
ANNUAL FINANCIAL REPORT HAWKINS COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2010



ANNUAL FINANCIAL REPORT
HAWKINS COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2010

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

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Audit Highlights

Annual Financial Report
Hawkins County, Tennessee
For the Year Ended June 30, 2010

Scope

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

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include one component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

Our audit resulted in one finding and recommendation, which we have reviewed with Hawkins County management. The detailed finding and recommendation are included in the Single Audit section of this report.

Finding and Best Practices

The following is a summary of the audit finding and best practices:

OFFICE OF CLERK AND MASTER

- ◆ Duties were not segregated adequately among the official and employees of the office.

BEST PRACTICES

The Division of County Audit strongly believes that the items noted below are best practices that should be considered by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Hawkins County.

- Hawkins County should adopt a central system of accounting and budgeting.
- Hawkins County should establish an Audit Committee.

INTRODUCTORY SECTION

Hawkins County Officials

June 30, 2010

Officials

Crockett Lee, County Mayor
Lowell Bean, Road Superintendent
Charlotte Britton, Director of Schools
Patricia Courtney, Trustee
Jack Price, Jr., Assessor of Property
Carroll Jenkins, County Clerk
Holly Jaynes, Circuit and General Sessions Courts Clerk
Shirley Graham, Clerk and Master
Judy Kirkpatrick, Register
Roger Christian, Sheriff

Board of County Commissioners

Crockett Lee, County Mayor, Chairman
Claude Parrott
Danny Alvis
Shane Bailey
Dwight Carter
Hanes Cooper
Larry Frost
Boyd Goodson
Billy Henderson
Gary Hicks, Jr.
Christopher Jones

Linda Kimbro
Gorman Lipe
Kenneth Long
J. Carmel Maddox
Virgil Mallett
Fred Montgomery
Charlie Newton
Robert Palmer
Tim Simpson
Charles Thacker
Stacy Vaughan

Board of Education

Charles Fuller, Chairman
Kathy Cradic
Perry Dykes
Holly Helton

Debbie Shedden
Burl Smith
Michael Williams

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

November 8, 2010

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hawkins County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Hawkins County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hawkins County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements of the Hawkins County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the Hawkins County Emergency Communications District, which should be included to

conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Hawkins County Emergency Communications District as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Hawkins County, Tennessee, as of June 30, 2010, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hawkins 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 November 8, 2010, on our consideration of Hawkins County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Hawkins County has 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.

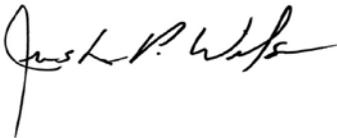
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 67 through 74 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 Hawkins County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Education Debt Service funds, combining and individual fund financial statements of the Hawkins County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Education Debt Service funds, combining and individual fund financial statements of the Hawkins County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit, 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,



Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Hawkins County School Department
<u>ASSETS</u>		
Cash	\$ 2,237,660	\$ 1,015
Equity in Pooled Cash and Investments	26,056,291	16,143,719
Accounts Receivable	77,582	7,354
Due from Other Governments	1,185,738	1,714,762
Due from Primary Government	0	2,561,869
Due from Component Unit	5,470	0
Property Taxes Receivable	13,703,617	9,891,023
Allowance for Uncollectible Property Taxes	(494,302)	(356,778)
Prepaid Items	3,828	0
Deferred Charges - Debt Issuance Cost	1,231,397	0
Capital Assets:		
Assets Not Depreciated:		
Land	1,134,808	1,526,107
Construction in Progress	130,289	25,272,444
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	15,201,154	34,480,996
Other Capital Assets	1,412,526	2,849,404
Infrastructure	41,637,889	0
Total Assets	<u>\$ 103,523,947</u>	<u>\$ 94,091,915</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 170,634	\$ 247,564
Accrued Payroll	107	30,389
Contracts Payable	1,453,071	206,086
Retainage Payable	114,333	49,247
Accrued Interest Payable	327,960	0
Due to Primary Government	0	5,470
Due to Component Unit	2,561,869	0
Due to State of Tennessee	7,459	0
Derivative - Interest Rate Swap	2,095,180	0
Other Current Liabilities	0	1,290,598
Deferred Revenue - Current Property Taxes	12,536,411	9,048,556
Noncurrent Liabilities:		
Due Within One Year	2,677,743	567,629
Due in More than One Year (net of deferred amount on refunding and unamortized premium on debt)	84,262,634	6,577,474
Total Liabilities	<u>\$ 106,207,401</u>	<u>\$ 18,023,013</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Hawkins County School Department</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 43,094,209	\$ 64,128,951
Restricted for:		
Solid Waste/Sanitation	261,809	0
Drug Control	304,303	0
Highways	2,158,279	0
School Transportation	0	1,290,539
Debt Service	14,581,969	0
Capital Projects	1,102,907	2,619,900
State and Federal Financial Assistance Programs	0	2,693,718
Alcohol and Drug Treatment	237,682	0
Automation - Constitutional Officers	114,451	0
Litigation Tax - Jail, Workhouse, or Courthouse	117,589	0
Courtroom Security	171,414	0
Sexual Offender Registration	7,265	0
Unrestricted	<u>(64,835,331)</u>	<u>5,335,794</u>
Total Net Assets (Deficit)	<u>\$ (2,683,454)</u>	<u>\$ 76,068,902</u>

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

Exhibit B

Hawkins County, Tennessee
Statement of Activities
For the Year Ended June 30, 2010

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						Component Unit
	Program Revenues			Primary Government		Hawkins County School Department	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities		
Primary Government:							
Governmental Activities:							
General Government	\$ 2,626,055	\$ 371,141	\$ 16,205	\$ 0	\$ (2,238,709)	\$ 0	
Finance	1,292,856	1,165,098	18,910	0	(108,848)	0	
Administration of Justice	1,133,872	1,188,252	10,205	0	64,585	0	
Public Safety	4,754,082	402,773	141,204	0	(4,210,105)	0	
Public Health and Welfare	3,170,206	62,882	393,554	1,108,156	(1,605,614)	0	
Social, Cultural, and Recreational Services	379,733	5,750	39,400	10,987	(323,596)	0	
Agriculture and Natural Resources	116,614	0	0	0	(116,614)	0	
Other Operations	974,467	0	192,592	0	(781,875)	0	
Highways	4,712,872	0	1,998,385	164,341	(2,550,146)	0	
Education	18,009,578	0	0	0	(18,009,578)	0	
Interest on Long-term Debt	3,349,065	0	0	0	(3,349,065)	0	
Debt Service	442,206	0	0	0	(442,206)	0	
Total Primary Government	\$ 40,961,606	\$ 3,195,896	\$ 2,810,455	\$ 1,283,484	\$ (33,671,771)	\$ 0	
Component Unit:							
Hawkins County School Department	\$ 64,107,944	\$ 1,441,479	\$ 8,568,999	\$ 16,218,364	\$ 0	\$ (37,879,102)	
Total Component Unit	\$ 64,107,944	\$ 1,441,479	\$ 8,568,999	\$ 16,218,364	\$ 0	\$ (37,879,102)	

(Continued)

Exhibit B

Hawkins County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						
	Expenses	Program Revenues			Primary Government		Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Hawkins County School Department	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 7,231,799	\$	7,743,617	
Property Taxes Levied for Highway/Public Works				1,320,156		0	
Property Taxes Levied for Transportation				0		1,448,652	
Property Taxes Levied for Debt Service				4,175,417		0	
Local Option Sales Taxes				730,638		3,478,557	
Wheel Tax				1,031,479		324,998	
Litigation Tax				400,143		0	
Business Tax				236,621		0	
Mineral Severance Tax				66,857		0	
Wholesale Beer Tax				112,139		0	
Interstate Telecommunication Tax				2,888		4,267	
Grants and Contributions Not Restricted to Specific Programs				706,987		37,618,962	
Unrestricted Investment Income				202,090		10,654	
Miscellaneous				308,203		77,165	
Insurance Recovery				12,086		0	
Gain on Disposal of Capital Assets				21,316		0	
Total General Revenues				\$ 16,558,819	\$	50,706,872	
Change in Fair Value of Derivatives - Interest Rate Swap						0	
Change in Net Assets				\$ (787,907)	\$	12,827,770	
Prior-period Adjustment				(1,307,273)		(290,174)	
Net Assets, July 1, 2009				16,524,678		63,531,306	
Net Assets (Deficit), June 30, 2010				\$ (2,683,454)	\$	76,068,902	

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

Exhibit C-1

Hawkins County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2010

	Major Funds						Nonmajor Funds		Total Governmental Funds	
	General	Highway / Public Works	General			Education Debt Service	General Capital Projects	Other Governmental Funds		
			General	Debt Service	General					
\$	0	0	0	0	0	0	0	2,237,660	\$	2,237,660
	2,777,118	1,848,204	4,060,240	9,423,869	3,581,713	166	4,365,147	26,056,291		26,056,291
	27,119	0	642	1,430	0	0	46,493	75,850		75,850
	550,264	402,092	0	0	0	0	233,382	1,185,738		1,185,738
	57,405	0	5,667	0	0	0	179,313	242,385		242,385
	5,470	0	0	0	0	0	0	5,470		5,470
	7,791,354	1,420,776	824,967	3,666,520	0	0	0	13,703,617		13,703,617
	(281,041)	(51,249)	(29,757)	(132,255)	0	0	0	(494,302)		(494,302)
	500	0	0	3,328	0	0	0	3,828		3,828
Total Assets	\$ 10,928,189	\$ 3,619,823	\$ 4,861,759	\$ 12,962,892	\$ 3,581,879	\$ 7,061,995	\$ 43,016,537	\$ 43,016,537		\$ 43,016,537

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Due from Other Governments
 Due from Other Funds
 Due from Component Units
 Property Taxes Receivable
 Allowance for Uncollectible Property Taxes
 Prepaid Items

LIABILITIES AND FUND BALANCES

Liabilities	Accounts Payable	Accrued Payroll	Contracts Payable	Retainage Payable	Due to Other Funds	Due to Component Units	Due to State of Tennessee	Deferred Revenue - Current Property Taxes	Deferred Revenue - Delinquent Property Taxes	Other Deferred Revenues	Total Liabilities
\$	45,247	81,693	0	0	0	0	0	0	0	0	170,634
	107	0	0	0	0	0	0	0	0	0	107
	0	0	0	0	0	0	0	1,453,071	1,453,071	0	1,453,071
	0	0	0	0	0	0	0	114,333	114,333	0	114,333
	163,899	21,081	0	0	0	0	20,438	35,235	240,653	0	240,653
	11,059	0	0	0	0	0	2,544,099	6,711	2,561,869	0	2,561,869
	7,459	0	0	0	0	0	0	0	7,459	0	7,459
	7,127,726	1,299,761	754,700	3,354,224	0	0	0	0	12,536,411	0	12,536,411
	354,189	64,587	37,503	166,677	0	0	0	0	622,956	0	622,956
	119,678	187,030	0	0	0	0	0	0	431,984	0	431,984
Total Liabilities	\$ 7,829,364	\$ 1,654,152	\$ 792,203	\$ 3,520,901	\$ 2,564,537	\$ 1,778,320	\$ 18,139,477	\$ 69,847	\$ 2,331,363	\$ 237,682	\$ 117,589

Fund Balances

Reserved for Encumbrances
 Reserved for Alcohol and Drug Treatment
 Reserved for Litigation Tax - Jail, Workhouse, or Courthouse

(Continued)

Exhibit C-1

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects	Other Governmental Funds			
\$	7,265	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,265	
Reserved for Sexual Offender Registration	171,414	0	0	0	0	0	171,414	
Reserved for Courtroom Security	88,888	0	0	0	0	0	88,888	
Reserved for Computer System - Register	12,567	0	0	0	0	0	12,567	
Reserved for Automation Purposes - Chancery Court	7,849	0	0	0	0	0	7,849	
Reserved for Automation Purposes - Sheriff	5,147	0	0	0	0	0	5,147	
Reserved for Automation Purposes - County Clerk	0	0	0	0	0	323,963	323,963	
Reserved for Capital Outlay	0	0	5,667	0	0	12,500	18,167	
Reserved for Other General Purposes	2,330,959	0	0	0	0	0	2,330,959	
Unreserved, Reported In:								
General Fund	0	1,965,491	0	0	0	461,682	2,427,173	
Special Revenue Funds	0	0	4,063,889	9,441,991	0	1,194,202	14,700,082	
Debt Service Funds	0	0	0	0	(1,124,529)	3,221,481	2,096,952	
Capital Projects Funds (Deficit)	0	0	0	0	0	5,283,675	24,877,060	
Total Fund Balances	\$ 3,098,825	\$ 1,965,671	\$ 4,069,556	\$ 9,441,991	\$ 1,017,342	\$ 5,283,675	\$ 24,877,060	
Total Liabilities and Fund Balances	\$ 10,928,189	\$ 3,619,823	\$ 4,861,759	\$ 12,962,892	\$ 3,581,879	\$ 7,061,995	\$ 43,016,537	

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

Exhibit C-2

Hawkins 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)		\$ 24,877,060
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,134,808	
Add: construction in progress	130,289	
Add: infrastructure net of accumulated depreciation	41,637,889	
Add: buildings and improvements net of accumulated depreciation	15,201,154	
Add: other capital assets net of accumulated depreciation	<u>1,412,526</u>	59,516,666
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (1,350,000)	
Less: other loans payable	(44,035,943)	
Less: capital leases payable	(2,162)	
Less: bonds payable	(39,470,000)	
Add: deferred amount on refunding	349,110	
Add: deferred charges - debt issuance costs	1,231,397	
Less: compensated absences payable	(448,405)	
Less: other deferred revenue - premium on debt	(232,050)	
Less: accrued interest on bonds, notes, and other loans payable	(327,960)	
Less: other postemployment benefits liability	(1,750,927)	
Less: negative fair market value of interest rate swap	<u>(2,095,180)</u>	(88,132,120)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,054,940</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ (2,683,454)</u>

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

Exhibit C-3

Hawkins County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	Major Funds						Nonmajor Funds		Total Governmental Funds
	General	Highway /	General Debt Service	Education Debt Service	General Capital Projects	Other Governmental Funds			
		Public Works							
Revenues									
Local Taxes	\$ 8,973,372	\$ 1,378,650	\$ 762,965	\$ 3,734,852	\$ 0	\$ 0	\$ 343,827	\$ 15,193,666	
Licenses and Permits	113,533	0	0	0	0	0	0	113,533	
Fines, Forfeitures, and Penalties	215,391	0	0	0	0	0	53,622	269,013	
Charges for Current Services	99,718	2,926	0	0	0	0	127,252	229,896	
Other Local Revenues	49,340	0	67,439	125,802	5,654	0	66,300	314,535	
Fees Received from County Officials	2,195,375	0	0	0	0	0	0	2,195,375	
State of Tennessee	942,543	2,104,329	0	0	0	0	588,870	3,635,742	
Federal Government	76,861	1,427	0	290,263	20,085	0	442,164	830,800	
Other Governments and Citizens Groups	262,697	0	0	408,814	0	0	156,000	827,511	
Total Revenues	\$ 12,928,830	\$ 3,487,332	\$ 830,404	\$ 4,559,731	\$ 25,739	\$ 1,778,035	\$ 1,778,035	\$ 23,610,071	
Expenditures									
Current:									
General Government	\$ 1,982,524	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,982,524	
Finance	1,288,969	0	0	0	0	0	0	1,288,969	
Administration of Justice	1,035,221	0	0	0	0	0	141,004	1,176,225	
Public Safety	4,302,428	0	0	0	0	0	25,290	4,327,718	
Public Health and Welfare	737,391	0	0	0	0	0	1,147,291	1,884,682	
Social, Cultural, and Recreational Services	407,881	0	0	0	0	0	0	407,881	
Agriculture and Natural Resources	116,589	0	0	0	0	0	0	116,589	
Other Operations	921,890	0	0	0	20,085	0	0	941,975	
Highways	43,116	3,383,207	0	0	0	0	0	3,426,323	
Debt Service:									
Principal on Debt	129,956	0	344,057	1,420,593	0	0	335,000	2,229,606	
Interest on Debt	18,082	0	617,328	2,563,907	0	0	30,255	3,229,572	
Other Debt Service	23	0	16,468	202,096	0	0	4,359	222,946	
Capital Projects	0	0	0	0	19,623,582	0	3,120,119	22,743,701	
Total Expenditures	\$ 10,984,070	\$ 3,383,207	\$ 977,853	\$ 4,186,596	\$ 19,643,667	\$ 4,803,318	\$ 4,803,318	\$ 43,978,711	
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,944,760	\$ 104,125	\$ (147,449)	\$ 373,135	\$ (19,617,928)	\$ (3,025,283)	\$ (3,025,283)	\$ (20,368,640)	

(Continued)

Exhibit C-3

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

	Major Funds							Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects	Other		Governmental Funds		
						Governmental Funds	Governmental Funds			
<u>Other Financing Sources (Uses)</u>										
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,470,000	\$ 2,830,000	\$ 0	\$ 0	\$ 21,300,000	
Notes Issued	0	0	0	743,000	0	0	0	0	743,000	
Premiums on Debt Issued	0	0	0	0	768	4,886	0	0	5,654	
Other Loans Issued	0	0	0	0	1,300,000	2,640,000	0	0	3,940,000	
Insurance Recovery	9,568	2,518	0	0	0	0	0	0	12,086	
Transfers In	0	0	68,291	0	0	0	0	1,296,933	1,365,224	
Transfers Out	(1,153,291)	(211,933)	0	0	0	0	0	0	(1,365,224)	
Total Other Financing Sources (Uses)	\$ (1,143,723)	\$ (209,415)	\$ 68,291	\$ 743,000	\$ 19,770,768	\$ 6,771,819	\$ 0	\$ 0	\$ 26,000,740	
Net Change in Fund Balances	\$ 801,037	\$ (105,290)	\$ (79,158)	\$ 1,116,135	\$ 152,840	\$ 3,746,536	\$ 0	\$ 0	\$ 5,632,100	
Fund Balance, July 1, 2009	2,297,788	2,070,961	4,148,714	8,325,856	864,502	1,537,139	0	0	19,244,960	
Fund Balance, June 30, 2010	\$ 3,098,825	\$ 1,965,671	\$ 4,069,556	\$ 9,441,991	\$ 1,017,342	\$ 5,283,675	\$ 0	\$ 0	\$ 24,877,060	

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

Exhibit C-4

Hawkins County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 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)		\$ 5,632,100
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 3,827,829	
Less: current year depreciation expense	<u>(2,088,074)</u>	1,739,755
(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 assets disposed		(789,145)
(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	\$ 1,054,940	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(828,443)</u>	226,497
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance 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 related items.		
Less: note proceeds	\$ (743,000)	
Less: other loans proceeds	(3,940,000)	
Less: bond proceeds	(21,300,000)	
Add: change in deferred debt issuance costs	473,235	
Add: principal payments on bonds	1,010,000	
Add: principal payments on notes	555,593	
Add: principal payments on other loans	659,057	
Add: principal payments on capital leases	4,956	
Add: change in premium on debt issuances	7,399	
Less: change in deferred amount on refunding debt	(23,549)	
Less: change in fair value of derivatives - interest rate swap	<u>(787,907)</u>	(24,084,216)
(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	\$ (95,944)	
Change in compensated absences payable	(11,188)	
Change in other postemployment benefits liability	<u>(518,718)</u>	(625,850)
Change in net assets of governmental activities (Exhibit B)		<u>\$ (17,900,859)</u>

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,415,286
Equity in Pooled Cash and Investments	2,097,048
Due from Other Governments	651,726
Taxes Receivable	1,200,198
Allowance for Uncollectible Taxes	<u>(43,292)</u>
Total Assets	<u>\$ 5,320,966</u>
<u>LIABILITIES</u>	
Due to Other Funds	\$ 1,732
Due to Other Taxing Units	3,905,680
Due to Litigants, Heirs, and Others	<u>1,413,554</u>
Total Liabilities	<u>\$ 5,320,966</u>

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

HAWKINS COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hawkins 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 Hawkins County:

A. Reporting Entity

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

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

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

The Hawkins County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Hawkins County, and the Hawkins County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Hawkins County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Hawkins County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the

Hawkins County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Hawkins County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Hawkins County Emergency Communications District
2291 East Main Street
Rogersville, TN 37857

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

B. Government-wide and Fund Financial Statements

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

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

Hawkins County issues all debt for the discretely presented Hawkins County School Department. Net debt issues of \$15,922,368 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 Hawkins County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. Hawkins County does not have any proprietary funds to report. An emphasis is placed on major funds within the governmental category.

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

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

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

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

Hawkins County reports the following major governmental funds:

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

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

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

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

General Capital Projects Fund – This fund accounts for general capital expenditures of the county and the issuance of debt on behalf of the Hawkins County School Department.

Additionally, Hawkins County reports the following fund type:

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

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

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

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

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Hawkins County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the debt service funds. Hawkins County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State

Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

Activity between funds for unremitted current collections and outstanding loan balances at the end of the fiscal year is referred to as due to/from other funds.

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.93 percent of total taxes levied.

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

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

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

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

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

Retainage payable represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the respective funds.

3. Capital Assets

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

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

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

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

Property, plant, 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	40
Building Improvements	7-30
Vehicles and Other Capital Assets	5-12
Infrastructure:	
Roads	20-50
Bridges	40

4. Compensated Absences

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

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

The Hawkins County Board of Education also allows all employees to be paid for any unused sick pay benefits upon retirement or death at a rate of \$10 to \$27 per unused day based on total days accumulated. Otherwise the granting of unused sick leave has no guaranteed payment attached. A liability for these amounts is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirement. Furthermore, all certified employees who are present for all scheduled days on the school calendar except for two days of personal leave and two days of professional leave shall receive a \$300 bonus on their June 15 payroll check.

5. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs

are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

6. Net Assets and Fund Equity

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

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

As of June 30, 2010, Hawkins County had \$67,975,000 in outstanding debt for capital purposes for the discretely presented Hawkins County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Rogersville School System and the City of

Kingsport School System) based on an average daily attendance proration. This debt is a liability of Hawkins County, but the capital assets acquired are reported in the financial statements of the School Department, the City of Rogersville School System, and the City of Kingsport School System. Therefore, Hawkins County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specified purpose. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2010:

Fund/Purpose	Amount
Primary Government:	
General:	
Sheriff	\$ 94,679
Employees' Vacation Pay	25,000
Repairs	9,200
Assessor GIS Upgrades	19,991
Discretely Presented Hawkins	
County School Department:	
School Federal Projects:	
Cash Flow	300,000

7. Prior-period Adjustments

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010. This is further discussed in Note V.B. To implement the provisions of this statement required restating liabilities of the prior year by \$1,307,273 to recognize the negative fair value of an interest rate swap agreement. That agreement is discussed in Note IV.B.

A prior-period adjustment of \$290,174 was also made to the governmental activities of the discretely presented School Department. This adjustment was made to reflect other post-employment benefits liabilities of the state Medicare Supplement Plan, which had been omitted from the prior actuarial study.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Hawkins County School Department

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

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

Primary Government

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

Discretely Presented Hawkins County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted and the capital 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 Deficits

The General Capital Projects and Community Development Industrial Park funds of the primary government had deficits in unreserved fund balance of \$1,124,529 and \$116,693, respectively, at June 30, 2010. These deficits resulted from the recognition of liabilities for construction contracts payable and retainage payable, as well as the unperformed portion of construction contracts being reserved as encumbrances in the financial statements of this report. Funding is being provided by debt proceeds for the projects in the General Capital Projects Fund and by state and federal grants for projects in the Community Development/Industrial Park Fund.

The Other Capital Projects Fund of the discretely presented School Department had a deficit in unreserved fund balance of \$843,467 as of June 30, 2010. This deficit resulted from the recognition of liabilities for construction contracts payable and retainage 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. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations in the Board of Education major appropriation category (the legal level of control) of the School Department's General Purpose School Fund by \$4,387. Such overexpenditures are a violation of state statutes. These overexpenditures were funded from excess appropriations in other major categories of expenditures.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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, Hawkins County had the following investments carried at fair value or cost. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Hawkins County and the discretely presented Hawkins County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Fair Value or Cost
State Treasurer's Investment Pool	Daily	\$ 18,076,663
U.S. Treasury Bill	7-29-10	2,999,710
U.S. Treasury Bill	7-15-10	999,908
Federal Home Loan Bank Discount Note	7-9-10	2,299,808
Total		\$ 24,376,089

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. Hawkins County does not have a formal investment policy that limits 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. Hawkins County has no investment policy that would further limit its investment choices. As of June 30, 2010, Hawkins County’s investment in the State Treasurer’s Investment Pool was unrated. Hawkins County’s investment in the Federal Home Loan Bank Discount note was rated AAA at June 30, 2010.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county’s investment in a single issue. More than five percent of the county’s investments are in the Federal Home Loan Bank discount note. This investment is 9.4 percent of the county’s total investments.

