
ANNUAL FINANCIAL REPORT HAMBLEN COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2010



ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED JUNE 30, 2010

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

HAMBLLEN COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		6
<u>INTRODUCTORY SECTION</u>		7
Hamblen County Officials		8
<u>FINANCIAL SECTION</u>		9
Independent Auditor's Report		10-12
Management's Discussion and Analysis		13-20
BASIC FINANCIAL STATEMENTS:		21
Government-wide Financial Statements:		
Statement of Net Assets	A	22-23
Statement of Activities	B	24-25
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	26-27
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	28
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	29-30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	31
Fiduciary Funds:		
Statement of Fiduciary Net Assets	D-1	32
Statement of Changes in Fiduciary Net Assets	D-2	33
Notes to the Financial Statements		34-81
REQUIRED SUPPLEMENTARY INFORMATION:		82
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	E-1	83-86
Solid Waste/Sanitation Fund	E-2	87
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Hamblen County School Department	E-3	88
Schedule of Funding Progress – Pension Plan – Discretely Presented Hamblen County Emergency Communications District	E-4	89

	Exhibit	Page(s)
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Hamblen County School Department	E-5	90
Notes to the Required Supplementary Information		91
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		92
Nonmajor Governmental Funds:		93-94
Combining Balance Sheet	F-1	95
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	96
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Drug Control Fund	F-3	97
Highway/Public Works Fund	F-4	98
Special Debt Service Fund	F-5	99
Major Governmental Funds:		100
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Debt Service Fund	G-1	101
Hospital Debt Service Fund	G-2	102
Fiduciary Funds:		103
Combining Statement of Fiduciary Assets and Liabilities	H-1	104
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	105-106
Component Unit:		
Discretely Presented Hamblen County School Department:		107
Statement of Activities	I-1	108
Balance Sheet – Governmental Funds	I-2	109
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	I-3	110
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	111
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	112
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	113
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	114
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-8	115-117
School Federal Projects Fund	I-9	118
Central Cafeteria Fund	I-10	119

	Exhibit	Page(s)
Miscellaneous Schedules:		120
Schedule of Changes in Long-term Notes, Other Loans, Bonds, and Capital Lease – Primary Government and Discretely Presented Hamblen County School Department	J-1	121-122
Schedule of Long-term Debt Requirements by Year	J-2	123
Schedule of Notes Receivable	J-3	124
Schedule of Transfers – Primary Government and Discretely Presented Hamblen County School Department	J-4	125
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Hamblen County School Department	J-5	126
Schedule of Detailed Revenues – All Governmental Fund Types	J-6	127-136
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Hamblen County School Department	J-7	137-139
Schedule of Detailed Expenditures – All Governmental Fund Types	J-8	140-163
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Hamblen County School Department	J-9	164-177
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	J-10	178
 <u>SINGLE AUDIT SECTION</u>		 179
Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		180-182
Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>		183-185
Schedule of Expenditures of Federal Awards and State Grants		186-187
Schedule of Audit Findings Not Corrected		188
Schedule of Findings and Questioned Costs		189-193
Auditee Reporting Responsibilities		194

Audit Highlights
Annual Financial Report
Hamblen County, Tennessee
For the Year Ended June 30, 2010

Scope

We have audited the basic financial statements of Hamblen County as of and for the year ended June 30, 2010.

Results

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

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

Findings and Best Practice

The following are summaries of the audit findings and best practice:

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Department had deficiencies in the use of federal special education funds.
-

OFFICES OF TRUSTEE AND CLERK AND MASTER

- ◆ The offices did not review their software audit logs.
-

BEST PRACTICE

Hamblen County does not have a central system of accounting, budgeting, and purchasing. The Division of County Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Hamblen County.

INTRODUCTORY SECTION

Hamblen County Officials

June 30, 2010

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	

Audit Committee

Herbert Harville, Chairman	Tom Massey
Stancil Ford	Doyle Fullington
Louis Jarvis	Joseph Spooone

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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INDEPENDENT AUDITOR'S REPORT

February 18, 2011

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, 2010, 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 2.4 percent and 1.5 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, 2010, 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 February 18, 2011, 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.

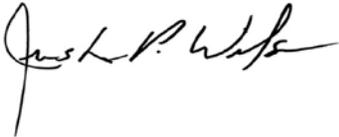
As described in Note V.B., Hamblen County has adopted the provisions of Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the year ended June 30, 2010.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 20 and budgetary comparison, pension, and other postemployment benefits information on pages 83 through 91 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 written in a cursive style with a prominent vertical line extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

HAMBLEN COUNTY GOVERNMENT

Bill Brittain
County Mayor



"The People's House"

HAMBLEN COUNTY, TENNESSEE MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2010

This management's discussion and analysis (MD&A) of Hamblen County's financial performance provides a narrative overview and analysis of the county's financial activities for the fiscal year ended June 30, 2010. In addition, this discussion and analysis includes an overview 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 consider the information presented here in conjunction with the basic financial statements and notes to the financial statements to enhance their understanding of the county's financial performance, as well as, the DPCU School Department's financial performance.

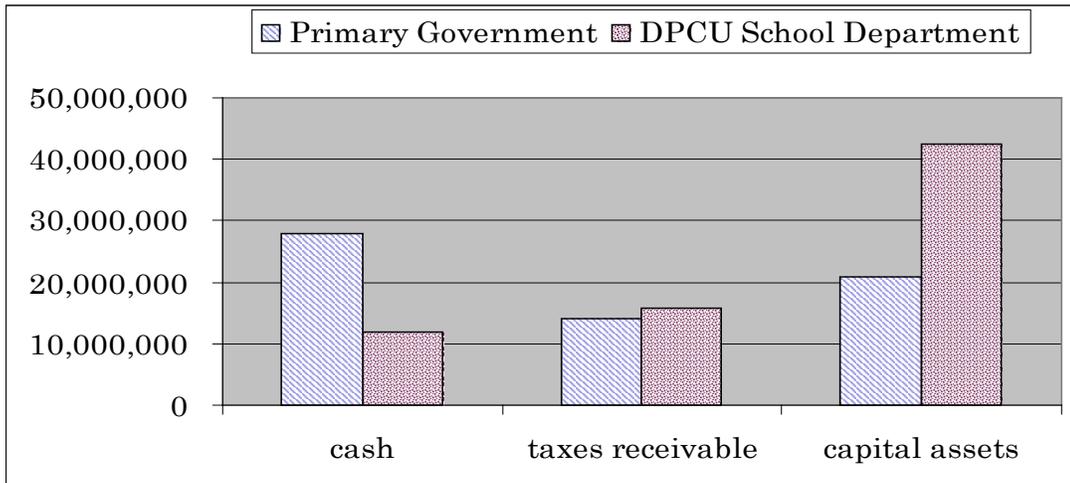
FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2009-2010

Net Assets of the Primary Government	\$1,332,097
Net Assets of the DPCU School Department	\$48,020,478

The net assets of the Primary Government increased by \$1.6 million. The net assets of the DPCU School Department (SD) decreased by \$.7 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 \$17 million in revenues or 65 percent of all revenues.
- General revenues of the DPCU SD accounted for \$64 million or 83 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 \$9.2 million or 35 percent of total governmental activities revenues.

- Total assets of governmental activities of the Primary Government were \$27,878,699 cash, \$14,034,600 taxes receivable (net of allowance), and \$20,927,297 capital assets.
- Total assets of the DPCU SD were \$11,961,140 cash, \$15,797,982 net taxes receivable, and \$42,526,894 capital assets.



Hamblen County reported a total unreserved fund balance for all funds of \$26.6 million, an increase of \$11.3 million from the prior year. Of this amount, the General Fund’s portion was \$3.4 million or 12.8 percent.

Total unreserved fund balance for the DPCU SD was \$8.8 million, an increase of \$.8 million from the prior year. Of this amount, the General Purpose School Fund’s portion was \$7.7 million or 87.5 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.

Government-wide Financial Statements

Statement of Net Assets and the Statement of Activities

These statements provide a broad picture of financial activities during fiscal year-end 2010. 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, Hospital Debt Service, and Other Capital Projects 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 \$1.3 million at the close of the most

recent fiscal year. For the DPCU SD, assets exceeded liabilities by \$48 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 2010, 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	
	2010	2009
Current and Other Assets	\$ 47,285,244	\$ 58,002,470
Capital Assets	20,927,297	20,715,006
Total Assets	<u>\$ 68,212,541</u>	<u>\$ 78,717,476</u>
Long-term Liabilities Outstanding	\$ 49,237,925	\$ 67,642,059
Other Liabilities	17,642,519	10,935,422
Total Liabilities	<u>\$ 66,880,444</u>	<u>\$ 78,577,481</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 16,055,616	\$ 15,521,011
Restricted	24,554,916	12,701,341
Unrestricted	<u>(39,278,435)</u>	<u>(28,082,357)</u>
Total Net Assets	<u>\$ 1,332,097</u>	<u>\$ 139,995</u>

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

	DPCU School Department	
	2010	2009
Current and Other Assets	\$ 30,673,345	\$ 26,793,639
Capital Assets	42,526,894	42,984,110
Total Assets	<u>\$ 73,200,239</u>	<u>\$ 69,777,749</u>
Long-term Liabilities Outstanding	\$ 17,309,376	\$ 15,459,196
Other Liabilities	7,870,385	5,609,347
Total Liabilities	<u>\$ 25,179,761</u>	<u>\$ 21,068,543</u>
Net Assets:		
Invested in Capital Assets	\$ 42,526,894	\$ 42,927,906
Restricted	3,753,523	2,589,289
Unrestricted	<u>1,740,061</u>	<u>3,192,011</u>
Total Net Assets	<u><u>\$ 48,020,478</u></u>	<u><u>\$ 48,709,206</u></u>

CHANGES IN NET ASSETS

Table 2 shows the changes in net assets for fiscal year 2010, 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	
	2010	2009	2010	2009
Revenues:				
Program Revenues:				
Charges for Services	\$ 5,456,197	\$ 7,192,004	\$ 2,232,825	\$ 2,393,082
Operating Grants and Contributions	2,343,472	2,261,109	10,429,885	9,105,452
Capital Grants and Contributions	1,385,555	269,605	597,218	57,929
General Revenues:				
Property Taxes	11,520,936	10,552,131	13,166,386	14,061,252
Sales Taxes	765,928	728,208	10,319,772	9,601,856
Other Taxes	1,930,908	1,980,601	722,377	724,274
Grants and Contributions Not Restricted to Specific Programs	1,972,233	2,028,052	39,690,171	37,456,224
Unrestricted Investment Income	386,868	775,711	4,891	8,344
Restricted Investment Income	19,455	20,603	0	0
Miscellaneous	338,154	330,558	42,180	84,800
Insurance Recovery	15,679	40,986	0	0
Total Revenues	<u><u>\$ 26,135,385</u></u>	<u><u>\$ 26,179,568</u></u>	<u><u>\$ 77,205,705</u></u>	<u><u>\$ 73,493,213</u></u>

Table 2
Hamblen County Government and DPCU School Department Changes in Net Assets (Cont.)
Governmental Activities (Cont.)

	Hamblen County Government		DPCU School Department	
	2010	2009	2010	2009
Expenses:				
General Government	\$ 1,968,448	\$ 2,016,823	\$ 0	\$ 0
Finance	1,908,553	1,918,353	0	0
Administration of Justice	1,983,597	1,979,854	0	0
Public Safety	5,542,910	5,710,625	0	0
Public Health and Welfare	3,247,412	2,926,336	0	0
Social, Cultural, and Recreational Services	854,393	1,257,385	0	0
Agriculture and Natural Resources	166,114	163,005	0	0
Other Operations	1,375,543	1,271,877	0	0
Highways	2,478,247	1,696,345	0	0
Education	681,814	56,450	77,894,433	75,447,839
Interest	2,540,850	3,585,034	0	0
Other Debt Service	1,789,548	91,869	0	0
Total Expenses	<u>\$ 24,537,429</u>	<u>\$ 22,673,956</u>	<u>\$ 77,894,433</u>	<u>\$ 75,447,839</u>
Increase (Decrease) in Net Assets	\$ 1,597,956	\$ 3,505,612	\$ (688,728)	\$ (1,954,626)
Prior-period Adjustment	(405,854)	0	0	(2,182,845)
Net Assets, July 1	<u>139,995</u>	<u>(3,365,617)</u>	<u>48,709,206</u>	<u>52,846,677</u>
Net Assets, June 30	<u>\$ 1,332,097</u>	<u>\$ 139,995</u>	<u>\$ 48,020,478</u>	<u>\$ 48,709,206</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 \$3,376,761, while total fund balance reached \$3,588,494, decreases of \$261,862 and \$179,569, 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 26.7 percent of total General Fund expenditures, while total fund balance represents 28.4 percent of that same amount.

The General Debt Service Fund had a fund balance of \$8.1 million at June 30, 2010, an increase of approximately \$.4 million. The Hospital Debt Service Fund ended with a fund balance of \$1,019,496 at June 30, 2010.

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 a fund balance of \$3,384,971 at June 30, 2010. 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 \$7.7 million, an increase of approximately \$.9 million from the prior year. Total fund balance reached \$9.8 million, an increase of approximately \$1.5 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 12.1 percent of the GPSF expenditures, while total fund balance represents 15.6 percent of that same amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The county's investment in capital assets for its governmental activities as of June 30, 2010, totaled \$16,055,616 (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, 2010, totaled \$42,526,894.

Note IV.F. (Capital Assets) provides capital assets activity during the 2010 fiscal year.

Long-term Debt

At the end of the 2010 fiscal year, the county had long-term debt obligations outstanding of \$49 million. All of this debt is backed by the full faith and credit of the county. The county's total long-term debt agreements, including capital outlay notes, decreased by \$19,327,347 during the 2010 fiscal year. Included in the debt decrease is the retirement of \$28,280,000 hospital related debt due to the fact that the hospital was sold. The county maintains an 'A+' rating for Standard and Poor's for general obligation debt. The county did not have any capital outlay notes outstanding at June 30, 2010.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate for the county as of December 2010 was 10.2 percent, which is significantly lower than the 12.5 percent a year ago. The state's average unemployment rate is currently 9.4 percent and the national average is 9.4 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 2011 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

Exhibit A

Hamblen County, Tennessee
Statement of Net Assets
June 30, 2010

	Primary Governmental Activities	Component Units	
		Hamblen County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash	\$ 10,916,022	\$ 125	\$ 1,351,103
Equity in Pooled Cash and Investments	16,962,677	11,961,015	0
Inventories	0	196,724	0
Deferred Outflow - Interest Rate Swap	3,256,251	0	0
Accounts Receivable	58,140	6,190	42,143
Due from Other Governments	978,131	2,711,309	0
Property Taxes Receivable	14,487,250	16,309,549	0
Allowance for Uncollectible Property Taxes	(452,650)	(511,567)	0
Note Receivable - Current	19,444	0	0
Loan Receivable - Current	254,833	0	0
Unamortized Discount on Debt	99,643	0	0
Deferred Charges - Debt Issuance Cost	421,055	0	0
Note Receivable - Long-term	19,448	0	0
Loan Receivable - Long-term	265,000	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	420,779	2,848,744	0
Construction in Progress	458,088	320,877	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	7,481,490	35,498,580	261,811
Other Capital Assets	1,440,458	3,858,693	146,895
Infrastructure	11,126,482	0	0
Total Assets	<u>\$ 68,212,541</u>	<u>\$ 73,200,239</u>	<u>\$ 1,801,952</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 465,658	\$ 1,390,672	\$ 6,603
Accrued Payroll	0	990	0
Accrued Interest Payable	138,823	0	0
Payroll Deductions Payable	5,146	266,117	4,933
Contracts Payable	85,628	263,877	0
Retainage Payable	17,584	0	0
Derivative - Interest Rate Swap	3,256,251	0	0
Deferred Revenue - Current Property Taxes	13,673,429	15,387,720	0
Noncurrent Liabilities:			
Due Within One Year	3,261,545	390,279	6,764
Due in More than One Year (net of deferred amount on refunding and unamortized premium on debt)	45,976,380	7,480,106	20,293
Total Liabilities	<u>\$ 66,880,444</u>	<u>\$ 25,179,761</u>	<u>\$ 38,593</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Hamblen County School Department	Emergency Communica- tions District
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 16,055,616	\$ 0	\$ 0
Invested in Capital Assets	0	42,526,894	408,706
Restricted for:			
Solid Waste/Sanitation	3,508,262	0	0
Drug Control	72,040	0	0
Highways	901,874	0	0
Debt Service	8,132,700	0	0
Capital Projects	186,525	0	0
Education - Capital Projects	10,623,374	0	0
Provisions of Private Act (Hospital)	1,019,496	0	0
State and Federal Financial Assistance Programs	0	3,753,523	0
Alcohol and Drug Treatment	24,408	0	0
Automation Purposes	24,566	0	0
Other Purposes	61,671	0	0
Unrestricted	<u>(39,278,435)</u>	<u>1,740,061</u>	<u>1,354,653</u>
Total Net Assets	<u>\$ 1,332,097</u>	<u>\$ 48,020,478</u>	<u>\$ 1,763,359</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, 2010

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Primary					Component Units				
	Program Revenues		Capital		Government	Hamblen		Emergency		District
Expenses	Charges for Services	Operating Grants and Contributions	Grants and Contributions	Total Governmental Activities	County School Department	School Department	County School Department	Emergency Communications	District	
Primary Government:										
Governmental Activities:										
General Government	\$ 1,968,448	\$ 726,728	\$ 16,380	\$ 0	\$ (1,225,340)	\$ 0	\$ 0	\$ 0	\$ 0	0
Finance	1,908,553	1,655,971	14,713	0	(237,869)	0	0	0	0	0
Administration of Justice	1,983,597	1,295,394	21,000	0	(667,203)	0	0	0	0	0
Public Safety	5,542,910	724,830	234,354	0	(4,583,726)	0	0	0	0	0
Public Health and Welfare	3,247,412	1,010,033	418,033	313,122	(1,506,224)	0	0	0	0	0
Social, Cultural, and Recreational Services	854,393	40,290	0	0	(814,103)	0	0	0	0	0
Agriculture and Natural Resources	166,114	0	0	0	(166,114)	0	0	0	0	0
Other Operations	1,375,543	0	0	0	(1,375,543)	0	0	0	0	0
Highways	2,478,247	2,951	1,638,992	1,072,433	236,129	0	0	0	0	0
Education	681,814	0	0	0	(681,814)	0	0	0	0	0
Interest on Long-term Debt	2,540,850	0	0	0	(2,540,850)	0	0	0	0	0
Debt Service	1,789,548	0	0	0	(1,789,548)	0	0	0	0	0
Total Primary Government	\$ 24,537,429	\$ 5,456,197	\$ 2,343,472	\$ 1,385,555	\$ (15,352,205)	\$ 0	\$ 0	\$ 0	\$ 0	0
Component Units:										
Hamblen County School Department	\$ 77,894,433	\$ 2,232,825	\$ 10,429,885	\$ 597,218	\$ 0	\$ (64,634,505)	\$ 0	\$ 0	\$ 0	0
Emergency Communications District	983,346	808,529	0	0	0	0	0	0	0	(174,817)
Total Component Units	\$ 78,877,779	\$ 3,041,354	\$ 10,429,885	\$ 597,218	\$ 0	\$ (64,634,505)	\$ 0	\$ (174,817)	\$ (174,817)	0

(Continued)

Exhibit B

Hamblen County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						
	Primary			Component Units			
	Program Revenues		Government Total	Hamblen County		Emergency Communications District	
Expenses	Charges for Services	Operating Contributions	Capital Grants and Contributions	Governmental Activities	School Department		
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 6,499,767	\$ 13,166,386	\$	0
Property Taxes Levied for Public Health and Welfare Purposes				1,180,964	0		0
Property Taxes Levied for Debt Purposes				3,840,205	0		0
Local Option Sales Taxes				765,928	10,319,772		0
Hotel/Motel Tax				7,694	0		0
Wheel Tax				778,400	718,523		0
Litigation Tax - General				166,721	0		0
Litigation Tax - Special Purpose				72,197	0		0
Litigation Tax - Jail/Workhouse/Courthouse				58,853	0		0
Business Tax				728,347	0		0
Wholesale Beer Tax				116,185	0		0
Interstate Telecommunications Tax				2,511	3,854		0
Grants and Contributions Not Restricted to Specific Programs				1,972,233	39,690,171		325,501
Unrestricted Investment Income				386,868	4,891		6,910
Investment Income Restricted by Enabling Legislation				19,455	0		0
Miscellaneous				338,154	42,180		1,176
Insurance Recovery				15,679	0		0
Total General Revenues				\$ 16,950,161	\$ 63,945,777	\$	333,587
Change in Net Assets				\$ 1,597,956	\$ (688,728)	\$	158,770
Net Assets, July 1, 2009				139,995	48,709,206		1,604,589
Prior-period Adjustment				(405,854)	0		0
Net Assets, June 30, 2010				\$ 1,332,097	\$ 48,020,478	\$	1,763,359

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, 2010

	Major Funds						Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Hospital Debt Service	Other Capital Projects - QSCB	Other Governmental Funds	Nonmajor Funds		
							Other Governmental Funds	Total Governmental Funds	
ASSETS									
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,623,374	\$ 292,648	\$ 10,916,022		
Equity in Pooled Cash and Investments	3,227,988	3,395,167	8,093,072	1,271,015	0	975,435	16,962,677		
Accounts Receivable	23,408	11,269	0	0	0	23,463	58,140		
Due from Other Governments	520,686	156,976	0	0	0	300,469	978,131		
Due from Other Funds	1,684	0	18,000	0	0	0	19,684		
Property Taxes Receivable	8,154,775	1,500,016	4,832,459	0	0	0	14,487,250		
Allowance for Uncollectible Property Taxes	(255,783)	(45,292)	(151,575)	0	0	0	(452,650)		
Notes Receivable - Current	0	0	19,444	0	0	0	19,444		
Loan Receivable	0	0	0	0	0	519,833	519,833		
Notes Receivable - Long-term	0	0	19,448	0	0	0	19,448		
Total Assets	\$ 11,672,758	\$ 5,018,136	\$ 12,830,848	\$ 1,271,015	\$ 10,623,374	\$ 2,111,848	\$ 43,527,979		

LIABILITIES AND FUND BALANCES

Liabilities									
Accounts Payable	\$ 113,156	\$ 89,290	\$ 0	\$ 251,519	\$ 0	\$ 11,693	\$ 465,658		
Payroll Deductions Payable	4,413	340	0	0	0	393	5,146		
Contracts Payable	0	0	0	0	0	85,628	85,628		
Retainage Payable	0	0	0	0	0	17,584	17,584		
Due to Other Funds	18,000	0	0	0	0	1,684	19,684		
Deferred Revenue - Current Property Taxes	7,693,860	1,420,244	4,559,325	0	0	0	13,673,429		
Deferred Revenue - Delinquent Property Taxes	189,587	31,128	112,347	0	0	0	333,062		
Other Deferred Revenues	65,248	92,163	38,892	0	0	143,988	340,291		
Total Liabilities	\$ 8,084,264	\$ 1,633,165	\$ 4,710,564	\$ 251,519	\$ 0	\$ 260,970	\$ 14,940,482		
Fund Balances									
Reserved for Encumbrances	\$ 101,088	\$ 656	\$ 0	\$ 0	\$ 0	\$ 92,085	\$ 193,839		
Reserved for Alcohol and Drug Treatment	24,408	0	0	0	0	0	24,408		
Reserved for Computer System - Register	8,029	0	0	0	0	0	8,029		

