,137	85,393
2028	1,905,000	116,795	65,556
2029	1,980,000	79,495	44,620
2030	2,080,000	40,726	22,859
Total	\$ 67,510,000	\$ 19,424,178	\$ 6,700,108

(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	Interest	Total
2010	\$ 56,204	\$ 1,268	\$ 57,472
Total	\$ 56,204	\$ 1,268	\$ 57,472

Exhibit J-3

Hamblen County, Tennessee
Schedule of Notes Receivable
June 30, 2009

<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 6-30-09</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%	\$ 58,336
Total Notes Receivable						\$ 58,336

Exhibit J-4

Hamblen County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2009

<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	Various projects Salaries	\$ 7,940 <u>22,161</u>
Total Transfers Primary Government			<u>\$ 30,101</u>
<u>DISCRETELY PRESENTED HAMBLEN COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 98,007</u>

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, 2009

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 90,876	\$ 50,000	Ohio Casualty Insurance Company
Highway Commissioner	Section 8-24-102, <u>TCA</u>	76,407	100,000	RLI Insurance Company
Director of Schools	State Board of Education and County Board of Education	109,913 (1)	50,000	Ohio Casualty Insurance Company
Trustee	Section 8-24-102, <u>TCA</u>	69,461	1,905,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	69,461	10,000	RLI Insurance Company
Finance Director	County Commission	52,382	50,000	Ohio Casualty Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u>	69,461	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	69,461	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	69,461 (2)	50,000	"
Register	Section 8-24-102, <u>TCA</u>	69,461	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u> , and County Commission	79,746 (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	Montgomery Mutual Insurance Company

(1) Includes a chief executive officer training supplement of \$2,000. Does not include a travel allowance of \$10,200.

(2) Does not include special commissioner fees of \$17,961.

(3) Includes \$2,739 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, 2009

	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	\$ 6,136,701	\$ 1,124,048	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	162,085	37,305	0	0	0
Trustee's Collections - Bankruptcy	1,995	696	0	0	0
Circuit/Clerk & Master Collections - Prior Years	51,596	12,720	0	0	0
Interest and Penalty	49,105	10,846	0	0	0
Pick-up Taxes	161	77	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	537	307	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	49,002	0	0	0	0
Payments in-Lieu-of Taxes - Other	8,618	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	734,965	0	0	0
Hotel/Motel Tax	7,636	0	0	0	0
Wheel Tax	775,769	0	0	0	0
Litigation Tax - General	168,669	0	0	0	0
Litigation Tax - Special Purpose	84,823	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse Business Tax	0	0	0	0	0
Statutory Local Taxes	752,934	0	0	0	1,600
Bank Excise Tax	0	0	0	0	0
Wholesale Beer Tax	0	112,285	0	0	0
Interstate Telecommunications Tax	3,928	0	0	0	0
Total Local Taxes	\$ 8,253,559	\$ 2,033,249	\$ 0	\$ 0	\$ 1,600
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	5,681	0	0	0	0
Cable TV Franchise	330,613	0	0	0	0
<u>Permits</u>					
Beer Permits	0	1,900	0	0	0
Building Permits	125,659	0	0	0	0
Total Licenses and Permits	\$ 461,953	\$ 1,900	\$ 0	\$ 0	\$ 0

(Continued)

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

	General	Special Revenue Funds				Highway / Public Works
		Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees		
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 5,824	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	18,411	0	0	0	0	0
Drug Control Fines	3,575	0	4,555	0	0	0
Drug Court Fees	1,172	0	0	0	0	0
Jail Fees	874	0	0	0	0	0
DUI Treatment Fines	2,517	0	0	0	0	0
Data Entry Fee - Circuit Court	905	0	0	0	0	0
Courtroom Security Fee	314	0	0	0	0	0
<u>Criminal Court</u>						
Drug Control Fines	0	0	3,505	0	0	0
<u>General Sessions Court</u>						
Fines	46,062	0	0	0	0	0
Fines for Littering	95	0	0	0	0	0
Officers Costs	82,581	0	0	0	0	0
Game and Fish Fines	1,570	0	0	0	0	0
Drug Control Fines	15,519	0	8,222	0	0	0
Drug Court Fees	11,968	0	0	0	0	0
Jail Fees	40,416	0	0	0	0	0
Interpreter Fees	24	0	0	0	0	0
DUI Treatment Fines	5,587	0	0	0	0	0
Data Entry Fee - General Sessions Court	17,827	0	0	0	0	0
Courtroom Security Fee	4,898	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	5,330	0	0	0	0	0
Interpreter Fees	239	0	0	0	0	0
Data Entry Fee - Juvenile Court	4,736	0	0	0	0	0
Courtroom Security Fee	28	0	0	0	0	0
<u>Chancery Court</u>						
Data Entry Fee - Chancery Court	1,687	0	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 Courts - In-county</u>					
Drug Court Fees	\$ 1,608	\$ 0	\$ 0	\$ 0	\$ 0
Judicial District Drug Program					
Courtroom Security Fee	149	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	6,878	0	36,531	0	0
Total Fines, Forfeitures, and Penalties	\$ 280,794	\$ 0	\$ 52,813	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Other Employee Benefit Charges/Contributions	\$ 261,251	\$ 0	\$ 0	\$ 0	\$ 0
Work Release Charges for Board	10,657	0	0	0	0
Other General Service Charges	450	0	0	0	0
<u>Fees</u>					
Recreation Fees	46,990	0	0	0	0
Copy Fees	9,740	0	0	0	0
Telephone Commissions	65,515	0	0	0	0
Vending Machine Collections	807	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	1,364,811	0
Data Processing Fee - Register	22,558	0	0	0	0
Data Processing Fee - Sheriff	18,020	0	0	0	0
Sexual Offender Registration Fees - Sheriff	5,150	0	0	0	0
Data Processing Fee - County Clerk	4,242	0	0	0	0
Total Charges for Current Services	\$ 445,380	\$ 0	\$ 0	\$ 1,364,811	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 65,167	\$ 2,602	\$ 0	\$ 14,963
Lease/Rentals	25,851	0	0	0	0
Sale of Materials and Supplies	0	2,974	0	0	0
Sale of Maps	2,134	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>Other Local Revenues (Cont.)</u>					
<u>Recurring Items (Cont.)</u>					
Retirees' Insurance Payments	\$ 9,611	\$ 0	\$ 0	\$ 0	\$ 0
Miscellaneous Refunds	41,220	0	870	0	17,606
<u>Other Local Revenues</u>	0	0	0	0	0
Total Other Local Revenues	\$ 78,816	\$ 68,141	\$ 3,472	\$ 0	\$ 32,569
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
County Clerk	\$ 82,451	\$ 0	\$ 0	\$ 0	\$ 0
Clerk and Master	15,406	0	0	0	0
Register	71,032	0	0	0	0
Trustee	645,500	0	0	0	0
<u>Fees in-Lieu-of Salary</u>					
Circuit Court Clerk	217,838	0	0	0	0
General Sessions Court Clerk	516,193	0	0	0	0
Sheriff	27,848	0	0	0	0
Total Fees Received from County Officials	\$ 1,576,268	\$ 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	18,424	0	0	0	0
Solid Waste Grants	46,324	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	19,200	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	340,700	0	0	0	0
<u>Public Works Grants</u>					
Litter Program	39,166	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</u>					
Income Tax	\$ 131,380	\$ 0	\$ 0	\$ 0	\$ 0
Beer Tax	0	18,502	0	0	0
Alcoholic Beverage Tax	68,984	0	0	0	0
State Revenue Sharing - T.V.A.	51,263	681,053	0	0	0
Contracted Prisoner Boarding	800,154	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,574,941
Petroleum Special Tax	0	0	0	0	46,683
Registrar's Salary Supplement	14,912	0	0	0	0
Total State of Tennessee	\$ 1,551,507	\$ 699,555	\$ 0	\$ 0	\$ 1,621,624
<u>Federal Government</u>					
<u>Federal Through State</u>					
Civil Defense Reimbursement	\$ 45,563	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	99,235	0	0	0	0
Other Federal through State	105,652	0	0	0	0
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	29,264	0	10,244	0	0
Total Federal Government	\$ 279,714	\$ 0	\$ 10,244	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 1,000	\$ 0	\$ 9,664	\$ 0	\$ 39,152
Contracted Services	161,182	0	0	0	0
<u>Citizens Groups</u>					
Donations	12,944	0	0	0	0
Total Other Governments and Citizens Groups	\$ 175,126	\$ 0	\$ 9,664	\$ 0	\$ 39,152
Total	\$ 13,103,117	\$ 2,802,845	\$ 76,193	\$ 1,364,811	\$ 1,694,945

(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	Fund		
					General Capital	Projects	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 2,727,423	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,988,172	
Trustee's Collections - Prior Year	71,462	0	0	0	0	270,852	
Trustee's Collections - Bankruptcy	892	0	0	0	0	3,583	
Circuit/Clerk & Master Collections - Prior Years	22,931	0	0	0	0	87,247	
Interest and Penalty	21,829	0	0	0	0	81,780	
Pick-up Taxes	71	0	0	0	0	309	
Payments in-Lieu-of Taxes - T.V.A.	281	0	0	0	0	1,125	
Payments in-Lieu-of Taxes - Local Utilities	26,543	0	0	0	0	75,545	
Payments in-Lieu-of Taxes - Other	4,668	0	0	0	0	13,286	
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	0	734,965	
Hotel/Motel Tax	0	0	0	0	0	7,636	
Wheel Tax	0	0	0	0	0	775,769	
Litigation Tax - General	0	0	0	0	0	168,669	
Litigation Tax - Special Purpose	0	0	0	0	0	84,823	
Litigation Tax - Jail, Workhouse, or Courthouse	73,114	0	0	0	0	73,114	
Business Tax	0	0	0	0	0	754,534	
<u>Statutory Local Taxes</u>							
Bank Excise Tax	16,573	0	0	0	0	16,573	
Wholesale Beer Tax	0	0	0	0	0	112,285	
Interstate Telecommunications Tax	0	0	0	0	0	3,928	
Total Local Taxes	\$ 2,965,787	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,254,195	
<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	330,613	
<u>Permits</u>							
Beer Permits	0	0	0	0	0	1,900	
Building Permits	0	0	0	0	0	125,659	
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 463,853	