B. Derivative Instrument

Primary Government

At June 30, 2010, Hawkins County had the following derivative instrument outstanding:

Instrument	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
\$16M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	\$ 16,000,000	12-1-09	6-1-29	Pay 3.5325% receive 58.75% 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	Changes in Fair Value		Fair Value at June 30, 2010		6-30-10
	Classification	Amount	Classification	Amount	Notional Amount
Governmental Activities					
Investment Derivative:					
Pay-fixed interest rate swaps:					
\$16M Swap	Interest and Investment Earnings	\$ (787,907)	Debt	\$ (2,095,180)	\$ 16,000,000
Totals		<u>\$ (787,907)</u>		<u>\$ (2,095,180)</u>	<u>\$ 16,000,000</u>

Interest rate swaps are classified as hedging derivative instruments if the hedging instruments meet effectiveness criteria established by Governmental Accounting Standards Board Statement No. 53, Accounting and Financial Reporting for Derivative Instruments. The swap agreement described above did not meet that criteria and therefore is classified as an investment derivative.

Derivative Swap Agreement Detail

\$16M Swap:

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

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$16 million Series V-B-1 variable-

rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate. The Series V-B-1 bonds have since been refunded with a portion of the proceeds of the Series VII-A-1 bonds and the interest rate swap is now associated with the Series VII-A-1 bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.5325 percent and receives a variable payment computed as 58.75 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$16 million and the associated variable-rate bond has a \$16 million principal amount. At no time will the notional amount on interest rate swap agreement exceed the outstanding principal of the Series VII-A-1 Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2029. As of June 30, 2010, rates were as follows:

	<u>Terms</u>	<u>Rate</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.5325 %
Variable payment from counterparty	% of LIBOR	<u>-1.5827</u>
Net interest rate swap payments		1.9498 %
Variable-rate bond coupon payments		<u>0.2500</u>
		<u>2.1998 %</u>
Synthetic interest rate on bonds		

Fair value. As of June 30, 2010, the swap had a negative fair value of \$2,095,180. 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, should interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Morgan Keegan Financial Products ("MKFP") 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 & Poor's and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk should BMA increase to above 58.75 percent of LIBOR, thus increasing the synthetic

rate on the bonds. If a change occurs that results in the BMA to be below 58.75 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.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2011	\$ 0	\$ 40,000	\$ 311,964	\$	351,964
2012	0	40,000	311,964		351,964
2013	0	40,000	311,964		351,964
2014	0	40,000	311,964		351,964
2015	0	40,000	311,964		351,964
2016-2020	1,275,000	200,000	1,559,820		3,034,820
2021-2025	7,375,000	149,063	1,162,553		8,686,616
2026-2029	7,350,000	47,063	367,045		7,764,108
Total	<u>\$ 16,000,000</u>	<u>\$ 596,126</u>	<u>\$ 4,649,238</u>	<u>\$</u>	<u>21,245,364</u>

C. 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	\$ 1,134,808	\$ 0	\$ 0	\$ 1,134,808
Construction in Progress	10,273,039	1,458,672	11,601,422	130,289
Total Capital Assets Not Depreciated	<u>\$ 11,407,847</u>	<u>\$ 1,458,672</u>	<u>\$ 11,601,422</u>	<u>\$ 1,265,097</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 6,725,097	\$ 12,052,681	\$ 889,146	\$ 17,888,632
Infrastructure	53,607,854	1,419,574	0	55,027,428
Other Capital Assets	6,030,980	498,324	394,190	6,135,114
Total Capital Assets Depreciated	<u>\$ 66,363,931</u>	<u>\$ 13,970,579</u>	<u>\$ 1,283,336</u>	<u>\$ 79,051,174</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,492,455	\$ 295,052	\$ 100,029	\$ 2,687,478
Infrastructure	12,059,239	1,330,300	0	13,389,539
Other Capital Assets	4,654,028	462,722	394,162	4,722,588
Total Accumulated Depreciation	<u>\$ 19,205,722</u>	<u>\$ 2,088,074</u>	<u>\$ 494,191</u>	<u>\$ 20,799,605</u>
Total Capital Assets Depreciated, Net	<u>\$ 47,158,209</u>	<u>\$ 11,882,505</u>	<u>\$ 789,145</u>	<u>\$ 58,251,569</u>
Governmental Activities Capital Assets, Net	<u>\$ 58,566,056</u>	<u>\$ 13,341,177</u>	<u>\$ 12,390,567</u>	<u>\$ 59,516,666</u>

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

Governmental Activities:

General Government	\$ 132,217
Finance	2,800
Administration of Justice	8,780
Public Safety	431,770
Public Health and Welfare	93,228
Social, Cultural, and Recreational Services	6,961
Other Operations	32,537
Highway/Public Works	<u>1,379,781</u>

Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,088,074</u></u>
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Discretely Presented Hawkins County School Department

Governmental Activities:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 1,526,107	\$ 0	\$ 0	\$ 1,526,107
Construction in Progress	<u>18,167,168</u>	<u>12,544,905</u>	<u>5,439,629</u>	<u>25,272,444</u>
Total Capital Assets Not Depreciated	<u>\$ 19,693,275</u>	<u>\$ 12,544,905</u>	<u>\$ 5,439,629</u>	<u>\$ 26,798,551</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 56,647,975	\$ 5,439,629	\$ 0	\$ 62,087,604
Other Capital Assets	<u>5,707,316</u>	<u>778,102</u>	<u>0</u>	<u>6,485,418</u>
Total Capital Assets Depreciated	<u>\$ 62,355,291</u>	<u>\$ 6,217,731</u>	<u>\$ 0</u>	<u>\$ 68,573,022</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 25,545,255	\$ 2,061,353	\$ 0	\$ 27,606,608
Other Capital Assets	<u>3,113,646</u>	<u>522,368</u>	<u>0</u>	<u>3,636,014</u>
Total Accumulated Depreciation	<u>\$ 28,658,901</u>	<u>\$ 2,583,721</u>	<u>\$ 0</u>	<u>\$ 31,242,622</u>
Total Capital Assets Depreciated, Net	<u>\$ 33,696,390</u>	<u>\$ 3,634,010</u>	<u>\$ 0</u>	<u>\$ 37,330,400</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 53,389,665</u></u>	<u><u>\$ 16,178,915</u></u>	<u><u>\$ 5,439,629</u></u>	<u><u>\$ 64,128,951</u></u>

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

Governmental Activities:

Instruction	\$ 2,061,760
Support Services	475,184
Operation of Non-Instructional Services	<u>46,777</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 2,583,721</u></u>

D. Construction Commitments

At June 30, 2010, the General Capital Projects Fund had uncompleted construction contracts of \$2,141,871 primarily for courthouse renovations. Funding for these future expenditures is being provided by debt proceeds.

At June 30, 2010, the Community Development/Industrial Park Fund had uncompleted construction contracts of \$69,815. Funding for these future expenditures is being provided by state and federal governments.

The discretely presented School Department's General Purpose School Fund had uncompleted construction contracts of \$565,517 for various renovations and construction projects. Funding has been provided for these future expenditures.

The discretely presented School Department's Education Capital Projects Fund and Other Capital Projects Fund had uncompleted construction contracts of \$1,507,463 and \$639,431, respectively, for various renovations and construction projects. Funding for these future expenditures is being provided by debt proceeds contributed by the primary government.

E. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	General Capital Projects	\$ 20,438
General	Nonmajor Governmental	35,235
General Debt Service	General	5,667
Nonmajor governmental	General	158,232
Nonmajor governmental	Highway/Public Works	21,081
General	Agency	1,732

Due to/from Other Funds (Cont.):

Receivable Fund	Payable Fund	Amount
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	\$ 24,882
General Purpose School	School Transportation	10
General Purpose School	Nonmajor governmental	163,966
School Transportation	General Purpose School	38,018
School Transportation	Nonmajor governmental	37

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

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Primary Government: General	Component Unit: School Department General Purpose School	\$ 5,470
Component Unit: School Department: School Transportation	Primary Government: General	11,059
School Transportation	Nonmajor governmental	6,711
Education Capital Projects	General Capital Projects	2,544,099

Interfund Transfers:

Interfund transfers for the year ended June 30, 2010, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 68,291	\$ 1,085,000
Highway/Public Works Fund	0	211,933
Total	\$ 68,291	\$ 1,296,933

Discretely Presented Hawkins County School Department

Transfer Out	Transfer In Nonmajor Governmental Funds
General Purpose School Fund	\$ 300,000

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The School Department transferred \$300,000 from the General Purpose School Fund to the School Federal Projects Fund to provide cash flow prior to receiving federal grants.

F. Capital Leases

Primary Government

On December 2, 2005, Hawkins County entered into a five-year lease-purchase agreement for a vehicle for the Industrial Development Board. The terms of the agreement require total lease payments of \$22,597 plus interest of 6.45 percent. Title to the vehicle transfers to Hawkins County at the end of the lease period. The General Fund is making the lease payments.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

Year Ending June 30	Governmental Funds
2011	\$ 2,197
Total Minimum Lease Payments	\$ 2,197
Less: Amount Representing Interest	<u>(35)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 2,162</u></u>

G. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 29 years for bonds, up to 10 years for notes, and up to 28 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2010, will be retired from the General, General Debt Service, Special Debt Service, or the Education Debt Service funds.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2010, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
General Obligation Bonds -			
Refunding	3 to 5 %	\$ 13,520,000	\$ 8,970,000
General Obligation Bonds	1 to 6.25	31,000,000	30,500,000
Capital Outlay Notes	0 to 4.4	3,233,000	1,350,000
Other Loans - Public Building Authorities	*	43,895,000	41,395,943
Other Loans - Qualified School Construction Bonds	1.515	2,640,000	2,640,000
Capital Leases	6.45	22,597	2,162

(*) Interest rates for the public building authority loans are presented in a following table.

General obligation bonds reflected above include \$21,300,000 of outstanding Build America Bonds, a federal program through which the county expects to receive future credits for a portion of the interest charges on the bonds.

Qualified School Construction Bonds were issued through the Tennessee State School Bond Authority and the proceeds loaned to Hawkins 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 Tennessee School Bond Authority. 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.

The following table presents outstanding loan agreements with public building authorities. In addition to interest, the county pays various other fees (trustee, letter of credit, debt remarketing, etc.) in connection with the variable rate loan.

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-10	Interest Type	Interest Rate as of 6-30-10	Other Fees on Variable Rate Debt
<u>Sevier County Public Building Authority</u>					
Series VII-A-1	\$ 16,150,000	\$ 16,150,000	Variable (1)	1.50 %	0.750 %
<u>Blount County Public Building Authority</u>					
Series B-15-A	27,745,000	25,245,943	(2) Fixed	3 to 5	N/A

(1) An interest rate swap agreement is associated with this loan. See note IV.B., Derivative Instrument, for details of that swap agreement.

(2) \$1,354,057 remains available for future draws under this agreement at June 30, 2010.

The annual requirements to amortize all general obligation bonds, notes, 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	\$ 1,090,000	\$ 1,988,150	\$ 3,078,150
2012	1,210,000	1,963,223	3,173,223
2013	1,340,000	1,913,293	3,253,293
2014	1,405,000	1,859,146	3,264,146
2015	1,480,000	1,801,201	3,281,201
2016-2020	7,825,000	7,938,523	15,763,523
2021-2025	3,405,000	6,690,743	10,095,743
2026-2030	2,820,000	6,078,217	8,898,217
2031-2035	9,070,000	4,854,097	13,924,097
2036-2038	9,825,000	1,307,812	11,132,812
Total	\$ 39,470,000	\$ 36,394,405	\$ 75,864,405

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 477,000	\$ 39,720	\$ 516,720
2012	288,000	23,039	311,039
2013	123,000	14,333	137,333
2014	133,000	11,319	144,319
2015	144,000	8,060	152,060
2016	185,000	4,532	189,532
Total	\$ 1,350,000	\$ 101,003	\$ 1,451,003

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 772,277	\$ 1,498,902	\$ 121,467	\$ 2,392,646
2012	844,731	1,476,677	120,435	2,441,843
2013	814,732	1,454,577	119,196	2,388,505
2014	829,732	1,433,452	117,957	2,381,141
2015	839,732	1,410,177	116,718	2,366,627
2016-2020	4,838,659	6,706,561	565,005	12,110,225
2021-2025	11,209,602	5,756,874	397,678	17,364,154
2026-2030	12,496,478	3,979,142	98,938	16,574,558
2031-2035	9,585,000	1,747,163	0	11,332,163
2036	1,805,000	85,738	0	1,890,738
Total	\$ 44,035,943	\$ 25,549,263	\$ 1,657,394	\$ 71,242,600

There is \$14,705,749 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$737, based on the 2000 federal census. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$1,584, 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:

	Bonds	Notes	Capital Leases
Balance, July 1, 2009	\$ 19,180,000	\$ 1,162,593	\$ 7,118
Additions	21,300,000	743,000	0
Deductions	(1,010,000)	(555,593)	(4,956)
Balance, June 30, 2010	<u>\$ 39,470,000</u>	<u>\$ 1,350,000</u>	<u>\$ 2,162</u>
Balance Due Within One Year	<u>\$ 1,090,000</u>	<u>\$ 477,000</u>	<u>\$ 2,162</u>

	Other Loans	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2009	\$ 40,755,000	\$ 437,217	\$ 1,232,209
Additions	3,940,000	511,644	614,928
Deductions	(659,057)	(500,456)	(96,210)
Balance, June 30, 2010	<u>\$ 44,035,943</u>	<u>\$ 448,405</u>	<u>\$ 1,750,927</u>
Balance Due Within One Year	<u>\$ 772,277</u>	<u>\$ 336,304</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 87,057,437
Less: Balance Due Within One Year	(2,677,743)
Add: Unamortized Premium on Debt	232,050
Less: Deferred Amount on Refunding	<u>(349,110)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 84,262,634</u>

Compensated absences will be paid from the employing funds, primarily the General and the Highway/Public Works funds.

Discretely Presented Hawkins County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Hawkins County School Department for the year ended June 30, 2010, was as follows:

Governmental Activities:	Capital Leases	Compensated Absences
Balance, July 1, 2009	\$ 42,062	\$ 1,191,086
Additions	0	322,465
Deductions	(42,062)	(321,944)
Balance, June 30, 2010	\$ 0	\$ 1,191,607
Balance Due Within One Year	\$ 0	\$ 338,140

	Termination Benefits	Other Postemployment Benefits	
Balance, July 1, 2009	\$ 660,724	\$ 3,488,232	(1)
Additions	275,496	2,483,672	
Deductions	(47,832)	(906,796)	
Balance, June 30, 2010	\$ 888,388	\$ 5,065,108	
Balance Due Within One Year	\$ 229,489	\$ 0	

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 7,145,103
Less: Balance Due Within One Year	<u>(567,629)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 6,577,474</u>

(1) This balance has been increased by \$290,174 over the amount reported in the previous year due to the omission of the state Medicare Supplement Plan from the previous actuarial study.

Compensated absences will be retired from the employing funds.

In addition to the long-term liabilities shown above, Hawkins County, the primary government, has issued capital outlay notes and other loans to provide funds for the School Department to purchase school buses. The School Department provides funds to retire these debt issues; however, the capital outlay notes and other loans are direct obligations of, and pledge the full faith and credit of, the primary government. Therefore, the notes and other loans are reported as long-term debt of the primary government. The repayment of the debt by the School Department is reflected as a contribution in the School Transportation Fund. For the year ended June 30, 2010, the

School Transportation Fund paid \$382,379 to the primary government to be applied toward the repayment of school debt.

H. On-Behalf Payments – Discretely Presented Hawkins County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hawkins 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 \$256,246 and \$39,750, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

I. Internal Financing

In-lieu-of issuing debt with financial institutions, Hawkins County chose to internally finance various projects with idle county funds.

Internally financed debt is reflected below:

Description	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
Various Projects	\$ 550,000	4 %	6-1-07	6-1-10
Park Improvements	17,020	4.85	11-1-07	11-1-10
School Buses	741,800	1.2	6-29-09	6-1-19

Description	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
Various Projects	\$ 183,000	\$ 0	\$ 183,000	\$ 0
Park Improvements	11,334	0	5,667	5,667
School Buses	741,800	0	741,800	0
Total	\$ 936,134	\$ 0	\$ 930,467	\$ 5,667

The amount outstanding at June 30, 2010, for park improvements (\$5,667) is reflected as Due to Other Funds in the General Fund and Due from Other Funds in the General Debt Service Fund.

J. Short-term Debt

Hawkins County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund. These notes were necessary because the cash balance was not sufficient to meet current operations. Short-term debt activity for the year ended June 30, 2010, was as follows:

	<u>7-1-09</u>	<u>Issued</u>	<u>Paid</u>	<u>6-30-10</u>
Tax Anticipation Notes	\$ 0	\$ 1,000,000	\$ (1,000,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Primary Government

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

Hawkins County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, Tennessee Code Annotated (TCA), all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF 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. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Discretely Presented Hawkins County School Department

The School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays an annual premium to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TN-RMT provides for it to be self-sustaining through member premiums.

The 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, 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 substances; 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. Hawkins County and the Hawkins County School Department had no assets that met the definition of intangible assets at June 30, 2010. However, it is reasonably expected that Hawkins County and the School Department may acquire intangible assets in subsequent years.

GASB Statement No. 53 addresses the recognition, measurement, and disclosures 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 investments 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 Hawkins 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 investments 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.B., Derivative Instrument describes derivative transactions of Hawkins County as of and for the year ended June 30, 2010.

C. Subsequent Events

Subsequent to June 30, 2010, Hawkins County entered into a loan agreement with the Tennessee State School Bond Authority for \$2,333,000 to provide funding for school construction and renovation projects.

On August 31, 2010, Roger Christian left the Office of Sheriff and was succeeded by Ronnie Lawson. Crockett Lee left the Office of County Mayor and was succeeded by Melville Bailey.

Shirley Graham left the Office of Clerk and Master on September 30, 2010, and was succeeded by Holly Jaynes. Holly Jaynes left the Office of Circuit and General Sessions Courts Clerk on September 30, 2010, and was succeeded by Kathy Cradic who was appointed clerk effective October 25, 2010.

D. Contingent Liabilities

The county is involved in several pending lawsuits. Management, based on letters from attorneys, estimates that the potential claims not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

Additionally, Hawkins County guaranteed a capital outlay note that was issued by the Hawkins County Industrial Development Board. The maximum obligation under the capital outlay note is \$700,000. The proceeds from this note are to be utilized to construct a speculative building for industrial development.

E. Joint Ventures

The Hawkins County Library System (formerly the H.B. Stamps Memorial Library) is funded by joint contributions from Hawkins County and the towns of Rogersville, Church Hill, and Surgoinsville. The Hawkins County Library System is managed by a seven-member board, of whom three are appointed by the Hawkins County Commission, three are appointed by the respective towns, and one member-at-large is jointly appointed. Hawkins County contributed \$94,000 to the operations of the library during the year ended June 30, 2010.

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

come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Hawkins County made no contributions to the DTF for the year ended June 30, 2010.

The Upper East Tennessee Juvenile Detention Center was formed through a cooperative agreement between Hawkins County and the counties of Carter, Greene, Johnson, Sullivan, Unicoi, and Washington for the operation of a program to divert youth from commitment to the Department of Correction's facilities. The program is governed by a board of directors designated by the counties. The board of directors has contracted with Universal Health Services, Inc., to undertake the management of this program. Operation costs to the counties are allocated according to percentages based on population. Hawkins County's participation cost percentage is 11.7 percent. The county also pays a daily fee for each individual from their county using the facility.

Hawkins County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the Hawkins County Library System, the DTF, and the Upper East Tennessee Juvenile Detention Center can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

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

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

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

F. Jointly Governed Organization

Primary Government

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of Tennessee Code Annotated (TCA), and includes the counties of Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, Washington, and Unicoi. The purpose of the authority is to establish and operate a market for

agricultural products of the region through a food distribution center. The authority is governed by a board of directors consisting of the county mayors of each county or the county mayor's designee and one nonvoting member representing each of the following: the Tennessee Department of Agriculture and the University of Tennessee's Agriculture Extension Service. An executive committee, consisting of the chairman, vice chairman, secretary, and treasurer of the board of directors, along with the center's manager as an ex officio member, is in charge of the daily operation of the center.

Discretely Presented Hawkins County School Department

The Upper East Tennessee Educational Cooperative was established through a contractual agreement between the Boards of Education of Hawkins County, Bristol City, Carter County, Cocke County, Elizabethton City, Greeneville City, Greene County, Hamblen County, Hancock County, Johnson City, Johnson County, Kingsport City, Newport City, Rogersville City, Sullivan County, Unicoi County, and Washington County. The cooperative was authorized through Chapter 49 of 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 director of schools from each of the systems. The Executive Committee consists of the chairman and vice chairman of the Board of Control and the member directors. Funding for the cooperative is provided through state grants and member schools' contributions.

The Upper East Tennessee Educational Cooperative entered into an agreement to establish and operate the Northeast Tennessee Cooperative. The Northeast Tennessee Cooperative was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Johnson City School System) and a service provider to operate this service. Hawkins County Board of Education and certain other members of the Upper East Tennessee 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 chair, vice chair, secretary, treasurer, and a member-at-large from the Representative Committee.

G. Retirement Commitments

Plan Description

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

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

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

Funding Policy

Hawkins 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 8.37 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2010, Hawkins County's annual pension cost of \$1,095,087 to TCRS was equal to the 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 post retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period.

The 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 ten 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	\$1,095,087	100%	\$0
6-30-09	1,052,587	100	0
6-30-08	1,071,054	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 87.83 percent funded. The actuarial accrued liability for benefits was \$40.49 million, and the actuarial value of assets was \$35.56 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$4.93 million. The covered payroll (annual payroll of active employees covered by the plan) was \$12.45 million, and the ratio of the UAAL to the covered payroll was 39.59 percent.

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

School Teachers

Plan Description

The Hawkins County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salary to the plan. The employer contribution rate for the 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 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 \$1,737,408, \$1,724,934, and \$1,646,282, respectively, equal to the required contributions for each year

H. Other Postemployment Benefits (OPEB)

Plan Description

Hawkins County and the Hawkins County School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. The School Department also participates in the state-administered Medicare Supplement Plan. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, Tennessee Code Annotated

(TCA), for local governments, Section 8-27-302, TCA, for teachers, and Section 8-27-701, TCA, for the Medicare Supplement. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

In addition to the healthcare OPEB plans described above, the School Department also provides postemployment life insurance to retirees under the age of 70. The School Department contributes 100 percent of life insurance premiums.

Funding Policy

The premium requirements of the health 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 plans 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 does not provide a subsidy for local government participants; however, the state does provide 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, Hawkins County contributed \$96,210 for postemployment health care. The School Department contributed \$837,135 to the postemployment health plan, \$40,890 to the Medicare Supplement Plan, and \$28,771 to the postemployment life insurance plan.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan	Schools - Medicare Supplement Plan	Schools - Life Insurance Plan
ARC	\$ 612,000	\$ 2,228,000	\$ 185,000	\$ 63,198
Interest on the NPO	55,449	142,238	13,058	1,117
Adjustment to the ARC	(52,521)	(134,727)	(12,368)	(1,844)
Annual OPEB cost	\$ 614,928	\$ 2,235,511	\$ 185,690	\$ 62,471
Amount of contribution	(96,210)	(837,135)	(40,890)	(28,771)
Increase/decrease in NPO	\$ 518,718	\$ 1,398,376	\$ 144,800	\$ 33,700
Net OPEB obligation, 7-1-09	1,232,209	3,160,838	290,174	(1) 37,220
Net OPEB obligation, 6-30-10	\$ 1,750,927	\$ 4,559,214	\$ 434,974	\$ 70,920

(1) This amount was omitted in the previous audit report. See note I.D.7., prior-period adjustments.

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Government Group	\$ 703,000	11 %	\$ 624,908
6-30-09	"	710,751	15	1,232,209
6-30-10	"	614,928	16	1,750,927
6-30-08	Local Education Group	2,229,000	30	1,559,108
6-30-09	"	2,254,874	29	3,160,838
6-30-10	"	2,235,511	37	4,559,214
6-30-10	Schools - Medicare Supplement*	185,690	22	434,974
6-30-09	Schools - Life Insurance*	63,198	41	37,220
6-30-10	"	62,471	46	70,920

* Data only available for one year for Medicare Supplement and two years for life insurance.

Funded Status and Funding Progress

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

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-09	7-1-09
Actuarial accrued liability (AAL)	\$ 4,985,000	\$ 18,817,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 4,985,000	\$ 18,817,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 6,024,895	\$ 34,117,012
UAAL as a % of covered payroll	83%	55%
	Schools - Medicare Supplement Plan	Schools - Life Insurance Plan
Actuarial valuation date	7-1-09	7-1-08
Actuarial accrued liability (AAL)	\$ 2,371,000	\$ 658,250
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,371,000	\$ 658,250
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ N/A	\$ 34,117,012
UAAL as a % of covered payroll	N/A	2%

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 Local Education Group Plan, 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) and an annual healthcare cost trend rate of 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 rate for the Local Government Group Plan was three 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 rate 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.