(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 Capital Projects - QSCB	Other Governmental Funds	Governmental Funds	
<u>Fund Balances (Cont.)</u>								
Reserved for Automation Purposes - Circuit Court	\$ 8,424	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	8,424
Reserved for Automation Purposes - Juvenile Court	8,113	0	0	0	0	0	0	8,113
Reserved for Long-term Loan Receivable	0	0	0	0	0	520,000	0	520,000
Reserved for Capital Outlay	0	0	0	0	0	117,404	0	117,404
Other Federal Reserves	0	0	0	0	0	39,123	0	39,123
Reserved for Other General Purposes	61,671	0	18,000	1,019,496	0	0	0	1,099,167
Unreserved, Reported In:								
General Fund	3,376,761	0	0	0	0	0	0	3,376,761
Special Revenue Funds	0	3,384,315	0	0	0	1,080,662	0	4,464,977
Debt Service Funds	0	0	8,102,284	0	0	0	0	8,102,284
Capital Projects Funds	0	0	0	0	10,623,374	1,594	0	10,624,968
Total Fund Balances	\$ 3,588,494	\$ 3,384,971	\$ 8,120,284	\$ 1,019,496	\$ 10,623,374	\$ 1,850,878	\$ 0	\$ 28,587,497
Total Liabilities and Fund Balances	\$ 11,672,758	\$ 5,018,136	\$ 12,830,848	\$ 1,271,015	\$ 10,623,374	\$ 2,111,848	\$ 43,527,979	\$ 43,527,979

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, 2010

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)		\$ 28,587,497
(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	458,088	
Add: infrastructure net of accumulated depreciation	11,126,482	
Add: buildings and improvements net of accumulated depreciation	7,481,490	
Add: other capital assets net of accumulated depreciation	<u>1,440,458</u>	20,927,297
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other loans payable	\$(38,060,000)	
Less: bonds payable	(10,775,000)	
Less: other post employment benefits liability	(84,869)	
Add: deferred amount on refunding	531,639	
Add: deferred charges - debt issuance costs	421,055	
Add: deferred debt discount	99,643	
Less: accrued interest on notes and other loans payable	(138,823)	
Less: other deferred revenue - premium on debt	<u>(849,695)</u>	(48,856,050)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>673,353</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 1,332,097</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, 2010

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	General Debt Service	Hospital Debt Service	Other Capital Projects - QSCB	Other Governmental Funds		
Revenues								
Local Taxes	\$ 8,347,791	\$ 1,885,450	\$ 4,080,385	\$ 0	\$ 0	\$ 1,600	\$ 14,315,226	
Licenses and Permits	391,586	1,924	0	0	0	0	393,510	
Fines, Forfeitures, and Penalties	306,001	0	43,252	0	0	27,271	376,524	
Charges for Current Services	423,095	0	0	0	0	1,355,544	1,778,639	
Other Local Revenues	96,374	50,311	1,019,862	2,054,849	14,135	51,711	3,287,242	
Fees Received from County Officials	1,469,345	0	0	0	0	0	1,469,345	
State of Tennessee	1,465,538	788,129	0	0	0	2,166,515	4,420,182	
Federal Government	113,486	0	0	0	0	323,690	437,176	
Other Governments and Citizens Groups	140,348	0	0	0	0	4,048	144,396	
Total Revenues	\$ 12,753,564	\$ 2,725,814	\$ 5,143,499	\$ 2,054,849	\$ 14,135	\$ 3,930,379	\$ 26,622,240	
Expenditures								
Current:								
General Government	\$ 1,588,462	\$ 0	\$ 0	\$ 0	\$ 0	\$ 182,985	\$ 1,771,447	
Finance	1,022,466	0	0	0	0	886,087	1,908,553	
Administration of Justice	1,575,572	0	0	0	0	256,391	1,831,963	
Public Safety	5,313,803	0	0	0	0	65,135	5,378,738	
Public Health and Welfare	775,699	1,966,483	0	0	0	0	2,742,182	
Social, Cultural, and Recreational Services	776,099	0	0	0	0	0	776,099	
Agriculture and Natural Resources	166,114	0	0	0	0	0	166,114	
Other Operations	1,377,050	0	0	0	0	0	1,377,050	
Highways	0	0	0	0	0	2,237,341	2,237,341	
Debt Service:								
Principal on Debt	0	0	2,937,347	28,280,000	0	250,000	31,467,347	
Interest on Debt	1,080	0	1,680,454	866,876	0	28,393	2,576,803	
Other Debt Service	0	0	316,694	2,432,088	0	600	2,749,382	
Capital Projects	37,106	0	11,053	0	670,761	928,313	1,647,233	
Total Expenditures	\$ 12,633,251	\$ 1,966,483	\$ 4,945,548	\$ 31,578,964	\$ 670,761	\$ 4,835,245	\$ 56,630,252	
Excess (Deficiency) of Revenues Over Expenditures	\$ 120,313	\$ 759,331	\$ 197,951	\$ (29,524,115)	\$ (656,626)	\$ (904,866)	\$ (30,008,012)	

(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 Capital Projects - QSCB	Other	Governmental Funds	
<u>Other Financing Sources (Uses)</u>								
Refunding Debt Issued	\$ 0	\$ 0	10,860,000	\$ 0	\$ 0	\$ 0	\$ 0	10,860,000
Premiums on Debt Issued	0	0	911,416	0	0	0	0	911,416
Other Loans Issued	0	0	0	0	11,280,000	0	0	11,280,000
Insurance Recovery	65,620	0	0	0	0	775	775	66,395
Transfers In	22,914	0	0	0	0	388,416	388,416	411,330
Transfers Out	(388,416)	0	0	0	0	(22,914)	(22,914)	(411,330)
Payments to Refunded Debt Escrow Agent	0	0	(11,537,303)	0	0	0	0	(11,537,303)
Total Other Financing Sources (Uses)	\$ (299,882)	\$ 0	\$ 234,113	\$ 0	\$ 11,280,000	\$ 366,277	\$ 0	\$ 11,580,508
Special Item-Sale of Hospital	\$ 0	\$ 0	\$ 0	\$ 29,897,088	\$ 0	\$ 0	\$ 0	\$ 29,897,088
Net Change in Fund Balances	(179,569)	759,331	432,064	372,973	10,623,374	(538,589)		11,469,584
Fund Balance, July 1, 2009	3,768,063	2,625,640	7,688,220	646,523	0	2,389,467		17,117,913
Fund Balance, June 30, 2010	\$ 3,588,494	\$ 3,384,971	\$ 8,120,284	\$ 1,019,496	\$ 10,623,374	\$ 1,850,878		\$ 28,587,497

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, 2010

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)		\$ 11,469,584
(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	\$ 1,125,066	
Less: current year depreciation expense	<u>(864,571)</u>	260,495
(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		(48,204)
(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, 2010	\$ 673,353	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(29,189,337)</u>	(28,515,984)
(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: other loan proceeds	\$ (11,280,000)	
Less: bond proceeds	(10,860,000)	
Less: change in premium on debt issuances	(829,171)	
Less: change in deferred debt issuance cost	(203,839)	
Add: change in debt discounts	99,643	
Add: principal payments on notes	652,347	
Add: principal payments on other loans	30,730,000	
Add: principal payments on bonds	85,000	
Add: debt refunded	10,000,000	
Less: change in deferred amount on refunding debt	<u>(9,173)</u>	18,384,807
(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	\$ 132,127	
Change in postemployment benefits liability	<u>(84,869)</u>	47,258
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,597,956</u>

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

Hamblen County, Tennessee
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Other Employee Benefit Trust Fund	
	<u>Employee Benefit Trust Fund</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$ 0	\$ 1,894,675
Equity in Pooled Cash and Investments	4,502	14,399
Due from Other Governments	<u>0</u>	<u>1,699,853</u>
Total Assets	<u>\$ 4,502</u>	<u>\$ 3,608,927</u>
<u>LIABILITIES</u>		
Due to Other Taxing Units	\$ 0	\$ 1,710,808
Due to Litigants, Heirs, and Others	0	1,894,675
Due to Joint Ventures	<u>0</u>	<u>3,444</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 3,608,927</u>
<u>NET ASSETS</u>		
Funds Held in Trust for Employees	<u>\$ 4,502</u>	
Net Assets	<u>\$ 4,502</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, 2010

	Other Employee Benefit Trust Fund
	<u>Employee Benefit Trust Fund</u>
<u>ADDITIONS</u>	
Plan Member Contributions	\$ 11,000
Total Additions	<u>\$ 11,000</u>
<u>DEDUCTIONS</u>	
Employee Benefits:	
Other Fringe Benefits	\$ 16,415
Total Deductions	<u>\$ 16,415</u>
Change in Net Assets	\$ (5,415)
Net Assets, July 1, 2009	<u>9,917</u>
Net Assets, June 30, 2010	<u><u>\$ 4,502</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, 2010

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.

Hamblen County issues all debt for the discretely presented Hamblen County School Department. Net debt issues totaling \$545,825 were contributed by the county to the School Department during the year ended June 30, 2010.

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.

Other Capital Projects Fund – QSCB – This fund accounts for the transactions related to the Qualified School Construction Bonds Program.

Additionally, Hamblen County reports the following fund types:

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.

Capital Projects Funds – These funds are 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 1.78 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 \$185,097 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 \$24,554,916 of restricted net assets, of which \$1,019,496 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 \$61,671, with the primary restriction being for mapping totaling \$51,688.

As of June 30, 2010, Hamblen County had \$43,396,940 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	\$ 51,688
Archives	9,983
General Debt Service:	
Interfund Loans	18,000
Hospital Debt Service:	
Hospital Lease	1,019,496

8. Prior-period Adjustment

Beginning net assets of the primary government on the Statement of Activities have been reduced by \$405,854 due to a reduction of a non-current receivable related to the hospital lease. The hospital was sold in the current year and the lease terminated. In connection with the sale, the receivable was settled at an amount less than previously recorded.

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. Fund Deficit

The Other Capital Projects – QSCB Fund of the discretely presented School Department had a deficit in unreserved fund balance of \$896,429 as of June 30, 2010. This deficit resulted from the recognition of liabilities for construction contracts payable, as well as the recognition of the unperformed portion of construction contracts being reserved as encumbrances in the

financial statements of this report. Funding for these contracts is being provided by debt proceeds provided by the primary government.

C. Cash Shortage – Prior Year

The audit of Hamblen County for the 2008-09 year reported a cash shortage of \$1,205 in the Drug Court. On February 10, 2010, the director of the Drug Court notified us of a theft of funds from the court. We extended certain audit procedures in the Drug 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. The cash shortage and other deficiencies have been reviewed with the director and judge of the Drug Court, district attorney general, and county mayor. The Hamblen County Sheriff's Department conducted an investigation. During 2009-10, management restructured collection procedures to require that all payments be made directly to the Office of Trustee rather than to the Drug Court. On June 21, 2010, the County Commission approved the write-off of the cash shortage.

D. Amounts Received for Previously Unaccounted Probation Service Collections

In the previous year's financial report, an audit finding was reported regarding the failure of an outside agency to account for certain probation service collections received on behalf of the Hamblen County Circuit and General Sessions Courts Clerk's Office. On July 9, 2009, the agency (East Tennessee Human Resource Agency) forwarded \$2,150.50 to the court clerk for a portion of the unaccounted collections. On May 20, 2010, a former employee of the agency pleaded guilty to charges of theft, forgery, and official misconduct related to the unaccounted collections. After the plea, additional restitution of \$2,743.50 was paid to the court clerk's office.

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 Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2010, 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	\$ 231,685

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, 2010, 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 \$38,892 at June 30, 2010. 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 \$19,448.

C. Loan Receivable

The Special Debt Service Fund had an intergovernmental long-term loan receivable totaling \$519,833 at June 30, 2010. 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 \$265,000.

D. Prior Year Lease Receivable Was Terminated With the Sale of the Hospital

In the prior year, the Hospital Debt Service Fund reflected a lease receivable totaling \$28,280,000. 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).

During the current year, the hospital was sold, and the lease agreement was terminated. With proceeds from the sale, the county retired the following debt issues, which had been the basis upon which the lease payments were calculated.

	Balance 7-1-09	Issued	Paid	Balance 6-30-10
Public Building Authority Loan (Series E-4-B)	\$ 9,525,000	\$ 0	\$ 9,525,000	\$ 0
Public Building Authority Loan (Series VII-C-1)	18,755,000	0	18,755,000	0
Total	\$ 28,280,000	\$ 0	\$ 28,280,000	\$ 0

The county also used proceeds from the sale to terminate two interest rate swap agreement, which had been associated with these variable rate debt issues. Termination fees for those two swap agreements totaled \$2,421,500.

E. Derivative Instruments

Primary Government

At June 30, 2010, Hamblen County had the following derivative instruments outstanding:

Instrument	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
\$10M Swap - A	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	\$10,000,000	11-24-08	6-1-17	Pay 4.265% receive 70% of LIBOR
\$10M Swap - B	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	10,000,000	8-13-08	6-1-25	Pay 4.39% receive 63.4% of LIBOR

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2010, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2010 financial statements are as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2010</u>		6-30-10
	Classification	Amount	Classification	Amount	Notional Amount
Governmental Activities					
Cash Flow Hedges:					
Pay-fixed interest rate swaps:					
\$10M Swap - A	Deferred	\$ (194,298)	Debt	\$ (1,335,087)	\$ 10,000,000
	Outflow				
\$10M Swap - B	Deferred	(410,354)	Debt	(1,921,164)	10,000,000
	Outflow				
Total		<u>\$ (604,652)</u>		<u>\$ (3,256,251)</u>	<u>\$ 20,000,000</u>

In addition to these derivative instruments, which were outstanding at June 30, 2010, Hamblen County terminated three other interest rate swap agreements during the year. Those terminated agreements are further discussed in Note IV.D., Prior Year Lease Receivable, and Note IV.I., Long-term Debt – Current Refunding.

Derivative Swap Agreement Detail

\$10M Swap – A

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

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$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, 2010, 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>-0.241%</u>
Net interest rate swap payments		4.024%
Variable-rate bond coupon payments		<u>1.700%</u>
Synthetic interest rate on bonds		<u>5.724%</u>

Fair value. As of June 30, 2010, the swap had a negative fair value of \$1,335,087. 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, 2010, 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, Morgan Keegan Financial Products was rated A+ by Standard and Poor's as of June 30, 2010, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard and Poor's, and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk should the bond rate increase to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the bond rate being below 70 percent of LIBOR, then the synthetic rate on the bonds will decrease.

Termination risk. The 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, 2010, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As

rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate	
	Principal	Interest	Swap Payment	Total
2011	\$ 0	\$ 170,000	\$ 402,392	\$ 572,392
2012	0	170,000	402,392	572,392
2013	1,225,000	170,000	402,392	1,797,392
2014	2,670,000	149,175	353,099	3,172,274
2015	2,810,000	103,785	245,660	3,159,445
2016-2017	3,295,000	61,795	146,269	3,503,064
Total	<u>\$ 10,000,000</u>	<u>\$ 824,755</u>	<u>\$ 1,952,204</u>	<u>\$ 12,776,959</u>

\$10M Swap - B

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

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$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, 2010, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.390%
Variable payment from counterparty		<u>-1.708%</u>
Net interest rate swap payments		2.682%
Variable-rate bond coupon payments		<u>0.250%</u>
Synthetic interest rate on bonds		<u>2.932%</u>

Fair value. As of June 30, 2010, the swap had a negative fair value of \$1,921,164. 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, 2010, 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, Morgan Keegan Financial Products was rated A+ by Standard and Poor's as of June 30, 2010, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard and Poor's, and Fitch, respectively.

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

Termination risk. The 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, 2010, 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		
2011	\$ 0	\$ 25,000	\$ 268,200	\$ 293,200	
2012	0	25,000	268,200	293,200	
2013	0	25,000	268,200	293,200	
2014	0	25,000	268,200	293,200	
2015	0	25,000	268,200	293,200	
2016-2020	1,450,000	125,000	1,341,002	2,916,002	
2021-2025	8,550,000	66,438	712,743	9,329,181	
Total	\$ 10,000,000	\$ 316,438	\$ 3,394,745	\$ 13,711,183	

F. Capital Assets

Capital assets activity for the year ended June 30, 2010, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 420,779	\$ 0	\$ 0	\$ 420,779
Construction in Progress	66,149	542,640	(150,701)	458,088
Total Capital Assets Not Depreciated	\$ 486,928	\$ 542,640	\$ (150,701)	\$ 878,867
Capital Assets Depreciated:				
Buildings and Improvements	\$ 10,284,231	\$ 150,701	\$ 0	\$ 10,434,932
Roads and Bridges	16,206,644	545,937	0	16,752,581
Other Capital Assets	5,402,340	36,489	(176,959)	5,261,870
Total Capital Assets Depreciated	\$ 31,893,215	\$ 733,127	\$ (176,959)	\$ 32,449,383
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,668,836	\$ 284,606	\$ 0	\$ 2,953,442
Roads and Bridges	5,459,132	166,967	0	5,626,099
Other Capital Assets	3,537,169	412,998	(128,755)	3,821,412
Total Accumulated Depreciation	\$ 11,665,137	\$ 864,571	\$ (128,755)	\$ 12,400,953

Governmental Activities (Cont.):

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Total Capital Assets				
Depreciated, Net	\$ 20,228,078	\$ (131,444)	\$ (48,204)	\$ 20,048,430
Governmental Activities				
Capital Assets, Net	\$ 20,715,006	\$ 411,196	\$ (198,905)	\$ 20,927,297

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

Governmental Activities:

General Government	\$ 117,482
Administration of Justice	151,633
Public Safety	167,369
Public Health and Welfare	159,184
Social, Cultural, and Recreational Services	27,997
Highways/Public Works	<u>240,906</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 864,571</u>

Discretely Presented Hamblen County School Department**Governmental Activities:**

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 2,597,275	\$ 251,469	\$ 0	\$ 2,848,744
Construction in Progress	<u>52,814</u>	<u>320,877</u>	<u>(52,814)</u>	<u>320,877</u>
Total Capital Assets Not Depreciated	<u>\$ 2,650,089</u>	<u>\$ 572,346</u>	<u>\$ (52,814)</u>	<u>\$ 3,169,621</u>

Governmental Activities (Cont.):

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets				
Depreciated:				
Buildings and				
Improvements	\$ 120,964,790	\$ 230,326	\$ 0	\$ 121,195,116
Other Capital Assets	9,732,645	1,254,235	(263,061)	10,723,819
Total Capital Assets				
Depreciated	<u>\$ 130,697,435</u>	<u>\$ 1,484,561</u>	<u>\$ (263,061)</u>	<u>\$ 131,918,935</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 84,003,998	\$ 1,692,538	\$ 0	\$ 85,696,536
Other Capital Assets	6,359,416	768,771	(263,061)	6,865,126
Total Accumulated				
Depreciation	<u>\$ 90,363,414</u>	<u>\$ 2,461,309</u>	<u>\$ (263,061)</u>	<u>\$ 92,561,662</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 40,334,021</u>	<u>\$ (976,748)</u>	<u>\$ 0</u>	<u>\$ 39,357,273</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 42,984,110</u>	<u>\$ (404,402)</u>	<u>\$ (52,814)</u>	<u>\$ 42,526,894</u>

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

Governmental Activities:

Instruction	\$ 18,599
Support Services	2,297,824
Operation of Non-Instructional Services	<u>144,886</u>
Total Depreciation Expense -	
Governmental Activities	<u>\$ 2,461,309</u>

G. Construction Commitments

At June 30, 2010, the Other Capital Projects - QSCB Fund of the discretely presented School Department had uncompleted construction contracts of approximately \$632,762 for excavating and building improvement projects.

Funding is being provided for these future expenditures through debt issued by the primary government and contributed to the School Department.

H. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2010, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 1,684
General Debt Service	General	18,000
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	153,369

The balance of \$18,000 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 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, 2010, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Fund	Nonmajor governmental funds
General Fund	\$ 0	\$ 388,416
Nonmajor governmental funds	22,914	0
Total	<u>\$ 22,914</u>	<u>\$ 388,416</u>

Discretely Presented Hamblen County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor governmental funds
General Purpose School Fund	\$ 0	\$ 300,100
Nonmajor governmental funds	148,932	0
Total	\$ 148,932	\$ 300,100

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.

I. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds and 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.

General obligation bonds and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds and other loans outstanding were issued for original terms of up to ten years for bonds and up to 17 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Bonds and other loans included in long-term debt as of June 30, 2010, will be retired from various funds.

General obligation bonds and other loans outstanding as of June 30, 2010, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
General Obligation Bonds - Refunding	3 to 5 %	\$ 10,860,000	\$ 10,775,000
Other Loans - Qualified School Construction Bonds	1.515	11,280,000	11,280,000
Other Loans - Fixed Rate	2 to 5	2,145,000	520,000
Other Loans - Refunding	Variable	30,300,000	26,260,000

Qualified School Construction Bonds were issued through the Tennessee State School Bond Authority and the proceeds loaned to Hamblen County and various other local governments across Tennessee. The county pays interest of 1.515 percent on its share of the bonds and also pays a monthly administrative fee to the state Comptroller's Office. The county and the other borrowers of the bond proceeds are required to comply with federal regulations established for the Qualified School Construction Bond program. Failure to comply with those requirements may result in the loss of the tax credit status on the bonds. This would result in further charges to the borrowers including the requirement to pay the tax-credit rate (5.86 percent) in addition to the 1.515 percent for a total rate of 7.375 percent.

Hamblen County has entered into loan agreements with the Blount County Public Building Authority and the Sevier County Public Building Authority (PBAs). The loan agreements provide for the PBAs to make funds available for loan to Hamblen County on an as needed basis to finance various projects for the county and the discretely presented School Department. As of June 30, 2010, 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, 2010, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-10	Interest Type	Interest Rates as of 6-30-10	Other Fees on Variable Rate Debt
<u>Sevier County Public</u>					
<u>Building Authority</u>					
Refunding					
(Series VII-C-2)	\$ 20,200,000	\$ 16,160,000	Variable (1)	5.724 %	1.141 %
<u>Blount County Public</u>					
<u>Building Authority</u>					
Refunding					
(Series E-4-A)	10,100,000	<u>10,100,000</u>	Variable (1)	2.932	.742
Total		<u>\$ 26,260,000</u>			

(1) Interest rate swap agreements are associated with these loans. See note IV.E., Derivative Instruments, for details of these swap agreements. The interest rate shown is the synthetic rate established from the swap agreement.