(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	
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$	0	\$	0	\$	0	0	\$	5,824
Officers Costs		0		0		0			18,411
Drug Control Fines		0		0		0			8,130
Drug Court Fees		0		0		0			1,172
Jail Fees		3,729		0		0			4,603
DUI Treatment Fines		0		0		0			2,517
Data Entry Fee - Circuit Court		0		0		0			905
Courtroom Security Fee		0		0		0			314
<u>Criminal Court</u>									
Drug Control Fines		0		0		0			3,505
<u>General Sessions Court</u>									
Fines		0		0		0			46,062
Fines for Littering		0		0		0			95
Officers Costs		0		0		0			82,581
Game and Fish Fines		0		0		0			1,570
Drug Control Fines		0		0		0			23,741
Drug Court Fees		0		0		0			11,968
Jail Fees		41,013		0		0			81,429
Interpreter Fees		0		0		0			24
DUI Treatment Fines		0		0		0			5,587
Data Entry Fee - General Sessions Court		0		0		0			17,827
Courtroom Security Fee		0		0		0			4,898
<u>Juvenile Court</u>									
Fines		0		0		0			5,330
Interpreter Fees		0		0		0			239
Data Entry Fee - Juvenile Court		0		0		0			4,736
Courtroom Security Fee		0		0		0			28
<u>Chancery Court</u>									
Data Entry Fee - Chancery Court		0		0		0			1,687

(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 Courts - In-county</u>						
Drug Court Fees	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	1,608
<u>Judicial District Drug Program</u>						
Courtroom Security Fee	0	0	0	0	0	149
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	43,409
Total Fines, Forfeitures, and Penalties	\$ 44,742 \$	0 \$	0 \$	0 \$	0 \$	378,349
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Other Employee Benefit Charges/Contributions	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	261,251
Work Release Charges for Board	0	0	0	0	0	10,657
Other General Service Charges	0	0	0	0	0	450
<u>Fees</u>						
Recreation Fees	0	0	0	0	0	46,990
Copy Fees	0	0	0	0	0	9,740
Telephone Commissions	0	0	0	0	0	65,515
Vending Machine Collections	0	0	0	0	0	807
Constitutional Officers' Fees and Commissions	0	0	0	0	0	1,364,811
Data Processing Fee - Register	0	0	0	0	0	22,558
Data Processing Fee - Sheriff	0	0	0	0	0	18,020
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	5,150
Data Processing Fee - County Clerk	0	0	0	0	0	4,242
Total Charges for Current Services	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	1,810,191
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 692,979 \$	0 \$	20,603 \$	0 \$	0 \$	796,314
Lease/Rentals	19,444	0	2,291,708	0	0	2,337,003
Sale of Materials and Supplies	0	0	0	0	0	2,974
Sale of Maps	0	0	0	0	0	2,134

(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>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Retirees' Insurance Payments	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	9,611
Miscellaneous Refunds	0	0	0	0	0	59,696
<u>Other Local Revenues</u>						
Other Local Revenues	820,818	36,554	0	0	0	857,372
Total Other Local Revenues	\$ 1,533,241 \$	\$ 36,554 \$	\$ 2,312,311 \$	\$ 0 \$	\$ 0 \$	\$ 4,065,104
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	0 \$	0 \$	0 \$	0 \$	0 \$	82,451
Clerk and Master	0	0	0	0	0	15,406
Register	0	0	0	0	0	71,032
Trustee	0	0	0	0	0	645,500
<u>Fees in-Lieu-of Salary</u>						
Circuit Court Clerk	0	0	0	0	0	217,838
General Sessions Court Clerk	0	0	0	0	0	516,193
Sheriff	0	0	0	0	0	27,848
Total Fees Received from County Officials	\$ 0 \$	\$ 0 \$	\$ 0 \$	\$ 0 \$	\$ 0 \$	\$ 1,576,268
<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	18,424
Solid Waste Grants	0	0	0	0	0	46,324
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	19,200
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	340,700
<u>Public Works Grants</u>						
Litter Program	0	0	0	0	0	39,166

(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		
<u>State of Tennessee (Cont.)</u>							
<u>Other State Revenues</u>							
Income Tax	\$	0 \$	0 \$	0 \$	0 \$	0 \$	131,380
Beer Tax		0	0	0	0	0	18,502
Alcoholic Beverage Tax		0	0	0	0	0	68,984
State Revenue Sharing - T.V.A.		0	0	0	0	0	732,316
Contracted Prisoner Boarding		0	0	0	0	0	800,154
Gasoline and Motor Fuel Tax		0	0	0	0	0	1,574,941
Petroleum Special Tax		0	0	0	0	0	46,683
Registrar's Salary Supplement		0	0	0	0	0	14,912
Total State of Tennessee	\$	0 \$	0 \$	0 \$	0 \$	0 \$	3,872,686
<u>Federal Government</u>							
<u>Federal Through State</u>							
Civil Defense Reimbursement	\$	0 \$	0 \$	0 \$	0 \$	0 \$	45,563
Homeland Security Grants		0	0	0	0	0	99,235
Other Federal through State		0	0	0	0	64,974	170,626
<u>Direct Federal Revenue</u>							
Other Direct Federal Revenue	\$	0	0	0	0	0	39,508
Total Federal Government	\$	0 \$	0 \$	0 \$	0 \$	64,974 \$	354,932
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$	0 \$	0 \$	0 \$	0 \$	0 \$	49,816
Contracted Services		0	0	0	0	0	161,182
<u>Citizens Groups</u>							
Donations	\$	0	0	0	0	0	12,944
Total Other Governments and Citizens Groups	\$	0 \$	0 \$	0 \$	0 \$	0 \$	223,942
Total	\$	4,543,770 \$	36,554 \$	2,312,311 \$	64,974 \$	25,999,520	

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, 2009

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 13,237,148	\$ 0	\$ 0	\$ 0	\$ 13,237,148
Trustee's Collections - Prior Year	290,793	0	0	0	290,793
Trustee's Collections - Bankruptcy	4,357	0	0	0	4,357
Circuit/Clerk & Master Collections - Prior Years	114,343	0	0	0	114,343
Interest and Penalty	101,919	0	0	0	101,919
Pick-up Taxes	345	0	0	0	345
Payments in-Lieu-of Taxes - T.V.A.	1,431	0	0	0	1,431
Payments in-Lieu-of Taxes - Local Utilities	128,630	0	0	0	128,630
Payments in-Lieu-of Taxes - Other	22,623	0	0	0	22,623
<u>County Local Option Taxes</u>					
Local Option Sales Tax	9,708,372	0	0	0	9,708,372
Wheel Tax	716,094	0	0	0	716,094
<u>Statutory Local Taxes</u>					
Bank Excise Tax	66,291	0	0	0	66,291
Interstate Telecommunications Tax	7,777	0	0	0	7,777
Total Local Taxes	\$ 24,400,123	\$ 0	\$ 0	\$ 0	\$ 24,400,123
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Regular Day Students	\$ 106,030	\$ 0	\$ 0	\$ 0	\$ 106,030
Tuition - Other	258,303	0	0	0	258,303
Lunch Payments - Children	0	0	1,081,880	0	1,081,880
Lunch Payments - Adults	0	0	140,688	0	140,688
Income from Breakfast	0	0	244,136	0	244,136
A la carte Sales	0	0	272,515	0	272,515
Receipts from Individual Schools	134,407	0	0	0	134,407
<u>Other Charges for Services</u>	110,938	0	25,795	0	136,733
Total Charges for Current Services	\$ 609,678	\$ 0	\$ 1,765,014	\$ 0	\$ 2,374,692
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 2,234	\$ 0	\$ 6,088	\$ 22	\$ 8,344
Lease/Rentals	14,500	0	0	0	14,500
Sale of Materials and Supplies	3,890	0	0	0	3,890
Refund of Telecommunication and Internet Fees (E-Rate)	47,136	0	0	0	47,136
Miscellaneous Refunds	180,950	0	0	0	180,950
<u>Nonrecurring Items</u>					
Sale of Equipment	3,089	0	0	0	3,089
Damages Recovered from Individuals	4,977	0	0	0	4,977
Contributions and Gifts	13,635	0	0	0	13,635
<u>Other Local Revenues</u>	1,479	0	0	0	1,479
Total Other Local Revenues	\$ 271,890	\$ 0	\$ 6,088	\$ 22	\$ 278,000