In the July 1, 2008, actuarial valuation of the Schools – life insurance plan, the unit credit actuarial cost method was used. The actuarial assumptions included a three percent discount rate. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over a 30-year period beginning with June 30, 2009.

I. Termination Benefits

The discretely presented Hawkins County School Department offers a voluntary termination benefits plan to its employees. To be eligible, employees must have 30 years of credible service in the Tennessee Consolidated Retirement System and no less than ten years of service with the Hawkins County School System. Under the plan, employees who accept the benefit shall receive an annual amount equal to a minimum of ten percent of their total compensation based on the highest annual salary of their last three years of employment. Benefits shall begin in July following retirement and continue until they reach the age of 62, or for a maximum of seven years, whichever is less. In the event an employee dies during the term of the agreement, the designated beneficiary shall continue to receive the payments for the remainder of the fiscal year of the employee's death. During the year, 56 employees participated in the program. The estimated cost of the cash payments reported in the government-wide Statement of Net Assets, by function, is \$888,388. The School Department determined this liability by calculating the total cash payments due over the next seven years. Of the amount reported in the government-wide Statement of Net Assets, \$229,489 is reflected as a current liability in the governmental funds.

J. Purchasing Law

Purchasing procedures for all departments of Hawkins County, including the discretely presented Hawkins County School Department, are governed by provisions of Chapter 256, Private Acts of 1957, as amended. These acts provide for the county mayor to make all purchases and for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 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	Original	Final	
Revenues								
Local Taxes	\$ 8,973,372	\$ 0	\$ 0	\$ 8,973,372	\$ 8,842,771	\$ 8,808,245	\$ 8,842,771	\$ 130,601
Licenses and Permits	113,533	0	0	113,533	112,420	51,500	112,420	1,113
Fines, Forfeitures, and Penalties	215,391	0	0	215,391	200,025	200,025	200,025	15,366
Charges for Current Services	99,718	0	0	99,718	81,950	81,950	81,950	17,768
Other Local Revenues	49,340	0	0	49,340	10,016	1,200	10,016	39,324
Fees Received from County Officials	2,195,375	0	0	2,195,375	2,058,000	2,058,000	2,058,000	137,375
State of Tennessee	942,543	0	0	942,543	1,008,521	830,387	1,008,521	(65,978)
Federal Government	76,861	0	0	76,861	355,235	71,848	355,235	(278,374)
Other Governments and Citizens Groups	262,697	0	0	262,697	323,636	246,949	323,636	(60,939)
Total Revenues	\$ 12,928,830	\$ 0	\$ 0	\$ 12,928,830	\$ 12,350,104	\$ 12,992,574	\$ 12,992,574	\$ (63,744)

Expenditures								
General Government								
County Commission	\$ 70,983	\$ 0	\$ 0	\$ 70,983	\$ 75,492	\$ 76,492	\$ 75,492	\$ 4,509
Board of Equalization	5,634	0	0	5,634	5,648	5,648	5,648	14
Beer Board	1,180	0	0	1,180	1,427	1,027	1,427	247
Budget and Finance Committee	7,830	0	0	7,830	8,170	7,570	8,170	340
County Mayor/Executive	322,658	(5,527)	8,034	325,165	334,093	332,996	334,093	8,928
County Attorney	39,909	0	0	39,909	39,965	39,965	39,965	56
Election Commission	325,371	(1,025)	1,000	325,346	337,459	337,459	337,459	12,113
Register of Deeds	242,360	(1,862)	1,565	242,063	262,656	262,656	262,656	20,593
Planning	14,511	0	0	14,511	15,575	15,575	15,575	1,064
County Buildings	493,791	(18,862)	6,515	481,444	557,158	549,873	557,158	75,714
Other General Administration	456,938	(5,993)	4,829	455,774	462,072	455,000	462,072	6,298
Preservation of Records	1,359	0	0	1,359	2,625	625	2,625	1,266

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less:		Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)		Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		7/1/2009			Original	Final			
		Encumbrances	7/1/2009						
<u>Expenditures (Cont.)</u>									
<u>Finance</u>									
Property Assessor's Office	\$ 338,473	\$ 0	\$ 0	7,432	\$ 345,905	\$ 347,602	\$ 349,802	\$ 3,897	
Reappraisal Program	132,925	0	0	0	132,925	136,196	136,896	3,971	
County Trustee's Office	228,586	0	0	8,350	236,936	233,051	239,077	2,141	
County Clerk's Office	588,985	(8,945)	0	5,644	585,684	602,677	608,637	22,953	
<u>Administration of Justice</u>									
Circuit Court Clerk	509,682	(20,199)	0	7,352	496,835	502,668	508,994	12,159	
Criminal Court	12,014	0	0	0	12,014	13,000	14,590	2,576	
General Sessions Court	275,937	(1,550)	0	0	274,387	284,435	284,435	10,048	
Chancery Court	67,579	0	0	370	67,949	72,928	77,833	9,884	
Juvenile Court	134,803	(20)	0	0	134,783	153,457	146,497	11,714	
Courtroom Security	35,206	0	0	0	35,206	69,210	69,210	34,004	
<u>Public Safety</u>									
Sheriff's Department	2,043,396	(4,909)	0	7,072	2,045,559	2,145,227	2,221,735	176,176	
Drug Enforcement	7,580	0	0	0	7,580	7,658	7,658	78	
Administration of the Sexual Offender Registry	350	(400)	0	350	300	2,000	2,000	1,700	
Jail	1,414,824	(12,282)	0	4,630	1,407,172	2,297,246	2,300,794	893,622	
Juvenile Services	146,016	(9,511)	0	7,098	143,603	153,937	160,897	17,294	
Fire Prevention and Control	217,340	0	0	0	217,340	221,825	221,825	4,485	
Rescue Squad	100,000	0	0	0	100,000	100,000	100,000	0	
Other Emergency Management	231,235	(3,051)	0	882	229,066	234,626	234,626	5,560	
County Coroner/Medical Examiner	81,710	(6,500)	0	0	75,210	77,554	77,554	2,344	
Other Public Safety	59,977	0	0	0	59,977	64,378	64,378	4,401	
<u>Public Health and Welfare</u>									
Local Health Center	300,610	(6,162)	0	9,800	304,248	322,689	322,689	18,441	

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual		Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
				Revenues/ Expenditures				
				(Budgetary Basis)	(Budgetary Basis)			
<u>Expenditures (Cont.)</u>								
<u>Public Health and Welfare (Cont.)</u>								
Ambulance/Emergency Medical Services	\$ 60,000	\$ 0	\$ 0	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 0
Other Local Health Services	370,281	0	3,374	373,655	407,866	582,000	582,000	208,345
Aid to Dependent Children	6,500	0	0	6,500	6,500	6,500	6,500	0
<u>Social, Cultural, and Recreational Services</u>								
Adult Activities	2,000	0	0	2,000	2,000	2,000	2,000	0
Senior Citizens Assistance	189,449	(235)	60	189,274	212,964	217,651	217,651	28,377
Libraries	99,000	0	0	99,000	99,000	99,000	99,000	0
Parks and Fair Boards	117,432	(5,758)	22,890	134,564	137,894	144,524	144,524	9,960
<u>Agriculture and Natural Resources</u>								
Agriculture Extension Service	56,433	0	209	56,642	85,238	85,238	85,238	28,596
Forest Service	1,500	0	0	1,500	1,500	1,500	1,500	0
Soil Conservation	47,619	0	0	47,619	48,859	48,859	48,859	1,240
Flood Control	0	0	0	0	4,000	4,000	4,000	4,000
Storm Water Management	11,037	0	0	11,037	14,053	14,053	14,053	3,016
<u>Other Operations</u>								
Tourism	1,500	0	0	1,500	1,500	1,500	1,500	0
Industrial Development	364,368	(8,645)	11,349	367,072	394,050	401,447	401,447	34,375
Airport	11,604	0	0	11,604	46,811	296,811	296,811	285,207
Veterans' Services	63,966	(60)	60	63,966	63,055	64,500	64,500	534
Contributions to Other Agencies	27,500	0	0	27,500	27,500	27,500	27,500	0
Employee Benefits	76,981	0	0	76,981	115,700	106,309	106,309	29,328
ARRA Grant # 6	0	0	0	0	0	33,387	33,387	33,387
Miscellaneous	375,971	(2,100)	600	374,471	279,341	388,341	388,341	13,870

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)		Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Expenditures (Cont.)</u>								
<u>Highways</u>								
Litter and Trash Collection	\$ 43,116	\$ 0	\$ 0	\$ 43,116	\$ 45,135	\$ 45,135	\$	2,019
Principal on Debt								
General Government	129,956	0	0	129,956	129,957	129,957		1
Interest on Debt								
General Government	18,082	0	0	18,082	30,590	18,590		508
Other Debt Service								
General Government	23	0	0	23	100	100		77
Total Expenditures	\$ 10,984,070	\$ (123,596)	\$ 119,465	\$ 10,979,939	\$ 12,340,863	\$ 13,031,369	\$	2,051,430
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,944,760	\$ 123,596	\$ (119,465)	\$ 1,948,891	\$ 9,241	\$ (38,795)	\$	1,987,686
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 9,568	\$ 0	\$ 0	\$ 9,568	\$ 0	\$ 4,600	\$	4,968
Transfers Out	(1,153,291)	0	0	(1,153,291)	(1,085,000)	(1,153,291)		0
Total Other Financing Sources (Uses)	\$ (1,143,723)	\$ 0	\$ 0	\$ (1,143,723)	\$ (1,085,000)	\$ (1,148,691)	\$	4,968
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 801,037	\$ 123,596	\$ (119,465)	\$ 805,168	\$ (1,075,759)	\$ (1,187,486)	\$	1,992,654
Fund Balance, June 30, 2010	2,297,788	(123,596)	0	2,174,192	2,129,388	2,174,192		0
Fund Balance, June 30, 2010	\$ 3,098,825	\$ 0	\$ (119,465)	\$ 2,979,360	\$ 1,053,629	\$ 986,706	\$	1,992,654

Exhibit E-2

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2010

	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>Revenues</u>									
Local Taxes	\$ 1,378,650	\$ 0	\$ 0	\$ 0	\$ 1,378,650	\$ 1,357,550	\$ 1,357,550	\$ 21,100	
Charges for Current Services	2,926	0	0	0	2,926	4,000	4,000	(1,074)	
Other Local Revenues	0	0	0	0	0	1,000	1,000	(1,000)	
State of Tennessee	2,104,329	0	0	0	2,104,329	3,047,919	3,047,919	(943,590)	
Federal Government	1,427	0	0	0	1,427	0	0	1,427	
Total Revenues	\$ 3,487,332	\$ 0	\$ 0	\$ 0	\$ 3,487,332	\$ 4,410,469	\$ 4,410,469	\$ (923,137)	
<u>Expenditures</u>									
<u>Highways</u>									
Administration	\$ 153,754	(20)	0	0	153,734	168,307	167,357	13,623	
Highway and Bridge Maintenance	2,140,427	(889)	180	0	2,139,718	2,760,840	2,780,915	641,197	
Operation and Maintenance of Equipment	429,088	(857)	0	0	428,231	722,554	707,979	279,748	
Other Charges	123,078	0	0	0	123,078	141,000	141,450	18,372	
Employee Benefits	300,725	0	0	0	300,725	360,200	360,200	59,475	
Capital Outlay	236,135	(4,121)	0	0	232,014	1,563,040	1,558,040	1,326,026	
Total Expenditures	\$ 3,383,207	\$ (5,887)	\$ 180	\$ 0	\$ 3,377,500	\$ 5,715,941	\$ 5,715,941	\$ 2,338,441	
Excess (Deficiency) of Revenues Over Expenditures	\$ 104,125	\$ 5,887	\$ (180)	\$ 0	\$ 109,532	\$ (1,305,472)	\$ (1,305,472)	\$ 1,415,304	
<u>Other Financing Sources (Uses)</u>									
Insurance Recovery	\$ 2,518	\$ 0	\$ 0	\$ 0	\$ 2,518	\$ 0	\$ 0	\$ 2,518	
Transfers Out	(211,933)	0	0	0	(211,933)	(220,000)	(220,000)	8,067	
Total Other Financing Sources (Uses)	\$ (209,415)	\$ 0	\$ 0	\$ 0	\$ (209,415)	\$ (220,000)	\$ (220,000)	\$ 10,585	
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (105,290)	\$ 5,887	\$ (180)	\$ 0	\$ (99,583)	\$ (1,525,472)	\$ (1,525,472)	\$ 1,425,889	
Fund Balance, July 1, 2009	2,070,961	(5,887)	0	0	2,065,074	2,057,770	2,065,073	1	
Fund Balance, June 30, 2010	\$ 1,965,671	\$ 0	\$ (180)	\$ 0	\$ 1,965,491	\$ 532,298	\$ 539,601	\$ 1,425,890	

Exhibit E-3

Hawkins County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Hawkins 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	\$ 35,557	\$ 40,486	\$ 4,929	87.83 %	\$ 12,449	39.59 %
7-1-07	34,512	37,981	3,469	90.87	11,997	28.92

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

Exhibit E-4

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

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group*	7-1-07	\$ 0	\$ 5,660	\$ 5,660	0 %	\$ 5,777	97.98 %
"	7-1-09	0	4,985	4,985	0	6,025	82.74
<u>DISCRETELY PRESENTED HAWKINS COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group*	7-1-07	0	18,492	18,492	0	33,443	55.29
"	7-1-09	0	18,817	18,817	0	34,117	55.15
Medicare Supplement**	7-1-09	0	2,371	2,371	0	N/A	N/A
Life Insurance**	7-1-08	0	658	658	0	33,413	1.97

*An additional actuarial valuation will be reported as the data becomes available.

**Two additional actuarial valuations will be reported as the data becomes available.

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

BUDGETARY INFORMATION

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

The budgetary level of control is at the major category level established by the 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, County Mayor, County Attorney, Election Commission, etc.). Management may make revisions within major categories, but only the Hawkins County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Debt Service Fund

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

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

Capital Projects Funds

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

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

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

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.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for transactions related to the HOME Investment Partnerships Program.

Hawkins County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2010

	Special Revenue Funds			Total	Debt Service Fund
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees		
\$	0 \$	0 \$	36,771 \$	36,771 \$	0
	347,312	309,373	0	656,685	1,173,121
	31,653	0	14,781	46,434	0
	97,471	0	0	97,471	0
	158,232	0	0	158,232	21,081
\$	634,668 \$	309,373 \$	51,552 \$	995,593 \$	1,194,202

ASSETS

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

LIABILITIES AND FUND BALANCES

Liabilities

\$	42,185 \$	509 \$	0 \$	42,694 \$	0
	0	0	0	0	0
	0	0	0	0	0
	0	4,561	30,674	35,235	0
	6,711	0	0	6,711	0
	125,276	0	0	125,276	0
\$	174,172 \$	5,070 \$	30,674 \$	209,916 \$	0

Fund Balances

\$	0 \$	32 \$	0 \$	32 \$	0
	323,963	0	0	323,963	0
	0	0	0	0	0
	136,533	304,271	20,878	461,682	1,194,202
\$	460,496 \$	304,303 \$	20,878 \$	785,677 \$	1,194,202
\$	634,668 \$	309,373 \$	51,552 \$	995,593 \$	1,194,202

(Continued)

Exhibit F-1

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

	Capital Projects Funds					Total Nonmajor Governmental Funds
	Community Development/ Industrial Park	Highway Capital Projects	Other Capital Projects - QSCB	Other Capital Projects	Total	
\$	0	0	2,200,889	0	2,200,889	2,237,660
43,171	2,491,170	0	1,000	2,535,341	4,365,147	
0	59	0	0	59	46,493	
135,911	0	0	0	135,911	233,382	
0	0	0	0	0	179,313	
\$ 179,082	\$ 2,491,229	\$ 2,200,889	\$ 1,000	\$ 4,872,200	\$ 7,061,995	

ASSETS

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

LIABILITIES AND FUND BALANCES

Liabilities					
Accounts Payable	0	0	0	1,000	43,694
Contracts Payable	176,082	1,276,989	0	0	1,453,071
Retainage Payable	49,878	64,455	0	0	114,333
Due to Other Funds	0	0	0	0	35,235
Due to Component Units	0	0	0	0	6,711
Other Deferred Revenues	0	0	0	0	125,276
Total Liabilities	\$ 225,960	\$ 1,341,444	\$ 0	\$ 1,000	\$ 1,568,404
Fund Balances					
Reserved for Encumbrances	69,815	0	0	0	69,847
Reserved for Capital Outlay	0	0	0	0	323,963
Reserved for Other General Purposes	0	12,500	0	0	12,500
Unreserved (Deficit)	(116,693)	1,137,285	2,200,889	0	3,221,481
Total Fund Balances	\$ (46,878)	\$ 1,149,785	\$ 2,200,889	\$ 0	\$ 3,303,796
Total Liabilities and Fund Balances	\$ 179,082	\$ 2,491,229	\$ 2,200,889	\$ 1,000	\$ 4,872,200

Exhibit F-2

Hawkins County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2010

	Special Revenue Funds				Debt Service Fund	
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	Special Debt	Service
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 343,827
Fines, Forfeitures, and Penalties	0	53,622	0	53,622	0	0
Charges for Current Services	1,792	0	125,460	127,252	0	0
Other Local Revenues	63,105	0	0	63,105	0	0
State of Tennessee	12,365	0	0	12,365	0	0
Federal Government	0	0	0	0	0	0
Other Governments and Citizens Groups	0	0	0	0	0	0
Total Revenues	\$ 77,262	\$ 53,622	\$ 125,460	\$ 256,344	\$ 343,827	\$ 343,827
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 141,004	\$ 141,004	\$ 0	\$ 0
Public Safety	0	25,129	161	25,290	0	0
Public Health and Welfare	1,147,291	0	0	1,147,291	0	0
Debt Service:						
Principal on Debt	0	0	0	0	0	335,000
Interest on Debt	0	0	0	0	0	30,255
Other Debt Service	0	0	0	0	0	4,359
Capital Projects	6,598	0	0	6,598	0	0
Total Expenditures	\$ 1,153,889	\$ 25,129	\$ 141,165	\$ 1,320,183	\$ 369,614	\$ 369,614
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,076,627)	\$ 28,493	\$ (15,705)	\$ (1,063,839)	\$ (25,787)	\$ (25,787)
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 330,000	\$ 0	\$ 0	\$ 330,000	\$ 0	\$ 0
Premiums on Debt Issued	561	0	0	561	0	0
Other Loans Issued	0	0	0	0	0	0
Transfers In	1,085,000	0	0	1,085,000	211,933	211,933
Total Other Financing Sources (Uses)	\$ 1,415,561	\$ 0	\$ 0	\$ 1,415,561	\$ 211,933	\$ 211,933
Net Change in Fund Balances	\$ 338,934	\$ 28,493	\$ (15,705)	\$ 351,722	\$ 186,146	\$ 186,146
Fund Balance, July 1, 2009	121,562	275,810	36,583	433,955	1,008,056	1,008,056
Fund Balance, June 30, 2010	\$ 460,496	\$ 304,303	\$ 20,878	\$ 785,677	\$ 1,194,202	\$ 1,194,202

(Continued)

Exhibit F-2

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

	Capital Projects Funds					Total Nonmajor Governmental Funds
	Community Development/ Industrial Park	Highway Capital Projects	Other Capital Projects - QSCB	Total		
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 343,827
Fines, Forfeitures, and Penalties	0	0	0	0	0	53,622
Charges for Current Services	0	0	0	0	0	127,252
Other Local Revenues	0	59	3,136	3,195	0	66,300
State of Tennessee	576,505	0	0	576,505	0	588,870
Federal Government	412,099	30,065	0	442,164	0	442,164
Other Governments and Citizens Groups	156,000	0	0	156,000	0	156,000
Total Revenues	\$ 1,144,604	\$ 30,124	\$ 3,136	\$ 1,177,864	\$ 0	\$ 1,778,035
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 141,004
Public Safety	0	0	0	0	0	25,290
Public Health and Welfare	0	0	0	0	0	1,147,291
Debt Service:						
Principal on Debt	0	0	0	0	0	335,000
Interest on Debt	0	0	0	0	0	30,255
Other Debt Service	0	0	0	0	0	4,359
Capital Projects	1,191,482	1,479,792	442,247	3,113,521	0	3,120,119
Total Expenditures	\$ 1,191,482	\$ 1,479,792	\$ 442,247	\$ 3,113,521	\$ 0	\$ 4,803,318
Excess (Deficiency) of Revenues Over Expenditures	\$ (46,878)	\$ (1,449,668)	\$ (439,111)	\$ (1,935,657)	\$ 0	\$ (3,025,283)
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 0	\$ 2,500,000	\$ 0	\$ 2,500,000	\$ 0	\$ 2,830,000
Premiums on Debt Issued	0	4,325	0	4,325	0	4,886
Other Loans Issued	0	0	2,640,000	2,640,000	0	2,640,000
Transfers In	0	0	0	0	0	1,296,933
Total Other Financing Sources (Uses)	\$ 0	\$ 2,504,325	\$ 2,640,000	\$ 5,144,325	\$ 0	\$ 6,771,819
Net Change in Fund Balances Fund Balance, July 1, 2009	\$ (46,878)	\$ 1,054,657	\$ 2,200,889	\$ 3,208,668	\$ 0	\$ 3,746,536
Fund Balance, June 30, 2010	0	95,128	0	95,128	0	1,537,139
	\$ (46,878)	\$ 1,149,785	\$ 2,200,889	\$ 3,303,796	\$ 0	\$ 5,283,675

Exhibit F-3

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 1,792	\$ 0	\$ 1,792	\$ 1,800	\$ 1,800	\$ (8)
Other Local Revenues	63,105	0	63,105	52,000	52,000	11,105
State of Tennessee	12,365	0	12,365	23,900	23,900	(11,535)
Total Revenues	\$ 77,262	\$ 0	\$ 77,262	\$ 77,700	\$ 77,700	\$ (438)
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Sanitation Management	\$ 7,657	\$ 0	\$ 7,657	\$ 11,002	\$ 11,002	\$ 3,345
Waste Pickup	291,660	(1,763)	289,897	336,951	614,451	324,554
Convenience Centers	267,839	(330)	267,509	310,100	351,763	84,254
Other Waste Collection	28,492	0	28,492	28,736	30,036	1,544
Recycling Center	53,554	0	53,554	66,605	70,105	16,551
Landfill Operation and Maintenance	469,357	0	469,357	470,634	470,634	1,277
Other Waste Disposal	28,732	(1,574)	27,158	30,000	30,000	2,842
<u>Capital Projects</u>						
Public Health and Welfare Projects	6,598	0	6,598	0	6,598	0
Total Expenditures	\$ 1,153,889	\$ (3,667)	\$ 1,150,222	\$ 1,254,028	\$ 1,584,589	\$ 434,367
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,076,627)	\$ 3,667	\$ (1,072,960)	\$ (1,176,328)	\$ (1,506,889)	\$ 433,929
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 330,000	\$ 0	\$ 330,000	\$ 0	\$ 330,000	\$ 0
Premiums on Debt Issued	561	0	561	0	561	0
Transfers In	1,085,000	0	1,085,000	1,085,000	1,085,000	0
Total Other Financing Sources (Uses)	\$ 1,415,561	\$ 0	\$ 1,415,561	\$ 1,085,000	\$ 1,415,561	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 338,934	\$ 3,667	\$ 342,601	\$ (91,328)	\$ (91,328)	\$ 433,929
Fund Balance, June 30, 2010	121,562	(3,667)	117,895	117,433	117,894	1
	\$ 460,496	\$ 0	\$ 460,496	\$ 26,105	\$ 26,566	\$ 433,930

Exhibit F-4

Hawkins 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	\$ 53,622 \$	0 \$	53,622 \$	80,000 \$	80,000 \$	(26,378)
Total Revenues	\$ 53,622 \$	0 \$	53,622 \$	80,000 \$	80,000 \$	(26,378)
<u>Expenditures</u>						
Public Safety						
Drug Enforcement	\$ 25,129 \$	32 \$	25,161 \$	109,209 \$	109,209 \$	84,048
Total Expenditures	\$ 25,129 \$	32 \$	25,161 \$	109,209 \$	109,209 \$	84,048
Excess (Deficiency) of Revenues Over Expenditures	\$ 28,493 \$	(32) \$	28,461 \$	(29,209) \$	(29,209) \$	57,670
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 28,493 \$	(32) \$	28,461 \$	(29,209) \$	(29,209) \$	57,670
	275,810	0	275,810	275,809	275,809	1
Fund Balance, June 30, 2010	\$ 304,303 \$	(32) \$	304,271 \$	246,600 \$	246,600 \$	57,671

Exhibit F-5

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Special Debt Service Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 343,827	\$ 335,000	\$ 335,000	\$ 8,827
Total Revenues	<u>\$ 343,827</u>	<u>\$ 335,000</u>	<u>\$ 335,000</u>	<u>\$ 8,827</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Highways and Streets	\$ 335,000	\$ 518,000	\$ 518,000	\$ 183,000
<u>Interest on Debt</u>				
Highways and Streets	30,255	30,255	30,255	0
<u>Other Debt Service</u>				
Highways and Streets	4,359	6,200	6,200	1,841
Total Expenditures	<u>\$ 369,614</u>	<u>\$ 554,455</u>	<u>\$ 554,455</u>	<u>\$ 184,841</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (25,787)</u>	<u>\$ (219,455)</u>	<u>\$ (219,455)</u>	<u>\$ 193,668</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 211,933	\$ 220,000	\$ 220,000	\$ (8,067)
Total Other Financing Sources (Uses)	<u>\$ 211,933</u>	<u>\$ 220,000</u>	<u>\$ 220,000</u>	<u>\$ (8,067)</u>
Net Change in Fund Balance	\$ 186,146	\$ 545	\$ 545	\$ 185,601
Fund Balance, July 1, 2009	<u>1,008,056</u>	<u>1,008,056</u>	<u>1,008,056</u>	<u>0</u>
Fund Balance, June 30, 2010	<u><u>\$ 1,194,202</u></u>	<u><u>\$ 1,008,601</u></u>	<u><u>\$ 1,008,601</u></u>	<u><u>\$ 185,601</u></u>

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, long-term debt principal, interest, and related costs.