The annual requirements to amortize all general obligation bonds and other loans outstanding as of June 30, 2010, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 105,000	\$ 461,100	\$ 566,100
2012	105,000	457,950	562,950
2013	110,000	454,800	564,800
2014	110,000	451,500	561,500
2015	110,000	448,200	558,200
2016-2019	<u>10,235,000</u>	<u>1,395,500</u>	<u>11,630,500</u>
Total	<u>\$ 10,775,000</u>	<u>\$ 3,669,050</u>	<u>\$ 14,444,050</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 3,156,545	\$ 1,412,922	\$ 259,340	\$ 4,828,807
2012	3,403,854	1,272,762	232,926	4,909,542
2013	3,258,854	1,120,132	205,143	4,584,129
2014	3,393,854	973,884	175,991	4,543,729
2015	3,533,854	819,909	145,298	4,499,061
2016-2020	8,324,270	2,546,621	416,940	11,287,831
2021-2025	12,149,270	1,640,384	198,930	13,988,584
2026-2027	839,499	185,133	0	1,024,632
Total	\$ 38,060,000	\$ 9,971,747	\$ 1,634,568	\$ 49,666,315

There is \$8,102,284 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$185, based on the 2000 federal census. Debt per capita, including bonds and other loans, totaled \$840, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

Governmental Activities:	Other			
	Notes	Bonds	Other Loans	Postemployment Benefits
Balance, July 1, 2009	\$ 652,347	\$ 0	\$ 67,510,000	\$ 0
Additions	0	10,860,000	11,280,000	94,866
Deductions	(652,347)	(85,000)	(40,730,000)	(9,997)
Balance, June 30, 2010	\$ 0	\$ 10,775,000	\$ 38,060,000	\$ 84,869
Balance Due Within One Year	\$ 0	\$ 105,000	\$ 3,156,545	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 48,919,869
Less: Balance Due Within One Year	(3,261,545)
Add: Unamortized Premium on Debt	849,695
Less: Deferred Amount on Refunding	(531,639)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 45,976,380

Current Refunding

During the year, Hamblen County issued \$10,860,000 of fixed rate general obligation refunding bonds to provide resources for the current refunding of the Series III-A-3 variable-rate loan agreement. As a result, the refunded loan was redeemed, and the liability has been removed from the governmental activities column of the Statement of Net Assets. Prior to the refunding, an interest rate swap agreement had been associated with the refunded variable rate debt. A portion of the refunding bond proceeds and the premium received on the bond sale were used to pay the termination fee of that swap agreement totaling \$1,497,000. The county's financial advisors were not able to determine the cumulative savings or economic gain due to the transaction involving the conversion of variable interest rate debt to fixed interest rate debt.

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, 2010, was as follows:

	<u>Capital Leases</u>	<u>Compensated Absences</u>
Balance, July 1, 2009	\$ 56,204	\$ 180,568
Additions	0	185,097
Deductions	(56,204)	(180,568)
	<hr/>	<hr/>
Balance, June 30, 2010	\$ 0	\$ 185,097
	<hr/>	<hr/>
Balance Due Within One Year	\$ 0	\$ 185,097
	<hr/>	<hr/>
	<u>Retirement Incentive</u>	<u>Retirement Honorarium</u>
Balance, July 1, 2009	\$ 150,710	\$ 822,123
Additions	85,176	307,986
Deductions	(86,658)	(137,361)
	<hr/>	<hr/>
Balance, June 30, 2010	\$ 149,228	\$ 992,748
	<hr/>	<hr/>
Balance Due Within One Year	\$ 67,820	\$ 137,361
	<hr/>	<hr/>

	Other Postemployment Benefits
Balance, July 1, 2009	\$ 4,399,742
Additions	3,669,455
Deductions	<u>(1,425,885)</u>
Balance, June 30, 2010	<u>\$ 6,643,312</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 7,870,385
Less: Balance Due Within One Year	<u>(390,279)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 7,480,106</u>

In addition to the commitments noted above, the Board of Education appropriates available school funds to be contributed to the primary government each year to help retire school debt, which is being paid from the county's debt service funds. During the year ended June 30, 2010, the School Department contributed \$684,769 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, 2010, were \$617,994 and \$73,505, 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 a phone system with idle county funds. In a 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, 2010, 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 totaling \$18,000.

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

Description	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
Phone System	\$ 36,000	\$ 0	\$ 18,000	\$ 18,000
Total	\$ 36,000	\$ 0	\$ 18,000	\$ 18,000

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. 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. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance; nonfinancial in nature; and a useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Hamblen County had no assets that met the definition of intangible assets at June 30, 2010. However, it is reasonably expected that Hamblen County may acquire intangible assets in subsequent years.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks; or to lower the costs of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statement No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with Hamblen County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investment purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenues in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e., effective) derivative instruments are reported in the Statement of Net Assets as deferrals. Note IV.E., Derivative Instruments, describes derivative transactions of Hamblen County as of and for the year ended June 30, 2010.

C. Subsequent Events

The following table lists officials who left office on August 31, 2010 and their successors:

Official	Office	Successor
David Purkey	County Mayor	Bill Brittain
Bill Brittain	Trustee	John Baskette
Kathy Mullins	Circuit and General Sessions Courts Clerk	Teresa West

On December 16, 2010, the County Commission approved the issuance of an interest-bearing interfund capital outlay note from the Solid Waste/Sanitation Fund to the Education Capital Projects Fund. The proceeds are to be used for school construction planning and are not to exceed \$1,185,503.

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. Change in Administration

Finance Director Nicole Buchanan resigned June 30, 2010, and was succeeded by Joey Barnard on November 2, 2010.

F. 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, 2010.

The Hamblen County-Morristown Solid Waste Disposal System is a joint venture that is operated by Hamblen County and the City of Morristown. The board of directors of the system is comprised of eight members, three appointed by the Hamblen County Commission and three appointed by the Morristown City Council. The county mayor and city mayor appoint one member each. The board has control, supervision, management, and use of the landfills. Further, any and all real estate purchases are to be titled in the name of the City of Morristown and Hamblen County, each owning an

undivided one-half interest, and each having agreed to equally finance the costs of such acquisitions. The board is required to submit 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

G. 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.

H. 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/PS/.

Funding Policy

Hamblen County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, 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, 2010, Hamblin County's annual pension cost of \$1,325,101 to TCRS was equal to Hamblin 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. Hamblin County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was nine years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$1,325,101	100%	\$0
6-30-09	1,322,088	100	0
6-30-08	1,243,173	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 85.48 percent funded. The actuarial accrued liability for benefits was \$44.46 million, and the actuarial value of assets was \$38 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$6.46 million. The covered payroll (annual payroll of active employees covered by the plan) was \$14.65 million, and the ratio of the UAAL to the covered payroll was 44.07 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The TCRS uses the frozen entry age actuarial cost method to calculate the annual required contribution. Effective July 1, 2009, the TCRS reestablished the unfunded accrued liabilities for all groups.

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 SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/Schools.

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, 2010, 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, 2010, 2009, and 2008, were \$2,115,085, \$2,091,013, and \$1,987,625, respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Primary Government

Plan Description

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

Funding Policy

Pre-65 retirees participating in the commercial insurance plan must pay the entire premium for their single coverage insurance. Dependents of retirees are not eligible to participate in the plan.

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

During the year ended June 30, 2010, Hamblen County contributed \$9,997 for other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Commercial Plan	Medicare Supplement Plan
ARC	\$ 17,866	\$ 77,000
Interest on the NPO	0	0
Adjustment to the ARC	0	0
Annual OPEB cost	\$ 17,866	\$ 77,000
Amount of contribution	(7,747)	(2,250)
Increase/decrease in NPO	\$ 10,119	\$ 74,750
Net OPEB obligation, 7-1-09	0	0
Net OPEB obligation, 6-30-10	\$ 10,119	\$ 74,750

Fiscal Year Ended*	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Commercial	\$ 17,866	43 %	\$ 10,119
6-30-10	Medicare Supplement	77,000	3	74,750

* Data not available for two preceding years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

	Commercial Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-09	7-1-09
Actuarial accrued liability (AAL)	\$ 129,445	\$ 721,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 129,445	\$ 721,000
Actuarial value of assets as a % of the AAL	0	0
Covered payroll (active plan members)	\$ 6,535,260	\$ N/A
UAAL as a % of covered payroll	2%	N/A

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

plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

In the July 1, 2009, actuarial valuation for the commercial plan, the entry age normal actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return and an annual healthcare cost trend rate of nine percent for fiscal year 2009. The trend will be reduced by decrements to an ultimate rate of five percent by fiscal year 2013. The assumptions for the commercial plan also include annual salary increases of 3.5 percent and projected annual increases in payroll of 2.5 percent. The annual healthcare cost trend for the Medicare Supplement Plan was one percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The Medicare Supplement Plan assumptions include a three percent inflation rate. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2010.

Discretely Presented Hamblen County School Department

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan and the Medicare Supplement Plan. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated (TCA), for teachers and Section 8-27-701, TCA, for the Medicare Supplement Plan. Prior to reaching the age of 65, all members have the option of choosing 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, 2010, the discretely presented Hamblen County School Department contributed \$1,425,885 for other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan
ARC	\$ 3,286,000	\$ 273,000
Interest on the NPO	190,496	7,493
Adjustment to the ARC	(180,437)	(7,097)
Annual OPEB cost	\$ 3,296,059	\$ 273,396
Amount of contribution	(1,400,309)	(25,576)
Increase/decrease in NPO	\$ 1,895,750	\$ 247,820
Net OPEB obligation, 7-1-09	4,233,234	166,508
Net OPEB obligation, 6-30-10	\$ 6,128,984	\$ 414,328

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
6-30-10	"	3,296,059	42	6,128,984
6-30-08	Medicare Supplement	108,000	22	83,807
6-30-09	"	108,101	23	166,508
6-30-10	"	273,396	9	414,328

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

	Local Education Group Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-09	7-1-09
Actuarial accrued liability (AAL)	\$ 29,549,000	\$ 4,248,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 29,549,000	\$ 4,248,000
Actuarial value of assets as a % of the AAL	0	0
Covered payroll (active plan members)	\$ 43,683,961	\$ N/A
UAAL as a % of covered payroll	68%	N/A

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

Actuarial Methods and Assumptions

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

In the July 1, 2009, actuarial valuation, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses). The annual healthcare cost trend rate for the Local Education Plan was four percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend for the Medicare Supplement Plan was one percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. 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.

J. Termination Benefits

The discretely presented Hamblen County School Department offers a voluntary termination benefits plan to its certified employees in accordance with contract provisions. To be eligible, employees must retire in the school year that they become 60 years of age or obtain 30 years of creditable service in the Tennessee Consolidated Retirement System, whichever comes first. Under the terms of the plan, employees can select between receiving \$4,500 for two years or \$3,500 for three years. During the 2008-09 year, 18 employees participated in the program. The estimated cost of these cash payments reported in the government-wide Statement of Net Assets is \$149,228. Of that amount, \$67,820 is due within one year. The governmental funds' financial statements reflect retirement incentive expenditures of \$86,658 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, 2010, 433 employees met the requirements of this benefit. The estimated cost of these cash payments reported in the government-wide Statement of Net Assets is \$992,748. Of that amount, \$137,361 is due within one year. The governmental funds' financial statements reflect retirement honorarium expenditures of \$137,361 in the General Purpose School Fund.

K. Central Accounting and Budgeting

Office of Director of Finance

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

L. Purchasing Laws

Office of County Mayor

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

Office of Road Superintendent

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

Office of Director of Schools

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

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

A. Nature of the Organization

The district was established by the county for the purpose of enhancing “911” and selective routing services under Tennessee Code Annotated, Sections 7-86-101 through 7-86-117 “Emergency Communications District Law.” The district is a component unit of Hamblen County, Tennessee. It is managed by an 11-member board of directors appointed by the Hamblen County Commission for 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 7-1-09	Additions	Balance 6-30-10	Accumulated Depreciation	Net Capital Assets
Capital Assets:					
Building	\$ 316,908	\$ 34,412	\$ 351,320	\$ 89,509	\$ 261,811
Communications equip.	514,218	95,448	609,666	477,533	132,133
Furniture and fixtures	166,224	342	166,566	164,024	2,542
Office equipment	1,393	0	1,393	956	437
Automobile	22,806	0	22,806	11,023	11,783
Construction in progress	23,382	(23,382)	0	0	0
	<u>\$ 1,044,931</u>	<u>\$ 106,820</u>	<u>\$ 1,151,751</u>	<u>\$ 743,045</u>	<u>\$ 408,706</u>

c. The straight-line method of depreciation is used, totaling \$48,884 for 2010.

5. The district has chosen not to follow Financial Accounting Standards Board pronouncements issued subsequent to November 30, 1989. The district follows Governmental Accounting Standards Board guidance after November 30, 1989.

6. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates. The useful lives of the capital assets of the district are such estimates.

C. Deposits

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

Custodial Credit Risk - Deposits – This is the risk that in the event of a bank failure, the district's deposits may not be returned to it. As of June 30, 2010, 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 absorbs 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, 2010, this liability is \$27,057 of which \$6,764 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 their earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, 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, 2010, the district's annual pension cost of \$41,760 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 13 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

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.

I. Budgetary Information

The district must file a budget annually with Hamblen County, which the county must legally adopt. The budget is prepared on the accrual basis of accounting.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 8,347,791	\$ 0	\$ 0	\$ 8,347,791	\$ 8,442,503	\$ 8,442,503	\$ (94,712)
Licenses and Permits	391,586	0	0	391,586	415,000	415,000	(23,414)
Fines, Forfeitures, and Penalties	306,001	0	0	306,001	241,050	241,050	64,951
Charges for Current Services	423,095	0	0	423,095	400,748	411,860	11,235
Other Local Revenues	96,374	0	0	96,374	67,370	71,870	24,504
Fees Received from County Officials	1,469,345	0	0	1,469,345	1,685,600	1,640,000	(170,655)
State of Tennessee	1,465,538	0	0	1,465,538	1,632,706	1,797,878	(332,340)
Federal Government	113,486	0	0	113,486	32,000	371,872	(258,386)
Other Governments and Citizens Groups	140,348	0	0	140,348	71,000	162,728	(22,380)
Total Revenues	\$ 12,753,564	\$ 0	\$ 0	\$ 12,753,564	\$ 12,987,977	\$ 13,554,761	\$ (801,197)
Expenditures							
<u>General Government</u>							
County Commission	\$ 142,425	\$ 0	\$ 0	\$ 142,425	\$ 143,211	\$ 143,211	\$ 786
Board of Equalization	5,880	0	0	5,880	6,600	6,600	720
County Mayor/Executive	148,446	0	0	148,446	148,272	148,633	187
County Attorney	132,103	0	0	132,103	86,293	136,293	4,190
Election Commission	224,771	0	0	224,771	231,649	236,952	12,181
Register of Deeds	56,141	(2,229)	1,214	55,126	67,820	68,738	13,612
Planning	252,495	(77)	32	252,450	259,722	261,366	8,916
Other Facilities	608,751	(2,422)	13,437	619,766	638,400	640,356	20,590
Preservation of Records	17,450	0	0	17,450	17,280	19,780	2,330
<u>Finance</u>							
Accounting and Budgeting	182,141	0	0	182,141	185,724	186,643	4,502
Purchasing	98,616	0	0	98,616	99,464	100,184	1,568

(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 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original		
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Property Assessor's Office	\$ 341,015	\$ 0	\$ 18	\$ 341,033	\$ 356,807	\$ 358,155	\$ 17,122
Reappraisal Program	125,346	0	0	125,346	136,929	137,307	11,961
County Trustee's Office	50,377	(1,050)	0	49,327	59,760	59,760	10,433
County Clerk's Office	149,436	0	829	150,265	154,649	157,134	6,869
Data Processing	39,327	(4,750)	0	34,577	42,000	42,000	7,423
Other Finance	36,208	0	20	36,228	39,495	39,495	3,267
<u>Administration of Justice</u>							
Circuit Court	558,051	0	1,093	559,144	565,666	565,666	6,522
General Sessions Court	265,598	0	449	266,047	268,152	268,537	2,490
Drug Court	103,539	(1,445)	2,283	104,377	116,815	121,949	17,572
Chancery Court	54,292	0	93	54,385	56,630	58,568	4,183
Juvenile Court	395,491	(600)	0	394,891	424,478	425,719	30,828
Probate Court	2,009	0	0	2,009	5,000	5,000	2,991
Probation Services	196,592	0	2,500	199,092	201,232	202,180	3,088
<u>Public Safety</u>							
Sheriff's Department	2,389,428	(4,556)	31,722	2,416,594	2,543,778	2,545,193	128,599
Wheel Tax Officer	5,555	0	0	5,555	7,660	7,660	2,105
Drug Enforcement	11,687	0	0	11,687	10,000	14,500	2,813
Administration of the Sexual Offender Registry	2,491	0	0	2,491	3,200	3,200	709
Jail	2,148,511	(5,527)	1,014	2,143,998	2,279,138	2,295,267	151,269
Workhouse	62,041	0	0	62,041	70,318	70,318	8,277
Work Release Program	88,150	(6)	35	88,179	91,898	92,396	4,217
Fire Prevention and Control	180,000	0	0	180,000	180,000	180,000	0
Civil Defense	71,286	(213)	4,599	75,672	84,245	84,426	8,754

(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 7/1/2009	Add: Encumbrances 6/30/2010	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	142,801	0	4,960	147,761	0	281,872	134,111
County Coroner/Medical Examiner	70,217	0	0	70,217	76,200	76,200	5,983
<u>Public Health and Welfare</u>							
Local Health Center	450,391	(61)	5,919	456,249	449,328	656,328	200,079
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	14,516	0	0	14,516	15,000	15,000	484
Other Local Welfare Services	40,450	0	0	40,450	50,000	50,000	9,550
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	217,899	(2,074)	10,094	225,919	237,894	238,798	12,879
Other Social, Cultural, and Recreational	296,600	0	0	296,600	296,600	296,600	0
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	125,974	0	0	125,974	128,481	128,481	2,507
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	39,140	0	0	39,140	38,878	39,418	278

(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:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2009	Encumbrances 6/30/2010			Original	Final	
<u>Expenditures (Cont.)</u>								
<u>Other Operations</u>								
Tourism	\$ 22,500	\$ 0	\$ 0	\$ 0	\$ 22,500	\$ 22,500	\$ 22,500	\$ 0
Industrial Development	42,000	0	0	0	42,000	42,000	42,000	0
Public Transportation	41,593	(4,812)	0	0	36,781	25,000	42,000	5,219
Veterans' Services	12,526	0	0	0	12,526	15,087	15,087	2,561
Other Charges	365,569	(11,324)	910	0	355,155	410,450	410,450	55,295
Contributions to Other Agencies	5,000	0	0	0	5,000	0	5,000	0
Employee Benefits	835,337	0	0	0	835,337	887,394	841,112	5,775
ARRA Grant # 1	41,925	0	647	0	42,572	0	45,190	2,618
ARRA Grant # 2	10,600	0	0	0	10,600	0	10,600	0
Interest on Debt								
General Government	1,080	0	0	0	1,080	1,080	1,080	0
Capital Projects								
Administration of Justice Projects								
Total Expenditures	\$ 37,106	0	19,220	0	56,326	0	67,000	10,674
	\$ 12,633,251	(41,146)	101,088	\$ 12,693,193	\$ 12,952,555	\$ 13,642,280	\$ 949,087	
<u>Excess (Deficiency) of Revenues</u>								
Over Expenditures	\$ 120,313	\$ 41,146	(101,088)	\$ 60,371	\$ 35,422	\$ (87,519)	\$ 147,890	
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 65,620	0	0	\$ 65,620	0	\$ 66,222	\$ (602)	
Transfers In	22,914	0	0	22,914	19,000	19,000	3,914	
Transfers Out	(388,416)	0	0	(388,416)	0	(391,031)	2,615	
Total Other Financing Sources (Uses)	\$ (299,882)	0	0	(299,882)	19,000	(305,809)	5,927	
Net Change in Fund Balance	\$ (179,569)	41,146	(101,088)	(239,511)	54,422	(393,328)	153,817	
Fund Balance, July 1, 2009	3,768,063	(41,146)	0	3,726,917	4,081,018	4,081,018	(354,101)	
Fund Balance, June 30, 2010	\$ 3,588,494	0	(101,088)	\$ 3,487,406	\$ 4,135,440	\$ 3,687,690	\$ (200,284)	

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,885,450	\$ 0	\$ 0	\$ 1,885,450	\$ 1,891,551	\$ 1,891,551	\$ (6,101)
Licenses and Permits	1,924	0	0	1,924	1,600	1,600	324
Other Local Revenues	50,311	0	0	50,311	50,000	50,000	311
State of Tennessee	788,129	0	0	788,129	710,000	710,000	78,129
Total Revenues	\$ 2,725,814	\$ 0	\$ 0	\$ 2,725,814	\$ 2,653,151	\$ 2,653,151	\$ 72,663
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Management	\$ 1,966,483	\$ (10,393)	\$ 656	\$ 1,956,746	\$ 2,207,251	\$ 2,207,251	\$ 250,505
Total Expenditures	\$ 1,966,483	\$ (10,393)	\$ 656	\$ 1,956,746	\$ 2,207,251	\$ 2,207,251	\$ 250,505
Excess (Deficiency) of Revenues Over Expenditures	\$ 759,331	\$ 10,393	\$ (656)	\$ 769,068	\$ 445,900	\$ 445,900	\$ 323,168
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 759,331	\$ 10,393	\$ (656)	\$ 769,068	\$ 445,900	\$ 445,900	\$ 323,168
	2,625,640	(10,393)	0	2,615,247	2,765,293	2,765,293	(150,046)
Fund Balance, June 30, 2010	\$ 3,384,971	\$ 0	\$ (656)	\$ 3,384,315	\$ 3,211,193	\$ 3,211,193	\$ 173,122

Exhibit E-3

Hamblen County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Hamblen County School Department
June 30, 2010

(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)
7-1-09	\$ 38,001	\$ 44,456	\$ 6,455	85.48 %	\$ 14,647	44.07 %
7-1-07	35,931	40,717	4,786	88.25	13,601	35.17

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method was a change made during the year of the 2007 actuarial valuation; therefore, only the two most recent actuarial valuations are presented.

Exhibit E-4

Hamblen County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Hamblen County Emergency Communications District
June 30, 2010

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial 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)
7-1-09	\$ 745	\$ 980	\$ 235	76.06 %	\$ 536	43.75 %
7-1-07	606	842	236	71.97	422	55.92

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method was a change made during the year of the 2007 actuarial valuation; therefore, only the two most recent actuarial valuations are presented.

Exhibit E-5

Hamblen County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Hamblen County School Department
June 30, 2010

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date*	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Commercial Plan	7-1-09	\$ 0	\$ 129	\$ 129	0 %	\$ 6,535	2 %
Medicare Supplement Plan	7-1-09	0	721	721	0	N/A	N/A
<u>DISCRETELY PRESENTED HAMBLEN COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-07	0	28,236	28,236	0	40,041	70.5
"	7-1-09	0	29,549	29,549	0	43,684	67.6
Medicare Supplement	7-1-07	0	1,248	1,248	0	N/A	N/A
"	7-1-09	0	4,248	4,248	0	N/A	N/A

*Three actuarial valuations will be presented when data is available.