(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</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 648,393	\$ 0	\$ 0	\$ 0	\$ 648,393
<u>State Education Funds</u>					
Basic Education Program	35,341,000	0	0	0	35,341,000
Early Childhood Education	559,897	0	0	0	559,897
School Food Service	0	0	53,362	0	53,362
Driver Education	10,797	0	0	0	10,797
Other State Education Funds	294,727	0	0	0	294,727
Career Ladder Program	382,220	0	0	0	382,220
Career Ladder - Extended Contract	169,200	0	0	0	169,200
<u>Other State Revenues</u>					
Mixed Drink Tax	9,420	0	0	0	9,420
Other State Grants	314,019	0	0	0	314,019
Total State of Tennessee	\$ 37,729,673	\$ 0	\$ 53,362	\$ 0	\$ 37,783,035
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 2,102,695	\$ 0	\$ 2,102,695
Breakfast	0	0	714,811	0	714,811
USDA - Other	0	0	4,844	0	4,844
Adult Education State Grant Program	105,035	0	0	0	105,035
Vocational Education - Basic Grants to States	0	164,386	0	0	164,386
Other Vocational	39,122	0	0	0	39,122
Title I Grants to Local Education Agencies	0	2,039,513	0	0	2,039,513
Innovative Education Program Strategies	0	15,570	0	0	15,570
Special Education - Grants to States	32,677	2,041,655	0	0	2,074,332
Special Education Preschool Grants	0	59,947	0	0	59,947
English Language Acquisition Grants	0	127,271	0	0	127,271
Safe and Drug-free Schools - State Grants	0	28,564	0	0	28,564
Education for Homeless Children and Youth	0	67,851	0	0	67,851
Eisenhower Professional Development State Grants	0	377,885	0	0	377,885
Total Federal Government	\$ 176,834	\$ 4,922,642	\$ 2,822,350	\$ 0	\$ 7,921,826
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 56,450	\$ 56,450
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 56,450	\$ 56,450
Total	\$ 63,188,198	\$ 4,922,642	\$ 4,646,814	\$ 56,472	\$ 72,814,126

Exhibit J-8

Hamblen County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2009

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	70,800	
Social Security		3,890	
State Retirement		2,555	
Life Insurance		473	
Medical Insurance		42,868	
Employer Medicare		910	
Audit Services		17,438	
Contracts with Private Agencies		1,317	
Dues and Memberships		1,800	
Total County Commission			\$ 142,051

Board of Equalization

Board and Committee Members Fees	\$	2,445	
Total Board of Equalization			2,445

County Mayor/Executive

County Official/Administrative Officer	\$	90,876	
Assistant(s)		31,848	
Social Security		7,464	
State Retirement		10,738	
Life Insurance		71	
Medical Insurance		8,837	
Employer Medicare		1,746	
Total County Mayor/Executive			151,580

County Attorney

Other Salaries and Wages	\$	1,200	
Social Security		74	
Employer Medicare		17	
Legal Services		134,546	
Total County Attorney			135,837

Election Commission

County Official/Administrative Officer	\$	62,515	
Deputy(ies)		50,948	
Overtime Pay		5,782	
Election Commission		11,600	
Election Workers		48,173	
Social Security		8,462	
State Retirement		10,311	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Life Insurance	\$	104	
Medical Insurance		10,548	
Employer Medicare		1,979	
Communication		298	
Contracts with Private Agencies		30,724	
Dues and Memberships		275	
Legal Notices, Recording, and Court Costs		6,803	
Maintenance Agreements		600	
Printing, Stationery, and Forms		3,587	
Travel		2,833	
Office Supplies		3,210	
Total Election Commission			\$ 258,752

Register of Deeds

Life Insurance	\$	153	
Medical Insurance		22,784	
Communication		67	
Dues and Memberships		651	
Travel		60	
Maintenance and Repair Services - Records		1,230	
Office Supplies		14,825	
Data Processing Equipment		20,446	
Total Register of Deeds			60,216

Planning

County Official/Administrative Officer	\$	49,785	
Assistant(s)		30,363	
Deputy(ies)		60,743	
Secretary(ies)		25,788	
Board and Committee Members Fees		16,400	
Other Per Diem and Fees		4,200	
Social Security		11,168	
State Retirement		14,393	
Life Insurance		158	
Medical Insurance		36,714	
Employer Medicare		2,612	
Communication		1,344	
Contracts with Government Agencies		16,000	
Dues and Memberships		210	
Legal Notices, Recording, and Court Costs		546	

(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	\$	1,482	
Maintenance and Repair Services - Office Equipment		8	
Maintenance and Repair Services - Vehicles		816	
Printing, Stationery, and Forms		155	
Travel		97	
Gasoline		2,118	
Office Supplies		2,209	
Refunds		1,103	
In Service/Staff Development		1,575	
Office Equipment		844	
Total Planning			\$ 280,831

Other Facilities

Assistant(s)	\$	53,867	
Supervisor/Director		31,647	
Custodial Personnel		72,473	
Part-time Personnel		5,385	
Social Security		9,565	
State Retirement		13,824	
Life Insurance		210	
Medical Insurance		47,706	
Employer Medicare		2,237	
Communication		2,798	
Maintenance Agreements		31,688	
Maintenance and Repair Services - Buildings		39,261	
Maintenance and Repair Services - Equipment		2,300	
Maintenance and Repair Services - Vehicles		319	
Pest Control		3,592	
Other Contracted Services		5,850	
Custodial Supplies		23,529	
Electricity		191,213	
Gasoline		3,609	
Natural Gas		42,695	
Uniforms		4,130	
Maintenance Equipment		1,680	
Total Other Facilities			589,578

Preservation of Records

Supervisor/Director	\$	11,408	
Social Security		707	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records (Cont.)

Employer Medicare	\$	165	
Office Supplies		1,102	
Office Equipment		1,291	
Total Preservation of Records			\$ 14,673

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	52,382	
Assistant(s)		30,052	
Accountants/Bookkeepers		27,678	
Part-time Personnel		16,999	
Social Security		7,560	
State Retirement		11,122	
Life Insurance		134	
Medical Insurance		22,330	
Employer Medicare		1,768	
Communication		3,094	
Dues and Memberships		1,148	
Legal Notices, Recording, and Court Costs		687	
Printing, Stationery, and Forms		164	
Travel		2,518	
Office Supplies		1,728	
In Service/Staff Development		630	
Total Accounting and Budgeting			179,994

Purchasing

County Official/Administrative Officer	\$	43,646	
Purchasing Personnel		27,318	
Social Security		3,975	
State Retirement		6,210	
Life Insurance		74	
Medical Insurance		14,784	
Employer Medicare		929	
Advertising		578	
Communication		5	
Dues and Memberships		75	
Travel		505	
Office Supplies		395	
In Service/Staff Development		200	
Total Purchasing			98,694

(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

County Official/Administrative Officer	\$	69,461	
Deputy(ies)		122,427	
Data Processing Personnel		35,970	
Other Per Diem and Fees		4,724	
Social Security		13,557	
State Retirement		19,937	
Life Insurance		216	
Medical Insurance		43,955	
Employer Medicare		3,171	
Communication		124	
Contracts with Government Agencies		14,760	
Data Processing Services		3,000	
Dues and Memberships		1,298	
Maintenance Agreements		600	
Maintenance and Repair Services - Vehicles		463	
Printing, Stationery, and Forms		355	
Travel		1,228	
Gasoline		2,925	
Office Supplies		2,480	
Total Property Assessor's Office			\$ 340,651

Reappraisal Program

Deputy(ies)	\$	28,675	
Social Security		1,667	
State Retirement		2,509	
Life Insurance		37	
Medical Insurance		7,708	
Employer Medicare		390	
Contracts with Government Agencies		5,696	
Contracts with Private Agencies		67,320	
Postal Charges		897	
Other Contracted Services		5,758	
Office Supplies		360	
Total Reappraisal Program			121,017

County Trustee's Office

Life Insurance	\$	182	
Medical Insurance		27,007	
Communication		60	
Legal Notices, Recording, and Court Costs		59	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Postal Charges	\$	9,090	
Printing, Stationery, and Forms		14,121	
Office Supplies		1,929	
Office Equipment		4,177	
Total County Trustee's Office			\$ 56,625

County Clerk's Office

Life Insurance	\$	667	
Medical Insurance		115,782	
Communication		1,116	
Maintenance Agreements		18,767	
Maintenance and Repair Services - Office Equipment		141	
Printing, Stationery, and Forms		4,028	
Rentals		2,285	
Office Supplies		3,705	
Office Equipment		405	
Total County Clerk's Office			146,896

Data Processing

Data Processing Services	\$	5,088	
Maintenance Agreements		18,277	
Data Processing Supplies		214	
Data Processing Equipment		8,627	
Total Data Processing			32,206

Other Finance

Maintenance Personnel	\$	1,302	
Social Security		81	
Employer Medicare		19	
Communication		3,369	
Operating Lease Payments		27,256	
Office Supplies		1,939	
Office Equipment		513	
Total Other Finance			34,479

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	69,461	
Deputy(ies)		226,227	
Part-time Personnel		45,671	

(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.)

Other Salaries and Wages	\$	24,302	
Board and Committee Members Fees		250	
Jury and Witness Fees		34,772	
Social Security		22,433	
State Retirement		23,955	
Life Insurance		291	
Medical Insurance		44,901	
Employer Medicare		5,246	
Communication		925	
Legal Notices, Recording, and Court Costs		51	
Maintenance Agreements		1,046	
Printing, Stationery, and Forms		8,818	
Rentals		4,428	
Travel		452	
Office Supplies		10,575	
Office Equipment		10,101	
Total Circuit Court			\$ 533,905

General Sessions Court

Judge(s)	\$	140,649	
Part-time Personnel		70,324	
Social Security		10,803	
State Retirement		12,307	
Life Insurance		37	
Medical Insurance		7,696	
Employer Medicare		3,025	
Communication		235	
Dues and Memberships		220	
Travel		2,105	
Other Contracted Services		7,050	
Office Supplies		651	
Total General Sessions Court			255,102

Drug Court

Supervisor/Director	\$	27,723	
Clerical Personnel		2,274	
Social Security		1,789	
State Retirement		2,582	
Life Insurance		34	
Medical Insurance		5,913	

(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.)