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

Exhibit G-1

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 762,965	\$ 760,219	\$ 760,219	\$ 2,746
Other Local Revenues	67,439	271,000	271,000	(203,561)
Total Revenues	<u>\$ 830,404</u>	<u>\$ 1,031,219</u>	<u>\$ 1,031,219</u>	<u>\$ (200,815)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 344,057	\$ 300,000	\$ 345,000	\$ 943
<u>Interest on Debt</u>				
General Government	617,328	672,700	672,700	55,372
<u>Other Debt Service</u>				
General Government	16,468	41,000	41,000	24,532
Total Expenditures	<u>\$ 977,853</u>	<u>\$ 1,013,700</u>	<u>\$ 1,058,700</u>	<u>\$ 80,847</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (147,449)</u>	<u>\$ 17,519</u>	<u>\$ (27,481)</u>	<u>\$ (119,968)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 68,291	\$ 0	\$ 68,291	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 68,291</u>	<u>\$ 0</u>	<u>\$ 68,291</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (79,158)	\$ 17,519	\$ 40,810	\$ (119,968)
Fund Balance, July 1, 2009	<u>4,148,714</u>	<u>3,979,499</u>	<u>4,148,714</u>	<u>0</u>
Fund Balance, June 30, 2010	<u><u>\$ 4,069,556</u></u>	<u><u>\$ 3,997,018</u></u>	<u><u>\$ 4,189,524</u></u>	<u><u>\$ (119,968)</u></u>

Exhibit G-2

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education Debt Service Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,734,852	\$ 3,636,200	\$ 3,636,200	\$ 98,652
Other Local Revenues	125,802	625,000	625,000	(499,198)
Federal Government	290,263	0	290,263	0
Other Governments and Citizens Groups	408,814	364,000	385,000	23,814
Total Revenues	<u>\$ 4,559,731</u>	<u>\$ 4,625,200</u>	<u>\$ 4,936,463</u>	<u>\$ (376,732)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 1,420,593	\$ 1,425,193	\$ 1,425,193	\$ 4,600
<u>Interest on Debt</u>				
Education	2,563,907	3,080,659	3,080,659	516,752
<u>Other Debt Service</u>				
Education	202,096	206,500	227,500	25,404
Total Expenditures	<u>\$ 4,186,596</u>	<u>\$ 4,712,352</u>	<u>\$ 4,733,352</u>	<u>\$ 546,756</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 373,135</u>	<u>\$ (87,152)</u>	<u>\$ 203,111</u>	<u>\$ 170,024</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 743,000	\$ 0	\$ 743,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 743,000</u>	<u>\$ 0</u>	<u>\$ 743,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 1,116,135	\$ (87,152)	\$ 946,111	\$ 170,024
Fund Balance, July 1, 2009	<u>8,325,856</u>	<u>9,048,739</u>	<u>8,325,856</u>	<u>0</u>
Fund Balance, June 30, 2010	<u>\$ 9,441,991</u>	<u>\$ 8,961,587</u>	<u>\$ 9,271,967</u>	<u>\$ 170,024</u>

Fiduciary Funds

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

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

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

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

Exhibit H-1

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

	Agency Funds				Total
	Cities - Sales Tax	City School ADA - Rogersville	City School ADA - Kingsport	Constitu- tional Officers - Agency	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 1,415,286	\$ 1,415,286
Equity in Pooled Cash and Investments	0	1,235,857	861,191	0	2,097,048
Due from Other Governments	562,443	52,026	37,257	0	651,726
Taxes Receivable	0	698,765	501,433	0	1,200,198
Allowance for Uncollectible Taxes	0	(25,205)	(18,087)	0	(43,292)
Total Assets	<u>\$ 562,443</u>	<u>\$ 1,961,443</u>	<u>\$ 1,381,794</u>	<u>\$ 1,415,286</u>	<u>\$ 5,320,966</u>
<u>LIABILITIES</u>					
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 1,732	\$ 1,732
Due to Other Taxing Units	562,443	1,961,443	1,381,794	0	3,905,680
Due to Litigants, Heirs, and Others	0	0	0	1,413,554	1,413,554
Total Liabilities	<u>\$ 562,443</u>	<u>\$ 1,961,443</u>	<u>\$ 1,381,794</u>	<u>\$ 1,415,286</u>	<u>\$ 5,320,966</u>

Exhibit H-2

Hawkins 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	\$ 0	\$ 3,239,737	\$ 3,239,737	\$ 0
Due from Other Governments	543,494	562,443	543,494	562,443
Total Assets	\$ 543,494	\$ 3,802,180	\$ 3,783,231	\$ 562,443
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 543,494	\$ 3,802,180	\$ 3,783,231	\$ 562,443
Total Liabilities	\$ 543,494	\$ 3,802,180	\$ 3,783,231	\$ 562,443
<u>City School ADA - Rogersville Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 32,013	\$ 2,204,856	\$ 1,001,012	\$ 1,235,857
Due from Other Governments	47,792	52,026	47,792	52,026
Taxes Receivable	669,846	698,765	669,846	698,765
Allowance for Uncollectible Taxes	(21,199)	(25,205)	(21,199)	(25,205)
Total Assets	\$ 728,452	\$ 2,930,442	\$ 1,697,451	\$ 1,961,443
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 728,452	\$ 2,930,442	\$ 1,697,451	\$ 1,961,443
Total Liabilities	\$ 728,452	\$ 2,930,442	\$ 1,697,451	\$ 1,961,443
<u>City School ADA - Kingsport Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 21,483	\$ 1,519,424	\$ 679,716	\$ 861,191
Due from Other Governments	31,963	37,257	31,963	37,257
Taxes Receivable	447,478	501,433	447,478	501,433
Allowance for Uncollectible Taxes	(14,162)	(18,087)	(14,162)	(18,087)
Total Assets	\$ 486,762	\$ 2,040,027	\$ 1,144,995	\$ 1,381,794
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 486,762	\$ 2,040,027	\$ 1,144,995	\$ 1,381,794
Total Liabilities	\$ 486,762	\$ 2,040,027	\$ 1,144,995	\$ 1,381,794

(Continued)

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,613,349	\$ 8,214,359	\$ 8,412,422	\$ 1,415,286
Cash Shortage	10,484	4,385	14,869	0
Total Assets	\$ 1,623,833	\$ 8,218,744	\$ 8,427,291	\$ 1,415,286
<u>Liabilities</u>				
Due to Other Funds	\$ 2,037	\$ 1,732	\$ 2,037	\$ 1,732
Due to Litigants, Heirs, and Others	1,621,796	8,217,012	8,425,254	1,413,554
Total Liabilities	\$ 1,623,833	\$ 8,218,744	\$ 8,427,291	\$ 1,415,286
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,613,349	\$ 8,214,359	\$ 8,412,422	\$ 1,415,286
Equity in Pooled Cash and Investments	53,496	6,964,017	4,920,465	2,097,048
Due from Other Governments	623,249	651,726	623,249	651,726
Taxes Receivable	1,117,324	1,200,198	1,117,324	1,200,198
Allowance for Uncollectible Taxes	(35,361)	(43,292)	(35,361)	(43,292)
Cash Shortage	10,484	4,385	14,869	0
Total Assets	\$ 3,382,541	\$ 16,991,393	\$ 15,052,968	\$ 5,320,966
<u>Liabilities</u>				
Due to Other Funds	\$ 2,037	\$ 1,732	\$ 2,037	\$ 1,732
Due to Other Taxing Units	1,758,708	8,772,649	6,625,677	3,905,680
Due to Litigants, Heirs, and Others	1,621,796	8,217,012	8,425,254	1,413,554
Total Liabilities	\$ 3,382,541	\$ 16,991,393	\$ 15,052,968	\$ 5,320,966

Hawkins County School Department

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

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

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

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

Functions/Programs	Program Revenues			Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions		Operating Grants and Contributions	Total Governmental Activities	
Governmental Activities:							
Instruction	\$ 40,441,934	\$ 0	\$ 15,310,095	\$ 0	\$ 5,872,035	\$ 15,310,095	\$ (19,259,804)
Support Services	19,438,568	402,095	908,269	402,095	54,495	908,269	(18,073,709)
Operation of Non-Instructional Services	3,818,492	1,039,384	0	1,039,384	2,642,469	0	(136,639)
Interest on Long-term Debt	136	0	0	0	0	0	(136)
Other Debt Service	408,814	0	0	0	0	0	(408,814)
Total Governmental Activities	\$ 64,107,944	\$ 1,441,479	\$ 16,218,364	\$ 1,441,479	\$ 8,568,999	\$ 16,218,364	\$ (37,879,102)
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes							\$ 7,743,617
Property Taxes Levied for Transportation							1,448,652
Local Option Sales Taxes							3,478,557
Wheel Tax							324,998
Interstate Telecommunications Tax							4,267
Grants and Contributions Not Restricted for Specific Programs							37,618,962
Unrestricted Investment Income							10,654
Miscellaneous							77,165
Total General Revenues							\$ 50,706,872
Change in Net Assets							\$ 12,827,770
Prior-period Adjustment							(290,174)
Net Assets, July 1, 2009							63,531,306
Net Assets, June 30, 2010							\$ 76,068,902

Exhibit I-2

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

	Major Funds			Nonmajor	Total
	General Purpose School	School Transportation	Education Capital Projects	Other Governmental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 1,015	\$ 1,015
Equity in Pooled Cash and Investments	12,363,200	1,106,706	134,680	2,539,133	16,143,719
Accounts Receivable	1,509	5,085	0	760	7,354
Due from Other Governments	1,049,786	64,757	0	600,219	1,714,762
Due from Other Funds	188,858	38,055	0	0	226,913
Due from Primary Government	0	17,770	2,544,099	0	2,561,869
Property Taxes Receivable	8,332,752	1,558,271	0	0	9,891,023
Allowance for Uncollectible Property Taxes	(300,570)	(56,208)	0	0	(356,778)
Total Assets	\$ 21,635,535	\$ 2,734,436	\$ 2,678,779	\$ 3,141,127	\$ 30,189,877
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 105,118	\$ 17,442	\$ 4,454	\$ 120,550	\$ 247,564
Accrued Payroll	15,511	900	0	13,978	30,389
Contracts Payable	22,894	0	20,957	162,235	206,086
Retainage Payable	7,944	0	33,468	7,835	49,247
Termination Benefits Payable - Current	229,489	0	0	0	229,489
Due to Other Funds	38,018	10	0	188,885	226,913
Due to Primary Government	5,470	0	0	0	5,470
Other Current Liabilities	1,290,598	0	0	0	1,290,598
Deferred Revenue - Current Property Taxes	7,623,011	1,425,545	0	0	9,048,556
Deferred Revenue - Delinquent Property Taxes	378,799	70,838	0	0	449,637
Other Deferred Revenues	310,021	0	0	0	310,021
Total Liabilities	\$ 10,026,873	\$ 1,514,735	\$ 58,879	\$ 493,483	\$ 12,093,970
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 622,932	\$ 493,408	\$ 1,507,463	\$ 1,126,482	\$ 3,750,285
Reserved for Vocational Projects	1,989	0	0	0	1,989
Reserved for Capital Outlay	0	1,854	0	0	1,854
Reserved for Career Ladder - Extended Contract	6,453	0	0	0	6,453
Reserved for Basic Education Program	12,808	0	0	0	12,808
Reserved for Special Education - Grants to States	0	0	0	82,617	82,617
Unreserved, Reported In:					
General Fund	10,964,480	0	0	0	10,964,480
Special Revenue Funds	0	724,439	0	2,282,012	3,006,451
Capital Projects Funds (Deficit)	0	0	1,112,437	(843,467)	268,970
Total Fund Balances	\$ 11,608,662	\$ 1,219,701	\$ 2,619,900	\$ 2,647,644	\$ 18,095,907
Total Liabilities and Fund Balances	\$ 21,635,535	\$ 2,734,436	\$ 2,678,779	\$ 3,141,127	\$ 30,189,877

Exhibit I-3

Hawkins County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Hawkins County School Department
June 30, 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)		\$	18,095,907
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,526,107	
Add: construction in progress		25,272,444	
Add: building and improvements net of accumulated depreciation		34,480,996	
Add: other capital assets net of accumulated depreciation		<u>2,849,404</u>	64,128,951
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: compensated absences payable	\$	(1,191,607)	
Less: termination benefits payable - noncurrent portion		(658,899)	
Less: other postemployment benefits liability		<u>(5,065,108)</u>	(6,915,614)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>759,658</u>
Net assets of governmental activities (Exhibit A)		\$	<u>76,068,902</u>

Exhibit I-4

Hawkins County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2010

	Major Funds			Nonmajor	Total
	General Purpose School	School Transportation	Education Capital Projects	Funds Other Governmental Funds	
<u>Revenues</u>					
Local Taxes	\$ 11,368,163	\$ 1,564,673	\$ 0	\$ 0	\$ 12,932,836
Licenses and Permits	3,917	0	0	0	3,917
Charges for Current Services	10,246	87,478	0	1,039,384	1,137,108
Other Local Revenues	108,457	304,961	0	10,654	424,072
State of Tennessee	36,609,683	966,856	0	38,301	37,614,840
Federal Government	202,707	0	0	8,567,613	8,770,320
Other Governments and Citizens Groups	0	495,262	15,014,099	413,007	15,922,368
Total Revenues	<u>\$ 48,303,173</u>	<u>\$ 3,419,230</u>	<u>\$ 15,014,099</u>	<u>\$ 10,068,959</u>	<u>\$ 76,805,461</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 30,760,439	\$ 0	\$ 0	\$ 4,770,538	\$ 35,530,977
Support Services	14,979,525	3,161,178	0	1,615,585	19,756,288
Operation of Non-Instructional Services	443,066	0	0	3,320,589	3,763,655
Capital Outlay	943,390	0	0	17,829	961,219
Debt Service:					
Principal on Debt	42,063	0	0	0	42,063
Interest on Debt	552	0	0	0	552
Other Debt Service	26,435	382,379	0	0	408,814
Capital Projects	0	0	12,009,600	617,043	12,626,643
Total Expenditures	<u>\$ 47,195,470</u>	<u>\$ 3,543,557</u>	<u>\$ 12,009,600</u>	<u>\$ 10,341,584</u>	<u>\$ 73,090,211</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,107,703</u>	<u>\$ (124,327)</u>	<u>\$ 3,004,499</u>	<u>\$ (272,625)</u>	<u>\$ 3,715,250</u>
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 0	\$ 300,000	\$ 300,000
Transfers Out	(300,000)	0	0	0	(300,000)
Total Other Financing Sources (Uses)	<u>\$ (300,000)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 300,000</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 807,703	\$ (124,327)	\$ 3,004,499	\$ 27,375	\$ 3,715,250
Fund Balance, July 1, 2009	10,800,959	1,344,028	(384,599)	2,620,269	14,380,657
Fund Balance, June 30, 2010	<u>\$ 11,608,662</u>	<u>\$ 1,219,701</u>	<u>\$ 2,619,900</u>	<u>\$ 2,647,644</u>	<u>\$ 18,095,907</u>

Exhibit I-5

Hawkins County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Hawkins County School Department
For the Year Ended June 30, 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)		\$ 3,715,250
(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	\$ 13,323,007	
Less: current year depreciation expense	<u>(2,583,721)</u>	10,739,286
(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	\$ 759,658	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(629,405)</u>	130,253
(3) The issuance of long-term debt (e.g., leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Add: principal payments on capital leases		42,062
(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 accrued interest payable	\$ 417	
Change in compensated absences payable	(521)	
Change in termination benefits payable - noncurrent portion	(222,101)	
Change in other postemployment benefits liability	<u>(1,576,876)</u>	<u>(1,799,081)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 12,827,770</u>

Exhibit I-6

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

	<u>Special Revenue Funds</u>			<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>School</u> <u>Federal</u> <u>Projects</u>	<u>Central</u> <u>Cafeteria</u>	<u>Total</u>	<u>Other</u> <u>Capital</u> <u>Projects -</u> <u>QSCB</u>	
<u>ASSETS</u>					
Cash	\$ 883	\$ 132	\$ 1,015	\$ 0	\$ 1,015
Equity in Pooled Cash and Investments	19,310	2,389,823	2,409,133	130,000	2,539,133
Accounts Receivable	240	520	760	0	760
Due from Other Governments	600,219	0	600,219	0	600,219
Total Assets	\$ 620,652	\$ 2,390,475	\$ 3,011,127	\$ 130,000	\$ 3,141,127
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 120,550	\$ 0	\$ 120,550	\$ 0	\$ 120,550
Accrued Payroll	13,978	0	13,978	0	13,978
Contracts Payable	0	0	0	162,235	162,235
Retainage Payable	0	0	0	7,835	7,835
Due to Other Funds	24,919	0	24,919	163,966	188,885
Total Liabilities	\$ 159,447	\$ 0	\$ 159,447	\$ 334,036	\$ 493,483
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 199,376	\$ 287,675	\$ 487,051	\$ 639,431	\$ 1,126,482
Reserved for Special Education - Grants to States	82,617	0	82,617	0	82,617
Unreserved (Deficit)	179,212	2,102,800	2,282,012	(843,467)	1,438,545
Total Fund Balances	\$ 461,205	\$ 2,390,475	\$ 2,851,680	\$ (204,036)	\$ 2,647,644
Total Liabilities and Fund Balances	\$ 620,652	\$ 2,390,475	\$ 3,011,127	\$ 130,000	\$ 3,141,127

Exhibit I-7

Hawkins County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2010

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Other</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects -</u>	<u>Funds</u>
				<u>QSCB</u>	
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 1,039,384	\$ 1,039,384	\$ 0	\$ 1,039,384
Other Local Revenues	0	10,654	10,654	0	10,654
State of Tennessee	0	38,301	38,301	0	38,301
Federal Government	6,322,293	2,245,320	8,567,613	0	8,567,613
Other Governments and Citizens Groups	0	0	0	413,007	413,007
Total Revenues	\$ 6,322,293	\$ 3,333,659	\$ 9,655,952	\$ 413,007	\$ 10,068,959
<u>Expenditures</u>					
Current:					
Instruction	\$ 4,770,538	\$ 0	\$ 4,770,538	\$ 0	\$ 4,770,538
Support Services	1,615,585	0	1,615,585	0	1,615,585
Operation of Non-Instructional Services	60,235	3,260,354	3,320,589	0	3,320,589
Capital Outlay	17,829	0	17,829	0	17,829
Capital Projects	0	0	0	617,043	617,043
Total Expenditures	\$ 6,464,187	\$ 3,260,354	\$ 9,724,541	\$ 617,043	\$ 10,341,584
Excess (Deficiency) of Revenues					
Over Expenditures	\$ (141,894)	\$ 73,305	\$ (68,589)	\$ (204,036)	\$ (272,625)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 300,000	\$ 0	\$ 300,000	\$ 0	\$ 300,000
Total Other Financing Sources (Uses)	\$ 300,000	\$ 0	\$ 300,000	\$ 0	\$ 300,000
Net Change in Fund Balances					
Fund Balance, July 1, 2009	\$ 303,099	\$ 2,317,170	\$ 2,620,269	\$ 0	\$ 2,620,269
Fund Balance, June 30, 2010	\$ 461,205	\$ 2,390,475	\$ 2,851,680	\$ (204,036)	\$ 2,647,644

Exhibit I-8

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hawkins County School Department
General Purpose School Fund
For the Year Ended June 30, 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	\$ 11,368,163	\$ 0	\$ 0	\$ 11,368,163	\$ 11,638,457	\$ 11,638,457	\$ (270,294)
Licenses and Permits	3,917	0	0	3,917	4,400	4,400	(483)
Charges for Current Services	10,246	0	0	10,246	2,500	2,500	7,746
Other Local Revenues	108,457	0	0	108,457	143,145	225,451	(116,994)
State of Tennessee	36,609,683	0	0	36,609,683	36,152,667	36,674,022	(64,339)
Federal Government	202,707	0	0	202,707	190,857	217,757	(15,050)
Total Revenues	\$ 48,303,173	\$ 0	\$ 0	\$ 48,303,173	\$ 48,132,026	\$ 48,762,587	\$ (459,414)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 25,303,909	(17,390)	1,112	\$ 25,287,631	\$ 26,692,638	\$ 26,943,007	\$ 1,655,376
Alternative Instruction Program	252,609	0	0	252,609	267,836	269,336	16,727
Special Education Program	4,087,223	0	0	4,087,223	4,403,256	4,393,256	306,033
Vocational Education Program	1,042,992	0	0	1,042,992	1,109,983	1,109,983	66,991
Adult Education Program	73,706	0	0	73,706	93,453	120,353	46,647
<u>Support Services</u>							
Attendance	176,156	(3,174)	0	172,982	174,456	174,656	1,674
Health Services	654,240	0	8,702	662,942	742,321	747,147	84,205
Other Student Support	1,502,214	0	9,550	1,511,764	1,679,925	1,694,875	183,111
Regular Instruction Program	2,002,204	0	6,307	2,008,511	2,156,993	2,182,624	174,113
Special Education Program	422,275	0	0	422,275	443,632	453,632	31,357
Vocational Education Program	42,282	0	0	42,282	42,211	47,011	4,729
Adult Programs	61,646	0	0	61,646	77,251	77,251	15,605
Other Programs	295,996	0	0	295,996	0	295,996	0

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	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	\$ 1,411,242	\$ (22,000)	\$ 22,000	\$ 1,411,242	\$ 1,302,299	\$ 1,406,855	\$ (4,387)
Director of Schools	404,134	(6,000)	100	398,234	442,801	454,201	55,967
Office of the Principal	3,043,704	0	0	3,043,704	3,115,761	3,119,811	76,107
Fiscal Services	212,620	0	0	212,620	214,182	216,992	4,372
Human Services/Personnel	74,324	0	0	74,324	72,572	74,587	263
Operation of Plant	3,651,159	0	0	3,651,159	3,512,232	3,733,732	82,573
Maintenance of Plant	1,006,175	0	6,099	1,012,274	967,671	1,058,771	46,497
Transportation	19,154	0	0	19,154	19,406	19,406	252
<u>Operation of Non-Instructional Services</u>							
Food Service	72,033	0	0	72,033	72,954	72,954	921
Early Childhood Education	371,033	0	45	371,078	390,190	382,481	11,403
<u>Capital Outlay</u>							
Regular Capital Outlay	943,390	(420,210)	569,017	1,092,197	342,232	1,366,119	273,922
Principal on Debt							
Education	42,063	0	0	42,063	42,063	42,063	0
Interest on Debt							
Education	552	0	0	552	552	552	0
Other Debt Service							
Education	26,435	0	0	26,435	0	26,442	7
Total Expenditures	\$ 47,195,470	\$ (468,774)	\$ 622,932	\$ 47,349,628	\$ 48,378,870	\$ 50,484,093	\$ 3,134,465
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,107,703	\$ 468,774	\$ (622,932)	\$ 953,545	\$ (246,844)	\$ (1,721,506)	\$ 2,675,051

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	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>							
Transfers Out	\$ (300,000)	\$ 0	\$ 0	\$ (300,000)	\$ 0	\$ (300,000)	\$ 0
Total Other Financing Sources (Uses)	\$ (300,000)	\$ 0	\$ 0	\$ (300,000)	\$ 0	\$ (300,000)	\$ 0
Net Change in Fund Balance	\$ 807,703	\$ 468,774	\$ (622,932)	\$ 653,545	\$ (246,844)	\$ (2,021,506)	\$ 2,675,051
Fund Balance, July 1, 2009	10,800,959	(468,774)	0	10,332,185	10,332,185	10,332,185	0
Fund Balance, June 30, 2010	\$ 11,608,662	\$ 0	\$ (622,932)	\$ 10,985,730	\$ 10,085,341	\$ 8,310,679	\$ 2,675,051