HAMBLLEN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2010

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.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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, 2010

	Special Revenue Funds				Total	Capital Projects Funds			Total Nonmajor Governmental Funds	
	Constituent					Total	General Capital Projects			Sanitation Projects
	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Special Debt Service			Debt Service Fund	General Capital Projects		
Cash	\$ 0	\$ 292,648	\$ 0	\$ 0	\$ 292,648	\$ 0	\$ 0	\$ 0	\$ 0	\$ 292,648
Equity in Pooled Cash and Investments	75,247	0	610,284	167	685,531	165,713	124,024	289,737	0	975,435
Accounts Receivable	0	23,463	0	0	23,463	0	0	0	0	23,463
Due from Other Governments	0	0	300,469	0	300,469	0	0	0	0	300,469
Loan Receivable	0	0	0	519,833	0	0	0	0	0	519,833
Total Assets	\$ 75,247	\$ 316,111	\$ 910,753	\$ 1,302,111	\$ 1,302,111	\$ 165,713	\$ 124,024	\$ 289,737	\$ 289,737	\$ 2,111,848

ASSETS

LIABILITIES AND FUND BALANCES

Accounts Payable	\$ 3,207	\$ 0	\$ 8,486	\$ 11,693	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,693
Payroll Deductions Payable	0	0	393	393	0	0	0	0	0	393
Contracts Payable	0	0	0	0	0	85,628	0	85,628	0	85,628
Retainage Payable	0	0	0	0	0	17,584	0	17,584	0	17,584
Due to Other Funds	0	1,684	0	1,684	0	0	0	0	0	1,684
Other Deferred Revenues	0	0	143,988	143,988	0	0	0	0	0	143,988
Total Liabilities	\$ 3,207	\$ 1,684	\$ 152,867	\$ 157,758	\$ 0	\$ 103,212	\$ 0	\$ 103,212	\$ 0	\$ 260,970
Fund Balances										
Reserved for Encumbrances	\$ 22,355	\$ 0	\$ 2,213	\$ 24,568	\$ 0	\$ 60,907	\$ 6,620	\$ 67,527	\$ 67,527	\$ 92,095
Reserved for Long-term Loan Receivable	0	0	0	0	520,000	0	0	0	0	520,000
Reserved for Capital Outlay	0	0	0	0	0	0	117,404	117,404	0	117,404
Other Federal Reserves	39,123	0	0	39,123	0	0	0	0	0	39,123
Unreserved	10,562	314,427	755,673	1,080,662	0	1,594	0	1,594	0	1,082,256
Total Fund Balances	\$ 72,040	\$ 314,427	\$ 757,886	\$ 1,144,353	\$ 520,000	\$ 62,501	\$ 124,024	\$ 186,525	\$ 186,525	\$ 1,850,878
Total Liabilities and Fund Balances	\$ 75,247	\$ 316,111	\$ 910,753	\$ 1,302,111	\$ 520,000	\$ 165,713	\$ 124,024	\$ 289,737	\$ 289,737	\$ 2,111,848

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, 2010

	Special Revenue Funds				Total	Debt Service Fund			Capital Projects Funds			Total Nonmajor Governmental Funds
	Constitutional Officers - Fees		Highway / Public Works	Total		Special Debt Service	General Capital Projects		Sanitation Projects	Total		
	Drug Control											
Revenues												
Local Taxes	\$ 0	\$ 0	\$ 1,600	\$ 1,600	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,600
Fines, Forfeitures, and Penalties	27,271	0	0	27,271	0	0	0	0	0	0	0	27,271
Charges for Current Services	0	1,355,544	0	1,355,544	0	0	0	0	0	0	0	1,355,544
Other Local Revenues	1,165	0	21,553	22,718	28,993	0	0	0	0	0	0	51,711
State of Tennessee	0	0	2,166,515	2,166,515	0	0	0	0	0	0	0	2,166,515
Federal Government	10,568	0	0	10,568	0	313,122	0	313,122	0	313,122	0	323,690
Other Governments and Citizens Groups	4,048	0	0	4,048	0	0	0	0	0	0	0	4,048
Total Revenues	\$ 43,052	\$ 1,355,544	\$ 2,189,668	\$ 3,588,264	\$ 28,993	\$ 313,122	\$ 0	\$ 313,122	\$ 0	\$ 313,122	\$ 0	\$ 3,930,379
Expenditures												
Current:												
General Government	\$ 0	\$ 182,985	\$ 0	\$ 182,985	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 182,985
Finance	0	886,087	0	886,087	0	0	0	0	0	0	0	886,087
Administration of Justice	0	256,391	0	256,391	0	0	0	0	0	0	0	256,391
Public Safety	65,019	116	0	65,135	0	0	0	0	0	0	0	65,135
Highways	0	0	2,237,341	2,237,341	0	0	0	0	0	0	0	2,237,341
Debt Service:												
Principal on Debt	0	0	0	0	250,000	0	0	0	0	0	0	250,000
Interest on Debt	0	0	0	0	28,393	0	0	0	0	0	0	28,393
Other Debt Service	0	0	0	0	600	0	0	0	0	0	0	600
Capital Projects	0	0	0	0	0	904,933	23,380	928,313	0	928,313	0	928,313
Total Expenditures	\$ 65,019	\$ 1,325,579	\$ 2,237,341	\$ 3,627,939	\$ 278,993	\$ 904,933	\$ 23,380	\$ 928,313	\$ 23,380	\$ 928,313	\$ 0	\$ 4,835,245
Excess (Deficiency) of Revenues Over Expenditures	\$ (21,967)	\$ 29,965	\$ (47,673)	\$ (39,675)	\$ (250,000)	\$ (591,811)	\$ (23,380)	\$ (615,191)	\$ (23,380)	\$ (615,191)	\$ (904,866)	\$ (904,866)
Other Financing Sources (Uses)												
Insurance Recovery	\$ 0	\$ 0	\$ 775	\$ 775	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 775
Transfers In	0	0	19,781	19,781	0	368,635	0	368,635	0	368,635	0	388,416
Transfers Out	0	0	(22,914)	(22,914)	0	0	0	0	0	0	0	(22,914)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ (2,358)	\$ (2,358)	\$ 0	\$ 368,635	\$ 0	\$ 368,635	\$ 0	\$ 368,635	\$ 0	\$ 366,277
Net Change in Fund Balances	\$ (21,967)	\$ 29,965	\$ (50,031)	\$ (42,033)	\$ (250,000)	\$ (223,176)	\$ (23,380)	\$ (246,556)	\$ (23,380)	\$ (246,556)	\$ (538,589)	\$ (538,589)
Fund Balance, July 1, 2009	94,007	284,462	807,917	1,186,386	770,000	285,677	147,404	433,081	147,404	433,081	2,389,467	2,389,467
Fund Balance, June 30, 2010	\$ 72,040	\$ 314,427	\$ 757,886	\$ 1,144,353	\$ 520,000	\$ 62,501	\$ 124,024	\$ 186,525	\$ 124,024	\$ 186,525	\$ 1,850,878	\$ 1,850,878

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, 2010

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 27,271	\$ 0	\$ 27,271	\$ 26,500	\$ 26,500	\$ 771
Other Local Revenues	1,165	0	1,165	2,500	2,500	(1,335)
Federal Government	10,568	0	10,568	0	4,000	6,568
Other Governments and Citizens Groups	4,048	0	4,048	0	9,750	(5,702)
Total Revenues	\$ 43,052	\$ 0	\$ 43,052	\$ 29,000	\$ 42,750	\$ 302
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 65,019	\$ 22,355	\$ 87,374	\$ 42,700	\$ 101,491	\$ 14,117
Total Expenditures	\$ 65,019	\$ 22,355	\$ 87,374	\$ 42,700	\$ 101,491	\$ 14,117
Excess (Deficiency) of Revenues Over Expenditures	\$ (21,967)	\$ (22,355)	\$ (44,322)	\$ (13,700)	\$ (58,741)	\$ 14,419
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (21,967)	\$ (22,355)	\$ (44,322)	\$ (13,700)	\$ (58,741)	\$ 14,419
	94,007	0	94,007	73,320	73,320	20,687
Fund Balance, June 30, 2010	\$ 72,040	\$ (22,355)	\$ 49,685	\$ 59,620	\$ 14,579	\$ 35,106

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	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	21,553	0	0	21,553	17,500	17,500	4,053
State of Tennessee	2,166,515	0	0	2,166,515	2,310,680	2,310,680	(144,165)
Total Revenues	\$ 2,189,668	\$ 0	\$ 0	\$ 2,189,668	\$ 2,329,780	\$ 2,329,780	\$ (140,112)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 333,972	\$ 0	\$ 179	\$ 334,151	\$ 365,568	\$ 366,868	\$ 32,717
Highway and Bridge Maintenance	943,256	0	1,339	944,595	1,022,686	1,051,186	106,591
Operation and Maintenance of Equipment	242,623	(3,424)	695	239,894	328,081	328,081	88,187
Employee Benefits	44,349	0	0	44,349	68,485	55,185	10,836
Capital Outlay	673,141	0	0	673,141	760,665	744,165	71,024
Total Expenditures	\$ 2,237,341	\$ (3,424)	\$ 2,213	\$ 2,236,130	\$ 2,545,485	\$ 2,545,485	\$ 309,355
Excess (Deficiency) of Revenues Over Expenditures	\$ (47,673)	\$ 3,424	\$ (2,213)	\$ (46,462)	\$ (215,705)	\$ (215,705)	\$ 169,243
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,000	\$ 150,000	\$ (150,000)
Insurance Recovery	775	0	0	775	0	0	775
Transfers In	19,781	0	0	19,781	0	0	19,781
Transfers Out	(22,914)	0	0	(22,914)	(24,500)	(24,500)	1,586
Total Other Financing Sources (Uses)	\$ (2,358)	\$ 0	\$ 0	\$ (2,358)	\$ 125,500	\$ 125,500	\$ (127,858)
Net Change in Fund Balance	\$ (50,031)	\$ 3,424	\$ (2,213)	\$ (48,820)	\$ (90,205)	\$ (90,205)	\$ 41,385
Fund Balance, July 1, 2009	807,917	(3,424)	0	804,493	773,088	773,088	31,405
Fund Balance, June 30, 2010	\$ 757,886	\$ 0	\$ (2,213)	\$ 755,673	\$ 682,883	\$ 682,883	\$ 72,790

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 28,993	\$ 279,060	\$ 279,060	\$ (250,067)
Total Revenues	\$ 28,993	\$ 279,060	\$ 279,060	\$ (250,067)
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 250,000	\$ 250,000	\$ 250,000	\$ 0
<u>Interest on Debt</u>				
General Government	28,393	28,400	28,400	7
<u>Other Debt Service</u>				
General Government	600	610	610	10
Total Expenditures	\$ 278,993	\$ 279,010	\$ 279,010	\$ 17
Excess (Deficiency) of Revenues Over Expenditures	\$ (250,000)	\$ 50	\$ 50	\$ (250,050)
Net Change in Fund Balance	\$ (250,000)	\$ 50	\$ 50	\$ (250,050)
Fund Balance, July 1, 2009	770,000	1,010,036	1,010,036	(240,036)
Fund Balance, June 30, 2010	\$ 520,000	\$ 1,010,086	\$ 1,010,086	\$ (490,086)

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.

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,080,385	\$ 4,077,465	\$ 4,077,465	\$ 2,920
Fines, Forfeitures, and Penalties	43,252	40,000	40,000	3,252
Other Local Revenues	1,019,862	1,019,444	1,204,213	(184,351)
Total Revenues	\$ 5,143,499	\$ 5,136,909	\$ 5,321,678	\$ (178,179)
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 775,900	\$ 4,000,251	\$ 2,010,097	\$ 1,234,197
Education	2,161,447	0	2,161,447	0
<u>Interest on Debt</u>				
General Government	225,945	377,378	696,782	470,837
Education	1,454,509	1,865,410	1,465,128	10,619
<u>Other Debt Service</u>				
General Government	87,163	0	87,882	719
Education	229,531	0	229,531	0
<u>Capital Projects</u>				
Education Capital Projects	11,053	0	11,054	1
Total Expenditures	\$ 4,945,548	\$ 6,243,039	\$ 6,661,921	\$ 1,716,373
Excess (Deficiency) of Revenues Over Expenditures	\$ 197,951	\$ (1,106,130)	\$ (1,340,243)	\$ 1,538,194
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 10,860,000	\$ 0	\$ 10,860,000	\$ 0
Premiums on Debt Issued	911,416	0	911,416	0
Transfers In	0	19,620	19,620	(19,620)
Payments to Refunded Debt Escrow Agent	(11,537,303)	0	(11,537,303)	0
Total Other Financing Sources (Uses)	\$ 234,113	\$ 19,620	\$ 253,733	\$ (19,620)
Net Change in Fund Balance	\$ 432,064	\$ (1,086,510)	\$ (1,086,510)	\$ 1,518,574
Fund Balance, July 1, 2009	7,688,220	7,261,489	7,261,489	426,731
Fund Balance, June 30, 2010	\$ 8,120,284	\$ 6,174,979	\$ 6,174,979	\$ 1,945,305

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 2,054,849	\$ 2,172,563	\$ 2,172,563	\$ (117,714)
Total Revenues	\$ 2,054,849	\$ 2,172,563	\$ 2,172,563	\$ (117,714)
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 28,280,000	\$ 815,000	\$ 28,280,000	\$ 0
<u>Interest on Debt</u>				
General Government	866,876	1,342,563	1,342,563	475,687
<u>Other Debt Service</u>				
General Government	2,432,088	0	2,432,088	0
Total Expenditures	\$ 31,578,964	\$ 2,157,563	\$ 32,054,651	\$ 475,687
Excess (Deficiency) of Revenues Over Expenditures	\$ (29,524,115)	\$ 15,000	\$ (29,882,088)	\$ 357,973
<u>Special Item</u>				
Sale of Hospital	\$ 29,897,088	\$ 0	\$ 29,897,088	\$ 0
Total Special Item	\$ 29,897,088	\$ 0	\$ 29,897,088	\$ 0
Net Change in Fund Balance	\$ 372,973	\$ 15,000	\$ 15,000	\$ 357,973
Fund Balance, July 1, 2009	646,523	646,522	646,522	1
Fund Balance, June 30, 2010	\$ 1,019,496	\$ 661,522	\$ 661,522	\$ 357,974

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.

Exhibit H-1

Hamblen County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2010

	Agency Funds			Total
	Cities - Sales Tax	Constitu- tional Officers - Agency	Other Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 1,894,675	\$ 0	\$ 1,894,675
Equity in Pooled Cash and Investments	10,955	0	3,444	14,399
Due from Other Governments	1,699,853	0	0	1,699,853
Total Assets	<u>\$ 1,710,808</u>	<u>\$ 1,894,675</u>	<u>\$ 3,444</u>	<u>\$ 3,608,927</u>
<u>LIABILITIES</u>				
Due to Other Funds	\$ 1,710,808	\$ 0	\$ 0	\$ 1,710,808
Due to Litigants, Heirs, and Others	0	1,894,675	0	1,894,675
Due to Joint Ventures	0	0	3,444	3,444
Total Liabilities	<u>\$ 1,710,808</u>	<u>\$ 1,894,675</u>	<u>\$ 3,444</u>	<u>\$ 3,608,927</u>

Exhibit H-2

Hamblen County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 10,955	\$ 9,312,679	\$ 9,312,679	\$ 10,955
Due from Other Governments	1,450,427	1,699,853	1,450,427	1,699,853
Total Assets	\$ 1,461,382	\$ 11,012,532	\$ 10,763,106	\$ 1,710,808
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,461,382	\$ 11,012,532	\$ 10,763,106	\$ 1,710,808
Total Liabilities	\$ 1,461,382	\$ 11,012,532	\$ 10,763,106	\$ 1,710,808
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,630,123	\$ 10,571,736	\$ 11,307,184	\$ 1,894,675
Accounts Receivable	484	0	484	0
Total Assets	\$ 2,630,607	\$ 10,571,736	\$ 11,307,668	\$ 1,894,675
<u>Liabilities</u>				
Due to Other Funds	\$ 17,388	\$ 0	\$ 17,388	\$ 0
Due to Litigants, Heirs, and Others	2,613,219	10,571,736	11,290,280	1,894,675
Total Liabilities	\$ 2,630,607	\$ 10,571,736	\$ 11,307,668	\$ 1,894,675
<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	\$ 2,630,123	\$ 10,571,736	\$ 11,307,184	\$ 1,894,675
Equity in Pooled Cash and Investments	14,399	9,312,679	9,312,679	14,399
Accounts Receivable	484	0	484	0
Due from Other Governments	1,450,427	1,699,853	1,450,427	1,699,853
Total Assets	<u>\$ 4,095,433</u>	<u>\$ 21,584,268</u>	<u>\$ 22,070,774</u>	<u>\$ 3,608,927</u>
<u>Liabilities</u>				
Due to Other Funds	\$ 17,388	\$ 0	\$ 17,388	\$ 0
Due to Other Taxing Units	1,461,382	11,012,532	10,763,106	1,710,808
Due to Litigants, Heirs, and Others	2,613,219	10,571,736	11,290,280	1,894,675
Due to Joint Ventures	3,444	0	0	3,444
Total Liabilities	<u>\$ 4,095,433</u>	<u>\$ 21,584,268</u>	<u>\$ 22,070,774</u>	<u>\$ 3,608,927</u>

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 two Capital Projects Funds.

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

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

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

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

Other Capital Projects Fund – QSCB – The Other Capital Projects Fund – QSCB – is used to account for transactions related to the Qualified School Construction Bonds Program.

Exhibit I-1

Hamblen County, Tennessee
Statement of Activities
Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues			Expenses	Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Total Governmental	Activities
Governmental Activities:						
Instruction	\$ 49,839,074	\$ 0	\$ 5,029,086	\$ 1,471	\$	(44,808,517)
Support Services	21,593,994	0	739,641	563,853		(20,290,500)
Operation of Non-Instructional Services	5,775,330	2,232,825	4,661,158	31,894		1,150,547
Interest on Long-term Debt	1,266	0	0	0		(1,266)
Other Debt Service	684,769	0	0	0		(684,769)
Total Governmental Activities	\$ 77,894,433	\$ 2,232,825	\$ 10,429,885	\$ 597,218	\$	(64,634,505)
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$	13,166,386
Local Option Sales Taxes						10,319,772
Wheel Tax						718,523
Interstate Telecommunications Tax						3,854
Grants and Contributions Not Restricted to Specific Programs						39,690,171
Unrestricted Investment Income						4,891
Miscellaneous						42,180
Total General Revenues					\$	63,945,777
Change in Net Assets					\$	(688,728)
Net Assets, July 1, 2009						48,709,206
Net Assets, June 30, 2010					\$	48,020,478

Exhibit I-2

Hamblen County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Hamblen County School Department
June 30, 2010

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 125	\$ 125
Equity in Pooled Cash and Investments	9,966,550	1,994,465	11,961,015
Inventories	0	196,724	196,724
Accounts Receivable	6,190	0	6,190
Due from Other Governments	2,299,803	411,506	2,711,309
Due from Other Funds	153,369	0	153,369
Property Taxes Receivable	16,309,549	0	16,309,549
Allowance for Uncollectible Property Taxes	(511,567)	0	(511,567)
Total Assets	\$ 28,223,894	\$ 2,602,820	\$ 30,826,714
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 1,368,191	\$ 22,481	\$ 1,390,672
Accrued Payroll	0	990	990
Payroll Deductions Payable	227,665	38,452	266,117
Contracts Payable	0	263,877	263,877
Due to Other Funds	0	153,369	153,369
Deferred Revenue - Current Property Taxes	15,387,720	0	15,387,720
Deferred Revenue - Delinquent Property Taxes	379,171	0	379,171
Other Deferred Revenues	1,089,346	0	1,089,346
Total Liabilities	\$ 18,452,093	\$ 479,169	\$ 18,931,262
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 448,220	\$ 676,380	\$ 1,124,600
Reserved for Inventory	0	196,724	196,724
Other Local Education Reserves	71,476	0	71,476
Reserved for Career Ladder - Extended Contract	11,003	0	11,003
Reserved for Career Ladder Program	4,015	0	4,015
Reserved for Technology	8,701	0	8,701
Reserved for Basic Education Program	1,571,329	0	1,571,329
Reserved for Special Education - Grants to States	0	57,903	57,903
Other Federal Reserves	0	98,452	98,452
Unreserved, Reported In:			
General Fund	7,657,057	0	7,657,057
Special Revenue Funds	0	1,990,302	1,990,302
Capital Projects Funds (Deficit)	0	(896,110)	(896,110)
Total Fund Balances	\$ 9,771,801	\$ 2,123,651	\$ 11,895,452
Total Liabilities and Fund Balances	\$ 28,223,894	\$ 2,602,820	\$ 30,826,714

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, 2010

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)		\$ 11,895,452
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,848,744	
Add: construction in progress	320,877	
Add: buildings and improvements net of accumulated depreciation	35,498,580	
Add: other capital assets net of accumulated depreciation	<u>3,858,693</u>	42,526,894
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other postemployment benefits liability	\$ (6,543,311)	
Less: compensated absences payable	(185,098)	
Less: retirement incentive	(149,228)	
Less: retirement honorarium	<u>(992,748)</u>	(7,870,385)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,468,517</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 48,020,478</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, 2010

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 24,200,531	\$ 0	\$ 24,200,531
Charges for Current Services	630,175	1,589,544	2,219,719
Other Local Revenues	146,620	560,185	706,805
State of Tennessee	38,879,089	52,373	38,931,462
Federal Government	232,051	10,794,852	11,026,903
Total Revenues	<u>\$ 64,088,466</u>	<u>\$ 12,996,954</u>	<u>\$ 77,085,420</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 41,693,446	\$ 5,811,857	\$ 47,505,303
Support Services	17,918,552	1,375,598	19,294,150
Operation of Non-Instructional Services	906,368	4,724,076	5,630,444
Capital Outlay	1,183,288	11,053	1,194,341
Debt Service:			
Principal on Debt	56,204	0	56,204
Interest on Debt	1,266	0	1,266
Other Debt Service	684,769	0	684,769
Capital Projects	0	809,702	809,702
Total Expenditures	<u>\$ 62,443,893</u>	<u>\$ 12,732,286</u>	<u>\$ 75,176,179</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,644,573</u>	<u>\$ 264,668</u>	<u>\$ 1,909,241</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 148,932	\$ 300,100	\$ 449,032
Transfers Out	(300,100)	(148,932)	(449,032)
Total Other Financing Sources (Uses)	<u>\$ (151,168)</u>	<u>\$ 151,168</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 1,493,405	\$ 415,836	\$ 1,909,241
Fund Balance, July 1, 2009	8,278,396	1,707,815	9,986,211
Fund Balance, June 30, 2010	<u>\$ 9,771,801</u>	<u>\$ 2,123,651</u>	<u>\$ 11,895,452</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, 2010

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)		\$ 1,909,241
(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	\$ 2,004,093	
Less: current year depreciation expense	<u>(2,461,309)</u>	(457,216)
(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, 2010	\$ 1,468,517	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(1,348,232)</u>	120,285
(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		56,204
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ (4,530)	
Change in other postemployment benefits liability	(2,143,569)	
Change in retirement incentive	1,482	
Change in retirement honorarium	<u>(170,625)</u>	<u>(2,317,242)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (688,728)</u>