Employer Medicare	\$	418	
Communication		7	
Evaluation and Testing		9,352	
Postal Charges		89	
Printing, Stationery, and Forms		85	
Rentals		1,620	
Travel		6,462	
Drug Treatment		34,532	
Office Supplies		1,814	
Total Drug Court			\$ 94,694

Chancery Court

Life Insurance	\$	205	
Medical Insurance		40,619	
Communication		631	
Printing, Stationery, and Forms		656	
Rentals		2,394	
Office Supplies		5,809	
Total Chancery Court			50,314

Juvenile Court

Judge(s)	\$	31,237	
Assistant(s)		33,058	
Probation Officer(s)		25,260	
Youth Service Officer(s)		43,646	
Guidance Personnel		10,608	
Educational Assistants		30,058	
Attendants		115,647	
Other Salaries and Wages		2,770	
In-Service Training		530	
Other Per Diem and Fees		9,949	
Social Security		17,685	
State Retirement		9,980	
Life Insurance		130	
Medical Insurance		28,595	
Employer Medicare		4,136	
Communication		2,751	
Consultants		10,399	
Contracts with Government Agencies		40,450	
Dues and Memberships		70	

(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.)

Evaluation and Testing	\$	4,735	
Maintenance and Repair Services - Vehicles		59	
Rentals		2,394	
Travel		1,593	
Other Contracted Services		2,688	
Food Supplies		3,365	
Gasoline		402	
Office Supplies		3,796	
Total Juvenile Court			\$ 435,991

Probate Court

Office Supplies	\$	2,364	
Total Probate Court			2,364

Probation Services

Overtime Pay	\$	295	
Other Salaries and Wages		150,317	
Social Security		9,238	
State Retirement		4,571	
Life Insurance		67	
Medical Insurance		8,454	
Employer Medicare		2,160	
Maintenance Agreements		2,400	
Uniforms		2,074	
Law Enforcement Equipment		8,936	
Total Probation Services			188,512

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	79,746	
Supervisor/Director		49,301	
Deputy(ies)		530,346	
Captain(s)		91,646	
Lieutenant(s)		213,444	
Sergeant(s)		370,866	
Salary Supplements		18,600	
Clerical Personnel		131,716	
Overtime Pay		51,495	
Other Salaries and Wages		62,452	
Board and Committee Members Fees		3,525	

(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.)

In-Service Training	\$	26,607	
Social Security		96,446	
State Retirement		124,580	
Life Insurance		1,409	
Medical Insurance		252,285	
Employer Medicare		22,555	
Advertising		1,357	
Communication		22,940	
Dues and Memberships		1,730	
Evaluation and Testing		3,161	
Maintenance Agreements		7,083	
Maintenance and Repair Services - Equipment		2,552	
Maintenance and Repair Services - Vehicles		40,708	
Printing, Stationery, and Forms		2,987	
Rentals		2,829	
Tow-in Services		1,448	
Travel		7,327	
Other Contracted Services		424	
Gasoline		123,527	
Law Enforcement Supplies		9,146	
Lubricants		5,240	
Office Supplies		9,030	
Tires and Tubes		7,897	
Uniforms		1,072	
Other Charges		18,541	
Law Enforcement Equipment		<u>14,636</u>	
Total Sheriff's Department	\$		2,410,654

Wheel Tax Officer

Communication	\$	652	
Travel		2,799	
Office Supplies		2,576	
Office Equipment		<u>99</u>	
Total Wheel Tax Officer			6,126

Drug Enforcement

Law Enforcement Supplies	\$	<u>10,068</u>	
Total Drug Enforcement			10,068

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Administration of the Sexual Offender Registry

Contracts with Government Agencies	\$	1,250	
Travel		55	
Office Supplies		1,910	
Total Administration of the Sexual Offender Registry	\$		3,215

Jail

Captain(s)	\$	41,413	
Sergeant(s)		123,164	
Guards		760,265	
Cafeteria Personnel		20,561	
Overtime Pay		46,127	
In-Service Training		1,648	
Social Security		58,730	
State Retirement		85,701	
Life Insurance		1,303	
Medical Insurance		238,212	
Employer Medicare		13,736	
Maintenance Agreements		17,201	
Maintenance and Repair Services - Buildings		12,403	
Maintenance and Repair Services - Equipment		10,799	
Medical and Dental Services		429,323	
Rentals		1,986	
Custodial Supplies		44,499	
Drugs and Medical Supplies		18,006	
Food Supplies		338,388	
Office Supplies		4,048	
Prisoners Clothing		9,903	
Other Charges		10,330	
Law Enforcement Equipment		9,969	
Total Jail			2,297,715

Workhouse

Guards	\$	47,634	
Social Security		2,756	
State Retirement		4,168	
Life Insurance		67	
Medical Insurance		15,072	
Employer Medicare		645	
Total Workhouse			70,342

(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

Supervisor/Director	\$	36,277	
Secretary(ies)		27,275	
In-Service Training		275	
Social Security		3,641	
State Retirement		5,561	
Life Insurance		71	
Medical Insurance		10,763	
Employer Medicare		852	
Communication		7	
Maintenance and Repair Services - Vehicles		1,376	
Printing, Stationery, and Forms		228	
Gasoline		1,274	
Office Supplies		347	
Total Work Release Program			\$ 87,947

Fire Prevention and Control

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

Civil Defense

Supervisor/Director	\$	37,628	
Part-time Personnel		9,593	
Social Security		2,889	
State Retirement		3,293	
Life Insurance		34	
Medical Insurance		4,227	
Employer Medicare		676	
Communication		770	
Maintenance and Repair Services - Vehicles		3,499	
Travel		462	
Gasoline		3,799	
Office Supplies		967	
Uniforms		1,382	
Liability Insurance		1,525	
Other Charges		1,790	
Communication Equipment		345	
Total Civil Defense			72,879

Rescue Squad

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

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

Other Equipment	\$ 91,132	
Total Other Emergency Management		\$ 91,132

County Coroner/Medical Examiner

Assistant(s)	\$ 4,860	
Other Salaries and Wages	83,051	
Other Contracted Services	7,200	
Total County Coroner/Medical Examiner		95,111

Other Public Safety

Other Equipment	\$ 9,045	
Total Other Public Safety		9,045

Public Health and Welfare

Local Health Center

Supervisor/Director	\$ 29,857	
Clerical Personnel	231,571	
Social Security	15,163	
State Retirement	21,556	
Life Insurance	300	
Medical Insurance	64,128	
Employer Medicare	3,546	
Contracts with Government Agencies	64,871	
Travel	3,427	
Other Contracted Services	2,076	
Total Local Health Center		436,495

Rabies and Animal Control

Contributions	\$ 127,400	
Total Rabies and Animal Control		127,400

Nursing Home

Contributions	\$ 2,000	
Total Nursing Home		2,000

Crippled Children Services

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

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Appropriation to State

Contributions	\$ 110,500	
Total Appropriation to State		\$ 110,500

Aid to Dependent Children

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

Child Support

Contributions	\$ 14,929	
Total Child Support		14,929

Other Local Welfare Services

Contributions	\$ 57,015	
Total Other Local Welfare Services		57,015

Sanitation Management

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

Other Public Health and Welfare

Contributions	\$ 1,200	
Total Other Public Health and Welfare		1,200

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	\$ 243,500	
Total Libraries		243,500

Parks and Fair Boards

County Official/Administrative Officer	\$ 38,238
Supervisor/Director	28,196
Maintenance Personnel	31,844

(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.)

Overtime Pay	\$	18,134	
Other Salaries and Wages		584	
Social Security		7,141	
State Retirement		9,690	
Life Insurance		101	
Medical Insurance		13,346	
Employer Medicare		1,670	
Advertising		12,544	
Communication		4,865	
Maintenance Agreements		120	
Maintenance and Repair Services - Equipment		3,421	
Maintenance and Repair Services - Vehicles		975	
Custodial Supplies		8,084	
Diesel Fuel		544	
Electricity		22,930	
Gasoline		3,042	
Office Supplies		87	
Uniforms		938	
Water and Sewer		9,972	
Other Supplies and Materials		2,120	
Liability Insurance		5,213	
Refunds		50	
Workers' Compensation Insurance		5,926	
Other Charges		1,982	
Other Construction		53,384	
Total Parks and Fair Boards			\$ 285,141

Other Social, Cultural, and Recreational

Contracts with Government Agencies	\$	62,582	
Contributions		229,500	
Total Other Social, Cultural, and Recreational			292,082

Agriculture and Natural Resources

Agriculture Extension Service

Contributions	\$	123,401	
Total Agriculture Extension Service			123,401

Forest Service

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

(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

Secretary(ies)	\$	24,302	
Social Security		1,282	
State Retirement		2,126	
Life Insurance		37	
Medical Insurance		10,557	
Employer Medicare		300	
Total Soil Conservation			\$ 38,604

Other Operations

Tourism

Contributions	\$	22,500	
Total Tourism			22,500

Industrial Development

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

Public Transportation

Contributions	\$	28,599	
Total Public Transportation			28,599

Veterans' Services

County Official/Administrative Officer	\$	12,810	
Social Security		794	
Employer Medicare		186	
Communication		11	
Maintenance Agreements		450	
Travel		505	
Office Supplies		172	
Office Equipment		33	
Total Veterans' Services			14,961

Other Charges

Communication	\$	35,937	
Contracts with Private Agencies		35,340	
Dues and Memberships		20,017	
Legal Notices, Recording, and Court Costs		793	
Maintenance Agreements		12,081	
Postal Charges		49,146	
Printing, Stationery, and Forms		1,821	

(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.)