Exhibit I-9

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>							
Federal Government	\$ 6,322,293	\$ 0	\$ 0	\$ 6,322,293	\$ 8,243,042	\$ 9,676,599	\$ (3,354,306)
Total Revenues	\$ 6,322,293	\$ 0	\$ 0	\$ 6,322,293	\$ 8,243,042	\$ 9,676,599	\$ (3,354,306)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,485,168	\$ (215,883)	\$ 154,719	\$ 2,424,004	\$ 2,075,480	\$ 3,694,761	\$ 1,270,757
Special Education Program	2,158,821	(219)	0	2,158,602	3,074,640	3,105,690	947,088
Vocational Education Program	126,549	0	0	126,549	113,905	126,587	38
<u>Support Services</u>							
Health Services	96,036	0	0	96,036	0	154,920	58,884
Other Student Support	178,876	0	0	178,876	891,203	288,040	109,164
Regular Instruction Program	782,368	(3,000)	38,432	817,800	1,116,315	1,485,919	668,119
Special Education Program	387,712	(172)	0	387,540	330,511	617,747	230,207
Vocational Education Program	1,429	0	0	1,429	2,000	1,429	0
Transportation	169,164	0	0	169,164	586,488	214,530	45,366
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	60,235	0	0	60,235	52,500	60,235	0
<u>Capital Outlay</u>							
Regular Capital Outlay	17,829	0	6,225	24,054	0	53,950	29,896
Total Expenditures	\$ 6,464,187	\$ (219,274)	\$ 199,376	\$ 6,444,289	\$ 8,243,042	\$ 9,803,808	\$ 3,359,519
Excess (Deficiency) of Revenues Over Expenditures	\$ (141,894)	\$ 219,274	\$ (199,376)	\$ (121,996)	\$ 0	\$ (127,209)	\$ 5,213
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 300,000	\$ 0	\$ 0	\$ 300,000	\$ 0	\$ 300,000	\$ 0
Total Other Financing Sources (Uses)	\$ 300,000	\$ 0	\$ 0	\$ 300,000	\$ 0	\$ 300,000	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 158,106	\$ 219,274	\$ (199,376)	\$ 178,004	\$ 0	\$ 172,791	\$ 5,213
Fund Balance, July 1, 2009	303,099	(219,274)	0	83,825	177,317	177,317	(93,492)
Fund Balance, June 30, 2010	\$ 461,205	\$ 0	\$ (199,376)	\$ 261,829	\$ 177,317	\$ 350,108	\$ (88,279)

Exhibit I-10

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hawkins County School Department
Central Cafeteria Fund
For the Year Ended June 30, 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>							
Charges for Current Services	\$ 1,039,384	\$ 0	\$ 0	\$ 1,039,384	\$ 1,385,759	\$ 1,385,759	\$ (346,375)
Other Local Revenues	10,654	0	0	10,654	28,000	28,000	(17,346)
State of Tennessee	38,301	0	0	38,301	40,653	40,653	(2,352)
Federal Government	2,245,320	0	0	2,245,320	2,156,750	2,156,750	88,570
Total Revenues	\$ 3,333,659	\$ 0	\$ 0	\$ 3,333,659	\$ 3,611,162	\$ 3,611,162	\$ (277,503)
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 3,260,354	\$ (150,219)	\$ 287,675	\$ 3,397,810	\$ 3,611,162	\$ 3,791,162	\$ 393,352
Total Expenditures	\$ 3,260,354	\$ (150,219)	\$ 287,675	\$ 3,397,810	\$ 3,611,162	\$ 3,791,162	\$ 393,352
Excess (Deficiency) of Revenues Over Expenditures	\$ 73,305	\$ 150,219	\$ (287,675)	\$ (64,151)	\$ 0	\$ (180,000)	\$ 115,849
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 73,305	\$ 150,219	\$ (287,675)	\$ (64,151)	\$ 0	\$ (180,000)	\$ 115,849
	2,317,170	(150,219)	0	2,166,951	2,388,760	2,388,760	(221,809)
Fund Balance, June 30, 2010	\$ 2,390,475	\$ 0	\$ (287,675)	\$ 2,102,800	\$ 2,388,760	\$ 2,208,760	\$ (105,960)

Exhibit I-11

Hawkins County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hawkins County School Department
School Transportation Fund
For the Year Ended June 30, 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	\$ 1,564,673	\$ 0	\$ 0	\$ 1,564,673	\$ 1,562,881	\$ 1,562,881	\$ 1,792
Charges for Current Services	87,478	0	0	87,478	96,500	96,500	(9,022)
Other Local Revenues	304,961	0	0	304,961	359,700	359,700	(54,739)
State of Tennessee	966,856	0	0	966,856	966,856	966,856	0
Other Governments and Citizens Groups	495,262	0	0	495,262	0	531,774	(36,512)
Total Revenues	\$ 3,419,230	\$ 0	\$ 0	\$ 3,419,230	\$ 2,985,937	\$ 3,517,711	\$ (98,481)
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 30,894	\$ 0	\$ 0	\$ 30,894	\$ 40,500	\$ 40,500	\$ 9,606
Transportation	3,130,284	(752,396)	493,408	2,871,296	3,280,505	3,260,505	389,209
<u>Other Debt Service</u>							
Education	382,379	0	0	382,379	363,800	383,800	1,421
Total Expenditures	\$ 3,543,557	\$ (752,396)	\$ 493,408	\$ 3,284,569	\$ 3,684,805	\$ 3,684,805	\$ 400,236
Excess (Deficiency) of Revenues Over Expenditures	\$ (124,327)	\$ 752,396	\$ (493,408)	\$ 134,661	\$ (698,868)	\$ (167,094)	\$ 301,755
<u>Other Financing Sources (Uses)</u>							
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 531,774	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 531,774	\$ 0	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (124,327)	\$ 752,396	\$ (493,408)	\$ 134,661	\$ (167,094)	\$ (167,094)	\$ 301,755
	1,344,028	(752,396)	0	591,632	591,632	591,632	0
Fund Balance, June 30, 2010	\$ 1,219,701	\$ 0	\$ (493,408)	\$ 726,293	\$ 424,538	\$ 424,538	\$ 301,755

MISCELLANEOUS SCHEDULES

Exhibit J-1

Hawkins County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
 Primary Government and Discretely Presented Hawkins County School Department
 For the Year Ended June 30, 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	Outstanding 6-30-10
PRIMARY GOVERNMENT								
NOTES PAYABLE								
Payable through Special Debt Service Fund								
Highway/Road Construction and Repairs	\$ 750,000	4.25 to 4.4 %	7-26-01	8-1-11	\$ 225,000	\$ 0	\$ 75,000	\$ 150,000
Highway/Road Construction and Repairs	1,025,000	2 to 3.5	6-23-04	4-1-11	335,000	0	160,000	175,000
Refunding Note - 2004	570,000	2 to 3.35	6-23-04	4-1-10	100,000	0	100,000	0
Total Payable through Special Debt Service Fund					\$ 660,000	\$ 0	\$ 335,000	\$ 325,000
Payable through Education Debt Service Fund								
EPA Asbestos Removal	532,999	0	Various	11-30-09	\$ 2,593	\$ 0	\$ 2,593	\$ 0
School Buses (1)	715,000	3 to 3.5	5-26-05	5-1-12	500,000	0	160,000	340,000
School Buses Capital Outlay Note, Series 2009 (1)	743,000	Variable	7-14-09	6-1-16	0	743,000	58,000	685,000
Total Payable through Education Debt Service Fund					\$ 502,593	\$ 743,000	\$ 220,593	\$ 1,025,000
Total Notes Payable					\$ 1,162,593	\$ 743,000	\$ 555,593	\$ 1,350,000
OTHER LOANS PAYABLE								
Payable through General Fund								
Patrol Cars - Series B-15-A	(2)	3 to 4.5	5-15-08	6-1-12	\$ 395,000	\$ 0	\$ 125,000	\$ 270,000
Total Payable through General Fund					\$ 395,000	\$ 0	\$ 125,000	\$ 270,000
Payable through General Debt Service Fund								
Refunding Series D-7-B - Series B-15-A	(2)	3 to 5	5-15-08	6-1-31	\$ 7,975,000	\$ 0	\$ 190,000	\$ 7,785,000
Refunding Series D-5-D - Series B-15-A	(2)	4.75 to 5	5-15-08	6-1-36	4,260,000	0	0	4,260,000
Justice Center and Courthouse Improvements - Series B-15-A	(2)	3 to 5	5-15-08	6-1-36	0	1,300,000	154,057	1,145,943
Total Payable through General Debt Service Fund					\$ 12,235,000	\$ 1,300,000	\$ 344,057	\$ 13,190,943

(Continued)

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
PRIMARY GOVERNMENT (CONT.)								
OTHER LOANS PAYABLE (CONT.)								
Payable through Education Debt Service Fund								
Series VII-A-1 - Refunding	\$ 16,150,000	(3)	8-28-08	6-1-29	\$ 16,150,000	\$ 0	\$ 0	\$ 16,150,000
Refunding Series D-7-B - Series B-15-A (1)	(2)	3 to 4.5	5-15-08	6-1-16	450,000	0	65,000	385,000
School Buses - Series B-15-A (1)	(2)	3.25 to 4.5	5-15-08	6-1-16	675,000	0	25,000	650,000
School Building Program - Series B-15-A	(2)	3.25 to 5	5-15-08	6-1-36	10,850,000	0	100,000	10,750,000
Qualified School Construction Bonds	2,640,000	1.51	12-17-09	7-1-26	0	2,640,000	0	2,640,000
Total Payable through Education Debt Service Fund					\$ 28,125,000	\$ 2,640,000	\$ 190,000	\$ 30,575,000
Total Other Loans Payable					\$ 40,755,000	\$ 3,940,000	\$ 659,057	\$ 44,035,943
CAPITAL LEASES PAYABLE								
Payable through General Fund								
Automobile - Industrial Development Board	22,597	6.45	12-2-05	11-8-10	\$ 7,118	\$ 0	\$ 4,956	\$ 2,162
Total Payable through General Fund					\$ 7,118	\$ 0	\$ 4,956	\$ 2,162
Total Capital Leases Payable					\$ 7,118	\$ 0	\$ 4,956	\$ 2,162
BONDS PAYABLE								
Payable through General Debt Service Fund								
General Obligation School Bonds, Series 2010 BABs	265,000	1 to 4.95	6-22-10	5-1-25	\$ 0	\$ 265,000	\$ 0	\$ 265,000
General Obligation School Bonds, Series 2010 BABs	330,000	1 to 4.95	6-22-10	5-1-25	0	330,000	0	330,000
Total Payable through General Debt Service Fund					\$ 0	\$ 595,000	\$ 0	\$ 595,000
Payable through Education Debt Service Fund								
General Obligation School Bonds, Series 2010 BABs	2,500,000	1 to 4.95	6-22-10	5-1-25	\$ 0	\$ 2,500,000	\$ 0	\$ 2,500,000
Total Payable through Education Debt Service Fund					\$ 0	\$ 2,500,000	\$ 0	\$ 2,500,000

(Continued)

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
<u>PRIMARY GOVERNMENT (CONT.)</u>								
<u>BONDS PAYABLE (CONT.)</u>								
<u>Payable through Education Debt Service Fund</u>								
Refunding	\$ 13,520,000	3 to 5 %	2-26-02	5-1-19	\$ 9,770,000	\$ 0	\$ 800,000	\$ 8,970,000
General Obligation School Bonds, Series 2007	9,700,000	3.9	12-20-07	6-1-33	9,410,000	0	210,000	9,200,000
General Obligation School Bonds, Series 2009 BABs	17,700,000	5.8 to 6.25	8-28-09	6-1-38	0	17,700,000	0	17,700,000
General Obligation School Bonds, Series 2010 BABs	505,000	3.55 to 4.2	6-22-10	5-1-20	0	505,000	0	505,000
Total Payable through Education Debt Service Fund					\$ 19,180,000	\$ 18,205,000	\$ 1,010,000	\$ 36,375,000
Total Bonds Payable					\$ 19,180,000	\$ 21,300,000	\$ 1,010,000	\$ 39,470,000
<u>DISCRETELY PRESENTED HAWKINS COUNTY SCHOOL DEPARTMENT</u>								
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
Heating and Cooling System Replacement	1,336,907	5.25	6-22-1999	10-20-09	\$ 42,062	\$ 0	\$ 42,062	\$ 0
Total Payable through General Purpose School Fund					\$ 42,062	\$ 0	\$ 42,062	\$ 0
Total Capital Leases Payable					\$ 42,062	\$ 0	\$ 42,062	\$ 0

- (1) Funding for repayment of these notes and loan agreements is to be provided by the School Transportation Fund.
(2) The total amount approved for the Series B-15-A loan agreement was \$27,745,000, of which \$1,354,057 remains available for draws as of June 30, 2010.
(3) The entire amount of the PBA Loan Series V-B-1 was swapped to a synthetic fixed rate by execution of a swap agreement during a prior year.
During the prior year, the Series V-B-1 loan agreement was refunded with proceeds from the Series VII-A-1 loan agreement.

Exhibit J-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Notes		Total
	Principal	Interest	
2011	\$ 477,000	\$ 39,720	\$ 516,720
2012	288,000	23,039	311,039
2013	123,000	14,332	137,332
2014	133,000	11,319	144,319
2015	144,000	8,061	152,061
2016	185,000	4,532	189,532
Total	\$ 1,350,000	\$ 101,003	\$ 1,451,003

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2011	\$ 772,277	\$ 1,498,902	\$ 121,467	\$ 2,392,646
2012	844,732	1,476,677	120,435	2,441,844
2013	814,732	1,454,577	119,196	2,388,505
2014	829,732	1,433,452	117,957	2,381,141
2015	839,732	1,410,178	116,718	2,366,628
2016	824,732	1,386,552	115,479	2,326,763
2017	654,731	1,360,152	114,240	2,129,123
2018	674,732	1,340,552	113,001	2,128,285
2019	689,732	1,320,152	111,762	2,121,646
2020	1,994,732	1,299,152	110,523	3,404,407
2021	2,064,732	1,257,528	100,821	3,423,081
2022	2,159,732	1,212,927	90,742	3,463,401
2023	2,259,731	1,166,327	80,100	3,506,158
2024	2,310,675	1,117,508	68,893	3,497,076
2025	2,414,732	1,002,584	57,122	3,474,438
2026	2,530,947	947,484	44,788	3,523,219
2027	2,490,530	853,346	31,889	3,375,765
2028	2,575,000	789,787	18,238	3,383,025
2029	2,710,000	727,188	4,023	3,441,211
2030	2,190,000	661,337	0	2,851,337
2031	2,335,000	551,838	0	2,886,838
2032	1,990,000	435,087	0	2,425,087
2033	1,715,000	335,588	0	2,050,588
2034	1,760,000	254,125	0	2,014,125
2035	1,785,000	170,525	0	1,955,525
2036	1,805,000	85,738	0	1,890,738
Total	\$ 44,035,943	\$ 25,549,263	\$ 1,657,394	\$ 71,242,600

(Continued)

Exhibit J-2

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

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2011	\$ 2,162	\$ 35	\$ 2,197
Total	\$ 2,162	\$ 35	\$ 2,197

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 1,090,000	\$ 1,988,150	\$ 3,078,150
2012	1,210,000	1,963,223	3,173,223
2013	1,340,000	1,913,292	3,253,292
2014	1,405,000	1,859,146	3,264,146
2015	1,480,000	1,801,201	3,281,201
2016	1,555,000	1,738,290	3,293,290
2017	1,755,000	1,670,190	3,425,190
2018	1,840,000	1,593,678	3,433,678
2019	1,925,000	1,512,615	3,437,615
2020	750,000	1,423,750	2,173,750
2021	650,000	1,393,390	2,043,390
2022	670,000	1,366,960	2,036,960
2023	690,000	1,339,173	2,029,173
2024	685,000	1,310,182	1,995,182
2025	710,000	1,281,038	1,991,038
2026	430,000	1,250,197	1,680,197
2027	435,000	1,233,428	1,668,428
2028	465,000	1,216,462	1,681,462
2029	475,000	1,198,328	1,673,328
2030	1,015,000	1,179,802	2,194,802
2031	1,050,000	1,130,718	2,180,718
2032	1,570,000	1,079,767	2,649,767
2033	2,000,000	998,063	2,998,063
2034	2,150,000	888,887	3,038,887
2035	2,300,000	756,663	3,056,663
2036	2,475,000	614,062	3,089,062
2037	3,600,000	459,375	4,059,375
2038	3,750,000	234,375	3,984,375
Total	\$ 39,470,000	\$ 36,394,405	\$ 75,864,405

Exhibit J-3

Hawkins County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Hawkins 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	Solid Waste/Sanitation	Operations	\$ 1,085,000
General	General Debt Service	Litigation tax	68,291
Highway/Public Works	Special Debt Service	Debt payments	<u>211,933</u>
Total Transfers Primary Government			<u>\$ 1,365,224</u>
<u>DISCRETELY PRESENTED HAWKINS</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash flow	\$ <u>300,000</u>
Total Transfers Discretely Presented Hawkins County School Department			<u>\$ 300,000</u>

Exhibit J-4

Hawkins County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Hawkins County School Department
For the Year Ended June 30, 2010

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 83,377	\$ 50,000	Ohio Casualty Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	76,407	100,000	"
Director of Schools	State Board of Education and County Board of Education	86,800 (1)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	69,461	1,713,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	69,461	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	69,461	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	69,461	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	69,461 (2)	75,000	"
Register	Section 8-24-102, <u>TCA</u>	69,461	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u> , and County Commission	80,007 (3)	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			150,000	Local Government Property and Casualty Fund
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

(1) Includes chief executive officer training supplement of \$1,000. Does not include a travel allowance totaling \$6,300.

(2) Does not include special commissioner fees of \$5,000.

(3) Includes \$3,000 for serving as workhouse superintendent and \$600 for a law enforcement training supplement.

Hawkins 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	\$ 6,733,576	\$ 0	\$ 0	\$ 0	\$ 1,227,337
Trustee's Collections - Prior Year	266,046	0	0	0	52,509
Trustee's Collections - Bankruptcy	184	0	0	0	36
Circuit/Clerk & Master Collections - Prior Years	67,914	0	0	0	13,404
Interest and Penalty	48,065	0	0	0	9,323
Pick-up Taxes	2,285	0	0	0	436
Payments in-Lieu-of Taxes - T.V.A.	1,435	0	0	0	262
Payments in-Lieu-of Taxes - Other	11,999	0	0	0	2,194
<u>County Local Option Taxes</u>					
Local Option Sales Tax	711,760	0	0	0	0
Wheel Tax	343,826	0	0	0	0
Litigation Tax - General	147,328	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	117,589	0	0	0	0
Litigation Tax - Courtroom Security	135,226	0	0	0	0
Business Tax	236,621	0	0	0	0
Mineral Severance Tax	0	0	0	0	66,857
<u>Statutory Local Taxes</u>					
Bank Excise Tax	34,507	0	0	0	6,292
Wholesale Beer Tax	112,139	0	0	0	0
Interstate Telecommunications Tax	2,872	0	0	0	0
Total Local Taxes	\$ 8,973,372	\$ 0	\$ 0	\$ 0	\$ 1,378,650
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 110,952	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>					
Beer Permits	2,581	0	0	0	0
Total Licenses and Permits	\$ 113,533	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 8,604	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	8,123	0	0	0	0
Drug Control Fines	11,567	0	12,539	0	0
Drug Court Fees	1,320	0	0	0	0
Data Entry Fee - Circuit Court	2,129	0	0	0	0
Courtroom Security Fee	228	0	0	0	0
<u>Criminal Court</u>					
Jail Fees	4,099	0	0	0	0
<u>General Sessions Court</u>					
Fines	45,751	0	0	0	0
Fines for Littering	105	0	0	0	0
Officers Costs	23,876	0	0	0	0
Game and Fish Fines	1,040	0	0	0	0
Drug Control Fines	14,015	0	13,308	0	0
Drug Court Fees	6,139	0	0	0	0
Jail Fees	47,506	0	0	0	0
DUI Treatment Fines	9,997	0	0	0	0
Data Entry Fee - General Sessions Court	8,212	0	0	0	0
Courtroom Security Fee	421	0	0	0	0
<u>Juvenile Court</u>					
Fines	10,647	0	0	0	0
Officers Costs	4,697	0	0	0	0
Game and Fish Fines	22	0	0	0	0
Drug Court Fees	190	0	0	0	0
Jail Fees	3,066	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	813	0	0	0	0
Data Entry Fee - Chancery Court	2,324	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	500	0	27,775	0	0
Total Fines, Forfeitures, and Penalties	\$ 215,391	\$ 0	\$ 53,622	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	\$ 0	1,792	\$ 0	\$ 0	0
Patient Charges	451	0	0	0	0
Work Release Charges for Board	31,923	0	0	0	0
Other General Service Charges	0	0	0	0	2,926
<u>Fees</u>					
Recreation Fees	5,750	0	0	0	0
Copy Fees	5,412	0	0	0	0
Greenbelt Late Application Fee	150	0	0	0	0
Telephone Commissions	29,170	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	125,460	0
Data Processing Fee - Register	17,458	0	0	0	0
Data Processing Fee - Sheriff	4,216	0	0	0	0
Sexual Offender Registration Fees - Sheriff	2,550	0	0	0	0
Data Processing Fee - County Clerk	2,638	0	0	0	0
Total Charges for Current Services	\$ 99,718	\$ 1,792	\$ 0	\$ 125,460	\$ 2,926
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	0	0	0	0	0
Sale of Materials and Supplies	896	0	0	0	0
Commissary Sales	7,161	0	0	0	0
Sale of Maps	4,042	0	0	0	0
Sale of Recycled Materials	0	61,090	0	0	0
Miscellaneous Refunds	13,084	2,015	0	0	0
<u>Nonrecurring Items</u>					
Sale of Property	24,157	0	0	0	0
Total Other Local Revenues	\$ 49,340	\$ 63,105	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
Clerk and Master	\$ 40,000	\$ 0	\$ 0	\$ 0	\$ 0
Fees in-Lieu-of Salary					
County Clerk	453,901	0	0	0	0
Circuit Court Clerk	286,656	0	0	0	0
General Sessions Court Clerk	467,284	0	0	0	0
Register	199,069	0	0	0	0
Sheriff	40,056	0	0	0	0
Trustee	708,409	0	0	0	0
Total Fees Received from County Officials	\$ 2,195,375	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 10,100	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	7,497	0	0	0	0
Aging Programs	36,207	0	0	0	0
State Reappraisal Grant	18,910	0	0	0	0
Solid Waste Grants	0	12,365	0	0	0
Public Safety Grants					
Law Enforcement Training Programs	22,200	0	0	0	0
Health and Welfare Grants					
Other Health and Welfare Grants	356,367	0	0	0	0
Public Works Grants					
State Aid Program	0	0	0	0	145,792
Litter Program	45,727	0	0	0	0
Tennessee Industrial Infrastructure Program	0	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	48,062	0	0	0	0
Beer Tax	17,778	0	0	0	0
Alcoholic Beverage Tax	75,972	0	0	0	0
Board of Jurors	105	0	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Prisoner Transportation	\$ 960	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Prisoner Boarding	281,085	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,915,520
Petroleum Special Tax	0	0	0	0	43,017
Registrar's Salary Supplement	16,380	0	0	0	0
Other State Grants	5,193	0	0	0	0
Total State of Tennessee	\$ 942,543	\$ 12,365	\$ 0	\$ 0	\$ 2,104,329
<u>Federal Government</u>					
<u>Federal Through State</u>					
Appalachian Regional Commission	\$ 18,549	\$ 0	\$ 0	\$ 0	\$ 0
Community Development	0	0	0	0	0
Civil Defense Reimbursement	38,431	0	0	0	0
ARRA Grant # 2	0	0	0	0	0
Other Federal through State	8,400	0	0	0	1,427
<u>Direct Federal Revenue</u>					
Tax Credit Bond Rebate	0	0	0	0	0
Other Direct Federal Revenue	11,481	0	0	0	0
Total Federal Government	\$ 76,861	\$ 0	\$ 0	\$ 0	\$ 1,427
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 40,460	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	185,095	0	0	0	0
Citizens Groups					
Donations	4,250	0	0	0	0
Other					
Other	32,892	0	0	0	0
Total Other Governments and Citizens Groups	\$ 262,697	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 12,928,830	\$ 77,262	\$ 53,622	\$ 125,460	\$ 3,487,332

(Continued)