Exhibit I-6

Hamblen County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Hamblen County School Department
June 30, 2010

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Other Capital Projects - QSCB	Total	
\$	0	25	25	0	100	100	125
	528,966	1,465,070	1,994,036	319	110	429	1,994,465
	0	196,724	196,724	0	0	0	196,724
	185,632	225,874	411,506	0	0	0	411,506
	<u>\$ 714,598</u>	<u>\$ 1,887,693</u>	<u>\$ 2,602,291</u>	<u>\$ 319</u>	<u>\$ 210</u>	<u>\$ 529</u>	<u>\$ 2,602,820</u>

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Inventories
 Due from Other Governments
 Total Assets

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>							
Accounts Payable	\$ 21,988	\$ 493	\$ 22,481	\$ 0	\$ 0	\$ 0	\$ 22,481
Accrued Payroll	990	0	990	0	0	0	990
Payroll Deductions Payable	38,452	0	38,452	0	0	0	38,452
Contracts Payable	0	0	0	0	263,877	263,877	263,877
Due to Other Funds	153,369	0	153,369	0	0	0	153,369
Total Liabilities	<u>\$ 214,799</u>	<u>\$ 493</u>	<u>\$ 215,292</u>	<u>\$ 0</u>	<u>\$ 263,877</u>	<u>\$ 263,877</u>	<u>\$ 479,169</u>

Fund Balances

Reserved for Encumbrances	\$ 43,444	\$ 174	\$ 43,618	\$ 0	\$ 632,762	\$ 632,762	\$ 676,380
Reserved for Inventory	0	196,724	196,724	0	0	0	196,724
Reserved for Special Education - Grants to States	57,903	0	57,903	0	0	0	57,903
Other Federal Reserves	98,452	0	98,452	0	0	0	98,452
Unreserved (Deficit)	300,000	1,690,302	1,990,302	319	(896,429)	(896,110)	1,094,192
Total Fund Balances	<u>\$ 499,799</u>	<u>\$ 1,887,200</u>	<u>\$ 2,386,999</u>	<u>\$ 319</u>	<u>\$ (263,667)</u>	<u>\$ (263,348)</u>	<u>\$ 2,123,651</u>
Total Liabilities and Fund Balances	<u>\$ 714,598</u>	<u>\$ 1,887,693</u>	<u>\$ 2,602,291</u>	<u>\$ 319</u>	<u>\$ 210</u>	<u>\$ 529</u>	<u>\$ 2,602,820</u>

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, 2010

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Other Capital Projects - QSCB	Total	
<u>Revenues</u>							
Charges for Current Services	\$ 0	\$ 1,589,544	\$ 1,589,544	\$ 0	\$ 0	\$ 0	\$ 1,589,544
Other Local Revenues	0	3,179	3,179	11,071	545,935	557,006	560,185
State of Tennessee	0	52,373	52,373	0	0	0	52,373
Federal Government	7,167,642	3,627,210	10,794,852	0	0	0	10,794,852
Total Revenues	\$ 7,167,642	\$ 5,272,306	\$ 12,439,948	\$ 11,071	\$ 545,935	\$ 557,006	\$ 12,996,954
<u>Expenditures</u>							
Current:							
Instruction	\$ 5,811,857	0	5,811,857	0	0	0	5,811,857
Support Services	1,324,448	51,150	1,375,598	0	0	0	1,375,598
Operation of Non-Instructional Services	0	4,724,076	4,724,076	0	0	0	4,724,076
Capital Outlay	0	0	0	11,053	0	11,053	11,053
Capital Projects	0	0	0	0	809,702	809,702	809,702
Total Expenditures	\$ 7,136,305	\$ 4,775,226	\$ 11,911,531	\$ 11,053	\$ 809,702	\$ 820,755	\$ 12,732,286
Excess (Deficiency) of Revenues Over Expenditures	\$ 31,337	\$ 497,080	\$ 528,417	\$ 18	\$ (263,767)	\$ (263,749)	\$ 264,668
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 300,000	0	300,000	0	100	100	300,100
Transfers Out	(148,932)	0	(148,932)	0	0	0	(148,932)
Total Other Financing Sources (Uses)	\$ 151,068	\$ 0	\$ 151,068	\$ 0	\$ 100	\$ 100	\$ 151,168
Net Change in Fund Balances Fund Balance, July 1, 2009	\$ 182,405	\$ 497,080	\$ 679,485	\$ 18	\$ (263,667)	\$ (263,649)	\$ 415,836
	317,394	1,390,120	1,707,514	301	0	301	1,707,815
Fund Balance, June 30, 2010	\$ 499,799	\$ 1,887,200	\$ 2,386,999	\$ 319	\$ (263,667)	\$ (263,348)	\$ 2,123,651

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 24,200,531	\$ 0	0	\$ 24,200,531	\$ 25,099,264	\$ 25,099,264	\$ (898,733)
Charges for Current Services	630,175	0	0	630,175	498,254	498,254	131,921
Other Local Revenues	146,620	0	0	146,620	16,000	113,510	33,110
State of Tennessee	38,879,089	0	0	38,879,089	38,006,471	38,818,830	60,259
Federal Government	232,051	0	0	232,051	202,192	277,172	(45,121)
Total Revenues	\$ 64,088,466	\$ 0	0	\$ 64,088,466	\$ 63,822,181	\$ 64,807,030	\$ (718,564)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 33,578,089	(159,982)	197,023	\$ 33,615,130	\$ 34,307,891	\$ 34,401,673	\$ 786,543
Special Education Program	5,121,189	(2,404)	10,693	5,129,478	5,497,919	5,572,899	443,421
Vocational Education Program	2,794,124	(585)	1,263	2,794,802	2,886,999	2,886,999	92,197
Student Body Education Program	46,759	(2,880)	0	43,879	47,900	47,900	4,021
Adult Education Program	86,685	(1,468)	178	85,395	146,598	138,404	53,009
Other	66,600	0	0	66,600	66,600	66,600	0
<u>Support Services</u>							
Attendance	2,869	0	0	2,869	5,850	5,850	2,981
Health Services	279,964	(178)	10,996	290,782	308,293	308,293	17,511
Other Student Support	972,918	0	0	972,918	1,050,308	1,060,354	87,436
Regular Instruction Program	324,410	(825)	20,404	343,989	449,011	489,846	145,857
Special Education Program	261,908	0	0	261,908	271,245	271,245	9,337
Vocational Education Program	129,621	0	0	129,621	131,734	131,734	2,113
Adult Programs	79,507	0	0	79,507	79,767	93,461	13,954
Other Programs	691,499	0	0	691,499	0	691,499	0

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	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	\$ 931,550	\$ 0	\$ 162	\$ 931,712	\$ 1,033,758	\$ 1,033,758	\$ 102,046
Director of Schools	546,727	0	196	546,923	559,476	559,476	12,553
Office of the Principal	3,504,239	0	0	3,504,239	3,621,277	3,621,277	117,038
Fiscal Services	276,753	0	3,413	280,166	287,652	287,652	7,486
Operation of Plant	4,816,271	(2,648)	485	4,814,108	5,595,313	5,595,313	781,205
Maintenance of Plant	1,338,749	(6,569)	6,560	1,338,740	1,365,375	1,365,375	26,635
Transportation	2,604,952	(6,246)	3,451	2,602,157	3,097,938	2,922,448	320,291
Central and Other	1,156,615	(27,701)	30,138	1,159,052	1,140,598	1,245,942	86,890
<u>Operation of Non-Instructional Services</u>							
Community Services	222,001	(2,609)	0	219,392	300,985	300,985	81,593
Early Childhood Education	684,367	(310)	927	684,984	708,148	708,150	23,166
<u>Capital Outlay</u>							
Regular Capital Outlay	1,183,288	(416,144)	162,331	929,475	998,619	1,083,463	153,988
<u>Principal on Debt</u>							
Education	56,204	0	0	56,204	54,950	56,204	0
<u>Interest on Debt</u>							
Education	1,266	0	0	1,266	505,550	1,266	0
<u>Other Debt Service</u>							
Education	684,769	0	0	684,769	0	684,769	0
Total Expenditures	\$ 62,443,893	\$ (630,549)	\$ 448,220	\$ 62,261,564	\$ 64,519,754	\$ 65,632,835	\$ 3,371,271
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,644,573	\$ 630,549	\$ (448,220)	\$ 1,826,902	\$ (697,573)	\$ (825,805)	\$ 2,652,707

(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 7/1/2009	Add: Encumbrances 6/30/2010	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	\$ 10,000	\$ 0	\$ 0
Transfers In	148,932	0	0	148,932	96,000	96,000	52,932
Transfers Out	(300,100)	0	0	(300,100)	(28,244)	(328,244)	28,144
Total Other Financing Sources (Uses)	\$ (151,168)	\$ 0	\$ 0	\$ (151,168)	\$ 77,756	\$ (232,244)	\$ 81,076
Net Change in Fund Balance	\$ 1,493,405	\$ 630,549	\$ (448,220)	\$ 1,675,734	\$ (619,817)	\$ (1,058,049)	\$ 2,733,783
Fund Balance, July 1, 2009	8,278,396	(630,549)	0	7,647,847	6,816,474	6,816,474	831,373
Fund Balance, June 30, 2010	\$ 9,771,801	\$ 0	\$ (448,220)	\$ 9,323,581	\$ 6,196,657	\$ 5,758,425	\$ 3,565,156

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 7,167,642	\$ 0	\$ 0	\$ 7,167,642	\$ 9,780,630	\$ 9,813,303	\$ (2,645,661)
Total Revenues	\$ 7,167,642	\$ 0	\$ 0	\$ 7,167,642	\$ 9,780,630	\$ 9,813,303	\$ (2,645,661)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,563,722	(13,451)	13,451	\$ 2,563,722	\$ 2,937,403	\$ 2,961,293	\$ 397,571
Special Education Program	3,089,641	0	7,229	3,096,870	3,564,561	3,842,630	745,760
Vocational Education Program	158,494	(34,655)	5,035	128,874	125,853	128,885	11
<u>Support Services</u>							
Health Services	36,958	0	0	36,958	273,311	36,958	0
Other Student Support	198,707	(10,091)	11,066	199,682	332,097	865,057	665,375
Regular Instruction Program	860,840	(1,750)	6,663	865,753	1,257,989	1,414,269	548,516
Special Education Program	98,803	0	0	98,803	534,356	537,048	438,245
Vocational Education Program	4,389	0	0	4,389	4,465	4,389	0
Board of Education	9,603	0	0	9,603	12,900	10,400	797
Transportation	115,148	0	0	115,148	348,143	137,948	22,800
Total Expenditures	\$ 7,136,305	\$ (59,947)	\$ 43,444	\$ 7,119,802	\$ 9,391,078	\$ 9,938,877	\$ 2,819,075
Excess (Deficiency) of Revenues Over Expenditures	\$ 31,337	\$ 59,947	\$ (43,444)	\$ 47,840	\$ 389,552	\$ (125,574)	\$ 173,414
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 300,000	\$ 0	\$ 0	\$ 300,000	\$ 146,821	\$ 0	\$ 300,000
Transfers Out	(148,932)	0	0	(148,932)	(461,596)	(195,977)	47,045
Total Other Financing Sources (Uses)	\$ 151,068	\$ 0	\$ 0	\$ 151,068	\$ (314,775)	\$ (195,977)	\$ 347,045
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 182,405	\$ 59,947	\$ (43,444)	\$ 198,908	\$ 74,777	\$ (321,551)	\$ 520,459
	317,394	(59,947)	0	257,447	321,551	321,551	(64,104)
Fund Balance, June 30, 2010	\$ 499,799	\$ 0	\$ (43,444)	\$ 456,355	\$ 396,328	\$ 0	\$ 456,355

Exhibit I-10

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hamblen County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 1,589,544	\$ 0	\$ 1,589,544	\$ 1,865,082	\$ 1,865,082	\$ (275,538)
Other Local Revenues	3,179	0	3,179	8,000	8,000	(4,821)
State of Tennessee	52,373	0	52,373	55,300	55,300	(2,927)
Federal Government	3,627,210	0	3,627,210	2,854,997	3,440,162	187,048
Total Revenues	\$ 5,272,306	\$ 0	\$ 5,272,306	\$ 4,783,379	\$ 5,368,544	\$ (96,238)
<u>Expenditures</u>						
<u>Support Services</u>						
Board of Education	\$ 51,150	\$ 0	\$ 51,150	\$ 52,350	\$ 52,350	\$ 1,200
<u>Operation of Non-Instructional Services</u>						
Food Service	4,724,076	174	4,724,250	4,857,052	5,442,217	717,967
Total Expenditures	\$ 4,775,226	\$ 174	\$ 4,775,400	\$ 4,909,402	\$ 5,494,567	\$ 719,167
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ 497,080	\$ (174)	\$ 496,906	\$ (126,023)	\$ (126,023)	\$ 622,929
<u>Net Change in Fund Balance</u>						
Fund Balance, July 1, 2009	\$ 1,390,120	\$ 0	\$ 1,390,120	\$ 1,196,558	\$ 1,196,558	\$ 193,562
Fund Balance, June 30, 2010	\$ 1,887,200	\$ (174)	\$ 1,887,026	\$ 1,070,535	\$ 1,070,535	\$ 816,491

MISCELLANEOUS SCHEDULES

Exhibit J-1

Hamblen County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Bonds and Capital Lease
Primary Government and Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-10
NOTES PAYABLE									
<u>Payable through General Debt Service Fund</u>									
School Buses 2006	\$ 475,000	3.96 %	10-26-06	10-26-09	\$ 34,607	\$ 0	\$ 34,607	\$ 0	\$ 0
School Transportation 2007	428,219	4.24	7-30-07	6-30-10	142,740	0	142,740	0	0
2008 Sheriff's Fleet	475,000	5.16	10-9-08	10-9-12	475,000	0	475,000	0	0
Total Payable through General Debt Service Fund					\$ 652,347	\$ 0	\$ 652,347	\$ 0	\$ 0
Total Notes Payable					\$ 652,347	\$ 0	\$ 652,347	\$ 0	\$ 0
OTHER LOANS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Various Purposes (Series III-A-3)	10,000,000	Variable (1)	3-19-98	6-1-19	\$ 10,000,000	\$ 0	\$ 0	\$ 10,000,000	\$ 0
Local Government Public Improvement Bonds, Series E-4-A - Refunding	10,100,000	Variable (1)	8-13-08	6-1-25	10,100,000	0	0	0	10,100,000
Local Government Public Improvement Bonds, Series VII-C-2 - Refunding	20,200,000	Variable (1)	11-24-08	6-1-17	18,360,000	0	2,200,000	0	16,160,000
Qualified School Construction Bonds	11,280,000	1.515	12-17-09	7-1-26	0	11,280,000	0	0	11,280,000
Total Payable through General Debt Service Fund					\$ 38,460,000	\$ 11,280,000	\$ 2,200,000	\$ 10,000,000	\$ 37,540,000
<u>Payable through Special Debt Service Fund</u>									
Various Purposes (Series B-2-A)	2,145,000	2 to 5	6-30-03	6-1-12	\$ 770,000	\$ 0	\$ 250,000	\$ 0	\$ 520,000
Total Payable through Special Debt Service Fund					\$ 770,000	\$ 0	\$ 250,000	\$ 0	\$ 520,000
<u>Payable through Hospital Debt Service Fund</u>									
Local Government Public Improvement Bonds, Series E-4-B - Refunding	10,100,000	Variable (1)	8-13-08	6-1-21	\$ 9,525,000	\$ 0	\$ 9,525,000	\$ 0	\$ 0
Local Government Public Improvement Bonds, Series VII-C-1 - Refunding	18,940,000	Variable (1)	11-24-08	6-1-30	18,755,000	0	18,755,000	0	0
Total Payable through Hospital Debt Service Fund					\$ 28,280,000	\$ 0	\$ 28,280,000	\$ 0	\$ 0
Total Other Loans Payable					\$ 67,510,000	\$ 11,280,000	\$ 30,730,000	\$ 10,000,000	\$ 38,060,000

(Continued)

Exhibit J-1

Hamblen County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Bonds 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 7-1-09	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-10
BONDS PAYABLE									
Payable through General Debt Service Fund									
General Obligation Refunding Bonds, Series 2009	\$ 10,860,000	3 to 5 %	9-23-09	6-1-19	\$ 0	\$ 10,860,000	\$ 85,000	\$ 0	\$ 10,775,000
Total Payable through General Debt Service Fund					\$ 0	\$ 10,860,000	\$ 85,000	\$ 0	\$ 10,775,000
Total Bonds Payable					\$ 0	\$ 10,860,000	\$ 85,000	\$ 0	\$ 10,775,000
DISCRETELY PRESENTED HAMBLEN COUNTY SCHOOL DEPARTMENT									
CAPITAL LEASE PAYABLE									
Payable through General Purpose School Fund									
HVAC System	484,750	4.18	2-14-03	4-1-10	\$ 56,204	\$ 0	\$ 56,204	\$ 0	\$ 0
Total Capital Lease Payable					\$ 56,204	\$ 0	\$ 56,204	\$ 0	\$ 0

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

Exhibit J-2

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

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2011	\$ 3,156,545	\$ 1,412,922	\$ 259,340	\$ 4,828,807
2012	3,403,854	1,272,762	232,926	4,909,542
2013	3,258,854	1,120,132	205,143	4,584,129
2014	3,393,854	973,884	175,991	4,543,729
2015	3,533,854	819,909	145,298	4,499,061
2016	3,678,854	657,919	113,008	4,449,781
2017	1,063,854	487,630	79,064	1,630,548
2018	703,854	467,024	74,956	1,245,834
2019	703,854	467,024	74,956	1,245,834
2020	2,173,854	467,024	74,956	2,715,834
2021	2,253,854	423,924	64,047	2,741,825
2022	2,333,854	378,478	52,543	2,764,875
2023	2,423,854	330,686	40,447	2,794,987
2024	2,518,854	280,256	27,682	2,826,792
2025	2,618,854	227,040	14,211	2,860,105
2026	773,140	170,892	0	944,032
2027	66,359	14,241	0	80,600
Total	\$ 38,060,000	\$ 9,971,747	\$ 1,634,568	\$ 49,666,315

Year Ending June 30	Bonds		Total
	Principal	Interest	
2011	\$ 105,000	\$ 461,100	\$ 566,100
2012	105,000	457,950	562,950
2013	110,000	454,800	564,800
2014	110,000	451,500	561,500
2015	110,000	448,200	558,200
2016	110,000	444,900	554,900
2017	2,890,000	441,600	3,331,600
2018	3,575,000	326,000	3,901,000
2019	3,660,000	183,000	3,843,000
Total	\$ 10,775,000	\$ 3,669,050	\$ 14,444,050

Exhibit J-3

Hamblen County, Tennessee
Schedule of Notes Receivable
June 30, 2010

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-10
<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%	\$ 38,892
Total Notes Receivable						<u>\$ 38,892</u>

Exhibit J-4

Hamblen County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Highway/Public Works	Salaries/overtime	\$ 19,781
General	General Capital Projects	Various projects	368,635
Highway/Public Works	General	Salaries	<u>22,914</u>
Total Transfers Primary Government			<u>\$ 411,330</u>
<u>DISCRETELY PRESENTED HAMBLEN COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash flow	\$ 300,000
School Federal Projects	General Purpose School	Indirect costs	148,932
General Purpose School	Other Capital Projects - QSCB Fund	Cash balance - clearing	<u>100</u>
Total Transfers Discretely Presented Hamblen County School Department			<u>\$ 449,032</u>

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, 2010

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	109,992 (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 (2)	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 (3)	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 (4)	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			250,000	Travelers Indemnity Company
Public Employee Dishonesty - School Department			100,000	Montgomery Mutual Insurance Company

- (1) Includes a chief executive officer training supplement of \$1,000. Does not include a travel allowance of \$10,200.
- (2) Does not include a travel related supplement of \$1,439.
- (3) Does not include special commissioner fees of \$10,855 paid through the Clerk and Master's Office and \$3,630 paid through Circuit Court.
- (4) 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, 2010