Data Processing Supplies	\$	269	
Duplicating Supplies		2,082	
Office Supplies		4,040	
Premiums on Corporate Surety Bonds		3,462	
Trustee's Commission		173,046	
Other Charges		34,955	
Data Processing Equipment		3,534	
Office Equipment		477	
Total Other Charges			\$ 377,000

Employee Benefits

Handling Charges and Administrative Costs	\$	720	
Medical Insurance		315,011	
Unemployment Compensation		35,768	
Other Fringe Benefits		1,200	
Liability Insurance		273,010	
Workers' Compensation Insurance		161,108	
Total Employee Benefits			786,817

Interest on Debt

General Government

Interest on Notes	\$	1,620	
Total General Government			1,620

Capital Projects

General Administration Projects

Heating and Air Conditioning Equipment	\$	9,130	
Voting Machines		55,000	
Total General Administration Projects			64,130

Public Safety Projects

Motor Vehicles	\$	476,570	
Other Equipment		49,350	
Total Public Safety Projects			525,920

Public Health and Welfare Projects

Other Construction	\$	80,624	
Total Public Health and Welfare Projects			80,624

Total General Fund \$ 13,407,857

(Continued)

Exhibit J-8

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Foremen	\$	37,030	
Mechanic(s)		18,307	
Equipment Operators - Heavy		122,076	
Truck Drivers		199,490	
Laborers		127,891	
Overtime Pay		10,267	
Social Security		29,773	
State Retirement		43,319	
Life Insurance		688	
Medical Insurance		157,017	
Unemployment Compensation		5,083	
Employer Medicare		6,963	
Advertising		4,019	
Contracts with Private Agencies		65,390	
Maintenance and Repair Services - Equipment		99,718	
Disposal Fees		770,373	
Diesel Fuel		116,206	
Gasoline		3,104	
Lubricants		4,355	
Office Supplies		385	
Tires and Tubes		14,656	
Uniforms		5,152	
Other Supplies and Materials		24,821	
Liability Insurance		26,327	
Trustee's Commission		39,766	
Workers' Compensation Insurance		53,342	
Principal on Notes		333,334	
Interest on Notes		11,082	
Motor Vehicles		210,824	
Solid Waste Equipment		17,109	
Total Sanitation Management			\$ <u>2,557,867</u>

Total Solid Waste/Sanitation Fund \$ 2,557,867

Drug Control Fund

Public Safety

Drug Enforcement

Overtime Pay	\$	17,000
Advertising		1,200
Confidential Drug Enforcement Payments		11,000

(Continued)

Exhibit J-8

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Dues and Memberships	\$	405	
Maintenance and Repair Services - Vehicles		184	
Rentals		9,450	
Travel		1,406	
Veterinary Services		109	
Other Contracted Services		439	
Animal Food and Supplies		605	
Electricity		4,620	
Law Enforcement Supplies		3,283	
Trustee's Commission		454	
Law Enforcement Equipment		<u>35,607</u>	
Total Drug Enforcement	\$		<u>85,762</u>

Total Drug Control Fund \$ 85,762

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	<u>186,839</u>	
Total Register of Deeds	\$		186,839

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	<u>235,469</u>	
Total County Trustee's Office			235,469

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	<u>672,322</u>	
Total County Clerk's Office			672,322

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	<u>267,432</u>	
Total Chancery Court			267,432

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$	<u>402</u>	
Total Sheriff's Department			<u>402</u>

Total Constitutional Officers - Fees Fund 1,362,464

(Continued)

Exhibit J-8

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	76,407	
Assistant(s)		44,794	
Accountants/Bookkeepers		31,681	
Overtime Pay		12	
Board and Committee Members Fees		18,600	
Social Security		10,332	
State Retirement		8,637	
Life Insurance		107	
Medical Insurance		18,085	
Employer Medicare		2,417	
Communication		5,574	
Dues and Memberships		2,971	
Legal Services		2,420	
Postal Charges		262	
Travel		408	
Electricity		13,370	
Office Supplies		1,452	
Propane Gas		14,430	
Water and Sewer		1,187	
Liability Insurance		24,910	
Trustee's Commission		16,353	
Vehicle and Equipment Insurance		21,030	
Other Charges		14,882	
Total Administration			\$ 330,321

Highway and Bridge Maintenance

Foremen	\$	42,571
Equipment Operators		194,082
Truck Drivers		163,187
Laborers		91,167
Overtime Pay		13,021
Social Security		29,756
State Retirement		43,058
Life Insurance		564
Medical Insurance		108,684
Employer Medicare		6,959
Contracts with Private Agencies		78,877
Rentals		3,573
Asphalt - Cold Mix		2,418
Asphalt - Hot Mix		68,156

(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.)

Concrete	\$	1,591	
Crushed Stone		31,355	
General Construction Materials		157	
Other Road Supplies		502	
Pipe - Metal		7,182	
Road Signs		6,809	
Salt		13,382	
Uniforms		4,470	
Fencing		12,308	
Total Highway and Bridge Maintenance			\$ 923,829

Operation and Maintenance of Equipment

Mechanic(s)	\$	46,040	
Overtime Pay		2,211	
Social Security		2,974	
State Retirement		4,222	
Life Insurance		37	
Medical Insurance		6,340	
Employer Medicare		695	
Diesel Fuel		35,017	
Equipment Parts - Heavy		75,568	
Garage Supplies		9,334	
Gasoline		19,586	
Lubricants		6,948	
Tires and Tubes		12,288	
Other Supplies and Materials		11,417	
Total Operation and Maintenance of Equipment			232,677

Employee Benefits

Unemployment Compensation	\$	252	
Other Fringe Benefits		900	
Workers' Compensation Insurance		32,876	
Total Employee Benefits			34,028

Capital Outlay

Office Equipment	\$	1,674	
Other Capital Outlay		21,991	
Total Capital Outlay			23,665

Total Highway/Public Works Fund \$ 1,544,520

(Continued)

Exhibit J-8

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$ 1,540,000	
Principal on Other Loans	250,240	
Total General Government	\$ 1,790,240	

Education

Principal on Notes	\$ 301,073	
Principal on Other Loans	1,589,760	
Total Education	1,890,833	

Interest on Debt

General Government

Interest on Notes	\$ 53,298	
Interest on Other Loans	259,519	
Total General Government	312,817	

Education

Interest on Notes	\$ 19,744	
Interest on Other Loans	1,758,210	
Total Education	1,777,954	

Other Debt Service

General Government

Trustee's Commission	\$ 63,652	
Other Debt Issuance Charges	51,960	
Total General Government	115,612	

Education

Other Debt Issuance Charges	\$ 248,040	
Total Education	248,040	

Capital Projects

Education Capital Projects

Contributions	\$ 56,450	
Total Education Capital Projects	56,450	

Total General Debt Service Fund	\$ 6,191,946
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(Continued)

Exhibit J-8

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

Special Debt Service Fund

Principal on Debt

General Government

Principal on Other Loans

\$ 240,000

Total General Government

\$ 240,000

Interest on Debt

General Government

Interest on Other Loans

\$ 35,600

Total General Government

35,600

Other Debt Service

General Government

Other Debt Service

\$ 954

Total General Government

954

Total Special Debt Service Fund

\$ 276,554

Hospital Debt Service Fund

Principal on Debt

General Government

Principal on Other Loans

\$ 760,000

Total General Government

\$ 760,000

Interest on Debt

General Government

Interest on Other Loans

\$ 1,424,508

Total General Government

1,424,508

Other Debt Service

General Government

Other Debt Issuance Charges

\$ 290,000

Total General Government

290,000

Total Hospital Debt Service Fund

2,474,508

General Capital Projects Fund

Capital Projects

General Administration Projects

Advertising

\$ 824

Architects

13,010

Contracts with Private Agencies

56,649

Building Improvements

89,598

(Continued)

Exhibit J-8

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

General Administration Projects (Cont.)

Motor Vehicles	\$ 20,246	
Other Equipment	<u>48,629</u>	
Total General Administration Projects		\$ 228,956

Public Safety Projects

Building Improvements	\$ <u>20,000</u>	
Total Public Safety Projects		20,000

Public Health and Welfare Projects

Building Improvements	\$ <u>64,576</u>	
Total Public Health and Welfare Projects		64,576

Social, Cultural, and Recreation Projects

Other Capital Outlay	\$ <u>443,124</u>	
Total Social, Cultural, and Recreation Projects		<u>443,124</u>

Total General Capital Projects Fund		<u>\$ 756,656</u>
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Total Governmental Funds - Primary Government		<u><u>\$ 28,658,134</u></u>
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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, 2009

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 21,801,815	
Career Ladder Program	232,110	
Career Ladder Extended Contracts	269,487	
Salary Supplements	601,293	
Educational Assistants	986,295	
Certified Substitute Teachers	134,746	
Non-certified Substitute Teachers	224,502	
Social Security	1,413,136	
State Retirement	1,520,319	
Life Insurance	34,387	
Medical Insurance	3,843,262	
Unemployment Compensation	10,051	
Employer Medicare	340,173	
Other Contracted Services	106,476	
Instructional Supplies and Materials	355,447	
Textbooks	550,832	
Other Supplies and Materials	9,826	
Other Charges	167,870	
Regular Instruction Equipment	153,830	
Total Regular Instruction Program	\$ 32,755,857	