Exhibit J-5

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

	Debt Service Funds			Capital Projects Funds					Total
	General Debt Service	Special Debt Service	Education Debt Service	General Capital Projects	Community		Highway Capital Projects	Other Capital Projects - QSCB	
					Industrial Park	Development/			
<u>Local Taxes</u>									
County Property Taxes									
Current Property Tax	\$ 712,498	\$ 0	\$ 3,166,733	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,840,144
Trustee's Collections - Prior Year	31,505	0	140,025	0	0	0	0	0	490,085
Trustee's Collections - Bankruptcy	22	0	97	0	0	0	0	0	339
Circuit/Clerk & Master Collections - Prior Years	8,043	0	35,744	0	0	0	0	0	125,105
Interest and Penalty	5,557	0	24,699	0	0	0	0	0	87,644
Pick-up Taxes	258	0	1,146	0	0	0	0	0	4,125
Payments in-Lieu-of Taxes - T.V.A.	152	0	675	0	0	0	0	0	2,524
Payments in-Lieu-of Taxes - Other	1,276	0	5,669	0	0	0	0	0	21,138
<u>County Local Option Taxes</u>									
Local Option Sales Tax	0	0	0	0	0	0	0	0	711,760
Wheel Tax	0	343,827	343,826	0	0	0	0	0	1,031,479
Litigation Tax - General	0	0	0	0	0	0	0	0	147,328
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	0	0	117,589
Litigation Tax - Courtroom Security	0	0	0	0	0	0	0	0	135,226
Business Tax	0	0	0	0	0	0	0	0	236,621
Mineral Severance Tax	0	0	0	0	0	0	0	0	66,857
<u>Statutory Local Taxes</u>									
Bank Excise Tax	3,654	0	16,238	0	0	0	0	0	60,691
Wholesale Beer Tax	0	0	0	0	0	0	0	0	112,139
Interstate Telecommunications Tax	0	0	0	0	0	0	0	0	2,872
Total Local Taxes	\$ 762,965	\$ 343,827	\$ 3,734,852	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,193,666
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 110,952
<u>Permits</u>									
Beer Permits	0	0	0	0	0	0	0	0	2,561
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 113,513

(Continued)

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

	Debt Service Funds				Capital Projects Funds				Total
	General Debt Service	Special Debt Service	Education Debt Service		General Capital Projects	Community Development/Industrial Park	Highway Capital Projects	Other Capital Projects -	
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,604
Officers Costs	0	0	0	0	0	0	0	0	8,123
Drug Control Fines	0	0	0	0	0	0	0	0	24,106
Drug Court Fees	0	0	0	0	0	0	0	0	1,320
Data Entry Fee - Circuit Court	0	0	0	0	0	0	0	0	2,129
Courtroom Security Fee	0	0	0	0	0	0	0	0	228
<u>Criminal Court</u>									
Jail Fees	0	0	0	0	0	0	0	0	4,099
<u>General Sessions Court</u>									
Fines	0	0	0	0	0	0	0	0	45,751
Fines for Littering	0	0	0	0	0	0	0	0	105
Officers Costs	0	0	0	0	0	0	0	0	23,876
Game and Fish Fines	0	0	0	0	0	0	0	0	1,040
Drug Control Fines	0	0	0	0	0	0	0	0	27,323
Drug Court Fees	0	0	0	0	0	0	0	0	6,139
Jail Fees	0	0	0	0	0	0	0	0	47,506
DUI Treatment Fines	0	0	0	0	0	0	0	0	9,997
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	0	8,212
Courtroom Security Fee	0	0	0	0	0	0	0	0	421
<u>Juvenile Court</u>									
Fines	0	0	0	0	0	0	0	0	10,647
Officers Costs	0	0	0	0	0	0	0	0	4,697
Game and Fish Fines	0	0	0	0	0	0	0	0	22
Drug Court Fees	0	0	0	0	0	0	0	0	190
Jail Fees	0	0	0	0	0	0	0	0	3,066
<u>Chancery Court</u>									
Officers Costs	0	0	0	0	0	0	0	0	813
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	0	2,324
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	0	0	0	0	0	0	0	0	28,275
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 269,013

(Continued)

Exhibit J-5

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

	Debt Service Funds				Capital Projects Funds				Total
	General Debt Service	Special Debt Service	Education		General Capital Projects	Community Development/ Industrial Park	Highway Capital Projects	Other Capital Projects -	
			Debt Service	Debt Service					
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,792
Patient Charges	0	0	0	0	0	0	0	0	451
Work Release Charges for Board	0	0	0	0	0	0	0	0	31,923
Other General Service Charges	0	0	0	0	0	0	0	0	2,926
<u>Fees</u>									
Recreation Fees	0	0	0	0	0	0	0	0	5,750
Copy Fees	0	0	0	0	0	0	0	0	5,412
Greenbelt Late Application Fee	0	0	0	0	0	0	0	0	150
Telephone Commissions	0	0	0	0	0	0	0	0	29,170
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	0	0	125,460
Data Processing Fee - Register	0	0	0	0	0	0	0	0	17,458
Data Processing Fee - Sheriff	0	0	0	0	0	0	0	0	4,216
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	0	2,550
Data Processing Fee - County Clerk	0	0	0	0	0	0	0	0	2,638
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 229,896
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	\$ 67,439	\$ 0	\$ 0	\$ 125,802	\$ 5,654	\$ 0	\$ 59	\$ 3,136	\$ 202,090
Sale of Materials and Supplies	0	0	0	0	0	0	0	0	896
Commissary Sales	0	0	0	0	0	0	0	0	7,161
Sale of Maps	0	0	0	0	0	0	0	0	4,042
Sale of Recycled Materials	0	0	0	0	0	0	0	0	61,090
Miscellaneous Refunds	0	0	0	0	0	0	0	0	15,099
<u>Nonrecurring Items</u>									
Sale of Property	0	0	0	0	0	0	0	0	24,157
Total Other Local Revenues	\$ 67,439	\$ 0	\$ 0	\$ 125,802	\$ 5,654	\$ 0	\$ 59	\$ 3,136	\$ 314,535

(Continued)

Exhibit J-5

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

	Debt Service Funds				Capital Projects Funds					Total
	General Debt Service	Special Debt Service	Education Debt Service	General Capital Projects	Community Development/Industrial Park			Highway Capital Projects	Other Capital Projects -	
					Development/Industrial Park	Industrial Park	Highway Capital Projects			
<u>Fees Received from County Officials</u>										
<u>Excess Fees</u>										
Clerk and Master	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,000
<u>Fees in-Lieu-of Salary</u>										
County Clerk	0	0	0	0	0	0	0	0	0	453,901
Circuit Court Clerk	0	0	0	0	0	0	0	0	0	286,656
General Sessions Court Clerk	0	0	0	0	0	0	0	0	0	467,284
Register	0	0	0	0	0	0	0	0	0	199,069
Sheriff	0	0	0	0	0	0	0	0	0	40,056
Trustee	0	0	0	0	0	0	0	0	0	708,409
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,195,375
<u>State of Tennessee</u>										
<u>General Government Grants</u>										
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,100
Airport Maintenance Program	0	0	0	0	0	0	0	0	0	7,497
Aging Programs	0	0	0	0	0	0	0	0	0	36,207
State Reappraisal Grant	0	0	0	0	0	0	0	0	0	18,910
Solid Waste Grants	0	0	0	0	0	0	0	0	0	12,365
Public Safety Grants										
Law Enforcement Training Programs	0	0	0	0	0	0	0	0	0	22,200
Health and Welfare Grants										
Other Health and Welfare Grants	0	0	0	0	0	0	0	0	0	356,367
Public Works Grants										
State Aid Program	0	0	0	0	0	0	0	0	0	145,792
Litter Program	0	0	0	0	0	0	0	0	0	45,727
Tennessee Industrial Infrastructure Program	0	0	0	0	0	576,505	0	0	0	576,505
Other State Revenues										
Income Tax	0	0	0	0	0	0	0	0	0	48,062
Beer Tax	0	0	0	0	0	0	0	0	0	17,778
Alcoholic Beverage Tax	0	0	0	0	0	0	0	0	0	75,972
Board of Jurors	0	0	0	0	0	0	0	0	0	105

(Continued)

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

	Debt Service Funds				Capital Projects Funds					Total	
	General Debt Service	Special Debt Service	Education Debt Service	General Capital Projects	Community Development/ Industrial Park			Highway Capital Projects	Other Capital Projects -		
					Development/ Industrial Park	Highway Capital Projects	Other Capital Projects -				
<u>State of Tennessee (Cont.)</u>											
<u>Other State Revenues (Cont.)</u>											
Prisoner Transportation	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 960
Contracted Prisoner Boarding	0	0	0	0	0	0	0	0	0	0	281,085
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0	0	0	0	1,915,520
Petroleum Special Tax	0	0	0	0	0	0	0	0	0	0	43,017
Registrar's Salary Supplement	0	0	0	0	0	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	0	0	0	0	0	5,193
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 576,505	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,635,742
<u>Federal Government</u>											
<u>Federal Through State</u>											
Appalachian Regional Commission	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 342,940	\$ 0	\$ 0	\$ 0	\$ 0	\$ 361,489
Community Development	0	0	0	0	0	69,159	0	0	0	0	69,159
Civil Defense Reimbursement	0	0	0	0	0	0	0	0	0	0	38,431
ARRA Grant # 2	0	0	0	20,085	0	0	0	0	0	0	20,085
Other Federal through State	0	0	0	0	0	0	0	0	0	0	9,827
<u>Direct Federal Revenue</u>											
Tax Credit Bond Rebate	0	0	290,263	0	0	0	0	0	0	0	290,263
Other Direct Federal Revenue	0	0	0	0	0	0	30,065	0	0	0	41,546
Total Federal Government	\$ 0	\$ 0	\$ 290,263	\$ 20,085	\$ 412,099	\$ 342,940	\$ 30,065	\$ 0	\$ 0	\$ 0	\$ 830,800
<u>Other Governments and Citizens Groups</u>											
<u>Other Governments</u>											
Contributions	\$ 0	\$ 0	\$ 408,814	\$ 0	\$ 156,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 605,274
Contracted Services	0	0	0	0	0	0	0	0	0	0	185,095
Citizens Groups	0	0	0	0	0	0	0	0	0	0	4,250
Donations	0	0	0	0	0	0	0	0	0	0	32,892
Other	0	0	0	0	0	0	0	0	0	0	827,511
Other	0	0	0	0	0	0	0	0	0	0	32,892
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 408,814	\$ 0	\$ 156,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 827,511
Total	\$ 830,404	\$ 343,827	\$ 4,559,731	\$ 25,739	\$ 1,144,604	\$ 30,124	\$ 3,136	\$ 23,610,071			

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Education Capital Projects	Other Capital Projects - QSCB	Total
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 7,240,170	\$ 0	\$ 0	\$ 1,353,915	\$ 0	\$ 0	\$ 8,594,085
Trustee's Collections - Prior Year	275,054	0	0	51,470	0	0	326,524
Trustee's Collections - Bankruptcy	221	0	0	41	0	0	262
Circuit/Clerk & Master Collections - Prior Years	79,503	0	0	15,191	0	0	94,694
Interest and Penalty	56,136	0	0	10,497	0	0	66,633
Pick-up Taxes	2,607	0	0	487	0	0	3,094
Payments in-Lieu-of Taxes - T.V.A.	1,756	0	0	287	0	0	2,043
Payments in-Lieu-of Taxes - Other	14,739	0	0	2,409	0	0	17,148
<u>County Local Option Taxes</u>							
Local Option Sales Tax	3,455,486	0	0	0	0	0	3,455,486
Wheel Tax	201,523	0	0	123,475	0	0	324,998
<u>Statutory Local Taxes</u>							
Bank Excise Tax	36,906	0	0	6,901	0	0	43,807
Interstate Telecommunications Tax	4,062	0	0	0	0	0	4,062
Total Local Taxes	\$ 11,368,163	\$ 0	\$ 0	\$ 1,564,673	\$ 0	\$ 0	\$ 12,932,836
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	3,917	0	0	0	0	0	3,917
Total Licenses and Permits	\$ 3,917	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,917
<u>Charges for Current Services</u>							
<u>Education Charges</u>							
Lunch Payments - Children	0	0	744,041	0	0	0	744,041
Lunch Payments - Adults	0	0	89,557	0	0	0	89,557
Income from Breakfast	0	0	83,382	0	0	0	83,382
A la carte Sales	0	0	70,186	0	0	0	70,186
Transportation - Other State Systems	0	0	0	50,927	0	0	50,927
Receipts from Individual Schools	10,246	0	0	36,551	0	0	46,797
<u>Other Charges for Services</u>							
Other Charges for Services	0	0	52,218	0	0	0	52,218
Total Charges for Current Services	\$ 10,246	\$ 0	\$ 1,039,384	\$ 87,478	\$ 0	\$ 0	\$ 1,137,108

(Continued)

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Education Capital Projects	Other Capital Projects -	Total
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	10,654	\$ 0	\$ 0	\$ 0	10,654
Sale of Gasoline	0	0	0	304,371	0	0	304,371
Refund of Telecommunication & Internet Fees (E-Rate)	27,431	0	0	0	0	0	27,431
Miscellaneous Refunds	73,590	0	0	495	0	0	74,085
<u>Nonrecurring Items</u>							
Sale of Equipment	2,299	0	0	0	0	0	2,299
Damages Recovered from Individuals	729	0	0	52	0	0	781
Contributions and Gifts	3,325	0	0	43	0	0	3,368
<u>Other Local Revenues</u>							
Other Local Revenues	1,083	0	0	0	0	0	1,083
Total Other Local Revenues	\$ 108,457	\$ 0	\$ 10,654	\$ 304,361	\$ 0	\$ 0	\$ 424,072
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
On-Behalf Contributions for OPEB	\$ 295,996	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 295,996
<u>State Education Funds</u>							
Basic Education Program	32,637,540	0	0	966,856	0	0	33,604,396
Basic Education Program - ARRA	1,399,000	0	0	0	0	0	1,399,000
Early Childhood Education	371,081	0	0	0	0	0	371,081
School Food Service	0	0	38,301	0	0	0	38,301
Energy Efficient School Initiative	24,500	0	0	0	0	0	24,500
Driver Education	11,253	0	0	0	0	0	11,253
Other State Education Funds	39,827	0	0	0	0	0	39,827
Coordinated School Health - ARRA	101,360	0	0	0	0	0	101,360
Internet Connectivity - ARRA	21,877	0	0	0	0	0	21,877
Professional Development - ARRA	1,141	0	0	0	0	0	1,141
Family Resource Centers - ARRA	33,243	0	0	0	0	0	33,243
Statewide Student Management System (SSMS) - ARRA	18,592	0	0	0	0	0	18,592
Career Ladder Program	307,233	0	0	0	0	0	307,233
Career Ladder - Extended Contract - ARRA	113,700	0	0	0	0	0	113,700
<u>Other State Revenues</u>							
State Revenue Sharing - T.V.A.	1,209,740	0	0	0	0	0	1,209,740
Safe Schools - ARRA	23,600	0	0	0	0	0	23,600
Total State of Tennessee	\$ 36,609,683	\$ 0	\$ 38,301	\$ 966,856	\$ 0	\$ 0	\$ 37,614,840

(Continued)

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Education Capital Projects	Other Capital Projects -	Total
Federal Government							
<u>Federal Through State</u>							
USDA School Lunch Program	\$ 0 \$	0 \$	1,706,098 \$	0 \$	0 \$	0 \$	1,706,098
Breakfast	0	0	526,253	0	0	0	526,253
USDA - Other	0	0	969	0	0	0	969
USDA Food Service Equipment Grant - ARRA	0	0	12,000	0	0	0	12,000
Adult Education State Grant Program	91,585	0	0	0	0	0	91,585
Vocational Education - Basic Grants to States	0	162,170	0	0	0	0	162,170
Title I Grants to Local Education Agencies	0	2,706,122	0	0	0	0	2,706,122
Innovative Education Program Strategies	0	31,789	0	0	0	0	31,789
Special Education - Grants to States	0	2,715,379	0	0	0	0	2,715,379
Special Education Preschool Grants	0	41,767	0	0	0	0	41,767
English Language Acquisition Grants	0	1,527	0	0	0	0	1,527
Safe and Drug-Free Schools - State Grants	0	36,960	0	0	0	0	36,960
Education for Homeless Children and Youth	0	66	0	0	0	0	66
Eisenhower Professional Development State Grants	0	309,919	0	0	0	0	309,919
Other Federal through State	1,427	316,594	0	0	0	0	318,021
<u>Direct Federal Revenue</u>							
ROTC Reimbursement	109,695	0	0	0	0	0	109,695
Total Federal Government	\$ 202,707 \$	6,322,293 \$	2,245,320 \$	0 \$	0 \$	0 \$	8,770,320
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 0 \$	0 \$	0 \$	495,262 \$	15,014,099 \$	413,007 \$	15,922,368
Total Other Governments and Citizens Groups	\$ 0 \$	0 \$	0 \$	495,262 \$	15,014,099 \$	413,007 \$	15,922,368
Total	\$ 48,303,173 \$	6,322,293 \$	3,333,659 \$	3,419,230 \$	15,014,099 \$	413,007 \$	76,805,461

Exhibit J-7

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	26,700	
Other Per Diem and Fees		9,950	
Social Security		2,804	
State Retirement		2,114	
Medical Insurance		4,641	
Audit Services		16,069	
Printing, Stationery, and Forms		131	
Travel		8,574	
Total County Commission			\$ 70,983

Board of Equalization

Board and Committee Members Fees	\$	5,060	
Social Security		387	
Travel		187	
Total Board of Equalization			5,634

Beer Board

Board and Committee Members Fees	\$	1,050	
Social Security		80	
State Retirement		50	
Total Beer Board			1,180

Budget and Finance Committee

Board and Committee Members Fees	\$	6,950	
Social Security		532	
State Retirement		348	
Total Budget and Finance Committee			7,830

County Mayor/Executive

County Official/Administrative Officer	\$	83,377	
Accountants/Bookkeepers		160,943	
In-Service Training		755	
Social Security		18,028	
State Retirement		20,029	
Life Insurance		398	
Medical Insurance		9,502	
Unemployment Compensation		526	
Communication		2,073	
Maintenance Agreements		11,567	
Rentals		4,118	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Travel	\$	3,135	
Office Supplies		6,018	
Data Processing Equipment		1,859	
Office Equipment		330	
Total County Mayor/Executive			\$ 322,658

County Attorney

County Official/Administrative Officer	\$	24,606	
Social Security		1,393	
State Retirement		2,060	
Life Insurance		49	
Medical Insurance		11,711	
Unemployment Compensation		90	
Total County Attorney			39,909

Election Commission

Supervisor/Director	\$	62,515	
Deputy(ies)		73,614	
Overtime Pay		3,702	
Other Salaries and Wages		6,106	
Election Commission		9,540	
Election Workers		35,556	
Social Security		11,345	
State Retirement		11,704	
Life Insurance		278	
Medical Insurance		33,699	
Unemployment Compensation		365	
Communication		3,553	
Dues and Memberships		275	
Operating Lease Payments		4,813	
Legal Notices, Recording, and Court Costs		4,948	
Maintenance and Repair Services - Office Equipment		19,588	
Postal Charges		1,853	
Rentals		1,325	
Travel		10,314	
Other Contracted Services		11,278	
Office Supplies		5,839	
Other Supplies and Materials		6,987	
Other Charges		151	
Data Processing Equipment		3,103	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Other Equipment	\$ 2,920	
Total Election Commission		\$ 325,371

Register of Deeds

County Official/Administrative Officer	\$ 69,461	
Deputy(ies)	98,555	
Part-time Personnel	3,944	
Social Security	12,389	
State Retirement	13,819	
Life Insurance	311	
Medical Insurance	20,300	
Unemployment Compensation	425	
Communication	3,241	
Maintenance Agreements	156	
Rentals	2,380	
Other Contracted Services	14,868	
Office Supplies	1,881	
Office Equipment	630	
Total Register of Deeds		242,360

Planning

Board and Committee Members Fees	\$ 2,100	
Social Security	161	
Contracts with Government Agencies	12,250	
Total Planning		14,511

County Buildings

Supervisor/Director	\$ 26,062
Custodial Personnel	73,997
Part-time Personnel	6,734
Social Security	7,188
State Retirement	8,069
Life Insurance	389
Medical Insurance	26,750
Unemployment Compensation	615
Communication	3,700
Contracts with Government Agencies	17,110
Janitorial Services	4,696
Laundry Service	1,447
Maintenance and Repair Services - Buildings	16,587

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Maintenance and Repair Services - Equipment	\$	1,374	
Maintenance and Repair Services - Office Equipment		214	
Maintenance and Repair Services - Vehicles		1,145	
Pest Control		2,677	
Rentals		19,377	
Travel		223	
Other Contracted Services		11,052	
Custodial Supplies		10,478	
Gasoline		2,044	
Small Tools		977	
Utilities		201,318	
Other Supplies and Materials		8,071	
Other Charges		218	
Building Improvements		29,493	
Data Processing Equipment		1,900	
Other Equipment		9,886	
Total County Buildings			\$ 493,791

Other General Administration

Dues and Memberships	\$	12,267	
Legal Notices, Recording, and Court Costs		1,270	
Maintenance Agreements		3,699	
Postal Charges		50,833	
Rentals		4,221	
Other Contracted Services		3,495	
Duplicating Supplies		7,926	
Other Supplies and Materials		21	
Building and Contents Insurance		2,594	
Liability Insurance		232,316	
Premiums on Corporate Surety Bonds		3,144	
Workers' Compensation Insurance		117,108	
Liability Claims		3,458	
Other Charges		10,207	
Other Capital Outlay		4,379	
Total Other General Administration			456,938

Preservation of Records

Communication	\$	622	
Other Supplies and Materials		737	
Total Preservation of Records			1,359

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	69,461	
Deputy(ies)		162,878	
Social Security		16,996	
State Retirement		19,447	
Life Insurance		460	
Medical Insurance		13,974	
Unemployment Compensation		540	
Communication		1,611	
Data Processing Services		19,074	
Dues and Memberships		285	
Maintenance Agreements		3,500	
Maintenance and Repair Services - Office Equipment		545	
Maintenance and Repair Services - Vehicles		980	
Rentals		1,986	
Travel		1,234	
Other Contracted Services		13,435	
Gasoline		3,074	
Office Supplies		5,155	
Other Supplies and Materials		448	
Other Charges		74	
Office Equipment		3,316	
Total Property Assessor's Office			\$ 338,473

Reappraisal Program

Supervisor/Director	\$	36,028	
Deputy(ies)		51,737	
Social Security		5,577	
State Retirement		7,346	
Life Insurance		209	
Medical Insurance		23,299	
Unemployment Compensation		270	
Data Processing Services		7,369	
Postal Charges		1,090	
Total Reappraisal Program			132,925

County Trustee's Office

County Official/Administrative Officer	\$	69,461
Deputy(ies)		75,586
Temporary Personnel		26,963
Social Security		12,622

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

State Retirement	\$	12,484	
Life Insurance		278	
Medical Insurance		4,641	
Unemployment Compensation		515	
Communication		4,485	
Dues and Memberships		160	
Maintenance and Repair Services - Office Equipment		10,443	
Rentals		1,603	
Travel		1,715	
Permits		185	
Office Supplies		3,986	
Other Capital Outlay		3,459	
Total County Trustee's Office			\$ 228,586

County Clerk's Office

County Official/Administrative Officer	\$	69,461	
Deputy(ies)		324,263	
Part-time Personnel		13,984	
Other Salaries and Wages		3,109	
Other Per Diem and Fees		200	
Social Security		28,618	
State Retirement		32,972	
Life Insurance		776	
Medical Insurance		70,429	
Unemployment Compensation		1,167	
Communication		6,906	
Dues and Memberships		150	
Legal Notices, Recording, and Court Costs		122	
Maintenance and Repair Services - Office Equipment		15,481	
Rentals		3,644	
Travel		3,403	
Office Supplies		5,973	
Office Equipment		8,327	
Total County Clerk's Office			588,985

Administration of Justice

Circuit Court Clerk

County Official/Administrative Officer	\$	69,461
Deputy(ies)		232,293
Part-time Personnel		16,377

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court Clerk (Cont.)