	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	\$ 6,207,921	\$ 1,132,183	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	202,358	31,600	0	0	0
Trustee's Collections - Bankruptcy	9,552	705	0	0	0
Circuit/Clerk & Master Collections - Prior Years	51,135	10,296	0	0	0
Interest and Penalty	55,260	10,106	0	0	0
Pick-up Taxes	581	46	0	0	0
Payments in-Lieu-of-Taxes - T.V.A.	891	509	0	0	0
Payments in-Lieu-of-Taxes - Local Utilities	48,977	0	0	0	0
Payments in-Lieu-of-Taxes - Other	8,905	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	7,941	583,820	0	0	0
Hotel/Motel Tax	7,694	0	0	0	0
Wheel Tax	778,400	0	0	0	0
Litigation Tax - General	166,721	0	0	0	0
Litigation Tax - Special Purpose	72,197	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0
Business Tax	726,747	0	0	0	1,600
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0	0	0
Wholesale Beer Tax	0	116,185	0	0	0
Interstate Telecommunications Tax	2,511	0	0	0	0
Total Local Taxes	\$ 8,347,791	\$ 1,885,450	\$ 0	\$ 0	\$ 1,600
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 5,358	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	306,500	0	0	0	0
<u>Permits</u>					
Beer Permits	0	1,924	0	0	0
Building Permits	79,728	0	0	0	0
Total Licenses and Permits	\$ 391,586	\$ 1,924	\$ 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>Circuit Court</u>					
Fines	\$ 2,176	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	17,552	0	0	0	0
Drug Control Fines	2,674	0	1,033	0	0
Drug Court Fees	1,104	0	0	0	0
Jail Fees	788	0	0	0	0
DUI Treatment Fines	803	0	0	0	0
Data Entry Fee - Circuit Court	1,399	0	0	0	0
Courtroom Security Fee	3,474	0	0	0	0
<u>Criminal Court</u>					
Drug Control Fines	0	0	1,559	0	0
<u>General Sessions Court</u>					
Fines	55,691	0	0	0	0
Officers Costs	80,505	0	0	0	0
Game and Fish Fines	5,999	0	0	0	0
Drug Control Fines	12,949	0	7,888	0	0
Drug Court Fees	11,274	0	0	0	0
Jail Fees	33,106	0	0	0	0
DUI Treatment Fines	8,985	0	0	0	0
Data Entry Fee - General Sessions Court	15,781	0	0	0	0
Courtroom Security Fee	37,395	0	0	0	0
<u>Juvenile Court</u>					
Fines	6,718	0	0	0	0
Interpreter Fees	45	0	0	0	0
Data Entry Fee - Juvenile Court	3,378	0	0	0	0
Courtroom Security Fee	8	0	0	0	0
<u>Chancery Court</u>					
Data Entry Fee - Chancery Court	1,564	0	0	0	0
<u>Other Courts - In-county</u>					
Drug Court Fees	2,503	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>Judicial District Drug Program</u>					
Courtroom Security Fee	\$ 130	\$ 0	\$ 0	\$ 0	\$ 0
Other Fines, Forfeitures, and Penalties					
Proceeds from Confiscated Property	0	0	16,791	0	0
<u>Total Fines, Forfeitures, and Penalties</u>	<u>\$ 306,001</u>	<u>\$ 0</u>	<u>\$ 27,271</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Other Employee Benefit Charges/Contributions	\$ 262,098	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	3,857	0	0	0	0
Work Release Charges for Board Fees	8,323	0	0	0	0
Recreation Fees	40,290	0	0	0	0
Copy Fees	10,487	0	0	0	0
Telephone Commissions	50,373	0	0	0	0
Vending Machine Collections	1,489	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	1,355,544	0
Data Processing Fee - Register	19,270	0	0	0	0
Data Processing Fee - Sheriff	17,730	0	0	0	0
Sexual Offender Registration Fees - Sheriff	4,775	0	0	0	0
Data Processing Fee - County Clerk	4,403	0	0	0	0
<u>Total Charges for Current Services</u>	<u>\$ 423,095</u>	<u>\$ 0</u>	<u>\$ 1,165</u>	<u>\$ 1,355,544</u>	<u>\$ 0</u>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 46,729	\$ 1,165	\$ 0	\$ 9,189
Lease/Rentals	21,084	0	0	0	0
Sale of Materials and Supplies	0	3,342	0	0	2,951
Commissary Sales	7,609	0	0	0	0
Sale of Maps	3,790	0	0	0	0
Retirees' Insurance Payments	8,913	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>					
Miscellaneous Refunds	\$ 54,978	\$ 240	\$ 0	\$ 0	\$ 9,413
Other Local Revenues	0	0	0	0	0
<u>Total Other Local Revenues</u>	<u>\$ 96,374</u>	<u>\$ 50,311</u>	<u>\$ 1,165</u>	<u>\$ 0</u>	<u>\$ 21,553</u>
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
County Clerk	\$ 61,194	\$ 0	\$ 0	\$ 0	\$ 0
Register	49,114	0	0	0	0
Trustee	665,000	0	0	0	0
<u>Fees in-Lieu-of Salary</u>					
Circuit Court Clerk	203,149	0	0	0	0
General Sessions Court Clerk	463,278	0	0	0	0
Sheriff	27,610	0	0	0	0
<u>Total Fees Received from County Officials</u>	<u>\$ 1,469,345</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 21,000	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	14,713	0	0	0	0
Solid Waste Grants	46,642	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	21,000	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	371,391	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	526,496
Litter Program	35,773	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	106,367	0	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Beer Tax	\$ 0	\$ 12,987	\$ 0	\$ 0	\$ 0
Alcoholic Beverage Tax	65,782	0	0	0	0
State Revenue Sharing - T. V. A.	58,344	775,142	0	0	0
Contracted Prisoner Boarding	658,667	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,593,336
Petroleum Special Tax	0	0	0	0	46,683
Registrar's Salary Supplement	16,380	0	0	0	0
Other State Grants	49,479	0	0	0	0
Total State of Tennessee	\$ 1,465,538	\$ 788,129	\$ 0	\$ 0	\$ 2,166,515
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	23,379	0	0	0	0
ARRA Grant # 1	38,839	0	0	0	0
ARRA Grant # 2	8,000	0	0	0	0
Other Federal through State	471	0	0	0	0
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	42,797	0	10,568	0	0
Total Federal Government	\$ 113,486	\$ 0	\$ 10,568	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 4,048	\$ 0	\$ 0
Contracted Services	137,208	0	0	0	0
<u>Citizens Groups</u>					
Donations	3,140	0	0	0	0
Total Other Governments and Citizens Groups	\$ 140,348	\$ 0	\$ 4,048	\$ 0	\$ 0
Total	\$ 12,753,564	\$ 2,725,814	\$ 43,052	\$ 1,355,544	\$ 2,189,668

(Continued)

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

	Debt Service Funds				Capital Projects Funds			Total
	General		Hospital		General		Other	
	Debt Service	Special Debt Service	Debt Service	Debt Service	Capital Projects	Capital Projects	Capital Projects	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 3,678,768	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,018,872
Trustee's Collections - Prior Year	92,240	0	0	0	0	0	0	326,198
Trustee's Collections - Bankruptcy	4,245	0	0	0	0	0	0	14,502
Circuit/Clerk & Master Collections - Prior Years	22,727	0	0	0	0	0	0	84,158
Interest and Penalty	25,891	0	0	0	0	0	0	91,257
Pick-up Taxes	266	0	0	0	0	0	0	893
Payments in-Lieu-of Taxes - T.V.A.	467	0	0	0	0	0	0	1,867
Payments in-Lieu-of Taxes - Local Utilities	26,529	0	0	0	0	0	0	75,506
Payments in-Lieu-of Taxes - Other	4,823	0	0	0	0	0	0	13,728
<u>County Local Option Taxes</u>								
Local Option Sales Tax	150,000	0	0	0	0	0	0	741,761
Hotel/Motel Tax	0	0	0	0	0	0	0	7,694
Wheel Tax	0	0	0	0	0	0	0	778,400
Litigation Tax - General	0	0	0	0	0	0	0	166,721
Litigation Tax - Special Purpose	0	0	0	0	0	0	0	72,197
Litigation Tax - Jail, Workhouse, or Courthouse	58,853	0	0	0	0	0	0	58,853
Business Tax	0	0	0	0	0	0	0	728,347
<u>Statutory Local Taxes</u>								
Bank Excise Tax	15,576	0	0	0	0	0	0	15,576
Wholesale Beer Tax	0	0	0	0	0	0	0	116,185
Interstate Telecommunications Tax	0	0	0	0	0	0	0	2,511
Total Local Taxes	\$ 4,080,385	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,315,226
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Marriage Licenses	0	0	0	0	0	0	0	5,358
Cable TV Franchise	0	0	0	0	0	0	0	306,500
<u>Permits</u>								
Beer Permits	0	0	0	0	0	0	0	1,924
Building Permits	0	0	0	0	0	0	0	79,728
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 393,510

(Continued)

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

	Debt Service Funds			Capital Projects Funds			Total
	General	Special	Hospital	General	Other		
	Debt Service	Debt Service	Debt Service	Capital Projects	Capital Projects		
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$	0	0	0	0	0	2,176
Officers Costs		0	0	0	0	0	17,552
Drug Control Fines		0	0	0	0	0	3,707
Drug Court Fees		0	0	0	0	0	1,104
Jail Fees		2,793	0	0	0	0	3,581
DUI Treatment Fines		0	0	0	0	0	803
Data Entry Fee - Circuit Court		0	0	0	0	0	1,399
Courtroom Security Fee		0	0	0	0	0	3,474
<u>Criminal Court</u>							
Drug Control Fines		0	0	0	0	0	1,559
<u>General Sessions Court</u>							
Fines		0	0	0	0	0	55,691
Officers Costs		0	0	0	0	0	80,505
Game and Fish Fines		0	0	0	0	0	5,999
Drug Control Fines		0	0	0	0	0	20,837
Drug Court Fees		0	0	0	0	0	11,274
Jail Fees		40,459	0	0	0	0	73,565
DUI Treatment Fines		0	0	0	0	0	8,985
Data Entry Fee - General Sessions Court		0	0	0	0	0	15,781
Courtroom Security Fee		0	0	0	0	0	37,395
<u>Juvenile Court</u>							
Fines		0	0	0	0	0	6,718
Interpreter Fees		0	0	0	0	0	45
Data Entry Fee - Juvenile Court		0	0	0	0	0	3,378
Courtroom Security Fee		0	0	0	0	0	8
<u>Chancery Court</u>							
Data Entry Fee - Chancery Court		0	0	0	0	0	1,564
<u>Other Courts - In-county</u>							
Drug Court Fees		0	0	0	0	0	2,503

(Continued)

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

	Debt Service Funds			Capital Projects Funds			Total
	General	Hospital	Other	General	Other		
	Debt Service	Debt Service	Capital Projects	Capital Projects	Capital Projects		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Judicial District Drug Program</u>							
Courtroom Security Fee	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	130
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	16,791
Total Fines, Forfeitures, and Penalties	\$ 43,252	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 376,524
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Other Employee Benefit Charges/Contributions	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	262,098
Patient Charges	0	0	0	0	0	0	3,857
Work Release Charges for Board	0	0	0	0	0	0	8,323
<u>Fees</u>							
Recreation Fees	0	0	0	0	0	0	40,290
Copy Fees	0	0	0	0	0	0	10,487
Telephone Commissions	0	0	0	0	0	0	50,373
Vending Machine Collections	0	0	0	0	0	0	1,489
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	1,355,544
Data Processing Fee - Register	0	0	0	0	0	0	19,270
Data Processing Fee - Sheriff	0	0	0	0	0	0	17,730
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	4,775
Data Processing Fee - County Clerk	0	0	0	0	0	0	4,403
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,778,639
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	315,650 \$	0 \$	19,455 \$	0 \$	14,135 \$	406,323	
Lease/Rentals	19,444	0	2,035,394	0	0	2,075,922	
Sale of Materials and Supplies	0	0	0	0	0	6,293	
Commissary Sales	0	0	0	0	0	7,609	
Sale of Maps	0	0	0	0	0	3,790	
Retirees' Insurance Payments	0	0	0	0	0	8,913	

(Continued)

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

	Debt Service Funds			Capital Projects Funds			Total
	General Debt Service	Special Debt Service	Hospital Debt Service	General Capital Projects	Other Capital Projects		
<u>Other Local Revenues (Cont.)</u>							
<u>Recurring Items (Cont.)</u>							
Miscellaneous Refunds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 64,631
<u>Other Local Revenues</u>							
Other Local Revenues	684,768	28,993	0	0	0	0	713,761
<u>Total Other Local Revenues</u>	<u>\$ 1,019,862</u>	<u>\$ 28,993</u>	<u>\$ 2,054,849</u>	<u>\$ 0</u>	<u>\$ 14,135</u>	<u>\$ 0</u>	<u>\$ 3,287,242</u>
<u>Fees Received from County Officials</u>							
<u>Excess Fees</u>							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 61,194
Register	0	0	0	0	0	0	49,114
Trustee	0	0	0	0	0	0	665,000
<u>Fees in-Lieu-of Salary</u>							
Circuit Court Clerk	0	0	0	0	0	0	203,149
General Sessions Court Clerk	0	0	0	0	0	0	463,278
Sheriff	0	0	0	0	0	0	27,610
<u>Total Fees Received from County Officials</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,469,345</u>
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,000
State Reappraisal Grant	0	0	0	0	0	0	14,713
Solid Waste Grants	0	0	0	0	0	0	46,642
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	0	0	0	0	0	0	21,000
<u>Health and Welfare Grants</u>							
Health Department Programs	0	0	0	0	0	0	371,391
<u>Public Works Grants</u>							
State Aid Program	0	0	0	0	0	0	526,496
Litter Program	0	0	0	0	0	0	35,773
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	106,367

(Continued)

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

	Debt Service Funds			Capital Projects Funds			Total
	General Debt Service	Special Debt Service	Hospital Debt Service	General Capital Projects	Other Capital Projects		
<u>State of Tennessee (Cont.)</u>							
<u>Other State Revenues (Cont.)</u>							
Beer Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	12,987
Alcoholic Beverage Tax	0	0	0	0	0	0	65,782
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	833,486
Contracted Prisoner Boarding	0	0	0	0	0	0	658,667
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,593,336
Petroleum Special Tax	0	0	0	0	0	0	46,683
Registrar's Salary Supplement	0	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	0	49,479
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,420,182
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development	\$ 0	\$ 0	\$ 0	28,645	\$ 0	\$ 0	28,645
Civil Defense Reimbursement	0	0	0	0	0	0	23,379
ARRA Grant # 1	0	0	0	0	0	0	38,839
ARRA Grant # 2	0	0	0	0	0	0	8,000
Other Federal through State	0	0	0	284,477	0	0	284,948
<u>Direct Federal Revenue</u>							
Other Direct Federal Revenue	0	0	0	0	0	0	53,365
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 313,122	\$ 0	\$ 0	437,176
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,048
Contracted Services	0	0	0	0	0	0	137,208
<u>Citizens Groups</u>							
Donations	0	0	0	0	0	0	3,140
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	144,396
Total	\$ 5,143,499	\$ 28,993	\$ 2,054,849	\$ 313,122	\$ 14,135	\$ 26,622,240	

Hamblen County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2010

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Other Capital Projects - QSCB	Total
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 12,446,933	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,446,933
Trustee's Collections - Prior Year	401,595	0	0	0	0	401,595
Trustee's Collections - Bankruptcy	20,053	0	0	0	0	20,053
Circuit/Clerk & Master Collections - Prior Years	114,001	0	0	0	0	114,001
Interest and Penalty	114,420	0	0	0	0	114,420
Pick-up Taxes	1,242	0	0	0	0	1,242
Payments in-Lieu-of Taxes - T.V.A.	2,377	0	0	0	0	2,377
Payments in-Lieu-of Taxes - Local Utilities	128,564	0	0	0	0	128,564
Payments in-Lieu-of Taxes - Other	23,376	0	0	0	0	23,376
<u>County Local Option Taxes</u>						
Local Option Sales Tax	10,162,885	0	0	0	0	10,162,885
Wheel Tax	718,523	0	0	0	0	718,523
<u>Statutory Local Taxes</u>						
Bank Excise Tax	62,304	0	0	0	0	62,304
Interstate Telecommunications Tax	4,258	0	0	0	0	4,258
Total Local Taxes	\$ 24,200,531	\$ 0	\$ 0	\$ 0	\$ 0	\$ 24,200,531
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Regular Day Students	\$ 109,829	\$ 0	\$ 0	\$ 0	\$ 0	\$ 109,829
Tuition - Other	228,331	0	0	0	0	228,331
Lunch Payments - Children	0	0	1,011,433	0	0	1,011,433
Lunch Payments - Adults	0	0	138,338	0	0	138,338
Income from Breakfast	0	0	202,934	0	0	202,934
A la carte Sales	0	0	219,598	0	0	219,598
Receipts from Individual Schools	173,016	0	0	0	0	173,016
<u>Other Charges for Services</u>						
Other Charges for Services	118,999	0	17,241	0	0	136,240
Total Charges for Current Services	\$ 630,175	\$ 0	\$ 1,589,544	\$ 0	\$ 0	\$ 2,219,719
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 1,584	\$ 0	\$ 3,179	\$ 18	\$ 110	\$ 4,891

(Continued)

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	Other Capital Projects - QSCB	Total
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Lease/Rentals	\$ 11,070	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,070
Sale of Materials and Supplies	2,036	0	0	0	0	2,036
Refund of Telecommunication & Internet Fees (E-Rate)	70,517	0	0	0	0	70,517
Miscellaneous Refunds	37,663	0	0	0	0	37,663
<u>Nonrecurring Items</u>						
Sale of Equipment	12,279	0	0	0	0	12,279
Damages Recovered from Individuals	3,025	0	0	0	0	3,025
Contributions and Gifts	6,975	0	0	11,053	545,825	563,853
<u>Other Local Revenues</u>						
Other Local Revenues	1,471	0	0	0	0	1,471
Total Other Local Revenues	\$ 146,620	\$ 0	\$ 3,179	\$ 11,071	\$ 545,935	\$ 706,805
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-Behalf Contributions for OPEB	\$ 691,499	\$ 0	\$ 0	\$ 0	\$ 0	\$ 691,499
<u>State Education Funds</u>						
Basic Education Program	35,036,500	0	0	0	0	35,036,500
Basic Education Program - ARRA	1,766,500	0	0	0	0	1,766,500
Early Childhood Education	565,371	0	0	0	0	565,371
School Food Service	0	0	52,373	0	0	52,373
Driver Education	26,341	0	0	0	0	26,341
Other State Education Funds	20,231	0	0	0	0	20,231
Coordinated School Health - ARRA	98,735	0	0	0	0	98,735
Internet Connectivity - ARRA	28,132	0	0	0	0	28,132
Professional Development - ARRA	1,141	0	0	0	0	1,141
Family Resource Centers - ARRA	66,600	0	0	0	0	66,600
Career Ladder Program	375,268	0	0	0	0	375,268
<u>Other State Revenues</u>						
Mixed Drink Tax	26,157	0	0	0	0	26,157
Other State Grants	158,650	0	0	0	0	158,650
Safe Schools - ARRA	17,964	0	0	0	0	17,964
Total State of Tennessee	\$ 38,879,089	\$ 0	\$ 52,373	\$ 0	\$ 0	\$ 38,931,462

(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	Other Capital Projects - QSCB	Total
Federal Government						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 2,270,340	\$ 0	\$ 0	\$ 2,270,340
USDA - Commodities	0	0	543,165	0	0	543,165
Breakfast	0	0	771,775	0	0	771,775
USDA - Other	0	0	10,036	0	0	10,036
USDA Food Service Equipment Grant - ARRA	0	0	31,894	0	0	31,894
Adult Education State Grant Program	114,847	0	0	0	0	114,847
Vocational Education - Basic Grants to States	0	237,209	0	0	0	237,209
Other Vocational	39,224	0	0	0	0	39,224
Title I Grants to Local Education Agencies	0	2,798,710	0	0	0	2,798,710
Special Education - Grants to States	77,980	3,352,047	0	0	0	3,430,027
Special Education Preschool Grants	0	97,564	0	0	0	97,564
English Language Acquisition Grants	0	124,625	0	0	0	124,625
Safe and Drug-free Schools - State Grants	0	37,625	0	0	0	37,625
Education for Homeless Children and Youth	0	93,720	0	0	0	93,720
Eisenhower Professional Development State Grants	0	426,142	0	0	0	426,142
Total Federal Government	\$ 232,051	\$ 7,167,642	\$ 3,627,210	\$ 0	\$ 0	\$ 11,026,903
Total	\$ 64,088,466	\$ 7,167,642	\$ 5,272,306	\$ 11,071	\$ 545,935	\$ 77,085,420

Exhibit J-8

Hamblen County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2010

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	71,400	
Social Security		4,035	
State Retirement		2,940	
Life Insurance		439	
Medical Insurance		42,329	
Employer Medicare		944	
Audit Services		17,438	
Contracts with Private Agencies		1,100	
Dues and Memberships		1,800	
Total County Commission			\$ 142,425

Board of Equalization

Board and Committee Members Fees	\$	5,880	
Total Board of Equalization			5,880

County Mayor/Executive

County Official/Administrative Officer	\$	90,876	
Assistant(s)		29,184	
Social Security		7,296	
State Retirement		10,505	
Life Insurance		65	
Medical Insurance		8,814	
Employer Medicare		1,706	
Total County Mayor/Executive			148,446

County Attorney

Other Salaries and Wages	\$	1,200	
Social Security		74	
Employer Medicare		17	
Legal Services		130,812	
Total County Attorney			132,103

Election Commission

County Official/Administrative Officer	\$	64,589	
Deputy(ies)		50,948	
Overtime Pay		2,340	
Election Commission		12,000	
Election Workers		14,709	
Social Security		7,533	
State Retirement		10,172	

(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	\$	94	
Medical Insurance		23,763	
Employer Medicare		1,762	
Communication		256	
Contracts with Private Agencies		17,055	
Dues and Memberships		250	
Legal Notices, Recording, and Court Costs		4,662	
Printing, Stationery, and Forms		563	
Rentals		1,949	
Travel		2,684	
Office Supplies		3,342	
Office Equipment		6,100	
Total Election Commission			\$ 224,771

Register of Deeds

Life Insurance	\$	130	
Medical Insurance		21,308	
Communication		65	
Dues and Memberships		676	
Maintenance and Repair Services - Records		12,750	
Office Supplies		2,417	
Data Processing Equipment		18,795	
Total Register of Deeds			56,141

Planning

County Official/Administrative Officer	\$	52,760	
Assistant(s)		30,363	
Deputy(ies)		36,739	
Secretary(ies)		27,134	
Board and Committee Members Fees		16,200	
Other Per Diem and Fees		700	
Social Security		9,703	
State Retirement		12,868	
Life Insurance		130	
Medical Insurance		34,681	
Employer Medicare		2,269	
Communication		1,322	
Contracts with Government Agencies		16,960	
Dues and Memberships		273	
Legal Notices, Recording, and Court Costs		296	

(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	\$	1,428	
Maintenance and Repair Services - Vehicles		700	
Printing, Stationery, and Forms		264	
Travel		899	
Gasoline		1,304	
Office Supplies		3,374	
Refunds		1,074	
In Service/Staff Development		1,054	
Total Planning			\$ 252,495

Other Facilities

Assistant(s)	\$	70,522	
Supervisor/Director		31,647	
Custodial Personnel		71,731	
Part-time Personnel		13,804	
Social Security		10,995	
State Retirement		15,217	
Life Insurance		214	
Medical Insurance		52,533	
Employer Medicare		2,571	
Communication		3,129	
Maintenance Agreements		32,963	
Maintenance and Repair Services - Buildings		49,970	
Maintenance and Repair Services - Equipment		2,407	
Maintenance and Repair Services - Vehicles		1,207	
Pest Control		3,592	
Other Contracted Services		5,495	
Custodial Supplies		18,653	
Electricity		178,163	
Gasoline		3,721	
Natural Gas		36,166	
Uniforms		4,051	
Total Other Facilities			608,751

Preservation of Records

Supervisor/Director	\$	11,408	
Social Security		707	
Employer Medicare		165	
Office Supplies		5,170	
Total Preservation of Records			17,450

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	52,382	
Assistant(s)		30,051	
Accountants/Bookkeepers		27,280	
Part-time Personnel		17,805	
Social Security		7,584	
State Retirement		11,158	
Life Insurance		130	
Medical Insurance		24,318	
Employer Medicare		1,774	
Communication		3,046	
Dues and Memberships		1,077	
Travel		3,673	
Office Supplies		1,283	
In Service/Staff Development		580	
Total Accounting and Budgeting			\$ 182,141

Purchasing

County Official/Administrative Officer	\$	43,646	
Purchasing Personnel		27,318	
Social Security		3,902	
State Retirement		6,210	
Life Insurance		65	
Medical Insurance		15,504	
Employer Medicare		913	
Advertising		629	
Communication		5	
Dues and Memberships		75	
Office Supplies		274	
In Service/Staff Development		75	
Total Purchasing			98,616

Property Assessor's Office

County Official/Administrative Officer	\$	70,900
Deputy(ies)		124,334
Data Processing Personnel		35,970
Other Per Diem and Fees		787
Social Security		13,426
State Retirement		20,234
Life Insurance		194
Medical Insurance		45,305

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Employer Medicare	\$	3,140	
Communication		186	
Contracts with Government Agencies		14,723	
Data Processing Services		3,000	
Dues and Memberships		1,298	
Maintenance Agreements		300	
Maintenance and Repair Services - Vehicles		1,034	
Printing, Stationery, and Forms		253	
Travel		1,525	
Data Processing Supplies		137	
Gasoline		2,970	
Office Supplies		1,119	
Office Equipment		180	
Total Property Assessor's Office			\$ 341,015

Reappraisal Program

Deputy(ies)	\$	28,675	
Social Security		1,667	
State Retirement		2,509	
Life Insurance		32	
Medical Insurance		8,086	
Employer Medicare		390	
Contracts with Government Agencies		5,720	
Contracts with Private Agencies		67,500	
Legal Services		14	
Postal Charges		8,918	
Other Contracted Services		1,041	
Office Supplies		142	
Other Supplies and Materials		213	
Office Equipment		439	
Total Reappraisal Program			125,346

County Trustee's Office

Life Insurance	\$	162	
Medical Insurance		25,936	
Communication		40	
Legal Notices, Recording, and Court Costs		114	
Postal Charges		8,096	
Printing, Stationery, and Forms		11,626	
Travel		42	

(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.)