Special Education Program

Teachers	\$ 2,925,199
Career Ladder Program	38,505
Career Ladder Extended Contracts	11,400
Educational Assistants	377,709
Speech Pathologist	210,048
Certified Substitute Teachers	7,875
Non-certified Substitute Teachers	34,465
Social Security	212,457
State Retirement	234,296
Life Insurance	5,307
Medical Insurance	605,506
Unemployment Compensation	1,584
Employer Medicare	50,771
Other Contracted Services	444,797
Instructional Supplies and Materials	32,707
Textbooks	1,233
Other Supplies and Materials	5,509

(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	\$	22,027	
Special Education Equipment		40,122	
Total Special Education Program			\$ 5,261,517

Vocational Education Program

Teachers	\$	1,985,324	
Career Ladder Program		30,600	
Career Ladder Extended Contracts		2,880	
Certified Substitute Teachers		11,408	
Non-certified Substitute Teachers		14,508	
Social Security		118,375	
State Retirement		127,017	
Life Insurance		2,626	
Medical Insurance		310,011	
Unemployment Compensation		745	
Employer Medicare		28,336	
Instructional Supplies and Materials		53,434	
Other Supplies and Materials		17,292	
Other Charges		9,473	
Vocational Instruction Equipment		17,857	
Total Vocational Education Program			2,729,886

Student Body Education Program

Other Fringe Benefits	\$	900	
Other Contracted Services		7,291	
Other Supplies and Materials		14,627	
Other Charges		13,403	
Total Student Body Education Program			36,221

Adult Education Program

Teachers	\$	68,953	
Social Security		4,249	
State Retirement		3,632	
Life Insurance		59	
Medical Insurance		6,647	
Unemployment Compensation		55	
Employer Medicare		994	
Instructional Supplies and Materials		4,933	
Total Adult Education Program			89,522

(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

Travel	\$ 3,083	
Total Attendance		3,083

Health Services

Medical Personnel	\$ 184,664	
Social Security	10,823	
State Retirement	11,637	
Life Insurance	390	
Medical Insurance	48,078	
Unemployment Compensation	129	
Employer Medicare	2,531	
Travel	2,117	
Drugs and Medical Supplies	3,970	
Other Supplies and Materials	37,533	
In Service/Staff Development	429	
Other Charges	3,151	
Total Health Services		305,452

Other Student Support

Career Ladder Program	\$ 4,000	
Guidance Personnel	701,713	
Other Salaries and Wages	5,695	
Social Security	41,287	
State Retirement	43,676	
Life Insurance	960	
Medical Insurance	112,891	
Unemployment Compensation	287	
Employer Medicare	9,971	
Evaluation and Testing	29,825	
Total Other Student Support		950,305

Regular Instruction Program

Supervisor/Director	\$ 5,367
Career Ladder Program	1,000

(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.)

Regular Instruction Program (Cont.)

Secretary(ies)	\$	121,672	
Other Salaries and Wages		650	
In-Service Training		19,695	
Social Security		7,960	
State Retirement		11,055	
Life Insurance		220	
Medical Insurance		22,181	
Unemployment Compensation		90	
Employer Medicare		1,862	
Travel		16,494	
Other Contracted Services		116,971	
Library Books/Media		24,326	
Other Supplies and Materials		22,860	
Other Charges		18,202	
Other Equipment		11,613	
Total Regular Instruction Program			\$ 402,218

Special Education Program

Supervisor/Director	\$	71,218	
Career Ladder Program		1,000	
Secretary(ies)		59,232	
Clerical Personnel		20,992	
Social Security		9,383	
State Retirement		11,669	
Life Insurance		235	
Medical Insurance		21,184	
Unemployment Compensation		62	
Employer Medicare		2,194	
Maintenance and Repair Services - Equipment		726	
Travel		44,313	
Other Contracted Services		3,925	
Other Supplies and Materials		2,460	
Other Charges		29,699	
Total Special Education Program			278,292

Vocational Education Program

Supervisor/Director	\$	65,099
Career Ladder Program		1,000
Secretary(ies)		29,086

(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.)

Vocational Education Program (Cont.)

Social Security	\$	5,304	
State Retirement		6,789	
Life Insurance		118	
Medical Insurance		14,152	
Unemployment Compensation		31	
Employer Medicare		1,240	
Travel		6,446	
Total Vocational Education Program			\$ 129,265

Adult Programs

Supervisor/Director	\$	50,893	
Other Salaries and Wages		11,195	
Social Security		3,870	
State Retirement		3,284	
Life Insurance		59	
Medical Insurance		5,527	
Unemployment Compensation		32	
Employer Medicare		905	
Travel		149	
In Service/Staff Development		3,075	
Total Adult Programs			78,989

Other Programs

On-Behalf Payments to OPEB	\$	648,393	
Total Other Programs			648,393

Board of Education

Board and Committee Members Fees	\$	37,200	
Social Security		2,306	
State Retirement		2,415	
Life Insurance		353	
Employer Medicare		539	
Audit Services		24,000	
Dues and Memberships		15,248	
Legal Services		16,603	
Travel		12,803	
Liability Insurance		140,054	
Premiums on Corporate Surety Bonds		1,739	
Trustee's Commission		477,246	

(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.)

Workers' Compensation Insurance	\$	164,089	
Other Charges		<u>8,450</u>	
Total Board of Education			\$ 903,045

Director of Schools

County Official/Administrative Officer	\$	118,113	
Assistant(s)		169,432	
Career Ladder Program		2,000	
Secretary(ies)		86,980	
Social Security		21,932	
State Retirement		33,374	
Life Insurance		400	
Medical Insurance		32,790	
Unemployment Compensation		77	
Employer Medicare		5,335	
Communication		15,724	
Postal Charges		11,488	
Travel		5,979	
Other Contracted Services		7,760	
Office Supplies		13,690	
Other Charges		<u>10,292</u>	
Total Director of Schools			535,366

Office of the Principal

Principals	\$	1,178,821	
Career Ladder Program		36,900	
Assistant Principals		771,515	
Secretary(ies)		620,019	
Social Security		151,255	
State Retirement		178,612	
Life Insurance		3,058	
Medical Insurance		397,811	
Unemployment Compensation		859	
Employer Medicare		36,108	
Communication		<u>94,546</u>	
Total Office of the Principal			3,469,504

Fiscal Services

Supervisor/Director	\$	69,010	
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(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.)

Fiscal Services (Cont.)

Accountants/Bookkeepers	\$	106,984	
Social Security		10,776	
State Retirement		15,400	
Life Insurance		235	
Medical Insurance		20,069	
Unemployment Compensation		65	
Employer Medicare		2,520	
Other Fringe Benefits		698,851	
Maintenance and Repair Services - Equipment		9,083	
Travel		2,871	
Other Contracted Services		9,217	
Data Processing Supplies		5,123	
Office Supplies		4,557	
Administration Equipment		15,493	
Total Fiscal Services			\$ 970,254

Operation of Plant

Custodial Personnel	\$	1,430,077	
Other Salaries and Wages		34,650	
Social Security		86,239	
State Retirement		115,126	
Life Insurance		2,829	
Medical Insurance		345,678	
Unemployment Compensation		1,037	
Employer Medicare		20,274	
Other Contracted Services		184,971	
Custodial Supplies		177,883	
Electricity		1,856,817	
Natural Gas		474,403	
Water and Sewer		234,775	
Other Supplies and Materials		16,947	
Other Charges		3,610	
Plant Operation Equipment		19,761	
Total Operation of Plant			5,005,077

Maintenance of Plant

Supervisor/Director	\$	48,713
Maintenance Personnel		544,374
Social Security		34,832

(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.)

Maintenance of Plant (Cont.)

State Retirement	\$	51,895	
Life Insurance		1,057	
Medical Insurance		119,751	
Unemployment Compensation		277	
Employer Medicare		8,146	
Laundry Service		5,929	
Maintenance and Repair Services - Buildings		304,346	
Maintenance and Repair Services - Equipment		69,461	
Equipment and Machinery Parts		83,752	
Other Charges		1,974	
Maintenance Equipment		32,008	
Total Maintenance of Plant			\$ 1,306,515

Transportation

Supervisor/Director	\$	40,423	
Mechanic(s)		171,194	
Bus Drivers		760,574	
Clerical Personnel		32,824	
Social Security		56,959	
State Retirement		85,234	
Life Insurance		3,124	
Medical Insurance		360,507	
Unemployment Compensation		900	
Employer Medicare		13,321	
Maintenance and Repair Services - Vehicles		27,117	
Medical and Dental Services		5,986	
Rentals		2,368	
Travel		380	
Diesel Fuel		280,481	
Garage Supplies		2,056	
Gasoline		42,263	
Lubricants		12,221	
Tires and Tubes		31,713	
Vehicle Parts		84,915	
Other Supplies and Materials		6,814	
Vehicle and Equipment Insurance		52,895	
Other Charges		15,768	
Transportation Equipment		363,651	
Total Transportation			2,453,688

(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.)

Central and Other

Supervisor/Director	\$	65,301	
Computer Programmer(s)		43,939	
Secretary(ies)		28,657	
Other Salaries and Wages		374,342	
Social Security		30,140	
State Retirement		44,821	
Life Insurance		750	
Medical Insurance		89,635	
Unemployment Compensation		200	
Employer Medicare		7,049	
Communication		15,231	
Consultants		1,567	
Travel		6,390	
Other Contracted Services		149,735	
Office Supplies		1,142	
In Service/Staff Development		347	
Data Processing Equipment		238,763	
Total Central and Other			\$ 1,098,009

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	33,043	
Other Salaries and Wages		174,378	
Social Security		12,860	
State Retirement		2,891	
Life Insurance		59	
Medical Insurance		5,378	
Unemployment Compensation		380	
Employer Medicare		3,008	
Travel		517	
Other Contracted Services		515	
Other Supplies and Materials		1,320	
Other Charges		22,990	
Other Equipment		933	
Total Community Services			258,272

Early Childhood Education

Teachers	\$	299,502	
Career Ladder Program		1,000	

(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.)