Jury and Witness Expense	\$	4,910	
Social Security		21,838	
State Retirement		24,836	
Life Insurance		766	
Medical Insurance		59,352	
Unemployment Compensation		1,050	
Communication		7,687	
Dues and Memberships		120	
Legal Notices, Recording, and Court Costs		672	
Maintenance Agreements		13,323	
Maintenance and Repair Services - Office Equipment		239	
Rentals		1,204	
Travel		1,112	
Office Supplies		20,191	
Other Supplies and Materials		2,541	
Other Charges		232	
Data Processing Equipment		27,297	
Office Equipment		4,181	
Total Circuit Court Clerk			\$ 509,682

Criminal Court

Jury and Witness Expense	\$	12,014	
Total Criminal Court			12,014

General Sessions Court

Judge(s)	\$	145,994	
Secretary(ies)		30,691	
Clerical Personnel		20,990	
Social Security		11,824	
State Retirement		16,545	
Life Insurance		174	
Medical Insurance		31,114	
Unemployment Compensation		180	
Communication		1,499	
Maintenance and Repair Services - Office Equipment		350	
Rentals		1,922	
Travel		1,407	
Office Supplies		556	
Other Supplies and Materials		2,846	
Other Charges		7,459	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Other Equipment	\$	1,550	
Other Capital Outlay		836	
Total General Sessions Court			\$ 275,937

Chancery Court

Jury and Witness Expense	\$	900	
Social Security		8,703	
State Retirement		10,534	
Life Insurance		215	
Medical Insurance		32,765	
Unemployment Compensation		402	
Communication		1,652	
Maintenance and Repair Services - Office Equipment		4,831	
Rentals		2,875	
Office Supplies		4,062	
Office Equipment		640	
Total Chancery Court			67,579

Juvenile Court

Judge(s)	\$	58,398	
Secretary(ies)		22,364	
Clerical Personnel		19,057	
In-Service Training		235	
Social Security		6,770	
State Retirement		8,144	
Life Insurance		186	
Medical Insurance		18,986	
Unemployment Compensation		138	
Travel		256	
Other Supplies and Materials		269	
Total Juvenile Court			134,803

Courtroom Security

Deputy(ies)	\$	19,872	
Overtime Pay		77	
Social Security		1,322	
State Retirement		1,208	
Life Insurance		64	
Medical Insurance		8,870	
Unemployment Compensation		183	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Courtroom Security (Cont.)

Evaluation and Testing	\$	200	
Uniforms		1,789	
Liability Insurance		914	
Workers' Compensation Insurance		654	
Law Enforcement Equipment		53	
Total Courtroom Security			\$ 35,206

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	76,407
Deputy(ies)		654,638
Detective(s)		188,051
Lieutenant(s)		79,722
Sergeant(s)		282,525
Salary Supplements		25,200
Secretary(ies)		23,718
Part-time Personnel		4,574
School Resource Officer		21,093
Overtime Pay		36,680
Other Salaries and Wages		19,362
In-Service Training		4,164
Social Security		99,317
State Retirement		112,553
Life Insurance		2,859
Medical Insurance		210,334
Unemployment Compensation		3,812
Communication		15,330
Evaluation and Testing		500
Maintenance Agreements		5,821
Maintenance and Repair Services - Office Equipment		1,220
Maintenance and Repair Services - Vehicles		34,527
Rentals		3,608
Tow-in Services		2,445
Travel		399
Other Contracted Services		3,600
Data Processing Supplies		2,287
Gasoline		101,429
Law Enforcement Supplies		2,948
Office Supplies		759
Tires and Tubes		5,677

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Uniforms	\$	9,575	
Other Supplies and Materials		490	
Workers' Compensation Insurance		691	
Other Charges		840	
Law Enforcement Equipment		2,172	
Office Equipment		4,069	
Total Sheriff's Department			\$ 2,043,396

Drug Enforcement

Salary Supplements	\$	6,600	
Social Security		428	
State Retirement		552	
Total Drug Enforcement			7,580

Administration of the Sexual Offender Registry

Other Charges	\$	350	
Total Administration of the Sexual Offender Registry			350

Jail

Lieutenant(s)	\$	31,969	
Guards		527,751	
Cafeteria Personnel		36,288	
Part-time Personnel		25,270	
Overtime Pay		51,210	
Other Salaries and Wages		5,421	
In-Service Training		1,835	
Social Security		47,904	
State Retirement		44,615	
Life Insurance		1,910	
Medical Insurance		106,428	
Unemployment Compensation		3,766	
Communication		3,213	
Evaluation and Testing		2,500	
Maintenance Agreements		2,505	
Maintenance and Repair Services - Buildings		3,807	
Maintenance and Repair Services - Equipment		821	
Maintenance and Repair Services - Office Equipment		1,206	
Medical and Dental Services		141,745	
Postal Charges		1,790	
Custodial Supplies		14,839	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Data Processing Supplies	\$	960	
Food Preparation Supplies		8,914	
Food Supplies		123,340	
Office Supplies		788	
Prisoners Clothing		3,201	
Uniforms		4,254	
Utilities		69,200	
Other Supplies and Materials		42,876	
Medical Claims		87,274	
Other Charges		353	
Data Processing Equipment		3,400	
Food Service Equipment		3,171	
Office Equipment		326	
Other Equipment		9,449	
Other Capital Outlay		525	
Total Jail			\$ 1,414,824

Juvenile Services

Youth Service Officer(s)	\$	44,194	
Salary Supplements		4,875	
Social Security		3,482	
State Retirement		3,860	
Life Insurance		116	
Medical Insurance		6,035	
Unemployment Compensation		209	
Communication		4,490	
Contracts with Other Public Agencies		58,848	
Evaluation and Testing		1,550	
Maintenance and Repair Services - Office Equipment		485	
Rentals		2,350	
Travel		968	
Other Contracted Services		1,084	
Drugs and Medical Supplies		111	
Office Supplies		2,831	
Other Supplies and Materials		2,684	
Office Equipment		7,844	
Total Juvenile Services			146,016

Fire Prevention and Control

In-Service Training	\$	2,340	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Contributions	\$ 215,000	
Total Fire Prevention and Control		\$ 217,340

Rescue Squad

Contributions	\$ 100,000	
Total Rescue Squad		100,000

Other Emergency Management

Supervisor/Director	\$ 32,935	
Social Security	2,326	
State Retirement	2,757	
Life Insurance	70	
Medical Insurance	4,691	
Unemployment Compensation	90	
Communication	3,113	
Contributions	160,000	
Dues and Memberships	35	
Maintenance and Repair Services - Equipment	6,240	
Maintenance and Repair Services - Office Equipment	1,045	
Maintenance and Repair Services - Vehicles	996	
Rentals	823	
Travel	621	
Gasoline	2,621	
Office Supplies	606	
Tires and Tubes	509	
Other Supplies and Materials	2,298	
Workers' Compensation Insurance	222	
Other Equipment	9,237	
Total Other Emergency Management		231,235

County Coroner/Medical Examiner

Other Per Diem and Fees	\$ 15,545	
Contracts with Government Agencies	50,554	
Other Charges	15,611	
Total County Coroner/Medical Examiner		81,710

Other Public Safety

Supervisor/Director	\$ 32,811
Social Security	2,033
State Retirement	2,746

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

Life Insurance	\$	45	
Medical Insurance		11,711	
Unemployment Compensation		90	
Communication		1,356	
Maintenance and Repair Services - Vehicles		120	
Gasoline		5,748	
Office Supplies		271	
Tires and Tubes		337	
Other Supplies and Materials		1,399	
Data Processing Equipment		1,310	
Total Other Public Safety			\$ 59,977

Public Health and Welfare

Local Health Center

Salary Supplements	\$	10,125	
Other Salaries and Wages		134,303	
Social Security		9,855	
State Retirement		12,240	
Life Insurance		348	
Medical Insurance		25,512	
Unemployment Compensation		504	
Communication		12,496	
Dues and Memberships		375	
Operating Lease Payments		7,439	
Maintenance and Repair Services - Buildings		7,501	
Pest Control		1,078	
Postal Charges		5,856	
Travel		8,722	
Other Contracted Services		50,777	
Custodial Supplies		4,862	
Drugs and Medical Supplies		580	
Office Supplies		5,987	
Other Supplies and Materials		640	
Workers' Compensation Insurance		626	
Other Charges		184	
Other Capital Outlay		600	
Total Local Health Center			300,610

Ambulance/Emergency Medical Services

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

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services

Temporary Personnel	\$	5,468	
Other Salaries and Wages		254,286	
Social Security		18,271	
State Retirement		15,129	
Life Insurance		418	
Medical Insurance		37,099	
Unemployment Compensation		964	
Printing, Stationery, and Forms		540	
Travel		8,428	
Other Contracted Services		4,950	
Other Supplies and Materials		227	
Liability Insurance		7,639	
Workers' Compensation Insurance		1,211	
Other Equipment		15,651	
Total Other Local Health Services			\$ 370,281

Aid to Dependent Children

Other Charges	\$	6,500	
Total Aid to Dependent Children			6,500

Social, Cultural, and Recreational Services

Adult Activities

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

Senior Citizens Assistance

Supervisor/Director	\$	23,883	
Social Workers		12,783	
Bus Drivers		13,279	
Secretary(ies)		20,743	
Other Salaries and Wages		2,496	
Social Security		5,411	
State Retirement		4,584	
Life Insurance		164	
Medical Insurance		11,186	
Unemployment Compensation		294	
Communication		2,723	
Contracts with Government Agencies		29,036	
Contributions		40,000	
Maintenance and Repair Services - Vehicles		209	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Rentals	\$	1,649	
Transportation - Other than Students		6,080	
Travel		2,457	
Other Contracted Services		2,570	
Custodial Supplies		682	
Gasoline		320	
Office Supplies		761	
Utilities		4,911	
Workers' Compensation Insurance		1,166	
Other Charges		62	
Other Equipment		2,000	
Total Senior Citizens Assistance			\$ 189,449

Libraries

Contributions	\$	99,000	
Total Libraries			99,000

Parks and Fair Boards

Supervisor/Director	\$	12,103	
Custodial Personnel		14,811	
Maintenance Personnel		17,308	
Temporary Personnel		4,324	
Social Security		3,714	
State Retirement		3,382	
Life Insurance		172	
Medical Insurance		7,256	
Unemployment Compensation		372	
Communication		982	
Maintenance and Repair Services - Buildings		195	
Maintenance and Repair Services - Equipment		340	
Maintenance and Repair Services - Office Equipment		673	
Maintenance and Repair Services - Vehicles		504	
Rentals		1,488	
Crushed Stone		979	
Custodial Supplies		2,348	
Electricity		4,304	
Gasoline		3,616	
Office Supplies		107	
Water and Sewer		325	
Other Supplies and Materials		3,914	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Other Construction	\$	28,359	
Other Capital Outlay		5,856	
Total Parks and Fair Boards			\$ 117,432

Agriculture and Natural Resources

Agriculture Extension Service

Assistant(s)	\$	6,213	
Salary Supplements		35,273	
Part-time Personnel		6,093	
Social Security		941	
Unemployment Compensation		123	
Communication		2,697	
Rentals		1,495	
Travel		1,350	
Workers' Compensation Insurance		48	
Other Charges		2,200	
Total Agriculture Extension Service			56,433

Forest Service

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

Soil Conservation

Clerical Personnel	\$	22,484	
Part-time Personnel		6,520	
Social Security		1,755	
State Retirement		1,882	
Life Insurance		70	
Medical Insurance		11,253	
Unemployment Compensation		155	
Contracts with Other Public Agencies		3,500	
Total Soil Conservation			47,619

Storm Water Management

Part-time Personnel	\$	6,000	
Social Security		459	
Unemployment Compensation		60	
Travel		480	
Permits		3,460	
Workers' Compensation Insurance		578	
Total Storm Water Management			11,037

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations

Tourism

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

Industrial Development

Supervisor/Director	\$ 53,091	
Secretary(ies)	25,869	
Temporary Personnel	85,247	
Part-time Personnel	11,336	
Other Salaries and Wages	77,594	
Social Security	19,172	
State Retirement	9,863	
Life Insurance	209	
Medical Insurance	15,944	
Unemployment Compensation	1,482	
Accounting Services	2,750	
Communication	6,816	
Contributions	32,000	
Dues and Memberships	480	
Maintenance and Repair Services - Equipment	693	
Maintenance and Repair Services - Vehicles	208	
Rentals	1,049	
Travel	1,101	
Other Contracted Services	2,454	
Electricity	10,055	
Gasoline	1,712	
Office Supplies	682	
Tires and Tubes	524	
Other Supplies and Materials	122	
Workers' Compensation Insurance	1,629	
Other Charges	51	
Building Improvements	1,141	
Office Equipment	1,094	
Total Industrial Development		364,368

Airport

Maintenance and Repair Services - Equipment	\$ 7,664
Permits	435
Other Contracted Services	1,764
Gasoline	343
Other Supplies and Materials	488

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Airport (Cont.)

Other Capital Outlay	\$ 910	
Total Airport		\$ 11,604

Veterans' Services

Supervisor/Director	\$ 23,139	
Secretary(ies)	21,212	
Social Security	3,190	
State Retirement	3,712	
Life Insurance	139	
Medical Insurance	4,495	
Unemployment Compensation	180	
Communication	1,733	
Dues and Memberships	55	
Maintenance and Repair Services - Office Equipment	160	
Rentals	735	
Travel	4,074	
Office Supplies	863	
Office Equipment	279	
Total Veterans' Services		63,966

Contributions to Other Agencies

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

Employee Benefits

Medical Insurance	\$ 76,981	
Total Employee Benefits		76,981

Miscellaneous

Contracts with Other Public Agencies	\$ 5,341	
Contributions	22,000	
Operating Lease Payments	1,000	
Other Contracted Services	10,134	
Other Supplies and Materials	2,774	
Trustee's Commission	186,016	
Other Charges	206	
Right-of-Way	148,500	
Total Miscellaneous		375,971

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Highways

Litter and Trash Collection

Other Salaries and Wages	\$	26,514	
Social Security		1,999	
State Retirement		2,219	
Life Insurance		70	
Unemployment Compensation		89	
Contracts with Other Public Agencies		8,000	
Travel		104	
Other Supplies and Materials		1,832	
Workers' Compensation Insurance		2,239	
Litter Enforcement Awards		50	
Total Litter and Trash Collection			\$ 43,116

Principal on Debt

General Government

Principal on Capital Leases	\$	4,956	
Principal on Other Loans		125,000	
Total General Government			129,956

Interest on Debt

General Government

Interest on Notes	\$	3,180	
Interest on Capital Leases		314	
Interest on Other Loans		14,588	
Total General Government			18,082

Other Debt Service

General Government

Fiscal Agent Charges	\$	23	
Total General Government			23

Total General Fund \$ 10,984,070

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	6,000	
Other Fringe Benefits		874	
Communication		237	
Workers' Compensation Insurance		546	
Total Sanitation Management			\$ 7,657

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup

Truck Drivers	\$	88,734	
Overtime Pay		4,682	
Other Fringe Benefits		17,359	
Communication		266	
Maintenance and Repair Services - Vehicles		34,890	
Equipment and Machinery Parts		216	
Gasoline		73,113	
Lubricants		5,280	
Tires and Tubes		21,509	
Vehicle Parts		30,054	
Other Supplies and Materials		7,339	
Workers' Compensation Insurance		8,218	
Total Waste Pickup			\$ 291,660

Convenience Centers

Laborers	\$	182,696	
Overtime Pay		3,768	
Other Salaries and Wages		2,663	
Other Fringe Benefits		38,563	
Communication		5,352	
Operating Lease Payments		4,300	
Maintenance and Repair Services - Equipment		450	
Rentals		5,572	
Crushed Stone		711	
Uniforms		197	
Utilities		5,427	
Other Supplies and Materials		598	
Workers' Compensation Insurance		17,088	
Other Equipment		454	
Total Convenience Centers			267,839

Other Waste Collection

Other Salaries and Wages	\$	15,222	
Other Fringe Benefits		11,772	
Communication		35	
Uniforms		96	
Workers' Compensation Insurance		1,367	
Total Other Waste Collection			28,492

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center

Laborers	\$	15,167	
Other Salaries and Wages		17,875	
Other Fringe Benefits		8,996	
Communication		515	
Maintenance and Repair Services - Buildings		225	
Maintenance and Repair Services - Equipment		307	
Maintenance and Repair Services - Vehicles		597	
Gasoline		12	
Office Supplies		64	
Tires and Tubes		248	
Uniforms		96	
Utilities		4,746	
Other Supplies and Materials		1,549	
Workers' Compensation Insurance		2,879	
Other Equipment		278	
Total Recycling Center			\$ 53,554

Landfill Operation and Maintenance

Contracts for Landfill Facilities	\$	432,734	
Surcharge		36,623	
Total Landfill Operation and Maintenance			469,357

Other Waste Disposal

Disposal Fees	\$	28,732	
Total Other Waste Disposal			28,732

Capital Projects

Public Health and Welfare Projects

Underwriter's Discount	\$	2,993	
Other Debt Issuance Charges		3,605	
Total Public Health and Welfare Projects			6,598

Total Solid Waste/Sanitation Fund \$ 1,153,889

Drug Control Fund

Public Safety

Drug Enforcement

Overtime Pay	\$	8,688	
Other Fringe Benefits		1,650	
Communication		779	

(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Confidential Drug Enforcement Payments	\$	5,000	
Veterinary Services		609	
Other Contracted Services		800	
Animal Food and Supplies		521	
Uniforms		1,000	
Trustee's Commission		469	
Other Charges		868	
Data Processing Equipment		2,796	
Other Capital Outlay		1,949	
Total Drug Enforcement			<u>\$ 25,129</u>

Total Drug Control Fund \$ 25,129

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	141,004	
Total Chancery Court			\$ 141,004

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$	161	
Total Sheriff's Department			<u>161</u>

Total Constitutional Officers - Fees Fund 141,165

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	76,407	
Secretary(ies)		44,062	
Overtime Pay		646	
Communication		3,709	
Dues and Memberships		3,373	
Laundry Service		1,367	
Legal Notices, Recording, and Court Costs		137	
Maintenance Agreements		4,085	
Maintenance and Repair Services - Office Equipment		50	
Maintenance and Repair Services - Vehicles		63	
Pest Control		871	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Printing, Stationery, and Forms	\$	400	
Rentals		2,951	
Travel		1,084	
Other Contracted Services		775	
Custodial Supplies		304	
Drugs and Medical Supplies		121	
Electricity		8,875	
Natural Gas		2,280	
Office Supplies		1,746	
Water and Sewer		448	
Total Administration			\$ 153,754

Highway and Bridge Maintenance

Foremen	\$	30,437	
Equipment Operators		280,306	
Truck Drivers		240,852	
Laborers		109,024	
Temporary Personnel		124,248	
Overtime Pay		33,823	
Laundry Service		12,230	
Rentals		30,448	
Other Contracted Services		508,390	
Asphalt - Hot Mix		38,601	
Asphalt - Liquid		394,331	
Concrete		134	
Crushed Stone		255,917	
Pipe - Metal		44,144	
Road Signs		18,750	
Salt		11,500	
Structural Steel		503	
Wood Products		42	
Other Supplies and Materials		6,126	
Other Charges		324	
Other Equipment		297	
Total Highway and Bridge Maintenance			2,140,427

Operation and Maintenance of Equipment

Foremen	\$	33,384	
Mechanic(s)		107,328	
Overtime Pay		4,352	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Laundry Service	\$	4,496	
Maintenance and Repair Services - Buildings		1,501	
Maintenance and Repair Services - Equipment		12,349	
Maintenance and Repair Services - Vehicles		1,769	
Rentals		1,236	
Tow-in Services		475	
Diesel Fuel		95,034	
Equipment and Machinery Parts		70,753	
Gasoline		59,028	
Lubricants		10,007	
Tires and Tubes		22,499	
Other Supplies and Materials		4,295	
Other Charges		62	
Other Equipment		520	
Total Operation and Maintenance of Equipment	\$		429,088

Other Charges

Evaluation and Testing	\$	1,835	
Trustee's Commission		54,906	
Workers' Compensation Insurance		64,130	
Other Charges		2,207	
Total Other Charges			123,078

Employee Benefits

Social Security	\$	80,105	
State Retirement		78,746	
Life Insurance		2,465	
Medical Insurance		123,836	
Unemployment Compensation		15,573	
Total Employee Benefits			300,725

Capital Outlay

Communication Equipment	\$	2,781	
Highway Equipment		15,000	
Motor Vehicles		28,300	
State Aid Projects		190,054	
Total Capital Outlay			236,135

Total Highway/Public Works Fund \$ 3,383,207

(Continued)

Exhibit J-7

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Other Loans	\$ 344,057	
Total General Government		\$ 344,057

Interest on Debt

General Government

Interest on Other Loans	\$ 617,328	
Total General Government		617,328

Other Debt Service

General Government

Fiscal Agent Charges	\$ 653	
Trustee's Commission	15,815	
Total General Government		16,468

Total General Debt Service Fund		\$ 977,853
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Special Debt Service Fund

Principal on Debt

Highways and Streets

Principal on Notes	\$ 335,000	
Total Highways and Streets		\$ 335,000

Interest on Debt

Highways and Streets

Interest on Notes	\$ 30,255	
Total Highways and Streets		30,255

Other Debt Service

Highways and Streets

Fiscal Agent Charges	\$ 853	
Trustee's Commission	3,506	
Total Highways and Streets		4,359

Total Special Debt Service Fund		369,614
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Education Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 1,010,000	
Principal on Notes	220,593	

(Continued)

Exhibit J-7

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

Education Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Education (Cont.)

Principal on Other Loans	\$ 190,000	
Total Education		\$ 1,420,593

Interest on Debt

Education

Interest on Bonds	\$ 1,647,194	
Interest on Notes	33,950	
Interest on Other Loans	882,763	
Total Education		2,563,907

Other Debt Service

Education

Fiscal Agent Charges	\$ 5,077	
Trustee's Commission	71,787	
Other Debt Service	125,232	
Total Education		202,096

Total Education Debt Service Fund

\$ 4,186,596

General Capital Projects Fund

Other Operations

ARRA Grant # 2

Other Equipment	\$ 20,085	
Total ARRA Grant # 2		\$ 20,085

Capital Projects

General Administration Projects

Architects	\$ 57,516	
Other Contracted Services	11,003	
Underwriter's Discount	2,404	
Other Debt Issuance Charges	2,895	
Other Capital Outlay	1,601	
Total General Administration Projects		75,419

Public Safety Projects

Architects	\$ 115,925	
Other Contracted Services	16,063	
Building Construction	943,675	
Food Service Equipment	10,918	
Furniture and Fixtures	207,402	

(Continued)

Exhibit J-7

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Public Safety Projects (Cont.)

Other Equipment	\$ 42,431	
Other Construction	750	
Total Public Safety Projects	<u> </u>	\$ 1,337,164

Education Capital Projects

Contributions	\$ 17,596,571	
Underwriter's Discount	131,912	
Other Debt Issuance Charges	482,516	
Total Education Capital Projects	<u> </u>	<u>18,210,999</u>

Total General Capital Projects Fund \$ 19,643,667

Community Development/Industrial Park Fund

Capital Projects

Public Utility Projects

Engineering Services	\$ 115,755	
Other Contracted Services	78,159	
Other Construction	997,568	
Total Public Utility Projects	<u> </u>	<u>\$ 1,191,482</u>

Total Community Development/Industrial Park Fund 1,191,482

Highway Capital Projects Fund

Capital Projects

Highway and Street Capital Projects

Engineering Services	\$ 69,915	
Underwriter's Discount	22,676	
Other Debt Issuance Charges	27,307	
Highway Construction	1,289,094	
Highway Equipment	70,800	
Total Highway and Street Capital Projects	<u> </u>	<u>\$ 1,479,792</u>

Total Highway Capital Projects Fund 1,479,792

Other Capital Projects QSCB Fund

Capital Projects

Education Capital Projects

Contributions	\$ 413,007	
Underwriter's Discount	18,097	
Other Debt Issuance Charges	11,143	
Total Education Capital Projects	<u> </u>	<u>\$ 442,247</u>

Total Other Capital Projects QSCB Fund 442,247

Total Governmental Funds - Primary Government \$ 43,978,711

Exhibit J-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 17,529,816	
Career Ladder Program	186,465	
Career Ladder Extended Contracts	70,156	
Homebound Teachers	113,077	
Educational Assistants	812,994	
Other Salaries and Wages	10,482	
Certified Substitute Teachers	51,092	
Non-certified Substitute Teachers	235,162	
Social Security	1,099,488	
State Retirement	1,186,231	
Life Insurance	72,284	
Medical Insurance	2,728,940	
Unemployment Compensation	18,563	
Employer Medicare	260,789	
Instructional Supplies and Materials	162,294	
Textbooks	495,474	
Fee Waivers	51,744	
Other Charges	151,900	
Regular Instruction Equipment	66,958	
Total Regular Instruction Program		\$ 25,303,909

Alternative Instruction Program

Teachers	\$ 153,184	
Career Ladder Program	1,480	
Educational Assistants	32,833	
Certified Substitute Teachers	2,915	
Non-certified Substitute Teachers	3,190	
Social Security	11,411	
State Retirement	12,489	
Life Insurance	1,002	
Medical Insurance	25,731	
Unemployment Compensation	272	
Employer Medicare	2,681	
Instructional Supplies and Materials	5,421	
Total Alternative Instruction Program		252,609

Special Education Program

Teachers	\$ 2,112,311
Career Ladder Program	28,925

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Career Ladder Extended Contracts	\$	3,020	
Homebound Teachers		129,570	
Educational Assistants		445,608	
Speech Pathologist		217,128	
Other Salaries and Wages		103,363	
Certified Substitute Teachers		2,475	
Non-certified Substitute Teachers		72,022	
Social Security		175,286	
State Retirement		194,747	
Life Insurance		14,313	
Medical Insurance		511,675	
Unemployment Compensation		3,875	
Employer Medicare		42,379	
Evaluation and Testing		4,496	
Maintenance and Repair Services - Equipment		466	
Tuition		300	
Other Contracted Services		24,554	
Instructional Supplies and Materials		710	
Total Special Education Program			\$ 4,087,223

Vocational Education Program

Teachers	\$	787,189	
Career Ladder Program		7,000	
Certified Substitute Teachers		275	
Non-certified Substitute Teachers		16,500	
Social Security		46,519	
State Retirement		49,952	
Life Insurance		2,912	
Medical Insurance		107,231	
Unemployment Compensation		883	
Employer Medicare		11,132	
Instructional Supplies and Materials		13,140	
T&I Construction Materials		259	
Total Vocational Education Program			1,042,992

Adult Education Program

Teachers	\$	55,382
Social Security		2,733
State Retirement		2,925

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program (Cont.)