Office Supplies	\$	1,917	
Office Equipment		2,444	
Total County Trustee's Office			\$ 50,377

County Clerk's Office

Life Insurance	\$	592	
Medical Insurance		118,608	
Communication		1,146	
Maintenance Agreements		20,282	
Printing, Stationery, and Forms		1,750	
Rentals		1,980	
Office Supplies		3,635	
Office Equipment		1,443	
Total County Clerk's Office			149,436

Data Processing

Data Processing Services	\$	5,201	
Maintenance Agreements		20,217	
Data Processing Supplies		936	
Data Processing Equipment		12,973	
Total Data Processing			39,327

Other Finance

Maintenance Personnel	\$	1,202	
Social Security		75	
Employer Medicare		17	
Communication		3,281	
Operating Lease Payments		28,108	
Maintenance and Repair Services - Buildings		975	
Office Supplies		2,002	
Office Equipment		548	
Total Other Finance			36,208

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	69,461	
Deputy(ies)		244,691	
Part-time Personnel		53,857	
Other Salaries and Wages		24,302	
Jury and Witness Expense		35,853	

(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.)

Social Security	\$	24,098	
State Retirement		25,686	
Life Insurance		316	
Medical Insurance		49,781	
Employer Medicare		5,636	
Communication		1,174	
Legal Notices, Recording, and Court Costs		120	
Maintenance Agreements		1,046	
Printing, Stationery, and Forms		4,551	
Rentals		4,428	
Travel		1,285	
Office Supplies		9,923	
Office Equipment		1,843	
Total Circuit Court			\$ 558,051

General Sessions Court

Judge(s)	\$	145,993	
Teachers		400	
Part-time Personnel		72,997	
Social Security		11,293	
State Retirement		12,774	
Life Insurance		32	
Medical Insurance		8,080	
Employer Medicare		3,136	
Communication		216	
Travel		1,942	
Other Contracted Services		7,516	
Office Supplies		1,219	
Total General Sessions Court			265,598

Drug Court

Supervisor/Director	\$	29,372	
Social Security		1,754	
State Retirement		2,570	
Life Insurance		32	
Medical Insurance		6,848	
Employer Medicare		410	
Communication		26	
Evaluation and Testing		10,951	
Postal Charges		208	

(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.)

Rentals	\$	1,620	
Travel		3,015	
Drug Treatment		44,746	
Office Supplies		1,987	
Total Drug Court			\$ 103,539

Chancery Court

Jury and Witness Expense	\$	1,105	
Life Insurance		194	
Medical Insurance		42,269	
Communication		736	
Printing, Stationery, and Forms		2,427	
Rentals		2,369	
Office Supplies		5,192	
Total Chancery Court			54,292

Juvenile Court

Judge(s)	\$	31,237	
Assistant(s)		33,058	
Probation Officer(s)		33,164	
Youth Service Officer(s)		43,646	
Guidance Personnel		10,608	
Educational Assistants		30,058	
Attendants		101,507	
Other Salaries and Wages		1,010	
In-Service Training		600	
Other Per Diem and Fees		9,974	
Social Security		17,210	
State Retirement		9,342	
Life Insurance		130	
Medical Insurance		26,031	
Employer Medicare		4,025	
Communication		2,749	
Consultants		10,400	
Contracts with Government Agencies		11,585	
Dues and Memberships		60	
Evaluation and Testing		4,434	
Maintenance and Repair Services - Vehicles		64	
Rentals		2,394	
Travel		1,958	

(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.)

Other Contracted Services	\$	1,821	
Food Supplies		2,556	
Gasoline		379	
Office Supplies		5,491	
Total Juvenile Court			\$ 395,491

Probate Court

Office Supplies	\$	2,009	
Total Probate Court			2,009

Probation Services

Overtime Pay	\$	466	
Other Salaries and Wages		159,987	
Social Security		9,850	
State Retirement		4,709	
Life Insurance		65	
Medical Insurance		8,814	
Employer Medicare		2,303	
Contracts with Government Agencies		1,800	
Uniforms		828	
Law Enforcement Equipment		7,770	
Total Probation Services			196,592

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	79,746	
Supervisor/Director		49,301	
Deputy(ies)		509,424	
Captain(s)		53,514	
Lieutenant(s)		192,116	
Sergeant(s)		364,240	
Salary Supplements		20,400	
Clerical Personnel		133,282	
Overtime Pay		64,441	
Other Salaries and Wages		61,756	
Board and Committee Members Fees		3,450	
In-Service Training		13,298	
Social Security		90,534	
State Retirement		116,975	
Life Insurance		1,258	

(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.)

Medical Insurance	\$	278,799	
Employer Medicare		21,172	
Advertising		679	
Communication		21,377	
Dues and Memberships		2,682	
Evaluation and Testing		2,095	
Maintenance Agreements		8,883	
Maintenance and Repair Services - Equipment		960	
Maintenance and Repair Services - Vehicles		69,876	
Printing, Stationery, and Forms		1,841	
Rentals		2,790	
Tow-in Services		1,032	
Travel		11,183	
Other Contracted Services		467	
Gasoline		115,685	
Law Enforcement Supplies		10,000	
Lubricants		3,899	
Office Supplies		9,084	
Tires and Tubes		13,207	
Uniforms		1,399	
Other Charges		21,163	
Law Enforcement Equipment		12,606	
Motor Vehicles		24,814	
Total Sheriff's Department			\$ 2,389,428

Wheel Tax Officer

Communication	\$	660	
Travel		1,921	
Office Supplies		2,483	
Office Equipment		491	
Total Wheel Tax Officer			5,555

Drug Enforcement

Law Enforcement Supplies	\$	11,687	
Total Drug Enforcement			11,687

Administration of the Sexual Offender Registry

Contracts with Government Agencies	\$	1,800	
Travel		114	
Office Supplies		577	
Total Administration of the Sexual Offender Registry			2,491

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Captain(s)	\$	41,513	
Lieutenant(s)		29,827	
Sergeant(s)		114,159	
Guards		731,630	
Cafeteria Personnel		20,561	
Overtime Pay		43,737	
In-Service Training		1,320	
Social Security		57,992	
State Retirement		84,903	
Life Insurance		1,225	
Medical Insurance		255,298	
Employer Medicare		13,563	
Advertising		195	
Maintenance Agreements		17,201	
Maintenance and Repair Services - Buildings		15,344	
Maintenance and Repair Services - Equipment		18,549	
Medical and Dental Services		295,548	
Rentals		2,220	
Custodial Supplies		44,788	
Drugs and Medical Supplies		9,516	
Food Supplies		316,566	
Office Supplies		4,216	
Prisoners Clothing		9,701	
Other Charges		10,538	
Law Enforcement Equipment		8,401	
Total Jail			\$ 2,148,511

Workhouse

Guards	\$	42,493	
Social Security		2,365	
State Retirement		3,718	
Life Insurance		54	
Medical Insurance		12,858	
Employer Medicare		553	
Total Workhouse			62,041

Work Release Program

Supervisor/Director	\$	36,277	
Secretary(ies)		27,275	
In-Service Training		300	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Work Release Program (Cont.)

Social Security	\$	3,623	
State Retirement		5,561	
Life Insurance		65	
Medical Insurance		11,261	
Employer Medicare		848	
Communication		132	
Maintenance and Repair Services - Vehicles		222	
Gasoline		1,416	
Office Supplies		1,170	
Total Work Release Program			\$ 88,150

Fire Prevention and Control

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

Civil Defense

Supervisor/Director	\$	37,878	
Part-time Personnel		8,636	
Social Security		2,845	
State Retirement		3,314	
Life Insurance		32	
Medical Insurance		4,407	
Employer Medicare		666	
Communication		1,036	
Maintenance and Repair Services - Vehicles		1,341	
Travel		402	
Gasoline		5,135	
Office Supplies		1,379	
Uniforms		332	
Liability Insurance		1,775	
Other Charges		1,992	
Communication Equipment		116	
Total Civil Defense			71,286

Rescue Squad

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

Other Emergency Management

Other Equipment	\$	142,801	
Total Other Emergency Management			142,801

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Assistant(s)	\$	4,200	
Other Salaries and Wages		58,817	
Other Contracted Services		7,200	
Total County Coroner/Medical Examiner			\$ 70,217

Public Health and Welfare

Local Health Center

Supervisor/Director	\$	13,823	
Clerical Personnel		246,241	
Overtime Pay		1,000	
Social Security		14,975	
State Retirement		20,726	
Life Insurance		303	
Medical Insurance		70,318	
Employer Medicare		3,502	
Contracts with Government Agencies		64,992	
Printing, Stationery, and Forms		392	
Travel		4,315	
Other Contracted Services		6,471	
Drugs and Medical Supplies		3,333	
Total Local Health Center			450,391

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

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

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Child Support

Contributions	\$ 14,516	
Total Child Support		\$ 14,516

Other Local Welfare Services

Contributions	\$ 40,450	
Total Other Local Welfare Services		40,450

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

Supervisor/Director	\$ 6,000
Maintenance Personnel	58,433
Overtime Pay	10,738
Other Salaries and Wages	11,440
Social Security	5,353
State Retirement	6,578
Life Insurance	65
Medical Insurance	9,358
Employer Medicare	1,252
Advertising	18,805
Communication	4,796

(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.)

Maintenance and Repair Services - Equipment	\$	2,808	
Maintenance and Repair Services - Vehicles		308	
Custodial Supplies		8,602	
Diesel Fuel		998	
Electricity		21,972	
Gasoline		3,084	
Office Supplies		102	
Uniforms		951	
Water and Sewer		14,551	
Other Supplies and Materials		3,650	
Liability Insurance		4,388	
Refunds		100	
Workers' Compensation Insurance		4,494	
Other Charges		3,179	
Other Construction		15,894	
Total Parks and Fair Boards			\$ 217,899

Other Social, Cultural, and Recreational

Contracts with Government Agencies	\$	67,100	
Contributions		229,500	
Total Other Social, Cultural, and Recreational			296,600

Agriculture and Natural Resources

Agriculture Extension Service

Contributions	\$	125,974	
Total Agriculture Extension Service			125,974

Forest Service

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

Soil Conservation

Secretary(ies)	\$	24,302	
Social Security		1,283	
State Retirement		2,126	
Life Insurance		32	
Medical Insurance		11,097	
Employer Medicare		300	
Total Soil Conservation			39,140

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations

Tourism

Contributions	\$ 22,500	
Total Tourism		\$ 22,500

Industrial Development

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

Public Transportation

Contributions	\$ 41,593	
Total Public Transportation		41,593

Veterans' Services

County Official/Administrative Officer	\$ 10,709	
Social Security	664	
Employer Medicare	155	
Communication	16	
Dues and Memberships	25	
Maintenance Agreements	450	
Travel	95	
Office Supplies	132	
Office Equipment	280	
Total Veterans' Services		12,526

Other Charges

Communication	\$ 36,121	
Contracts with Private Agencies	32,848	
Dues and Memberships	19,917	
Legal Notices, Recording, and Court Costs	928	
Maintenance Agreements	10,172	
Postal Charges	36,118	
Printing, Stationery, and Forms	2,822	
Rentals	2,949	
Data Processing Supplies	85	
Duplicating Supplies	66	
Office Supplies	4,789	
Premiums on Corporate Surety Bonds	3,472	
Trustee's Commission	173,857	
Other Charges	31,032	
Data Processing Equipment	10,393	
Total Other Charges		365,569

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Contributions to Other Agencies

Contributions	\$ 5,000	
Total Contributions to Other Agencies		\$ 5,000

Employee Benefits

Handling Charges and Administrative Costs	\$ 720	
Medical Insurance	319,609	
Unemployment Compensation	14,893	
Other Fringe Benefits	1,612	
Liability Insurance	305,104	
Workers' Compensation Insurance	193,399	
Total Employee Benefits		835,337

ARRA Grant # 1

Part-time Personnel	\$ 11,179	
Social Security	693	
Employer Medicare	162	
Communication	7,685	
Operating Lease Payments	4,750	
Legal Notices, Recording, and Court Costs	248	
Travel	2,284	
Electricity	2,649	
Office Supplies	7,137	
Other Supplies and Materials	5,138	
Total ARRA Grant # 1		41,925

ARRA Grant # 2

Law Enforcement Equipment	\$ 10,600	
Total ARRA Grant # 2		10,600

Interest on Debt

General Government

Interest on Notes	\$ 1,080	
Total General Government		1,080

Capital Projects

Administration of Justice Projects

Maintenance and Repair Services - Buildings	\$ 16,609	
Other Equipment	20,497	
Total Administration of Justice Projects		37,106

Total General Fund \$ 12,633,251

(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	\$	36,030	
Mechanic(s)		18,592	
Equipment Operators - Heavy		121,755	
Truck Drivers		201,270	
Laborers		131,086	
Overtime Pay		13,091	
Social Security		30,049	
State Retirement		44,293	
Life Insurance		648	
Medical Insurance		167,528	
Unemployment Compensation		3,817	
Employer Medicare		7,028	
Advertising		4,375	
Contracts with Private Agencies		69,113	
Maintenance and Repair Services - Equipment		42,722	
Disposal Fees		757,824	
Diesel Fuel		131,600	
Gasoline		2,743	
Lubricants		5,000	
Office Supplies		391	
Tires and Tubes		13,358	
Uniforms		5,255	
Other Supplies and Materials		17,354	
Liability Insurance		30,643	
Trustee's Commission		39,167	
Workers' Compensation Insurance		59,791	
Solid Waste Equipment		11,960	
Total Sanitation Management			\$ 1,966,483

Total Solid Waste/Sanitation Fund \$ 1,966,483

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	13,600
Dues and Memberships		525
Rentals		12,000
Travel		205
Other Contracted Services		446
Animal Food and Supplies		623

(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.)

Electricity	\$	6,356	
Law Enforcement Supplies		10,558	
Trustee's Commission		386	
Law Enforcement Equipment		20,320	
Total Drug Enforcement			<u>\$ 65,019</u>

Total Drug Control Fund \$ 65,019

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	182,985	
Total Register of Deeds			\$ 182,985

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	234,753	
Total County Trustee's Office			234,753

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	651,334	
Total County Clerk's Office			651,334

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	256,391	
Total Chancery Court			256,391

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$	116	
Total Sheriff's Department			<u>116</u>

Total Constitutional Officers - Fees Fund 1,325,579

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	76,407	
Assistant(s)		44,044	

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Accountants/Bookkeepers	\$	32,000	
Overtime Pay		1,572	
Board and Committee Members Fees		18,575	
Social Security		10,376	
State Retirement		10,116	
Life Insurance		97	
Medical Insurance		19,348	
Employer Medicare		2,427	
Communication		5,317	
Dues and Memberships		2,971	
Legal Services		2,152	
Postal Charges		252	
Travel		29	
Electricity		12,674	
Office Supplies		1,345	
Propane Gas		10,247	
Water and Sewer		1,312	
Liability Insurance		26,016	
Trustee's Commission		25,460	
Vehicle and Equipment Insurance		15,618	
Other Charges		15,617	
Total Administration			\$ 333,972

Highway and Bridge Maintenance

Foremen	\$	41,821
Equipment Operators		193,056
Truck Drivers		159,985
Laborers		94,679
Overtime Pay		30,375
Social Security		30,760
State Retirement		44,564
Life Insurance		518
Medical Insurance		109,804
Employer Medicare		7,194
Contracts with Private Agencies		34,012
Rentals		2,336
Asphalt - Cold Mix		3,000
Asphalt - Hot Mix		77,523
Concrete		590
Crushed Stone		27,875

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

General Construction Materials	\$	715	
Other Road Supplies		839	
Pipe - Metal		1,906	
Road Signs		7,113	
Salt		48,427	
Small Tools		1,042	
Uniforms		4,624	
Fencing		20,498	
Total Highway and Bridge Maintenance			\$ 943,256

Operation and Maintenance of Equipment

Mechanic(s)	\$	45,819	
Overtime Pay		2,411	
Social Security		2,954	
State Retirement		3,953	
Life Insurance		32	
Medical Insurance		8,814	
Employer Medicare		691	
Diesel Fuel		39,464	
Equipment Parts - Heavy		69,650	
Garage Supplies		6,165	
Gasoline		23,529	
Lubricants		9,532	
Small Tools		684	
Tires and Tubes		16,063	
Other Supplies and Materials		12,862	
Total Operation and Maintenance of Equipment			242,623

Employee Benefits

Other Fringe Benefits	\$	525	
Workers' Compensation Insurance		43,824	
Total Employee Benefits			44,349

Capital Outlay

State Aid Projects	\$	673,141	
Total Capital Outlay			673,141

Total Highway/Public Works Fund \$ 2,237,341

(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 Bonds	\$	1,700	
Principal on Notes		475,000	
Principal on Other Loans		299,200	
Total General Government			\$ 775,900

Education

Principal on Bonds	\$	83,300	
Principal on Notes		177,347	
Principal on Other Loans		1,900,800	
Total Education			2,161,447

Interest on Debt

General Government

Interest on Bonds	\$	6,388	
Interest on Notes		36,150	
Interest on Other Loans		183,407	
Total General Government			225,945

Education

Interest on Bonds	\$	313,015	
Interest on Notes		7,422	
Interest on Other Loans		1,134,072	
Total Education			1,454,509

Other Debt Service

General Government

Trustee's Commission	\$	82,481	
Underwriter's Discount		2,172	
Other Debt Issuance Charges		2,510	
Total General Government			87,163

Education

Underwriter's Discount	\$	106,428	
Other Debt Issuance Charges		123,003	
Other Debt Service		100	
Total Education			229,531

Capital Projects

Education Capital Projects

Contributions	\$	11,053	
Total Education Capital Projects			11,053

Total General Debt Service Fund \$ 4,945,548

(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	\$ 250,000	
Total General Government		\$ 250,000

Interest on Debt

General Government

Interest on Other Loans	\$ 28,393	
Total General Government		28,393

Other Debt Service

General Government

Other Debt Service	\$ 600	
Total General Government		<u>600</u>

Total Special Debt Service Fund		\$ 278,993
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Hospital Debt Service Fund

Principal on Debt

General Government

Principal on Other Loans	\$ 28,280,000	
Total General Government		\$ 28,280,000

Interest on Debt

General Government

Interest on Other Loans	\$ 866,876	
Total General Government		866,876

Other Debt Service

General Government

Other Debt Service	\$ 2,432,088	
Total General Government		<u>2,432,088</u>

Total Hospital Debt Service Fund		31,578,964
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General Capital Projects Fund

Capital Projects

General Administration Projects

Architects	\$ 27,992	
Other Construction	106,551	
Total General Administration Projects		\$ 134,543

(Continued)

Exhibit J-8

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Public Health and Welfare Projects

Consultants	\$	1,500	
Engineering Services		37,600	
Building Improvements		283,566	
Total Public Health and Welfare Projects	\$		322,666

Social, Cultural, and Recreation Projects

Architects	\$	19,762	
Other Construction		351,680	
Other Capital Outlay		76,282	
Total Social, Cultural, and Recreation Projects			<u>447,724</u>

Total General Capital Projects Fund \$ 904,933

Sanitation Projects Fund

Capital Projects

Public Health and Welfare Projects

Architects	\$	23,380	
Total Public Health and Welfare Projects	\$		<u>23,380</u>

Total Sanitation Projects Fund 23,380

Other Capital Projects Fund

Capital Projects

Education Capital Projects

Contributions	\$	545,825	
Underwriter's Discount		77,324	
Other Debt Issuance Charges		47,612	
Total Education Capital Projects	\$		<u>670,761</u>

Total Other Capital Projects Fund 670,761

Total Governmental Funds - Primary Government \$ 56,630,252

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, 2010

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 22,078,868	
Career Ladder Program	220,073	
Career Ladder Extended Contracts	136,714	
Salary Supplements	431,664	
Educational Assistants	999,604	
Certified Substitute Teachers	155,631	
Non-certified Substitute Teachers	265,746	
Social Security	1,410,906	
State Retirement	1,514,500	
Life Insurance	36,559	
Medical Insurance	3,894,976	
Unemployment Compensation	13,314	
Employer Medicare	339,443	
Other Fringe Benefits	682,081	
Other Contracted Services	113,117	
Instructional Supplies and Materials	364,791	
Textbooks	633,637	
Other Supplies and Materials	9,691	
Other Charges	127,600	
Regular Instruction Equipment	149,174	
Total Regular Instruction Program		\$ 33,578,089

Special Education Program

Teachers	\$ 2,813,450
Career Ladder Program	33,810
Career Ladder Extended Contracts	3,600
Educational Assistants	390,112
Speech Pathologist	176,367
Certified Substitute Teachers	8,645
Non-certified Substitute Teachers	28,126
Social Security	194,715
State Retirement	215,091
Life Insurance	5,327
Medical Insurance	583,949
Unemployment Compensation	2,033
Employer Medicare	46,565
Other Contracted Services	486,824
Instructional Supplies and Materials	39,064
Textbooks	1,817

(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	\$ 23,066	
Special Education Equipment	68,628	
Total Special Education Program		\$ 5,121,189

Vocational Education Program

Teachers	\$ 2,045,680	
Career Ladder Program	30,283	
Certified Substitute Teachers	7,922	
Non-certified Substitute Teachers	19,860	
Social Security	124,753	
State Retirement	133,277	
Life Insurance	2,980	
Medical Insurance	319,935	
Unemployment Compensation	1,016	
Employer Medicare	29,228	
Instructional Supplies and Materials	49,607	
Other Supplies and Materials	17,821	
Vocational Instruction Equipment	11,762	
Total Vocational Education Program		2,794,124

Student Body Education Program

Other Contracted Services	\$ 7,947	
Other Supplies and Materials	24,816	
Other Charges	13,996	
Total Student Body Education Program		46,759

Adult Education Program

Teachers	\$ 60,695	
Social Security	3,737	
State Retirement	3,339	
Life Insurance	63	
Medical Insurance	5,637	
Unemployment Compensation	64	
Employer Medicare	874	
Instructional Supplies and Materials	12,276	
Total Adult Education Program		86,685

Other

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

(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

Attendance

Travel	\$	2,869	
Total Attendance			\$ 2,869

Health Services

Medical Personnel	\$	183,702	
Social Security		10,635	
State Retirement		11,794	
Life Insurance		507	
Medical Insurance		49,885	
Unemployment Compensation		174	
Employer Medicare		2,487	
Travel		2,752	
Drugs and Medical Supplies		3,108	
Other Supplies and Materials		13,951	
In Service/Staff Development		969	
Total Health Services			279,964

Other Student Support

Career Ladder Program	\$	5,000	
Guidance Personnel		721,560	
Other Salaries and Wages		9,862	
Social Security		41,573	
State Retirement		44,398	
Life Insurance		931	
Medical Insurance		110,560	
Unemployment Compensation		397	
Employer Medicare		10,274	
Evaluation and Testing		28,363	
Total Other Student Support			972,918

Regular Instruction Program

Supervisor/Director	\$	5,454	
Career Ladder Program		1,000	
Secretary(ies)		126,480	
Other Salaries and Wages		5,570	
In-Service Training		9,111	
Social Security		8,215	
State Retirement		11,483	
Life Insurance		312	

(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.)