Early Childhood Education (Cont.)

Educational Assistants	\$ 212,045	
Certified Substitute Teachers	250	
Non-certified Substitute Teachers	3,250	
Social Security	30,683	
State Retirement	20,834	
Life Insurance	526	
Medical Insurance	64,758	
Unemployment Compensation	407	
Employer Medicare	7,176	
Instructional Supplies and Materials	29,785	
In Service/Staff Development	7,636	
Other Equipment	<u>15,165</u>	
Total Early Childhood Education		\$ 693,017

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ <u>969,839</u>	
Total Regular Capital Outlay		969,839

Principal on Debt

Education

Principal on Capital Leases	\$ <u>75,935</u>	
Total Education		75,935

Interest on Debt

Education

Interest on Capital Leases	\$ <u>4,478</u>	
Total Education		4,478

Other Debt Service

Education

Other Debt Service	\$ <u>820,818</u>	
Total Education		<u>820,818</u>

Total General Purpose School Fund \$ 62,299,417

(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

Instruction

Regular Instruction Program

Teachers	\$ 1,005,661	
Educational Assistants	214,792	
Other Salaries and Wages	52,174	
Certified Substitute Teachers	4,630	
Non-certified Substitute Teachers	8,465	
Social Security	77,537	
State Retirement	79,015	
Life Insurance	1,955	
Medical Insurance	224,462	
Unemployment Compensation	637	
Employer Medicare	18,290	
Travel	181	
Other Contracted Services	26,067	
Instructional Supplies and Materials	285,161	
Other Supplies and Materials	34,937	
Regular Instruction Equipment	28,170	
Total Regular Instruction Program		\$ 2,062,134

Special Education Program

Teachers	\$ 168,349	
Educational Assistants	1,126,619	
Certified Substitute Teachers	98	
Non-certified Substitute Teachers	31,325	
Social Security	74,163	
State Retirement	104,892	
Life Insurance	3,573	
Medical Insurance	416,298	
Unemployment Compensation	1,073	
Employer Medicare	18,020	
Other Contracted Services	4,605	
Instructional Supplies and Materials	1,068	
Total Special Education Program		1,950,083

Vocational Education Program

Educational Assistants	\$ 18,816
Other Salaries and Wages	3,325
Social Security	1,364
State Retirement	1,419
Life Insurance	59

(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 (Cont.)

Medical Insurance	\$	5,527	
Unemployment Compensation		15	
Employer Medicare		319	
Instructional Supplies and Materials		99,856	
Vocational Instruction Equipment		21,518	
Total Vocational Education Program			\$ 152,218

Support Services

Health Services

Medical Personnel	\$	128,191	
Social Security		7,396	
State Retirement		8,230	
Life Insurance		216	
Medical Insurance		29,324	
Unemployment Compensation		85	
Employer Medicare		1,730	
Total Health Services			175,172

Other Student Support

Evaluation and Testing	\$	5,970	
Travel		4,000	
In Service/Staff Development		29,394	
Other Charges		18,634	
Total Other Student Support			57,998

Regular Instruction Program

Supervisor/Director	\$	61,726	
Other Salaries and Wages		127,689	
Social Security		12,202	
State Retirement		14,410	
Life Insurance		240	
Medical Insurance		23,223	
Unemployment Compensation		106	
Employer Medicare		2,846	
Travel		3,458	
Library Books/Media		3,332	
Other Supplies and Materials		20,977	
In Service/Staff Development		113,575	
Total Regular Instruction Program			383,784

(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.)

Vocational Education Program

Travel	\$ 3,058	
Total Vocational Education Program		\$ 3,058

Board of Education

Workers' Compensation Insurance	\$ 9,146	
Total Board of Education		9,146

Transportation

Bus Drivers	\$ 7,200	
Social Security	441	
State Retirement	556	
Unemployment Compensation	15	
Employer Medicare	103	
Diesel Fuel	24	
Other Charges	17,728	
Total Transportation		<u>26,067</u>

Total School Federal Projects Fund		\$ 4,819,660
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Central Cafeteria Fund

Support Services

Board of Education

Audit Services	\$ 1,700	
Workers' Compensation Insurance	47,000	
Total Board of Education		\$ 48,700

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 36,965
Accountants/Bookkeepers	31,392
Clerical Personnel	29,014
Cafeteria Personnel	1,421,493
Other Salaries and Wages	37,893
In-Service Training	2,138
Social Security	90,045
State Retirement	63,992
Life Insurance	2,896
Medical Insurance	315,579
Unemployment Compensation	2,076

(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.)

Employer Medicare	\$	21,618	
Maintenance and Repair Services - Equipment		33,238	
Travel		1,472	
Other Contracted Services		276,320	
Food Supplies		1,488,043	
Office Supplies		3,030	
Other Supplies and Materials		201,564	
In Service/Staff Development		4,572	
Other Charges		23,811	
Food Service Equipment		<u>30,252</u>	
Total Food Service			<u>\$ 4,117,403</u>

Total Central Cafeteria Fund \$ 4,166,103

Education Capital Projects Fund

Capital Outlay

Regular Capital Outlay

Architects	\$	<u>56,450</u>	
Total Regular Capital Outlay			<u>\$ 56,450</u>

Total Education Capital Projects Fund 56,450

Total Governmental Funds - Hamblen County School Department \$ 71,341,630

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, 2009

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 9,087,578
Total Cash Receipts	<u>\$ 9,087,578</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 8,997,408
Trustee's Commission	90,876
Total Cash Disbursements	<u>\$ 9,088,284</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ (706)
Cash Balance, July 1, 2008	<u>11,661</u>
 Cash Balance, June 30, 2009	<u><u>\$ 10,955</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 12, 2010

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, 2009, which collectively comprise Hamblen County's basic financial statements and have issued our report thereon dated March 12, 2010. 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: 09.03, 09.04, 09.05, 09.06, and 09.07(A,B).

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

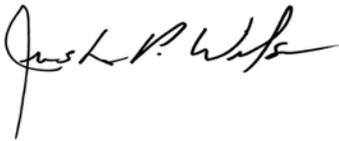
As part of obtaining reasonable assurance about whether Hamblen County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 09.01, 09.02, and 09.07(C).

We consider item 09.08 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, highway commissioner, Board of County Commissioners, 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 extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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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 12, 2010

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, 2009. 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, 2009.

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

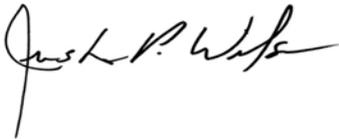
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hamblen County as of and for the year ended June 30, 2009, and have issued our report thereon dated March 12, 2010. 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, highway commissioner, Board of County Commissioners, 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 end.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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Hamblen County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2009

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 714,811
National School Lunch Program	10.555	N/A	2,102,695 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	561,436 (3)
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	N/A	4,844
Total U.S. Department of Agriculture			\$ 3,383,786
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	\$ 64,974
Total U.S. Department of Housing and Urban Development			\$ 64,974
U.S. Department of Justice:			
Passed-through Hamilton County:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program			
	16.580	(2)	\$ 99 (4)
Passed-through Tennessee Bureau of Investigation:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program			
	16.580	(2)	553 (4)
Passed-through State Office of Criminal Justice Programs:			
Drug Court Discretionary Grant Program	16.585	Z-05-025520-00	50,000
Bulletproof Vest Partnership Program	16.607	(2)	10,244
Total U.S. Department of Justice			\$ 60,896
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 2,060,589
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,058,139
Special Education - Preschool Grants	84.173	N/A	61,367
Career and Technical Education - Basic Grants to States	84.048	N/A	193,832
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	70,523
Education for Homeless Children and Youth	84.196	(2)	67,851
Education Technology State Grants	84.318	(2)	20,437
English Language Acquisition Grants	84.365	N/A	122,734
Improving Teacher Quality State Grants	84.367	N/A	211,176
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	105,035

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	(2)	\$ 127,448
Total U.S. Department of Education			<u>\$ 5,099,131</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	Z-09-217194-00	\$ 55,000
Total U.S. Election Assistance Commission			<u>\$ 55,000</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Cluster:			
Homeland Security Grant Program	97.067	(5)	\$ 99,235
Total U.S. Department of Homeland Security			<u>\$ 99,235</u>
Total Expenditures of Federal Awards			<u>\$ 8,763,022</u>

State Grants

	Contract Number	
Juvenile Service Program - State Commission on Children and Youth	N/A	(6) \$ 21,000
Litter Program - State Department of Transportation	N/A	Z-09-212750-00 39,166
State Reappraisal - Comptroller of the Treasury	N/A	(2) 18,424
Health Department Program - State Department of Health	N/A	Z-09-213783-00 340,700
Waste Tire Grant - State Department of Environment and Conservation	N/A	(7) 46,325
Early Childhood Education Pilot Program - State Department of Education	N/A	(2) 559,897
Adult Basic Education Grant - State Department of Labor and Workforce Development	N/A	(2) 44,955
Coordinated School Health - State Department of Education	N/A	(2) 103,798
Safe Schools Act Grant - State Department of Education	N/A	(2) 43,215
Child Care Assistance Program - State Department of Human Services	N/A	(2) 30,696
Family Resource Center Grant - State Department of Education	N/A	(2) 66,600
Total State Grants		<u>\$ 1,314,776</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 \$2,664,131.
- (4) - Total for CFDA No. 16.580 is \$652.
- (5) - GG-08-24158-00: \$90,190; GG-05-02535-00: \$9,045.
- (6) - Z-08-023301-00: \$12,000; Z-09-022856-00: \$9,000.
- (7) - Z-08-020222-00: \$15,105; Z-08-213010-00: \$31,220.