Life Insurance	\$	142	
Medical Insurance		4,141	
Unemployment Compensation		45	
Employer Medicare		782	
Instructional Supplies and Materials		4,136	
Other Supplies and Materials		3,420	
Total Adult Education Program			\$ 73,706

Support Services

Attendance

Supervisor/Director	\$	70,711	
Career Ladder Program		1,000	
Other Salaries and Wages		53,154	
Social Security		7,560	
State Retirement		9,138	
Life Insurance		421	
Medical Insurance		14,629	
Unemployment Compensation		95	
Employer Medicare		1,768	
Travel		7,520	
Other Supplies and Materials		2,979	
Attendance Equipment		7,181	
Total Attendance			176,156

Health Services

Medical Personnel	\$	247,307	
Other Salaries and Wages		127,018	
Social Security		21,433	
State Retirement		25,519	
Life Insurance		2,002	
Medical Insurance		90,463	
Unemployment Compensation		501	
Employer Medicare		5,013	
Postal Charges		22	
Travel		11,562	
Other Contracted Services		372	
Drugs and Medical Supplies		15,959	
Other Supplies and Materials		48,148	
In Service/Staff Development		899	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Other Charges	\$	38,922	
Health Equipment		<u>19,100</u>	
Total Health Services	\$		654,240

Other Student Support

Career Ladder Program	\$	6,000	
Guidance Personnel		985,837	
Career Ladder Extended Contracts		6,395	
Secretary(ies)		54,356	
Other Salaries and Wages		9,461	
Social Security		62,927	
State Retirement		69,244	
Life Insurance		3,727	
Medical Insurance		131,994	
Unemployment Compensation		842	
Employer Medicare		14,717	
Evaluation and Testing		13,444	
Other Contracted Services		98,875	
Other Supplies and Materials		34,456	
Other Charges		<u>9,939</u>	
Total Other Student Support			1,502,214

Regular Instruction Program

Supervisor/Director	\$	380,911	
Career Ladder Program		22,495	
Career Ladder Extended Contracts		9,802	
Librarians		710,727	
Educational Assistants		34,683	
Other Salaries and Wages		204,096	
Social Security		80,304	
State Retirement		87,812	
Life Insurance		4,278	
Medical Insurance		182,504	
Unemployment Compensation		1,032	
Employer Medicare		18,797	
Travel		30,572	
Library Books/Media		47,560	
In Service/Staff Development		22,485	
Other Charges		20,374	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Equipment	\$ 143,772	
Total Regular Instruction Program		\$ 2,002,204

Special Education Program

Supervisor/Director	\$ 130,363	
Career Ladder Program	6,000	
Psychological Personnel	104,492	
Assessment Personnel	27,628	
Secretary(ies)	23,099	
Other Salaries and Wages	16,750	
Social Security	18,215	
State Retirement	20,236	
Life Insurance	839	
Medical Insurance	40,365	
Unemployment Compensation	203	
Employer Medicare	4,259	
Travel	19,789	
Other Contracted Services	5,940	
Other Charges	4,097	
Total Special Education Program		422,275

Vocational Education Program

Supervisor/Director	\$ 32,583	
Social Security	1,912	
State Retirement	2,092	
Life Insurance	70	
Medical Insurance	4,767	
Unemployment Compensation	16	
Employer Medicare	447	
Travel	395	
Total Vocational Education Program		42,282

Adult Programs

Supervisor/Director	\$ 49,730
Social Security	2,983
State Retirement	3,193
Life Insurance	138
Medical Insurance	3,788
Unemployment Compensation	32

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

Employer Medicare	\$	698	
Travel		374	
In Service/Staff Development		710	
Total Adult Programs			\$ 61,646

Other Programs

On-Behalf Payments to OPEB	\$	295,996	
Total Other Programs			295,996

Board of Education

Other Salaries and Wages	\$	8,300	
Social Security		515	
State Retirement		695	
Life Insurance		27,790	
Medical Insurance		338,594	
Employer Medicare		120	
Audit Services		22,900	
Legal Services		43,377	
Travel		23,571	
Liability Insurance		392,523	
Trustee's Commission		290,498	
Workers' Compensation Insurance		261,692	
Other Charges		667	
Total Board of Education			1,411,242

Director of Schools

County Official/Administrative Officer	\$	85,800	
Career Ladder Program		1,000	
Secretary(ies)		116,687	
Other Salaries and Wages		17,504	
Social Security		13,050	
State Retirement		15,911	
Life Insurance		937	
Medical Insurance		25,316	
Unemployment Compensation		210	
Employer Medicare		3,052	
Communication		40,929	
Dues and Memberships		3,072	
Postal Charges		5,000	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Travel	\$	7,575	
Other Contracted Services		21,230	
Office Supplies		11,905	
Other Charges		34,956	
Total Director of Schools			\$ 404,134

Office of the Principal

Principals	\$	993,092	
Career Ladder Program		18,000	
Career Ladder Extended Contracts		12,728	
Assistant Principals		580,658	
Secretary(ies)		421,579	
Other Salaries and Wages		230,811	
Social Security		125,696	
State Retirement		157,611	
Life Insurance		10,070	
Medical Insurance		461,816	
Unemployment Compensation		2,246	
Employer Medicare		29,397	
Total Office of the Principal			3,043,704

Fiscal Services

Accountants/Bookkeepers	\$	143,761	
Social Security		8,389	
State Retirement		12,033	
Life Insurance		720	
Medical Insurance		32,439	
Unemployment Compensation		161	
Employer Medicare		1,962	
Other Contracted Services		8,170	
Office Supplies		2,985	
Administration Equipment		2,000	
Total Fiscal Services			212,620

Human Services/Personnel

Supervisor/Director	\$	35,385	
Secretary(ies)		23,920	
Social Security		3,543	
State Retirement		4,274	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Human Services/Personnel (Cont.)

Life Insurance	\$	214	
Medical Insurance		6,111	
Unemployment Compensation		48	
Employer Medicare		829	
Total Human Services/Personnel			\$ 74,324

Operation of Plant

Custodial Personnel	\$	1,023,814	
Social Security		58,430	
State Retirement		79,077	
Life Insurance		7,186	
Medical Insurance		214,074	
Unemployment Compensation		1,992	
Employer Medicare		13,766	
Other Contracted Services		115,515	
Custodial Supplies		73,792	
Electricity		1,429,956	
Fuel Oil		36,980	
Natural Gas		400,471	
Water and Sewer		135,854	
Other Supplies and Materials		18,835	
Other Charges		41,417	
Total Operation of Plant			3,651,159

Maintenance of Plant

Supervisor/Director	\$	33,280
Secretary(ies)		23,474
Maintenance Personnel		468,308
Social Security		30,298
State Retirement		39,736
Life Insurance		2,794
Medical Insurance		109,276
Unemployment Compensation		751
Employer Medicare		7,086
Maintenance and Repair Services - Buildings		7,623
Maintenance and Repair Services - Equipment		4,411
Other Contracted Services		50,395
Equipment and Machinery Parts		7,055
Other Supplies and Materials		130,054

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Other Charges	\$	33,543	
Maintenance Equipment		<u>58,091</u>	
Total Maintenance of Plant			\$ 1,006,175

Transportation

Clerical Personnel	\$	11,960	
Other Salaries and Wages		3,584	
Social Security		868	
State Retirement		1,298	
Life Insurance		72	
Unemployment Compensation		17	
Employer Medicare		203	
Travel		<u>1,152</u>	
Total Transportation			19,154

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	60,426	
Career Ladder Program		1,000	
Social Security		3,808	
State Retirement		3,944	
Life Insurance		142	
Unemployment Compensation		32	
Employer Medicare		891	
Travel		<u>1,790</u>	
Total Food Service			72,033

Early Childhood Education

Supervisor/Director	\$	9,924	
Teachers		141,697	
Clerical Personnel		19,012	
Educational Assistants		45,706	
Social Security		12,185	
State Retirement		15,152	
Life Insurance		1,287	
Medical Insurance		49,796	
Unemployment Compensation		298	
Employer Medicare		2,850	
Communication		3,085	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Travel	\$	5,710	
Other Contracted Services		12,179	
Other Supplies and Materials		46,768	
Other Equipment		5,384	
Total Early Childhood Education			\$ 371,033

Capital Outlay

Regular Capital Outlay

Architects	\$	39,241	
Building Improvements		856,794	
Site Development		45,940	
Other Capital Outlay		1,415	
Total Regular Capital Outlay			943,390

Principal on Debt

Education

Principal on Capital Leases	\$	42,063	
Total Education			42,063

Interest on Debt

Education

Interest on Capital Leases	\$	552	
Total Education			552

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	26,435	
Total Education			26,435

Total General Purpose School Fund \$ 47,195,470

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	467,565	
Educational Assistants		340,401	
Other Salaries and Wages		33,828	
Certified Substitute Teachers		440	
Non-certified Substitute Teachers		9,139	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Social Security	\$	49,297	
State Retirement		60,269	
Life Insurance		5,930	
Medical Insurance		175,562	
Unemployment Compensation		1,495	
Employer Medicare		11,531	
Maintenance and Repair Services - Equipment		550	
Other Contracted Services		64,120	
Instructional Supplies and Materials		102,967	
Other Supplies and Materials		51,203	
Other Charges		24,558	
Regular Instruction Equipment		<u>1,086,313</u>	
Total Regular Instruction Program	\$		2,485,168

Special Education Program

Teachers	\$	457,593	
Educational Assistants		550,034	
Speech Pathologist		17,392	
Other Salaries and Wages		45,531	
Social Security		60,360	
State Retirement		78,085	
Life Insurance		8,872	
Medical Insurance		265,902	
Unemployment Compensation		2,147	
Employer Medicare		14,117	
Contracts with Private Agencies		1,800	
Evaluation and Testing		18,782	
Instructional Supplies and Materials		414,783	
Other Supplies and Materials		1,045	
Special Education Equipment		<u>222,378</u>	
Total Special Education Program			2,158,821

Vocational Education Program

Instructional Supplies and Materials	\$	67,364	
Vocational Instruction Equipment		<u>59,185</u>	
Total Vocational Education Program			126,549

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services

Health Services

Travel	\$	922	
Other Contracted Services		95,114	
Total Health Services			\$ 96,036

Other Student Support

Other Salaries and Wages	\$	7,758	
Social Security		470	
State Retirement		545	
Employer Medicare		111	
Evaluation and Testing		14,835	
Travel		34,293	
Other Contracted Services		2,001	
Other Supplies and Materials		35,948	
Other Charges		82,915	
Total Other Student Support			178,876

Regular Instruction Program

Supervisor/Director	\$	65,646	
Education Media Personnel		926	
Instructional Computer Personnel		6,217	
Other Salaries and Wages		161,888	
Social Security		14,014	
State Retirement		15,523	
Life Insurance		542	
Medical Insurance		21,923	
Unemployment Compensation		164	
Employer Medicare		3,277	
Consultants		27,151	
Travel		69,967	
Other Contracted Services		1,915	
Library Books/Media		23,111	
Other Supplies and Materials		30,497	
In Service/Staff Development		183,061	
Other Charges		18,368	
Other Equipment		138,178	
Total Regular Instruction Program			782,368

Special Education Program

Assessment Personnel	\$	59,883	
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(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Other Salaries and Wages	\$	17,809	
Social Security		4,664	
State Retirement		4,509	
Life Insurance		230	
Medical Insurance		6,012	
Unemployment Compensation		73	
Employer Medicare		1,091	
Consultants		7,320	
Travel		28,035	
Other Contracted Services		8,810	
Other Supplies and Materials		52,392	
In Service/Staff Development		97,862	
Other Charges		3,044	
Other Equipment		95,978	
Total Special Education Program	\$		387,712

Vocational Education Program

Travel	\$	839	
In Service/Staff Development		590	
Total Vocational Education Program			1,429

Transportation

Other Salaries and Wages	\$	3,870	
Social Security		227	
State Retirement		300	
Unemployment Compensation		4	
Employer Medicare		53	
Other Contracted Services		6,420	
Transportation Equipment		158,290	
Total Transportation			169,164

Operation of Non-Instructional Services

Early Childhood Education

Supervisor/Director	\$	42,000	
Social Security		2,604	
State Retirement		2,696	
Life Insurance		144	
Medical Insurance		8,400	
Unemployment Compensation		32	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Employer Medicare	\$	609	
Other Contracted Services		<u>3,750</u>	
Total Early Childhood Education	\$		60,235

Capital Outlay

Regular Capital Outlay

Other Capital Outlay	\$	<u>17,829</u>	
Total Regular Capital Outlay			<u>17,829</u>

Total School Federal Projects Fund \$ 6,464,187

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Accountants/Bookkeepers	\$	25,486	
Clerical Personnel		59,101	
Cafeteria Personnel		1,021,108	
Social Security		62,869	
State Retirement		83,479	
Life Insurance		14,864	
Medical Insurance		273,264	
Unemployment Compensation		15,179	
Employer Medicare		14,704	
Communication		12,202	
Maintenance and Repair Services - Equipment		44,654	
Travel		982	
Other Contracted Services		206,522	
Food Preparation Supplies		123,038	
Food Supplies		1,038,934	
Office Supplies		46,744	
Uniforms		4,874	
Other Supplies and Materials		2,025	
Other Charges		3,374	
Food Service Equipment		<u>206,951</u>	
Total Food Service	\$		<u>3,260,354</u>

Total Central Cafeteria Fund 3,260,354

(Continued)

Exhibit J-8

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

School Transportation Fund

Support Services

Board of Education

Trustee's Commission	\$ 30,894	
Total Board of Education		\$ 30,894

Transportation

Supervisor/Director	\$ 34,280	
Mechanic(s)	180,706	
Bus Drivers	868,269	
Clerical Personnel	23,353	
Social Security	60,397	
State Retirement	80,194	
Life Insurance	11,736	
Medical Insurance	280,178	
Unemployment Compensation	2,920	
Employer Medicare	14,659	
Communication	5,749	
Contracts with Parents	9,432	
Medical and Dental Services	5,314	
Travel	494	
Other Contracted Services	22,167	
Gasoline	593,739	
Lubricants	13,315	
Tires and Tubes	37,878	
Vehicle Parts	107,095	
Other Supplies and Materials	3,356	
Other Charges	22,657	
Transportation Equipment	752,396	
Total Transportation		3,130,284

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 382,379	
Total Education		382,379

Total School Transportation Fund \$ 3,543,557

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$ 317,339	
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(Continued)

Exhibit J-8

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

Education Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Education Capital Projects (Cont.)

Other Contracted Services	\$ 15,451	
Building Construction	10,488,614	
Data Processing Equipment	5,904	
Furniture and Fixtures	242,383	
Other Capital Outlay	939,909	
Total Education Capital Projects	<u> </u>	<u>\$ 12,009,600</u>

Total Education Capital Projects Fund \$ 12,009,600

Other Capital Projects QSCB Fund

Capital Projects

Education Capital Projects

Architects	\$ 47,342	
Building Improvements	569,701	
Total Education Capital Projects	<u> </u>	<u>\$ 617,043</u>

Total Other Capital Projects QSCB Fund 617,043

Total Governmental Funds - Hawkins County School Department \$ 73,090,211

Exhibit J-9

Hawkins County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes
in Cash Balances - City Agency Funds
For the Year Ended June 30, 2010

	Cities - Sales Tax Fund	City School ADA - Rogersville Fund	City School ADA - Kingsport Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 604,957	\$ 433,227	\$ 1,038,184
Trustee's Collections - Prior Years	0	26,703	19,122	45,825
Trustee's Collections - Bankruptcy	0	18	12	30
Circuit/Clerk and Master Collections - Prior Year	0	6,811	4,766	11,577
Interest and Penalty	0	4,710	3,373	8,083
Pick-up Taxes	0	219	155	374
Payments in-Lieu-of Taxes - Other	0	1,081	774	1,855
Local Option Sales Tax	3,239,737	288,006	206,248	3,733,991
Wheel Tax	0	16,907	12,180	29,087
Bank Excise Tax	0	3,097	2,218	5,315
Interstate Telecommunications Tax	0	324	232	556
Marriage Licenses	0	328	237	565
Investment Income	0	893	329	1,222
Other Local Revenues	0	83	60	143
Contributions	0	1,250,719	836,491	2,087,210
Total Cash Receipts	\$ 3,239,737	\$ 2,204,856	\$ 1,519,424	\$ 6,964,017
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 3,207,339	\$ 987,364	\$ 671,289	\$ 4,865,992
Trustee's Commissions	32,398	13,648	8,427	54,473
Total Cash Disbursements	\$ 3,239,737	\$ 1,001,012	\$ 679,716	\$ 4,920,465
Excess of Cash Receipts Over (Under)				
Cash Disbursements	\$ 0	\$ 1,203,844	\$ 839,708	\$ 2,043,552
Cash Balance, July 1, 2009	0	32,013	21,483	53,496
Cash Balance, June 30, 2010	\$ 0	\$ 1,235,857	\$ 861,191	\$ 2,097,048

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

November 8, 2010

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hawkins County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Hawkins County's basic financial statements and have issued our report thereon dated November 8, 2010. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Hawkins County Emergency Communications District, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hawkins County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hawkins County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hawkins County's internal control over financial reporting.

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: 10.01. 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.

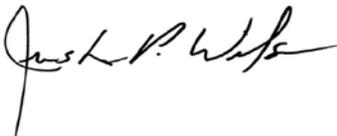
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hawkins County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, Board of County Commissioners, Board of Education, others within the entity, and 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,



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

November 8, 2010

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Hawkins County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. Hawkins County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Hawkins County's management. Our responsibility is to express an opinion on Hawkins County's compliance based on our audit.

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

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

In our opinion, Hawkins County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

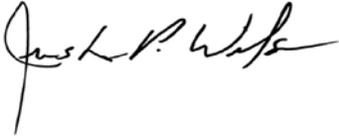
Schedule of Expenditures of Federal Awards

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 Hawkins County as of and for the year ended June 30, 2010, and have issued our report thereon dated November 8, 2010. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Hawkins County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Hawkins County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic

financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, Board of County Commissioners, Board of Education, others within the entity, and 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 written in a cursive style with a prominent vertical line extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Hawkins 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	\$ 526,253
National School Lunch Program	10.555	N/A	1,707,067 (4)
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	12,000
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	381,199 (4)
Total U.S. Department of Agriculture			<u>\$ 2,626,519</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-06-12271-00	\$ 69,159
Total U.S. Department of Housing and Urban Development			<u>\$ 69,159</u>
U.S. Department of Justice:			
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	N/A	\$ 20,085
Total U.S. Department of Justice			<u>\$ 20,085</u>
U.S. Department of Transportation:			
Passed-through State Department of the Military:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	GG-09-27335-00	\$ 8,400
Total U.S. Department of Transportation			<u>\$ 8,400</u>
Appalachian Regional Commission:			
Passed-through Tennessee Valley Authority:			
Appalachian Regional Development	23.001	99-BKY-255238	\$ 18,549
Passed-through First Utility District of Hawkins County:			
Appalachian Area Development	23.002	TN-16036-214-08	342,940
Total Appalachian Regional Commission			<u>\$ 361,489</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	\$ 2,726,262
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	147,872
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,812,114
Special Education - Grants to States, Recovery Act	84.391	N/A	860,769
Special Education - Preschool Grants	84.173	N/A	14,071
Special Education - Preschool Grants, Recovery Act	84.392	N/A	28,741
Career and Technical Education - Basic Grants to States	84.048	N/A	165,216
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	36,960
Even Start - State Educational Agencies	84.213	N/A	60,235
Fund for the Improvement of Education	84.215	(2)	113,865
Twenty-first Century Community Learning Centers	84.287	(2)	39,660

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
State Grants for Innovative Programs	84.298	N/A	\$ 31,789
Education Technology Cluster:			
Education Technology State Grants	84.318	(2)	30,459
Education Technology State Grants, Recovery Act	84.386	(2)	23,565
Reading First State Grants	84.357	(2)	110,528
English Language Acquisition Grants	84.365	N/A	1,527
Improving Teacher Quality State Grants	84.367	N/A	260,488
Education for Homeless Children and Youth, Recovery Act	84.387	N/A	66
State Fiscal Stabilization Funds Cluster:			
State Fiscal Stabilization Funds (SFSF) - Education State			
Grants, Recovery Act	84.394	N/A	1,399,000
State Fiscal Stabilization Funds (SFSF) - Governmental Services,			
Recovery Act	84.397	N/A	313,513
Passed-through State Department of Labor and Workforce			
Development:			
Adult Education - Basic Grants to States	84.002	(3)	91,585
Total U.S. Department of Education			\$ 8,268,285
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 38,431
Total U.S. Department of Homeland Security			\$ 38,431
Total Expenditures of Federal Awards			\$ 11,392,368
<u>State Grants</u>			
		<u>Contract Number</u>	
Juvenile Services Program - State Commission on Children and Youth	N/A	(2)	\$ 10,100
Airport Maintenance Program - State Department of Transportation	N/A	(2)	7,497
Aging Program - First Tennessee Development District	N/A	(2)	36,207
State Reappraisal - Comptroller of the Treasury	N/A	(2)	18,910
Waste Tire Grant - State Department of Environment			
and Conservation	N/A	(2)	12,365
Health Department Program - State Department of Health	N/A	(2)	356,367
Litter Program - State Department of Transportation	N/A	(2)	45,727
Fast Track Industrial Development Project - State Department of			
Economic and Community Development	N/A	GG-09-27584-00	576,505
Tennessee Recreation Initiative Program -			
State Department of Environment and Conservation	N/A	GG-07-031379-00	3,193
Early Childhood Education - State Department of Education	N/A	(2)	371,081
Adult Basic Education - State Department of Education	N/A	(2)	26,029
Total State Grants			\$ 1,463,981

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Z-08-21886-00: \$13,498; Z-10-218514-00: \$78,087.
- (4) Total for CFDA No. 10.555 is \$2,088,266.

Hawkins 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. Presented below is the finding from the Annual Financial Report for Hawkins County, Tennessee, for the year ended June 30, 2009, which has not been corrected.

OFFICE OF CLERK AND MASTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.03	204	Duties were not segregated adequately in the Office of Clerk and Master

HAWKINS 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 aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Hawkins County disclosed a significant deficiency in internal control. This deficiency was not considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Hawkins County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555); Appalachian Area Development (CFDA No. 23.002); 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); Special Education Cluster: Special Education – Grants to States, Special Education – Grants to States, Recovery Act, Special Education – Preschool Grants, Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.391, 84.173, and 84.392); and State Fiscal Stabilization Funds Cluster: State Fiscal Stabilization Funds – Education State Grants, Recovery Act and State Fiscal Stabilization Funds – Governmental Services, Recovery Act (CFDA Nos. 84.394 and 84.397) were determined to be major programs.
8. A \$341,771 threshold was used to distinguish between Type A and Type B federal programs.
9. Hawkins County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF CLERK AND MASTER

FINDING 10.01 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICE OF CLERK AND MASTER**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the official and employees in the Office of Clerk and Master. The official and employees responsible for maintaining accounting records in the office were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

BEST PRACTICES

The Division of County Audit strongly believes that the items noted below are best practices that should be considered by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens in Hawkins County.

ITEM 1: **A CENTRAL SYSTEM OF ACCOUNTING AND BUDGETING HAS NOT BEEN ADOPTED**

Hawkins County does not have a central system of accounting and budgeting. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting and budgeting processes. The absence of a central system of accounting and budgeting has been a management decision by the County Commission resulting in decentralization and some duplication of effort. 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 and budgeting covering all county departments.

ITEM 2:

HAWKINS COUNTY HAS NOT ESTABLISHED AN AUDIT COMMITTEE

Hawkins County does not have an Audit Committee. Audit committees can assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and would be responsible for monitoring management's plans to address various risks. County officials should establish an audit committee as a best practice.

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

There were no findings and questioned costs for federal programs.

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

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