Medical Insurance	\$	26,774	
Unemployment Compensation		101	
Employer Medicare		2,002	
Travel		18,508	
Other Contracted Services		34,310	
Library Books/Media		21,066	
Other Supplies and Materials		21,152	
Other Charges		18,940	
Other Equipment		13,932	
Total Regular Instruction Program			\$ 324,410

Special Education Program

Supervisor/Director	\$	71,954	
Career Ladder Program		1,000	
Secretary(ies)		59,539	
Clerical Personnel		21,253	
Social Security		9,469	
State Retirement		11,790	
Life Insurance		254	
Medical Insurance		21,367	
Unemployment Compensation		81	
Employer Medicare		2,214	
Maintenance and Repair Services - Equipment		820	
Travel		22,069	
Other Contracted Services		6,724	
Other Supplies and Materials		3,600	
In Service/Staff Development		1,273	
Other Charges		28,501	
Total Special Education Program			261,908

Vocational Education Program

Supervisor/Director	\$	65,774
Career Ladder Program		1,000
Secretary(ies)		29,449
Social Security		5,358
State Retirement		6,864
Life Insurance		127
Medical Insurance		14,041
Unemployment Compensation		41

(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.)

Employer Medicare	\$	1,253	
Travel		5,714	
Total Vocational Education Program			\$ 129,621

Adult Programs

Supervisor/Director	\$	52,230	
Other Salaries and Wages		12,135	
Social Security		3,991	
State Retirement		3,353	
Life Insurance		63	
Medical Insurance		5,637	
Unemployment Compensation		41	
Employer Medicare		933	
Travel		283	
In Service/Staff Development		841	
Total Adult Programs			79,507

Other Programs

On-Behalf Payments to OPEB	\$	691,499	
Total Other Programs			691,499

Board of Education

Board and Committee Members Fees	\$	37,200	
Social Security		2,306	
State Retirement		2,415	
Life Insurance		380	
Employer Medicare		539	
Audit Services		25,000	
Dues and Memberships		9,022	
Legal Services		24,749	
Travel		28,961	
Liability Insurance		145,108	
Premiums on Corporate Surety Bonds		1,739	
Trustee's Commission		477,218	
Workers' Compensation Insurance		171,379	
Other Charges		5,534	
Total Board of Education			931,550

(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.)

Director of Schools

County Official/Administrative Officer	\$	119,192	
Assistant(s)		172,022	
Career Ladder Program		3,000	
Secretary(ies)		88,558	
Social Security		22,724	
State Retirement		33,864	
Life Insurance		740	
Medical Insurance		31,731	
Unemployment Compensation		102	
Employer Medicare		5,438	
Communication		17,094	
Postal Charges		12,425	
Travel		6,566	
Other Contracted Services		10,233	
Office Supplies		13,513	
Other Charges		9,525	
Total Director of Schools	\$		546,727

Office of the Principal

Principals	\$	1,182,730	
Career Ladder Program		37,142	
Assistant Principals		812,328	
Secretary(ies)		623,225	
Social Security		156,691	
State Retirement		184,288	
Life Insurance		3,491	
Medical Insurance		396,146	
Unemployment Compensation		1,163	
Employer Medicare		36,763	
Communication		70,272	
Total Office of the Principal			3,504,239

Fiscal Services

Supervisor/Director	\$	70,278	
Accountants/Bookkeepers		108,537	
Social Security		10,943	
State Retirement		15,646	
Life Insurance		254	
Medical Insurance		20,665	

(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.)

Unemployment Compensation	\$	86	
Employer Medicare		2,559	
Maintenance and Repair Services - Equipment		9,591	
Travel		3,590	
Other Contracted Services		13,133	
Data Processing Supplies		5,150	
Office Supplies		4,735	
Administration Equipment		11,586	
Total Fiscal Services			\$ 276,753

Operation of Plant

Custodial Personnel	\$	1,462,637	
Other Salaries and Wages		36,058	
Social Security		88,109	
State Retirement		119,419	
Life Insurance		3,058	
Medical Insurance		332,726	
Unemployment Compensation		1,318	
Employer Medicare		20,736	
Other Contracted Services		224,262	
Custodial Supplies		181,079	
Electricity		1,727,138	
Natural Gas		335,882	
Water and Sewer		246,513	
Other Supplies and Materials		16,135	
Other Charges		5,060	
Plant Operation Equipment		16,141	
Total Operation of Plant			4,816,271

Maintenance of Plant

Supervisor/Director	\$	49,200	
Maintenance Personnel		559,901	
Social Security		35,583	
State Retirement		53,296	
Life Insurance		1,129	
Medical Insurance		119,520	
Unemployment Compensation		365	
Employer Medicare		8,322	
Laundry Service		4,748	

(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.)

Maintenance and Repair Services - Buildings	\$	312,456	
Maintenance and Repair Services - Equipment		70,007	
Equipment and Machinery Parts		92,778	
Other Charges		1,382	
Maintenance Equipment		30,062	
Total Maintenance of Plant			\$ 1,338,749

Transportation

Supervisor/Director	\$	41,010	
Mechanic(s)		173,602	
Bus Drivers		740,025	
Clerical Personnel		33,153	
Social Security		56,152	
State Retirement		83,722	
Life Insurance		3,403	
Medical Insurance		362,733	
Unemployment Compensation		1,215	
Employer Medicare		13,132	
Maintenance and Repair Services - Vehicles		25,936	
Medical and Dental Services		6,018	
Rentals		2,655	
Travel		1,598	
Diesel Fuel		278,529	
Garage Supplies		2,100	
Gasoline		42,076	
Lubricants		15,633	
Tires and Tubes		33,060	
Vehicle Parts		86,365	
Other Supplies and Materials		5,253	
Vehicle and Equipment Insurance		53,429	
Other Charges		17,623	
Transportation Equipment		526,530	
Total Transportation			2,604,952

Central and Other

Supervisor/Director	\$	65,990	
Computer Programmer(s)		38,539	
Secretary(ies)		29,016	
Other Salaries and Wages		384,298	

(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 (Cont.)

Social Security	\$	30,436	
State Retirement		45,311	
Life Insurance		819	
Medical Insurance		91,750	
Unemployment Compensation		264	
Employer Medicare		7,118	
Communication		21,897	
Consultants		3,000	
Travel		7,509	
Other Contracted Services		108,044	
Office Supplies		976	
In Service/Staff Development		2,530	
Data Processing Equipment		319,118	
Total Central and Other			\$ 1,156,615

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	31,568	
Other Salaries and Wages		142,302	
Social Security		10,780	
State Retirement		2,762	
Life Insurance		63	
Medical Insurance		5,486	
Unemployment Compensation		425	
Employer Medicare		2,521	
Travel		375	
Other Contracted Services		230	
Other Supplies and Materials		1,004	
Other Charges		24,364	
Other Equipment		121	
Total Community Services			222,001

Early Childhood Education

Teachers	\$	303,786
Career Ladder Program		1,000
Educational Assistants		216,531
Certified Substitute Teachers		750
Non-certified Substitute Teachers		3,750
Social Security		30,206

(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.)

State Retirement	\$	21,176	
Life Insurance		571	
Medical Insurance		68,681	
Unemployment Compensation		521	
Employer Medicare		7,236	
Instructional Supplies and Materials		21,967	
In Service/Staff Development		2,675	
Other Equipment		<u>5,517</u>	
Total Early Childhood Education	\$		684,367

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	<u>1,183,288</u>	
Total Regular Capital Outlay			1,183,288

Principal on Debt

Education

Principal on Capital Leases	\$	<u>56,204</u>	
Total Education			56,204

Interest on Debt

Education

Interest on Capital Leases	\$	<u>1,266</u>	
Total Education			1,266

Other Debt Service

Education

Other Debt Service	\$	<u>684,769</u>	
Total Education			<u>684,769</u>

Total General Purpose School Fund \$ 62,443,893

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,063,993	
Educational Assistants		251,123	
Certified Substitute Teachers		5,655	
Non-certified Substitute Teachers		9,432	

(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.)

Regular Instruction Program (Cont.)

Social Security	\$	77,675	
State Retirement		82,783	
Life Insurance		2,031	
Medical Insurance		232,076	
Unemployment Compensation		880	
Employer Medicare		19,464	
Other Contracted Services		15,891	
Instructional Supplies and Materials		757,729	
Other Supplies and Materials		26,762	
Other Charges		13,595	
Regular Instruction Equipment		4,633	
Total Regular Instruction Program			\$ 2,563,722

Special Education Program

Teachers	\$	557,424	
Educational Assistants		1,332,329	
Certified Substitute Teachers		1,300	
Non-certified Substitute Teachers		40,178	
Social Security		111,906	
State Retirement		137,814	
Life Insurance		4,636	
Medical Insurance		474,060	
Unemployment Compensation		1,973	
Employer Medicare		26,644	
Other Contracted Services		99,305	
Instructional Supplies and Materials		94,279	
Special Education Equipment		207,793	
Total Special Education Program			3,089,641

Vocational Education Program

Educational Assistants	\$	19,046	
Social Security		1,178	
State Retirement		1,223	
Life Insurance		63	
Medical Insurance		5,637	
Unemployment Compensation		20	
Employer Medicare		275	
Instructional Supplies and Materials		51,890	
Vocational Instruction Equipment		79,162	
Total Vocational Education Program			158,494

(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

Health Services

Medical Personnel	\$	27,480	
Social Security		1,677	
State Retirement		1,765	
Life Insurance		64	
Medical Insurance		5,558	
Unemployment Compensation		21	
Employer Medicare		393	
Total Health Services			\$ 36,958

Other Student Support

Guidance Personnel	\$	89,390	
Other Salaries and Wages		3,925	
Social Security		2,710	
State Retirement		2,898	
Life Insurance		54	
Medical Insurance		7,788	
Unemployment Compensation		20	
Employer Medicare		634	
Evaluation and Testing		5,616	
Travel		28,202	
Other Contracted Services		22,000	
Other Supplies and Materials		4,239	
In Service/Staff Development		336	
Other Charges		30,895	
Total Other Student Support			198,707

Regular Instruction Program

Supervisor/Director	\$	62,722	
Other Salaries and Wages		447,363	
Social Security		30,165	
State Retirement		33,088	
Life Insurance		639	
Medical Insurance		64,575	
Unemployment Compensation		310	
Employer Medicare		7,375	
Travel		7,158	
Library Books/Media		1,476	
Other Supplies and Materials		44,544	
In Service/Staff Development		161,425	
Total Regular Instruction Program			860,840

(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.)

Special Education Program

Clerical Personnel	\$	4,850	
Employer Medicare		70	
Travel		9,921	
In Service/Staff Development		76,550	
Other Charges		7,412	
Total Special Education Program			\$ 98,803

Vocational Education Program

Travel	\$	4,389	
Total Vocational Education Program			4,389

Board of Education

Workers' Compensation Insurance	\$	9,603	
Total Board of Education			9,603

Transportation

Other Charges	\$	6,565	
Transportation Equipment		108,583	
Total Transportation			115,148

Total School Federal Projects Fund \$ 7,136,305

Central Cafeteria Fund

Support Services

Board of Education

Audit Services	\$	1,800	
Workers' Compensation Insurance		49,350	
Total Board of Education			\$ 51,150

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	30,300
Accountants/Bookkeepers		31,778
Clerical Personnel		29,377
Cafeteria Personnel		1,359,734
Other Salaries and Wages		53,617
Social Security		89,747
State Retirement		61,308
Life Insurance		2,823

(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.)

Medical Insurance	\$	305,440	
Unemployment Compensation		2,709	
Employer Medicare		21,366	
Maintenance and Repair Services - Equipment		34,459	
Travel		1,780	
Other Contracted Services		300,947	
Food Supplies		1,550,848	
Office Supplies		2,921	
USDA - Commodities		543,165	
Other Supplies and Materials		178,880	
In Service/Staff Development		32,415	
Other Charges		10,752	
Food Service Equipment		79,710	
Total Food Service			\$ 4,724,076

Total Central Cafeteria Fund \$ 4,775,226

Education Capital Projects Fund

Capital Outlay

Regular Capital Outlay

Architects	\$	11,053	
Total Regular Capital Outlay			\$ 11,053

Total Education Capital Projects Fund 11,053

Other Capital Projects QSCB Fund

Capital Projects

Education Capital Projects

Architects	\$	271,726	
Engineering Services		22,630	
Land		251,469	
Site Development		263,877	
Total Education Capital Projects			\$ 809,702

Total Other Capital Projects QSCB Fund 809,702

Total Governmental Funds - Hamblen County School Department \$ 75,176,179

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, 2010

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 9,312,679
Total Cash Receipts	<u>\$ 9,312,679</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 9,219,552
Trustee's Commission	93,127
Total Cash Disbursements	<u>\$ 9,312,679</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2009	<u>10,955</u>
 Cash Balance, June 30, 2010	<u><u>\$ 10,955</u></u>

SINGLE AUDIT SECTION



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

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

February 18, 2011

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, 2010, which collectively comprise Hamblen County's basic financial statements and have issued our report thereon dated February 18, 2011. Our report includes 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.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency in internal control over financial reporting: 10.02. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

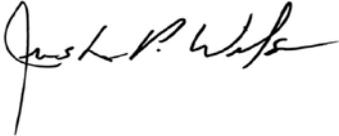
Compliance and Other Matters

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 one instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs as item 10.01.

We also noted certain matters that we reported to management of Hamblen County in separate communications.

This report is intended solely for the information and use of management, the county mayor, director of schools, highway commissioner, Audit Committee, Board of County Commissioners, 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 prominent initial "J" and "W".

Justin P. Wilson
Comptroller of the Treasury

JPW/yu



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

February 18, 2011

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, 2010. 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.

As described in items 10.01 and 10.03 in the accompanying Schedule of Findings and Questioned Costs, Hamblen County did not comply with requirements regarding Allowable Costs/Cost Principles that are applicable to its Special Education – Grants to States Program (CFDA No. 84.027) and its Special Education – Grants to States, Recovery Act Program (CFDA No. 84.391). Compliance with such requirements is necessary, in our opinion, for Hamblen County to comply with the requirements applicable to the Special Education Cluster.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2010.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hamblen County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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, 2010, and have issued our report thereon dated February 18, 2011. 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.

This report is intended solely for the information and use of management, the county mayor, director of schools, highway commissioner, Audit Committee, Board of County Commissioners, Board of Education, others within the entity, 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 long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Hamblen County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2010

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	\$ 771,775
National School Lunch Program	10.555	N/A	2,270,340 (3)
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	31,894
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	543,165 (3)
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	N/A	<u>10,036</u>
Total U.S. Department of Agriculture			<u>\$ 3,627,210</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant/States Program	14.228	(2)	\$ 28,645
Home Investment Partnerships Program	14.239	HM-06-23	<u>284,477</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 313,122</u>
U.S. Department of Justice:			
Direct Program:			
State Criminal Alien Assistance Program	16.606	N/A	\$ 12,299
Passed-through State Office of Criminal Justice Programs:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	Z-99-088464-00	38,839 (4)
Passed-through State Administrative Office of the Courts:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	(2)	8,000 (4)
Passed-through Tennessee Bureau of Investigation:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	2007-DD-BX-0663	<u>471</u>
Total U.S. Department of Justice			<u>\$ 59,609</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 2,282,911
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	568,706
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,156,189
Special Education - Preschool Grants	84.173	N/A	53,863
Special Education - Grants to States, Recovery Act	84.391	N/A	1,292,457
Special Education - Preschool Grants, Recovery Act	84.392	N/A	38,996
Career and Technical Education - Basic Grants to States	84.048	N/A	201,898
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	121,911
Education for Homeless Children and Youth Cluster:			
Education for Homeless Children and Youth	84.196	(2)	68,716
Education for Homeless Children and Youth, Recovery Act	84.387	(2)	21,806

(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.):			
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	\$ 21,351
Education Technology State Grants, Recovery Act	84.386	(2)	30,307
English Language Acquisition Grants	84.365	N/A	142,648
Improving Teacher Quality State Grants	84.367	N/A	304,344
State Fiscal Stabilization Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	1,766,500
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	250,900
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	114,847
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	(2)	<u>117,511</u>
Total U.S. Department of Education			<u>\$ 9,555,861</u>
Total Expenditures of Federal Awards			<u>\$ 13,555,802</u>

State Grants

	Contract Number		
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	\$ 21,000
Litter Program - State Department of Transportation	N/A	(5)	35,773
State Reappraisal - Comptroller of the Treasury	N/A	(2)	14,713
Health Department Program - State Department of Health	N/A	Z-10-219795-01	371,391
Waste Tire Grant - State Department of Environment and Conservation	N/A	Z-08-213010-00	46,642
Early Childhood Education Pilot Program - State Department of Education	N/A	(2)	565,371
Adult Basic Education Grant - State Department of Labor and Workforce Development	N/A	(2)	26,926
Drug Court Recovery - State Office of Criminal Justice Programs	N/A	Z-05-025520-02	49,479
ACT/Explore - State Department of Education	N/A	(2)	13,536
Drivers Education - State Department of Education	N/A	(2)	26,341
Connect TN - State Department of Education	N/A	(2)	<u>6,695</u>
Total State Grants			<u>\$ 1,177,867</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 \$2,813,505.
- (4) - Total for CFDA No. 16.803 is \$46,839.
- (5) - Z-09-212750-00: \$2,197; Z-10-220332-00: \$33,575.

Hamblen County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2010

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. There were no uncorrected findings from the Annual Financial Report for Hamblen County, Tennessee, for the year ended June 30, 2009.

HAMBLEN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2010

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 a significant deficiency in internal control. This deficiency was not considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of Hamblen County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. A qualified opinion was issued on compliance for the Special Education Cluster major program. An unqualified opinion was issued on compliance for the Child Nutrition Cluster, Title I Cluster, and State Fiscal Stabilization Cluster major programs.
6. Our audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555); the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); and the State Fiscal Stabilization Cluster: State Fiscal Stabilization Fund – Education State Grants, Recovery Act and State Fiscal Stabilization Fund – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397) were determined to be major programs.
8. A \$406,674 threshold was used to distinguish between Type A and Type B federal programs.
9. Hamblen County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response; however, management did not provide written responses for inclusion in this report.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 10.01 **THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN THE USE OF FEDERAL SPECIAL EDUCATION FUNDS** (Material Noncompliance Under Government Auditing Standards and OMB Circular A-133)

We noted the following monitoring reports issued by the state Department of Education:

1. On March 22, 2010, the State of Tennessee, Department of Education, Division of Special Education released the results of an on-site focused monitoring visit to obtain information regarding inappropriate use of Special Education – Grants to States funds. The results of that monitoring disclosed the following deficiencies:
 - A. An employee solely paid by special education funds spent time on non-special education duties.
 - B. The director of the special education program performed duties other than special education but could not provide documentation to delineate time designated and spent on special education and general education duties.
 - C. The salaries, medical supplies, and staff development of 13 nurses were paid solely from special education funds. It was determined that only four special education students required nursing services and none of these four students required nursing services on a full-time basis.

These deficiencies resulted in questioned costs of \$106,128.83 in the Special Education – Grants to States program. It should be noted that in accordance with actions recommended by the State of Tennessee, Department of Education, Division of Special Education, the Hamblen County School Department transferred \$102,127.44 on June 16, 2010, and \$4,001.39 on June 25, 2010, from the General Purpose School Fund to the School Federal Projects Fund to reimburse the Special Education – Grants to States, IDEA program for the questioned costs noted above.

2. On April 26, 2010, the State of Tennessee, Department of Education, Division of Special Education released a monitoring report on the Special Education – Grants to States, Recovery Act program (CFDA No. 84.391) in Hamblen County for the fiscal year 2010. The results of that monitoring disclosed the following deficiencies:
 - A. The approved American Recovery and Reinvestment Act (ARRA) budget included one full-time equivalent (FTE) nurse; however, two nurses were employed.

- B. Equipment items purchased with ARRA funds were used for both special education and non-special education purposes.

These deficiencies resulted in questioned costs of \$239,127.41 in the Special Education – Grants to States, Recovery Act program. It should be noted that in accordance with actions recommended by the State of Tennessee, Department of Education, Division of Special Education, the Hamblen County School Department transferred \$42,333.18 on June 16, 2010, and \$196,794.23 on June 25, 2010, from the General Purpose School Fund to the School Federal Projects Fund to reimburse the Special Education – Grants to States, Recovery Act program for the questioned costs noted above.

These monitoring reports along with management's responses and corrective action plans may be obtained from the state Department of Education, Division of Special Education, 7th floor, Andrew Johnson Tower, 710 James Robertson Parkway, Nashville, TN 37243.

OFFICES OF TRUSTEE AND CLERK AND MASTER

FINDING 10.02 **THE OFFICES DID NOT REVIEW THEIR SOFTWARE AUDIT LOGS** (Internal Control – Significant Deficiency Under Government Auditing Standards)

The software application used by the offices generated daily logs that displayed changes made by users. Since the logs provided the only audit trail of these changes, they should be reviewed daily for inappropriate activity. During the prior-audit period, management was aware of the importance of these logs, and was reviewing the audit logs on a regular basis. However, during the current period, management chose to discontinue their review. When the importance of these logs was again brought to management's attention in January 2010, they resumed the review process.

RECOMMENDATION

Management should be consistent in their review of the software audit logs as a means of strengthening internal controls.

BEST PRACTICE

A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAS NOT BEEN ADOPTED

Hamblen County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a

management decision by the County Commission resulting in decentralization and some duplication of effort. The Division of County Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Hamblen County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting and purchasing covering all county departments.

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

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Education: Passed-through State Department of Education: Improving Teacher Quality State Grants	10.03	84.027	<u>Circular A-133, Compliance Supplement Part 3.B.</u>	Funds were expended for costs that were not allowable under the program. See Finding 10.01.	\$ 106,129
Special Education - Grants to States, Recovery Act		84.391	<u>Circular A-133, Compliance Supplement Part 3.B.</u>	Funds were expended for costs that were not allowable under the program. See Finding 10.01.	239,127

HAMBLLEN COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2010

There were no audit findings relative to federal awards presented in the prior-year's Schedule of Findings and Questioned Costs. There were audit findings relative to federal awards presented in the current-year's Schedule of Findings and Questioned Costs.

Office of Director of Schools – Corrective Action Plan for Current-Year's Findings

FINDINGS 10.01 and 10.03

Contact person: Dale Lynch

Corrective action planned: Hamblen County Schools' administration will ensure that all special education funds are spent 100 percent on special education students. All expenditures determined by the State of Tennessee, Division of Special Education to be non-special education expenditures have been reimbursed to the appropriate programs and future expenditures will be budgeted and expended from regular education General Purpose School Funds.

Anticipated completion date: June 30, 2010