Hamblen County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2009

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, 2008, which have not been corrected.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.01	214	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>
08.02(A,B)	214	The office had accounting deficiencies

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.05	216	A central system of accounting, budgeting, and purchasing had not been adopted

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HAMBLEN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2009

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 Title I – Grants to Local Educational Agencies (CFDA No. 84.010) 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 drug recovery court coordinator, circuit and general sessions courts clerk, and the sheriff are paraphrased in this report.

OFFICE OF HIGHWAY COMMISSIONER

FINDING 09.01 **A ROAD IMPROVEMENT PROJECT WAS PERFORMED IN VIOLATION OF STATE STATUTES AND A STATE ATTORNEY GENERAL'S OPINION**
(Noncompliance Under Government Auditing Standards)

The highway commissioner agreed to have the department perform work on a county road that consisted of widening the road and installing water lines. The department received reimbursement of \$39,152, representing one-half of the cost of the project, from a developer who was subdividing property on the road. The state attorney general opined in Opinion 88-93 that "Tennessee statutes nowhere authorize counties to enter into a contract with a private individual pursuant to which the county will perform services otherwise authorized by state statute at the individual's expense." Also, this opinion states that "no statute authorizes a county to receive funds from a private individual to carry out county road work services."

Section 54-12-101, et seq. Tennessee Code Annotated, does provide for County Commissions to establish road improvement districts to build and maintain public roads and receive payment from individuals in the form of special assessments. However, the Hamblen County Commission did not establish a road improvement district for this project.

RECOMMENDATION

Funding of road projects should be provided in a manner that is consistent with state statutes.

FINDING 09.02 **A COUNTY ROAD LIST WAS NOT SUBMITTED TO THE COUNTY COMMISSION FOR APPROVAL IN COMPLIANCE WITH STATE STATUTE**
(Noncompliance Under Government Auditing Standards)

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

need a current approved list of county roads to determine which roads the department is authorized to work. It should be noted that the highway commissioner did submit a list of county roads in March 2009; however, the listing did not include the items as noted above. Also, it should be noted that as of the date of this report (March 12, 2010), the road list due in January 2010 had not been submitted to the County Commission.

RECOMMENDATION

Each January, the highway commissioner should submit a list of county roads to the County Commission for its approval. The list should include the classification, width and distance of each road, and a summary of changes as required by state statute.

OFFICE OF PLANNING AND ZONING

FINDING 09.03 **THE RECEIPTING SOFTWARE USED BY THE PLANNING AND ZONING OFFICE DID NOT HAVE ADEQUATE APPLICATION CONTROLS**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The following control deficiencies relating to the software were identified:

- A. The application did not provide a record of changes to previously issued receipts or permits. Users had the capability of changing information on previously issued receipts and permits, leaving no evidence of the original information.

- B. Users could delete a receipt or permit, leaving no evidence of the original receipt or permit.

Sound business practices dictate that proper application controls be implemented. Since the vendor did not design the system with these controls, inappropriate system activity could occur. After the deficiencies were brought to the vendor's attention, appropriate controls were designed and implemented.

MANAGEMENT'S RESPONSE – DIRECTOR OF PLANNING AND ZONING

We were unaware that the software had these issues when we purchased the software. As stated above, once the deficiencies were brought to the vendor's attention, the proper controls were implemented. We would note there were no findings of improper activities related to the software deficiency.

OFFICE OF DRUG RECOVERY COURT

FINDING 09.04 **A CASH SHORTAGE OF \$1,205 EXISTED IN THE DRUG RECOVERY COURT AS OF FEBRUARY 24, 2010** (Internal Control – Significant Deficiency under Government Auditing Standards)

On February 10, 2010, the director of the Drug Recovery Court notified us of a theft of funds from the court. We extended certain audit procedures in the Drug Recovery Court through February 24, 2010. Based on our extended procedures, a cash shortage of \$1,205 was determined to exist. The majority of this shortage, \$1,180, consisted of monies that had been receipted but not deposited or otherwise accounted for during the period November 4, 2009, through January 22, 2010. The remaining \$25 of the cash shortage was from monies received on September 2, 2008, that were never deposited or otherwise accounted for properly.

Our examination identified the following internal control deficiencies, which contributed to the opportunity for the shortage to occur and not be detected in a timely manner:

- A. Collections were not deposited within three days of receipt as required by Section 5-8-207, Tennessee Code Annotated. Only 13 deposits were made for the period July 1, 2008, through February 19, 2010. We noted instances where collections were held from four to 104 days after receipt before being deposited.
- B. Collections were received and receipted by individuals who were not responsible for the activities of the Drug Recovery Court.
- C. The director failed to secure the spare keys, which provided access to the cash lockbox.
- D. Receipts were not properly voided. The director did not include the original receipt or other documentation for receipts that had been voided.

The cash shortage and other deficiencies have been reviewed with the director of the Drug Court Recovery, the judge of the Drug Court Recovery, the district attorney general, and the county mayor. The Hamblen County Sheriff's Department had an on-going investigation at the time of this report.

RECOMMENDATION

Officials should take steps to liquidate the cash shortage of \$1,205. Management should provide more oversight to ensure that assets are properly safeguarded. Only employees of the drug court should receive funds and issue receipts. All keys of the office should be adequately safeguarded. Collections should be deposited within three days of receipt as required by state statute. Voided receipts should be properly documented.

MANAGEMENT'S RESPONSE – DRUG RECOVERY COURT COORDINATOR

Monies will no longer be accepted in the Drug Recovery Court's Office. Deposits will be made directly to the Hamblen County Trustee's Office by the payer, and a receipt for such payment and deposit will be brought to the Drug Recovery Court prior to a drug screen being performed. There is an ongoing investigation being performed by the Hamblen County Sheriff's Department due to the theft of \$1,180 taken from the lockbox. When more information is available, a copy of the information will be forwarded to the State of Tennessee, Comptroller of the Treasury. It is possible that the \$25 in question, receipted September 2, 2008, may have been returned to the individual who had paid, due to a conflict with his probation order, and the receipt was not voided properly. The director of the Drug Recovery Court has been made aware of proper voiding procedures. Since there will no longer be monies accepted in the Drug Recovery Court, this issue should not recur.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 09.05 **A SETTLEMENT HAS NOT BEEN REACHED REGARDING UNACCOUNTED FOR COLLECTIONS MADE BY AN OUTSIDE AGENCY**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

As reported in Finding 08.01 of the prior-year audit, the East Tennessee Human Resources Agency (ETHRA) provided probation services and collected probation fees on behalf of the Circuit and General Sessions Courts. 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. During the year the courts began collecting their own probation fees; however, no settlement has been reached with ETHRA regarding restoring the unaccounted for funds.

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.

MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

I have written a letter to the county attorney updating him on the matter of the ETHRA employee taking funds intended for this office and never remitting them to the office.

I have no way to determine correctly the amounts involved, because the only information I had to work with was that provided to me by ETHRA employees. I took the information they gave me and compared it to my records and that is how the amounts were determined.

If these records are incorrect, I have no control. In other words, no funds involved in these incidences ever reached my office. The only records provided to me were the ones created by the accused.

I reported this situation to your office immediately upon being informed of the facts as they were presented to me.

ETHRA no longer collects funds for this office.

The county attorney is investigating the matter and will contact the agency to let them know we expect the funds to be repaid.

**FINDING 09.06 THE OFFICE DID NOT REVIEW SOFTWARE AUDIT LOGS
(Internal Control – Significant Deficiency Under Government Auditing Standards)**

The software application used by the office generated a daily log that displayed changes made by users. This log provides the only audit trail of these changes and should be reviewed daily for inappropriate activity. Since management was not aware of its importance, officials did not begin reviewing this log until we brought it to their attention several months into the fiscal year. Procedures for reviewing this log are currently in place.

OFFICE OF SHERIFF

**FINDING 09.07 THE OFFICE HAD ACCOUNTING DEFICIENCIES
(A. and B. – Internal Control – Significant Deficiency Under Government Auditing Standards; C. – Noncompliance Under Government Auditing Standards)**

Our examination of the accounting records of the Sheriff's Office revealed the following deficiencies. These deficiencies can be attributed primarily to the failure of management to correct the finding noted in the prior-year audit report.

- 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. Subsequent to year end, the office began maintaining a double-entry cash journal.
- B. Formal bank reconciliations were not performed; therefore, errors were not discovered and corrected timely.

- C. Official prenumbered receipts were not issued for some collections. Section 9-2-103, Tennessee Code Annotated, requires official prenumbered receipts to be issued when collections are received.

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. Official prenumbered receipts should be issued for all collections.

MANAGEMENT’S RESPONSE – SHERIFF

- A. A double-entry cash journal is now maintained, which records the financial activity of this office.
 - B. The bank statement is being reconciled with the double-entry cash journal.
 - C. We are now using prenumbered receipts for all collections.
-

OTHER FINDING AND RECOMMENDATION

FINDING 09.08 **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. This deficiency exists because management failed to correct the finding noted in the prior-year audit report. 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.

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

There were no findings and questioned costs for federal programs.

HAMBLEN COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2009

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